

NOTE 3. THE ROLE OF QUOTAS IN DETERMINING VOTING POWER

23. This note describes the provision for voting power in the IMF and compares it with those in other international financial institutions.

24. The provision for voting power in the IMF adopted at the Bretton Woods Conference in 1944 was a compromise between two alternative bases for determining voting power, one related solely to member (quota) contributions—1 vote per SDR 100,000 of quota, and another based on the principle of equality of states—250 votes per member (the basic votes). It was also considered that having basic votes would give each member, no matter how small, a degree of voting power that would give it a sense of participation in the affairs of the IMF.¹⁴ Gold also cited another reason underlying the agreement at Bretton Woods on having basic votes: the IMF was the first major international organization with regulatory as well as financial functions, and basic votes would be an appropriate reflection of the regulatory aspect of the IMF.

25. The distribution of quotas in the IMF is skewed in that a relatively few countries are quite large and account for the bulk of quotas, and the larger number of members have relatively small quotas. As of December 31, 1999, 36 members with above-average quotas account for 83 percent of total quotas, and the remaining (146) members have less than 17 percent of total quotas (Table 3.1). The provision of basic votes was aimed at increasing the participation of countries with relatively smaller quotas in the IMF's decision-making process, i.e., the effect of basic votes is to shift a part of voting power of the larger members to the smaller countries. As can be seen in Table 3.1, the voting power of members with above-average quotas is 1.4 percentage points lower than their aggregate share in total quotas, while the voting power of countries with below-average quotas is correspondingly 1.4 percentage points above their combined share in quotas. The 1.4 percentage point shift attributable to basic votes at present may be compared with the effect of basic votes as determined by the initial quotas agreed at Bretton Woods. At the inception of the IMF, the voting power of members with above average quotas was 7.1 percent lower than their 86.9 percent share in total quotas, while the voting power of countries with below-average quotas was correspondingly 7.1 percent higher than their 13.1 percent share in quotas.

26. The size of basic votes has remained unchanged at 250 since the establishment of the IMF, and any change in the size of basic votes requires an amendment of the Articles of Agreement. The total number of basic votes falls in relation to total votes whenever quotas are increased, but it can rise with the accession to IMF membership of countries with smaller-than-average quotas. The relative importance of basic votes rose from 11.3 percent in 1945 to 15.6 percent in 1958 because no major quota increases had yet been agreed, while

¹⁴ See J. Gold, "The Origins of Weighted Voting Power in the Fund," *Finance and Development*, March 1981, pp. 25–28.

the IMF membership expanded to 68 (see Table 3.2). With subsequent quota increases, and despite the rise in the number of relatively small members since 1958, the relative importance of basic votes has fallen more or less steadily to just above 2 percent by 1999. Restoring the relative importance of basic votes to say, 10 percent of total votes, or a scale equal to that approximately prevailing at the IMF's inception, would require that the size of basic votes be increased by five-fold—from 250 per member to above 1,250 per member.

27. The effect of a general increase in quotas, i.e. resulting from a general quota review, with the size of basic votes unchanged, is to raise the relative voting power of the large members and to reduce the voting power of the smaller members. To avoid this effect would require that the size of basic votes be increased proportionately with the overall increase in quotas. Only one international financial institution, the Asian Development Bank (see below), has such a feature in its voting system.

28. It may be noted that other international financial institutions, such as those under the World Bank Group, except the IDA, and the regional development banks, provide for voting systems that are similar to that of the IMF, though there are differences across these institutions with respect to the size of the basic votes element in relation to the total of votes. In particular, the voting structure of the World Bank and most of its affiliated institutions closely resembles that of the IMF. Those of the International Development Association (IDA) and the African Development Bank (AfDB) provide for significantly larger sizes of the basic votes element in the total voting power, compared with the IMF, while the European Bank for Reconstruction and Development (ERBD) does not provide for any basic votes. The Asian Development Bank (AsDB) provides for automatic changes in the size of basic votes so as to maintain the relative importance of such votes at 20 percent of total votes. Box 3.1 summarizes the voting provisions of other major international financial institutions. Box 3.2 summarizes the evolution of the relative importance of basic votes in these other institutions.

29. The distribution of quotas and voting power among the IMF members as of April 21, 2000 is given in Table 3.3. Table 3.4 provides summary information on the shares in quotas and votes of industrial and developing countries from 1944 to date.

