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Global Economic Governance after the 2008 Crisis

A new action plan for the reform of global economic governance

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Table of Contents

Executive Summary

The 2008 banking failures in the UK and the United States reshaped global economic governance. The aftershocks of the financial crisis exposed the need for global agencies which could rapidly allocate resources to prevent countries collapsing. Equally highlighted was the need for more inclusive institutions, drawing in major emerging economies to provide resources and agree upon institutional reform.

Five years after the global financial crisis, the promise of better capacity to manage a global crisis is slipping out of sight. Not emerging are well-resourced, globally-reaching, rapidly-acting international institutions. The IMF still waits the doubling of its capital, currently stalled for want of US approval, and its existing resources are heavily tied-up in Europe. The World Bank's increase in resources was more modest, and it has yet to build capacity to lend rapidly and globally and to expand lending and its exposure beyond existing borrowers and loan arrangements.

Equally missing is a successful engagement of new emerging economies at the core of global economic management. The IMF still awaits implementation of the voice and vote reforms which would raise emerging economies' stakes in the core of the institution. The World Bank has not seen emerging economies rushing to increase their contributions to IDA, nor to double the Bank's resources, nor even to borrow from the Bank. The new global institution, the Financial Stability Board, is still woefully short of the legal mandate and inclusive processes which would draw each region of the world into its standard-setting process.

This paper lays out recent transformations at the IMF, World Bank, and FSB, and examines how a number of core principles of global governance – legitimacy; representation; responsiveness; flexibility; transparency and accountability; and effectiveness – could be furthered in these institutions. In so doing, it lays out a new action plan for the reform of global economic governance.

Introduction

There is an urgent imperative to reform the key institutions governing the global economy, as the post-crisis reform agenda remains woefully incomplete. The 2008 banking failures in the UK and the United States plunged both developed and developing countries into crisis. An immediate reshaping of global economic governance took place. The twenty largest economies were called to a leaders' summit in Washington DC in November 2008. Their cooperation staved off further collapse. Emerging economies were persuaded to contribute new resources to the IMF. In return they were promised greater voice and votes in the organization.

The Eurozone crisis, which began in 2009, shattered the G20's consensus on measures to prevent recession. Growth policies gave way to austerity as most EU states joined the US and UK in the search for urgent measures of financial repair and the reduction of government spending. The consequences for global economic governance are profound. This paper examines, in particular, the changes wrought in three major international institutions:

- the transformation of the IMF;
- the marginalization of the World Bank;
- the creation of the Financial Stability Board.

The changes in these institutions are scored according to their adherence to six core principles of good governance: legitimacy; representation; responsiveness; flexibility; transparency and accountability; and effectiveness. For each institution, progress-to-date and important further actions on these six principles are identified. The conclusions outline an updated reform agenda for strengthening global economic governance.

I. The transformation of the IMF

In early 2008 the question facing the IMF was how to regain credibility and power in a world in which it seemed increasingly marginalized. Its borrowing clients had 'walked away', leaving the institution with a plummeting income and forced to lay off several hundred staff.

The global financial crisis of 2008 thrust the IMF back into the spotlight but also led to several changes in the institution which have significant consequences for the future of global economic governance.

The BRICs become major creditors

In the aftermath of the 2008 crisis, the IMF sought immediately to increase its resources. It did so by borrowing from wealthy member countries and emerging economies.[2]

The result was a tenfold increase in the additional resources available to the IMF. This transformed the "New Arrangements to Borrow" (NAB) which had been created in 1998 to

[2] New negotiated commitments to increase quota subscriptions of member countries have not yet come into force – these will be discussed below.

take contributions from 25 countries (see Appendix 1).[3] The 2010 "amended NAB" includes nearly 40 contributors delivering a more than tenfold increase in resources: from SDR 34 billion available under the 1998 NAB, to SDR 367.5 billion (around $560 billion) under the 2010 amended NAB.[4]

The new creditors to the IMF included many emerging economies. The largest new contributors were the BRICs: China individually contributing 8.5% of the total; Brazil, India, and Russia contributing 7% of the total. (See Appendix 2). Initially many new creditors were reluctant to lend into existing mechanisms in the IMF without being accorded more influence within the organization. For this reason, they first extended bilateral loans to the IMF. Intensive negotiations followed, and most loans were subsequently folded into the IMF's NAB mechanism.[5]

