

At issue: G-7, civil society press for IMF, World Bank transparency reforms

One of the key complaints about the World Bank and IMF over the years has been their lack of transparency. The Bank and Fund have responded by issuing mountains of documentation and offering innumerable meetings and consultations. But critics are still not satisfied, pointing to the difficulty for people to find and interpret many of the documents produced, and to the opacity of the institutions' key decision-making bodies.

A number of key reviews of information disclosure policies and practices are taking place - including one by the IMF this June - and offer opportunities for improvement. Any changes look likely to be confined to project or country documents, not the governance of the Bank and Fund themselves. In a new book emphasising transparency as the key to "The Coming Democracy", Ann Florini, who runs the governance programme at the Brookings Institution comments: "Everyone who is affected by the decisions of intergovernmental organisations such as the IMF, the World Bank and the WTO has a right to know what decisions are being made, by whom, and with what consequences."

"We think it is unacceptable for the IMF to continue to make demands for greater openness and transparency on the governments who are in need of Fund help without undertaking similar reforms itself."

UK Treasury Select Committee

Florini emphasises the potential for information technology to facilitate the distribution of information, but cautions that "the black hole of secrecy can give way to a cacophony of white noise as information spews in all directions". This description could apply to the Bank and Fund's approach to information dissemination. There is a mass of material on their websites, but if you are not familiar with their activities it is hard to find what you want. If you do find a document in time it may be hard to interpret because of the dense jargon adding to the language barrier for non-English speakers. Even Poverty Reduction Strategy documents, nominally written and 'owned' by borrower governments, are written initially in English.

The 2001 revision of the World Bank's information disclosure policy was disappointing in many respects. The Bank Information Center, an NGO which led the campaign to improve the policy, commented "the finished product frustrates the key process of citizen participation in the Bank's activities by keeping confidential many important documents, applying inappropriate timelines for information release, and failing to provide for translation of many key documents".

The Bank Group's Compliance Adviser/Ombudsman echoed this in a recent report. In Bank-backed private sector projects it found that "too often public consultation occurred too late to affect project design, did not facilitate local stakeholders' understanding of the project and ability to express their concerns" and that "many sources complained about the difficulty of accessing project information, that the available information lacked sufficient detail, and that business confidentiality concerns had been inappropriately extended to the social and environmental dimensions of projects".

Opaque governance

The other major problem outlined by campaigners is the lack of information about the activities of the executive boards of the institutions. They often state that it is impossible for these key decision-making bodies to release more information because of the conventions which govern

their operations. They take decisions by consensus, without formally voting. Skeletal agendas outlining their work programmes are available, as well as anonymised summaries of discussions, but nothing about who supported or opposed the decisions they take.

The UK Treasury Select Committee examined this issue in detail and concluded in their 2001 report that "the actions of the UK and the Executive Board as a whole remain opaque. Most notably neither the votes, nor the minutes, of the Executive Board are published. We believe that, because the Executive Board is the ultimate decision making forum of the Fund, withholding this information limits our ability to hold the Government to account for their actions at the Fund. ... We did not find officials' arguments against publication of the minutes or of the voting record convincing".

This is echoed in the recent statement on IFI governance signed by 73 groups and individuals which demands that "the agenda, transcripts, summaries and minutes of World Bank and IMF Board meetings be published [...] Board members should express their position with formal votes rather than informal indications of position". Joseph Stiglitz, formerly the World Bank's Chief Economist, has written "short of a fundamental change in their governance, the most important way to ensure that the international economic institutions are more responsive to the poor, to the environment and to broader political and social concerns ... is to increase openness and transparency".

Document	IMF activity	Purpose	Transparency status
Article IV report	Surveillance	Report on IMF member country economic policies	Public if country agrees
Minutes	Board decisions	Record of IMF governing body decisions on loans and policies	Not public, but press releases and statements by Board chair are often available
Letters of Intent	Lending	Set out policies that a country will implement in return for IMF finance	Public, but with deletions, and see side letters
Side letters	Lending	Supplement to Letter of Intent with information that would undermine authorities	Not public

The British government has recently agreed to push for more transparency, for example by bringing the delay for publication of Board minutes from 10 to 5 years. Whilst of some interest to history students this is absolutely not sufficient for holding governments to account for their decisions. That it is possible to do more was indicated by the new French government annual report on its participation in the Bank and Fund. This specified, for example, the French position on loans to Argentina, Brazil and Turkey. The equivalent British report published in April by contrast only described the British position in general terms.

