

## 23. Promoting the Global Agenda: International Financial Institution Reform [203]

### Commitment

“The economic and financial crisis has clearly reinforced the need for enhanced international and multilateral cooperation. We have acted more forcefully and cooperated more fully than in any earlier economic crisis. We are fully committed to implementing rapidly the Washington and the London Summit decisions, including those to strengthen financial regulation and reform International Financial Institutions (IFIs), and to provide them with adequate resources. It is further important to ensure that developing economies, in particular low income countries, are able to cope with the effects of the crisis.”

*G8 Leaders Declaration on Promoting Global Recovery*

### Assessment

| Country        | Lack of Compliance | Work in Progress | Full Compliance |
|----------------|--------------------|------------------|-----------------|
| Canada         |                    | 0                |                 |
| France         |                    | 0                |                 |
| Germany        |                    |                  | +1              |
| Italy          | -1                 |                  |                 |
| Japan          |                    |                  | +1              |
| Russia         |                    |                  | +1              |
| United Kingdom |                    | 0                |                 |
| United States  |                    | 0                |                 |
| European Union |                    |                  | +1              |
| Average Score  |                    |                  | +0.33           |

### Commitment Features

This commitment stands as reaffirmation of the commitments agreed upon at the G8 Finance Ministerials in Washington and London. These commitments encompass three broad action areas members have agreed upon and can be measured for compliance against: 1) expand New Arrangements to Borrow (NAB) from the International Monetary Fund (IMF) by US\$500 billion; 2) implementation of the IMF quota and voice reforms agreed to in April 2008; 3) implementation of a competitive process to appoint heads and senior members of international financial institutions (IFIs). Full compliance requires each member to meet all three of these commitments.

## Scoring

|    |  |
|----|--|
| -1 | Member takes steps in one of the following areas: 1) expand New Arrangements to Borrow (NAB) from the International Monetary Fund (IMF) by US\$500 billion; 2) implement the IMF quota and voice reforms agreed to in April 2008; 3) implement a competitive process to appoint heads and senior members of international financial institutions (IFIs). |
| 0  | Member takes steps in two of the following areas: 1) expand NAB from the IMF by US\$500 billion; 2) implement the IMF quota and voice reforms agreed to in April 2008; 3) implement a competitive process to appoint heads and senior members of IFIs.   |
| +1 | Member takes steps in all of the following areas: 1) expand NAB from the IMF by US\$500 billion; 2) implement the IMF quota and voice reforms agreed to in April 2008; 3) implement a competitive process to appoint heads and senior members of IFIs.   |

*Lead Analyst: Ivana Jankovic*

### **Canada: 0**

Canada has partially complied with its IFI Reform commitments as it has provided funds to the IMF for the New Arrangements to Borrow fund and voiced its support for IFI quota reforms.

On 8 July 2009, Minister of Finance Jim Flaherty signed an agreement to provide the IMF with USD10 billion - or SDR6.5 billion - to support the Fund's timely distribution and effective balance of payments assistance to its members.<sup>1434</sup> The G20 Pittsburgh Leaders' Statement also affirmed that Canada, in partnership with a host of other nations, has succeeded in contributing over USD500 billion to the expanded New Arrangements to Borrow (NAB) for the IMF.<sup>1435</sup>

On 24 November 2009, Canada and 25 other participants in the IMF's program, agreed to "introduce more flexibility to the NAB" and met with other potential NAB Participants to facilitate the increase of credit arrangements to USD600 billion.<sup>1436</sup>

During the G20 Pittsburgh Summit on 25 September 2009, Canada, along with other G7 members, stressed the importance of adopting a new voting formula at the World Bank to ensure a minimum three per cent increase in voting power for developing and transition countries in an effort to benefit under-represented countries.<sup>1437</sup>

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<sup>1434</sup> IMF Signs US\$10 Billion Borrowing Agreement with Government of Canada, International Monetary Fund (Washington) 8 July 2009. Date of Access: 14 January 2010.

[www.imf.org/external/np/sec/pr/2009/pr09257.htm](http://www.imf.org/external/np/sec/pr/2009/pr09257.htm)

<sup>1435</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1436</sup> NAB Participants Agree to Expand Fund's Borrowing Arrangement to up to US\$600 Billion, IMF (Washington) 24 November 2009. Date of Access: 5 December 2009.

[www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf](http://www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf)

<sup>1437</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

While Canada has taken steps to fund the IMF and has supported IMF quota reforms, it has failed to take steps towards implementing a new process for the appointment of heads and senior members of international financial institutions. Thus, Canada has been awarded a score of 0.

