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translator.

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PROCEEDINGS

SPEAKER: -- from the IFI's Latin American Monitor and Arturo González from IFI's Watch List, and (inaudible) speaking from the trade network (inaudible), and maybe someone more because we have let people know, but not everybody said yes or no.

SPEAKER: Okay, so you -- the person we don't have on our list is Arturo González from the Trade Unions?

SPEAKER: Well, they got in.

MS. GRIESGRABER: Okay, let's get started, because it's a little late. There should be other people arriving in Lima, but we will just get started.

I should say that we had a very interesting -- we had similar problems in connecting Nairobi and Johannesburg this morning, but I think the microphones are better right now than they were then, so we're learning. You are the second one of these video conference consultations for civil society.
My name is Jo Marie Griesgraber. My colleague, Jamie Baker -- I just sent her off to the office to do more work. She can't sit around and rest like the rest of us.

So, what I'll do is ask the people here in Washington to introduce themselves, then ask each of you to introduce yourselves. We want to begin by learning a little bit of your experience with the IMF, and then we'll go directly into the content of the recommendations on IMF governance. And you are not limited in any way as to what you say about governance or anything else. This is organized of, by, and for civil society, although the IMF asked us to do it and they are providing all the technical infrastructure.

So, again, I'm Jo Marie, and in Uruguay I used to be called Mahi Jo when I worked on human rights in Uruguay, but I'd like to say for the Ríoplatense people that, "Jo me jamo Jo".

Okay, Jim?

MR. TROWBRIDGE: James Trowbridge with New Rules. I used to live in Lima.
MS. GRIESEGRABER: Silvia?

MS. ZUCCHINI: Hello, My name is Silvia Zucchini. I work for the IMF in the Public Affairs Division.

MS. ALEXANDER: I'm Nancy Alexander with the Heinrich Böll Foundation in Washington.

MR. GRACE: Hi. My name is Mark Grace, and I'm with the National Community Reinvestment Coalition, representing them today.

MS. GRIESEGRABER: Okay, and I wanted you to know that we are being recorded orally, not videoed, because what we're doing today is input for the paper that is being written by Domenico Lombardi. It's a longer paper on civil society views on governance and IMF reform, and he will attending a couple of these video conferences, but I think we're up to six of them now, and we are going to get the tapes transcribed. Again, this is an enormous contribution by the Fund, and we want to thank the staff who have worked very hard to put these together. But, again, this is your meeting, and Washington is -- or people here in
Washington are mainly here to listen and, you know, we'll get a good conversation going. We have a small number of people, so that's great. We can get in depth.

So, Raúl, can we begin with you, since you were the first to arrive, and ask you just basically some of your experience and background in learning about the IMF, as well as how you've experienced it in your country and your interactions with your constituency, that is, your executive director? Could you just talk to us a little bit about those things, Raúl?

MR. MAURO: Good morning to all of you. I am Raúl Mauro. I work with the (inaudible) organization. We work on a number of subjects -- could you please turn off your mike -- relevant issues regarding the state and the international financial architecture, and for that reason we definitely take into account the analysis of the IMF and the World Bank and the policies that are recommended to Latin American governments.
In the specific case of Peru, I am an analyst who specializes on social issues and on social policies in general, and for that reason, I am very interested in the policies that are recommended by the International Monetary Fund and have an impact on the standard of living of people in Peru.

So, basically my experience has been in the assessment of social policies that are especially relevant, as I said, on standards of living and how this is linked to some of the recommendations that the IMF has made to the Peruvian government and that might have had some either positive or negative results and that we have studied to see their impact, trying always of course to improve the implementation of future policies.

MR. MAURO: Can you hear me?

MS. GRIESGRABER: Yes, we hear you very well. We are hearing you through a translator, so she hears your Spanish and then we listen to her voice in English, so there might be a delay in our reaction. Also, we have just lost Montevideo.
MR. MAURO: Okay.

MS. GRIESEGRABER: So, Raúl, we'll -- we'll have a nice little conversation with you until Uruguay returns.

MR. MAURO: Yes, I see that the signal from Uruguay or from Montevideo has disappeared.

Well, basically that's been our experience. I just wanted to make these general comments from the academic point of view and from the point-of-view assessment of social policies vis-à-vis the recommendations that our organization might make on the policies that are being implemented in Peru and in other Latin American countries -- but, of course, specifically in more -- especially on Peru.

MS. GRIESEGRABER: Great, thank you, Raúl.

Now let's shift to Montevideo, and Roberto, if I might ask you to be the informal facilitator, you know, indicating who speaks when? We need to be very clear who is speaking, because on an audio tape, we need to know who is saying things, even in informal conversations.
Where are you going?

SPEAKER: I have a question. The second person --

(Several people speaking at once)

TRANSLATOR: There doesn't seem to be a video, so we're going to another room is what apparently Montevideo has just said.

MS. GRIESGRABER: Okay, Lima, let's go back.

Okay, we have a second person from Lima. If you could introduce yourself and tell us a little bit about your experience with the IMF. Thank you.

MR. PRADA: Good morning. I am Fernando Prada. I work for the International Forum here in Lima. I work also with the University of Sussex and with Francisco Sagasti on issues regarding financing for development on international financing, and one of the issues of interest is the International Monetary Fund, and I participate -- have been participating in the New Rules organization for about three or four years, and that is definitely my main interest. Thank you.
MS. GRIESGRABER: Thank you, Fernando. I recognize you now.

Oops.

Disconnected. Wrong room.

Don't you love working with cutting edge technology?

SPEAKER: No, this is the bank. What's it like working with the bank? No.

MS. GRIESGRABER: I have done videoconferencing in the Bank very seamlessly actually.

SPEAKER: Oh, yes?

MS. GRIESGRABER: Yeah.

SPEAKER: You got lucky. Good.

MS. GRIESGRABER: No, actually I think it was a very memorable experience.

Welcome back, Lima. There was a problem apparently with Montevideo's room, so they turned off your room.

Okay, Fernando, if you could say a little bit more about your knowledge of and experience of the
IMF in Peru, and then we're going to get into the substance of the governance recommendations, okay?


SPEAKER: Yes, speaking I think.

SPEAKER: Can't hear him.

SPEAKER: We can't hear anything.

SPEAKER: Can't hear anything.

SPEAKER: Oh, well, that's nice.

MS. GRIEGRABER: Welcome back Uruguay.

Sorry, Peru, we did not hear you.

Fernando, we did not -- there's something wrong with the sound now coming up. Can you hear us?

Montevideo, do us a hand signal. Can you hear us?

(Indicating)

MS. GRIEGRABER: Okay, great.

So, Fernando, could you repeat what you said about your experience with the IMF please?

MR. PRADA: Yes. Basically from the academic point of view, I worked -- well, I'd just come back from Lima about -- to Lima for about a week
ago. I was working at the World Bank and at the IDB. In general, my experience is we worked also at Sussex University with Gilbert Saxon and Francisco Sagasti. We were the authors of a book on future prospects of international financial system. Specifically, my experience is not with the IMF but in general with international financial system for development, and with my organization we have prepared a number of papers for follow-up purposes for the IMF and, together with Spain being president of the European Union, we are preparing a paper that will be submitted in February or in March in Brussels on how aid and the financial crisis might be compatible regarding development.

