Reimagining IMF Quotas and World Bank Voting Shares for a More Effective Bretton Woods System

June 2025

Key Messages

IMF Quota Imbalances Undermine Equity: Africa, with significant financing needs, holds just 5.2% of IMF quotas. Meanwhile, the U.S. alone controls 17.4% which gives it veto power over major decisions.

World Bank Voting Power is Skewed Toward Creditors: High-income countries control over 60% of World Bank voting power, with the US holding a de facto veto (>15%), and thus, borrowing countries remain underrepresented despite being the Bank's primary clients.

Quota Shares Influence Critical Outcomes: Voting power, financial access, and Special Drawing Rights (SDR) allocations are tied directly to quota size. These mechanisms in turn reinforce global asymmetries in crisis response and macroeconomic policy.

Pre-emptive Rights Block Progressive Reform: The World Bank's current structure enables a small number of shareholders to block redistributive changes and thus undermining democratic decision-making.

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IMF QUOTA FORMULA

Economic Size = bigger economies get a bigger share.

Openness = countries that are more open to the world and therefore global shocks get more resources from the IMF.

Variability = countries that have more volatile economic features that make them more susceptible to balance of payments shocks.

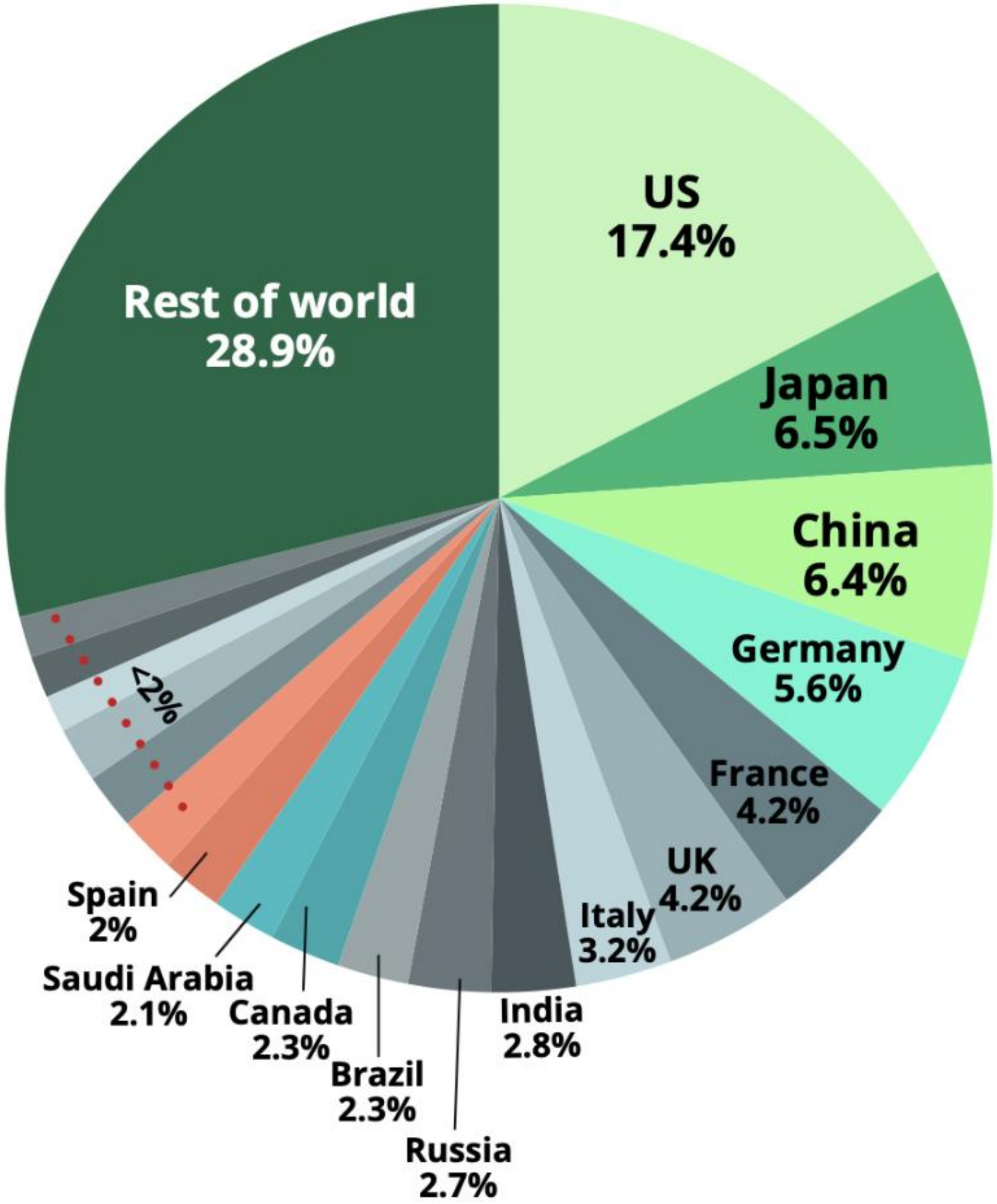
International Reserves = countries with higher reserves of foreign exchange, gold or SDRs, get more access to IMF resources.

As a result of this formula, high-income countries end up holding significantly larger quotas.

This both limits the voice and decision-making power of low-income countries, and their access to emergency IMF support.

Current Global Quota Distribution

39 African countries each hold less than 0.1% of overall IMF quotas



The US is the largest IMF shareholder – granting it effective veto power in discussions involving changes to the quota formula.

G20

G20 member-states, excluding South Africa, the European Union (EU), and African Union (AU), collectively possess 71% of total IMF quotas.

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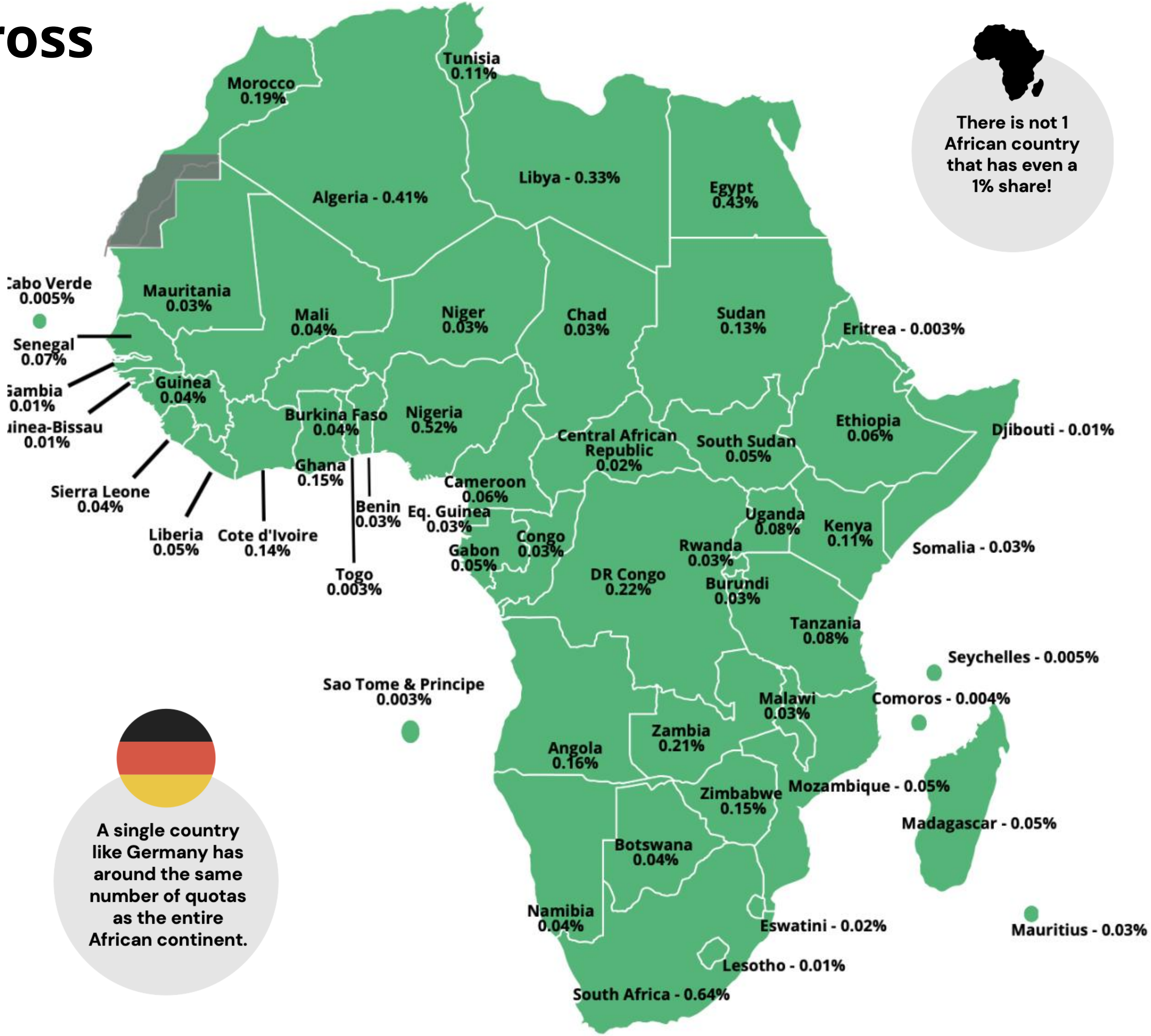
Breakdown of Quotas Across the Continent

South Africa holds the largest share (0.64%), followed by Nigeria (0.52%), Egypt (0.43%), and Algeria (0.41%).

