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PROCEDINGS

MS. GRIESGRABER: We're going to get started right away on the agenda. We will have to sign off 5 minutes early because we have a 9:30 conference starting with Latin America. Soren, you were involved in pulling this together. Could you lead off and be a quasi-facilitator over there?

We're going to go through and we're going to introduce people, and if each person once we get sound can explain their experience with the IMF especially in country. We're going to ask about the country experiences especially with the three purposes of the Fund as we understand them, one being short-term balance of payments, two, financial stability as seen as a prerequisite for growth, and we want to know your country experience for that. So Kenya, you're going to have a lot to say once you get some sound there. Then we want to know which constituency is represented, and we know that this is Anglophone Africa in both Johannesburg and Nairobi, and we want to ask about the quality of the representation over
time and about the level of communication between the constituency, that is the Executive Director and those of you in country. Then the reforms that were in the CSO paper that was posted online on July 13. By the way, we've been joined in Washington by Nancy Alexander who is with the Henrik Boll Foundation which is the German Green Party's foundation, and she's in the Washington office working on the ISIs.

Hello Danny Bradlow in Johannesburg.

SPEAKER: Can you hear us?

MS. GRIESGRABER: Yes, we hear you. We have to press a button to be heard.

SPEAKER: We have to take turns speaking. Johannesburg, we're waiting for Nairobi's microphone to work.

MS. GRIESGRABER: Can you hear me?

SPEAKER: Yes. Yes, we hear you. We hear Nairobi. Great. Let's begin with Nairobi introducing those people who are present. And if you can each speak briefly about your experience with the IMF, very briefly because everyone will get more than one chance
to talk. Soren, can you lead off? We don't hear you, Soren. Whatever they did before you need to repeat. Since you can hear, let's start with South Africa. Can those of you in Johannesburg introduce yourselves and we'll launch into this conversation.

MS. KALIDEEN: I'm Nalisha Kalideen. I think we spoke yesterday, Jo Marie. I'm from (inaudible).

MS. GRIESEGRABER: Excellent.

SPEAKER: (inaudible) just looking for quite a few stories from you guys.

MS. GRIESEGRABER: Danny?

MR. BRADLOW: I'm Danny Bradlow. I'm a professor at the University of Pretoria and at American University in Washington.

MS. GRIESEGRABER: Is the mike working yet, Kenya? No. Nalisha and Danny, could you explain South Africa's experience with the IMF as you've come to understand it?

MR. BRADLOW: South Africa has limited experience with the IMF fortunately. Most of the
engagement is through the Article IV process which was just completed recently. As you know, Trevor Manuel, the former Minister of Finance, was the chair of the Manuel Committee looking into reform of the governance of the IMF. Do you have any other particular things you want to discuss?

MS. GRIESEGRABER: We're trying to collect people's experience first and how they experience the -- what the level of knowledge is in the country, the experience, and then from there we will -- and the quality of communication with the constituency, in other words, with the Executive Director's office. Then we'll go into specific governance reform proposals as laid out in the Civil Society paper.

MR. BRADLOW: South Africa has a permanent adviser in the IMF in the Constituency Office of the Executive Director which is one of the African constituencies. It has had the experience of having an Executive Director, but it's always had an adviser. I would say that the level of knowledge in the country and the feeling about the IMF in the country is quite
negative. The level of knowledge is probably not very high outside of particular circles. I think in the circles that are knowledgeable, I would say reasonably knowledgeable and quite skeptical to be polite.

MS. GRIESGRABER: Nalisha, do you want to add to that?

MS. KALIDEEN: I'm just basically here. One of my mandates for my business is just try and formulate some sort of feedback in terms for our readers on what is happening with this debate. And I have to say that I would definitely agree with what Dahiel has said especially from my point of view. I just talked with IPS and he's been with them for quite a while and he's very skeptical about this process, he's skeptical about what's happening, and I think it goes to the negative impression once again.

MS. GRIESGRABER: Thanks. Nairobi, can you speak now? The guy was standing up in the back of your room. Does that matter if one mike works and the others don't?

(Interruption.)

MR. ONGWEN: Oduor Ongwen from (inaudible)

SPEAKER: My name is (inaudible) from the (inaudible)

MR. GAKUNU: Peter Gakunu -- Executive Director of the IMF. Do you remember me?

MS. GRIESGRABER: I remember you. We remember you very well.

MR. GAKUNU: I am a board member of the (inaudible)

MS. GRIESGRABER: Yes. Soren?

MR. ODHIAMBO: Maurice Odhiambo from Reconcile, Resource Conflict Institute. (Interruption.)

