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WHO'S MINDING THE STORE?

**Legislator Oversight of the
Bretton Woods Institutions**

October 2004



**Campagna per
la riforma della
Banca Mondiale**

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1.0 EXECUTIVE SUMMARY

International economic and political relations have become increasingly integrated over the last sixty years, resulting in a significant transfer of power from the national to the multinational level. National independence and policy-making is yielding to increasing global interdependence, cooperation and compromise.

The declining authority of national democracies has not given way to democratic decision-making at the multilateral level, however. Mechanisms for accountability are absent or inadequate; there is no authoritative central rule-making body but rather a multitude of often poorly coordinated international laws, standards, treaties, regulations, agreements and institutions. The globe is dominated by supra structures including: the United Nations system, the World Trade Organization, the International Monetary Fund (IMF) and the World Bank, all of which are either unable or unwilling to respond adequately to the challenges of an increasingly integrated world.

The spaces between the institutions that have been established to govern the globe and the citizens on whose behalf the institutions operate form a “democratic deficit” in global governance. Global governance may be defined as a “framework of rules necessary to tackle global problems guaranteed by a set of institutions including both international organisations and national governments.”¹ At present,

the trail of public accountability is from governments to legislatures at the national level and from intergovernmental organisations to intergovernmental boards, composed of government representatives, at the multilateral level. The result is a world becoming, paradoxically, more and less democratic.

The World Bank and the International Monetary Fund² are the two most powerful financial institutions in the world. The IMF dictates economic, finance and social policy to over 100 developing country “members”, yet is effectively governed by a handful of industrialized country governments. The World Bank is the world’s largest public “development” institution, yet along with the IMF and bilateral donors, forms a

creditor’s cartel, which significantly undermines space for both democratic engagement and meaningful development in recipient countries.

To explore the extent of the global democratic deficit with respect to these institutions, Halifax Initiative, with the assistance of Agir ici and Campagna per la riforma della Banca mondiale, conducted a written survey of World Bank and International Monetary Fund Executive Directors and Alternate Executive Directors of seventeen

industrialized countries.³ The purpose of the survey was to determine how each official is accountable to legislators and to what extent national legislatures maintain democratic oversight of the institutions.

“Most people do not know what is being done in their name at the global level. Even elected legislators know little about the international bodies to which their nations belong. Yet global rules matter more than ever.”

Titus Alexander,
One World Trust

¹ “About Us”. Centre for the Study of Global Governance. <<http://www.lse.ac.uk/Depts/global/AboutCsG.htm>>

² Collectively known as the “Bretton Woods institutions” or BWIs.

³ Australia, Austria, Belgium, Canada, Finland, France, Germany, Italy, Ireland, Japan, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom and the United States.

While legislator authority and practice varies between countries, the extent of democratic oversight of the World Bank and IMF by legislators in the countries surveyed is weak. Legislators, like the citizens they represent, have minimal, largely non-binding influence over the institutions. Legislators are inadequately aware, unevenly informed and largely not consulted on issues related to the World Bank and IMF. The democratic link to bind citizens and institutional decision-makers is therefore fragile, at best.

The key findings of the survey are:

1. Legislators are largely not engaged in the selection of the most senior national Bretton Woods institutional officials.
2. National level priority setting and decision-making, while potentially guided by broad non-binding policy advice gained through the infrequent meetings of parliamentary or congressional committees, is a matter between the executive branch of government and its lead ministry. The World Bank or IMF Executive Director or Alternate and members of the constituency, where it exists, may also be involved in decision-making, to varying degrees.
3. Constituency level priority setting and decision-making, in which national and regional positions are reconciled with often diverse constituency member interests, is largely ad hoc and non-transparent.
4. For countries operating under a parliamentary system of governance, recent legislation provides a vehicle for approving financial allocations to the Bretton Woods institutions, not as a means for the adoption of binding policy directives.
5. Annual reports on government activities at the Bretton Woods institutions, produced by most surveyed countries, are

not subject to legislator analysis and debate. Legislators are not involved in decision-making as to what is reported or how.

6. Public participation in the Bretton Woods institutions is broadly limited to the engagement of civil society in ad hoc meetings with government and/or Bretton Woods officials on the occasions of the spring and fall meetings of the institutions or in infrequent parliamentary/congressional hearings or committee meetings which produce non-binding recommendations.
7. Governments do not independently audit their significant financial obligation to the Bretton Woods institutions, including direct financial contributions and callable capital.
8. Legislators have limited access to the Bretton Woods institutions, in part, due to restrictive access to information policies at the World Bank and IMF, which prevent critical documents from being publicly released. Bretton Woods' disclosure policies may be more restrictive than domestic access to information laws.

Legislators and citizens alike should be concerned that the democratic legitimacy of the Bretton Woods institutions is at risk as a result of the gaps in governance identified by the survey. The goals of democratic development internationally and democratic strengthening locally are undermined when gaps in accountability, transparency and public participation exist between national governments and multilateral institutions and within the institutions themselves.

Legislators are responsible to their electorate for international decisions taken in their name. Governments have a responsibility to engage the electorate in decision-making that will affect them. These democratic obligations are being compromised by international governance

shortcomings as evidenced at the Bretton Woods institutions.

In spite of these deficits, global democratic responsibilities remain high, particular for those countries surveyed, due to their disproportionate power in global decision-making. Through their dominance at the World Bank and IMF, the governments of industrialized countries are externally accountable to the millions of citizens in developing countries whose lives are directly and frequently negatively affected by the policies and practices of the institutions. Surveyed countries are signatories to and co-responsible for the implementation of international agreements and covenants, including the Millennium Development Goals, the achievement of which are directly linked to the actions of the Bretton Woods institutions.

If better governance, by definition, means “more transparency, more accountability, and more popular participation in the decisions that count,”⁴ then taking steps to improve these factors is a substantive step towards improvements in global decision-making. As legislators from around the world form supra-national alliances to engage in global issues, and as public concern and coordination grows, the potential for increasing accountability, transparency and public participation in multilateral institutions is enhanced.

Strengthening the capacity and willingness of legislators to engage in democratic oversight of the Bretton Woods institutions is a critical first step to holding governments to account for their actions at, and the collective actions of, the Bretton Woods institutions.

For legislators to gain a measure of political leverage over the multilateral institutions, both the institutions and the executive branches of government must become substantially more publicly accountable. The public and legislators, working together, must demand an end to the democratic deficit in international institutional governance by strengthening the oversight role of legislators.

⁴ Smith, Gordon, and Naim, Moises. *Altered States: Globalization, Sovereignty and Governance*, International Development Research Centre. 2000.
<http://web.idrc.ca/en/ev-5313-201-1-DO_TOPIC.html >

2.0 INTRODUCTION

Halifax Initiative, with the assistance of Agirici and Campagna per la riforma della Banca mondiale, conducted a written survey of International Monetary Fund (IMF) and World Bank Executive Directors and Alternate Executive Directors of selected Part 1⁵ countries in the spring of 2004.

The purpose of the ‘Legislator Oversight of the Bretton Woods Institutions’ survey was to determine how each official is accountable to legislators and to what extent national legislatures maintain democratic oversight over the Bretton Woods institutions. Through the survey, Halifax Initiative anticipated obtaining a broad picture of current practices in order to examine each government’s commitment to accountability, transparency and public participation as it relates to the Bretton Woods institutions (BWIs).

This paper is designed, in part, to assist legislators seeking to understand the current state of relations between democracies in select developed countries and the Bretton Woods institutions. This research was designed to contribute to discussion and analysis of how democratic accountability can be enhanced in multilateral intergovernmental organizations as a means of improving governance of the global commons.

The following countries were invited to participate: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Ireland, Japan, Netherlands, Norway, Portugal, Spain, Sweden, United Kingdom and the United States.⁶ Only Denmark did not respond.

A more detailed rationale and scope of the study can be found in Appendix 1. Answers to the questions posed in the survey are reproduced in Appendix 2, from which general trends are drawn in Section 6.0.

⁵ Part 1 countries are those members of the International Development Association (IDA) of the World Bank, numbering twenty-seven in total, which make payments to IDA of subscriptions and contributions in convertible currencies which may be freely used or exchanged by IDA in its operations. Part 1 members are generally considered the “developed” or “industrialized” countries.

⁶ All surveyed countries responded to all the questions with the exception of Spain, which answered questions associated with government oversight, selection and decision-making.

3.0 THE EMERGING NEED FOR GLOBAL GOVERNANCE

Around the world, countries are becoming increasingly democratic in their governance. In 1974, for example, there were only 39 democracies in the world; by the mid-1990s, there were 117.⁷ At the same time as nation-states have become more democratic, international relations have become increasingly global. While the democratic state is still the institutional foundation for representing the ‘will of the people’, its sovereignty and self-determination co-exist within global imperatives ranging from trade to environment to security.

International economic and political relations have become increasingly integrated over the last sixty years, resulting in a significant transfer of power from the national to the multinational level. With individual nation states facing a host of issues exceeding their capacity, national independence and policy-making is yielding to increasing global interdependence, cooperation and compromise. This shift has led to deep structural change including the creation of hundreds of new international organizations and tens of thousands of multinational firms and non-governmental organizations since World War II.

The declining authority of national democracies has not given way to democratic decision-making at the multilateral level, however. Mechanisms for accountability are absent or

inadequate; there is no authoritative central rule making body but rather a multitude of often poorly coordinated or integrated international laws, standards, treaties, regulations and agreements. This is, in part, due to national level resistance to power-sharing, concerns for the loss of national sovereignty and democratic accountability as well as the inherent difficulties of aligning different traditions of government and law.

At present, the trail of public accountability is from governments to parliamentary institutions at the national level and from intergovernmental organisations to intergovernmental boards, composed of government representatives, at the multilateral level. The result is a world becoming, paradoxically, more and less democratic.

“States need to develop a deeper awareness of their dual role in our global world. In addition to the separate responsibilities each state bears towards its own society, states are, collectively, the custodians of our common life on this planet — a life the citizens of all countries share.”

Kofi Annan, United Nations Secretary General

The spaces between the institutions that have been established to govern the globe and the citizens on whose behalf the institutions operate form a ‘democratic deficit’ in global governance. Global governance may be defined as a “framework of rules necessary to tackle global problems guaranteed by a set of institutions including both international organisations and national governments.”⁸ At present, the globe is dominated by supra structures including the United Nations (UN) system, the World Trade Organization

(WTO), the International Monetary Fund and the World Bank, all of which are either unable or unwilling to respond adequately to the challenges posed by an increasingly integrated world.

⁷ “About Parliament”. World Bank website.

⁸ “About Us”. Centre for the Study of Global Governance website.

While it is the most legitimate global body representing all countries, the UN's important role is constrained by chronic under funding, political inertia and its own democratic deficit, particularly on the Security Council. One hundred forty seven nation states⁹ have ceded vast authority over trade to the WTO, yet it remains one of the most secretive and unaccountable international bodies in the world. The IMF dictates economic and financial policy to over 100 developing country "members", yet is effectively governed by a handful of industrialized country governments. The World Bank is the largest public "development" institution in the world, yet along with the IMF and bilateral donors, forms a creditor's cartel, which significantly undermines space for democratic structures and meaningful development in recipient countries.

In addition to weaknesses in international democratic structures, restrictions placed on legislator engagement at the national level are contributing to frustration with representative democracy. As decision-making has moved further away from national capitals, the scope for parliamentary or congressional oversight of policies and practices has diminished. National constitutional and legislative frameworks, which give primacy to the executive branch of government, result in legislator exclusion from engagement in many global issues, potentially undermining the will of the majority. Along with structural impediments, capacity constraints focus legislators on local and national priorities, at the expense of international ones, which directly affect their constituents.

Dissatisfaction with international institutions, disaffection with national political impotence and the lack of democratic governance at the national and global level has led to increased public protests and declining voter turnout in most developed countries.¹⁰ This growing disaffection is contributing to the rise of both civil society activism and legislator alliances worldwide. Both groups, individually and increasingly in cooperative alliance, are testing new models for democratic engagement that seeks to bridge the gap in democratic governance at the international level by increasing the accountability of international institutions.

The role of legislators in emergent new forms of global governance and enhanced accountability will be examined in Section 7.0. In the following section, the role of the Bretton Woods institutions in global governance will be characterized followed by consideration of the key elements of good global decision-making.

"A democratic system seeks to provide for equal participation of the rich and the poor, or of the strong and the weak, in political processes. Such systems are characterized by voice, transparency, accountability and fairness. In terms of these attributes, the existing arrangements for global governance, are, to say the least, undemocratic."

Deepak Nayyar & Julius Court,
World Institute for Economics
Research

⁹ As of April 23, 2004.

¹⁰ In the United States the turnout of registered voters in presidential elections fell from 96% in 1960 to 51% in 2000, and in the UK from 78% in 1992 to 59% in 2001. UNDP Human Development Report, 2002.p.69.

4.0 THE INCREASING INFLUENCE OF THE BRETTON WOODS INSTITUTIONS

The World Bank and the International Monetary Fund are the two most powerful financial institutions in the world. Initially tasked with financing European reconstruction after World War II (World Bank) and promoting international monetary co-operation through balance of payments support (IMF), both Bretton Woods institutions found themselves increasingly obsolete in the 1970s as commercial banks became more active in international finance. The oil crisis and ensuing debt crisis gave both institutions renewed purpose, as developing nations found themselves near default on commercial loans and without sources of commercial credit. Both the Bank and Fund stepped in to provide new public money to ensure old private loans were serviced.

While its involvement with poor countries had previously been of short duration, the IMF increasingly assumed that crises were reflective of systemic problems requiring longer-term involvement through “structural adjustment” measures. The result was an expansion of the IMF’s role and a deepening involvement in the economic decision-making of developing countries. The World Bank, too, assumed the role of a “development” institution and has become the world’s largest, offering grants, loans or guarantee credits totaling between \$US 15 to \$20 billion annually to over 100 developing countries.

