



## **Parliamentary Briefing: Sept 2004**

# **International Parliamentarians' Petition for Democratic Oversight of IMF and World Bank Policies**

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**Extensive analysis has underlined the democratic deficit in the dealings between countries and the IMF and World Bank (the Bretton Woods Institutions – BWIs). As the institutions themselves acknowledge, there is a lack of effective involvement of parliaments, with formal mechanisms for engagement often completely absent, or too weak to be meaningful. Yet proper parliamentary oversight is a key plank of good governance, and there cannot be true country ownership of the conditions attached to loans and debt relief without it.**

**In light of this a global petition signed by parliamentarians from both developed and developing countries has been launched with support from a broad range of civil society organisations. This is a practical way for parliamentarians to assert support for the principle of parliamentary sovereignty, and the role parliaments should play in national policy making on BWI related processes. This would deepen country level accountability and ownership of policies, improve democratic control over IFI operations, and nurture democratic processes in developing countries.**

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### **Introduction**

The 60<sup>th</sup> anniversary year of the creation of the IMF and World Bank is an appropriate time to improve the democratic accountability of these organisations to national parliaments. The formal launch of the International Parliamentarians' Petition will be at the Autumn Meetings of the IMF and World Bank in October, when the target of getting at least 60 MPs from 60 countries will be announced. A group of parliamentarians will then present the final petition complete with signatures to the World Bank and IMF at the Spring Meetings in April 2005. Approaches have already been made in over 65 countries, with the initiative winning widespread support including from the Parliamentary Network on the World Bank (PNOWB), and the Committee of the Parliaments of the Americas (COPA).

In the UK, the All Party Group on Heavily Indebted Poor Countries is coordinating parliamentary activities including the launch and the timing of a possible EDM. NGO activities in the UK are being led by the World Development Movement in collaboration with Action Aid, Christian Aid, Jubilee Debt Campaign and the Bretton Woods Project.

### **Undermining developing country parliaments**

Poverty Reduction Strategy Papers (PRSPs) were introduced by the IMF and World Bank with an explicit acknowledgement that development strategies in low-income countries should be "country owned". Experience shows that imposing policies undermines democratic processes, leads to civil unrest and has left a legacy of economic failure.

Governments are supposed to lead the PRSP process, with the active participation of parliament and civil society. However, parliaments are regularly sidelined and key decisions regarding economic policies are often deliberately excluded from this process. Frequently, parliaments and the public are not even aware of conditions that will have massive implications for their society. Worse still, the World Bank and IMF continue to over ride the express wishes of sovereign parliaments, undermining already fragile democratic processes and public faith in them. For example in 2003,

IMF pressure led the Ghanaian government to suspend tariff increases on rice and poultry that had been agreed by the parliament and were fully consistent with the World Trade Organisation.

It is hypocritical for the IMF and World Bank to claim to support democracy and good governance in developing countries whilst undermining democratically elected parliaments in this way. Whilst the engagement of civil society is also vital, parliamentarians who are elected to represent the public have to be fully involved in the development, scrutiny and monitoring of all relevant World Bank and IMF conditions if country ownership is to be a reality. Open parliamentary debate also improves public access to the decision making process helping ensure better civil society involvement, and improves the chances that policies will be continued even if there is a change of government.

### **The role of the UK parliament**

The UK is one of the largest shareholders in the World Bank and the IMF, with a seat on each board. Gordon Brown currently chairs the International Monetary and Financial Committee (IMFC). The UK thus has a considerable influence on the policies and activities of these institutions. The head of the IMF is always European, the head of the World Bank always American. At the same time, two board members represent 46 African countries.

In this context, UK parliamentarians have a vital role to play, in influencing the votes and decisions of the UK government in the World Bank and IMF, and monitoring whether the policies and decisions the UK government supports benefit the poor. It also has a vital role to play in calling for much-needed governance reforms in these institutions.

Parliamentarians frequently challenge the policies of the Department for International Development (DFID) and the Treasury. One particular example of good practice in the UK is the Treasury's annual review of the UK and the IMF. Whilst the Treasury report reveals overall votes by the IMF Boards of Governors it does not provide the votes of, nor statements made by, the UK government representative at these meetings. Nor is there a companion report about the UK and the World Bank. It remains a struggle for UK parliamentarians and public to hold the UK government to account for the decisions it takes at the World Bank and IMF.

#### ***International Parliamentarians' Petition for Democratic Oversight of IMF and World Bank Policies***

*We the undersigned Parliamentarians;*

*Noting this is the 60<sup>th</sup> anniversary year of the creation of the International Monetary Fund (IMF) and World Bank - the Bretton Woods Institutions (BWIs).*

*Recognising that the IMF and World Bank have voiced a commitment to ensuring individual countries determine their own economic policies.*

*Noting that key economic policies continue to be imposed by both the World Bank and IMF as conditions for receiving debt relief and new loans, with the Boards of the BWIs retaining the power of veto over all measures including those in Poverty Reduction Strategy Papers.*

*We therefore call on the BWIs and their principal shareholders to ensure that the democratically elected representatives of recipient nations are the final arbiters of all economic policies in their countries.*

*It is vital that national parliaments in recipient nations have the right and obligation to be fully involved in the development and scrutiny of all measures associated with BWI activities within their borders, and hold the final power of ratification.*

### **Actions**

The World Development Movement, Action Aid, Christian Aid and the Bretton Woods Project urge parliamentarians in both Houses to show support for their colleagues in developing countries by:

- Signing the Petition (separate copy attached), and returning it to the All Party Group on Heavily Indebted Poor Countries (Fax 020 7219 3658)

- Passing copies of the Petition on to other parliamentarians world-wide through personal contacts or via international networks
- Writing to Gordon Brown and Hilary Benn urging them make it UK Government policy to:
  - ensure poor country parliaments have the right and obligation to be fully involved in developing and scrutinising all policies relating to the activities of the IMF and World Bank within their borders
  - to reform the Boards of the IMF and World Bank to give developing countries fair representation.

**For more information contact:**

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It is vital that national parliaments in recipient nations have the right and obligation to be fully involved in the development and scrutiny of all measures associated with BWI activities within their borders, and hold the final power of ratification.

Ensuring the primacy of sovereign national parliaments in this way will improve implementation of measures to reduce poverty, enhance good governance, and foster democracy.

Signature of Parliamentarian:

Printed:

Constituency (where appropriate):

### **Please return to:**

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