Emerging economy creditors insisted that their contributions should be reflected in greater voice in the organization. This fuelled negotiations not just about how the NAB would be governed but also about how votes in the IMF overall should be apportioned, an issue discussed below. The immediate result was that the BRICs secured a veto over the operation of the NAB. Put simply, to activate the amended NAB requires the agreement of participants representing 85 percent of total credit arrangements. The BRICs represent just over 15% of credit and so could collectively veto an activation of the NAB.[6] It bears noting that since 2008, the NAB has been activated four times (each time for the maximum 6 month period): in April and October 2011, and in April and October 2012.

In future, the IMF hopes to roll back the NAB, relying instead on an increase in its core resources. In principle, a doubling of its core resources was approved in December 2010 (the 14th General Review of Quotas): doubling the IMF's resources to SDR 476.8 billion (about $737 billion). The increased contributions, however, will not be paid until a broader package of governance reforms have come into effect. The broader package of reforms, to be discussed further below, requires US Congressional approval; in light of opposition from the Republican-dominated House of Representatives, at present such approval appears unlikely until 2015 at the earliest.

Without approval of the reform package, the IMF will remain an organization which relies on bilateral arrangements reached with creditors, including its new creditors, in order to marshal sufficient resources to contribute to crisis management. These new creditors, in turn, have the power to veto using the IMF's new resources, if China, Brazil, India, and Russia act together.

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[3] IMF, "IMF's New Arrangements to Borrow Enter into Force" (Press Release No. 98/57, November 19, 1998).

[4] The NAB was negotiated in 2010 and became effective on 11 March 2011.

[5] The exceptions which have not been 'folded into' the NAB are loans from Malta, the Slovak Republic, the Czech Republic, and Slovenia.

[6] That said, the previous "loan-by-loan" activation requirement was dropped in favour of general activation periods of up to six months.

Europe becomes the main borrower

Alongside new creditors, the IMF has acquired new borrowers since 2008. The most dramatic change has been in respect of European members. [7]

European countries are now by far the largest borrowers from the IMF. The IMF's Financial Statements of 30 April 2013, record that European borrowers account for **89.2%** of General Resources Account (GRA) credit outstanding.[8] The five largest users of GRA credit at April 30, 2013, in descending order, were:
Greece,
Portugal,
Ireland,
Romania, and
Ukraine.

As at 30 June 2013, the first three of these borrowers accounted for a full 68% of the IMF's credit outstanding from its GRA.[9]

Other regions are borrowing far less from the IMF's GRA. Specifically, the 2013 Financial Statements record the following pattern of borrowing from GRA by region:

Africa	0.9%
Asia and Pacific	1.8%
Europe	89.2%
Middle East and Central Asia	6.6%
Western Hemisphere	1.5%

The poorest countries tend not to borrow from the IMF's GRA but instead avail themselves of concessionary credit from the IMF's Poverty Reduction and Growth Trust Fund (PRGT) which accounts for SDR 5.8 billion of the IMF's total lending of SDR 96 billion. [10]

The emergence of Europe as the largest borrower from the IMF has profound implications for the organization's legitimacy, representativeness, and governance. These are taken up below.

More responsive lending

The IMF has long found it difficult to act earlier to prevent or contain crises. Governments have been fearful of turning to the IMF, not least because the institution's conditional lending might 'stigmatize' the country, and reduce the certainty of its access to funding – thereby eroding the whole rationale for a precautionary or preventive action. This is one reason why the IMF has sought new instruments and new ways to reduce or to stop increasing conditionality.

[7] The IMF last negotiated loans to Western European economies in its 1976 arrangements with the UK and Italy.
[8] IMF, "Financial Statements for the years ended April 30, 2013, and 2012", p. 12, available at http://www.imf.org/External/Pubs/FT/quart/2013fy/043013.pdf (accessed 20 July 2013).
[9] See "IMF Credit Outstanding for all members as of June 30, 2013", available at http://www.imf.org/external/np/fin/tad/extcred2.aspx?date1key=2013-06-30&reportdate=2013-06-30 (accessed on 11 July 2013).
[10] Ibid.

