

Rt Hon Douglas Alexander MP
1 Palace Street
London
SW1E 5HE

cc: Nemat Shafik
Michael Anderson
Rachel Turner

16th April 2010

Dear Secretary of State

We are writing as civil society organisations in the UK as part of a European-wide alliance of NGOs, to urge you to push for progressive reform of the World Bank's governance. As the current round of reform reaches its conclusion, we believe it is crucially important to both secure as many gains as possible now, and also ensure that future reform will set an ambitious agenda. We believe there will be three key tests for the current round of reform.

First, ensuring developed and developing countries have equal voting shares remains a reasonable short term goal. The target of a shift of at least three percent of votes to developing countries from developed countries will fall woefully short of this, given that some high income countries, such as Saudi Arabia are classified as developing countries by the Bank. Developing countries represent over 80% of the world's population and the Bank's membership and they are the countries in which the Bank overwhelmingly works. They are also the main financial contributors to the ongoing work of the Bank, in particular financing the IBRD and IFC through loan repayments.

Second, a rapid timetable for further reforms should be agreed, and these reforms should be based on a formula that puts at its heart the development mandate of the Bank, and reflects democratic values. This would mean emphasising factors such as poverty incidence and population. Financial contributions to the Bank's work should play a limited role, remembering that although IDA contributions are important, they are only one source of funding: the main source of financing for the World Bank Group remains loan repayments from developing countries.

Third, a commitment to reallocate Board seats based on changed voting shares will be important. This should include ending the outdated practice of some countries having permanent seats, and rationalising the number of seats currently held by European governments.

We continue to believe that making the World Bank more democratic, accountable and legitimate is a fundamental pre-requisite for ensuring that it can play an effective role in the global fight against poverty.

We look forward to hearing your views on the above.

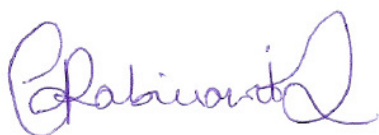
Yours sincerely



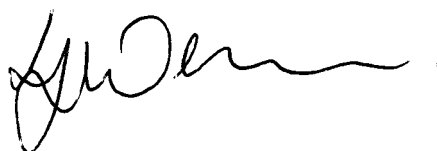
Belinda Calaguas
Head of Policy and Campaigns,
ActionAid



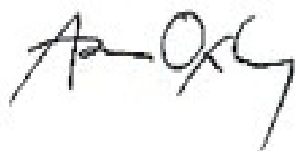
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Director, Cafod



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Laura Webster
Head of Policy, Tearfund



Aaron Oxley
Executive Director, Results UK



Jesse Griffiths
Co-ordinator, The Bretton Woods Project



Justin Byworth
Acting CEO, Worldvision UK