AU member-states collectively possess 5.2% of the total quotas, which is equivalent to just 29.7% of the quota share of the US.



There is not 1 African country that has even a 1% share!

A single country like Germany has around the same number of quotas as the entire African continent.

Timeline of the IMF Quota Formula's Evolution

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1944

Founding of IMF at Bretton Woods Conference

1944 -1962

During this period, the quota formula was essentially a gentlemen's agreement between the large countries

1962

Formula Approach Formalized

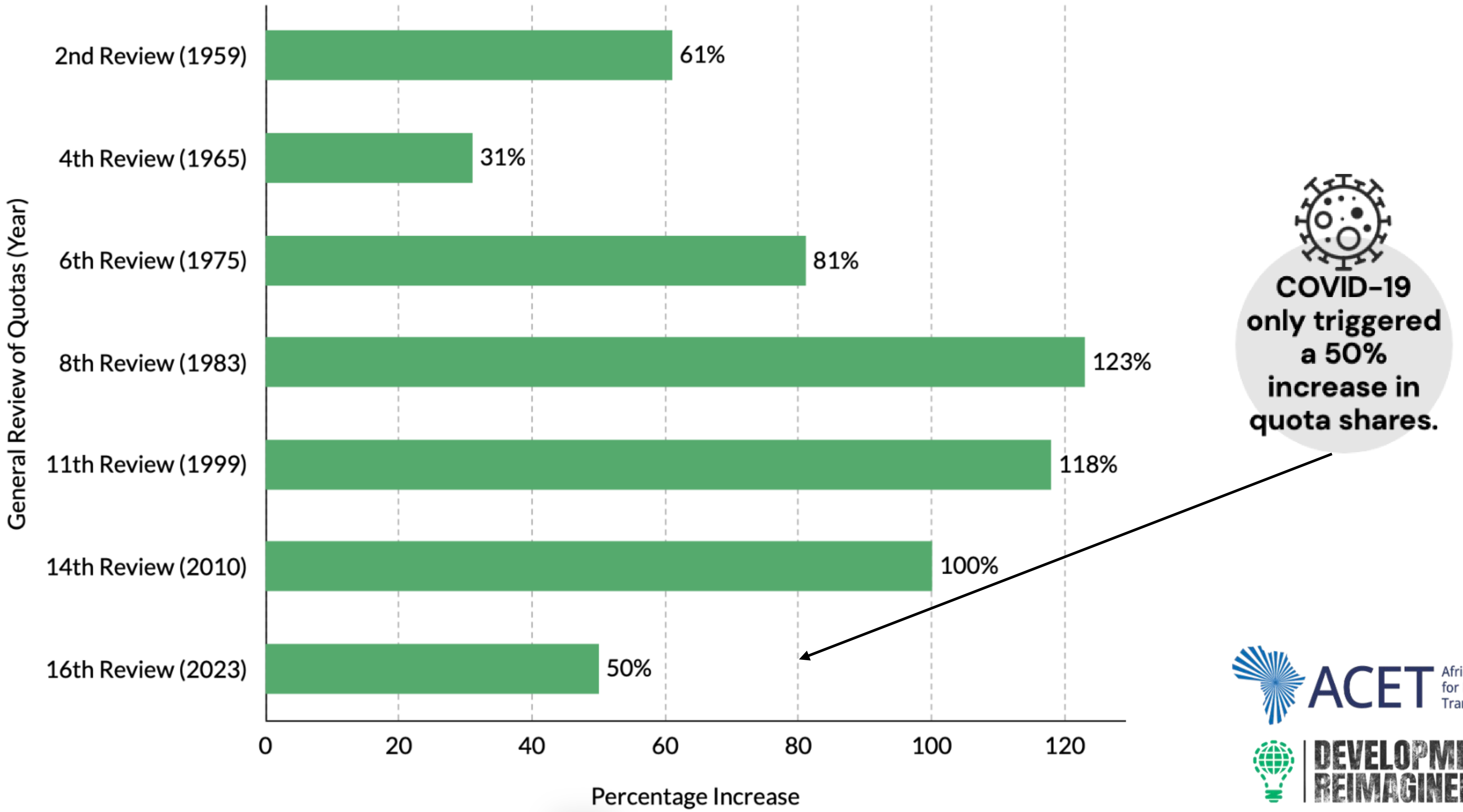
1983

Quota Formula Revised

2008

Quota Formula Revised

Periodic Increases to IMF Quota’s



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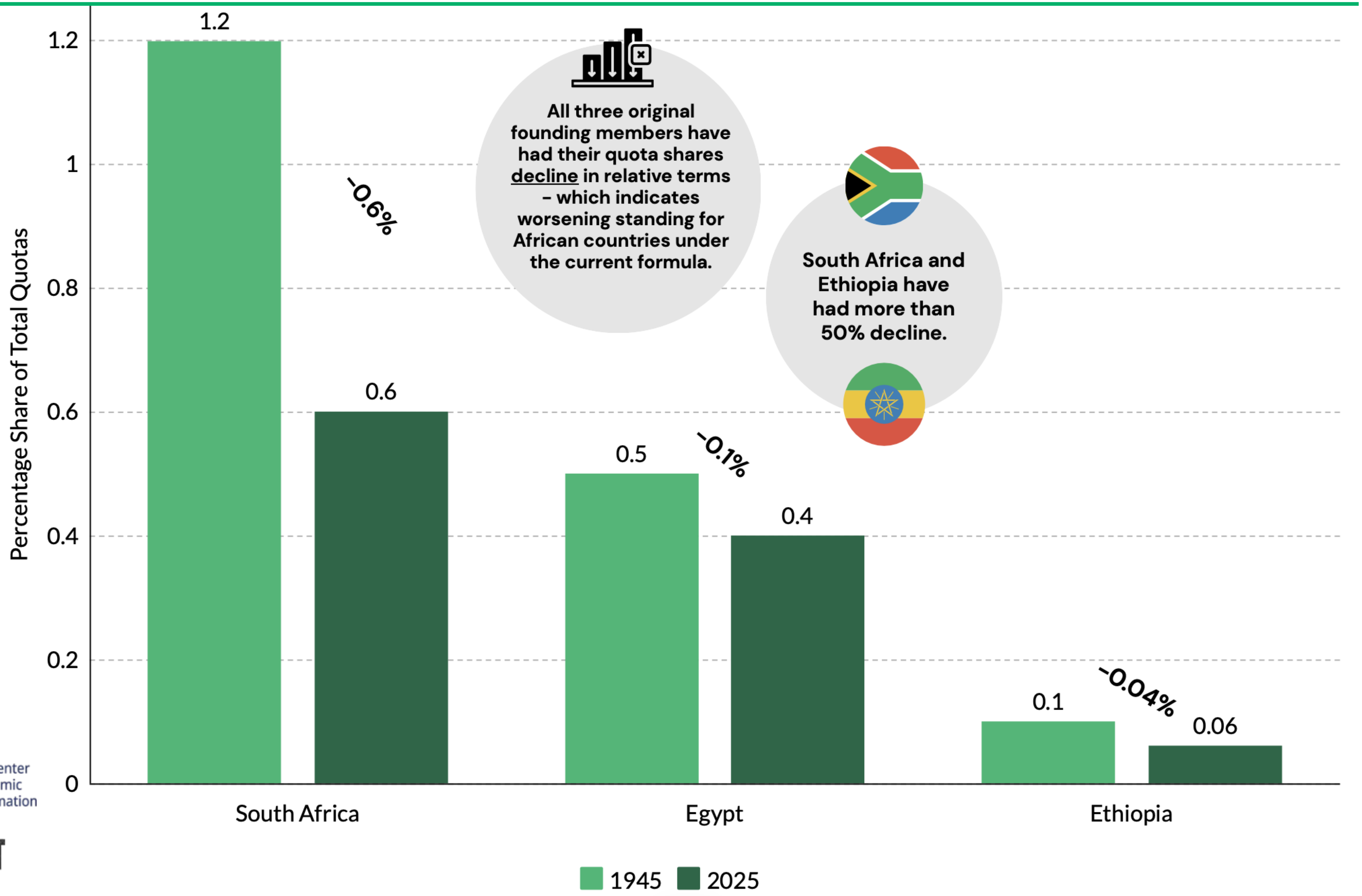
How African Founding Members' IMF Shares Have Shifted Over Time



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The Case for African States to Have More Quotas

African countries have significant financial needs for development, but their economic size is insufficient to ever raise sufficient finance on their own to build up financial reserves.

