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To: Members of the Committee of the Whole on Review of Quotas

From: The Secretary

Subject: **Sixteenth General Review of Quotas—Initial Considerations on Quota Formula and Realignment Shares, and Quota Data Update—Annexes**

Board Action: For **consideration** by the Committee of the Whole on Review of Quotas

Tentative Committee Meeting Date: **To be announced**

Publication: Not proposed at this time, owing to the preliminary nature of the discussions. Consistent with past practice, the papers discussed by the Committee of the Whole will only be made public after the conclusion of the Sixteenth General Review of Quotas. Updated quota data will be published separately on the Fund's website.

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July 30, 2021

SIXTEENTH GENERAL REVIEW OF QUOTAS—INITIAL CONSIDERATIONS ON QUOTA FORMULA AND REALIGNING SHARES, AND QUOTA DATA UPDATE—ANNEXES

Approved By
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Annex I. Quota Formula Variables

This Annex updates previous analysis of the quota formula variables and alternative measures of openness, using the latest data.

A. Overview

1. The quota formula seeks to capture the multiple roles of quotas. These include their key role in determining the Fund's financial resources, their role in decisions on members' access to Fund resources, and their close link with members' voting rights. Quota shares also determine members' shares in a general allocation of SDRs. Thus, the formula has typically sought to capture members' relative positions in the world economy, their financial strength and ability to contribute usable resources, as well as their potential need to borrow from the Fund. Some individual quota variables are intended to capture more than one aspect.

2. The current quota formula was agreed in 2008 and includes four variables and a compression factor. The four variables are GDP (measured as a blend of market and PPP GDP), openness, variability, and reserves. All of them are expressed in shares of global totals, with the variables assigned weights totaling to 1.0. The formula also includes a compression factor that reduces dispersion in calculated quota shares.¹

3. Figure I.1 presents the calculated quota shares of major country groups and their shares in each variable in the quota formula, based on the latest data update. A few points are worth noting: (i) the aggregate shares of advanced economies (AEs) and emerging market and developing countries (EMDCs) in the GDP blend variable are broadly equal; (ii) AEs have a larger share in openness and variability, reflecting the relatively large share for the group of other AEs (more than double their share in GDP); and (iii) EMDCs have a much larger share in the reserves variable.

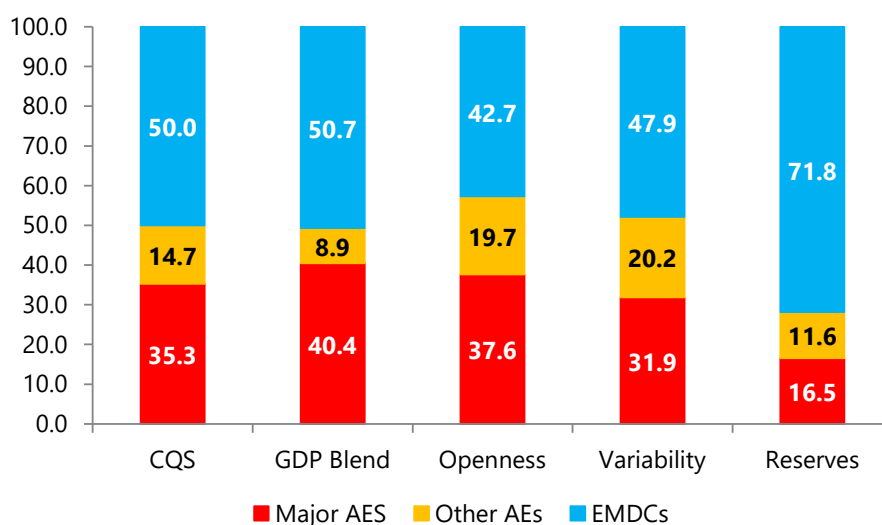
4. The quota variables are all partly related to economic size, and therefore are highly correlated in most cases, with reserves being the main exception. The correlations between variables are shown in Table I.1. At the aggregate level, the correlations between GDP, openness, and variability are relatively high, while the correlation between reserves and other variables are considerably lower. The latter mainly reflects the lower correlation among AEs. Excluding the ten largest members (by GDP blend share) also leads to somewhat lower correlations between the GDP blend and other variables. .

5. These effects can be observed also in the relationship between market GDP shares and shares of the other quota formula variables. Figure I.2 plots this relationship using the latest data through 2019. The relationship between members' shares in GDP at purchasing power parity (PPP

¹ Specifically, the calculated quota share (CQS) under the current formula is $CQS = (0.50 \cdot GDP + 0.30 \cdot Openness + 0.15 \cdot Variability + 0.05 \cdot Reserves)^{0.95}$. GDP is blended using 60 percent market exchange rate (MER) GDP shares and 40 percent PPP GDP shares.

GDP) and market GDP is reasonably close for most members (the upper left-hand side (LHS) panel). However, AEs tend to have higher shares in market GDP than in PPP GDP while EMDCs tend to have higher shares in PPP GDP than in market GDP. The dispersion is wider for openness and variability (upper right-hand side (RHS) and lower LHS panels), where a number of smaller AEs have significantly higher shares than they do in market GDP (and conversely, some larger AEs have higher shares in market GDP than they do in openness or variability). There is a marked differentiation among country groups for reserves (lower RHS), where AEs tend to have higher shares in market GDP while EMDCs, including several large EMDCs, have significantly higher shares in reserves in relation to market GDP.

Figure I.1. Shares of Major Country Groups in Each Quota Variable
(in percent)



Source: Finance Department.

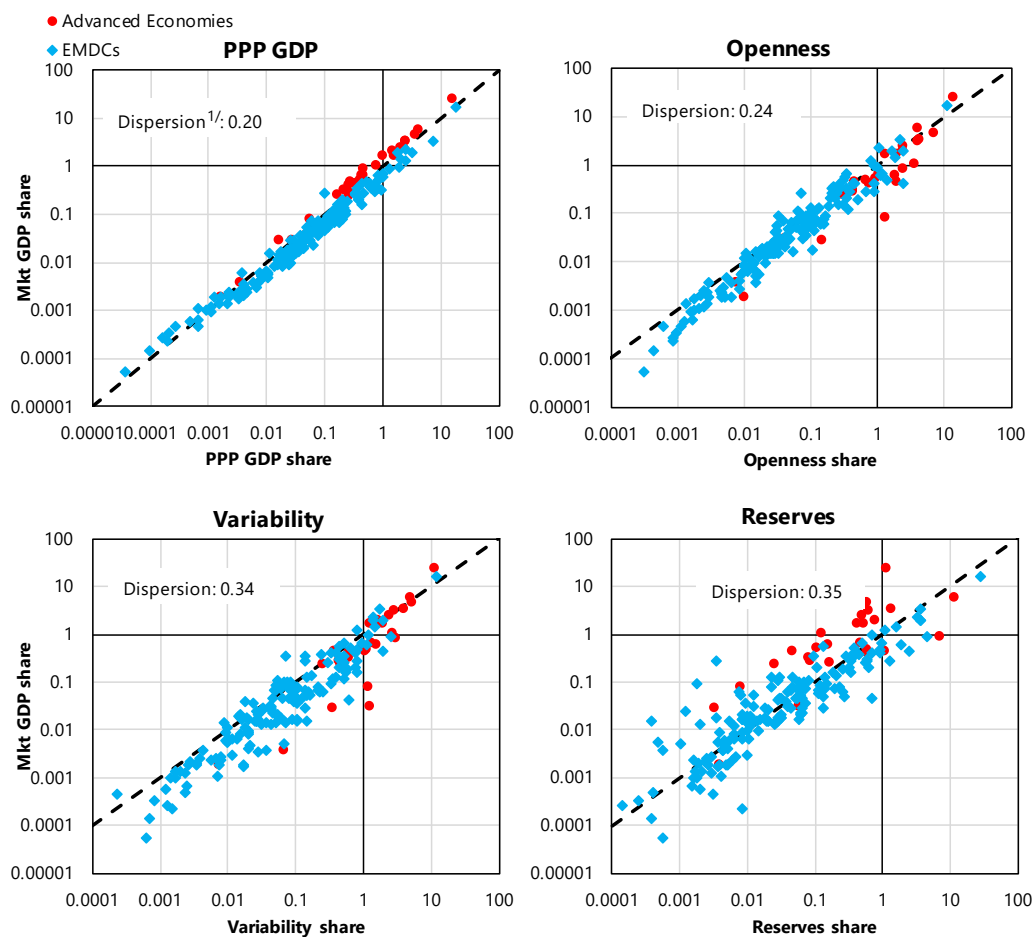
Table I.1. Correlation Between Quota Variables

| All Members 1/ | | | | | Advanced Economies | | | | |
|--|-----------|----------|-------------|----------|---------------------------|-----------|----------|-------------|----------|
| | GDP Blend | Openness | Variability | Reserves | | GDP Blend | Openness | Variability | Reserves |
| GDP Blend | 1.00 | | | | GDP Blend | 1.00 | | | |
| Openness | 0.93 | 1.00 | | | Openness | 0.93 | 1.00 | | |
| Variability | 0.94 | 0.98 | 1.00 | | Variability | 0.93 | 0.98 | 1.00 | |
| Reserves | 0.64 | 0.61 | 0.72 | 1.00 | Reserves | 0.20 | 0.21 | 0.35 | 1.00 |
| All Members excluding Top 10 2/ | | | | | EMDCs | | | | |
| | GDP Blend | Openness | Variability | Reserves | | GDP Blend | Openness | Variability | Reserves |
| GDP Blend | 1.00 | | | | GDP Blend | 1.00 | | | |
| Openness | 0.77 | 1.00 | | | Openness | 0.96 | 1.00 | | |
| Variability | 0.74 | 0.90 | 1.00 | | Variability | 0.96 | 0.98 | 1.00 | |
| Reserves | 0.55 | 0.59 | 0.73 | 1.00 | Reserves | 0.98 | 0.97 | 0.98 | 1.00 |

Source: Finance Department.

1/ Given the heterogeneity of data and differing distributions, it is possible for correlations for the full sample to fall outside of the range for the two sub samples.

2/ Largest ten members in terms of share of GDP blend (60 percent market GDP and 40 percent PPP GDP).

Figure I.2. Relationship Between Quota Variables and Market GDP^{1/}

Source: Finance Department.

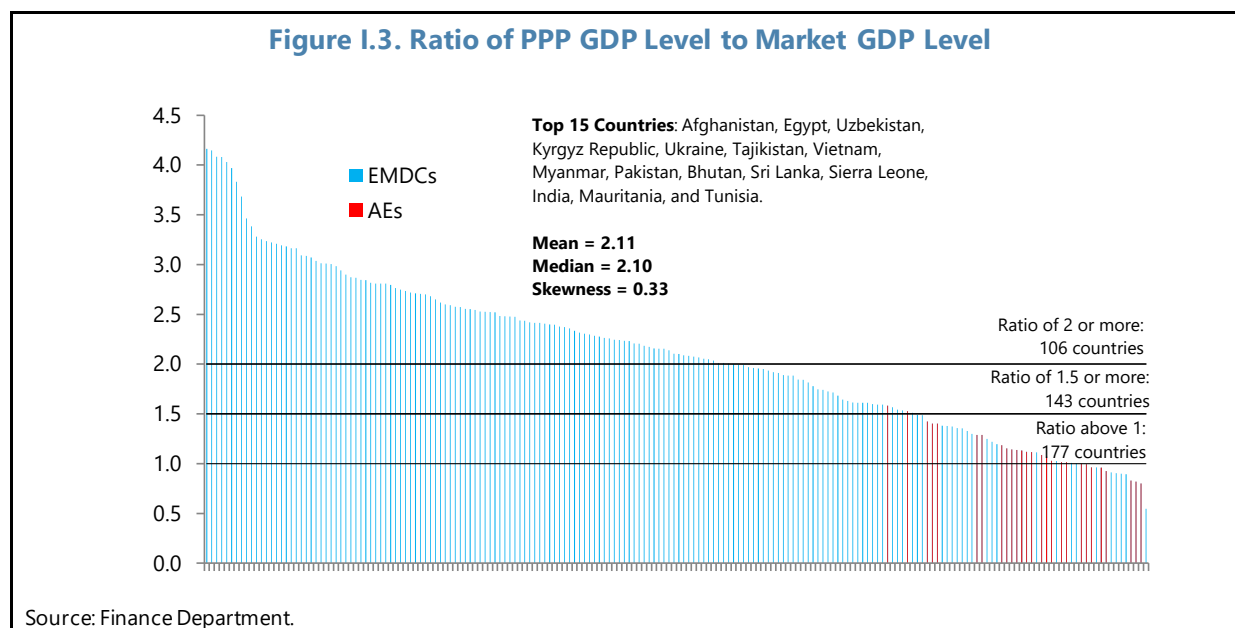
1/ A base-10 log scale is used for X and Y axes. The dispersion is given by the average of the following measure for each point: $\frac{\text{Max}(x,y) - \text{Min}(x,y)}{[\text{Max}(x,y) + \text{Min}(x,y)]}$.

