

Quotas and Voice: Further Thoughts on Approaches to Reform
June 23, 2006

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INTERNATIONAL MONETARY FUND

**Quotas and Voice:
Further Thoughts on Approaches to Reform**

Prepared by the Working Group on Quotas and Voice¹

June 23, 2006

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¹ Messrs. Burton (Chair), Ahmed, Anjaria, Hagan, Kuhn, and Kincaid.

I. INTRODUCTION

1. **There is now widespread recognition that addressing quota and voice imbalances across the membership is essential for preserving the effectiveness of the Fund and its credibility as a cooperative institution.** As noted in the Managing Director's Report on Implementing the Medium-Term Strategy,² members' quotas have become increasingly out of line with countries' economic weight in the global economy. In addition, the declining role of basic votes since the Fund was established has weakened the voice of smaller developing countries.
2. **Discussion of these issues has been taking place both inside and outside the Fund.** A Board paper in September 2005 laid out the key issues under consideration on the quota and voice agenda,³ and the Managing Director's Medium-Term Strategy (MTS) and related background paper suggested a two-stage process for quota and voice reform, with ad hoc increases for the clearly most underrepresented members as the centerpiece of the first stage, and more fundamental reforms in the second stage. As indicated in the summing up of that discussion, this general approach has garnered broad, though not unanimous, support.
3. **In recognition of the importance of this issue, the April 2006 Communiqué of the IMFC called on the Managing Director, working with the IMFC and the Executive Board, to come forward with concrete proposals for agreement at the Annual Meetings in Singapore.**⁴ Since then, quota and voice issues have continued to be discussed in various other international fora, including a G-20 deputies meeting, the European Union's Sub-Committee on IMF and Related Issues, and the ad hoc group of African Caucus of finance ministers. Management has also discussed these issues in bilateral meetings with authorities of a number of member countries.
4. **While the sequence and timing of the specific reform proposals is still to be worked out, the underlying principles are clear and can be summarized as follows.** First, the approach of basing countries' voting power in the IMF largely on their respective weight in the world economy remains sound, given the mandate of the institution; however, the Fund's continuing legitimacy and effectiveness require that adjustments in quota shares and voting power keep better pace with changes in country economic performance in a dynamic global economy. Second, ways need to be found to ensure that low income members, whose share in the world economy is small but for whom the Fund provides important policy advice and financing, have adequate opportunities to participate in the governance of the institution and to contribute to its evolving agenda and priorities. And third, while applying these

² *The Managing Director's Report on Implementing the Medium-Term Strategy* (2006).

³ *Quotas and Voice—Further Considerations* (2005).

⁴ The IMFC Communiqué of April 22, 2006 stated that the IMF's effectiveness and credibility as a cooperative institution must be safeguarded and its governance further enhanced, emphasizing the importance of fair voice and representation for all members. It underscored the role an ad hoc increase in quotas would play in improving the distribution of quotas to reflect important changes in the weight and role of countries in the world economy. The Committee also agreed on the need for fundamental reforms.

principles is necessarily a gradual and incremental process, there is both the expectation and the potential to initiate a substantial and time-bound program of governance reforms at the Singapore Annual Meetings and to implement its core elements over a subsequent period of two years.

5. **This paper attempts to set out the principal issues that will need to be resolved in formulating a proposal that can command broad support at the Annual Meetings in Singapore.** It should be seen as putting forward possible options for informal discussion by the Board, as part of the process of formulating a package for Singapore, and not viewed as constituting a specific proposal.

II. UPDATED DATA SET FOR QUOTA CALCULATIONS

6. **Staff has updated the data set used for quota calculations to cover the period through 2004.** The updated data set is presented in a companion paper, which shows both the traditional economic and financial variables used in the existing five formulas, and the alternative variables that have been discussed by the Executive Board in the context of a new quota formula.⁵ The data set incorporates adjustments that have been made in line with past practice to the external transactions data for countries with significant re-export, international banking interest, and nonmonetary gold transactions. These adjustments are only made at the point at which quota discussions reach a relatively advanced stage, and seek to ensure that the openness variables, which have a large impact on calculated quotas under the current formulas, are indicative of members' relative economic positions. While it seems appropriate to continue this practice as long as the current formulas are used, the future need for such adjustments could be revisited as part of the agreement on a new quota formula.

7. **Table 1 shows the impact of the new data set on the relationship between individual members' actual quota shares and their relative economic positions.** The overall picture is broadly similar to that presented previously in the background paper on quotas and voice, though with some significant changes for individual countries. In particular, based on the existing quota formulas and quota variables as traditionally specified, there are now 25 members with a calculated quota share at least 40 percent above their actual quota share (compared with 20 members previously), with 19 of those members at least 50 percent underrepresented (compared with 16 previously). Table 1 also presents a comparison of actual quota shares with members' shares in each of the four variables that have been considered by the Board in the context of discussions on a new quota formula.

III. ALIGNING QUOTAS WITH COUNTRIES' ECONOMIC WEIGHT

8. **It is generally agreed that the first step in this process would center on ad hoc quota increases for a group of underrepresented countries.** This would provide an immediate response to the most egregious cases of underrepresentation and be the first step in a time-bound program of actions to agree and implement more fundamental governance reforms. Key issues to be addressed in this process are: (i) how to identify the countries

⁵ See *Quotas—Updated Calculations* (2006).

eligible for the first round of ad hoc increases, (ii) the appropriate size and distribution of those increases; (iii) agreement on a new quota formula for guiding subsequent quota increases; and (iv) the process and timetable for further quota adjustments beyond the first round of ad hoc increases.