As the influence of the Bretton Woods institutions has grown, so has their direct

involvement in the economic, social and political life of developing nations. By making new loans or debt relief conditional on the adoption of “structural adjustment programmes”(SAPs),¹¹ the World Bank and the IMF effectively impose “free market” economic policies on often reluctant developing countries. Both institutions assert that these policies will stabilize economies and encourage development, though the evidence is strongly to the contrary.¹²

“Today the IMF and WB lend exclusively to developing and emerging economies. Furthermore, their loans are linked to conditions that increasingly impinge on the domestic policies of the state.”

United Nations Human Development Report 2002

SAPs have deepened poverty,¹³ undermined job and food security, threatened public health and education provision, undercut national self-reliance and supported unsustainable resource exploitation. The BWI’s adherence to narrowly defined export-led growth model has widened the gap between the rich and poor globally and within developing countries. Since the 1980s, SAPs have helped create a net outflow of wealth from the developing world, deepening the debt crisis. In 2000, for example, only US \$3.2 billion flowed into sub-Saharan Africa, yet US \$9.8 billion was repaid to global creditors, leaving a net financial

¹¹ The key components of structural adjustment programmes include: privatization of state-owned enterprises; liberalization trade and finance; deregulation; orientation of production to exports; interest rate increases and currency devaluations; fiscal austerity requirements including reduced public spending for social programmes and the overall reduction of the role of government.

¹² Structural Adjustment Participatory Review Initiative Network (SAPRIN). *Structural Adjustment: The SAPRI Report, The Policy Roots of Economic Crisis, Poverty and Inequality*. 2004.

¹³ While global poverty has declined over the past 20 years, the successes are in countries including India and China, which have largely not been subject to the advice of the World Bank and IMF. Based on *World Development Indicators 2004*. World Bank. April 2004.

flows deficit of \$6.2 billion.¹⁴

Reduced Political Autonomy in Developing Countries

If a country attempts to refuse the conditions associated with a IMF or World Bank loan, loans from the other Bretton Woods twin, other international financial institutions, donor governments, and even private lenders will not be forthcoming. Industrialized countries increasingly condition their foreign aid upon a country's adoption of an IMF or World Bank SAP. As a result of this powerful creditor's cartel, the diversity of policy advice and finance options for recipient countries has been reduced, placing severe restrictions on their political autonomy and economic sovereignty.

Through their gatekeeper control over global development finance, the Bretton Woods institutions are threatening the right of legislators in developing countries to govern. By keeping the governments of less developed countries dependent on new infusions of capital from rich countries, the Bank and Fund have made governments more accountable to financial managers than to their own people, undermining both democracy and meaningful development.

Faced with a crushing debt service burden and desperate for either debt relief or new resources to continue to operate, developing country governments have virtually no bargaining power. The right of legislators and citizens to make decisions that will fundamentally affect them is ignored, leading to civil unrest. The governments of recipient countries are forced to adopt sweeping economic and social reform measures, often in contravention of their stated objectives and platforms. Externally imposed conditions and democratic governance cannot co-exist.

¹⁴ Bond, Patrick. "Talk Left, Walk Right: South Africa's Frustrated Global Reforms". 2004.

Democracy Deficits at the Bretton Woods Institutions

The Bretton Woods institutions themselves manifest an internal governance model that is inaccessible, unaccountable and undemocratic. Inequity is the cornerstone of the "one dollar, one vote" BWI governance model. Forty eight per cent of voting power at the IMF, for example, is in the hands of seven executive directors representing their own countries,¹⁵ while the rest of the world has virtually the same voting power. The institutional domination by a minority of member governments, in particular the US, with effective veto power, leaves developing countries voiceless. While championing a technocratic form of "good governance"¹⁶ to the world, neither institution operationalizes democratic governance within its walls.

Neither institution has recognized a basic principle of modern democracy: a citizen's right to know. The Bretton Woods institutions have long been criticized for their lack of transparency, although under public pressure, both have increased access to information.¹⁷ Serious gaps remain, however. Executive Board meeting minutes are not made public at either institution. Formal votes are never taken and thus cannot be recorded. As a result, neither citizens nor legislators have the means to hold Executive Directors and

"Two decades of secret negotiations for structural reforms have removed the political locus for national decision-making away from domestic political checks and balance where citizens have potential influence on public policy."

Canadian Council for International Cooperation

¹⁵ USA, Japan, Germany, France, United Kingdom, Saudi Arabia, and the Russian Federation.

¹⁶ Good governance for the IMF is "...ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption, as essential elements of a framework within which economies can prosper."

¹⁷ In 1993, the World Bank adopted an information disclosure policy, which was expanded in 2001 to include release of documents on specific programmes as well as summaries of board discussions. The IMF remains largely inaccessible to the public, but publishes research papers and limited documentation on activities within individual countries.

Alternates or, ultimately, their governments accountable for decisions taken at the Bretton Woods institutions.

Both the World Bank and IMF have become the “global monopoly providers of policy advice and the gatekeepers of financial resource transfers.”¹⁸

The near hegemonic control of the Bretton Woods institutions over the lives of hundreds of millions of citizens in the developing world is a threat to the evolution of democratic global governance. Without fundamental reform of the Bretton Woods institutions, there can be no evolution of global democratic governance or improved, equitable global decision-making.

¹⁸Canadian Council for International Cooperation. *Reality of Aid 2004: Security and Development*. 2004.p 7.

5.0 TOWARDS BETTER GLOBAL DECISION-MAKING

Global decision-making is unavoidable, yet the questions of who should take global decisions, how they should be taken and who should answer for them remain largely unanswered. If better governance, by definition, means “more transparency, more accountability, and more popular participation in the decisions that count,”¹⁹ then taking steps to improve these factors is a substantive step towards improvements in global decision-making.

Accountability is the process by which individuals, institutions and governments are answerable for their actions and the consequences that follow from them by their members (states, voters, shareholders).²⁰ Accountability helps ensure that decision-makers take responsibility for the impact of their decisions on the lives of others.

The concept of stakeholder accountability adopts an even broader approach noting that the right to hold an organisation to account is granted to “any group or individuals who can affect or is affected by ... an organisation.”²¹ Thus, for example, the World Bank and the IMF can be viewed as accountable to those who are impacted by their policy prescriptions as are the governments in industrialized countries who, through their control over the institutions’ Boards, sanction Bank and Fund policies. Calls for stakeholder accountability reflect a need to ensure that national governments don’t abdicate responsibility for the actions of multilateral institutions and that affected citizens have recourse.

Transparency is a critical component of public accountability. Transparency “empowers

stakeholders to influence decisions that will affect their lives and fulfills the public’s right to know and to understand.”²² Transparency ensures that decisions taken and their enforcement are done in a manner that follows rules and practice that guarantee widespread accessibility and ease of understanding to a wide range of stakeholders. In addition to accessible and understandable, transparent information is relevant to stakeholders, comprehensive and complete, credible and verifiable, consistent and comparable, timely, honest and open, and unfiltered.²³

Involving the public in decisions that affect them improves the quality of decision-making and the likelihood that decisions will endure over the longer-term. By providing to or sharing key roles in decision-making with stakeholders, trust and ownership is built between individuals and groups that have a stake in the final outcome. Factors that build the public trust include:

- meeting with stakeholders early and regularly;
- working with stakeholders on an equity basis, develop a shared context of meaning amongst the different stakeholders;
- openly sharing information that is understandable to all stakeholders;
- responding to community concerns;
- clearly explaining what action will, or will not, be taken to address their concerns,
- keeping communications channels open, involving stakeholders in data gathering and decision-making.²⁴

¹⁹ Smith, 2000.

²⁰ Kovach, Hetty, Caroline Neligan, and Simon Burall. *The Global Accountability Report 1: Power without Accountability?* Charter 99 and One World Trust. 2003.p.10

²¹ Ibid.

²² *Defining Transparency: Expectations and Obstacles* NGO-Industry Roundtable Workshop, Pacific Institute for Studies in Development, Environment, and Security and Global Environmental Management Initiative. October 2001.p.3.

²³ Ibid.

²⁴ United States. Environmental Protection Agency. *Stakeholder Involvement & Public Participation at the U.S.*

The Bretton Woods institutions have long been criticized for their lack of accountability, transparency and public participation. The degree of oversight, engagement and interaction between these institutions and seventeen industrialized country legislators is examined in the following section.

6.0 LEGISLATOR OVERSIGHT OF THE BRETTON WOODS INSTITUTIONS

The “Legislator Oversight of the Bretton Woods Institutions” Survey focused on four broad components of governance:

- internal decision- making,
- participation of stakeholders,
- financial accountability,
- transparency and access to information

The survey also provided information on who reports to whom and how senior staff appointments are made at each of the institutions.

The chart attached as Appendix 3 summarizes the responses of Executive Directors (EDs), Alternate Executive Directors and government ministry staff that responded²⁵ to the survey. Although all surveys were forwarded to the Executive Director or Alternate, ten country responses were received from lead national government ministries. In the case of the UK, France and Finland, selected non-governmental organizations provided additional information.

Summarized below are general trends based on their comments. The question or questions asked of the respondents is noted by footnote after each section sub-heading.

6.1 Government Oversight of BWIs²⁶

The trend in the seventeen countries surveyed was for the Ministry of Finance or Treasury to have ultimate authority over both the World Bank and the International Monetary Fund. This

²⁵ The Spanish IMF ED and World Bank Alternative ED responded that neither had any practical or functional link with the Parliament of Spain. They therefore responded to only the first four questions associated with oversight, selection, and decision-making

²⁶ **Which government Ministry is responsible for the World Bank? The International Monetary Fund?**

was the case in Australia, Austria, Canada, Ireland, Italy, Japan, Netherlands, Spain, and the United States. In many of these countries, a degree of cooperation or a division of labour exists between the Ministry of Finance and the Development Cooperation ministry and/or the Foreign Affairs ministry as regards the World Bank.

The central or national bank shares the oversight role with the Ministry of Finance for the IMF in Belgium, Finland, Germany, Netherlands, Norway, Portugal and Sweden. Of concern from an accountability perspective, the central bank in most countries, while public on paper to varying degrees, is largely inaccessible to the electorate. That a national institution with limited public accountability should be co-responsible for a multilateral public one marks an important accountability gap. This gap will likely expand as the trend towards increased central bank autonomy from government continues.

Of further concern is a conflict between finance and development objectives inherent in the structure of government oversight of the World Bank. The Bank is paradoxically, both a development institution providing grants to poor countries and a financial institution, which has made a profit from loans to those same countries every year since 1947.²⁷ Only in Germany and the UK, does the oversight authority for the World Bank reside within the Development Ministries exclusively. In all but two donor countries, Development Ministries play a secondary or supporting role to the Finance Ministry as regards World Bank oversight. An institution with a mandate of “ a world free of poverty” is overseen by individuals concerned first with fiscal prudence. Many of those

²⁷ In 2002, World Bank profits were USD \$2.8 billion, in 2003, USD\$ 5.3 billion.

individuals have limited, if any, development experience.

As a result, the World Bank has been consistently criticized, including in its own internal evaluations, for placing the interest of financial management ahead of development concerns. Performance for Finance Ministry-led donors includes hasty project implementation to justify financial allocations and satisfy budget-cutting parliaments or congresses. As a result,

“World Bank operations staffs are geared to an “approval culture”, which aims to move large amounts of money through the system quickly. This approach mitigates against both smaller projects and time consuming activities such as those required to achieve key development objectives including greater in-country consultation, participation and “ownership” of projects.”²⁸

6.2 Open and Fair Staff Appointments - Selection Process for Directors²⁹

National Level Selection

The Executive Director or his/her Alternate is an executive level position responsible for representing the country and/or constituency at the international financial institutions. The EDs intimate knowledge of the BWIs can enable them to set or influence the institutions’ agendas, thus affording them greater powers than the national governing body in specific instances.

Transparency and accountability in the selection of these representatives is essential to ensure the ability of the electorate to scrutinize individuals who may be responsible for significant policy decisions that can affect millions.

²⁸ GEF. *Independent Evaluation of the Pilot Phase*. 1994.p.135. This tendency was also highlighted in the World Bank’s own Wapenhans Report and other internal evaluations.

²⁹ **How are Executive Directors or representatives selected?**

In all but the case of the US, wherein the Senate affirms a presidential appointment, there is no role for legislators in the appointment of the most senior World Bank or IMF staff positions.³⁰ The Executive Director or his/her Alternate is generally a political appointment overseen by the executive branch of government, without legislator or public involvement or scrutiny.

Candidates are drawn from the senior ranks of the lead ministries in Belgium, Canada, Finland, France, Germany, Netherlands, Norway, United Kingdom and Spain (IMF). The central bank has a role in selection of IMF candidates in Austria, Belgium, Finland, Germany, Norway and Portugal. Publicly tendered competitive processes are held in Austria (World Bank only) and in Finland. In the Finnish case, the tendering process is only held if an internal candidate cannot be found within the responsible ministries. The executive branch of government, particularly the minister responsible for the Bank and/or the Fund has final decision-making authority on the appointment in the countries noted above. In the case of Australia and Japan, the cabinet appoints EDs.

“The appointment of country representatives to post in institutions such as the World Bank and IMF, without any transparency, constitutes one of the mechanisms that contribute to form the noted “democracy deficit” of these organizations.”

Rede Brasil

Constituency Level Selection

Of the seventeen surveyed countries, twelve participate in multi-country ‘constituencies’ wherein representation and decision-making is

³⁰ No internal selection process was identified by the Netherlands. No process was identified by Portugal as regards the IMF, aside from noting that the ED position is a decision of the Central Bank.

shared between a number of countries.³¹ When the country appointing the Executive Director is a member of a shared constituency, a non-objection basis election is held in the constituency to affirm the appointment. The degree to which the non-appointing members of the constituency have any real right of decision over the appointment was not determined through the survey.³²

Austria (World Bank only), Belgium (World Bank), Italy (IMF), Spain (IMF), Norway (World Bank and IMF) and Sweden (World Bank and IMF) noted that because the ED position rotates between constituency members, each country does not have an Executive Director representative at all times. In these constituencies, candidates are generally nominated by the country that holds the directorship and subject to negotiations with, or elections by, constituency members.