*Analyst: Mila Khodoskaya*

**France: 0**

France has partially complied with its commitments to implement IFI reforms. France provided funds to expand the New Arrangement to Borrow fund and voiced its support for IMF quota reforms.

On 29 July 2009, France signed an agreement to lend the IMF EUR11 billion, satisfying the country's share of the EUR75 billion promised by the European Council to provide timely and effective balance of payments assistance to IMF members in the economic crisis.<sup>1438</sup> Furthermore, France signed an agreement with the IMF to provide the PRGF-ESF Trust with an additional SDR670 million - approximately USD1.05 billion - in new loan resources to help expand the IMF's capacity to help low-income countries affected most by the financial crisis.<sup>1439</sup>

On 25 September 2009, during the Pittsburgh Summit, G20 leaders reaffirmed that they had been successful in raising the committed funds and had contributed over USD500 billion to an expanded IMF New Arrangements to Borrow(NAB).<sup>1440</sup>

On 24 November 2009, France agreed to "introduce more flexibility to the NAB" and met with potential NAB Participants to facilitate the increase of credit arrangements to USD600 billion.<sup>1441</sup>

On 23 September 2009, French President Nicolas Sarkozy called for reform of the international financial institutions — the International Monetary Fund (IMF) and the World Bank — and for the reengineering of the international monetary system.<sup>1442</sup>

During the G20 Pittsburgh Summit on 25 September 2009, France, along with other G7 members, stressed the importance of adopting a new voting formula at the World Bank to

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<sup>1438</sup> Statement by Christine Lagarde to the International Monetary and Financial Committee Twentieth Meeting (Washington) 4 October 2009. Date of Access: 4 December 2009. [www.imf.org/External/AM/2009/imfc/statement/eng/fra.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/fra.pdf)

<sup>1439</sup> IMF Signs €11 Billion Borrowing Agreement with France, International Monetary Fund (Washington) 4 September 2009. Date of Access: 4 December 2009. [www.imf.org/external/np/sec/pr/2009/pr09299.htm](http://www.imf.org/external/np/sec/pr/2009/pr09299.htm)

<sup>1440</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1441</sup> NAB Participants Agree to Expand Fund's Borrowing Arrangement to up to US\$600 Billion, IMF (Washington) 24 November 2009. Date of Access: 5 December 2009. [www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf](http://www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf)

<sup>1442</sup> France calls for reform of world financial institutions, Xinhua News (United Nations) 24 September 2009. Date of Access: 4 December 2009. [news.xinhuanet.com/english/2009-09/24/content\\_12103682.htm](http://news.xinhuanet.com/english/2009-09/24/content_12103682.htm)

ensure a minimum three per cent increase in voting power for developing and transition countries in an effort to benefit under-represented countries.<sup>1443</sup>

On 6 October 2009, at the Joint Annual Discussion of Boards of Governors, in Istanbul, the Alternate Governor of the Fund, Hon. Christian Noyer, confirmed that France will “participate actively in the work...which calls for a shift of quotas...with a view to achieving better representation of dynamic emerging markets and developing countries” within the international financial institutions.<sup>1444</sup>

France has taken steps to fund the IMF and has supported IMF quota reforms, but it has failed to take steps towards implementing a new process for the appointment of heads and senior members of the International Financial Institutions. Thus, France has been awarded a score of 0.

*Analyst: Yi Luo*

### **Germany: +1**

Germany has fully complied with its IFI Reform commitments. The Government has provided funds towards the New Arrangements to Borrow (NAB); pushed for implementation of 2008 quota and voice reforms; and declared its support for a merit-based, transparent selection process for heads and senior members of International Financial Institutions.

On 22 September 2009, the Deutsche Bundesbank and the International Monetary Fund signed an agreement to provide up to EUR15 billion to expand the IMF’s New Arrangements to Borrow.<sup>1445</sup> The agreement satisfies Germany’s required financial contribution to the European Union’s EUR75 billion funding increase to the IMF.<sup>1446</sup>

On 25 September 2009, during the Pittsburgh Summit, G20 leaders reaffirmed that they had been successful in raising the committed funds and had contributed over USD500 billion to an expanded IMF New Arrangements to Borrow(NAB).<sup>1447</sup>

On 24 November 2009, Germany, among 25 other participants, agreed to “introduce more flexibility to the NAB” and met with potential NAB Participants to facilitate the increase of credit arrangements to USD600 billion.<sup>1448</sup>

