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Reform Proposals for the Governance Structures of the International Financial Institutions

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REFORM PROPOSALS FOR THE GOVERNANCE STRUCTURES OF THE INTERNATIONAL FINANCIAL INSTITUTIONS

A New Rules for Global Finance Briefing Paper

By

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and
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New Rules for Global Finance is an informal coalition of human rights, labor, environmental, development and religious organizations and scholars dedicated to the reform of the global financial architecture.

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Introduction

The Outcome Document of the Financing for Development (FfD) conference called to "broaden and strengthen the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting." It specifically called upon the World Bank ("the Bank") and the International Monetary Fund (IMF or "the Fund") to "continue to enhance participation of all developing countries and countries with economies in transition in their decision-making."

As a result, at the most recent annual meetings of the Bank and Fund in 2002, the Development Committee requested the Bank and the Fund to prepare a background document to facilitate consideration of the subject at the upcoming Spring 2003 meetings. Implementation of this mandate from the FfD Conference is also subject to monitoring in the follow up mechanisms provided for in the FfD document. These include the UN Economic and Social Council (ECOSOC) meeting with the Bretton Woods Institutions (BWIs) to take place also in the Spring, and UN General Assembly consideration of progress in implementation.

The fact that the issue has been placed on the international policy agenda offers a rare window of opportunity to press for crucial reforms of the governance structure of the BWIs with a view to make them more accountable, participatory and transparent.

I. VOTING STRUCTURE AND COMPOSITION OF THE BOARD

a) Issues related to voting power

Within the BWIs, the voting power of the different member countries is mostly determined by their financial contributions, as determined by a formula that is supposed to reflect their importance in the world economy. Developing countries currently account for a 38 % of the votes in the IMF and 39 % in the World Bank.

It is this system for allocation of voting power that has given rise to the claim that the BWIs are undemocratic, since no democracy in the world would allow people to vote based on their monetary strength or their contribution to the government's budget.

To those charges, some have objected that it would be unfair that those who contribute most of the capital that allows the institutions to function have equal voting power as those who do not. Such objections can be challenged on several grounds.

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First, it should be noted that the original Bretton Woods arrangements entailed a compromise solution between two approaches for allocating voting power: one based on the international law principle of equality of states, consecrated in the UN Charter, and another based on members' contributions, or quotas. Thus, each member country received 250 basic votes, plus a number of votes apportioned on the basis of their quota contributions. It is true that, as a result, at the time the institutions were founded basic votes were already a small proportion of the total votes (11.3 %). However, since the IMF has gone through an almost 37-fold increase in quotas since then, with no increase in the basic votes allocated to each country, the proportion of basic votes in the total has diminished to 2.1 %, obviously weakening the weight of developing countries. Moreover, since this smaller percentage of basic votes is now distributed among a larger number of members, each member's basic vote is further diminished as a percentage of the total votes.[1] The Bank has also undergone capital increases that have further eroded the original position of developing countries based on their basic votes. (Buira 2002:2, Woods 2000).

Second, the way that quotas and, therefore, contributions by each country to the BWIs are calculated can be critiqued on the grounds of its own purported rationale: ensuring that voting power would reflect the relative economic size of the country in the world economy. The formula used to calculate quotas has never been an objective tool for measuring the economic importance of member countries, even in its original design. Far from this, political calculations played a crucial role in determining the variables that the formula was to contemplate. As described by Raymond Mikesell, the person who had been asked by the US Treasury to estimate the first quotas: "White called me to his office and asked that I prepare a formula for the… quotas that would be based on the members' gold and dollar holdings, national incomes and foreign trade. He gave not instructions on the weights to be used, but I was to give the US a quota or approximately $ 2.9 billion; the UK (including its colonies), about half the US quota; the Soviet Union an amount just under that of the UK; and China somewhat less. White's major concern was that our military allies should have the largest quotas…" (Mikesell 1994:22). Moreover, countries that wanted to contribute more, like Australia, Iran and France, were not allowed to do so. (Woods 2000:12). More than fifty years later, and after successive quota increases and formula reviews, quota allocations have continued to be as politically-driven as they were in the beginning.[2] Therefore, as Buira argues, it is unsurprising that "current quotas are far from representative of the actual sizes of economies, of their ability to contribute resources to the Fund or of their importance in world trade and financial markets."

