DIIS REPORT

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THE WORLD BANK AND THE EMERGING WORLD ORDER
ADJUSTING TO MULTIPOLARITY AT THE SECOND DECIMAL POINT

Jakob Vestergaard

DIIS REPORT 2011:05

DIIS · DANISH INSTITUTE FOR INTERNATIONAL STUDIES

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Cover photo: ZUMA Press/Polfoto
Layout: Allan Lind Jørgensen
Printed in Denmark by Vesterkopi AS

ISBN 978-87-7605-434-2

Price: DKK 50.00 (VAT included)
DIIS publications can be downloaded
free of charge from www.diis.dk
Hardcopies can be ordered at www.diis.dk

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Preface

This study was co-funded by the Ministry of Foreign Affairs of Denmark, as one of three components of commissioned work on 'Global reforms in light of the economic crisis'. On behalf of DIIS, I thank the Ministry for funding the study as well as for useful interaction in the course of the project.

The study is based on a combination of desk research and two interview missions to the World Bank. Interviews were carried out jointly with Professor Robert Wade (London School of Economics) in Washington in June and September 2010. I should like to take this opportunity to extend my gratitude to Robert Wade for a highly rewarding collaboration.

The interviews in the World Bank were arranged and coordinated by the Nordic–Baltic Office of the World Bank. I should like to express my gratitude to the Nordic–Baltic Executive Director Anna Brandt and Alternate Director Jens Haarlov for all their assistance and advice during our visits to the Bank. A special thanks to their assistant, Betsy Barrientos, for diligently managing our interview schedule.

At DIIS I benefited from the research assistance provided by Anna Maria Fibla and Nynne Warring, and from the useful comments of several colleagues in the course of the project. I thank Peter Gibbon (DIIS), Morten Ougaard (Copenhagen Business School), Georg Sørensen (University of Aarhus) and Robert Wade (London School of Economics) as well as a number of anonymous staff in the Ministry of Foreign Affairs for comments on previous versions of this report. I should also like to thank our many interviewees, both inside and outside the Bank (see Appendix A), who devoted time to meet us, and made the study a fascinating experience. Last but not least, a heartfelt thanks to Camilla and Anna, who provided support and distraction in equal measure.

The report reflects the views of the author alone, and not those of the Ministry of Foreign Affairs of Denmark, the Nordic–Baltic Office in the World Bank, or the Danish Institute of International Studies.

Executive summary

1. The voice reform process originated in the Monterrey Consensus, which was articulated at the United Nations International Conference on Financing for Development held in Monterrey on 22 March 2002. For several years after the Monterrey Consensus, progress in deliberations on voice reform in the governing bodies of the World Bank was modest. But the global economic crisis raised the urgency of reforming the Bretton Woods institutions in the eyes of most countries and the creation of a G20 Leaders Forum gave further impetus to the voice reform process.
2. In terms of influence on the World Bank, the decisive factor is shareholding in IBRD (the International Bank of Reconstruction and Development), the original institution of the World Bank Group. IBRD shareholding, which determines voting power, comes in two forms: basic votes and quota shares (or quota votes). Basic votes are given in equal amount to all member countries, whereas quota votes (supposedly) reflect member countries' economic weight in the world economy.
3. In the early stages voice reform deliberations focused on broader aspects of voice and participation, as opposed to voting power realignment. While the latter was recognized as the 'most straightforward' dimension of voice reform, there was not sufficient support among member countries for an 'increase in the overall voting share of developing countries'.
4. By 2007 there was considerably more focus on voting power, but disagreements were still substantial. A two phase process was therefore proposed. In the first phase a modest increase of basic votes for all member countries would be undertaken – to enhance the voices of the poorest countries – whereas a major readjustment of voting power to the realities of the global economy was postponed to a second phase.
5. In October 2008 Phase 1 of the voice reform process was completed. Three options for increasing basic votes as a share of total votes were considered: a doubling of basic votes (to 5.55%), a tripling of them (to 8.1%), or restoring them to the original level of 10.78% when the IBRD was first established. The least progressive of three options, namely doubling basic votes, was agreed upon.
6. In April 2010 Phase 2 of the voice reform process was completed. This repeated the pattern of agreeing only on the least progressive of the options considered during the negotiations. It was decided, for instance, to use the least progressive of a range of indicators for economic weight in the global economy. This resulted in

a modest overall shift of voting power from developed to developing and transition countries (DTCs).

7. The DTC category had been created in and through the IMF's 2008 Quota Review. This category included a number of countries that were 'high-income countries' in the classification of the World Bank and 'advanced economies' in the classification of the IMF itself, such as South Korea and Singapore. It is only because of this creative reclassification of countries that the second phase of the voice reform in the World Bank can be said to have met the overall target of a shift of 'at least 3%' from developed countries to DTCs. In terms of the Bank's own country classification system, only 2.43% of voting power shifted from high-income countries to low and middle-income countries.
8. The large majority of member countries were not significantly affected by the voting power realignment: only 22 out of 187 member countries experienced an increase or decrease of voting power of more than 0.1 percentage point.
9. Low-income countries (LICs) lost some of the voting power they had gained in the first phase of the voice reform. The net increase of voting power for LICs was less than 10% of the aggregate net increase of voting power for DTCs. The option of undertaking an additional increase of basic votes as part of the Phase 2 reform package had been considered in the Fall of 2009, but was eventually dropped.
10. Despite two phases of voice reform, accomplished only after almost a decade of intense deliberation, severe voting power imbalances remain: the voting power to GDP ratio (share of voting power to share of world GDP) varies from less than 0.5 to almost 4. For some countries 1% of world GDP translates into 4% of total voting power, whereas for other countries it gives only half a percent of total voting power.
11. This eightfold difference in how GDP translates into voting power is more than a little problematic in light of the Bank's repeated emphasis that shareholding 'should reflect in large measure the economic weight of member countries'.
12. The main reason why the insufficient shift of voting power from developed to developing countries and the continued voting power imbalances are matters of *urgent concern* is that they undermine the legitimacy of the World Bank.
13. There is, therefore, a pressing need for the World Bank to get its voice reform process back on track. Unfortunately, the evolution of the voice reform process so far has left shareholders of the Bank with a number of considerable difficulties:
14. First, going forward, there is no agreement on what the overall objective of the voice reform process should be. While the objective of parity of voting power between developed and developing countries may appear progres-

sive, in fact framing the voice reform in these terms undermined the process by inviting a tactic of country reclassification around the notion of 'DTCs'. For the future a dual objective of (i) adjusting share of voting power to share of world GDP and (ii) restoring basic votes to the original level of 10%, would be much more progressive – and promising for the future legitimacy of the World Bank.

15. Second, there is no agreement on which principles should be used in future shareholding reviews. On the contrary, a key element of the political compromise of the 2010 voice reform package was that it would not be used as a precedent in the upcoming 2015 shareholding review. There is a real risk, therefore, that the 2015 realignment will be as difficult and resource-demanding as the 2010 realignment was and that its outcome will once again be modest and insufficient.
16. Two decisions could pave the way for significant voting power reforms in 2015 and beyond. First, an amendment to the Articles of Agreement abolishing the power of member countries to veto any decline of their relative shareholding is absolutely essential for the Bank. Without this the Bank will be unable to adjust its governance structures so as to restore and maintain its legitimacy and viability in coming years.
17. Moreover, shareholders should agree on a principle of maximum simplicity for future shareholding reviews. Quota votes should be allocated among member countries in direct proportion to their share of world GDP. Countries' share of world GDP should be calculated as a weighted average of GDP at market exchange rates (50%) and purchasing power parity (50%.)
18. By implication any other country-specific criteria for IBRD shareholding should be abandoned, including contributions to IDA, which in the 2010 realignment served mainly as an instrument to defer adjustment for a number of over-represented countries (notably a set of small European countries and some large DTCs).
19. Further, with respect to the important objective of increasing the voice of low-income countries, it is essential that the share of basic votes in total votes be increased from the current 5.55% to *at least* the 10.78% it was when the IBRD was established in 1944. For how can the Bank justify a voting power system that is so much less progressive – in terms of giving voice to the poorest countries – than it was 60 years ago? In addition to bringing basic votes up to at least 10.78% of total votes, it should be decided that basic votes will be continuously readjusted so as not to fall below 10.78% at any point again in the future.
20. The more the Bretton Woods institutions – the World Bank and the IMF – drag their feet in giving voice and voting power to developing countries in general, and

to dynamic emerging market economies in particular, the more will the centre of deliberation and decision making move *away* from them to other, more informal and exclusive, fora such as the G20.

Introduction

In a speech in April 2010 "hailed by some as the most important speech of a [World] Bank president" since Robert McNamara "set poverty reduction as the Bank's new mission", Robert Zoellick declared the end of the Third World (Wade 2011):

> If 1989 saw the end of the 'Second World' with Communism's demise, then 2009 saw the end of what was known as the 'Third World'. We are now in a new, fast-evolving multipolar world economy – in which some developing countries are emerging as economic powers; others are moving towards becoming additional poles of growth; and some are struggling to attain their potential within this new system.[1]

Speaking a few days prior to the 2010 Spring Meetings in Istanbul, Zoellick argued that the advent of "a new, fast-evolving multipolar world economy" required fundamental reforms of the World Bank itself, not least in terms of the balance of power between developed countries and emerging powers. At the Spring Meetings the World Bank thus presented a set of allegedly wide-ranging proposals on voice reform, to be endorsed by its Board of Governors, that were the culmination of a process that had begun years before. The essence of the voice reform proposals was to enhance the voice and participation of developing and transition countries (DTCs), particularly through an increase of their voting power. If the "economic and political tectonic plates are shifting" so too must the World Bank (Zoellick 2010). The question one must ask, however, is whether the actual reforms undertaken measure up to Robert Zoellick's rhetoric? To what extent may the voice reform process be said to have reshaped the governance of the World Bank so as to bring it in line with the realities of the global economy?

The present report examines the voice reform process in the World Bank on the basis of more than forty interviews with Bank staff and extensive analysis of voice reform documents from the origins of the process in the first scoping paper in 2003 onwards. The main findings of the report are as follows: [2]

[1] Robert Zoellick, "The end of the Third World?" Address to Woodrow Wilson Center for International Scholars, Washington D.C., 14 April 2010.

[2] For short essays on the main outcomes of the voice reform process see Horton (2010) and Lombardi (2010).

First, the voice reform process – which proceeded in two main phases, culminating in October 2008 and April 2010 respectively – accomplished a total shift of voting power of 4.59 percentage points from developed countries to developing and transition countries (DTCs). This was a modest voting power realignment, both in view of the various options considered in the negotiation process and from the perspective of the alleged objective of realigning voting power with the realities of the rapidly evolving 'multipolar' world economy. So small were the shifts of voting power (for the vast majority of countries) that one observer depicted the voice reform as 'compromises of the third decimal point'.

Second, and closely related to the first point, 'voting power to GDP' ratios in the World Bank remain unbalanced despite the oft-cited principle that voting power should 'largely reflect economic weight'. This means that a number of small European countries and a few large DTCs have disproportionately large amounts of voting power, while several dynamic emerging market economies, including not least China, continue to be significantly under-represented.

Third, despite repeated assurances to the contrary, low-income countries as a group lost voting power in the second phase of the voice reform process, thus eroding some of the gains they made in the first phase. This reflects a general pattern in which the interests of the poorest countries were increasingly marginalized in the course of the voice reform process. The culmination of this trend was the decision not to undertake an additional increase of basic votes as part of the second phase of the voice reform, which meant that the share of basic votes in total votes remains only roughly half of what it was when the World Bank was established in 1944.

Fourth, the voice reform process has made no headway with respect to the future shareholding reviews that shareholders have agreed to undertake every five years. On the contrary, part of the bargain made was that the quota framework which informed the voting power realignment specifically cannot be a point of departure for the 2015 shareholding review. A number of crucial issues – such as whether the overall objective of future shareholding realignments should be voting power parity between developed countries and DTCs, and whether and how IDA contributions should be recognized in future IBRD shareholding – therefore remain unresolved.

This leads directly to the fifth and last finding of the study, and one of its key policy recommendations. The fact that all member countries have a veto over any decrease in their relative share of World Bank (IBRD) shareholding, through the pre-emptive

rights guaranteed in the Articles of Agreement, was and will be detrimental to any process of adjustment of World Bank governance to the rapidly changing realities of the global economy. A change of the Articles on this point is essential, therefore, to its future viability.