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<sup>1443</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1444</sup> Statement by the Hon. Christian Noyer, Alternate Governor of the Fund for France at the Joint Annual Discussion, International Monetary Fund (Istanbul) 6-7 October 2009. Date of Access: 4 December 2009. [www.imf.org/external/am/2009/speeches/pr23e.pdf](http://www.imf.org/external/am/2009/speeches/pr23e.pdf)

<sup>1445</sup> IMF Signs €15 Billion Borrowing Agreement with Deutsche Bundesbank, International Monetary Fund (Washington) 22 September 2009. Date of Access: 14 January 2010. [www.imf.org/external/np/sec/pr/2009/pr09321.htm](http://www.imf.org/external/np/sec/pr/2009/pr09321.htm)

<sup>1446</sup> IMF Signs €15 Billion Borrowing Agreement with Deutsche Bundesbank, International Monetary Fund (Washington) 22 September 2009. Date of Access: 14 January 2010. [www.imf.org/external/np/sec/pr/2009/pr09321.htm](http://www.imf.org/external/np/sec/pr/2009/pr09321.htm)

<sup>1447</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1448</sup> NAB Participants Agree to Expand Fund’s Borrowing Arrangement to up

During the G20 Pittsburgh Summit on 25 September 2009, Germany, along with other G7 members, stressed the importance of adopting a new voting formula at the World Bank to ensure a minimum three per cent increase in voting power for developing and transition countries in an effort to benefit under-represented countries.<sup>1449</sup>

On 4 October 2009, during the 20th Meeting of the International Monetary and Financial Committee, Germany's Minister of Finance, Peer Steinbrück stated that "the heads and senior leadership of all international [financial] institutions should be appointed through an open, transparent and merit-based process."<sup>1450</sup> Germany calls on the IMF and the World Bank to come forward with concrete proposals in this respect. Minister Steinbrück commented that "[a] balanced distribution of IMF staff is desirable, in terms of geographical origin as well as professional background."<sup>1451</sup> Minister Steinbrück pledged that Germany "will work constructively to conclude the next quota review by January 2011" and that "overall aim [of these reforms] should be to better align members' actual quotas with their calculated quotas."<sup>1452</sup> The Government has also urged other countries to implement the 2008 Quota and Voice Reforms.

On 6 October 2009, at the Joint Annual Discussion of Boards of Governors, in Istanbul, Governor of the Fund for Germany, Hon. Axel A. Weber once again called upon those members that have not already done so, to ratify the 2008 quota and voice reform.<sup>1453</sup> The Governor commented that "the size of the quota increase ... should be determined by the long-term liquidity needs of the IMF, while allowing for a meaningful increase for underrepresented countries."<sup>1454</sup>

Germany has provided funds towards the NAB; pushed for implementation of the 2008 quota and voice reforms; and demonstrated support for a merit-based, transparent selection process for the heads and senior members of the International Financial Institutions. Thus, Germany has been awarded a score of +1

*Analyst: Mila Khodskaya*

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to US\$600 Billion, IMF (Washington) 24 November 2009. Date of Access: 5 December 2009.

[www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf](http://www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf).

<sup>1449</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1450</sup> Statement by Peer Steinbrück Minister of Finance, International Monetary and Finance Committee (Brussels) 4 October 2009. Date of Access: 14 January 2010. [www.imf.org/External/AM/2009/imfc/statement/eng/deu.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/deu.pdf)

<sup>1451</sup> Statement by Peer Steinbrück Minister of Finance, International Monetary and Finance Committee (Brussels) 4 October 2009. Date of Access: 14 January 2010. [www.imf.org/External/AM/2009/imfc/statement/eng/deu.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/deu.pdf)

<sup>1452</sup> Statement by Peer Steinbrück Minister of Finance, International Monetary and Finance Committee (Brussels) 4 October 2009. Date of Access: 14 January 2010. [www.imf.org/External/AM/2009/imfc/statement/eng/deu.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/deu.pdf)

<sup>1453</sup> Statement by the Hon. Axel A. Weber Governor of the Fund for Germany, Joint Annual Discussion of Boards of Governors (Istanbul) 6 October 2009. Date of Access: 14 January 2010. [www.imf.org/external/am/2009/speeches/pr35e.pdf](http://www.imf.org/external/am/2009/speeches/pr35e.pdf)

<sup>1454</sup> Statement by the Hon. Axel A. Weber Governor of the Fund for Germany, Joint Annual Discussion of Boards of Governors (Istanbul) 6 October 2009. Date of Access: 14 January 2010. [www.imf.org/external/am/2009/speeches/pr35e.pdf](http://www.imf.org/external/am/2009/speeches/pr35e.pdf)

### **Italy: -1**

Italy has failed to comply with its IFI Reform commitments. It has, however, taken steps to implement the 2008 voice and quota reforms package.

