

IMF Publication

# IMF Quota and Governance Reform - Elements of an Agreement

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INTERNATIONAL MONETARY FUND

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## IMF Quota and Governance Reform—Elements of an Agreement

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### I. INTRODUCTION

1. **Background.** After a long and intense debate, the membership is converging on quota and governance reforms essential to the Fund's legitimacy and effectiveness as an impartial guardian of global economic stability. This paper sets out, and seeks to operationalize, a core package for the consideration of the Executive Board and, subsequently, the Board of Governors (summarized in Box 1).

#### Box 1. Quota and Governance Reform: A Summary

##### *Quotas*

- *Increase.* A doubling of quotas, with a corresponding roll-back of the New Arrangements to Borrow (NAB) preserving relative shares, when the quota increase becomes effective.
- *Shift in shares.* Minimum targets in the October 2009 IMFC Communiqué to be exceeded:
  - Over 6 percent shift from over-represented to under-represented members.
  - Over 6 percent shift to dynamic emerging market and developing countries (EMDCs).
- *Protecting the voting power of poorest.* To be done for PRGT-eligible members that fall below the IDA-income threshold through ad hoc increases on an individual country basis.
- *Quota formula.* Review to be completed by January 2013.
- *Next review.* 15<sup>th</sup> General Quota Review to be brought forward, completed by January 2014.

##### *Governance—Executive Board size and composition*

- Commitment of the membership—noted in a Board of Governors resolution—to maintain Executive Board size at 24 and, after the conditions for effectiveness of the quota increases under the 14<sup>th</sup> General Quota Review are met, to review Board composition every 8 years.
- Two fewer advanced European chairs, based on an agreed metric (occupancy of the Executive Director position pro-rated to the time spent in it)—to be implemented no later than the first regular election after the conditions for effectiveness of the quota increases under the 14<sup>th</sup> Review are met.
- Move to an all-elected Executive Board.
- Further scope for a second Alternate Executive Director for multi-country constituencies.