African countries are more vulne rable have to external shocks, especially due to their long-standing, low-value and commodity-based economic structure.

African countries can be expected to need more emergency financial resources due to high climate change risk and vulnerability.

Many have questioned whether African countries can just put more money into the IMF to get more quotas, however, it isn't that simple.

Increased contributions result from increased quotas and not the other way around.

So, mobilization of political will is needed to rebalance the quota formula, and quota shares.

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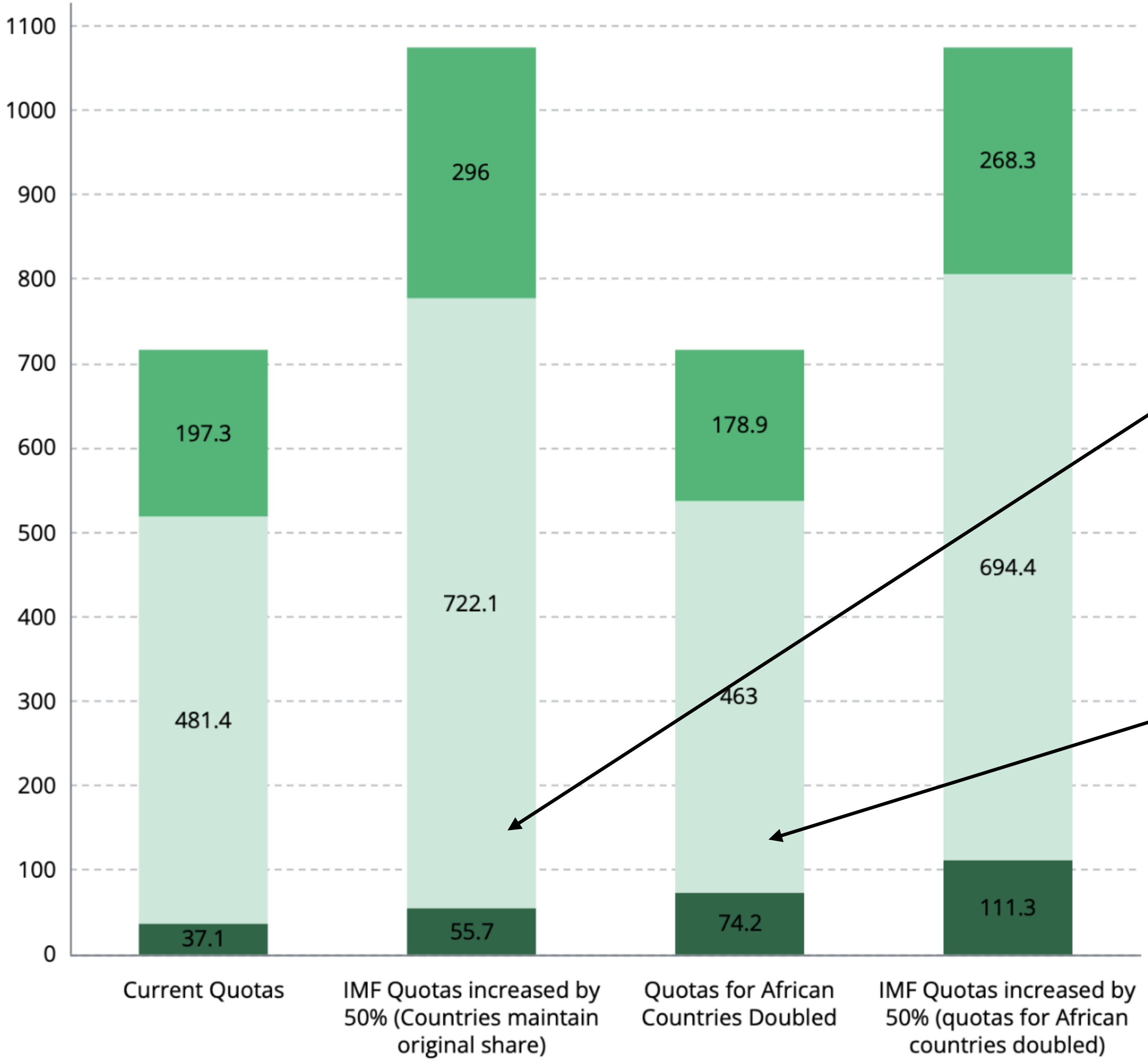
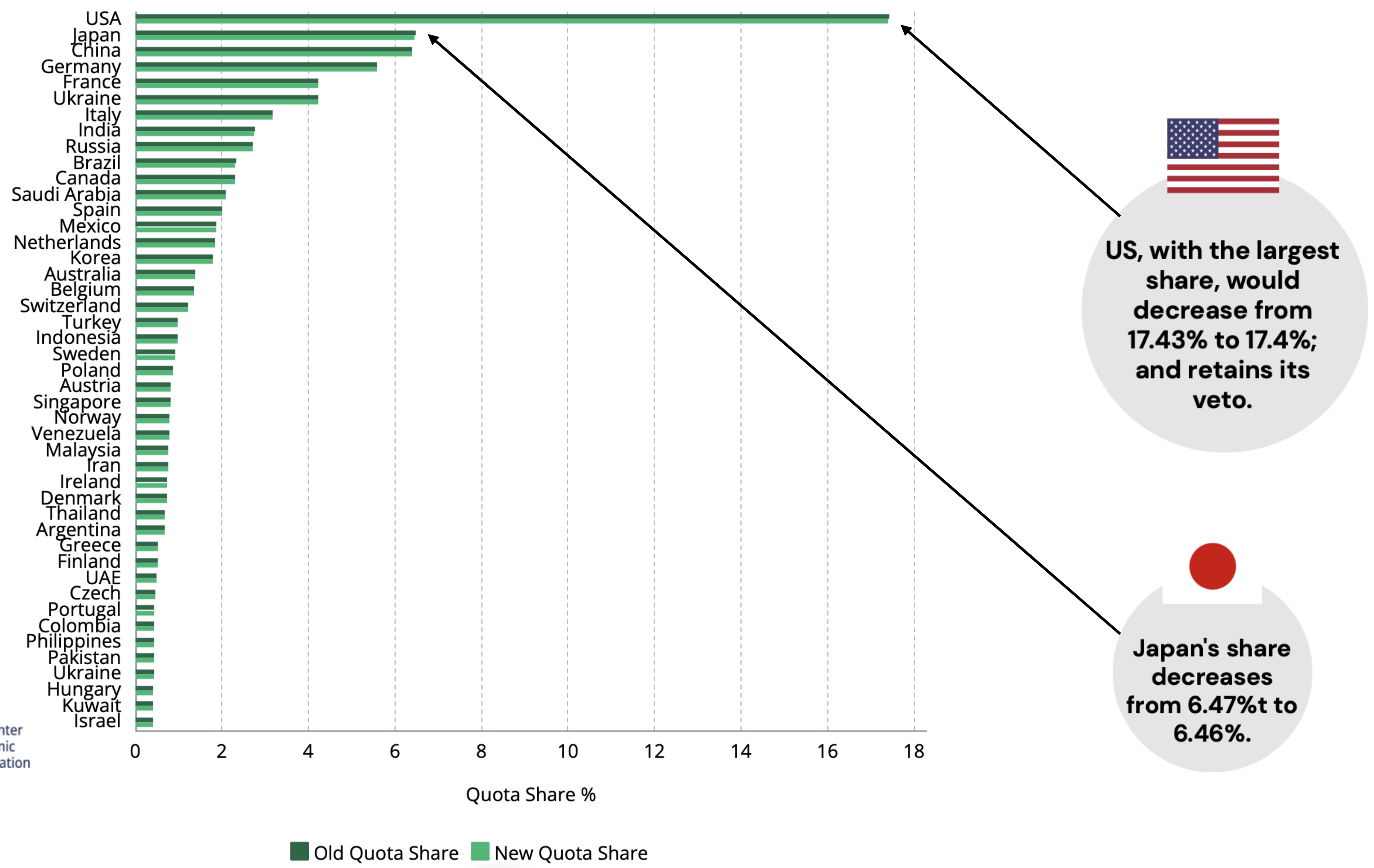
Scenarios for Changing IMF Quotas for Africa and Their Impact



With a 50% increase in quotas, African countries would gain extra quotas worth 18.5 billion SDRs, but with no change to its power in the institution.