MS. GRIESGRABER: I'm going to have Kenya talk as much as they can just in case the satellite moves again. Could you each speak very briefly about your experience with the IMF and the level of knowledge you experience in your country, your personal experience, and then we're going to go
directly to the specific reform proposals that either you want to bring forward or that have been included in the CSO paper. So if we could have Nairobi. Please begin. Why don't you go in the order you introduced yourselves? Oduor?

(Interruption.)

MS. GRIESEGRABER: Let's start. Actually, Eve, would you introduce yourself?

MS. ODETE: My name is Eve Odete (inaudible)

MS. GRIESEGRABER: Welcome, Eve. Now we'll go around the table and talk about our experiences with the IMF starting with Oduor.

MR. ONGWEN: Thank you very much. I think my experiences with the IMF are at two levels. There has been at the consultation level in that in the recent past there have been some attempts at consultation and we have been able to make some input. Then there has been at the monitoring of IMF projects and policies in Kenya for the last 10 or 20 years where we have raised concern on a number of issues
some of which have been taken on board, some of which are still outstanding, and we continue to engage.

MS. GRIESEGRABER: Eve?

MS. ODETE: (inaudible)

MS. GRIESEGRABER: We're having difficulties hearing Eve.

MS. ODETE: Oxfam has (inaudible) internationally (inaudible) to engage the IMF (inaudible) Annual Meetings (inaudible) as well as working (inaudible) based in Washington -- have been Washington based. At the Africa level we have worked very, very closely (inaudible)

MS. GRIESEGRABER: Thank you. As far as the national level, we have looked more at the issue of (inaudible) conditionality than the implications for national processes and also the lingering question about the IMF governance structure (inaudible) national process we have also done a bit of work with networks within the international arena and I think part of this work is ongoing both at the national level and at the international level.
MS. GRIESEGRABER: If you can repeat your name when you start speaking. Go ahead, Peter.

MR. GAKUNU: I have a bit of (inaudible) knowledge of the Fund. I interacted with the Fund more closely when I was in the Ministry of Finance and Planning from a country point of view in terms of making submissions here or consulting the Fund when I came to Washington. And later in the Fund as an Executive Director (inaudible) constituency. I have therefore close interaction with the Fund both in terms of its programs, policies, as well as even after like for example in terms of (inaudible) I also have interactions with the Fund as far as different levels of countries are concerned because you don't only deal with them in terms of the level of Kenya, but like colleagues from South Africa as I explained before because South Africa (inaudible) emerging market or in terms of small and medium economies like Botswana (inaudible) so I have quite a few interactions with the Fund that could be useful (inaudible)
SPEAKER: We have also been in contact with IFIs (inaudible) IFM is part of on (inaudible) policy formulations.

SPEAKER: And for Action Aid International, in the last few years our organization was somewhat outspoken in terms of bringing up the issue of wage caps and inflation caps and their impact on the capacity of countries to spend adequately on health and education. We have also done extensive training in three African countries, Kenya, Sierra Leone and Malawi on those issues. We are now moving into a new phase, an advocacy phase with our training, and the way we'll be applying that in the next couple of years is looking at the IMF loans that are made in response to the financial crisis, so we'll be looking at the loans through the exogenous shock facility and also the PRDF augmentation to see what kinds of policies are being recommended and whether they're working and whether they're having a social impact. So we anticipate having more news on that by the Annual Meetings in 2010.
MS. GRIESGRABER: I think we've gone around the table in Kenya and in South Africa. Nancy, did you want to introduce yourself and your experience with the IMF as a representative of Henrik Boll?

MS. ALEXANDER: Yes. My name is Nancy Alexander. I'm with the Henrick Boll Foundation here in Washington. In one capacity or another I've been involved in research and education and advocacy on the IMF since the late 1980s. I've particularly worked on the issues of IMF conditionality and their impact on democratic processes in borrowing countries.

MS. GRIESGRABER: Let's go then directly to the governance reform proposals. There's an outline that was in the email and I hope you can have access to that. The topics are listed there. We have about an hour. We would really like to explore your ideas of what works, what hasn't worked, what needs to change in terms of governance reform, especially what needs to change, because the reason we're doing these consultations, and they are being recorded, is that what you say today is input to the Civil Society
paper. I also want you let you know that for those of you who are going to be in Istanbul for the Annual Meetings, we are anticipating an event on civil society and governance reform with the Managing Director. We're going to have a smallish room so it's a reasonably substantive conversation, but I want to alert you to that and be sure to register and alert your friends. We want to have a substantive conversation and this is a similar effort to do that.

Is South Africa ready to talk on the content of governance reform? I thought I saw your microphone go on.

MR. BRADLOW: Maybe Kenya should go first just in case there's a problem with the satellite.

