

INTERNATIONAL MONETARY FUND

SIXTY-FIRST ANNUAL MEETING, 2006

Resolution No. 61-5

Quota and Voice Reform in the International Monetary Fund

In accordance with Section 13 of the By-Laws, the following Resolution was submitted to the Governors on August 31, 2006 for a vote without meeting:

WHEREAS, the Executive Board has submitted to the Board of Governors a report entitled “Quota and Voice Reform in the International Monetary Fund” (hereinafter the “Report”);

WHEREAS, the Executive Board has recommended a two-year reform program to enhance the credibility and effectiveness of the Fund, as described in the Report; and

WHEREAS, China, Korea, Mexico, and Turkey have requested increases in their quotas to better reflect their positions in the world economy and the Executive Board has recommended increases in the quotas of these members as a first step in the two-year reform program referred to above;

NOW THEREFORE, the Board of Governors hereby RESOLVES that:

1. The quotas of China, Korea, Mexico, and Turkey shall be increased to the amounts shown against their names in the Annex to this Resolution, provided that a member's increase in quota shall not become effective unless the member in question has consented in writing to the increase and has paid to the Fund the full amount of such increase. Each member shall pay 25 percent of its increase either in special drawing rights or in the currencies of other members specified, with their concurrence, by the Fund, or in any combination of special drawing rights and such currencies. The balance of the increase shall be paid by each member in its own currency. Both the written consent and the payment of the increase shall be made not later than 30 days after the date of this Resolution; provided that the Executive Board may extend the period within which the consent and the payment may be made as it may determine.
2. The Executive Board is requested to reach agreement on a new quota formula to guide the assessment of the adequacy of members' quotas in the Fund. Such a formula should provide a simpler and more transparent means of capturing members' relative positions in the world economy. As a means of achieving this objective, consideration should be given to placing significantly higher weight on members' gross domestic product, together with ensuring that other variables, in particular the openness of members' economies, also play an important role. The Executive Board is requested to start discussions on a new quota formula that can command broad

support soon after the Annual Meetings in Singapore, and to complete its work before the Annual Meetings in 2007, and not later than by the Spring 2008 meeting of the International Monetary and Financial Committee.

3. The Executive Board is requested, following the completion of its work as provided in paragraph 2 above, to recommend to the Board of Governors by the Annual Meetings in 2007 and no later than by the Annual Meetings of 2008 further increases in the quotas of those members that have requested that their quotas be increased, with a view to achieving a significant further alignment of members' quotas with their relative positions in the world economy, based on the new quota formula; any such increases in quotas shall not become effective until the amendment of the Fund's Articles of Agreement that is requested to be proposed under paragraph 4 has entered into force.

4. As an integral part of the reform program, and together with its recommendation for increases in quotas under paragraph 3, the Executive Board is requested to propose to the Board of Governors an amendment of the Fund's Articles of Agreement that would: (a) provide for at least a doubling of the "basic" votes that each member possesses pursuant to Article XII, Section 5(a) of the Fund's Articles of Agreement, and thereby at a minimum protect the existing voting share of low income countries as a group and (b) ensure that the ratio of the sum of the "basic" votes of all members to the sum of members' total voting power remains constant following the increase under (a) above in the event of any subsequent changes in the total voting power of members. The Executive Board is requested to put forward a specific proposal by the Annual Meetings in 2007, and no later than the Annual Meetings in 2008.

5. In the context of general reviews of quotas conducted after the completion of the steps identified in paragraphs 2 and 3 above, the Board of Governors will consider distributing any increase in quotas with a view to achieving better alignment of members' quotas with their relative positions in the world economy, while ensuring that the Fund has adequate liquidity to achieve its purposes.

6. The Executive Board is requested to act expeditiously to increase the staffing resources available to those Executive Directors elected by a large number of members whose workload is particularly heavy. The Executive Board is also requested to give consideration to the merits of an amendment of the Articles that would enable each Executive Director elected by a large number of members to appoint more than one Alternate Executive Director.

7. The Managing Director is invited to work closely with the Executive Board in developing the proposals pertaining to the reform package, and to have the staff complete the necessary technical work as expeditiously as possible. The Executive Board is requested to report to the Board of Governors on progress with the reform package by the time of the 2007 Annual Meetings.

ANNEX	
Proposed Quota (In millions of SDRs)	
China	8090.1
Korea	2927.3
Mexico	3152.8
Turkey	1191.3

The Board of Governors adopted the foregoing Resolution, effective September 18, 2006.