Italy has failed to conclude an agreement with the IMF to provide additional funds to the renewed and expanded Arrangements to Borrow (NAB)<sup>1455</sup>.

On 24 November 2009, the 26 current participants agreed to “introduce more flexibility to the NAB” and met with potential NAB Participants to facilitate the increase of credit arrangements to USD600 billion.<sup>1456</sup>

At the G20 Pittsburgh Summit on 25 September 2009, Italy, with other G7 members, stressed the importance of a new voting formula at the World Bank to ensure a minimum 3 per cent increase in voting power for developing and transition countries to benefit under-represented countries.<sup>1457</sup>

Governor of the Banca d’Italia Mario Draghi also chairs the Financial Stability Board (FSB), an international body of regulators and central bankers established at the 2009 G20 London Summit to prevent the recurrence of the global economic crisis. On 15 September, Draghi argued that the global financial system requires “major changes”.<sup>1458</sup>

Italy supported IMF voice and quota reforms but has failed to fund the NAB for the IMF and has failed to support a new selection process for the heads and senior members of the International Monetary Institutions. Thus, Italy has been awarded a score of -1.

*Analyst: Sahar Kazranian*

### **Japan: +1**

Japan has fully complied with its IFI Reform commitments. It has provided funds to the New Arrangements to Borrow (NAB); pushed for implementation of 2008 quota and voice reforms; and demonstrated support for a merit-based, transparent selection process for the heads and senior members of IFIs.

On 13 February 2009, Japan signed a US\$100 billion borrowing agreement with the IMF in an effort to temporarily supplement the IMF’s financial resources and bolster the its capacity to provide timely, effective balance of payments assistance to members.<sup>1459</sup>

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<sup>1455</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1456</sup> NAB Participants Agree to Expand Fund’s Borrowing Arrangement to up to US\$600 Billion, IMF (Washington) 24 November 2009. Date of Access: 5 December 2009. [www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf](http://www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf).

<sup>1457</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1458</sup> FSB Draghi: Financial System Needs "Major Changes", Dow Jones Newswires (Rome) 12 November 2009. Date of Access: 5 December 2009. [www.easybourse.com/bourse/actualite/update-fsb-draghi-financial-system-needs-major-changes-760168](http://www.easybourse.com/bourse/actualite/update-fsb-draghi-financial-system-needs-major-changes-760168).

<sup>1459</sup> IMF Signs US\$100 Billion Borrowing Agreement with Japan, International Monetary Fund, press release 09/32, February 13, 2009. Date of Access: December 5 2009. [www.imf.org/external/np/sec/pr/2009/pr0932.htm](http://www.imf.org/external/np/sec/pr/2009/pr0932.htm)

On 25 September 2009, at the Pittsburgh Summit on 25 September 2009, G20 leaders reaffirmed their success in raising the committed funds and had contributed over USD500 billion to an expanded IMF New Arrangements to Borrow(NAB).<sup>1460</sup>

On 24 November 2009, Japan, along with 25 current Participants, agreed to “introduce more flexibility to the NAB” and met with potential NAB Participants to facilitate the increase of credit arrangements to USD600 billion.<sup>1461</sup>

At the G20 Pittsburgh Summit, Japan, with other G7 members, stressed the importance of adopting a new voting formula at the World Bank to ensure a minimum 3 per cent increase in voting power for developing and transition countries, in an effort to benefit under-represented countries.<sup>1462</sup>

On 4 October 2009, Japan’s Minister of Finance Hirohisa Fuji stated it was necessary to implement the agreements regarding “IMF quota increases and raising basic votes.”<sup>1463</sup> Japan has finalized its amendments to domestic law, and has urged others to amend their domestic procedures to allow implementation as soon as possible. Fuji also called for an acceleration of the quota reform process highlighting the importance of geographically balanced diversity in the composition of senior management and staff.<sup>1464</sup>

On 6 October 2009, at the Joint Annual Discussion of Boards of Governors in Istanbul, Naoki Minezaki, Temporary Alternate Governor of the World Bank and the IMF for Japan, endorsed the acceleration of the reform process, focusing on a shift in quota share of “at least five percent from over-represented to under-represented countries.” These measures will ensure that a new quota distribution system more appropriately reflects the current global reality.<sup>1465</sup>

As Japan has provided funds to the IMF for NAB; voiced its support for the 2008 voice and quota reforms package; and openly supported a merit-based, transparent selection process the heads and senior members of the International Financial Institutions, it is in full compliance. Thus, Japan has been awarded a +1.