Third, the fact that the countries that actually use the BWI resources have such a small weight in how they are run is responsible for a serious accountability gap. The size of the economies as the rationale for allocating voting power at the inception of the BWIs rested on the assumption that any member country was a potential user of their resources. It might not have been perceived as odd, thus, that many of the likely users of the institutions had such a considerable weight in their decision-making. However, no industrial country has needed to rely on the Fund since 1978, because of their ability to fulfill their financial needs through their own resources or access to private financial markets. (Bradlow 2001:15). Industrial countries stopped borrowing from the Bank around the same time.[3] Therefore, the current situation is one where only developing countries are the 'users' of the institutions, while having a small share of the voting power. On the other hand industrial countries, who are able to determine BWI policies, do not use the institutions and do not, therefore, have to live with the consequences and failures of their policies.[4]

Fourth, voting power was apportioned on the assumption of the limited mandate specified in the Charters of the BWIs. However, both the Bank and the Fund today deal with areas of policy that reach deep into the policy-making process within member governments, and that are going well beyond their original mandates. The BWIs are no longer exclusively engaged in monitoring specific macroeconomic policy targets, or for specific project loans and conditions. Both institutions are now engaging governments through conditionalities in negotiations which cover virtually all issues of economic policy-making. (Woods 2001:6, Buira 2003:29, Devesh and Kapur 2000). It sounds reasonable that developing country members should be given, at the very least, a greater level of participation in decision-making within the BWIs, due to the increasing level of intrusiveness of such global institutions in domestic policy affairs.

Fifth, the claim that the institutions are financed by the industrial country members is not entirely accurate. In the case of the Bank, a significant proportion of the institutions' budget is now financed through reflows from borrowing countries. Similarly, in the case of the IMF, most of the operating expenses and even funding for concessionary lending and debt relief operations, are shouldered by borrowing countries, through interest paid on their loans. (Mohammed 2003).

Others (including BWI officials themselves) have tried to counter claims about the lack of representation and democracy inherent in the voting system by arguing that voting is irrelevant since the decisions at the Boards of the BWIs are usually made by "consensus".

While it is true that Board decisions are traditionally made by "consensus", that does not diminish the importance of voting power in the outcome of such decisions. In fact, during Board discussions in the IMF and the World Bank, the Secretary keeps a tally of votes on particular decisions which assists the Chairman in formulating the 'sense of the meeting' and that 'sense of the meeting' simply reflects the respective voting powers of those who favor and oppose a particular outcome. (Woods 2001:10). Buira illustrates the practical impact of this point by his recollection of several occasions in which major industrial countries, not prepared to engage in a debate they could lose on the merits of the argument, would simply listen to the arguments and then state that they had not changed their position. (2002:18).

b) Issues related to US veto power and special majorities

The original Articles of Agreement of the IMF and the Bank ensured that only a few key decisions had to be taken by special majorities. In the case of the IMF, the US share meant that in a number of these decisions, which could only be taken with a special majority of the votes, the US would effectively have veto power. Over the years, however, the categories of decisions that require special majority have only increased and so has the number of decisions subject to US veto[5]. Within the Bank, the decision to amend the Articles of Agreement was, in 1989, turned into a decision requiring 85% of the votes in order to preserve the US veto. These trends are the result of quid pro quo negotiations where the higher number of decisions susceptible to US veto has been the way of off-setting declines in relative US power in the organizations.[6]

As a result, the BWIs now lack any strictly logical basis for determining which decisions should require a special majority. (Woods 2000:16). Regarding the decisions subject to US veto in the Fund, a NGO Task Force recently pointed out that "the Fund is only 'owned' by one of its member governments: the United States." (ODC 2000:11). As this Task Force proposed, the Fund's legitimacy would be enhanced if the supermajority is set below the voting share of its Board's largest shareholder. "The experience of the IDB and the World Bank, where this type of arrangement is in place, shows that such a scheme is viable and need not damage US interests." (Id.).