B. Quota Variables: Key Properties

GDP Blend

6. The current GDP variable is a blend of market GDP shares (60 percent) and PPP GDP shares (40 percent). As Figure I.3 shows, the distribution of members' ratios of nominal PPP GDP to market GDP shows that most EMDCs have a ratio above 1 and most AEs have a ratio below 1. The statistical measure of skewness is low.²

² Skewness is a measure of the asymmetry in the distribution of a variable about its mean. A positive (negative) skewness means that the tail above (below) the mean is fatter or longer than the one below (above) the mean.



7. Relative to market GDP, most EMDCs and LICs benefit from PPP GDP, and the relative benefits tend to be larger for countries with lower per capita incomes. When countries are grouped by per capita income, all but two countries in the bottom quartile benefit from a higher weight on PPP GDP relative to market GDP, and the relative benefits, as measured by the ratio of market GDP to PPP GDP, tend to be larger for the bottom two quartiles (as evinced by their higher median and average ratios, see Table I.2). This pattern is to be expected, as PPP GDP seeks to capture the output of economies, and the market price of many non-tradable goods tends to be lower in countries with lower per capita incomes, reflecting in part low wage costs in services that are not tradable. When countries are grouped by size of their market GDP, the middle two quartiles tend to benefit more from a higher weight on PPP GDP.

8. Current PPP GDP data are based on 2017 International Comparison Program (ICP) global estimates of purchasing power parity rates.³ The 2017 PPP rates are based on broader country coverage than the previous (2011) estimates and reflected also further methodological improvements.

³ This topic was discussed in some detail in [2020 Quota Data Update](#) (10/27/20), Annex I.

Table I.2. Countries that Benefit from PPP GDP
(PPP to Market GDP shares ratios)

| | By Size (Market GDP) 1/ | | | | By Income (Market GDP per Capita) 1/ | | | | By Grouping | | | Total |
|---|-------------------------|-----|-----|-----------------|--------------------------------------|-----|-----|-----------------|-------------|---------------------|----------|-------|
| | Top Quartile | 2nd | 3rd | Bottom Quartile | Top Quartile | 2nd | 3rd | Bottom Quartile | AE (27) | EMDC excl. LIC (94) | LIC (69) | |
| Number of countries who benefit (ratio > 1) | 27 | 41 | 43 | 32 | 16 | 42 | 38 | 47 | 2 | 83 | 58 | 143 |
| Median 2/ | 1.5 | 1.5 | 1.6 | 1.6 | 1.1 | 1.4 | 1.7 | 1.8 | 1.0 | 1.5 | 1.7 | 1.6 |
| Average 2/ | 1.6 | 1.6 | 1.6 | 1.7 | 1.1 | 1.4 | 1.8 | 1.8 | 1.0 | 1.5 | 1.7 | 1.6 |

Source: Finance Department

1/ Each quartile includes 47 countries, except the bottom quartile that includes 49 countries.

2/ Average or median ratio among the countries which have ratios greater than 1.

Openness

9. Key characteristics of the openness, as noted also in previous staff papers, include the following (Table I.3):

- **Openness benefits many smaller economies.** Over 60 percent of the membership (117 countries based on the latest data update) gain from the inclusion of openness in the formula.⁴ The number of countries that benefit from openness is broadly inversely related to size.
- **The gains from openness are positively related to income.** 89 percent of countries (42 out of 47) in the top quartile in per capita income gain from openness, compared with less than a quarter (12 out of 49) in the bottom quartile. Among the gainers, countries in the top income quartile also gain more on average than countries in the bottom income quartile.
- **These results are also reflected in the distribution of openness shares across major country groupings.** The main gainers from openness at the aggregate level are advanced countries (24 of 27 countries, or 89 percent), whose openness share on average is double their share in the GDP blend (see Figure I.1). EMDCs in aggregate gain modestly from openness (62 out of 94 countries, or 66 percent) though some individual countries have large gains, while LICs as a whole do not gain from openness: even though some countries in this group benefit from openness (31 of 69 countries, or 45 percent), their aggregate openness share is 72 percent of GDP blend share.

⁴ Consistent with past practice, a country is deemed to benefit from the inclusion of openness (or variability or reserves) if its share in this variable is larger than its share in the GDP blend variable.

Table I.3. Countries that Benefit from Openness
(Openness to GDP Blend shares ratios)

| | By Size (Market GDP) 1/ | | | | By Income (Market GDP per Capita) 1/ | | | | By Grouping | | | Total |
|--|-------------------------|-----|-----|-----------------|--------------------------------------|-----|-----|-----------------|-------------|--------------------------|----------|-------|
| | Top Quartile | 2nd | 3rd | Bottom Quartile | Top Quartile | 2nd | 3rd | Bottom Quartile | AE (27) | EMDC excl. LIC (69) (94) | LIC (69) | |
| Number of countries who benefit (ratio >1) | 27 | 21 | 31 | 38 | 42 | 33 | 30 | 12 | 24 | 62 | 31 | 117 |
| Median 2/ | 1.6 | 1.5 | 1.3 | 2.1 | 1.9 | 1.5 | 1.4 | 1.6 | 1.7 | 1.5 | 1.9 | 1.6 |
| Average 2/ | 2.1 | 2.4 | 1.8 | 2.4 | 2.7 | 1.8 | 1.8 | 1.9 | 3.0 | 1.8 | 2.1 | 2.1 |

Source: Finance Department.

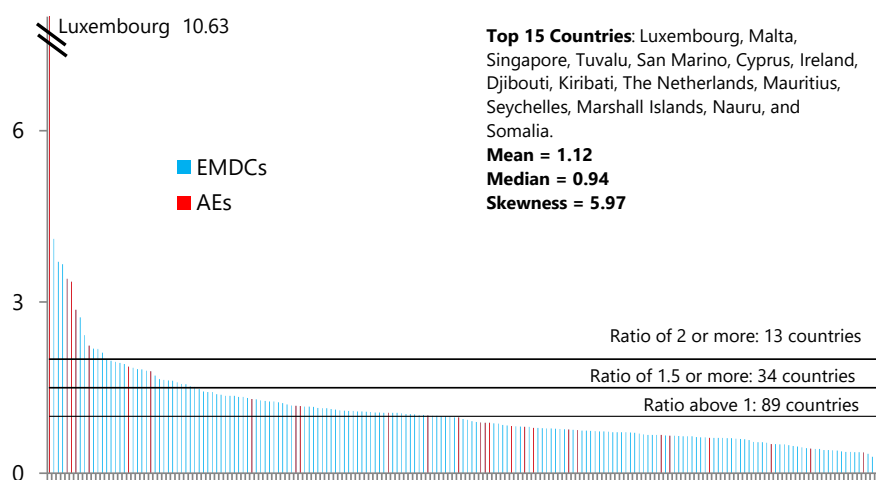
1/ Each quartile includes 47 countries, except the bottom quartile that includes 49 countries.

2/ Average or median ratio among the countries which have ratios greater than 1.

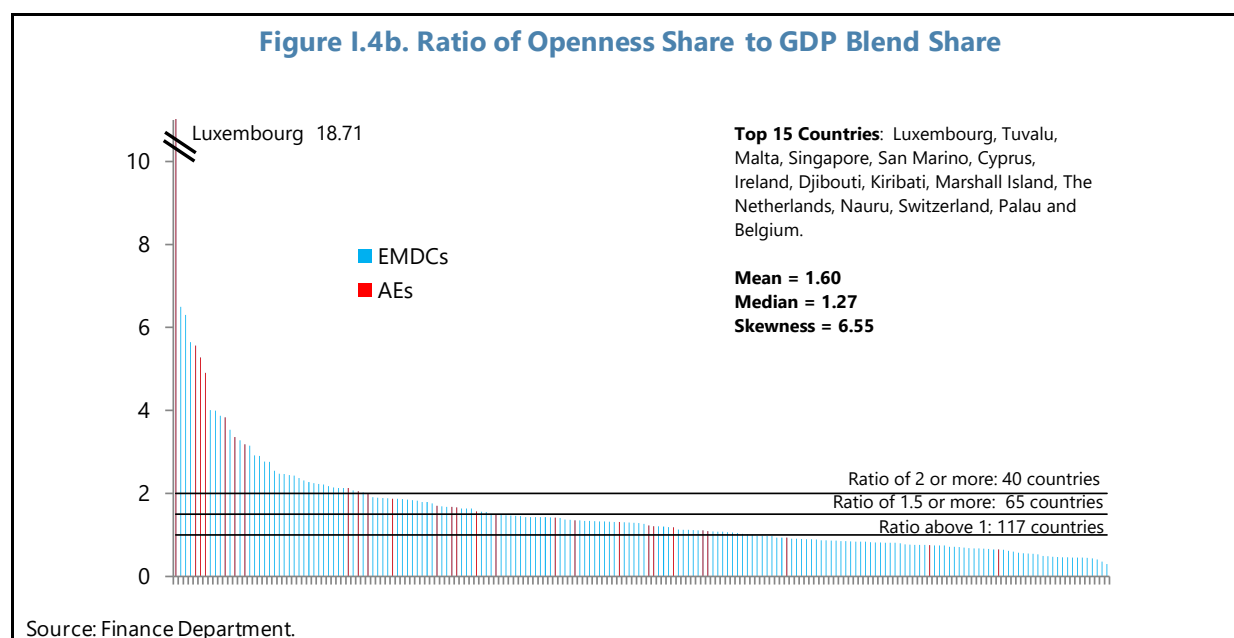
10. The distribution of members' shares in openness relative to GDP is highly skewed.

While the median ratio of openness to market GDP for the membership is 0.94, 13 countries have ratios greater than 2 (with the highest being 10.6) and 34 have ratios above 1.5 (Figure I.4a). In terms of openness relative to GDP blend shares, roughly two-third of members have shares of less than 1.5. However, 40 members have a share of openness that is more than double their share in the GDP blend variable, and one member has a ratio of openness to GDP blend share of 18.7 (Figure I.4b). Combined with the effect of variability, which has similarly highly skewed distributions (see Figure I.5 below), both openness and variability, with a combined weight in the formula of 45 percent, generate very large CQS for some countries relative to their GDP shares.

Figure I.4a. Ratio of Openness Level to Market GDP Level



Source: Finance Department.



11. Concerns have been raised about the measurement of the openness variable, which is based on a gross measure that can lead to double counting of cross border flows. With possibly multiple cross border flows of goods, especially in vertically integrated production processes, a gross flow measure can result in a distorted picture of openness. Previous staff work has also highlighted the very large boost that the current openness variable provides for some countries, resulting in CQS that appear large in relation to other measures of their relative economic positions.⁵

12. In principle, trade data on a value-added basis could address the double counting problem, but severe data limitations remain in this area.⁶ First, the latest OECD-WTO TiVA estimates, released in 2018, cover only about a third of the membership (64 members) and are available only for 2005–2015.⁷ Second, while reasonably robust estimates are available for goods exports and imports, large inconsistencies in bilateral trade in services data exist even for OECD members. Third, value added trade is not directly recorded by an official statistical agency (unlike other quota variables) but rather depends on input-output tables and requires several assumptions, including on shares of intermediate to final consumption goods at the sectoral level and on production technology for firms in each industry. The OECD-WTO also applies a series of balancing procedures to reconcile the bilateral asymmetries. In sum, the lack of official recording of trade data

⁵ See, for example, [Quota Formula—Additional Considerations—Annexes](#) (9/4/12) and [Quota Formula—Data Update and Further Considerations](#) (6/5/13).

⁶ This topic was discussed in [Quota Formula – Data Update and Further Considerations](#) (7/2/14).

⁷ Representing OECD, EU28, G20, most East and South-East Asian economies and a selection of South American countries.

on a value-added basis, combined with the considerable shortcomings on country coverage, quality, and timeliness, continue to prevent the use of such estimates for the purposes of the quota formula.

13. Staff has explored several options to address the issues with the current measure of openness. One approach, explored in the main paper, is to maintain the current definition of openness but to moderately lower its weight in the formula. If combined with dropping variability, such an approach would moderate the overall impact on CQS of the highly skewed distribution of openness (and variability). Staff has also explored the possibility of introducing a cap on the overall boost that individual countries can receive from openness. Two types of caps have been considered: one based on capping the absolute level of openness in relation to market GDP (absolute or nominal cap) and the second based on capping the ratio of openness to GDP blend shares (shares cap).⁸ Both approaches require an element of judgment in determining where to set the cap, and also add some complexity to the calculations. Table I.4 updates earlier calculations to illustrate the impact of capping openness, with the same thresholds as in the July 2018 paper.⁹ Further work to refine the thresholds would be needed if there is interest in pursuing such an approach.

14. The view has also been expressed that intra-currency union flows should be excluded from the openness variable. Staff has explored this issue on several occasions in the past, and noted conceptual and practical issues with such an approach.¹⁰ At a conceptual level, the euro area crisis as well as balance of payments needs in CEMAC, ECCU, and WAEMU members have highlighted that balance of payments crises can also occur at the intra-currency union level. Also, potential distortions associated with cross-border flows arise whenever there is vertical integration in the production process and are not limited to currency unions, though the existence of a currency union may contribute to the growth of such flows. At a practical level, available data only cover merchandise trade and are not available on a comprehensive basis for intra-currency union services flows.¹¹ With these caveats, updated estimates of the impact of excluding intra-currency union flows from the openness variable are shown in Table I.4.¹²

⁸ Staff also explored the approach of compressing the openness ratio. See [Quota Formula—Data Update and Further Considerations—Annexes](#) (6/6/13), Annex III for a detailed discussion.