6.3 Equitable Decision-Making

Equitable decision-making occurs when members have a fair say in decision-making. While a determination of what constitutes ‘fair’ necessitates further research among those involved in decision-making, the pattern of engagement provides preliminary reflection of how decisions are made and by whom. Executive Directors and Alternates were asked three questions to assist in determining the involvement of the public and legislators in the decision-making related to the Bretton Woods institutions.

6.3.1 Internal Decision-making Process³³

This question was divided into two components, each requesting information on the decision-

³¹ See Appendix 2 for a listing of constituency groupings.

³² This question will be addressed in a subsequent survey of developing country representatives at the BWIs.

³³ *What is the process of decision-making of Executive Directors or representatives? Comment on process of liaison with government officials, ministers, Cabinet and where ultimate authority rests. Please also process on decision-making within the constituency, if one exists.*

making process at either the national or constituency level. In addition, some countries reported on regional decision-making processes.

National Decision-Making

For those five countries that are the sole member of their constituency,³⁴ all noted that decisions are taken in close and regular consultation with relevant ministries under general policy guidelines provided by the lead and other relevant ministries. Direct instructions from the capital and potentially the responsible minister were provided for matters of a controversial or sensitive nature. Germany and the United Kingdom noted the degree of autonomy offered to their EDs in interpreting policy and conducting negotiations.

For those countries that share a constituency, the process of decision-making was generally coordinated first at the national level within the lead ministry in consultation with relevant subordinate ministries and then at the constituency level. Norway and Sweden noted that the views of the Nordic-Baltic constituency³⁵ are coordinated between the various ministries in the countries through regular and ad hoc meetings and led by the country holding the ED post. A degree of autonomy within the shared constituency structure in the Executive Director’s decision-making was noted by Italy and the Netherlands.

Constituency Decision-Making

Nine of the twelve surveyed countries that share constituencies responded to the question by describing their internal decision-making process. All noted that a range of consultations occur at the constituency level with a goal of developing consensus-based positions. Methods included regular or ad hoc constituency meetings and the preparation of position papers for discussion.

³⁴ France, Germany, Japan, United Kingdom and United States.

³⁵ Composed of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.

The degree to which each decision represented the views of the collective varied. Australia insisted on consensus within its twelve-member constituency, but did not indicate how it was reached or how a position was crafted when it was not. Where no consensus was possible, Austria³⁶ noted that it would not pronounce at Board meetings and Canada,³⁷ indicated it would reflect the range of views before presenting its own position.

Portugal noted that the Italian ED had final authority on any decision. Sweden noted that at the World Bank, its ED was in regular consultation with all the capitals involved in the constituency and that a division of labour on issues existed between each. Sweden also noted the existence of the Monetary and Financial Committee to the Nordic-Baltic Constituency, which meets twice a year to agree on major policy issues for the IMF Board. The Committee is composed of vice presidents from the central banks and state secretaries in the Nordic and Baltic countries.

Regional Organizations Decision-Making

European Union (EU) members noted the process by which EU members coordinated their positions at the IMF through regular meetings of the Sub-committee on IMF and related issues under EU's Economic and Financial Committee (EFC). EFC is a committee that prepares issues for the Economic and Financial Affairs Council (ECOFIN), composed of the Finance Ministers of EU countries. The EU-level coordination on World Bank issues takes place in an informal manner in Washington.

None of the reporting countries noted how positions at all three levels (national, constituency and regional) were reconciled. This absence is of particular concern as position taking among diverse constituencies often reflects the will of the strongest at the expense of

³⁶ In a constituency that includes Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey

³⁷ Canada shares its seat with Ireland and eleven Caribbean countries.

weaker nations. The constituency structure, based as it is on the relative economic weight of the member nations, makes it possible for nations to be forced into positions that they do not support by processes which are not transparent and to which no one accounts.

No respondents indicated that legislators were involved in any aspect of decision-making at the institutions or in the various regional or constituency groupings.

6.3.2 Basis for decisions³⁸

The various degrees of Executive Director autonomy in decision-making were reflected in responses to the question: 'On what basis are decisions taken?' In Spain, the opinions expressed by the ED represented the position of the national authorities only, as the ED was not involved in the decision-making process. In most other countries, however, broad policy guidance emanated from responsible ministries with additional guidance being provided by specific policy papers³⁹ and/or parliament⁴⁰ and a degree of autonomy left to the ED, particularly in administrative matters. Specific decisions were taken often in close consultation with responsible ministry officials or via direct instructions from capitals. A strong degree of Executive Director autonomy in decision-making was noted only by Austria.

Canada noted that the basis for decisions included "a desire to keep the financial institutions healthy", which reflects the priorities of the Finance Ministry that governs it. Australia stated that it aimed to adopt a position which best served the World Bank's interests as well as its own. All other countries noted national objectives as the key basis for decision-making.

³⁸ *On what basis are decisions taken? Which government objectives, parliamentary or legislative directives, consultation processes with government, outside groups, determine decision-making?*

³⁹ In Finland, Japan, Sweden and United Kingdom.

⁴⁰ Sweden will begin consulting Parliament prior to spring and fall BWI meetings effective autumn 2004. Netherlands consults with Parliament prior to semi-annual IMFC meetings. Italy and Germany noted the role of Parliamentary committees in decision-making.

Regarding constituency decision-making, only the Belgium representative spoke of the need to reconcile diverse perspectives in decision-making. The Netherlands ED claimed it was impossible to compile an overview of constituency response.

EU members Ireland and Portugal noted the need for common positions to be developed at the EU, but neither spoke of how those were reconciled within their constituencies. In the case of the Irish constituency, reconciling EU interests with a constituency led by non-EU member, Canada, which is more often responsive to US geopolitical interests and direction, deserves further scrutiny.

Civil society were regularly engaged in discussions with relevant ministry staff on BWI policy in Canada, Finland, France, Germany and Japan, often on the occasion of the spring and fall meetings of the BWIs. Sweden indicated that it would begin consulting with civil society regularly before BWI meetings as mandated in its new “Shared Responsibility” policy framework, passed in 2003. Ad hoc meetings with civil society were noted in the responses of Australia, Austria, Italy, the United Kingdom and United States.

The degree to which these meetings between officials and civil society have an influence over policy-making was not examined in the survey and will be the subject of further research.

6.4 Stakeholder Participation

The meaningful engagement of a broad range of stakeholders in the decision-making of government is a critical means by which accountability can be enhanced. The involvement of elected officials and the electorate in decisions on a country’s policy towards a multilateral institution can help build ownership and support for the institutions’ work as well as provide a means to ensure compliance by providing a watchdog function.

As noted previously, the survey did not attempt to measure the quality of participation or the degree to which stakeholder policy advice was incorporated into government or institutional decision-making as this judgement is to be made by stakeholders in subsequent research.

The survey assessed the avenues for public and legislator engagement by examining the use of parliamentary/congressional committees to debate BWI related issues and the passage of legislation related to the institutions in recent years.

6.4.1 Legislator committees⁴¹

All surveyed countries, with the exception of Portugal and Spain,⁴² reported that they have ad hoc or standing parliamentary or congressional committees that considered matters pertaining to the World Bank and IMF. All of those with standing committees noted that while the committee meets regularly, matters related to the BWIs are considered only intermittently. Respondent noted that, while potentially influential, the advice of these committees is non-binding on the government.

The committees considering BWI matters were primarily those associated with Budgets/Appropriations, Finance/Treasury or Foreign Affairs. Only Finland and the United Kingdom have standing International Development Committees. Issues addressed by these committees included budgetary/appropriations review associated with capital subscription increases or concessional window replenishments, special hearings

⁴¹ ***Are there Committees within the Parliament/Congress that study, debate or hold hearings on international financial institution issues? If so, which Committees? Do these Committees meet regularly or intermittently? On what issues? Do these Committees invite civil society organizations to submit information for their deliberations? Can civil society organizations outside the country offer submissions?***

⁴² The Portugal IMF ED responded “no” to the question, with no further details. The Spanish IMF ED and WB Alternative ED responded that they had no practical or functional link with the Parliament of Spain and could therefore not respond.

including financial architecture and financial crises, and the review of annual reports or development policy.

Regarding public engagement in the committee hearing processes, Australia, Austria, Canada, Italy, Germany, Norway, the United Kingdom and the United States noted that civil society organizations are invited to make submissions or provide information for the committee deliberations. France does not invite civil society to appear before its committees. Sweden will consult civil society prior to spring and fall annual BWI meetings, effective autumn 2004.

Representatives from Belgium, Finland, Ireland, and Japan did not respond to the question on whether civil society could participate in committee hearings, though Japan did note that parliamentarians could invite whatever personnel it deemed necessary to participate in hearings.

6.4.2 Parliamentary/Congressional legislation⁴³

Belgium, Ireland, Italy, Sweden and the United States representatives responded that legislation related to the Bretton Woods institutions had been passed in the last five years.

Belgian legislation requires the yearly reporting on how the Bretton Woods institutions are meeting the Millennium Development Goals through their activities. The Swedish Parliament adopted a policy for global development in 2003, which broadly includes the Bretton Woods institutions. Ireland and Italy noted that financial legislation related to replenishments is or has been before parliament.

Only the United States noted that Congress had passed very specific legislative mandates prescribing binding US policy goals for the World Bank and IMF. The twenty-eight mandates included, "Trafficking in Persons, Clean Coal Technology, War Criminals,

⁴³ *Has Parliament/Congress passed laws or motions setting direction for the government at the World Bank and/or IMF in the last 5 years? If yes, on what issues and in what context?*

Terrorism, Narcotics, Religious Persecution, Short- and Medium- Term Financing, Misreporting, Premium Pricing, User Fees, Procurement and Financial Management Reform, IMF Operational Budget, and US Executive Director Salary." ⁴⁴

Binding commitments such as legislation provide one means by which governments can be held accountable for their actions at the Bretton Woods. That few countries have passed legislation directing specific policy objectives to the BWIs may contribute to the inability of legislators to effectively monitor or influence the Bretton Woods institutions.

6.5 Financial accountability⁴⁵

It is an essential part of democracy that a government regularly be held accountable for the way public monies are spent. Financial accountability involves clear, complete, accurate and timely reporting on the use of resources entrusted to government as well as a description of how their use met government objectives. An independent audit serves to ensure control of all funds and an annual financial report provides insight into the status of assets, liabilities, income, expenses, and net assets.

While both the World Bank and the International Monetary Fund produce annual audited financial statements, Canada was the only surveyed country that had conducted an independent audit of its contributions to the institutions. Other countries noted that while responsible ministries reviewed expenditures to and/or activities of the Bretton Woods institutions, but no formal audit was conducted.

While the Canadian Finance Ministry officials did not respond fully to the survey's request for details regarding the audit, a closer examination of the auditor's report provides insight into significant accountability gaps.

⁴⁴ Appendix 3. p.46.

⁴⁵ *Does or has the audit committee of Parliament/Congress or audit department of Government review(ed) the financial operations of the World Bank and/or IMF?*

The Auditor General of Canada conducted its first and only audit of the contributions made to the World Bank and IMF in 1992. The goals of the audit included determining how participation was achieving Canada's objectives, to review risk management, to examine information flow and coordination and to determine whether there is adequate disclosure and accountability to the parliament for Canada's participation in the institutions.

The Auditor questioned the lack of analysis of the cost-effectiveness of participating in the Bretton Woods, noting that there was no reference to the results expected of payments made to the institutions. The Auditor raised concerns about the World Bank's low loan loss provision rate given the Bank's own assessment regarding the high risk, non-accrual and rescheduling levels in its loan portfolio. The Auditor felt that, in spite of the Bank's own auditor's confidence in these numbers, further evaluation and assessment by G7 members was required.

Regarding financial accountability, the Auditor General stated,

*"We are concerned that, because of the vote wording in the Appropriation Act, Parliament is not made fully aware that it is approving a significant financial commitment of callable capital subscriptions when it approves payments to the World Bank."*⁴⁶

Regarding annual reporting to Parliament and the public, the Auditor General noted that improvements had been made but that

"...[A]ll this information is not sufficient. The reports... do not give measurable objectives, targets and actual results of Canada's participation. Information on the financial commitments from Canada's

*participation is diffused and sometimes unclear."*⁴⁷

The Auditor noted that communication between relevant Ministries responsible for oversight of the World Bank was informal and undocumented, without terms of reference or minute taking.

Canada's independent audit provided evidence of incomplete and potentially misleading financial reports, unaccountable officials, unreported financial risks and absent cost-effectiveness rationale for the allocation of billions of dollars in taxpayer resources to the World Bank and other development banks.

"We expected Parliament to receive relevant, complete, accurate and understandable information on the costs, mechanisms and outcomes of Canada's involvement in the Bretton Woods and related institutions...so that Members of Parliament can review and approve government proposals concerning Canada's participation in these institutions."

Auditor General of Canada

That in sixty years of Bretton Woods operations, only one developed country of the seventeen surveyed had done an independent public audit to examine its financial relationship to the institutions, reveals a significant gap in financial accountability. These seventeen countries account for USD \$97.86 billion in callable capital to the World Bank IBRD alone.⁴⁸

⁴⁶ Auditor General of Canada. "Participation in the Bretton Woods Institutions and in the European Bank for Reconstruction and Development". 1992. para 12.6.

⁴⁷ *ibid.* para 12.85.

⁴⁸ From June 30, 2004 Statement of Subscriptions to Capital Stock and Voting Power from "IBRD Financial Statements and Internal Controls Report". World Bank.

6.6 Transparency – Access to Information

To help determine the degree of information provision to legislatures, Executive Directors and Alternates were asked whether the national government prepared annual reports to legislatures on the activities of the national representative at the Bank and the Fund. They were also asked how access or freedom of information laws restricted information on the Bretton Woods institutions.

