
Bretton Woods Reforms and G20

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Reforming Bretton Woods Institutions

- Post-crisis focus
- Need for reforms
- Scope

Diverse proposals

- Report of the High-Level Commission on Modernization of World Bank Group Governance (2009).
- IEO Report on “IMF Performance in the Run-Up to the Financial and Economic Crisis” (2011).
- Fourth Pillar Recommendations on IMF Governance Reforms from Civil Society (2009).
- US Senate Report on “The International Financial Institutions: A Call for Change” (2010)

G20 and the reforms

- Washington Summit, 2008
- Key concerns:
 - Failure to identify risks
 - Silo culture
 - Lending facilities
 - Legitimacy deficit
- London Summit, 2009
- Korea, 2010

Conflict of interests

- Widespread consensus on reforming mandates
- Governance reforms most contentious
 - Increased voice of developing countries
 - Reduction in representation of developed countries
- Developed country response: US and the Rest
- China, Brazil, Russia, India

India's position

- Dissatisfaction with voting power structure, 2008
- At G20, support for:
 - Expanding resources to IFIs to boost infrastructure.
 - Satisfaction with governance reforms at WB-IMF.
 - Comprehensive quota review by 2013

India's position.....contd.

- 2010
 - Distinction between surveillance and lending functions at IMF
 - Quota share reforms in pace with emerging realities
 - Rework formula with substantial in PPP-GDP weights
 - Redistribution of chairs on the Executive Board
 - No change to existing voting majorities at the IMF

India's position.....contd.

- 2011
 - Speedy ratification and implementation of the 2010 quota and governance reforms
 - Completion of a comprehensive review of quota formula by January 2013
 - Effort to complete 2010 reform before 2012 meetings
 - Set the stage for the 15th review by 2014.
 - NAB: bridge to be scaled down to preserve the quota-based character of IMF.

India's position: What more?

- Quota share formula
- Realign weights in formula to include additional factors
- Reduction of overrepresentation of European countries
- Selection of IMF management – open, merit-based, transparent

Conclusion

- Reforms so far achieved critical financing, limited progress in improving voice, representation, veto, etc.
- Need to improve and balance quotas further
- Need to change perceptions
- Developed countries' response: need to broaden context

Thank You
