



## Africa must be heard in the councils of the rich

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Friday, October 01, 2004

### IMF-World Bank

**OXFORD, England** Rich countries are ardent advocates for democracy all around the world. But when it comes to the International Monetary Fund and the World Bank, government of the many by the few is the preferred option.

Developing countries are systematically denied a voice in decisions that profoundly affect the lives of their citizens. Nowhere is the democratic deficit more keenly felt than in Africa.

With votes weighted to reflect their financial stakes, rich countries enjoy a built-in majority on the executive boards of the IMF and World Bank. Membership of the two institutions now totals 184 countries. The Group of Seven industrial countries account for around 40 percent of the total votes.

At the other extreme, Africa accounts for a quarter of the membership and just over 4 percent of the vote. Belgium (population 10 million) has more votes than Nigeria, Ethiopia, Zambia, Tanzania, Mozambique and South Africa combined (total population around 300 million). If it came to a vote, Africa might as well stay at home.

Africa's voice is further weakened by an unwieldy - and profoundly unfair - system of executive management. Responsibility for day-to-day management of IMF programs resides with 24 executive directors. Each of the five biggest stakeholders - the United States, Germany, France, Japan and Britain - has a director. Other industrial countries, like Italy, the Netherlands and Denmark, appoint directors that oversee small multi-country constituencies. Africa has just two executive directors to represent 44 countries.

The upshot is that underrepresentation is compounded by political overload. The sheer size, diversity and, in some cases, competing interests of these constituencies make it difficult to forge a consensus, let alone challenge industrial countries.

Some Northern governments see the whole issue as a diversion from the central challenge of tackling poverty. Others argue that giving Africa and the developing world a greater voice would open the door to reckless mismanagement. These views are short-sighted and potentially dangerous.

In international economic governance, as in national governance, greater democracy can improve the quality of policy. Consider the perennial issue of African debt. In 1996, when the Heavily Indebted Poor Countries Initiative was adopted, African directors at the IMF and World Bank warned that it was fatally flawed. Rich countries could ignore their advice with impunity - and did.

The human costs for Africa have been immense. Heavily indebted countries continue to transfer over \$2 billion a year to creditors, diverting resources needed to generate growth and invest in health and education. Ethiopia is still spending more on debt than it spends on health.

This week, debt is once again on the agenda of the annual IMF-World Bank meeting. The United States and Britain accept that the current initiative falls far short of what is needed, and that for many countries, a total write-off is required. This is what Africa proposed eight years ago.

Some very modest reforms could improve the responsiveness and efficiency of the IMF and the World Bank. The starting point should be an overhaul of the voting structure. When the IMF and the World Bank were established in 1944, two categories of votes were created. One was linked to financial stake. The other, the "basic vote," was allocated as an entitlement of membership to give the organizations a genuinely international character. Over time, the share of "basic vote" has been eroded to less than 2 percent of the total - one fifth of the level in 1970. Reversing this process would give Africa and other developing regions a stronger voice.

The executive management system also needs reform. There should be more African executive directors, each of them representing no more than eight countries.

Would Africa use an enhanced voice responsibly? Democracy is a messy business. Doubtless mistakes will be made. Then again, mistakes are already being made. And without democracy and accountability, how can international financial institutions establish the credibility and legitimacy needed to manage our increasingly interdependent global economy?

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