Table 3.1. Distribution of Voting Power

	No. of members (1)	Percentage share in total quotas (2)	Percentage share in total votes (3)	"Effect " of basic votes, col. (3) - col. (2)
<u>A. As of December 31, 1999</u>				
Members with above-average quotas	36	83.1	81.7	-1.4
Members with below-average quotas	146	16.9	18.3	+1.4
Total	182	100.0	100.0	--
<u>B. At inception of the IMF 1/</u>				
Members with above-average quotas	10	86.9	79.8	-7.1
Members with below-average quotas	34	13.1	20.2	+7.1
Total	44	100.0	100.0	--

1/ On the basis of quotas in Schedule A of the Articles of Agreement (excluding Denmark).

Table 3.2. Relative Importance of Basic Votes in the IMF

	Number of Members	Total Votes	Basic Votes	
			Number	As a percentage of total votes
Schedule A 1/	45 2/	99,390	11,250	11.3
1958	68	108,930	17,000	15.6
1965	101	179,928	25,250	14.0
1970	114	236,315	28,500	12.1
1976	127	318,380	31,750	10.0
1978	135	418,074	33,750	8.1
1983	145	646,848	36,250	5.6
1990 3/	152	939,076	38,000	4.0
1999 4/	182	2,161,114	45,500	2.1

1/ Schedule A refers to Schedule A in the Articles of Agreement, as agreed at the Bretton Woods Conference in July 1944, which entered into force on December 27, 1945.

2/ Includes the votes of Denmark whose initial quota was not specified in Schedule A and the former Soviet Union, which did not become a member of the Fund.

3/ Including Cambodia, which did not participate in the Ninth General Review.

4/ Including Islamic State of Afghanistan, Brunei Darussalam, Democratic Republic of Congo, Haiti, Iraq, Lao PDR, Liberia, Marshall Islands, St. Vincent and the Grenadines, Somalia, and Sudan (which have not consented to the increase in their quotas proposed under the Eleventh General Review). Of these, Islamic State of Afghanistan, Democratic Republic of Congo, Iraq, Liberia, Somalia, and Sudan have overdue obligations in the General Resources Account and are currently ineligible to consent.

Table 3.3. IMF Quotas and Voting Power
April 21, 2000

Member	Quota		Votes	
	Millions of SDRs	Percent of Total 1/	Number 2/	Percent of Total
Afghanistan, Islamic State of	120.4	0.06	1,454	0.07
Albania	48.7	0.02	737	0.03
Algeria	1,254.7	0.60	12,797	0.60
Angola	286.3	0.14	3,113	0.15
Antigua and Barbuda	13.5	0.01	385	0.02
Argentina	2,117.1	1.01	21,421	1.00
Armenia	92.0	0.04	1,170	0.05
Australia	3,236.4	1.54	32,614	1.52
Austria	1,872.3	0.89	18,973	0.89
Azerbaijan	160.9	0.08	1,859	0.09
Bahamas, The	130.3	0.06	1,553	0.07
Bahrain	135.0	0.06	1,600	0.07
Bangladesh	533.3	0.25	5,583	0.26
Barbados	67.5	0.03	925	0.04
Belarus	386.4	0.18	4,114	0.19
Belgium	4,605.2	2.19	46,302	2.16
Belize	18.8	0.01	438	0.02
Benin	61.9	0.03	869	0.04
Bhutan	6.3	0.003	313	0.01
Bolivia	171.5	0.08	1,965	0.09
Bosnia and Herzegovina	169.1	0.08	1,941	0.09
Botswana	63.0	0.03	880	0.04
Brazil	3,036.1	1.44	30,611	1.43
Brunei Darussalam	150.0	0.07	1,750	0.08
Bulgaria	640.2	0.30	6,652	0.31
Burkina Faso	60.2	0.03	852	0.04
Burundi	77.0	0.04	1,020	0.05
Cambodia	87.5	0.04	1,125	0.05
Cameroon	185.7	0.09	2,107	0.10
Canada	6,369.2	3.03	63,942	2.98