Apart from the discussion on adjusting special majorities in the BWIs, some experts suggest introducing new voting modalities. (Woods 2000:16). The introduction of double majority voting could serve as an alternative to the ad hoc re-adjustment of special majorities since it would appropriately respect the interests of the major stakeholders and borrowing countries in the BWIs. For instance, the double majority voting principle applied in the Global Environment Facility requires a 60% majority not just of contributors but of members overall. However, this would make it necessary that decisions are being taken by a formal casting of vote instead of an informal indication of position. The merits of formal voting processes are further addressed in the next section.

c) Issues related to the composition of the Executive Board:

Voting power issues are exacerbated by issues related to the composition of the Board. The Boards of the IMF and Bank are made of 24 Executive Directors (EDs), who represent 184 member countries. However, the distribution of countries among EDs is uneven with 8 EDs representing one country each[7], while the remaining 16 EDs representing the remaining 176 countries. These remaining countries are unevenly grouped in constituencies of several countries each, including the bizarre situation of 43 Sub-Saharan African countries that are represented by just 2 EDs. In mixed constituencies (made up by industrial and developing country members) it is the industrial country ED who represents the whole constituency, which accounts for the fact that currently, among 24 EDs, 12 are from industrial countries.[8]

The uneven allocation of constituencies among EDs, thus, creates further imbalances. First, states that have permanent representation on the Board are far more able to develop expertise on how to be effective in participating and shaping policy discussions at the Board. (Bradlow 2001:17). In addition, only a limited number of countries can be effectively monitored and represented by one ED office and its staff, which means that the more countries that are represented by a single ED, the less likely that their interests will be effectively defended and represented. Finally, although EDs representing a large constituency are supposed to represent all interests equally, they tend to prioritize interests of their own country. (Wood 2001:6). Moreover, the Articles of Agreement of the institutions do not allow a constituency represented by one ED to split its vote. In short, this means that each ED has to cast a unified vote that represents an entire constituency. In the cases of industrial EDs representing mixed constituencies that include countries at very different stages of development, this is a particular source of inequality. (Buira 2002a:220).

Recommendations:

1) Voting power within the BWIs should be reallocated so as to ensure that the institutions represent the interests of the whole membership, and that the block of the borrowers and block of the creditor countries have equal allocation of votes. The reallocation should ensure that the ratio of basic votes to total votes is elevated to, at least, the ratio existing in 1944, and that the ratio is kept constant in new quota increases. The formula for calculating quota contributions should be significantly reviewed to ensure that it is an objective tool for measuring the size of the member country economies. In this context, it should be recognized that the measurement of GDP in nominal exchange rates systematically underestimates the size of developing country economies.

2) The constituencies represented by each ED should be reshaped to ensure a more even distribution of countries among EDs. A ceiling of no more than ten countries per constituency should be established.

3) Supermajority voting requirements should be reformed to ensure that no single country has a veto on any decision. The use of double -majority voting modalities to ensure that the interests of the major stakeholders and the borrowing countries in the BWIs are respected, should be considered.

II. TRANSPARENCY AND DECENTRALIZATION OF DECISION-MAKING PROCESSES

In reaction to criticism by NGOs and other stakeholders, the BWIs have taken a number of steps to increase transparency in its operations including making more program documents available and releasing public information notices. However, the lack of transparency regarding Board discussions and operations continues to make it difficult to hold the Executive Directors (EDs) accountable for the positions they take in the governing bodies of the IFIs. More transparency of the operations is important because it allows external stakeholders to see what issues were discussed and who was involved. For example, transparency might help to diminish the opportunity for the most influential members to dominate the board. Furthermore, greater transparency will also reveal the quality of discussions in the Board and the scope of interests being taken into account. (Wood 2001:18).

