



IMF Civil Society Newsletter

February 2007

RECENT DEVELOPMENTS IN IMF-CSO RELATIONS

IMF staff have been working intensely on low-income country (LIC) issues and related policy papers. Guiding these efforts are Managing Director Rodrigo de Rato's Medium-Term Strategy (MTS), which commits the Fund to deeper and more focused engagement to help low-income countries meet the Millennium Development Goals (see de Rato's July [speech](#)). The first of the LIC policy papers produced by staff is on the [application of the Debt Sustainability Framework](#), published jointly with the World Bank in December. An [article](#) gives an overview of the paper, and others that will be published in the coming months, leading up to the April Spring Meetings and the October Annual Meetings.

One major aspect of the MTS, which may not always be on the radar of civil society organizations, is a review of one of the Fund's core responsibilities: surveillance. Surveillance describes the IMF's role in encouraging a dialogue among its member countries on the national and international consequences of their economic and financial policies, to promote external stability. An [interview](#) with Carlo Cottarelli, Deputy Director in the IMF's Policy Development and Review Department, gives an overview of the issues that are under discussion in the current review.

The on-going IMF-Civil Society dialogue remains active on many levels, as illustrated by the high-level [trade union meetings](#) with the Managing Director's participation, First Deputy Managing Director John Lipsky's trip to [Mali](#), various staff outreach efforts described in [Letters from the Field](#), and the list of IMF/CSO meetings in this edition's

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The newsletter is published and posted in English, French, and Spanish at:
<http://www.imf.org/np/etr/cs/eng/index.asp>
A Russian version is available upon request.

[Bulletin Board](#). As always, Civil Society Policy Dialogues will be organized at the time of the Spring Meetings. Interested CSOs will need to apply for accreditation (see [Bulletin Board](#) for more information).

FEATURE ARTICLE:

IMF surveillance

The IMF's Medium-Term Strategy (MTS) calls for a strengthening of Fund [surveillance](#). Policy Development and Review Department Deputy Director Carlo Cottarelli discusses the push to modernize surveillance over exchange rates and other areas.

Q: The MTS calls for a strengthening of Fund surveillance, and various papers on the subject have recently been prepared by staff for Executive Board discussion. What's the motivation behind this effort to modernize surveillance?

A: We'd like to move surveillance to a higher level—to the best practice level—taking into account the progress that “best practice” has made in the past 30 years. There are many initiatives under way as part of the MTS. One important one is a review of what we call the foundation of surveillance: the 1977 Executive Board decision on surveillance over exchange rate policies. Like many foundations, this one is pretty old, so the question is to what extent the decision needs to be revised and modernized.

The world was very different 30 years ago. Many countries now have floating exchange rate regimes, and there has been an enormous increase in capital movements. We think it is worth considering how a revision of the decision might reflect these changes, and we have been preparing a series of papers on this issue, one was discussed by the IMF Executive Board in July; another one was just discussed. So this review of the 1977 decision is a key piece of the work that we are doing. It's complex, and we need to do it carefully, but the payoff could be high.

Q: What else is the Fund doing to bolster its surveillance?

A: We're also discussing with our membership whether it would be helpful to draw up a list of operational goals—a so called “remit”—that Fund surveillance should try to achieve over the next three years and for which staff and management could be accountable. In addition, we are working on strengthening the methodology for assessing the effectiveness of our surveillance. The idea is, we want to be in a better position to assess whether we are achieving what surveillance is expected to achieve. We want to be able to better monitor progress over time. Our key responsibility, as staff, is to provide candid monitoring of what countries are doing and sound policy advice. This is the output Fund staff is responsible for. There is also a need to assess more systematically whether the overall surveillance framework is able to affect policies. With respect to the conduct of surveillance—the actual practice of surveillance—there are also many initiatives that we are taking.

Q: For example?

A: Well, first, we have the multilateral consultations. I'm not sure everyone realizes the kind of change we have here. The World Economic Outlook (WEO) provides an analytical view of multilateral surveillance, but this is the first time we are actually discussing multilateral policy *actions* .

Second, we're paying more attention to exchange rate issues. You can see this emphasis in a variety of papers and staff reports. Related to this, the Consultative Group on Exchange Rate Issues (CGER) work, which has been recently extended to emerging markets, is very important because it generates mutually consistent exchange rate assessments. We've also started an innovative series of workshops on exchange rate issues—one that encourages departments to present their best

work on exchange rates—which is useful in disseminating best practice.