(a) Lighter structural conditionality
In 2009, the IMF boldly stated that it was doing away with "structural performance criteria" including for programs with low-income countries.[11] By doing away with measurable structural performance targets, the IMF was permitting performance towards structural targets to be part of a broader assessment as to whether a country was "on track" or not. More specifically, a formal "waiver" by the IMF's Executive Board would no longer be required because a country had failed to meet a structural performance criterion.

Even before the 2008 crisis, the IMF had begun to question conditionality. In 2002 the institution revised its guidelines on conditionality after an extensive review. The subsequent 2009 revision, referred to above, occurred after a 2007 study by the Independent Evaluation Office (IEO) found that "a significant number of structural conditions are very detailed, and often felt to be intrusive and to undermine domestic ownership of programs."[12]

To be clear the IMF still requires most borrowers to fulfill two types of conditionality. Macroeconomic conditions include criteria for containing inflation, reducing budget deficits and public debt, or strengthening the central bank's reserves. Structural conditions include measures such as reforming the tax system, strengthening banking supervision, improving fiscal transparency and building up social safety nets. The latter, however, must be focused and tailored to member countries' different policies and economic starting points, and are not subjected to quantified target.

(b) New precautionary instruments
A second way the IMF has altered conditionality is through new instruments such as credit lines to countries who fulfil ex ante criteria. For example, a Flexible Credit Line (FCL) was opened in 2009 offering countries with "very strong economic fundamentals and policy track records" large and upfront access to IMF resources as a form of insurance to lower their borrowing costs and provide them increased room for policy manoeuvre. Its first users were Mexico, Colombia, and Poland.

Countries who do not quite meet the criteria for the FCL, but who face an urgent balance of payments need can avail themselves of the Rapid Financing Instrument, and the Rapid Creditor Facility, and of the Precautionary and Liquidity Line introduced in 2011 which combines both elements of ex ante and ex-post conditionality.

(c) New responses to low-income countries
The 2008 crisis had devastating consequences on many developing countries and at first the IMF was slow to respond. One rapid measure was the distribution of new SDRs which directed $18 billion of the $250 billion allocation to low-income countries. The slower changes included:

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[11] See "New Rules of Engagement for IMF Loans", available at http://www.imf.org/external/pubs/ft/survey/so/2009/POL041309A.htm (accessed 20 July 2013).
[12] IMF Independent Evaluation Office (IEO), "An IEO Evaluation of Structural Conditionality in IMF-Supported Programs" (2007), available at http://www.ieo-imf.org/ieo/pages/IEOPreview.aspx?img=i6nZpr3iSlU%3d&mappingid=P5ms79cRoUs%3d

- a Post-Catastrophe Debt Relief (PCDR) Trust that allows the Fund to join international debt relief efforts for very poor countries that are hit by the most catastrophic of natural disasters. This followed the devastating earthquake in Haiti in January 2010;
- an increase in concessional commitments to low-income countries from $1.2 billion in 2008, to $3.8 billion in 2009, and an annual average of $2 billion during 2010-2012;
- the creation of new lending windows within the PRGT, to provide highly concessional loans under: the Extended Credit Facility (ECF) for medium to long-term needs; the Standby Credit Facility (SCF) for short-term needs; and the Rapid Credit Facility (RCF) for urgent crisis funding.

The IMF has made efforts to improve its lending instruments and speed of response to all its members. That said, the IMF still struggles to prevent what we might call “conditionality creep”. The staff’s most recent reviews of the organization’s conditionality guidelines 2002-2011 highlight ongoing challenges, including: (i) keeping conditionality focused; (ii) enhancing risk diagnostics underpinning program design; (iii) considering macro-social issues in IMF-supported programs; (iv) enhancing program ownership and transparency; (v) leveraging economic surveillance to increase contingency planning; and (vi) improving partnerships with other institutions.[13]

The stalling of formal governance reform

On December 15, 2010, the IMF’s Board of Governors approved far-reaching governance reforms. The package, completed as the 14th General Review of Quotas, included:

- A doubling of quotas from approximately SDR 238.5 billion to approximately SDR 477 billion, (about US$715 billion at current exchange rates)[14];
- A realignment of relative quotas which brings the BRICs into the 10 largest members of the Fund (the United States, Japan, France, Germany, Italy, the United Kingdom, Brazil, China, India, and the Russian Federation);
- Abolition of the rights of the five largest quota-holders to “appoint Chairs” to the Executive Board, instead all Chairs will be “elected”;
- Preservation of the quota and voting shares of the poorest member countries, as defined by eligibility to access the PRGT and IDA i.e. those whose per capita income fell below US$1,135 in 2008.