*Analyst: Yi Luo*

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<sup>1460</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1461</sup> NAB Participants Agree to Expand Fund’s Borrowing Arrangement to up to US\$600 Billion, IMF (Washington) 24 November 2009. Date of Access: 5 December 2009. [www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf](http://www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf).

<sup>1462</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1463</sup> Statement by the Hon. Hirohisa Fujii at the Twentieth Meeting of the International Monetary and Financial Committee (Istanbul) 4 October 2009. Date of Access: 4 December 2009 [www.imf.org/External/AM/2009/imfc/statement/eng/jpn.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/jpn.pdf)

<sup>1464</sup> Statement by the Hon. Hirohisa Fujii at the Twentieth Meeting of the International Monetary and Financial Committee (Istanbul) 4 October 2009. Date of Access: 4 December 2009 [www.imf.org/External/AM/2009/imfc/statement/eng/jpn.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/jpn.pdf)

<sup>1465</sup> Statement by the Hon. Naoki Minezaki, Temporary Alternate Governor of the Bank and the Fund for Japan, Joint Annual Discussion of Boards of Governors (Istanbul) 6 October 2009. Date of Access: 14 January 2010. [www.imf.org/external/am/2009/speeches/pr27e.pdf](http://www.imf.org/external/am/2009/speeches/pr27e.pdf)

## **Russia: +1**

Russia has fully complied with the commitment on International Financial Institutions Reform.

As of 25 September 2009, Russia had not participated in the New Arrangements to Borrow of the International Monetary Fund (IMF).<sup>1466</sup>

On 24 November 2009, Russia attended a meeting of current NAB Participants with representatives of 13 potential participants wherein the parties agreed to expand the NAB credit arrangements to up to USD600 billion.<sup>1467</sup>

On 4 September 2009, Russia with Brazil, India and China (BRIC) proposed the setting of quota and share targets in an effort to substantially alter the representation of emerging market countries and developing countries on the order of seven per cent in the IMF and six per cent in the WB.<sup>1468</sup> While Russia supported this position at the G20 Pittsburgh Summit,<sup>1469</sup> participants approved a shift of five per cent in the IMF and three per cent in the WB.<sup>1470</sup> Russian President Dmitry Medvedev said that the solution reached was balanced and gave instructions to ratify the bill on the redistribution of quotas.<sup>1471</sup>

On 4 September 2009, Russia, together with other BRIC countries, reiterated its support for an open and merit-based selection process for the IMF and the World Bank members, stating that “[t]he next Managing Director of the IMF and the next President of the World Bank should be elected in such a manner, irrespective of nationality or any geographical preference.”<sup>1472</sup> Additionally, during a speech at the Meeting of the WB and IMF Boards of Governors by Russian Deputy Prime Minister and Finance Minister Alexei Kudrin said that Russia “would welcome a transition to the open and merit-based selection of [the] Managing Director, irrespective of nationality”.<sup>1473</sup>

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<sup>1466</sup> IMF Standing Borrowing Arrangements, International Monetary Fund 25 September 2009. Date of Access: 8 December 2009. [www.imf.org/external/np/exr/facts/gabnab.htm](http://www.imf.org/external/np/exr/facts/gabnab.htm).

<sup>1467</sup> NAB Participants Agree to Expand Fund’s Borrowing Arrangement to up to US\$600 Billion, International Monetary Fund 24 November 2009. Date of Access: 8 December 2009. [www.imf.org/external/np/sec/pr/2009/pr09429.htm](http://www.imf.org/external/np/sec/pr/2009/pr09429.htm).

<sup>1468</sup> Final communiqué of the Meeting of finance ministers and Central Bank governors of the BRIC countries, held in London on 4 September 2009, Embassy of Brazil in London 4 September 2009. Date of Access: 5 December 2009. [www.brazil.org.uk/press/articles\\_files/20090904.html](http://www.brazil.org.uk/press/articles_files/20090904.html).

<sup>1469</sup> News Conference following G20 Summit, President of Russia 26 September 2009. Date of Access: 8 December 2009. [eng.kremlin.ru/speeches/2009/09/26/1455\\_type82914type82915\\_221869.shtml](http://eng.kremlin.ru/speeches/2009/09/26/1455_type82914type82915_221869.shtml).