Identification of countries for the first round of ad hoc increases

9. **The first round of increases should cover countries that meet a robust standard of underrepresentedness.** There is a concern that, given the shortcomings of the existing quota formulas (see below), ad hoc increases without agreement on a revised quota formula could create new distortions in the distribution of quota shares. Given these concerns, while the existing quota formulas can be a starting point for determining eligibility for an ad hoc increase, these will need to be supplemented by other metrics or filters. In particular, a case can be made that GDP should play some role in any supplementary filters used, given the widespread view that GDP should carry a larger weight in any new quota formula. In any event, the approach should involve the transparent application of relevant criteria across the membership.

10. **The existing quota formulas can be used as a first filter for determining eligibility.**⁶ Table 2 illustrates the countries that are underrepresented by more than 40 percent, 50 percent and 60 percent, based on the ratio of calculated to actual quota shares using the existing quota formulas (and the quota variables as traditionally specified, see *Quotas and Voice—Further Considerations* (2005)) and updated data (as presented in *Quotas—Updated Calculations* (2006)). The membership will have to agree on the precise choice of cut-off threshold but a significant degree of underrepresentation according to the existing quota formulas is desirable, given the importance of making sure that countries included are underrepresented beyond any reasonable doubt.

11. **Supplementary filters should be designed to provide assurance that countries identified in this way are clearly underrepresented.** While by no means exhaustive of the possibilities, in this paper the following are considered:

- i. *Underrepresentation according to all four variables (GDP, openness, variability, and reserves) that the Board has broadly considered as appropriate for inclusion in a new quota formula.*⁷ This has the advantage of providing a strong guarantee that any country meeting this criterion will be underrepresented according to any new quota formula.

⁶ Appendices II and III of *Quotas and Voice—Further Considerations* (2005) provide background information on the current quota formulas.

⁷ With regard to alternative variables that might be included in a new quota formula, at the most recent discussion of this topic in September 2005, most Directors reconfirmed that a revised formula should be based on an updating of the traditional economic and financial variables, and comprise at most four variables. These variables include GDP as the most important indicator of economic size, a measure of openness, variability, and official international reserves. (As explained in *Quotas and Voice—Further Considerations* (2005), these variables differ in some respects from those used in calculating quotas under the current formulas.)

- ii. *Underrepresentation according to at least three of these four variables.* This filter provides a somewhat weaker guarantee of underrepresentation than (i), including the possibility that countries may not be underrepresented based on GDP alone.
- iii. *Underrepresentation according to at least three of these four variables, plus a ratio of share in GDP to actual quota share of at least 0.75.*⁸ This provides somewhat greater assurance than (ii) that countries included would continue to be significantly underrepresented under a new quota formula, given the higher weight likely to be attached to GDP.
- iv. *Underrepresentation according to the Cooper formula.*⁹ The Cooper formula placed a weight of around two-thirds on GDP and one-third on external vulnerability.

12. **The results of combining these possible initial and supplementary filters are shown in Tables 3–6.** Four countries (China, Korea, Mexico, and Turkey) meet the most stringent test—namely underrepresentation by more than 60 percent according to the ratio of calculated to actual quota share (based on the existing quota formulas), and according to each of the four variables that have been considered for inclusion in a new formula.¹⁰ Using a lower threshold for the ratio of calculated to actual quota share of 1.4 does not expand this group. Using alternatives (ii)–(iv) above for the supplementary filters creates larger groups of potentially eligible countries, with the groups expanding as the threshold of calculated to actual quota share is lowered.

Size and distribution of the first round of ad hoc quota increases

13. **Deciding on the aggregate size of the ad hoc increase involves a trade-off between making initial progress in reducing the underrepresentation of countries, and preserving incentives and a margin for maneuver for more fundamental reforms.** It also depends, of course, on the dilution in share that other members not benefiting in the first stage are willing to accept. As regards the determination of individual ad hoc increases, this could be done in proportion to the extent of underrepresentation (e.g., the difference between the quota implied by an agreed cut-off ratio of calculated to actual quota share, and the actual quota). Other approaches are possible, of course, including ones that involve supplementary rules, for example limiting increases as needed to avoid violating relationships to GDP-based criteria.

⁸ The 0.75 ratio is admittedly arbitrary, and a higher ratio would provide greater assurance.

⁹ The Cooper formula was proposed in 1999 by the Quota Formula Review Group (QFRG), which was convened by the Fund (and chaired by Professor Richard Cooper of Harvard University) to review the quota formulas. The QFRG recommended a single formula with two variables: GDP as a measure of the ability to contribute resources to the Fund, and variability of current receipts and net long-term capital flows as a measure of external vulnerability—with the former to have about twice the weight of the latter. The variant of the Cooper formula presented in these calculations uses variability of current receipts plus net capital flows, in line with previous Board discussions.

¹⁰ These four countries are also underrepresented according to each of the five variables used in the current quota formulas.

A new quota formula

14. **A more fundamental realignment over time of quotas with weight in the global economy, beyond the initial ad hoc quota increases, would be difficult without agreement on a new quota formula, given the shortcomings of the current approach.**

Some progress has been made in Board discussions on possible revisions to the current quota formula, with broad agreement that: (i) a simpler and more transparent approach should be adopted; and (ii) consideration should be limited to at most the four variables (GDP, openness, variability, and reserves), as mentioned earlier.¹¹ There is also significant support for the view that GDP is the most important indicator of economic size, and should have a higher weight than in the current formulas. The difficult issues that remain to be resolved, including agreeing on the precise weights for each variable, would need to be taken up in the months following the Singapore meetings.

Further adjustments to quota shares

15. **Once a new quota formula is agreed, it would be important to ensure that further progress is made over time in aligning quota shares with economic weight based on the new formula.** As in the past, however, such alignments are likely to occur gradually.