If African quotas are doubled (i.e. from 5% to 10%) and quotas of non-African countries redistributed to compensate for this, Africa gets extra quotas worth 36.9 billion SDRs.

Impact of Redistributing Quotas Proportionately From Non-African Countries That Would See Less Than 10 Percent Reduction in Their Shares



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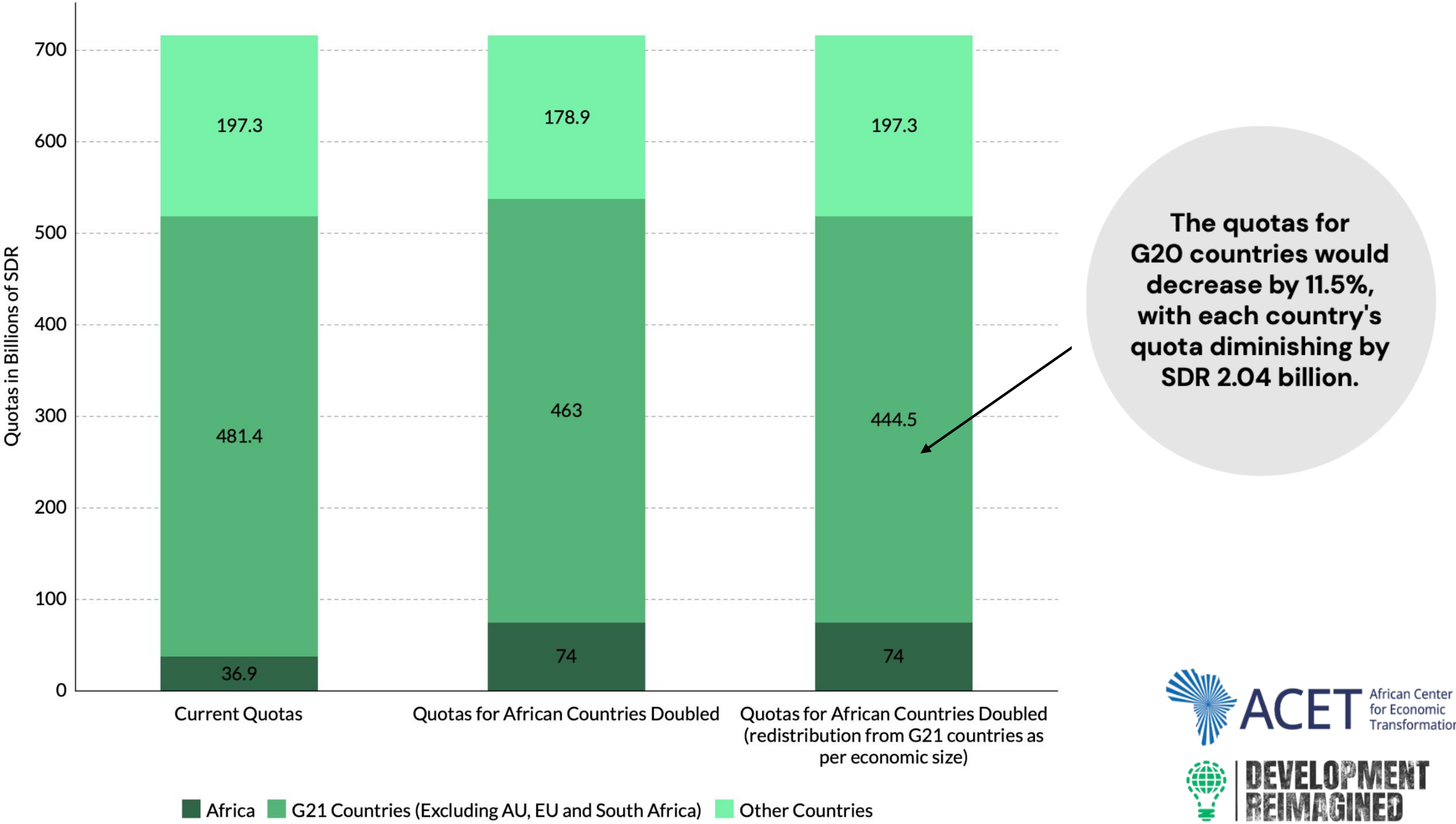
Boosting Africa’s Quota Share Through Equal Redistribution from G20



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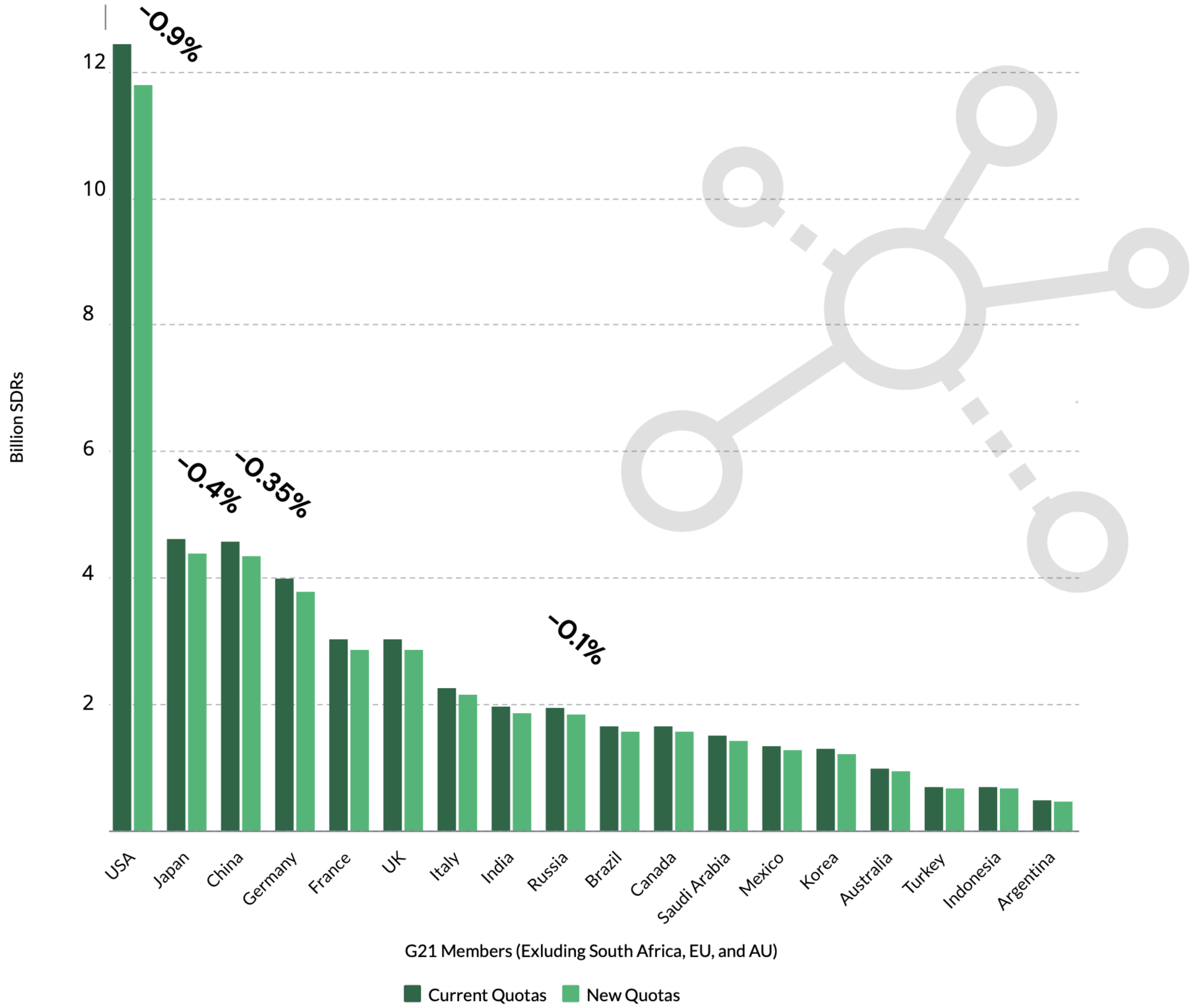
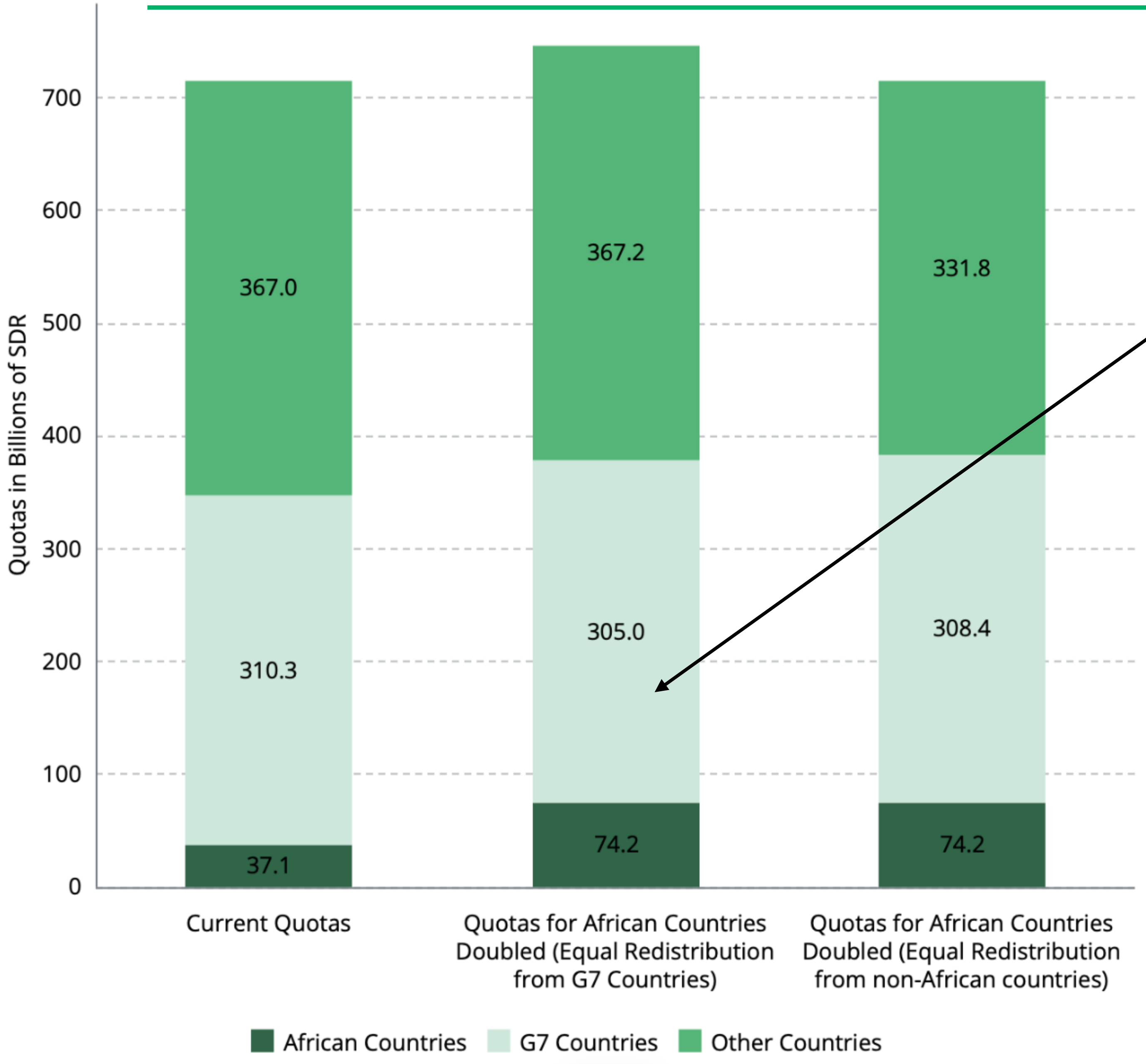
Impact of Redistributing Quotas From G20 countries as per their Economic Size, To Double Africa's Share



