

GOVERNANCE ISSUES IN INTERGOVERNMENTAL GROUPINGS OF DEVELOPING COUNTRIES

by Azizali Mohammed

I Introduction

1. This paper reviews problems encountered by intergovernmental groupings of developing countries in exerting influence in the ongoing debates on the reform of the international financial architecture. It illustrates the problems by focusing on the working of one intergovernmental organization – the Group of Twenty- Four -- (G-24) that has been in existence since 1972 and is mandated to develop consensus positions on international monetary and financial issues, especially those on the agenda of the Bretton Woods Institutions (BWI). This focus on one group is not meant to belittle the significance of other intergovernmental groups. Rather, it is an attempt to reflect on the experience of one organization working inside the BWI to elucidate the factors that appear to impede the influence of developing countries in the international arena and to suggest the potential for enhancing that influence through improvements in existing arrangements or through institutional innovations.

II Evolution of the G-24

2. Box 1 provides a summary of the G-24 history over the more than quarter century of its existence. Two features of its recent evolution are notable: first, a continuing effort on the part of the membership to make improvements in the working of the Group and to pay for them; second, a concurrent expansion of support from other sources. The first feature is reflected in: the progressive refining of its main product – the Ministerial communique since 1994; the better integration of the Research Program (RP) into G-24 operations through the creation of the Technical Group Meeting (TGM) in 1995, with the membership taking partial responsibility for funding the RP; the establishment of the Liaison Office in 1997 and the selection of the Director of the Office in 1999 by the G-24 membership acting collectively on the basis of contributions made by them¹; and lastly, the enlargements of membership to include South Africa in 2000.

3. The second feature is the increased cooperation extended by several international organizations in addition to the traditional support extended by the International Monetary Fund.² This IMF support was enlarged in 1997/98 when it agreed to provide rent-free office

¹ Prior to that year, the Directors of the Liaison Office were appointed by the Chair country which also arranged for their compensation.

² The IMF has provided logistical support for the Group's plenary as well as preparatory meetings. Its staff has helped in the production process of its communiqués (including

space during the “experimental” phase of the G-24 Liaison Office. The World Bank Group simultaneously agreed to pay for secretarial support for that Office until April 2001.

4. The United Nations family has also been a traditional source of support for the G-24 Research Program since 1975.³ In addition to administering the Program, UNCTAD has taken upon itself the responsibility for editing and publishing the research studies, shifting in 2000 to a web-site distribution arrangement while continuing to publish individual papers in a joint UNCTAD-Harvard University G-24 Discussion Papers series. UNCTAD hosted, for the first time, a TGM at its Geneva headquarters in 2000 and has offered to do more in future years. Other sources of support have been forthcoming, including an *ad hoc* grant by the OPEC Fund for a research workshop held in Vienna in October 2000 at its headquarters and offering the possibility of making it into a recurring grant.

III Impediments to G-24 Influence

5. The most troubling aspect of the recent evolution of the G-24 is that the Group has failed to exert a substantive influence in the ongoing worldwide debates on international monetary and financial reform. G-24 members have not been able to push G-24 positions during the IMFC and Development Committee (D-C) meetings of which they are also members. Nor have they initiated proposals outside the agenda of those two Committees. The Ministerial communique is viewed as a compromise document and receives scant attention in the international press. It is seen to lack focus or strength (e.g., the failure in Prague to underline the adverse consequences of the recent spike in oil prices for the majority of members that are oil-importers because of the need to compromise with the few oil-exporters in the membership). This failure, despite all the efforts at improvement made by its members and on its behalf by supportive international bodies, has generated a strong sense of disquiet.

6. The factors responsible for this state of affairs can be classified under three headings: (i) those internal to the working of the Group; (ii) those related to the external relationships of the Group and (iii) those imposed by the environmental constraints within which the Group operates.

interpretation facilities through the various stages of its drafting and approval as well as translation of its text into French and Spanish).

