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STUDY

European Policy Coordination in the Bretton Woods Institutions and ways to increase its coherence with European development goals

Contents:
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European Policy Coordination
IN THE BRETTON WOODS INSTITUTIONS

and ways to increase its coherence

with European development goals

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London
April 2006

The views presented in this paper are those of the authors
and do not necessarily represent the views of the European Parliament.

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Acronyms

COM	European Commission
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ECOFIN	Council of European economic and finance ministers
ED	Executive Director
EFC	Economic and Financial Committee
EMU	European Monetary Union
EU	European Union
EURIMF	European Union Executive Directors in the IMF
FAO	Food and Agriculture Organization
G7	Group of Seven Industrialised Nations
HIPC	Heavily Indebted Poor Countries
IFI	International Financial Institution
IMF	International Monetary Fund
MDRI	Multilateral Debt Relief Initiative
SCIMF	Sub-Committee on the International Monetary Fund
WTO	World Trade Organization

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I. INTRODUCTION

Despite the large role that the European Union (EU) and its member states play in the disbursement of official development assistance globally, coordination among European member states in the organisation of their bilateral aid programmes is relatively limited. This complicates the ability of the members to act in a cohesive, coordinated manner in international financial institutions that play a development role, in particular, the International Monetary Fund (IMF) and the World Bank. Leverage and visibility of the EU globally, and in international institutions in particular, is below its potential.[1]

The discussion on IMF/World Bank reform has been renewed in the past months, and there is a broad expectation that quota representation will be reviewed at the 2006 IMF/World Bank Group annual meetings this autumn in Singapore. Additionally, there is significant ongoing discussion at the IMF Board of Directors about the structure of proposed changes to quotas and the formula which determines how quotas are allocated. In this context, this report examines ways to coordinate European positions on development cooperation in both the World Bank and the International Monetary Fund, as the representation of European members has been central to these discussions.[2] The report, however, does not explore possible common EU policy positions on development issues advocated within the Bretton Woods institutions. On policies, both the European Consensus on Development and the EU Africa Strategy, agreed upon in December 2005, are key documents which provide a common starting point for joint positions on development cooperation of the EU as a group.

There are several constraints to European development cooperation inherent to the Bretton Woods institutions. Most fundamentally, development cooperation is a shared competence between the European Community and the member states. While considerations of European integration might favour greater coordination of EU positions, because of this legal framework, the Commission is not the only possible, nor is it necessarily the only natural, lead on development policy. More specifically, the governance structures of both institutions place EU member states in voting groups that include non-European and often, developing country members. Some constituencies consist of a majority of EU states (e.g. the Nordic group), while others have only one EU member state in them, either as temporary chair (Spain), alternate chair (Poland), or simple member (Ireland).[3] Additionally, in the case of the World Bank in particular, a lack of supranational level development coordinating institutions makes harmonisation on the ground in Washington far more difficult; coordination amongst European representatives in the Bretton Woods institutions continues to be *ad hoc*. While informal coordination has increased in recent years, and is detailed in some length in this paper, Coeure & Pisani-Ferry's description of EU participation remains salient: 'When member states decide to adopt a common position in [an] IMF board meeting, they may speak with one voice, but through several mouths' (Coeure & Pisani-Ferry, 2003: 2).

[1] There is another line of thinking on this which stresses that the multiple representation of European voice within the Board of Directors for each institution actually *enhances* rather than reduces European voice.

[2] While the latter's mandate extends beyond development, and national interests of EU member states are at stake in some areas unrelated to development such as macro-economic stability, this paper will predominantly discuss the IMF from a development perspective.

[3] Ireland is the Alternate Executive Director in the IMF and a Senior Advisor in the World Bank.

This paper accomplishes three tasks. First, it provides a brief review of the current ways in which European development cooperation occurs in the Bretton Woods institutions by analysing both formal and informal mechanisms of cooperation. Second, it assesses the barriers to increased cooperation – those due both to the structure of the Bretton Woods Institutions and to lack of agreement on issues of substance amongst member states. Finally, the paper analyses several potential ways in which to enhance cooperation. Formal changes to the governance structure of the Bretton Woods institutions are discussed despite the fact that the boldest formal change, i.e. to collapse votes into a smaller number of European constituencies, is generally thought to be infeasible at the present time given a lack of political will in member states.[4] We will thus look into possibilities of formal changes rather as long-term options and far greater emphasis is placed on analysing what improvements can be made to informal mechanisms of coordination to ensure that a common European message is relayed when appropriate.

II. ASSESSMENT OF CURRENT EUROPEAN REPRESENTATION AND COOPERATION

Representation of Europe and coordination of European positions at present can occur through one of three means:

- Formal representation of EU member states on the board in their individual capacities.
- Formal representation of European Union institutions (e.g. the European Central Bank or Commission).
- The *ad hoc* means of cooperation which have been increasingly used in the previous years within the executive directors group.

Each of these three means of cooperation will be briefly reviewed in turn.

A. Formal Representation on the Board of Directors

The formal representation of European member states on the Board of the IMF and World Bank through the constituency system complicates, rather than facilitates, European cooperation on issues of mutual interest. This is in part because many of the European constituencies contain a diverse array of countries, and the rules governing the way in which each is run vary greatly (Woods & Lombardi, 2006). Numerous studies have been written on the problem of current voting distribution within the Bretton Woods institutions, suggesting various methods in which the voting system could be reformed to be more equitable and functional (Woods, 1999; Buira, 2003). Central to such proposals has been reorganising (or 'rationalising') EU member states votes; in some cases, this call has included reducing the power of EU member states by combining their votes in some way so as to provide more voice for developing countries (and Africa in particular). For example, there have been suggestions that European states' representation in the current

[4] In fact, the discussion appears to be on the agenda of a number of actors for reasons of European integration, not necessarily for reasons of effectiveness of development policy.

quota formula could be reduced by excluding intra-European trade from the calculations, which would give Europeans approximately 20% of the vote (Bini Smaghi 2004: 245).

Studies adopting a more European focus have also argued for a change to EU representation in the IFIs in order to enhance their effectiveness (Mahieu, Ooms, & Rottier, 2003; Bini Smaghi, 2004; Bini Smaghi, 2005). There have been arguments that proposals which seem to reduce the nominal voting power of the EU actually serve to increase its real power through the creation of a bi-polar system in which the US' current veto power is balanced by that of an equally large European voting block.[5] European Executive Directors are sceptical of the difference this change would make, not least because in principle votes are almost never conducted at the Board and decisions are instead taken by consensus.