- *A second round of ad hoc quota increases* could be helpful in bringing about some further adjustment in shares in the near term. It could cover a wider range of countries than the first round, since agreement on a new formula should help resolve the eligibility issues faced by the first stage increases. The questions of the size and distribution of the second round of ad hoc quota increases would be discussed only in the context of agreement on the new quota formula. Some large countries potentially eligible for ad hoc quota increases in the second round could choose to forego them, or at least limit the increases they accepted to the amount necessary to preserve their quota or voting share.
- *A commitment to ensuring that any future quota increases, including in the context of general reviews, would further realign quota shares with economic weight.* While recognizing the primary role of quota increases in ensuring that the Fund has adequate liquidity to meet its needs, such a commitment would provide increased assurances that relative quotas will be updated on a more timely basis in the future to take account of changing country weights in the world economy.

IV. VOICE AND VOTES FOR LOW-INCOME COUNTRIES

16. **There is broad agreement on the need for measures to enhance the voice and representation of low-income countries, especially in Africa, whose weight in the world economy has declined but where the Fund continues to play an important advisory and financing role.** The more promising measures to address these concerns are an increase in

¹¹ On reserves, a number of Directors considered that, for many members with access to capital markets, reserves are of a declining importance and should be excluded.

basic votes, accompanied by measures to strengthen the capacity of the African Executive Directors' offices to deal with the workload for the large number of countries they represent.

Basic votes

17. **The fact that each member has the same number of basic votes—an amount that is specified in the Articles—reflects the principle of equality of states.** An increase in basic votes, which have declined progressively from 11 percent of total votes to just over 2 percent, would give the smallest members of the Fund a greater voice in the Fund's deliberations.¹² It would also mitigate the likely erosion over time of voting shares of many low-income countries, which are overrepresented on the basis of the current quota formulas and any likely new formula.

18. **While there is considerable support for an increase in basic votes, which would require an amendment of the Fund's Articles, only limited discussion has taken place of the possible size of such an increase, and its implications.** To illustrate the effects of a possible increase in basic votes, three scenarios (based on the current distribution of voting shares) are considered: (i) a doubling of basic votes; (ii) a tripling of basic votes; and (iii) restoring the share of basic votes in total voting power to 11 percent, or approximately its share when the Fund was established. The results of these simulations are shown in Table 7, with the voting share of developing countries increasing by amounts ranging from 0.8 percentage point (doubling of basic votes) to 3.5 percentage points (restoring basic votes to roughly their original share in voting power).

19. **Consideration could also be given to introducing a mechanism for safeguarding the share of basic votes in total voting power,** thereby to some degree safeguarding the voting power of small countries. One option would be the inclusion of a mechanism that keeps the ratio of basic votes to total voting power constant as quotas increase (thereby avoiding the need for further amendment of the Articles each time an increase is sought).

20. **An increase in basic votes could be agreed in principle in Singapore, although it would only be implemented as part of the second stage.** Combining an increase in basic votes with the second round ad hoc quota increases would avoid further declines in the voting shares of underrepresented countries not benefiting from the first stage. In addition, for most members, an amendment of the Fund's Articles would require legislative approval—a process that could take up to two years.¹³ Moreover, many countries are likely to

¹² The basis for calculating voting power—and the role of basic votes—is set out in Article XII, Section 5(a) of the Fund's Articles of Agreement. It provides that “[E]ach member shall have two hundred and fifty votes plus one additional vote for each part of its quota equivalent to one hundred thousand special drawing rights.” The two hundred and fifty votes specified in this provision are generally referred to as “basic votes”. This provision represents a compromise between two possible bases of voting power: voting power proportionate to quota subscriptions and voting power based on the principle of equality of states. The equal distribution of basic votes reflected the latter principle.

¹³ To become effective, an amendment of the Fund's Articles requires acceptance by three-fifths of the members, having eighty-five percent of the total voting power (Article XXVIII of the Fund's Articles).

prefer seeking legislative approval for Fund-related reforms only once during the two-year program of governance reforms, thereby bundling together an increase in basic votes with other Fund-related actions needing legislative approval during this period.

Strengthening the capacity of African Executive Directors' offices

21. **The challenges faced by the two African chairs, each of which represents more than 20 countries, are serious and widely recognized.** Some strengthening of the capacity of these offices was agreed in 2003, and it may be opportune to consider what additional steps can be taken in this direction.

Enhancing opportunities for regular dialogue between African Governors and Fund management

22. **In recent years, management has intensified contacts with leaders in Africa and other low-income countries in different fora as a vehicle for getting input into issues confronting the Fund, including the design of new facilities for low-income countries and policy issues.** Management meets with all African governors at the Annual Meetings and with selected governors on specific policy issues at both the Fall and Spring Meetings. In addition, management has paid frequent visits to Africa meeting with several Heads of States and African Governors to discuss issues of relevance to the Fund. These avenues need to be built upon to ensure that views of African governors are taken into account in the formulation of Fund policies, including those of relevance for low-income countries.

V. OTHER GOVERNANCE AND TRANSPARENCY REFORMS

23. **Beyond the reform ideas set out above, a number of other suggestions to enhance the legitimacy and effectiveness of the institution have been proposed in various fora.** Among them are changes to the size and composition of the Executive Board and to the process for selection of the Managing Director.

Size and composition of the Executive Board

24. **While the issue of the size and composition of the Executive Board has been under discussion within the membership, opinions remain divided.**¹⁴ Furthermore, this issue is interlinked with the evolution of voting shares, and it could be premature to press for changes in the former ahead of progress in realigning quotas and increasing basic votes. Thus, issues related to Executive Board size and composition may need to be on a different, slower track than the other elements set out in the two-year program of action.

¹⁴ A brief history of the evolution of the size and structure of the Executive Board is presented in Appendix I of *Quotas and Voice—Further Considerations* (2005).