Taken separately, each reform requires a special majority (85%) of votes. Each reform also implies costs or disadvantages to at least some members. The doubling of quotas will require all countries to contribute more to the IMF. The realignment of relative quotas and associated agreements will reduce Europe’s overall voting power and representation on the Executive Board. The abolition of the rights of the USA, UK, France, Japan, and Germany to appoint - and thereby instantly replace or dismiss - their own Executive Directors would be

[13] See IMF Factsheet on Conditionality, available at http://www.imf.org/external/np/exr/facts/conditio.htm (accessed 20 July 2013) which cites these points made in the staff papers reviewing the guidelines on conditionality, discussed by the IMF Executive Board on 5 September 2012.

[14] In the period since 1990, only one increase has been approved (45% in 1998), with three other reviews resulting in no increase. The previous largest-ever increase in IMF capital quotas was 60.7% in 1958/59.

replaced by a requirement on each of these countries to form a “constituency” which would elect a Director, who then has considerable independence from those who elect him or her.

In 2014, these reforms are still stalled. The agreement of the USA is a requirement of each reform since the USA holds 16% of voting power, and an 85% majority is required. Furthermore, the 2010 deal was agreed as a “package” which all members agreed not to split up.

Alongside the 2010 package, the question of leadership selection also lurks in IMF governance debates. Since its creation, IMF members have observed a convention whereby large European countries decide a candidate for the Managing-Directorship, and the United States decides a candidate for the First Deputy Managing-Director post. Promises to change this have been repeatedly made for two decades, with Taskforces, evaluations, senior managers, and members proposing a more meritocratic and geographically inclusive process. However, even the hasty and premature resignations of two European MDs (De Rato’s “shock resignation” was announced in 2007, and Strauss-Kahn was disgraced in 2011), did not accelerate change.[15] Instead, ‘deals’ have been done with powerful members, such as that in 2011 creating a third Deputy Managing Director to which a Chinese official was appointed.

The stalling of governance reform creates costs and risks for member countries, especially for those who may need to borrow from the IMF, whose quota has not doubled, in the near future.

Conclusions about the IMF

The 2008 crisis highlighted why globally pooled resources are crucial for helping individual countries absorb shocks from abroad. Plans were immediately forged for increasing the IMF’s resources and broadening the instruments it could use to lend to different countries. However, the IMF’s core resources have not yet been increased – the doubling of its capital still awaits US Congressional approval. Furthermore, the IMF’s resources are heavily deployed in Europe, leaving little headroom for assisting other parts of the world. Alongside the promised, but not delivered, capital increase, the other reforms agreed in 2010 have yet to be implemented.

For developing countries, the IMF’s capacity to respond to countries in crisis is doubly constrained - by financing, and by existing commitments to Europe - and its voice and vote reforms are stalled. Both elements need redress.

Put in terms of the six good governance principles considered in this paper, there is scope for improvement against each (see table below). Representation in the IMF will be strengthened by increasing the voting power of developing countries and replacing the ‘appointed’ Directorships with ‘elected’ Directorships. Legitimacy will be strengthened by

[15] Although it is worth noting that the Letter of Appointment of the Managing Director has been published since 2007. After Strauss-Kahn’s resignation, a new clause was added directed the incoming Managing Director: “you are expected to observe the highest standards of ethical conduct, consistent with the values of integrity, impartiality and discretion. You shall strive to avoid even the appearance of impropriety in your conduct.”

demonstrating that new creditors will be accorded greater voice and vote, and by redressing the impression that a European-dominated IMF is favouring its European borrowers. Effectiveness will be strengthened by the proposed doubling of the IMF's capital. Flexibility has been shown in the IMF's lending, but ongoing challenges highlight a need to continue pushing for flexibility. Transparency and accountability are marred by the failure of the IMF's most powerful members to extend these principles to the leadership selection process which should be a genuinely international search conducted on the basis of specified criteria, allowing a genuine voice and vote for all members.