Additionally, there is political will from other powerful member states such as the United States to see a change in the way in which Europe is represented in the IFI context in order to benefit currently underrepresented emerging market states such as China, Mexico and South Korea (Adams, 2005). The clearly articulated preferences of the US Treasury are that Asian economies and other fast growing developing countries quotas be revised upwards at the expense of 'over-represented' European and other nations (e.g. Saudi Arabia and Russia). Similar calls for the pressing needs of IMF reform have been made by other policy markers and commentators, including, most recently, the Managing Director of the IMF itself which advocated an *ad hoc* quota increase similar to that proposed by the US Treasury.[6]

European representation is spread amongst ten constituencies, each with varying levels of European control. Germany, the UK and France have their own executive directors, in accordance with an IMF statute which requires that the five largest members have their own seat (the other two are the United States and Japan). Beyond these 'big three', there are a number of European member states who belong to mixed executive groups within the IMF and World Bank which complicate their vote. Some voting groups include both European and non-European, developed and developing countries; others have a number of equally weighted large states. The nature of the challenges for cross-European coordination in these cases is different. Three EU member states are in constituencies where they are the only EU states: Spain, Poland, and Ireland. Some of them regrouped in the mid-1990s, apparently in order to gain a better national standing in the newly joined group (e.g. alternate chair).

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[5] Such a reform also increases the power of the smaller members of the IMF, as a bipolar system increases the competition from the two largest members for their support to generate a majority. However, it does not increase the power of smaller members of the EU, whose voting would be constrained by EU internal politics.

[6] A highly publicised speech by Mervyn King, Governor of the Bank of England on 20 February 2006 at the Indian Council for Research on International Economic Relations (ICRIER) in New Delhi, India made this debate even more pressing, asking more broadly what the relevance of the IMF is in light of recent developments such as early repayments by Brazil and Argentina and the reluctance of most Asian economies (who are holding large levels of foreign exchange reserves) to borrow from the IMF.

Generally, World Bank member states can be categorised into two broad groups: Part I and Part II countries.[7] While Part I countries are net lenders, Part II countries tend to be borrowers. All other differences of policy preferences apart, it is more likely that preferences will diverge amongst Part I and II countries. This presents a particular problem for a number of EU member states that are currently in groups which include a number of Part II countries (in some cases, the groups are even chaired by Part II countries). Additional problems are likely to arise when EU member states share a group where no single state is dominant in terms of voting share. While exact distribution of votes is laid out in Appendix II, some examples of European states that belong to mixed constituencies are given below.[8]

Belgium: Holds the chair of group which includes Austria and Luxembourg, as well as many new European member states (Czech Republic, Hungary, the Slovak Republic and Slovenia). Belgium controls 41.5% of the group's voting share. However, Turkey is a member of this group, which – even though Turkey is an EU candidate country – complicates voting since it is an active borrower from the IMF and Bank.

Netherlands: While the Netherlands has some 49% of its groups voting power and holds the chair, it is grouped with a number of Balkan, former Eastern Bloc and Central European states (including the EU candidate countries Bulgaria, Romania, Croatia and Macedonia), as well as Israel. Some of these states do borrow from the IMF and Bank.

Spain: Spain is grouped with a number of Latin American countries, and has 33% of the voting rights in that group. It is the only EU member state in its constituency. At present, the chair and sub-chairs are held by Mexico and Venezuela, respectively, who have 28% and 29% of the group's power. The mix of countries in this group (Part I and Part II), including some Highly Indebted Poor Countries (HIPC) in Central America, makes this group one of the most complex in terms of intra-European cooperation.

Italy: Italy chairs a group in which it has a voting super-majority (78.4%). Greece, Portugal and Malta are also members, requiring intra-EU cooperation. Greece holds the alternate position in the IMF and Portugal holds the position in the World Bank.

Ireland: Is under a group headed by Canada, and with a variety of Caribbean states. It holds only 10.7% of the voting power, in comparison to Canada, who holds 79%. Ireland does not hold co-chair or alternate chair position in the World Bank, though it is the Alternate Executive Director in the IMF.

Woods and Lombardi have categorised European and other constituencies based on the distribution and concentration of power within them, as well as by the nature of their internal voting rules, demonstrating that some European constituencies are less constrained by being 'mixed' than others as power is more concentrated (Woods & Lombardi, 2006). Nonetheless, the

[7] The same terminology does not apply to the IMF, and there are a number of 'part II' countries in the IMF who do not borrow. However, in the context of the IMF, there is still a relevant difference between developing and developed countries.

[8] All percentages are taken from the IMF, for illustrative purposes.

distribution of ED seats at the Bank and the IMF make it difficult in practice, but not impossible in theory, for EU countries to pursue a common European development strategy. Coming to a common European position on any issue would require countries in mixed constituencies (be they non-European or consisting of both developed and developing countries) to persuade other members in their constituency to vote on European lines. In practice, this is likely to be the most difficult for Spain, and – in theory – for Ireland. The latter case, however, is less problematic in practice as would appear, given the relatively high level of agreement between the Canadian and Irish governments on relevant issues.

B. Representation of EU supranational governing bodies

The second form of representation for European interests in the Bretton Woods institutions is through direct representation of one of various EU bodies in Washington. There are numerous precedents in other international organisations for European representation. For example, in the WTO, the European Commission acts as a representative for member state interests as trade is one of the policy areas with highly communitarised competencies. In other organisations, such as the Food and Agriculture Organisation (FAO), the Commission is a separate member and speaks on issues which are Community competencies, such as agricultural policy.[9]

In the case of the Bretton Woods institutions, the Vienna European Council in 1998 emphasised the importance of the community playing a role in international monetary and economic policy. Since then, the European Central Bank (ECB) in particular has had a larger role in crafting European policy in the IMF. The ECB has observer status on the IMF Board (which is renewable by vote of other members on an ongoing basis) and coordinates on issues of single monetary and exchange rate policy with European EDs and helps to devise a unified policy position. Of course, the ECB does not represent all EU member states, as currently about half the EU membership are not (yet) members of the Eurozone, however the observer may speak if invited by a board member (typically the EU President) on matters of European monetary policy and it also participates in Article IV reviews of Eurozone members.

The finance minister holding the presidency of the EU Council of Ministers is responsible for making a speech at the biannual meetings of the IMF on behalf of the EU – this speech is prepared by the Economic and Financial Committee (EFC) and is approved by the informal meetings of European finance ministers (Ecofin). This practice was formalised in 2003 with the creation of a permanent sub-committee (SCIMF), which is responsible for coordinating the IMF through the group of European Directors (which in this context are called the EURIMF). It is composed of representatives of finance ministries and central banks of the EU member states, plus the commission and the ECB. Overall then, there is an established set of institutional links which stretch from Brussels to Washington on the topic of European financial policy composed of the EFC, within which exists the SCIMF, and at the Washington level EURIMF, the group of European directors.

[9] In the past, the Court of Justice had to rule on the delineation of policy issues at times as the FAO discussions do not follow the lines of EU competencies. Therefore, overlaps between areas of highly integrated decision making and rather intergovernmental coordination are likely.