Selection of the Managing Director

25. **Quite wide support exists for the introduction of more transparent procedures for the selection of the position of Managing Director of the Fund**, as suggested in the Managing Director's most recent report on the MTS. Specific procedures for ensuring this transparency could be developed and agreed as part of the two-year program of actions on governance reform.¹⁵

VI. TIMETABLE AND STAGES

26. **Different views have been expressed about the timetable (or timetables) for the above program of reforms.** A good case can be made for aiming to reach agreement fairly quickly on the details of the core elements—a new quota formula, second round ad hoc quota increases, and an increase in basic votes. This would demonstrate commitment to reform and allow broad participation in the benefits of reform in the near term. Also, for some members a credible and time-bound program of actions would help reach agreement on a necessarily limited and partial set of initial ad hoc quota increases. Given the time required for finalizing agreements on these measures and the legislative approval to implement them, an ambitious but feasible target would be to aim to carry out these reforms before the end of 2008.¹⁶ Other timetables are, of course, possible. Under this approach, the first stage would be to reach agreement by Singapore on an initial round of ad hoc increases, and on a time-bound program for the remaining core elements of reform that would be implemented during the second stage.

VII. POSSIBLE ISSUES FOR DISCUSSION

To help further the development of specific proposals that would command broad support among the membership, Directors' preliminary views on the following issues would be helpful:

First round of ad hoc quota increases

- The appropriate criteria for identifying countries eligible for the initial round of ad hoc quota increases.
- The desirable size of the aggregate first round ad hoc quota increase and appropriate metrics for allocating this increase.

¹⁵ The issue of procedures for the selection of the position of Managing Director of the Fund was last taken up in April 2001, when the IMFC took note of the joint draft report of the Fund's Working Group to Review the Process of Selection of the Managing Director and the World Bank Working Group to Review the Process of Selection of the President.

¹⁶ This would run broadly in parallel with the Thirteenth General Review of Quotas which is to start no later than January 2007 with the establishment of a Board Committee of the Whole, and to be concluded by January 2008.

Subsequent actions on quota adjustment

- The importance of early agreement on a new quota formula.
- The desirability of a second round of ad hoc quota increases based on a new formula.
- The need for a commitment that future quota increases have as an objective further realigning quotas with economic weights.

Enhancing voice and votes for low income members

- The size of a possible increase in basic votes.
- The desirability of a mechanism for preserving the share of basic votes in total voting power.
- The desirability of further enhancing the capacity of Executive Directors' offices representing large numbers of African members.

Other reforms

- The desirability of including more transparent selection procedures for the position of Managing Director of the Fund.
- The extent of consensus on the timetable for addressing the size and composition of the Executive Board.

**Table 1. Actual and Calculated Quotas: Overview of Membership
(Ranked by the Ratio of Calculated Quota Share to Actual Quota Share)**

	Actual Quota Share 1/ (in percent)	Calculated Quota Share 2/ (in percent)	Ratio of Calculated Share to Actual Quota Share on the Basis Shown				
			Existing Five Formulas 2/	GDP 3/ 2002-04	Openness 4/ 2000-04	Variability 5/ 1992-2004	Reserves 6/ 2004
1 Luxembourg	0.13	1.39	10.63	0.56	6.14	6.73	0.06
2 Singapore	0.40	1.94	4.81	0.65	3.24	5.21	7.96
3 Ireland	0.39	1.69	4.31	1.08	4.10	7.80	0.22
4 Korea	0.76	2.53	3.31	2.19	3.08	3.26	7.03
5 San Marino	0.01	0.02	3.02	0.39	2.31	2.77	0.41
6 Equatorial Guinea	0.02	0.04	2.57	0.61	2.34	3.30	1.06
7 Bahrain	0.06	0.14	2.29	0.42	1.72	3.74	0.92
8 Estonia	0.03	0.07	2.21	0.82	2.34	1.75	1.47
9 Malaysia	0.70	1.41	2.03	0.42	1.69	1.70	2.47
10 Lebanon	0.09	0.18	1.87	0.58	1.29	2.92	4.22
11 Botswana	0.03	0.05	1.84	0.55	1.36	2.24	5.72
12 Thailand	0.51	0.92	1.81	0.78	1.83	2.23	2.69
13 China 7/	2.98	5.24	1.76	1.52	1.71	1.01	5.20
14 Oman	0.09	0.15	1.66	0.67	1.33	1.74	1.22
15 Turkey	0.45	0.75	1.66	1.46	1.62	3.71	2.39
16 United Arab Emirates	0.29	0.46	1.62	0.85	1.39	2.04	1.93
17 Mexico	1.21	1.95	1.61	1.49	1.73	1.76	1.60
18 Spain	1.43	2.27	1.59	1.66	1.89	1.34	0.32
19 Timor-Leste	0.00	0.01	1.57	0.24	0.85	2.74	1.49
20 Maldives	0.00	0.01	1.49	0.47	1.46	0.75	1.50
21 Angola	0.13	0.20	1.46	0.29	0.73	3.35	0.19
22 Lithuania	0.07	0.10	1.43	0.74	1.37	1.25	1.56
23 Denmark	0.77	1.09	1.42	0.74	1.34	1.53	1.48
24 Czech Republic	0.38	0.54	1.42	0.65	1.51	1.55	2.19
25 Vietnam	0.15	0.22	1.40	0.76	1.58	0.74	1.33
26 Slovak Republic	0.17	0.23	1.39	0.53	1.35	1.09	2.37
27 Cambodia	0.04	0.06	1.35	0.30	0.85	2.86	0.69
28 Israel	0.43	0.58	1.35	0.70	1.29	1.35	1.91
29 Slovenia	0.11	0.15	1.34	0.70	1.43	0.89	2.37
30 Turkmenistan	0.04	0.05	1.33	0.97	1.03	1.73	2.42
31 Austria	0.88	1.15	1.32	0.79	1.63	0.87	0.30
32 Portugal	0.41	0.53	1.31	0.98	1.47	1.55	0.46
33 Bhutan	0.00	0.00	1.24	0.61	1.08	1.21	4.14
34 Seychelles	0.00	0.01	1.24	0.46	1.37	1.94	0.27
35 Philippines	0.41	0.51	1.23	0.54	1.18	1.41	1.02
36 Ethiopia	0.06	0.08	1.23	0.33	0.41	4.53	0.59
37 Japan	6.23	7.59	1.22	1.90	0.91	1.08	4.06
38 Malta	0.05	0.06	1.22	0.27	1.04	0.98	1.76

