Letter to Managing Director Lagarde, IMF Executive Board:

We, the undersigned, are writing to express our concern at the failure of the IMF’s governance reform efforts and to urge the Board to establish a 3rd chair representing Sub-Saharan African on the IMF Board as soon as possible.

While we recognize that the reforms included in the 14th Quota Review are stalled for reasons beyond the IMF’s control, we note that there are important governance reforms that the IMF Management and Board of Executive Directors could undertake on their own initiative. Their failure to do so is undermining the IMF’s credibility, legitimacy and effectiveness at least as much as the stalling of the 14th Quota Review.

The most important example of a governance reform that the IMF Management and Board could undertake on their own initiative, and one of the most urgently needed governance reforms, is the creation of a 3rd chair representing Sub-Saharan African on the IMF Board.

We believe that this reform is so important, both for Sub-Saharan Africa and the credibility of the IMF for the following reasons:

1. Sub-Saharan Africa’s share of the total IMF vote has steadily declined over time and this decline will not be reversed when the 14th Review is completed. In addition, the current proposals for amending the IMF’s quota formula, suggest that, at most, the revised formula will have a marginal effect on the region’s share of the total IMF vote.

2. To date, there has been no offsetting increase in African representation in IMF decision-making structures. This means that currently forty-five countries in Sub-Saharan Africa, who collectively represent almost 25% of the total IMF member states, are represented by only two members (about 8%) of the twenty-four member IMF Board of Executive Directors. These two Executive Directors, who represent the two largest constituencies in the IMF, are responsible for facilitating each of these countries' bilateral relationship with the IMF, as well as the whole group’s interest in the policies, operational practices and affairs of the IMF. This unreasonable burden inevitably means that Sub-Saharan Africa is unfairly handicapped in its ability to effectively participate in IMF decision making.

3. In the recent past, the composition of the IMF Board was changed to accommodate some concerns about how well it represents the IMF membership. However, these changes have not improved the situation for Sub-Saharan Africa, despite wide-spread acknowledgement of the challenges that the present composition of the Board creates both for Sub-Saharan Africa and for the IMF’s legitimacy, credibility and effectiveness.
4. The IMF cannot re-establish the credibility of its often expressed commitment to governance reform, and to enhancing its own legitimacy and effectiveness without demonstrating that it is doing all it can to make its governance more responsive to and more representative of its membership. Given that establishing a 3rd chair representing Sub-Saharan African on the IMF Board, can be done by IMF Management and the Board acting on their own initiative, it is hard for us to have faith in the IMF’s commitment to governance reform until this reform is implemented.

Sincerely,