



IMF Announces Breakthrough at G20: Shift in Voting Power to Under-Represented Countries

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G-20 finance ministers and central bank governors have agreed to double International Monetary Fund members' quotas in a shift that will give increasing voting shares to dynamic emerging economies, the IMF announced earlier this week at the G-20 meetings in Gyeongju, Korea. The ministers also agreed to "reshuffle the IMF's 24-member Executive Board that will raise the representation of dynamic emerging market and developing countries on the institution's day-to-day decision-making body," according to an [IMF press release](#).

The agreement transfers six percent of voting power to under-represented "dynamic" emerging economies such as Brazil, China, India and Turkey, putting China below the United States and Japan in IMF voting power. In addition, Europe will give up two seats to emerging economies on the IMF board. The ministers' decision was "historic," and is the most important decision on the governance of the IMF since its creation in 1944, IMF Managing Director Dominique Strauss-Kahn said following the meeting, according to the IMF press release. "There will be other reforms, but what we did today puts an end to a discussion on legitimacy that had lasted for years, almost decades," he added.

According to [Reuters](#), the agreement "spares the G20 from losing credibility, opening the way for G20 heads of state, meeting in Seoul on November 11 and 12, to handle more politically difficult decisions on fixing the trade imbalance problem." Analysts believe that the deal will increase the legitimacy of the IMF at a time when it is set to play a larger role in policing the global economy, Reuters reports.

However, the deadline to finalize the new configuration was deferred to 2012, according to the [Financial Times](#). In addition, the change in voting shares will "make almost no formal difference to the governance of the IMF, where most decisions are taken by consensus," the Times writes, adding that "the US (and Europe, if acting collectively) in effect wields a veto over important decisions, which require an 85 per cent 'super-majority.'"

"As the IMF seeks an increased role in international monetary policies, it is vital that parliamentarians from the North and the South work with the institution to ensure that it delivers on promised reforms," Hugh Bayley, British MP and Chair of the Parliamentary Network on the World Bank ([PNoWB](#)), said. "Both the Fund and the World Bank must adhere to the same principles of good governance, transparency and representation that we demand from our own governments and global governing bodies," he added.

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