Third, we been taking steps to ensure greater focus of our surveillance dialogue with member countries, to give priority to the themes that, within our area of expertise, are the most critical in each case. We have also been experimenting with streamlined consultations in selected cases.

Finally, I want to mention financial sector surveillance. This is a key element of the Medium-Term Strategy. The IMF's Monetary and Capital Markets Department (MCM) has been created, of course, and a staff group is developing proposals for better integration of financial sector work in surveillance. And in general there is much more attention to financial sector issues in staff reports.

Q: What is a “streamlined” consultation?

A: Streamlined consultations are not at all a kind of surveillance “lite.” Streamlined consultations simply reflect the recognition that you can allocate resources differently across countries and still obtain high-quality results; in fact, sometimes looking at too many issues makes our messages less effective. For example, it might not make sense to send a fully staffed mission of six economists to a country each year or to prepare a very long report, if that country isn't presenting any new issues or if the country simply does not have important vulnerabilities. The streamlined consultation simply acknowledges that some country teams can be streamlined and that some reports can and should be more focused and shorter.

Q: You also coordinated a stocktaking of the Fund's monitoring of exchange rates. The resulting staff paper has attracted some attention. What are its key points?

A: Based on our assessment, the treatment of exchange rate issues is much better than what people perceive outside. And it is substantially

better than what it was, say, two or three years ago. But, yes, we can do even better. Let me tell you where the progress was exactly. First, in the description of the exchange rate regime—whether a country is floating or pegging or whether it has a managed float. Outside observers sometimes say that the Fund only reports on the *de jure* (stated) regime—that we don't comment on what countries are doing *de facto* (in practice). We found that in almost all of the 30 countries that we examined, the staff report had a pretty accurate description of what were *de facto* the exchange rate policies.

Second, progress has been made in our assessment of the appropriateness of the regime. Countries can choose their regime, but we can express views on it, and this discussion of the implication of regime choice was present in almost all staff reports.

A third area of progress is the assessment of the consistency of economic policies, including exchange rate policies, with external and macroeconomic stability. That was also present in almost all staff reports. So in these three areas, by and large the quality is pretty good. Then there is a fourth area: the *level* of the exchange rate—that is, assessing whether an exchange rate is overvalued, in balance, or undervalued. Also here we found that the results are better than what some observers think. Some think we ignore the issue. We found that not to be the case: our view on exchange rate levels is present in almost all cases. This said, we also found that in about one-third of the cases, we could do significantly better in explaining how the staff view was reached. That's very different from saying we don't assess.

But it is fair to say that we did find that in dealing with exchange rate issues, we are now doing better than a few years ago. Indeed, a perception lag may explain why our work is not seen as positively from outside.

Q: What led to this positive change on the exchange rate aspect of surveillance?

A: We are responding to what our membership is saying. In the 2004 Biennial Review of Surveillance, the Executive Board asked us to improve the discussion of exchange rate issues, and they made it a monitorable target for the following years. As a result of this, we assigned more resources to this issue.

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POVERTY REDUCTION:

An update on the IMF's work on low-income countries

The February 2006 edition of the Civil Society Newsletter provided an [overview](#) of the Fund's reassessment of its engagement with low-income countries (LICs) and the August 2006 edition featured the Managing Director's major [speech](#) on the topic in the context of the IMF's Medium-Term Strategy (MTS). The following gives an update on the most recent and upcoming work on LICs.

Applying the Debt Sustainability Framework (DSF) for Low-Income Countries Post Debt Relief

This [report](#), prepared jointly by the staffs of the World Bank and the IMF, was [published](#) in December 2006. It proposes strengthening the application of the DSF itself, reinforcing its built-in safeguards, and providing clearer guidance on the design of underlying growth and macroeconomic scenarios. The paper also examines the role of nonconcessional debt in countries that have benefited from debt relief, the rising importance of private external creditors, and ways to integrate better domestic debt in the DSF. The joint paper considers a number of options to increase the effectiveness of the DSF, including strengthening the link between the results of debt sustainability analyses and policy advice from the Fund and the Bank, further outreach to official creditors,

and enhanced efforts to help LICs develop their own medium-term debt strategies to balance their development needs with the risk of debt distress.

The Fund's Role in the Poverty Reduction Strategies (PRS) Process and its Collaboration with Donors

This paper will consider, in light of the MTS, the appropriate level and means of involvement of Fund staff in the PRS process and in collaborating with donors. It will define more clearly the parameters of the Fund's involvement and the limits of its accountability and responsibility, in the PRS process and in the broader context of the Millennium Development Goals (MDGs). It will focus particularly on macro-relevant aspects of the process with the objective of coming up with a set of best practices to guide field work in LICs. The IMF Executive Board is expected to discuss the report in the Spring.