Impact of an Equal Redistribution of G7 Quotas to Africa

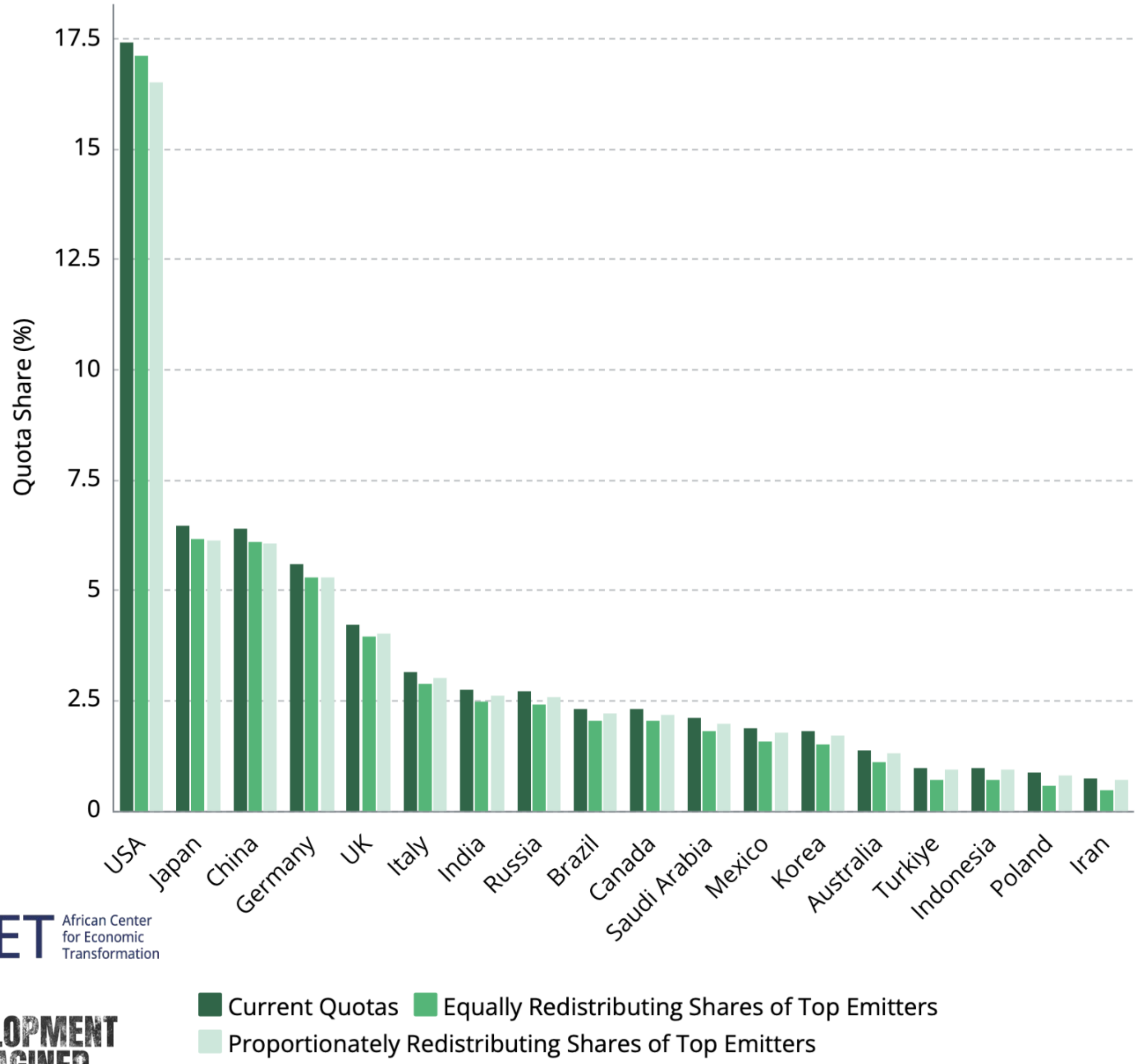


Quotas for G7 countries would decrease by a combined 11.96%.

G7 countries account for 43% of IMF Quotas.

G7 may involve easier negotiations that G21 given its a smaller club.

Equal vs. Proportional Redistribution of Quotas Among Top CO2 Emitters



In an equal distribution scenario, shares would drop to:

- US 17.1%
- China 16.1%
- Japan 6.2%
- Germany 5.3%
- UK 3.9%
- Brazil 2%
- Saudi Arabia, Mexico and Indonesia would face slightly smaller cuts.