MS. GRIESEGRABER: Thank you, Fernando, and maybe you might share any of those papers when and as they become available through the list serve or with other linkages. We can share the web link with those papers, okay?
Okay, let's switch now to Montevideo and have the people present in the room introduce themselves.

Again, Roberto, if you could serve as the host or the facilitator in Montevideo just to make sure everybody gets a turn and takes a turn and says their name. Good to see you, Roberto.

MR. BISSIO: Yes, thank you very much. I am very pleased to see all of you. I think this is working well. We can finally see you, both you and the group from Peru. I would like to give the floor to María José Romero. She can introduce herself. Good morning.

MS. ROMERO: Hello, Nancy, Jo Marie, and other colleagues. I work in the Third World Institute in a project that does follow off international financial institutions in the work in Latin America. From that point of view, we've been monitoring the activities of the IMF at a global, regional, and national level. Basically, that is what our institute has been doing specifically as of 2005, but still the
Institute before that also had some working experience on financial architecture, subject, and other financial issues.

I will give the floor to my colleague, and then we can later on continue speaking about our experience with the IMF more at a national and regional level, and we'll be sharing that with you.

MR. GONZÁLEZ: Hello. I'm Arturo González. I work with IFI Watch, which is a virtual network of organizations that monitor IFIs at a global level. It's been in operation since 2004, and then we began more formally in 2005, and we've been doing an analysis and a follow-up of almost all activities of international financial institutions.

MR. BISSIO: And I'm Roberto Bissio. My main activity at this point is to coordinate Social Watch, which is a network of organizations in about 70 countries, which surveils the compliance of the government's commitments regarding poverty, relegation, and gender equality. With that in mind, we, in the last few years, have prepared a couple of
reports on the international financial architecture, and we are preparing the next report, which will be launched in September on the social impact of the economic and financial crisis.

In the case of Uruguay, I have been working specifically since basically 1984 on issues having to do with transparency of the international financial institutions' activities, in particular the World Bank and the IMF, and we have also worked on them regarding their disclosure policies, and in the specific case of Uruguay, we've been working on that in addition to be working on general issues.

I have also participated in several of the annual meetings of the World Bank and the IMF, including the discussions they have had and the town hall-type meetings they have had with (inaudible) Horst Köhler, Rodrigo de Rato, and then president Wolfowitz in Singapore, although he left, of course, because of the situation at that time.

MS. GRIESGRABER: Okay. Thank you.

Oh, yes, I'll take a coffee, please.
Okay, as you can see in Lima, the Uruguayans are very smart. They're having coffee.

Let me just note that Roberto mentioned the annual meetings. At the upcoming annual meetings in Istanbul, early -- very early in that meeting there will be a forum for civil society to discuss with the managing director governance reforms. We want it large but not humongous, so it's not a rally, it's not an auditorium. We want to have a conversation among people who are informed and prepared to discuss substance and not chant from the back row, you know? We -- I believe -- and demonstrations -- I love them. I have a ball. But this is a time for people to engage with the managing director to listen and learn, and he's prepared to give us two hours, and October 1 is the probably date, not confirmed but early, so as soon as we know anything, we will give you the specifics, but if you are going to Istanbul, just sort of be aware of that.
Is anyone planning to go to Istanbul? I am. Anybody else? Oh, yeah, Roberto. Nancy is. Okay, so we have a couple people going.

With that, let me just say that could we move down, then, to the discussion on the governance reform proposals there. This is sort of an outline of what was put in that paper, and when I wrote it I realized I was making everyone equally mad at me, because I cut out the really interesting substantive pieces on human rights and conditionality and international law, which is really meaty and great to discuss, but I had five single-page pages for a board discussion on a very narrow range of topics.

So, with that, if you'd like to indicate -- or may I ask you to speak on specific governance proposals that you like/don't like that are included in the paper/should have been included in the paper, whatever you want in terms of governance -- and again, this is civil society. You can say whatever you want, okay?

May I impose on you, Roberto, to begin?
MR. BISSIO: Well, it is difficult to decide how and where to begin. I think there's been good preparatory work. I think that the discussion on the reform of the IMF is a discussion that has lasted quite a few years. In some ways this question -- or the question should be why is it different now than on all the other occasions when we have been invited to participate or when we have been promised that now things have changed in these institutions.

Unfortunately, I've been here sufficient years to remember similar promises made almost 20 years ago -- over 20 years ago. We know that it is a problem for the IMF governance to have the veto power of some countries or some groups of countries. As a matter of fact, it is really not a veto power. It shouldn't be called that, because that would make us think of the U.S. Security Council, when actually the situation at the IMF regarding the voting power of the United States or the European Union when they act together is much greater than the veto power. As a matter of fact, they are practically the owners of the
institution, and as we see it, we see how that works on a daily basis, its multiple consequences. And because it can block significant reforms, we feel that there is a limitation on these issues regarding quota changes for developing countries. We know that these rights are limited, even though we support them.

Basically, that was a general comment regarding the context. I think, though, there is a change in the world -- there has been a change that G-7 cannot act now as the owners of international financial institutions, and this has generated an expectation and hope that in effect there will be a change which will be proportional to reality, and the governance is part of that change. Of course, the democratic deficit that we have mentioned is real, and I think that the preliminary document does point out, and rightly so, that the democratic deficit has many dimensions. It doesn't only refer to vote but also to all of the procedures and also accountability.

In Latin America, the issue of accountability -- of the IMF's accountability is,
admittedly, associated with very specific connotations, with specific times, within enormous cost for the countries from the social point of view, that many countries suffered because of policies that then were proven to be wrong policies. So, to a great extent the great question from our point of view, from the point of the Southern Cone of Latin America. Now, that accountability will lead to an end, to impunity, which is another word, another term, another concept that has great resonance regarding human rights but should also be seen vis-à-vis these institutions' policies.

For instance, specifically in Uruguay regarding that impunity as a result of the financial crisis that we had in 2002, which was not very different from what developed countries are suffering now, the main owners of private banks in Uruguay saw that their banks were bailed out but that was at a given price. So, this question of accountability is very important and specific for us, very relevant for us.
However, the case of IFIs and IMFs specifically in that case, there is, in our opinion, a situation of impunity because of its charter, its articles of agreement, and this of course leads to a major problem in governance or prevents the IMF becoming accountable, which is what we are claiming from the point of view of civil society.

MS. GRIESEGRABER: Thank you, Roberto.

Okay, having had time to listen, who would like to go next? We -- because we are so few, you can switch back and forth between cities. Would someone like to raise their hand and be called -- you know, indicate they're ready, or do we draft you?

Okay, let's go to, then, Mr. González.

Okay, Francisco has offered to go from Lima.

Thank you, Francisco.