<sup>1470</sup> G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre 24-25 September 2009. Date of Access: 5 December 2009. [www.g20.utoronto.ca/2009/2009communiqué0925.html](http://www.g20.utoronto.ca/2009/2009communiqué0925.html).

<sup>1471</sup> News Conference following G20 Summit, President of Russia 26 September 2009. Date of Access: 8 December 2009. [eng.kremlin.ru/speeches/2009/09/26/1455\\_type82914type82915\\_221869.shtml](http://eng.kremlin.ru/speeches/2009/09/26/1455_type82914type82915_221869.shtml).

<sup>1472</sup> Final communiqué of the Meeting of finance ministers and Central Bank governors of the BRIC countries, held in London on 4 September 2009, Embassy of Brazil in London 4 September 2009. Date of Access: 5 December 2009. [www.brazil.org.uk/press/articles\\_files/20090904.html](http://www.brazil.org.uk/press/articles_files/20090904.html).

<sup>1473</sup> Statement by the Hon. Aleksei L. Kudrin, Governor of the Bank and the Fund for the Russian Federation at the Joint Annual Discussion, International Monetary Fund 6-7 October 2009. Date of Access: 8 December 2009. [www.imf.org/external/am/2009/speeches/pr39e.pdf](http://www.imf.org/external/am/2009/speeches/pr39e.pdf).



During the compliance cycle, Russia has provided funds towards the New Arrangements to Borrow (NAB); lobbied for implementation of 2008 quota and voice reforms; and demonstrated its support for a merit-based, transparent selection process for the heads and senior members of International Financial Institutions. Thus, Russia has been awarded a score of +1.

*Analyst: Anna Vekshina*

### **United Kingdom: 0**

The United Kingdom has partially complied with its IFI Reform commitments. It has shown support for, and taken action regarding, the International Monetary Fund's (IMF) New Arrangements to Borrow (NAB) and the IMF voice and quota reforms.

On 20 July 2009, the United Kingdom accepted the IMF's Amendment on Voice and Participation that were proposed in April 2008.<sup>1474</sup> On 6-7 October 2009, Chancellor Darling encouraged all countries to ratify the amendments<sup>1475</sup> stating that the United Kingdom supports changing the overall distribution of votes at the IMF, but reiterated that the United Kingdom's seat within the IMF should not be unfairly targeted.<sup>1476</sup>

On 1 September 2009, Her Majesty's Treasury of the United Kingdom signed an agreement to provide the International Monetary Fund with up to the equivalent of SDR9.92 billion to support the IMF's lending capacity and enhance the New Arrangement to Borrow (NAB).<sup>1477</sup>

On 25 September 2009, during the Pittsburgh Summit, G20 leaders reaffirmed that they had been successful in raising the committed funds and had contributed over USD500 billion to an expanded IMF New Arrangements to Borrow(NAB).<sup>1478</sup>

On 24 November 2009, the United Kingdom, along with the 25 current Participants agreed to "introduce more flexibility to the NAB" and met with potential NAB Participants to facilitate the increase of credit arrangements to USD600 billion.<sup>1479</sup>

During the G20 Pittsburgh Summit on 25 September 2009, the United Kingdom, along with other G7 members, stressed the importance of adopting a new voting formula at the

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<sup>1474</sup> Consents to the Proposed Amendments of the Articles of Agreement, IMF (Washington) 19 November 2009. Date of access: 1 December 2009. [imf.org/external/np/sec/misc/consents.htm](http://imf.org/external/np/sec/misc/consents.htm)

<sup>1475</sup> Statement by Chancellor of the Exchequer Alistair Darling at the 2009 Annual Meetings of the World Bank Group and IMF, IMF (Istanbul) 6-7 October 2009. Date of access: 1 December 2009. [www.imf.org/external/am/2009/speeches/pr19e.pdf](http://www.imf.org/external/am/2009/speeches/pr19e.pdf)

<sup>1476</sup> Pledge for more IMF help for poor, BBC News (London) 4 October 2009. Date of access: 1 December 2009. [news.bbc.co.uk/2/hi/8289250.stm](http://news.bbc.co.uk/2/hi/8289250.stm)

<sup>1477</sup> IMF Signs US\$15 Billion Borrowing Agreement with the United Kingdom, International Monetary Fund (Washington) 1 September 2009. Date of Access: 14 January 2010. [www.imf.org/external/np/sec/pr/2009/pr09291.htm](http://www.imf.org/external/np/sec/pr/2009/pr09291.htm)