⁹ See [Fifteenth General Review of Quotas—Additional Considerations and Data Update—Annexes](#) (7/6/18). In the June 2013 paper, the 1.7 cap on the ratio of the openness share to GDP blend share was equivalent to the 75th percentile of the distribution of this ratio. Since 2014, the 1.8 cap has been applied to maintain the cap at a level broadly corresponding to the top quartile of the distribution based on the updated data.

¹⁰ For example, see [Quotas—Updated Calculations and Quota Variables](#) (8/27/09), [Quota Formula Review—Additional Considerations—Annexes](#) (9/4/12), and [Quota Formula Review—Data Update and Issues](#) (8/17/11).

¹¹ The data on intra-currency union trade in goods is obtained from the IMF's Direction of Trade database. These data include all trade in goods, including goods for processing gross flows, while the data underlying openness is on a BPM6 basis, including in trade flows only the processing fees (services). For the euro area countries as well as the other currency unions, no adjustment of goods for processing was made due to data constraints. Data on intra-currency union services flows are not fully available and thus no adjustments are made for these flows.

¹² Staff has presented the results of excluding intra-currency union trade as part of the annual update of additional quota variables.

I.4. Openness Shares Under Caps and Excluding Intra Currency Union Trade^{1/} (In percent)

| | Openness Shares | Capped Openness (Shares) | | | Capped Openness (Absolute) | | | Openness Excl. Intra-CU trade | GDP blend Shares |
|--|-----------------|--------------------------|---------------|---------------|----------------------------|---------------|---------------|-------------------------------|------------------|
| | | 2.0 | 1.8 | 1.5 | 95th 2/ | 85th 2/ | 75th 2/ | | |
| Advanced economies | 57.34 | 56.02 | 55.76 | 54.72 | 57.26 | 56.90 | 56.84 | 54.25 | 49.32 |
| Major advanced economies | 37.60 | 41.46 | 41.90 | 42.00 | 38.62 | 39.78 | 40.89 | 36.57 | 40.41 |
| United States | 13.64 | 15.04 | 15.37 | 16.50 | 14.01 | 14.43 | 14.83 | 14.75 | 21.10 |
| Japan | 3.93 | 4.33 | 4.43 | 4.75 | 4.04 | 4.16 | 4.27 | 4.25 | 5.21 |
| Germany | 7.08 | 7.80 | 7.50 | 6.25 | 7.27 | 7.49 | 7.70 | 5.58 | 4.16 |
| France | 3.93 | 4.33 | 4.43 | 4.36 | 4.03 | 4.15 | 4.27 | 3.06 | 2.90 |
| United Kingdom | 4.21 | 4.64 | 4.74 | 4.46 | 4.32 | 4.45 | 4.57 | 4.55 | 2.97 |
| Italy | 2.47 | 2.72 | 2.78 | 2.99 | 2.54 | 2.61 | 2.68 | 1.85 | 2.26 |
| Canada | 2.35 | 2.60 | 2.65 | 2.70 | 2.42 | 2.49 | 2.56 | 2.55 | 1.80 |
| Other advanced economies | 19.74 | 14.56 | 13.85 | 12.72 | 18.64 | 17.12 | 15.95 | 17.68 | 8.91 |
| Spain | 1.92 | 2.12 | 2.17 | 2.32 | 1.97 | 2.03 | 2.09 | 1.42 | 1.59 |
| Netherlands | 3.61 | 1.88 | 1.70 | 1.41 | 3.67 | 2.75 | 2.27 | 2.80 | 0.94 |
| Australia | 1.31 | 1.44 | 1.48 | 1.58 | 1.34 | 1.39 | 1.42 | 1.42 | 1.40 |
| Belgium | 1.79 | 1.13 | 1.01 | 0.85 | 1.84 | 1.64 | 1.35 | 1.02 | 0.56 |
| Switzerland | 2.36 | 1.41 | 1.26 | 1.05 | 2.42 | 2.25 | 1.86 | 2.55 | 0.70 |
| Sweden | 1.05 | 1.12 | 1.01 | 0.84 | 1.08 | 1.11 | 1.14 | 1.13 | 0.56 |
| Austria | 0.94 | 0.94 | 0.85 | 0.71 | 0.97 | 1.00 | 1.02 | 0.63 | 0.47 |
| Norway | 0.67 | 0.74 | 0.73 | 0.60 | 0.69 | 0.71 | 0.73 | 0.73 | 0.40 |
| Ireland | 1.96 | 0.80 | 0.72 | 0.60 | 1.55 | 1.16 | 0.96 | 1.96 | 0.40 |
| Denmark | 0.75 | 0.70 | 0.63 | 0.53 | 0.77 | 0.79 | 0.81 | 0.81 | 0.35 |
| Luxembourg | 1.33 | 0.14 | 0.13 | 0.11 | 0.29 | 0.21 | 0.18 | 1.38 | 0.07 |
| Emerging Market and Developing Countries 3/ | 42.66 | 43.98 | 44.24 | 45.28 | 42.74 | 43.10 | 43.16 | 45.75 | 50.68 |
| Africa | 2.34 | 2.54 | 2.58 | 2.74 | 2.40 | 2.45 | 2.50 | 2.52 | 3.09 |
| South Africa | 0.42 | 0.46 | 0.48 | 0.51 | 0.43 | 0.45 | 0.46 | 0.46 | 0.49 |
| Nigeria | 0.30 | 0.33 | 0.34 | 0.36 | 0.31 | 0.31 | 0.32 | 0.32 | 0.63 |
| Asia | 23.13 | 23.64 | 23.92 | 24.72 | 22.74 | 22.85 | 23.04 | 25.00 | 29.51 |
| China 4/ | 11.17 | 12.31 | 12.59 | 13.51 | 11.47 | 11.81 | 12.14 | 12.07 | 16.89 |
| India | 2.16 | 2.39 | 2.44 | 2.62 | 2.22 | 2.29 | 2.35 | 2.34 | 4.78 |
| Korea | 2.42 | 2.67 | 2.73 | 2.82 | 2.48 | 2.56 | 2.63 | 2.61 | 1.88 |
| Indonesia | 0.79 | 0.87 | 0.89 | 0.96 | 0.81 | 0.84 | 0.86 | 0.86 | 1.74 |
| Singapore | 2.45 | 0.87 | 0.78 | 0.65 | 1.50 | 1.13 | 0.93 | 2.65 | 0.43 |
| Malaysia | 0.86 | 0.95 | 0.95 | 0.79 | 0.89 | 0.91 | 0.89 | 0.93 | 0.53 |
| Thailand | 1.10 | 1.22 | 1.24 | 1.14 | 1.13 | 1.17 | 1.20 | 1.19 | 0.76 |
| Middle East, Malta and Turkey | 5.51 | 5.42 | 5.31 | 5.21 | 5.60 | 5.56 | 5.42 | 5.94 | 5.37 |
| Saudi Arabia | 0.99 | 1.09 | 1.11 | 1.19 | 1.01 | 1.04 | 1.07 | 1.07 | 1.05 |
| Turkey | 0.89 | 0.98 | 1.00 | 1.07 | 0.91 | 0.94 | 0.96 | 0.96 | 1.32 |
| Iran, Islamic Republic of | 0.31 | 0.35 | 0.35 | 0.38 | 0.32 | 0.33 | 0.34 | 0.34 | 0.68 |
| Western Hemisphere | 5.02 | 5.53 | 5.65 | 6.02 | 5.15 | 5.31 | 5.46 | 5.43 | 6.93 |
| Brazil | 1.04 | 1.15 | 1.17 | 1.26 | 1.07 | 1.10 | 1.13 | 1.12 | 2.38 |
| Mexico | 1.81 | 1.99 | 2.04 | 2.19 | 1.86 | 1.91 | 1.96 | 1.95 | 1.67 |
| Venezuela, República Bolivariana de | 0.13 | 0.14 | 0.14 | 0.15 | 0.13 | 0.13 | 0.14 | 0.14 | 0.17 |
| Argentina | 0.33 | 0.37 | 0.37 | 0.40 | 0.34 | 0.35 | 0.36 | 0.36 | 0.71 |
| Transition economies | 6.66 | 6.84 | 6.78 | 6.60 | 6.84 | 6.93 | 6.75 | 6.86 | 5.77 |
| Russian Federation | 1.65 | 1.82 | 1.86 | 2.00 | 1.70 | 1.75 | 1.80 | 1.79 | 2.43 |
| Poland | 1.14 | 1.25 | 1.28 | 1.19 | 1.17 | 1.20 | 1.23 | 1.23 | 0.79 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Memorandum items: | | | | | | | | | |
| EU27 | 32.04 | 28.74 | 27.86 | 25.42 | 31.22 | 30.19 | 29.48 | 26.54 | 17.29 |
| LICs 5/ | 1.64 | 1.78 | 1.79 | 1.87 | 1.68 | 1.71 | 1.73 | 1.75 | 2.29 |

Source: Finance Department

1/ Shading indicates countries with capped openness shares or excluding intra currency union trade lower than their original openness shares.

2/ These correspond to the thresholds on absolute ratios of openness to market GDP of 2.21, 1.61, and 1.29 for the 95th, 85th and 75th percentile caps, respectively.

3/ Including Czech Republic, Estonia, Korea, Latvia, Lithuania, Malta, Singapore, Slovak Republic and Slovenia.

4/ Including China, P.R., Hong Kong SAR, and Macao SAR.

5/ Currently PRGT-eligible countries (69 members).

Variability

15. Variability is intended to capture members' vulnerability to balance of payments shocks and potential need for Fund resources. However, extensive staff work has failed to find a significant link between the current variable and actual or potential external vulnerabilities or to identify a superior measure.¹³

16. Key characteristics of variability include (Table I.5):

- **Variability tends to benefit smaller economies.** About 90 percent of the countries (45 out of 49) in the bottom quartile in terms of market GDP have the ratio of variability to GDP blend shares larger than 1.
- **Variability tends to benefit countries with higher per capita incomes compared to middle- and low-income countries.** Only 57 percent of the countries (28 out of 49) in the bottom quartile in terms of per capita income gain from variability, compared with 72 to 85 percent of the countries in the other quartiles.
- **Variability tends to benefit AEs.** Across major country groupings, the main gainers from variability at the aggregate level are AEs, whose share is more than double their share in the GDP blend (see Figure I.1 above). 68 percent of LICs and 73 percent other EMDCs gain from variability and, on average, to a lesser extent than AEs.
- **Variability has been highly volatile, and the distribution of variability shares can change significantly between quota data updates.** This implies that a country that benefits from a rise in its variability share in one year would often see a decline in its share in future data updates. A statistical analysis over the updated quota datasets between 2011–2021 shows that the coefficient of variation of variability is larger than 40 percent for 30 countries, whereas, for instance, that for openness is larger than 40 percent for only five countries. Also, the average rank correlation of changes in variability shares for two consecutive years using the datasets between 2011 and 2021 is low at around 12 percent, whereas it is over 30 percent for reserves and 40–66 percent for all other formula variables. As staff has noted previously, the relative instability between successive quota data updates is an undesirable property of a variable in the quota formula.

17. The distribution of members' shares in variability relative to GDP is highly skewed.

While the median ratio of variability to GDP blend for the membership as a whole is 1.52, 70 countries have ratios greater than 2 (with the highest being above 50) and 98 have ratios above 1.5 (Figure I.5).

¹³ See Annex IV in *Fifteenth General Review of Quotas—Further Considerations—Annexes* (EB/CQuota/18/1, Sup. 1) and Annex IV in [Quota Formula—Data Update and Further Considerations—Annexes](#) (6/6/13).