Participation of Brussels-based institutions is very much less developed in the case of the World Bank: no EU institution has a formalised representation on the Board and there is no direct link between the World Bank's group of Executive Directors (described in the section below) and European institutions as there is in the case of the IMF. Yet, the European Commission's role is very limited in both institutions. While it is an observer in the joint World Bank–IMF Development Committee, observers do not have the right to speak nor are they provided with internal documents. At each meeting, two observers can be invited to speak. The Commission has lately been asked to speak more often than before and was represented rather by Development Commissioner Louis Michel than by Monetary Affairs Commissioner Almunia (who institutionally is leading on the Bretton Woods institutions). Intra-Commission coordination therefore seems to work somewhat satisfactorily. However, the Commission does not have an institutionalised access to the decision-making process. It does not have a voice on issue of common concern if blocked by individual countries represented in the Board. Even less formally, the European Commission (COM) representative in Washington participates in the World Bank executive director's 'weekly meetings' (see more information below in section II.C) in an informal manner through the development advisors stationed at the COM's Delegation in Washington.

The other means through which European positions on matters of development may be coordinated is through the recently reviewed Development Policy ('European Consensus on Development'), which has evolved from a COM document to a consensus covering all EU policies on development, agreed upon by all EU member states, the Commission and Parliament, and thus including principles for bilateral programmes of EU member states (Council document 14820/05 adopted in December 2005). This document sets out common priorities on a number of issues such as ownership, partnership, the participation of civil society in development and coordination amongst donors, and therefore provides a strong basis for policy coordination, such as the signature of joint statements in the absence of other more formal types of cooperation. We will come back to the use of joint statements in the section below, and to the EU Development Consensus in section III A below.

C. Ad hoc cooperation

Despite the relatively low level of cohesion among members in the constituency system or via European institutions in Washington, there are a number of informal ways in which European Executive Directors seek to coordinate and discuss their positions in both the IMF and the World Bank which are generally perceived to be highly effective by executive directors. This 'soft' coordination began in the IMF at the European Council in Vienna in 1998, resulting in the institutions described above including the SCIMF and EURIMF, and in the World Bank has increased especially since the Italian presidency (from July to December 2003). This cooperation is primarily driven by weekly meetings amongst European EDs in both the IMF (EURIMF) and the Bank. The primary purpose of these meetings is to discuss national positions on topics for consideration for the board and in cases of widespread agreement, to devise a common strategy for pursuing European interest. In both institutions, when there is a high level of agreement, the means of expressing this sentiment is still rather *ad hoc*, however, in the case of the World Bank a number of joint statements have been issued which state a common European position on a topic.[10] One such example was the common statement signed by European directors regarding their conditional support for the candidacy of Paul Wolfowitz as President of the World Bank.

The meetings also serve as a basis to decide on which issues it would be appropriate for European representatives to approach members of senior management or directors of other constituencies (so called 'lobbying'). In principle, the European ED whose country holds the EU Presidency should take on this role. However, in practice, when the EU Presidency is held by a country which does not have an ED or an Alternate on the Board, alternative *ad hoc* arrangements have been formulated – e.g. the senior advisor representing the EU Presidency nation and their ED or another senior member of the Board.

As said before, the Commission's representative attends the World Bank weekly meetings and provides inputs where necessary on Brussels positions on topics and is a member of EURIMF. The EDs also use this interaction to request relevant materials from the Commission and other Brussels-based institutions. The general impact of these weekly meetings has been to increase the degree to which a) European EDs understand other countries' positions and likely points of agreement and disagreement and b) to underpin other less formalised interactions on all issues on an *ad hoc* basis (e.g. through phone calls, discussions, lunches, etc.). Both are exceptionally useful for ensuring that the institutional constraints described in the sections above do not override a desire to cooperate. Additionally, it has defined the 'distance' between countries positions on a given topic.

Paradoxically, despite the fact that the institutional mechanisms underpinning coordination in the IMF are more advanced than those in the World Bank, European EDs have had more success recently in coming to agreement on major issues in front of the Board. There appears to be a general perception that coordination is working more efficiently in the case of the Bank than in the IMF, especially among those who are exposed to both institutions (e.g. the French and British EDs who sit on both boards). As noted on page 11, this is even more surprising as issues under the mandate of the IMF are expected to garner more commonality of positions than those under the mandate of the World Bank. This could be in part attributed to the divisive role that the G7 and other various informal coalitions plays in creating IMF policy.

Finally, the implementation of annual visits by the World Bank EDs to Brussels has served to increase informal coordination. These joint trips, it is purported, increase an 'esprit de corps' among European EDs, offer possibilities for the supranational EU institutions (European Parliament and Commission) to present their agendas, and offer opportunities to access EDs. Part of the EDs' programme is an informal meeting with national implementation agencies and national representations in Brussels. This creates some initial contacts and potentially creates feedback loops to EDs, but falls short of possibilities of a working meeting. While several members of the IMF executive board have suggested a similar trip for IMF EDs, there appears to be little appetite at present for

[10] In cases in which European EDs are constrained from signing these declarations due to the preferences of other members of their constituency, the statement is signed by those that can participate.

this type of informal coordination at Brussels level. Improvements in the programming of EU EDs visits to Brussels could include a formalisation of the meeting with national development personnel during their visit. Rather than an informal get together, a working meeting might improve the (even) flow of information.

III. ASSESSMENT OF BARRIERS TO INCREASED COOPERATION

As illustrated, there are a limited number of formal mechanisms but an increasing number of informal means by which European EDs can coordinate their national positions within the Bretton Woods institutions. There are, however, two persistent features which make cooperation undesirable and/or difficult: genuine lack of agreement on matters within the institutions' mandate and lack of progress on building a (presumably Brussels-based) institutional structure which would support such cooperation.

A. Agreement of development priorities

The EU Development Policy signed in December 2005 provides a common framework for European Union development cooperation. Nevertheless, there are still several notable areas in which development priorities are likely to differ between the member states which make cooperation in practice (whether through formal or informal means) inappropriate given member state preferences. National bilateral agencies have differing priorities and preferences on issues such as conditionality and budget support, for example. Not all EU member states seem to regard the EU as the natural first and foremost institutional setup for coordination; 'topical' coalitions might be formed – or at least sought – preferably with other agencies.[11] The latter also seems to be a function of both a country's general attitude towards European integration and the national agency's self-perception of its relative position among 'progressive' or 'traditional' donors.

Some have argued that there is a stronger degree of commonality in EU member state positions within the IMF than in the World Bank. Nonetheless, there are some important differences in the views of individual member states on IMF issues. Smaghi points out that difference arise based on the size and international exposure of a nation state's private sector, which is particularly true for IMF issues dealing with the role of the IMF in the management of the international economy. Countries with greater international exposure (which often tend to be the larger countries) are more likely to be more interested in this management role. There is near universal European support for the surveillance functions of the IMF (i.e. a high degree of commonality) and a large degree of agreement on financial crisis prevention and resolution (i.e. issues of high self-interest for the EMU). In fact, through the European Finance Committee , two position papers

[11] Most of the debates on both conditionalities and budget support mechanisms need to take place in country contexts, with donor groupings – if present – exceeding the EU membership. Local expertise differs, depending on country representation and linkages between country offices and the headquarters. This is a general problem of administrative coordination.

have been produced on the role of private sector involvement in financial crises (Bini Smaghi, 2004: 238).