Promoting the Millennium Development Goals with Sound Fiscal Policies in a Context of Aid Scaling Up, Volatility, and Uncertainty

The purpose of the **overview paper** is to distill key fiscal policy and public financial management issues and lessons, as well as issues for further discussion, drawing on two background papers. The first background paper on **macro-fiscal and expenditure policy issues** will provide operational guidance on fiscal policy formulation in the context of scaled-up but volatile and uncertain aid flows. The paper addresses three key fiscal policy challenges facing LICs in the context of scaled-up aid. First, LICs will need to ensure that additional spending financed by scaled-up aid helps to achieve the MDGs and maintain macroeconomic stability. Second, the success of aid scaling up will ultimately depend on the ability of recipient countries to efficiently transform spending into outcomes. Third, how

can fiscal policy help countries in addressing aid volatility and uncertainty? The other background paper on **public financial management (PFM) issues** will identify main areas of PFM vulnerability and weakness, i.e., areas that are most likely to put at risk achievement of the objectives of scaled-up aid. The lessons of previous scaling up exercises will be assessed, as will the experience of post-conflict and disaster-affected countries that have received large amounts of aid for reconstruction. It will provide operational guidance on managing these risks via the PFM system, minimum PFM requirements, and the design and sequencing of effective PFM reform strategies. The IMF Executive Board is expected to discuss the report in the Spring.

The Role of the Fund in Managing Aid Inflows and Impact on the Design of Fund-Supported Programs

The paper will identify best practices for policy advice and program design in the context of a scaling up of aid and/or increased aid volatility. In the face of sizable increases in aid, the main challenge for the Fund is to help countries adopt policies that would help them absorb available aid while maintaining macroeconomic stability. The paper will also focus on appropriate policies when aid is volatile or scaling up does not live up to expectations. It will take stock on how the Poverty Reduction and Growth Facility (PRGF) program design has responded to LICs' evolving needs and examine how to best help countries make effective use of available resources to implement their own development strategies while maintaining macroeconomic stability. The IMF Executive Board is expected to discuss the report after the Spring Meetings.

Fund support to post-conflict countries and fragile states.

Staff are preparing a report that reviews the Fund's staff support to post-conflict countries and fragile states, including under Emergency Post-Conflict Assistance and staff-monitored programs, and considers whether existing Fund instruments offer sufficient policy flexibility and an adequate capacity-building component to deliver IMF support to these countries. The IMF Executive Board is expected to discuss the report later this year.

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CIVIL SOCIETY-IMF DIALOGUE:

Trade union meetings focus on globalization

More than 50 leaders of the international trade union movement visited Washington on December 11–13, 2006 for the biennial high-level meeting with the IMF and World Bank. The meeting focused on issues of common interest to the unions and international financial institutions (IFIs), such as how to manage globalization and enhance employment opportunities so that everyone benefits. Key issues discussed included how to foster the macroeconomic stability needed for job creation, and ongoing work in the areas of debt relief, core labor standards, HIV/AIDS, lending conditionality, and governance.

The discussions were part of a regular biennial meeting initiated in 2002 (see Civil Society newsletter [November 2004](#) and [January 2003](#)). The union delegation included representatives and affiliates of the International Trade Union Confederation (ITUC), Global Union Federations, and the Trade Union Advisory Committee to the Organization for Economic Cooperation and Development (OECD). It was headed by Guy Ryder, ITUC General Secretary. IMF and World Bank management, staff, and Executive Directors participated in

the meetings, and Fund and Bank Executive Directors chaired the discussions.

During the conference, Peter Fallon of the IMF's Policy Development and Review Department (PDR) and Kathleen White of the External Relations Department (EXR) addressed the status of the dialogue between unions and IFIs on the policy and the country level. A recent IMF survey examining IMF mission interaction with unions showed a slight decline in the number of interactions since the last survey in 2002. While unions recognized efforts made by Fund staff to consult with them, they criticized the quality of the dialogue and that they felt their recommendations were rarely reflected in Fund policy documents.

During the conference, PDR's Atish Ghosh spoke on developments in IMF loan conditionality and PDR's Martine Guerguil gave an update on the implementation and impact of debt relief—both jointly with World Bank colleagues. PDR's Fallon participated in a panel on the IFI's approach to employment, labor markets, and poverty reduction, and PDR's Tessa van der Willigen talked about the IMF's approach to international financial stability. The unions also met with IMF and World Bank Executive Directors and Alternates.

