Debt and Development Coalition Ireland

World Bank IMF Watch Ireland 2015

DEBT AND DEVELOPMENT COALITION IRELAND

Debt and Development Coalition Ireland (DDCI) is a membership organisation working for global financial justice. As an independent civil society organisation, one of our roles is to examine the work of the International Financial Institutions (IFIs), the World Bank and the International Monetary Fund, and the impact their policies have on the lives of millions of people around the world. We track the policies of the Irish Government, which represents the people of Ireland as a member of both the World Bank and the IMF, and we seek to support interested citizens and parliamentarians to hold the Irish Government to account in policy-making in this area. This report is part of our monitoring work.

The report was commissioned by DDCI and written by **Aideen Elliott**. DDCI fully endorse its findings and recommendations.

Please send any comments or enquiries to **hello@debtireland.org**

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Executive Summary

The International Monetary Fund (IMF) and the World Bank (collectively known as the Bretton Wood Institutions) were both created in 1944, with the objecive of establishing a framework for economic cooperation and development that would lead to a more stable and prosperous global economy. The IMF was to focus on macroeconomic issues and the World Bank on long-term economic development and poverty reduction.

Traditionally the world's largest public lenders, the IMF and World Bank play a significant role in setting the agenda of international development, and their actions reverberate around the world. The role of the two institutions continues to be problematic from the perspective of financial justice activists. As a member of both the World Bank and the IMF, the Irish government has the opportunity and responsibility to actively influence the two institutions towards having more positive impact.

In World Bank-IMF Watch Ireland 2015, Debt & Development Coalition Ireland (DDCI) specifically advocates the following recommendations:

1. Ireland should use its annual report on Ireland's Participation at the World Bank and IMF to:

> State clearly Ireland's own view of the significant policy decisions made at the IFIs, especially in relation to such issues as are discussed in this report;

> Jointly publish their annual report between the Department of Finance and Irish Aid. Such joint publication would strengthen policy coherence, since significant elements of World Bank Group funding and policy relate to Irish Aid;

> Present the key details, together with Ireland's interests, positions and actions, for debate in the Oireachtas as an exercise in accountability and transparency;

> Establish clear, justice-centred objectives for Ireland as a member of the World Bank and IMF, with monitoring and evaluation mechanisms to track progress on their delivery.

2. In relation to the damaging World Bank Doing Business report, the Irish Government should support measures to:

> Scrap entirely the overall Doing Business ranking, which encourages a diversion of resources away from critical social development work and towards "reform" activities that relate to business regulations in order to move higher up the table;

> Totally remove the highly criticised 'Employing Workers' indicator from the report, including from its annexes and the Word Bank website;

> Align the Doing Business project with the Bank's twin goals of ending extreme poverty and promoting shared investment, in particular by moving away from an approach that devalues regulations that can act as safeguards for society.

3. In relation to the drafting of the World Bank's new social and environmental framework, the Irish Government should;

> Support measures to ensure that the new framework will protect human rights, labour rights, land rights and resettlement of people displaced by development, and guarantee effective grievance redress without risk of reprisals.

4. In relation to the significant increase in infrastructure projects promoted by IFIs and funded through Public Private Partnerships (PPPs), the Irish Government should support measures at the World Bank that:

> Avoid making the implementation of a PPP a condition of any aid, loans or debt relief;

> Ensure sensible accounting practices are adopted to show the true cost of PPPs: register them as a government debt in national accounts and not treat them as 'off balance sheet' in sustainable debt evaluations;

> Press for the Global Infrastructure Facility (GIF) and International Finance Corporation (IFC) to conduct adequate risk assessments of prospective PPPs;

> Ensure that the GIF and IFC conduct extensive evaluations of its financing mechanisms, including poverty impact as a deciding factor.

5. In relation to debt, the Irish Government should actively advocate for sensible lending practices, debt restructuring and debt forgiveness by supporting measures to:

> Recognise that the IMF, as it is a major lender in its own right, cannot act as a legitimate mechanism for resolving debt problems;

> Support the UN as the appropriate location for a sovereign debt resolution mechanism, and engage constructively in developing this, as overwhelmingly endorsed by the UN general assembly (but not by Ireland) in 2014;

> Use Ireland's membership of the World Bank and IMF to advocate for debt relief for countries suffering because of unsustainable and illegitimate debts, rather than topping up loans to pay off existing loans;

> Support the changes to bonds and the pari passu clause, currently proposed at the IMF, which will offer interim (though limited) help in debt restructuring and to combat vulture funds. While these 'market solutions' to the vulture fund problem are welcome, they ultimately contain inadequacies and limitations that can only be overcome when they are combined with non-market based measures to address the vulture funds problem.

6. At the IMF, the Irish Government should actively promote equality between Global South and Global North countries by:

> Pressing for the implementation of the reform package agreed in 2010, giving a greater say to countries of the Global South in decision-making at the IMF;

> Calling for the IMF to apply its own findings on inequality being bad for growth, particularly in the policy advice it dispenses and the conditions it attaches to loans, by moving away from promoting measures like cuts to food subsidies which disproportionately hit people living in poverty.

1 Policy Updates on Key Issues at the IFIs

The Global Infrastructure Facility and Public Private Partnerships

2014 saw the IFIs faced with continued widespread financial problems among its members and higher than desired unemployment rates. Public Private Partnerships (PPPs) have become a standard tool, promoted ostensibly to combat these problems – but without evidence that they are either just or efficient in terms of their returns to public investment.

In October 2014, the World Bank launched the 'Global Infrastructure Facility' (GIF). GIF is a partnership that includes other multilateral development banks (MDB) and 16 private sector partners and financial institutions (for instance HSBC and Citibank). The facility's purpose is not to provide direct project funding for infrastructure, but to bring in investors to advise governments on how to structure potential projects in order to attract private capital. The GIF exists specifically to promote and encourage PPPs.

Although PPPs are now used in more than 134 developing countries, the GIF (and the World Bank's latest strategy) seek to expand their use even further – without regard for mounting evidence that the mechanisms do not deliver on the Bank's own goals of development and poverty reduction. A 2014 report from the Bank's Independent Evaluation Group (IEG) concluded that its analysis from 45 countries "did not reveal much evidence that the Bank Group had provided advice on whether private sector involvement was the best option."[1] A 2014 report by European civil society group Eurodad cites research by Jubilee Debt Campaign that PPPs ultimately cost "more than double the amount than if the investment had been financed with bank loans or bond issuance."[2]

DDCI argues that international evidence does not support the widespread use of PPPs, and that the World Bank should halt their promotion of this mode of financing until such time as it can evidence their equity and efficiency in delivering social returns on public investment.