When initiatives are drafted within the context of the G7 that commit other member states, tensions between EU states which are members of the G7 and those that are not, are a problem particularly in the IMF.[12] This was the case with the recent Multilateral Debt Relief Initiative (MDRI): a G7 initiative that required commitment of funds by non-G7 members who were not included in the design or plan of the programme. One European representative noted that there seems to be a higher degree of internal cohesion around G7 proposals than European proposals within the IMF – and that the degree of coordination in the IMF context is strongly dependent on the lead that European EDs receive from ECOFIN.

B. Lack of institutions in Brussels to coordinate World Bank positions

As highlighted in section II A, the level of institutionalised cooperation for issues under the remit of the IMF is higher than that under the World Bank, which makes anything but *ad hoc* cooperation nearly impossible for those in Washington. There appears to be a feeling, probably justifiably, that Washington-based staff cannot lead a process of institutionalisation if there is no impetus for such movement in Brussels and various national capitals. Numerous EDs mentioned that what was needed in order to coordinate European positions in the World Bank was a SC-World Bank, equivalent to the SCIMF. The decision to abolish the formal setting of the EU Council of development ministers – and consequently a reduction in meetings and its political clout – in 2002 may be seen as a greater obstacle to this type of coordination and in turn reflect the prioritisation of development issues amongst member states.[13]

The effect of a weak institutional structure is exacerbated by the fact that responsibility for World Bank policy falls broadly amongst a number of national ministries and director generals in Brussels. While it seems logical to have one ministry responsible for issues related to the IMF, the mandate of the World Bank – even though a financial institution – is much closer to the development portfolios, which are organised either as separate administrations (as in the UK and Germany) or are part of the respective foreign office. The overlapping role of multiple national ministries complicates coordination further.

[12] See work by Woods and Lombardi for more discussion of the role that the G7 and other informal coalition play in shaping IMF policy.

[13] Providing another potential rationale for the fact that coordination is proving more easy amongst European EDs in the World Bank than in the Fund – they potentially have more autonomy to compromise than do their IMF colleagues because of a low level of interest on topics salient to Board discussion in national capitals.

C. Implications

The lack of coordination described in the previous section has several implications. First, and perhaps most importantly, the structural constraints to cooperation occasionally prevent European countries from speaking with one voice even when they have reached agreement. For example, Smaghi highlights, despite widespread support in European countries for the IMF's proposed Sovereign Debt Restructuring Mechanism (SDRM), Europe was not able to exert pressure to continue pursuing this idea in part because powerful European countries such as Spain were prevented from voting favourably due to opposition within their constituency from Mexico and Venezuela. This observation was confirmed by interviewees (see Appendix I). Widespread European support for financial crisis prevention monitoring has also been blocked due to the presence in some European constituencies of borrowing countries (e.g. the constituencies of Belgium and the Netherlands, as well as Spain).[14] In the context of the World Bank, the *de facto* solution to this problem has been allowing countries which cannot agree to a joint statement to opt out of its signature, as noted in footnote 5, and thereby 'neutralising' part of the European political weight in the organisation.

More strategically, some member states have argued that a wide spread of EU states across constituencies might facilitate the spread of EU perceptions across a large number of countries or that European views may be reinforced by being expressed multiple times at the Board. Nevertheless, the current system of *ad hoc* cooperation has in fact discouraged the EU from playing an active unified role in international discussions and has weakened its negotiation position (Coeure & Pisani-Ferry, 2003). The US is more frequently able to present a strong position, and thus acts as an agenda setter in many cases of important IMF policy, including governance reform as the recent discussions over 'chairs and shares' has demonstrated.[15] This is further undermined by the fact that leadership of the Union changes every six months, making it difficult for European officials to create a sustained and lasting relationship with management and staff of either institution. As noted above, at times the EU Presidency is held by countries which are not represented in the board, making it more difficult to voice EU positions in that circle.

IV. MEANS OF IMPROVED COORDINATION

There are two general means through which to increase cooperation in the Bretton Woods institutions: formal mechanisms such as the reform of the constituency system and informal reforms or methods of generating 'soft' coordination. After extensive interviews and consultations, we are of the opinion that there is negligible support for a more

[14] It is worth noting that these three constituencies, despite some differences, actually vary quite substantially in their internal mechanism and behaviour. See (Woods & Lombardi 2006: 13-14) for more details.

[15] An additional reason for the ability of the US to represent itself more strongly may have to do with the strong ties it has to US domestic institutions such as the Congress, which increases its accountability. Strong links between European executive directors and their national parliaments (and other national groups and institutions) may further complicate, rather than facilitate, their ability to articulate a stronger position.

sweeping review of the constituency structure amongst European participants: neither small 'awkward' constituencies have a desire to move nor are larger constituencies / chairs (with the highly contingent exception of declared will by France and Germany to combine their chairs) interested in collapsing their representation to rationalise European voice. The lack of support for this kind of reform in Washington is likely to proxy for the position of European capitals given the direct line of report between Washington-based executive directors and national capitals.

However, we are of the opinion that this kind of change is both politically desirable and pressing. Despite the little inclination in EU member states to drive a discussion on these issues for integrationist reasons, there is mounting pressure to come to a position on constituency reform, especially given the increasing focus Washington has placed on reducing the European voice in the institutions in favour of emerging powers. The expansion of US statements on this topic makes it vital that Europe attempts to formulate a strategy for Bretton Woods governance reform which addresses issues of both increasing developing country voice and improving their own representation. Following (and reacting) rather than leading (and being proactive) on this topic is a dangerous position as it puts individual European states on the defensive, attempting to justify their current voting positions to both the US and developing country constituencies. A proactive European policy on Bretton Woods reform would be welcome, and could even potentially 'call the US' bluff' on their commitment to governance reform by proposing something more radical to address the under-representation of developing country voice in these institutions.

Thus, we will first discuss four different options with varying political ambition that provide a necessary vision for any improvements made to Bretton Woods governance. These provide a roadmap for any eventual changes to constituencies. As these options are politically difficult, we then turn to options for *informal* improvements for coordination both amongst EU member states and between member states and Brussels based supranational institutions. These improvements sections will not require as far reaching political support and coalition-building across diverse countries as most of the more ambitious options analysed in the section below. However, we do not see one as a replacement for the other; smaller improvements should be undertaken with a broader vision or rather a strategic concept that will have to be elaborated.

A. Changing the Formal Setup in Brussels and Washington

The options discussed below are not mutually exclusive, but can rather be seen as positions on a continuum between loose *ad hoc* coordination and further integration of European positions in the Bretton Woods institutions. This means that one option can be pursued as an interim solution until actors can agree on a next step and reach a higher degree of coordination, as political will has emerged.

<u>Option 1: Limited readjustment of constituencies in the Bretton Woods institutions</u>

Constituencies of both the IMF and World Bank are not dictated by the institutions' statutes and therefore, in theory, European states are able to create a joint constituency at will.