SPEAKER: Good idea. Thank you, Danny. If Nairobi just goes ahead with your input and South Africa is willing to wait, so they're going to be learning and then they will know what to say.

SPEAKER: Thank you. We'll go in the same order around the table and see what people have to say. Oduor, would you like to (inaudible)
SPEAKER: Just say your name, please, when you speak because sometimes we can't hear.

MR. ONGWEN: My name once again is Oduor Ongwen with (inaudible) I have a number of issues regarding the reform but I want to talk more at the moment on the issue of the board level. I think that the structure of the Fund as of the moment completely marginalizes poor developing countries and LICs particularly Africa. And given that the bulk and the most critical contingency of the Fund is in Africa, we do think that the level of representation at that organ where critical decisions are made is inadequate because to have the whole of sub-Saharan Africa represented by only two Executive Directors and this is where the bulk of the Fund's lending is. First of all, I think it's unfair to those people who are elected to represent those constituencies, but more particularly to the recipients of IMF programs. And we do think that really if you go to the adage that you can't (inaudible) somebody's head (inaudible) Africa is basically having a raw on that level and
therefore first and foremost I would like to see fundamental restructuring of representation of African countries at the board level.

The second thing I would want to talk about is the issue around conditionality. I know this is an issue that has been raised over and over again and we might sound like (inaudible) gramophone, but I won't (inaudible) of repeating it. Not that we want a situation where people do whatever they like regardless of the consequences, it has to (inaudible) beneficiaries of the Fund (inaudible) but most of these conditionalities go against the very interests of the people who are targeted by these programs, and therefore we should have a more consultative way of reaching the kind of implementation framework that if agreeable both to the recipients and the lenders, and this can only be done with a better effort at consultation at country level than is at the moment.

What happens at the moment is that the conditionalities are discussed basically with the treasury and without involvement of the wider national
constituencies, and in most cases I think there is a bit of intimidation and arm twisting that in there. And given the level of our government's need for budget support, they might have to get to agreeing to some of the conditionalities that if they had any other choice they wouldn't have wanted to. For the moment I'll leave it there and let my colleagues take over.

MS. GRIESGRABER: Thank you, Oduor. I have one question. When you said board level of governance, sometimes that is interpreted as whether the person is a finance minister or former finance minister or if he's a junior bureaucrat, he or she. Is that your meaning of level? Or how are you defining board level? Because it has two ideas when it's talked about here and I want to be clear about your meaning.

MR. ONGWEN: I'm sorry I didn't specify. I'm not talking about (inaudible) because really that is more a political forum. I'm talking at Executive Director level.
MS. GRIESGRABER: Representation.

MR. ONGWEN: Representation at the Board of Executive Directors.

MS. GRIESGRABER: We've had complaints though that the Executive Directors who have come to Washington are not sufficiently high in their own governments to be listened to back home. So that's not what you're meaning? You're meaning that you need additional votes and you need more Executive Directors. Correct?

MR. ONGWEN: That again is a problem, but I think that is a political problem that the constituencies themselves should be able to deal with. But first of all, in terms of the number and countries they have to represent. Then the level in (inaudible) in the government I think that like in Africa I think they decided that for example Kenya should provide an Executive Director. So if they decide to (inaudible) a junior officer or to go for a former finance minister, that is now at the constituency level. But I think the principal (inaudible) should be at least
some degree of equitable presentation for all
countries and particularly the countries that are the
most critical clients of the Fund.

MR. GAKUNU: Jo Marie, if I can talk a bit
on the latter point for clarification. If you look at
the African (inaudible) constituency, there are rules
and procedures on how you recruit an Executive
Director to avoid the very situation that one is
facing here, because in the past we had situations
where because a country did not nominate an Executive
Director at the time, a representative to represent
the (inaudible) at the time, the person happened not
to be able to represent the (inaudible) in the Fund.
Therefore the rules were established to ensure that
there is not only in terms of (inaudible) but in terms
of competition for the board so that the best person
has the job as well as the recruitment procedures for
that job basically to have the job (inaudible) I think
that (inaudible) but I think the point is not only
that Africa (inaudible) I think that the procedure
which applies in Africa with one maybe should be
extended to the other constituencies as well so that you can be sure that the people who represent even those constituencies also go through that vetting process rather than just a nominating process. I thought that was the point he was making. But while I have the floor --

MS. GRIESEGRABER: Go ahead, Peter.