On the final day, IMF Managing Director Rodrigo de Rato addressed the group, saying that the current state of the global economy presents opportunities not seen in two generations, but also new and complex risks. Developments such as increasing migration and aging populations affect a country's saving, consumption, and public expenditures, de Rato noted. The IMF's role in helping countries to better understand those risks is complementary to union efforts to make globalization work for workers, he said. World Bank President Paul Wolfowitz remarked that "jobs, jobs, jobs" were top priorities for the World Bank and the trade union movement. He

also welcomed union allies in the fight against corruption in developing countries.

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Fund earns high marks for transparency: NGO report

In December, the NGO One World Trust (OWT) released its [2006 Global Accountability Report](#), which assesses and compares 30 inter-governmental organizations (including the IMF), transnational companies, and NGOs. The findings reveal differences between and within the three sectors on four accountability dimensions: transparency, participation, evaluation, and complaint and responses. Overall, the results for the IMF are relatively good. The Fund scores more than 50 percent on the accountability index on two out of the four dimensions (transparency and evaluation). The World Bank is one of seven organizations to score more than 50 percent on three of the accountability dimensions. None of the organizations scored more than 50 percent on all four dimensions.

Sabina Bhatia of IMF External Relations Department (EXR) liaised with the NGO during the report's preparation. "This is a very useful report," she says. "Across the board, organizations are under greater scrutiny by stakeholders and are being held to higher standards than before to be more transparent and open. And this report shows that the Fund is not an outlier compared to other organizations, including the private sector and NGOs, in terms of accountability." Bhatia found the exchanges with One World Trust valuable. EXR, in cooperation with other departments as well as the Independent Evaluation Office (IEO) and the IMF Ethics Officer, provided input into the report. OWT plans to undertake a study of the same 30 organizations in two years, which the Fund welcomes. "Issues relating to transparency and

accountability will continue to be important for the work of the IMF as it modernizes its governance and its functions to respond to new challenges facing member countries in a globalized economy," says Bhatia.

A summary of how the IMF scored in terms of the four accountability dimensions:

- On *transparency*, the Fund does very well compared to both the inter-governmental organizations (ranks 3rd out of 10) and the private sector and NGOs (ranks 4th out of 30). On *evaluation*, the Fund has a high score (more than 70%), as do other inter-governmental organizations, which lowers the ranking (the Fund ranks 6th out of 10,); nevertheless, the Fund does not compare too badly to NGOs and private corporations.
- On *participation*, the Fund scores less well (ranks 8th out of 10 inter-governmental organizations), although it is ahead of the World Bank. The report cites the Fund's decision-making structures and limited engagement with external stakeholders as reasons for the lower ranking. The OECD ranks the highest on participation.
- On *complaint and response*, the Fund does relatively well compared to other inter-governmental organizations (ranks 3rd out of 10). The World Bank received the highest ranking largely because of its inspection panel.

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RESEARCH:

Gender and economic growth

A recent IMF Working Paper entitled "[Gender and Its Relevance to Macroeconomic Policy: A Survey](#)," by Janet Stotsky of the African Department (AFR), examines the implications of gender differences in economic behavior for macroeconomic policy. This survey finds that

societies that increase women's access to education, health care, employment, and credit, and that narrow differences between men and women in economic opportunities increase the pace of economic development and reduce poverty, although the evidence is not unambiguous. As the author comments, "Discrimination is still pervasive in many developing countries, but differences are narrowing, especially in education."

Another key finding of the paper—with evidence from many developing countries—is that women tend to devote a larger share of household resources to activities that are necessary for the household and that foster the growth of their children's potential. Some evidence also suggests that women are more oriented toward productive saving and investment behavior, though they are less likely to take financial risks. According to Stotsky, these differences suggest that policies that give women greater control over household decisions can strengthen aggregate economic growth while at the same time moderate macroeconomic instability, a win-win outcome.

Stotsky notes that her study, which she undertook while on study leave from the Fund, was initially motivated by scholarly critiques of Fund- and World Bank-supported structural adjustment programs, which argued that these programs were excessively harsh toward women. It is essential, she stresses, to ensure that programs and conditionality do not impose an excessive burden on women or female-headed households. "Women typically face many more unpaid household commitments than men. It is important to keep this in mind when we propose cutting back on government services or raising their price as austerity measures."

In a related [working paper](#), Stotsky also examines "gender budgeting," which refers to

the systematic examination of budget programs and policies for their impact on women. Gender budgeting initiatives have been undertaken in a range of countries in recent years. Australia was the first country to formally incorporate gender budgeting into its budget process by developing the concept of a "women's budget" to address inequalities between women and men. Some European and a few developing countries have made great strides to integrate these considerations into fiscal policies.