Francisco, you can talk.


MR. MAURO: In my specific case, in addition to saying that I agree with what Roberto has just said, I would like to add that what could contribute
to greater governance and improve the macronization process in the IMF more for that -- could you turn off your mike, please -- for that what is important is to share information among more and more people regarding the finances towards governments that are members of the IMF, because one of the main failures that we have identified on the basis of research as that done by Carmen Reja is, for instance, the following of domestic public debt, the follow-up of domestic public debt, and we found that the crisis in this domestic public debt has -- do come before external debt crises, and that is a need that we see from the point of view of civil society.

We think that that lack of information needs to be upset. In any case, the IMF has that information. It seems to be confidential, and that does not contribute to greater transparency by the organization, and it does not contribute to achieving the public objective that the IMF has set forth.

That is a general observation not only regarding this issue but also regarding other issues
that might be of interest to countries such as ours. For instance, when we sign up for the different programs, debt programs, the -- they -- of large amounts or small amounts, at first -- or, rather, not at first but for a while people don't see how and why the countries are going into debt with the IMF under which conditions the agreements have been signed, and the people in general in our countries do not have access -- quick access to that information.

So, in order to contribute to greater transparency and credibility from this institution, from the IMF, that information should be available not only through you but through the governments that are signing these agreements, these debt agreements with the IMF.

So, my general comment does have to do then with information and information disclosure, because that ability to receive information is the one that allows us to handle policies and face the policies that are adopted by the government upon the recommendation of the IMF.
MS. GRIESGRABER: Thank you. That was Raúl Mauro. Sorry with the name confusion. I apologize.

Raúl, that is a point that was new. If you would be so kind as to maybe write that up as a paragraph. I have not heard that specific issue raised before in this whole series of conversations, so maybe if you could just write it up and send us an email, that would be very useful, okay?

Who would like to speak next? Fernando?
Okay, go ahead.

MR. PRADA: We don't hear you very well.
It's a very low volume. That's something to be dealt with.

MS. GRIESGRABER: Okay, while we do that, would --

MR. PRADA: Now we hear you well.

SPEAKER: Now we hear better.

MS. GRIESGRABER: Okay, thank you.

MR. PRADA: Yeah.

MS. GRIESGRABER: Okay, so Fernando, please?
MR. PRADA: Well, I did not read the final document, but these are two follow-up issues that we have been bearing in mind. The first one is that of democratization and the issue of vote, how to make these institutions more easily reformed with internal dynamics that not only represent the opinion of the larger countries and the G-7 countries, which are issues that you have mentioned, but also the question of transparency of information, especially regarding smaller countries.

I think that in Latin America middle-income countries, quite a bit of progress has been made. The countries that suffered financial crisis, especially in Latin America in previous years or Southeast Asian countries, there's been an improvement in transparency, but there's a lot to be done yet in smaller and poorer countries where crises never really become global, but still the countries internally and domestically suffer much more from these crises and there don't seem to be any mechanisms since there's no spillover crises in smaller countries for domestic
reasons. The international then -- community then simply does not adopt measures in a timely fashion, and the IMF is one of these institutions that does not adopt timely measures.

So, it's a question of democratization at the IMF but also access to information, how to search for information, especially regarding poorer countries where the spillover probability of the crisis is much smaller, and crisis has suffered more from a domestic point of view. Thank you.

MS. GRIEGER: Okay, as a follow-up, Fernando, maybe you could also send us exactly what kind of information would be needed, provided by whom, that would be very useful; and when you say "democratization," could you explain a little bit what you mean, not what others -- what you have in mind so that we understand how you would -- if you were king of the world how would you structure, increase democratization at the IMF. Exactly what do you include in that?
MR. PRADA: To be more specific, it is simply a discussion on the quotas so that the countries, especially emerging economies, can have greater access, and to capacity to reform the institution, because one of the problems regarding the institutions -- reform -- the IMF's the reform is that in the final analysis everything is decided or, rather, most of the agreements are decided through the voting rights of the countries, so until that problem is solved, until we have greater voice from emerging countries -- maybe the G-20 countries -- there will not be a real reform at the IMF.

Regarding your question on information, this is not a problem only having to do with the IMF. It's a general problem of the financial system. It is difficult to generate information in poorer countries due to a lack of infrastructure and capacity, so there the IMF does have access to information. It negotiates sometimes with countries. As Raúl was saying, it has access to information that not always is processed or is available to all countries. I am
referring specifically to, of course, the more -- the poorer countries where crisis -- likely there will be no spillover but are still -- financial crisis -- are suffering domestically. We are speaking about Africa and some of the Latin American countries, such as Central American countries. Basically that was it.

MS. GRIESSGRABER: Okay, thank you.

Let me now ask María José, could you speak on your visions, your hopes, your passions, or even your low-level concerns about reforming IMF governance or anything else about the Fund?

MS. ROMERO: Yes, definitely.

To continue with this subject in the line of what Roberto, Raúl, and Fernando were saying, I think it is very necessary to continue working so that the middle-income countries and low-income countries have a greater representation in the IMF's governance, that there be more voice and representation at the IMF, because right now it does not really reflect the true economic structure of the world.
The situation has changed compared to when the IMF was set up. But there's a document that was sent to the IMF at the beginning of July, or that they sent, which drew my attention which I'd like to speak to you about, and that's regarding the representation of stakeholders of the people from civil society organizations and from the people in general who are truly affected by the institution's policies, and that is also consistent with what our colleagues from Peru were saying, and that is the concept of democracy has clearly changed. It's different from what it used to be.

The representative democracy agreements -- we have been working on that and the IMF has been working on that with the member states, and we know that it does exist and that has to do with an increase in the countries' quotas and their representation in the institution. All that is fine, but democracy is also participatory, and organizations and people that are affected must be able to have their voice and opinion heard, because they are the ones who, to a
certain extent or to a great extent, are being impacted by the policies. So, undoubtedly there's a problem and that is that the IMF does not appear to have or -- well, it does know what the opinion of the civil society organizations and people's opinions are, but they don't really take them to account; they're secondary, so in some cases, yes, they allow civil society and the population to express itself -- themselves -- but these opinions in the final analysis are not taken into account when they make a final decision on the policies to be implemented.

So, yes, there are meetings -- the annual meetings and the spring meetings where the managing director or the executive directors -- well, they all contact CSOs. But as I was saying, although they listen to our opinions, they don't take them into account, and often to ask an opinion from the affected people, yes, that's fine and good, but they don't include them in the policies. That does not make sense in many cases, and that's when the experience of Uruguay and Argentina -- the RES agreement signed with
the IMF, and there, there's a line that says that the IMF and the governments consulted labor unions and civil society organizations and the people who will be affected by the program, but that agreement really usually is signed in an emergency situation.