It has already been noted above that the operation of consensus decision-making in the Executive Boards of both the Fund and the Bank does not suppress the underlying power of voting allocations. The consensus agreement brokering process in the international financial institutions (IFIs) does not ensure the requirement for unanimous agreement among members where any one party can veto and object and where votes are recorded and made open to inspection. (Woods 2000:15). The lack of a formal and open record of deliberations and votes makes it impossible for the ED's ultimate constituencies to judge whether or not their representatives supported or resisted a particular policy or program of the BWIs. To enhance the transparency of the Executive Board's decision- making process, countries should be required to reveal their positions taken during Board discussions, and voting rules should be changed to a formal casting of votes. The benefits of a formal voting process is that it also allows vote splitting. For example, instead of constituencies voting as a block, each individual country would cast a vote. (Wood 2001:18). This procedure is essential in order to be able to publicize countries voting decision and to hold them accountable to their constituencies.

While, in principle, greater transparency regarding Board discussions, votes and operations could increase the accountability of the institutions, this will not necessarily contribute to a better understanding of BWI conditions attached to programs and projects designed for borrowing countries. The Executive Directors representing consumer member states do not have sufficient staff or time to adequately understand all operational activities of the IFIs, nor do they have the capacity to play an active role in making policy. As a result, staff and management of the BWIs are making the core decisions about programs and are interpreting policies without any substantive accountability to their member states. (Bradlow 2001:22). For example, it is the responsibility of the management and staff to decide if countries have complied sufficiently to conditionalities to warrant asking the Board to release the next segment of BWI funding. Working committees are a well-established mechanism in many national parliamentary systems for holding accountable the government and its civil servants. Along these lines, the creation of committees or sub-boards could increase the Board's capacity to monitor IFI staff more effectively.

An additional problem is that, despite the increase and transformation of the activities of the Fund and the Bank, their accountability remains limited. The BWIs are, at best, accountable to finance ministries and central banks who, in turn, have close connections with the financial community. This leads to a situation in which the IFIs have virtually no accountability to a broader scope of ministries within national governments, let alone citizens, when things go wrong. Accountability is an imperative without which the BWIs could continue to pursue the interests of a subset of the international community, often to the detriment of the general interests of peoples and governments or even the collective interest of the world economy. (Nayyar/ Court 2002:14).

One important aspect of reform to increase accountability to governments and people could be achieved by independent evaluation of projects and programs in borrowing countries of the IFIs. In the course of such reform, the rights of minority shareholders of the BWIs – i.e. the developing countries, should be afforded greater protection.

In this context, the European proposal for stronger decentralization of IFI staff could also contribute to a more accountable decision-making process. At present, less than 30% of the BWI country directors work in local offices. Increasing the posting of country directors in the field and strengthening the decision-making authority of the regional offices is possible, for example, by relocating project decisions away from the governing boards. This could lead to a more accountable process, given that it is done in a manner that is participatory and transparent for the developing countries concerned.

However, the decentralization of the decision-making process requires the building of additional analytical capacities in developing countries in the field of economic policies and their socioeconomic implications, and the generation of policy alternatives conducive to enhancing the objective of poverty reduction. Building these policy alternatives, thus, cannot be achieved only by enlargement of BWI staff in Washington.