PPPs creating unsustainable debts and crippling national budgets

A particular problem associated with PPPs is that their use can enable debt to be 'off balance sheet' and hidden from public view. One type of PPP involves a private sector contractor building infrastructure for a government, with the government guaranteeing to make a set of payments over a defined period. This has the same effect as if the government had borrowed the money and built the infrastructure itself, but it keeps the debt off the government balance sheet, making it appear as though the government owes less money than it actually does.

1 Independent Evaluation Group (2014). World Bank Group Support to Public-Private Partnerships: Lessons from Experience in Client Countries, FY02-12. See: http://ieg.worldbank.org/Data/reports/ppp_eval_updated2_0.pdf

2 Eurodad (2014) Financing for Development Post-2015 See http://eurodad.org/files/pdf/5346a6b10e9a4.pdf

Public Private Partnerships undermining Irish Aid's goals for its development spending[3]

The use of PPPs to date in a couple of Irish Aid's programme countries has served to undermine a number of Ireland's development cooperation goals: reduced hunger and stronger resilience, inclusive and sustainable economic growth, and better governance, human rights and accountability.

Lesotho and Tanzania are two of Ireland's longest standing key partner countries. In 2014, Ireland supported the Government of Lesotho to map all the resources available for addressing health care, in particular for HIV and AIDS detection, monitoring, treatment and care. Yet Lesotho's very health system is now under threat from the effects of a failed PPP.

Improving child nutrition is a priority of the Irish Aid programme in Tanzania and, in 2014, Ireland supported the Government of Tanzania to conduct the first ever National Nutrition Survey. However, the PPP-fuelled debt burden Tanzania is currently facing could (if serviced) result in severe cuts to public service provision and set back development efforts in the country.

Lesotho's experience of Public Private Partnership

In deciding how to finance the building of the Queen 'Mamohato Memorial Hospital, which opened in 2011, the Lesotho government followed the advice of the World Bank and engaged in a Public Private Partnership (PPP). Under the 18-year contract, the private company Tsepong built a new public hospital and delivers all clinical services for it. The World Bank advised the government that a concessional loan for the full amount was not available from its soft lending arms, the International Association (IDA) due to insufficient space in the country's lending window. Even when Irish Aid and other donors offered to match the government funding contribution, the IFC continued to advise a preference for a PPP. The Bank's International Finance Corporation (IFC) played a central role in the project design, including acting on behalf of the Lesotho government in the planning, tendering and contract negotiation.

While the hospital is promoted by the IFC as a flagship PPP model to be replicated across Africa, Oxfam and the Consumers Protection Association of Lesotho exposed in 2014 that the hospital's spiralling costs are crippling Lesotho's Ministry of Health, using more than half of its health budget (51 per cent), while providing high returns (25 per cent) to the private partner.

The PPP hospital and its three filter clinics have required a projected 64 per cent increase in government health spending over the next three years, and are diverting urgently needed resources from healthcare in rural areas where three quarters of the population live. The PPP is costing the government so much that it believes it will be more cost effective to build a brand new district hospital to cater for excess patients rather than pay the private partner to treat them.

Lesotho is regarded by the Jubilee Debt Campaign as being 'at risk' of government external debt crisis. Its external government debt of $940 million, amounting to 38% of GDP, with annual government external debt payments currently at $43 million, or 3% of government revenues.[4]

3 Information for this section was gathered from: Oxfam and the Consumers Protection Association of Lesotho (LCPA) (2014) A Dangerous Diversion https://www.oxfam.org/sites/www.oxfam.org/files/bn-dangerous-diversion-lesotho-health-ppp-070414-en.pdf a 2014 blog post 'Bad Aid: How a World Bank private financing scheme is bleeding a nation's health system dry' by Lehlohonolo Chefa, of the LCPA http://oxfamblogs.org/fp2p/bad-aid-how-a-world-bank-private-financing-scheme-is-bleeding-a-nations-health-system-dry/ Eurodad (2015) What lies beneath? A critical assessment of PPPs and their impact on sustainable development http://www.eurodad.org/files/pdf/559da257b02ed.pdf and Jubilee Debt Campaign (2015) The new debt trap How the response to the last global financial crisis has laid the ground for the next one http://jubileedebt.org.uk/wp-content/uploads/2015/07/The-new-debt-trap_07.15.pdf

4 Jubilee Debt Campaign (2015), The New Debt Trap. Op.cit.

Tanzania after debt relief: World Bank loan repayments on failed PPPs

Tanzania's debt crisis in the 1990s had a devastating impact on livelihoods, public service provision and basic public welfare. Now, the more recent gains which have been made in the country are at risk of being reversed.

In 2003, the government of Tanzania privatised the water supply of Dar es Salaam, as a condition of both loans and debt relief from the World Bank. The privatised project failed to meet its aims and even the World Bank's own evaluation in 2010 found that overall it had been "moderately unsatisfactory." Key project targets in relation to people's access to water and the quality of the water supply were not delivered. Given the project's weaknesses, campaigners called on the Tanzanian government not to repay to the World Bank the $61.5m lent for the water project – but without success.

The project is an example of the enduring debt burdens often associated with lending by the World Bank, and increasingly directed towards failed PPPs. The Tanzanian government is also burdened by expensive PPP contracts for electricity generation. Moreover, the World Bank has not used the opportunity provided by this failure to change its policies: signing new PPP agreements remains a key condition of World Bank loans to Tanzania.

The Tanzanian government's external debt is currently around $13 billion, or 33% of GDP, up from the 17% figure it had achieved after debt relief.[5] Loans from the World Bank constitute half that new lending.

5 Ibid.

The cost to a government is usually higher than if it had borrowed the money itself, because private sector borrowing costs more, private contractors demand a significant profit, and negotiations are normally weighted in favour of the private sector.[6] Moreover, debt payment obligations created by PPPs are not covered in Debt Sustainability Assessments, meaning that a government's real future payment obligations will probably be much higher than predicted. A 2012 IEG review of World Bank Group support to PPPs revealed that probable liabilities are rarely fully quantified at the project level.[7] International experience of PPPs with spiralling costs illustrates the gravity of this practice. The example of Lesotho's health care system (see box) is a striking example.