IMF Working Papers describe research in progress by the author(s) and are published to elicit comments and to further debate. The views are those of the author(s) and do not necessarily represent those of the IMF or IMF policy.

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LETTERS FROM THE FIELD:

John Lipsky visits Mali

IMF First Deputy Managing Director John Lipsky completed his first IMF visit to sub-Saharan Africa in November, with stays in South Africa and Mali.

Apart from meetings with government officials in Bamako, Lipsky visited several sites outside the capital to examine firsthand some of the challenges confronting the country. On November 8, he visited Fana, a cotton-growing district one hour's drive from Bamako. Cotton is one of Mali's biggest exports—second only to gold. Lipsky heard local cotton producers' concerns about the falling cotton prices and complaints about subsidies that wealthy countries give their domestic cotton industries. Later that day Lipsky traveled to the nearby village of Werekela to make a \$5,000 donation to the Women's Association, which works to raise living standards by helping its members to grow vegetables and other crops, and by providing microfinance. In Bamako Lipsky

met with elders of the city's founding families, and on November 9 he traveled to Timbuktu, Mali's intellectual and spiritual capital, where he visited historic mosques and a manuscript library.

On November 10, he participated in a regional conference in Bamako, on scaling up aid and promoting growth in the West African Economic and Monetary Union (WAEMU). It was co-sponsored by the IMF and the French Development Agency (Agence Française de Développement). The event was attended by officials from throughout the region, as well as representatives from civil society organizations. The conference explored the opportunities—and potential pitfalls—associated with increases in aid flows. Participants also discussed ways to promote faster growth in Mali and across the region. In his [opening remarks](#), Lipsky highlighted the reforms in the IMF's Medium-Term Strategy that aim to assist low-income countries and outlined the role the Fund can play in helping countries to make the most effective use of increased aid. "The bottom line is that the IMF needs to direct its expertise to those areas where it can best assist developing countries in achieving economic growth," said Lipsky. "Helping them address the macroeconomic challenges of scaling up is one such area."

Lipsky expressed gratitude to his hosts and said he valued the many exchanges he had with officials and with members of civil society. "It is extremely important to me to have this opportunity to meet here with so many of you, so that I can deepen my understanding of these changes," he said. "The direct contacts I have had in the course of my visit have already given me invaluable insights."

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***Jonathan Dunn, IMF Resident
Representative, Dhaka, Bangladesh***

In January, I had the privilege of personally delivering four donated IMF computers and other equipment to a rural CSO, the Shamsuddin-Nahar Trust in Chitoli village of Bagerhat District in southwest Bangladesh. The Trust was established in 2002 to provide free education and health services and to organize youth activities to develop future leaders. Bagerhat District borders the Sundarbans nature reserve, which is considered to be the world's best preserved mangrove forest, stretching across 10,000 square kilometers of Bangladesh and India. The district itself is a beautiful jumble of tropical and deciduous forests, waterways, and rice paddies. The natural salinity of the water due to Bagerhat's proximity to the sea has allowed the development of widespread shrimp farming and factories that process frozen shrimp and other seafood for export. This is beginning to transform the economy of what has been one of the poorest regions of Bangladesh.

The Trust runs a school for pre-primary through Grade 5 students in Chitoli and a satellite pre-primary program in another village in that area. A health clinic established by the Trust provides ante- and post-natal medical care, consultation, and prescription medications for women and children throughout 27 of the villages in Bagerhat District. Women and children may visit the clinic in Chitoli, but most contact with them is made during daily visits to the villages by the female medical workers employed by the Trust. The Trust also hosts a tuition-free computer training center open to anyone who seeks basic computer literacy, and it organizes separate workshops on mathematics and the English and Bengali languages each year for primary and secondary students from throughout Bagerhat District.

During my visit to Chitoli, I interacted with students of all ages, teachers, healthcare workers, and mothers and children who use the health clinic. They expressed appreciation for the services provided by the Trust and asked numerous questions about my background and what led me to live and work in Bangladesh. Some of the older students who had just finished a language workshop inquired about the IMF and our work with the government and donors in Bangladesh. I was pleased to see students and adults from Chitoli and surrounding areas making heavy use of the computers we donated. I encourage visitors to Bangladesh to make trips to the rural areas. The resourcefulness and enthusiasm of people in those areas never cease to amaze me. My trip to Chitoli only reinforced this feeling.