The IMF and Good Governance Principles

Governance Principle	Progress-to-date	Important further actions
Legitimacy	EMEs persuaded to make resources available after 2008; New Deputy Managing Director post brings Chinese official into senior management.	Review capacity of IMF to lend to non-European countries in light of present commitments.
Representation	First phase of voice and votes reform completed.	Implement 2010 agreement and proceed with further quota review; Replace the 5 appointed Directors with elected Directors.
Responsiveness	Low-income countries receive SDR allocation; new facilities for low-income countries.	Ensure EU-focused IMF retains capability and knowledge to respond to low-income countries; press the IMF to strengthen focus on other country categories which confront unique sets of vulnerability, including small states and highly-indebted middle-income countries.
Flexibility	New lending facilities; stream-lined conditionality	Need resources; Stay the course on streamlining conditionality
Transparency and accountability	Greater transparency of Board	Leadership selection reform
Effectiveness	NAB credit lines as short-term measure	Needs capital increase.

II: The marginalization of the World Bank?

The World Bank is a key potential source of assistance for developing and emerging economies hit hard by the global financial crisis. The World Bank describes itself as having "played a historically large role in protecting the poor and laying the foundation of recovery".[16] Critics argue that the Bank responded rapidly only to those countries which had existing loans from the Bank. Other countries severely hit by the crisis discovered a Bank without the speed, instruments, culture, or finances to help them.

The World Bank has a crucial role to play in ensuring a genuinely global response to the emergency needs of countries. This section examines what is needed to ensure it can fulfil this role.

Emergency assistance just for existing clients?

In the aftermath of 2008 the World Bank dramatically increased its lending. The main lending arm of the World Bank (the IBRD) increased its commitments from $54 billion (in the four year period prior to the crisis) to $124 billion in the four years since the crisis. The lending peak was in 2010 after which time the Bank has decreased its lending.[17]

A closer investigation of Bank lending after the crisis demonstrates that the increase in Bank lending was mostly to countries which had already negotiated loans from the Bank's main lending arm (IBRD) and its concessional lending arm (IDA). In the latter it created a Financial Crisis Response Fast-Track Facility so as "to expedite approval processes" for money from the IDA.

Missing from the World Bank's response were loans to countries most severely affected by the 2008 crisis who were not already borrowers from the Bank. Mostly the Bank lent more, or more rapidly, within existing programs and to countries with whom the Bank already had a well-established dialogue, and country knowledge. To quote an evaluation of the Bank's efforts: "Much of the new lending in response to the crisis reflected pre-crisis lending patterns; partly as a result, the allocation of the financial response had a low correlation with the severity of the crisis impact."[18]

The Bank defends its record arguing that "the allocation of Bank support responded to client demand, based on need, and consistent with longer-term poverty reduction and growth goals", also arguing that "in the throes of a crisis" there is not necessarily knowledge "of which countries would be most severely impacted". The latter point is contentious. It was clear early on that gaps were emerging in the global response to the crisis, and that the Bank's existing client base did not cover countries severely affected.[19] The larger point,

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[16] See "Management Response" in *The World Bank Group's Response to the Global Economic Crisis: Phase II*, a report by the World Bank's Independent Evaluation Group (IEG), 2012, p. xxvii.
[17] IBRD, Financial Statements (Annual, Audited) 2012. Note the figures are for Financial Years.
[18] *The World Bank Group's Response to the Global Economic Crisis,* p. xiv.
[19] See Ngaire Woods, "The International Response to the Global Crisis and the Reform of the International Financial and Aid Architecture", Report prepared for the European Parliament (2009) which highlights this effect just one year into the crisis.

however, concerns whether or not the Bank should be a crisis-management organization for its members.