DDCI asks that the Irish Government support measures to:

> Avoid ever making implementation of PPP's a condition of aid, loans and debt relief;

> Ensure that no PPP is supported unless it is shown beforehand that it is cheaper than alternative means of investment, and that the project it finances will generate the revenues to the government to pay liabilities arising from the PPP;

> Ensure that sensible accounting practices are adopted to show the true cost of PPPs, register them as a government debt in national accounts, and avoid treating them as 'off balance sheet' in sustainable debt evaluations;

> Press for the GIF and IFC to conduct adequate risk assessments of prospective PPPs and any new, alternative finance mechanisms developed, including an audit of the likely social impact of new financing mechanisms.

6 Jubilee Debt Campaign (2015) The New Debt Trap See http://jubileedebt.org.uk/wp-content/uploads/2015/07/The-new-debt-trap_07.15.pdf

7 IEG. (2014). Op. cit.

Debt

Debt and its repayment terms continued to exacerbate poverty across the globe in 2014. Servicing usustainable debt undermines economic, social and cultural rights, and ultimately leads to an increase in inequality. PPPs have become a major factor in increasing the chances of future debt crises, as outlined above. The role of the IFIs in perpetuating debt crises does not end there, however.

World Bank-led lending boom has resulted in a rise in global debt levels

DDCI is particularly concerned by the recent boom in lending to impoverished countries and evidence that global debt levels are on the increase, with the number of countries either in or at risk of debt crisis growing. Alarmingly, eight out of nine of Ireland's priority programme countries for development cooperation are identified in a 2015 analysis by the Jubilee Debt Campaign as having more or less serious risk of debt crisis.[8]

Public bodies like the World Bank are leading the lending boom; Ireland has a historically positive reputation on the issue of debt justice for Global South countries and should continue to play a positive role through its engagement with the IFIs.

One option would be for the World Bank to curb the lending boom by offering more funding in the form grants. When loans are given by the Bank, a 'grant element' of the loan is calculated, which is effectively the cost to the lender of providing the loan at a low interest rate. If this amount was given as a grant, rather than a loan, it would eliminate repayments and exchange-rate risk for the recipients. The grant element of a standard loan from the World Bank IDA is currently around 60%.[9] This means that a $60m grant would cost the World Bank the same as a $100m loan. Currently, however, a country can only receive loans from the World Bank, and not grants, if it has been identified as 'low risk' in terms of not being able to repay its debts.

8 Jubilee Debt Campaign (2015). Op.cit. Page 13

9 Ibid. Page 34

The Greek tragedy – one of many cases of irresponsible lending from the IMF

There is some evidence suggesting that the IMF is "propping up governments with unsustainable debt levels, not lending for temporary balance of payments problems – its true mandate."[10] The pressure to make repayments, particularly to the IMF, is evident in the words of former Greek Finance Minister Yannis Varoufakis, speaking in the wake of the extension agreement with this country, who stated: "we shall squeeze blood out of a stone if we need to" in order to repay the €1.5 billion of repayments to the IMF that were due in March 2015.[11]

This provided an example of the IMF's preferred creditor status with many borrowers who repay the IMF as a priority, even at the expense of other creditors or the country's national development priorities (because of its IFI status, access to funds and signalling function, among other reasons). While this status is not written into international law or in the IMF's own Articles of Agreements, all countries traditionally stick to this practice. The fact that everyone repays IMF loans as a priority, meaning that lending is essentially risk-free for the Fund. The IMF can afford to be an irresponsible lender: it is not a gamble when the house always wins.

There is also recent evidence that the IMF's loan to Greece was irresponsible, since it was given knowing that Greece would be unable to repay it.[12] It aimed at propping up the loans of other creditors rather than benefiting the people in Greece, and with disastrous consequences: what many deem a 'humanitarian crisis' caused by poverty. DDCI believes that the Irish Government should be concerned at this irresponsible lending practice, and raise this issue at the IMF.

10 Eurodad (2014) Conditionally yours: An analysis of the policy conditions attached to IMF loans See http://www.eurodad.org/conditionallyyours

11 http://www.brettonwoodsproject.org/2015/03/imf-in-greece-a-slush-fund-for-its-political-masters/

12 In June 2013 the IMF released an ex post assessment of its 2010 lending programme to Greece which described a series of errors and found that from the outset, IMF officials had doubts that Greece would be able to repay the extraordinarily large loan but that the Fund consciously chose to break its own rules on the sustainability of the programme. See https://www.imf.org/external/pubs/ft/scr/2013/cr13156.pdf

Small steps from IMF towards combating vulture funds

The practices of predatory vulture funds are a major block to successful debt restructuring. Vulture funds buy distressed debt at the bottom of the market, or from bankrupt countries after they have defaulted, and claim back the full value later on. Even where a number of creditors have accepted a debt restructuring deal from a debtor country, these vulture funds can persist in demanding the full value of the debt be paid to them, thereby obstructing the deal. This is what happened to Argentina when vulture funds sued it, and eventually won their case in a US court, based essentially on a judge's reading of the pari passu clause. This clause states that all creditors should be treated equally or, in other words, no creditor should be treated preferentially. The judgement set an alarming precedent in accepting the vulture fund claim that all of those creditors who accepted Argentina's restructuring offer were receiving preferential treatment, thus breaking the pari passu clause.

In October 2014, the Executive Board of the IMF approved an IMF staff paper proposing a modification to the pari passu clause[13] to make clear that it does not require the issuer to pay creditors on an equal or ratable basis. This is a significant initiative because it could help to prevent repeats of the legal problems that affected Argentina in the US courts, and is a step towards discouraging 'hold-outs' and undermining vulture funds. The IMF paper also proposed the inclusion of enhanced Collective Action Clauses to help debtor states restructure debts.

DDCI welcomes the IMF Board approval of these measures and calls on the Irish Government to support them. These so-called "market based solutions" will not be sufficient to combat vulture funds, however: they are just one element of what must be a multi-pronged approach, including more than market based measures. In the past, the Irish Government has been one of a small number of countries opposed to efforts at UN level to create a 'multilateral legal framework for sovereign debt restructuring' which could tackle these problems effectively.