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***Ugo Fasano, IMF Resident
Representative, Port-au-Prince, Haiti***

Recent developments have provided Haiti with its best chance in several decades to make substantial economic and social progress. Following two years of good performance under the Fund's Emergency Post-Conflict Assistance, the IMF's Board approved in November 2006 a three-year arrangement for Haiti under the Poverty Reduction and Growth Facility (PRGF) to support the government's economic program and Interim-Poverty Reduction Strategy Papers (I-PRSP). In addition, Haiti can benefit from substantial debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI); an agreement reached with Paris Club creditors to restructure Haiti's external public debt; and the proposal of the Inter-American Development Bank for canceling the balances of loans from the Fund for Special Operations (FSO). All these debt relief initiatives will substantially increase the resources available to

the government in order to reduce poverty. Moreover, the U.S. Congress passed in December 2006 a bill (the HOPE Act) that made Haiti eligible for new trade benefits, with the potential to generate thousands of new jobs in the textile industry.

In parallel with these important developments, I intensified my outreach activities to explain to government officials, parliamentarians, and civil society organizations (CSOs) the role of the Fund in low-income countries and the new Fund-supported program with Haiti. I held discussions with most ministers, including health, education, the environment, and women's condition, and a group of parliamentarians across political parties. Private sector groups such as the Bankers' Association and the American-Haitian Chamber of Commerce welcomed me to discuss Haiti's economic development and the role of the Fund. I gave radio and TV interviews on debt relief, and participated in a "live radio debate" organized by a local CSO, "SOS Journalistes-Haiti," about the role of various international organizations in Haiti, including the IMF. These outreach activities have been very satisfying to me because they provided an opportunity to spread the recent good news, demonstrate that the Fund cares about improving growth and reducing poverty, and initiate a constructive debate about Haiti's future development at a time when the PRSP is underway. Meanwhile, I have also continued to inform the public about the IMF [Civic Program](#) and the guidelines for requesting grants.

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***World Social Forum in Nairobi, Kenya
Jenny Bisping, IMF External Relations
Officer***

Along with members of civil society organizations, church groups, grassroots

women's groups, and trade unions, I attended the 7th World Social Forum (WSF), in Nairobi, Kenya, in late January. Even though the forum is mostly a venue for CSOs to network, strategize, and share experiences and is not regarded as a forum to communicate with the International Financial Institutions (IFIs), the WSF provided an opportunity for me to meet regional and international CSOs and to observe workshops on Fund-related issues. My two World Bank colleagues and I were in listening mode, but also introduced ourselves to CSOs whenever we could. CSO commented positively on our attendance. In that respect, my experience was similar to that of my colleague Simonetta who attended the WSF two years ago (see Civil Society Newsletter [February 2005](#)).

This is the first time the global event took place in Africa. Previous WSFs were held at Porto Alegre, Mumbai, (2004), and last year's three smaller polycentric forums in Bamako; Karachi, and Caracas. Arriving in Nairobi on the day of the opening session of the WSF, I realized that I would need to have a great deal of energy to match the energy of the 50,000 participants. The WSF organizers, struggling with the challenge of catering to the large number of visitors, did a great job at making us feel welcome, even though not all the arrangements were running smoothly. Once we managed to get past the initial hurdle of registering and figuring out where the events were happening, we were faced with an endless choice of seminars, workshops, rallies, live music, theatre performances, and stalls selling African handicrafts benefiting local communities. About 1,200 sessions by registered organizations took place over four days at a sports stadium, with the opening and closing ceremonies at Uhuru Park in central Nairobi. I attended a variety of the sessions, mostly on Fund-related issues such as debt relief and conditionality, but also tried to sit in and listen to some that were not directly

connected, to get a feel for what was on people's minds. Delegates told me that the opportunity to network and meet with like-minded people was their main reason for attending and many groups had never attended such an international event, so just being there was a unique experience for them. For me it certainly was!