Recommendations:

a) Board members should express their positions with formal votes rather than informal indications of position. Agendas, transcripts and minutes of World Bank and IMF Board meetings should be made publicly available to parliamentarians, civil society groups, academics, etc. Exceptions to this principle should be narrowly drawn and only on grounds of clear indications of harm that could result from such disclosure. The creation of committees or sub-boards should be considered, as a way to increase the Board's capacity to monitor IFI staff more effectively.

b) Minority shareholders should be able to evaluate IFIs programs and projects in their respective countries on a regular basis and in an open and transparent manner. Regional Resource Centers with independent expertise should be created in order to strengthen the capacity of developing countries.

III. SELECTION OF THE PRESIDENT OF THE WORLD BANK AND MANAGING DIRECTOR OF THE FUND/ SELECTION OF STAFF

The President of the World Bank and Managing Director of the Fund are appointed by their respective Executive Boards. However, since the inception of the institutions there has been a 'gentleman's agreement' by which the President of the World Bank is appointed by the US (and is always an American), while the Managing Director of the Fund is appointed by the Western Europeans (and is always a Western European).

This means that the leadership of such important institutions is not selected on the basis of an open and transparent process of appointment (neither aimed at achieving political representation or technical expertise). (Woods 2001:5). The flawed nature of the process came under heavy criticism in the selection of the current Managing Director, which involved rejection by the US of the first European' choice. As a result, a committee of EDs was established to recommend a fairer process of selection. This Committee issued a report in 2001, which did not get even close to civil society recommendations.[9] The IMFC took note of the report during the 2001 Spring meetings of the Bank and the IMF.

In terms of the management staff at the BWIs, the lack of diversity in economic approaches is also a problem. As some analysts have pointed out, the Fund and the Bank are overwhelmingly Anglo-Saxon in their approach to economics. (Woods 2001:18). According to one survey, 90 % of IMF professionals with PhDs received them from US or Canadian universities. With regards to the Bank, a 1991 survey of staff in the Policy, Research and External Affairs Departments, showed that some 80 % had trained in economic and finance at institutions in the United States and the UK. Moreover, there is a longstanding predominance of nationals from industrial countries among management and senior officers. (Buira 2002a:226). The homogeneity of leadership and senior officers background undoubtedly has a strong impact, through the promotions and incentive structure of the institutions, on the adoption of certain dogmas and an institutional culture by the staff as a whole. The importance of staff beliefs and attitude for what an institution actually does has been pointed out by some analysts. (Evans/ Finnemore 2001:8).

As observed by Woods, it is important that IFI staff reflects membership not only in terms of nationality, but also of concerns, approaches and outlooks. (2000:17). This is of the most importance for institutions that purport to carry out objective assessments of economic issues in so many countries, and particularly important for the Bank, given the leadership in development research and the influence that its research has among developing country policy-makers.[10]

It should be mentioned that expert knowledge inevitably contains cultural and normative components. However, professional or educational training does not automatically enable to solve policy problems. A successful strategy to address economic challenges faced by developing countries, such as poverty reduction, is likely to depend more on a detailed understanding of specific country characteristics. The capacity to understand the way the informal economy works or what social structures are in place go beyond the universal truths provided by standard textbooks. Failure to incorporate local knowledge has been shown to hamper development efforts. (Escobar 1995). Striking the right balance between general analytical models and institutional sensitive local knowledge is therefore most pressing for countries in the South. (Evans/ Finnemore 2001:9). Since these are the countries most likely to require program or project assistance by the IFIs, they are the countries where local knowledge is most important because their local institutional contexts differ most sharply from baseline macroeconomic assumptions. The fact that talented, would be economists from the South come to the United States for graduate training, rather than staying in their home countries, has reached a level that makes it relatively easy to achieve passport diversity in the IFIs. (Evans/ Finnemore 12). However, since these training continues to be on the common northern paradigm, their contribution to the IFIs intellectual diversity might be limited.

Recommendations:

1) The heads of the BWIs should be selected through a transparent process that involves all member countries and assesses candidates on merit, regardless of their nationality. The disclosure of criteria to decide on the candidates, initial lists of candidates being considered and votes cast by different EDs on the proposed candidates, are essential. Geographical diversity in top positions should be widely encouraged.