13 IMF (2014) Strengthening the Contractual Framework to Address Collective Action Problems in Sovereign Debt Restructuring See https://www.imf.org/external/np/pp/eng/2014/090214.pdf

DDCI urge the Irish Government to:

> Support the proposed changes to bonds at the IMF but also promote multiple and concurrent measures to address the vulture funds problem, rather than focusing exclusively on market solutions;

> Support an independent debt arbitration mechanism housed in an institution which is neither a lender nor a borrower – for example the UN, not the IMF. This means engaging constructively at the UN in developing the international regulatory framework for sovereign debt restructuring, agreed upon by the UN General Assembly in 2014;

> Use Ireland's membership of the World Bank and IMF to advocate for debt relief for countries suffering because of unsustainable and illegitimate debts, rather than topping up loans to pay off existing loans;

> At the current IDA 18 negotiations, urge the World Bank to offer all IDA countries the option to receive grants to the same value as the grant element of a proposed loan.

Tax

The 2014 meetings of the IMF and World Bank brought repeated calls to address the global problem of cross-border tax evasion and aggressive tax avoidance. Ministers of Low Income Countries (LIC's) used the Annual Meetings to call for a more fundamental reform of the international tax system in order to get a fair share of global tax revenues, citing "the lack of decision-making power for LIC's in global tax discussions" as a major cause of these problems, and adding that "consultation by the IMF and OECD cannot be sufficient".[14]

14 Francophone LIC Finance Ministers Network (2014) Press Note LIC Ministers Demand Their Fair Share of Global Tax Revenues See http://www.francophonie.org/IMG/pdf/min-meet_washington_oct2014_press_note_en.pdf

In May 2014, the IMF released a policy paper on International Corporation Tax Spillover (spillover being the impact that any given country's international tax practices has on other countries), with research confirming that the spillover effects of corporate tax bases and rates are significant and sizeable, and are especially marked and important for developing countries. As one of the top 10 countries in the world for FDI stocks relative to GDP[15], the tax rules Ireland decides on matter profoundly for the welfare of the people in Ireland and in the Global South, as well as being an increasingly recognised human rights concern.

In 2014, the World Bank published its "Report on the First Year of Implementation of the Policy on the Use of Offshore Financial Centres in World Bank Group Private Sector Operations", especially through the International Finance Corporation. DDCI considers that this report further exposes the flaws in current policy, and its inability to improve transparency and effectively tackle tax evasion and avoidance. DDCI urges the Bank's to commit to an immediate and fundamental policy review, accompanied by a stronger commitment to reform, to ensure that IFC-supported projects are not based in jurisdictions where no meaningful economic activities by its clients take place.

DDCI call on the Irish Government to:

> Join Southern countries in their call for the creation of an international body for tax cooperation under the auspices of the United Nations, as required to tackle the global problems of tax evasion, aggressive tax avoidance and abusive tax practices on a massive scale;

> Use Ireland's voice at the World Bank to urge the IFC to conduct a meaningful review of its policy and practice on the use of offshore financial centres.

15 IMF (2014) Spillovers in International Corporation Tax. See https://www.imf.org/external/np/pp/eng/2014/050914.pdf

2
Key Issues at the Bank

The Doing Business report

In October 2014, the World Bank launched Doing Business 2015: Going Beyond Efficiency, a World Bank Group flagship publication published every year since 2002. Doing Business compares business regulations and their enforcement across 189 countries. The report measures regulations affecting 11 areas of the life of a business (domestic small and medium-size) from paying taxes to getting credit to electricity supply. According to the Bank, the indicators are used to identify what reforms of business regulation have worked, where and why, with the purpose of supporting the global business environment.

While the Doing Business report is ostensibly intended to be a knowledge project, informing not prescribing policy, in reality many countries shape their policies to fit the Doing Business (DB) indicators in the hope of climbing further up the ranking. Two major problems with this are:

> That the drive to operationalise reforms to fit the Doing Business priorities diverts time, energy and money away from other projects more in line with the World Bank's goals of eliminating extreme poverty and boosting shared prosperity (for instance investing in health and education);

> The reforms implemented can be counter-productive to development goals. For instance, corporate tax incentives have significant opportunity costs, deplete the much-needed revenue of developing countries.

In this year's DB report, for example, Zambia ranks 23rd globally for ease of access to business credit[16], yet 98% of Zambian small businesses have reported credit as the overriding obstacle to their success. Zambia is also rewarded for a regulatory regime that gives tax breaks to its profitable copper mining sector – even though it is reducing money available to invest in health, education or support for small businesses.[17]

A major concern is that countries implement reforms with the specific objective of climbing the rankings. However, the Doing Business report itself echoes the views of many concerned in saying that "While Doing Business indicators are actionable, this does not necessarily mean that they are always 'action-worthy' in a particular context… there are many other important goals to pursue…"[18] This caveat has not been enough to negate the compelling pressure on governments to take whatever steps necessary to climb that ladder up the table.

Independent audits of the DB report published by the World Bank in 2008[19] and 2013 found further problems with the report, including the following:

> Is based on the incorrect assumption that the majority of the world's poor work in the private sector and therefore it is necessary to aid this sector;

16 http://www.doingbusiness.org/data/exploreeconomies/zambia/

17 http://www.cafod.org.uk/News/Press-Centre/Press-releases/World-Bank-rankings-harm-poor

18 http://www.doingbusiness.org/~/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB15-Chapters/DB15-Report-Overview.pdf

19 World Bank Group (2008) Doing Business: An Independent Evaluation See http://www.dbrpanel.org/sites/dbrpanel/files/db_evaluation.pdf

What is the World Bank Group?

The World Bank Group is made up of five institutions:

> The International Bank for Reconstruction and Development (IBRD) lends to governments of middle-income and credit worthy low-income countries;

> The International Development Association (IDA) provides interest-free loans — called credits — and grants to governments of the poorest countries;

> The International Finance Corporation (IFC) is the largest global development institution focused exclusively on the private sector. It finances investment and provides advisory services to businesses and governments;

> The Multilateral Investment Guarantee Agency (MIGA) was created in 1988 to promote foreign direct investment into developing countries. MIGA offers political risk insurance (guarantees) to investors and lenders;

> The International Centre for Settlement of Investment Disputes (ICSID) provides international facilities for conciliation and arbitration of investment disputes.