**Table 1. Actual and Calculated Quotas: Overview of Membership (continued)
(Ranked by the Ratio of Calculated Quota Share to Actual Quota Share)**

	Actual Quota Share 1/ (in percent)	Calculated Quota Share 2/ (in percent)	Ratio of Calculated Share to Actual Quota Share on the Basis Shown				
			Existing Five Formulas 2/	GDP 3/ 2002-04	Openness 4/ 2000-04	Variability 5/ 1992-2004	Reserves 6/ 2004
39 Palau, Republic of	0.00	0.00	1.20	0.24	0.86	2.38	0.05
40 Greece	0.39	0.46	1.19	1.22	1.32	2.41	0.23
41 Poland	0.64	0.75	1.17	0.95	1.19	1.51	1.73
42 Albania	0.02	0.03	1.16	0.77	0.99	1.21	1.59
43 Germany	6.09	7.02	1.15	1.08	1.43	1.10	0.28
44 Norway	0.78	0.88	1.12	0.78	1.10	1.51	1.61
45 Sweden	1.12	1.24	1.11	0.73	1.25	0.84	0.58
46 Costa Rica	0.08	0.08	1.10	0.63	1.16	1.13	0.70
47 Qatar	0.12	0.14	1.10	0.52	0.99	1.57	0.79
48 Italy	3.30	3.47	1.05	1.19	1.25	0.57	0.32
49 Canada	2.98	3.13	1.05	0.79	1.18	0.75	0.37
50 United Kingdom	5.02	5.22	1.04	1.00	1.26	0.41	0.27
51 Yemen, Republic of	0.11	0.12	1.04	0.28	0.49	2.59	1.45
52 Jordan	0.08	0.08	1.03	0.35	1.01	1.10	2.00
53 Kiribati	0.00	0.00	1.03	0.07	0.34	0.46	5.20
54 Eritrea	0.01	0.01	1.02	0.23	0.69	2.26	0.17
55 Antigua and Barbuda	0.01	0.01	1.01	0.34	0.89	0.44	0.52
56 Belgium	2.15	2.11	0.98	0.39	1.11	0.55	0.16
57 United States	17.38	16.95	0.97	1.75	0.92	1.17	0.16
58 Hungary	0.49	0.47	0.97	0.47	1.09	0.99	0.86
59 Kazakhstan	0.17	0.17	0.97	0.50	0.88	1.37	1.11
60 Switzerland	1.62	1.54	0.95	0.54	1.07	0.92	1.01
61 Cyprus	0.07	0.06	0.94	0.54	1.02	1.50	1.64
62 Finland	0.59	0.55	0.93	0.74	1.10	1.08	0.59
63 Cape Verde	0.00	0.00	0.93	0.48	1.06	1.49	0.76
64 Swaziland	0.02	0.02	0.90	0.22	0.84	1.04	0.38
65 Latvia	0.06	0.05	0.90	0.52	0.98	0.82	0.86
66 Micronesia, Fed. States of	0.00	0.00	0.90	0.27	0.71	1.51	0.97
67 Syrian Arab Republic	0.14	0.12	0.89	2.02	0.60	0.74	0.01
68 Macedonia, FYR	0.03	0.03	0.89	0.39	0.81	1.20	0.83
69 France	5.02	4.37	0.87	0.96	1.02	0.62	0.23
70 Croatia	0.17	0.15	0.85	0.46	0.89	1.04	1.46
71 Paraguay	0.05	0.04	0.85	0.37	0.70	1.45	0.72
72 Dominican Republic	0.10	0.09	0.84	0.51	0.93	0.85	0.15
73 Bosnia-Herzegovina	0.08	0.07	0.84	0.24	0.66	1.17	0.80
74 Netherlands	2.42	1.98	0.82	0.60	1.01	0.64	0.15
75 Indonesia	0.97	0.78	0.80	0.65	0.76	1.14	1.12
76 Tunisia	0.13	0.11	0.79	0.50	0.92	0.73	0.80
77 Australia	1.51	1.19	0.79	0.94	0.77	0.69	0.69

**Table 1. Actual and Calculated Quotas: Overview of Membership (continued)
(Ranked by the Ratio of Calculated Quota Share to Actual Quota Share)**

