

# NEWS WRAP

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There is a growing antagonism in developing countries, against the "Washington consensus" of the World Bank and the IMF. Mr Hugo Chavez of Venezuela has suggested a Banco del Sur (Bank of the South), a development bank to be funded and operated by Latin American countries. The region's leaders attribute blame for unpopular measures on the IMF and the World Bank. As World Bank aid comes with various pledges from the receiving countries, many African countries are opting for Chinese aid. Rightly or wrongly, the IMF is blamed by Argentina, for the economic collapse of 2001-02. Venezuela has re-nationalized American owned telecom companies and electricity conglomerates. If the Inter American Human Rights Court condemns Venezuela on a media-freedom case, the Venezuelan government may pull out of the Organization of American States.

The cost of future borrowing could rise for Venezuela, due to technical defects in Venezuela's bonds. The IMF's investment-dispute mechanism would not be available for the bilateral investment treaties, that Venezuela has signed with other countries. Taking advantage of economic growth and high commodity prices, Argentine and Brazil have paid off their debts to the IMF. Ecuador has demanded that the proposed Bank of the South be a combination of the roles of emergency-aid functions of the IMF, the project lending funds of the World Bank, and the Inter-American Development Bank. Existing south american bodies, like the Andean Development Corporation (CAF) and the Fund for the Riverplate Basin (Fonplata) could provide stronger regional resources to the proposed new bank. Money can be raised cheaply in south America and Asia, in the capital markets. But poorer countries still rely on aid. The development banks are key players in long term financing for infra-structure in newly industrialized countries.

The Asian Development Bank was created in 1960 to re-cycle surplus capital from the rich west to Asia's impoverished countries. In the current Scenario, Asia has considerably less visible poverty, and the Asian countries are generating large capital surpluses. The Asian countries can also borrow cheaply in financial markets. Recently a panel has recommended that the ADB should lend less, and become mainly an adviser and co-ordinator in the region. The ADB had lent \$ 7.4 million in 2006, a rise of 28% from 2005. The ADB's third largest borrower, China is also the third largest provider of funds. The panel agrees that the ADB should continue funding loans for infra-structure. The report supports a proposal that the pooled reserves be converted to a regional investment fund. Cambodia and other poorer countries are opposed to the suggestion that ADB abandon poverty relief.

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In southern Helmand province of Afghanistan, air strikes by NATO forces on 09 May 07 killed about 21 civilians. "Friendly fire" in Afghanistan during April/May 07, has led to around 90 deaths. On 04 march 07, a special forces unit of American marines, killed 19 Afghan civilians and wounded 50 civilians near Jalalabad, in east Afghanistan. Reacting to a suicide bomb attack on a US convoy, members of a counter-terrorism contingent, functioning outside the NATO peace keeping force, shot civilian vehicles and passers-by at random. The marines then attempted a cover-up of tracks, similar to Haditha in western Iraq. 49 civilians died and 1600 families displaced following a military operation by special forces in Herat, between 27 to 29 April 07. While Western soldiers may have little scruple regarding civilian casualties, accidents could be unavoidable when the enemy conceals itself within areas populated