6.6.1 Reporting to Parliament/Congress⁴⁹

Of the sixteen countries that responded to this question, twelve reported that the government prepared an annual report to Parliament on the activities of one⁵⁰ or both of the Bretton Woods institutions, which is made available to the public.⁵¹ Belgium and Sweden noted that these reporting requirements are new and in the case of Belgium, will not take effect until 2005.⁵²

The reason and purpose of the reports ranged from either a requirement of a Bretton Woods or related act, as part of the general reporting requirements of responsible ministries, as special issue papers or as a prelude to budget discussions. The content of the reports also varied widely, from short summaries in Germany to more detailed documents that described the activities of the institutions, financial contributions to them, positions taken by Executive Directors or Alternates on selected issues, project summaries and even staffing complements in the Italian report. Germany also produces a “more substantive”⁵³ report on the

⁴⁹ *Does the government submit an annual report or reports to Parliament/Congress on the World Bank and/or IMF? Is there debate or discussion of the report(s) in Parliament/Congress? What is the purpose of the report(s) and what information is contained in the report(s)?*

⁵⁰ The UK reports only on the IMF.

⁵¹ Several countries, including Canada, France, Japan and the UK noted that copies of the annual report are posted to the internet.

⁵² Belgium has been a member of the World Bank IBRD since 1945, Sweden since 1951.

⁵³ Appendix 3. p39.

World Bank every three years within a report on the government’s development cooperation policy and objectives.

Recent legislation passed in Italy requires the Treasury Ministry to provide to parliament a much more detailed accounting of its activities, including policy and strategic approaches, than it had previously:

“...within the yearly report on the participation of Italy in the international financial institutions (IFIs)/ multilateral development banks, [provide] a three-year programmatic outlook, including political/strategic goals of Italy in the IFIs, evaluation of efficiency of operations and, if possible, an account of Italian voting positions.”⁵⁴

With the exception of Germany, Norway and Japan, surveyed countries do not hold legislator debate on the annual reports they produce. With no forum for debate, there is little opportunity for meaningful public scrutiny, engagement or input nor any means to hold government’s to account for the information it provides. Efforts at transparency fall short when scrutiny is absent.

Netherlands, Portugal, Austria and the United States do not produce annual reports. The United States provides ad hoc reports on selected issues to Congress “and often, the public.”⁵⁵ The Secretary of the Treasury provides annual testimony on the implementation of legislative mandates in the IMF. Austria provides oral reports on BWI activities on the occasion of spring and annual meetings of the institutions.

Issue-specific legislator debates have been held in many countries, with the most often cited recent examples occurring post-Asian crisis when the role of the IMF was under global scrutiny. Japan and Sweden noted these debates in their responses.

⁵⁴ Text provided by Martin Koehler, Campagna per la riforma della Banca mondiale. Oct 13, 2004.

⁵⁵ Ibid. p.40.

While an analysis and comparison of the contents of the annual report is beyond the scope of this paper⁵⁶, some have been criticized for being less of a report on a country's participation in the institutions than a report on the operation of the IMF and World Bank themselves.⁵⁷

Parliamentarians in France responded to the vagueness and inaccuracies in the government annual report by producing a counter-report of their own for the first two years the government report was produced.⁵⁸ As a result, more recent government reports present greater detail and respond to recommendations of previous parliamentary reports. As noted in the Canadian independent audit of 1992, public reports at the time and prior lacked measurable objectives and clarity in financial reporting.

6.6.2 Access To Information Laws⁵⁹

The discriminatory and arbitrary nature of the decision-making on what constitutes sensitive information has been of public concern for many years. Freedom of information laws in individual countries surveyed generally exempt information deemed 'sensitive' to international relations or information received in confidence by third parties. This broad umbrella of non-specific, arbitrary and subjective criteria allow for sweeping restrictions on a wide range of information, including access to government activities as they relate to the BWIs.

⁵⁶ Respondents were not asked to assess the quality of the reports produced and the utility of the information provided, as this is a judgement to be made by the public in a subsequent survey.

⁵⁷ For an analysis of the Fourth Annual Report on Ireland's Participation in the IMF and World Bank, please see <http://www.debtireland.org/resources/index.htm> under Papers: Briefing Papers.

⁵⁸ The final of the two reports, "Contribution of the High Council for International Cooperation for the Finances Committee of the National Assembly on the Third report to Parliament on the activities of the International Monetary Fund and the World Bank", was produced in November 2001.

⁵⁹ ***Does your national access or freedom to information laws exclude information on government activities as it relates to the World Bank and/or IMF? If so, what information is restricted?***

The Bretton Woods institutions have highly restrictive information disclosure policies, effectively limiting public information to general information and research documents that are made available on their website. The BWIs keep confidential critical documents related to decision-making, apply inappropriate timelines for information release, and fail to provide translation into local languages of many key documents.

It was difficult to determine from responses provided as to whether national or BWI information restrictions were most limiting of the public's right to know as respondents indicated that they were bound by the terms of each, without providing specific detail. Many respondents noted that in line with the institution's disclosure policies, confidential information received from the Bank and Fund is already restricted, though only Germany indicated that the BWIs restrictions were potentially more rigorous than its own. The German response stated, "Nondisclosure of documents is at the request of certain creditor governments rather than to regulations in German law."⁶⁰

As to whether the BWIs were specifically exempted in national legislation, Austria, France, Germany, Italy, Japan, Netherlands, Portugal (IMF only) and the US noted that there was no specific exclusion for government activities related to the BWIs, while noting the general national access criteria above.

The UK noted that national restrictions on BWI information disclosure would take effect in 2005 though no specific details were provided regarding the extent and terms of the new legislation. Canada noted that materials would be restricted beyond existing BWI provisions under Canada's Access to Information policy if they were judged to be harmful to Canada's relations with the two institutions. Again, no criteria for that judgment were provided. The Australian ED noted that its laws were potentially more

⁶⁰ Appendix 3. p.44.

exclusive than the BWIs based on the above noted ‘international relations’ criteria.

Sweden stated that the release of information on constituency or BWI activities needed to be approved by all countries in its constituency first, though no criteria or process was outlined, nor relationship to national legislation indicated.

Regarding what information was restricted, no survey participant provided any details.

A determination of whether domestic or Bretton Woods’s information policies were most restrictive was not possible given the insufficient information provided by respondents. An example of the highly restrictive nature of the BWI information disclosure policies, however, is worth noting.

Halifax Initiative was able to access, through Canada’s Access to Information Act, advice provided to the Canadian government by the IMF in 1994. The Fund recommended structural adjustment measures including anti-inflationary monetary policies; fiscal austerity; more flexible labour markets and privatization of publicly owned enterprises, all of which were incorporated by the government in its 1995 budget.⁶¹ This information could not have been accessed through the IMF.

⁶¹ “SAPs in Canada”. Halifax Initiative. 2001.

7.0 THE ROLE OF LEGISLATORS IN GLOBAL AND BRETTON WOODS INSTITUTIONAL GOVERNANCE

In recognition of the growing “democratic deficit”, proposals to democratize international decision-making abound. While calls for transnational democracy or a world parliament may be premature, growing national and international coordination between civil society and legislators as well as between legislators themselves at the regional and international levels is testing new models of democratic cooperation. Legislators recognize and are responding to the gaps in Bretton Woods institutional governance and accountability noted in the previous section.

National elected representatives are increasingly participating in international political networks, legislator alliances, forums, networks and legislative bodies that serve to facilitate issue or regional-specific dialogue. Now numbering in the hundreds, these organizations reflect the desire and ability of parliamentarians and congresspersons to educate and engage on global issues and, in some instances, contribute effectively to regional and/or global policy-making. Their efforts are expanding the traditional role of legislators to hold governments and international institutions to account.⁶² An examination of the role and influence of selected legislator alliances and legislative initiatives follows.

Regional and Issue-Specific Inter Parliamentary Alliances – European Parliament

The European Parliament, composed of 785 representatives from 25 countries with a total population of 470 million people, has perhaps been the most effective regional parliament. It

has evolved from a purely consultative assembly into a legislative parliament, exercising, on the European level, powers similar to those of the national parliaments. Today the European Parliament passes a growing number of European laws in parallel to the Council of Ministers, a body composed of the heads of state of the European Union member countries. However, in most policy areas, and especially in global policy issues, the European Parliament is reactive, responding to legislation originating with the Council of Ministers.

Most regional or issue-specific legislator forums have limited political or legal leverage. They serve as nexus points for information and research sharing, enhanced legislator cooperation and liaison with international institutions. These organizations often seek to contribute to the strengthening of parliamentary institutions and the promotion of democracy as well as regional or issue-specific objectives.

Institutional Critics - International Parliamentary Network on the World Bank

The Parliamentary Network on the World Bank (PNoWB) is an independent non-profit society under French law composed of 190 representatives from 75 countries. It was formed in February 2003 after a series of World Bank-hosted conferences with parliamentarians to educate on the World Bank’s work and discuss development issues. The mandate of the PNoWB is to:

- facilitate and encourage direct dialogue between parliamentarians and multilateral development institutions in order to promote greater transparency of the policies and practices in particular of the

⁶² A list of selected legislator networks, alliances or unions as well as their websites is located in Appendix 4.

World Bank, and to encourage collective accountability;

- provide the PNoWB Members with a platform for coordinated parliamentary advocacy on international development issues;
- encourage concerted action, early debate and exchange of information among parliamentarians on major issues of international development, finance and poverty eradication;
- take initiatives to further cooperate and encourage partnerships among parliamentarians and policy makers, the academic community, the business sector and non-governmental organizations on development issues;
- promote the development of parliamentary mechanisms and practices for the effective democratic control of development assistance in all its phases.⁶³

The PNoWB has no legislative authority but hosts an annual conference and two regional chapters. A sub-committee of the PNoWB known as the Parliamentarians' Implementation Watch (PIW), focuses on promoting parliamentary action designed to speed up progress on the implementation of selected Millennium Development Goals. The PIW's goals are to assess the role, and increase the accountability, of governments and multilateral organizations such as the World Bank, the regional development banks, the IMF, and the UN.

Critics, including members of parliament and civil society organizations, have argued that the PNoWB as a whole lacks focus, is unbalanced regionally,⁶⁴ and is both hosted by and critical of the World Bank. The questionable independence of the network has led to calls by parliamentarian members to separate the initiative financially from its host organization in order to gain credibility. If it can become fully independent,

the PNoWB has the potential to be an effective body through which legislators may critically engage the World Bank.

Influence of Individual Legislatures on the Bretton Woods Institutions

Regarding the ability of individual Parliaments to increase the accountability of the BWIs and advance specific policy goals within the multilateral institutions, Brazil and the United States provide cogent examples.

A bill⁶⁵ before the Brazilian Parliament in July 2004 proposes that the appointment of Brazilian nationals to fill posts in international organizations be subject to confirmation by the upper house. The Senate has power to examine the heads of many intergovernmental organizations including the UN, yet current law does not apply to organizations such as the International Monetary Fund, World Bank and World Trade Organization.

The official parliamentary committee review was favorable to the approval of the bill noting:

“The requirement (introduced by the bill) improves the control exerted by society upon the actions of the government and thus strengthens democracy. The agreements with the International Monetary Fund permeate our choices of economic policy. It is only natural that the Senate be empowered to monitor Brazilian representatives in this and any other organizations.”⁶⁶

Previously, the lack of accountability associated with the appointment of these officials left Parliament and the Brazilian electorate with no means by which to scrutinize these officials, many of which are responsible for changes to Brazilian internal policies that affect the entire country.

⁶³ From Parliamentary Network on the World Bank - <http://www.pnowb.org/>

⁶⁴ With a majority of representation from Europe and Africa and no representation from the United States.

⁶⁵ Bill no. 2785 / 2003.

⁶⁶ “Brazilian Bill Requires Legislative Approval of Country Reps in IFIs” Rede Brasil Press Release July 8, 2004.

The leverage of elected bodies over specific activities of the World Bank and International Monetary Fund is generally very limited. Issue-specific pressure by the largest and most powerful shareholder, the United States, however, has effectively altered policy and practice at the institution. The US Congress has used three types of legislation to promote reform of the World Bank and IMF – funding conditionality, voting restrictions and policy guidance. The results are noted below:

- The World Bank Inspection Panel, a mechanism to enhance public accountability, was created in 1995 in response to public pressure and because the US conditioned its funding replenishment on the creation of the panel and an information disclosure policy.
- The US Congress, again responding to civil society pressure, included language in a foreign aid appropriations bill that required the U.S. to oppose any World Bank, IMF, or other multilateral development bank loan, which includes user fees for basic health or education services. The legislation had an immediate impact. In September 2001, the World Bank issued a revised user fees policy, acknowledging that the fees have prevented poor people from accessing primary schools and health clinics.⁶⁷
- The Pelosi amendment, enacted as part of the International Development and Finance Act of 1989, prevented the U.S. Executive Director of the multilateral development banks from voting to approve any project that would have a significant impact on the environment unless an environmental impact assessment was made publicly available.
- The U.S Senate Foreign Relations Committee held hearings, in May and

July 2004, into combating multilateral development bank corruption. Though not clearly related to the US Committee hearings, two days after the hearings were complete, the World Bank debarred Acres International for corruption in a massive bank-financed dam project to transfer water from Lesotho to South Africa. A previous Bank investigation in 1999 determined that evidence was not sufficient to indicate that the firm had engaged in corrupt practices.

The level of influence of one member country over the Bretton Woods institutions is of serious concern among less powerful countries⁶⁸ as well as civil society groups committed to the democratization of decision-making at the Bretton Woods institutions and against externally imposed aid conditionality. US legislator influence is the result of many factors, including the budgetary appropriations process of Congress and the effective veto power of the US at the BWIs.

The US and Brazilian examples point to the need for legislators to address the structural impediments that affect their authority over national budgetary and legislative processes, which may result in a limited ability to influence the Bretton Woods institutions.

⁶⁷ “The World Bank and User Fees”. RESULTS.
<http://www.results.org/website/article.asp?id=274>

⁶⁸ Including the executive branches of members of the G8.

8.0 CONCLUSION

An examination of oversight mechanisms provides a good indication of a government's commitment to accountability, transparency and public participation and reveals the level of engagement of legislators with the multilateral institutions.

While legislator authority and practice varies between countries, the extent of democratic oversight of the World Bank and IMF by legislators in the countries surveyed is weak. Legislators, like the citizens they represent, have minimal, largely non-binding influence over the institutions. Legislators are inadequately aware, unevenly informed and largely not consulted on issues related to the World Bank and IMF. The democratic link to bind citizens and institutional decision-makers is therefore fragile, at best.

