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September 7, 2021

**Statement by Mr. O'Brolchain and Mr. Villeneuve on Committee of the Whole: Sixteenth General Review of Quotas—Initial Considerations on Quota Formula and Realigning Shares and Quota Data Update
(Preliminary)
Committee
September 10, 2021**

We thank staff for their paper with initial considerations on the quota formula and realigning quota shares, contributing to progress in the 16th General Review of Quotas (GRQ). We are committed to revisiting the adequacy of quotas and continuing the process of Fund governance reform under the 16th GRQ, to be concluded by no later than December 15, 2023.

We believe that the four principles that underpinned the 2008 quota reform remain valid, and the work in the 16th GRQ should build on the progress made during the 15th GRQ and aim to reduce over- and under-representation.

We would advocate for ensuring that any potential amendments to the quota formula are not overly complex. Variability could be reduced or eliminated on the basis that Fund research indicates that the variable has only an indirect link to potential need for Fund support. Noting that changes to the formula will be part of an integrated package, the weight of variability should be allocated between market GDP and openness, which best capture the global role and mandate of the Fund. We could also support re-evaluating the reserves variable to ensure that excessive reserve accumulation does not influence quota share. Secondary approaches could be explored later in the process if necessary. We do not view incorporating voluntary contributions into the quota formula as a priority and are skeptical of approaches that would enable countries to effectively purchase quota shares. We would suggest that GDP levels for 2020 would not be a representative year to use for quota calculation purposes.

Protecting the voice and access of the poorest and smallest members remains a key priority. We strongly support ensuring protection for all small developing states, and underline that small, trade dependent economies at heightened risk of balance of payments difficulties should not be penalized in the forthcoming negotiations. Given that the magnitude of shocks that small states

are facing is increasingly disproportionate to their weight in the global economy, these countries deserve special consideration.

We are open to aligning country classifications between the WEO and GRQ documents, with the understanding that this would have no impact on the AQS or CQS of each country. Aligning country groups with the current WEO classification would make them consistent with those used by the Fund for other purposes and would provide a more economically meaningful basis for country comparisons and organization of data. It would also recognize the fact that countries are dynamic and can move between groups.