³ The Research Program was initially funded by UNDP and subsequently through a Trust Fund administered by UNCTAD with grants received from the International Development Research Center of Canada (IDRC), Denmark and the Netherlands on a regular basis and from some developing countries (e.g., Brazil, Indonesia) on an intermittent basis. As Trustee, UNCTAD has contracted for the services of the G-24 Research Coordinator (Prof. Gerald Helleiner of the University of Toronto from 1990 through 1999 and Prof. Dani Rodrik of Harvard University thereafter) and has provided him with “back-office” support in arranging the travel and compensation of researchers.

A. Internal Constraints

7. In the first category must be placed the composition of the group that was set up in 1972 and which stayed unchanged thereafter. In the meantime, a number of developing countries achieved a successful place in the world economy (e.g., the countries in East Asia) while other countries whose reason for initial exclusion no longer applied (e.g., South Africa) remained outside the Group. By the time the Group woke up to the need for enlarging its membership (following the break-up of FSR Yugoslavia, an original G-24 member), some of the potential candidates were no longer interested or were aspiring to join industrial country groupings. The first and only addition took place in 2000 when South Africa agreed to join the G-24.

8. The Group was quite diverse in its interests to start with, and as noted by Henning in 1991, reflected “the different primary concerns of creditor and debtor, oil and non-oil, poor and middle income large and small countries”.⁴ The divergences within the Group intensified in the last decade as some members gained access to global capital markets. Others were relegated to “HIPC-eligible” status; their acknowledged need for debt write-offs virtually disqualified them from market access. The sharp divergence in interests was reflected in differing approaches to financial architecture reform. The “emerging-market” members did not like the Group to take positions that most other members wanted to espouse (e.g., an international bankruptcy regime or a lender-of-last-resort) for fear that anything that sounded radical might impair their access to private markets. Another aspect of diversity was the differential capacity of members to allocate resources (especially the time and attention of senior officials in national capitals) to the larger issues of international monetary and financial architecture that featured on the G-24 agenda. The cost of maintaining a domestic professional team dedicated to these issues proved disproportionately high for many of the smaller members of the group. Yet little attention was given to such capacity constraints by the three regional caucuses in deciding who in their region would take up Chair responsibilities. Instead, countries took their turn as office-bearers in strict chronological succession, resulting in quite uneven direction of the Group from one year to the next.

9. The internal management structure also created problems. The Group met in plenary session twice a year, ahead of the IMFC (formerly Interim Committee) and Development Committee meetings and went into hibernation in between the plenaries. This inter-session gap was bridged following the establishment of the Liaison Office (LO) at BWI headquarters in March 1997 and it began to serve as a focal point through the year. The LO, by servicing the Chair and First Chair countries also helped to even out some of the differentials in technical capacity among member-countries. Its help greatly reduced the burden of preparing the first

⁴ Henning, C. Randall: “Two Decades of Monetary and Financial Cooperation” in International Monetary and Financial Issues for the 1990s

drafts of the communique that had to be carried earlier by Chair country officials. However, the operation of the LO created problems of its own, once it was decided to switchover in 1999 from its staff being selected and paid for by the Chair countries to one where the entire membership became involved in the staff selection and funding process. The outcome of the selection of the first collectively chosen Director of the LO left several members unhappy whose candidates were not successful. The funding requirement threw up a class of “free riders” – members who failed to make their contribution to the funding of the LO, in some cases because of their aforementioned unhappiness and in other cases, for supposedly legal or budgetary reasons. However, the fundamental element in the inability of the LO to make a meaningful contribution was to be found in the failure of G-24 external relationships.

