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**Joint Statement by Mr. Buissé, Mr. Fanizza, Mr. Hilbers, Mr. Pösö, Ms. Riach, and Ms. Rieck on Committee of the Whole: Sixteenth General Review of Quotas—Initial Considerations on Quota Formula and Realignment Shares and Quota Data Update (Preliminary) Committee
September 10, 2021**

We thank Staff for their paper with initial consideration on the quota formula and realigning shares.

IMFC and G20 Leaders are committed to a strong, quota-based and adequately resourced IMF to preserve its role at the centre of the Global Financial Safety Net. We recognize the confidence-building effects of an adequately resourced IMF.

We are committed to revisiting the adequacy of quotas and continuing the process of IMF governance reform under the 16th General Review of Quotas, to be concluded by no later than December 15, 2023.

We recall that, as in the past, issues related to the Fund's overall resource envelope, the adequacy of Fund resources, potential quota increases and their distribution, the quota formula and governance reforms have to be considered as an integrated package. In line with this package approach, we reiterate that nothing should be considered agreed until everything has been agreed. The process and outcome of the quota review should be fully anchored in the relevant IMF bodies and needs to take into account the interests of the entire membership of the Fund.

Quota formula

We consider that the four principles that underpinned the 2008 quota reform remain valid, and that the current formula is working well and delivers on the set realignment objectives. We currently fail to see an alternative that could better meet these four principles.

We underscore that the main variables of the quota formula should remain both GDP and openness, which best capture the role and mandate of the Fund.

Openness is an indispensable part of the formula and its weight should at least be maintained. Countries that are relatively more open to trade and financial flows have a greater stake in promoting global economic and financial stability as well as global trade and financial integration, in line with the Fund's mandate to promote cooperation and facilitate international trade and with its increased focus on spillovers. The methodology of openness in the formula should be maintained. There should be no cap on the openness variable introduced in the quota formula.

We will only be able to consider dropping the variability variable, as part of an integrated package approach, after it is determined how its weight would be reallocated. We believe that a significant part of its weight should be reallocated to the openness variable.

The weight of the reserves variable should be small at most. The current level of compression should be maintained.

We believe that voluntary financial contributions should be recognised in the upcoming 16th General Review of Quotas discussions, and some form of compensation should be warranted. We broadly agree with the methodology used in the paper to consider voluntary financial contributions.

The current composition of the GDP blend variable should not be changed to increase the weight of PPP GDP. It is a highly contentious variable and its introduction in the formula was a delicate compromise.

We note the exploration by staff of possible additional elements to help build broad support. We believe that some of these elements merit further discussion at the board as long as they would be intended to be applied in a balanced and even-handed manner. We note that dilution limits could be used pragmatically with the aim to build broad consensus, however we note that the use of dilution limits also risks complicating future negotiations on the formula. We also note it is premature to exclude variability from all scenarios, as was the case in the staff paper.

We support exploring alternative definitions of the poorest members, including by updating the list of those countries protected under the 14th Review. We recognize that under the current definition only 29 members are eligible for protection compared to 52 members at the time of the 14th Review.

Realigning Quota Shares

We believe that a realignment of quota shares should not be guided by a predefined target for a possible shift in shares for any particular group of countries, but should instead reflect countries' relative positions and integration in the world economy, while protecting the voice and representation of the poorest members.