MR. GAKUNU: I will not try to amend the proposals that are in the report. I just tried to add to them. One of the issues I haven't seen in the report is the (inaudible) Executive Director because some Executive Directors maybe have been there for a long time and in the process of being a long time there is no difference between them and their staff basically. So you'll find that the (inaudible) of the board may be influenced by those Executive Directors rather than (inaudible) or other groups that come and go. So maybe we need to unify that in terms of ensuring that they receive (inaudible) when matters come for discussion in the board.
The second point I wanted to raise is that my experience shows that the staff in the Fund is very influential in terms of policies that the institution enacts, and my frustration during my time was the fact that at lease Africa (inaudible) African region is very poorly represented at the staff level which means then the people (inaudible) being developed. Those policies are already developing in a way that they might penalize the country. So I think one of the issues is to address this in my opinion maybe even a better way to address it than increasing shares in my opinion is to increase the level of representation in terms of staff of the Africans in the institution because from here you can influence decisions all the way. What I mean in the staff I mean also at top level management.

One other point I wanted to raise is that we are looking at this governance report, but there is a development that I'm afraid of because all of a sudden we have started talking about the G-20 and the rest of the membership is no longer being looked at. With due
regard to my colleagues from South Africa, I think the views of South Africa do not necessarily represent those of Kenya or Botswana or another country. So where we are trying to launch the participation and involvement of membership, I think we should not forget the (inaudible) a few minutes ago. The countries that really are at the heart of the Fund are those countries with programs. Of course I do know other countries are coming to borrow from the institution because of the global financial crisis, but really people have been the backbone of the institution are the low-income countries and therefore where we are accepting that the G-20 should be given a role in the institution, the rest of the membership should not be forgotten.

Finally, on conditionality, I think this is a very important point because there are two types of conditionalities by the way because you have conditionalities that develop from reexamining your economy and see what you need to do. I don't have a problem with that. But I have a problem with
conditionalities that are really not relevant for what economic development. Those come from maybe (inaudible) or major shareholders in a country. Like in the case of Kenya, the biggest representation I think for Kenya (inaudible) Fund is concerned was the agenda that the Fund was following was not deemed to be neutral or even (inaudible) was generated by major shareholders who are not interested in those policies. I think those are the conditionalities that are a problem. I don't see any country saying that or refusing conditionality that help improve your economic framework.

The last point on this is I totally agree that what we are asking for the Fund or the institution, we should forget that there is need also for reform at the country level. I know some countries that can be (inaudible) on conditionalities because they felt that that conditionality is akin to (inaudible) from the Fund. They have a greater chance of (inaudible) with the authorities or with their people. So I think lack of (inaudible) consultation...
like you said or greater participation of the membership (inaudible) the Fund and will force us to do this because that's the only way our parliament will support us or people come along with that. So I thought, Jo Marie, when we are pushing the issue of conditionality we need also to see how we can bring to bear the (inaudible) the local authorities are fully involved in this process of (inaudible) the agenda that the Fund comes up with. I am not saying they have not tried, but it may be the local authorities in terms of reluctant to accept that. Thank you.

MS. GRIESGRABER: Thank you.

SPEAKER: Eve, would you like to say anything?

MS. ODETE: Yes (inaudible)

MS. GRIESGRABER: Eve, you have to speak right into the microphone.

MS. ODETE: One comment about -- and that's the (inaudible) of this reform agenda (inaudible) in the wake of the reality of the global economic crisis and (inaudible) I think the timing of the reforms
could have been better. And obviously for the effort that has been made (inaudible) the crisis right from the (inaudible) what I've found out is that, yes, there's been a positioning of the I-5 (inaudible) in the management of the global financial system. But it also making a point that the reform is manageable and the reform has to reform the realities of the global economy (inaudible) of the global economy. And I think that the institution should embrace these reforms in a broader sense and in a bold way to really reform the nature of the global economy (inaudible) the institution (inaudible) and getting stronger recognition, stronger (inaudible) global economic crisis. People have been calling for reform, but I think it's a moment to seize that opportunity and (inaudible) global economy (inaudible) and embrace more opinions, and we are really happy that this process is happening (inaudible) the issue of conditionality across Africa and we hope and feel that this is something that is really (inaudible) of the
Fund and that the evidence is out there that these conditionalities are (inaudible)

MR. KARA: Thank you. Once again my name is Kama Kara. I'd love to enforce a couple of points that have been mentioned. One has to do with conditionalities which is the bulk of the work that we work on from our organization. I think from what I see the general consensus is that conditionalities is where we turn to the whole (inaudible) of the Fund. I think one question that we must debate and discuss and try to appreciate is that conditionalities will not be a question of a tradeoff on the issue of governance because I think from this reform agenda it's sort of coming out that way. That (inaudible) conditionalities before you reform the governance structure or you reform the governance structure and then address the conditionalities (inaudible) the result of the conditionalities are out there and we don't need to do (inaudible) enforce the older ones. But I think the governance level is what needs to be articulated further and I think this will have a lot
to do also with questions of responsibilities of all parties in this engagement.