External Relationship Constraints

10. The most critical relationship is that between the G-24 and their representatives on the Executive Boards of the BWI, known as the G9/G11⁵. In theory, the relationship should be defined by the fact that the G-24 operates at Ministerial level while the Executive Directors (EDs) are officials receiving directions from them. In practice, the relationship is complicated by several factors. EDs are not only national representatives: they are also officers of the IMF or the World Bank Group, being paid their salaries and perks by the institutions. Moreover, few G-24 members are in a position to have their own nationals serve as EDs⁶ in the constituency to which they belong or only have that opportunity through rotation arrangements worked out within each constituency. Even when a national of a G-24 member is in the ED or Alternate position, he or she must look out for the interest of all the countries in the constituency, including their interest in all operational and policy issues that come to the Executive Board for consideration. The EDs’ intense preoccupation with their regular duties means that the G9 can spare their energies for strictly G-24 matters only in the periods immediately preceding and during the plenary meetings. Many EDs justify their lack of attention at other times to the fact that they note a distinct lack of interest in their national capitals for G-24 issues, particularly when they are not occupying an office-bearer position in the G-24 structure.

11. This lack of interest is partly attributable to the way in which the mandates of the BWI have been stretched over the years to include many issues that in the past were dealt with in several international forums, especially those operating under the UN umbrella. A consequence of “mission-creep” on the part of the BWI is that the G9/G11 EDs have taken on a pivotal role in formulating common positions that were previously managed from national capitals. Ministers have inevitably turned to their representatives in the BWI to reach agreements among

⁵ The G9 represent constituencies of developing countries: to this number are added China and Saudi Arabia to make up the G11.

⁶ Among G-24 members only Brazil, India, Iran and South Africa have their own nationals as Executive Directors while Algeria, Argentina, Mexico, Pakistan and Venezuela occupy the Executive Director Chair by rotation in either the IMF or the World Bank.

themselves on major issues of the system. The result has been a subtle reversal in the character of the relationship between national officials and their outposts at BWI headquarters. The former have been relegated to a subsidiary role vis-à-vis the latter as regards international economic and financial issues, a demotion to which the larger environmental constraints affecting developing countries (to be discussed in the next section) have done much to contribute.

12. There is one additional relationship which illustrates the difficulties of the G-24 in dealing with another intergovernmental group of developing countries, namely the Group of 77 (the G-77). In historical terms, the G-77 can claim to be the “parent” of the G-24 and its New York headquarters at the United Nations treats the G-24 as its “Washington chapter”. However, the tendency over the years has been for the G-24 to act autonomously. Indeed, the autonomy has extended to the point of refusing to treat G-24 membership as a subset of the G-77 by maintaining Mexico as a member in good standing, despite its having joined the Organization for Economic Cooperation and Development (OECD).⁷ A more significant fault-line derives from the fact that the G-77 in New York is run by each country’s Permanent Representative at the United Nations and reports to Foreign Ministers. The G-24 representatives at the political level are Governors of the IMF or the World Bank and are either Ministers of Finance or heads of Central Banks. The latter tend to be quite acutely aware that their pronouncements can affect their country’s standing in private financial markets and their negotiations for financial support from the BWI. In this respect, central bankers tend to be perhaps even more “market-sensitive” than their Ministerial counterparts and both consider it essential to maintain credibility as an expert group by maintaining their distance from the “talking shops” in New York. The bigger issue here is the lack of coordination *inside* national administrations in many developing countries which sometimes shows itself in representatives from the *same* country taking quite different positions on similar issues in different forums, thereby devaluing their credibility in all of them.⁸ The problem is duplicated through the proliferation of inter-governmental groupings, such as the Group of 15 (actually 17 countries), the secretariat of the Non-Aligned Movement (NAM) etc.

Environmental Constraints:

13. This section looks at constraints confronting the G-24 that are imposed by the larger environment in which it operates. Unlike the United Nations system of one-country one-vote,

⁷ A condition of OECD membership is that a developing country invited to join it must give up its membership of the G-77.

⁸ Similar divergences can sometimes be found at different *levels* of the *same government*, as indicated by the efforts of the heads of State of Algeria, Nigeria and South Africa, together with the Prime Ministers of Jamaica and Malaysia, to bring some order into the affairs of the South Center, following a directive from the Havana Summit. These efforts were torpedoed by the same countries’ representatives at the United Nations.

the IMF assign an equal number of basic votes (250) to each member plus one vote per SDR 100,000 of contribution to their capital. Table 1 indicates the shares of different country groups in the total votes in the IMF.