In their response, the Bank's management note that the Bank's objective is to promote and sustain medium term development.[20] In this, the institution's leadership did not assert or attempt to defend that the World Bank is or should be a first-responder in a financial crisis. The IEG's report highlights that even where the Bank was involved in "crisis operations" (e.g. financial sector and fiscal management operations) there was "limited short-term crisis-response policy content" with loans tending instead to comprise elements that "lent themselves to swift preparation".[21]

The Bank clearly found it difficult to prepare new loans in the crisis. This is not surprising when you take into account that even during the crisis, when the loan cycle had been sped up, it still took an average of 13.5 months for the Bank to take a loan from concept to Board approval.[22]

The financial crisis highlighted that countries in stable and healthy economic shape – such as Botswana – can quickly find themselves knocked off balance by a crisis initiated elsewhere. When such a crisis occurs, the question is not simply which global institutions are the first responders, but which global institution is the coordinating agency, that ensures the responses of different institutions do not leave egregious gaps. If each international development agency lends to its pre-existing clients or in accordance with its pre-existing mandate in a crisis – which international body ensures that countries 'falling between the cracks' are assisted?

The Bank and other development agencies stepped quickly up to the plate to lend after the crisis. Along with the African Development Bank, the World Bank's quantity of lending increased the most. However, the Bank did not succeed as well as other development banks, in lending in a way which was "systematically countercyclical in terms of countries targeted or incremental volumes of support."[23]

Although World Bank's loans stayed cheaper, the Bank was less agile in creating and using new instruments, such as the Asian Development Bank's "Counter-Cyclical Support Facility", or the African Development Bank's "Emergency Liquidity Facility" and its willingness to expedite other kinds of very large loans to Botswana, Egypt, Mauritius, Morocco, South Africa, and Tunisia. In respect of "graduating countries", the World Bank failed to find a way to keep helping them, whereas the EBRD moved quickly not just to postpone scheduled graduations such as those of Hungary and Latvia but to provide for post-graduation policies. The Bank could have carved out from within its Articles of Agreement, policies to permit lending to graduated countries.

The Bank's management and members have subsequently sought ways to improve the institution's responsiveness. One small example is the commitment expressed by IDA

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[20] See "Management Response" in IEG, *The World Bank Group's Response to the Global Economic Crisis*.
[21] IEG, *The World Bank Group's Response to the Global Economic Crisis,* p.xi.
[22] IEG, *The World Bank Group's Response to the Global Economic Crisis,* p.23.
[23] IEG, *The World Bank Group's Response to the Global Economic Crisis,*, p.12

donors to creating a dedicated Crisis Response Window (CRW) within the IDA framework.[24] However for the world's small states, least developed countries and heavily-indebted middle-income countries, a step-change in institutional responsiveness will be needed to adequately address the needs of these countries.

Global agencies' lending during the crisis 2008-10

(Current lending by international agencies in US$ billions)

	2005-6	2008	2009	2010	Average change (2005-7 versus 2008-10)
World Bank	23.3	35.2	55	46.8	96
IFC	5.9	10.4	8.6	11.1	71
EIB	60.6	82.7	110	95.2	58
EBRD	6.4	7.5	11.0	12.0	58
ADB	7.9	10.6	14.1	12.4	58
IDB	7.5	11.2	15.5	13.4	79
AfDB	1.5	2.2	5.0	2.0	100
TOTAL	**113**	**159.8**	**219.1**	**192.9**	**69**
IMF	5.1	49.5	123.3	166	2131

Source: Data from IEG report p.15

Two key issues arise from the World Bank's experience of lending after the 2008 crisis: Should the World Bank play a leading role in offering crisis-assistance to countries who might otherwise be "orphans" in the global response to a financial crisis?
If the Bank is to play a leading global role, what does it need to be more effective: greater speed and responsiveness; new instruments; a stronger push from its members to use its mandate; less risk aversion in respect of its resources?[25]

Does the Bank have enough resources?

The crisis revealed tensions within the Bank (and among its members) between those pushing for the Bank to "stretch itself" and leverage its resources in dealing with the crisis while others urged caution and to protect the Bank's resources.[26] The outcome was a deliberate temporary strategy to stretch the Bank's capacity immediately after the crisis, with a commitment to retrench shortly thereafter and to seek greater capital and equity.[27]

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[24] See *IDA16: Delivering Development Results -- Report from the Executive Directors of the International Development Association to the Board of Governors, Additions to IDA Resources: Sixteenth Replenishment,* available at http://siteresources.worldbank.org/IDA/Resources/IDA16_Report-English-Final.pdf

[25] The World Bank's lending pattern is said to have showed relatively greater risk aversion compared to other MDBs. See *The World Bank Group's Response to the Global Economic Crisis,* p.xiv.