The key findings of the survey are:

1. Legislators are largely not engaged in the selection of the most senior national Bretton Woods institutional officials.
2. National level priority setting and decision-making, while potentially guided by broad non-binding policy advice gained through the infrequent meetings of parliamentary or congressional committees, is a matter between the executive branch of government and its lead ministry. The World Bank or IMF Executive Director or Alternate and members of the constituency, where it exists, may also be involved in decision-making, to varying degrees.
3. Constituency level priority setting and decision-making, in which national and regional positions are reconciled with often diverse constituency member interests, is largely ad hoc and non-transparent.

4. For countries operating under a parliamentary system of governance, recent legislation provides a vehicle for approving financial allocations to the Bretton Woods institutions, not as a means for the adoption of binding policy directives.
5. Annual reports on government activities at the Bretton Woods institutions, produced by most surveyed countries, are not subject to legislator analysis and debate. Legislators are not involved in decision-making as to what is reported or how.
6. Public participation in the Bretton Woods institutions is broadly limited to the engagement of civil society in ad hoc meetings with government and/or Bretton Woods officials on the occasions of the spring and fall meetings of the institutions or in infrequent parliamentary/congressional hearings or committee meetings which produce non-binding recommendations.
7. Governments do not independently audit their significant financial obligation to the Bretton Woods institutions, including direct financial contributions and callable capital.
8. Legislators have limited access to the Bretton Woods institutions, in part, due to restrictive access to information policies at the World Bank and IMF, which prevent critical documents from being publicly released. Bretton Woods' disclosure policies may be more restrictive than domestic access to information laws.

Legislators and citizens alike should be concerned that the democratic legitimacy of the

Bretton Woods institutions is at risk as a result of the shortcomings in governance identified by the survey. The lack of public engagement and transparency in decision-making at the Bretton Woods institutions belies their 'public' nature.

The goals of democratic development internationally and democratic strengthening locally are undermined when gaps in accountability, transparency and public participation remain between national governments and multilateral institutions and within the institutions themselves.

Legislators are responsible to their electorate for international decisions taken in their name. Governments have a responsibility to engage the electorate in decision-making that will affect them. These democratic obligations are being compromised by international governance shortcomings as evidenced at the Bretton Woods institutions.

In spite of these deficits, global democratic responsibilities remain high, particularly for those countries surveyed, due to their disproportionate power in global decision-making. Through their dominance at the World Bank and IMF, the governments of industrialized countries are externally accountable to the millions of citizens in developing countries whose lives are directly and negatively affected by the institutions. Surveyed countries are signatories to and co-responsible for the implementation of international agreements and covenants, including the Millennium Development Goals, the achievement of which are directly linked to the policies and practices of the Bretton Woods institutions.

9.0 RECOMMENDATIONS

If better governance, by definition, implies “more transparency, more accountability, and more popular participation in the decisions that count”,⁶⁹ then taking steps to improve these factors is a substantive step towards improvements in global decision-making. As legislators from around the world form supra-national alliances to engage in global issues and as public concern and coordination grows, the potential for increasing accountability, transparency and public participation in multilateral institutions is enhanced. Given the current shortcomings in oversight, as evidenced by this survey, there is much work to be done.

Strengthening the capacity and willingness of legislators to engage in democratic oversight is a critical first step to holding governments to account for their actions at, and the collective actions of, the Bretton Woods. Unfortunately, however, there is no shortage of demands on parliamentarians and congresspersons. Working with other legislators and civil society, the effort required to improve national oversight and enhance international cooperation can be partially offset by the benefits of collective engagement. Examples of increased government accountability on issues related to the Bretton Woods institutions have resulted from the efficient combination of political and public advocacy between civil society and elected representatives.⁷⁰

For legislators to gain a measure of political leverage over the multilateral institutions, both the institutions and the executive branches of government must become substantially more publicly accountable. The public and legislators, working together, must demand an end to the democratic deficit in international institutional governance.

In an effort to increase the quality of democratic governance at the global level through increased accountability, transparency and public participation at the World Bank and International Monetary Fund, legislators and citizens may wish to consider:

Enhancing Education and Awareness

1. Utilizing the expertise of civil society organizations and movements, educate elected members on the issues associated with the World Bank and IMF through forums, briefings, speaking tours and newsletters.
2. Undertake targeted research on issues of relevance to legislators and their constituents related to the BWIs.
3. Engage in forums such as the Parliamentarians Network on the World Bank with fellow legislators with an emphasis on maintaining the integrity of the network through enhanced independence from the Bank.

Enhancing Cooperation and Engagement

1. Organize parliamentary or congressional caucuses to address the needs of legislators for research, education and advocacy on global issues of relevance for their constituents.
2. Work with parliamentary networks and forums to integrate aspects of concern related to Bretton Woods institutions into their remit.

Enhancing Parliamentary Scrutiny and Authority

1. Work towards the establishment of greater legislator scrutiny of government activities at

⁶⁹ Smith, 2000.

⁷⁰ As noted in the US examples in Section 7.0.

the Bretton Woods institutions using existing and new processes at the national level.

Activities may include:

- i. Work to strengthen legislator committees and independent agencies including commissions to foster more effective decision-making and to monitor the executive branch of government;
- ii. Establishing regular reviews of the Bretton Woods institutions through the appropriate Standing Committee or other representative structure or forum;
- iii. Create new Standing Committees that seek to integrate global issues and address economic, finance, trade and development aspects of issues concurrently rather than by individual ministry or department;
- iv. Establish a Standing Committee with a specific mandate of monitoring international development policies or programmes or the achievement of the Millennium Development Goals;
- v. Ensure a Budgetary or Finance Committee or other appropriate hearing process fully evaluates the implications of financial commitments to the BWIs and on a regular basis;
- vi. Hold regular parliamentary or congressional debates on issues associated with the Bretton Woods institutions including international development strategies as well as recommendations arising from the Standing Committees and the annual report to parliament/congress on the Bretton Woods institutions;
- vii. Undertake an independent audit to assess financial accountability of expenditures to the Bretton Woods institutions and oversee

the implementation of recommendations;

- viii. Evaluate the quality of annual reports and upgrade them to meet public and legislator information requirements;
- ix. Require ministers to appear before the appropriate Standing Committee to defend their annual reports on the BWIs and the government to respond in substance to any recommendations of these Committees in a timely manner;
- x. Encourage legislators to use their access to parliamentary/congressional processes to raise issues relating to BWIs.

2. Work towards the establishment of greater direct legislator scrutiny of the Bretton Woods institutions working both nationally and with international legislators and partners.

Activities may include:

- i. Establish regular dialogues and meetings between national legislator groups and Executive Directors/Alternates and their offices at the Bretton Woods institutions;
- ii. Hold inter-legislator meetings in conjunction with the spring and annual meetings of the Bretton Woods institutions, utilizing the opportunity provided by the gathering of hundreds of government officials and BWI staff from around the world;
- iii. Hold regular parliamentary/congressional hearings on the BWIs to which the Executive Directors/Alternates appear;
- iv. Encourage the engagement of legislators in the Parliamentary Network on the World Bank and a

- broadening and deepening of its work as watchdog and critic;
- v. Expand the mandate of the Parliamentarians Network on the World Bank to include the IMF. The network could become the Parliamentarians Network on the Bretton Woods Institutions;
- vi. Coordinate global legislator advocacy on particular Bretton Woods policies and practices deemed antithetical to the development and enhancement of democracy at the local, national and international levels;
- vii. Provide opportunities for civil society organizations from developing countries to engage with legislators in developed countries on the implications of BWI policies and activities in their countries;
- viii. Enhance political leverage through the use of media and engagement with civil society groups and organizations working nationally and internationally.

APPENDIX 1

Survey Rationale and Scope

The Legislator Oversight of the Bretton Woods Institutions Survey focused on four broad components of governance:

- internal decision- making,
- participation of stakeholders,
- financial accountability,
- transparency and access to information

The survey also provided information on who reports to whom and how senior staff appointments are made at each of the institutions. Other elements of oversight including compliance, independent evaluation and complaints mechanisms are not addressed in the survey.

The Executive Director or Alternate was chosen as survey respondent because each is ultimately accountable to the democratic process in her/his country of origin, as well as, to a lesser extent, the members of his/her constituency. The nature of the relationship between the democratic process, as represented by parliament or congress in each country, and the World Bank and IMF, as represented by the most senior country representative, is what the survey aimed to explore.

While the survey focussed on the relationship between each country and the Bretton Woods institutions, some examination of constituency decision-making provided a preliminary sense of how joint decisions are taken and reflected. Of the sixteen surveyed countries, eleven participate in multi-country “constituencies” wherein representation and decision-making is shared between a number of countries.

The purpose of the research was to begin a process of analysis, not be complete in of itself, and was thus narrow in its scope. Participants were limited to Executive Directors and Alternates from developed countries only, in part, because of preliminary research conducted in this area. It is anticipated that a survey of Part II or developing country Executive Directors will be conducted as part of subsequent research in this area. As noted in the text, an examination of the quality of materials produced for public consumption by governments may also be undertaken subsequent to this report.

Legislators in the targeted countries were not surveyed because many indicated a greater need for, than ability to, provide information on their relationship to the Bretton Woods institutions.

A comparative analysis of the differences between the structure, authority and procedure of the various national legislatures or within different Bretton Woods’s constituencies was beyond the scope of this research.

APPENDIX 2

World Bank and IMF Constituencies

Country	Institution	
Australia	World Bank	Australia, Cambodia, Korea, Kiribati, Marshall Islands, Micronesia (Federated States of), Mongolia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Vanuatu
	IMF	Australia, Kiribati, Korea, Marshall Islands, Micronesia (Federated States of), Mongolia, New Zealand, Palau, Papua New Guinea, Philippines, Samoa, Seychelles, Solomon Islands, Vanuatu
Austria	World Bank and IMF	Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey
Belgium	World Bank and IMF	Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey
Canada	World Bank and IMF	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines
Finland	World Bank and IMF	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden
France	World Bank and IMF	Sole member
Germany	World Bank and IMF	Sole member
Ireland	World Bank and IMF	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines
Italy	World Bank and IMF	Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste
Japan	World Bank and IMF	Sole member
Netherlands	World Bank and IMF	Armenia, Bosnia and Herzegovina, Bulgaria, Bulgaria, Croatia, Cyprus, Georgia, Macedonia (former Yugoslav Republic of), Moldova, Netherlands, Romania, Ukraine
Norway	World Bank and IMF	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden
Portugal	World Bank and IMF	Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste
Spain	World Bank and IMF	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, Guatemala, Venezuela.
Sweden	World Bank and IMF	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden
United Kingdom	World Bank and IMF	Sole member
United States	World Bank and IMF	Sole member

APPENDIX 3

Legislator Oversight of the Bretton Woods Institutions Survey Responses⁷¹

Which government Ministry is responsible for the World Bank? The International Monetary Fund?

Country	Institution	Ministry Responsible
Australia	World Bank	Treasury is responsible for financial policy, budget performance, interna governance, staffing and the monitoring of other key policy issues. The Australian Agency for International Development is responsible for general development policy performance and IDA.
	IMF	Treasury Department
Austria	World Bank	Ministry of Finance
	IMF	Ministry of Finance is ultimately responsible but the National Bank has oversight
Belgium	World Bank	Ministry of Finance with the Ministry of Development Cooperation having responsibility for bilateral partnerships with the World Bank
	IMF	Central Bank working closely with the Ministry of Finance
Canada	World Bank and IMF	Department of Finance
Finland	World Bank	Ministry of Finance with Ministry of Foreign Affairs responsible for certain development issues including IDA replenishments and bilateral partnerships. BWI issues of joint interest are discussed in bi-monthly coordination meetings between the key ministries and the Bank of Finland.
	IMF	Bank of Finland primarily with involvement of the Ministry of Finance
France	World Bank and IMF	Treasury Department within the Ministry of the Economy, Finance and Industry
Germany	World Bank	Federal Ministry for Economic Co-operation and Development
	IMF	Central Bank (financial relations with IMF) and Federal Ministry of Finance (policy including monetary policy and the provision of political direction to EDs)
Ireland	World Bank and IMF	Department of Finance
Italy	World Bank and IMF	Ministry of Economy and Finance
Japan	World Bank and IMF	Ministry of Finance in consultation with Ministry of Foreign Affairs
	World Bank	Ministry of Finance and the Ministry of Foreign Affairs
Netherlands	World Bank	Ministry of Finance and the Ministry of Foreign Affairs
	IMF	Ministry of Finance and the Central Bank
Norway	World Bank	Ministry of Foreign Affairs
	IMF	Ministry of Finance and Norges Bank (the central bank)) share responsibility for relations to the IMF.
Portugal	World Bank	
	IMF	Central Bank

⁷¹ All text in this appendix is provided by the offices of the Executive Director's, Alternate EDs or ministry officials of the countries noted. In the case of Finland, France (no response from ED) and the UK, additional text has been provided by NGOs. Text in italics is comment by the author.

Spain	World Bank and IMF	Ministry of Economics and Finance
Sweden	World Bank	Ministry of Finance with coordination with Ministry for Foreign Affairs
	IMF	Central Bank in coordination with the Ministry of Finance
United Kingdom	World Bank	Department for International Development
	IMF	Treasury Department
United States	World Bank and IMF	Treasury Department

How are Executive Directors or representatives selected?

