PREVIEW:IMF funding set, voting power still in question

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* IMF, World Bank members gather for spring meetings

* Focus to be economic crisis, IMF, World Bank roles

* IMF structure, voting power imbalances also in view

By Lesley Wroughton

WASHINGTON, April 23 (Reuters) - The International Monetary Fund may be bolstered by new money to tackle the global financial crisis but it is still dogged by old questions of how to put more control in the hands of emerging economic powers.

As IMF and World Bank member countries gather in Washington this weekend the main focus will be the world's response to the global financial and economic crisis and IMF lending to countries whose economies could face peril.

Also to be discussed are the IMF and World Bank's increased roles in monitoring and reporting on the state of the economy, keeping a close watch for signs that countries may be setting policies that hurt others.

But lurking in the background is the thorny issue of how to make the Fund relevant to newly empowered emerging countries who are demanding a greater voice that will essentially come at the expense of old European powers.

The meeting of finance ministers and central bankers from the IMF's 185 member countries comes as the world economy is set to contract by 1.3 percent this year, according to the latest IMF forecasts.

A fragile recovery next year depends on repairing financial sectors in major economies, where bank and other write-downs could reach as much as $4.1 trillion and new capital is needed to shore up banks.

A summit by the Group of 20 nations this month pledged to bolster the IMF's war chest with an additional $500 billion in resources but so far countries have only delivered roughly $325 billion.

With the crisis spreading deeper into developing countries, institutions like the IMF and World Bank are bracing for increased demand for their loans as developing countries try to cope with a collapse in global trade and capital flows.

In addition, the weekend meetings will also focus on promises by the G20 to take further steps to give emerging market economies a greater stake in the IMF and World Bank.

It will also discuss proposals by an expert panel to establish a council of ministers to set IMF policies, a move that will ensure decisions get high-level political attention.

RESISTANCE TO CHANGE

Egyptian Finance Minister Youssef Boutros-Ghali, who is also chairman of the IMF's steering committee, the International Monetary and Financial Committee, said more resources for the IMF would not make it a better institution.

As he prepared for the meeting, Boutros-Ghali told Reuters he sensed a "general reluctance" among IMF member countries to move the debate beyond just promises to reform the balance of power in the IMF long dominated by the U.S. and European countries.

"I sense resistance, nothing specific, nobody specifically, but a general reluctance to address issues that have lain dormant for the past 60 years," he said in an interview.

Only once the IMF addresses the sensitive issue of imbalances in its voting power can it declare itself a legitimate and effective institution, he said.

"To go poke at things that you know are not right, that is where we will know whether the IMF will evolve into a new institution better able to deal with the new environment," he said, "Or, whether it will be the same old institution with more money and the occasional nod toward emerging market economies," he added.

Boutros-Ghali said not until emerging market countries felt they were being treated evenhandedly through greater voting power should they be expected to contribute funding.

ROLE FOR CHINA

One of those players is China, which has called for greater use of Special Drawing Rights, the IMF's unit of account, suggesting that the U.S. dollar eventually be dislodged as the world's dominant reserve currency.

While it is still a cautious international player, China is considering giving $40 billion to the IMF but it was not immediately clear what has been promised in return.

Former U.S. Treasury Under-Secretary Timothy Adams said the IMF needs to better reflect the rising emerging economies.

"The governance of the Fund needs to look like the global economy. It cannot be the old boys club from Western Europe and the U.S." said Adams.

Eswar Prasad, a senior fellow at the Brookings Institution in Washington and Cornell economics professor, said the IMF needs to be thinking of more extreme measures to force the Fund's members to change. Waiting for political consensus in a group this large is impractical.

"We need very dramatic change. These minor changes that are being discussed right now simply don't cut it. This is a time to force change on the institution," he said. (Editing by Andrea Ricci)