> The methodology is flawed: it uses few sources (primarily lawyers), is very urban focused, bases assessments on regulation, when the real business world is very different to the one "on paper", and its aggregate ranking of countries is an arbitrary method of summarising vast amounts of complex information as a single number;[20]

> It ignores the social benefits of regulation, focusing on it exclusively as an impediment to business;

> Provides no empirical evidence that the rankings are linked to poverty impact or even to economic growth.

While these critical reviews have resulted in some changes to the Doing Business report, they do not begin to address the underlying problems.

20 Manuel, Trevor, Carlos Arruda, Jihad Azour, Chong-En Bai, et el. (2013) Independent Panel Review of the Doing Business Report, World Bank. See http://www.dbrpanel.org/sites/dbrpanel/files/doing-business-review-panel-report.pdf

DDCI urges the Irish Government to support measures to:

> Scrap entirely the overall Doing Business ranking. The ranking encourages a drive to appear to reform in order to move higher up the table, diverting scare governmental resources and distorting the reality;

> Totally remove the highly criticised 'Employing Workers' indicator from the report, including from its annexes and the World Bank website. This indicator was removed from the main body of the report In response to international pressure, because it falsely implied that fewer regulations are always preferable and promoted a race to the bottom in terms of labour rights and workplace standards. However, the World Bank continues to include this information on its website;

> Align the Doing Business project with the Bank's twin goals of ending extreme poverty and promoting shared investment, in particular by moving away from an approach that devalues regulations that can act as a safeguard for society.

The World Bank's new environmental and social framework[21]

In October 2012, the Bank launched a review and update of its environmental and social safeguard policies. The first draft of the new environmental and social framework in July 2014 spurred widespread concern that it could lower standards for the entire international development community.

Despite the fact that Civil Society Organisations (CSOs), UN human rights experts and others have tried to feed into the World Bank's consultation on the framework, the second draft, released in August 2015 contains only minor improvements (new language on labour and indigenous people) and remains a serious cause for concern.

As things stand, the August 2015 draft framework weakens protections for affected communities and the environment. Of particular concern is that it:

> Removes mandatory timing and procedural requirements for borrower compliance;

> Removes protections for forests, biodiversity, and forest dependent peoples;

> Eliminates the threshold for greenhouse gas emissions accounting and moves it into the non-binding 'guidance notes', effectively allowing borrowers to opt out of climate safeguards and avoid the much needed accounting for carbon pollution;

> Externalises responsibility, relying too much on borrowers' national safeguards systems. (The new framework significantly shifts responsibility for the implementation of safeguards to borrowers. This is particularly worrying where major dilutions of national social and environmental safeguards are taking place. In addition, this feature may encourage countries to weaker their own frameworks in order to speed up access to investment);

> Does not require full respect for workers' rights or respect for rights of freedom of association;

> Treats human rights as aspirational rather than binding international law – the primary reference to human rights in the draft framework is in the non-binding vision statement;

> Asks the World Bank's Board to approve projects that cause displacement even before resettlement plans and budgets are in place. This is particularly worrying given the Bank's internal review of its resettlement policies, which led to an admission by World Bank President Jim Yong Kim in March 2015 that the Bank's record on dealing with the resettlement of populations is a "cause …[of] deep concern."[22]

21 World Bank (2015) Environmental and Social Framework: Second Draft for Consultation Available at http://consultations.worldbank.org/Data/hub/files/consultation-template/review-and-update-world-bank-safeguard-policies/en/materials/clean_second_draft_es_framework_final_draft_for_consultation_july_1_2015.pdf

22 http://www.brettonwoodsproject.org/2015/03/the-world-bank-admits-serious-flaws-in-resettlement-policy/

DDCI urges the Irish Government to support measures that:

> Reform the framework consultation process so that CSOs can participate in a meaningful, effective way, and so that the Bank implements recommendations from experts in the relevant fields;

> Encourage World Bank President Jim Yong Kim to uphold his promise to prevent any dilution of existing standards in the environmental and social safeguard policies;

> Ensure that the new framework will protect human rights, labour rights, land rights and resettlement of people displaced by development, and will guarantee effective grievance redress without risk of reprisals;

> Commit the Bank to addressing human rights with clear and mandatory requirements, incentives and accountability structures rather than in a vision statement, and require Bank-supported activities to respect human rights and avoid contravening a borrower's international human rights obligations;

> Ensure the new draft framework includes a threshold for greenhouse gas emissions accounting, and that this is a mandatory requirement rather than a component of the non-binding 'guidance notes.'

3 Key Issues at the IMF

Urgent Need for Governance Reform at the IMF

In its 2014 World Bank-IMF Watch Report, DDCI highlighted the need for different elements and levels of governance reform at the IMF. There has been little to report in the year since. Instead, IMF meetings leave all parties struggling to find new words to reiterate, once again, their 'deep disappointment' and 'regret' at ongoing delays in implementation of reforms, many of which were agreed in 2010 but are being blocked by some of the world's wealthiest countries, led by the United States.

When a country joins the IMF, it is assigned an initial quota in the same range as the quotas of existing members of broadly comparable economic size and characteristics. A member's quota determines that country's financial and organizational relationship with the IMF, including subscriptions, voting power and access to financing. The IMF's Board of Governors conducts general quota reviews at regular intervals, usually every five years. Any quota changes must be approved by an 85 percent majority of the total voting power, and a member's quota cannot be changed without its consent. In 2010, the Board of Governors completed the14th General Review of Quotas, which included agreement on two different reform components: a quota increase and redistribution, and a change in the composition of the board of executive directors.

The reform package agreed in 2010 is imperfect, but still a step in the right direction as the reforms propose to:

> Significantly realign quota shares. Under its terms, China would be the third largest member in the IMF, and Brazil, China, India, and Russia would all be in the 10 largest shareholders in the Fund;

> Preserve the quota and voting share of the poorest member countries;

> Reduce the combined Board representation of advanced European countries by two chairs, at the latest by the time of the first election after the quota reform takes effect;

> Change the Executive Board so that all Executive Directors will be elected.

In order for the proposed amendment on reform of the Executive Board to enter into force, it is required to have acceptance by three-fifths of the Fund's 188 members (or 113 members) having 85 percent of the Fund's total voting power. As of 8 May, 2015, 147 members with 77.25 percent of total voting power had accepted the amendment, but the US vote share is more than 15 per cent, which gives it veto power on any decisions requiring an 85 per cent majority: it is the only state with veto power and it is blocking the Board reform.