Table 3.3. (continued). IMF Quotas and Voting Power
April 21, 2000

Member	Quota		Votes	
	Millions of SDRs	Percent of Total 1/	Number 2/	Percent of Total
Cape Verde	9.6	0.005	346	0.02
Central African Republic	55.7	0.03	807	0.04
Chad	56.0	0.03	810	0.04
Chile	856.1	0.41	8,811	0.41
China	4,687.2	2.23	47,122	2.20
Colombia	774.0	-0.37	7,990	0.37
Comoros	8.9	0.004	339	0.02
Congo, Dem. Rep. of the 3/	291.0	0.14	0	0.00
Congo, Republic of	84.6	0.04	1,096	0.05
Costa Rica	164.1	0.08	1,891	0.09
Cote d'Ivoire	325.2	0.15	3,502	0.16
Croatia	365.1	0.17	3,901	0.18
Cyprus	139.6	0.07	1,646	0.08
Czech Republic	819.3	0.39	8,443	0.39
Denmark	1,642.8	0.78	16,678	0.78
Djibouti	15.9	0.01	409	0.02
Dominica	8.2	0.003	332	0.02
Dominican Republic	218.9	0.10	2,439	0.11
Ecuador	302.3	0.14	3,273	0.15
Egypt	943.7	0.45	9,687	0.45
El Salvador	171.3	0.08	1,963	0.09
Equatorial Guinea	32.6	0.02	576	0.03
Eritrea	15.9	0.01	409	0.02
Estonia	65.2	0.03	902	0.04
Ethiopia	133.7	0.06	1,587	0.07
Fiji	70.3	0.03	953	0.04
Finland	1,263.8	0.60	12,888	0.60
France	10,738.5	5.11	107,635	5.02
Gabon	154.3	0.07	1,793	0.08
Gambia, The	31.1	0.01	561	0.03
Georgia	150.3	0.07	1,753	0.08
Germany	13,008.2	6.19	130,332	6.08
Ghana	369.0	0.18	3,940	0.18
Greece	823.0	0.39	8,480	0.40
Grenada	11.7	0.01	367	0.02

Table 3.3. (continued). IMF Quotas and Voting Power
April 21, 2000

Member	Quota		Votes	
	Millions of SDRs	Percent of Total 1/	Number 2/	Percent of Total
Guatemala	210.2	0.10	2,352	0.11
Guinea	107.1	0.05	1,321	0.06
Guinea-Bissau	14.2	0.01	392	0.02
Guyana	90.9	0.04	1,159	0.05
Haiti	60.7	0.03	857	0.04
Honduras	129.5	0.06	1,545	0.07
Hungary	1,038.4	0.49	10,634	0.50
Iceland	117.6	0.06	1,426	0.07
India	4,158.2	1.98	41,832	1.95
Indonesia	2,079.3	0.99	21,043	0.98
Iran, Islamic Republic of	1,497.2	0.71	15,222	0.71
Iraq	504.0	0.24	5,290	0.25
Ireland	838.4	0.40	8,634	0.40
Israel	928.2	0.44	9,532	0.44
Italy	7,055.5	3.36	70,805	3.31
Jamaica	273.5	0.13	2,985	0.14
Japan	13,312.8	6.33	133,378	6.23
Jordan	170.5	0.08	1,955	0.09
Kazakhstan	365.7	0.17	3,907	0.18
Kenya	271.4	0.13	2,964	0.14
Kiribati	5.6	0.003	306	0.01
Korea	1,633.6	0.78	16,586	0.77
Kuwait	1,381.1	0.66	14,061	0.66
Kyrgyz Republic	88.8	0.04	1,138	0.05
Lao PDR	39.1	0.02	641	0.03
Latvia	126.8	0.06	1,518	0.07
Lebanon	203.0	0.10	2,280	0.11
Lesotho	34.9	0.02	599	0.03
Liberia	71.3	0.03	963	0.04
Libya	1,123.7	0.53	11,487	0.54
Lithuania	144.2	0.07	1,692	0.08
Luxembourg	279.1	0.13	3,041	0.14
Macedonia, FYR	68.9	0.03	939	0.04
Madagascar	122.2	0.06	1,472	0.07
Malawi	69.4	0.03	944	0.04

