

Fifteenth General Review of Quotas—Report of the Executive Board to the Board of Governors

1. In completing the Fourteenth General Review of Quotas (hereafter the “Fourteenth Review”) and approving the proposed Amendment on the Reform of the Executive Board (hereafter the “Board Reform Amendment”), the Board of Governors requested the Executive Board to bring forward the timetable for completion of the Fifteenth General Review of Quotas (hereafter the “Fifteenth Review”) to January 2014.¹ The Board of Governors noted that any realignment was expected to result in increases in the quota shares of dynamic economies in line with their relative positions in the world economy, and hence likely in the share of emerging market and developing countries as a whole. The Board of Governors also requested that steps be taken to protect the voice and representation of the poorest members. The Executive Board was also requested to complete a comprehensive quota formula review by January 2013.² These forward-looking elements were part of an agreed package of 2010 quota and governance reforms (hereafter the “2010 Reforms”).
2. In January 2014 and again in January 2015, the Executive Board reported to the Board of Governors that the initiation of its work on the Fifteenth Review had been delayed in order to facilitate the implementation of the 2010 Reforms.³ The Board of Governors expressed its deep regret that the Fourteenth Review and the Board Reform Amendment had not become effective and, in February 2015, called for the completion of the Fifteenth Review in line with previous Executive Board understandings, and by December 15, 2015 as mandated under the Articles of Agreement.⁴
3. On December 15, 2015, the Executive Board notified the Board of Governors that the work on the Fifteenth Review had been delayed because the 2010 Reforms had not yet been implemented. It was noted that, as a result, the Executive Board would not be able to complete its work on the Fifteenth Review by the above deadline and would report to the

¹ Board of Governors Resolution No. 66-2 on Fourteenth General Review of Quotas and Reform of the Executive Board, adopted December 15, 2010. The deadline for completing the Fifteenth Review mandated under the Articles of Agreement was December 15, 2015 (Article III, Section 2(a) requires the Board of Governors to conduct a general review at intervals of not more than five years).

² The Executive Board reported to the Board of Governors on the outcome of the quota formula review on January 30, 2013 (*Outcome of the Quota Formula Review—Report of the Executive Board to the Board of Governors* (1/30/2013)). The report noted that important progress had been made in identifying key elements that could form the basis for a final agreement on a new quota formula.

³ *2010 Reforms and Fifteenth General Review of Quotas—Report of the Executive Board to the Board of Governors* (1/23/2014); and *2010 Reforms and Fifteenth General Review of Quotas—Report of the Executive Board to the Board of Governors* (1/28/2015).

⁴ Board of Governors Resolution No. 70-1.

Board of Governors before end-January 2016 on the status of the Fifteenth Review and proposed next steps.

4. The Executive Board is pleased to report that on January 26, 2016 the Board Reform Amendment entered into force, which will allow the quota increases under the Fourteenth Review to become effective.⁵ Accordingly, it is expected the Fund's quota resources will double as members pay in their quota increases, strengthening the Fund's ability to support its membership.
5. With the implementation of the 2010 Reforms, the Fund's governance structure will also better reflect members' changing positions in the world economy, while protecting the voice and representation of the poorest members. The reforms include a shift in quota and voting shares, the move to an all-elected Executive Board, and a commitment to reduce the number of Executive Directors representing advanced European countries by two, no later than the first regular election of Executive Directors after the general conditions for the effectiveness of the Fourteenth Review quota increases have been met.
6. The Executive Board urges the remaining members who have not yet consented to their quota increases under the Fourteenth Review to do so expeditiously, and the members who have consented to their quota increases to make their quota payments in a timely manner.
7. The Executive Board notes that completion of a general quota review requires an assessment on the adequacy of quotas of members in the Fund.⁶ The Executive Board has not yet formed a view on the adequacy of quotas in the context of the Fifteenth Review. Consistent with the approach taken in past cases of a delay in meeting the deadline under the Articles (i.e., the Sixth, Ninth, and Tenth General Reviews of Quotas), the Executive Board proposes that the Board of Governors continue the Fifteenth Review and request that the Executive Board work expeditiously in line with previous Executive Board understandings with the aim of completing the review by the 2017 Annual Meetings, taking into account that sufficient time will be needed to build the necessary consensus.⁷

⁵ In accordance with Board of Governors Resolution No. 66-2, no quota increase under the Fourteenth Review shall become effective until (i) the Executive Board has determined that members having not less than 70 percent of total Fund quotas as of November 5, 2010 have consented in writing to the increases in their quotas; (ii) the Board Reform Amendment has entered into force; and (iii) the Voice and Participation Amendment (Sixth Amendment) of the Fund's Articles has entered into force. Now that all three general conditions have been met, individual quota increases for members that have consented to the increase will become effective once payment of the quota increase is made (Article III, Section 2(d)).

⁶ See *Tenth General Review of Quotas—Draft Report of the Executive Directors to the Board of Governors and Proposed Resolution (2/26/1993)* ("The requirement for a review of quotas cannot be met without the Board of Governors reaching a conclusion—in the form of a resolution—as to the adequacy of quota of members in the Fund").