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Bulletin Board

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Other Recent Meetings Between the IMF and CSOs

- On November 27, representatives from the Azerbaijan National Budget Group (NBG) met with the IMF's country mission team and staff from the Fiscal Affairs (FAD) and External Relations (EXR) departments. The meeting included an overview of the IMF's general responsibilities, its specific role in Azerbaijan, and a discussion on future opportunities for dialogue and collaboration between the two parties.
 - On December 13, Barbara Stocking, Director of Oxfam Great Britain (GB), met with Managing Director Rodrigo de Rato and staff from the African (AFR), Policy Development and Review (PDR), EXR and FAD departments. Issues discussed included calls for more aid and aid predictability and effectiveness; the rationale for the Fund's Policy Support Instrument (PSI); conditionality—especially the Fund's views on privatization of social services and ceilings on wage bills; progress in applying poverty and social impact analysis (PSIA) in Fund-supported programs; IMF governance; and climate change.
- On December 15, EXR organized a conference call between Martine Guerguil (PDR) and Mark Thomas from the World Bank and six CSOs (Francesco Oddone from Eurodad, Ben Hubbard from Data, Sasja Bokkerink from Oxfam Novib, Elizabeth Stuart and Max Lawson from Oxfam, and Caroline Pearce from the UK Jubilee Debt Campaign), on the IMF's recent [Debt Sustainability Paper](#). Discussion between the participants included the implications of new lenders, aid volatility, outreach (to lenders/parliamentarians), and domestic debt.
 - On January 31, the IMF's Liberia country team met with Jo Marie Griesgraber (New Rules for Global Finance Coalition), Emira Woods (Institute for Policy Studies), and Debi Kar (Jubilee USA Network) to discuss how to achieve debt relief for Liberia. The discussion focused on the complexities of potential debt relief and additional bilateral aid.
 - On January 26-27, during the World Economic Forum in Davos, Switzerland, First Deputy Managing Director John Lipsky met with a delegation of trade unions to discuss the effects of globalization, labor reforms, the structure of the TU/IF dialogue, and the IMF's country-level consultations with trade unions.

- On February 1, AFR staff from the Congo Brazzaville team met with Sarah Wykes from Global Witness to discuss the country's economic progress and concerns about fiscal transparency.
- On February 1, Oxfam's Elizabeth Stewart and Emily Alpert met with AFR staff from the Mali and Burkina Faso country teams, as well as staff from PDR's Trade Policy Division, to discuss a forthcoming Oxfam briefing paper on cotton reforms in Mali. The discussion focused on the efficacy of support funds as a development strategy for Mali.
- On February 8, FAD and EXR hosted a presentation by Pamela Gomez and Warren Krafchik of the International Budget Project (IBP), on their Open Budget Initiative. Over the past two years IBP has worked with civil society and academic partners in 59 countries to collect a comparative data set on public access to budget information at the central government level. The data set provides a comparative snapshot of information available to the public in each of the 59 countries. The study also looks at the alarming institutional weaknesses in national audit offices, and lack of vigorous legislative engagement in budget issues. The full reports for all 59 countries are available at www.openbudgetindex.org. John Shields of FAD's Fiscal Transparency Unit chaired the meeting.
- On February 9, Managing Director Rodrigo de Rato met with members of the European parliament, CSOs, and journalists in Brussels, at a roundtable meeting entitled, "The World Poverty Agenda: How the IMF

Sees It." During the meeting, de Rato outlined the Fund's continued commitment and ongoing role in supporting low-income countries.

Upcoming Meetings

- [The IMF-World Bank Spring Meetings](#) will take place on April 14–15, 2007 in Washington, DC. Information on CSO-related activities and details on how to apply for accreditation will be posted shortly at <http://www.worldbank.org/civilsociety>.

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News from the IMF

- On January 9, Managing Director de Rato opened the IMF's new African Regional Technical Assistance Center (AFRITAC) in Gabon. The new center will contribute to technical advice and financing training in the region, which includes the six countries of the Central African Economic and Monetary Community, as well as Burundi and the Democratic Republic of Congo. The IMF already has similar centers in Dar es Salaam and Bamako.
- On January 11, the IMF launched a dedicated [web page](#) on concessionality. This page explains the concessionality concept used by the Fund and provides a calculator that allows the calculation of the grant element for a broad range of financing packages.
- On January 18, the [Republic of Montenegro](#) became the 185th member of the Fund. In welcoming Montenegro to the

Fund, Managing Director de Rato noted that "Montenegro is claiming its place as a respected member of the global community of nations, and it is demonstrating its commitment to meet the responsibilities and reap the benefits of international cooperation." The country's initial quota in the IMF is SDR 27.5 million (about US\$41.2 million). With the admission of Montenegro, total members' quotas rises to SDR 216.75 billion (about US\$325.01 billion).