Following that, there is also the whole question of disclosure which I think both at the Fund level and even at the government level in its relationship and interactions with the Fund, this must be above board and I think this is part of the reason why we are bringing on board the voice of the civil society. Because (inaudible) information (inaudible) serious notions of what (inaudible) a lot of them are actors who are getting involved like civil society will always be (inaudible) there's a lingering fear that the global financial crisis has handed the Fund, the Bank and a lot of the international financial institutions a new life line. This is debatable. Some of us feel that (inaudible) it's actually true when the new reconfiguration and reorganization that is happening is actually way up there and especially if you look at the context of how it's coming in with the G-20 push. I think crises is a problem and everyone has to deal with them, but (inaudible) use
the crisis to enforce our identities and build up our foundations and capacities because the negative effects of this especially like on the African Continent is that the (inaudible) political realities and the capacity of the governance project and how we engage with that. Then the (inaudible) that is coming in might (inaudible) be more (inaudible) or more diversionary than it should have been intended.

My very last point is that the reform of the Fund and the rest of the other international financial institutions (inaudible) emerging context of the future. Also on the basis of a lot of work that has been done by people especially (inaudible) and other sectors. A lot of force and a lot of energy over the past 10, 15, 20 years. So it has be (inaudible) of that and I think it's not (inaudible) Band-Aid the sort of reform agenda that people are speaking about. The fundamentals (inaudible) sort of all agreeing across the board. The time for reform is now. But we should not have (inaudible) nonreformist reform so that we are just in this big process because it makes
sense to do so at this particular time. And I think once it sticks on on the basis of how we are building the four pillars (inaudible) from that and I think you can be able to build institutions that can sort of uphold global governance (inaudible) the pursuit of all (inaudible)

MS. GRIESGRABER: Thank you.

MR. ODHIAMBO: My name is Maurice Odhiambo. I work in Reconcile (inaudible) Institute. I will not like to repeat what my colleagues have said, but the process we are in is a little bit ready for IMF to do away with the failed policies bearing in mind the global financial crisis which if the policies were made in good times when the body was being formed maybe then the financial crisis we are in would not be. But because I don't want to repeat what the rest have said, I only want to bring one issue on governance structure. The IMF should have (inaudible) mechanism in that because it is one of the IFIs and IFC has the (inaudible) while the bank has (inaudible) African Development Bank has IRM. Why is it that IMF
does not have any dispute resolution mechanism? So I think a dispute resolution mechanism is an important factor to be brought into the governance of the IMF.

The other is that there is a clear need to clarify the roles and responsibilities of each and every IMF governance body. Thank you.

MR. AMBROSE: And lastly this is Soren Ambrose. I'm with Action Aid. I too will try not to reiterate what my colleagues have said, just to say Action Aid is and has been concerned with conditionality for a number of years and we continue to view that as the most important issue that we deal with in terms of the IMF. But we understand that today we're here to talk about governance reform, so I'll try to do that.

Just to comment on the paper, I thought that the five-page paper that you circulated was a very good distillation of a lot of good ideas including some I had not thought of before. So I'm pleased with that as a basis for this process, and I'll just
comment on a couple of the things that I think are most important.

Transparency of course is an important issue and it's important particularly in countries like Kenya where the government has not always released all the documents that we would like to see. In fact, we still have -- some of the IMF documents of the Kenyan government are not readily available. So we would like to move to a point where we can get those on a regular basis. I know that comes up against problems of sovereignty and so on, but we need to look into that.

The more interesting issues perhaps have to do with participation. Action Aid is most concerned to not so much think about changes in quotas because we're convinced that if we're going to get to the kinds of changes in conditionality that we want to see, minor adjustments in quota amounts are not going to be how we come to that point at the IMF where we're going to see conditionality reform of a significant nature. Instead we think that the double-majority
proposals that have been floating around are the most important possible way that we could make the voices of developing countries heard more loudly at the IMF. I note that at the World Bank they have expanded to include a third African director. I don't think he's actually on board yet, or she, but I was talking with someone from the Reserve Bank of South Africa who pointed out that at that point it would mean that half of the chairs were occupied by developing countries. I'm not sure that we all do the math the same way on that, but at this point that is kind of an irrelevant fact because it's the percentage of the vote that you have, so the number of chairs doesn't mean much. But if we could get to that point where we had 50 percent of the chairs and it required a majority of chairs to pass an important vote, then we might be getting somewhere. Better yet, we would count it in terms of individual countries rather than shares of the board.

I note the proposals to lower the threshold for passing significant votes to 70 percent from 85 percent which I think would be an excellent reform and
I hope that that's taken up by some of the powers that be. Reorganize the constituencies I would like more detail on. Perhaps we can do that in advance of the final version of what civil society is proposing.

