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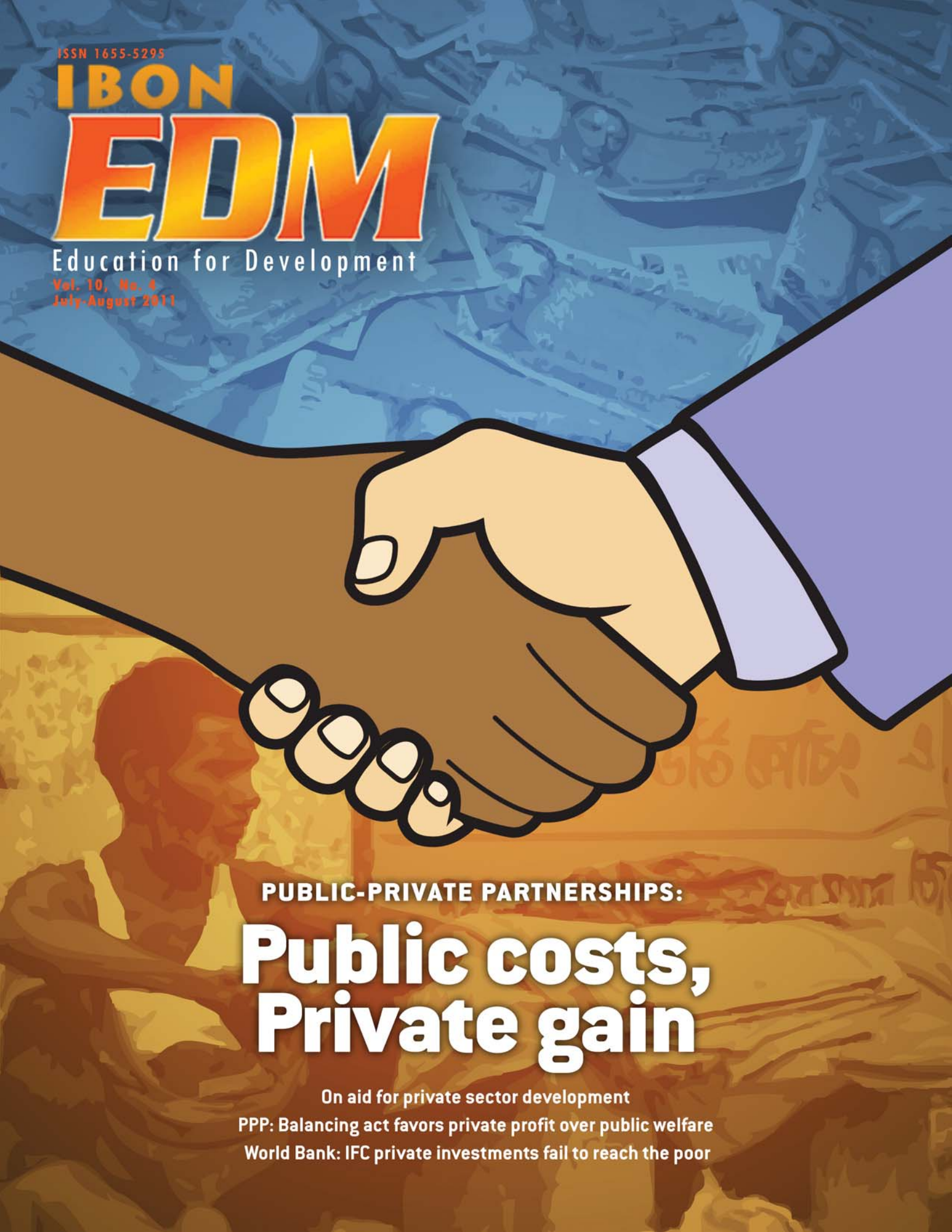

PUBLIC-PRIVATE PARTNERSHIPS:

Public costs, Private gain

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World Bank: IFC private investments fail to reach the poor

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On aid for private sector development

By PAUL QUINTOS, IBON International

Since the 1980s, multilateral development banks (MDBs), donor agencies, development finance institutions and governments have increasingly promoted private sector growth as the cornerstone of national development strategies. While there is little in-depth and up-to-date analysis on the relationship between official development aid (ODA) and the private sector due to a lack or differences in reporting, the vast majority of bilateral and multilateral donors have considerably increased their focus and engagement with the private sector.

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Based on data mostly from the Organisation of Economic Co-operation and Development (OECD) prepared for the World Bank, assistance provided by major bilateral and multilateral development agencies for investment climate improvements averaged USD 21 billion per year between 1998 and 2002—or about 26% of all development assistance. The OECD estimates that the 22 member countries of its Development Assistance Committee (DAC) spent between about $8 and $10 billion per year between 2001 and 2003, or 15% to 20% of their bilateral ODA, for investment promotion—the bulk of it for infrastructure development.[1] The International Finance Committee (IFC) reports that financing for the private sector from MDBs has increased tenfold, from less than $4 billion to more than $40 billion per year by 2007.[2]

The Aspen Institute reports that the 16 European Development Finance Institutions—which only make investments in private firms or financial institutions—had an investment portfolio of EUR 16.7 billion in 2008 for a total of 4,221 projects. These financial investments were in the form of equity, loans

and guarantees with an average project size of EUR 4 million.[3]

These substantial and increasing volumes of resources being spent for the private sector by institutions with mandates to reduce poverty and promote sustainable development in developing countries certainly deserve closer scrutiny.

Rationale for PSD

Donor agencies claim that promoting private sector development benefits the poor and is therefore consistent with their mandates. The Netherlands Ministry of Foreign Affairs, for instance, notes that "nine out of ten people in the developing world earn their income in the private sector… On average, the private sector in developing countries, both formal and informal, accounts for 65 to 75% of the Gross National Product (GNP)."[4]

Therefore, creating a business environment more conducive to the growth and competitiveness of the private sector; assisting poor households and small and medium enterprises to participate in different parts of the value chain; and promoting public-private partnerships in order to reduce investment risks—all these are supposed to benefit the poor in terms of job creation and raised incomes, greater availability and choice of improved goods and services at lower prices, and more tax revenues for public services.

This is the basic rationale for the market-led development strategy that has actually been dominant among policy makers since the advent of the Washington consensus in the 1980s. The converse of this is the gradual diminution of the role of the state in steering the economy and in the direct provision and distribution of goods and services through the privatization of state assets and social services, liberalization of trade and investments, and removal or relaxation of regulations on business. Indeed, these structural reforms were often attached as conditions to aid or loans for developing countries.

But in the wake of the worst financial and economic crisis since the great depression, and record levels of hunger, unemployment, and underemployment, widening inequality and mass poverty, it is imperative to question this development strategy as a whole and donor policies for the private sector in particular.

Overall, private sector involvement in ODA-funded programs and projects must be in line with the principles of development effectiveness.

Which is private sector?

In the first place, there is a need to ask: Who is the private sector that donors aim to support? According to the OECD statistical glossary, "the private sector comprises private corporations, households and non-profit institutions serving households."[5] The 2006 OECD "Promoting pro-poor growth: private sector development" brochure stresses that "the private sector consists of more than formal businesses. Individuals and households, from rich to poor, also operate as private economic actors when they consume goods and services, sell their labour, farm or produce goods and services." The 2003 OECD Poverty and Health publication uses a wide definition, referring to a range of actors who are "all service and funding providers working outside governments," which includes non-governmental organisations, for-profit private sectors, foundations, voluntary contributions and private academia."[6]

With such an all-encompassing definition, no one would dispute that the private sector is absolutely crucial for development. But the needs and interests of for-profit enterprises would certainly differ from that of not-for-profit organisations; as would big conglomerates from SMEs; transnational corporations (TNCs) from local enterprises; formal from informal; and so on. It also follows that these various actors have different contributions and roles in terms of eradicating poverty and promoting equity.

Whose development?

Fostering a favorable environment for business in general, without regard to the differential benefits captured and costs borne by different sections of society (or different "private sectors") is not an effective or equitable use of development resources. Indeed, studies show that local SMEs especially in rural areas have greater positive development impacts compared to transnational

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corporations. Yet a Eurodad report shows that only 16 percent of total IFC investment in low income countries goes to local firms while the majority is funneled towards TNCs from OECD countries.[7]

Public financing including aid for the for-profit private sector is particularly problematic because of the inherent tension between private interests of business and public or social goals. The profit-maximizing logic and market competition among private enterprises often mean reducing wages and undermining collective rights of workers; pricing goods and services beyond the purchasing power of the poor; or simply not shouldering the full social and environmental costs of their operations. Examples are ubiquitous: the poor households who can't access basic services; pollution; climate change, etc. The central duty of governments with respect to the for-profit sector is to ensure that they do no harm and actually contribute positively to development.

This problem is especially acute in dealing with TNCs with billions of dollars in revenues, often larger than the total budget of many low income countries. Such companies have huge advantages in terms of influence and lobbying capacity, access to information, resources and legal and technical expertise—making it extremely difficult for developing country governments to regulate their operations in order to ensure their adherence to human rights and development goals. Under many trade and investment agreements, large corporations can even sue governments in international tribunals for losses incurred due to, say, changes in regulations or court decisions.[8]

Responding to some of the problems, the OECD has put forward voluntary guidelines and recommendations for the governance and regulation of TNCs, based on major areas of business ethics.

Similarly, the United Nations Global Compact is an initiative for business to align their work with ten universally accepted principles on human rights, labour, environment and anti-corruption. While positive, these guidelines remain voluntary, lacking any globally enforceable standards within a clearly defined framework. Since their introduction, governments and businesses alike have signed up to the guidelines, but human rights violations and large-scale environmental destruction have continued.

Towards binding codes for private sector development

Government support to the private sector should not undermine the state's legitimate and principal role in providing essential public goods and services to the people, and steering the overall development of the country—as often happens in projects that result in the eventual privatization of public services, facilities, and operations. The private sector undisputedly has a role to play in economic growth and development of society, but their operations, especially those of the for-profit business sector, need to be regulated while being harnessed towards the promotion of sustainable livelihoods.

Overall, private sector involvement in ODA-funded programs and projects must be in line with the principles of development effectiveness. Involving the

private sector in development should be accompanied by commitment to observe democratic ownership, decent work and human rights standards, and to support internationally agreed development goals.

Development finance to be allocated to the private and public sectors needs to be based on local and regional development needs and not on market demand as increasingly practiced by MDBs. These must be set out by country plans established through democratic processes with a redistributive perspective that prioritizes micro-enterprises and SMEs rather than large firms; local rather than foreign.

Public funds, and aid money in particular, should first of all promote sustainable livelihoods and catalyze productive economic development of small-scale enterprises and cooperatives that provide direct and immediate benefits for the poor and marginalized.

Busan and beyond

Similar to the adoption of development effectiveness guidelines of CSOs in the Istanbul Principles (2010), the logical next step for the private sector would be to adopt and adhere fully to aid and development effectiveness principles. This needs to be measureable and enforceable within an international agreed framework for private sector cooperation in development that embraces international conventions and norms on human rights, decent work and gender equality. The Fourth High-Level Forum on Aid Effectiveness in Busan needs to ensure that a reformed global aid architecture includes such an enforceable framework for private sector engagement.

To be eligible for ODA support for global or country programs, TNCs in particular must adhere to binding guidelines, which must include right-to-know provisions that would require corporations to make regular and timely public disclosure of their operations and financials; mandatory human rights impact assessments; multi-stakeholder oversight mechanisms; and mechanisms for redress.

Overall development finance needs to be incorporated into a reformed overall aid architecture where a democratic multilateral oversight body holds the mandate, ability and power to fully monitor and hold MDBs accountable. The sector needs to adhere to development effectiveness, social justice and human rights—instead of simply promoting economic growth.

This article by Paul Quintos of IBON International was first published as IBON International's "Busan Paper No. 1" in August 2011. It is being reprinted here with minor corrections.

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Balancing act favors private profit over public welfare

By PIO VERZOLA JR. with GALILEO BURGOS JR.

Governments of developing countries are being encouraged to partner with private entities in various fields of socio-economic development that were formerly the exclusive or dominant turf of public agencies.

In what has come to be known as Public-Private Partnerships (PPPs), often also referred to as Private Sector Participation (PSP), developing-country governments are urged to enter into any of a wide range of arrangements with the private sector, to utilize its capacities and resources in building and operating facilities for public services and other projects deemed crucial to the country's overall development effort.

Usually amidst the backdrop of governments hobbled by fiscal constraints and low technical capacity, private entities are encouraged to invest capital, infuse technology, and play managerial roles in sectors formerly reserved for public agencies and government corporations, such as power generation and distribution; water, sanitation and waste management; pipelines; hospitals, school buildings and stadiums; prisons; railways, roads, and air traffic facilities; mass housing; and information systems.

PPP defined

As defined by the World Bank Institute (WBI), "Public-Private Partnerships (PPPs) mobilize private sector resources – technical, managerial,

and financial – to deliver essential public services such as infrastructure, health and education."[1]

Its global proponents are careful to emphasize that the PPP concept allows government to continue its functions in providing such public services. This is in contrast with an earlier generation of privatization schemes, in which the government dropped out of specific public services altogether while private companies took over.

As the Asian Development Bank (ADB) said: "PPPs present a framework that – while engaging the private sector – acknowledges and structures the role for government in ensuring that social obligations are met and successful sector reforms and public investments achieved." [2]

At the same time, ADB explains, private-sector entities engaged in PPPs aim to profit from their capacity and experience in the business and will seek appropriate returns for their investment.

The International Monetary Fund (IMF) has listed down examples of schemes and their respective modalities on which public-private partnerships can be based. (See Table 1.)[3]

Table 1. PPP Schemes and Modalities

Schemes	Modalities
Build-own-operate (BOO) Build-develop-operate (BDO) Design-construct-manage-finance (DCMF)	The private sector designs, builds, owns, develops, operates and manages an asset with no obligation to transfer ownership to the government. These are variants of design-build-finance-operate (DBFO) schemes.
Buy-build-operate (BBO) Lease-develop-operate (LDO) Wrap-around addition (WAA)	The private sector buys or leases an existing asset from the government; renovates, modernizes, and/or expands it; and then operates the asset, again with no obligation to transfer ownership back to the government.
Build-operate-transfer (BOT) Build-own-operate-transfer (BOOT) Build-rent-own-transfer (BROT) Build-lease-operate-transfer (BLOT) Build-transfer-operate (BTO)	The private sector designs and builds an asset, operates it, and then transfers it to the government when the operating contract ends, or at some other pre-specified time. The private partner may subsequently rent or lease the asset from the government.

