



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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Press Release #107-74  
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## WORLD BANK PERFORMANCE RAISES CONCERNS -- JEC Hearing to Examine IMF and World Bank Performance --

WASHINGTON, D.C. – An independent review of World Bank performance is urgently needed, according to a new analysis released today by Chairman Jim Saxton of the Joint Economic Committee (JEC). According to the new report, the World Bank's own evaluation of its improving performance lacks credibility, noting "when the auditors are captive, when the timing of judgment is premature, when the criteria are faulty and when the numbers are selectively chosen – then the conclusions are worthless." In recent years questions about the effectiveness of the World Bank have generated much controversy, including within the World Bank itself.

"The effectiveness of the World Bank and its programs merit close scrutiny," Saxton said. "The high failure rates of past World Bank projects should never have been tolerated, and waste of this magnitude is inexcusable given the widespread poverty in much of the world. According to the World Bank, its recent performance is satisfactory, but this finding appears quite dubious and should be subject to truly independent corroboration."

The analysis released today points out that the Bank appraises results based on a "likelihood" of an outcome surmised by the World Bank loan officer at the final disbursement of funds, "often years before physical plants are up and running." As the report notes, "what the Bank proclaims as results are really only projections made at a moment when optimism is high."

The report also observes, "Seldom does the Bank return to inspect long-term project success. Though the Bank devotes significant resources to the supervision of the procurement of inputs, little effort is expended to measure the effective, concrete product of programs."

"As we all know, an audit of performance must be performed by an independent body to be credible and objective," Saxton said. "Just because the World Bank claims it is working well is not sufficient. As the report says, a small portion of any new funding for the World Bank should be devoted to evaluating its performance in helping the world's poorest. I look forward to examining these and other issues of international economic policy at the JEC hearing tomorrow," Saxton concluded.

The report, *Are World Bank Claims of Success Credible?*, was authored by Dr. Adam Lerrick, director of the Gailliot Center for Public Policy, Carnegie Mellon University.

**HEARING TOPIC:** Reform of the IMF and World Bank

**TIME:** 10:00 a.m.

**DATE:** Wednesday, March 6, 2002

**ROOM:** 311 Cannon House Office Building

**WITNESSES:** **Allan H. Meltzer**, Chairman, International Financial Institution Advisory Commission (IFIAC); Professor, Carnegie Mellon University  
**Adam Lerrick**, Senior Advisor to the Chairman of the IFIAC; Director of the Carnegie Mellon University Gailliot Center for Public Policy  
**C. Fred Bergsten**, Director, Institute for International Economics; Member, IFIAC  
**Jerome I. Levinson**, Distinguished Lawyer in Residence, Washington College of Law, American University, Member, IFIAC

For more information on IMF and World Bank reform, please visit the JEC website at [www.house.gov/jec](http://www.house.gov/jec)

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