Reshuffling of some EU countries into what could be labelled as 'more coherent' groupings from an EU perspective would thus legally be easy to achieve. This could reduce the number of groups with EU countries and thus reduce the transaction costs of coordination, without forming one single EU group. It is also likely to create less resistance among some EU member states. The Nordic group, for instance, arguably represents some shared values of this group of countries and is less of a problem to EU coordination[16] than, say, individual EU member states in constituencies dominated by developing or borrowing countries. The most prominent cases in point would be Ireland, Poland and Spain. From an EU institutional perspective, the aggregate of European votes could be done through a formal intergovernmental agreement between the member states which requires no changes to the distribution of competencies.

However, there is a formal requirement that the five largest members of the IMF have their own seat. This requirement would have to be changed if any of the 'EU big three' would want to collapse their representation (e.g. the most likely solution of a closer cooperation between France and Germany). Any option involving the 'big three' would thus have to seek support beyond the circle of European member states. A reshuffle involving any of the 'EU big three' would require parliamentary approval in these three European countries.

There is likely to be support for a realignment of European votes (the US as aforementioned supports this initiative). However, other members of the institutions would hardly allow European states to aggregate their vote without changing the quota system. Non-European states would want to see European power reduced and rather opt for an increase in power of states that are currently under-represented on the basis of their economic weight, such as Mexico and South Korea.

Yet, some EU member states in the past have changed their constituencies following rather centripetal than centrifugal forces. These moves apparently aimed at increasing their international leverage by obtaining position such as rotating or alternate director. Any new arrangement would thus have to offer incentives for these states to join other constituencies with relatively big EU member states. For instance, alternate or rotating directors within EU dominated groups might be introduced, so as to compensate for an apparent 'loss of status' and thus create political will to regroup. It is worth saying that there is little support in most of these constituencies for such a move at this time. Where support does exist or could be generated, the issue is thought to be low priority.

[16] The group embraces two non-EU countries. Norway and Iceland, however, both have relatively close ties with the EU (being members of a number of European agreements) and both are lenders within the Bretton Woods system.

Option 2: Collapsing EU states' representation into one constituency

Representation of the EU constituency could either be provided by the Commission (this is unlikely to gain support of a number of member states), or could be rotating among EU member states with the Presidency speaking on the EU's behalf. This option, at European level, would require a change in the EU treaty, which would transfer competence to the EU. Given the political difficulties with ratification of the European Constitutional Treaty, it is highly unlikely that subsequent fully-fledged reform of the EU's competencies would be successful. However, competencies would not necessarily have to be transferred to the Commission. At the least, this option would require an inter-institutional agreement which would have to clarify the role of the Council, Commission and Parliament. Internally, the EU would also have to devise new systems of organisation, e.g. an expanded role for the SCIMF or Ecofin and a system of more permanent representation (rather than the 6 month rotation in line with the presidesncy as is currently the case).

While some have suggested that in the IMF in particular it makes sense to think of a new European constituency in terms of Eurozone members rather than EU members, there is little political support for this idea amongst European states. Even though Germany and France seem to be largely supportive to Commission involvement, little incentive is apparent for them giving up their current EDs. Additionally, as mentioned above, this shift would presumably require a change of the statutes of the Bretton Woods institutions, i.e. the support of non-EU countries in both institutions. This could presumably be reached if the emphasis was on effectiveness of EU impact rather than orientation at the numerical status quo. It is highly unlikely that the simple adding-up of vote share of EU member states will find a majority.

Option 3: A separate EU/COM representation alongside member states

If none of the regrouping is possible – or even in addition to it – a separate representation of the EU Commission might be another improvement in EU representation. This would probably require legal personality for the EU, as monetary affairs are not fully included in 'pillar one' and the Commission does not have an undisputed mandate to speak on behalf of its member states. The aforementioned cases of the FAO or the WTO are weak precedents for this option, as in both cases the Commission speaks on behalf of the Union in areas where a high degree of integration has been reached. Development, on the other hand, is a shared competency, as noted in the introduction. A more institutionalised observer status, as discussed below, might be a half-way solution to full EU/COM representation.

However, representation of the Commission alongside the member states would provide voice to the common institution whenever there are common positions, i.e. when member states have agreed to cede the floor to their common representation. Some interviewees suggested that the Commission could then speak more easily on general topics (e.g. common European positions on conditionalities, and anything trade-related being a clear expertise of the Commission). Issues related to individual countries might be more difficult to address jointly by the Commission, as in these cases, historical ties and special interests of member states come into play, which are not yet to be bridged into a common position. In these cases, the additional membership of the Commission would not block individual states from voicing their differing positions.

However, EU Commission representation alongside EU member states in the Bretton Woods Institutions is thus likely to meet resistance by a number of states, not least the US, but also other players. It was feared it would set a precedent for other 'international organisations' [sic].

Option 4: The EU as a driver for a general IFI reform – a new voting system

While the above requires major changes for EU representation, the representation of other countries in the IMF remains relatively static (though power distribution changes). An alternative would be a more dramatic change in IFI power through the creation of a new voting system for all members. One proposal that has been frequently mentioned in this context is the creation of a double majority voting system along the axis of economic power and population. This proposal has found favour with the German government – Development minister Heidemarie Wieczorek-Zeul proposed a double majority voting system for the World Bank and the IMF during the 2003 Annual Meetings of the World Bank and IMF (BMZ Newsletter October 2003, 'Stronger voice boosts development'). Additionally, it is notable that such a voting system is currently in place for the Global Environmental Facility (Woods, 1999), though issues infrequently go to vote in this organisation.[17] More radical proposals have called for moving towards 'full democratisation' of the IMF and World Bank, i.e. one-country-one-vote, or even, one-person-one-vote (Christian Aid, 2003). Of these recommendations and proposals, the first three could have an impact on the ability of EU EDs to coordinate within the Bretton Woods institutions.

B. Enhancing the Current ad hoc Cooperation

Failing political support at present for the options articulated above, but with a vision on IFI reform in mind informed by those options, there are various methods through which EU coordination in either or both of the Bretton Woods institutions could be enhanced outside of a formal change to the voting structure. Here we highlight five suggestions which arose from interviews.

Suggestion 1: Observer status for the Commission on the Board of the World Bank

An observer status of the Commission on the Board of the World Bank is a light version of Option 3 discussed above. There is unlikely to be much opposition from either group if an observer seat for the Commission is proposed. At present, the European Central Bank

[17] Agreement by consensus is also often the case for European council of ministers meetings for which certain voting rights are hard fought for. However, *the possibility* of going to vote and thus of being outvoted increases the willingness to compromise and to try and gain most by making some concessions and receiving others in return.

has observer status at the board of the IMF, and speaks on issues related to the euro or Eurozone monetary policy. Furthermore, the Commission is participating in the EBRD – a regional bank to be seen in the World Bank context – in its own right. Thus, a precedent exists for the participation of the Commission in areas in which they have exclusive competence vis-à-vis member states – e.g. trade and agriculture, both of which are increasingly dealt with at the World Bank. Additionally, the 'European Development Consensus' and the provisions in the draft constitution might be understood as an additional argument for their observer status.