The report is structured as follows. First, some background is provided to the voice reform process in terms of a brief overview of the Bank's key governance arrangements (section 1) and the evolution of the voice reform agenda in the Bank from 2003 to 2007 (section 2). This is followed by separate examinations of phase 1 and phase 2 of the voice reform, completed in 2008 and 2010 respectively (sections 3 and 4). On the basis of this analysis, the report critically assesses the key component of the voice reform process, namely the voting power realignment (section 5), before it moves on to identify some of the problems created for the future, not least with respect to future shareholding reviews (section 6). A final section summarizes the main findings and recommendations of the report (section 7).

The governance of the World Bank[3]

The two main institutions of the World Bank Group (WBG) are the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The World Bank Group is completed by three additional affiliate organizations: the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). In the voice reform process, the IBRD was at the core of the deliberations and hence will also be so in this report.

The centrality of the IBRD in Bank governance results from the fact that the while shareholding differs for IBRD, IDA and IFC, it is IBRD shareholding that legally determines the structure of all three Boards (DC 2010a: 3). Furthermore, while formally there are three separate Boards for IBRD, IDA and IFC, it is in fact the same people that are on the Boards of each of these three institutions. Executive Directors simply have different voting power depending on whether the subject matter at hand concerns the IBRD, IDA or IFC.

Shareholding and voting power

The IBRD was established in 1944 as the original institution of the World Bank Group. The IBRD aims to "reduce poverty in middle-income and creditworthy poorer countries by promoting sustainable development through loans, guarantees, risk management products, and analytical and advisory services" (DC 2010a). The shareholding of its 187 member countries is comprised of two elements: basic votes and quota shares. Basic votes were introduced at the founding of the IBRD to ensure voting power for the smaller member countries.

The number of basic votes has been constant at 250 per member, as stipulated in the Articles of Agreement, throughout the history of the Bank. In 1979 all member countries were invited to subscribe to an additional 250 'membership shares', corresponding to a doubling of basic votes (DC 2003a: 8; DC 2008a). The rest of IBRD shareholding consists of quota shares. More specifically, on top of the 250 basic votes and membership votes, each member country has one additional vote for each share

[3] For key references in the scholarly debate on governance reforms of the World Bank see Birdsall (2006), Buira (2003), Kapur (2002), Phillips (2009), Weaver and Leiteritz (2005), and Woods (2008a, 2008b).

of stock held (IBRD Article V, section 3a). There is no market, of course, where IBRD shares can be bought and sold. Instead, IBRD shares are allotted to member countries in proportion to their relative weight in the world economy and countries may or may not choose to 'subscribe' to the allotted shares.

This combined system of basic votes and quota votes was a compromise between two factions at the original Bretton Woods conference, "respectively preferring a one member–one vote system and voting based purely on the size of each country's economy" (Woodward 2007: 1). In the words of the World Bank itself:

> The fundamental principle underlying the allocation of shares of the IBRD's capital stock to its members is that members' subscriptions should reflect their relative position in the world economy, subject to the right of each member to maintain its existing pro rata share in the capital on the occasion of any increase in the authorized capital (pre-emptive right). (DC 2003a: 11–12).

Historically, the World Bank has dealt with this criterion of proportionality between quota shares and weight in the global economy by means of establishing a close link between IBRD shareholding and IMF quotas. By predicating shareholding in the Bank on IMF quota the Bank effectively imported the IMF quota formula, which in fact gives only 50% weight to GDP.[4] Over the years, however, the historical link between IMF quota and IBRD shareholding has been slightly loosened, in part because of a number of selective capital increases that have increased voting power for certain countries in recognition of their generous contributions to IDA. With the 2010 voting power realignment the practice of using IMF quota as benchmark for economies' weight in the global economy when determining IBRD shareholding was abandoned altogether. For the 2010 voice reform a quota framework was developed exclusively for World Bank (IBRD) shareholding, with only indirect reference to IMF Quota.[5] Somewhat confusingly, however, the World Bank continues to suggest otherwise at its website, when explaining that "the quota assigned by the Fund is used to determine the number of shares allotted to each new member country of the Bank" (WB 2011).

[4] The other three elements in the IMF quota are openness (30%), economic variability (15%) and international reserves (5%).

[5] Interestingly, the recently completed World Bank voting power realignment in fact gave stronger weight to GDP (75%) than is the case in the IMF formula (50%).

Over the years the share of basic votes in quota votes has eroded to just 2.8% from the initial level of more than 10% when the Bretton Woods institutions were established. This erosion of the share of basic votes resulted from selective capital increases by which some countries were allotted additional quota shares with no accompanying adjustment of basic votes.

Selective capital increases for the IBRD were undertaken six times in the course of the Bank's history, namely in 1966, 1970, 1977, 1984, 1995/96, and 1998 (Kapur et al 2007; WB 2010).[6] In the latest of these selective capital increases (SCIs), countries that "were 15 per cent or more below their appropriate level of shareholding… were eligible to participate, if they were also prepared to demonstrate their commitment to the Bank Group by increasing their contributions to IDA" (DC 2007b: 12). Eventually only five (Brazil, Denmark, Korea, Spain and Turkey) out of 25 eligible countries chose to participate, possibly because participation was made contingent on increased IDA contributions.

The Executive Board of Directors

Country constituencies

All member countries have direct representation as members of the Board of Governors, which convenes twice a year, once in the Spring and once during the Annual Meetings of the World Bank and the IMF. The role of the Board of Governors is rather limited, however. Processes of deliberation and negotiation amongst the shareholding member countries mainly take place in and through the Executive Board of Directors (EBD), a resident body within the World Bank. At first the EBD consisted of 12 Executive Directors, as prescribed in the IBRD Articles of Agreement (Article V, Section 4b). The five largest shareholders in the Bank were granted the right to appoint their own Executive Director, while the other seven were elected Executive Directors, based on country constituencies. Over the years, the total number of Executive Directors has increased to 25. Most of this increase occurred before the early 1990s. The latest expansions were the allocation of a seat to Russia, the creation of a new seat formed around Switzerland in 1992, and the addition of a third African seat, taking effect from November 2010 as a result of the voice reform process.

[6] A selective capital increase (SCI) changes the relative voting power of member countries, whereas a general capital increase (GCI) increases the shareholding of all member countries in proportion to their existing shareholding, and hence a GCI does not affect relative voting power. Prior to the capital increase in 2010 only three GCIs had been undertaken in the course of the Bank's history, namely in 1959 (USD 11 bn), 1980 (USD 44 bn) and 1988 (USD 75 bn).

In the Articles of Agreement it is stated that the five largest shareholders have their own Executive Director, whereas the remaining Executive Directors represent country 'constituencies'. Formally speaking, there are five *appointed* and twenty *elected* seats then. But three of the twenty 'elected' Executive Directors are single-country constituencies, namely China, Russia and Saudi Arabia. Of the multiple country constituencies many are so-called 'mixed constituencies', where developed countries and DTCs share a seat on the Executive Board of Directors. Spain, for instance, currently holds the Executive Directorship of a country constituency that includes Mexico, Costa Rica and Venezuela among others.[7]

Voting system

The voting system of the Executive Board of Directors is based on the shareholding of the member countries that have appointed or elected a given Executive Director. Thus, while it is the same persons that are on the Board of Executive Directors of the IBRD, IDA and the IFC, their voting power depends on which of these three WBG bodies a given vote is cast for, given that countries' relative shareholding is not the same for each of these three bodies. Most decisions require a simple majority, although there are some important exceptions to this rule. Special majorities are required for issues such as capital increases and amendment of the Articles of Agreement. Amendment of Articles requires approval by the Board of Governors, support from at least 60% of member countries and at least 85% of total voting power (DC 2007b: Annex II). The latter criterion is what effectively gives the US a veto on fundamental changes in the Bank. Given that the US has just over 15% of total voting power, no amendment of the Articles can be decided without the support of the US.[8] Increases in the Bank's capital also require a special majority, although here only a 75% majority applies (DC 2003b: 5). It is important, however, to note that in the context of an increase of the Bank's capital, each and every member country has a right to "subscribe to a proportionate share of the increase" (DC 2007b: 5). This in effect means that no member country can have its share of total shares reduced without its concurrence, a principle known as 'pre-emptive rights' (IBRD Article II, sections 2b, 3b and 3c). The implication is that, since any realignment of voting power requires a selective capital increase, voting power reform can only be undertaken if all 187 member countries agree unanimously.

[7] See Appendix 2 for an overview of the current configuration of the 25 seats on the Executive Board of Directors.

[8] Special majorities in both the World Bank and the IMF have changed over time to ensure that US veto power was preserved even if its share of voting power declined. In the case of the IMF, "a special majority of 75% of votes was required when US voting power was just over 25%. That special majority requirement is now 85%, retaining a US veto power even though US voting power has slipped to 17%" (Woods 2008b). See also Woods (2008a).

Voting culture

Scholars have noted that it is "customary among official spokesmen for the BWIs [Bretton Woods Institutions] to say that decisions in the executive are normally taken by consensus and formal votes are avoided" (Leech and Leech 2005: 612). In practice, it seems that the Executive Board of Directors is indeed a consensus-driven body. Only twice in its recent history has a vote been called: in 1996, when a proposal was put forward to forbid smoking in Bank premises and in 2000, when Management proposed increasing an administrative fee for borrowing (Yi-chong and Weller 2009: 50). A word of caution is warranted, however. Absence of formal voting is not necessarily the same thing as consensus decision making (Leech and Leech 2005, Woods 2001):

> [D]ecision making during a debate where there is contention involves the secretary informally keeping a tally of the weighted votes held by the executive directors who speak on each side according to the sense of their contribution, a 'consensus' being deemed to have been found when the required majority has been reached. Thus although a formal vote is avoided, the system may be closer to weighted majority voting than consensus building (Leech and Leech 2005: 612).

The relation between Executive Directors and their constituencies is another important dimension in how member countries' voting power translates into actual influence on decision making, or not. Formally, Executive Directors don't really represent anyone other than themselves. An Executive Director can thus in principle cast his vote against what is the majority view in the constituency he or she represents, since there are no formal mechanisms of accountability (Woods and Lombardi 2006). "The fact that an Executive Director has been selected by certain member countries", explains Francois Gianviti, former General Counsel of the IMF, "does not create an obligation for him to defer to their views or to cast his vote in accordance with their instructions" (Woodward 2007: 3). Moreover, scholars have observed that Executive Directors obviously cannot 'split their vote' to reflect diverging views if there is not consensus in the constituency, which may be a particularly delicate matter in mixed constituencies. It is difficult to assess to what extent the absence of formal mechanisms of accountability impede the voice and participation of member countries on the Executive Board of Directors. Practices of consultation and coordination no doubt vary considerably from one constituency to the other.

Relations with Management

The Board of Executive Directors performs a dual role with respect to the Bank. On one hand, Executive Directors act as representatives of the member country or countries that appointed or elected them, and on the other hand they are Bank officials devoted to the interests and concerns of the institution. The Executive Board of Directors has the overall responsibility for the general operations of the Bank and exercises all the powers delegated to it by the Board of Governors. Formally speaking, these delegated powers include selecting the President, who serves as the Chairman of the Board, although in practice the role of the Board is limited to approving the President appointed by the US. The Executive Board of Directors also has the formal authority to remove the President from office. The day-to-day operations of the Board are somewhat more mundane, however.[9] The key tasks include deliberating on proposals made by Bank management on IBRD loans and guarantees, IDA credits and grants, IFC investments and policies that "impact on the World Bank's general operations" (WB 2011).[10] Formally speaking it is Management (the President) that sets the agenda for Board meetings and hence the role of the Board is mainly reactive.

Although it is in principle within the powers of the Board to hire and fire the President, in fact he is appointed by the US and at the end of the day he is only accountable to the President of the United States and the US Congress. This, of course, has been a subject of considerable debate and contestation, not least in the context of voice reform deliberations, and numerous are the declarations that ensure that the Executive Board of Directors, the Board of Governors and the Development Committee are committed to selecting future Presidents of the World Bank on the basis of an 'open, transparent and merit-based process'. Despite many such assurances progress in this domain remains to be seen.

[9] The Board is resident and functions in continuous session, meeting once or twice a week (WB 2011).

[10] In addition to its executive functions, the Board has oversight functions, and two World Bank bodies report directly to the Board to help it perform this role: the Independent Evaluation Group (IEG) and the Inspection Panel.

Evolution of the voice reform agenda in the Bank

The voice reform process originated in the Monterrey Consensus, which was articulated at the United Nations International Conference on Financing for Development held in Monterrey on 22 March 2002. While the main elements of the Monterrey Consensus were agreements on such issues as debt relief, development aid and fighting corruption, the communiqué included an important commitment to work to enhance the voice and participation of developing countries in multilateral institutions:

> We stress the need to broaden and strengthen the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting… A first priority is to find pragmatic and innovative ways to further enhance … effective participation … and thereby to strengthen the international dialogue and the work of [multilateral institutions] as they address the development needs and concerns of these countries (UN 2003: 20)

For several years after the Monterrey Consensus progress in deliberations on voice reform in the governing bodies of the World Bank was modest. But the global economic crisis raised the urgency of reforming the Bretton Woods institutions in the eyes of most countries and the creation of a G20 Leaders forum gave further impetus to the voice reform process.