Table 1

Distribution of Voting Rights in the IMF by Groups of Countries

Groups of Countries	% of Votes
G-24 Member Countries (1)	12.42 %
Emerging Market Countries (2)	9.00 %
HIPC Countries (3)	2.29 %
Non-HIPC PRGF Countries (4)	3.67 %
China and India	4.14 %
The Rest of the South (5)	11.22 %
“The South”	30.32 %
United States	17.29 %
G-5 (US, Germany, Japan, France, UK)	39.57 %
G-7 (G-5 + Italy, Canada)	45.84 %
G-10 (G-7 + Netherlands, Belgium,	51.53 %
“The North” (6)	61.45 %
<hr/> Transitional and Other Countries (7)	8.23 %

Notes:

See Box I

Includes Argentina, Brazil, Chile, Korea, Malaysia, Mexico, Philippines, Singapore, South Africa, Thailand, and Venezuela. Transitional emerging market countries e.g. Czech Republic, Hungary, Poland, Slovak Republic are included in the “transitional and other” category.

See *2000 Annual Report* pg. 50, table 5.1

See *2000 Annual Report* pg. 58, table 5.3, excluding China and India. Does include, among others, Pakistan and Nigeria.

Includes, among others, Colombia, Indonesia, Iran, Iraq, Morocco, Saudi Arabia, Costa Rica, and Uruguay.

“The North” includes 24 industrialized countries: the G-10 plus all remaining OECD members (Australia, Austria, Denmark, Finland, Greece, Iceland, Ireland, Luxembourg, New Zealand, Norway, Portugal, Spain, Switzerland, Turkey) except for Mexico and Korea (which are included under “emerging market countries”) and transitional countries (Czech Republic, Hungary, Poland, Slovak Republic).

Includes Russia, Czech Republic, Hungary, Poland, etc., as well as Israel.

Source: Evans and Finnemore (op.cit. fn. # 18)

While the share of basic votes accounted for 14% of total votes at the start of the institution in 1946, when there were only 44 members, the percentage has declined to less than 2% despite the fact that the membership has risen to 181 by the end of the year 2000, and most of the additions are developing (or transition) countries. This erosion of the democratic principle enshrined in the basic vote has been accelerated by the results of applying the formulae developed over the quinquennial reviews of quotas that have taken place over the past five decades. Thus the G-24, or for that matter, the entire “South” remains as a permanent minority in terms of voting power. Most operational decisions require only a simple majority that is easily secured by industrial countries. Having noted this, two caveats are in order. First, voting is not frequent in the BWI, decisions being reached by consensus in attaining which the “voice” of an Executive Director with a well-reasoned argument can carry greater weight than his/her vote. Second, special majorities of 85 per cent or 70 per cent are required for certain decisions. However, the ability of developing countries to forge a “blocking” coalition requires a high degree of solidarity that is not always forthcoming.⁹

14. An important external factor that militates against such solidarity is that so many developing countries usually prioritize their “client” relationship with the BWI, giving little attention to policy matters that are related to their “stakeholder” status in the BWI. This tends to reinforce the subsidiary position of the national officials who must rely implicitly on the EDs’ expertise and connections built up through day-to-day contact with Management and senior staff and with their creditor country counterparts on the Executive Board. Having an influence on policy matters appears to Ministers in a client relationship with the BWI to lie far beyond the effective power associated with voting rights -- oftentimes counted in decimals of one percent. It is pertinent to note that the 44 countries of sub-Saharan Africa deploy less than 2.9 percent of total voting power in the IMF and this group includes two of the principal G-24 members i.e., Nigeria and South

⁹ This is a special problem in some constituencies of developing countries where the rotation brings a developed country into the ED slot (e.g., one Latin American grouping in the IMF that has three G-24 members takes Spain as its leader every third election cycle). A number of developing countries are dispersed in constituencies headed by industrial countries (notably Australia/New Zealand and Canada) but this gives them no effective voting power since the ED must vote the entire voting power of all members of his/her constituency and tends to follow his own country’s preferences. The G-24 has an additional problem: one of the G9 constituencies – that representing the countries in Southeast Asia - has no G-24 member, a reflection of the original imbalance at the time the Group was established. None of the countries in that constituency (e.g., Indonesia, Malaysia, Thailand) has shown interest in joining the G-24.

