

The World Bank and IMF: creating greater parliamentary accountability

Background

Every year, usually on March 31, the Canadian government tables before Parliament its “Report on Operations under the Bretton Woods and Related Agreements Act”. This report describes activities at the International Monetary Fund (IMF) and the World Bank over the past fiscal year, and Canadian involvement at the institutions. Canada is the eighth largest member of the IMF, and the sixth largest shareholder at the World Bank, contributing approximately \$350 million (or one-tenth) of Canada’s aid budget to the Bank alone. The Minister of Finance is the Governor on both the Fund and the Bank, and exercises influence on both through Executive Directors appointed by the Prime Minister.

The Canadian constituency includes Ireland, the Caribbean and Guyana. Canadian civil society, including the Halifax Initiative, a Coalition of 20 major organizations, closely monitors the Bretton Woods institutions and engages with national and international colleagues on issues related to the IMF and the World Bank. To date, there have been few opportunities for Canadian parliamentarians to review the operations of the Bank and the Fund and to assure accountability for the decisions that Canada takes at these important institutions. No parliamentary hearings have been held on the role of the Bank and the Fund since 1995.

What is the concern?

The World Bank and IMF are two of the most powerful and influential institutions in the world. In financial terms, in Fiscal Year 2005, the IMF had approximately CDN\$35.9 billion in outstanding loans in 44 developing countries, and the World Bank committed new loans of CDN\$24.8 billion in 103 countries. In development thinking terms, due to the countless conditions the Bank and Fund attach to their loans and their relationships with the donor countries, they determine the development path that the majority of the world’s countries must follow. They are, however, also two of the least transparent and accountable institutions.

The Finance Minister and the Executive Directors meet bi-annually with a small number of civil society organizations. However, besides these meetings and the formal report to Parliament, there is no regular venue for involving Parliamentarians on issues related to the Bank and IMF. The Report on the Bretton Woods Institutions has never been debated before Parliament. Legislators are not engaged in the selection of the Executive Directors. In fact, the current Executive Directors have never appeared before Parliament, and only once before

a Canadian Senate Standing Committee.

Furthermore, very little is known about how the government represents the views of Canadians at these institutions because of restrictive access to information laws. And, unlike the United States and the United Kingdom, the Canadian Executive Director's office has never released public statements on major policy changes at the Bank or IMF.

Creating Greater Parliamentary Accountability with Annual Committee Hearings

An annual hearing before the Standing Committee on Foreign Affairs and International Development on the Bretton Woods Institutions would add a level of transparency, accountability and democratic governance that to date is sorely missing. The Report to Parliament will be an important point of reference for this hearing. Representatives from Finance Canada, the Canadian International Development Agency, the Canadian Executive Director's Office to the World Bank and IMF, relevant civil society organizations and academics, could all be invited to appear before the Committee.

Recommended action

The Standing Committee on Foreign Affairs and International Development should plan a session on the "Canada and the Bretton Woods Institutions" in the current session of parliament, and use this opportunity to discuss issues related to Canada's involvement at the Bank and Fund. This would initiate an annual hearing process with the Standing Committee on issues related to these institutions.

Proposed by Members of the Halifax Initiative:

Canadian Catholic Organization for Development and Peace	Falls Brook Centre
Canadian Conference of Catholic Bishops, Social Affairs Office	Friends of the Earth Canada
Canadian Council for International Cooperation	Kairos: Canadian Ecumenical Justice Initiatives
Canadian Friends of Burma	MiningWatch Canada
Canadian Labour Congress	North-South Institute
Canadian Lawyers for International Human Rights	Oxfam Canada
CAW-Canada Social Justice Fund	RESULTS Canada
CoDevelopment Canada	Rights & Democracy
CUSO	Social Justice Committee
Democracy Watch	Steelworkers Humanity Fund
	Toronto Environment Alliance
	World Interaction Mondiale



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