For the quota increases to become effective, it requires the consent of members having not less than 70 percent of total quotas. As of 21 August 2015, 165 members with 80.37 percent of total quota had consented.[23] Even though the quota reform has a sufficient majority, it cannot be implemented because the two components of the reforms – the quota increase and the Board reform – are legally

23 https://www.imf.org/external/np/sec/misc/consents.htm

linked, making the quota increase also hostage to the US vote.

Speaking on behalf of the IMF constituency which includes Ireland, Canadian Finance Minister Joe Oliver stated at the IMF-World Bank Annual Meetings in October 2014: "Our constituency remains open to practical options that would advance the completion of the 15th General Review of Quotas … The 15th Review should also improve representation at the Fund so that it better reflects relative economic weights of its members and their integration in the global economy."[24] It is regrettable that Mr Oliver's emphasis, in speaking on behalf of Ireland as well as Canada, was on the changing economic realities of countries rather than the need for governance structures to be fair and representative.

DDCI urges the Irish Government to:

> Press for the implementation of the reform package agreed in 2010, with a focus on the interest of a greater voice and representation for countries in the Global South at the IMF.

Continued IMF use of conditionalities undermining equality rhetoric

For a number of years the IMF has faced criticisms for the excessive burden and politically sensitive nature of the conditions attached to their loans. The IMF claims to have limited its conditions to critical reforms agreed by recipient governments. Unfortunately research shows that it is, in fact, increasing the number of structural conditions that mandate policy changes per loan, and remains heavily engaged in highly sensitive and political policy areas.

During 2014 the IMF was in the headlines for its debate-generating papers, which suggested that inequality was bad for growth, wealth redistribution is pro-growth, and that inequality can be effectively reduced by combining social transfers with redistributive taxes – in other words, through some of the measures which IMF conditionalities forbid. Despite its own papers, the IMF continues to impose conditionalities that are known to entrench inequality, for example fiscal consolidation, weakened labour market institutions, stringent austerity measures with cuts in welfare transfers, removal of food and energy subsidies and privatisation.

In a widely reported speech in February 2014, IMF managing director Christine Lagarde argued that "rising inequality and economic exclusion can have pernicious effects", adding that no longer can policy "look simply at economic growth" and must instead "ask if this growth is inclusive".[25] These are laudable sentiments but are not in line with actual IMF practice. An illustrative case is that of Tunisia where the IMF's stand-by agreement is conditional on compliance with a harsh package of regressive policies, such as elimination or reduction of subsidies, pension and healthcare reform and wage bill caps.

DDCI urges the Irish Government to:

> Promote the findings of the IMF's papers on equality and growth (including within the IMF itself) as an evidence base for future policies, and advocate for an end to the IMF's support of regressive taxation, removal of food subsidies, and other measures where the costs are frequently borne most by vulnerable groups;

> Advocate for the IMF to take responsibility for the harm that their conditionalities have done, and support debt cancellation in situations of unsustainable debt and where IMF conditionalities have deepened inequality and economic crisis, thereby making repayments more difficult.

24 https://www.imf.org/External/AM/2014/imfc/statement/eng/can.pdf

25 http://www.imf.org/external/np/speeches/2014/022514.htm

4 Ireland's Year at the IMF and the World Bank 2014

Ireland has been a member of the World Bank and IMF since 1957. Each year, in accordance with the Bretton Woods Amendment Act 1999, the Department of Finance publishes a report, Ireland's Participation in the International Monetary Fund and the World Bank. This section presents our reading of this year's report, with a focus on issues of particular importance to debt justice.

The government's report details Ireland's financial contributions to the component organisations of the World Bank and to Trust Funds administered by the Bank for development activities, to which the Department of Foreign Affairs and Trade contributes. It aims to summarise the major developments at the IFIs over the past year and to set out the details of Ireland's participation as a member. It is an important accountability tool to the Oireachtas and to the public on Ireland's decision-making as a member of the World Bank and IMF.

Alhough Ireland's Participation in the International Monetary Fund and the World Bank is the main mechanism through which the Government reports to the Oireachtas and to the public on its decision-making as a member of the World Bank and IMF, the report lacks the detail to adequately inform citizens and other stakeholders of Ireland's participation, especially since it includes neither details of Ireland's aims at the IFIs nor a voting record of our representative on the Executive Boards.

In this year's report DDCI particularly noted the following areas;

Doing Business Report

In relation to the Doing Business Report, the Government's report notes "Ireland's strong performance" this year, ranked 13th out of 189 economies, and being included in the DB 2015 'top-10 improvers' group of countries'. The report adds that Ireland's strong performance is "due in particular to reforms in a number of areas: registering property, getting credit, and enforcing contracts."

2014 was a year of continuous debate on the Doing Business Report project, but the only reference made to this in the government's report is their note that:

> "a number of reforms were made to the DB methodology in recent times to broaden the focus beyond the efficiency of regulations to also include the quality of regulations. The Department of Finance has engaged closely with the Doing Business Report Team throughout this process, as well as with the relevant stakeholders in Ireland, and will continue to engage with the ongoing reform of the Doing Business Report's methodology".

How Ireland is represented at the World Bank and IMF

Ireland's Minister for Finance, Mr Michael Noonan TD, is Governor for Ireland at the World Bank Group (WBG) and the IMF. Most decision-making is delegated to a Board of 24 Executive Directors based at the World Bank Group's headquarters in Washington DC. Ireland is part of a constituency comprising Canada, Ireland and 11 Caribbean countries. From this constituency, Ireland's representative at the World Bank is Canadian Executive Director Alister Smith, who also represents the other countries in the Constituency Office.

The Irish Advisors have specific responsibilities for highlighting Ireland's positions on World Bank Group policies and projects, promoting Irish initiatives within the Bank, and helping to communicate the work of the Group within Ireland. They liaise closely with Irish authorities, in particular, the Department of Finance, Irish Aid, the Central Bank and Enterprise Ireland.

Each year, the World Bank and IMF governors and officials have joint Spring and Autumn meetings. Civil society meetings are run in parallel, where CSOs have the chance to meet with officials and other civil society organisations. In 2014, Central Bank Governor Patrick Honohan and the then Secretary General of the Department of Finance, John Moran, attended the joint Spring meetings. In October 2014, Governor Honohan led Ireland's delegation, with Ms. Ann Nolan of the Department of Finance representing the Minister for Finance.