Source: International Monetary Fund. Public-Private Partnerships. March 12, 2004.

Some authors associated with the World Bank prefer the term Private Sector Participation (PSP). Christopher Schramm, for example, explains that "PSP" better captures the sense of a "contractual risk-sharing relationship between the public and the private sector that seeks to bring about a desired policy outcome with mutual benefit."[4]

Based on a study focused on urban public services in the Middle East and North Africa region, Schramm proceeded to offer a typology of private-public arrangements, presenting a spectrum of PSPs and describing the specific features of each kind of PSP. At the left end of his table, the public sector takes over most of the risk, while the private sector gradually becomes the risk-taker when moving to the right end of the table.[5] (See Table 2.)

PPP evolved from earlier privatization schemes

The policy of privatization has been implemented across the globe since the 1980s, together with other neoliberal structural reforms, as part of Structural Adjustment Programs (SAPs) imposed by international financial institutions (IFIs) especially on developing countries.

Through policies and programs that implemented privatization, developing country governments allowed the transfer of their assets, contracts and functions into the hands of the private sector – supposedly so that governments can shift public

Table 2. Spectrum of types of private participation based on risk-sharing

	Service (or management) contract	Lease contract or affermage	BTO/DBO/DBFO, BOT/BOOT	Concession	Privatization
Asset ownership	Public	Public	Public	Public/private	Private
Capital investment	Public	Public	Public (BOT: Private)	Private	Private
Operational efficiency	Limited	Yes	Yes	Yes	Yes
New services	No	Yes	Yes	Yes	Yes
User fee	No	Yes	Yes	Yes	Yes
Typical length	1-15 years	5-25 years	15-30 years	10-50 years	Undetermined (unless determined by license)

Source: Christopher Schramm. "Private Sector Participation in Urban Public Services: Comparison of Laws and Institutions in MENA Countries." World Bank. April 2006

spending to other priorities and thus avoid the perennial problem of budget deficits.

However, privatization policies and programs have been too bitter a pill to swallow for many countries, often resulting in massive layoffs of public workers, higher costs of basic services, and loss of public accountability. Such dislocations in turn have led to mass protests in various parts of the world, even uprisings such as in the Middle East and North Africa.

For instance, some 200 workers of the old publicly-owned Metropolitan Waterworks and Sewerage System in the Philippines, dubbed as one of the country's biggest privatization act at that time, were promptly fired by the new private corporate owners only a few days after buying the public water system in August 1997.[6] In Argentina, water privatization resulted in the retrenchment of half of its workers and higher costs, while supply and distribution have not yet improved.[7]

Due to these early failures and certain remaining legal and institutional hindrances to full-blown privatization, modified versions have emerged under the collective labels PSP or PPP.

Are PPPs for public service or for private profit?

According to the Organisation for Economic Co-operation and Development (OECD), "PPPs can combine and reinforce each other's [private-sector and public-sector partners'] knowledge and capacities – and bring complementary skills in complex processes – for example access to health which market forces alone cannot solve."[8] Additional resources for accelerated delivery of services, capacity building and improved governance are also seen as probable merits from PPP.

A study on water privatization in India showcased some common advantages in PPP projects, such as cheaper procurement methods, higher efficiency of private operations as compared to government operations, and availability of private capital, among others.[9]

The great potential of PPPs as fields of investment has fired up developed-country governments to allot substantial proportions of their aid directly to private businesses engaged in public services in poorer countries. For instance, the United Kingdom's Department for International Development (DfID) recently announced that it plans to directly fund up to 300,000 companies in poor countries, focusing on infrastructure, health, education, mobile banking, and administrative reform.[10]

On the other hand, a major 2007 study by Gassner et al., which analyzed 302 utilities with private-sector participation and 928 utilities without PSP in 71 developing and transition countries, came up with a

mixed evaluation of PPP effectivity at best. Over the 1973-2005 period covered by the study, significant increases in the efficiency of public utilities that had PSP were noted, but at the expense of greater losses in employment, among other problematic impacts.

For instance, 40-50% increases in electricity sold per worker and 25% increased efficiency due to reductions in distributional losses were computed for utilities with PSP compared to state-owned enterprises. These improvements, however, were attained at the expense of 40% more staff reductions.[11]

The same is true with the water utilities sector, in which the Gassner study recorded a 16% increase in water connections and increases in daily water supply as well for PSP utilities, but again, at the expense of a 16% reduction in employment.[12]

More revealingly, the study acknowledges that there were no appreciable differences between PSP-driven and state-owned utilities as far as prices and investments were concerned. In short, the study concluded that although the entry of PSP tended to increase efficiency, there was no evidence of lower costs being translated into lower user charges and increased investments.

The Gassner study emphasized macro-trends. Specific documented cases of failed PSP projects, however, are more illustrative of the factors leading to failure. For instance, water service concessions in Argentina, the Philippines, USA, Bolivia and France were found to have failed in delivering promised commitments and outputs to the public (See Table 3).[13]

Table 3. Some failed PSP projects and reasons for the failure

Failed Project (Country)	Reasons
Buenos Aires (Argentina)	• Frequent price increases • Poor service quality • Failure to honor contractual commitments • Financial problems
Manila West (the Philippines)	• Price hikes • Failure to extend water connections to poor areas • No investments • Increase in tariffs • Non-fulfillment of other contractual obligations
Atlanta (USA)	• Higher water rates • Deteriorating quality • Failure to make new investments
El Alto (Bolivia)	• Refusal to extend potable water supply to the poor areas of the city • Failure to fulfill contractual obligations
Varages (France)	• Public complaints against rising water prices • Deterioration in water quality • Problems in water supply network

Source: Dwivedi, Gaurav. "Public-Private Partnerships in Water Sector: Partnerships or Privatisation?" Mathan Adhyayan Kendra. February 2010.

Other data about PPPs also show evidence of growing asymmetry between the private-sector and public-sector partners, usually with the private-sector partner reaping the bulk of benefits. An article posted on the Guardian website cited a European Services Strategy Unit report saying that more than 1,000 PPP projects have generated some 10 billion pounds in 240 equity transactions.[14] This was mainly due to maturing equities and shares that were bought by private sector participants, through different names. Dexter Whitfield, the report author, stated that based on his findings, PPPs are "little more than money-making ventures."[15]

The Public Services International (PSI) insists that involving the private sector in public services only appears to expand the level of resources available for social infrastructure, because the people ultimately pay for the services whether through raised taxes or user fees. "PPPs do not make more resources available. They fund and provide these resources in an untraditional way. Such provision adds financial and social costs," the PSI said.

The PSI cited a case in Nova Scotia, Canada, which drove home this point. A PPP program was to have constructed 30 school buildings for the province. The program was cancelled after a few years because it turned out to be more expensive than traditional procurement. It came to such a ridiculous extent that in one school, "children were not allowed to play on the grass because it would create a cost to the concessionaire in maintaining the turf."[16]

In other cases, PPPs have been criticized for not producing the expected and promised outputs. According to an article by Peter Niggli, director of Alliance Sud (Swiss alliance of development organizations), these private entities even require huge amounts of monies before entering so-called "partnerships".[17]

The financial crisis of 2008 has also undermined the capacity of the private sector to mobilize capital for public services. As David Hall, director of PSI's Research Unit, stated in his foreword to a book on water privatization in India, private finance has become more expensive than public finance, and internal financial crises within these companies have made banks and other financial institutions reluctant to lend them more money.[18]

In such situations where public service becomes privatized and thus profit-driven, the poor are always the most vulnerable. With their lack of paying capacity, combined with government's default in ensuring safety nets, the poor end up marginalized from basic social services that now increasingly come with a price.

As Ibon Fact and Figures said in a special release on PPP: "Experience in the last three decades indicates that privatization and other neoliberal structural reforms have failed to achieve their stated objectives and merely resulted in severe economic dislocation of the poor and marginalized sectors."

More democratic alternatives to PPP

Despite its constraints, failures, and other problems, private sector participation in public services cannot be fully ruled out as a development option. However, a more rigorous legal and institutional environment is clearly needed to enhance broader civil society participation, public accountability, and a more democratic partnership towards ensuring maximum and long-term public benefits while optimizing the private sector's role.

As early as 1999, the International Labor Organization (ILO) drew conclusions on rethinking the role of PSP based on its Tripartite Meeting on Managing Privatization and Restructuring Utilities:

"Privatization cannot be a substitute for the State's responsibility for ensuring basic services, whether they be public or private. Also, public accountability is necessary for restructuring or privatization, to strengthen public utility services and prevent deterioration in quality of and in access to services," the ILO Tripartite Meeting concluded.

"Effective regulation includes four key elements – transparency, affordable costs for consumers, consultation and profitability. Utility and Government information and methods must be open for review by industry, workers' representatives and the public. When utilities are privatized, the State should still retain a responsibility in ensuring universal access to water, electricity and gas services at affordable prices," the ILO insisted in a working paper authored by Jerrold Oppeheim and Theo MacGregor.[19]

Oppeheim and MacGregor further elaborated on the requirements that need to be met "in order to enable the public side of a public-private partnership to bargain on equal footing with

private interests and to enforce the bargain agreed upon," in a process that they termed "democratic regulation":

1. There must be a forum where the bargaining can take place, where the public interest has the same status at the table as private interests.

2. Government, labor, and community-based NGOs must have resource support for participating.

3. Labor and other NGOs at the table must be in for the long haul and learn the procedural and technical aspects of the matter and its regulation; this may require training.

4. The bargaining must reflect the public interest and result in enforceable rules for the partnership that includes codification of the public's part of any deal.

5. The bargain should include enforceable performance incentives for the private partner to provide the public goods.

6. The bargain must be supervised by a regulator whose processes and rules are participatory and transparent. [20]

Even going further, the authors showcased one good example of public-public partnerships (PuPuP) as alternative to PPPs.

They cited the publicly-owned Departamento Municipal do Aqua Esgoto (DMAE), a not-for-profit water company reinvesting its profits to provide better water facilities. Its structure includes an inverted rate system imposing higher fees for discretionary water usage such as for swimming pools, while subsidizing poor peoples' access to water.[21]

DMAE's successes include broadening access to safe and clean water systems, sustainable consumption and even worker training programs. The water firm is said to have shared its achievements through capacity building and technical assistance to other municipal and nearby water firms – thus proving the viability of public-public partnerships.[22]

The Tamil Nadu Water Drainage (TNWD) Board in Tamil Nadu, India, adopting a similar form of PuPuP and showing the positive features of public participation, transparency, accountability, and efficiency, set up potable water supply projects in rural areas and helped develop water supply systems in other areas as well. Results have shown that there have been improved services and lower costs.[23]

The financial resources to sustain and expand public services need not come only from the private sector. In fact, the entire paradigm of neoliberal privatization must be reviewed under the harsh light of its performance in the past 30 years, while the much-maligned nationalist platform pushing for the nationalization of industries or an expanded state role in key economic sectors must be given a well-deserved second look. State revenue from nationalized industries may well fill the financial and technical gaps towards improving public services.

Finally, surveying the various options of allowing a private-sector role in public services must lead to a more comprehensive review of development models, especially in the case of less-developed countries that face tremendous challenges in capital and resource mobilization, democratic governance, and poverty eradication in the face of the continuing financial, economic, food, and environmental crises.

Reforms in debt management and servicing can also be a better source of much needed finance for public services. Adopting legislative reforms and some form of debt cancellation or repudiation, so that debt service commitments may be realigned towards other basic social services such as education and health, can enable the state to play once more the leading role in producing public goods, and at the same time enhance private-sector participation insofar as it fits well with democratic regulation.

Pio Verzola Jr. and Galileo Burgos Jr. are members of the IBON International staff for policy research and communications. This article, reprinted here with minor revisions, was first published in the July 2011 issue of Reality Check, a periodical publication by the Reality of Aid Network.

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IFC
International Finance Corporation
World Bank Group

World Bank:

IFC private investments fail to reach the poor

By JEROEN KWAKKENBOS

The World Bank Independent Evaluation Group (IEG)—the Bank's own internal watchdog—published an evaluation last week [first week of May 2011] which assesses the ability of the International Finance Corporation (IFC) – the Bank's private sector lending arm—to reach the most vulnerable communities through its projects and investments. The report, *Assessing IFC's Poverty Focus and Results*, finds that:[1]

- less than half of the projects reviewed were designed to deliver poverty outcomes;
- just one third of the projects addressed market failures, such as enhancing access to markets or employment by the poor;
- the IFC does not adequately consider issues of poverty reduction in project design; and
- its primary focus is the pace of economic growth, rather than the pattern of growth that could support the most vulnerable and the poor.

These findings echo Eurodad's concerns emerging from our November 2010 research "Development diverted: How the International Finance Corporation fails to reach the poor".[2]

Project blindness to development outcomes

The IFC's stated mission is to "promote private sector development…to create opportunities for people to escape poverty and improve their lives." However, an IEG evaluation published last week finds that "less than half (43%) of the projects … included at least one type of mechanism

that addressed distributional issues at design or implementation." Even worse is the finding that only a paltry "13% of projects had objectives with an explicit focus on poor people."

The rate is even lower for advisory services: the evaluation finds that only "10% had identified benefits to the poor and 40% delivered benefits to society but did not provide evidence of enhanced opportunities to the poor." The rest of the services were mainly targeted to provide support at company level, or provide advice to governments on tax reform and investment resolution mechanisms.

The findings of the report are even more striking for the projects delivered by financial intermediaries; that is, when the IFC channels funds into financial institutions such as commercial banks, index funds, or private equity funds which in their turn lend and invest IFC monies in poor countries. For this type of project the report says that their "impact … on poverty is not always clear. Rigorously conducted impact studies could provide valuable lessons of what works, does not work, why and under what conditions."

The report identifies several reasons for this failure:

- focus on poverty reduction is hardly taken into account in project design;
- poverty outcomes are not systematically tracked during project implementation; and
- the IFC's evaluation framework does not have specific indicators for measuring the benefits to vulnerable groups and the poor.

The IFC management response to the report argues that the extent to which development objectives can be made operational in IFC lending and investments is constrained by the fact that "the majority of IFC private sector clients do not have a poverty reduction objective." This response further demonstrates clear inconsistencies between some of IFC's rhetoric on how their interventions create incentives for private investors to deliver better development outcomes and the reality of the IFC failing to deliver on its development mandate.