Country	Institution	Selection Process
Australia	World Bank and IMF	The decision on an ED is made by the Australian Cabinet based on a recommendation by the Treasurer as well as the Agency for International Development in the case of the WB ED position.
Austria	World Bank	The ED position rotates with Belgium. When it is Austria's turn, the position is publicly tendered and selected by the Minister of Finance. The candidate is then approved by the nine member countries of the constituency.
	IMF	Austria holds a permanent Alternative ED position. Alternative ED is nominated by Austrian National Bank and approved by the nine member countries of the constituency.
Belgium	World Bank	Candidates identified through Ministry of Finance recruitment procedures. Final selection is by the Minister of Finance.
	IMF	Candidates identified through Central Bank recruitment procedures. Final selection made in consultation with the Minister of Finance. ED is 'elected' by the countries in the constituency.
Canada	World Bank and IMF	Candidates are drawn from the senior ranks of the civil service. EDs are nominated by the Minister of Finance and formally elected by the constituency.
Finland	World Bank and IMF	Candidates are identified and proposed independently by the Ministries and/or Central bank using their respective recruitment procedures either internally or from external stakeholder groups. The final selection of representative is made by the Minister of Finance.
France	World Bank and IMF	France has one ED for both the Bank and Fund. The ED is appointed by the Prime Minister, the Minister of Foreign Affairs and the Minister of Economy Finance and Industry (EFI). The ED and the alternate are always drawn from EFI staff.
Germany	World Bank	Nominated by the Ministry for Economic Co-operation and Development after an internal selection process.
	IMF	The Ministry of Finance and the Central Bank appoint, alternately, the German ED and his deputy.
Ireland	World Bank and IMF	Ireland does not have any ED positions. All Alternate ED and senior advisors are selected by the Department of Finance and Central Bank, with agreement of the ED.
Italy	World Bank	ED is nominated by the Bank of Italy on the basis of indication by or consensually with the Minister of Economy and Finance.
	IMF	Candidate is nominated by the Ministers of the Economy of the seven constituent countries. Final approval is by the Minister of Economy and Finance. By agreement, the ED of both the Bank and the Fund is always an Italian.
Japan	World Bank and IMF	Cabinet appoints EDs. <i>No internal process specified.</i>
Netherlands	World Bank	<i>No national internal process identified.</i> Netherlands selects candidate, which is then affirmed on a non-objection basis by rest of constituency.
Norway	IMF World Bank	Ministry of Finance and Central Bank officials Executive Directors are selected from the relevant ministry/central bank Ministry of Foreign Affairs
Portugal	IMF World Bank	Central Bank or Ministry of Finance

Portugal	IMF	ED position is a decision of the Central Bank.
Spain	World Bank	
	IMF	ED position rotates between Spain, Venezuela and Mexico. When it is Spain's turn, senior officials of the Ministry of Economics and Finance nominate. Nominee is then 'elected' by the constituency.
Sweden	World Bank and IMF	ED positions are filled through negotiations within the Nordic Baltic constituency and rotate between Sweden, Denmark, Norway, Finland and Iceland.
United Kingdom	World Bank and IMF	The UK has one ED who covers both the Bank and Fund. S/he is appointed by the civil service similarly to other civil service jobs.
United States	World Bank and IMF	EDs are nominated by the President and appointed with the advice and consent of the Senate.

What is the process of decision-making used by Executive Directors or representatives? Comment on process of liaison with government officials, ministers, Cabinet and where ultimate authority rests. Please also note the process on decision-making within the constituency, if one exists.

Country	Decision-Making process
Australia	Within Constituency: All decisions taken by the ED have to be in the interests of all members of the thirteen members of the constituency. A range of consultation goes on with respect to general and specific issues within the constituency. The ED and the ED's office report in full to all members of the constituency on the views the Director and the office express on all issues before the Executive Board. This provides the opportunity for members of the constituency to review and comment on the positions being taken by the Executive Director.
Austria	Within Austria: Ministry of Finance (MoF) may consult other Austrian Ministries (including the Austria Development Agency) or issue instructions directly. Formally, a Parliamentary Subcommittee for Development meets with the MoF and National Bank Governor on the occasion of the Spring Meetings and Annual Meetings of both IMF and WB to discuss agenda and possible Austrian positions. Within Constituency: Position papers are prepared before Board Meetings and discussed within the constituency. If one or more countries have objections to a position, then consensus is sought by the ED; if no consensus can be achieved, the constituency will not pronounce at the Board meeting.
Belgium	Decisions are coordinated at both country and constituency levels. The decisions are made on a consensus basis. Within Constituency: Some EU-level coordination on WBG-issues takes place in Washington in an informal manner.
Canada	Within Canada: The Department of Finance consults with government departments as well as with officials in the Executive Directors offices. Decisions on most operational and policy matters are taken by EDs. Decisions on key operational issues, such as admission of new members, transfers of net income, and payments to special trust fund accounts, are made by formal voting by the Minister of Finance (Governor). Under the Canada's Bretton Woods and Related Agreements Act, the Minister of Finance is authorized to make payments to the World Bank and International Monetary Fund. Parliamentary approval is needed in the case of increases in Canada's IMF quota and Canada's contributions to IDA. Canada's contributions to IDA are provided in the form of demand notes, for which Parliamentary authority is necessary. Parliamentary approval is also needed to accept any amendments to the Articles of Agreement of the two institutions. Within Constituency: ED offices receive input from members of the Constituency on a regular basis as well as those of other stakeholders including civil society. In many cases, the constituency position represents a consensus position. On issues on which the views of the members of the constituency diverge, while the ED is only allowed to have one vote, s/he can articulate the different points of view in addition to casting his/her vote. This practice enables the ED to give voice to minority interests within the constituency and to share with the Bank and Fund staff and with other EDs different perspectives on a particular issue.
Finland	Decisions are coordinated at different levels: first at the domestic level between ministries responsible for the institutions, then at the constituency level. Decisions are made on a consensus basis. Within Constituency: In the IMF constituency, a committee structure exists for coordination process, consisting of Ministry of Finance representatives and central bank representatives from each country. The Nordic-Baltic Monetary and Financial Committee (NBMFC) is the main body, and there also exists a committee of alternates. IMF issues are increasingly coordinated at the EU level. For that purpose, there exists a Subcommittee on IMF and related issues under EU's Economic and Financial Committee (EFC). EFC is a committee that prepares issues for ECOFIN. The EU-level coordination in the WBG-issues takes place in an informal manner.

France	The French position is defined by regular correspondence between the ED and the Treasury. The Ministry of Foreign Affairs is becoming more involved in decision-making, even though power remains in the hands of the Ministry of Economics, Finance and Industry, particularly the Treasury.
Germany	World Bank - The German ED office enjoys a certain degree of autonomy, though ultimately decisions on important issues are taken by the Minister of Economic Cooperation and Development. The Ministry is responsible for the German World Bank policy and has to advocate this policy vis-à-vis other ministers and the Cabinet. Within the Ministry, Division 301 is responsible for the day-to-day business of decision-making. IMF - EDs are subject to directives through Ministry of Finance.
Italy	World Bank - <i>Within Italy</i> : The Ministry of Economy and Finance (Department of the Treasury) gives directives and instructions to the ED with regard to economic and financial issues. A margin of discretionality in the negotiation of ordinary matters remains with the ED. Regarding decisions with political implications, the Ministry of Economy and Finance coordinates with the Presidency of the Council of Ministers and the Ministry of Foreign Affairs to formulate the Italian position and to give directives to the ED. On selected issues, consultations are held with members of civil society. IMF – <i>Within Italy</i> : Decision-making on the IMF follows general lines of Italian economic policy. <i>Within Constituency</i> : Coordination with other EU members is ensured through the Subcommittee for IMF and related issues (a subsidiary to the Economic and Finance Committee) and through regular consultations among the European representatives at the Fund.
Ireland	National policy concerning the BWIs is decided by the Department of Finance, in association with the Central Bank, or other departments, particularly the Department of Foreign Affairs. IMF issues are increasingly coordinated at the EU level. For that purpose, there exists a Sub-committee on IMF and related issues under the EU's Economic and Financial Committee (EFC).
Japan	The International Bureau of the Ministry of Finance prepares instructions to Japanese EDs, in consultation with relevant ministries, where necessary. Important issues such as topics included in the agenda for the Development Committee and the International Monetary and Financial Committee are raised to the Minister of Finance.
Netherlands	World Bank - <i>Within Netherlands</i> : - Ministry of Finance and Foreign Affairs provide instructions to the ED yet s/he has discretion over position taken to Board based on responsibilities to other constituency members. IMF - <i>Within Netherlands</i> : The Finance Minister discusses regularly with parliament prior to IMFC meetings and also on the basis of special topic reports and periodic reports. IMF - <i>Within Constituency</i> : In the preparation of IMF Board positions, there are contacts between the ED's office and the constituency countries' authorities. The aim of this consultative process, which also includes high-level constituency meetings held several times per year to discuss current matters and special themes, is to arrive at balanced positions that succeed in sustaining the support and trust of constituency countries. There is also extensive feedback to constituency countries after the Board meeting, and authorities have full access to the relevant documents. Members of the private sector, civil society and select Parliamentarians are contacted for background input and for communications and accountability on positions taken. The pattern of involvement of countries varies per topic.
Norway	<i>Within Constituency</i> : Nordic-Baltic views are normally coordinated between the various ministries and central banks in the countries. A lead-coordinator, normally the country holding the Executive Director post (Norway in 2004-05), coordinates the various countries' views and agreed text is then sent to the Nordic-Baltic office at the IMF.
Portugal	IMF – <i>Within Constituency</i> : For politically more charged items (policy issues, main country programs and EU-members surveillance), positions reflect guidance received from the main country of the constituency (specifically from the Italian Treasury), and EU authorities to ensure coordination among EU members at the IMF Executive Board. Within the

	constituency, the Italian ED has final authority, with some leeway to make judgments on sensitive political issues.
Spain	The opinion expressed to the Board is prepared in close connection with the Spanish authorities at varying levels depending upon political importance and nature of issue.
Sweden	World Bank - <i>Within Constituency</i>: The ED is in contact with the capitals each week. There is a division of different issues between the capitals in the constituency. The different capitals present drafts and after a process of consultation within the constituency final instructions are agreed upon. Regular meetings are held within the constituency on an ad hoc basis on different political levels. IMF - <i>Within Constituency</i>: A Monetary and Financial Committee to the Nordic-Baltic Constituency meet twice a year to agree on major policy issues for the IMF Board. It is composed of vice presidents from the central banks and state secretaries in the Nordic and Baltic countries. The Central Bank in the country that holds the ED which co-ordinates these meetings.
United Kingdom	General policy lines are set by the ministries in the capital. On individual loan or policy decisions considered to be important instructions are issued from the capital, with ministers involved if there is a particular controversy or sensitivity. While formally all decisions are taken in London, in practice the ED and his staff in Washington have considerable leeway to interpret policy and conduct negotiations.
United States	U.S. Executive Directors and their alternates make voting and policy decisions based on regular communication with relevant officials in the Treasury Department, notably the Under Secretary and Assistant Secretary for International Affairs, relevant Deputy Assistant Secretaries, Office Directors and staff. Other U.S. agencies also provide input for the decision-making process, particularly on country issues where officials based in the field can inform policy.

On what basis are decisions taken? Which government objectives, parliamentary or legislative directives, consultation processes with government, outside groups, determine decision-making?

Country	Basis of Decisions
Australia	<p>World Bank - The briefings provided to Australian representatives at the World Bank on matters coming before the Board are coordinated by Treasury in consultation with relevant Government agencies. The views of non-government organizations are sought on matters of particular interest to those bodies. In establishing an Australian position, consideration is given to a number of factors, ranging from economic prosperity and social welfare to regional and international stability. Ultimately, the aim is to adopt a position which best serves Australian, international and World Bank interests.</p> <p>IMF- Same response as to previous question. All decisions taken by the ED have to be in the interests of all members of the constituency. A range of consultation goes on with respect to general and specific issues within the constituency.</p>
Austria	<p>Decision-making is largely left to the ED who consults Austrian authorities, constituency authorities, Parliamentarians and civil society groups, as necessary. A framework for decision-making is contained in the Ministry of Finance (MoF) Strategy towards IFI. Clarification and interpretation of individual cases is provided by the IFI division in MoF.</p>
Belgium	<p>World Bank - The overall framework for decisions is provided by the Government Programme and consultations among Ministry of Finance (MoF) and Development Cooperation and, in some instances, Ministry of Foreign Affairs. The ED speaks on behalf of ten countries and needs to reconcile various positions. IMF- as above but consultations are between Central Bank and MoF.</p>
Canada	<p>Decisions are guided by the mandates of the institutions. Decisions are taken with due consideration of Canada's broader development, foreign and international financial policies as well a desire to see these two institutions remain financially healthy. Department of Finance officials brief Canadian Parliamentarians on World Bank and IMF issues on request. The Minister of Finance meets with representatives of interested Canadian non-governmental organizations to seek their views on key policy issues. These meetings usually take place in advance of the Spring and Annual meetings of the IMF and World Bank.</p>
Finland	<p>The overall framework for decisions is provided by the Government Programme and specifically on the development aid issues by the Government's Development Policy Programme. In addition, the respective ministries' and Bank of Finland strategy papers provide the framework for decisions at the Bank and the Fund. Finnish Bank and Fund decision-makers hold an information meeting with Finnish civil society regularly prior to Spring and Annual meetings. Civil society also has discussions once or twice a year with relevant authorities at desk level.</p>
France	<p>Decisions are most frequently taken by the ED and the Treasury without consultation with Parliament. In 1999, a consultative authority by the Prime Minister was created to encourage regular dialogue between different actors. The High Council of international cooperation (HCIC) involves NGOs, MPs, scholars, trade unions and civil servants. Parliament and HCIC are informed <i>ex-post</i> of any IFI decisions through an annual report and meetings. Civil society organizations regularly meet the French ED (2 - 3 times a year) and the Treasury (twice a year) on IFI issues.</p>
Germany	<p>World Bank - Decision-making involves the Minister for Economic Co-operation and Development and the Ministry's staff, particularly Division 301. Regular meetings of the Parliament's Budget and Economic Co-operation Committees allow the government to defend its policy vis-à-vis the World Bank. There are also regular meetings of the</p>