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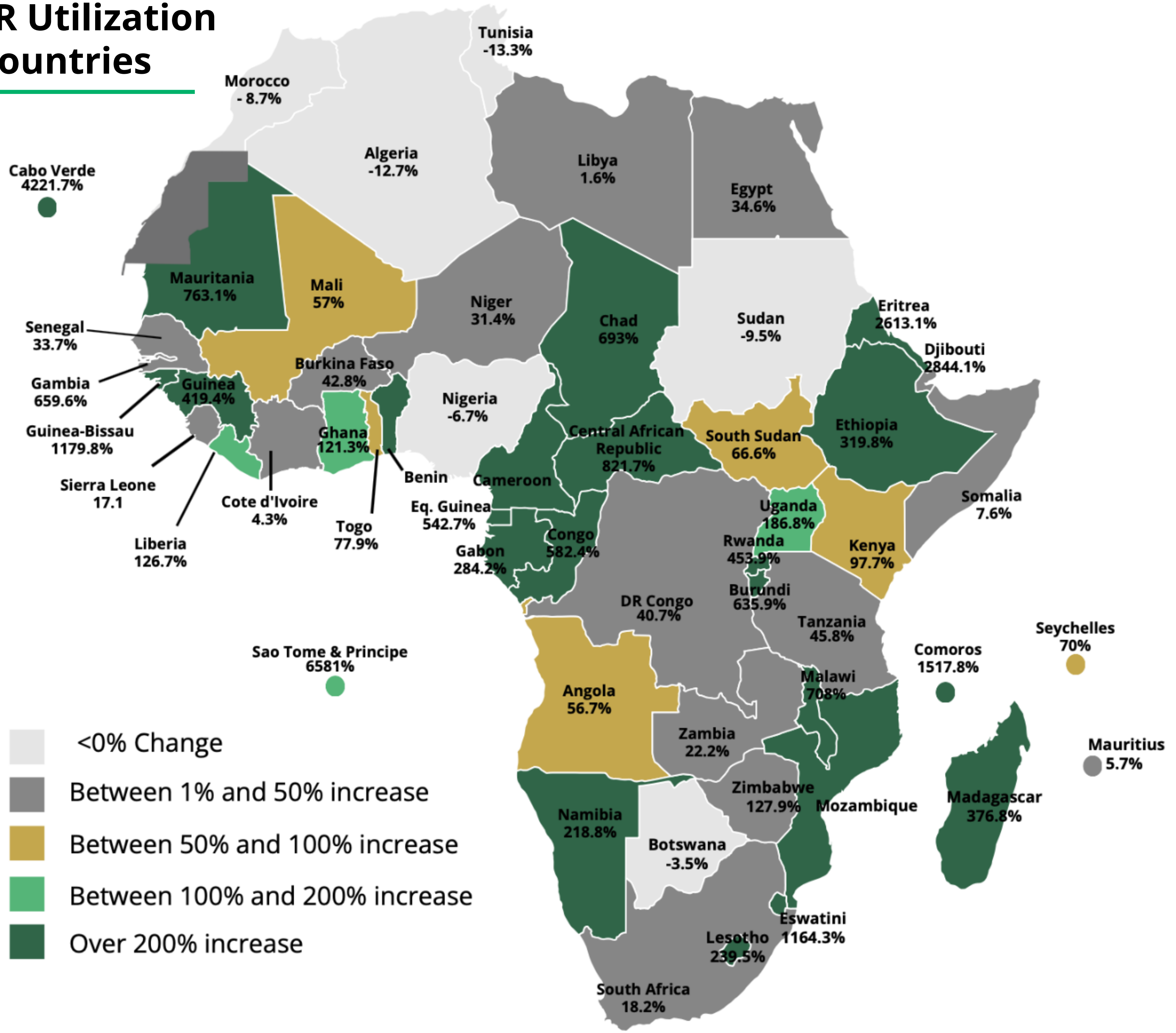
Impact of Substitution With SDR Utilization Rate on Quotas of African Countries



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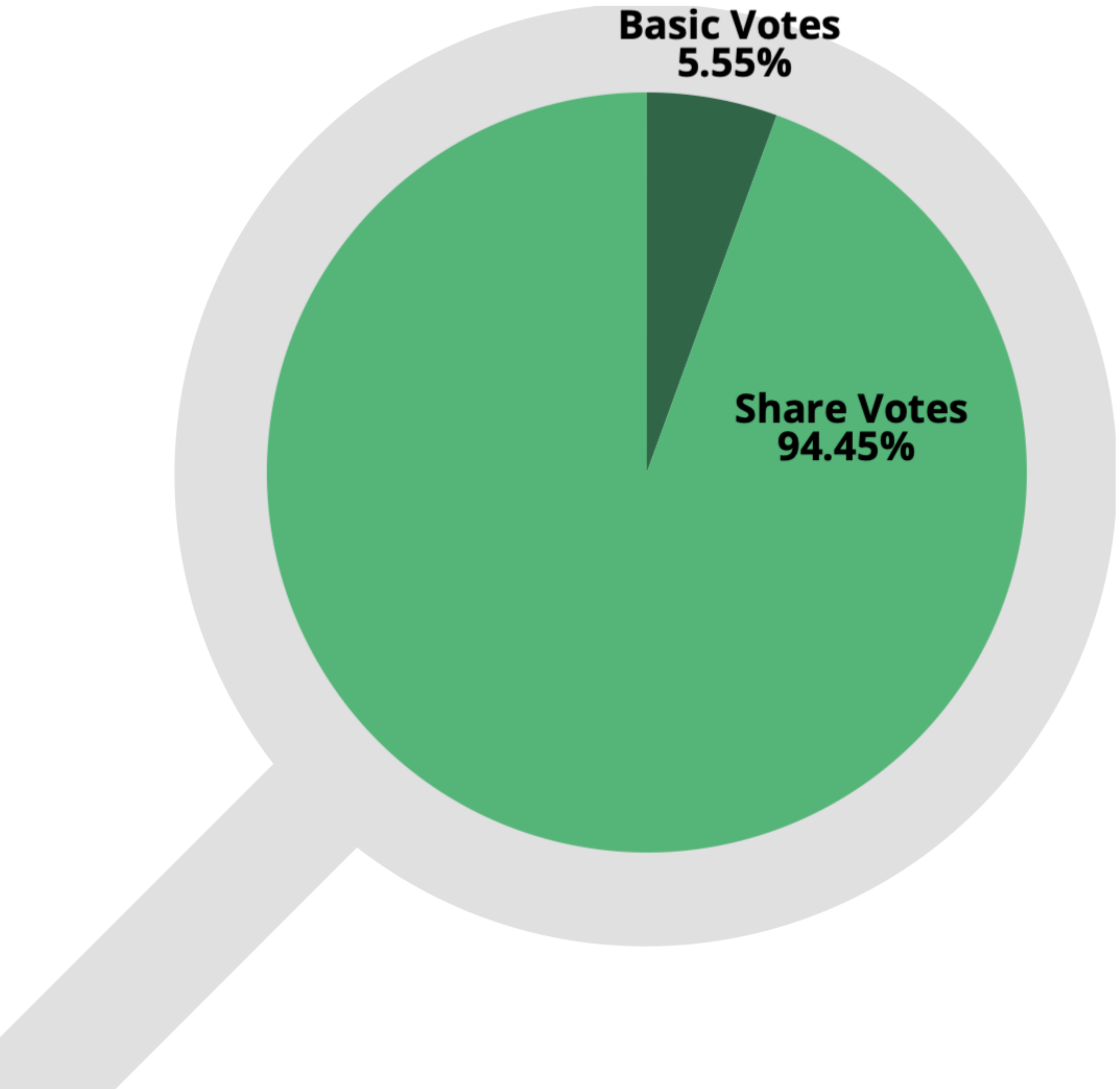
Composition of Total Voting Power: Basic vs. Share Votes



VOTE

Votes are allocated through a dual system of basic votes and share votes.

Basic votes are distributed equally across all member states and are set to 5.55% (equivalent to 250 basic votes) of the total votes.