Country policy documents

G-7 finance ministers issued a statement in May on strengthening transparency and accountability urging specific steps for International Financial Institutions. To help "promote local debate and ownership over the reform process" they pledged to "press to establish presumption of publication of all country surveillance, program reviews, reports and strategies, including Article IV, Poverty Reduction and Growth Facility/ Staff Monitored Programme staff papers, and all Multilateral Development Bank country strategies". The statement also urged "full disclosure of MDB performance allocation systems, and fiduciary and governance diagnostics."

It is unlikely that the IFIs and their borrower governments will readily acquiesce to the publication of such documents. Their political will be tested at the discussion of document release policy at the IMF Board in June 2003. As well as the question of publishing Board minutes after 5 years, key issues likely to be discussed include:

- Allowing deletions of document sections containing highly politically sensitive information;
- moving from voluntary to presumed publication of article IV staff reports [i.e. publish unless countries explicitly oppose it];
- publication of draft Letters of Intent before Board decision.

At a meeting in September 2002 the Fund's Board made a number of decisions such as publishing Board minutes after 10 years, and extending the deletions policy to include highly market-sensitive performance criteria and structural benchmarks (conditionalities). Progress on other fronts has been delayed or rejected, for example on grounds that publishing draft Letters of Intent early would "pre-empt approval".

Unfortunately, given the opacity of the proceedings of the Fund's Board it will not be possible for citizens to know how their representatives vote on the transparency proposals on the table of the IMF Board this month.

The apparent reluctance of borrowing countries to disclose more information on their relations with the IMF can be explained by a willingness to prevent closer scrutiny and potential 'interference' in sometimes difficult negotiations with the institutions. However it would be sensible for borrowing governments to involve legislators and others before a loan agreement is signed rather than negotiate in secret and risk parliaments or mass protests rejecting the conditions of IMF assistance.

In any case rich countries can hardly pose as a model on promoting transparency. They might be more inclined to publish IMF surveillance documents on their policies than other countries, partly because the IMF has no real clout over their economies. but they still oppose full transparency of the executive boards, where the important decisions are made. In this respect proposals to bring down to 5 years the delay before publishing Board minutes are extremely timid.

And deletions to documents need to be justified by specific harm that would result from release, not on the whim of individual officials. Legitimate reasons for withholding information might include:

- commercial confidentiality
- market sensitivity (i.e. planned changes to exchange rates)
- prejudice to deliberative proceedings.

Rather than having lists of documents which are released at certain times good information policies should exempt only specific information whose disclosure would harm legitimate interests. Officials should have to justify in writing any decisions not to disclose documents or to delete portions of them and these decisions should be subject to an independent complaints procedure. UNDP's policy, for example, agrees to publish documents within 30 days or provide written reasons for non-disclosure.

As this is lacking in the IFIs, civil society groups are considering

challenging refusals using domestic freedom of information laws. Argentinian groups have, for example, recently filed a freedom of information request to their government seeking the side letter that their government signed with the IMF earlier this year. Brazilian parliamentarians are trying to anticipate such problems by passing legislation mandating the government and the IFIs to provide them documents in good time. In future it may be necessary to press for an international convention which would set transparency standards for international institutions and empower a body to oversee compliance.

Knowledge and power

The World Bank and IMF have nominally converted to not only producing information about their own activities but to promoting such approaches by governments and companies across the world. The IMF has, for example, promoted the Special Data Dissemination Standard - a way for governments to provide more information about their economy to potential investors and others. But the Fund and Bank mainly emphasise transparency to make markets work better, not to empower citizens.

Lyla Mehta, a fellow at the Institute for Development Studies, has analysed the World Bank's attitude in this area. She commented that the Bank's approach to knowledge fails to capture issues concerning power, political economy and the embeddedness of knowledge in socio-cultural and political realities. When the Bank argued in a 1998 report that millions of children die of diarrhoea because their parents do not know how to save or treat them it ignored "the fact that the spread of diarrhoea goes hand in hand with multi-causal factors such as nutrition, poverty, sanitation, overcrowding (rather than merely the failure to know how to treat it)".

The forthcoming Board discussion at the IMF, and the similar discussions at the European Investment Bank, Inter-American Development Bank, offer important opportunities to challenge existing principles and practices. However the process of producing information and contesting different views is important - not just receiving or presenting 'the truth'. In this light NGOs will never be able to rely on the IFIs to provide neutral information, they need to continue building up their ability to package and disseminate information in clear terms for relevant constituencies. Obtaining and commenting on information alone will never be sufficient to create change, but only as part of larger strategy of publicly confronting the powerful.

Main References

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- Stiglitz, J. (2002) *Globalization and its Discontents*. New York: WW Norton and Co.
- G-7 Finance Committee (2003) Aid Effectiveness, annex to the final communiqué of the Deauville, France, G7 finance summit, 17-18 May.

For a full list of references with web links see the html version:

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June 2003

Published by **Bretton Woods Project**
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