

Africa after the Africa Commission: What Priorities for the German G8?



Working Group Report

Voice in international institutions

Simon Burall

Simon covered four areas in his presentation:

- Africa's lack of voice at inter-governmental fora;
- Why this is important;
- The implications for key global public goods discussions;
- What the G8 can do.

He argued the African voices are missing in the Bretton Woods Institutions, set up 60 years ago, when the world was very different. Their governance structure does not reflect the world today.

He presented some contrasting figures. Whereas Africa and the developed nations have almost equivalent shares of the global population, African countries have only 6% of votes at the World Bank compared to developed nations' 46%. African countries make up only 20% of the Security Council compared to 40% for the developed nations, each of which also has a veto.

Simon used the example of climate change to illustrate his point about imbalance in representation at fora where decisions are made about issues that will affect Africa (and other developing regions). A 2 degree rise in temperature would vastly reduce the area of land in Uganda suitable for coffee cultivation. Coffee is a key cash crop. Yet Uganda is not adequately represented at fora where it could influence decisions on climate change action.

He asked which is the best forum for discussing issues like climate change. The Security Council has been challenged on its mandate to deal with this issue. Discussions end up being about legitimacy and this weakens any resolutions made.

He concluded by asking what it is realistic to expect the G8 to do and argued that the G8 should:

- Acknowledge that its membership is too narrow;
- Make the G20 the main forum for discussion of global economic and other public good type issues;
- Open global dialogue beyond the G20 to address genuinely global issues;
- Strengthen Parliaments and civil society organisations to hold their;
- Strengthen Parliaments and civil society organisations to engage in global public policy debates;
- Ensure sufficient access for both parliamentarians and civil society actors at global policy forums and within global organisations.

Jeff Powell

Jeff began by saying that the main issue is democracy at the World Bank and IMF and that it is now the case that most of the IMF's income comes, in fact, from poorer not richer countries. In 2002, 75% of contributions to the IMF came from debtors compared to 25% from creditors, showing a complete reversal of the ratio in 20 years.

He outlined 4 areas of recommendation:

1. Chairs and shares;
2. Leadership selection;
3. Board transparency/accountability;
4. Policy space.

He argued first that basic votes are not enough. The current proposal to triple basic votes is a red herring. It would, in fact, decrease developing countries' share of votes, if it is accompanied by proposed reforms to the quota formula. He then went on to summarise various proposals about the formula by which votes should be allocated. The US and EU positions actually see a decrease in developing country representation; while the G24 position sees an increase for developing countries, though the smallest countries may see losses. The proposal by David Woodward for the G24 gives weight both to population and the principle of one country – one vote.

He outlined the Bretton Woods Project position. They argue for a 'state-weight double majority'. This multiple majority is a decision rule that requires the achievement of two separate majorities for a resolution to be accepted. It increases the incentive for coalition-building. He pointed out that international institutions, such as the European Union, the GEF, and the other MDBs already use double majority voting systems.

On leadership selection, Jeff quoted DFID "*The practice of picking the heads of both institutions based on nationality should end – presidents should be chosen on merit.*"

On Board transparency and accountability, he argued three points:

- Establish a committee of the Board of Governors to review performance of the Executive Board;
- The Executive Board should design a process of assessment of the Managing Director;
- Transparency policies are needed based on presumption of disclosure, strict exemptions and independent appeals procedure. Board transcripts should be available after 6 months, not the current 10 years. It has even been suggested that meetings should be broadcast. There is no need for such a high level of secrecy.

On policy space, Jeff reminded the audience of the G8's 2005 communiqué: "*we agreed that poor countries must decide and lead their own development strategies and economic policies*".

Discussion

The following points were discussed:

- The 10 year rule on releasing transcripts and the need for developing country civil society to put pressure on their governments to provide information about how what they say at inter-governmental meetings;
- How are developed countries supposed to create change in the South? Via conditionality? Via independent organisations such as Panos building capacity in specific areas (in this case the media)? By strengthening parliaments?;
- The breadth of the G8 mandate;
- The breadth of a G20 mandate;

- The Paris Declaration on Aid Effectiveness and its role as a vehicle for countries to decide their own priorities;
- Questioning what the Bretton Woods Institutions are really for now, given that they were created 60 years ago;
- The IMF should not be involved in low income countries at all. It's original mandate was to assist during balance of payments crises, not with structural problems;
- How governance structures at the IMF and World Bank affect development and governance in developing countries;
- Political will to reform at the Bretton Woods Institutions may be low but at the moment the IMF and World Bank are dependant on developing countries for financing and this is a good opportunity to push for reform;
- The IMF should be disbanded and the World Bank should take over some of its functions.

Group exercise

Participants discussed the messages they would send to the G8 in two groups. These were then summarised into 4 messages for the G8. The following points were made:

- The G8 should stop meeting;
- Leadership should come from the G24 or BRICs;
- The IMF should be more of a credit union with the only members being borrowers;
- Should effort be concentrated on reform or on something more radical?
- G8 legitimacy and expansion. Expansion would increase African countries' representation;
- Citizens need to know what their governments are saying at inter-governmental meetings;
- China's influence on Africa.

Key messages to the G8

- Leadership at Bank and Fund
- Consult on governance
- Proper oversight of Executive Board and staff
- Greater transparency