The approval of such a seat would require a board vote (to be renewed at some level of frequency, as in the case of the ECB) but does not require a formal change to the Articles of Agreement. Such a solution would help to ameliorate the current logistical difficulties in exchanging information between the Commission and member state's Executive Directors as the Commission would have an office within the World Bank and would be connected to Bank's information systems, which complicates efforts to work cohesively.[18] An improved role for the Commission delegation would require an improved understanding of the Commission staff of what is best provided as input. Unless a Commission representation is envisaged on the board of EDs, enhanced trust and working relations between the Delegation and EDs is a way to improve the interaction. Much has been achieved in this respect over the last years, but more can be done.

Suggestion 2: New Representation of European Executive Directors

At present, EU coordination meetings at both the IMF and the Bank are chaired by the country serving the EU presidency and the same person or delegation generally addresses senior management on matters of common interest. There are at least two problems with this. First, as previously noted on occasion the European member holding the Presidency is represented neither by an Executive Director or an Alternate, reducing the ability of this person to approach senior management in an authoritative manner and occasionally complicating their ability to foster internal consensus due to lack of seniority. Additionally, the six month rotation of the presidency makes it difficult to establish a (consistent) relationship with senior management in both institutions.

Two solutions have been suggested to this problem – one for the World Bank and one for the IMF.

- In the case of the World Bank, there is some support for a 'troika' system in which the past, current and forthcoming presidency work jointly to chair meetings, organise the drafting of joint European statements and lobby management and other constituencies. This would help increase consistency between presidencies, and would also alleviate the problem of lower level advisors chairing the group (as probability dictates that at least one of the three

[18] For example, Commission representatives often cannot receive World Bank documents by email because of constraints on the size of files they can receive.

presidency countries is likely to be represented by an Executive or Alternate Director).

- In the context of the IMF, there is some momentum around the idea of creating a two-year post (mirroring the current structure of the Eurozone presidency) held by an elected individual (regardless of nationality). This would also help to enhance consistency and the ability of the European representatives to build constructive discussions with senior management. In both cases, it is suggested that the person or persons in this position take on a more active 'lobbing' role.

Suggestion 3: Meetings of EU development ministers for cooperation in capitals

The challenge of coordinating European policy within the World Bank is complicated by the number of national stakeholders involved in each country's representation. While IMF executive directors generally report to the ministries of finance or economics, World Bank directors report to one or more ministries including finance, development and foreign relations. Some interview partners have suggested a change of responsibilities at least for the World Bank from DG ECFIN to DG DEV. While there is understandable motivation behind this move, national representation in the Washington institutions also differs across national institutional settings among EU Membership. A key issue therefore rather seems to be improved coherence across portfolios and improved input of development experts. While this is largely for national governments to improve, the EU Commission services could play an increase role in providing input about COM development policy and areas of common activities to EU EDs.

Coordination in the World Bank could be enhanced by greater dialogue on World Bank issues amongst European development ministers and a discussion over the appropriateness of allowing development ministries to lead on formulating World Bank policy. There seems to be a need to increase the formal discussions between European development ministers. The reduction of different settings for Council of Minister in 2002 were justified with the need to increase coherence of decision making; yet, coordination currently happens rather on an *ad hoc* than on an institutionalised basis and does not foster policy coordination among member states.

These meetings would in turn facilitate the creation of institutional 'architecture' to support World Bank coordination (e.g. the creation of an 'Ecodev' committee and a sub-committee on the World Bank or 'SCWorldBank').

Suggestion 4: Use of World Bank trust funds for coordination

The European Commission is at present the largest contributor to the World Bank's trust funds, which are dedicated funds on specific topics. There is a perception that trust funds undermine the Bank's existing governance system by awarding power of influence to heavy contributors. Another line of argument emphasises that trust funds guarantee a minimum amount of influence for bodies like the European Commission without formal representation. Governance could be improved by utilising trust funds not as a mechanism through which to increase national (or institutional) interests, but rather to enhance multi-national development cooperation in accordance with the Monterrey Consensus and Paris Declaration, including European development cooperation.

The creation of multi-country trust funds into which European member states and the Commission would be invited to participate could be useful on areas of commonly defined policy. This is increasingly discussed as a way to circumvent budgetary limitations of the European Union. It can, however, also be used inside institutions such as the World Bank. If there is political will to utilise trust funds in this manner, they should:

(a) be considered in addition to changes in EU coordination and representation, as this source of influence on cooperation is inherently unstable;

(b) be applied selectively, with careful looks into the function of these trust funds. Some funds, in fact, in the past have been used to increase EU–World Bank coordination, such as for the joint office for South-Eastern Europe, which provides operational coordination and thereby also increases EU impact.

<u>Suggestion 5: Coordination with Brussels via Briefing Papers</u>

There is a strong desire to be informed of European Commission positions on matters coming before the Board in a timely, brief and relevant manner. European Executive Directors require short (e.g. 1–2 pages) inputs summarising the Commission's position on a topic.

Executive Directors would need to keep Brussels informed of the pipeline of projects and issues for discussion so that Brussels can respond in a timely manner. Brussels in turn requires feedback on the utility of their inputs. There may be a need to create several full time positions in Brussels or in Washington to facilitate this exchange via the Commission delegation in Washington or at the HQ. This would improve the Commission's capacity to provide EU input to certain EDs who in the past requested information from the Commission's services on issues such as conditionalities.

With these requests, commission services face the difficulties of reacting at rather short notice and of not getting systematic feedback on their input. Exacerbating these human resource constraints is the fact that as non-member, the Commission does not have independent sources of information on the board's agenda nor detailed information about the direction of the discussion within the board. However, national representations also face difficulties of cross-portfolio coordination within their national governments. This might therefore be an opportunity for the Commission to be of added-value to national ED representation.

V. CONCLUSIONS

This paper has discussed the current status of European representation in the World Bank and the IMF in order to make some politically feasible and useful suggestions about how such cooperation can be enhanced. As there is currently little political will for single representation of European votes in the Bretton Woods institutions, this paper has focused on means through which the informal coordination could be made more effective and efficient. Discussions about European representation and coordination in the Bretton Woods institutions (and governance in these two institutions more broadly) should try to acknowledge two facts:

- The first is that the level of European coordination visible in Washington is a reflection of the will for cooperation in European capitals. Political will is often missing because of a lack of consensus about the European integration project, which has in turn created uncertainty about the current status of the Constitution and other integration projects. This 'vicious circle' of lack of consensus and political will in turn reduces political room for manoeuvre with regard to cooperation.
- The second is that without institutions in which to discuss common positions, coordination is unlikely. The informal 'institution' of weekly meetings amongst European executive directors in the IMF and the Bank has gone some way towards enhancing this cooperation. Further impetus must come from generating institutions that guide the process of European development cooperation in Brussels and national capitals and which are able to react to situations and requests sufficiently rapidly. These proposals are critical to that process.