This reference does not engage with the recommendations made by the review teams nor does it acknowledge that the report's shortcomings go far deeper than a need to 'also include the quality of regulations.' Given that many developing countries, including Irish Aid priority countries, are shaping policies to suit the 'Doing Business' ranking system, it is problematic that the Irish Government and Department of Finance have not taken the opportunity (at least in the report) to point out that the Independent Review Panel found the DB methodology to be deeply flawed and that the DB is riddled with problems, which the cosmetic changes the government report references will not even begin to address.

The government's report calls the Doing Business report an 'important contribution', saying that it 'encourages countries to achieve more efficient regulation….provides measurable benchmarks for reform'. It does not acknowledge, however, that 'efficient regulation' can be taken to mean 'no regulation', which can ultimately be harmful for countries; nor the fact that the DB 'benchmarks for reform' divert time, energy and money away from other projects more in line with the World Bank's goals of eliminating extreme poverty and boosting shared prosperity (for instance investing in health and education).

Ebola

The government's report cites the serious Ebola disease outbreak in West Africa as an example both of the unpredictability of the global landscape, and the resilience of international actors responding to crises together. Central Bank Governor, Patrick Honohan, welcomes the World Bank's "Ebola Emergency Response Project" and, throughout the report, the responses of both the IMF and the World Bank to this health emergency are welcomed.

The report notes that in September 2014 the IMF agreed to provide emergency lending of $130 million on concessional terms (i.e. zero interest) to these three countries to help meet the fiscal and balance of payments needs stemming from the Ebola crisis and that " in response to calls from the international community, the Fund started the process of establishing the Catastrophe Containment and Relief (CCR) Trust at the end of 2014 … will provide grants which will be used to pay off future debt service payments, thus reducing a country's debt burden… Subject to Board approval of requests from the individual countries, it is expected that the CCR Trust could provide grants-for-debt relief of close to $100 million for Liberia, Sierra Leone, and Guinea".

However, 2014 ended with a high profile debate on the IMF's historic involvement in the Ebola hit countries, with some experts citing IMF conditionalities as having contributed to the weakness of health systems in the region, and therefore the circumstances that enabled the crisis to arise and the disease to spread so quickly.

Moreover, in February 2015 West Africans celebrated the IMF announcement that it would cancel almost $100 million of debt owed by Guinea, Liberia and Sierra Leone. At the same time, the IMF announced that it would lend $160 million in new loans. This means that, while the debt relief is most welcome, in fact the debt of Guinea, Liberia and Sierra Leone to the IMF will increase from $410 million to $620 million over the next three years.[26]

Governor Honohan notes that "Ireland remains very concerned about the human and economic impact of the Ebola crisis. Ireland is working directly in Sierra Leone and Liberia and internationally on a comprehensive and effective response to the appalling Ebola epidemic in West Africa and has provided significant financial resources and humanitarian supplies to the countries affected." DDCI is very concerned that crippling loan repayments from these countries could prevent the Irish Aid projects in the area from achieving optimum results.

The government's report notes that, "In late 2014, the WBG undertook a quick and effective response to the Ebola crisis throughout West Africa … including by enabling trade, investment and employment in the countries. The WBG mobilized about $1 billion in financing for the countries hardest hit by the crisis. This includes $518 million from the IDA for the emergency response and at least $450 million from the IFC to enable trade, investment and employment in Guinea, Liberia and Sierra Leone."

The World Bank is, over one year, due to receive repayments from these three countries to the tune of $11 million. DDCI holds that to demand these repayments from countries trying to recover from such a crisis is unacceptable.

26 http://jubileedebt.org.uk/press-release/welcome-ebola-debt-relief-warning-impact-new-loans

DDCI call for the debts of Guinea, Liberia and Sierra Leone to be cancelled, and for support to be given to these countries in the form of grants to cope with the impact of Ebola.

Quota and Governance Reform

In his foreword to the government's report, Minister Noonan states that Ireland actively participated in discussions regarding the implementation of the 2010 package of quota and governance reforms during 2014, and will actively participate in further discussions during 2015.

The report goes on to express support for the 2010 reforms, with Governor Honohan describing them as "as vital for the Fund's financial strength, its legitimacy and credibility" going on to "encourage members that have not yet ratified the reforms to do so as soon as possible." DDCI sees this position as positive, and urges the Irish Government to press for quota reforms to be more justly distributed in the next review (not just in favour a small number of countries in the Global South), grounded in a commitment to make the governance of the Fund more just, rather than simply to better reflect the economic weighting of countries changing financial status.

Aid administered through the World Bank Social and Environmental Framework

The government's report details contributions made by Ireland to the World Bank throughout 2014. Included in these are contributions made through Irish Aid to World Bank programmes in Irish Aid priority countries, including for instance a transfer of €3.5 million to the Malawi Agricultural Sector Wide Approach Support Project Multi-Donor Trust Fund managed by the World Bank. Irish Aid also provided €185,000 through another World Bank managed multi-donor trust fund, the Malawi Public Finance and Economic Management Reform Program.

It is worth nothing then that when Irish Aid manages funds it is subject to Ireland's ethics standards; likewise, World Bank-managed funds come under the World Bank social and economic standards. As detailed earlier in this document, DDCI is concerned that the World Bank is lowering its standards through its new Social and Environmental Framework. This new framework will impact upon Ireland's aid and DDCI urges the Irish Government to actively participate in the current third consultation on the World Bank Social and Environmental Framework in a manner that builds upon the past 30 years of progress, rather than taking it backwards.

DDCI particularly urges the Irish Government to work to ensure that the new Social and Environmental Framework:

> Requires all bank supported activities to respect human rights;

> Does not rely on the borrowers' national systems;

> Retains the threshold for greenhouse gas emissions accounting and binds borrowers to climate safeguards.

Tax

Governor Honohan cites the IMF's work on surveillance, spillover analysis of tax systems and financial stability, in its flagship reports, as well as making clear the importance of dialogue between policymakers in order to minimize unintended distortions arising from policy initiatives.

DDCI welcomes attention to tax spillovers and urges the Irish Government to use Ireland's recent Spillover Analysis (expected to be published in 2015) as an opportunity to revise any of Ireland's tax rules that negatively impact upon countries of the Global South, and to act more proactively on issues of tax transparency, tackling aggressive tax avoidance, and abusive tax practices.

