

SM/03/113
Revision 1
Correction 1

April 11, 2003

To: Members of the Executive Board

From: The Secretary

Subject: **Revised Report of the Managing Director to the International Monetary and Financial Committee on the IMF's Policy Agenda**

The attached correction to SM/03/113, Revision 1 (4/10/03) has been provided by the staff:

Page 32: "Table 1. Detailed Areas of Structural Conditionality" replaced with
"Table 1. Participation in Transparency, FSAP, and Standards and Codes
Initiatives 1/ 2/"

Questions may be referred to Mr. Allen (ext. 38786) and Mr. S. Brown (ext. 38431) in PDR.

Att: (1)

Other Distribution:
Department Heads

C. Strengthening the Voice and Representation of Developing Countries

73. In September 2002, the Development Committee requested that the Bank and Fund prepare a background document to facilitate consideration, at its Spring 2003 meeting, of ways to broaden and strengthen the voice and participation of developing countries and transition economies in the World Bank and IMF. The strength and effectiveness of participation in decision-making at the Bretton Woods Institutions (BWI) has several dimensions. The most straightforward of these is voting strength. Another important dimension is the degree to which countries are fully equipped to use the available opportunities to present their views at the BWIs. This latter dimension of “voice” is quite important for large multi-country constituencies—especially those with a significant number of countries with Fund-supported programs or HIPC, given the volume and complexity of associated issues requiring their input.

74. During their initial discussion of the joint background paper on this topic, Executive Directors underscored the importance of enhancing the voice and participation of developing and transition countries. They highlighted the initiatives that have already been taken to enhance the voice of developing countries and the listening culture in the Fund—including the ongoing development of the PRSP process, strengthened support for capacity building, and emphasis on country ownership of reforms—and looked forward to building on these ongoing efforts. Because more rapid progress can be made on a number of possible administrative measures for enhancing voice, the Board has already begun to consider steps that could be taken in the short run to address staffing and technological constraints of the two Sub-Saharan African constituencies, whose needs are most pressing. Progress on these issues will allow the Development Committee to focus on aspects of voice and participation requiring further careful consideration and consensus-building efforts among the membership in the period ahead.³⁶ The IMFC will have an opportunity to return to these issues at its Fall 2003 meeting, based on a status report from the Executive Board on its discussions in connection with the Thirteenth General Review of quotas.

VIII. CONCLUSION

75. The IMF and World Bank were created in the closing stages of World War II to help restore and sustain the benefits of global integration, by promoting openness, trust, and international cooperation. Despite all the criticisms that can justifiably be made, the work of these institutions has contributed to a half-century of unprecedented global prosperity, and our membership is now essentially universal. Indeed, in an increasingly complex world, our member countries realize that international economic cooperation is immensely beneficial despite—or perhaps even because of—the differences among them.

³⁶ Enhancing the Voice and Participation of Developing and Transition Countries in Decision-Making at the World Bank and IMF, (DC/03/2, 3/28/03).

Table 1. Participation in Transparency, FSAP, and Standards and Codes Initiatives 1/ 2/
(As of January 31, 2003)

	(1) Africa	(2) Developing Asia	(3) Central and Eastern Europe	(4) CIS and Mongolia	(5) Western Hemisphere	(6) Middle East, Malta, and Turkey	(7) Advanced Economies	(8) Total IMF Members	
Numl	0	51	29	15	13	32	16	28	184
<u>Initiatives:</u>									
SDDS Subscriber 3/ Number of members	2	5	9	1	9	1	23	50	
GDDS Participant 4/ Number of members	22	6	3	5	11	6	0	53	
PIN Published Number of members	48	24	15	11	31	11	28	168	
Percentage	94%	83%	100%	85%	97%	69%	100%	91%	
Article IV Staff Report Published Number of members	38	11	15	11	22	4	26	127	
Percentage	75%	38%	100%	85%	69%	25%	93%	69%	
FSAPs Completed Number of members	9	3	10	3	7	5	8	45	
Percentage	18%	10%	67%	23%	22%	31%	29%	24%	
ROSC Modules Completed Number of members 5/ Percentage	23 45%	7 24%	12 80%	8 62%	14 44%	8 50%	15 54%	89 48%	
ROSC Modules Completed Number of modules 6/ Percentage of total modules	66 19%	24 7%	93 27%	27 8%	43 13%	26 8%	59 17%	344	
ROSC Modules Published Number of modules 6/ Percentage of completed modules	43 65%	10 42%	90 97%	12 44%	18 42%	9 35%	58 98%	246 72%	

Source: Fund staff estimates.

- 1/ This table does not include territories, special administrative regions (SARs), and monetary unions except for ROSCs, which include six completed and published modules for Hong Kong SAR of China and the Euro Area. AML/CFT ROSCs are not included in this table.
- 2/ The regional groupings are based on the composition of World Economic Outlook (WEO) groups.
- 3/ The SDDS was established in 1996 to guide countries that have, or might seek, access to international capital markets in the dissemination of economic and financial data to the public. Table includes subscribers in full observance only.
- 4/ The GDDS was established in 1997 to encourage members to improve data quality, provide a framework for evaluating needs for data improvement and setting priorities in this respect, and guide members in the dissemination to the public of comprehensive, timely, accessible, and reliable economic, financial, and socio-demographic statistics.
- 5/ The number of members for which at least one ROSC module has been completed. ROSC modules not derived from an FSAP are considered completed once they have been circulated to Directors, and in the case of Bank-led modules, sent in their final form to the authorities. ROSC modules derived from an FSAP are considered completed only after the FSSA has been discussed by the Executive Board.
- 6/ The number of modules reflects if a member has had more than one full assessment for the same standard. On an exceptional basis, one FSSA-derived preliminary assessment is included.