From the World Bank Annual Meetings in September 2002 onwards, the agenda of increasing voice and participation for developing countries was a regular item in Development Committee communiqués. The first background report on the issues was prepared for the 2003 Spring Meetings and the coming years saw a number of progress reports and further background reports prepared for subsequent Spring and Annual Meetings, culminating in an *Options Paper* prepared for the 2007 Spring Meetings (DC 2007b).

This section briefly sketches the starting point of these deliberations – as stated in the Background Paper for the 2003 Spring Meetings (DC 2003a) – and their culmination in the form of the Options Paper on Voice and Representation prepared for the 2007 Spring Meetings.[11]

[11] In the interim period, voice reform was on the agenda of the Development Committee three times – in Fall 2003, Fall 2004 and Spring 2005.

The 2003 Background Paper

In direct response to the Monterrey Consensus, the Development Committee requested the World Bank and the IMF to prepare a background paper to "facilitate consideration, at its Spring 2003 meeting, of ways of broadening and strengthening the voice and participation of developing countries and countries with economies in transition" in the two institutions (DC 2003a: 1). The Background Paper set out by noting that a 'broad degree of consensus' would be required for voice reform to succeed and then proceeded to outline the key issues and the possible avenues to pursue. The paper identified three main issues for deliberation by member countries.

- First, the relative voting power of member countries, and particularly the question of the extent to which some countries might be said to be 'over-represented' and others 'under-represented'.
- Second, the problems of ensuring voice and participation for countries that are members of very large country constituencies, given the complexity of coordination in these constituencies. This problem is further aggravated by the severe imbalances in the resources made available for different country constituencies by the governments of their member countries, notably the very modest resources available for Executive Directors representing developing countries.
- Third, the challenge of ensuring regional balance: "significant changes in the regional composition of the Boards to strengthen developing country participation would require", the paper noted, "understandings among the membership on what regions are 'under'- or 'over-represented'" (DC 2003a: 2).

Before proceeding with the discussion of possible options for each of these three main issues, the Background Paper identifies two key issues upon which it notes such a broad measure of agreement that it sees no reason to discuss them further: (i) the constituency-based system of representation and (ii) the principle that voting power should "in large measure reflect the relative importance of member countries in the global economy" (DC 2003a: 3). It is important to highlight these two alleged areas of broad agreement here, since subsequent developments have cast them both into doubt:

First, the rise of the G20 is in fact undermining the constituency-based systems of decision making in the Bank and the Fund in key areas, and may do so increasingly in the future (if the G20 forum is further institutionalized).

Second, although the principle that voting power should reflect relative weight in the global economy is agreed upon in theory, significant disparities remain in practice, even after the voting power realignment of 2010.

The Background Paper divided its consideration of options into two main categories: proposals to enhance voice and proposals to enhance voting power:

Proposals to enhance voice

First, a number of administrative 'fixes' to the problems of large multi-country constituencies are discussed. It is stated that support for these constituencies might take many different forms, ranging from the provision of technological assistance to facilitate communication with capitals (video conferencing etc) and establishment of a trust fund to support research and analysis for select multi-country constituencies, to supporting the employment of additional assistants in the most burdened Executive Directors' offices and the addition of a second Alternate Executive Director for the largest multi-country constituencies.

Second, a few more politically and/or legally demanding measures to enhance the voice of developing countries are mentioned, not least the possibility of increasing the number of seats on the Board so as to reduce the number of member countries in the largest constituencies and of reviewing the regional composition of the Board. "A reduction in the number of Executive Directors appointed or elected by industrial countries, combined with a rearrangement to reduce the number of countries in the largest constituencies, could be seen as proportionally strengthening the voice of developing country Directors in the Boards", the paper notes (DC 2003a: 6).

With regard to this latter option the Background Paper also notes, of course, that such 'significant changes' would "raise a set of complex issues" and would require "broad-based political consensus among the membership" (ibid.). More specifically, a regional re-balancing of seats along these lines would have to be effected in the context of the bi-annual election of Executive Directors and an amendment of the Articles of Agreement would be required in order to adjust the rights of member countries standing to lose their entitlement to appoint Executive Directors.

In extension of these two proposals on changes in the composition of the Boards, the Background Paper also considers the option of increasing the membership of

the Development Committee (DC) and the International Monetary Fund Committee (IMFC) to include more members from developing countries and countries in transition.[12]

Proposals to enhance voting power

The Background Paper acknowledged that the 'most straightforward dimension' of voice and participation is voting power on the Boards of the Bank and the Fund (DC 2003a: 1). Nevertheless, considerably less attention and effort are expended in considering and elaborating the options in this area than on broader aspects of voice and participation: of the Papers' total of nine pages, only one page is devoted to 'possible avenues for enhancing voting strength' (DC 2003: 8). Further, although increasing developing countries' IBRD shareholding is recognized to be 'the most direct way' of enhancing their voting power, this option is mentioned only to reject it, it seems (DC 2003a: 8). "There is not at present sufficient support", the Paper declares, for initiatives "that might lead to an increase in the overall voting share of developing countries" (ibid.).

Attention is instead directed to the other main mechanism for enhancing the voting power of developing countries, namely a uniform increase in member countries' basic votes. But the brief discussion of this option also ends on a pessimistic note, with the observation that this proposal had "been made from time to time, but lacked wide support" and that an increase in "basic votes requires an amendment of the Articles of Agreement" (ibid.). A third and final option is discussed, namely to increase the use of special majorities for specific types of decisions. "It has been suggested that requiring a special majority of 70–85% of votes on critical decisions could give additional assurances that the voice of developing countries will be heard and considered", the paper explains (DC 2003a: 9). However, such an increased use of special majorities "would be likely to favor the status quo", it is argued, "and it is not clear that it would, in practice, have the effect of increasing developing country voice" (ibid.).

The 2007 Options Paper

A striking observation made in the Options Paper is that "despite the recurring appearance of Voice on the Development Committee agenda, substantial debate on structural issues took place only in the Fall of 2003 in Dubai" (DC 2007b: 3). The

[12] The DC and the IMFC are the governing bodies of the World Bank and the IMF, respectively.

paper explains that this "limited debate on Voice and the overall lack of progress... are due to the lack of political consensus" on key issues such as IBRD's voting structure; potential changes in IBRD's capital stock; and the composition of the Board of Executive Directors (ibid.).[13] On this background, the Options Paper proposed a two phase program for voice reform:

- The first phase should move rapidly ahead with "an initial package of options which holds the promise to generate consensus and help build momentum" in areas such as appointment of more DTC nationals in senior management positions, procedures for selection of the Bank's President and for Board effectiveness (DC 2007b: 17).
- The second phase would then "address the more challenging structural options for which a political consensus can be achieved as early as possible", such as a possible increase in basic votes and a selective capital increase (DC 2007b: 17–18).

Although the Development Committee had indeed not discussed voice reform much since the 2003 Annual Meetings, extensive deliberations had been ongoing among the Executive Directors of the Board at the Bank in the interim period. These debates inform the inventory of options presented in the 2007 Options Paper. It is noteworthy that out of the ten main options summarized towards the end of the paper, nine relate directly to IBRD voting structure, IBRD capital stock or composition of the Board – i.e. precisely those areas of voice reform that were treated only superficially, if not with disdain, in the 2003 paper. That these areas of reform had now moved centre stage in itself indicates significant progress in the process of deliberation, even if there was not yet consensus on any of them.

The main options presented may be summarized in three categories, to reflect whether they affect IBRD voting structure, IBRD shareholding, or the composition of the Board:[14]

[13] Progress is noted in one area, namely capacity building. The paper mentions two examples of voice enhancing capacity building: the establishment of an analytical trust fund "to provide sub-Saharan EDs [executive directors] with independent technical research support" and a multi-year secondment program for DTC officials in the Bank (DC 2007B: 3)

[14] As compared to the ten main options summarized in the Options Paper (cf. Annex II), three options are left out in Table 1. First, the option relating to voting and capital structure for IDA is left out since matters pertaining to IDA are beyond the scope of the present paper. Second, the option of extending the length of Executive Director's terms on the Board is not considered since it falls outside the three categories of the table. Third, the option of creating a Donors' Trust Fund is an auxiliary measure – intended to assist the poorest DTCs in purchasing shares – and hence is subordinate to the options listed in the capital stock category.

Table 1. Main options for voice reform

Category	*Instrument*	*Options*
Voting structure	Increase basic votes	a) Doubling basic votes. DTC share of total votes would then increase from 40% to 41%. b) Increasing basic votes to at least the original 10.78% of total. DTC share of total votes would then increase from 40% to 43 %.
	Special majorities	a) Increased use of special majorities (currently required only for capital increases, changes in number of Executive Directors and amendments to the Articles). b) Introduction of double majority voting, with separate majorities required for developing country members.
Capital stock	Selective capital increase	a) DTCs under-represented by Fund quota criteria allowed to purchase additional shares (80,000). This would increase DTCs' share of total shares from 40% to 42.8%. b) DTCs under-represented by purchasing power parity criteria allowed to purchase additional shares (291,000). This would cause "significant changes in country rankings". c) Allocation of 50% of the Bank's shares to DTCs (on a permanent basis).
	Increase membership shares	a) Allocation of 250 membership shares to each member. This would increase DTCs' share of total shares from 40% to 41%. b) Allocation of 700 membership shares to each member. This would increase DTCs share of total shares from 40% to 43%.
Board composition	Reduce number of countries in the largest country constituencies (to max 16)	a) Creation of additional seats. b) Reassignment of countries between constituencies. c) Decision of a member country or group of member countries to give up their seat(s).

Source: DC 2007b

Two ways of changing the voting structure were considered:

- Increasing basic votes
- Expanding the use of special majorities

Basic votes could either be doubled or restored to their original level of 10.78% of total votes, which would increase DTC share of total votes to 41 or 43 percentage points, respectively. The other way of enhancing the voice of DTCs considered was to increase the use of special majorities, which at the time was only required for matters such as capital increases and amendment of the Articles. One particular form this might take would be the introduction of double majority voting for additional areas of decision making, by which a decision would require not only a majority of weighted voting but also that a simple majority of developing countries was in approval.

With respect to IBRD shareholding, three ways of undertaking a selective capital increase were considered, along with the option of an increase in 'membership shares'. A selective capital increase could benefit countries that were under-represented either vis-à-vis IMF quotas or in purchasing power parity terms. Interestingly, the impact of the first of these two options has been estimated to result in an increase in DTC share of voting power from 40% to 42.8%, whereas the other option was simply not quantified. Instead, it was observed that a realignment based on GDP at purchasing power parity would cause "significant changes in country rankings", and the message was subtly conveyed that such a 'significant change' as this was not desirable. The third option with respect to the selective capital increase was the allocation, on a permanent basis, of 50% of Bank shares to DTCs.

The final approach to enhancing IBRD shareholding considered was that of increasing membership shares, as had last been done in the context of the selective capital increase of 1979. This option was considered at two levels: by allocating either 250 or 700 membership shares to each member country, with the effects of raising the DTC share of total voting power from 40% to 41% or from 40% to 43%, respectively.

As most of these options required consensus or a large special majority, it was somewhat discouraging that the Options Paper noted an *absence* of consensus or agreement on all of these ten main options. The Paper concluded its overview of the options by stating that it appears that the voice reform agenda is "an issue on which agreement on a way forward has been elusive with no significant progress made" (DC 2007b:

16). The Paper then identified a set of 'concerns' with respect to which agreement is necessary if voice reform was to succeed:

- The need to realign the shareholdings and voting rights of member countries with their changed position in the global economy
- The need to take into account donors' contributions to IDA and to overall ODA, including the funding of trust funds
- The need to prevent or at least contain the erosion of the position of smaller countries which, although they have a small share of the global economy, represent a significant focus of the Bank's work

These are fundamental issues, and at the same time rather basic ones. Unfortunately, member countries were noted to have substantially 'different positions' on how they should be addressed (DC 2007b: 16). The fact that four years of deliberations of member countries, mainly at the level of their Executive Directors, had led to little agreement on any of them illustrates well the inherent difficulties of reforming the governance arrangements of the World Bank.