The IEG highlights that the growth-oriented policies of the IFC ignore broadly acknowledged market failures that exclude the poor from access to jobs, income, and markets—in a nutshell, to decent work and decent lives. It recognises that "the link from growth to poverty reduction is not automatic" and points that "deliberate action is often required to incorporate distributional aspect of growth into project design and implementation." However, in its leveraging of the private sector the IFC fails to acknowledge that "private companies may have difficulties addressing distributional and equity considerations, particularly where market failure is widespread."

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Channeling funds where they are most needed?

The IFC is also mandated to provide finance to the private sector in credit-constrained countries and sectors, often described as "frontier markets." For the IFC to have added value, it needs to provide funding to countries and to companies which would otherwise have no other access to finance. However the IEG evaluation finds that the IFC's investments in the world's poorest countries are highly concentrated in four low-income countries, and acknowledges that its interventions in middle-income countries fail to target the huge pockets of pervasive poverty.

The sectors that receive the majority of the IFC's attention are infrastructure and financial markets, which in 2010 accounted for three quarters of all

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IFC commitments. For financial sector projects, the report says that "the development and poverty impacts of these interventions have not yet been assessed at the project level."

The IFC should practice what it preaches

The report makes some clear-cut recommendations and points out that the strategic goals of the institution need to be translated into actual actions and impacts. It suggests adopting a more strategic approach to addressing poverty and redefining its monitoring and evaluation goals. Some of the more interesting recommendations are that the IFC should "periodically test assumptions on how IFC interventions contribute to growth and poverty reduction through select in-depth evaluations to learn about what works, what does not work, why, and in what context" and "define, monitor, and report poverty outcomes for projects with poverty reduction objectives".

As it stands, the IFC has a spotty history of engaging in projects that benefit domestic markets in developing countries, much less the poor. The current incentive structured within the IFC creates an environment where safe investments in large corporations working in emerging markets and extractive industries are prioritised over increasing domestic market capacity and engaging in high risk endeavors that could actually have positive development impacts. As suggested by the IEG report, the IFC needs to make serious changes to its institutional culture as well as to its development strategy and to "shift from a volume output culture to development impact and financial sustainability," if it is to engage in effective poverty eradication schemes.

This article was posted on 9 May 2011 at http://www.eurodad.org/aid/article.aspx?id=132&item=4493

EURODAD (European Network on Debt and Development) is a network of 54 non-governmental organisations (NGOs) from 19 European countries working on issues related to debt, development finance and poverty reduction. The Eurodad network offers a great platform for exploring issues, collecting intelligence and ideas, and undertaking collective advocacy.

Endnotes

1 Independent Evaluation Group, "Assessing International Finance Corporation's (IFC) Poverty Focus and Results", n.d. Accessed at http://ieg.worldbankgroup.org/content/ieg/en/home/features/poverty.html

2 Bodo Elmers, Nuria Molina, and Visa Tuominen, "Development diverted: How the International Finance Corporation fails to reach the poor," 18 November 2010. Accessed at http://www.eurodad.org/whatsnew/reports.aspx?id=4304

THE POLITICS OF ACHIEVING THE RIGHT TO WATER

en.mercopress.com

By SUSAN GEORGE, MTHANDEKI NHLAPO and PETER WALDORFF

National ministers from Africa gathered with hundreds of people from United Nations agencies, development banks, public water operators, non-profit groups and trade unions from around the world to celebrate World Water Day on March 22 in Cape Town. A priority on the agenda: responding to the growing urban water challenge. The number of people living in cities in Africa with no access to tap water at home or in the immediate area increased by 43 percent (from 137 million to 195 million) between 2000 and 2008.

It is unbelievable that in this day and age—with the untold wealth generated by human activity—that millions of people die each year from waterborne diseases.

The right to water is akin to the right to life, but many governments are reluctant to recognise this most basic reality and shoulder their responsibilities to deliver safe, affordable water.

Fortunately, Bolivia boldly pushed through a resolution endorsing the human right to water and sanitation in the United Nations General Assembly last year. Working with other allied governments, Bolivia

managed to shame various rich countries such that rather than oppose such an obvious right, they merely abstained. The nonbinding resolution passed on 28 July 2010. Among the arguments used against the resolution is a lack of clarity about what responsibilities the right to water will place on governments.

For the past 20 years, governments have tried to offload this responsibility onto the private sector in the vain hope that multinational corporations would step in with expertise and finance. The World Bank, the International Monetary Fund and regional development banks have forced the privatisation pill down the throats of countries with aid packages. Rich countries also wield their aid budgets and free trade treaties to win business for their national companies.

The privatisation experiment has disappointed. The main problem is that private corporations exist to maximize profits, but the poor don't have enough money to pay the high fees demanded. Further, private companies are unable to address the non-financial issues in the water sector such as conservation, ecosystem protection, equity—including for women and girls, among rural and urban, between working people and the unemployed. And the argument that competition brings efficiency does not apply in the natural monopoly of urban water and sanitation.

Privatisation actually creates more problems than it solves. Many governments have realized this and are bringing water and sanitation services back into public hands. Even the city of Paris, the heart of the French private water companies, decided in January 2010 to reclaim public ownership and management of its water system. Yet, the private sector recognises that there are billions to be earned with this "blue gold," and their powerful lobbying machinery is hard at work.

The fact is that water and sanitation services, especially in dense urban areas, must be provided by government. This is especially true in developing countries, as no private companies will dare invest the sums needed without massive government guarantees, including for hefty annual profits.

The struggle around water is essentially the struggle for democracy; it is no coincidence that the poor and voiceless remain unserved. Public Services International, the Transnational Institute, the South Africa Municipal Workers Union, and other South African civil society organisations, call for the opening of the "Water TAP"—opening the currents of "Transparency, Accountability and Participation" as key practices to be applied in the delivery of water and sanitation services. There is a growing awareness that the public sector water and sanitation operators are the key to delivering universal access.

Support for Public-Public Partnerships

Over 90 percent of water is delivered by the public sector; the largest pool of experience and expertise, and the majority of examples of good practice and sound institutions are found in existing public sector water operators. Moreover, many public sector water utilities have been helping each other to develop the capacity to be effective and accountable—namely, through public-public partnerships (PUPs).

Public water and sanitation utilities are typically local operations with no ambitions or legal ability to become global players. Thus, if we are to tap into the wealth of expertise of the staff of these public utilities, we must create global mechanisms to support them in public-public partnerships (PUPs).

The UN Secretary General's Advisory Board realized the potential of the PUP model and developed the Water Operator Partnership initiative known as WOPs. The (former) UN leader Kofi Annan mandated UN Habitat to create the Global Water Operator Partnerships Alliance—an alliance of partners committed to helping public water operators improve their collective capacity to provide access to water and sanitation services for all.

Our organisations were involved in the development

of this agenda and applaud the establishment of the alliance. After decades of the private sector interests being imposed, the policy focus has at last returned to the public sector. It is also appropriate that the World Bank and regional development banks - which are using public funds – support these PUPs.

We applaud UN Habitat's team for convening more than a hundred water specialists in Cape Town for the first Global Water Operator Partnerships Alliance Congress. Our organisations sent delegations to ensure that the voices of citizens and workers would be heard. The Asian Development Bank and the Inter-American Development Bank are coordinating and funding most of the current WOPs projects, despite both having long track records and firm commitments to increasing private participation in the sector. We will keep careful watch over the WOPs which they fund. We cannot allow these partnerships to become another commercial vehicle.

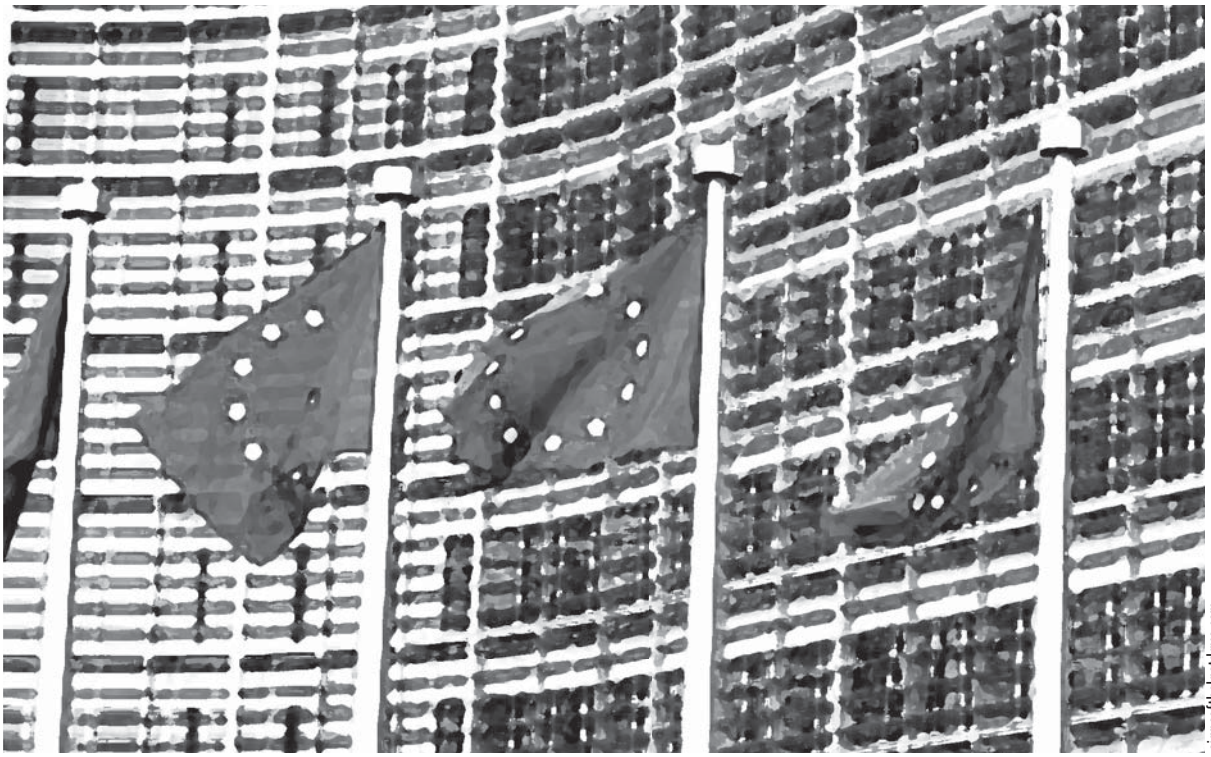
Our delegates also spoke directly to their water ministers, gathered in the African Ministers' Council on Water. We told them bluntly that they must implement the right to water if our societies are to grow, that public-public partnerships are more affordable and effective than the pipe dream of privatization. One union sister from Tanzania, which experienced a failed privatisation, told how women must, after a long day at work, return home to carry water on their heads in order to fulfill their domestic obligations today.

In South Africa, the water privateers had a run but were ejected, due largely to political pressure. Yet this did not solve all the problems. At the time South Africa held its first democratic elections in 1994, over 12 million people did not have access to water and 21 million people did not have access to sanitation. The newly democratic Republic of South Africa included in Section 27 of its Constitution that all South Africans have a human right to water sufficient for health and hygiene. Although many more South Africans now have access to water and sanitation than they did in 1994, communities such as Cape Town argue that the water is too expensive and too scarce, and that the unilateral installation of pre-payment and water management meters in poor communities is undemocratic and contradicts citizens' constitutional right to water. These devices impose cut-offs on the poor until they find the money to pay. With unemployment at 40 percent in some areas, the ability to pay is very limited.

We look with anticipation to the promising partnership that is emerging between the Dutch Public water network Waternet—a strong driver of public-public partnerships around the world—and the City of Cape Town. Together they are forming a Water Operator Partnership with the intention of building the capacity of a number of smaller water utilities in the Western Cape Region. Finances have been raised through the Dutch law that enables local water utilities to use one percent of their revenue for these international partnerships. If other governments did this, it would go some distance towards delivering universal access to water and sanitation, especially on the African continent.

It is clear that the solutions to the delivery of water and sanitation for all are fundamentally political in nature and not just technical. The need for opening the "Water Tap" for transparency, accountability and participation is vital as we face the rapid increase of urbanisation and the frightening implications of climate change for our scarce water resources.

Mthandeki Nhlapo is general secretary of the South African Municipal Workers Union, which represents close to 140,000 members delivering public services through local governments. **Peter Waldorff** is general secretary of the Public Services International, a global public union federation, which represents 20 million members in 150 countries. **Susan George** is one of TNI's most renowned fellows, and author of 14 widely translated books. She describes her work in this way: "The job of the responsible social scientist is first to uncover these forces [of wealth, power and control], to write about them clearly, without jargon... and finally… to take an advocacy position in favour of the disadvantaged, the underdogs, the victims of injustice." This article was posted in April 2011 at http://www.tni.org/article/politics-achieving-right-water.



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Euro Plus Pact will deepen the social crisis

By ALERCE FERNANDEZ SANCHEZ

On March 25, 2011, the European Council approved what it calls the Euro Plus Pact as a mechanism to "turn the corner of the financial crisis" that had spread through all the European Union (EU) territory, causing the financial collapse of some of its member countries and seriously threatening the economic and social stability of the eurozone.

The Euro Plus Pact provides four "guiding rules"[1] for EU's member states to reform their legislation "to strengthen the economic pillar of the monetary union, achieve a new quality of economic policy coordination, improve competitiveness, thereby leading to a higher degree of convergence." The Pact centers on increasing competitiveness, which is seen as "essential to help the EU grow faster and more sustainably in the medium and long term, to produce higher levels of income for citizens, and to preserve our social models."

The goals listed by the Pact are the following:

- Foster competitiveness
- Foster employment
- Contribute further to the sustainability of public finances
- Reinforce financial stability

But, as the saying goes, the devil is in the details. In the Pact, each of the four goals comes with a "set of possible measures" that every member-country is urged to pay attention to in defining their specific policy actions at the national level. The really interesting points emerge when one realizes that, in order to fulfill these noble intentions, what the pact concretely proposes are the following:

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Lower wages

The Pact explicitly links competitiveness to workers' wages. It states: "To assess whether wages are evolving in line with productivity, unit labour costs (ULC) … [for each country] will be assessed for the economy as a whole and for each major sector… Large and sustained increases may lead to the erosion of competitiveness, especially if combined with a widening current account deficit and declining market shares for exports. … [P] articular attention will be paid to those [countries] facing major challenges in this respect."