[26] The IBRD has provisioning charges which come into play if the credit quality of its loan portfolio decreases. In 2011 the credit quality of the Bank improved, leading to a $45 million release of provision. In 2012 it declined, leading to a $189 million provisioning charge. See *IBRD Financial Statement 2012* available at http://siteresources.worldbank.org/EXTABOUTUS/Resources/29707-1280852909811/IBRD_Jun_12.pdf, (accessed 24 July 2013).

[27] Management describe this as "an informed and deliberate decision to use existing headroom to respond to the crisis". See *The World Bank Group's Response to the Global Economic Crisis*, p.xxx.

In the aftermath of the financial crisis, the World Bank has enjoyed an increase in its resources:

- The IBRD (the World Bank's main lending arm) had its general capital increased by 30% or $86.2 billion.[28]
- The IDA (the International Development Association, the World Bank's concessional lending arm) had a replenishment resulting in an 18% increase, to a "record $49.3 billion".

The IDA increase was a relief to the Bank in view of major donors' cuts in government spending. New donors included Argentina, the Bahamas, Chile, Iran, Kazakhstan, Peru, and the Philippines and the Bank heralded IDA 16 as showing "support from an extraordinary global coalition of donors and borrowers".[29] However, the major donors to IDA remained the same with the same five donors contributing more than 50% (USA, UK, Japan, Germany, France and Canada).[30] The IDA contributions from the four countries who had become significant contributors to the IMF were relatively insignificant, totaling just over 1% of total contributions to IDA: Brazil (0.3%), Russia (0.51%), India (0%) and China (0.48%).[31]

Compared to other institutions, the World Bank's increased funding was relatively modest. It was less than any regional development bank: the African Development Bank and the Asian Development Bank each enjoyed a 200% increase in capital ($70 billion, and $110 billion respectively); the Inter-American Development Bank enjoyed an increase of 70% ($70 billion), the EBRD of 50% ($14 billion).[32]

On one view the Bank does not have adequate capacity to deal with a new crisis. "At this time of renewed concern for the global economy, a key finding of this Phase II evaluation is that IBRD now has limited headroom to accommodate further crisis response—were it to become necessary. In response to a global call for strong countercyclical support, the Bank Group sharply increased financing, and its lending response was the largest among comparators. This was accomplished almost entirely by increased use of traditional instruments. The decline in headroom was partly a result of the high volume of IBRD financing, and also the decline in income following the reduction in loan spreads just before the crisis, the commitment of transfers to the International Development Association (IDA),

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28 The Board of Governors approved the General and Selective Capital Increase (GCI/SCI) resolutions in FY 2011 which provides $15,278 million of subscriptions as of June 30, 2012, and an additional paid-in capital of $917 million as of that date. The IBRD has also increased its own liquidity (the IBRD issues debt securities in a variety of currencies to both institutional and retail investors), in 2012 raising £38billion (in 23 different currencies) which was nearly £10 billion more than in 2011. See *IBRD Financial Statement 2012*.

29 President Robert Zoellick, World Bank Press Release available at http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22790700~pagePK:64257043~piPK:437376~theSitePK:4607,00.html (accessed 24 July 2013).

30 The IDA also receives an allocation of the Bank's net income each year, and in 2012, this was $608 million. See *IBRD Financial Statement 2012* and *IDA Financial Statement 2012* available at http://siteresources.worldbank.org/EXTABOUTUS/Resources/29707-1280852909811/IDA_Jun_12.pdf

31 See *IDA 15 Replenishment Final Report* and *IDA 16 Replenishment Final Report*.

32 Although its callable capital increased by only 30%, the World Bank enjoyed a larger increase in paid-in capital than others. See *The World Bank Group's Response to the Global Economic Crisis*, p.16.