It happened in Uruguay in 2002. And in the end it's only a line that appears there, but nothing is implemented. These signatures -- or these agreements are signed between the representatives of the IMF and the Ministry of Finance representatives, and not even the other members of the cabinet are aware of the decisions and policies and what happens in that room, in that closed room, and where the information is not even transparent to the members of the cabinet, to other members of the cabinet, to the members of the Parliament. Our national Parliaments often really do not know what the conditions under which agreements have been signed are. Often they are signed in crisis situations, which is what happened in Uruguay and in Argentina.
So, our experience in that area has been quite negative. These are at least -- this is -- this is -- these are what we remember, and we feel it's quite recent and especially when we're trying to discuss the impact of IMF policies on the region.

MS. GRIESGRABER: Thank you very much, María José.

And now may we ask Arturo González if you would like to make your initial statement?

We'll have time to get back and discuss other issues, but your thoughts on how you would reform the IMF, including its governance and especially governance.

MR. GONZÁLEZ: In addition to saying that I agree with everything that has been said up to now by our colleagues from Peru and María José and Roberto, one of our strongest complaints that we've had, vis-à-vis the organizations that are part of IFI Watch Net, in addition to our complaints about institutional transparency, we are worried about the democratic participation of the IMF and its addition such as the
U.N. For instance, in the last few meetings, there's been no link between them given the crisis and there've been -- as a result there've been many complaints because of the lack of acknowledgement of poor countries, the ones that are most affected by the crisis.

Well, basically that's what I wanted to say.

MS. GRIESGRABER: Did you want to address how the relations between the U.N. and the IMF could be changed or improved? How would you structure them? Okay, your made general secretary. You get two posts simultaneously, Arturo. You're both general secretary of the U.N. and you're managing director of the IMF. How would you change -- restructure the relations?

MR. GONZÁLEZ: Well, mainly I would give a signal of participating and recognizing and acknowledging the importance of meetings and discussions organized at the general assembly both last year in Doha and then this year in New York, at which the IMF did not have major representation.
MS. GRIESEGRABER: Okay, so you would begin
with representation.

I step out of my neutral moderator chair and
I was in Doha for the Financing for Development and
Follow-up Conference, and we were all so angry with
the president of the World Bank and the managing
director of the IMF. Neither of them had the courtesy
to show up. And to say that it was Thanksgiving was
such a pathetic excuse, because all of us were giving
up our Thanksgiving.

So -- anyway, stepping back into my chair,
Lima, did you want to speak to any of the U.N. issues?

The reason I'm spending time on this -- this
was an issue that was raised in the discussion that
pre-seated the release of that five-page paper, but I
didn't have space to really get into it, and it's a
very complex issue. There are two very excellent
submissions on the website if any of you care to look
at it. Harris Gleckman and Barry Herman both wrote
extensive notes on this issue, but it was a
frustration because, for example, Barry Herman said
that well, the U.N. should develop something as a follow-up mechanism to financing for development, and the IMF should work with it. It couldn't -- I didn't feel -- it felt too awkward to say well, the IMF should consult with whatever the mechanism the U.N. finally decides to have. I mean, that doesn't work. So, this -- I'm spending some time on this, because I think the next paper will have some consideration of this aspect or this issue.

Okay, we can come back to that. I don't see anybody leaping to the microphone. Anybody? Alright, Roberto?

MR. BISSIO: I don't have ideas to comment on this point regarding the United Nations or to add other elements to the initial statements you made.

MS. GRIESGRABER: Whatever you like.

MR. BISSIO: So, I will do both things and very quickly.

The IMF and the World Bank were set up by the first United Nations conference on economy and finances in Bretton Woods, and they clearly should
take up the role as specialized U.N. agencies, which
is what they are, and that would imply, among other
things, an obligation to coordinate activities with
the human rights and labor rights and environmental
rights entities and not to act in a fully independent
manner or trying to have sort of priority over other
components, and there are ways in which human rights
should be binding.

If we see, for instance, the accurate
language regarding the follow-up meeting on the Paris
declaration on the effectiveness of aid -- of
development aid -- it is really too bad that when in
the declaration human rights are mentioned, they say
they've been governed -- that they have to do with the
governments. But they make no mention of the IMF and
the World Bank as subject also to international
legislation on human rights. This was really a shock
to see that it had been drafted in those terms and
that should be made more explicit that that should not
be the case, that human rights also are binding to the
IMF.
Now, regarding reforms. Reforms --
certainly reforms constitutional amendments, and other
reforms could be made of simple administrative
measures and they would have enormous impact -- for
instance, to have a clear policy on conflict of
interest. Very often, agreements with the IMF are
signed by Ministers of Economy, who are simply
counting the next few months of their career. They
figure that in a few months later they will be become
officials of the IMF, and it's a revolving-doors
policy between working for the IMF and working for the
Ministry of Economy or the Central Bank or the
Ministry of Finance in many countries. It should --
there should be clearly establish a policy on conflict
of interest. Just as a minister cannot sign an
agreement with a private company and then become the
manager of that company when he stops being a
minister, there should also be a policy or a rule
regarding taking up positions in the IMF, and in the
case of the World Bank, although that's not the case
of the IMF, that should also be the case for many NGOs
who -- which in the final analysis are participating on the one hand as a social controller of these institutions, and then at the same time they are receiving funds or they're expecting to receive funds.

MS. GRIESGRABER: Again, that is very interesting, Roberto, especially the cooling off period is what we call it in the United States between going from private sector into government and back and lobbying and being a member of Congress and then lobbying Congress. We're very familiar with that kind of revolving door, as you say.

And I'm -- just to follow up, if you were to write that up, if you know of a good policy, that would be very useful either to tell us where to find that policy or to, you know, write it up in your own words. That would be very helpful, because what I get to do is I now get to hand all these great ideas off to Domenico Lombardi, which is great.

The other thing on the IMF and World Bank as specialized agencies of the U.N. I actually have an argument of, not to say an email site over this --
well, I can't mention names, but anyway, former U.S. government official who's now in the private -- you know, the think-tank world -- said I was completely wrong. I'm wondering if any of you know of international lawyers or research groups in Uruguay who might take this on as a research topic or research unit -- you know, researchers in Lima. This is because they are formal treaties between the U.N. and the IMF and the U.N. and the World Bank, and what would be involved in renegotiating them. Treaties can be renegotiated. I have no idea if anyone has looked at it in those terms, but that would be something of interest to the extent that, you know, this has -- this is a line of thought, a line of suggestions that emerged that was not included in the July paper.

And now I want to recognize that there's a third person in Lima. We'd like to ask you to introduce yourself please.

Good morning. I'm Will Amaya, and I belong the Episcopal Commission of Social Action of the Peruvian Episcopal Conference.
MS. GRIESEGRABER: Could you repeat your name. We had a list of possible attendees, and we don't have your name and we want to get it correctly, especially for the audio tape.

My name is Wilfredo Amaya Ayela, and I belong to the Episcopal Commission of Social Action of the Peruvian Episcopal Conference.

MS. GRIESEGRABER: Thank you, Wilfredo, and welcome. If you would like to share your thoughts on what -- on both your experience with the IMF and also some of the thinking that has taken place within the Episcopal Conference about reforms, especially in the governance of the IMF that you and the Conference have been thinking about. You can speak in your individual capacity or you may speak for the conference, as you choose.