This means that despite the Pact's rhetorical commitment to "higher levels of income for citizens," workers won't actually be allowed to see salary increases even with sustained periods of growth, because this is depicted as the main obstacle to competitiveness. What it proposes, instead, is that salaries shall follow productivity only when the latter decreases, because increasing salaries when productivity increases could mean eroding competitiveness which, EU officials claim, would be counterproductive. This sick joke becomes even more offensive when, paradoxically, countries facing these major "competitiveness challenges"—the peripheral countries of the eurozone, alongside with the countries newly incorporated to the EU from East Europe—already have the lowest wages on the continent.

Therefore, what the EU upholds is essentially legal exploitation.

It is often claimed that European social models have stronger mechanisms of social protection, such as collective bargaining that prevent workers' rights and wages from dramatically decreasing; free or low-cost social services; benefits for the unemployed or retired; protection for mothers, marginalized or poor families, etc. Pact invokes "preserving our social models" as a noble intent behind competitiveness; but what it proposes is, ironically, to demolish these social pillars.

Some of the proposed measures brazenly undermine long-established institutions and hard-won union rights that govern labor relations. The Pact, for example, pays lip service to "respecting national traditions of social dialogue and industrial relations" but really wants "measures to ensure costs developments in line with productivity, such as… [reviewing] the wage setting arrangements, and, where necessary, the degree of centralization in the bargaining process…"

Capitalist employers see centralized bargaining processes—at the level of national trades, for example—as a hindrance to improving "competitiveness" because they know that workers in whole sectors or industries could mobilize under a single banner if their common rights are threatened.

Also, a centralized bargaining system prevents private companies from bypassing workers' representatives and arranging individual contracts with workers. Therefore, the push for decentralized wagesetting will only benefit business. Adopting the policies of deregulation and unreasonably tying down wages to productivity would only lead to reduced salaries and rights violations of workers, without legal instruments or mechanisms for them to hold their employers accountable.

Work 'flexicurity'

Side by side with the Pact's attack on workers' wages, it also urges "labour market reforms to promote 'flexicurity', reduce undeclared work and increase labour participation; … tax reforms, such as lowering taxes on labour to make work pay while preserving overall tax revenues, and taking measures to facilitate the participation of second earners in the work force."

'Flexicurity' means that workers' rights, benefits and working conditions relating to job security must adapt to the company's situation. On top of this practice, which weakens traditional job security, the interesting point here is the last proposal: to lower work taxes ostensibly to make work more remunerative (rather than increasing salaries!).

This is also part of the neoliberal strategy that is traditionally opposed to higher taxes: if the public sector does not collect enough taxes, its deficits increase and this becomes another excuse to cut back on public services and let private firms take over these functions of government for their own profit. It also pushes the EU member states to rely more on the debt markets, thus creating conditions for sovereign debt crises such as what we are witnessing today. Truly, they are creating a paradise for financial speculation and plunder.

Cutbacks on social services

Finally, the Pact's attack on social services intends to target pensions, health care and social benefits by using the clever notion of "sustainability," which simply means that these benefits become "more sustainable" if they are trimmed down. Thus, "sustainability" in pensions, health care and social benefits could include:

- "aligning the pension system to the national demographic situation, for example by aligning the effective retirement age with life expectancy or by increasing participation rates;

- "limiting early retirement schemes and using targeted incentives to employ older workers (notably in the age tranche above 55)"

As expected, there is not one single mention in the Euro Plus Pact of a more progressive taxation system that places more responsibility on the richest individuals and the businesses they own. These firms have taken the lead in massive layoffs and wage cuts, while benefiting from public bailouts and raising the compensation packages for board directors and top executives to obscene levels. The Pact therefore increases pressure on the victims of a crisis created by the logic of the economic system—a logic put to work by governments, banks and investors.

Any legislation that refuses to place the responsibility of paying for the crisis on the culprits that caused it, and at the same time violates people's rights and erodes their hard-earned benefits, will only fuel more massive disaffection and protests in the near future. These could take the form of demonstrations and mass assemblies that propose alternative social responses to the crises, as what occurred in Spain, Greece, Portugal or Italy. Or these could take an uglier shape such as widespread riots that express the deep anger of marginalized and impoverished communities against the long-running degradation of social services and oppression by authorities, as what happened in London.

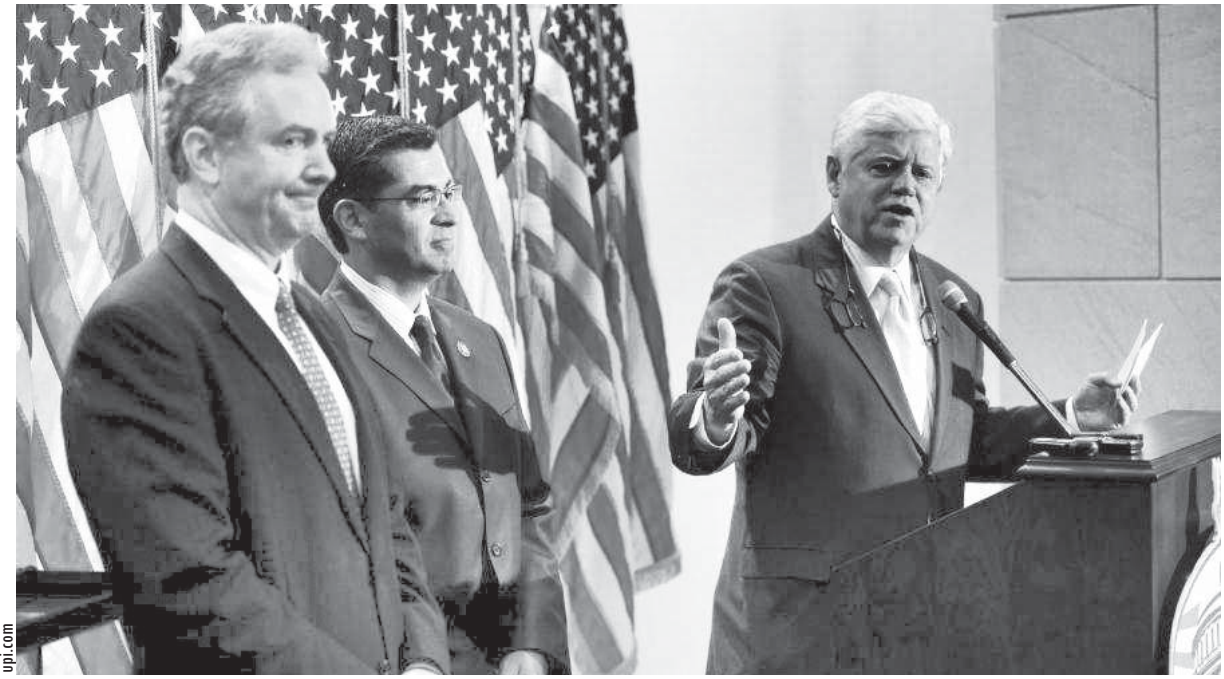
These scenes can only become more commonplace throughout the continent as the conditions of working people further deteriorate.

Alerce Fernandez Sanchez wrote this while working at IBON Foundation as an intern from Instituto de Estudios Politicos para America Latina y Africa (IEPALA) based in Madrid, Spain. An earlier version of this article was also published in the August 2011 issue of the RESIST e-Newsletter.

Endnotes

1 The Euro-Plus Pact was formed based on the EU's so-called "Open Method of Coordination," or an inter-governmental process for forging EU-level "soft laws," which member-countries would later reflect as explicit national laws or policies.

Dems cave to right in debt-ceiling clash; workers must fight for jobs, human needs



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House Democrats discuss debt limit crises in Washington

By FRED GOLDSTEIN, INTERNATIONAL ACTION CENTER

The resolution of the US debt-ceiling crisis shows the growing strength of the right wing in capitalist politics and the bankruptcy of President Barack Obama and the Democratic Party leadership. It also guarantees that the economic crisis of the workers and the people in general will get worse at a time when capitalism is sliding toward a new crisis.

With a jobs crisis raging and the rich piling up more wealth than ever, the settlement projects cutting up to $2.4 trillion in government spending over the next 10 years, yet does not take one more penny from the millionaires and billionaires in taxes.

The announced highlights of the complicated, two-stage deal are very vague:

- $917 billion of cuts in government spending over 10 years, beginning Oct. 1. What those cuts are has not been revealed, except for reports that the Pentagon will be cut. But immediate Pentagon cuts will be minimal. What is not reported is that the Pentagon was already planning $400 billion in cuts.

- Social Security, Medicaid and Medicare are temporarily exempted from this phase of the cuts.

- There are no increases in taxes on the rich and no closing of corporate or individual tax loopholes.

- In return, the debt ceiling will be raised by $900 billion—$400 billion now and $500 billion in September.

- By Nov. 23 a special 12-member commission of six Democrats and six Republicans will recommend up to $1.5 trillion more in cuts to be made over the next 10 years. If the commission comes up with a plan, it will be voted up or down in Congress, and there will be a $1.5 trillion increase in the debt ceiling. If it is not passed, there will be only a $1.2 trillion addition to the debt ceiling.

- Failure to agree triggers automatic spending cuts of $1.2 trillion, half in military spending, half in domestic spending. Social Security and Medicaid have been exempted but not Medicare.

So far the details of the deal have not been disclosed. Many of the specifics probably have to be worked out. This is ominous because of the present political situation.

Sharp shift to right in capitalist politics

This struggle has revealed that the relationship of forces in capitalist politics has shifted further to the right. The more mainstream reactionary forces in the ruling class, who have been pushing for cuts in spending on the people, have been in a bloc with the ultra-right Tea Party forces during most of the debt-ceiling struggle.

Wall Street broke with the extremist ideologues of the Tea Party after Obama made huge concessions on cuts in entitlements. However, the Tea Party ideologues refused to accept victory. Instead, they pressed toward default. After the lobbyists of the financial industry were rejected by the extremist forces, the bankers, including JPMorgan Chase CEO James Dimon, went personally to Capitol Hill to talk directly to the politicians.

In the end, Wall Street got its way. The Tea Party forces split in the final vote, with only 66 Republicans holding out against the deal out of 140 or so Tea Party-associated or Tea Party-endorsed members.

The U.S. ruling class suffered a considerable setback over its financial dealings with the world by this display of political instability. Nevertheless, the financiers won tactically in several ways. They avoided default. They got cuts in spending for the masses and the promise of even more spending cuts. And they stopped any new taxes on the rich and the corporations.

There were sharp differences in the Democratic Party during this struggle. President Obama was ready to put Social Security, Medicaid and Medicare on the table during negotiations with Republican House Speaker John Boehner. In the final settlement, House Minority leader Nancy Pelosi, the Congressional Black Caucus, Latino/a members and the Progressive Caucus held out to keep Social Security, Medicaid and Medicare exempt from cuts at the early stage.

But the entire Democratic Party leadership and most of the rank and file accepted the debt-ceiling frenzy and the deficit-cutting fever generated by not only the Republicans but the ruling class as a whole.

The Democratic Party leadership did not demand the hundreds of billions needed for a government jobs program. They did not demand funds to stop hunger in this country, although 50 million people struggle with so-called "food insufficiency." The Democrats did not demand money to put the millions back in their homes who have been fleeced by mortgage bankers, brokers and wheeling-and-dealing lenders. They did not even demand the extension of emergency unemployment insurance, which is slated to expire this year.

In short, the Democratic Party has promoted the line that the deficit "must be brought under control."

Banks are full of money

But how do you bring the deficit under control?

As the famous bank robber Willie Sutton supposedly said, when asked why he robbed banks: "That's where the money is."

It is in the banks, the hedge funds, the private equity funds, the military-industrial complex, the Pentagon, Big Oil with its tens of billions in profits, and the manufacturing corporations that are sitting on $2 trillion in cash but won't create jobs. That's where the money is. It is money that belongs to the workers who created all the wealth in the first place. And it should be used for workers' needs.

The Democrats are a capitalist party. That means that at the top they are tied to big capital. It is not for nothing that Obama's chief of staff, William Daley, is from JPMorgan Chase, or that the head of Obama's jobs creation panel is Jeffrey Imelt, CEO of General Electric, which has laid off hundreds of thousands of workers in recent decades and pays no taxes.

The deficit that the bosses and their mouthpieces are crying about is the deficit of the ruling class.

The bankers fear for their interest payments. The military contractors worry about the flow of their profits. The Pentagon worries about keeping its war machine up to date in order to bring death and occupation around the globe. The corporations worry about staying on the government gravy train.

To the ruling class, the Treasury is a source of enrichment for millionaires and billionaires. They want the debt ceiling lifted so that the government can keep handing money out to the wealthy.

Not one word has been said in this entire debate over the debt ceiling regarding the great deficit of the broad masses of people. The workers' deficit is in the day-to-day struggle to survive. The workers and the oppressed have a jobs deficit, a housing deficit, a health care deficit, an education deficit and, for the tens of millions getting low wages, a paycheck deficit.

The debt-ceiling sellout of the interests of the workers comes at a very dangerous time. Cutting government spending—except for the $200 billion in annual interest to the bondholders—means more government workers and others who depend upon government spending are bound to be laid off. Government services are bound to be cut back.

So the argument between the Republicans and Democrats was really over just how much suffering to inflict on the people.

Capitalist economy sliding toward crisis

The deal came at the very moment that the government announced a rise in unemployment, a slowdown in economic growth and a drop in manufacturing. Economic growth was up only 1.3 percent in the second quarter, according to the government's Bureau of Economic Analysis. Revised figures also brought first-quarter growth down from 1.8 percent to 0.4 percent.

...the entire Democratic Party leadership and most of the rank and file accepted the debt-ceiling frenzy and the deficit-cutting fever generated by not only the Republicans but the ruling class as a whole.

Furthermore, this capitalist economic slowdown is spreading to Germany, Italy and the entire eurozone.

In other words, the two big-business parties made a deal to cut back spending at precisely the moment when capitalism is sliding toward a deeper crisis and the prospect is for more suffering.

Move to right after collapse of USSR

This lurch to the right by Obama, leading the Democrats, is a continuation of a trend that began with Ronald Reagan in the 1980s but accelerated after the collapse of the Soviet Union and Eastern Europe.