- On January 24, the IMF's First Deputy Managing Director John Lipsky along with Rakesh Mohan, Deputy Governor of the Reserve Bank of India, formally inaugurated the [Joint India-IMF Training Program \(ITP\)](#) in Pune, India. The ITP will provide policy-oriented training in economics and related operational fields to officials in India and other countries in South Asia and East Africa.
- On January 31, Andrew Crockett, Chair of the [Committee of Eminent Persons](#), appointed by the IMF's Managing Director in 2006 to investigate long-term financing options for the organization, [released](#) its [report](#) proposing a new income model for the Fund. The Committee recommends several measures to generate additional revenue, which, it stressed, need to be treated as a package.
- In a February 12 seminar, sponsored by the IMF and World Bank, Nicholas Stern, head of the UK Government Economics Service and Advisor to the Government on the economics of climate change, presented the findings of his report, [The Economics of Climate Change](#), to Fund and Bank staff. In

the seminar—which filled a large auditorium and its overflow room to capacity—Stern laid out the steps required to mitigate further effects of climate change. He also made a case for incorporating climate change into the work of the Fund and other international financial institutions. The event was co-chaired by EXR Director Masood Ahmed and Danny Leipziger of the World Bank, and World Bank officials Katherine Sierra and Francois Bourguignon and FAD Director Teresa Ter-Minassian commented on the report.

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Selected Speeches

- [Ten Years After the Asian Currency Crisis: Future Challenges for the Asian Economies and Financial Markets](#), by Rodrigo de Rato, Managing Director, at the Bank of Japan Symposium, Tokyo, Japan, January 22, 2007.
- [Meeting Global Economic Challenges: How Europe can Support a Multilateral Approach](#), by Rodrigo de Rato, Managing Director, at Georgetown University, Washington, DC, January 17, 2007.
- [Enhancing Macroeconomic Policies Through Communications](#), by Takatoshi Kato, Deputy Managing Director, at the Regional Media Seminar on Middle East and IMF: Cooperation for Development, Dubai, United Arab Emirates, December 18, 2006.
- [Latin America: Between Populism and Modernity](#), by Rodrigo de Rato, Managing Director, at the International Foundation for Liberty Conference, Cato Institute, Washington DC, November 30, 2006.
- [The Growing Integration of the Financial Sector and the Broader Economy:](#)

[Challenges for Policy Makers](#), by Rodrigo de Rato, Managing Director, at the Colegio de Economistas, Madrid, Spain, November 23, 2006.

- [Energy Policy in the Global Economy](#), by Rodrigo de Rato, Managing Director, at the Energy and Minerals Business Council Meeting, Melbourne, Australia, November 18, 2006.
- [Investment Restraint, The Liquidity Glut, and Global Imbalances](#), by Raghuram G. Rajan, IMF Economic Counselor and Director of Research, at the Conference on Global Imbalances organized by the Bank of Indonesia in Bali, November 16, 2006.
- [Opening Remarks for Seminar on Scaling Up Aid and Promoting Growth in The West African Economic and Monetary Union \(WAEMU\)](#), by John Lipsky, First Deputy Managing Director, Bamako, Mali, November 10, 2006.

Selected Publications

- [SAFTA: Living in a World of Regional Trade Agreements](#), by Jose Daniel Rodriguez-Delgado, Working Paper No. 07/23.
- [Are Workers' Remittances a Hedge Against Macroeconomic Shocks? The Case of Sri Lanka](#), by Erik Lueth and Marta Ruiz-Arranz, Working Paper No. 07/22.
- [Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism](#), by the World Bank; IMF Monetary and Financial Systems and Legal Depts.
- [Can a Rule-Based Monetary Policy Framework Work in a Developing Country? The Case of Yemen](#), by Saade,

Chami, Selim Elekdag, Todd Schneider, and Ben Ltaifa, Nabil, Working Paper No. 07/6.

- [Debt Dynamics and Global Imbalances: Some Conventional Views Reconsidered](#), by Guy Meredith, Working Paper No. 07/4.
- [The CFA Arrangements--More than Just an Aid Substitute?](#), by Etienne B. Yehoue, Working Paper No. 07/19.
- [Building Supervisory Structures in Sub-Saharan Africa--An Analytical Framework](#), by Marc Quintyn and Michael Taylor, Working Paper No. 07/18.
- [Lucas vs. Lucas: On Inequality and Growth](#), by Juan-Carlos Cordoba, Juan-Carlos and Genevieve Verdier, Working Paper No. 07/17
- [Does Trade and Technology Transmission Facilitate Inequality Convergence? An Inquiry into the Role of Technology in Reducing the Poverty of Nations](#), by Gouranga Gopal Das, Working Paper No. 07/16.
- [Assessing Competitiveness After Conflict: The Case of the Central African Republic](#), by Said Bakhache, Mark Lewis, Kadima D. Kalonji; Jean-Claude Nachega, Working Paper No. 06/303.

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