Africa. With such limited voting strength, they can elect only two EDs¹⁰. With a number of the countries (at least 23) in the two constituencies having HIPC –related or other PRGF/PRGC programs, their EDs have little margin of capacity to make a meaningful contribution to the policy agenda of the G-24.

15. The G-24 has seen itself, from its founding days, as counterpart to the G-10, and latterly, the G-7 grouping of industrialized countries.¹¹ A great deal of thinking on international monetary system (IMS) issues provided the *leitmotif* for the work of the G-24 through the 1980s'. In the early 1990s, reports were prepared on the role of the IMF and World Bank in the debt strategy (1990) and on the implications of the macroeconomic policies of the industrialized countries for developing countries (1993). The interaction with the industrial countries took a confrontational turn at the Fall 1994 meeting of the Interim Committee when the developing country representatives rejected a US-British proposal to make a new SDR allocation on the basis of an equity criterion (to accommodate some 40+ members that had joined the IMF after the last allocation in January 1981). The proposal would have required an amendment of the Fund's Articles and was seen by the G-24 members (who had met a day earlier to unify their positions on the issue) as foreclosing the possibility of a "general" allocation under the current Articles. This rejection appears to have caused some re-thinking among the industrial country representatives about taking for granted the consent of their developing country "partners" and led to their exploring more inclusive approaches to decision-making on international monetary issues.¹²

16. The G-24 took advantage of this opening by inviting G-7 representatives to attend meetings of the Technical Group on the Research Program (TGM) in 1997 and since that time, a national official from the incoming G-7 Chair country has participated in the same forum. The G-24 also transmitted a number of issue papers to the G-7 host country in 1997. In the event, the G-7 host claimed that the papers arrived too late in their agenda process. The G-24 have continued to address the G-7 Chair country Minister of Finance ahead of their Summit meetings, drawing attention to issues that they want considered by the G-7 agenda.

¹⁰ In contrast, western and central European countries with xx percent of voting power occupy eight chairs in the BWI Executive Boards.

¹¹ The Manila Declaration (1977) referred to the function of the G-24 "to act as a counter to the organization of the developed countries in the Group of Ten and to assist in defining unified or common developing country positions in negotiations between developed and developing countries in matters relating to international finance and development".

¹² The material in this paragraph is drawn from Chapter 2 of a volume titled as The Developing Countries in the International Financial System (edited by Eduardo Mayobre, 1999).

17. Meanwhile, the outbreak of the East Asian financial crisis galvanized the industrial countries into experimenting with new arrangements for obtaining the direct participation of some developing countries whose financial difficulties might threaten to produce “systemic” repercussions. The U.S. Treasury took the initiative in setting up a grouping of industrial and “emerging market” countries, initially called the “Willard Group” in 1998, which then took on the designation of the number of countries participating -- the G-22 -- which quickly grew to the G-33. At that stage, the U.S. Treasury decided to bring the proliferation to a halt and moved to establish the G-20 in the year 2000 with Canadian assistance.¹³ While the prospects for the success of this grouping¹⁴ remain unclear, it has surely added one more constraint to the effectiveness of the G-24 by taking some of the most active G-24 members into the G-20 formation (i.e. Argentine, Brazil, India, Mexico and South Africa). The fact that they were chosen by the U.S. Treasury, rather than through any representative process, does not appear to detract from the chosen countries’ willingness to participate in a restricted conclave that permits them to address the principal industrial countries directly.

