Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 1057 (1995)[1]

Activities of the Bretton Woods institutions (World Bank and International Monetary Fund)

Parliamentary Assembly

1. The Assembly congratulates the Bretton Woods institutions - the International Monetary Fund and the World Bank, both created in 1944 - on their fiftieth anniversary, recognising their importance as major international institutions with a significant influence over the economic and political development of developing countries and the transition economies.

2. This anniversary offers an appropriate occasion to initiate a critical analysis of these publicly supported institutions as regards their functioning and policies, in order to ensure greater public accountability of their operations and to have social, human rights and environmental considerations taken into greater account.

3. Accordingly, the Assembly welcomes the creation of an inspection panel at the World Bank, and considers it an important step toward greater transparency, public participation and accountability. It also supports the creation of an independent auditing department within the International Monetary Fund (IMF) for assessing the social and environmental impact of its programmes, and for measuring IMF programmes against objectives.

4. The Assembly invites the Bretton Woods institutions:

4.1. to support in the first instance projects in countries which:

a. demonstrate and promote respect for human rights and progress toward democracy, along the lines of the aims pursued by the European Bank for Reconstruction and Development;

b. initiate economic and social reform essential to the creation of a "civil society";

c. avoid excessive military spending;

d. show a willingness to protect the environment;

4.2. to intensify their co-operation with other United Nations development agencies and international organisations on the issues referred to in paragraph 4.i above;

4.3. to devise a more streamlined organisational structure, and to observe strict standards of cost-effectiveness in their internal administration.

5. Furthermore, the Assembly encourages the World Bank group:

5.1. to invite shareholders to reconsider the Statutes, in order to allow the Bank to make its lending policies vis-à-vis governments dependent on respect for human rights and pluralist democracy;

5.2. to further increase the share of lending, and especially that of the World Bank's International Development Agency, which is directly aimed at poverty alleviation, environmental protection, voluntary family planning, human development, emancipation of women, indigenous ethnic groups and

1. See Doc. 7256, report of the Committee on Economic Affairs and Development, rapporteuse: Mrs Verspaget. Text adopted by the Standing Committee, acting on behalf of the Assembly, on 15 March 1995.

marginalised communities, and in general toward supporting the principles for sustainable development contained in "Agenda 21" and other conclusions of the United Nations Conference on Environment and Development;

5.3. to concentrate its resources more intensively on low-income countries and economies in transition that lack ready access to international capital markets, provided that credit risks are adequately taken into account to safeguard the shareholders' funds;

5.4. to develop criteria for judging the environmental and social sustainability of loans and projects;

5.5. to pay adequate attention also to non-economic determinants of development, and to broaden the concept of "good governance", in particular as regards the institutional and legal framework for development and measures to combat corruption;

5.6. to improve the Bank's analytical capacity by encouraging the contributions of the social sciences, and to accentuate the multilateral character of the institution through the recruitment of a greater number of nationals from Europe and the developing countries;

5.7. to pursue decentralisation of the Bank's organisational structure, and to increase its local presence so as to enable it to deepen its understanding of socio-cultural factors and the political economy of recipient countries;

5.8. to enhance the participation of local populations both at the design and implementation stages of projects, to give greater consideration to the consequences for the poor of structural adjustment programmes, and to encourage greater efficiency and accountability on the part of state officials and public institutions in recipient countries.

6. Furthermore, the Assembly encourages the International Monetary Fund:

6.1. extend the use of the Fund's temporary "systemic transformation facility" in order to help transition countries in the development of market-oriented economies;

6.2. .to lay greater emphasis on individually tailored, country-by-country reform strategies that take into better account particular characteristics and needs, and which build on dialogue with local organisations, governments and the competent United Nations agencies;

6.3. to pay greater attention to the social and ecological consequences of its structural adjustment programmes, and to improve the integration of technical assistance into programme design;

6.4. to ensure that its activities become more open and transparent, so as to allow affected communities and local experts a voice in the shaping of programmes;

6.5. to avoid any duplication of work with the World Bank, notably by limiting the Fund's involvement in long-term development, focusing instead on the establishment of a more efficient international monetary system.

7. The Assembly calls on the member states of the Council of Europe to act in accordance with the proposals and principles set out in this resolution, as they determine the policies of the Bretton Woods institutions.