2) The IFIs should further incorporate local knowledge in developing countries into its programs and projects. This can be achieved by making further use of developing country based professionals, national/ regional research institutions and local NGO networks in the South.

IV. RELATIONSHIP BETWEEN THE IFIs AND THE UN

The question of strengthening the participation of developing countries in economic decision-making cannot be completely addressed without a reference to the way that these institutions fit into the global institutional architecture enshrined in the UN Charter. The UN Charter, indeed, describes a model for the design of international development policy that relies on two basic principles. First, the principle of specialization: the system envisions a set of global institutions, each of them with a mandate to deal with a specific and limited set of issues. For example, the WHO would focus on health, and the IMF on macroeconomic stability and monetary cooperation, etc. Second, the principle of coordination: since there is a spectrum of institutions focusing on particular aspects of development, there needs to be a way to coordinate their collective work to achieve the development purposes stated in the UN Charter. The UN was entrusted with this coordination role, particularly through the powers attributed to the ECOSOC.

However, since their inception, and as described in previous sections of this paper, the BWIs have constantly expanded their original mandates. This expansion has happened at the cost of encroaching on the mandates of other multilateral institutions, thus tending to deprive UN specialized agencies and bodies with expertise in particular fields, like health or labor rights, of the freedom to propose effective policies on those fields.[11]

The inability of other specialized agencies to challenge the BWIs policy advice on these fields increases the chances that the IFIs will give inappropriate policy advice. (Bradlow 2001:26). As opposed to other UN agencies, whose Relationship Agreements with the UN make clear their subordinate character to the UN, the Relationship Agreements that link the UN with the World Bank and the IMF relieve these institutions of any significant responsibilities to the UN. This has been a key factor that enabled such expansion of mandates to go unchecked. The expansionary trend, by undermining UN specialized agencies and bodies, has also indirectly undermined the participation of developing countries in global policy-making and agenda-setting.

Ideally, the original role of the UN in the normative and agenda-setting arena should be restored. The UN conference on Financing for Development did address this issue and, by restating the general principles of specialization and coordination enshrined in the UN Charter, it provided sound basis for doing so.[12] But this is not only a question of a UN role in norm and agenda-setting. This should also involve the development of solid institutional arrangements at two levels: policy-making and policy development at headquarters, and implementation at the field level. One relevant example of this is the need for new institutional arrangements between the BWIs and the UN to determine priorities and policies for the achievement of the Millennium Development Goals (MDGs).

It has been also in the context of the Financing for Development conference debate, which unveiled the shortcomings of the current global governance structures, that some members of the G-7[13] itself endorsed the establishment of an Economic Security Council as a new international decision-making body for global economic issues. (Martens 2002:9). In part, such a proposal seeks to ensure that the United Nations possesses an arena suitable for the formation of global economic policy and capable of providing regulatory authority as needed.

Recommendations:

a) The Relationship Agreements between the IMF and the UN, and between the Bank and the UN, should be renegotiated with an aim to: a) clarify the responsibilities of the IMF and World Bank to the UN, and b) enhance the ability of the UN to ensure that international financial institutions fully respect the jurisdiction of other agencies, funds and bodies, particularly those with non-economic mandates. The establishment of permanent mechanisms for resolving jurisdictional disputes.

b) The specific roles of UN specialized agencies should be strengthened in order to achieve a more balanced approach in the poverty reduction programs of the IFIs and to secure the holistic nature of the programs required to achieve the MDGs.

c) Proposals for new decision-making structures on economic policy issues within the UN framework should be explored, like the Economic Security Council proposal put forward during the FfD conference.

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[1] Since their inception, the membership of the Bretton Woods Institutions has grown from 39 to 184 members. A new and equal number of basic votes is allocated to each new member country, and the majority of new members have been developing countries, which has driven up the total number of basic votes held by developing country members. Nonetheless, as the text points out, due to the quota increases, even that bigger number of basic votes means, today, a s maller percentage of the total vote than in 1944. This is the reason for the larger number of developing countries sharing in a smaller percentage of basic votes mentioned in the text.