In the absence of a militant working-class movement in the U.S., once the capitalist class in the U.S. did not have to compete with a rival socialist system, the bosses and bankers began to shed all restraints.

This was reflected in the destruction of welfare by President Bill Clinton, who also instituted NAFTA, stepped up the death penalty, authorized the first so-called "anti-terrorism" laws and signed other reactionary measures. Eight years of George W. Bush pushed everything further to the right, with two wars, domestic spying, huge tax cuts for the rich and so on.

The rise of the Tea Party, with tens of millions of dollars in funding and endless publicity in the capitalist media, is a further reflection of this trend. Obama and the Democrats are floating along on this right-wing tide dictated by the giant capitalists who rule this country.

Workers must organize independently as a class

If this debt-ceiling struggle proves anything, it is that the working class must organize independently, as a class fighting for its own interests. The labor leadership has tied organized labor to the capitalist Democratic Party, and the results have been disastrous: 30 million unemployed or underemployed, millions homeless and hungry, with things getting worse by the week.

This is no time for gloom and doom. This is the time for independent working-class political and economic organization. The time for mass mobilization in the streets, for struggle in the workplaces, and for the workers to speak in their own name is now.

We must speak boldly as an exploited and dispossessed class, with our own political program that reflects our own needs as a class in opposition to the greedy, exploiting, profit-seeking capitalist class that lives off our labor.

The struggle must be against the huge deficits caused when capitalists lay us off, kick us out of our homes, lower our wages, and divide us with racism, sexism, homophobia and anti-immigrant prejudice.

We are told we must follow the Democrats; otherwise we will get the Republicans and the right wing.

Well, the workers have followed the Democrats and got—the Republicans and the right wing.

No capitalist party will fight our battles for us. We must organize and fight on our own.

This article was posted 3 August 2011 on http://www.iacenter.org/struggle/debtceiling080411//. The International Action Center is a U.S.-based advocacy group committed to building broad-based grassroots coalitions to oppose to U.S. wars abroad while fighting against racism and economic exploitation of workers at home. The IAC aims to bring together communities of color, women, lesbian, gay, bi and trans people, youth and students, immigrant and workers' organizations towards a progressive movement for social justice and change.

treehugger.com

Drought and famine in Somalia: Lessons on 'humanitarian' aid

By JOSEPH PENNEY

Turn on CNN, BBC or any other major Western media outlet and, aside from news about the Norway killer (not labeled as a terrorist because he's not Muslim), the UK phone hacking scandal and the U.S. debt crisis, few international stories make the headlines. From Africa, a continent of 53 countries, there was one major story in recent weeks: drought in the Horn of Africa, which has led to a "famine" in Somalia (I put the word famine in quotation marks because it is a contentious classification that the UN has used to define the situation in Somalia).

Starving black babies with bloated bellies and crying mothers: these images, along with that of a white man talking into the camera while walking around a refugee camp, have been a near-constant feature flashing on television screens. We are bombarded with information on human suffering of heart-wrenching proportions (the current number is 11 million at risk of starvation), but all explanations of why more than a million people are at risk of dying point to one cursory tale, that

of a recent drought that has devastated agricultural production in East Africa.

While the current drought and resulting food crisis in the Horn of Africa (Somalia, Djibouti, Ethiopia, Eritrea and northern Kenya) is indeed frightening, deserving of attention in Western media and a real humanitarian crisis, it is important to consider the history of Western "humanitarian" intervention in the country, which has not had a functional government since civil war topped the US-backed dictator Siad Barre in 1991. At a time when food agencies sponsored by the World Food Programme and USAID are calling for emergency relief supplies, it is opportune to take a look into Somalia's past engagement with food aid to draw more than a few worthy lessons.

The US has an interest in getting rid of surplus food generated from subsidizing and purchasing grain at above-market prices from American farmers, and one of the ways it did so was to donate food to Somalia. The food was supposed to save millions of Somali refugees at risk of death from famine and warfare, but instead it almost single-handedly destroyed the Somali economy. Seeking income in a declining economy, Somalis fought to control remaining sources of revenue for their clans, and food aid had become the nation's most valuable resource.

USAID began sending food aid to Somalia after Cuban and Ethiopian forces combined to push the Somali army out of the land in the Ogaden captured by the Somalis in 1979, although a number of aid agencies had been present in Somalia since a devastating 1975 drought. Ethnic Somalis who fled the fighting in Ethiopian territory became refugees in Somalia, and needed care as such. But politics played a role in determining who and how many refugees there were, with foreign journalists as well as American, Somali and UN officials producing different estimates based on their respective political agendas. A Somalia expert, Ioan Lewis, noted that although the magnitude of the refugee problem was not originally recognized, estimates became part of a political terrain: "The actual number of refugees (which directly affected the aid budget) was highly controversial, the Somali authorities resisting all UNHCR attempts to enumerate them but settling for a 'planning figure of 700,000' in the years directly following the war." [1]

Food aid diversion

Since the early 1980s, food aid, defined by USAID as "edible commodities donated to needy populations," became the most traded commodity in the country as little oversight created favorable conditions for widespread theft of foodstuffs and their sale in the black market. Irrigation and farm-training projects funded by USAID destroyed the Somali nomadic way of life and their traditional coping strategies for drought, leaving them more vulnerable to famine and, in turn, more dependent on food aid to survive. The indigenous (albeit product of colonialism) agricultural economy was replaced by a food-aid based financial system that produced increasing demand for it. It became a political tool as those in power kept certain groups in refugee camps to control the allocation of food directed at the camps.

By 1981, Western media sources put Ogaden war refugee figures at "more than one million."[2] A USAID food aid inspector at the time, Michael Maren, writes that guerilla warfare following the official end of the war led journalists and Somali officials to conclude that there were around 1.5 million Ogaden refugees in camps near Hargeisa. But the problem was that "the million and a half refugees" who were supposedly in Somalia didn't exist. "The Somali government liked to say 1.5 million. Journalists liked to say 1.5 million…I saw official reports from UNHCR and USAID that put the number at less than 400,000. The camps were filled mostly with women and children and old men."[3] A New York Times article from 1980 corroborated this, saying that "males older than 15 account for only 9 percent of the population of the refugee camps, which have become havens for the families of guerillas."[4]

Most Ogaden males over fifteen were not in refugee

camps, but those who were had an important task—to divert food aid and ensure the cooperation of camp residents. Most agree that the National Refugee Commission (NRC) and established clan and rebel networks within the camps stole or redirected more than half the food aid sent at the time (see Maren, NY Times)[5]. While much of the food aid fell into the hands of private businessmen who sold it in the market, a good portion of the stolen food profits supported the ongoing guerilla war against Ethiopia by funding arms for the Western Somali Liberation Front. This, in turn, created more refugees, which supported the ever-increasing influx of food aid. As Lewis also noted, "the male population of the camps provided a captive reserve source of manpower for illegal recruitment into Somalia's armed forces."[6]

Some figures put theft of refugee aid funds at 80 percent, of which, most went to the Somali army.

Yet the theft of food aid was not limited to Barre's political endeavors. Food aid became Somalia's most valuable commodity, knocking home-grown sorghum, wheat and rice off the map in favor of American substitutes. Ordinary Somalis began looking to food aid for a way out of poverty, and many succeeded. Maren tells the story of Abdi Ahmed Yusuf, who, as an elder living in the Ogaden refugee camps in Beledweyne in the early 1980s, got rich from food aid: "I was buying food from refugees at a good price and selling it in Jalalaqsi town and returning with food, fuel, and watches that I would sell back to refugees. Soon I was bringing food to Mogadishu directly and making a lot of money. Then I married CARE wife. I was happy."[7] Yusuf was earning enough money from the sale of food aid in neighboring towns that he was able to marry another wife, whom he referred to using the name of the NGO responsible for food rationing in Beledweyne: CARE International.

Food aid so clearly destroyed the economy that today even al-Shabab, the Islamist rebel group who have been called more vicious and extreme than the Taliban, has recognized its caustic powers.

Somalis have not stopped looting food aid since the imports began after the 1975 drought, and yet Western development agencies have not slowed the pace of shipments in more than twenty years. In that time span, countless articles have been written about the theft of food aid–most with the same general storyline: Somali warlords, armed through various nefarious acts, steal shipments of food aid destined for Somalia's most needy, who will starve if they do not get their rations. Humanitarian agencies, who just want to see that the food reaches the hungry, are caught in the crossfire of vicious Somali clan politics that dominate the lawless society.

But despite widespread knowledge that less than half of food aid imported to Somalia is delivered to those who need it most, Western relief agencies kept pouring in the food. This common account of how food aid ends up in the market is misleading because it places the blame almost entirely on Somalis, despite the minimal control they have over the operational capacity of major international NGOs.

A New York Times article from 1992 illustrates American relief effort thinking:

To try to keep food prices down, Andrew Natsios, the coordinator of the stepped up American relief effort to Somalia, said Washington would start selling relief food at very low prices to Somali merchants in Kenya and Djibouti, who would then sell it at controlled and monitored prices inside the country. He said it was hoped that cheaper prices would force the merchants inside the country to bring their prices down. "We want to flood the country with food," Mr. Natsios said.[8]

Natsios, the head of USAID food assistance at the time, could not have been unaware of USAID's

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In Ethiopia, Kenya and Somalia, CARE is mounting a large-scale crisis response, including general food distributions, emergency stabilization for malnutrition cases, water, essential household items, education and psychosocial support.

history in Somalia. USAID had been "flooding the country with food" for over ten years, and in that time Somalia had descended into civil war, while the number of people "at risk of starvation" had only increased. Poorly monitored food aid had empowered Somali businessmen and rebel groups, fomenting clan conflict at the expense of the national economy. "Flooding the country with food" undermined any local agricultural production, leaving Somalis with a diminished domestic food production capacity and a severe dependence on cheap, imported food. USAID, which had become the most powerful actor in Somalia, was treating food aid like a commodity and hoping the problem of hunger would solve itself if enough food was sent in, rather than promoting domestic agricultural production. Instead of looking at food aid's role in perpetuating the ongoing conflicts, USAID looked at the conflicts as an impetus for increased relief assistance. The American response to the grave problems created by unchecked food aid has been, simply put, more food aid.

A 2009 UN investigation noted that "thousands of sacks of food aid were being diverted from starving refugees and openly sold for profit" and savvy businessmen were "inventing" refugee camps to bring relief funding while "the food could hardly be more needed" for the 3.5 million Somalis who rely on the UN's World Food Programme for meals.[9] That Western media outlets are still writing about the need to protect Somali food aid from theft today highlights the inherent problem with the relief effort in Somalia. Instead of improving after twenty years of Western food aid, Somalia's food problem is only getting worse. From 400,000 refugees at risk after the Ogaden War, there are now 3.5 million, roughly half Somalia's population.

USAID failure

USAID's failure to achieve anything more than a "more money/more food aid," short term solution, comes to light when we look again at its "Refugee self-reliance program" final report of 1985:

> *An implicit assumption untested in this design is that the refugees want to farm or engage in business even if it means losing their rations. In none of the sub-projects have the refugees given up any rations due to their involvement in the Project. Therefore, it is, strictly speaking, impossible to say that they would engage in the activities or sub-projects if it meant losing their rations. At the time of implementation it was impractical to reduce the rations or stop them. (Report 2 p.13).*

Despite the program's stated objective of reducing refugee dependency on aid programs, no effort was made to cut daily food ration consumption. Refugees remained reliant on food aid throughout the course of the five-year program, fundamentally undercutting their agency to provide for themselves. Although this report is from 1985, USAID's strategy in Somalia has hardly changed from the incredibly simplistic analysis that might as well be its ethos—people are starving, so we'll send them food.

Food aid so clearly destroyed the economy that today even al-Shabab, the Islamist rebel group who have been called more vicious and extreme than the Taliban, has recognized its caustic powers. The Islamic Courts Union splinter group wrote in a statement released in November 2009 to the World Food Programme that "the bringing of immense quantities of free food rations, and specifically during the harvest season, has been devastating to the agriculture industry in Somalia. It has been

decided that the WFP must immediately refrain from bringing food rations from outside of Somalia and rather purchase food from Somali farmers, and then that food will be distributed to the needy in Somalia."[10]

This statement reveals the pragmatism of "terrorist" group Al-Shabab, who recognizes that the key to building a successful state relies on a strong, self-sufficient agricultural sector. By promoting domestic agricultural production, al-Shabab is pitching its nation-building capacities against the futile Western-backed government to a people desperate for stability.

Today, Al-Shabab is mocked and criticized for prohibiting the distribution of Western food aid in areas it controls. But it would appear that all parties, except the USAID and the UN, have recognized that excessive food aid, a gesture that harms more than helps despite its humanitarian façade, is detrimental to Somalia's reconstruction. The West's crocodile tears for Somalia, a country it has helped destroy, should be revealed for what they are. If the West wants to make a long-term positive impact in the region it should abandon the corrupt, failed Transitional Federal Government (TFG) and work with the government of Somaliland, an autonomous territory that has flourished without the help of Western aid.

Instead of looking at food aid's role in perpetuating the ongoing conflicts, USAID looked at the conflicts as an impetus for increased relief assistance. The American response to the grave problems created by unchecked food aid has been, simply put, more food aid.

Joseph Penney is a free-lance journalist and photographer based in New York, who has written news reports on Africa. This article was posted on 29 July 2011 at http://bulatlat.com/main/2011/07/29/drought-and-famine-in-somalia-lessons-for-recipients-of-western-%E2%80%98humanitarian%E2%80%99-aid/. We reprint it here with minor typographic corrections and endnote adjustments.