And I think the final thing I'll say is that picking up on some of what both Peter and Oduor said, the idea of trying to require that there be time and in fact encouragement for parliamentary consultations before programs are officially endorsed is one way of starting to increase the consultations that would go on within countries. I think in Africa we know that parliamentary systems and governments don't always work perfectly, but if we don't start doing this kind of consultation we're not going to get them to work perfectly. If you were to require that a parliament like Kenya's had to review an IMF program and approve of it before it was finalized, I think that we would end up seeing a good process where even civil society would start to take a more active role in talking to their parliaments and so on, and I think this could be replicated obviously in other countries as well. So
we would support emphasizing that proposal in the end. So I'll stop there. Thank you.

MS. GRIESEGRABER: Thank you, Kenya. I have a question for Soren, and then Nancy Alexander had a question. Soren, I didn't understand your point. It was you were talking about the double-majority and then you talked lowered thresholds, and right after that something about more conditionalities, I didn't —

MR. AMBROSE: I was talking about the proposal in the paper you circulated to reorganize the conditionalities. I would like to see more detail on what it meant by that before I get excited about it.

MS. GRIESEGRABER: Thank you. Nancy?

MS. ALEXANDER: I have two points. One, Soren, you seem to be saying two things. One, that it's good to have parliamentary consultations and the other that it would be good to have approval I assume of loans and I was wonder which you meant. Some of the background for that question, it is my understanding that the IMF has new technical
facilities that are being put around Africa, regional
technical facilities, and my understanding which I
don't know if it's correct is that these facilities
and IMF staff in general tend to have programs as the
World Bank does to educate parliaments rather than to
consult with them. So I wonder if you could refine
precisely what it is you're saying about parliamentary
involvement.

My other question is for Peter. You talked
about vertical consultations, that is, consultations
between the finance minister and local authorities.
Would you also stress the importance of horizontal
consultation meaning consultation between the finance
minister and other ministers of government like the
health minister or the education minister? And if so,
is there a way to formalize this kind of consultation
so that it's meaningful instead of pro forma? And
I'll tack on a little question for anyone. I've heard
some very persuasive arguments about the importance of
increasing the weight of basic votes in the IMF. My
understanding is that the basic votes of the IMF used
to constitute 11 percent of the decision-making power but that today it's a tiny, tiny fraction of 1 percent. Joe Marie says it's higher, but anyway, it's less than 11 percent. Much less. So it would seem like this would be something worth exploring. I don't know if any of you have thought about it. Thank you.

MR. AMBROSE: I'll try to dispose of my part of that quickly, Nancy. I think it's about 2 percent actually for the basic votes now. I have thought about it. I think I probably heard the same presentations you have and I think it would be a salutary reform, and maybe Peter can say something about whether that's been considered at the board level at all.

Let me just say in terms of the parliamentary question that you asked, yes, there are these technical facilities. I believe there is one in Dar es Salaam, Tanzania now that provides technical assistance and do do educational programs. That is not of course what I'm talking about. I said consultations and then talked about approval. I think
ultimately we're working toward a time when approval of parliaments is required, but I'm not sure that that will happen immediately. If not, I think some kind of systematic approach to consultations should happen particularly in those countries that have deliberative bodies like parliaments that can do that of course. So I guess I was speaking in steps there, consultation may be the first step and approval the second. Peter, did you want to comment?

MR. GAKUNU: Yes, just a few comments. I find it fascinating that for example when the Fund wants to approve the PRGF arrangement with a country it requires sometimes enactment of law by parliament, but normally the countries will ensure that the enactment is made. But in terms of parliament itself now knowing exactly what is in the total package of the program that the Fund has for the country, it's not very clear to parliament. So actually that's where I was thinking on Oduor's point about conditionality, that when you as a country are agreeing to conditionality especially that involves
parliament, I think it is imperative that parliament knows exactly what it is about especially even where money is involved because I think in the final analysis all our budgets are always approved by parliament. So I totally agree with that point.

I do not want to comment on the paper as such because as has been observed it forms a good basis on which we can build. Actually the paper recognizes that. So the issue of basic votes, I saw that the proposal in the paper which says that we should return the basic votes to the original level of 11 percent, Jo Marie you recall the long night we had on this subject trying to see whether we could increase some of the directors in the board. You regrettably know what happened in the final analysis, that even within our own countries themselves even like in a constituency like ours, you found certain members saying that it wasn't necessary that (inaudible) because it's (inaudible) but I totally agree with the proposal here that if you really want to address the (inaudible) deficit in the Fund, then
you have to recognize at least what was there at the beginning of the institution should prevail right now and (inaudible) would strongly support that we try to push for return of basic votes to the original level of 11 percent because if you go through the formula, if you want to look through the formula, there is no way our countries will ever have an increase in their voting share whether you're bringing (inaudible) of any other mechanism (inaudible) low-income countries (inaudible) like South Africa for example, but (inaudible) economies in the immediate future. So I would strongly support that. I thought those are the main issues you wanted me to comment on.