	discussed, positions exchanged and common ground found.
	IMF - <i>No information was provided regarding Germany's decision-making process at the IMF.</i>
Italy	Decisions are taken in reference of the political objectives of the government in economic and financial matters and international relations. The legislative and programming/controlling activity of the Parliament and its standing commissions have a role in the definition of the policies of the government. There are no formalized processes with regard to the consultation of outside groups, though associations and other collective groups involved in the activities of the international financial institutions can influence the positioning of the government and the Parliament.
Ireland	Decisions are taken on the basis of Irish and/ or EU policy.
Japan	Decisions are taken in light of the <i>Official Development Assistance Charter</i> , adopted by the Cabinet and revised in August 2003. The Ministry of Finance hosts regularly consultative meetings with representatives of Japanese NGOs to exchange views of the Government's policy vis-à-vis MDBs.
Netherlands	<i>Responses from both WB and IMF ED focused on their inability to compile an overview of constituency practice for this survey.</i> The IMF ED noted that in the Netherlands, the Finance Minister regularly discusses with Parliament prior to IMFC meetings and also on the basis of special and periodic reports, although there was no process noted, nor degree to which decision-making is influenced by it.
Norway	Decisions on policy follow the normal channels of government and central bank decision-making. Relations with the IMF are handled by both the Ministry of Finance and Norges Bank.
Portugal	IMF - Where guidance is provided by national/EU authorities, decisions are taken on the basis of technical and political considerations, including need to have a common position among EU members. Otherwise, decisions are taken on the basis of technical grounds.
Spain	IMF – The opinions expressed by EDs reflect the political stance of the national authorities on any given issue. The ED has normally not been involved in the decision-making process that has been going on nationally even if his opinion will have been taken into account at some point during the process. World Bank – <i>no response.</i>
Sweden	The Swedish policy for global development "Shared Responsibility" is the basis for decision-making in the development of positions at the Bank and the Fund. The policy was adopted by Parliament in 2003 and outlines Sweden's foreign policy framework. The policy was adopted through a broad consultative process over a period of four years. According to the new policy the Government is to report to and consult with Parliament and civil society organizations before the Spring and Annual meetings of the World Bank and the IMF, though it is not clear how or if these processes determine decision-making.
United Kingdom	General policy lines are set by the Treasury and the Department for International Development in the capital. Guidance on these decisions is provided through an Institutional Strategy paper (World Bank) as well as the International Development Act and various white papers (International Development, Globalisation). On individual loan or policy decisions considered to be important, instructions are issued from the capital, with ministers involved if there is a particular controversy or sensitivity. Outside government, there are regular, but ad hoc, meetings with civil society groups on broad policy issues and associated with the Spring and Annual Meetings.
United States	Decisions are made in keeping with U.S. policy objectives for the IFIs, based on economic, financial and budgetary analysis and geared toward international economic and financial relations with other countries. Decisions are aligned with strategic and policy goals as mandated by the President and Congress. Frequently, consultations within and between government agencies (and sometimes with non-governmental entities) are useful tools for decision-making.

Are there Committees within the Parliament/Congress that study, debate or hold hearings on international financial institution issues? If so, which Committees? Do these Committees meet regularly or intermittently? On what issues? Do these Committees invite civil society organizations to submit information for their deliberations? Can civil society organizations outside the country offer submissions?

Country	Committees to address IFI issues
<p>Australia</p>	<p>Yes. There are three principal committees which consider IFI related issues in Australia:</p> <p>1. Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCOFADT) The JSCOFADT considers and reports on matters relating to foreign affairs, defence and trade as referred to it by either the Parliament, the Minister for Foreign Affairs, the Minister for Defence, or the Minister for Trade. The Committee may also inquire into matters raised in annual reports or relevant government departments and authorities, or in reports of the Commonwealth Auditor-General. While the Committee meets regularly, matters pertaining to the IFIs are considered intermittently.</p> <p>2. Joint Standing Committee on Treaties (JSCOT) The JSCOT has been appointed by Parliament to review and report on all treaty actions proposed by the Government before action is taken which binds Australia to the terms of the treaty. While the Committee meets regularly, matters pertaining to the IFIs are considered intermittently.</p> <p>3. Senate Standing Committee on Economics (SSCOE) The SSCOE examines the estimates of annual expenditure of the Treasury, in an attempt to gauge whether revenue is being spent appropriately and efficiently. The estimates are contained in appropriation bills introduced into Parliament as part of the Budget and in additional appropriation bills introduced later in the year. The Assistant Treasurer and Senior Treasury officials appear before the legislation committee to explain expenditure proposals and to answer questions concerning the effectiveness and efficiency of various programs. Within this committee, Australia's financial links to the IFIs are sometimes addressed. Any individual or organisation can make a submission to a Parliamentary Committee. While foreign civil society organisations are invited to make submissions, parliamentary privilege may not apply. Unless the party making the submission requests confidentiality, the submission is normally published after the committee has received, examined and authorized its contents.</p>
<p>Austria</p>	<p>Yes. World Bank - ED visits to Austria (<i>no frequency noted</i>) are accompanied by visits to the Foreign Policy Committee's Subcommittee on IFI where a report is given on the direction of the WB. Civil society associations are frequently present and can submit information and questions. <i>No response on IMF provided. No information on public engagement in committees provided.</i></p>
<p>Belgium</p>	<p>Yes. World Bank - The Governor or his/her representative(s) submits to and discusses with the Finance Committees of the House and the Senate legislation pertaining to financial contributions and/or subscriptions such as IDA replenishments or capital increases of IBRD, IFC or MIGA. The Parliament approves the annual budget for development cooperation, which includes funds for cooperation with BWI's and participation to its operations, including IDA-replenishments. Belgian representative to the Board of the World Bank may be asked to testify in standing or ad hoc committees of the House or the Senate. IMF - Belgian representative to the Board of the IMF may be asked to testify in standing or ad hoc committees of the House or the Senate. <i>No information on public engagement in committees provided.</i></p>
<p>Canada</p>	<p>Yes. The House of Commons Standing Committee on Foreign Affairs and International Trade and the Senate Committee on Foreign Affairs have the mandate to review Canada's</p>

	<p>participation in all international institutions. Matters associated with the BWIs are not regularly discussed by these Committees although they meet regularly. These Committees take submissions from civil society organizations. The House Committee reviewed the operations of the World Bank and other major multilateral development banks in 1995. Increases in IMF quotas provide an opportunity for Parliamentary committees to hold hearings and call outside observers to review Canada's participation in the IMF. In addition, the House of Commons Standing Committee on Public Accounts is charged with reviewing all government expenditures, including Canada's capital subscriptions and contributions to the concessional financing windows at the IMF and World Bank. Finance Committee has also held hearings on select issues related to the IFIs including financial architecture post-Asian crisis.</p>
Finland	<p>Yes. The Minister of Finance or his/her representative(s) visit and inform the Foreign Relations Committee ahead of the Spring and Annual Meetings on current topics for discussion in the Ministerial Committees of the Bank and the Fund. The Parliament approves the annual budget for development cooperation, which includes funds for cooperation with BWI's and participation to its operations, including IDA-replenishments. The Development Policy Committee, a politically selected advisory body, has a formal role in commenting on government development policy decisions and use of ODA-funds, including IDA-allocations. <i>No information on public engagement in committees provided.</i></p>
France	<p>Yes. The permanent Committee for Foreign Affairs and the permanent Committee for Finance and Economy occasionally deal with BWI matters. Civil society does not appear before these committees. Members of Parliament may ask written questions of the government on BWI issues but there is no regular Parliamentary review of BWI issues through a committee structure.</p>
Germany	<p>Yes. The Budget Committee meets regularly about issues of international finance. Any major disbursements to the Bank (in particular IDA) are subject to Parliamentary approval by the evaluation of the Parliament's Budget Committee. The Committee for Economic Co-operation meets once a week during the parliamentary season on all relevant bilateral and multilateral issues of development co-operation. This committee often invites relevant stakeholders including officials of the IFIs and civil society organizations. Day-to-day operations by the Bank are not monitored by Committees. Special commissions (globalisation/financial architecture) have held public and private hearings to formulate proposals for Parliamentary debate.</p>
Italy	<p>Yes. Issues and provisions relating to the international financial institutions are examined by the III Permanent Commission (Foreign Affairs and European Community). The V Permanent Commission (Budget, Treasury and economic programming) can be involved, if issues have an impact on the general lines of the economic and financial policy of the government. The Permanent Commission can carry out activities with an informative character. In this frame, it can invite non-governmental organizations and civil society to present information and to offer advice on initiatives to be adopted.</p>
Ireland	<p>Yes. Various Parliamentary Committees have held discussions of relevance, in particular, the Finance Committee. <i>No information on public engagement in committees provided.</i></p>
Japan	<p>Yes. The Committee on Financial Affairs covers all the competencies attributed to the Ministry of Finance and thus is responsible for issues regarding IFIs. The Committee meets regularly during the Parliamentary session and can invite whatever personnel if deemed necessary. In addition, the Budget Committee frequently discusses development issues in the context of budget formulation. The Foreign Affairs Committee deliberates government's ODA policy as well. The Committees on Audit and Oversight of Administration audit and monitor government expenditures and activities including those related to the IFIs. <i>No information on public engagement in committees provided.</i></p>
Netherlands	<p>Yes. The Minister of Finance and the Minister for Development Cooperation present their point of view on upcoming Development Committee meeting agenda items to the Parliamentary Committees on Finance and on Foreign Affairs. There are two semi-annual</p>

	debates on the Development Committee Agenda. Special purpose debates may be organized (<i>none noted</i>). <i>No information on public engagement in committees provided.</i>
Norway	Yes. The Standing Committee on Finance and Economic Affairs discusses the reports on IMF issues while the Foreign Committee handles World Bank matters. The committees present their assessments, comments, views and recommendations to the Parliament. The committees meet regularly to discuss various economic issues, respectively foreign issues, but discuss IMF and World Bank matters mainly once a year. The committees normally visit the IMF and the World Bank once a year. The last public hearing on IMF issues was conducted in 2002. Civil society organizations can and do present their views to the Committees in a written or oral form.
Portugal- IMF	No
Spain	<i>No response to question from either IMF ED or World Bank Alternative ED. Both noted that they have no functional or practical link with the Parliament of Spain.</i>
Sweden	Yes. There is no special committee for IFI-issues. Issues relating to the World Bank and the IMF are dealt with in either the Finance Committee or the Committee for Foreign Affairs. Civil society has not been invited to appear before the Committee. MPs in the committees, however, invite information from civil society.
United Kingdom	Yes. The Treasury Committee and the International Development Committee are standing committees, which meet regularly to discuss key issues. The WB and IMF may come up in the course of other inquiries, i.e. on regions or themes (such as trade). Civil society is invited to make submissions including representatives from outside the UK. Reports are posted to the government website at: http://www.parliament.uk/
United States	Yes. The Senate Foreign Relations Banking and Appropriations Committees and the House Financial Services and Appropriations Committees all study, debate, and hold hearings on IFI issues. They invite civil society organizations to submit information for their deliberations. Civil society organizations outside the United States can offer submissions to these committees.

Has Parliament/Congress passed laws or motions setting direction for the government at the World Bank/IMF in the last 5 years? If yes, on what issues and in what context?

Country	Parliamentary/Congressional direction to World Bank and/or IMF?
Australia	No
Austria	No. Legal requirements with respect to IFIs are restricted to replenishments of soft loan windows and funds
Belgium	Yes. Legislation of April 2004 requires government to transmit to the Senate a yearly report on activities of the World Bank and IMF representatives relating to the fulfillment of the Millennium Development Goals
Canada	No
Finland	No
France	No
Germany	No
Italy	Yes. Various legal provisions for the authorization of an increase of Italy's participation in the capital quotas of international financial organizations, or for the contribution to ongoing activities of such organizations have been approved.
Ireland	Yes. Legislation concerning IDA 13th replenishment is currently before Parliament.
Japan	No
Netherlands	<i>Not answered by either IMF or WB ED.</i>
Norway	No
Portugal - IMF	No
Spain	<i>No response to question from either IMF ED or World Bank Alternative ED. Both noted that they have no functional or practical link with the Parliament of Spain.</i>
Sweden	Yes. In 2003 the Parliament adopted a new Swedish policy for global development. The objective of this policy is to contribute to equitable and sustainable development. The policy makes reference to the Millennium Development Goals (MDGs) and explicitly says that "the perspectives of the poor" are to guide policy-making. The IFIs are seen as tools in the implementation of this policy.
United Kingdom	No
United States	Yes. In the last five years, Congress has passed 28 legislative mandates prescribing U.S. policy goals at the World Bank and IMF. Policy-related mandates include the following issues: Trafficking in Persons, Clean Coal Technology, War Criminals, Terrorism, Narcotics, Religious Persecution, Short- and Medium- Term Financing, Misreporting, Premium Pricing, User Fees, Procurement and Financial Management Reform, IMF Operational Budget, and USED Salary. Mandates affect voting by U.S. Executive Directors with respect to such countries as Cambodia, Cuba, Iraq, Libya, Iran, Syria, North Korea, China, Serbia, Sudan, Zimbabwe, and East Timor.

Does or has the audit committee of Parliament/Congress or audit department of government review(ed) the financial operations of the World Bank and/or IMF? If yes, please provide details.

Country	Audited Financial Operations of IFIs
Australia	No. Australian National Audit Office regularly reviews Australia's transactions with the World Bank, but does not conduct an audit.
Austria	No
Belgium	No
Canada	Yes. The Auditor General, who acts independently of government and of Parliament, is charged with this function. Canada's contributions to World Bank and IMF were subject of a special audit in 1992. The House of Commons Standing Committee on Public Accounts reviews government expenditures, including contributions to the IMF and World Bank.
Finland	No. Finland's financial operations with the BWIs are periodically reviewed but not audited.
France	No
Germany	No. The audit authority of the government, whose members have judicial independence, reviews the budgetary and financial behaviour of the government, and it reports annually to the government, Parliament and the upper house.
Italy	No. There is no specific audit device to evaluate the financial operations of the World Bank and the IMF. Information on World Bank and IMF operations is provided through the Ministry of Economy and Finance through its annual reporting to Parliament.
Ireland	No
Japan	No. The Committees on Audit and Oversight of Administration, and the Board of Audit are statutorily entitled to audit all the budgetary expenditures, <i>but no audit of BWI expenditures has been undertaken</i>
Netherlands	No. The audit departments of the Dutch Ministry of Finance and Ministry of Foreign Affairs review payments made to the World Bank Group due to shareholdership, contributions to replenishments of concessional funds, and voluntary contributions to special purpose trust funds. The IMF has its own audit framework, guarded by the Board and for which the Board in turn is accountable to member countries.
Norway	No
Portugal - IMF	No
Spain	<i>No response to question from either IMF ED or World Bank Alternative ED. Both noted that they have no functional or practical link with the Parliament of Spain.</i>
Sweden	No
United Kingdom	No. This is beyond the remit of the National Audit Office.
United States	No. The General Accountability Office (GAO) conducts reviews as requested by Congress. For example, the GAO reviewed the IMF's financial operations and published its observations in September 1999. All reports are of an informational nature and are not audits, per se.