IMF quota as benchmark for World Bank voice reforms

A particularly troubling element of the voice reform deliberations was their emphasis on IMF quota as the benchmark for member countries' economic weight. The rationale of using IMF quota as a benchmark had first been stated in the 2003 Background Paper. The principle that shareholding should reflect economic weight, the Background Paper stated, "has been implemented through the use of IMF quotas":

> [P]arallelism with IMF quotas has allowed the IBRD to determine the allocation of shares to new members, and adjustments in the allocation of current members in response to changes in their relative economic position (to the extent reflected in IMF quotas), while generally avoiding negotiations on the specific allocation of IBRD shares (DC 2003a: 12).

It is surprising, however, that IMF quotas were still used as the key benchmark, after four years of voice reform deliberations, in the 2007 Options paper. The problem is that shareholding in the IMF is *also* out of line with countries' economic weight in the global economy. GDP accounts only for 50% of IMF quotas (shareholding), the remaining 50% being determined by a range of non-GDP criteria ('openness', 'economic variability', and international reserves). By using IMF quota as the benchmark

for IBRD shareholding one achieves nothing more than consistency between the (mis)representations of member countries in the two institutions.

The 2007 Options Paper listed countries whose ratios of IBRD shareholding to IMF quota were above, below or within a 15% threshold (DC 2007b: table 7). The fact that Belgium was identified as one of the countries that was satisfactorily within the 15% threshold and hence not 'over-represented', is illustrative of the absurdity of using IMF quotas as the benchmark for the IBRD shareholding. In fact, Belgium is *one of the most over-represented countries of all*, as is evident when one calculates its voting power to GDP ratio (see table 9). In brief, IMF quota was by definition a poor benchmark for a realignment exercise ostensibly intended to bring Bank shareholding into line with countries' relative economic weight in the global economy.

The consideration of IMF quota as the benchmark for economic weight in the World Bank voice reforms was all the more surprising given that the IBRD had abandoned the close link with IMF quota more than two decades earlier: "since 1984, IBRD shareholding has not been kept strictly parallel with IMF quotas" (DC 2009: 3). Why consider strengthening once again the link to IMF quota, in the 2008 and 2010 voice reforms, when it was so obviously a poor indicator of the relative economic weight of member countries? The continued prominence of IMF quota in the voice reform deliberations in the World Bank was illustrative of the difficulties in advancing the voice reform agenda – and did not bode well for the future fate of the voice reforms.

First phase of voice reform

At the Spring Meetings of 2008 the Development Committee encouraged "the Bank to advance work on all aspects of voice and participation, keeping in mind the distinct nature of the Bank's development mandate, and the importance of enhancing voice and participation for all developing and transition countries in the World Bank Group" (DC 2008a). Later that year, at the Bank's Annual Meeting, the Development Committee endorsed the first package of voice reforms (DC 2008b), as outlined in the Background Paper by Board and Management (DC 2008c).[15] While the Background Paper summarized for each reform area a wide range of options it concluded by identifying and recommending a much narrower set of concrete decisions. While such narrowing is of course a *sine qua non* for concrete recommendations to be made, it is unfortunate that the Paper did not state the criteria by which one option was chosen over others. The three main areas of reform identified were:

- An increase in basic votes
- A realignment of IBRD shareholding
- The addition of a third Executive Director for the African countries[16]

Before proceeding with each of these three areas of reform it is necessary to note the overall framing of the voice reform. "Designing and evaluating options to address... voice reform" requires, the Paper notes, "the classification of member countries as 'developed', 'developing' or 'in transition'" (DC 2008c: 5). This classification is no simple matter and in fact "different classifications are used for different purposes and in different contexts" (ibid.). However, in all discussions of voice reform issues since the time of the Monterrey Consensus the Bank has counted all middle and low-income countries as DTCs and high-income countries as developed countries, based on the Bank's World Development Indicators (WDI). The IMF, on the other hand, uses country classifications from its World Economic Outlook (WEO), which divides countries into two groupings: 'advanced economies' versus 'developing and emerging economies'. In the Background Paper to the 2008 Annual Meeting, options are evaluated in terms of a double book-keeping: the impact on the DTC share of

[15] The list of concrete decisions recommended can be found in DC (2008c, section 66a, p. 20–21).

[16] Other important areas of reform, beyond the scope of this paper, were voting power for Part 2 countries in IDA and voice reform for the IFC.

total shares is calculated both in terms of WEO and WDI classifications.[17] In all subsequent voice reform documents the Bank abandons WDI data and calculates and communicates only data based upon the WEO country classifications:

> While IBRD does not have formal classifications of members as developed and DTC, the 2008 Phase 1 reforms adopted the same identification of developing members as used in the IMF reforms in that year, to facilitate comparison of the resulting Phase 1 increase in IBRD DTC voting power with the 2008 IMF increase. Since Phase 2 and Phase 1 together form part of the WBG voice reforms, the same DTC classification used in Phase 1 would be used to measure the increase in DTC voting power in Phase 2 (DC 2009: 2).

This choice on the part of the Bank to no longer use its own terminology and data derives from a combination of two factors. Firstly, the framing of the voice reform agenda in terms of parity between developed countries and DTCs and the declaration by the G20 Leaders of numerical targets for shifts of voting power to be achieved in the Bank and the Fund. Secondly, if the Bank proceeded with WDI data and the Fund with WEO data, the Bank's voting power realignment would appear to be less progressive than that of the IMF – which, of course, the Bank wanted to avoid.

Increasing basic votes

The main element of the first phase of the voice reform, agreed at the 2008 Annual Meetings, was an allocation of basic votes for the explicit purpose of benefiting the poorest developing countries. The Background Paper prepared for the Annual Meetings in October 2008 discussed three options towards this end. First, the Doubling Option, by which basic votes would be doubled to reach 500 per member, and thereafter account for 5.55% of total votes. Second, the Tripling Option, by which basic votes would increase to 750 per member, taking basic votes to 8.1% of total votes. Third, the 'Original level' Option, by which basic votes would be reset at the level originally agreed in 1944, i.e. at 10.78% of total votes. These three options would have the following impact on the IRBD voting power:

[17] Interestingly, in the section with concrete recommendations, voice reform impact is listed in WEO not WDI terms (DC 2008c: 20).

Table 2. Voice reform options, Phase 1

	Pre-voice reform	*Doubling*	*Tripling*	*Reset to original level*
Basic votes	250	500	750	1028
Basic votes share of total votes (%)	2.86%	5.55%	8.10%	10.78%
DTC voting power (WEO)	42.6%	43.8%	44.9%	46.1%
DTC voting power (WDI)	40%	41.2%	42.3%	43.4%

Source: DC 2008c.

Eventually, agreement was reached on the most conservative of these options, the Doubling Option. The decision to increase basic votes by 250 per member was accompanied by a decision to maintain the share of basic votes in total votes at 5.55% in the future. In terms of the relative voting power of developed countries and DTCs, the doubling of basic votes was predicted to result in a shift of 1.2 percentage points from the former to the latter, irrespective of the country classifications used (WEO or WDI). In later official documents, however, the aggregate shift of voting power achieved in Phase 1 was announced to be 1.46 percentage points (DC 2010a).[18] The additional 0.26 percentage points were the result of a provision made for large DTCs to take up additional shares because their relative voting power would otherwise have decreased as a result of the general increase in basic votes. A total of 16 DTCs were given such additional shares to avoid dilution of their voting power.[19]

Realignment of IBRD shareholding

The Background Paper discusses three main options by which one may achieve a realignment of IBRD shareholding: a selective capital increase, an allocation of unallocated shares, and a share exchange (DC 2008c: 8). With regard to the first of these,

[18] The Spring 2010 Voice Reform Paper says that the shift of voting power to DTCs in phase 2 was 3.13 percentage points and that the total shift in phases 1 and 2 was 4.59 percentage points, implying that the shift of voting power in phase 1 was 1.46 percentage points (DC 2010a: 21).

[19] "DTC members whose voting power would otherwise decrease due to the doubling of basic votes would benefit from an exceptional allocation of available IBRD shares for subscription to mitigate that decline (2008c: 20).

the paper discusses the option of including in the first phase of the voice reform "an up-front and small" selective capital increase, "limited in size and scope" but eventually abandons this option in favour of two other recommendations. Firstly, the use of currently unallocated shares to "address the decline in voting power of larger DTC members resulting from an increase in Basic Votes" (DC 2008c: 10). Secondly, it was recommended than any substantive selective capital increase be postponed until a comprehensive shareholding review has been undertaken. It was observed in this regard that shareholding in the Bank had not been reviewed since 1998, despite the "dynamic changes in the world economy" and the resulting changes in countries' relative weight in the global economy (DC 2008c: 10). The proposal, endorsed by the Board of Governors, was therefore to undertake a review that "would lead to a subsequent significant realignment of IBRD shareholding for all members" so as to "further enhance the Voice of DTC members" and "address the concept, advocated by some members, of moving over time towards equitable voting power between developed and developing members" (DC 2008c: 10).

It is interesting to note, parenthetically, the phrasing chosen here. The commitment is not for the review to 'move towards equity' but to '*address the concept* of moving towards equity'. This phrasing reflects deep-seated disagreements between developed and developing countries on the overall target of the voice reform process, as we shall discuss at some length in later sections.

Increasing the voice of African countries on the Executive Board of Directors

The third and final dimension of the first phase of the voice reform process was the decision to expand the Executive Board of Directors so as to allow for a third African seat, bringing the total number of Executive Directors to 25. The decision to grant a third seat to the African countries – championed by the Nordics – was initially not widely supported on the Board. In fact, at first, few Executive Directors took the idea seriously. In 2009 the Zedillo report – commissioned by Robert Zoellick – had recommended a *reduction* of seats from 24 to 20 (Zedillo 2009). Given both external and internal pressure to reduce rather than increase the number of Executive Directors on the Board, the successful negotiation of a third African seat by the Executive Directors is all the more significant.[20]

[20] For a brief commentary on the main findings of the Zedillo Commission see Martinez-Diaz (2009).

The second phase of voice reform

The second phase of the voice reform was originally planned for the 2011 Spring Meetings. However, at the 2009 Spring Meetings in Washington it was decided to accelerate the process. "The global economy has deteriorated dramatically since our last meeting", the communiqué noted, with 'especially serious consequences' for developing countries, since the "[h]ard-earned progress towards the Millennium Development Goals (MDGs)" was now considered to be 'in jeopardy' (DC 2007a). The immediate impact of the crisis and the need to launch a 'strong multilateral response' to it motivated member countries to agree on significantly accelerating the voice reform process. "We agree to accelerate our work on the second phase of the reform", the communiqué said, "with a view to reaching agreement by the 2010 Spring Meetings" (ibid.).

The main element of the second voice reform was to increase the voice and participation of developing countries in general and dynamic emerging market economies in particular, by transferring voting power from developed countries. The target result of the IBRD voting power realignment emanated from the G20 Leaders' summit in Pittsburgh in September 2009:

> We stressed the importance of adopting a dynamic formula at the World Bank which primarily reflects countries' evolving economic weight and the World Bank's development mission, and that generates an increase of at least 3% of voting power for developing and transition countries, to the benefit of under-represented countries. While recognizing that over-represented countries will make a contribution, it will be important to protect the voting power of the smallest poor countries (G20 2009).

An important complication in reaching agreement on how to achieve this shift of voting power was that every single member country had 'pre-emptive rights'. This meant in effect that 187 countries had veto power over any agreement reached. During the Fall of 2009, a process of negotiation was embarked upon, on the basis of a range of options and scenarios prepared by Bank Management (DC 2009). In these negotiations over a realignment of IBRD shareholding the key issues were:

- Which indicator to use for economic weight
- Which criteria other than economic weight to include

Indicators considered for economic weight included IMF quota and a number of 'GDP blends': 60/40, 50/50, 40/60 and 30/70, respectively.[21] Eventually, it was decided to use GDP as the benchmark for economic weight, not IMF quota. But to decide *which* GDP blend to use was not simple. Generally, developed countries prefer this component to be based on GDP at market exchange rates, whereas DTCs want it to be based on GDP at purchasing power parity (PPP). The GDP of dynamic emerging market economies is significantly higher at purchasing power parity than in market exchange rates, so there is a clear conflict of interest on this matter. Ultimately, it was decided that the IBRD shareholding realignment should follow the approach adopted in the 2008 IMF Quota and Voice Reform, for which a weighted average of GDP at market values (60%) and GDP at purchasing power parity (40%) was used.[22]

The initial stance of the DTCs in the shareholding realignment negotiations was that criteria other than GDP had to be included so as to ensure that no developing country would lose voting power in this second phase of the voice reform. Developed countries refused to accept this demand; in part because they felt that several DTCs (such as Saudi Arabia) were significantly over-represented and thus should contribute to achieving the target by taking cuts in their voting power. Many developed countries instead emphasised, as we shall see, that generous contributions to IDA should be recognized in IBRD shareholding. One point of agreement was noticeable, namely that the voting power of the *poorest* developing countries should be maintained.

