



New World Bank Voting Structure, Bank Watchgroups Question Reforms

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As previously reported by PNoWB (see briefing on [‘World Bank announces capital increase and voting reforms’](#)), the recent governance reforms at the World Bank Group include a change in the voting structure in favour of developing countries. Voting rights at the International Bank for Reconstruction and Development (IBRD) can be divided by [country](#) and by [Executive Director](#), and according to the Bank, developing and transition countries will gain an additional 3.13% of the voting shares at the IBRD, for a cumulative total of 47.19% representing a total shift of 4.59% since 2008.

There are 78 countries eligible to borrow from the IBRD, which have 34.1% of the votes. France, Germany, Japan, the United Kingdom, and the United States now hold 37.38% of voting rights, having lost the following percentages: France -0.55%, Germany -0.48%, Japan -1.01%, United Kingdom -0.55%, and United States -0.51%. With the changes, In Depth News (IDN) finds that China and South Korea will gain more than half of the total voting rights transfer, gaining 1.64% and 0.58% respectively, while Mexico will receive 0.5%, Singapore 0.24% and Turkey 0.55%.

No new voting shares have been created for the International Development Association (IDA) - the arm of the World Bank that provides loans and grants to the world's poorest countries. However, Part II IDA member countries' voting power has increased to 45.59% as of March 2010, up from 40.1% at the start of voice reform discussions in April 2008, the World Bank reports. Part II countries are a mix of high-, middle- and low-income countries, including Israel, Saudi Arabia and South Korea. Part I countries are a group of 26 wealthy countries.

The World Bank considers the shift in voting powers a significant change. According to World Bank Group President Robert B. Zoellick, "The change in voting-power helps [us] better reflect the realities of a new multi-polar global economy where developing countries are now key global players."

However, civil society organisations have voiced concern about many of the voting rights changes, including the fact that high-income countries will retain a disproportionate amount of voting power. An analysis carried out by IDN finds that with the new structure, high income countries will have almost 61% of the IBRD voting rights, while middle income countries will have less than 35%, and low-income countries 4.46%. This situation is likely to remain for at least the next five years as it is unlikely that additional reforms will take place before 2015, according to the Bretton Woods Project, a World Bank and IMF watchgroup.

According to the Bretton Woods Project, excluding high-income countries in Part II, only 4.3% of voting power at IDA has actually been transferred to developing countries. Low-income countries gained just 3.32%. In addition, the World Bank does not have precise definitions for what it considers to be a developed country, a developing country and a transition country.

PNoWB recognizes that the World Bank must strike a delicate balance between the voting rights of developed and developing countries. Assigning voting power based on members' contributions is likely to continue to be an impediment to achieving this balance. PNoWB would like to see the World Bank consult with civil society groups on the possibility of an alternative calculation based on the number of people affected by World Bank-funded projects in its member countries.

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