MR. AMAYA: Actually, the Peruvian Episcopal Conference does not have a direct relationship with the IMF. We simply hold coordination meetings to inform others about the property situation in the various ecclesiastic jurisdictions of the country. As
a matter of fact, because we are a social action commission or committee, we work in various jurisdictions, and we are asked for information from -- in most distant areas and areas that are very excluded in very poor countries. They ask us for information so as to have there that then can be given to the various institutions so that they can send support to these areas and regions.

MS. GRIESEGRABER: Okay, thank you.

We have a request from Nancy Alexander in Washington for the microphone.

MS. ALEXANDER: Yes. Some of you may remember that in 1999 when the PRSP process was invented by the IMF and World Bank, there was a commitment on the part of the IMF to support national governments in their setting of macroeconomic and fiscal parameters. In other words, the government was to take the lead in setting those parameters rather than the IMF. In actual practice, this does not happen. The IMF sets up the parameters, and board members have been very explicit in saying that, yes,
the IMF establishes these parameters and this is one source of great power and a principal function of the IMF. Another principal function of the IMF is its role as the lead in financial cartel insofar as it gives the red light or green light to not only official creditors and donors but also private creditors as to whether the financial resources should flow into a country or not, and Jo Marie can tell me if this properly falls within the governance parameters of this discussion, but if it does, you know, I would be interested in people's views about those roles of the IMF.

MS. GRIESGRABER: There are no -- as the managing director told us when he started this process, there's no taboo topic, so if you would like to address that now, you are welcome.

My initial reaction was that PRS piece may not apply in most of Latin America. Perhaps some of Central America and Guyana, Haiti -- but the other practice of who sets macroeconomic policy and agreements -- is it initiated by the government or by
the IMF -- and the experience of any country seems to be that the IMF is the initiator. Do you want to address this? Anyone.

Go ahead, Roberto.

MR. BISSIO: In Latin America -- please turn off your mike -- we have a dramatic situation in Honduras, of course, and what no one has said is how in the crisis in Honduras the coordination process within the framework of the Paris Declaration for budgetary assistance -- what an impact that has had on the crisis of Honduras. As a matter of fact, in that process, the Parliament was completely displaced.

The Parliament was asked to be patriotic and not to discuss the budget, so basically to resign to its constitutional right to discuss the budget because the budget had already been discussed and agreed on with international financial institutions and with donors. As is well known, after that President Zelaya -- well, he finally faced the problem and imposed limits and decided to accept funds from others and gave a turn in its policy to prevent being subject to
those conditionalities. So, the coordination of the donors and the role of the IMF as guarantor of conditionalities is in fact an important and key point especially in countries that are very dependent on aid. There are not that many in Latin America, but there are several cases, important cases, and in the case of less developed countries this is a dramatic situation that is the way in which all of the government's action has gone from democratic and elect entities to donors who often are coordinated by the IMF or the World Bank. Per se, this is a violation of the right to development, and one could argue that it also violates basic principles of democracy and governance in our countries.

MR. MAURO: I also wanted to add something if I could.

MS. GRIESGRABER: Yes. Certainly.

MR. MAURO: In line with what Roberto just said and that led to a specific comment by you on this revolving-door policy, that is, the Ministers of Economy who eventually end up maybe some ED -- as an
Executive Director at the World Bank or IMF -- here in Peru, for instance, we still see this problem. As a matter of fact, as a result of the crisis, of international crisis, where one of those who was one of our most outstanding ministers, Silva-Ruete -- Mr. Silva-Ruete in coordination with another former official of the IMF who was Minister of Economy, Luisa Rieso -- they coordinated a mechanism to place new indebtedness or to form new indebtedness by issuing sovereign bonds instead of continuing with a policy of greater fiscal equity and policy that is one of the most backward policies we've seen, because, as you may know, in the case of Peru, we've had a pretty good economy, a pretty good economic situation thanks to the extent of our OARs.

Now and boom times have had high prices, or at least when there was a boom, and there's been great pressure by Peruvian society to have tax reforms that might give greater equity or give more power to the Peruvian state so it could have more funding and keep more of its money, but this policy was not really
accepted by the Minister of Economy, who was a former IMF official, and when the crisis began in October last year, the former Minister of Economy who is now an IMF official immediately conveyed signs and signals to the media saying that Peru would be able to place these sovereign laws. And even though there wasn't a position by the civil society and a position to going into a new cycle of indebtedness since between the two of them we suspected that they know each other very well and they know the situation, they said that it was agreed on. Not only this set -- but three more issuance under the coordination of these two people who have been in constant contact and communication.

So, I think that what Roberto has said, which has also come to my attention, is an issue that is very important, that right now is not something that we can control at the level of civil society, and what we have seen in this discussion I think should be reflected. In other words, maybe you could recommend good practices on this issue, because, for instance in our case it was a decision of two people who had very
responsible positions that have a direct impact not only on the people of the country but on the people of the region, and these are policies that promote a situation that is not necessarily the best to strengthen the state's finances.

So, there's been a delay in the policy, rather, in making a reform in the tax system that would truly allow us to gain greater revenues in times of boom as in times we had, so when we go into crisis taking advantage of what we had a boom -- what we had as a boom, instead of taking advantage of the situation, we went into a new cycle of debt now during the crisis, and if the crisis continues and persists, things will get even worse.

MS. GRIESSGRABER: That's very sad.

Again, Raúl, if you were to write this up a little bit, we may be able to use it in another context of New Rules work actually. As we -- even as we asked Roberto to suggest principles of where we can find best practices, this revolving-door situation, Raúl, and some other work that we're doing on tax
policy, it would be extremely useful. I was thinking of using a little box -- the incoming or the next civil society paper, but we're trying to avoid mentioning individuals. So, it's -- I can't see immediately how to use that information in the context of the civil society paper, but it's very sad and certainly underscores what Roberto was saying.

We have approximately 45 minutes left, so we do have time to get into other topics if you would like. For example, on the other video conference that we just concluded, we had Danny Bradlow, so of course there was mention of the external complaint mechanism and the need for an ombudsman, and I'm wondering how that resonates if that resonates in your situations.

I'm sorry, I'm not hearing anybody.

SPEAKER: Basically, my question is whether the ombudsman -- who the ombudsman be defending. Would the ombudsman be defending the states or complaints from states, or complaints from anybody from any of the member countries? So, could it be a civil society organization or a network? Who would be
able to present a complaint, because there was some procedure or bad policy suggested by the IMF? So, my question is who would be able to address this ombudsman and the issues that ombudsman in Spanish is (E.T. 1:07:13).

I have an additional concern, to know whether this ombudsman would really be an independent person. That is our main concern. At the time that the ombudsman is put in place, he would be receiving complaints. We would like to know whether this person would really be independent. Who designates the ombudsperson. To whom would this ombudsperson be accountable? This is the main thing, because it could be very positive to have an ombudsperson, that what we are really concerned about is about the independence of the ombudsperson. That is our main concern.