Before proceeding with the explication of the framework for the IBRD shareholding realignment it should be mentioned that, in the Fall of 2009, an additional increase in basic votes to enhance the voice of the poorest member countries had been under consideration.[23] Eventually, however, no such increase in basic votes was included in the Phase 2 voice reform package.

The key components of the shareholding realignment

Initially the objective was to arrive at a quota *formula* that would determine the shareholding of each member country. During the course of the negotiations it be-

[21] These figures refer to relative weights in GDP blends of GDP at market exchange rates and at purchasing power parity, respectively.

[22] This 'GDP blend' is referred to in the remainder of this report as 'GDP (60/40)'.

[23] More specifically, two options were considered: raising the share of basic votes to total votes to 8.11% or to 10.78% (DC 2009: 7), c.f. Options 2 and 3 for the Phase 1 voice reform.

came clear that it would be necessary to settle for something less ambitious but more amenable to political compromise: a quota *framework*.

Agreement on the 2010 IBRD shareholding realignment was reached through a lengthy process of negotiation among the Executive Directors, involving several iterations of 'reverse engineering' of a quota framework that would yield a result politically acceptable to all parties. The quota framework set out overall principles in a format that resembled a formula but at the end of the day wasn't one. Instead, what resulted was a principled quota framework which had the advantage over a more rigorous formula that it could be moulded in different directions.

While there had in the past been a link between IBRD shareholding and IMF quota, over the two preceding decades this had been gradually loosened on the understanding that shareholding in the Bank should reflect criteria other than shareholding in the Fund, given the two institutions' quite different mandates. Given the Bank's development mandate, many of its shareholders felt that key elements of the IMF quota formula (such as 'openness') were irrelevant, whereas other criteria (such as contributions to IDA) were crucial in determining shareholding not just in IDA but also in the IBRD.

The quota framework eventually set out three determining factors for IBRD shareholding: economic weight as measured by GDP (75%), past and future contributions to IDA (20%), and 'contributions to development', a measure of a country's history of Bank borrowing (5%). The weights assigned to each of these three determining factors refer to their aggregate share in total IBRD quota shares: 75% of quota shares are allocated between countries on the basis of economic weight, 20% on the basis of contributions to IDA and 5% on the basis of development contributions.

The GDP component

The GDP component was, as mentioned, based on a 60/40 'GDP blend'. The Voice Reform Paper claims, however, that a realignment that simply brought 'under-represented' members' shareholding up to their share of the global economy (based on GDP 60/40) "would yield only a 1.3% increase in DTC voting power for Phase 2 reforms". To achieve the "desired net increase of at least 3 per cent" a number of 'adjustments' therefore would need to be adopted (DC 2010a: 6):

- First, developed countries whose IBRD shareholdings are below 90% of their calculated economic weights are eligible to take up additional shares to reach this 90% threshold.
- Second, all DTCs whose IBRD shareholdings are below their calculated economic weights are eligible to take up additional shares, since "applying a threshold for … under-represented DTC members would work against the objective of the 2010 Realignment" (DC 2010a: 6).

Moreover, the proposed voting power realignment was conditioned upon the voluntary forbearance of a number of under-represented countries.

Quite a few European countries were identified as under-represented, including Germany, Greece, Italy, Ireland, Poland, Portugal, Spain and Turkey (DC 2010a: 24). Some of these countries chose to forego the increased shareholding they were hence entitled to (Germany, Greece, Portugal, Spain), while others did not (Italy, Ireland, Poland and Turkey). There were also DTCs in the list of countries identified as under-represented (Brazil, China, India, Indonesia, Korea, Mexico, Thailand, Vietnam etc), but here only China chose to forego its entitlement. The US was the sixth and final country that joined the small club of countries that chose to forego its entitlement to increased shareholding.[24]

The IDA component

Historically, contributions to IDA had been recognised in terms of increased IBRD shareholding on an ad hoc basis for countries whose contributions were deemed particularly generous. There had not, however, been established "a rule of mechanism that takes regular IDA contributions of all IDA donors into account in IBRD shareholding" (DC 2009: 4-5). The main IDA donor countries were strongly in favour of such a mechanism. New IDA donors were more interested in a mechanism that would incentivize future IDA commitments. Eventually, the IDA component came to recognize both past (actual) IDA contributions and future (promised) IDA contributions. The recognition of future IDA contributions was included with the objectives of (i) recruiting new IDA donors among middle-income countries, and (ii) preventing large DTC's from blocking the entire voice reform process.

[24] The final element of the GDP component of the IBRD quota framework was a so-called 'PPP booster' which, modelled after a similar component in the 2008 IMF Quota and Voice Reform, gave countries whose "PPP-based weight in the world economy" was "30% or more above their IBRD shareholding a total increase in shareholding percentage of at least 10%" (DC 2010a: 7). Countries eligible for the PPP booster included Egypt, India, Indonesia and Uganda.

The framework for recognising IDA contributions ended up having two main dimensions, with two key components in each:

- Recognition of *past* IDA contributions: (i) Countries that meet criteria for recognition of IDA13-15 contributions are granted a 2% increase, while (ii) countries that meet criteria for 'historical' IDA contribution (pre-IDA 13) are granted a 1-1.5% increase. Countries that meet both IDA13-15 and historical IDA contribution criteria are granted a 3-3.5% increase.
- Recognition of *future* IDA contributions: (i) Current IDA donors are allocated shares in order to maintain their voting power if they increase their IDA16 contribution by at least 50% over their IDA15 contribution, while (ii) new IDA donors are allocated shares so as to maintain their voting power if they contribute to IDA16 "at their notional IDA burden share" (WB 2010: 5).

Not all were satisfied with the result. The new quota framework gave more weight to promises of future contributions, critics argued. As mentioned, future IDA contributions were only recognised for DTCs that would otherwise stand to lose voting power. The future IDA contributions component, hence, was not a general mechanism to incentivize member countries to make IDA contributions but a mechanism to preserve the voting power of certain powerful DTCs including Russia, Saudi Arabia and Kuwait. Without this provision these countries might have been tempted to use their pre-emptive rights to block the voice reform.

A result of this arrangement was that the relative weights of a dollar given to IDA in the past as compared to a dollar promised in future IDA contributions was by no means transparent. The main IDA donors in recent decades – including Denmark, France, Germany, Norway, Sweden and the UK – thus complained that actual (past) IDA contributions carried far too little weight relative to pledges for future IDA contributions.[25]

The third and final element of the quota framework, 'development contributions', was a mechanism to recognize "some of the many ways in which DTCs and their specific development experiences contribute to the World Bank Group" (DC 2010a: 9).[26] Technically, the component consisted of three main mechanisms: a PPP booster designed for low-income countries, a provision for the protection of the smallest poor countries, and IDA recognition. In terms of *real politik*, this component was

[25] Some observers lamented that 'one dollar promised is given 400 times more weight than one dollar given in the past'.
[26] For further details see DC (2010a: 9–10).

included to prevent increased voting power for dynamic emerging market economies from eroding the relative voting power of low-income countries.

Overall results of the second phase of voice reform

Overall, the main result of the voice reform process was a transfer of voting power from the US, Japan and a number of European countries to dynamic emerging market economies (EMEs), especially China. Table 3, which lists the 20 countries

Table 3. The main receivers and givers in the IBRD voice reform

	Countries that increased their voting power (percentage points)	*Countries that reduced their voting power (percentage points)*
1	China (1.64)	Japan (-1.01)
2	South Korea (0.58)	France (-0.55)
3	Turkey (0.55)	United Kingdom (-0.55)
4	Mexico (0.50)	United States (-0.51)
5	Singapore (0.24)	Germany (-0.48)
6	Greece (0.21)	Canada (-0.35)
7	Brazil (0.17)	Netherlands (-0.29)
8	India (0.13)	Belgium (-0.23)
9	Vietnam (0.12)	Switzerland (-0.20)
10	Spain (0.11)	Australia (-0.19)
11	United Arab Emirates (0.09)	Venezuela (-0.16)
12	Thailand (0.08)	Italy (-0.14)
13	El Salvador (0.05)	Nigeria (-0.10)
14	Costa Rica (0.05)	Denmark (-0.09)
15	Romania (0.05)	South Africa (-0.09)
16	Poland (0.04)	Sweden (-0.09)
17	Indonesia (0.04)	Ukraine (-0.09)
18	Tunisia (0.04)	Algeria (-0.08)
19	Sudan (0.04)	Austria (-0.07)
20	Panama (0.03)	Pakistan (-0.07)

Source: DC 2010a.

that gained most voting power and the 20 countries that yielded most voting power, shows that the five countries that gave up most voting power were the World Banks' five largest shareholders prior to the voice reform, namely Japan, France, the UK, the US and Germany. As a direct result of the voice reform China has now moved up to become the third largest shareholder. On the winning side of the voice reform process are, besides China, a number of other large DTCs including Brazil, India, Mexico, South Korea and Turkey, but also a few European countries, such as Greece, Poland, Spain and Romania.

It is striking that only 22 of the 187 member countries were significantly affected by the voting power realignment if 'significantly affected' is taken to mean a change of voting power of more than 0.1 percentage points. The overall scale of the voting power realignment will be further discussed in the next section.

With regard to the substantial increase of voting power for China, it should be stressed that China gave up as much as half of its entitlement (as measured by economic weight). The Chinese reportedly felt this was necessary if a voice reform was to be reached which did not take too much voting power from other DTCs.[27]

In terms of the distribution of increases and decreases in voting power across the world's four main regions, it is noteworthy that many of the major givers are from Europe (six of the top 10) while many receivers are from Asia (5 of the top 10), as demonstrated in table 4 which lists the top 10 countries in these two categories by region.[28]

[27] Other observers interpreted the Chinese forbearance as reflecting a hesitation to move too quickly into a position of high responsibility in the World Bank.

[28] This categorization of countries is based on UN statistics, which divide the world in five regions: Africa, Asia, the America, Europe and Oceania. The latter of these regions, *Oceania*, is here integrated in two of the other regions, namely 'Americas+' and Asia, respectively. Americas+ is the Americas and Australasia. Australasia is a sub-group of Oceania. Oceania consists of Australia, New Zealand, Norfolk Island and three groups of island states: Melanesia, Polynesia and Micronesia. Taken together, Australia, New Zealand, Norfolk Island and the Melanesian islands are known as *Australasia*. This part of Oceania is combined with the Americas, whereas Polynesia and Micronesia are considered part of the Asian region.

Table 4. Regional profile of the voting power reallocation

	Main receivers	*Main givers*
Africa		
Asia	China, South Korea, Singapore, India, Vietnam	Japan
Europe	Turkey, Greece, Spain	France, UK, Germany, Netherlands, Belgium, Switzerland
Americas +	Mexico, Brazil	US, Canada, Australia

While the main focus of the voice reform was on IBRD shareholding, which determines the structure of the Board of Executive Directors, the reform package also included voting power realignments for shareholding in the IFC and IDA. The overall shifts of voting power from developed countries to DTCs agreed upon in the course of the two phases of the voice reform process for each of these three Bank institutions, may be schematically represented as follows:

Table 5. DTC share of voting power after second phase voice reforms

	Before (%)	*Phase 1 (% increase)*	*Phase 2 (% increase)*	*Phase 1+2 (% increase)*	*After (%)*
IBRD	42.60	1.46	3.13	4.59	47.19
IDA	40.1		5.49	5.49	45.59[29]
IFC	33.41		6.07	6.07	39.48

Source: DC 2010a: 14, 21 & 32.

[29] DTCs share in IDA shareholding may potentially increase a further 2.5 percentage points. "If all available IDA subscriptions will be taken up, Part 2 shareholding in IDA could increase to 48.3 per cent" (DC 2010a: 14).

The voting power realignment in perspective

Modest changes

Before the second phase of the voice reform, DTCs had roughly 44% of IBRD shareholding and voting power and hence were 6 percentage points away from voting power parity with developed countries. After the voice reform, their share had increased to 47%. The 3 percentage point shift of voting power from developed countries to DTC's (achieved in Phase 2) may thus be seen as a 'half way' compromise vis-à-vis the DTC objective of voting power parity (Wade 2011).