Table 3.3. (continued). IMF Quotas and Voting Power
April 21, 2000

Member	Quota		Votes	
	Millions of SDRs	Percent of Total 1/	Number 2/	Percent of Total
Malaysia	1,486.6	0.71	15,116	0.71
Maldives	8.2	0.004	332	0.02
Mali	93.3	0.04	1,183	0.06
Malta	102.0	0.05	1,270	0.06
Marshall Islands	2.5	0.001	275	0.01
Mauritania	64.4	0.03	894	0.04
Mauritius	101.6	0.05	1,266	0.06
Mexico	2,585.8	1.23	26,108	1.22
Micronesia, Fed. States of	5.1	0.002	301	0.01
Moldova	123.2	0.06	1,482	0.07
Mongolia	51.1	0.02	761	0.04
Morocco	588.2	0.28	6,132	0.29
Mozambique	113.6	0.05	1,386	0.06
Myanmar	258.4	0.12	2,834	0.13
Namibia	136.5	0.06	1,615	0.08
Nepal	71.3	0.03	963	0.05
Netherlands	5,162.4	2.46	51,874	2.42
New Zealand	894.6	0.43	9,196	0.43
Nicaragua	130.0	0.06	1,550	0.07
Niger	65.8	0.03	908	0.04
Nigeria	1,753.2	0.83	17,782	0.83
Norway	1,671.7	0.80	16,967	0.79
Oman	194.0	0.09	2,190	0.10
Pakistan	1,033.7	0.49	10,587	0.49
Palau	3.1	0.001	281	0.01
Panama	206.6	0.10	2,316	0.11
Papua New Guinea	131.6	0.06	1,566	0.07
Paraguay	99.9	0.05	1,249	0.06
Peru	638.4	0.30	6,634	0.31
Philippines	879.9	0.42	9,049	0.42
Poland	1,369.0	0.65	13,940	0.65
Portugal	867.4	0.41	8,924	0.42
Qatar	263.8	0.13	2,888	0.13
Romania	1,030.2	0.49	10,552	0.49
Russia	5,945.4	2.83	59,704	2.79

Table 3.3. (continued). IMF Quotas and Voting Power
April 21, 2000

Member	Quota		Votes	
	Millions of SDRs	Percent of Total 1/	Number 2/	Percent of Total
Rwanda	80.1	0.04	1,051	0.05
St. Kitts and Nevis	8.9	0.004	339	0.02
St. Lucia	15.3	0.01	403	0.02
St. Vincent and the Grenadines	8.3	0.003	333	0.02
Samoa	11.6	0.01	366	0.02
San Marino	17.0	0.01	420	0.02
São Tomé and Príncipe	7.4	0.004	324	0.02
Saudi Arabia	6,985.5	3.32	70,105	3.27
Senegal	161.8	0.08	1,868	0.09
Seychelles	8.8	0.004	338	0.02
Sierra Leone	103.7	0.05	1,287	0.06
Singapore	862.5	0.41	8,875	0.41
Slovak Republic	357.5	0.17	3,825	0.18
Slovenia	231.7	0.11	2,567	0.12
Solomon Islands	10.4	0.005	354	0.02
Somalia	44.2	0.02	692	0.03
South Africa	1,868.5	0.89	18,935	0.88
Spain	3,048.9	1.45	30,739	1.43
Sri Lanka	413.4	0.20	4,384	0.20
Sudan 3/	169.7	0.08	0	0.00
Suriname	92.1	0.04	1,171	0.05
Swaziland	50.7	0.02	757	0.04
Sweden	2,395.5	1.14	24,205	1.13
Switzerland	3,458.5	1.65	34,835	1.63
Syrian Arab Republic	293.6	0.14	3,186	0.15
Tajikistan	87.0	0.04	1,120	0.05
Tanzania	198.9	0.09	2,239	0.10
Thailand	1,081.9	0.51	11,069	0.52
Togo	73.4	0.03	984	0.05
Tonga	6.9	0.003	319	0.01
Trinidad and Tobago	335.6	0.16	3,606	0.17
Tunisia	286.5	0.14	3,115	0.15
Turkey	964.0	0.46	9,890	0.46
Turkmenistan	75.2	0.04	1,002	0.05
Uganda	180.5	0.09	2,055	0.10