⁷ In each of the Sixth, Ninth and Tenth General Reviews of Quotas, the Board of Governors adopted a resolution continuing the review and either establishing a new deadline or requesting the Executive Board to complete its work as soon as possible. The Sixth General Review of Quotas was continued under Resolution No. 30-1 and Resolution

8. The Executive Board reiterates its agreement that achieving broad consensus on a new quota formula will best be done in the context of the Fifteenth Review, and that the discussions on this issue will be integrated into and move in parallel with the discussion on the Fifteenth Review.⁸
9. Against this background, the Executive Board proposes that the Board of Governors adopt a Resolution: (i) welcoming the entry into force of the Board Reform Amendment on January 26, 2016, which will allow the quota increases under the Fourteenth Review to become effective; (ii) urging the remaining members who have not yet consented to the Fourteenth Review quota increases to do so without further delay and urging the members who have consented to their quota increases to make their quota payments in a timely manner; (iii) expressing regret at the delay of the Fifteenth Review, continuing the Fifteenth Review under Article III, Section 2(a), and calling on the Executive Board to work on the Fifteenth Review expeditiously in line with previous Executive Board understandings, with the aim of completing the Fifteenth Review by the 2017 Annual Meetings; and (iv) requesting that the Executive Board report on progress on the Fifteenth Review to the Board of Governors by the 2016 Annual Meetings and the 2017 Spring Meetings.

No. 30-3; the Ninth General Review of Quotas under Resolution No. 43-1, Resolution No. 44-1, Resolution No. 44-5 and Resolution No. 45-1; and the Tenth General Review of Quotas under Resolution No. 48-3.

⁸ *Outcome of the Quota Formula Review—Draft Report of the Executive Board to the Board of Governors* (1/30/2013). Subsequent to the report, the Executive Board has held further informal discussions on the formula in the context of the annual updates of the quota databases; see *Quota Formula—Data Update and Further Considerations* (6/6/13); *Quota Formula—Data Update and Further Considerations* (7/2/14); and *Quota Formula—Data Update* (6/22/15).

Appendix**Resolution No. []****Fifteenth General Review of Quotas**

In accordance with Section 13 of the By-Laws, the following Resolution was submitted to the Board of Governors on January 29, 2016 for a vote without meeting:

WHEREAS the general conditions for quota increases under the Fourteenth General Review of Quotas (hereinafter the "Fourteenth Review") specified in Resolution No. 66-2 were met on January 26, 2016;

WHEREAS the Board of Governors requested in Resolution No. 66-2 that the Executive Board bring forward the timetable for completion of the Fifteenth General Review of Quotas (hereinafter the "Fifteenth Review") to January 2014;

WHEREAS the Board of Governors called in Resolution No. 70-1 for the completion of the Fifteenth Review in line with previous Executive Board understandings, and by December 15, 2015 as mandated by the Articles of Agreement;

WHEREAS the Executive Board reported to the Board of Governors on December 15, 2015 that work on the Fifteenth Review was delayed in light of the delay in the implementation of the quota and governance reforms agreed in 2010 and that, as a result, the Executive Board was not able to complete its work by the deadline;

WHEREAS the Executive Board had agreed that achieving broad consensus on a new quota formula would best be done in the context of the Fifteenth Review, and that the discussions on this issue would be integrated into and move in parallel with the discussion on the Fifteenth Review;

WHEREAS the Secretary of the Fund has submitted, on January 29, 2016, to the Board of Governors the Report of the Executive Board entitled Fifteenth General Review of Quotas; and

WHEREAS the Executive Board has requested the Board of Governors to vote on the following Resolution without meeting, pursuant to Section 13 of the By-Laws of the Fund:

NOW, THEREFORE, the Board of Governors, noting the recommendations and the said Report of the Executive Board, hereby RESOLVES that:

1. The Board of Governors welcomes the entry into force of the Seventh Amendment on the Reform of the Executive Board, allowing the quota increases under the Fourteenth Review to become effective, which will strengthen the Fund's ability to support its membership and ensure that the Fund's governance structure better reflects members' changing positions in the world economy.
2. The Board of Governors urges the members who have not yet consented to their Fourteenth Review quota increases to do so without further delay and urges the members who have consented to their quota increases to make their quota payments in a timely manner.
3. The Board of Governors regrets that the Fifteenth Review has not been completed by December 15, 2015, as mandated by the Articles of Agreement and as requested in Board of Governors Resolution No. 70-1. The Board of Governors hereby resolves to continue the Fifteenth Review under Article III, Section 2(a) and calls on the Executive Board to work expeditiously on the Fifteenth Review in line with previous Executive Board understandings, and with the aim of completing the Fifteenth Review by the 2017 Annual Meetings.
4. The Board of Governors requests that the Executive Board report to the Board of Governors on progress on the Fifteenth Review by the 2016 Annual Meetings and the 2017 Spring Meetings.