	Actual Quota Share 1/ (in percent)	Calculated Quota Share 2/ (in percent)	Ratio of Calculated Share to Actual Quota Share on the Basis Shown				
			Existing Five Formulas 2/	GDP 3/ 2002-04	Openness 4/ 2000-04	Variability 5/ 1992-2004	Reserves 6/ 2004
78 Chile	0.40	0.30	0.75	0.53	0.74	0.96	1.24
79 Congo, Republic of	0.04	0.03	0.74	0.25	0.60	1.50	0.03
80 Lesotho	0.02	0.01	0.72	0.18	0.60	0.67	0.94
81 Brazil	1.42	1.01	0.71	1.01	0.64	1.32	1.12
82 Mauritius	0.05	0.03	0.67	0.32	0.69	0.60	1.04
83 El Salvador	0.08	0.05	0.67	0.70	0.68	0.70	0.67
84 Guatemala	0.10	0.07	0.66	0.70	0.71	0.74	0.95
85 Belize	0.01	0.01	0.66	0.31	0.72	0.85	0.28
86 Belarus	0.18	0.12	0.66	0.28	0.63	0.62	0.11
87 Gabon	0.07	0.05	0.66	0.24	0.45	1.06	0.13
88 Iceland	0.06	0.04	0.64	0.51	0.77	0.90	0.52
89 St. Kitts and Nevis	0.00	0.00	0.64	0.25	0.64	0.28	0.50
90 Nepal	0.03	0.02	0.63	0.10	0.59	0.85	1.34
91 Guinea-Bissau	0.01	0.00	0.63	0.10	0.22	1.89	0.26
92 Chad	0.03	0.02	0.62	0.31	0.50	1.22	0.22
93 India	1.95	1.21	0.62	0.81	0.53	0.40	1.85
94 Honduras	0.06	0.04	0.62	0.32	0.66	0.53	0.84
95 St. Lucia	0.01	0.00	0.61	0.27	0.64	0.61	0.52
96 Grenada	0.01	0.00	0.61	0.23	0.59	0.67	0.57
97 Morocco	0.28	0.17	0.60	0.43	0.62	0.48	1.64
98 St. Vincent and the Grenadines	0.00	0.00	0.59	0.27	0.63	0.84	0.53
99 Iran	0.70	0.41	0.58	0.54	0.48	0.42	1.32
100 Brunei Darussalam	0.10	0.06	0.58	0.13	0.49	1.70	0.15
101 Marshall Islands	0.00	0.00	0.58	0.22	0.60	0.93	0.20
102 Colombia	0.36	0.21	0.58	0.66	0.57	0.79	1.02
103 Egypt	0.44	0.25	0.57	0.50	0.55	0.81	0.96
104 Algeria	0.59	0.33	0.56	0.32	0.35	0.81	1.97
105 Ecuador	0.14	0.08	0.56	0.47	0.63	2.55	0.23
106 Afghanistan, Islamic State of	0.08	0.04	0.55	0.18	0.33	1.58	0.46
107 Solomon Islands	0.00	0.00	0.55	0.17	0.44	0.72	0.39
108 Russia	2.78	1.54	0.55	0.44	0.50	0.82	1.02
109 New Zealand	0.42	0.23	0.55	0.51	0.62	0.57	0.33
110 Kuwait	0.65	0.35	0.55	0.20	0.38	0.64	0.36
111 Serbia / Montenegro	0.22	0.11	0.51	0.25	0.33	0.74	0.59
112 Panama	0.10	0.05	0.51	0.37	0.57	1.02	0.25
113 South Africa	0.87	0.44	0.50	0.51	0.54	0.57	0.36
114 Barbados	0.03	0.02	0.49	0.26	0.53	0.50	0.68
115 Bahamas, The	0.06	0.03	0.48	0.25	0.50	0.40	0.32
116 Azerbaijan	0.08	0.04	0.48	0.27	0.50	0.66	0.36

**Table 1. Actual and Calculated Quotas: Overview of Membership (continued)
(Ranked by the Ratio of Calculated Quota Share to Actual Quota Share)**

	Actual Quota Share 1/ (in percent)	Calculated Quota Share 2/ (in percent)	Ratio of Calculated Share to Actual Quota Share on the Basis Shown				
			Existing Five Formulas 2/	GDP 3/ 2002-04	Openness 4/ 2000-04	Variability 5/ 1992-2004	Reserves 6/ 2004
117 Mozambique	0.05	0.02	0.47	0.26	0.42	0.47	0.57
118 Peru	0.30	0.14	0.47	0.57	0.43	0.96	1.13
119 Dominica	0.00	0.00	0.47	0.19	0.49	0.75	0.41
120 Djibouti	0.01	0.00	0.47	0.23	0.51	0.49	0.41
121 Papua New Guinea	0.06	0.03	0.46	0.16	0.39	0.64	0.28
122 Tonga	0.00	0.00	0.45	0.15	0.42	0.82	0.47
123 Iraq	0.56	0.25	0.45	0.09	0.30	0.62	0.21
124 Libya	0.53	0.23	0.44	0.13	0.25	0.66	1.32
125 Ukraine	0.64	0.28	0.44	0.22	0.43	0.49	0.46
126 Romania	0.48	0.21	0.43	0.33	0.46	0.56	0.68
127 Bangladesh	0.25	0.10	0.42	0.58	0.45	0.28	0.35
128 Mongolia	0.02	0.01	0.42	0.14	0.42	0.58	0.29
129 Cote d'Ivoire	0.15	0.06	0.41	0.25	0.40	0.33	0.31
130 Argentina	0.99	0.40	0.40	0.35	0.39	1.05	0.53
131 Jamaica	0.13	0.05	0.40	0.18	0.44	0.57	0.41
132 Pakistan	0.48	0.19	0.40	0.51	0.39	0.51	0.71
133 Trinidad and Tobago	0.16	0.06	0.40	0.18	0.35	0.43	0.55
134 Madagascar	0.06	0.02	0.39	0.23	0.28	0.64	0.25
135 Namibia	0.06	0.02	0.39	0.18	0.36	0.30	0.16
136 Sri Lanka	0.19	0.07	0.38	0.26	0.43	0.34	0.33
137 Cameroon	0.09	0.03	0.38	0.46	0.38	0.65	0.25
138 Nigeria	0.82	0.31	0.38	0.18	0.26	0.61	0.45
139 Bulgaria	0.30	0.11	0.38	0.18	0.38	0.43	0.73
140 Burkina Faso	0.03	0.01	0.38	0.41	0.27	0.60	0.76
141 Vanuatu	0.01	0.00	0.37	0.09	0.27	0.67	0.19
142 Haiti	0.04	0.01	0.36	0.23	0.36	0.65	0.06
143 Tanzania	0.09	0.03	0.36	0.31	0.31	0.55	0.67
144 Fiji	0.03	0.01	0.35	0.21	0.33	0.25	0.41
145 Guyana	0.04	0.01	0.35	0.05	0.21	0.68	0.19
146 Nicaragua	0.06	0.02	0.34	0.20	0.39	0.48	0.31
147 Mali	0.04	0.01	0.34	0.26	0.33	0.22	0.63
148 Venezuela	1.24	0.42	0.34	0.21	0.24	0.55	0.46
149 Uzbekistan	0.13	0.04	0.34	0.21	0.31	0.85	0.46
150 Uruguay	0.14	0.05	0.33	0.23	0.29	1.17	0.50
151 Saudi Arabia	3.27	1.07	0.33	0.18	0.27	0.27	0.23
152 Moldova	0.06	0.02	0.32	0.10	0.27	0.43	0.19
153 Benin	0.03	0.01	0.32	0.33	0.31	0.24	0.69
154 Samoa	0.01	0.00	0.32	0.14	0.28	0.33	0.48
155 Senegal	0.08	0.02	0.31	0.24	0.33	0.25	0.49

