

**CONSULTATIVE MEETING OF AFRICAN GOVERNORS
ON VOICE AND PARTICIPATION OF DEVELOPING AND TRANSITION COUNTRIES
IN THE BRETTON WOODS INSTITUTIONS**

Sandton

11-12 March 2004

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ENHANCING THE VOICE AND PARTICIPATION OF DEVELOPING COUNTRIES AND ECONOMIES IN TRANSITION IN THE BRETTON WOODS INSTITUTIONS

Consultative Meeting of African Governors of the Bretton Woods Institutions,
Johannesburg March 12, 2004

Communiqué

1. Governors of the Bretton Woods Institutions met on March 12, 2004, in Johannesburg, upon the invitation of H. E. Jean Baptiste Compaoré, Minister of Finance and Budget of Burkina Faso and Chairman of the African Caucus, and hosted by H.E. Trevor Manuel, Minister of Finance of South Africa and Chairman of the Development Committee of the Bretton Woods Institutions (BWIs). The purpose of the meeting was to develop inputs into a roadmap to be prepared by the Chairman of the Development Committee on the issue of voice and participation of developing and economies in transition in the BWIs. In this regard, Governors examined the modalities of strengthening the voice and representation of African countries in the two Institutions. The meeting was opened by H.E. Thabo Mbeki, President of the Republic of South Africa and was attended by representatives of 37 countries.
2. Governors focused their discussions on structural and policy issues and the strategies needed to enhance and reinforce the voice and participation of the developing countries, notably the African countries, in the decision- making processes in these institutions, while noting the measures already taken on capacity enhancement by the BWIs.
3. Governors underscored the importance of developing a strategy at the highest political level, to ensure Africa's greater participation in decision-making in the BWIs. To that end, the strategy should include the collaboration of African Union with other developing regions, to ensure that the governance reforms envisaged are accelerated, to make the BWIs more representative and equitable, to better serve the membership.
4. They noted that the issue of voice and representation in both institutions is, under current rules, inextricably linked with the issue of quota and capital shares. Therefore, Governors called for an immediate review of quota formulae, including the introduction of new elements to improve and safeguard Africa's voting power.
5. Governors regretted that over time, basic votes have declined significantly from the original level of around 11% to about 2% of total votes. This has resulted in diminishing the voting strength of developing countries in these institutions. Accordingly, Governors recommended the restoration of these votes to at least their original level of total votes.
6. Governors noted the need to improve Africa's voting power in the International Development Association (IDA). To that end, they committed to make necessary arrangements to pay in full their countries' allocated shares by end-March 2005.
7. Governors expressed strong interest in the success of IDA replenishments. They noted that the decision to include the borrower representatives at the IDA Deputies' meetings, with a consultative voice, is a move in the right direction. However, Governors called for a more formal role for borrower representatives. They also called for a clarification of the respective roles of IDA Deputies and Executive Boards of the World Bank, in terms of policy making and other requirements related to the use of IDA funds. They instructed their Executive Directors to follow up this issue accordingly.
8. Governors noted that the two Sub-Saharan African Executive Directors represent the largest constituencies on the respective Boards of the BWIs. Therefore, they recommended an increase of the number of chairs representing Sub-Saharan Africa.
9. Governors called upon the Bank and the Fund to make tangible progress on measures aimed at strengthening governance within the two institutions. They urged that the process for the selection of the heads of these institutions should be transparent and open and should take into account the views of all regions. Governors also called for additional high level African staff at the top management level of the Fund. An African Deputy Managing Director should be considered.

10. Governors requested the Chairman of the Caucus to transmit their recommendations to H. E. Thabo Mbeki with a view to consulting with his peers in order to mobilize support for enhancing the voice and participation of developing countries.

Finally, Governors thanked H.E. Thabo Mbeki, President of the Republic of South Africa, for his participation in this meeting, as well as the peoples and government of South Africa for their hospitality.

REMARKS OF THE PRESIDENT OF SOUTH AFRICA, THABO MBEKI

Consultative meeting of African Governors on Voice and Participation of Developing and Transition Countries in the Bretton Woods Institutions

Sandton Convention Centre, Johannesburg

12 March 2004

I would like to thank the organisers of this important meeting and take this opportunity to welcome all our visitors to South Africa. I hope you would find time in your busy schedule to enjoy and know better our country.

The topic that this conference will be discussing today is very important to all of us from the developing and transition countries because, although we constitute the majority of the global population, we nevertheless represent the minority voice on all major international issues.

Our world, our lives, the pace and direction of our development, have for a long time and to a large degree, been shaped and influenced by the few in the world. This has been made easier by the pervasive global form of the socio-economic process - globalisation - whose grip on the world has shaken many social, political, economic and cultural institutions at local, national and trans-national levels.

Because of its unequal impact, this process has, in its wake and within the metaphorical global village, simultaneously created wealth and induced poverty, brought about a better life to parts of humanity and hardship to the rest, ensured that some in our shared world have hope while others live in despair.

It is in this context of an unequal distribution of political, economic and military power, that we should discuss the voice and participation of developing and countries in transition in the Bretton-Woods Institutions.

We need to identify better ways in which the better part of humankind, which is poor, alienated and marginalized, can use its unified voice to determine its destiny.