It is important to stress, however, that if one deploys the country categories that the World Bank normally uses – namely low-income countries, middle-income countries and high-income countries – a very different picture of the results of the voice reform process emerges. The following table schematically summarizes the phases of the voting power realignment and its net effect on low and middle-income countries:

Table 6. The two phases of the IBRD voting power realignment (shareholding in %)[30]

	Pre-Phase 1	*Post-Phase 1*	*Post-Phase 2*	*Net change (Phase 1)*	*Net change (Phase 2)*	*Total net change (1+2)*
LICs	3.45	3.94	3.84	0.49	-0.10	0.39
Lower MICs	14.11	14.66	16.41	0.55	1.75	2.30
Upper MICs	17.11	17.42	18.13	0.31	0.71	1.02
Total	*34.67*	*36.02*	*38.38*	*1.35*	*2.36*	*3.71*

[30] Net changes (last three columns in the table) are given in percentage points

In the voice reform overall (Phase 1 + Phase 2) the group of lower middle-income countries gained 2.3 percentage points and the group of upper middle-income countries gained 1.02 percentage points. For both these groups the aggregate share of voting power in the Bank remains below 20%, however. The loss of voting power for the high-income countries was sufficiently limited for its aggregate voting power to remain above 60%: it was 65.3% before and 61.6% after the voice reform. In other words, if one thinks of parity in terms of low and middle income countries on the one hand, and high-income countries on the other hand – as would be natural in the case of the World Bank – there is a long way to go to achieve parity. The 3 percentage point shift was only roughly one fifth of what would have been required to achieve parity in these terms.

Framing the voice reform as a matter of shifting voting power from developed countries to DTCs, obfuscated the fact that the voice reform achieved very little for low-income countries. Although it was an explicit objective of the second phase of the voice reform to preserve the voting power of the poorest countries, in fact it didn't. Of the modest 0.49 percentage points that low-income countries gained in Phase 1 they lost 0.1 percentage points in Phase 2. Of the aggregate shift of 4.59 percentage points from developed countries to DTCs, (see table 5), LICs thus achieved only a net increase of 0.39 percentage points – less than 9% of the total net shift. The decline in voting power for low-income countries (in the second phase) was small, but its symbolic significance was considerable.

As mentioned, the World Bank and the IMF normally each operate their separate system of country categorizations tailored to the respective mandates and needs of the two institutions (WDI versus WEO). For the purposes of voice reform, however, the World Bank decided to use the same DTC categorization as had been used by the IMF in its 2008 quota review. The DTC classification of the IMF's 2008 Quota Review was based on the country classification of the World Economic Outlook, which distinguishes between 'Advanced Economies' (AE) and Developing and Emerging Economies (D&E). Some amendments were made, however. The DTC category thus came to consist of all Developing and Emerging Economies (as classified in the WEO) – and a set of six additional countries normally classified as 'advanced economies', including South Korea and Singapore (see table 7). The two groups of countries that were classified as DTCs although normally categorized as high-income countries in the World Bank are as follows:

Table 7. High-income countries reclassified as 'DTCs'

High-income countries (WDI) classified as Developing and Emerging Economies (WEO)	*High-income countries normally classified as Advanced Economies (WEO), but now reclassified as 'DTC' countries*
Bahamas, Bahrain, Barbados, Brunei Darussalam, Croatia, Equatorial Guinea, Estonia, Hungary, Kuwait, Latvia, Oman, Poland, Qatar, Saudi Arabia, Trinidad & Tobago, United Arab Emirates	Czech Republic, South Korea, Malta, Singapore, Slovak Republic, Slovenia

While the first set of countries result simply from the fact that the World Bank and the IMF classify countries differently, the second set of countries is more problematic. While three of these countries (Czech Republic, Slovak Republic and Slovenia) may be considered transition economies, it is difficult to see the logic underlying the decision to count South Korea, Singapore and Malta as DTCs. In any case, it should be noted that four of these six countries are OECD member countries (only Malta and Singapore are not).[31]

According to the Bank, the rationale of using the IMF's 'DTC' classification instead of the LIC and MIC categories of its own statistics (WDI) was to ensure comparability with voice reforms in the IMF. One should not overlook, however, that this choice had the additional advantage of making the shift of voting power achieved in the Bank appear larger than it actually was. Using the IMF's 'amended WEO' classification of the DTC category helped the Bank move considerably closer to parity of voting power between developed countries and DTCs: this reclassification alone raised the share of DTC voting power in the Bank from 40% to 42.6%.[32]

In terms of assessing the two phases of the voice reform process, the issue of country classifications is rather important. The overall shifts achieved – for the three main classifications of the DTC category – are schematically summarized in table 8.

[31] The DTC category included three further OECD member countries: Estonia, Hungary and Poland, c.f. column 1 in table 7 above.

[32] DC 2008b: 8.

Table 8. The shift of voting power – by different country classifications (%)

	LIC+MIC (WDI)	*D&E (WEO)*	*'DTC' (WEO+)*	*CRB (%)*[33]
Phase 1	1.35	1.44	1.46	8.1
Phase 2	2.36	2.32	3.13	32.6
Total	*3.71*	*3.76*	*4.59*	*23.7*

The Country Re-classification Booster (CRB) is calculated as the additional shift in voting power achieved by adopting the artificially constructed 'DTC' category, instead of the Bank's own WDI country classification, as a percentage of the *actual* shift of voting power from high-income countries to low and middle income countries. In phase 2 of the voice reform, the voting power shift is boosted by more than 30% as a consequence of the adoption of the 'DTC' country classification. It is noteworthy that by far the largest part of this booster effect is achieved not by moving from a WDI-based to a WEO-based country classification, but by adding six countries normally classified as 'advanced economies' to the DTC category (WEO+). In fact, this booster effect was the direct result of reclassifying South Korea and Singapore – normally classified as high-income, advanced economies – as DTCs. These two countries were among the main receivers of the voice reform (see table 3) and without their reclassification the aggregate voting power shift from developed countries to DTCs in Phase 2 would have been 2.31% instead of 3.13%. [34]

What these data reveal is that the voice reform is smaller not just in terms of the overall level of DTC voting power reached (less than 40% rather than 47.19%), but also in terms of the size of the shift itself. Specifically with respect to the Phase 2 voice reform, the result was *not* an aggregate shift of "at least 3 per cent" – as decided by the G20 Leaders at the Pittsburgh summit – but a shift of 2.43 percentage points.

[33] The figure for total CCB is thus calculated as follows: (4.59-3.71/3.71)*100= 23.7%.

[34] South Korea gained 0.58% and Singapore 0.24% in Phase 2. Hence, according the normal country classification the shift was 2.31 not 3.13 (3.13-0.58-0.24=2.31).

Making small changes appear generous

The preceding section demonstrates that the voting power realignments were considerably more modest than one might have thought at first, particularly for low-income countries. According to the Bank, however, the shift of voting power was more than two times larger than it would have been had it been based on economic weight alone. More specifically, the Bank claimed that a Phase 2 voice reform which increased the shareholding of under-represented countries so as to reflect their weight in the global economy would yield only an aggregate net increase of 1.3% voting power, as compared to the 3.13% accomplished (DC 2010a: 6).[35] If this 1.3% figure is taken at face value, the Phase 2 voice reform was in fact *generous* on the part of developed countries: they ceded more voting power to DTCs than was justified by their respective relative shares of world GDP.

One should not, however, take this figure at face value. It is surprising that the Bank presents the voice reform in this manner. On the one hand, Bank documents on the voice reform acknowledge the pressing need to adjust IBRD shareholding to reflect the rapidly changing configuration of the global economy (alluded to by Bank President Robert Zoellick in his historic speech in April 2010), and on the other hand they argue that such adjustment will yield only a total shift of just over 1% of shareholding and voting power.

Unfortunately, it is not easy to penetrate much further into this matter because the Bank does not give details of *how* it arrived at this mysteriously low figure, nor of the calculations of the voting power realignment more generally. Even today, months after an agreement has been reached, Bank staff avoid sharing the details of the calculus – whether with shareholders, independent researchers, or the public – despite its newly launched, 'Access to Information' initiative.[36] Two factors are likely to be key contributory causes of the underestimation of voting power imbalances, however:

- the use of a conservative benchmark for economic weight in the global economy.
- the de facto counting of basic votes of low-income countries as over-representation of DTCs.

[35] "An SCI that brought under-represented member's IBRD shareholding up to their share of the global economy based on GDP 60/40, however, would yield only a 1.3% net increase in DTC voting power for Phase 2 reforms" (DC 2010a: 6).

[36] Technically, the Bank justifies this lack of transparency with reference to the 'corporate-administrative' exceptions provided for under the 'Access to Information' policy.

First, of the GDP blends considered during the Options Phase, it was the most conservative option that was eventually chosen. Four GDP blends had been considered, ranging from 60/40 at the conservative end to 30/70 at the progressive end. The 2009 Options Paper calculated the impact of two scenarios for each of these four GDP blends. The aggregate shift of voting power (across this total of eight scenarios) varied from 1.29% to 5.29% (DC 2007: 22). In April 2010, when stating that a voting power realignment that "brought under-represented member's shareholding up to their share of the global economy… would only yield a 1.3% net increase in DTC voting power", there was no mention made of these other scenarios and preceding calculations. Also, there was no mention in the final Voice Reform of the fact that the stated shift of 1.3% had been arrived at on the basis of a calculation that used a three-year average for GDP. Instead of simply using the latest available data for GDP, average figures were calculated on the basis of 2006–2008 data. This, of course, also makes the needed adjustments of voting power seem smaller than they actually are.

Secondly, the calculation is most likely based on total shares instead of quota shares. This means, in effect, that the basic votes of many LICs count as 'over-representation'. Low-income countries are by definition 'over-represented' vis-à-vis their GDP because basic votes and membership votes constitute a disproportionately large part of their total voting power. This is indeed the very idea of basic votes; to give poor, small countries a voice in the process despite their negligible GDPs. Of course, the most reasonable and appropriate way to do these calculations would be to base them on an alignment of quota votes to GDP. It is quota votes that should reflect economic weight, not total votes. If calculated with reference to quota shares, the basic votes of low-income countries would no longer count as 'over-representation' and hence the estimated necessary shift of voting power would have been larger.

The main effects of these two factors were as follows:

- they made the voting power realignment look more generous than it was
- they resulted in a voting power realignment that was considerably smaller than it should have been to realign relative voting power with relative economic weight

Voting power imbalances

The overall shifts of voting power, from developed countries to DTCs, were particularly inadequate when seen in relation to the changing composition of world GDP. A comparison of the voting power of two of the rising Asian economies, China and India, with two small

European countries is particularly illustrative of this. Prior to voice reform, China and India together had only approximately 40% more voting power than Belgium and the Netherlands together (5.56% compared to 4.01%), despite the fact that their aggregate share of GDP was more than seven times larger (13.97% as compared to 1.85%). The voice reform generally changed the relative distribution of voting power in favour of dynamic emerging market economies, but again the comparison of China and India with the Netherlands and Belgium is illustrative. Although the voting power of China and India together is now double that of Belgium and the Netherlands, the relative voting power remains entirely out of line with their relative shares of GDP. One can further illustrate such imbalances by calculating voting power to GDP ratios. What the voting power to share of GDP ratio tells us is basically how much voting power is earned for each 1% share of world GDP.

Table 9. The voting power of dynamic emerging market economies in perspective

	GDP (nominal, in % of world total)	*GDP (PPP, in % of world total)*	*GDP (60/40, in % of world total)*	*Voting power (%) (before voice reform)*	*Voting power (%) (after reform)*	*Voting power to GDP ratio*[37]
China	8.56	12.55	10.37	2.78	4.42	0.43
India	2.25	5.22	3.60	2.78	2.91	0.81
Total	*10.81*	*17.77*	*13.97*	*5.56*	*7.33*	*0.52*
Netherlands	1.36	0.93	1.16	2.21	1.92	1.65
Belgium	0.80	0.54	0.68	1.80	1.57	2.30
Total	*2.16*	*1.47*	*1.85*	*4.01*	*3.49*	*1.89*

Source: World Development Indicators, 2009 data.

It is problematic, not least from the perspective of the legitimacy of the governance of the World Bank, that this ratio can vary as much as from 0.43 for China to 2.3 for Belgium (see table 10. It is simply not reasonable that 1% share of world GDP translates into 2.3% of Bank voting power for Belgium but only to 0.43% for China. Such voting power imbalances are by no means exclusive to these countries, but part of a general pattern. Table 9 lists the voting power to GDP ratios of the thirty largest countries (at 60/40 GDP). The ratio varies from below 0.5 at the bottom (China) end to almost 4 at the top end (Saudi Arabia).

[37] This ratio is calculated as the ratio of voting power after reform (column six in table 6) to share of GDP in per cent of world total, at 60/40 values (column four in table 6).