**Table 1. Actual and Calculated Quotas: Overview of Membership (concluded)
(Ranked by the Ratio of Calculated Quota Share to Actual Quota Share)**

	Actual Quota Share 1/ (in percent)	Calculated Quota Share 2/ (in percent)	Ratio of Calculated Share to Actual Quota Share on the Basis Shown				
			Existing Five Formulas 2/	GDP 3/ 2002-04	Openness 4/ 2000-04	Variability 5/ 1992-2004	Reserves 6/ 2004
156 Uganda	0.08	0.02	0.29	0.21	0.23	0.47	0.42
157 Tajikistan	0.04	0.01	0.29	0.11	0.29	0.43	0.11
158 Armenia	0.04	0.01	0.29	0.18	0.30	0.26	0.37
159 Bolivia	0.08	0.02	0.29	0.28	0.31	0.39	0.28
160 Kenya	0.13	0.04	0.29	0.32	0.31	0.44	0.35
161 Sudan	0.15	0.04	0.27	0.32	0.27	0.28	0.25
162 Myanmar	0.12	0.03	0.27	0.27	0.26	0.43	0.16
163 Mauritania	0.03	0.01	0.26	0.10	0.25	0.47	0.10
164 Togo	0.03	0.01	0.26	0.14	0.24	0.41	0.26
165 Lao, People's Dem. Republic	0.02	0.01	0.26	0.27	0.26	0.61	0.28
166 Ghana	0.17	0.04	0.25	0.12	0.25	0.38	0.25
167 Kyrgyz Republic	0.04	0.01	0.25	0.13	0.21	0.44	0.33
168 Comoros	0.00	0.00	0.25	0.20	0.22	0.30	0.74
169 Georgia	0.07	0.02	0.24	0.15	0.24	0.33	0.13
170 Niger	0.03	0.01	0.22	0.22	0.20	0.45	0.25
171 Malawi	0.03	0.01	0.21	0.16	0.23	0.27	0.11
172 Guinea	0.05	0.01	0.21	0.20	0.21	0.32	0.08
173 Suriname	0.04	0.01	0.20	0.06	0.15	0.46	0.08
174 Gambia, The	0.01	0.00	0.20	0.07	0.19	0.33	0.17
175 Rwanda	0.04	0.01	0.20	0.13	0.13	0.45	0.19
176 Zimbabwe	0.17	0.03	0.16	0.24	0.15	0.09	0.05
177 Sao Tome and Principe	0.00	0.00	0.15	0.05	0.13	0.21	0.19
178 Central African Republic	0.03	0.00	0.14	0.12	0.13	0.32	0.16
179 Congo, Dem. Republic of	0.25	0.03	0.10	0.06	0.09	2.30	0.03
180 Zambia	0.23	0.02	0.10	0.05	0.08	0.22	0.04
181 Burundi	0.04	0.00	0.09	0.05	0.06	0.21	0.06
182 Liberia	0.06	0.01	0.09	0.02	0.08	0.29	0.01
183 Sierra Leone	0.05	0.00	0.08	0.06	0.07	0.23	0.05
184 Somalia	0.04	0.00	0.04	0.03	0.05	0.05	0.02

Source: Finance and Statistics Departments.

1/ For the three countries that have not yet consented to, and paid for, their quota increases, 11th Review proposed quotas are used.

2/ Based on 1992–2004 data and computed as traditionally specified. Reflects the impact of adjustments to current receipts and payments for re-exports, international banking interest, and non-monetary gold.

3/ Three-year average GDP does not enter the existing five formulas.

4/ Average sum of current receipts and payments, adjusted for re-exports, international banking interest, and non-monetary gold.

5/ Variability of current receipts and net capital inflows, measured as a standard deviation from centered three-year trend. This variable does not enter the existing five formulas.

6/ Average international reserves in 2004 based on end-month data.

7/ Includes China, P.R., and Hong Kong, SAR.

**Table 2. Countries Underrepresented by over 40, 50, and 60 Percent
Relative to Existing Quota Formulas ^{1/}**

Greater than 40 percent	Greater than 50 percent	Greater than 60 percent
Luxembourg	Luxembourg	Luxembourg
Singapore	Singapore	Singapore
Ireland	Ireland	Ireland
Korea	Korea	Korea
San Marino	San Marino	San Marino
Equatorial Guinea	Equatorial Guinea	Equatorial Guinea
Bahrain	Bahrain	Bahrain
Estonia	Estonia	Estonia
Malaysia	Malaysia	Malaysia
Lebanon	Lebanon	Lebanon
Botswana	Botswana	Botswana
Thailand	Thailand	Thailand
China	China	China
Oman	Oman	Oman
Turkey	Turkey	Turkey
United Arab Emirates	United Arab Emirates	United Arab Emirates
Mexico	Mexico	Mexico
Spain	Spain	
Timor-Leste	Timor-Leste	
Maldives		
Angola		
Lithuania		
Denmark		
Czech Republic		
Vietnam		

Source: Finance Department.