18. Meanwhile there have emerged some new tendencies that have the effect of diluting the role of developing countries in the ongoing debates on financial architecture reform. In agreeing to the 1999 Quota Increase at the IMF, the U.S. Congress laid down a series of conditions that the G-7 members would be required to enforce on the IMF by way of greater transparency, changes in the Fund’s financial facilities and other policies and practices. Given the weighted voting power of the G-7, most of these were pushed through the IMF Executive Board over the next year or so.¹⁵ Even more significant are the actions of the G-7 Ministers of Finance ahead of the Economic Summits. At the 1999 Cologne Summit, they made “enhancements” to the HIPC Initiative, but without providing the means to fund them from their own resources. Instead, the principle of the “comparability of treatment” of creditors (embedded in Paris Club protocols) shifted a substantial part of the burden of additional debt relief on to the backs of the regional and international financial institutions (in some cases, to creditor countries almost as poor as the HIPC beneficiaries). Similarly, the 2000 Summit

¹³ The rules of business adopted at the first meeting of the G-20 provide that the first Chairmanship would be held by Canada and that one or other G-7 member would take the Chair for the next six (two-year) periods.

¹⁴ See G.K.Helleiner: “Markets, Politics and Globalization: Can the Global Economy be Civilized” (The Tenth Raul Prebisch Lecture, Geneva, December 2000)

¹⁵ The only exception made to the G-7 ukase was made in the case of the cost of Fund financial assistance where developing countries were able to obtain modifications to their advantage only because that decision required a qualified majority of 70 percent of total voting power and they received support from Russia and other transition countries..

received recommendations from the G-7 Finance Ministers for major changes in the functions and responsibilities of the BWI. More interesting than these proposals was a “chapeau” to the Ministers’ report that stated that they were *“determined to implement all the measures in this report, as well as the broad range of measures endorsed at the Cologne Summit”*. It would not be an exaggeration to assert that the international financial agenda is being sketched out each year at G-7 Summits and that the decisions there made set the tone, speed and direction of discussions, negotiations and decisions in the BWI and other international organizations.

19. Yet another development that has tended to dilute the influence of the G-24 and other developing country formations is the increasing role being assigned to international forums outside the BWI – in which the representation of developing countries is even more limited. The case of the Financial Stability Forum (FSF) established in 1999 is pertinent: it has been assigned tasks that clearly overlap the mandate of the IMF but it has no developing country representation and even the IMF only serves as an observer. Its secretariat is provided by the Bank for International Settlements (BIS) – whose Management Committee has no representatives from developing country central banks -- and whose chief executive chairs the FSF. There are similar issues with other organizations, like the Basel Committees (on banking regulation and supervision). As pressures on developing countries to adopt international codes and standards intensify, a slew of professional bodies in various fields (like securities market regulation, accounting and auditing) are being pressed into service and where is little by way of developing country participation.

20. Finally, the arena of public discourse in which the G-24 must operate is being impacted by the growing activity of non-governmental organizations (NGOs) and other civil society bodies. Those working in the North espouse many causes that are pushed forward to the agendas of the BWI and other international organizations. While much Northern NGO advocacy is animated by a desire for greater justice and equity in international relations, some of it becomes highly intrusive when it moves into areas of political governance and human rights. G-24 authorities have reacted to Northern advocacy NGOs¹⁶ with a degree of hostility, finding their claims to speak on behalf of the poor in developing countries as tendentious and as generating new conditionalities for accessing BWI resources.