<sup>1478</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1479</sup> NAB Participants Agree to Expand Fund's Borrowing Arrangement to up to US\$600 Billion, IMF (Washington) 24 November 2009. Date of Access: 5 December 2009. [www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf](http://www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf)

World Bank to ensure a minimum three per cent increase in voting power for developing and transition countries, in an effort to benefit under-represented countries.<sup>1480</sup>

On 6 October 2009, Chancellor of the Exchequer and Governor of the IMF for the United Kingdom, Alistair Darling stated that the United Kingdom is “strongly committed” to playing their part, and that the United Kingdom is prepared to contribute over USD26 billion to the NAB.<sup>1481</sup>

The UK has provided funds to the IMF for NAB and voiced its support for the 2008 voice and quota reforms package. However, it has failed to support a merit-based, transparent selection process for the heads and senior members of International Financial Institutions (IFI). Thus, the United Kingdom has been awarded a score of 0.

*Analyst: David Nugent*

### **United States: 0**

The United States has partially complied with its IFI reform commitments. It has shown its support for and taken action on the International Monetary Fund (IMF) voice and quota reform and it has approved funds for IMF’s New Arrangements to Borrow (NAB).

On 18 June 2009, the United States Congress approved a USD100 billion expansion of the New Arrangements to Borrow (NAB).<sup>1482</sup>

On 25 September 2009, during the Pittsburgh Summit, G20 leaders reaffirmed that they had been successful in raising the committed funds and had contributed over USD500 billion to an expanded IMF New Arrangements to Borrow(NAB).<sup>1483</sup>

On 24 November 2009, along with the 25 current Participants agreed to “introduce more flexibility to the NAB” and met with potential NAB Participants to facilitate the increase of credit arrangements to USD600 billion.<sup>1484</sup>

On 25 September 2009, President Barack Obama, while addressing the G20 Summit in Pittsburgh, said that more responsibility would be given to emerging economies within

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<sup>1480</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1481</sup> Statement by Chancellor of the Exchequer Alistair Darling at the 2009 Annual Meetings of the World Bank Group and IMF, IMF (Istanbul) 6-7 October 2009. Date of access: 30 November 2009. [www.imf.org/external/am/2009/speeches/pr19e.pdf](http://www.imf.org/external/am/2009/speeches/pr19e.pdf)

<sup>1482</sup> IMF Managing Director Dominique Strauss-Kahn Welcomes U.S. Congressional Approval of IMF-Related Legislation, Including U.S. Financial Commitment of Up to US\$100 Billion, International Monetary Fund (Washington) 18 June 2009. Date of Access: 14 January 2010. [www.imf.org/external/np/sec/pr/2009/pr09220.htm](http://www.imf.org/external/np/sec/pr/2009/pr09220.htm)

<sup>1483</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1484</sup> NAB Participants Agree to Expand Fund’s Borrowing Arrangement to up to US\$600 Billion, IMF (Washington) 24 November 2009. Date of Access: 5 December 2009. [www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf](http://www.fazenda.gov.br/portugues/releases/2009/novembro/r251109.pdf)

the IMF and that they would be provided “a greater voice within the institution.”<sup>1485</sup> Additionally, the United States, along with other G7 members, stressed the importance of adopting a new voting formula at the World Bank to ensure a minimum three per cent increase in voting power for developing and transition countries in an effort to benefit under-represented countries.<sup>1486</sup>

On 4 October 2009, Secretary of the Treasury, Timothy Geithner, in a speech at the International Monetary and Financial Committee meeting, reiterated that G20 leaders are “committed to a shift in IMF quota share” at least five per cent from over-represented states to emerging and developing countries.<sup>1487</sup> In the same speech, Secretary Geithner called upon the IMF to facilitate the implementation of this agreement “by providing scenarios of how the quota shift could be implemented in the very near-term.”<sup>1488</sup>

Although the United States has shown its support for, and taken action regarding, the voice and quota reform and has approved funds for IMF’s NAB, it has failed to support a competitive process to appoint heads and senior members of International Financial Institutions (IFI). Thus, the United States has been awarded a score of 0.

*Analyst: David Nugent*

### **European Union: +1**

The European Union has fully complied with its IFI Reform commitment. The EU has raised funds towards the New Arrangements to Borrow (NAB); urged the adoption of IMF quota and voice reforms; and demonstrated support for a merit-based, transparent selection process for the senior management of International Financial Institutions.