Clearly, ensuring that the voice of the poor is heard, and bringing about proper and fair representation in the global multilateral organisations would be the first and important step to ensure that there is equal participation between the developing and developed countries.

In recent times, the annual debates of the United Nations (UN) have been dominated by calls, from leaders across the world, for the reform of the global institutions. At the 58th UN General Assembly, the Secretary General, Kofi Annan, in his address on 23 September 2003, pointed out the challenges and made concrete suggestions about the process of reform of the UN, including the Security Council and other international institutions.

Among other things he said that the founding fathers of the UN "...saw that the human race had only one world to live in, and that unless it managed its affairs prudently, all human beings may perish.

"So they drew up rules to govern international behaviour, and founded a network of institutions, with the United Nations at its centre, in which peoples of the world could work together for the common good."

He then continued that: "Now we must decide whether it is possible to continue on the basis agreed then, or whether radical changes are needed."

In this regard, there has emerged a general consensus, among the nations of the world that the multilateral institutions need radical reform.

Although we agree that there are already processes towards reforming these multilateral institutions, many of us are understandably impatient with the fact that these have largely been at protracted discussion levels.

Accordingly, we are faced with a challenge to ensure that the urgent need for radical reform is translated into a concrete and tangible programme underpinned by effective participation, especially by the developing countries.

As world leaders acknowledged in Monterrey, Mexico in 2002, the reform of the international financial architecture is particularly critical as this holds the promise to promote international financial stability, while, simultaneously, assisting countries to take advantage of the high degree of capital mobility that currently characterises the international capital and financial markets.

Further, concerning the global development architecture, world leaders stressed the need for multilateral financial institutions to work on the basis of sound, nationally-owned paths of development that take into account the needs of the poor and pay due regard to the special implementing capacities of developing countries and countries with economies in transition.

The launch of the Doha Round of multilateral trade negotiations was another milestone for developing countries because of promising negotiations in key areas, particularly on the matters of market access for agricultural products, the phasing out of subsidies, and a compromise on access to affordable pharmaceuticals products.

Yet, the question is whether we are capable of using our unified strength to ensure that, in reality, our collective voice can make our partners in the developed world to proceed with these processes in good faith.

Again, we will recall that at the World Summit on Sustainable Development (WSSD), held here in Johannesburg, everybody recognised the reality that for sustainable development to succeed, we need effective, democratic and accountable international and multilateral institutions.

We have a duty together to help find ways of accelerating the critical processes that would strengthen our voice and ensure that our participation in multilateral institutions is not merely a matter of diplomatic courtesy.

Good governance, transparency and democratic participation at both national and international levels are essential for economic growth, poverty eradication and sustainable development worldwide.

To nurture the independence and legitimacy of nationally owned policies, governance in the global multilateral institutions needs to be democratised and strengthened. Clearly, broadening the base for decision-making on issues of global development requires that all of us should ensure that global multilateral organisations are at all times strong.

Through the African Union's development programme, the New Partnership for Africa's Development (NEPAD), we have clearly illustrated that through our collective voice, developing countries can be heard. We embarked on this programme because among other things, we realised that few, if any of our developing partners listen to our voice when we speak as individual countries.

We know that significantly faster growth will be needed to reduce poverty and meet the Millennium Development Goals set out in the UN Millennium Declaration. This requires stronger policy frameworks and institutions, improved capital flows, and better market access.

Notwithstanding the goodwill that may exist, we as Africans, must take the lead in Africa's struggle for renewal and rebirth, and ensure that NEPAD succeeds.

One month ago, 16 Heads of State of countries participating in the African Peer Review Mechanism (APRM) successfully launched the APRM.

As such, we have now embarked on a path of peer learning and capacity building towards a collective goal of ensuring that we emulate African success stories and correct one another as we improve the lives of all our people.

The APRM is a process voluntarily acceded to by members of the African Union as an African self-assessment mechanism that provides a platform for African policy-makers and practitioners to identify and learn from best practice and share experiences as we pull our countries, individually and collectively, out of the morass of poverty and underdevelopment, placing them on an irreversible development path.

Mauritius, Kenya, Ghana, and Rwanda will be the first to be reviewed by the APRM. South Africa, Nigeria and Senegal will be reviewed in 2005.

As we have explained in the past, the Peer Review Mechanism is not an instrument for punishment or exclusion, but rather a mechanism to identify strong and positive programmes and processes, share them and rectify our individual weaknesses. It is designed to be open, participatory and to include all stakeholders, including civil society organisations, in particular women, youth, trade unions and the private sector.

Chairperson, we all have a responsibility to be part of this titanic struggle to make our voice strong and ensure that we are all agents of the renewal and rebirth of our Continent. This is a struggle that will undoubtedly bring about a developed, peaceful and prosperous Africa.

This consultative meeting of African Governors offers a unique opportunity for all of us collectively and critically to assess our possibilities for enhancing the voice and representation of developing countries and countries with economies in transition in the Bretton-Woods Institutions.

Clearly, a stronger voice of developing countries in the Bretton-Woods Institutions cannot be separated from our efforts to ensure that Africans do, themselves, speak with a unified voice on all the challenges that face our continent.