IV Strengthening Developing Country Influence

¹⁶ To be distinguished from service-provider NGOs who are mostly welcomed by governments in the South

21. Faced with a multitude of internal, external and environmental constraints, the G-24 has been engaged in a soul-searching exercise.¹⁷ While some improvements in the working of its internal mechanisms will undoubtedly help, the basic issue is to define a role for the Group that is supportive of developing country interests beyond what it has accomplished (or failed to accomplish) to date. Three alternatives can be envisaged:

a political role designed to exert countervailing power against the “Directoire” role that the G-7 have arrogated to themselves in recent years in the BWI and in international financial architecture reform more generally;

a “think-tank” role that helps developing country representatives in the BWI formulate ideas and proposals of a forward-looking character in addition to being reactive to ideas that are placed on the agenda by BWI Management, mostly at the initiative of the industrial countries;

an external projection role designed to raise the salience of developing country interests beyond governments into the larger international civil society.

22. It might be argued that the three roles are not separable and must work together to produce results. But that would be a counsel of perfection. What is needed is to look hard at the constraints within which the Group operates and determine if there is a possible sequence in implementation that might facilitates transforming alternatives into complementarities. A consciously political role has proved difficult to organize, except in rare circumstances, such as were assembled at the 1994 Annual Meetings, when a particular issue – the SDR allocation – enabled the developing countries to align themselves behind a Management proposal that was opposed by the major shareholders of the IMF. Such opportunities have not recurred. The Mexican crisis that broke at the corner of that year and those that have followed in the East Asian region, Brazil and Argentina have made a number of the most influential G-24 members-countries dependent on the BWI for judgements that would restore the confidence of private capital markets that function, for the most part, in the major industrial countries. At the other end of the spectrum are the HIPC-eligible group that has acquired a “clientist” mentality and that is likely to remain subject to the tutelage of the BWI for years to come. That leaves an intermediate group “who

¹⁷ A Task Force was established by the G-24 Ministers in Prague and is due to report to the Spring 2001 plenary meetings of the group.

may be treated either as potential emerging market countries or potential HIPC countries, depending on the optimism of the observer”.¹⁸ It is not clear that this third group provides either mass or solidarity sufficient to mobilize an effective countervailing force to the G-7.

23. The “think-tank” role is clearly one with the potential to evolve beyond the G-24 research program that is currently in place. Despite its longevity (since 1975) and its independent academic leadership, the studies produced under the auspices of the program have not received much attention in policy-making circles, in part because of deficiencies in their dissemination arrangements. These have been corrected recently but there remains an absence of case-based and hands-on policy relevant research that would be useful to developing countries. Also a feeling that there is too much filtering of knowledge through the narrow lenses of the IMF and the World Bank and too little dissemination of alternative research. It should be possible to build a quick response technical support capability made up of a network of academics and outside consultants who can be drawn upon by the EG-9/G-11 Executive Directors, either directly or through the G-24 Research Coordinator for help in formulating ideas. How the direction of such a broader research program could be integrated into the work of the G-24 remains an open question, given the inadequate response of national capitals to participation in the Technical Group Meetings (TGM) and the “free rider” problem of members who fail to make their contributions to the UNCTAD Trust Fund.

24. The external projection role is one that the G-24 has thus far failed to exploit, largely out of an official reluctance to treat with the North-based advocacy NGOs’, especially those working in the U.S.A. However, this leaves the field open for various civil society entities to agitate for the BWI to lay down conditions for access to their resources that become increasingly onerous for developing country borrowers. In many instances, developing country representatives in the Executive Boards (the G-9/G-11 Executive Directors) do try to resist the imposition of such conditions but are unwilling to bring their case into the public square¹⁹. This is the arena where the G-24 could be most useful.

¹⁸ The tripartite division is suggested in a paper by Peter Evans and Martha Finnemore titled “Organizational Reform and the Expansion of the South’s Voice at the Fund”(April, 2001), *draft memo*

¹⁹ An example of this strange reluctance is to be found in the events leading up to the appointment of the IMF Managing Director. The G-11 Executive Directors convinced their colleagues from the industrial countries that this “very important decision” would be based on a discussion of “the exceptional qualities that the next MD will require” and “that the process for choosing the best person for the job from the possible candidates will, through the Board,

By taking a proactive role to offset the misinformation emanating from interested lobbies representing special or narrow issues, the G-24 can create space for member-governments to pursue their causes beyond the established governance mechanisms of the BWI. This calls for intensifying interactive relations with specialized public opinion in both industrial and developing countries, including advocacy activity with legislative bodies of the G-7 countries, particularly the U.S. Congress.