^{1/} Underrepresentation is calculated as the ratio of calculated quota share based on existing formulas to actual quota share. Based on data updated through 2004.

Table 3. Countries Underrepresented by over 40, 50, and 60 Percent Relative to Existing Formulas and by Four Variables Relevant for Quota Calculations 1/ 2/

Greater than 40 percent	Greater than 50 percent	Greater than 60 percent
Korea	Korea	Korea
China	China	China
Turkey	Turkey	Turkey
Mexico	Mexico	Mexico

Source: Finance Department.

1/ Underrepresentation is calculated relative to actual quota share. Based on data updated through 2004.

2/ Variables are (a) three-year average GDP, (b) reserves, (c) openness, and (d) variability of current receipts plus net capital flows. Variables (b) and (c) enter the existing formulas.

Table 4. Countries Underrepresented by over 40, 50, and 60 Percent Relative to Existing Formulas and by at Least Three of Four Variables Relevant for Quota Calculations ^{1/ 2/}

Greater than 40 percent	Greater than 50 percent	Greater than 60 percent
Singapore	Singapore	Singapore
Ireland	Ireland	Ireland
Korea	Korea	Korea
Equatorial Guinea	Equatorial Guinea	Equatorial Guinea
Estonia	Estonia	Estonia
Malaysia	Malaysia	Malaysia
Lebanon	Lebanon	Lebanon
Botswana	Botswana	Botswana
Thailand	Thailand	Thailand
China	China	China
Oman	Oman	Oman
Turkey	Turkey	Turkey
United Arab Emirates	United Arab Emirates	United Arab Emirates
Mexico	Mexico	Mexico
Spain	Spain	
Lithuania		
Denmark		
Czech Republic		

Source: Finance Department.

1/ Underrepresentation is calculated relative to actual quota share. Based on data updated through 2004.

2/ Variables are (a) three-year average GDP, (b) reserves, (c) openness, and (d) variability of current receipts plus net capital flows. Variables (b) and (c) enter the existing formulas.

Table 5. Countries Underrepresented by over 40, 50, and 60 Percent Relative to Existing Formulas and by at Least Three of Four Variables Relevant for Quota Calculations plus a Ratio of Three-Year Average GDP Share to Actual Quota Share Greater than 0.75 ^{1/ 2/}

Greater than 40 percent	Greater than 50 percent	Greater than 60 percent
Ireland	Ireland	Ireland
Korea	Korea	Korea
Estonia	Estonia	Estonia
Thailand	Thailand	Thailand
China	China	China
Turkey	Turkey	Turkey
United Arab Emirates	United Arab Emirates	United Arab Emirates
Mexico	Mexico	Mexico
Spain	Spain	

Source: Finance Department.

1/ Underrepresentation is calculated relative to actual quota share. Based on data updated through 2004.

2/ Variables are (a) three-year average GDP, (b) reserves, (c) openness, and (d) variability of current receipts plus net capital flows. Variables (b) and (c) enter the existing formulas.

Table 6. Countries Underrepresented by over 40, 50, and 60 Percent Relative to Existing Quota Formulas and According to the Cooper Formula ^{1/ 2/}

Greater than 40 percent	Greater than 50 percent	Greater than 60 percent
Luxembourg	Luxembourg	Luxembourg
Singapore	Singapore	Singapore
Ireland	Ireland	Ireland
Korea	Korea	Korea
San Marino	San Marino	San Marino
Equatorial Guinea	Equatorial Guinea	Equatorial Guinea
Bahrain	Bahrain	Bahrain
Estonia	Estonia	Estonia
Lebanon	Lebanon	Lebanon
Botswana	Botswana	Botswana
Thailand	Thailand	Thailand
China	China	China
Oman	Oman	Oman
Turkey	Turkey	Turkey
United Arab Emirates	United Arab Emirates	United Arab Emirates
Mexico	Mexico	Mexico
Spain	Spain	
Timor-Leste	Timor-Leste	
Angola		
Denmark		

Source: Finance Department.

1/ Underrepresentation is calculated relative to actual quota share. Based on data updated through 2004.

2/ Cooper formula is calculated as 2/3 average GDP share plus 1/3 variability of current receipts plus net capital flows.

**Table 7. Basic Votes and Voting Shares 1/
(In percent)**

	Actual Quota Shares	Voting Shares Under Alternative Scenarios for Basic Votes			
		Current (BV = 250)	Doubling (BV = 500)	Tripling (BV = 750)	Increase to 11 percent of total votes (BV = 1,435)
Advanced economies	61.6	60.6	59.6	58.7	56.4
Major advanced economies	46.0	45.1	44.3	43.5	41.4
Of which:					
US	17.4	17.0	16.7	16.4	15.5
Japan	6.2	6.1	6.0	5.9	5.6
Germany	6.1	6.0	5.9	5.8	5.5
France	5.0	4.9	4.8	4.8	4.5
UK	5.0	4.9	4.8	4.8	4.5
Other advanced economies	15.6	15.5	15.3	15.2	15.0
Developing countries	30.9	31.7	32.5	33.3	35.2
Africa	5.5	6.0	6.4	6.8	7.9
Asia 2/	10.3	10.4	10.6	10.7	11.0
Middle East, Malta & Turkey	7.6	7.6	7.7	7.7	7.7
Western Hemisphere	7.5	7.7	7.9	8.1	8.5
Transition economies	7.5	7.7	7.9	8.0	8.4
Total	100	100	100	100	100
<i>Memorandum item:</i>					
EU 3/	32.2	31.8	31.4	31.0	30.1

Source: Finance Department.

1/ Details may not add due to rounding. For Liberia, Somalia, and Sudan Eleventh Review proposed quotas are used. Liberia and Zimbabwe are included although their voting rights have been suspended.

2/ Including Korea and Singapore.

3/ EU is defined as EU-25.