Table 3.3. (concluded). IMF Quotas and Voting Power
April 21, 2000

Member	Quota		Votes	
	Millions of SDRs	Percent of Total 1/	Number 2/	Percent of Total
Ukraine	1,372.0	0.65	13,970	0.65
United Arab Emirates	611.7	0.29	6,367	0.30
United Kingdom	10,738.5	5.11	107,635	5.02
United States	37,149.3	17.68	371,743	17.3
Uruguay	306.5	0.15	3,315	0.15
Uzbekistan	275.6	0.13	3,006	0.14
Vanuatu	17.0	0.01	420	0.02
Vietnam	329.1	0.16	3,541	0.17
Venezuela	2,659.1	1.27	26,841	1.25
Yemen, Republic of	243.5	0.12	2,685	0.13
Zambia	489.1	0.23	5,141	0.24
Zimbabwe	353.4	0.17	3,784	0.18
TOTALS	210,251.4	100.00	2,142,907	100.00
General Department. and Special Drawing Rights Department				

1 At the present time all 182 members are participants in the Special Drawing Rights Department.

2 Voting power varies on certain matters pertaining to the General Department with use of the Fund's resources in that Department.

3 The Democratic Republic of the Congo and Sudan's voting rights were suspended effective June 2, 1994 and August 9, 1993, respectively, pursuant to Article XXVI, Section 2 (b) of the Articles of Agreement.

Table 3.4. Shares in Quotas and Votes, and Composition
Of Voting Power Over Past Quota Reviews

(in percent of total quotas or votes, except as indicated) 1/

	Bretton Woods 2/ (1944)	Fifth Review (1970)	Sixth Review (1976)	Seventh Review (1978)	Eighth Review (1983)	Ninth Review (1990)	Eleventh Review (1998)	Eleventh Review (December 31, 1999) 3/
Industrial Countries								
Actual or then existing quotas	64.5	71.4	69.3	63.8	62.2	63.1	60.6	61.7
Total voting power	60.5	65.2	64.2	60.1	59.5	61.1	58.2	60.7
<i>Of which:</i>								
Quota related	57.2	63.0	62.6	58.9	58.7	60.6	58.8	60.4
Basic	3.3	2.2	1.6	1.2	0.8	0.6	0.4	0.3
<i>Number of participating Countries</i>	13	22	22	22	22	22	24	24
Developing Countries								
Actual or then existing quotas	35.5	28.6	30.7	36.2	37.8	36.9	39.4	38.3
Total voting power	39.5	34.8	35.8	39.9	40.5	38.9	40.8	39.3
<i>Of which:</i>								
Quota related	31.5	25.2	27.8	33.4	35.7	35.4	38.2	37.5
Basic	8.0	9.6	8.0	6.5	4.7	3.4	2.6	1.8
<i>Number of participating Countries</i>	32	92	105	113	123	130	158	158

1/ The data shown till the Eleventh Review, 1998 refer to quotas when the quota reviews were conducted, i.e., before the coming into effect of the increases proposed under the given quota review. The data for December 31, 1999 refer to quotas resulting from the Eleventh General Review, with 171 members accounting for 99.0 percent of quotas having consented to their proposed quota increases as of that date.

2/ The figures shown are based on the quotas listed for the 45 countries included in Schedule A of the Articles of Agreement, including a quota of \$68 million for Denmark. However, not all the countries listed in Schedule A joined the IMF shortly after the Bretton Woods Conference, e.g., the Baltic countries, Russia, and the other countries of the former Soviet Union, which are classified among the developing countries in the figures shown.

3/ Including Islamic State of Afghanistan, Brunei Darussalam, Democratic Republic of Congo, Haiti, Iraq, Lao PDR, Liberia, Marshall Islands, St. Vincent and the Grenadines, Somalia, and Sudan (which have not consented to the increase in their quotas proposed under the Eleventh General Review). Of these, Islamic State of Afghanistan, Democratic Republic of Congo, Iraq, Liberia, Somalia, and Sudan have overdue obligations to the IMF and are ineligible to consent to quota increases.