While acknowledging that political will is lacking for more bold steps towards single European integration, some effort was made to highlight the impending governance reform of the IMF (and following on from that, the World Bank) which is likely to begin during this calendar year. The current proposals for *ad hoc* quota increases for under-represented emerging market countries is likely to have negative consequences for European representation, yet European proposals for governance reform have not been forthcoming.

We would recommend – alongside improvements at the *ad hoc* level – to explore option 4 further. Proactive proposals from Europe which address broader governance issues within the institutions (e.g. improve the voice for developing countries and issues of accountability of both the Board and the institutions more generally) may be able to garner great support, and address the 'problem' of European representation more directly in order to achieve an outcome which is favourable to a wider swath of European interests. Even though a solution at the moment might not lead to an immediate solution, it might be able to sustain the momentum for change in the Bretton Woods institutions until a broader solution is negotiated. Yet, first steps towards this option would have to be taken soon, if it shall be pursued successfully. Otherwise, the EU risks being put into the defensive and might find itself in the position to having to react to shorter range suggestions by other donors which a) are less desirable from a European perspective and b) would have exhausted the momentum for change which exists in 2006.

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APPENDIX I INTERVIEWEES

1. Alzetta, Gino (Executive Director World Bank, Belgium)
2. Bischofberger, Karlheinz (Executive Director, IMF, Germany)
3. Boersna, Idsert (Advisor to the Executive Director, Netherlands)
4. Bossone, Biagio (Executive Director World Bank, Italy)
5. Bridi, Haleh (World Bank Representative, Brussels)
6. Buira, Ariel (Director of the G24 Secretariat, IMF)
7. Charleton, Peter (Alternatve Executive Director IMF, Ireland)
8. Chervalier, Benoit (Transatlantic Fellow, The German Marshall Fund of the United States)
9. Ciobanu, Anca (Alternate Executive Director, World Bank, Romania)
10. Deutscher, Edmund (Executive Director World Bank, Germany)
11. Duquesne, Pierre (Executive Director IMF and World Bank, France)
12. Feldhoffer, Norbert (Senior Advisor to the Executive Director, Austria)
13. Garnier, Carole (EU Commission, DG ECFIN)
14. Hervio, Gilles (EU Commission, DG Dev)
15. Kaps, Hans (EU–World Bank joint Office for South-Eastern Europe, Brussels)
16. Karnoswski, Jakub (Alternate Executive Director World Bank, Poland)
17. Kiekens, Willy (Executive Director IMF, Belgium)
18. Krebs, Hartmut (Senior Advisor to the Executive Director, Germany, World Bank)
19. Kremers, Jeroen (Executive Director IMF, Netherlands)
20. Laryea, Guggi (World Bank, Brussels representation, responsible for relations to the European Parliament)

21. Lombardi, Domenico (Senior Advisor to the Executive Director, World Bank, Italy)

22. Maffia, Empedocle (Special Advisor to the Executive Director, World Bank, Italy)

23. Marti, Luis (Executive Director World Bank. Spain)

24. Massé, Marcel (Executive Director, World Bank, Canada)

25. Mota Pinto, Nuno (Alternate Executive Director World Bank, Portugal)

26. Pape, Elisabeth (Counsellor, Development, European Union Delegation of the European Commission in Washington DC)

27. Petit, Bernard (EU Commission, DG Dev)

28. Prader, Johann (Alternate Executive Director IMF, Austria)

29. Ryan, Brendan (Senior Advisor to the Executive Director, World Bank, Ireland)

30. Scholar, Thomas (Executive Director IMF and World Bank, United Kingdom)

31. Sobel, Mark (Deputy Assistant Secretary, International Monetary and Financial Policy, US Department of the Treasury)

32. Vassikeri, Vlassia (Advisor, Development, European Union Delegation of the European Commission in Washington DC)

APPENDIX II IMF AND WORLD BANK VOTING SCHEDULE

IMF Executive Directors and Voting Shares

Executive Director	Percentage of Voting Share
FULL SEATS	
United States	17.08%
Japan	6.13%
Germany	5.99%
France	4.95%
United Kingdom	4.95%
CHAIRS	
Belgium	5.13%
Netherlands	4.84%
Mexico	4.27%
Italy	4.18%
Canada	3.71%
Norway	3.51%
Korea[I]	3.33%
Egypt[II]	3.26%
Saudi Arabia**	3.22%
Malaysia[III]	3.17%
Tanzania[IV]	3.00%
China**	2.94%
Switzerland	2.84%
Russian Federation**	2.74%
Iran[V]	2.47%
Brazil[VI]	2.46%
India[VII]	2.39%
Argentina[VIII]	1.99%
Equatorial Guinea[IX]	1.41%

**non-rotating chair, no member countries

Groups with European Union Members

BELGIUM (111,696 votes, 5.13% share)

Member Country	Number of Votes	Percentage of Voting Power
Austria	*18937*	*17.0%*
Belarus	4114	3.7%
Belgium	46302	41.5%
Czech Republic	8443	7.6%
Hungary	10634	9.5%
Kazakhstan	3907	3.5%
Luxembourg	3041	2.7%
Slovak Republic	3825	3.4%
Slovenia	2567	2.3%
Turkey	9890	8.9%

NETHERLANDS (105,412 votes, 4.84% share)

Member Country	Number of Votes	Percentage of Voting Power
Armenia	1,170	1.1%
Bosnia and HGV	1,941	1.8%
Bulgaria	6,652	6.3%
Croatia	3,901	3.7%

Cyprus	1,646	1.6%
Georgia	1,753	1.7%
Israel	9,532	9.0%
Macedonia	939	0.9%
Moldova	1,482	1.4%
Netherlands	51,874	49.2%
Romania	10,552	10.0%
Ukraine	*13,970*	*13.3%*

MEXICO (92,989 votes, 4.27% share)

Member Country	Number of Votes	Percentage of Voting Power
Costa Rica	1,891	2.0%
El Salvador	1,963	2.1%
Guatemala	2,352	2.5%
Honduras	1,545	1.7%
Mexico	26,108	28.1%
Nicaragua	1,550	1.7%
Spain	30,739	33.1%
Venezuela	*26,841*	*28.9%*

ITALY (90,968 votes, 4.18% share)

Member Country	Number of Votes	Percentage of Voting Power
Albania	737	0.8%
Greece	*8,480*	*9.4%*
Italy	70,805	78.4%
Malta	1,270	1.4%
Portugal	8,294	9.2%
San Marino	420	0.5%
Timor-Leste	332	0.4%

CANADA (80,636 votes, 3.71% share)

Member Country	Number of Votes	Percentage of Voting Power
Antigua & Barbuda	385	0.5%
Bahamas	1553	1.9%
Barbados	925	1.1%
Belize	438	0.5%
Canada	63942	79.0%
Dominica	332	0.4%
Grenada	637	0.8%
Ireland	*8634*	*10.7%*
Jamaica	2985	3.7%
St Kitts and Nevis	339	0.4%
St Lucia	403	0.5%
St Vincent and Grenadines	333	0.4%