For the benefit of Ireland as well as countries in the Global South, the Irish Government should establish a public register of the beneficial owners of companies and trusts, and push for public country-by-country financial reporting for all large enterprises, including those incorporated, headquartered and operating in Ireland.

Troika Assistance to Ireland

Governor Honohan notes in the government's report that: "Targets to reduce underlying General Government deficit have been over-achieved to date….Reflecting the continued prudent budgetary stance…" He does not mention, and neither does the rest of the report, the effects that this 'prudent budgetary stance' have had on the people in Ireland, the increase in homelessness, the stretched public services, the fall in standards of living for most people in the country.

The report notes that Ireland's debt level remains high at an estimated 123% of GDP in 2013. The report does not call for Ireland to negotiate significant debt restructuring, but does welcome IMF support for the Irish Government's proposal to improve its debt sustainability by replacing up to €18.3 billion of its IMF loans subject to the highest rate of charge with cheaper market based funding. To this end, Ireland has developed a proposal on early repayment "with which to avail of the current favourable market conditions."

Debt and Development considers that replacing one creditor with another is not enough to improve Ireland's debt sustainability, and that the current national debt associated with the socialisation of private banking debt is illegitimate.

Development

Governor Honohan states in the government report that, in relation to the post 2015 development agenda: "Ireland's priorities … include highlighting the linkages between the issues of hunger, nutrition and climate change."

DDCI welcomes this valuable and progressive position from the Irish Government, but remains at the lack of attention the Government pays in its development work to the structural linkages between debt and poverty, and tax injustices and poverty.

DDCI urges the Irish Government to consider that, without addressing these key issues of financial justice, there is no stable foundation upon which to move forward on other key development issues with many countries of the Global South, including Irish Aid priority countries. We therefore urge the Irish Government to use its position at the World Bank and the IMF to pursue debt relief for countries that need it, as a result of unsustainable and illegitmate debts, as well as global tax justice, including particularly on corporate taxation affairs.

5 Concluding Remarks

2014 was an eventful year in the world of International Financial Institutions. The world saw Brazil, Russia, India, China and South Africa (BRICS) launch their own New Development Bank (NDB) in July, widely seen as a rival to the IFIs, the crisis in Greece focusing the spotlight anew on debt sustainability, and the World Bank suffering internal problems, with staff protesting the restructuring and cost-cutting processes emerging from the Bank's new strategy.

This report has surveyed IMF and World Bank activities in 2014, the Irish Government's own report on Ireland's role at the IFIs and evidence from how IFI policies are working on the ground, concluding that the IMF and World Bank are acting against their own stated goals in important respects.

The main purpose of the IMF is to promote global economic stability. The World Bank has two ambitious goals: end extreme poverty within a generation and boost shared prosperity.

With the IMF promoting Public Private Partnerships (PPP's), imposing harsh conditionality with regard to loans, and propping up governments in debt crisis by renewing loans, we must ask whether the actions of the IMF actually have a destabilizing effect, particularly for countries in the Global South.

This report has shown the World Bank to be leading a boom in lending to developing countries, also driving the proliferation of PPP's, and seemingly intent on lowering its own environmental and social standards. Again, the Bank's actions are out of sync with its stated aims.

In Ireland we now have a fresh memory of what it is like to enter into a debt crisis: every day, the people of Ireland live out some of the effects of IMF conditionalities and sovereign debt crisis. We are in a good position to learn from the past and commit to not making the same mistakes again.

DDCI urges the Irish Government to increase its own transparency and accountability with regard to its engagement with the IFI's, to use its position at the IMF and World Bank to further a justice-centred agenda, and to promote actions within and emanating from the Bretton Woods Institutions (including meaningful governance reform) that really work towards economic stability and the elimination of extreme poverty.

Glossary of terms

BWI	Bretton Woods Institution
CSO	Civil Society Organisation
DC	Development Committee
DB	Doing Business report
DDCI	Debt and Development Coalition Ireland
EMDCs	Emerging Market and Developing Countries
G20	Group of Twenty (membership comprises a mix of the world's largest advanced and emerging economies)
G24	Group of Twenty four (The purpose of the group is to coordinate the position of developing countries on monetary and development issues)
GIF	Global Infrastructure Facility
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDA 18 negotiations	Negotiations on World Bank loans to low-income countries due to conclude at the end of 2016
IEG	Independent Evaluation Group. Its aim is to provide an objective assessment of the results of the World Bank Group's work
IFC	International Finance Corporation
IFIs	International Financial Institutions
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
LIC	Low Income Country
MDB	Multi-lateral Development Bank
MDGs	Millennium Development Goals
ODA	Official Development Assistance
Pari Passu Clause	This clause states that all creditors should be treated equally, that no creditor should be given preferential treatment
PPP	Public Private Partnership
SDR	Special Drawing Right
WBG	World Bank Group

Ireland's Contributions to the World Bank Group 2013-2014

	2013	2014	Total
IDA			
International Development Association (IDA)	29,070,000	20,880,000	49,950,000
World Bank Trust Funds			
Global Fund for AIDS, TB and Malaria (GFATM)	14,400,000	11,500,000	25,900,000
The Global Partnership for Education (GPE)	5,000,000	3,000,000	8,000,000
Consultative Group on International Agricultural Research (CGIAR)	4,200,000	4,200,000	8,400,000
Facility for Investment Climate Advisory Services (FIAS)	600,000	600,000	1,200,000
Private Enterprise Partnership Africa: Conflict Affected States in Africa Initiative (CASA)	300,000	300,000	600,000
Multi Donor Trust Fund for support to the Comprehensive African Agricultural Development Program (CAADP)	200,000	250,000	450,000
Productive Safety Net Programme in Ethiopia	11,300,000	10,400,000	21,700,000
Ethiopia Social Accountability Programme (ESAP)	2,000,000	1,400,000	3,400,000
Global Agricultural and Food Security Programme	1,000,000		1,000,000
Malawi Agricultural Sector Wide Approach Support Project Multi-Donor Trust Fund		3,500,000	3,500,000
Malawi Public Finance and Economic Management Reform Program		185,000	185,000
Trust Fund for Mainstreaming Disaster Reduction Initiative of the Global Facility for Disaster	600,000		600,000
Subtotal WBG Trust Funds	39,600,000	35,335,000	74,935,000
Total to World Bank Group	**68,670,000**	**56,215,000**	**124,885,000**

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Image: World map of sovereign indebited countries