Table I.5. Countries that Benefit from Variability
(Variability to GDP Blend shares ratios)

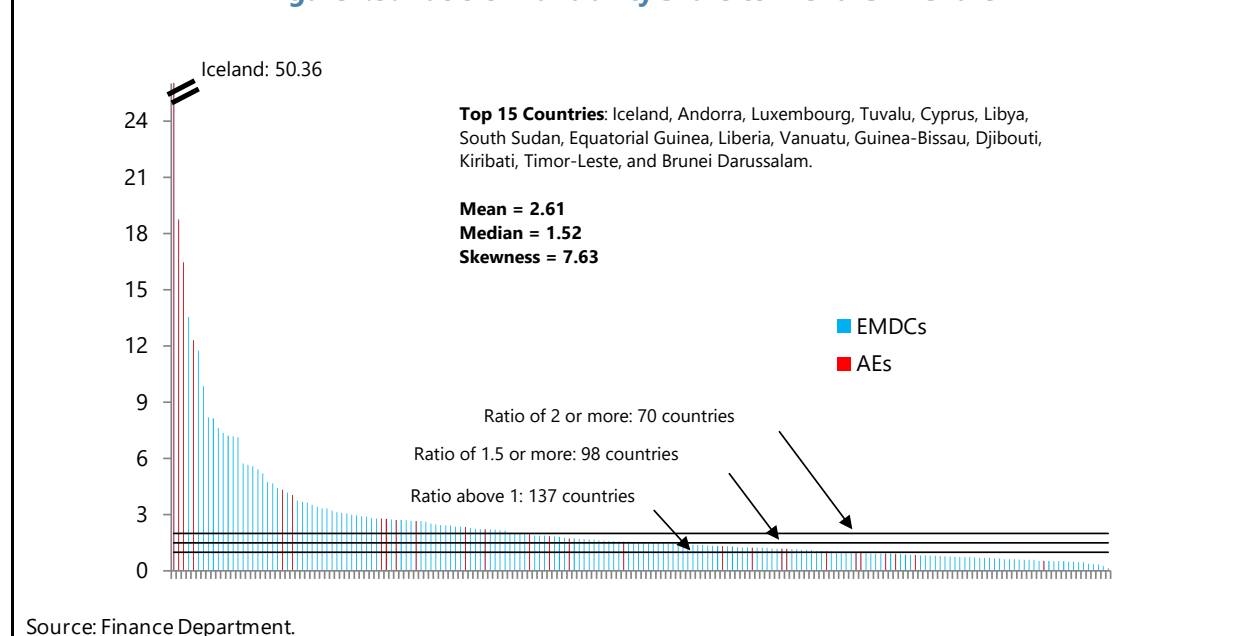
| | By Size (Market GDP) 1/ | | | | By Income (Market GDP per Capita) 1/ | | | | By Grouping | | | Total |
|--|-------------------------|-----|-----|-----------------|--------------------------------------|-----|-----|-----------------|-----------------|-------------------|----------|-------|
| | Top Quartile | 2nd | 3rd | Bottom Quartile | Top Quartile | 2nd | 3rd | Bottom Quartile | EMDC AE (27) | excl. LIC (94) | LIC (69) | |
| Number of countries who benefit (ratio >1) | 24 | 33 | 35 | 45 | 40 | 35 | 34 | 28 | 21 | 69 | 47 | 137 |
| Median 2/ | 1.6 | 2.0 | 2.2 | 2.2 | 2.5 | 1.7 | 1.7 | 2.2 | 2.3 | 2.0 | 2.2 | 2.0 |
| Average 2/ | 2.0 | 2.6 | 4.5 | 3.8 | 4.8 | 2.4 | 3.0 | 3.0 | 6.4 | 2.6 | 3.1 | 3.3 |

Source: Finance Department.

1/ Each quartile includes 47 countries, except the bottom quartile that includes 49 countries.

2/ Average or median ratio among the countries which have ratios greater than 1.

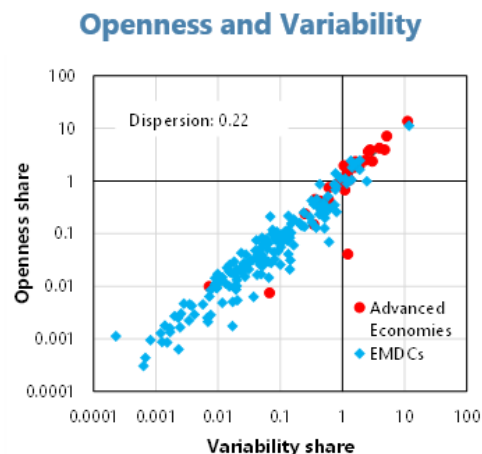
Figure I.5. Ratio of Variability Share to Blend GDP Share



Links Between Openness and Variability

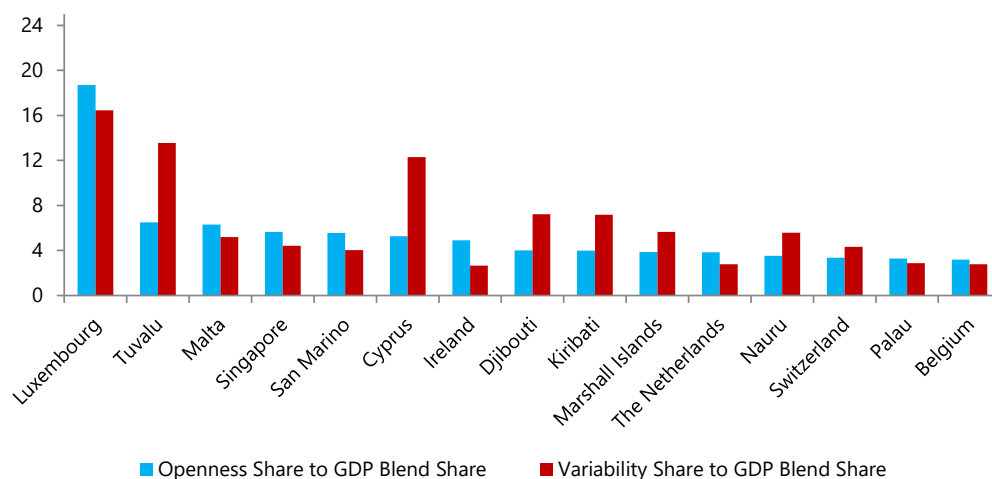
18. Both openness and variability produce similar results in terms of shares. While the specific measures differ, both variables use nominal data on the scale of external flows. In particular, openness measures the size of current payments and current receipts, whereas variability seeks to capture volatility in the level of current receipts and net capital flows. For many countries, these yield very similar results. This can be seen from several angles:

- The overall dispersion in the distribution of openness and variability shares is low, e.g., similar to that between market and PPP GDP and below that between other quota variables and market GDP (see Text Figure and Figure I.2 in Section A).
- The distribution of openness and variability shares among the main country groups is also similar (Figure I.1 in Section A).
- Even after the largest economies are excluded (their weight tends to dominate the comparisons of size-related variables), the correlation between openness and variability is 0.90, above that between openness and variability is 0.90, above that between other variables (Table I.1).
- The distribution of gainers from variability is broadly similar to that for openness, in terms of both size and income levels, as well as across the major country groupings (Tables I.3 and I.5). Small countries tend to gain the most from variability and openness (Figure I.6).
- At the individual country level, the countries that gain the most from openness also have relatively high shares in variability (Figure I.6).
- A purely illustrative calculation, showing the impact of dropping variability and moving all of its weight to openness, indicates that the distribution of CQS would be broadly unchanged across the largest individual countries and major country groups (Table I.6).



Source: Finance Department.

Figure I.6. Top 15 Countries—Ratio of Openness Share to GDP Blend Share and Variability Share to GDP Blend Share ^{1/}



Source: Finance Department.

^{1/} Countries ranked by openness share to GDP blend share.

Table I.6. Illustrative Calculations - Current GDP and Openness Measures, Dropping Variability, and All Weight to Openness
(In percent)

| | 14th General Review Quotas | Current Formula | All to openness |
|--|-------------------------------|-----------------|-----------------|
| Advanced economies | 57.6 | 50.0 | 50.8 |
| Major advanced economies | 43.4 | 35.3 | 36.1 |
| United States | 17.4 | 14.9 | 15.3 |
| Japan | 6.5 | 4.9 | 4.8 |
| Germany | 5.6 | 4.8 | 5.1 |
| France | 4.2 | 3.1 | 3.2 |
| United Kingdom | 4.2 | 3.4 | 3.4 |
| Italy | 3.2 | 2.3 | 2.3 |
| Canada | 2.3 | 1.9 | 2.0 |
| Other advanced economies | 14.3 | 14.7 | 14.6 |
| Spain | 2.0 | 1.7 | 1.7 |
| Netherlands | 1.8 | 2.0 | 2.1 |
| Australia | 1.4 | 1.3 | 1.4 |
| Belgium | 1.3 | 1.1 | 1.1 |
| Switzerland | 1.2 | 1.9 | 1.8 |
| Sweden | 0.9 | 0.9 | 0.8 |
| Austria | 0.8 | 0.7 | 0.7 |
| Norway | 0.8 | 0.6 | 0.6 |
| Ireland | 0.7 | 1.0 | 1.1 |
| Denmark | 0.7 | 0.6 | 0.6 |
| Emerging Market and Developing Countries 1/ | 42.4 | 50.0 | 49.2 |
| Africa | 4.4 | 3.4 | 3.2 |
| South Africa | 0.6 | 0.5 | 0.5 |
| Nigeria | 0.5 | 0.6 | 0.5 |
| Asia | 16.0 | 26.2 | 26.6 |
| China 2/ | 6.4 | 13.7 | 13.7 |
| India | 2.7 | 3.4 | 3.5 |
| Korea | 1.8 | 2.1 | 2.2 |
| Indonesia | 1.0 | 1.3 | 1.3 |
| Singapore | 0.8 | 1.4 | 1.5 |
| Malaysia | 0.8 | 0.7 | 0.7 |
| Thailand | 0.7 | 1.0 | 1.0 |
| Middle East, Malta and Turkey | 6.7 | 6.6 | 6.1 |
| Saudi Arabia | 2.1 | 1.5 | 1.2 |
| Turkey | 1.0 | 1.2 | 1.1 |
| Iran, I.R. of | 0.7 | 0.5 | 0.5 |
| Western Hemisphere | 7.9 | 6.7 | 6.6 |
| Brazil | 2.3 | 1.9 | 1.9 |
| Mexico | 1.9 | 1.7 | 1.8 |
| Venezuela, R.B. de | 0.8 | 0.2 | 0.2 |
| Argentina | 0.7 | 0.6 | 0.6 |
| Transition economies | 7.2 | 7.1 | 6.8 |
| Russia | 2.7 | 2.2 | 2.2 |
| Poland | 0.9 | 1.0 | 1.0 |
| Total | 100.0 | 100.0 | 100.0 |
| Memorandum items: | | | |
| EU27 | 26.1 | 23.4 | 24.0 |
| LICs 3/ | 3.3 | 2.4 | 2.4 |
| Coefficients for quota variables | | | |
| GDP | | 0.300 | 0.300 |
| PPP GDP | | 0.200 | 0.200 |
| Openness | | 0.300 | 0.450 |
| Variability | | 0.150 | 0.000 |
| Reserves | | 0.050 | 0.050 |
| Compression factor | | 0.950 | 0.950 |

Source: Finance Department.

1/ Including Czech Republic, Estonia, Korea, Latvia, Lithuania, Malta, Singapore, Slovak Republic, and Slovenia.

2/ Including China, P.R., Hong Kong SAR and Macao SAR.

3/ Currently PRGT-eligible countries (69 members).

Reserves

19. Key characteristics of the impact of reserves include (Table I.7):

- **Reserves benefit many smaller economies.** About 57 percent of the countries (28 out of 49) in the bottom quartile have reserves to GDP blend shares larger than 1, compared with about 40 percent for the other three quartiles.
- **Low per capita income countries benefit less compared to middle- and high-income economies.** Less than one-quarter of the countries (11 out of 49) in the bottom quartile in per capita income gain from reserves, compared with around 60 percent of the countries (28 and 27 out of 47) in the second and third quartiles.
- **In relative terms, EMDCs (excluding LICs) are the main gainers from reserves,** with 55 percent of the countries in this group benefiting. About 38 percent of LICs benefit from reserves, and only 26 percent of AEs benefit from reserves.