Yes, in principle, it is always interesting to have an ombudsman, but we also need to know what his mandate would be. I was just speaking about the crisis in Uruguay. The main private bankers in the country went to jail. In the U.S. crisis, everything
that the banks have done was deemed to be legal. In the case of Uruguay, after the crisis, as a consequence of the lessons learned during to the crisis, and this was -- lessons were learned with the help of the IMF, the laws which sent these bankers to jail for having caused the financial crisis were abolished. So, a future ombudsman will have to say okay, what in the past used to send somebody to prison now has become legal, because if a country has gone bankrupt due to their practices, that's a real shame, but the new laws have been breached, so we think that the ombudsman idea is a good one, but the issue of accountability has to go beyond this, and this is really the issue of the accountability of policies which are not only related to legal frameworks but also related to the results that occurred in the field.

MS. GRIESGRABER: Oh, good topic. I think there may be another microphone on. I can't tell.

Okay, so those are excellent points, and what I will do is I will write these questions to
Professor Daniel Bradlow in South Africa, and it's his
job to answer. My hunch is that individuals will be --
- have access to any ombudsman. I don't know what
mechanisms there are for guaranteeing the independence
of the ombudsman. I know that in the case of the
director of the Independent Evaluation Office of the
IMF, the director cannot work for the IMF ever again
in his life, okay, which is pretty strong. So, you're
going to get mainly senior people.

The question of -- the question of the
ability of states to complain -- that was an issue
that was raised and we had consultations, New Rules
working with a Canadian research group and an Oxford
research group asking developing countries what they
wanted at a country level, not civil society so much,
and in Central Asia the issue came up how can a
country complain when the country's position was not
reflected in the staff report and to whom could the
country bring its problems. It could go to the
executive director, but if the executive director
wasn't -- didn't have the clout on the board to change
things or even for the board to know that the country was unhappy with the arrangement, and so what happened in practice, we were told, you know, without mentioning names that people went to the U.S. ED. The Central Asians would go and go to the U.S. ED and try to get the U.S. ED support for the country position, because their own Executive Director was too weak. Now, this is not how it's supposed to work, but this is when you're dealing with realpolitik and power instead of, you know, pure theoretical democracy.

Let me bring up another element, then, when you talk about the impact of policies. Thinking as New Rules executive director and being in this business for way too long -- almost as long you, Roberto -- we have been promoting something called Exante Poverty Impact Assessment. And we know the World Bank has the Poverty and Social Impact Assessment, and the World Bank had sort of a lukewarm mandate from its board to do something like this provided they didn't need any money to do it and they didn't do any original research, and under the recent
cutback on staff at the IMF, the PSIA unit at the IMF was -- canceled that. It's an independent unit and is now located in the Fiscal Affairs Department. But what we are trying to do is establish a -- and this is more like a commercial for our work -- trying to work with research centers in Sussex.

So, Fernando, in Sussex we're working with some folks with IFPRI, the International Food Policy Research Institute, and a few folks at the IMF to see if we can design a very low-cost, rapid, qualitative projection of likely impacts in distribution. We can't use the word "poverty," because of course the IMF doesn't worry about poverty, so -- but we can worry about distribution -- and -- to see if that tool could be developed having that -- where different assumptions can be plugged in and you could get different -- anticipate different results. So, we have something cooking in that area, but I'd be interested in your reactions. It's very difficult conceptually, because macroeconomists don't talk to
microeconomists very comfortably and so on and so forth.

MR. PRADA: In the debate related to who will be responsible if the policies are not adequate at the national level, we have been unable to implement mechanisms to know who is accountable in case of poor policies, so we can talk about democracy, about election, bad government is associated with (inaudible) policies, and then probably they will not be reelected. But at the multi-lateral level, it is a little bit more complicated, because the concrete argument is that these policies are designed together with authorities which have been duly elected in the member countries. So, we have a conflict struggle, because when we talk about accountability for poor policies, we should also talk about a system to compensate or offset these policies even if the policies have not been implemented correctly. But the responsibility of the national state and of the international organization is shared. So, I don't really know how we could implement this
accountabilities system when there are poor policies which are adopted due to the situation of financial crises, and this could be policies that have been suggested by the IMF. It is a question or maybe a comment.

I wanted to add a comment, because some member has just said with regard to the indicator that you have just pointed out it is true that the IMF -- and I am trying to talk about the lack of equality and perhaps the World Bank would perhaps work more with the poverty indicators. But we should know what inequality we're talking about or which poverty we're taking about, because although there have been improvements in the indicators that measure these through surveys, we have detected some problems though when this information or data is collected. For instance, in the case of inequality in Peru, we have noted that the results of the last survey, which was filled out in 2008 as a consequence of the crisis, which people have lost part of their income and poor people whose income has increased a little bit, so as
a final result of the lack of equality has been reduced -- the cap has been reduced. So, we could say that as a consequence of the crisis, the policies that were implemented contributed to a reduction in inequalities in the context of the crises. So, we would really have to assess which are the indicators that are being used, and perhaps not only use one indicator; perhaps we should use a set of indicators in order to have a more complete idea not only with regard to consumers' indexes and also the standard of living, which should be the more general indicators. I would not create a divorce to macroeconomists and microeconomists. What I would be more interested in is how to assess qualitative elements which are not so easy to perceive as the only base or judgment on quantity indicators. We should also have quality indicators in order to measure the impact of policies which have been implemented incorrectly.

And I would also like to add that in some way the crisis, which was not foreseen by the IMF, by the World Bank, or by any of the specialized
institutions, in one way has really put -- passed some doubts on these signs of economy -- economics. So, now there is an issue of credibility. How can we foresee this? So, how will we be able to decide who is accountable if the signs of economics as it exists now or economists who seem to think that they're the ones who are technically correct are the ones that were wrong? So, this really goes beyond what has been said. I am really not certain whether this is an issue that should only be assessed by economists.

I believe that through this democratic process perhaps the IMF should comment or discuss what people considered to be an element that has impact on the quality of their life.

And I have another comment, which I did not mention in my previous intervention, regarding the revolving-door positions -- IMF positions and government positions -- something that really has struck me, and it's a fact that sub-national governments in Peru had resources that were not spent because they were able to explore to minerals. Many
local governments have abundant funds which were not spent for multiple reasons. Nevertheless, the IMF staff and the Ministry of Finance staff said that if the macro-institutional framework is not clear, they use this opportunity to make the national government incurring to debt, so this really has had repercussions on their national finances.

So, I think that in the end, there were some debts that were placed, but there are still sub-national governments that were able to -- are incurring to debts, and I really think that we should have an explicit recommendation to -- in order to be able to know what -- where lies the good for the people when these debts are incurred without a more important study at the national level and not only at the sub-national level.

