

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

1. In February 2016, the Board of Governors adopted Resolution No. 71-2 on the Fifteenth General Review of Quotas (hereafter the “Fifteenth Review”), which (i) welcomed 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; (ii) urged the members who had not yet consented to their Fourteenth Review quota increases to do so without further delay and urged the members who had consented to their quota increases to make their quota payments in a timely manner; (iii) regretted that the Fifteenth Review had 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, and resolved to continue the Fifteenth Review under Article III, Section 2(a) and called 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; and (iv) requested 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.¹

2. On October 3, 2016, the Executive Board submitted a progress report to the Board of Governors.² In its report, the Executive Board recognized that, in light of the significant divergences of views that exist on many key issues for the Fifteenth Review, further reflection was needed on how best to take the work forward, and undertook to report to the Board of Governors on the outcome of these discussions in the near future.

3. Several common themes emerged from the Executive Board’s discussions:
 - The importance for the Fund’s legitimacy of continuing the process of governance reform under the Fifteenth Review, given that members’ relative economic positions have continued to evolve since the 2010 Reform;
 - The practical recognition that, while the Executive Board would have liked to maintain the current timetable for the Fifteenth Review, it is no longer within reach, given the short time remaining and the major differences among the membership on most issues;
 - The need to accompany any change in the timetable with credible assurances that this will not lead to inaction or an outcome that preserves the status quo;
 - The recognition that broad consensus on the key issues for the Fifteenth Review (size and distribution of quotas and new quota formula) will be achieved as a package; and

¹ See Board of Governors Resolution No. 71-2 (2/19/16).

² See [Report of the Executive Board to the Board of Governors on Progress on the Fifteenth General Review of Quotas](#) (9/30/16).

- The importance of continuing to anchor quota discussions within the Executive Board and with all perspectives represented.
4. With these themes as building blocks, the Executive Board considers that the way forward on the Fifteenth Review should include the following elements:
- **An upfront commitment to tangible outcomes.** Recognizing that there is no consensus at this point on many of the key issues for the Fifteenth Review, tangible outcomes should include: (i) ensuring that the Fund has adequate resources to fulfill its role at the center of the global financial safety net; (ii) continuing the process of modernizing the Fund's governance structure to reflect members' relative positions in the world economy, based on a new quota formula that can command broad support; and (iii) protecting the voice and representation of the poorest members.
 - **A new timetable that is both ambitious and realistic.** Experience from previous quota reviews underlines the importance of strong shareholder engagement and adequate time to build the necessary broad consensus. Following the approach used successfully in the 2008 Quota Reform, this points to a new target for completing the Fifteenth Review by the Spring Meetings of 2019 and no later than the Annual Meetings of 2019.
 - **A properly sequenced work program with clear markers** (see Attachment 1). In the coming months, Fund staff will accelerate work on the architecture of the Fund's lending facilities and the Executive Board is expected to consider a sequence of papers. It is anticipated that this work will be completed by the second quarter of 2017. In the third quarter of 2017, the Executive Board will turn to discussions on the size of the Fund and the distribution of any quota increase, including a new quota formula. The goal is to obtain guidance from the International Monetary and Financial Committee (hereafter "IMFC") on key elements of the review in the second quarter of 2018. This guidance should focus the Executive Board's work on narrowing remaining differences in the rest of 2018 and early 2019. The Executive Board will provide semi-annual progress reports to the Board of Governors, with a first report by the time of the 2017 Annual Meetings.
5. On October 8, 2016, the IMFC reaffirmed its commitment to a strong, quota-based and adequately resourced IMF to preserve its role at the center of the global financial safety net. The IMFC stated that it is committed to concluding the Fifteenth Review and agreeing on a new quota formula as a basis for a realignment of quota shares to result in increased shares for 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, while protecting the voice and representation of the poorest members. To provide adequate time to build the necessary broad consensus, the IMFC expressed its support for the Managing Director's proposal to reset the timetable for completing the Fifteenth Review in line with the above goals by the Spring Meetings of 2019 and no later than the Annual Meetings of 2019, subject to adoption by the Board of

Governors. The IMFC called on the Executive Board to establish a concrete work agenda to achieve this goal.³

6. Against this background, the Executive Board has now finalized the work plan (Attachment I) and proposes that the Board of Governors adopt a Resolution: (i) noting the Report of the Executive Board and expressing regret that the timetable for completing the Fifteenth Review established under Resolution No. 71-2 is no longer within reach; (ii) calling on the Executive Board to work on the Fifteenth Review expeditiously in line with existing Executive Board understandings and the guidance provided by the IMFC on October 8, 2016 with the aim of completing the Fifteenth Review by the 2019 Spring Meetings and no later than the 2019 Annual Meetings; (iii) requesting that the Executive Board report on progress on the Fifteenth Review to the Board of Governors semi-annually, with a first report by the 2017 Annual Meetings; and (iv) urging the remaining members who have not yet consented to their quota increases under the Fourteenth General Review of Quotas 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.⁴

³ The [*Communiqué of the Thirty-Fourth Meeting of the International Monetary and Financial Committee*](#), Washington DC, October 8, 2016.