Does the government submit an annual report to Parliament/Congress on the World Bank and/or IMF? If so, what is the purpose of the report, what does it contain and is it debated or discussed in Parliament/Congress?

Country	Annual Report to Parliament/Congress
Australia	Yes. Under Section 10 of the International Monetary Agreements Act (1947) and Section 7 of the International Bank for Reconstruction and Development (General Capital Increase) Act (1989), the Treasurer is required to report to Parliament on the operations of these Acts and of the operations, insofar as they related to Australia, of the IMF and the IBRD during that financial year. The report on "Australia and the IMF" normally covers major policy issues for the institution over the past financial year, Australia's relations with the IMF, and Australia's financial transactions with the IMF.. The <i>Australia and the International Financial Institutions</i> report aims to meet the requirements of both Acts for each financial year. The report covers Australia's interactions with the World Bank, IMF and the Asian Development Bank. The later report is tabled in Parliament and subsequently made available to the public.
Austria	No. Only oral reports are delivered on the occasion of the Spring and Annual Meetings. The reports delivered are mainly on the status and direction of the WB, on problems of financial and substantive interest. Parliament has, however, access to the reporting by the constituency offices. Sometimes there are semi-public hearings on general issues when the ED is present, but there is no formal debate in Parliament.
Belgium	Yes. Government is required (effective April 2004) to transmit to the Senate an annual report on the activities of the World Bank and IMF representatives relating to the fulfillment of the Millennium Development Goals. The first report is anticipated in 2005.
Canada	Yes. The Department of Finance submits an annual report to Parliament on the operations of the World Bank and IMF. Titled " <i>Report on Operations under the Bretton Woods and Related Agreements Act</i> ", the report is available to the public and is posted on the Department of Finance's website (http://www.fin.gc.ca/fin-eng.html). The report is tabled and does not usually generate a Parliamentary discussion. The report informs Parliamentarians of the use of resources provided by Canada to these institutions as well as of their operations more broadly. The report also reviews the voting record of Canada's Executive Director and Governor on matters brought to the Executive Boards and Boards of Governors during a given year.
Finland	Yes. Reporting is part of the respective Ministries' Annual Reports. There is no formal discussion of these reports by Parliament.
France	Yes. Since 1999, the Ministry of Economy, Finance and Industry produces an annual report to Parliament on the activities of the IMF and the World Bank. The report presents the activity of the two institutions and the French position on a selection of subjects including governance, HIPC, access to basic services and financial stability etc. The report is at available to the public at http://www.minefi.gouv.fr/minefi/services/publications/index.htm . There is no debate or discussion on the report in Parliament although a report by Parliamentarians countering the Ministry's annual report was produced by Parliamentarians for several years.
Germany	Yes. Prior to the annual meetings, the government issues an "Activity Report", a declaration to Parliament that contains a short summary of positions on the activities of the Bank and the Fund, which is discussed in a plenary session of Parliament. More substantive reporting occurs only every three years when the government submits a report on its overall development co-operation policy, in which information on the World Bank is embedded. The report contains the government's sector and strategic objectives in the World Bank, the amount of financial resources which Germany has been given to the Bank Group (particularly to IDA), major developments within the Bank as well as major activities which of the Ministry for economic Co-operation and Development initiated. There is Parliamentary plenary debate on the report. However, the degree and form of any revision to activities of the Bank and Fund made by the responsible ministries is not subject to Parliamentary control. There is no equivalent report on

	the IMF.
Italy	<p>Yes. The Minister of Economy and Finance submits an annual report to the Parliament on the activities of the multilateral banks and development funds, and on the Italian financial participation in the institutions. The report describes the activities of these organizations including the financial contribution of Italy and the number and the qualification of Italian functionaries employed by the organizations. The report describes adopted policies and strategies, the criteria followed in the allocation of credits and projects financed and the positions taken by the Italian representatives. These reports are of an informational nature and are only formally debated if they contain legislative provisions.</p> <p>With regard to the IMF, each year a report on the relation between Italy and the IMF is presented to the Parliament as part of the preliminary note on spending provisions by the Ministry of Economy and Finance, which in turn, is an attachment to the yearly budget law proposal. The report on the relations between Italy and the IMF includes: activities of the IMF with regard to surveillance and prevention of crises, and financial and technical assistance supplied; financial situation, resources and liquidity of the IMF; relations with Italy with regard to capital quota; Italian personal employed by the IMF and participation of Italy in the activities of the IMF.</p>
Ireland	<p>Yes. An annual report must be published in respect of the IMF and WB within three months of the end of each year. The report is a public document and contains an account of major activities and issues. To date, there has been no Parliamentary debate on the reports.</p>
Japan	<p>Yes. Under the Policy Evaluation Law, the Ministry of Finance produces an annual report on all of its activities including those regarding relationship with the World Bank and the IMF. The report is posted on the website of the Ministry. Under the same law, the Ministry of Public Management, Home Affairs, Posts and Telecommunications submits an annual report to the Diet (Parliament), which summarizes the policy evaluation reports of all the Ministries. These reports are debated in the Diet.</p> <p>In addition, the <i>White Paper on Official Development Assistance</i> is an annual report of the Government on ODA policy. It is drafted by ODA-related ministries and circulated to the public after being reported to the Cabinet. The White Paper covers bilateral aid as well as multilateral aid and provides data and analysis on the subject. Active discussion on ODA takes place frequently at the Budget, Financial Affairs, and Foreign Policy Committees, but generally outside the context of the above-mentioned reports.</p> <p>Regarding Parliamentary debates, the 1999 Asian financial crisis triggered considerable debate on international financial affairs, including issues related to the IFIs. In addition, the Parliament debates on many occasions on issues relating to the ODA, in such context as budget formulation, aid effectiveness, and foreign policy.</p>
Netherlands	No.
Norway	<p>Yes. Annual reporting to Parliament for the IMF takes the form of a “White Paper” from the government. The report is part of a regular paper on issues related to financial market stability and the activities of the Central Bank and Banking Supervision. Capital increases in the IMF are taken care of in a separate proposition to the Parliament. The reporting on World Bank activities takes also place on an ad hoc-basis as part of other reports to the Parliament (White Papers on development aid, Royal Proposition on IDA replenishment, etc). There is normally a short debate on the reports. The purpose of the reports is to give the Parliament a description of the main features of what has taken place with special emphasize on the challenges confronting the IMF and IBRD as well as what formed the government’s views. The reports have gradually been given a more policy-oriented focus.</p> <p>Other Reports: The Nordic-Baltic office at the IMF prepares a semi-annual report for external publication - with particular emphasis on views presented by the Nordic-Baltic office - in connection with the April and September/October IMFC-meetings of the IMF.</p>

Portugal - IMF	No.
Spain	<i>No response to question from either IMF ED or World Bank Alternative ED. Both noted that they have no functional or practical link with the Parliament of Spain.</i>
Sweden	Yes. Under the policy for global development ("Shared Responsibility"), a report from Government on Swedish priorities in the World Bank and the IMF and the regional developments banks are to be presented to the Parliament annually, beginning in autumn 2004. According to the new policy the government is to report to and consult with Parliament before the Spring and Annual meetings of the World Bank and the IMF. In time for the meetings, consultations are also held with civil society organizations. The work of the institutions is briefly commented upon in the annual state budget. The 2004 budget decision includes the issues of adjustments of bank procedures to better support Poverty Reduction Strategies (PRS), to apply a multidimensional view of poverty reduction and to pay closer attention to the MDGs. In 2003 there was also a report from the government to Parliament regarding rules in international financial markets that in part considered IMF- issues. This report was debated in Parliament in 2004 after a process where the MPs could put forward motions on the subject.
United Kingdom	Yes – IMF There is an annual report on the IMF tabled in parliament to the Treasury Select Committee and posted electronically to http://www.hm-treasury.gov.uk/ . The IMF report sets out the government's approach to IMF issues over the previous year and highlights key priorities. It includes a general overview of the position the UK has taken in votes by the Board of Governors of the IMF, and in Executive Board discussions of surveillance, programmes and major policy issues. No – World Bank. There is no annual written report but there is an opportunity for the International Development Committee to conduct a hearing with ministers and senior officials on UK activity in the Bank.
United States	No. The Treasury Department does, however, send reports on certain World Bank and IMF-related matters designed to provide further information to the Congress, and often the public, on the operation of the IFIs and the implementation of U.S. policy with respect to these institutions. The Secretary of the Treasury is required to testify by March 1 each year on the implementation of legislative mandates in the IMF, based on the report submitted the previous October. In addition, Congress, from time to time, may request Treasury officials to testify on matters relating to the IFIs.

Does your national access to or freedom of information laws exclude information on government activities as it relates to the World Bank and/or IMF? If so, what information is restricted?

Country	Restricted Access to Information
Australia	<p>Yes. If individuals/organizations request information on Australia's relations with the IFIs, that information would be provided under the <i>Freedom of Information Act 1982</i>. Some documents may be exempted if they:</p> <ul style="list-style-type: none"> • would, or could reasonably be expected to, cause damage to the international relations of the Commonwealth; • would divulge any information or matter communicated in confidence by or on behalf of: a foreign government; an authority of a foreign government; or an international organization to the Government of the Commonwealth, to an authority of the Commonwealth or to a person receiving the communication on behalf of the Commonwealth or of an authority of the Commonwealth; • would, or could reasonably be expected to, have a substantial adverse effect on the ability of the Government of the Commonwealth to manage the economy of Australia; or • were provided in confidence.
Austria	No
Belgium	Yes. In line with the institutions' disclosure policies, confidential information received from the World Bank and/or the IMF is restricted.
Canada	Yes. Materials produced by the Government of Canada on IMF and World Bank issues can be released under Canada's Access to Information policy, provided that the released material is not judged to be harmful to Canada's relations with the two institutions. Materials provided to the Government of Canada by the IMF and World Bank as well as correspondence between Canadian government officials and officials of the World Bank and IMF, including those in Executive Directors' offices, are treated as confidential under the access to information policies of the World Bank and IMF.
Finland	Yes. In line with the institutions' disclosure policies confidential information received from the World Bank and the IMF is restricted.
France	No
Germany	No. Information on the World Bank is restricted to the documents, which are published on the Bank's homepage. In principle, there are no laws restricting further information about the Bank's operations but the Bank's own rules require the German government to restrict access to certain documents. Nondisclosure of documents is at the request of certain creditor governments rather than to regulations in German law.
Italy	No. Italian law provides the possibility to the Government to limit or exclude the right of access, in the case of the need to safeguard its international relations, its monetary and exchange rate policy, and protection of third parties (persons, groups, enterprises).
Ireland	Yes. As outlined in the amended Irish Freedom of Information Act.
Japan	No. General provisions of the <i>Law Concerning the Disclosure of Information Held by Administrative Organs</i> (the so-called Freedom of Information Act) apply to documents related to BWIs.
Netherlands	No. There are no specific provisions that would differ from the general applicability of the law that regulates disclosure of governance documents to the public. IMF and World Bank confidentiality rules apply.
Norway	The national act relating to public access to documents in the public administration in

	Norway allows for no disclosure of information that may damage the relationship of Norway to international organizations.
Portugal - IMF	No
Spain	<i>No response to question from either IMF ED or World Bank Alternative ED. Both noted that they have no functional or practical link with the Parliament of Spain.</i>
Sweden	Yes. Information on government activities within the constituency is sometimes excluded from public access due to “inter-governmental affairs.” In principle only information that all countries in the constituency accept as open will be handed out.
United Kingdom	Yes. The national Freedom of Information Act will take effect in 2005 and is expected to restrict access to information on government activities as they relate to the World Bank and IMF.
United States	No. The U.S. Freedom of Information Act does not contain a specific exclusion for information on government activities related to the World Bank or the IMF. However, some of such information, depending on its content, may be exempt from disclosure on such general grounds as national security or deliberative process.

APPENDIX 4

Selected Parliamentary Forums

The following is a sample of large regional or issue-specific Parliamentary forums, unions and networks:

African Parliamentary Union - <http://www.uafparl.org/>

Asian Forum of Parliamentarians on Population and Development - <http://www.afppd.org/>

Assemblée Parlementaire de la Francophonie - <http://www.francophonie.org/apf/>

Assembly of the Western European Union - <http://www.assemblee-ueo.org/en/accueil.php>

Central American Parliament (Spanish) - <http://www.parlacen.org.gt/>

Commonwealth Parliamentary Association - www.cpahq.org/

Council of the Baltic Sea States - <http://www.cbss.st/>

European Parliamentarians for Africa (AWEPA)- <http://www.awepa.org/>

Global Organization of Parliamentarians Against Corruption – www.parlcent.ca/gopac/

GLOBE International – Global Legislators Organization for a Balance Environment - <http://www.globeinternational.org/>

Inter-European Parliamentary Forum on Population and Development -www.europarlvoces.org/

Inter-Parliamentary Union (IPU) – www.ipu.org

NATO Parliamentary Assembly - www.nato-pa.int/

Network of Women Parliamentarians of the Americas - www.copa.qc.ca/Anglais/Femmesang/femmes.html

Nordic Council - www.norden.org/start/start.asp

OSCE Parliamentary Assembly - www.oscepa.org/

Parliamentary Assembly of the Council of Europe - <http://assembly.coe.int/>

Parliamentary Assembly of the Black Sea Economic Cooperation -www.pabsec.org/

Parliamentary Confederation of the Americas - www.copa.qc.ca/

Parliamentarians for Global Action (PGA) - www.pgaction.org/

Parliamentary Network on the World Bank - <http://www.pnowb.org/>

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