One last comment with regard to what Raúl has just said. The IDB published a book a couple of years ago, which is called Living with Debt, and there were two gaps of information. One was about the internal -- or national debt, and the other one was
the issue of sub-national indebtedness. Those were two information gaps which are very important for emerging countries. According to the IMF model, they do have solid finances, and I believe that that may be the case of other countries in the region. So, the situation is not so urgent. In the case of the debt of Peru, the issue is not so urgent, but in other countries, there is a lack of information, and the IMF with the IDB in Latin America are trying to improve these information gaps.

MS. GRIEGSBRABER: Okay, thank you.

Roberto?

MR. BISSIO: I believe that there is a basic issue which has to do with symmetry in power between the IMF and underdeveloped countries, which means that technically all the documents are signed by our Ministers of Finance, but then the -- when our Parliaments (inaudible), although we're supposed to have national ownership of these documents because they have been signed by our Ministers of Finance, sometimes there are poor translation into Spanish of a
document in English. But the document has been signed, and therefore the country has to comply because the document has been signed, although sometimes they have no choice but to sign the document. But the monetary instruments of the Fund has -- so, those who could have avoided the crisis simply do not exist. The only reason why the IMF continues to exist from the point of view of developing countries is because it has the capacity to put some discipline in the world economy, which it should really have. But in practice, as Lima pointed out very correctly, they have totally failed to do so. They have failed in their mission, and therefore what happens is that the IMF is looking for mandates which are not the mandates that the institution should have. The IMF should not be an institution that finances development. It should simply be there to stabilize world finances or a lender for short-term lender. So, there was a crisis that about the IMF was legitimate or not. So then some loan started to come up, loans, to help the fight against property, which have nothing
to do with the expertise or the original mandate of the institution, and so they really distract resources and attention towards other areas simply because that looks good for PR at a time when the Fund is being accused for having failed in its main mandate, the mandate for which it was created.

So, these issues, although we are very concerned about poverty and we are concerned about the impact that some policies have over poverty, democracy, or the environment, this cannot be misconstrued to mean that we support the expansion of the mandate of the IMF, because the IMF's mandate should be reduced, not increased.

In their experience with the World Bank, traditionally every time the NGOS point out that there is a lack, the result is that the bank's mandate increases in the path that you didn't take your (inaudible). Now they do -- they didn't used to take care of the women -- the institution of women, now they do. They didn't take care of the environment, so now they're concerned about the environment. So, they
simply take elements of -- which are part of the mandate of other organizations of the U.N. system, so I am very concerned about this fact that the IMF is walking the same path. They're increasing their mandate, and these consultations will probably be used as a pretext for that, so I wanted to state this very clearly. So, nothing of what we are saying now should be used to justify the expansion of the IMF's mandate. I totally support what has just been said.

MS. GRIESGRABER: Okay, I have a question back to you in terms of not expanding the mandate of the IMF. What do you say -- and I could play devil's advocate -- what do you say when the IMF is supposed to do short-term balance-of-trade adjustments but you can't restructure or rebalance your trade in 18 months to 3 years; it's going to take 15 years in reality, especially for low-income countries? And how do you mesh the limiting of the mandate of the IMF with the need to take into account human rights, environmental rights, labor rights, indigenous rights? How do those kinds of concerns cross each other out or complement
one another? I don't know the answer; I'm just raising the questions. I love asking the questions.

SPEAKER: I think that the issue is the issue of having the responsibility of saying okay, the institution has to be accountable if the measures taken breach human rights, destroy the environment, or affect the rights of indigenous populations. They have to be accountable. And we should say very clearly which are the things that are the responsibility of the government and which things are the responsibility of the Fund. This does not mean that the Fund should finance the fight against poverty nor indigenous populations. That is a separate issue. The reduction of the mandate has to be done in order for the Fund to concentrate on its specific mandate, which means that it should not include any conditionality that is not related to its specific mandate, because the experience has shown that the Fund conditionality includes issues which are related to trade policy, investment policy, rules of the financial sector, which have nothing to do with the
balance of payments but related to the state control of the financial sector. I know this has nothing to do with the Fund's mandate, so the Fund should simply abstain from making recommendations, from stating its opinion, and establishing conditionality related to these other areas.

We have noted that there has been a reduction of this type of conditionality in the loans that the Fund is making to European countries, that we have not noticed the same thing in loans that are given to developing countries, which once again reflects this lack of symmetry, which is a scandal.

MS. GRIEGGRABER: Okay. What -- not that we've concluded the conversation but rather that recognizing we have about 20 minutes left and I would really like to invite each of you to speak again and -- to two topics. One is your own thoughts -- Jim, where's your note -- okay, the first is what are your thoughts about how to increase the Fund's accountability? In the paper that I put together in July using a lot of people's input, and claiming
credit for their work of course, on transparency --
I'm sorry, on accountability, New Rules considers
accountability to include transparency, evaluation,
participation, external complaint mechanism and then
as a tool for this Exante Poverty Impact Assessments.
So, I would welcome your thoughts on accountability.
I heard Raúl talking about the difficulty of using
just numeric, quantitative analysis, but just how
would you -- or what elements would make the IMF more
accountable? When I hear the discussions on human
rights and on conditionality and on restricting the
IMF's mandate, I hear a concern about accountability.
It's a complex question, but it's something we're
invited to think about and to recommend.

The second question -- so, the first one
deals with accountability. And the second one is a
question of timing. What does the Fund need to change
immediately? Okay?

So, if I could ask each of you to have
another go-round on those two questions, and that
would be sort of our conclusion, if you don't mind.
Anybody want to begin?

Everyone's shy.

SPEAKER: I only wanted to point out some issues that we had already pointed out in our initial intervention. I believe that in order to obtain better transparency at the IMF, we should have more information in general with regard to domestic debt and with regard to the treaties and agreements that the -- our authorities sign with the IMF. And we also have the issue of staffs who are going through this rotating door. IMF will back in, then our own governance.

So, I believe that these issues are issues of concern, because that is how some of the debt programs have problems, and these problems could have been avoided if there had been a reform of our tax systems in order to obtain better justice and if the -

With regard to the indicators, the exante indicators, we should not only consider quantitative indicators.
And there's also an issue which I was trying to propose as something that could be researched, but I have not been able to assess this yet, and that is with regard to the standards for social expenditures that governments have. For instance, in Peru one of the issues that have been postponed for too long is the amount of resources which are devoted to human capital; that is to say, education and health. We only spend 5 percent of our GDP on education and health. Nevertheless, we do have funds in order to try to improve our expenditure in these two centers, but we have not been able to do so, so when we acquire more debts, the state feels that they have to pay those debts and that that takes priority over the increase of resources to improve public services in the health and education sectors. So, I would like to propose that on the one hand we have conditionality for our debts and on the other hand there is a conditionality that states do have in order to give their citizens the services that are required. So, I believe that this concept should be part of the
framework of the policies that the Fund is going to assess, but they should also be part of the global institutional framework.

Debt should not stop the state to meet standards of the quality of public services that are given to its citizens. In Peru we have very good standards for minimum levels. Let's say that almost a hundred percent of the population can go to school, elementary school, but the quality of these schools really put us in the lowest end of the range at the international ranking. So, in the high school level our young people are not doing so well.