Endnotes

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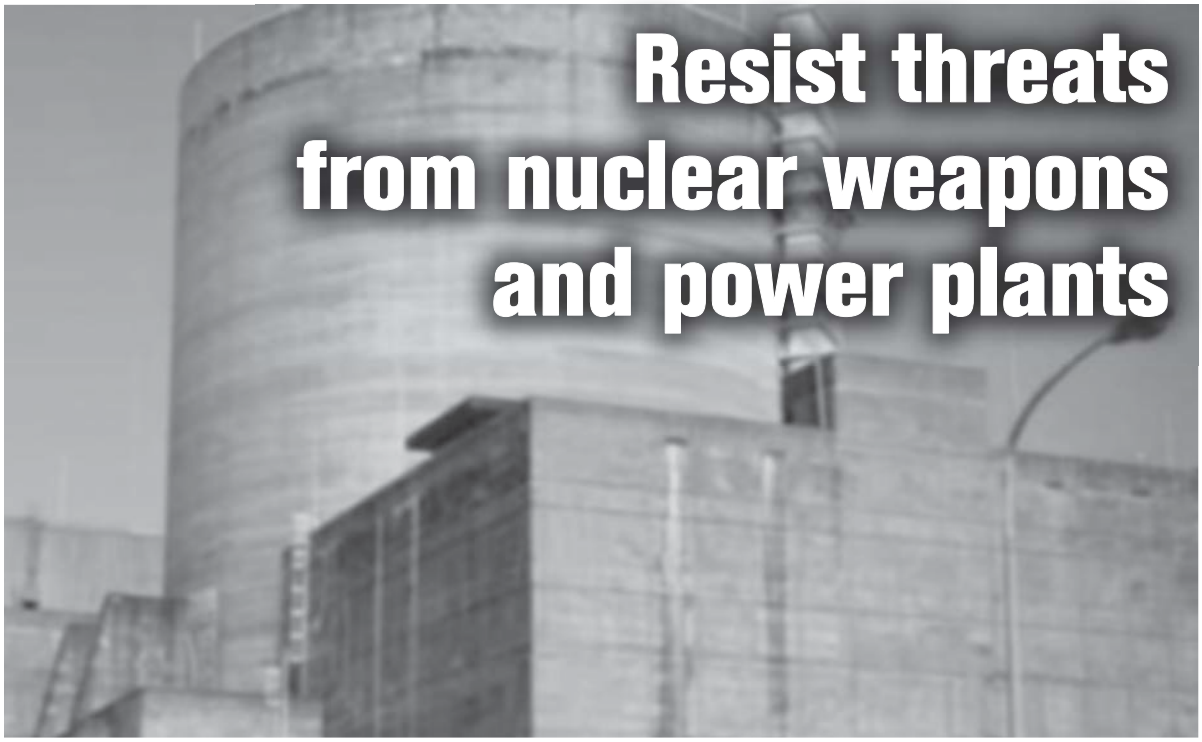

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Resist threats from nuclear weapons and power plants

By PROF. JOSE MARIA SISON

On the occasion of the 66th anniversary of the barbaric bombing of Hiroshima and Nagasaki by the US, the International League of Peoples' Struggle joins the Japanese people and all peace-loving peoples in commemorating the event and in condemning the continuing nuclear threat from the US and its imperialist allies.

On August 6, 1945, Hiroshima was incinerated by a nuclear weapon with a core of enriched uranium released by the US over the city. The nuclear radiation, explosion, heat and resulting fires killed 90,000 people almost immediately. This number rose to more than a hundred thousand by the end of 1945.

On August 9, 1945, Nagasaki was destroyed by a second atomic weapon with a core of plutonium 239 killing immediately some 40,000 and left 70,000 more dying by the end of the year. Tens of thousands more died later from radiation sickness. The combined death toll from the two atomic attacks run up to nearly two hundred thousand.

Despite the passage of 66 years, the surviving victims of the Hiroshima and Nagasaki bombings suffer from the after effects and the second and third generations of the victims live in fear of consequences adverse to their health. The Japanese government has not provided to the victims state compensation and the necessary medical services.

The atomic bombing of Hiroshima and Nagasaki sixty-six years ago is one that is an exercise of unnecessary and excessive force. With the objective of enabling the US military to assess the effects and power of the newly developed atomic bomb, the US chose the two cities that were relatively unscathed by aerial bombing for its atrocious experiment. The twin bombing ranks as one of the worst war crimes and crimes against humanity ever committed in history. Yet despite this horrifying example of destruction, the threat of nuclear weapons remains from the only country that has used these weapons of mass destruction in war.

There are still roughly 20,500 nuclear weapons in the world. Fourteen thousand of these are in military stockpiles and around 4,830 are deployed in operational strategic role. More than 95 percent of nuclear weapons are with the US and Russia, which continue to integrate these weapons into their military strategies. The rest of the weapons are with the UK, France, China, Israel, India, Pakistan and North Korea.

Although both the US and Russia have recently said that nuclear war between them is now "unthinkable," their strategic war plans still put nuclear strikes with hundreds of targets as options. Both countries still have the capacity to initiate a nuclear attack in a matter of a few seconds. Between the two, there are more than 800 ready-to-fire ballistic missiles armed with nearly 2,000 strategic nuclear warheads on high alert, ready for use on short notice.

The US continues to test its intercontinental ballistic missiles such as the Minuteman III for readiness and keeps its Global Strike capability to hit targets anywhere in the globe in less than an hour. As the US puts the prevention of nuclear terrorism and proliferation in its 2010 Nuclear Posture Review, it has increased funding for the rebuilding of its "aging" nuclear infrastructure.

The Obama administration plans to spend $6.3 billion until 2016 to extend the lifetime and usage capabilities of the warheads in their stockpile. It seeks to finish the construction of nuclear materials production facilities which costs more than $10 billion and pledged another $6.24 billion to modernize its missiles, SSBN submarines, Joint Strike fighter planes and B-2 and B-52 bombers that are designed to deliver nuclear warheads.

The US military budget of $698 billion in 2010 is nearly 43% of the world's total military spending. It also remains the largest arms exporter in the world selling nearly $38 billion last year which is predicted to surge up to $50 billion in 2011. Saudi Arabia, Israel, and Egypt consistently rank among the top five importers of U.S. weaponry.

The US continues to expand its war foothold with new military bases such as that on Jeju Island in South Korea and in Okinawa despite resistance from local residents. It uses bilateral military agreements such as status of forces and base sharing agreements to virtually convert whole countries as their military base.

The new NATO Strategic Concept at the Lisbon Summit in 2010 reaffirmed the importance of nuclear weapons in the designs of the alliance in Europe. NATO's nuclear posture with roughly 200 non-strategic warheads remains tied directly to US interests. Plans to retrofit strategic nuclear bombs currently deployed in Europe as well as to build new F-35 planes to carry these bombs are being pushed to enhance NATO's capability to knock out military targets.

The US promotes double standards in nuclear proliferation– one set of rules for Israel and India and another set for potential enemies such as North Korea and Iran. It expands its role in assigning itself as global cop to hold "fully accountable any state, terrorist group, or other non-state actor that supports or enables terrorist efforts to obtain or use weapons of mass destruction, whether by facilitating, financing, or providing expertise or safe haven for such efforts."

It enforces this through US-led agreements such as their Proliferation Security Initiative which lets US allies interdict ships unilaterally on the high seas on mere suspicion that these are carrying "nuclear materials and contraband". Such initiatives which inflame tensions are mainly focused on such states as Iran and the DPRK and are seen as aggressive moves by these countries.

In 1954, the US used nuclear technology to entice and bring into its fold other countries such as Japan in order to counteract Soviet influence. The US uses the same tactic, in reverse, in denying Iran and the DPRK nuclear technologies to counter proliferation. This introduction of nuclear technology to Japan brought in US designed reactors such as the Fukushima Daiichi plants that

melted down last March 2011. As nuclear power has shown its deadly bite with the meltdown of the reactors in Fukushima, the threat of nuclear war still remains with us.

Through nuclear intimidation and blackmail, the US has caused the suffering of tens of millions of people who came under its wars of aggression and intervention in Korea, Vietnam, Laos and Cambodia, and elsewhere. Further, the US has enabled its puppet regimes to massacre and maim millions more of people. The oppressive and exploitative globalization policies unleashed by the US and its local partners have put hundreds of millions of people into misery and poverty.

In commemorating the atom bombing of Hiroshima and Nagasaki, we stand in solidarity with the people of the world against any form of imperialist war, military intervention and oppression. We are moved to resist imperialist aggression as we witness today the extremely high numbers of people being killed and injured in Afghanistan, Iraq and Libya.

We vigorously oppose the US-Japanese military alliance and its core strategic policy of nuclear blackmail. It is just for the people of Japan and the world to condemn and resist the scheme of the US and Japanese governments in the consolidation of US bases in Okinawa, Iwakuni and Kanagawa. These are meant to perpetuate US domination over the Asia-Pacific region.

Since the latter half of the 1960s, the US and Japanese monopoly bourgeoisie have undermined and weakened the yearly commemoration of the Hiroshima and Nagasaki atom bombings in order to reduce remembrance of these, lessen fears about nuclear radiation and pave the way for the rapid construction of nuclear power plants in Japan. There are now more than 55 nuclear reactors in Japan, with 14 more power plants previously planned.

Now, we are confronted with a grave nuclear disaster, the meltdown of reactors in the Fukushima Daiichi nuclear power plant. Radiation leaks continue and spread. A great number of people are exposed to radiation in the Fukushima and neighboring prefectures. Land, seawater and crops are polluted and local communities are victimized. The myths of safety in the use of nuclear power plants have been exposed.

We hereby express our firm and continuing support to the Japanese people in their demands for the state to provide compensation and medical services to the A-bomb victims and their second and third generations, for banning and shutting down all the nuclear power plants and stopping the construction of new ones, for holding the Japanese state responsible for acts of aggression during World War II and for indemnifying all war victims in Asia, for topping the nuclear armament of Japan, for scrapping the US-Japan security alliance and dismantling the US military bases in Japan, and for the withdrawal of all US military forces in Asia.

The anniversaries of Hiroshima and Nagasaki are reminders of the continued peril that the peoples of the world face under imperialist aggression. The ILPS calls on all the world's peoples to intensify their struggle against US imperialism and its barbaric and terrorist policy of producing, maintaining, using and threatening to use nuclear weapons and other weapons of mass destruction.

This article was posted 5 August 2011 on http://www.josemariasison.org/?p=8555#more-8555, in commemoration of the 66th anniversary of the destruction of Hiroshima and Nagasaki in twin nuclear attacks by the United States. Jose Maria Sison is chairperson of the International Coordinating Committee of the International League of Peoples' Struggle.

FIDC Asia-Pacific towards stronger international solidarity

Representatives of workers, peasants, indigenous peoples, minority nationalities, migrants, women, youth and other social movements in the Asia-Pacific region gathered at the University of the Philippines Diliman in Quezon City, Philippines on 2-3 July 2011 for the Asia Regional Forum of the *Foro Internacional Democracia Y Cooperacion* (FIDC), a network of social movements in Latin America, Africa, Asia, and Europe.

During the event, participants discussed burning issues affecting the world as well as Asia's nations and peoples, and the range of collective responses available to them. They also decided to launch the FIDC for Asia and the Pacific to strengthen international solidarity among peoples and social movements in the region.

During the first day of the workshop, the participants discussed the economic and political crises from the multiple viewpoints of various sectors, then grouped themselves according to Asian sub-regional groupings to identify issues and challenges in their respective areas that they think should be addressed through and by civil society and social movements.

In the second day, the break-out groups chose three key campaigns for FIDC Asia-Pacific to take on, identified coordination mechanisms, and proposed activities in the run-up to the VI (Sixth) FIDC.

The Forum concluded with the signing of the FIDC Unity Statement, in which the signatories blamed the bankruptcy of the neoliberal capitalist paradigm for bringing the world's civilizations to the brink of disaster in the past two decades, amid the rise or rediscovery of alternative paradigms. The Statement called for the adoption of new strategies for resistance and struggle for social change as well as urgent solutions to the crisis that are beneficial to the peoples of Asia, especially the poor and marginalized.

Responding to the need, the FIDC Asia-Pacific was launched as an open platform for civil society and social movements in the region to strengthen international solidarity, people-to-people exchange, promote mutual learning, coordinate actions, conduct common campaigns and reach out to more people's organizations and social movements throughout Asia and the Pacific.

Participants saw the need for such a platform for social movements in Asia as crucial not only to strengthen international solidarity with peoples and movements in Africa and Latin America as well as in North America and Europe but, more significantly, to strengthen people's resistance against imperialism and people's capacity for building democratic alternatives for the well-being of all.

A celebration of peoples' struggles, a festival of hope

Some 3,000 participants from 40 countries across Asia and the Pacific, Africa, Middle East, Latin America, North America and Europe concluded the first-ever International Festival for Peoples' Rights and Struggles (IFPRS) on the first week of July in the Philippines with an overflowing of energy and commitment to defend people's rights and carry on the struggle for freedom, democracy and social justice. The IFPRS was a rare opportunity for people's movements, progressive institutions, groups and individuals across the globe to share and learn from each other about new and longstanding threats to people's individual and collective rights, while exploring solutions that address the systemic roots of these problems.

From July 2 to 6, 2011, a broad range of activities including simultaneous forums, workshops, exhibits, strategy sessions, film showings and speak out/march were held in a number of halls and theatres at the University of the Philippines Diliman campus in Quezon City, a constituent city of the country's national capital region.

Although some events were held earlier, the festival held its Common Opening on the morning of July 5 at the UP Film Institute. Throngs of workers, peasants, youth, women, migrants, indigenous people, scientists, teachers, health professionals, artists and cultural workers from all over the world gathered along the university's Magsaysay Avenue to witness a richly symbolic opening ritual led by the Indigenous Peoples' Movement for Self-Determination and Liberation (IPMSDL).

Prof. Jose Maria Sison, Chairperson of the International League of Peoples' Struggle (ILPS), expressed his appreciation via a video message, for the convening of the Festival immediately before the Fourth International Assembly of the ILPS. The keynote address from Prof. Francois Houtart, founder of the Tricontinental Centre (CETRI), highlighted the multiple crises confronting the world today, and stressed the need for heightened international solidarity and cooperation.

Marie Enriquez of KARAPATAN expounded on the challenges of going beyond the pursuit of individual human rights, and putting these within the larger frame of the assertion of collective human rights. Prof. Gianni Tognoni of the Leilo Basso Foundation and the Permanent Peoples' Tribunal informed the participants of the significance that the Festival was being organized around the time of the 35th anniversary of the Algiers Declaration which recognizes the peoples' inherent right to struggle.

Among the more prominent personalities and social activists who participated in the IFPRS were Prof. Michel Chossudovsky, Antonio Tujan Jr., Irene Fernandez, Mary Wahu Kaara, Demba Moussa Dembele, Prof. Edward Oyugi, Mr. Mamdou Habashi, Dr. Azra Talat Sayeed, Chennaiah Poguri, Dr. Carol Araullo and many others.