NORWAY (76,276 votes, 3.51% share)

Member Country	Number of Votes	Percentage of Voting Power
Denmark	16678	21.9%
Estonia	902	1.2%
Finland	12888	16.9%
Iceland	1426	1.9%
Latvia	1518	2.0%
Lithuania	1692	2.2%
Norway	16967	22.2%
Sweden	*24205*	*31.7%*

SWITZERLAND (61827 votes, 2.84% share)

Member	Number of	Percentage of

Country	Votes	Voting Power
Azerbaijan	1859	3.0%
Kyrgyz Republic	1138	1.8%
Poland	*13940*	*22.5%*
Serbia and Montenegro	4927	8.0%
Switzerland	34835	56.3%
Tajikistan	1120	1.8%
Turkmenistan	1002	1.6%
Uzbekistan	3006	4.9%

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[i] *Australia*, Kiribati, Marshall Islands, Micronesia, Mongolia, New Zealand, Palau, Papua New Guinea, Philippines, Samoa, Seychelles, Solomon Island, Vanuatu
[ii] Bahrain, Iraq, Jordan, Kuwait, Lebanon, Libya Arab, Jamahiriya, Maldives, Oman, Qatar, Syrian Arab, UAE, Yemen (*vacant alternate director)*
[iii] Brunei Darussalam, Cambodia, Fiji, *Indonesia*, Lao, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam
[iv] Angola, Botswana, Burundi, Eritrea, Ethiopia, Gambia, *Kenya*, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Sudan, Swaziland, Uganda, Zambia
[v] Afghanistan, Algeria, Ghana, *Morocco*, Pakistan, Tunisia
[vi] *Colombia*, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago
[vii] Bangladesh, Bhutan, *Sri Lanka*
[viii] Bolivia, Chile, Paraguay, *Peru*, Uruguay
[ix] Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Cote d'Ivoire, Djibouti, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, *Rwanda*, Sao Tome and Principe, Senegal, Togo

NOTE: Alternate directors in italics

World Bank EDs and Voting Share

Executive Director	Percentage of Voting Share
FULL SEAT	
US	16.39%
Japan	7.87%
Germany	4.49%
France	4.3%
UK	4.3%
CHAIRS	
Belgium	4.8%
Spain	4.5%
Netherlands	4.46%
Canada	3.85%
Brazil[ix]	3.59%
Italy	3.5%
South Korea[ix]	3.45%
Burundi[ix]	3.41%
India[ix]	3.4%
Iceland	3.34%
Algeria[ix]	3.19%
Switzerland	3.04%
Kuwait[ix]	2.91%
China**	2.78%
Saudi Arabia**	2.78%
Russian Federation**	2.78%
Indonesia[ix]	2.54%
Peru[ix]	2.32%
Guinea-Bissau[ix]	1.99%

**non-rotating chair, no member countries

Groups with European Union Members

BELGIUM (77669 votes, 4.80% share)

Member Country	Number of Votes	Percentage of Voting Power
Austria	11313	14.57%

Belarus	3573	4.60%
Belgium	29233	37.64%
Czech Republic	6558	8.44%
Hungary	8300	10.69%
Kazakhstan	3235	4.17%
Luxembourg	1902	2.45%
Slovak Republic	3466	4.46%
Slovenia	1511	1.95%
Turkey	*8578*	*11.04%*

SPAIN (72786 votes, 4.50% share)

Member Country	Number of Votes	Percentage of Voting Power
Costa Rica	483	0.66%
El Salvador	391	0.54%
Guatemala	2251	3.09%
Honduras	891	1.22%
Mexico	*19054*	*26.18%*
Nicaragua	858	1.18%
Spain	28247	38.81%
Venezuela	20611	28.32%

NETHERLANDS (72208 votes, 4.46% share)

Member Country	Number of Votes	Percentage of Voting Power
Armenia	1389	1.92%
Bosnia and Herzegovina	799	1.11%
Bulgaria	5465	7.57%
Croatia	2543	3.52%
Cyprus	1711	2.37%
Georgia	1834	2.54%
Israel	5000	6.92%
Macedonia	677	0.94%
Moldova	1618	2.24%
Netherlands	35753	49.51%
Romania	4261	5.90%
Ukraine	*11158*	*15.45%*

CANADA (62217 votes, 3.85% share)

Member Country	Number of Votes	Percentage of Voting Power
Antigua and Barbuda	770	1.24%
Bahamas	1321	2.12%
Barbados	1198	1.93%
Belize	836	1.34%
Canada	45045	72.40%
Dominica	745	1.20%
Grenada	781	1.26%
Guyana	*1308*	*2.10%*
Ireland	5521	8.87%
Jamaica	2828	4.55%
St. Kitts and Nevis	525	0.84%
St. Lucia	802	1.29%
St. Vincent and the Grenadines	528	0.85%

ITALY (56705 votes, 3.50 share)

Member Country	Number of Votes	Percentage of Voting Power
Albania	1080	1.90%

Greece	1934	3.41%
Italy	45045	79.44%
Malta	1324	2.33%
Portugal	*5710*	*10.07%*
San Marino	845	1.49%
Timor-Leste	767	1.35%

ICELAND (54039 votes, 3.34% share)

Member Country	Number of Votes	Percentage of Voting Power
Denmark	13701	25.35%
Estonia	1173	2.17%
Finland	8810	16.30%
Iceland	1508	2.79%
Latvia	1634	3.02%
Lithuania	1757	3.25%
Norway	10232	18.93%
Sweden	15224	28.17%

SWITZERLAND (49192 votes, 3.04% share)

Member Country	Number of Votes	Percentage of Voting Power
Azerbaijan	1896	3.85%
Kyrgyz Republic	1357	2.76%
Poland	*11158*	*22.68%*
Serbia and Montenegro	3096	6.29%
Switzerland	26856	54.59%
Tajikistan	1310	2.66%
Turkmenistan	776	1.58%
Uzbekistan	2743	5.58%

[ix] Colombia, Dominican Republic, Ecuador, Haiti, Panama, *Philippines,* Suriname, Trinidad and Tobago
[ix] *Australia,* Cambodia, Kiribati, Marshall Islands, Micronesia, Mongolia, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Vanuatu
[ix] Angola, Botswana, Eritrea, *Ethiopia,* Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe
[ix] *Bangladesh,* Bhutan, Sri Lanka
[ix] Afghanistan, Ghana, Iran, Morocco, *Pakistan,* Tunisia
[ix] Bahrain, *Egypt,* Iraq, Jordan, Lebanon, Libya, Maldives, Oman, Qatar, Syria, UAE, Yemen
[ix] Brunei Darussalam, Fiji, Lao, *Malaysia,* Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam
[ix] *Argentina,* Bolivia, Chile, Paraguay, Uruguay
[ix] Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Cote d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Madagascar, Mali, Mauritania, *Mauritius,* Niger, Rwanda, Sao, Senegal, Togo

NOTE: Alternate directors in italics