The World Bank has carried out several studies in this area, so the amount of money spent on education is not adequate in order to furnish these services that they should be supplying in order to have a good level of education and health. So, there is a social debt which is needed in order to meet the financial obligations. And what I'm trying to say is that in a crisis we will no longer have these problems.
MS. GRIESEGRABER: Thank you.

Who would like to go next? Okay, go ahead.

SPEAKER: Our country and with the IMF when it comes to agree on a debt, we see that agreements are signed and then civil society, after the signature of the agreements, has access to the information and access to surveillance and monitoring, but it's only after the fact, so my question is why? If we're trying to have transparency in signing these agreements, why this monitoring isn't done before the signature of the agreements in our country. We pay very good remuneration in honoraria to officials who we wish to submit proposals on how to improve the debt situation, but these proposals are not listened to nor are they implemented. They simply are used to change certain purposes. For instances, debts that have been agreed in dollars are then changed to soles, and those that have agreed to in soles have then changed and converted into dollars, this in the medium -- in the short to medium term, and in then our country ends up continuing ad infinitum that is forever with this
debt. So, why this monitor only comes after? Why do we only allow complaints after. We're not even speaking about civil society participating in concerns regarding this debt before it is signed as an agreement; rather, civil society in our country is organized for that, because it has made a number of proposals, but the problem is they've been there, changed. That is, these contracts, these agreements are changed, and simply becoming effective or weak -- sorry, cannot do anything about them.

Now, hoping that the IMF supports redistribution of (inaudible). In our country, almost 70 percent of our territory, of our area is already under concessions. If the IMF's intervention is for the purposes of investments by companies that will be involved through agreements and through funds, it is true that they're used for development in some cases, but also there are concessions that are being given to certain companies, and that's our present concern since basically our country has been leased. It's been given in concessions. Then the question becomes
for whom is development -- for those that really need and should begin the development? And that doesn't seem to be the case. That's why there's such great social conflict in our country.

Why the IMF -- why doesn't the IMF -- or, rather, what could we change at the IMF? Maybe change its policies -- if wealth is distributed, that it be distributed for all. I don't know if in some other place in the world there will be somebody who will be able to save some woods or some forest, that will be able to save the world and to save it from climate change. So, instead of these concessions that are being given to companies to develop hydrocarbons and mines, that to take away wealth from the people, wealth that is then taken to other countries where they're not so needed -- why instead of that development -- why instead don't we look to the recovery of the environment? Why instead of giving it to a company, why giving the land to a company, why instead don't we reorient these agreements, change their -- that is, these debt swap agreements, swap
them and change them for ecology for the benefit and welfare of the planet. Instead of exploiting and using these resources, we should recover them. This would be good not only for Peru and for the region but for the whole planet.

MS. GRIESGRABER: Okay, thank you.

We have about four other people, and we're -- I hate to be an American, but I am -- seven more minutes. So, thank you for the first two, and now if we can ask each of you to speak very succinctly.

SPEAKER: Regarding the first item in improving the IMF's (inaudible), I fully agree, but in the discussions we've had here Peru and in Washington one of the subjects that came up, especially in the specific case of middle-income countries where the funds of the IMF and of the World Bank in general of external debt are less than 5 or 3 percent and even very slow, vis-à-vis or compared to the national budget -- well, that is something that has to be taken of account when we went to design a way to distribute accountability between the IMF and the countries, and
I do agree that there is a problem of concertation of policies, and that's because of the muscle that the IMF has in national finances. It has a privileged position where if we would like to speak about the budget by contributing a small amount to domestic resources, they still can have a large influence on policy, so in the case of middle-income countries we have to allocate responsibility regarding policy design in the countries themselves not only focusing on giving greater responsibilities to the IMF because of what other (inaudible) saying.

Every time a new problem arises, a new initiative comes up. In general, the result is an increase in the mandates of international institutions. I am speaking about middle-income countries, so in that case, in the case of middle-income countries, I think that the issue is to give responsibility to the governments themselves, and many civil society mechanisms need to be strengthened in order to be able to -- for them to monitor the situation and provide for greater transparency when
the governments are designing arrangements with the IMF. In other words, that our countries begin realizing that our governments have a greater responsibility and they need to be also much more transparent in their negotiations with multilateral organizations. But I think that as a civil society we have to demand from our governments this issue of transparency.

MS. GRIESEGRABER: Okay, we will be cut off in about three minutes. Technicians and clocks don't wait for people to finish their sentences. So, we have three minutes left. Uruguay, if you could speak, you are coordinating. Maybe one person could speak for Uruguay.

Mr. Gonzalez?

MR. GONZÁLEZ: I agree with what has been said up to now, and I think that in addition the IMF — well, first of all I think it is excellent that the IMF is trying to take measures on accountability, creating the position of an ombudsman, etc., but we have to see how long this will take, how long will
this take from a bureaucratic point of view, how long will it take to implement these measures, and maybe long-term policies should be taken into account and prove transparency -- this, of course, together with other conditions, such as participation, having a complaint mechanism, and the conditionalities that (inaudible) countries be considered. All of this is linked very closely to transparency, and given that the IMF lately in the last few months has tried to play an important role, a major role, in reducing the crisis, a lead role in reducing the crisis, we have to take that into account, too, as well as how to take immediate steps before time is up, because poverty and inequality don't wait and can't wait. They exist all over -- the problems in Peru also, such as those having to do with climate change, so it has to do with the development model that is chosen. That is an important aspect.

And we were talking about, as a matter of fact, here, that as for time and timing a creative measure might be to reduce the decision-making
percentage from 85 to 84 percent so that with that we could prevent the U.S. from having a veto power on a number of decisions that are important for developing countries.

MS. GRIESGRABER: Thank you very much.

María José?

SPEAKER: That's it. Yeah, that's it.

SPEAKER: We can't hear anything. There's no sound.

SPEAKER: Time is up.

SPEAKER: Now there is.

MS. ROMERO: Simply -- something about immediate changes. Before giving money -- before the IMF giving money that the policy -- giving money to the IMF that the policies that are being implemented by the IMF truly change, make sure -- well, I think that this is the right time to take steps regarding changes at the IMF, and as Peru was saying we can see that the reform procedures regarding the majority for voting in the IMF or changes in the quota and presentation system that these processes are very
slow, very complex and have shown the asymmetry and power that exist at the IMF and the power of certain countries and groups of countries that do not want things to change, or if they do want change they really want things to remain the same anyway. So, it is time to take action, and I think this is the right time for that. And what Arturo was saying, this change from 85 to 84 percent is a -- an immediate measure that could be taken. It's a question of political will that would allow things to change.

MS. GRIESGRABER: Sorry, that's --

SPEAKER: We can't do anything about that.

Thank you.

SPEAKER: Very well done.

MS. GRIESGRABER: My, God, yeah.

SPEAKER: Good translator. Very good.

SPEAKER: Excellent.

SPEAKER: That's fine.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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