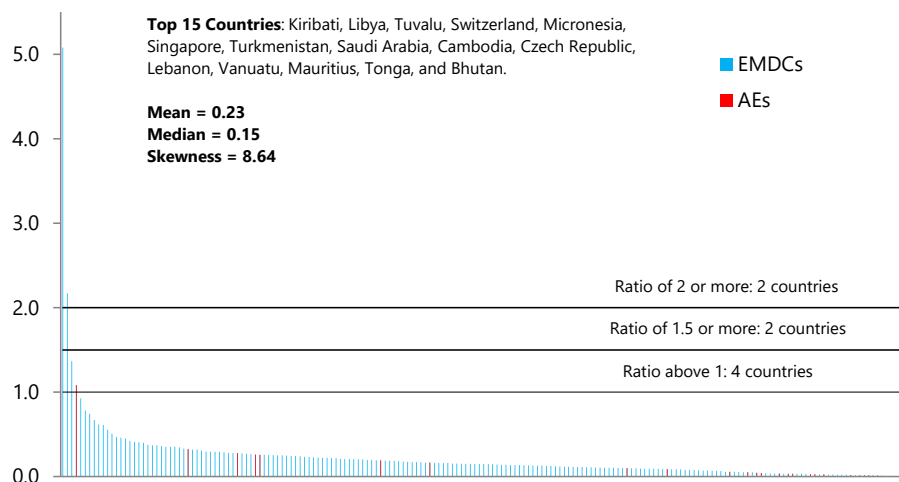
Table I.7. Countries that Benefit from Reserves
(Reserves to GDP Blend shares ratios)

| | By Size (Market GDP) 1/ | | | | By Income (Market GDP per Capita) 1/ | | | | By Grouping | | | Total |
|--|-------------------------|-----|-----|-----------------|--------------------------------------|-----|-----|-----------------|-------------|-----------------------------|----------|-------|
| | Top Quartile | 2nd | 3rd | Bottom Quartile | Top Quartile | 2nd | 3rd | Bottom Quartile | AE (27) | EMDC excl. LIC (69) (94) | LIC (69) | |
| Number of countries who benefit (ratio >1) | 19 | 18 | 20 | 28 | 19 | 28 | 27 | 11 | 7 | 52 | 26 | 85 |
| Median 2/ | 1.7 | 2.0 | 1.5 | 1.9 | 2.2 | 1.7 | 1.4 | 1.6 | 2.2 | 1.7 | 1.8 | 1.8 |
| Average 2/ | 2.6 | 2.0 | 2.4 | 3.9 | 2.8 | 2.0 | 2.9 | 5.2 | 3.3 | 2.2 | 4.1 | 2.9 |

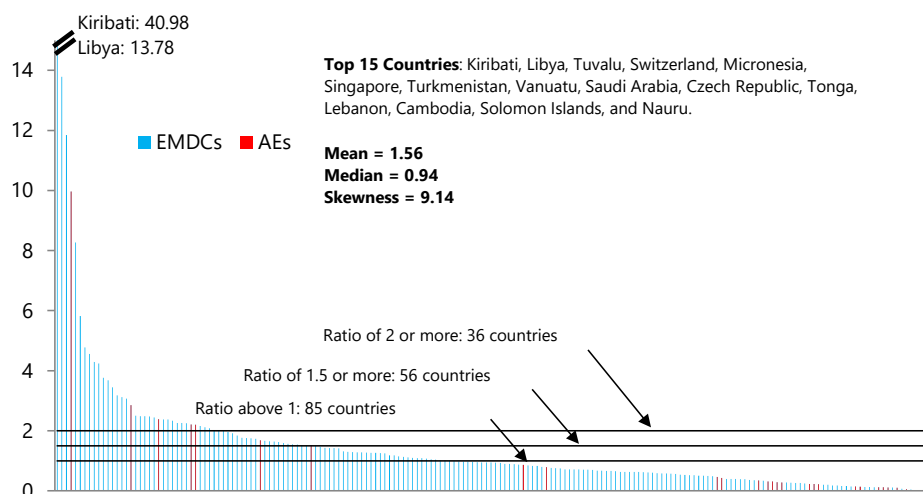
Source: Finance Department.

1/ Each quartile includes 47 countries, except the bottom quartile that includes 49 countries.
2/ Average or median ratio among the countries which have ratios greater than 1.

20. The distribution of members' reserves relative to GDP is highly skewed (Figures I.7a and I.7b)—in fact, it is the most skewed among all the quota variables (see Figure I.3–I.5). In terms of shares, 36 members have reserves shares more than double their shares in GDP blend (the highest ratio is almost 41 times) and 56 members have ratios greater than 1.5 (Figure I.7b). Based on the latest data, 85 members benefit to some extent from the inclusion of reserves in the formula.

Figure I.7a. Ratio of Reserves Level to Market GDP Level

Source: Finance Department.

Figure I.7b. Ratio of Reserves Share to GDP Blend Share

Source: Finance Department.

Compression Factor

21. The main implications of the compression factor are summarized below (Table I.8):

- **The compression factor benefits all but the largest economies.** The CQS of the largest 7 members (based on the uncompressed current formula and using the current quota database) are reduced, while the CQS of all other members are increased as a result of the compression factor. In total, compared with a linear combination of the quota formula variables, the compression factor shifts approximately 3 percentage points of shares from the 7 largest members to the remaining 183 members. The original ranking of countries is unchanged with compression.

- **As a group, low income countries benefit more compared to high income economies.** While the compression factor is unrelated to income, almost all countries in the bottom three quartiles in terms of per capita income gain from its inclusion.
- **In terms of major country groups, EMDCs and LICs are the main gainers.** All LICs and all but two EMDCs benefit, while 22 of 27 AEs benefit from compression.

Table I.8. Countries that Benefit from Compression
(CQS to Uncompressed Linear Combination ratios)

| | By Size (Market GDP) 1/ | | | | By Income (Market GDP per Capita) 1/ | | | | By Grouping | | | Total |
|---|-------------------------|-----|-----|-----------------|--------------------------------------|-----|-----|-----------------|--------------|----------------|----------|-------|
| | Top Quartile | 2nd | 3rd | Bottom Quartile | Top Quartile | 2nd | 3rd | Bottom Quartile | EMDC AE (27) | excl. LIC (94) | LIC (69) | |
| Number of countries who benefit (ratio > 1) | 40 | 47 | 47 | 49 | 42 | 46 | 47 | 48 | 22 | 92 | 69 | 183 |
| Median 2/ | 1.1 | 1.2 | 1.2 | 1.4 | 1.1 | 1.2 | 1.2 | 1.3 | 1.1 | 1.2 | 1.3 | 1.2 |
| Average 2/ | 1.1 | 1.2 | 1.2 | 1.4 | 1.1 | 1.2 | 1.2 | 1.3 | 1.1 | 1.2 | 1.3 | 1.2 |

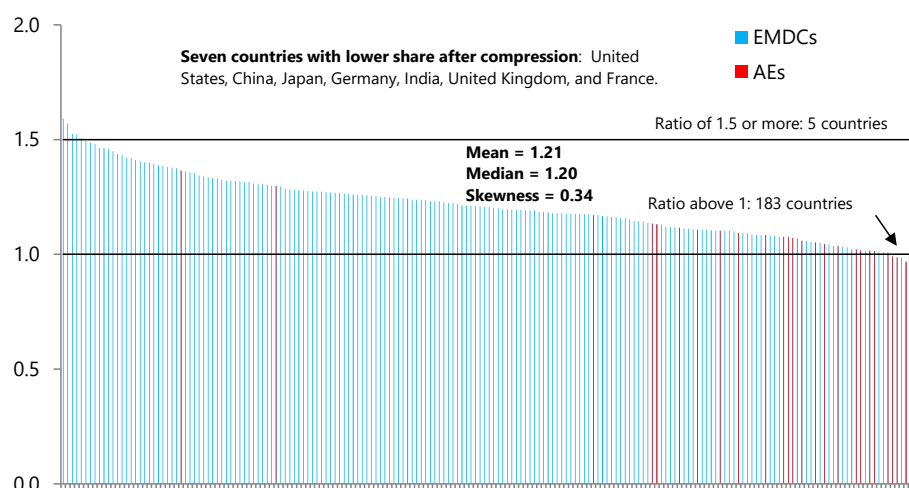
Source: Finance Department.

1/ Each quartile includes 47 countries, except the bottom quartile that includes 49 countries.

2/ Average or median ratio among the countries which have ratios greater than 1.

22. The benefits of compression are inversely related to country size. As noted, the seven largest countries lose from compression while the rest of the membership benefits. The median ratio of CQS including compression to uncompressed calculated quota share is 1.20, and five countries have ratios greater than 1.5. (Figure I.8).

Figure I.8. Ratio of CQS to Uncompressed Linear Combination



Source: Finance Department.

Annex II. Protection of the Poorest and Small Developing Members

The Board of Governors' Resolution on the 16th Review stated that any adjustment in quota shares would be expected to protect the voice and representation of the poorest members. It is therefore necessary to define members who would qualify for such protection. Drawing on the discussions of the 14th and 15th Reviews, this Annex discusses options for a list of the poorest and possibly also small developing members and presents illustrative results for the "cost of protection".

1. This Annex includes alternative lists of poorest and small developing members which could be considered for protection in the 16th Review. It includes the definition of the poorest Fund members applied in the 14th Review as well as other options considered in the 15th Review (Table II.1.).

- **Updated 14th Review criteria (29 members):** In the 14th Review, the group of members protected from declines in individual quota shares was defined as PRGT-eligible countries with annual per capita Gross National Income (GNI) below the prevailing operational IDA cut-off (US\$1,135 in 2008) or below twice the cut-off for countries meeting the definition of a "small country" under the PRGT eligibility criteria. The countries covered included 54 members.¹ Using the same approach and the updated IDA operational cut-off of US\$1,185 (2019 GNI per capita) for FY2021, the current list of the poorest members would include 29 countries.² Relative to last year, Sudan is added to the list while Benin, Haiti, Mauritania, and Solomon Islands are dropped.
- **Other options:**
 - **PRGT-eligible countries as of 2021 (69 members):** The PRGT eligibility in 2021 is based on the review completed in March 2020.³
 - **PRGT-eligible and Small Developing States (84 members):** The IMF defines small developing states as developing countries that are Fund members with populations below

¹ In addition to 52 members that fulfilled the relevant criteria at the time of the 14th Review, Zimbabwe was included in the group of protected countries, despite not being PRGT-eligible at the time of the 14th Review due to arrears. South Sudan joined the Fund after the 14th Review but received a treatment consistent with the poorest members in the calculation of its quota (see Republic of South Sudan—Calculation of Quota, EB/CM/South Sudan/11/1 and Resolution No. 66-5).

² [World Bank, GNI per capita, Atlas method \(current US\\$\)](#). South Sudan had no 2019 GNI per capita data, the latest available (2015) is used. Due to lack of data for recent years, Eritrea and Somalia were excluded from 14th Review Approach list.

³ [Eligibility to Use the Fund's Facilities for Concessional Financing, 2020](#) (3/16/2020). The framework and the list of PRGT-eligible members are normally reviewed on a standard two-year cycle.

1.5 million.⁴ The Fund currently has 34 members that are small developing states and 15 of these are not PRGT-eligible.

- **United Nations Least Developed Countries (LDCs, 46 members):** The list of LDCs is reviewed every three years and is based on three criteria: GNI per capita, the human asset index (HAI), and the economic vulnerability index (EVI).⁵ The review in 2021 dropped Vanuatu from the list.
- **WEO Low Income Developing Countries (LIDCs, 59 members):**⁶ LIDCs are defined as countries that have per capita income levels below a certain threshold (currently set at US\$2,700 in 2016 as measured by the World Bank’s Atlas method), structural features consistent with limited development and structural transformation, and insufficiently close external financial linkages to be widely seen as emerging market economies. The current list of LIDCs, which comprises 59 countries, can be found in the April 2021 *WEO*.

2. The updated list of the poorest members based on the 14th Review criteria has been shrinking considerably relative to the list of PRGT-eligible countries. While the number of PRGT-eligible members has remained broadly stable between the 15th Review and the current Review (the list changed from 70 to 69 members in 2020), the list of the poorest based on the 14th Review criteria has shrank from 37 to 29 members. The PRGT-eligibility list is approved by the decision of the Executive Board based on criteria specified in the *Framework for Entry and Graduation from the PRGT-eligibility List*. Specifically, to graduate from the PRGT-eligibility list, a country needs to meet either or both the income and market access criteria and not face serious short-term vulnerabilities.⁷ On the other hand, the 14th Review criteria drops a member from the list automatically if a country’s most recent annual per capita GNI (a single data point) exceeds the IDA operational cutoff or twice the cutoff for small states. The list is fluctuating from year to year depending on the operational IDA cut-off (updated annually for a fiscal year), as well as country specific GNI developments.

Cost of Protection

3. Alternative definitions for the poorest members eligible for protection would have different implications in terms of the potential “cost of protection”. In the past, the “cost of protection” has been defined as the share of the total quota increase that is allocated in an ad hoc

⁴ [2017 Staff Guidance Note on the Fund's Engagement with Small Developing States](#) (1/26/18).

⁵ [UN Department of Economic and Social Affairs, List of Least Developed Countries](#) (as of February 2021).

⁶ [Macroeconomic Developments and Prospects in Low-Income Developing Countries—2019](#) (12/11/19). The latest paper in this series has a country focus limited to 69 Low Income Countries [Macroeconomic Developments and Prospects in Low-Income Countries—2021](#) (3/30/21); [World Economic Outlook, April 2021, Statistical Appendix](#).

⁷ The income criterion for graduation: a country’s annual per capita GNI must be above the IDA operational cutoff for at least the last five years and not on a declining trend and be based on the latest qualifying annual data: (a) at least twice the operational IDA cutoff, or (b) at least three times the IDA operational cutoff for small countries, or (c) at least six times the IDA operational cutoff for microstates. See [Eligibility to Use the Fund's Facilities for Concessional Financing, 2020](#) (3/16/2020) for details.

manner to protect the eligible members in the list of poorest countries against a decline in their quota shares. The cost of protection depends on a number of factors:

- actual and calculated quota shares of the eligible countries to be protected,
- the overall size of the quota increase, and
- the allocation method for the quota increase.

4. Simulations like the ones used in the main paper suggest that the cost of protection is likely to be relatively small in aggregate, but it would be borne by other members. Table II.2 summarizes the cost of protection for the three types of allocation used in the main paper, using five groups of poorest countries discussed in this Annex. In all cases the share of quota increases that would have to be allotted for protection is less than 1.5 percent. The list combining all PRGT-eligible countries and small developing states has the highest cost of protection, followed by the PRGT-eligible and *WEO* LIDC list. The updated 14th Review list implies the lowest costs of protection.