Box 3.1. VOTING STRUCTURE AND BASIC VOTES IN OTHER INTERNATIONAL FINANCIAL ORGANIZATIONS

- The **International Bank for Reconstruction and Development's** Articles of Agreement provide that each member country has 250 basic votes plus one additional vote for each share of stock held by the member (Article V, Section 3 (a)).
- The **International Finance Corporation's** Articles of Agreement provide that each member has 250 basic votes plus one additional vote for each share of stock held (Article IV, Section 3 (a)).
- The **International Development Association's** Articles of Agreement provide that the initial subscriptions of original members carry 500 votes plus one additional vote for each \$5,000 of the initial subscription. Initial subscriptions of other than original members and additional subscriptions of all members carry such voting rights as the Board of Governors determines. The voting rights system has been based on the following basic principles since 1970:
 - (1) The voting power of each Part I (developed) member corresponds to its share of combined cumulative Part I and Part II resources contributed to IDA.
 - (2) The relative voting power of Part II members as a group is protected by authorizing subscriptions carrying votes at a nominal cost payable entirely in local currency.
 - (3) An equal number of additional membership votes is allocated to all members to preserve the relative voting power of smaller members.Membership (basic) votes and subscription votes have been allocated accordingly in each replenishment since then.
- The **Multilateral Investment Guarantee Agency's** Schedule A to the Convention which established MIGA in 1988 provides that each member is to have 177 "membership votes" plus one "subscription vote" for each share of its stock held by it (Article 39 (a)). The number of membership votes was computed so as to ensure that if all countries that were members of the World Bank when the Convention was negotiated, in fact, joined the Agency, developing countries as a group would have the same voting power as developed countries as a group.
- The **European Bank for Reconstruction and Development's** Articles of Agreement provide that "The voting power of each member shall be equal to the number of its subscribed shares in the capital stock of the Bank" (Article 29).
- The **Inter-American Development Bank's** Articles of Agreement provide that each member has 135 votes plus one vote for each share of ordinary capital stock of the Bank held by that country. Effective July 31, 1995, Article VIII, Section 4(b) has been amended such that no increase in the subscription of any member, to the ordinary capital, shall become effective if this would reduce the voting power of (a) the regional developing members below 50.005 percent, (b) of the United States below 30.0 percent, and (c) of Canada below 4.0 percent of the total voting power of all member countries, leaving the voting power available for nonregional members at up to 15.995%, including 5.001% for Japan.
- The **African Development Bank's** Articles of Agreement provide that each member has 625 basic votes, and, in addition, one vote for each share of the capital stock of the Bank held by that member (Article 35, paragraph 1). The "uniform" voting power of 625 basic votes per member was calculated on the basis of an equal division of the 20,000 shares representing the then-authorized capital of the Bank by the 32 then-existing potential members of the Bank.
- The **Asian Development Bank's** Articles of Agreement provide that each member's voting power is determined by the sum of its basic votes and proportional votes (Article 33, paragraph 1) equal to each member's number of shares of the Bank's capital stock held by that member. However, the number of basic votes is subject to change as it is based on an equal distribution among all the members of 20 percent of the aggregate sum of the basic votes and proportional votes of all members. Basic votes would increase as additional shares were subscribed and decrease with additional members, thus keeping the relative importance of basic votes constant over time.

BOX 3.2. BASIC VOTES AS PERCENTAGE OF TOTAL VOTING POWER

	At the inception of the Organization 1/	As of 1970	At Present	Memo: Basic Votes per Member
IMF	11.3	12.1	2.1 2/	250
World Bank Group:				
IBRD	11.0	10.9	2.8 3/	250
IFC	12.3	18.0	1.8 4/	250
MIGA	20.9	--	20.3 5/	177
IDA	14.5	20.8 6/	21.9 7/	24,400
AfDB	49.4	47.1	3.0 8/	625
AsDB	20.0	20.0	20.0	Moving
IDB	3.2	1.3	0.1 9/	135

1/ Based on the countries listed as the original members of the respective institutions.

2/ As of December 1999.

3/ As of June 30, 1999.

4/ As of June 30, 1999.

5/ As of June 30, 1999.

6/ After the Third Replenishment of IDA in 1971.

7/ As of February 10, 2000. Membership (basic) votes for each replenishment are allocated upon effectiveness of the replenishment for subscribing members. Not all members subscribe all authorized subscriptions, and authorized membership votes are therefore higher than allocated membership votes for those members. With the effectiveness of the Twelfth Replenishment of IDA, 27, 100 membership votes have been authorized for each member; if all are allocated, membership votes will be 28.7% of the total.

8/ As of December 31, 1998.

9/ As of December 31, 1998.