EXAMPLES OF ANOMALIES OF THE CURRENT QUOTA FORMULA

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The flaws of the current formula become apparent when some of the outcomes it entails or contributes to are spelled out. For instance:

a. According to the formula, the EU and the euro area are underrepresented at the Fund, considering the quota shares of the 2010 reform, i.e., their calculated quota shares are larger than their actual quota shares;

b. All BRICS countries, except China, are overrepresented, considering the quota shares of the 2010 reform, i.e., their calculated quota shares are smaller than their actual quota shares;

c. After the implementation of the 2010 quota reform, the BRICS will have 14.1 percent of total voting power in the Fund. The EU will have 29.4 percent of voting power;

d. Yet, in terms of blended GDP (2011), the shares of the EU and the BRICS in the world are very close (23.4 percent and 23.0 percent, respectively);

e. The calculated quota share of Brazil is smaller than that of Spain. However, Spain’s economy is about 60 percent of the size of Brazil’s;

f. The calculated quota share of Italy is 50 percent larger than Brazil’s, despite the fact that the Brazilian economy is larger both in terms of GDP at market exchange rates and at purchasing power parity;


g. The calculated quota share of Spain is larger than the combined quota share of all forty-four Sub-Saharan African countries;

h. The calculated quota share for Luxemburg is two times larger than Pakistan’s and three times larger than Morocco’s;

i. The calculated quota share of Belgium is roughly the triple of that of the Philippines;

j. The calculated quota share of Slovakia is larger than Peru’s;

k. The calculated quota share of Singapore is larger than Indonesia’s and four times that of Vietnam’s.