



# PROBE international

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Dear Friend:

Because the World Bank has been so devastating to the Third World, we urged Canada's Auditor General to investigate our country's contributions to this foreign aid agency. The Auditor General did, and we now have his verdict: although Canadians have spent billions to date, and are on the hook for \$4 billion more, the Auditor General could find no evidence that the money helped reduce Third World poverty. Instead, the World Bank put Third World countries deeper in debt with its uneconomic projects while forcing Canada and other Western debt guarantors to continually bail the bank out. In fact, what the Auditor General saw was so disturbing that he warned the G-7 countries that taxpayers might face a massive bailout — which we calculate at almost \$70 billion — and urged them to take joint action.

Canada's Auditor General is not alone in exposing financial rot inside the bank. A confidential World Bank report leaked to Probe International last year revealed that over one-third of the bank's projects are failing. Describing the deterioration in the bank's \$140 billion portfolio as "steady" and "pervasive," the report — ordered by the World Bank's president and carried out by a high-level team of bankers — confirmed the bank's precarious position. "Something is not quite right," the report's chief author warned. "It is easy to become alarmist about these trends."

What kind of projects make up this sorry portfolio?

- The Sardar Sarovar dam in India. An independent review team established by the World Bank and co-chaired by Canada's Tom Berger found it would threaten public health, bringing "malaria to the doorsteps of the villagers." The dam itself, Berger concluded, was so flawed in design that it might never perform as planned.
- In Brazil, the bank spent \$500 million building an uneconomic road into the rainforest, leading to the destruction of an area so large it can be seen from space, and causing malaria so rampant the area was declared an emergency health zone. To combat the malaria, the World Bank then lent another \$120 million for house-to-house spraying of DDT.
- In the Ivory Coast, the bank is lending \$100 million to log 500,000 hectares of tropical forest, causing deforestation and the involuntary resettlement of thousands of forest dwellers.

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Whether logging projects, hydro dams, irrigation canals, or steel plants, World Bank projects are failing because, as the high-level bank team confirmed in its report, the bank's "approval culture" has led to a "promotional — rather than objective — approach to appraisal [of development projects]."

When the World Bank runs out of money it just comes back to the rich countries like Canada for more. Even worse, the bank is immune from legal action and financial or political accountability. As one World Bank official stated recently, "No matter how egregious the situation, no matter how flawed the project, no matter how many policies have been violated, and no matter how clear the remedies prescribed, the Bank will go forward on its own terms."

Unless, that is, the citizens in the rich countries, who bankroll the bank's ruinous activities, and the citizens in the borrowing nations who must pay back these bad loans, put an end to it. And that is precisely what is happening.

World Bank projects have caused so much damage that a "Quit India" campaign is now spreading like wildfire across the Indian subcontinent. Named after Mahatma Gandhi's "Quit India" campaign in the 1940s, which successfully expelled India's colonial masters, today's "Quit India" targets the World Bank.

Throughout the Third World, in fact, grassroots organizations are recognizing the World Bank as an enemy which has disempowered the populace by funding the pet projects of their national politicians against local communities.

The World Bank needs more money to continue its projects, and has appealed to Canada and other Western countries for it. But our M.P.s have also just received another request from three dozen grassroots groups in India, asking that no more money be sent to this destructive institution. We urge you to support these Indian grassroots groups by sending a clear message to your Member of Parliament, saying you do not want to continue to be a financial party to the endless harm caused by the World Bank, and ask that Canada immediately cease new contributions to the World Bank.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "P. Adams", followed by a period.

Patricia Adams  
Executive Director

P.S. To obtain your M.P.'s name, address, or telephone number, you can call Elections Canada toll-free at 1-800-267-8683. If you send us your M.P.'s response, we can make sure you're getting all the facts. And remember, when you send a letter to any M.P., no stamp is required.