Table 10. Voting power to GDP ratios in the World Bank

Country	*Share of GDP (60/40) (%)*	*Share of voting power (VP) (%)*	*VP to GDP ratio*
US	22.29	15.85	0.71
China	10.37	4.42	0.43
Japan	7.34	6.84	0.93
Germany	5.01	4.00	0.80
France	3.84	3.75	0.98
India	3.60	2.91	0.81
UK	3.45	3.75	1.09
Italy	3.18	2.64	0.83
Russia	2.84	2.77	0.98
Brazil	2.74	2.24	0.82
Spain	2.31	1.85	0.80
Canada	2.05	2.43	1.18
Mexico	1.78	1.68	0.94
Korea, Rep.	1.61	1.57	0.98
Australia	1.40	1.33	0.95
Turkey	1.23	1.08	0.88
Netherlands	1.16	1.92	1.65
Indonesia	1.11	0.98	0.88
Poland	0.86	0.73	0.85
Iran	0.84	1.47	1.75
Saudi Arabia	0.72	2.77	3.86
Belgium	0.68	1.57	2.30
Argentina	0.66	1.12	1.71
Sweden	0.60	0.85	1.41
Thailand	0.59	0.49	0.84
South Africa	0.59	0.76	1.30
Austria	0.56	0.63	1.12
Norway	0.53	0.58	1.10
Venezuela	0.53	1.11	2.11
Greece	0.52	0.33	0.64

Source: World Development Indicators, 2009 data.

Although basic votes and the inclusion of criteria other than GDP in the quota framework will by definition lead to variation in this ratio from country to country, the variation demonstrated here is far in excess of what is reasonable.

Indeed, the Bank itself has typically defined 0.85 as the threshold for under-representation: countries whose shareholding to economic weight ratio was below this threshold would then be eligible to increase their shareholding.[38] It is noteworthy in this regard that only ten out of the thirty largest countries have a voting power to GDP ratio that is within a 0.85 to 1.15 band of variation. In other words, *two thirds* of these countries are significantly under-represented or over-represented by this criterion.[39]

One can conclude that the oft-cited principle that voting power should "in large measure reflect the relative importance of member countries in the global economy" is more a rhetorical device than a principle followed in practice.[40]

Disingenuous?

Population is not a criterion in the 2010 voting power realignment and it wasn't considered as such in the 2009 Options and Scenarios Paper. Indeed, population came up only at the early stages of the voice reform process. When it did, it was quickly rebutted. What is most striking in this regard is not so much that consensus could not be built on using population as a key criterion for voting power realignments, but the manner in which it was rejected.

The finding that voting power to GDP ratios remain imbalanced is all the more striking when one considers how the World Bank has typically responded to developing country arguments that factors other than GDP, such as population, should count in determining shareholding and voting power. Despite grave under-representation of a number of emerging market economies and corresponding over-representation of a number of developed countries, the Bank does not refrain from referring to the principle that IBRD shareholding should largely reflect economic weight when rejecting proposals to include other criteria:

[38] This was the rule adopted, for instance, in the 1998 selective capital increase.

[39] This is the unfortunate but inevitable effect of allocating 25 pct of IBRD shareholding on the basis of criteria other than GDP (and not closely correlating with GDP), such as contributions to IDA

[40] This quote is from one of the first Development Committee background papers on voice reform (2003a: 3), but all subsequent papers reiterate it again and again.

> Some critics suggest voting and shareholding should be based not only on a country's relative place in the global economy but on population as well, or other factors. Such steps – or even a move in these directions – would obviously create a radically different structure for the World Bank... and so it is not developed here as a viable option (DC 2003b: 4).

It is interesting, although perhaps not surprising, that the position articulated here (by Management) is very close to the position of the US, as articulated that same year by its Executive Director to the World Bank, Carole Brookins:

> [A]n increase in developing countries' share of votes... would do more harm than good and, in our view, would be inconsistent with the principle that shares in the IFIs should reflect economic weights in the world economy.[41]

Despite the fact that the World Bank does not abide by this alleged leading principle – and despite the fact that, as a consequence, voting power to GDP ratios deviate from one country to another in a way which fits no defensible criteria (even after two phases of voice reform) – the Bank nevertheless frequently uses it to disregard proposals to include non-GDP criteria in deliberations on realignment of IBRD shareholding.

Adjustment and legitimacy

Voting power imbalances constitute a major problem for the Bretton Woods institutions. In 2005, before the voice reform process had progressed much, Richard Higgot said:

> It is clear that the nature and pace of reform in the existing institutions is neither quick enough nor dramatic enough to assuage the views of those who feel marginalized... It is in this context that innovations such as the G20... might offer a longer-term, wider domain for [international deliberation]... in which the developing countries can feel they have a voice (Higgott 2005: 86).

After two phases of voice reform, nothing much has changed in this regard. In fact, two of the main outcomes of the voice reform process are the following:

[41] Quoted in Wade (2005).

- The major voting power imbalances stand uncorrected
- The legitimacy of the World Bank has been further undermined

While resistance to more substantial voting power realignments may be in the short-term interest of some developed countries, it is not in their medium to long-term interests. It will likely contribute to further increasing the ongoing marginalization of the Bretton Woods institutions, to the benefit of the G20 and other fora that give more voice to dynamic emerging market economies. This is, of course, to the particular detriment of countries not included in these less inclusive fora.

Perhaps the dragging of feet by the Bretton Woods institutions is a deliberate strategy on behalf of the largest G20 member countries: by making the Bank and the Fund increasingly anachronistic in terms of their voting power structures, deliberation and decision-making are shifted towards the G20 forum which, for G20 member countries, has the double advantage of simplifying the deliberation process (by excluding most countries from it) and making deliberations non-binding (and hence less potentially threatening to them).

Problems for the future

An important set of problems relate to the upcoming 2015 shareholding review and indeed, potentially, to subsequent shareholding reviews:

- Absence of agreement on the overall objective of voice reform
- Absence of agreement on principles and criteria for future realignments
- The use of IDA recognition as an 'Instrument to Defer Adjustment'
- Increasingly untenable system of single-country seats
- The precedent of a central but controversial role for the G20
- The precedent of an opaque 'quota framework'

No agreement on overall objective of voice reform

Member countries remain in deep disagreement on the overall objectives of shareholding realignments. Many DTCs see parity of voting power as the overall objective, whereas many developed countries consider parity a profoundly problematic objective, not least from the perspective of a rapidly evolving global economy where DTCs should progressively 'graduate' to become developed countries, hence making a parity objective increasingly anachronistic.

This disagreement was reflected in the communiqué from the 2010 Spring Meetings, which abstains from using the word parity due to fierce resistance from Part 1 countries. Instead, the communiqué states that "future IBRD shareholding reviews will aim at closing the remaining gap towards *equitable* voting power" (DC 2010b, emphasis added), a phrasing that is more open to interpretation.[42]

While this room for interpretation evidently was a necessary part of the political compromise of the 2010 voice reform, it constitutes a significant unresolved issue for future deliberations on these issues. Should 'parity' remain the overall objective of future shareholding realignments? And if so, how should one draw the line between developed countries and DTCs in the context of a global economy that may be said to lend itself less and less easily to such a distinction? In reconsidering

[42] This variation in interpretation was referred in the 2009 Options paper: "Some shareholders envision the shift in 2010 as a move towards the ultimate objective of parity (50:50 voting power)... Other shareholders envision the shift in 2010 as the result of the application of agreed criteria, and consider that 'equitable voting power can be measured in other ways' (economic weight, equality of countries, and equality of population)" (DC 2009: 2).

these issues for the future, I argue that one should first gauge recent experiences with framing the voice reform agenda in these terms.

The framing of voice reform in the Bretton Woods institutions in terms of parity of voting power invited a dubious game of country reclassification to disarm what would otherwise have been a too progressive voice reform in the eyes of many developed countries. The two key strategic responses towards this end were as follows:

- First, parity should be achieved not for developing (vis-à-vis developed countries), but between developing *and transition* countries, DTCs (vis-à-vis developed countries). The voting power of a number of Eastern European countries (Poland, Hungary, Czech Republic, Slovenia etc.) should be counted on the side of developing countries instead of on the side of developed countries.
- Second, this new category of DTCs could then be interpreted creatively, so as to include countries that are not only high-income countries in normal World Bank classification, but also 'advanced economies' in standard IMF classification and member countries of the OECD, such as South Korea and Singapore.

Before the voting power reforms of 2008 and 2010, the World Bank listed the aggregate voting power of developing countries as 40%. At the end of voice reform the share of DTCs is 47.19% Almost half of this aggregate increase of 7.19 percentage points is a pure 'reclassification' effect, involving no voting power

Table 11. The move towards parity of voting power

	Country reclassification	*Phase 1 (basic votes)*	*Phase 2 (quota votes)*	*Total*
'DTC' share of total (%)	40 to 42.6	42.6 to 44.06	44.06 to 47.19	40 to 47.19
Total increase (%)	2.6	1.46	3.13	7.19
Increase for LIC+MICs (%)	-	1.35	2.36	3.71

realignment.[43] In addition to being a strangely arbitrary and non-dynamic objective for future voting power realignments, I argue that it does *not* serve the interests of developing countries nor the interest of the Bretton Woods institutions in restoring their legitimacy. Instead, the overall objectives of voice reform should be the following: (i) alignment of quota votes with shares of world GDP, and (ii) restoration of basic votes at the original level of 10.78% of total votes. This would be a progressive agenda, which could restore the legitimacy of the Bretton Woods institutions, while rendering obsolete all manner of country reclassification games.

No principles for future shareholding realignments

The 2010 voting power realignment has not established a framework or a precedent on the basis of which the 2015 shareholding review can be undertaken. On the contrary, the possibility of using the 2010 quota framework for the 2015 shareholding review has been explicitly ruled out:

The approach used for the 2010 shareholding realignment and its elements *are the basis for the current selective capital increase only*. For the next shareholding review in 2015, we committed to establish a work program and a roadmap to arrive at a benchmark for a dynamic formula reflecting the principles we agreed in Istanbul, moving over time towards equitable voting power and protecting the voting power of the smallest poor countries (DC 2010b, emphasis added).

This decision reflects, of course, that many member countries were highly dissatisfied with the quota framework developed for the 2010 voting power realignment. The decision not to use the framework for subsequent shareholding reviews was an essential element of the political compromise of the 2010 voice reform, in other words. Thus, although member countries have agreed to develop a 'transparent, dynamic and rules-based formula' for the 2015 shareholding review (DC 2010b), one should not underestimate the difficulty of this task, particularly seeing that deliberations on this will have to start from scratch.

[43] Total increase: 7.19%. Shift of voting power from developed to developing countries: 3.71%. Reclassification effect: 7.19-3.71=3.48%.

IDA recognition: 'Instrument to Defer Adjustment'?

The IDA component has helped two types of countries maintain a larger share of IBRD shareholding and voting power than they would otherwise have been able to:

- First, a number of traditional IDA donors have been able to moderate the downward adjustment of their IBRD shareholding through the 'historical IDA contribution' component.
- Second, a number of large DTCs have avoided a loss of shareholding and voting power through the 'future IDA contribution' component.

Although the official line is that these components are necessary if the Bank is going to be able to maintain generous IDA contributions from traditional IDA donors, as well as recruit new IDA donors in the DTC group, it has come to serve as an instrument of resistance to voting power realignment.[44]

Despite the inclusion of an IDA contribution component, many traditional IDA donors lost voting power in the voice reform process. Some observers found this troubling from the perspective of the Bank's development mandate. There was now considerable risk, they argued, that the voice reform would impact negatively on future IDA replenishments. As one developing country observer framed it, "if your voting power has significantly decreased, how can you be expected to continue giving generously to IDA?" Will countries that have traditionally been large IDA donors give as generously in the future, despite significant reductions in their overall voting power in the Bank? Low-income countries are 'keeping their fingers crossed', the observer said. Fortunately, the recently completed IDA 16 replenishment did not vindicate this suspicion. IDA16 raised commitments by IDA donors by 18% as compared to the IDA15 replenishment. This is a reasonably good result in a year of widespread fiscal austerity in many donor countries, even if it is a considerably lower increase than that of IDA15 over IDA14 (36%). Of course, it is too early to say anything conclusive about the impact of the voice reforms on future IDA replenishments; IDA 17 and IDA 18 will give a clearer picture of this.

It should be stressed that the downward trend in the voting power of many leading IDA donors is an inevitable effect of the fact that most of them have much more voting power than their GDP calls for. The only way in which the governance of the

[44] The 2009 Options Paper speaks explicitly of the objective of realigning IBRD shareholding so as to provide "incentives for contributions to future IDA replenishments by current and new donors" (DC 2009: 5, 23).