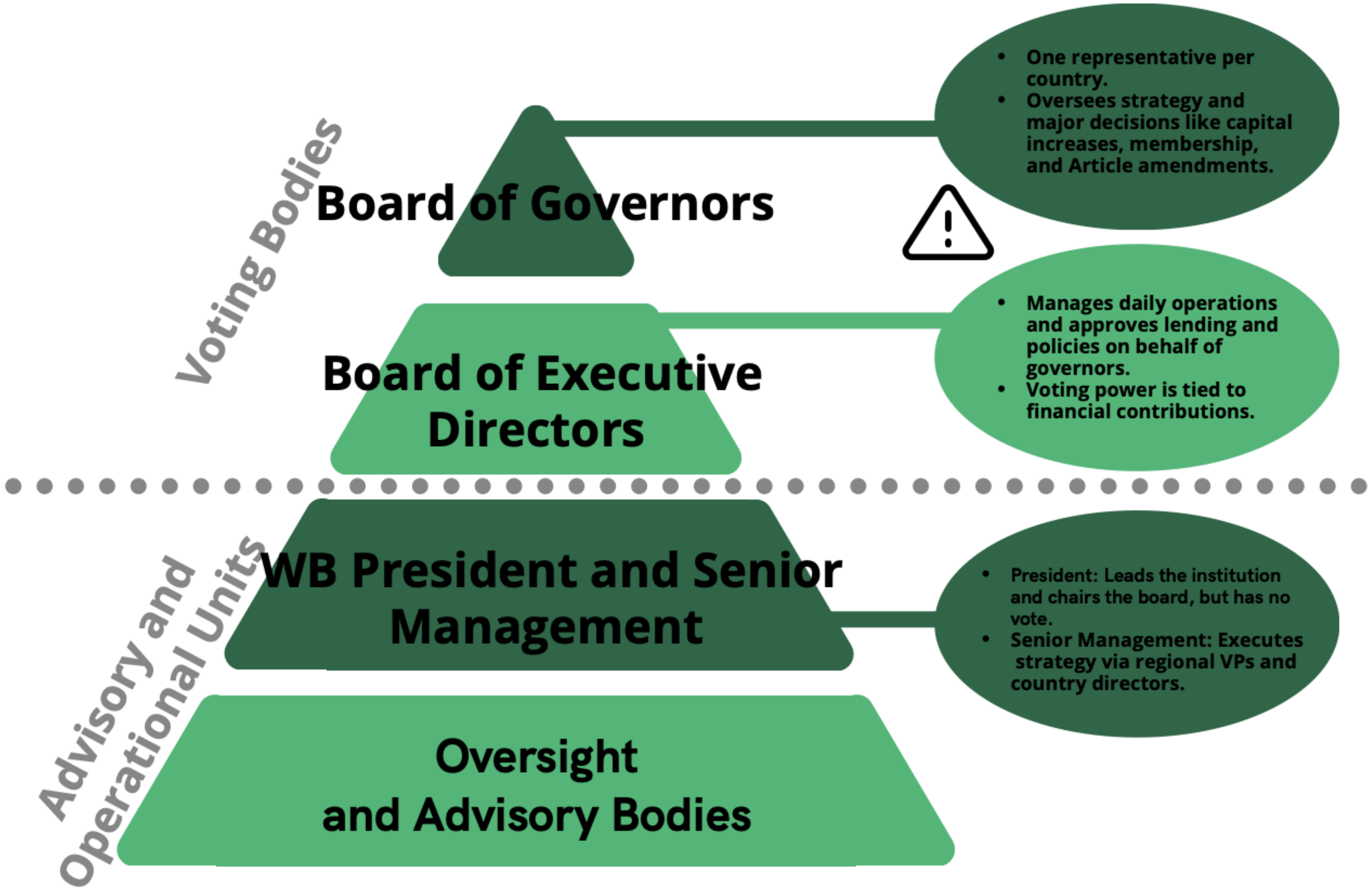
+

Share votes are proportional to member states' financial contributions, giving wealthy countries more votes.

Members have one additional vote for each share of the Bank's capital stock they hold.

Simplified World Bank Governance Model

From 44 original members in 1944, the Bank has grown to 189 members today.



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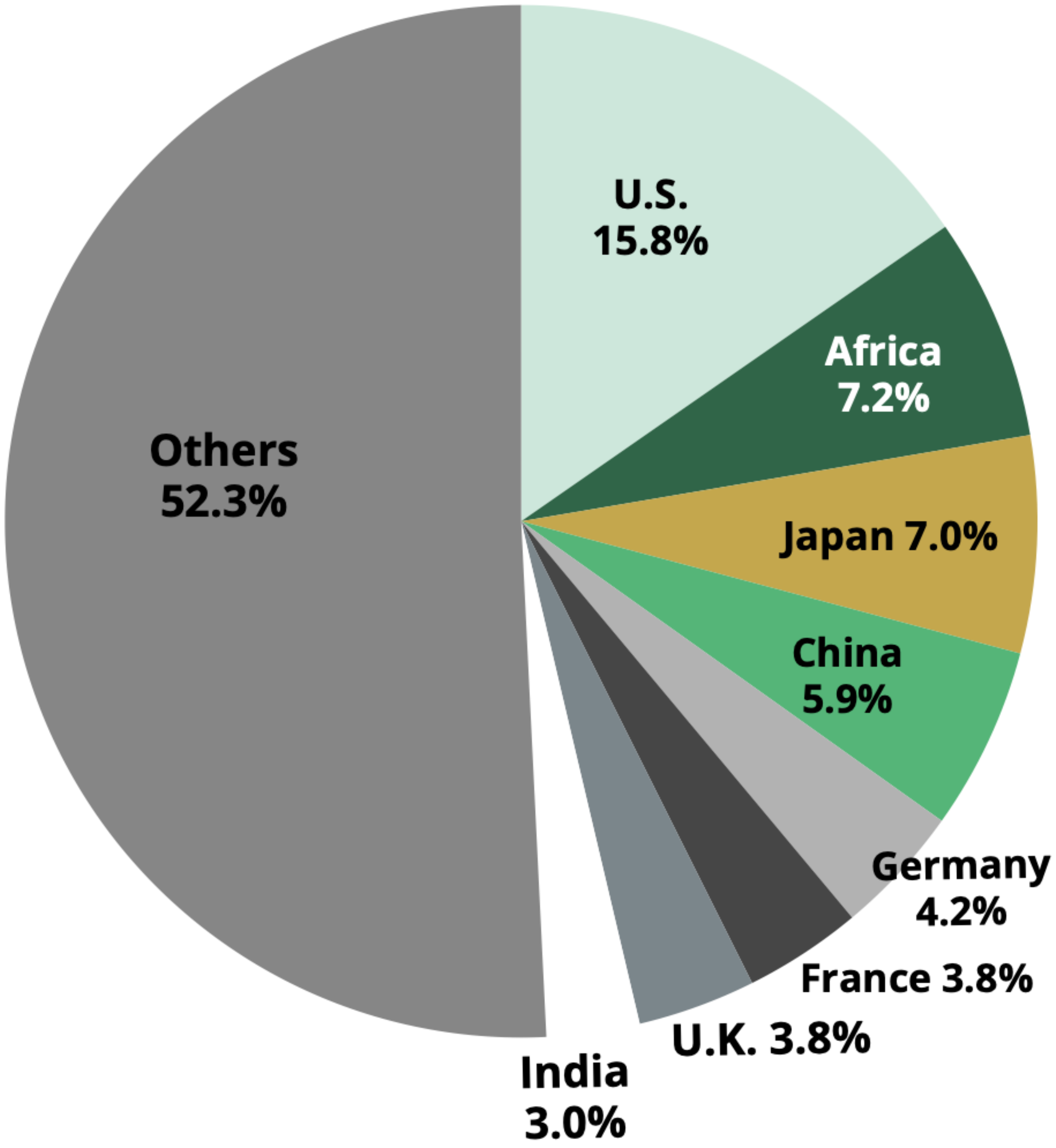
Distribution of voting power in the IBRD

All members hold "pre-emptive rights," allowing them to preserve their voting share during capital increases and prevent any reduction without their consent.



There are 25 Executive Directors. While each holds one seat, their voting power varies based on the shareholding of the countries they represent.

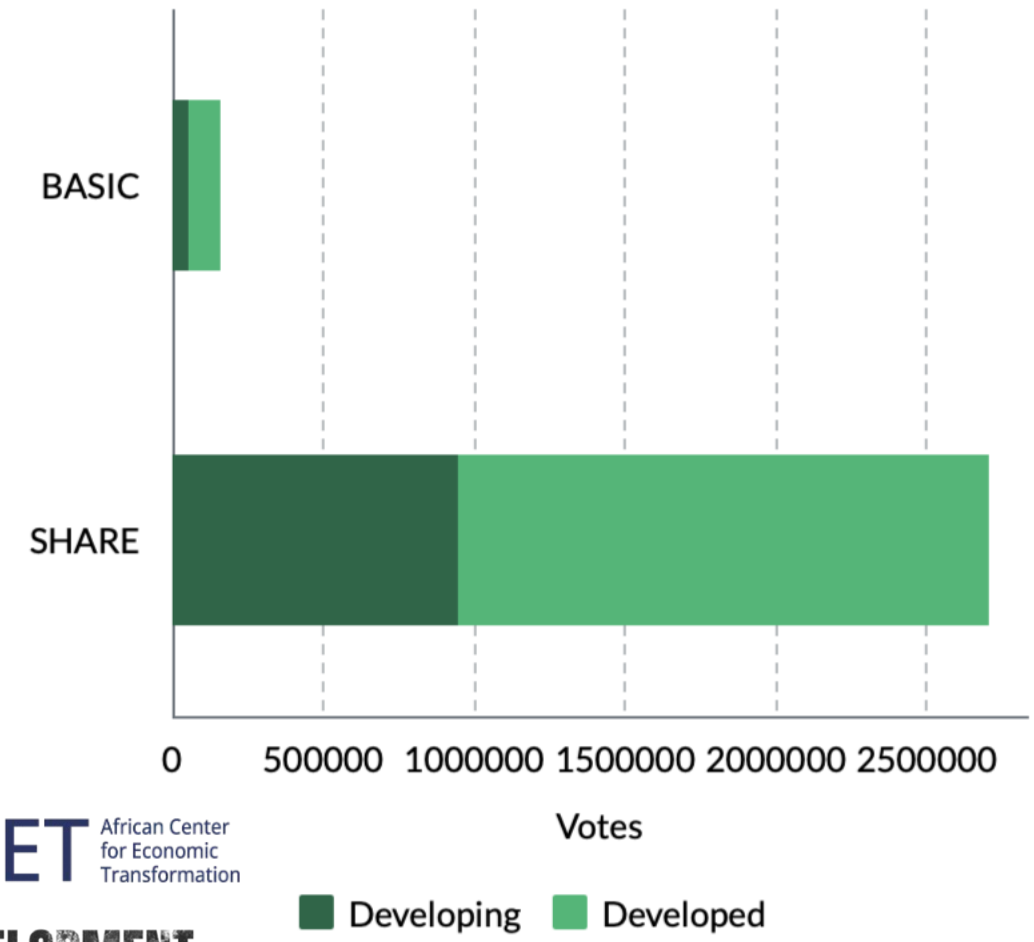
The largest shareholders (e.g. U.S., Japan, China) appoint their own Directors, while others are elected in regional constituencies.