The festival served as a platform for alternative cultures generated by people in struggle. Among the IFPRS events, one of the early favorites was the 1st International Film Festival on People's Struggles, also known as AGITPROP. For three days, film enthusiasts viewed dozens of films that featured people's movements and struggles against imperialism. Another well-attended activity was the International Conference on Progressive Culture which expounded on cultural work as an integral part of the struggle for fundamental social change. The conference probed on the role of people's art in shaping the society of the future.

A number of participating organizations displayed informative exhibits at the main entrance lobby and side foyers of the main hall. In addition, information activists conducted the IT Skillshare, a sharing session on information security and new media practices for activists.

Several IFPRS events tackled the current global crises and the role of the US and other big capitalist powers. The RESIST Forum discussed the multiple crises of the global order, how they threaten the peoples of the world especially in developing

countries, and the possible alternatives and cases for system change. A separate forum discussed the current challenges of climate change. Meanwhile, two separate events—a Seminar on the US War on Terror and Counterinsurgency and an International Panel Discussion on US Military Bases—discussed the political and military dimensions of the crises and how these affect the human rights situation and peoples' struggles worldwide. Participants launched a global anti-bases campaign.

As a counterpoint to the discussions on the global crisis, IFPRS organized a Seminar on People's Resistance and Struggles for Liberation as one of its major events. The seminar featured two panels: one on People's Resistance and National Liberation Struggles, and another on Indigenous Peoples Struggles for Self-Determination and Liberation. As a separate event, a Workshop on the Permanent People's Tribunal attended by law students, practitioners and professors tackled the question of impunity and the rule of justice.

Still another key IFPRS event was the Asia regional forum of the *Foro Internacional Democracia y Cooperacion* (FIDC), during which delegates also discussed various aspects of the global economic and political crises and the responses of peoples of Asia. The event concluded with the signing of the FIDC Manila Declaration establishing the FIDC Asia-Pacific that aims to strengthen international solidarity and peoples' movement in the region.

Two general assemblies—those of the International Women's Alliance (IWA) and the International Migrant's Alliance (IMA)—were also organized under the auspices of IFPRS. The IMA's 2nd General Assembly came out with their General Plan of Action (GPOA) and other resolutions. Meanwhile, the IWA General Assembly forged the IWA Declaration and the IWA Constitution. Both alliances also elected a new set of officers. A related event was The Global Movement of Migrants: Current Situation and Resistance against Imperialist Attacks. Meanwhile, a Solidarity Forum on Youth Struggles sought to view the changing "landscape of youth defiance" amid the current global disorder.

The concerns of the world's peasantry and other small rural producers, particularly those in Asia and Africa, were well represented in an International Forum on Aid and Development Effectiveness in Agriculture and Rural Development, sponsored by the People's Coalition on Food Sovereignty (PCFS). Led by the PCFS, *Kilusang Magbubukid ng Pilipinas* (KMP), Asian Peasant Coalition, and IBON International, IFPRS participants then held the People's Speak Out for Right to Land and Life—an outdoor protest march to the main office of the Philippine Department of Agrarian Reform (DAR).

IFPRS was organized jointly by *Bagong Alyansang Makabayan* (BAYAN), International League of Peoples' Struggle, Concerned Artists of the Philippines, Habi Arts, IBON International, International Migrants Alliance, International Women's Alliance, League of Filipino Students, Peace for Life, Peoples' Action Network, People's Coalition on Food Sovereignty, People's Movement on Climate Change, RESIST!, Asian Peasant Coalition, Indigenous People's Movement for Self-determination and Liberation, and the UP College of Mass Communications, with the participation of many international organizations.

The spirit of celebration and hope, which suffused the IFPRS, was best expressed by IBON International Director Antonio Tujan Jr. who termed the event "a celebration of people's struggles, a festival of hope." According to him, in the midst of the financial and economic crisis and attacks of monopoly capitalism, people around the world remain irrepressible as they weather the effects of the crises, assert their rights, and fight oppression and exploitation. People continue to build and strengthen their unions and organizations, create mass movements and face the exploiters and oppressors in every arena of engagement.

It is oft said that a revolution is a "festival of the oppressed." Although no guns were fired during IFPRS, it was certainly a festival of the oppressed as the participants from different countries concluded the event with a powerful message to all peoples of the world: "We may be different in color, but our hearts and blood are the same. We are one in the struggle for a better world."

This statement, dated 15 July 2011, was released to the public upon the conclusion of the International Festival for Peoples' Rights and Struggles, held at a university campus in Metro Manila, Philippines on the first week of July. The article has been slightly edited for this issue.

CSOs vow vigilance to protect and advance Rio's gains

BANGKOK—Some 50 civil society representatives from around Asia gathered in Thailand's capital city on August 17, 2011 to exchange experiences, views and strategies on the issues around sustainable development and the upcoming United Nations Conference on Sustainable Development in 2012, also known as the Rio+20 Summit.

At this strategy session, held at Suan Dusit Place Hotel, the internationally-renowned environmental and social justice advocate Dr. Vandana Shiva urged civil society organizations (CSOs) to continue to exercise creativity, vigilance, and solidarity to defend the gains made at the Rio Earth Summit twenty years ago and to promote alternatives from below.

Inputs from Wanhua Yang of the UN Environment Programme (UNEP), Neth Dano (ETC Group), Paul Quintos (IBON International), and Uchita de Zoysa (Center for Environment and Development) stimulated the sharing of critical analyses of the green growth paradigm and the current infrastructure for sustainable development.

In addition to critiquing the neoliberal underpinnings of the green economy approach as promoted by multilateral institutions including the UN, the participating CSOs highlighted the importance of indigenous and grassroots knowledge in saving the planet. They also expressed grave concern over the incoherence and market-oriented bias of the current infrastructure for sustainable development. They challenged the UN to give more space for CSO participation in the Rio+20 process.

After a set of workshops and a plenary debate, the participants agreed on a statement that will feed into the official regional preparatory meeting for Asia and the Pacific in Seoul in October; an action plan to raise awareness and strengthen engagement with policy makers on sustainable development issues from the community up to the national, regional, and global levels; and a working group that will promote the Bangkok statement and action plan up to Rio+20 and beyond.

The regional strategy session was organized by the Asia Pacific Research Network, IBON International, and the Reality of Aid – Asia Pacific

Civil society unifies position ahead of aid summit

By IRWIN LOY

BANGKOK, Jul 5, 2011 (IPS)—Civil society groups say they want to have a stronger voice in setting the development agenda ahead of a key global summit on aid effectiveness later this year.

Civil society organisations, or CSOs, gathered in Siem Reap, Cambodia in late June in what was the conclusion of a two-year consultation process to develop principles on how such groups can take a larger role in making development meaningful. The Global Assembly of the Open Forum for CSO Development Effectiveness aimed to consolidate the position of civil society groups ahead of high-level international aid meetings in Busan, South Korea, later this year.

"There is an increasing recognition of civil society as an essential actor in healthy and vibrant development agendas," said Lun Borithy, executive director of the Cooperation Committee for Cambodia, which co-hosted June's CSO meeting. "There is an increasing self-realisation that we as civil society must also hold ourselves to be ever more responsive, effective and accountable if we are to help bring positive and lasting change to our world."

Borithy said civil society groups have an essential role to play in their countries' development. "CSOs are indeed concerned about assuring development that achieves positive and sustainable changes for the poor and vulnerable people," Borithy explained. "And this concern requires CSOs as well as donors, government and aid recipients to work efficiently and collaboratively."

Until recently, major donors and governments in developing countries have largely dominated high- level consultations on aid effectiveness. CSOs say they want to play a more robust role. The upcoming summit, dubbed the Fourth High-Level Forum on Aid Effectiveness, marks the first time CSOs will come to the table as equal partners with government

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ministers, donors and other players, advocates say.

During the June consultations in Cambodia, CSOs finalised a key document that will be used to guide civil society groups working in development. The "International Framework for CSO Development Effectiveness" sets out a human rights approach aimed at defining guidelines for what it means for civil society groups to be effective development actors. The framework also embodies principles of gender equality, environmental sustainability, and organisational transparency. CSOs plan to use the finalised framework as the basis of a "collective voice" for engaging with donors and governments in Busan.

Caroline McCausland, country director for the group ActionAid in Cambodia, attended the June meetings. She said the final framework document represents a definitive statement for CSOs—one that takes a more principled approach to development effectiveness than what donors themselves have committed to. "It is the first time that CSOs have come together and developed a global framework with principles that will hold them accountable," McCausland said.

The framework for CSO development effectiveness represents an attempt to move development away from a welfare or charity approach, to something that more closely aligns with a human rights-based perspective.

In the past, McCausland said, a group like ActionAid may have jumped into income generation projects that were effective initially, but were ultimately unsustainable over the long term. Such strategies carry the danger of fostering an over-dependency on NGOs. That perspective has changed to one where the emphasis is placed on organising aid recipients to demand—for themselves—that authorities fulfill their responsibilities in financing services.

"For example, we have helped to build and support campaigns to increase the education budget, remove school fees and train more teachers so that all poor children—not just ones who are lucky enough to live in an area supported by an international NGO—can get a decent quality basic education," McCausland said. "This approach is not a quick fix, but in the long run it has a far bigger and deeper impact."

But preparations for Busan may be leaning heavily on donors' needs and giving short shrift to CSOs. Early drafts of outcome documents for Busan, McCausland said, "lend an ear only to donors' needs."

Such attitudes are arguably reflected on the ground in countries like Cambodia, where some CSOs say they must have a stronger voice. In Cambodia, where donor money makes up roughly half the government's national budget, ensuring that civil society is included in development policy is still a challenge.

"There is a need for CSOs to continue to call for space for meaningful dialogue in the design, implementation and monitoring of national strategic development strategies and plans, and to be fully recognised as development actors in our own rights," McCausland said.

Yet Cambodia's widely criticised plans for a broad law governing non-governmental organizations—which critics claim will tighten control over civil society—are still underway.

Empowering civil society groups rather than restricting them will be key to the long-term sustainability of development efforts in countries like Cambodia, McCausland explained.

"Cambodia continues to be dependent on aid and it is likely that the Royal Government will also continue to be more accountable to donors rather than citizens," she said.

"There is a need to reverse this trend through development of exit strategies which put increased emphasis on domestic solutions such as taxation and promote domestic businesses and enterprises, rather than on foreign aid and tax holidays to attract foreign investment."

However, advocates have also praised Cambodia for endorsing the Istanbul CSO Development Effectiveness Principles, guidelines that formed the basis of the framework that emerged from June's meetings in Siem Reap.

The Fourth High Level Forum on Aid Effectiveness is scheduled to take place from Nov. 29 to Dec. 1 in Busan.

This article can be accessed at http://www.cso-effectiveness.org/IMG/pdf/civil_society_unifies_position_ahead_of_aid_summit.pdf

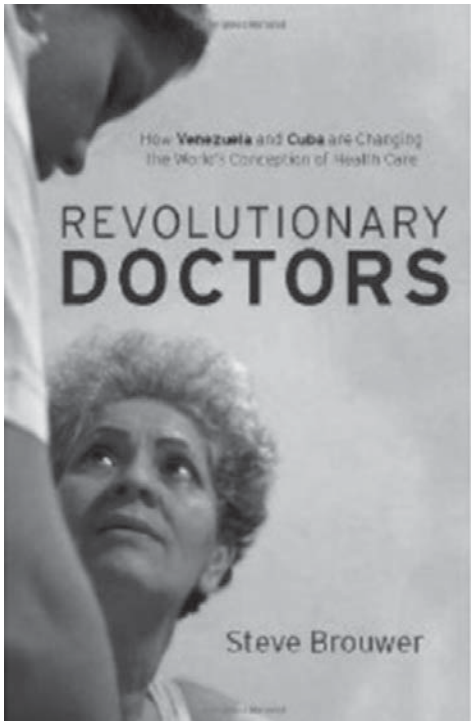
The Open Forum for CSO Development Effectiveness is a space for CSOs (Civil Society Organisations) worldwide to engage in a global and fully participatory process towards defining and introducing a framework of mutually shared development effectiveness principles.

BOOK EXCERPT:

Where do revolutionary doctors come from?

By STEVE BROUWER

Editor's note: The 2011 book Revolutionary Doctors *by Steve Brouwer offers a first-hand account of Venezuela's program of community health care, which is innovative in that it is designed to be mostly carried out by the community members themselves. Brouwer drew on long-term participant observations and in-depth research to tell the story of Venezuela's Integral Community Medicine program, in which doctor-teachers move into the countryside and poor urban areas to recruit and train doctors from among peasants and workers. The following excerpt, which comprises the bulk of the book's first chapter with the same title, has been made available by the International Journal of Socialist Renewal, with permission from the publisher, Monthly Review Press. We have trimmed the original excerpt, introduced a subhead, and split a few paragraphs for purposes of readability.*



Even though he came to Cuba with a rifle slung over his shoulder and entered Havana in 1959 as one of the victorious commanders of the Cuban Revolution, he still continued to think of himself as a doctor. Five years earlier, the twenty-five-year-old Argentine had arrived in Guatemala and offered to put his newly earned medical degree at the service of a peaceful social transformation. Dr. Ernesto Guevara was hoping to find work in the public health services and contribute to the wide-ranging reforms being initiated by President Arbenz, but he never had much opportunity to work as a physician in Guatemala. Within months of his arrival, Arbenz's government was brought down by the military coup d'état devised by the United Fruit Company, some Guatemalan colonels, the U.S. State Department, and the CIA.

Che never lost sight of the value of his original aspiration—combining the humanitarian mission of medicine with the creation of a just society. When he addressed the Cuban militia on August 19, 1960, a year and a half after the triumph of the revolution, he chose to speak about "Revolutionary Medicine" and the possibility of educating a new kind of doctor.

> *A few months ago, here in Havana, it happened that a group of newly graduated doctors did not want to go into the country's rural areas and demanded remuneration before they would agree to go. . . .But what would have happened if instead of these boys, whose families generally were able to pay for their years of study, others of less fortunate means had just finished their schooling and were beginning the exercise of their profession? What would have occurred if two or three hundred campesinos had emerged, let us say by magic, from the university halls? What would have happened, simply, is that the campesinos would have run, immediately and with unreserved enthusiasm, to help their brothers.*

Since then, Cuban medicine and health services have been developed in a number of unique and revolutionary ways, but only now, nearly fifty years later, has Che's dream come to full fruition. Today it is literally true that campesinos, along with the children of impoverished working-class and indigenous communities, are becoming doctors and running, "with unreserved enthusiasm, to help their brothers."