On 4 September 2009, the EU pledged an additional EUR50 billion, for a total of EUR125 billion, to support the IMF’s lending operations.<sup>1489</sup> This amount represents 35 per cent of the total NAB increase and will allow the IMF to continue to respond to the financial crisis and support growth in member countries.<sup>1490</sup>

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<sup>1485</sup> Remarks by President Obama at G20 Closing Press Conference, The White House (Washington) 25 September 2009. Date of access: 28 November 2009.

[www.whitehouse.gov/the\\_press\\_office/Remarks-by-the-President-at-G20-Closing-Press-Conference/](http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-at-G20-Closing-Press-Conference/)

<sup>1486</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1487</sup> Statement by Secretary Timothy F. Geithner at the International Monetary and Financial Committee (IMFC) Meeting, United States Department of the Treasury (Washington) 4 October 2009. Date of access: 28 November 2009. [www.treas.gov/press/releases/tg308.htm](http://www.treas.gov/press/releases/tg308.htm)

<sup>1488</sup> Statement by Secretary Timothy F. Geithner at the International Monetary and Financial Committee (IMFC) Meeting, United States Department of the Treasury (Washington) 4 October 2009. Date of access: 28 November 2009. [www.treas.gov/press/releases/tg308.htm](http://www.treas.gov/press/releases/tg308.htm)

<sup>1489</sup> Agreed language for the Pittsburgh G-20 Summit, EU Informal Meeting (Brussels) 17 September 2009. Date of Access: 27 November 2009.

[www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ec/110166.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/110166.pdf).

<sup>1490</sup> Statement by Minister of Finance Anders Borg, International Monetary and Finance Committee (Brussels) 4 October 2009. Date of Access: 14 January 2010.

[www.imf.org/External/AM/2009/imfc/statement/eng/eu.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/eu.pdf)

On 25 September 2009, during the Pittsburgh Summit, G20 leaders reaffirmed that they had been successful in raising the committed funds and had contributed over USD500 billion to an expanded IMF New Arrangements to Borrow(NAB).<sup>1491</sup> Additionally, the European Union stressed the importance of adopting a new voting formula at the World Bank to ensure a minimum three per cent increase in voting power for developing and transition countries in an effort to benefit under-represented countries .<sup>1492</sup>

On 4 October 2009, during the 20th Meeting of the International Monetary and Financial Committee, Minister of Finance, Anders Borg – on behalf of EU Council of Economic and Finance Ministers – stated that the “2008 quota and voice reforms should be ratified as a matter of urgency by all IMF members as a basis for next review.”<sup>1493</sup> The EU Minister further reiterated that the EU is “committed to the goal of aligning members’ quotas and voice with their relative weight in the world economy.”<sup>1494</sup>

The Minister of Finance, Anders Borg, also stated that the EU members support a merit-based and transparent process for the selection of the heads and senior members of all international institutions, irrespective of nationality. He noted that the EU calls on the IMF and the World Bank to “come forward with concrete proposals in this respect” as “[a] balanced distribution of IMF staff is desirable, in terms of geographical origin as well as professional background.”<sup>1495</sup>

The EU has raised funds towards the NAB; pushed for IMF quota and voice reforms; and voiced its support for support a merit-based, transparent selection process for the heads and senior management of International Financial Institutions. Thus, the EU has been awarded a score of +1.

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<sup>1491</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1492</sup> Leaders' Statement: The Pittsburgh Summit, The Pittsburgh Summit 2009 (Pittsburgh) 24-25 September 2009. Date of Access: 14 January 2010. [www.pittsburghsummit.gov/mediacenter/129639.htm](http://www.pittsburghsummit.gov/mediacenter/129639.htm)

<sup>1493</sup> Statement by Minister of Finance Anders Borg, International Monetary and Finance Committee (Brussels) 4 October 2009. Date of Access: 14 January 2010. [www.imf.org/External/AM/2009/imfc/statement/eng/eu.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/eu.pdf)

<sup>1494</sup> Statement by Minister of Finance Anders Borg, International Monetary and Finance Committee (Brussels) 4 October 2009. Date of Access: 14 January 2010. [www.imf.org/External/AM/2009/imfc/statement/eng/eu.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/eu.pdf)

<sup>1495</sup> Statement by Minister of Finance Anders Borg, International Monetary and Finance Committee (Brussels) 4 October 2009. Date of Access: 14 January 2010. [www.imf.org/External/AM/2009/imfc/statement/eng/eu.pdf](http://www.imf.org/External/AM/2009/imfc/statement/eng/eu.pdf)