But on the paper there is something I wanted to highlight also or question again. It's the question of making all documents of the IMF public. Maybe there has to be a timeline by which we can make all documents of the IMF public because sometimes there are some bilateral issues between a country and the Fund that maybe the country would like to be made public. So not only the Fund refuses to do it, but
the country might not want to make those documents public. So maybe there needs to be like a timeline where then the conditionality of all documents become public so that at least we have the countries also on board.

With regard to the voting share for Africa, when we tried (inaudible) in the Fund you remember it was the Fund that (inaudible) Singapore and when we went to Singapore we were not able to come up with (inaudible) what finally came out was a second alternate especially for the two conditionalities in Africa. So in the case of the Fund, you have two conditional alternative executive directors. The Bank because of the rule that the Bank (inaudible) in particular and created that they will give Africa a (inaudible) chair, there is a debate going on on how to distribute the (inaudible) chair. I am assuming that once the Bank agrees on that and the mechanism for distributing it because it's a matter too big to (inaudible) internally in the African Chair, maybe the Fund then will find a way of accepting also a
(inaudible) chair. So I will not throw away the proposal of a (inaudible) chair from the Fund's point of view in terms of the paper is concerned. I would like to say that there must be a synchronization of what the World Bank has put in place in terms of what the Fund puts in place. Thank you.

SPEAKER: A very quick comment on the issue of the quota. I want to disagree a little with Peter's position. I think what you want here is (inaudible) in favor of the quota so that we do realize that there is some information on national security and so on, but we should have presumption toward disclosure so that if you are not disclosing any information you should give a reason why that information should not be disclosed.

SPEAKER: Jo Marie, I don't want to have an argument. But for example (inaudible) raised the issue of where Kenya (inaudible) for all its reports that were in the Fund to be made public. You remember. Fortunately that's before my departure. I managed to convince them to make all of them public
(inaudible) country itself which refuses to make public and sometimes it's not the Fund. So that's why I'm looking at the word "or." I am not saying documents. I am not (inaudible) documents. It's (inaudible) documents which I have difficulty with here.

MS. GRIESGRABER: Thank you. You guys can fight it out later. We understand there is a presumption in terms of disclosure, but it is frequently the countries that do not want the documents released and it's how to have a common mandate versus sovereign rights, and this is the debate you guys are having right there.

South Africa, you're on. Danny, you've already talked to me many times by email, but talk to everybody else.

MR. BRADLOW: A couple of things to begin with. First, I'm Danny Bradlow and I'm an academic so I'm speaking for myself and not representing anybody is point number one. Point number two is that I think it's important to keep in mind in thinking about
reform at the moment is that international organizations like the IMF are reflections of the power relations that exist in the world and so that really what we're looking at at the moment and the reason that there's even space for reform at the moment, and as Peter pointed out, this reform effort began before the current financial crisis. It began in Singapore in about 2006. So that it predates the crisis. But the reason this is an opportunity is because there's a shift in power taking place and that there's an impasse at the moment in the sense that the old powers are losing power, but they haven't lost enough power that they have to surrender control, but they've got enough power to block the rising powers from actually initiating anything and it's not that the rising powers are ready to take control as we've got a (inaudible)

MS. GRIESGRABER: Yes, we can hear.

MR. BRADLOW: The reason I think that's important is because it suggests to me that there's a real opportunity and space for achieving some
victories now and so in a sense you have to be
tactical about what we think we can achieve at the
moment and to emphasize what are the priorities that
can open up space that will allow for public
participation in (inaudible) of the IMF in the future.
I think in that regard there are two important issues.
One has been discussed already so I'm not going to
talk a lot about it, but I think the opportunity to
increase the African voice on the board needs to be
explored. I agree with Peter. If the World Bank can
agree to it now, we should keep hammering away at that
because it should happen in the IMF it can happen in
the World Bank.

In terms of the votes, I tend to be somewhat
skeptical of the votes, but maybe Soren and I have
been speaking to the same people at the South African
Reserve Bank. They keep telling me that without very
much change in the distribution of votes, it would
mean that more than 50 percent of the votes are held
by developing countries and that that would represent
an important shift at least in principle. We know
that developing countries don't always vote together, so I don't know exactly how important it will be. But given that there's a certain space for that I think it's worth doing.