[2] Buira 2002 "the IMF continues to use the original formula, which is c ombined with four others which give different weights to the same variables, plus an element of discretion is used in selecting the formulas to be applied in each case… "

[3] In an exception to this, Portugal borrowed from the Bank throughout the 1980s (though only project, not program loans).

[4] Bradlow 2001:18 on the IMF. An analogous inference can be made for the Bank. The fact that 'users' are only the borrowers and the 'non-users' only lenders has created the additional distortion that there are vested in terests in the lenders on lending less, making therefore adjustment more painful, while borrowers become defensive of their short-term interests (Buira 2002)

[5] Since the Fund's inception, for example, the types of decisions requiring a qualified majority has risen from 9 to 53. Currently there are 18 categories of decisions susceptible of US veto. (Buira 2002a:220) Among them are: the decisions to adjust quotas, to allocate SDRs, to interpret the Fund Articles of Agreement, to engage in certain gold transactions, decisions on giving certain uses to Fund resources, etc.

[6] For instance, when Japan increased its voting share in the IBRD (an increase which would reduce the relative power of the US) , new special majorities provided the way to offset the US loss of relative power, and likewise in the IMF. (Woods 2001:16)

[7] These are the US, the UK, France, Japan, Saudi Arabia, Russia, China and Germany.

[8] In the only one exception to this statement, the constituency of Costa Rica, Spain, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Venezuela is currently being represented by Venezuela.

[9] More than 120 NGOs had sent a letter to the IMF Board of Governors demanding a transparent process which was defined as including the following elements: public disclosure of the qualities and skills being sought in a candidate, public disclosure of the list of candidates, public disclosure by the candidates of their views on the structure and role of the IMF and priorities to pursue, decision on the matter by formal voting rather than by consensus and publicity of the record. (Wood 2001). The ED's Committee report does contain some positive elements: EDs should agree in advance on the qualifications to be met by the candidate, an Advisory Group including outsiders (and, though not explicitly mentioned, potentially NGO representatives), should be created to advise the Board on the matter; there is the possibility of having the decision taken by formal voting if the Board so decides, etc. (Bank Working Group to Review the Process for Selection of the President and Fund Working Group to Review the Process for Selection of the Managing Director 2001). However, crucial questions regarding the publicity and transparency of the procedures that are necessary to ensure certain level of outside scrutiny on whether these are actually respected, remained unaddressed.

[10] According to a Bank-commissioned survey of 271 high-level policymakers in 36 developing and transition countries (mainly senior civil servants): 84 percent of respondents use Bank analytical reports; respondents rated the Bank their most important information source out of a list of 17 domestic and international organizations; the majority of respondents considered the Bank's work "technically sound, relevant and objective". (Wilks 2001)

[11] "World Bank lending for what the UN terms human development (health, education, nutrition, population) increased ten-fold between 1985 and 1995… The soft funds of the World Bank dwarf by far the total budget of the UN's assumedly prime development body, UNDP… [the World Bank] also plays an increasingly important normative role in these vital development policy areas [health and education], as a development knowledge broker and agenda-setter." (Lunde 2000:44). See also on this point Bradlow 1995 and Bradlow 2001, pp. 22-26.

[12] The importance of coordination and specialization is restated in the Monterrey document: "we should encourage policy and program coordination of international institutions and coherence at the operational and international levels to meet the Millennium Declaration development goals of sustained economic growth, poverty eradication and sustainable development." (para. 52) "Greater cooperation among existing institutions is needed, based on a clear understanding and respect for their respective mandates and governance structures." (para. 68)

[13] The concept was called for by the French president Jacques Chirac and supported by the German Development Minister Heidemarie Wieczorek-Zeul.