



DEVELOPMENT COMMITTEE  
(Joint Ministerial Committee  
of the  
Boards of Governors of the Bank and the Fund  
On the  
Transfer of Real Resources to Developing Countries)



**SIXTY-EIGHTH MEETING**  
**DUBAI, UNITED ARAB EMIRATES – SEPTEMBER 22, 2003**

DC/S/2003-0037

September 22, 2003

Statement by

**H.E. Dr. Y. Seyyid Abdulai**  
Director-General of the OPEC Fund

Dubai, UAE  
September 22, 2003





# The Opec Fund for International Development

## **Development Committee 68<sup>th</sup> Meeting**

*Enhancing the Voice and Participation of Developing Countries in Global  
Decision-Making and Norm-Setting at International Financing Institutions*

Statement by  
**H.E. Dr. Y. Seyyid Abdulai**  
Director-General of the OPEC Fund

**Dubai, U.A.E.**  
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The second item featuring on the agenda of this 68<sup>th</sup> Development Committee Meeting - enhancing the voice and participation of developing and transition countries – was first discussed by the Development Committee at its 67<sup>th</sup> Meeting, which officially launched the debate on means to enhance the voice and participation of developing and transition countries in the work and decision-making of the Bretton Woods Institutions (BWIs).

By again placing this issue on its agenda, the Development Committee signals the need for further progress in this area as part of ongoing efforts to implement the strategies and actions agreed at the Financing for Development (FfD) Conference, Monterrey, Mexico, March 2002. The Conference particularly called upon the BWIs to enhance the participation of developing countries in the decision-making processes and procedures of their managing bodies, which could strengthen the legitimacy and effectiveness of these institutions in addressing the needs and concerns of their beneficiary countries.

The 67<sup>th</sup> Development Committee Meeting took the first steps on the road towards realizing this important objective. The Committee welcomed the decisions by the BWI Executive Boards to strengthen the capacity of all its members to articulate their views and concerns, and encouraged donors to create a financing mechanism that could support independent research and advice in key policy areas. The Committee also asked the BWI Executive Boards to consider and elaborate upon realistic options to re-distribute quotas and strengthen the governance of the International Monetary Fund (IMF).

These initiatives are commendable moves in the right direction. The challenge facing this 68<sup>th</sup> Development Committee is to seize the momentum and make further headway towards more participatory governance in the BWIs by spurring progress in the above areas, and by initiating reform in a number of related domains as outlined in my statement to the 67<sup>th</sup> Development Committee.

Regarding the issue of basic votes, the time has genuinely come to adjust the distribution of quota's, which determine access to financing and voting rights in the BWIs, as to properly reflect changes in the global economy. Despite a significant increase in their relative weight in the world economy over the past fifty years, the ability of developing countries to influence decision-making in the BWIs remains limited: the developed nations together hold more than 60% of the voting strength, while a single country has the power to veto important decisions. The collective voting power of the South would need to be significantly increased beyond the 43-44% currently proposed if balance is to be restored to the international debate. Particular attention should be paid to reflecting upon and elaborating options to strengthen the capacity of the least developed countries (LDCs) – many of which have small quota's or capital shares - to influence decisions of the BWI Executive Boards.

In addition, measures would need to be taken to ensure a more adequate representation of particularly LDCs on the BWI Executive Boards - e.g. by increasing the Boards sizes – and to providing concomitant resources for staffing, training, and technical support. Means could also be explored to facilitate the transfer of technical assistance and know-how within multi-country constituencies.

Many countries of the South have detected a need for greater voice and participation in setting the agenda and the norms that prevail in BWIs, which they tend to perceive as predominantly shaped after Anglo-Saxon models that may not readily apply to local conditions. Calls have been made in this respect for a stronger relationship with the United Nations, where each nation has one vote, as well as the establishment of an Economic Security Council. Developing countries have also voiced requests for more participation in the appointment of BWI top-officials, as well as greater public disclosure and dissemination of information as to enhance the transparency, accountability, and responsiveness of BWIs vis-à-vis their stakeholders.

Discussions in the Development Committee have hitherto focused on enhancing the voice and participation of developing and transition countries in BWIs. However, there is a similar need to enhance the voice and participation of developing countries in the deliberations and decision-making bodies of the International Development Association, the International Monetary and Financial Committee, and the Development Committee itself, as well as other major international financing institutions (IFIs) such as the Bank for International Settlements, the Group of Twenty, and the Financial Stability Forum.

Enhancing the voice and participation of developing countries in global decision making and norm-setting of IFIs is a necessary and unavoidable development in the evolution towards more participatory, legitimate, and effective forms of global governance.

Nevertheless, there are signs that progress is hindered by a lack of interest on the part of some industrialized nations, which maintain that voting power in the BWIs should reflect the economic and financial position of their shareholders in the world economy, and that there is no need to change current arrangements beyond increasing administrative and research support for poorer countries' representatives.

Efforts to dismiss calls for more participatory governance in BWIs are likely to frustrate poorer countries, and to fuel criticism of the predominance of a Northern bias in the representation, distribution of voting power, and influence exercised in the norm-and agenda-setting and policy choices of BWIs. This could damage the legitimacy of BWIs, whose credibility and effectiveness in helping their beneficiary countries and clients – the majority of which are from the South - meet the poverty alleviation and related millennium development goals cannot be strengthened unless poorer countries gain more power within their managing bodies, as called for by the international community in Monterrey.

By contrast, early recognition of the need to cede more participation to developing countries on the part of major industrialized nations could smooth an otherwise bumpy and long winding road by enriching dialogue and co-operation among shareholders in formulating the development policies of BWIs, which could fortify their constituency base and enhance country ownership and commitment to their activities. In an era of rapid globalization and rising threats to international security, the interests of major industrialized nations are ultimately best served by legitimate, democratic and well functioning institutions for global governance that can cater to the needs and concerns of the South as much as to those of the North, and that can contribute to the establishment of a more inclusive, equitable and peaceful world order.