In terms of the board, the only other thing I'd say is if the proposal from the Manuel Committee to activate the council is going to be taken up, and I don't know how unlikely that is, but if it is, it seems to me it's an opportunity to call for a complete rethinking of the function of the board and therefore the composition of the board and that it would be useful for us to keep pushing that to at least keep our prerogatives going on that issue.

The other thing it's important just at least to make sure we put it on the table now is keeping the selection of the Managing Director open and not limited to a European and an American in the World Bank. Even though (inaudible) to that, it hasn't been tested yet and we need to make sure that it's preserved.
Finally, I think one of the (inaudible) in Kenya said, the need for outside stakeholders to have a mechanism (inaudible) raise issues to the board at the IMF is absolutely critical and so I think an ombudsman or something like an ombudsman is an essential reform for the IMF.

In terms of substance, a couple of things I would say. One is it seems to me that the substance is not going to change until the governance structure is changed which isn't to say that we shouldn't keep pushing hard to change conditionality, but I think we also need to be realistic about what the prospects for that are. I think particularly talking about the poorest countries we need to keep reminding our members that (inaudible) governance was designed to be a monetary institution, but what it does in the poorest countries isn't monetary methods anymore, it's really macroeconomic development finance and so that it needs to act like a different kind of institution. That means in a way it needs to learn how to do that in a way that's responsible and sustainable and that
it even may be more important than a conditionality shift is to have what you call in the paper
(inaudible) which would be standard practice with big projects in the World Bank and if you're doing big macroeconomic policies you should also be thinking about what the impact of those are on the public and on the environment generally. So I would put that at a high priority as well.

I think I'll stop at that point. I think those are the key points, and I know we've only got about 5 or 10 minutes left.

MS. GRIESEGRABER: Nalisha, did you want to speak?

MS. KALIDEEN: No, but Jo Marie, I will have a few questions for you and I don't want to take up everyone's time, so what I will do is email that to you specifically.

MS. GRIESEGRABER: That's fine. That's fine. We'll do that. Since this is a civil society consultation and the media is not part of government, therefore we welcome participation from journalists.
So we're trying to do the inclusive stuff the right way.

I want to make a couple of comments and then have you guys do your closing, either bashing of the paper or additional insights, whatever you want to say. One is that I have been thinking a lot about the conditionality issue and how it relates to governance, and I see two linkages. One is in the purpose of the Fund, and I got a very brilliant email from a former colleague at the Fund. Peter, you would know him. He used to be on the board. He reminded me that the conditions are linked directly to short-term balance of payments, and when you have a mindset that the very top goal is short-term payments of payments, then you do the conditionalities that we all know and hate. So that I think is critical in our thinking about conditionalities and then going on to say what are the actual mandates of the Fund as they have been either taken on in practice or they have been handed to the Fund by its new de facto governing body the G-20, and that is long-term development in poor countries.
Those are very different skills and needs and conditions than short-term balance of payments. The third one is global financial stability. That means different skill sets, different conditions in the institution. So I see at least three core functions that this institution is expected to handle, but it has one set of assumptions when it does loans, namely short-term balance of payments. That's one way in which I've been thinking about conditionality, the purposes of the Fund.

The other is accountability. How do you hold this institution accountable? There is no way to do it especially for anyone except one of the major powers and that's what Danny said, that there's a shift in power. So how do people get the institution to be responsible for what it does, says, admonishes? And that's why I wrestle with accountability, evaluation, transparency, the external complaint mechanism, the ex ante, all that as well as the many, many concerns about conditionality. I'm going to be
cut off. Last word from anyone? Thank you. Please send emails.

SPEAKER: I just wanted to say something on conditionality, just a few comments. Can I?

MS. GRIESGRABER: Yes.

SPEAKER: Jo Marie, I wanted to say that the way I look at this is that in terms of the cases that I have witnessed, it's not true that the conditionalities have (inaudible) been limited to short-term balance of payment considerations. If you look at the (inaudible) for example of Kenya you will see that there is a very strong case made there that the conditionalities went beyond the balance-of-payments considerations. So that's one. But I agree with your submission that it's necessary for conditionalities to long term so that you can see the development (inaudible) of the country.

On (inaudible) I want to just add that in addition to the ombudsman, the best thing I have found in your paper is this idea of a legal counsel that is answerable to the board because I think it's
imperative that there must be somebody who understands the laws of the institution and digest them (inaudible) law management so that the law appreciates those very well because I think like in the case of (inaudible) maybe if there had been a legal counsel that was advising the board perhaps the surveillance decision might have been different. That's my opinion. Thank you.

MS. GRIESGRABER: Thank you all. We're being cut off. We have 2 minutes. Anybody else? South Africa, go ahead. None? Anybody going to Istanbul remember we'll be sending emails. We don't pay your way, but we do welcome you and listen to you. Thank you.

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