Table II.1. Alternative List of Poorest and Small Developing Member Countries

| Country 1/ | PRGT eligible countries 2/ | 14th Review List 3/ | Updated 14th Review Approach 4/ 5/ | United Nations List 6/ | WEO LIDC List | PRGT eligible and small developing states |
|------------------------------|----------------------------|---------------------|------------------------------------|------------------------|---------------|---|
| 1 Afghanistan | x | x | x | x | x | x |
| 2 Angola | | | | x | | |
| 3 Antigua and Barbuda | | | | | | x |
| 4 Bahamas, The | | | | | | x |
| 5 Bangladesh | x | x | | x | x | x |
| 6 Barbados | | | | | | x |
| 7 Belize | | | | | | x |
| 8 Benin | x | x | | x | x | x |
| 9 Bhutan | x | x | | x | x | x |
| 10 Burkina Faso | x | x | x | x | x | x |
| 11 Burundi | x | x | x | x | x | x |
| 12 Cabo Verde | x | | | | | x |
| 13 Cambodia | x | x | | x | x | x |
| 14 Cameroon | x | | | | x | x |
| 15 Central African Rep. | x | x | x | x | x | x |
| 16 Chad | x | x | x | x | x | x |
| 17 Comoros | x | x | x | x | x | x |
| 18 Congo, Dem. Rep. of | x | x | x | x | x | x |
| 19 Congo, Rep. of | x | | | | x | x |
| 20 Côte d'Ivoire | x | x | | | x | x |
| 21 Djibouti | x | x | | x | x | x |
| 22 Dominica | x | | | | | x |
| 23 Eritrea | x | x | | x | x | x |
| 24 Eswatini | | | | | | x |
| 25 Ethiopia | x | x | x | x | x | x |
| 26 Fiji | | | | | | x |
| 27 Gambia, The | x | x | x | x | x | x |
| 28 Ghana | x | x | | | x | x |
| 29 Grenada | x | | | | | x |
| 30 Guinea | x | x | x | x | x | x |
| 31 Guinea-Bissau | x | x | x | x | x | x |
| 32 Guyana | | x | | | | x |
| 33 Haiti | x | x | | x | x | x |
| 34 Honduras | x | | | | x | x |
| 35 Kenya | x | x | | | x | x |
| 36 Kiribati | x | x | | x | x | x |
| 37 Kyrgyz Republic | x | x | | | x | x |
| 38 Lao P.D.R. | x | x | | x | x | x |
| 39 Lesotho | x | x | | x | x | x |
| 40 Liberia | x | x | x | x | x | x |
| 41 Madagascar | x | x | x | x | x | x |
| 42 Malawi | x | x | x | x | x | x |
| 43 Maldives | x | | | | | x |
| 44 Mali | x | x | x | x | x | x |
| 45 Marshall Islands | x | | | | | x |
| 46 Mauritania | x | x | | x | x | x |
| 47 Mauritius | | | | | | x |
| 48 Micronesia | x | | | | | x |
| 49 Moldova | x | | | | x | x |
| 50 Montenegro | | | | | | x |
| 51 Mozambique | x | x | x | x | x | x |
| 52 Myanmar | x | x | | x | x | x |
| 53 Nauru | | | | | | x |
| 54 Nepal | x | x | x | x | x | x |
| 55 Nicaragua | x | x | | | x | x |
| 56 Niger | x | x | x | x | x | x |
| 57 Nigeria | | | | | x | |
| 58 Palau | | | | | | x |
| 59 Papua New Guinea | x | x | | | x | x |
| 60 Rwanda | x | x | x | x | x | x |

Table II.1. Alternative List of Poorest and Small Developing Member Countries (concluded)

| Country 1/ | PRGT eligible countries 2/ | 14th Review List 3/ | Updated 14th Review Approach 4/ 5/ | United Nations List 6/ | WEO LIDC List | PRGT eligible and small developing states |
|---|----------------------------|---------------------|------------------------------------|------------------------|---------------|---|
| 61 Samoa | x | | | | | x |
| 62 São Tomé and Príncipe | x | x | x | x | x | x |
| 63 Senegal | x | x | | x | x | x |
| 64 Seychelles | | | | | | x |
| 65 Sierra Leone | x | x | x | x | x | x |
| 66 Solomon Islands | x | x | | x | x | x |
| 67 Somalia | x | x | | x | x | x |
| 68 South Sudan | x | x | x | x | x | x |
| 69 St. Kitts and Nevis | | | | | | x |
| 70 St. Lucia | x | | | | | x |
| 71 St. Vincent and the Grenadines | x | | | | | x |
| 72 Sudan | x | x | x | x | x | x |
| 73 Suriname | | | | | | x |
| 74 Tajikistan | x | x | x | | x | x |
| 75 Tanzania | x | x | x | x | x | x |
| 76 Timor-Leste | x | | x | x | x | x |
| 77 Togo | x | x | x | x | x | x |
| 78 Tonga | x | | | | | x |
| 79 Trinidad and Tobago | | | | | | x |
| 80 Tuvalu | x | | | x | | x |
| 81 Uganda | x | x | x | x | x | x |
| 82 Uzbekistan | x | x | | | x | x |
| 83 Vanuatu | x | | | | | x |
| 84 Vietnam | | x | | | x | |
| 85 Yemen | x | x | x | x | x | x |
| 86 Zambia | x | x | | x | x | x |
| 87 Zimbabwe | x | x | | | x | x |
| Number of members | 69 | 54 | 29 | 46 | 59 | 84 |
| Combined AQS of members in the list (percent) | 3.3 | 3.3 | 1.4 | 2.4 | 4.0 | 3.6 |
| Combined CQS of members in the list, based on the current formula and data through 2019 (percent) | 2.4 | 2.9 | 0.9 | 1.9 | 3.6 | 2.7 |
| Number of eligible countries for which AQS > CQS | 54 | 42 | 24 | 34 | 44 | 65 |

Source: IMF staff calculations.

1/ Small developing states, as defined by the IMF, are in bold.

2/ PRGT-eligible countries: 69 members, reflecting the decision to graduate Guyana from PRGT eligibility effective July 19, 2020.

3/ Countries that were PRGT-eligible and met the IDA per capita GNI cut-off of US\$1,135 in 2008 (or twice that amount for small states, as defined by the IMF), plus Zimbabwe and South Sudan (South Sudan joined the Fund after the 14th Review but received a treatment consistent with the poorest members in the calculation of its quota).

4/ Updated 14th Review list includes countries that are PRGT-eligible as of 2021 and meet the FY2021 IDA per capita GNI cut-off of US\$1,185 (data through 2019) or twice that amount for small states, as defined by the IMF. The World Bank per capita GNI data vintage as of May 17, 2021 (last updated on March 19, 2021).

5/ South Sudan had no 2019 GNI per capita data, the latest available (2015) was used. Due to lack of data for recent years, Eritrea and Somalia were excluded from 14th Review Approach list. Relative to last year, Benin, Haiti, Mauritania, and Solomon Islands were excluded from the list as their 2019 GNI per capita exceeded the IDA operational cut-off.

6/ In March 2021, ECOSOC endorsed the recommendations by the Committee for Development Policy (CDP) to graduate Bangladesh, Lao P.D.R. and Nepal. It also continued to monitor countries that are scheduled to graduate in the near future, namely Bhutan (in 2023), Angola, Sao Tome and Principe and the Solomon Islands (in 2024). The review in 2021 dropped Vanuatu, which graduated in December 2020, from the list.

Table II. 2. Cost of Protection – Share of Total Quota Increase Allotted for Protection^{1/}

| Allocation Method | | PRGT-eligible countries | Updated 14 th Review Approach | United Nations List | WEO LIDC List | PRGT-eligible plus Small Developing States |
|--|---|-------------------------|--|---------------------|---------------|--|
| Selective Increase | Formula 1.2 | 1.20 | 0.63 | 0.86 | 1.19 | 1.35 |
| | Formula 3.2.c | 1.15 | 0.61 | 0.84 | 1.14 | 1.30 |
| Selective Increase with Ad Hoc Element Proportional to VFCS II (5 percent of total increase) | Formula 1.2 | 1.24 | 0.65 | 0.89 | 1.23 | 1.40 |
| | Formula 3.2.c | 1.20 | 0.63 | 0.87 | 1.19 | 1.35 |
| Soft GDP Anchor - Formula 1.2 (82-470 percent of GDP Blend) | Selective Increase | 1.22 | 0.64 | 0.88 | 1.21 | 1.38 |
| | Selective Increase with Ad Hoc Based on VFCS II | 1.28 | 0.67 | 0.92 | 1.27 | 1.44 |

Source: Finance Department.

1/ For the selective increases without the GDP anchor, the impact of changing the size of the increase on the cost of protection is marginal. For the simulations with a soft GDP anchor, the cost of protection depends on the size of increase. The numbers in the table are based on the increase sizes of 75, 100 and 125 percent. A single number is shown for GDP anchor because the differences are not visible in the decimal precision of the table.

Annex III. Voluntary Financial Contributions

This Annex updates staff estimates of members' voluntary financial contributions (VFCS) to the Fund. The calculations cover the main forms of voluntary financial contributions, including bilateral and multilateral loans to the General Resources Account (GRA), loan contributions to the Poverty Reduction and Growth Trust (PRGT) and its predecessors, subsidy contributions to concessional financing, and financing for capacity development (i.e., technical assistance and training). Building on staff's earlier work, it also illustrates alternative forms of aggregating such diverse contributions, recognizing the difficulties involved.

Background

1. Staff has updated earlier estimates of members' voluntary financial contributions to the Fund. In light of the outcome of the discussions on the 15th Review, the Annex focuses solely on voluntary financial contributions to the Fund. For example, members' participation in the Financial Transactions Plan is not covered here as this is an obligation of membership for members that meet the relevant criteria. Similarly, the estimates include only financial contributions and do not attempt to capture members' in-kind contributions or financing provided by members bilaterally to other members in the context of the Fund's financial arrangements.

2. The voluntary financial contributions considered in this Annex include a broad range of contributions. They cover bilateral borrowing agreements (BBA) with the Fund, multilateral support for Fund liquidity in the GRA through the New Arrangements to Borrow (NAB), loan contributions to the PRGT (and its predecessors), subsidy contributions for concessional financing, and capacity development. Possible new forms of financial contributions are currently under discussion as part of the Fund's response to the Covid-19 pandemic, and the case for including such contributions could be considered in future discussions on the 16th Review.

3. The diversity of forms of voluntary financial contributions raises a number of issues when it comes to defining and constructing an aggregate measure. These include:

- The need to determine the relevant time frame for considering contributions;
- How to combine contributions that differ substantially both in magnitude and in form, with some contributions involving budget outlays and others involving the temporary provision of loan resources; and
- How to aggregate diverse contributions over time.

While recognizing the challenges related to timing of voluntary contributions and comparability of different types of contributions, this Annex uses the approach presented in previous staff work. Accordingly, contributions are measured mainly on a commitment basis, reflecting the amounts that members stand ready to (have pledged to) provide to the Fund regardless of the amounts that are actually drawn.

Update of Aggregate Measures of VFCS

4. The Annex updates two aggregate measures of voluntary financial contributions presented in 2020 Quota Data Update. These measures are defined as follows:¹

- **VFCS I** – the simple average of member contribution shares to the following five voluntary financial contributions: i) NAB; ii) 2020 BBAs; iii) PRGT loans; iv) subsidies for concessional financing; and v) capacity development.
- **VFCS II** – same contributions as in VFCS I, but with fixed weights for the main forms of contributions. Specifically, VFCS II is a weighted average of member contributions to the NAB (0.3), effective 2020 BBAs (0.3), PRGT loans and subsidies for concessional financing combined (0.2), and capacity development (0.2). The higher weight on NAB and BBA resources would reflect to some extent the large magnitude of resources provided compared to contributions to concessional financing and capacity development.