The U.S. holds over 15% of voting power, enough to effectively veto major decisions requiring 85% approval.

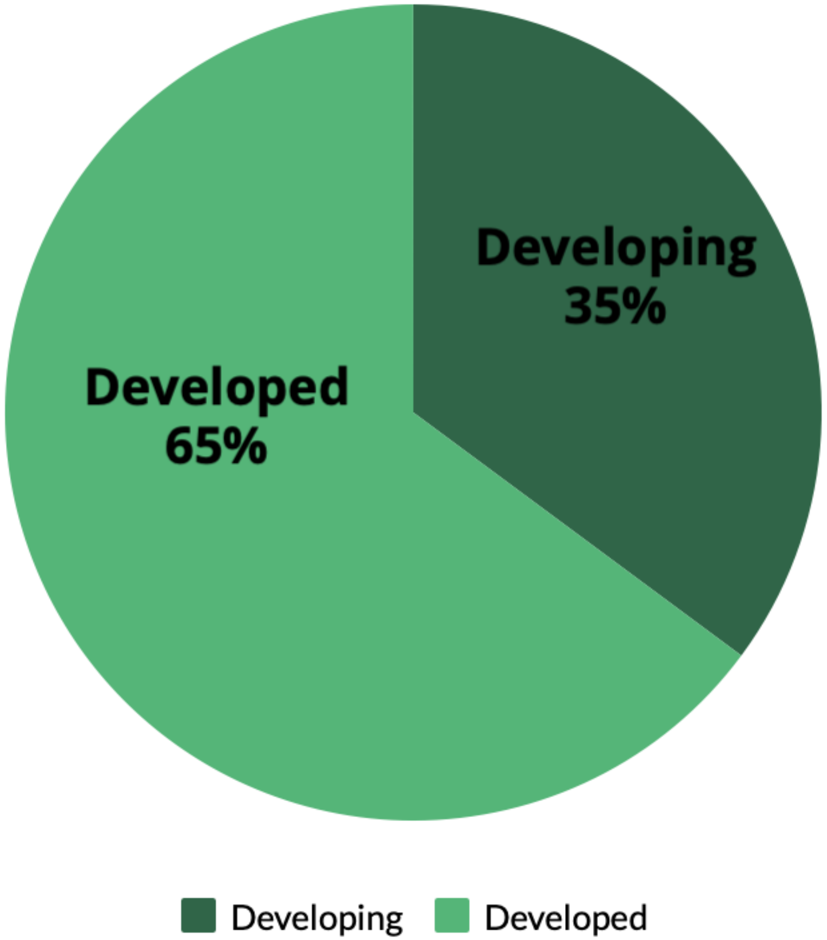
Today, sub-Saharan Africa holds three Executive Director seats*

* The World Bank divides Africa into sub-Saharan Africa and North Africa which is lumped with the Middle East.

Current Distribution of Votes in IBRD



Current Distribution of Voting Power



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Recommendations for the redistribution of World Bank Voting Shares

1

Increase number of basic votes and the share of basic votes from the current 5.5% to 50%

- **Increase basic votes by 127%**, raising their share of total votes from 5.5% to 50%.
- **Reduce share votes to 50%**, down from the current 94.5%, to balance influence.
- **Delink voting power from economic weight** to ensure fairer representation.

2

Split voting shares 50-50 between borrower and non-borrower countries

- **High-income countries to sell off their shares** to developing countries (23% of voting shares).
- **A General Capital Increase (GCI)**—where developing countries purchase most of the new shares.
- Since paid-in capital makes up just 6.8% of IBRD's total capital, a **GCI without paid-in contributions lowers** the cost for developing countries to gain more voting power.

3

Introduce double majority voting for decisions that directly affect developing countries

- **Introduce double-majority voting** as a less politically contentious way to strengthen developing countries' voice.
- **Require majority approval by both the Board and the full membership** for key decisions, especially those that directly affect developing countries such as lending terms and development policy.

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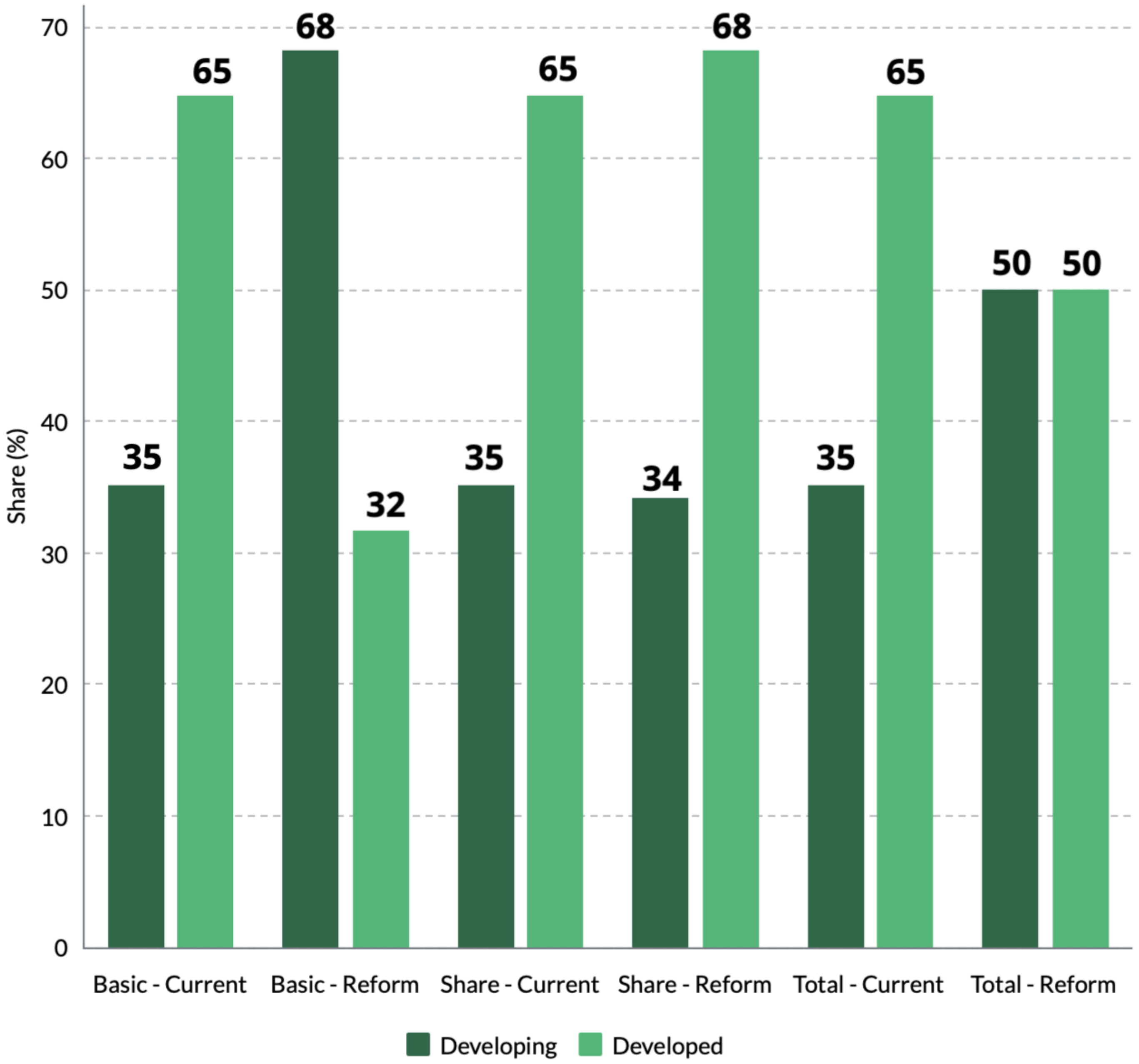
Impact of Redistributing Voting Shares



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Thank you!

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