25. As noted earlier, the options are not alternatives but one has to work with limited financial resources and a well-grounded suspicion on the part of finance ministers and central bankers against building up new bureaucracies (beyond the present staffing of the Liaison Office). The UNCTAD-administered Research program stands on its own and can be strengthened, if G-24 members are prepared to place more resources at the disposal of its independent Research Coordinator (or the Liaison Office) to take on the responsibility for producing policy papers on short notice with the help of a roster of experts. Meantime, a successful public projection role might well pave the way for the Group to move into a more explicit political role. The point of departure for such a role would be a clear recognition that the minority shareholder position of developing countries in the BWI requires it to work in concert with other groups of countries, including the transition countries and some of the smaller industrial countries that might be prepared to take up a countervailing position to the G-7 dominance of the international financial agenda.

involve all the members of the Fund”. Yet they were not prepared to take their case into the public domain, to publicly challenge the process of selection that grants the pre-eminence of the Europeans in making that choice as a counterpart to the U.S. deciding the choice of the President of the World Bank. (See paper by Aziz Ali Mohammed titled “The Future Role of the IMF: A Developing Country Point of View” in Reforming the International Financial System: edited by Jan Joost Teunissen (FONDAD, The Hague, 2000)

Box I

The Intergovernmental Group of Twenty-Four on International Monetary Affairs (G-24) was established in 1971. Its main objective is to concert the position of the developing countries on monetary and development finance issues. It consists of the following countries from each of the three regions: (1) Africa (2) Latin America and the Caribbean and (3) Asia

Member countries are as follows:

Region (1) (Africa): Algeria, Côte d'Ivoire, Egypt, Ethiopia, Gabon, Ghana, Nigeria, South Africa and the Democratic Republic of Congo.

Region (2) (Latin America and the Caribbean): Argentina, Brazil, Colombia, Guatemala, Mexico, Peru, Trinidad and Tobago and Venezuela.

Region (3) (Asia): India, Iran, Lebanon, Pakistan, Philippines, Sri Lanka and Syrian Arab Republic.

Countries that are members of the G-77 are welcome to attend G-24 meetings as Observers while the People's Republic of China enjoys the status of "Special Invitee" and addresses the plenary sessions of the G-24.

The G-24 operates at two levels: (a) the political level of Ministers of Finance / Central Bank Governors and (b) the level of officials designated as the Deputies. There are three office-bearer countries: the Chair, the First and Second Vice Chair, representing the three regions and constituting the G-24 Bureau. An elected country takes up the Second Vice Chair position for the first 12-month period, becomes First Vice Chair the following year and assumes the Chair in the year thereafter.

The G-24 meets twice a year, preceding the Spring and Fall meetings of the International Monetary and Financial Committee (IMFC) and the Joint Development Committee of the World Bank and the International Monetary Fund. The plenary G-24 meetings are addressed by the heads of the IMF and the World Bank Group as well as by senior officials of the UN system. Discussions on issues are carried by the Deputies and culminate at the Ministerial level by the approval of a document that sets out the consensus views of member countries on issues of special interest to the members. The Ministerial document is released as a public Communiqué at a press conference held at the end of the meetings. Decision-making within the G-24 is by consensus.

The G-24 runs a program of studies on International Monetary and Financial issues supervised by Professor Dani Rodrik from Harvard University who serves as Research Coordinator. In 1994, the G-24 established a Technical Group

drawn from official research agencies of member countries and chaired by the First Vice Chair country to extract the policy implications of the research studies with a view to enriching the subsequent discussions of issues at the Deputy and Ministerial levels. Papers approved for release are published by the UNCTAD Secretariat which also administers a trust fund for the G-24 Research Program.