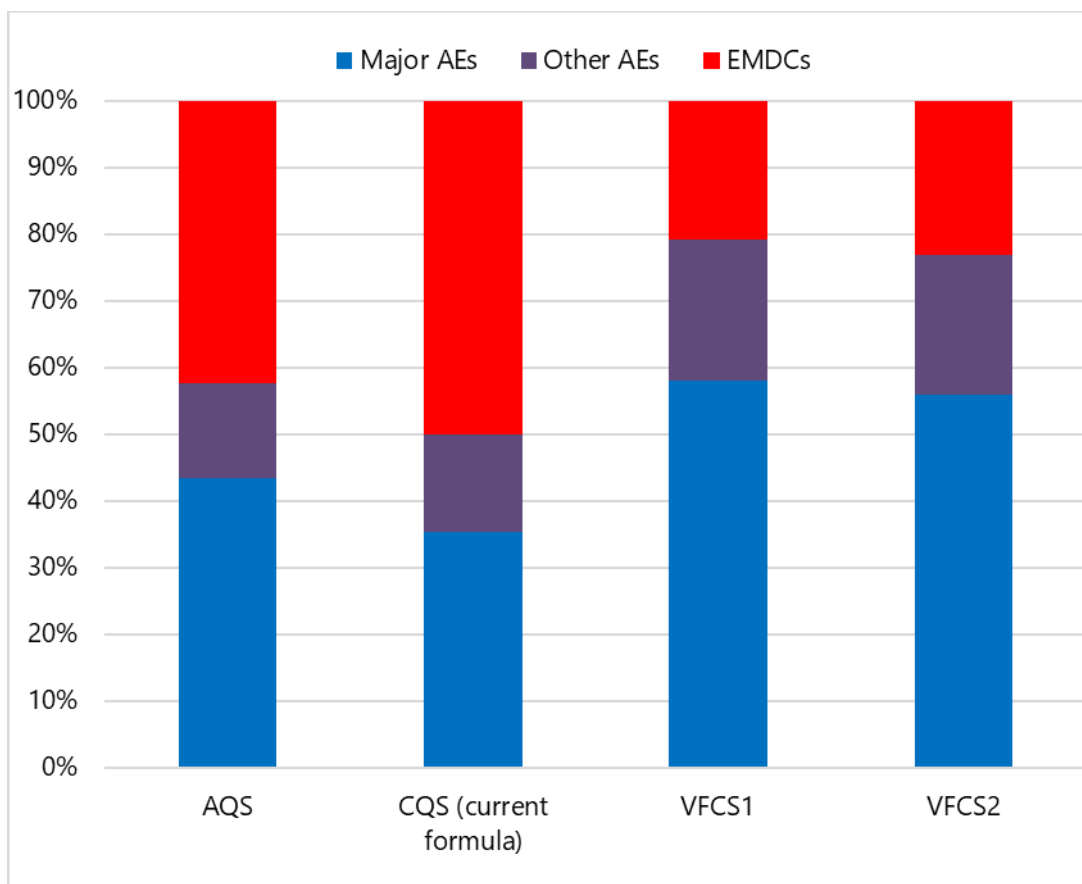
5. Based on all two measures, Advanced economies (AEs) as a group account for a much larger share of voluntary financial contributions than their AQS or current CQS (see Figure III.1). The share of AEs is the highest (almost 80 percent) for VFCS I, i.e., the measure that averages contribution shares across all five forms. On the other hand, VFCS II results in a slightly smaller share of AEs, as some EMDCs' share increases due to the higher weights for NAB and BBA resources. There are significant differences across individual member countries, both within the group of AEs and among EMDCs.

6. The main paper illustrates one possible approach to recognizing voluntary financial contributions through ad hoc adjustments as part of the 16th Review (Table 6 of the main paper). These calculations use the VFCS II measure above and allocate 5 percent of the overall quota increase to be distributed based on shares in this measure. As discussed in previous staff papers, there are many possible ways of measuring such contributions and staff could conduct further work on this topic based on Directors' guidance.²

¹ See Box III.1 for more details, and Table III.1 for a summary of selected indicators of members' financial contributions to the Fund. Table III.2 provides a summary of the distribution across broad country groups of these three aggregate measures of voluntary financial contributions.

² See [Fifteenth General Review of Quotas—Additional Considerations and Data Update](#) (3/5/2021).

Figure III.1. Financial Contributions: Distribution of Aggregate Measures by Major Country Groupings



Source: Finance Department.

Box III.1. Components of Voluntary Financial Contributions Shares

Aggregate measures of Voluntary Financial Contributions by member countries comprise five key components:

- All credit arrangements under the NAB that were effective as of end-April 2021.^{1/}
- All 2020 BBAs that were effective as of end-April 2021.^{1/}
- All loan commitments by member countries to the PRG Trust (and its predecessors) cumulative from 1988 to end-April 2021.
- Cumulative subsidy contribution (as of end-April 2021) to various concessional financing initiatives, including^{2/}:
 - (i) the PRGF-ESF Trust^{3/} (1987);
 - (ii) the PRG-HIPC Trust^{4/} (1999);
 - (iii) the MDRI^{5/} and ESF (2005);
 - (iv) the PRGT Subsidy Account (2009); and
 - (v) the CCRT^{6/} (2015); as well as
 - (vi) the distribution in 2012/13 of windfall profits from the sale of gold in 2009/10 to the PRGT Subsidy Account.
- Net disbursements for capacity development (technical assistance and training) over the period FY1990-FY2021.

1/ Future data updates will include any NAB credit arrangements or 2020 BBAs that become effective after the current data cutoff date of end-April 2021.

2/ Years refer to start of new fundraising round (in some cases multi-year) approved by the Executive Board.

3/ Poverty Reduction and Growth Facility and Exogenous Shocks Facility Trust.

4/ Trust for Special Poverty Reduction and Growth Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations.

5/ Multilateral Debt Relief Initiative.

6/ Catastrophe Containment and Relief Trust.

Table III.1. Financial Contributions to the Fund: Selected Indicators
(In percent, unless otherwise indicated)

| | 14 th Review Quota Share | Share in Financial Contributions to | | | | |
|---|--|-------------------------------------|---|------------------|---|-------------------------------|
| | | NAB 1/ | Bilateral Borrowing Agreements 2/ | PRGT Loans 3/ | Concessional Financing Subsidies 4/ | Capacity Development 5/ |
| Advanced economies | 57.6 | 74.9 | 67.8 | 89.8 | 81.0 | 82.2 |
| Major advanced economies | 43.4 | 57.8 | 44.8 | 69.0 | 61.1 | 57.3 |
| United States | 17.4 | 15.6 | - | - | 11.8 | 0.5 |
| Japan | 6.5 | 18.6 | 13.3 | 22.6 | 14.0 | 34.9 |
| Germany | 5.6 | 7.1 | 11.1 | 9.7 | 7.1 | 4.2 |
| France | 4.2 | 5.3 | 8.4 | 16.3 | 7.0 | 1.8 |
| United Kingdom | 4.2 | 5.3 | 2.9 | 9.8 | 11.3 | 8.4 |
| Italy | 3.2 | 3.8 | 6.3 | 6.6 | 4.9 | 0.7 |
| Canada | 2.3 | 2.1 | 2.6 | 4.0 | 5.0 | 6.9 |
| Other advanced economies | 14.3 | 17.1 | 23.0 | 20.8 | 19.9 | 24.9 |
| Spain | 2.0 | 1.9 | 4.0 | 4.3 | 1.2 | 0.5 |
| The Netherlands | 1.8 | 2.5 | 3.7 | 3.6 | 3.3 | 4.7 |
| Australia | 1.4 | 1.2 | 1.5 | 0.9 | 1.2 | 3.1 |
| Belgium | 1.3 | 2.2 | 2.7 | 2.6 | 2.2 | 1.4 |
| Switzerland | 1.2 | 3.1 | 2.1 | 3.9 | 2.6 | 8.1 |
| Sweden | 0.9 | 1.3 | 2.4 | 1.8 | 2.8 | 1.1 |
| Austria | 0.8 | 1.0 | 1.6 | - | 1.3 | 0.1 |
| Norway | 0.8 | 1.1 | 1.9 | 2.1 | 1.5 | 2.5 |
| Ireland | 0.7 | - | - | - | 0.3 | - |
| Denmark | 0.7 | 0.9 | 1.4 | 1.7 | 1.3 | 0.8 |
| EMDCs 6/ | 42.4 | 25.1 | 32.2 | 10.2 | 19.0 | 17.8 |
| Africa | 4.4 | 0.2 | 1.6 | - | 2.4 | 4.3 |
| South Africa | 0.6 | 0.2 | 0.4 | - | 0.6 | 0.0 |
| Nigeria | 0.5 | - | - | - | 0.4 | 0.0 |
| Asia | 16.0 | 14.2 | 16.3 | 7.1 | 7.4 | 6.5 |
| China 7/ | 6.4 | 9.0 | 10.9 | 5.1 | 2.0 | 2.7 |
| India | 2.7 | 2.5 | - | - | 1.2 | 1.6 |
| Korea | 1.8 | 1.9 | 3.3 | 2.0 | 1.5 | 1.6 |
| Indonesia | 1.0 | - | - | - | 0.2 | 0.0 |
| Singapore | 0.8 | 0.4 | 0.9 | - | 0.6 | 0.0 |
| Malaysia | 0.8 | 0.2 | 0.2 | - | 0.8 | - |
| Thailand | 0.7 | 0.2 | 0.9 | - | 0.4 | - |
| Middle East, Malta and Turkey | 6.7 | 3.2 | 4.5 | 1.2 | 3.5 | 4.8 |
| Saudi Arabia | 2.1 | 3.1 | 3.3 | 0.9 | 1.9 | 0.3 |
| Turkey | 1.0 | - | 1.1 | - | 0.4 | - |
| Iran | 0.7 | - | - | - | 0.3 | - |
| Western Hemisphere | 7.9 | 4.3 | 4.8 | 1.8 | 2.7 | 1.7 |
| Brazil | 2.3 | 2.5 | 2.0 | 1.8 | 0.2 | 0.1 |
| Mexico | 1.9 | 1.4 | 2.2 | - | 1.2 | 0.6 |
| Venezuela | 0.8 | - | - | - | - | - |
| Argentina | 0.7 | - | - | - | 0.9 | - |
| Transition economies | 7.2 | 3.2 | 5.0 | - | 2.9 | 0.5 |
| Russian Federation | 2.7 | 2.5 | 2.0 | - | 1.5 | 0.1 |
| Poland | 0.9 | 0.7 | 1.7 | - | 0.1 | 0.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Memorandum Items: | | | | | | |
| EU-27 8/ | 26.1 | 28.3 | 46.3 | 46.5 | 34.4 | 16.7 |
| LICs 9/ | 3.3 | - | - | - | 0.9 | 3.0 |
| Total contributions (in millions of SDRs) 10/ | | 360,803.9 | 135,011.0 | 54,491.8 | 8,407.9 | 2,093.2 |

Source: Finance Department.

1/ All credit arrangements under the NAB that were effective as of end-April 2021.

2/ 2020 BBAs with the Fund approved by the Executive Board and also effective as of end-April 2021. Amounts based on end-April 2021 exchange rates.

3/ Cumulative loan commitments to the PRGF-ESF Trust as of end-April 2021.

4/ Total bilateral resources received or pledged since 1987 for subsidizing concessional lending, and HIPC, MDRI and CCRT debt relief, as of end-April 2021.

5/ Cash contributions to the IMF for technical assistance and training (excluding in-kind contributions), FY1990-FY2021.

6/ Including Czech Republic, Estonia, Korea, Latvia, Lithuania, Malta, Singapore, Slovak Republic, and Slovenia.

7/ Including China, P.R., Hong Kong SAR, and Macao SAR.

8/ Reflects EU membership as of end-April 2021.

9/ Currently PRGT-eligible countries.

10/ Except for capacity development, which is in millions of US dollars.

Table III.2. Financial Contributions to the Fund: Aggregate Measures
(In percent)

| | 14 th Review Quota Share | Calculated Quota Share (CQS) | Various aggregate measures | |
|--------------------------------------|--|------------------------------------|----------------------------|---------------|
| | | | VFCS I 1/ | VFCS II 2/ |
| Advanced economies | 57.6 | 50.0 | 79.2 | 77.0 |
| Major advanced economies | 43.4 | 35.3 | 58.0 | 55.8 |
| United States | 17.4 | 14.9 | 5.6 | 5.1 |
| Japan | 6.5 | 4.9 | 20.7 | 20.8 |
| Germany | 5.6 | 4.8 | 7.9 | 8.2 |
| France | 4.2 | 3.1 | 7.8 | 7.5 |
| United Kingdom | 4.2 | 3.4 | 7.5 | 6.1 |
| Italy | 3.2 | 2.3 | 4.4 | 4.4 |
| Canada | 2.3 | 1.9 | 4.2 | 3.7 |
| Other advanced economies | 14.3 | 14.7 | 21.1 | 21.1 |
| Spain | 2.0 | 1.7 | 2.4 | 2.6 |
| The Netherlands | 1.8 | 2.0 | 3.5 | 3.5 |
| Australia | 1.4 | 1.3 | 1.6 | 1.6 |
| Belgium | 1.3 | 1.1 | 2.2 | 2.3 |
| Switzerland | 1.2 | 1.9 | 3.9 | 3.9 |
| Sweden | 0.9 | 0.9 | 1.9 | 1.7 |
| Austria | 0.8 | 0.7 | 0.8 | 0.9 |
| Norway | 0.8 | 0.6 | 1.8 | 1.8 |
| Ireland | 0.7 | 1.0 | 0.1 | 0.0 |
| Denmark | 0.7 | 0.6 | 1.2 | 1.2 |
| EMDCs 3/ | 42.4 | 50.0 | 20.8 | 23.0 |
| Africa | 4.4 | 3.4 | 1.7 | 1.4 |
| South Africa | 0.6 | 0.5 | 0.3 | 0.2 |
| Nigeria | 0.5 | 0.6 | 0.1 | 0.0 |
| Asia | 16.0 | 26.2 | 10.3 | 11.9 |
| China 4/ | 6.4 | 13.7 | 5.9 | 7.5 |
| India | 2.7 | 3.4 | 1.1 | 1.1 |
| Korea | 1.8 | 2.1 | 2.1 | 2.3 |
| Indonesia | 1.0 | 1.3 | 0.0 | 0.0 |
| Singapore | 0.8 | 1.4 | 0.4 | 0.4 |
| Malaysia | 0.8 | 0.7 | 0.2 | 0.1 |
| Thailand | 0.7 | 1.0 | 0.3 | 0.3 |
| Middle East, Malta and Turkey | 6.7 | 6.6 | 3.5 | 3.6 |
| Saudi Arabia | 2.1 | 1.5 | 1.9 | 2.2 |
| Turkey | 1.0 | 1.2 | 0.3 | 0.3 |
| Iran | 0.7 | 0.5 | 0.1 | 0.0 |
| Western Hemisphere | 7.9 | 6.7 | 3.1 | 3.4 |
| Brazil | 2.3 | 1.9 | 1.3 | 1.7 |
| Mexico | 1.9 | 1.7 | 1.1 | 1.2 |
| Venezuela | 0.8 | 0.2 | - | - |
| Argentina | 0.7 | 0.6 | 0.2 | 0.0 |
| Transition economies | 7.2 | 7.1 | 2.3 | 2.7 |
| Russian Federation | 2.7 | 2.2 | 1.2 | 1.4 |
| Poland | 0.9 | 1.0 | 0.5 | 0.7 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |
| Memorandum Items: | | | | |
| EU-27 5/ | 26.1 | 23.4 | 34.4 | 34.7 |
| LICs 6/ | 3.3 | 2.5 | 0.8 | 0.6 |

Source: Finance Department.