While this is happening on the mountainsides of Haiti, among the Garifuna people on the Caribbean coast of Honduras, in the villages of Africa and the highlands of Bolivia, it is occurring on the grandest scale in the rural towns and city barrios of Venezuela. When I was living in the mountains of western Venezuela in 2007 and 2008, I witnessed the emergence of revolutionary doctors every morning as I walked out the door of our little tin-roofed house. The scene would have delighted Che…

A university without walls

Monte Carmelo is a small village that stretches along a single paved road on a mountain ridge in the foothills of the Andes in the state of Lara. Before Hugo Chávez assumed the presidency of Venezuela in 1999, the road was unpaved and the high school did not exist. According to the 2007 census, its population consisted of 129 families and approximately 700 individuals, nearly all of them supporting themselves by working small parcels of land by hand, or with horses and oxen.

That same year nine residents of Monte Carmelo were medical students. Eight were studying Medicina Integral Comunitaria (popularly known as MIC), an intensive six-year course that in English is usually called Comprehensive Community Medicine. A ninth village resident was studying medicine in Cuba. Two more young women from a neighboring hamlet were also in medical school. They were part of a group of sixty-seven students in this agricultural region who were becoming doctors of medicine.

The students are a diverse lot: some are nineteen or twenty years old and have recently finished high school; others are closer to thirty and have young children; a few are even older. Some young mothers have recently completed their secondary education through Mission Ribas, one of the Bolivarian social missions that bring adults back to school on evenings and weekends. All of the students are enthusiastic about their role in fostering good health and introducing reliable medical care into the fabric of their community and the larger world. And many of them dream of emulating their Cuban teachers and one day serving as internationalist physicians themselves in remote and impoverished parts of the world.

This experiment in training new doctors in MIC would be worthy of international attention even if the program was limited to the 67 students in this remote coffee-growing region in the state of Lara. But in fact they represent only a tiny fraction of a gigantic effort to transform medical education and health care delivery throughout all of Venezuela. Nearly 25,000 students were enrolled in the first four years of MIC in 2007 2008, and by 2009 and 2010 they were joined by more students, swelling the ranks of students enrolled in all six years of MIC to approximately 30,000. This is almost as many as the total number of doctors who were practicing medicine in all capacities in Venezuela when Hugo Chávez was elected president in 1998.

One unique aspect of MIC is that the students in Monte Carmelo do not have to leave the campo, the countryside, nor do students in the poorest neighborhoods of Venezuelan cities have to desert their barrios in order to attend medical school. Medicina Integral Comunitaria is a "university without walls" that trains young doctors in their home environments. This is not a short-term course for health aides or "barefoot doctors," but a rigorous program designed to produce a new kind of physician. Every morning during their years of study, the MIC students help doctors working in Barrio Adentro attend to patients' illnesses and learn to comprehend the broad public health needs of their communities. And every afternoon, they meet with their MIC professors in a series of formal medical classes that constitute a rigorous curriculum and include all the medical sciences studied at traditional universities.

The MIC education program could not exist without Barrio Adentro, the nationwide health system that first began delivering primary care in 2003 thanks to an enormous commitment of expertise from Cuba. From 2004 to 2010, Barrio Adentro continually deployed between 10,000 and 14,000 Cuban doctors and 15,000 to 20,000 other Cuban medical personnel—dentists, nurses, physical therapists, optometrists, and technicians. Their services are available to all Venezuelans for free at almost 7,000 walk-in offices and over 500 larger diagnostic clinics, and they have been very effective in meeting the needs of 80 percent of the population that had been ill-served or not served at all by the old health care system.

Obviously, Cuba cannot afford to devote so many of its medical personnel to Venezuela indefinitely, nor does the Chávez government want to depend on foreign doctors forever. So when Barrio Adentro was being launched in 2003, Cuban and Venezuelan medical experts devised a new program of medical education that will enable Venezuela to keep its universal public health program functioning permanently. Starting in 2005, the Cuban doctors were asked to perform a rigorous double duty: not only did they continue treating patients in Barrio Adentro clinics, but many of them also began teaching as professor/tutors for the MIC program in comprehensive community medicine. The goal of MIC is to integrate the training of family practitioners into the fabric of communities in a holistic effort that meets the medical needs of all citizens, makes use of local resources, and

promotes preventive health care and healthy living.

The Cuban mission in Venezuela is possible because over the past half-century, Cuba has developed a vision of medical service that goes far beyond its own borders. Cuban health workers, in addition to providing free health care for all their fellow citizens, have transformed themselves into a "weapon of solidarity," a revolutionary force that has been deployed in over 100 countries around the world. Since 2000, however, the Cuban commitment has increased substantially because the Bolivarian Revolution in Venezuela has contributed its own enthusiasm, volunteers, and economic resources.

Through various agreements of cooperation, Cuba and Venezuela have embarked upon a number of projects in other fields such as education, agriculture, energy, and industrial development, and then have extended these cooperative ventures to other nations, particularly within ALBA, the Bolivarian Alliance for the Peoples of Our America, which includes Bolivia, Nicaragua, and Ecuador as well as the small Caribbean island nations of Dominica, Antigua and Barbuda, Saint Vincent and the Grenadines.

Of all these ambitious undertakings, delivering medical services is by far the most prominent. In order to extend universal health care to the poor and working classes in way that is compatible with the new, egalitarian vision of these societies, many more physicians are needed. With this in mind, Cuba is educating more doctors at home even as it trains tens of thousands in Venezuela. In 2008 there were 29,000 Cubans enrolled in medical school, plus nearly 24,000 foreign students (including more than one hundred students from the United States) studying at the Latin American School of Medicine in Havana or at the schools of the New Program for the Training of Latin American Doctors that are located in four other provinces.

An army in white jackets

I first became aware of the magnitude of this medical revolution in 2004 on my first trip to Venezuela. When Dr. Yonel, a young Cuban dentist working in a barrio of Caracas, informed me there were more than 10,000 doctors working in Venezuela, I exclaimed, "*Un ejército de medicos!* An army of doctors!"

Dr. Yonel smiled and replied, "*Un ejército de paz*. An army of peace."

Clearly the collaboration of the rejuvenated Cuban Revolution and the nascent Bolivarian Revolution was yielding impressive results. And a growing number of countries in the Western Hemisphere, long under the yoke of wealthy conservative minorities or military authoritarians who were dependent on capital and political instruction from the North, were no longer willing to listen to the United States when it told them to shun Cuba and Venezuela. …

In 2007, a young Chilean, a member of the third class graduating from the Latin American School of Medicine in Havana, spoke at her commencement and told her classmates: "Today we are an army in white jackets that will bring good health and a little more dignity to our people."

By 2010, Cuba and Venezuela further demonstrated their capabilities by being among the most prominent providers of both emergency and long-term aid to Haiti after its devastating earthquake. Brazil, the economic giant of Latin America, signaled its admiration by announcing that it would be delighted to join Cuba in a partnership to create a new public health system in Haiti. José Gomés, the Brazilian Minister of Health, explained why his country was choosing to work with the Cubans on such a significant and demanding project: "We have just signed an agreement—Cuba, Brazil, and Haiti—according to which all three countries make a commitment to unite our forces in order to reconstruct the health system in Haiti… We will provide this, together with Cuba—a country with an extremely long internationalist experience, a great degree of technical ability, great determination, and an enormous amount of heart."

For Cuba, Venezuela, and by extension their allies in ALBA alliance, these triumphs throughout the first decade of the twenty-first century were more than diplomatic coups, they were moral victories. They demonstrated the power of social solidarity and humanistic concern for other people, values in stark contrast with the materialistic, self-centered, and aggressive behavior of the advanced capitalist societies.

Steve Brouwer is the author of *Conquest & Capitalism: 1492-1992* and the co-author of *Exporting the American Gospel*. This excerpt was posted in July 2011 on http://monthlyreview.org/press/books/pb2396/, and is also available for download in PDF format from the International Journal of Socialist Renewal website, http://links.org.au/node/2412.

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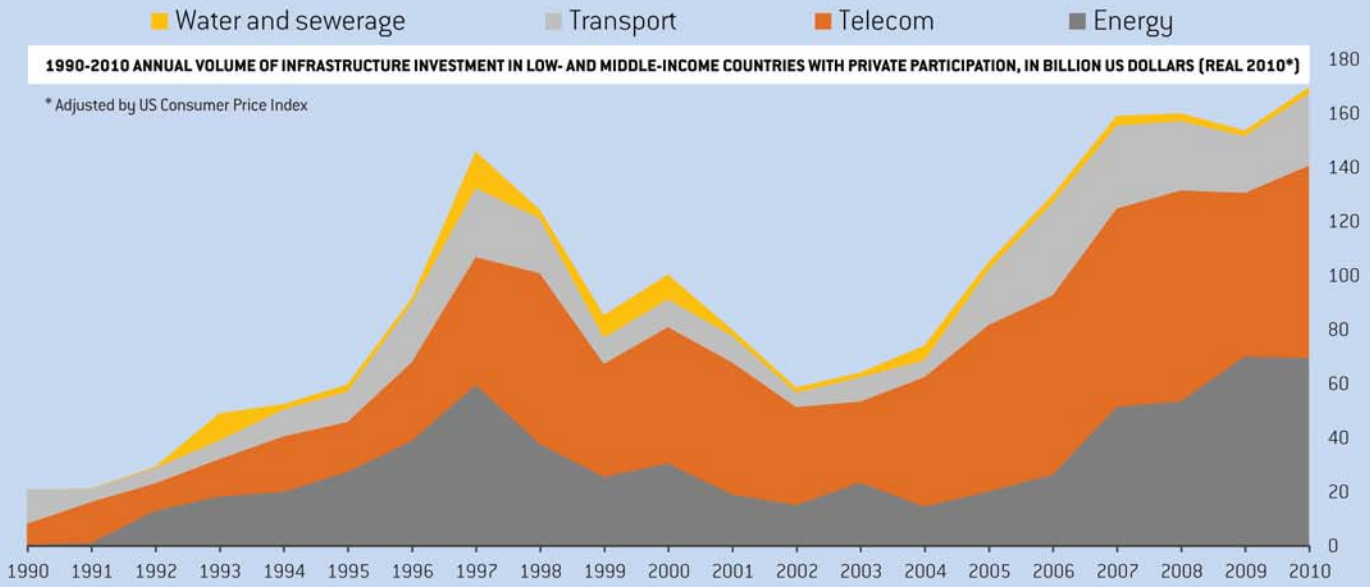
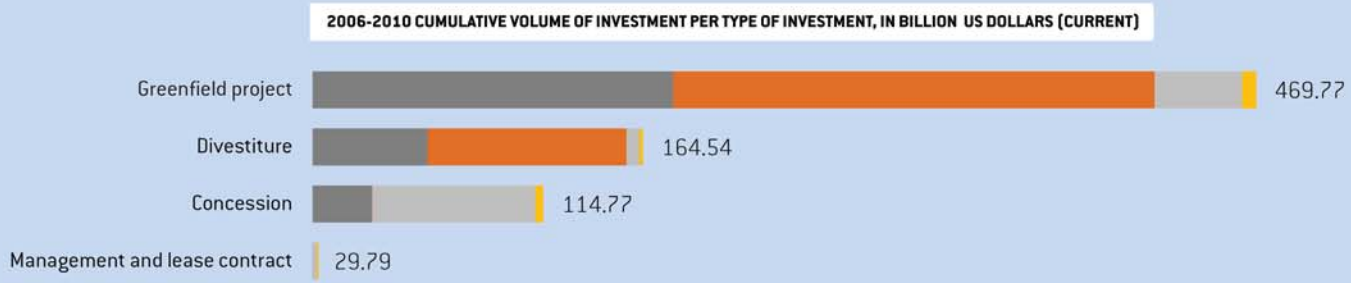
Rising private participation in infrastructure investments

Investment commitments[1] to infrastructure projects with private participation in low- and middle-income countries reached its highest level in 2010. Total investment amounted to **$170 billion**—$87.5 billion in new investments and $82.5 billion in additional commitments from projects implemented in 1990-2009.



A huge majority of these investments have come in the form of greenfield projects,[2] but divestitures—or outright change to private ownership—have also been significant.

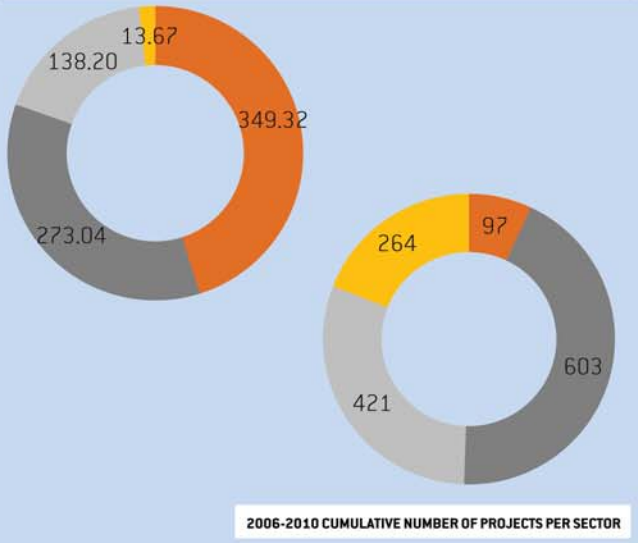


DATA SOURCE
World Bank Private Participation in Infrastructure Project Database (ppi.worldbank.org). The database records contractual arrangements with and without investments in which private parties assume operating risks in low- and middle-income countries (as classified by the World Bank).

NOTES
1. Investment refers to total investment in infrastructure projects with private participation, not private investment alone. Projects included in the database do not have to be entirely privately owned, financed or operated. Some have public participation as well. With few exceptions, the investment amounts in the database represent the total investment commitments entered into by the project entity at the beginning of the project (at contract signature or financial closure), not the planned or executed annual investments. For projects that involve investments, the database figures reflect total project investments encompassing the shares attributable to both the private and the public parties. A breakdown by financing sources is not provided.

2. In greenfield projects, a private entity or a public-private joint venture builds and operates a new facility for the period specified in the project contract. The facility may return to the public sector at the end of the concession period.

Most investments went to the telecom sector, but the energy sector leads in terms of number of projects.



Latin America and South Asia have seen the largest investments with private participation.