World Bank can be made legitimate, not least in the eyes of the rising powers of the world economy, is to create a much better balance between GDP and voting power. Since this recalibration process will inevitably further reduce the voting power of traditional IDA donors in coming years, it may be wise to consider devising a new financing model for IDA.[45] As long as IDA funds are based on contributions from IDA donor countries, it is more than likely that IDA contributions will be used in IBRD shareholding reviews as an instrument to defer adjustment.

The system of appointed seats under pressure

The current combined system of appointed and elected seats on the Executive Board of Directors is under pressure because of the rapidly changing configuration of the global economy. Although the Articles of Agreement stipulate that only the five largest shareholders have an appointed seat, the number of de facto appointed seats has already risen from the original five (US, Japan, Germany, France, UK) to, cur-

Table 12. The global economy and the system of appointed seats under pressure

Ranking	*WB voting power (%)*	*2010 GDP (PPP)*	*2020 GDP (PPP)*
1	US (15.85)	USA	China
2	Japan (6.84)	China	USA
3	China (4.42)	Japan	India
4	Germany (4.0)	India	Japan
5	France (3.75)	Germany	Russia
6	United Kingdom (3.75)	Russia	Germany
7	India (2.91)	United Kingdom	Brazil
8	Russia (2.77)	France	United Kingdom
9	Saudi Arabia (2.77)	Brazil	France
10	Italy (2.64)	Italy	Mexico

Source: DC 2010a and Euromonitor 2010

[45] Essentially, the link between IBRD shareholding and IDA contributions should be turned upside-down. IBRD shareholding above a certain threshold should come with an *obligation* to contribute to IDA. Indeed, IDA contributions should be made automatic and proportionate to countries' IBRD shareholding.

rently, eight with the addition of single country seats for China, Russia and Saudi Arabia. With new powers demanding to be treated fairly and waning ones refusing to give up their privileges, the total number of appointed seats is likely to continue to increase in the coming decade.

Even before the ink is dry on the voice reform agreements, the voting power of the largest countries as well as the granting of appointed seats is already significantly out of line with the configuration of the world economy, as measured by GDP in PPP terms. Within the top 10, the UK and France command more voting power than their GDPs merit, and India and Brazil less. By the criterion of GDP (at PPP values), there is little justification to explain why India has not been granted an appointed seat when Germany, Russia, the UK and France have been allowed to keep theirs. By 2020 Brazil will have risen above the UK and France, and hence will also have a legitimate claim to an appointed seat. If India and Brazil are indeed to be granted appointed seats this can only happen in one of two ways: by increasing the number of Executive Directors on the Board (from 25 to 27) or by reconfiguring country constituencies. Neither a larger Board nor fewer but larger elected country constituencies are desirable solutions to this predicament. Instead, the World Bank Group should move in the direction of an all-elected Board (as is currently being discussed in the IMF).

The controversial role of 'G20 pressure'

The controversial role of the G20 has created a significant problem for future governance reforms in the World Bank. From the perspective of the 168 member countries of the World Bank not involved in G20 deliberations it was controversial, to say the least, that the overall targets of voice reform in the Bank (and the Fund) were decided by G20 countries. There is an increasing sense of resentment towards the role of the G20 in these matters on the part of the excluded countries.

In the preparation of the G20 Seoul Summit, the development agenda was given considerable priority by the South Korean presidency. A development sub-committee was established to prepare and facilitate G20 deliberations in this area. Representatives of a range of international organizations, including the World Bank, were invited to provide consultancy and technical inputs in this process. This became an issue of heated controversy in the Board of the Bank. Several non-G20 countries felt that it was not appropriate for the World Bank to be providing analysis and background material for what they saw as an illegitimate, self-selected club of leading economic

powers. From this perspective, Bank involvement in G20 deliberations on development amounts to implicitly accepting or even legitimizing the G20. Some non-G20 executive directors have tried to resist this involvement by demanding to see the budget line being used to cover the time World Bank officials spent providing inputs for this process towards the Seoul summit.[46]

What will the role of the G20 be in the run-up to the 2015 shareholding review? How will resentment on the part of the G173 over potential agreements made by the G20 countries – such as on targets for voting power shifts – impact on the 2015 shareholding review? These are very much open questions, and G20 'leadership' and resentment towards it may considerably complicate (if not undermine) the process of further shareholding realignment in the Bank in coming years.

Beyond frameworks and formulae

The IBRD shareholding realignment was made on the basis of a quota framework as opposed to a quota formula, although it was widely agreed that the latter would have been preferable. The challenge in arriving at a formula was to identify objective criteria on the basis of which an overall shift of voting power would result, while at the same time satisfying the condition that all countries that would yield voting power were willing to accept this. This proved impossible. Instead, a quota *framework* was developed. In principle, the difference between a quota framework and a quota formula is that the latter is not only based on objective criteria but also fully transparent. In the quota framework, on the other hand, although there are objective criteria, the way in which these give rise to specific voting power shares is not transparent. Indeed, throughout the entire voice reform process, Bank staff abstained from giving the details of the different calculations to Board members, fearing too much knowledge-sharing might undermine efforts to reach a compromise.

The difference between a framework and a formula should not be exaggerated, however. The IMF often prides itself that voting power in the institution is predicated upon a quota formula based on objective criteria, but in reality there was considerable political meddling involved in the IMF formula from the very outset. The phenomenon of *politically determined quotas that are justified ex post* "by reference to ostensibly neutral formulae specifically designed to produce the intended results" dates back to the founding of the Bretton Woods institutions (Woodward 2007: 5). In the

[46] See Bosco (2010) for a further reflection on this example and on the attitude of non-G20 countries to the G20.

case of the IMF, it was Raymond Mikesell who produced the formula for the initial allocation of quotas in 1943, under the instructions of Harry Dexter White, chief negotiator of the US. Mikesell later reported on how he answered questions about how the figures were arrived at:

> I… gave a rambling twenty-minute seminar on the factors taken into account in calculating the quotas, but I did not reveal the formula. I tried to make the process appear as scientific as possible, but the delegates were intelligent enough to know that the process was more political than scientific (Mikesell 1994: 35–36)

What all this adds up to is a note of caution with respect to formulae *as well as* frameworks for shareholding in the Bretton Woods institutions. I have proposed elsewhere that shareholding should be determined on the simplest possible basis, namely by simply allocating to countries a share of total quota votes that equals their share of world GDP (Vestergaard 2011). This is the best way to ensure that relative voting power reflects the realities of the global economy – while at the same time avoiding all manner of resource and time-consuming political battles in and around a more or less complex shareholding formula.

Concluding remarks

For the first time in the World Bank's history a comprehensive voting power realignment has been agreed upon. Considering that all 187 member countries had veto power over any agreement reached, there is no doubt that the voice reform was a remarkable diplomatic achievement. There are considerable differences in interpretations of the *impact* of the voice reform on the Bank, however. Some observers see the voice reform as a 'complete game-changer' and consider the fact that most parties are frustrated with the deal as testifying to a process of negotiation and compromise where all parties have been forced to give up some of their own narrow interest for a significant collective agreement to be reached. Others see it as a relatively minor step which will not substantially affect the day-to-day operations of the Bank, and which falls far short of what is necessary to increase the legitimacy of the institution. The main findings of this report tend to support the latter view.

First, the aggregate shift of voting power from developed to developing countries is very modest in percentage point terms, and lower than official figures indicate. The total shift of voting power from high-income countries to low and middle-income countries is 3.71% (1.35% in Phase 1 and 2.36% in Phase 2). As a result, high-income countries have retained more than 60% of voting power.

Second, the stated objective of at least avoiding *a decline* in voting power for the world's poorest countries in the second phase of the voice reform was not achieved; the aggregate voting power of low-income countries in fact decreased. Overall, low-income countries received only an aggregate increase of voting power, over two phases of voice reform, of 0.39 percentage point. This was less than 10% of the aggregate shift of voting power from developed countries to DTCs.

Third, as a consequence of these modest adjustments of voting power, considerable voting power imbalances remain. The voting power to GDP ratio varies from less than 0.5 to almost 4. This eightfold difference in how GDP translates into voting power is more than a little problematic in light of the Bank's repeated emphasis that shareholding 'should reflect in large measure the economic weight of member countries'.

Overall, the voice reform therefore cannot be said to be a substantial achievement in terms of the broad objective of enhancing the voice and participation of developing countries. The World Bank has failed to adjust its voting power system to the reali-

ties of the global economy and is thus contributing to the progressive undermining of the Bretton Woods institutions, to the benefit of more exclusive fora such as the G20. This development is particularly troubling because it may potentially undermine a system of multilateral cooperation that has taken half a century to create and institutionalize.

The Bank's Articles of Agreement – notably their granting of pre-emptive rights to all member countries on any decrease of their relative shareholding – was no doubt a considerable barrier to substantial voice reform. It is unfortunate that the World Bank is constrained in this manner in a situation where its future legitimacy and viability depend crucially on adjustment of its governance structures to the realities of the global economy. While, eventually, some limited voice reform was achieved, the question therefore remains of whether the Articles make adaptation of the Bank's governance so difficult that it will be unable to reshape and reinvent itself so as to be an attractive forum for multilateral development corporation, for low and middle-income countries alike.

Going forward, it is therefore of paramount importance that:

- The Articles of Agreement are amended so as to allow voting power realignments on the basis of special majority (by abolishing the pre-emptive rights of member countries).
- Quota votes are assigned to member countries in direct proportion to their share of world GDP (50/50), by abandoning all other country-specific criteria (including contributions to IDA).
- Basic votes are restored to at least 10% of total votes, which was their original level in 1944 (before a range of selective capital increases led to their gradual erosion).
- Future shareholding realignments are undertaken automatically – each year – on the basis of the above two principles for allocation of quota votes and basic votes.

Annex I. Overview of Interviewees

Bhattacharya, Amar (G24 Secretariat)
Boehmer, Hans-Martin (Manager, IEGCS)
Braga, Carlos (Vice President and Corporate Secretary)
Brandt, Anna (Executive Director)
Callesen, Per (Executive Director, IMF)
Canuto, Otaviano (VP and Head of Network, Poverty Reduction and Economic Management)
Chatterji, Pulok (Executive Director)
Chauffour, Jean-Pierre (Lead Economist, Int'l Trade Department)
Coutinho, Rui (Senior Economic Policy Advisor, Operations)
Dailami, Mansoor (Manager and Acting Director, Prospects Group, DEC)
Gutman, Jeff (VP Operations)
Harrison, Ann (Director Development Economics)
Haarlov, Jens (Alternate Executive Director)
Koch, Michael (Director, Financial Management)
Kvasov, Alexey (Executive Director)
Lewis, Jeffrey (Senior Advisor, Poverty Reduction and Economic Management)
Lichtenstein, Natalie (SAIS, John Hopkins University)
Lin, Justin (Senior vice President and Chief Economist, Development Economics)
Moorehead, Susanne (Executive Director)
Palmade, Vincent (Lead Economist, AFTFP)
Peters, Kyle (Director, Strategy and Country Services)
Peuker, Axel (Director, Policy & Operations, Corporate Secretariat)
Ray, Partha (IMF)
Rogers, F. Halsey (Sr. Economist, Development Research Group, Human Development)
Sader, Frank (Private Sector Development)
Seng, Ong (Executive Director)
Shakow, Alexander (former Director of External Affairs, World Bank)
Solomon, Ian (Executive Director)
Stephens, Peter (Director, African Communications)
Studart, Rogerio (Alternate Executive Director)
Sundberg, Mark (Manager, IEG Public Sector)

Tata, Gaiv (Manager, IDA Resource Mobilization)
Wallich, Christine (Director, IEG-MIGA)
Watson, Samy (Executive Director)
Yang, Shaolin (Executive Director)

Annex 2. Country constituencies in the World Bank

1	United States
2	Japan
3	Germany
4	France
5	United Kingdom
6	Afghanistan, Algeria, Ghana, Iran (Islamic Republic of), Morocco, Pakistan, Tunisia
7	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines
8	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay
9	Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Island, Micronesia (Federate States of), Mongolia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Vanuatu
10	Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, Turkey
11	Bahrain, Egypt (Arab Republic of), Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, Syrian Arab Republic, United Arab Emirates, Yemen (Republic of)
12	Bangladesh, Bhutan, India, Sri Lanka
13	Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Democratic Republic of), Congo (Republic of), Cote d' Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritius, Niger, Rwanda, Sao Tome and Principe, Senegal, Togo
14	Botswana, Burundi, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Seychelles, Sierra Leone, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe
15	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, Trinidad and Tobago
16	Brunei Darussalam, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam
17	China
18	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, Venezuela
19	Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia, former Yugoslav Republic of, Moldova, Montenegro, Netherlands, Romania, Ukraine
20	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden
21	Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste
22	Saudi Arabia
23	Russian Federation
24	Azerbaijan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan
25	Angola, Nigeria, South Africa

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