1/ Average of contribution shares in NAB, bilateral borrowing agreements, PRGT loans, concessional financing subsidies, and capacity development.

2/ Weighted average of contribution shares with weights of 0.3 for NAB, 0.3 for BBAs, 0.2 for PRGT loans and concessional financing subsidies combined, and 0.2 for capacity development.

3/ Including Czech Republic, Estonia, Korea, Latvia, Lithuania, Malta, Singapore, Slovak Republic, and Slovenia.

4/ Including China, P.R., Hong Kong SAR, and Macao SAR.

5/ Reflects EU membership as of end-April 2021.

6/ Currently PRGT-eligible countries.

Annex IV. Country Groups

This Annex discusses the implications of updating the country group classification used in quota work to align it with the current WEO.

Background

1. The current country group classification used for quota work date back to the 11th Review, except for the inclusion of new Fund members. The country classification in the 11th Review adopted the 1998 WEO classification with only a few exceptions:

- Starting in May 1997, Israel, Korea, and Singapore have been classified as advanced economies (AEs) in the WEO. However, for quota purposes, only Israel was included in the advanced economies group during the 11th Review in 1998.
- With the 11th Review in 1998, San Marino has been classified as an advanced economy although it was not listed in any of the WEO classifications until October 2012.
- The 11th Review in 1998 classified Cyprus as an advanced economy, although it was not classified as advanced economy in the WEO until May 2001.

2. Country classifications in the WEO have evolved since 1998:

- Cyprus (2001), Slovenia (2007), Malta (2008), Czech Republic (2009), Slovak Republic (2009), Estonia (2011), Latvia (2014), and Lithuania (2015) were removed from the EMDCs group and included in the Advanced Economies group.
- As noted above, San Marino was added as an advanced economy in 2012.

3. Several new member countries joined the Fund since 1998, and were mostly included in the EMDCs' group for quota work:

- Palau in 1998, Timor-Leste in 2003, Kosovo in 2010, Tuvalu in 2011, South Sudan in 2013, and Nauru in 2016 were introduced into the country classification in quota work as EMDCs.
- Andorra in 2020 and was included in the AEs' group.

4. The possibility of updating the country group classification has been discussed on several occasions. When the issue was discussed at the time of the 14th Review, there was broad support not to change the country classification at that time as an unchanged classification would facilitate comparisons of the changes in quota shares for the main country groups since the start of the quota reform in 2006. The issue was also discussed in the context of the Quota Formula Review, and again early on in the 15th Review. However, Directors' views at the time were mixed and the existing classification was retained in subsequent quota papers.

Implications of aligning with the current *WEO* classifications

5. Moving to the *WEO* classification would shift nine EMDCs to the AEs' group and increase the quota share of AEs (see Table 10 in the main paper):

- AEs' share of 14th Review quotas would be 61.3 percent, a 3.7 pp increase relative to the current classification. Conversely, the EMDCs' share of quotas would decline to 38.7.
- Calculated quota shares of AEs (in current formula) would increase by 4.8 pp to 54.8 percent, whereas calculated quota shares of EMDCs would decline correspondingly to 45.2 percent.
- The difference between the calculated quota shares and 14th Review quota shares of AEs would be reduced from -7.6 pp to -6.5 pp, with a corresponding reduction in the difference for EMDCs.

6. For the EMDCs' subgroups, there would also be several changes (see Table IV.1):

- The classification "Transition Economies" would be eliminated and replaced with two groups: Commonwealth of Independent States (CIS) and Emerging and Developing Europe.
- Africa would be split into a new Sub-Saharan Africa group and an expanded Middle East group: Middle East and North Africa.
- Among the EMDC regions, developing Asia's quota share would decline (3.1 pp) due to the reclassification of Korea and Singapore as advanced economies.

Table IV.1. Comparison of Current with WEO Classification ^{1/}

| Current Classification | Updated WEO Classification | Current Classification | Updated WEO Classification |
|---------------------------|----------------------------|---|---------------------------------------|
| Advanced Economies | | Emerging Market and Developing Countries continued | |
| Andorra | Andorra | | |
| Australia | Australia | | |
| Austria | Austria | | |
| Belgium | Belgium | | |
| Canada | Canada | | |
| Cyprus | Cyprus | | |
| | Czech Republic | | |
| Denmark | Denmark | | |
| | Estonia | | |
| Finland | Finland | | |
| France | France | | |
| Germany | Germany | | |
| Greece | Greece | | |
| Iceland | Iceland | | |
| Ireland | Ireland | | |
| Israel | Israel | | |
| Italy | Italy | | |
| Japan | Japan | | |
| | Korea | | |
| | Latvia | | |
| | Lithuania | | |
| Luxembourg | Luxembourg | | |
| | Malta | | |
| The Netherlands | The Netherlands | | |
| New Zealand | New Zealand | | |
| Norway | Norway | | |
| Portugal | Portugal | | |
| San Marino | San Marino | | |
| | Singapore | | |
| | Slovak Republic | | |
| | Slovenia | | |
| Spain | Spain | | |
| Sweden | Sweden | | |
| Switzerland | Switzerland | | |
| United Kingdom | United Kingdom | | |
| United States | United States | | |
| | | Transition Economies | Emerging and Developing Europe |
| | | Albania | Albania |
| | | Armenia | |
| | | Azerbaijan | |
| | | Belarus | Belarus |
| | | Bosnia-Herzegovina | Bosnia-Herzegovina |
| | | Bulgaria | Bulgaria |
| | | Croatia | Croatia |
| | | Czech Republic | |
| | | Estonia | |
| | | Georgia | |
| | | Hungary | Hungary |
| | | Kazakhstan | |
| | | Kosovo | Kosovo |
| | | Kyrgyz Republic | |
| | | Latvia | |
| | | Lithuania | |
| | | Moldova | Moldova |
| | | Mongolia | |
| | | Montenegro | Montenegro |
| | | North Macedonia | North Macedonia |
| | | Poland | Poland |
| | | Romania | Romania |
| | | Russian Federation | Russian Federation |
| | | Serbia, Republic of | Serbia, Republic of |
| | | Slovak Republic | |
| | | Slovenia | |
| | | Tajikistan | |
| | | | Turkey |
| | | Turkmenistan | |
| | | Ukraine | Ukraine |
| | | Uzbekistan | |

Table IV.1 Comparison of Current with WEO Classification (continued)

| Current Classification | Updated WEO Classification | Current Classification | Updated WEO Classification |
|--|-------------------------------------|--------------------------|----------------------------|
| Emerging Market and Developing Countries | | Africa | Sub-Saharan Africa |
| Asia | Emerging and Developing Asia | Algeria | |
| Afghanistan, Islamic Republic of | | Angola | Angola |
| Bangladesh | Bangladesh | Benin | Benin |
| Bhutan | Bhutan | Botswana | Botswana |
| Brunei Darussalam | Brunei Darussalam | Burkina Faso | Burkina Faso |
| Cambodia | Cambodia | Burundi | Burundi |
| China | China | Cameroon | Cameroon |
| Fiji | Fiji | Cape Verde | Cape Verde |
| India | India | Central African Republic | Central African Republic |
| Indonesia | Indonesia | Chad | Chad |
| Kiribati | Kiribati | Comoros | Comoros |
| Korea | | Congo, Dem. Republic of | Congo, Dem. Republic of |
| Lao, People's Dem. Republic | Lao, People's Dem. Republic | Congo, Republic of | Congo, Republic of |
| Malaysia | Malaysia | Cote d'Ivoire | Cote d'Ivoire |
| Maldives | Maldives | Djibouti | |
| Marshall Islands | Marshall Islands | Equatorial Guinea | Equatorial Guinea |
| Micronesia, Fed. States of | Micronesia, Fed. States of | Eritrea | Eritrea |
| | Mongolia | Eswatini | Eswatini |
| Myanmar | Myanmar | Ethiopia | Ethiopia |
| Nauru | Nauru | Gabon | Gabon |
| Nepal | Nepal | Gambia, The | Gambia, The |
| Pakistan | | Ghana | Ghana |
| Palau, Republic of | Palau, Republic of | Guinea | Guinea |
| Papua New Guinea | Papua New Guinea | Guinea-Bissau | Guinea-Bissau |
| Philippines | Philippines | Kenya | Kenya |
| Samoa | Samoa | Lesotho | Lesotho |
| Singapore | | Liberia | Liberia |
| Solomon Islands | Solomon Islands | Madagascar | Madagascar |
| Sri Lanka | Sri Lanka | Malawi | Malawi |
| Thailand | Thailand | Mali | Mali |
| Timor Leste | Timor Leste | Mauritania | |
| Tonga | Tonga | Mauritius | Mauritius |
| Tuvalu | Tuvalu | Morocco | |
| Vanuatu | Vanuatu | Mozambique | Mozambique |
| Vietnam | Vietnam | Namibia | Namibia |
| | | Niger | Niger |

Table IV.1. Comparison of Current with WEO Classification (concluded)

| Current Classification | Updated WEO Classification | Current Classification | Updated WEO Classification |
|---|--|---|--|
| <i>Emerging Market and Developing Countries continued</i> | | <i>Emerging Market and Developing Countries continued</i> | |
| <i>Africa continued</i> | <i>Sub-Saharan Africa continued</i> | <i>Western Hemisphere continued</i> | <i>Latin America and the Caribbean cont.</i> |
| Nigeria | Nigeria | Peru | Peru |
| Rwanda | Rwanda | St. Kitts and Nevis | St. Kitts and Nevis |
| Sao Tome and Principe | Sao Tome and Principe | St. Lucia | St. Lucia |
| Senegal | Senegal | St. Vincent and the Grenadines | St. Vincent and the Grenadines |
| Seychelles | Seychelles | Suriname | Suriname |
| Sierra Leone | Sierra Leone | Trinidad and Tobago | Trinidad and Tobago |
| Somalia | | Uruguay | Uruguay |
| South Africa | South Africa | Venezuela | Venezuela |
| South Sudan | South Sudan | | |
| Sudan | | | |
| Tanzania | Tanzania | <i>Middle East, Malta & Turkey</i> | <i>Middle East and Central Asia</i> |
| Togo | Togo | | Afghanistan |
| Tunisia | | | Algeria |
| Uganda | Uganda | | Armenia |
| Zambia | Zambia | | Azerbaijan |
| Zimbabwe | Zimbabwe | Bahrain | Bahrain |
| | | | Djibouti |
| | | Egypt | Egypt |
| <i>Western Hemisphere</i> | <i>Latin America and the Caribbean</i> | | Georgia |
| | | Iran | Iran |
| Antigua and Barbuda | Antigua and Barbuda | Iraq | Iraq |
| Argentina | Argentina | Jordan | Jordan |
| Bahamas, The | Bahamas, The | | Kazakhstan |
| Barbados | Barbados | Kuwait | Kuwait |
| Belize | Belize | | Kyrgyz Republic |
| Bolivia | Bolivia | Lebanon | Lebanon |
| Brazil | Brazil | Libya | Libya |
| Chile | Chile | | Mauritania |
| Colombia | Colombia | Malta | |
| Costa Rica | Costa Rica | | Morocco |
| Dominica | Dominica | Oman | Oman |
| Dominican Republic | Dominican Republic | | Pakistan |
| Ecuador | Ecuador | Qatar | Qatar |
| El Salvador | El Salvador | Saudi Arabia | Saudi Arabia |
| Grenada | Grenada | | Somalia |
| Guatemala | Guatemala | | Sudan |
| Guyana | Guyana | Syrian Arab Republic | Syrian Arab Republic |
| Haiti | Haiti | | Tajikistan |
| Honduras | Honduras | | Tunisia |
| Jamaica | Jamaica | Turkey | |
| Mexico | Mexico | | Turkmenistan |
| Nicaragua | Nicaragua | United Arab Emirates | United Arab Emirates |
| Panama | Panama | | Uzbekistan |
| Paraguay | Paraguay | Yemen, Republic of | Yemen, Republic of |

Source: Finance Department

1/ Based on the April 2021 World Economic Outlook.