⁴ As of mid-October 2016, 181 of the 189 IMF members had consented to their quota increases under the Fourteenth Review and 175 members had paid their quota increases.

Attachment I. Fifteenth General Review of Quotas—Executive Board Work Plan

The Executive Board agrees that its work plan for the Fifteenth Review should include the following elements. Further details on the timing and content of specific Board papers and related Board discussions will be developed in the context of the regular six-monthly work program discussions.

October 2016—Second Quarter of 2017

An expedited work program on the Fund's lending role that will help inform future discussions on the size of the Fund/Fund quotas, covering the work on facilities reform as well as the interaction between the IMF and Regional Financing Arrangements (RFAs). Specifically, the Executive Board will discuss a staff paper on the *Adequacy of the Global Financial Safety Net—Considerations for Fund Toolkit Reform* in November and, building on this discussion, could consider specific reform proposals in subsequent months. A discussion of the Fund's relationship with RFAs will follow in the first half of 2017.

Second half of 2017—Early 2018

Work on the quota size, formula, and distribution in parallel with the goal of narrowing differences of views. Irrespective of progress in the work program on the Fund's lending role, the work will commence in 2017 for Board consideration in the third quarter. It will include Board papers on the size of the Fund and the mix of quota and borrowed resources; the quota data update through 2015, the quota formula and realigning quota shares, including whether and, if so, how to recognize voluntary financial contributions. Seminars and/or informal briefings will also be scheduled prior to key Board discussions to help facilitate progress.

IMFC Guidance on Key Elements of the Fifteenth Review—Second Quarter of 2018

IMFC guidance will be sought on key elements of the Fifteenth Review.

Third Quarter of 2018—Spring Meetings 2019 (or latest by Annual Meetings 2019)

Based on the above IMFC guidance (and any subsequent IMFC guidance as needed), the Executive Board will continue its work with a view to reaching consensus on the appropriate size of quotas over the medium term, the new quota formula, and the allocation of quota increases. This consensus would form the basis for specific proposals on the Fifteenth Review to the Board of Governors.

Appendix I

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 November 4, 2016 for a vote without meeting:

WHEREAS the Board of Governors in Resolution No. 71-2 regretted that the Fifteenth General Review of Quotas (“Fifteenth Review”) had not been completed by December 15, 2015, resolved to continue the Fifteenth Review and called 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;

WHEREAS the Executive Board had reported to the Board of Governors on October 3, 2016 on its work on the Fifteenth Review, recognizing that, in light of significant divergences of views that exist on many key issues for the Fifteenth Review, further reflection was needed on how best to take the work forward;

WHEREAS the International Monetary and Financial Committee reaffirmed on October 8, 2016 its commitment to a strong, quota-based and adequately resourced IMF to preserve its role at the center of the global financial safety net, and stated its commitment to concluding the Fifteenth Review and agreeing on a new quota formula as a basis for a realignment of quota shares to result in increased shares for 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, while protecting the voice and representation of the poorest members;

WHEREAS to provide adequate time to build the necessary broad consensus on the new quota formula and for concluding the Fifteenth Review, the International Monetary and Financial Committee has also expressed, on October 8, 2016, its support for the proposal by the Managing Director for the Board of Governors to reset the timetable for completing the Fifteenth Review in line with the above goals by the Spring Meetings of 2019 and no later than the Annual Meetings of 2019, and called on the Executive Board to establish a concrete work agenda to achieve this goal;

WHEREAS the Executive Board has now finalized the work agenda for the completion of the Fifteenth Review in light of the proposed new timetable;

WHEREAS the Secretary of the Fund has submitted, on November 4, 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 takes note of the Report of the Executive Board, and regrets that the timetable for completing the Fifteenth General Review of Quotas established under Resolution No. 71-2 is no longer within reach.
2. The Board of Governors calls on the Executive Board to work expeditiously on the Fifteenth Review in line with existing Executive Board understandings and the guidance provided by the International Monetary and Financial Committee on October 8, 2016, and with the aim of completing the Fifteenth Review by the 2019 Spring Meetings and no later than the 2019 Annual Meetings.
3. The Board of Governors requests that the Executive Board report to the Board of Governors on progress on the Fifteenth Review semi-annually, with a first report by the 2017 Annual Meetings.
4. The Board of Governors urges the members who have not yet consented to their quota increases under the Fourteenth General Review of Quotas 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.