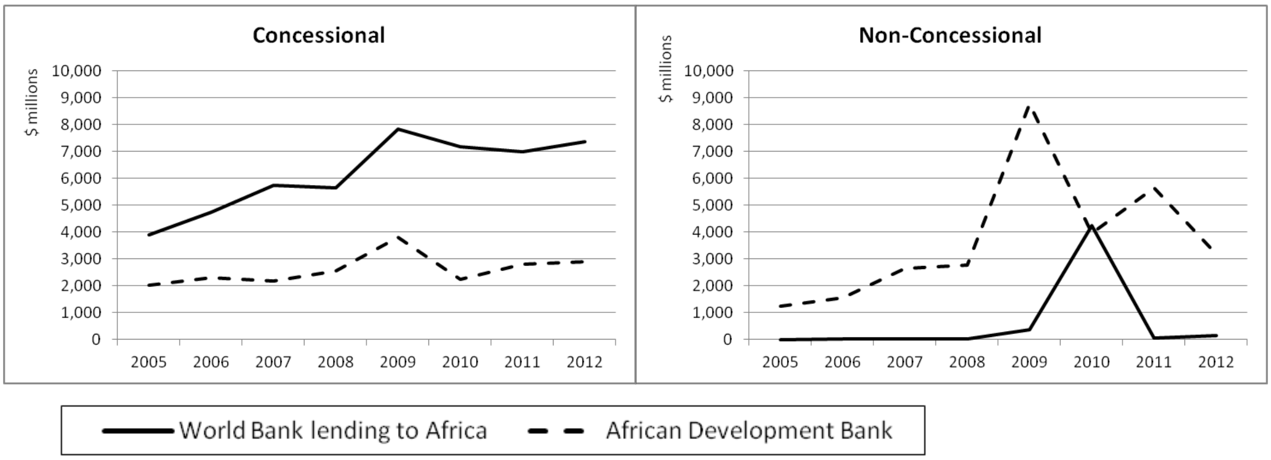
and the calibration of the 2010 IBRD capital increase package to pre-crisis lending levels—strong management of equity income notwithstanding."[33]

The adequacy of the Bank's resources depends upon the degree to which the Bank is expected to lead in responding to a global crisis. There are two strong reasons for believing the Bank has a crucial role to play. First, a global institution is needed to resolve the 'allocation problem' which orphans some countries in a crisis. Second, a global institution has more capacity to diversify risk than regional institutions. This takes us to the question of the Bank's trajectory.

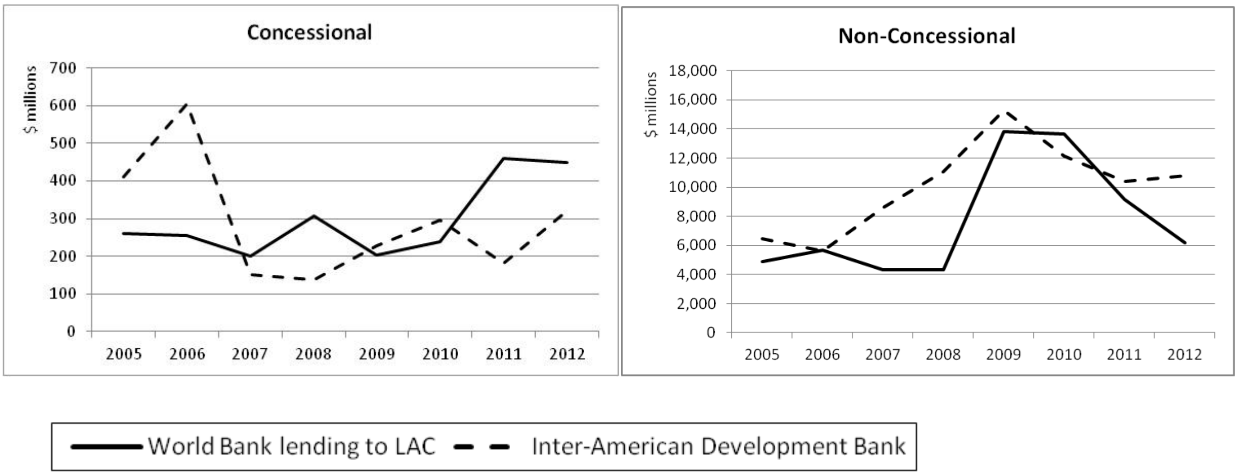
The rise of regional development banks

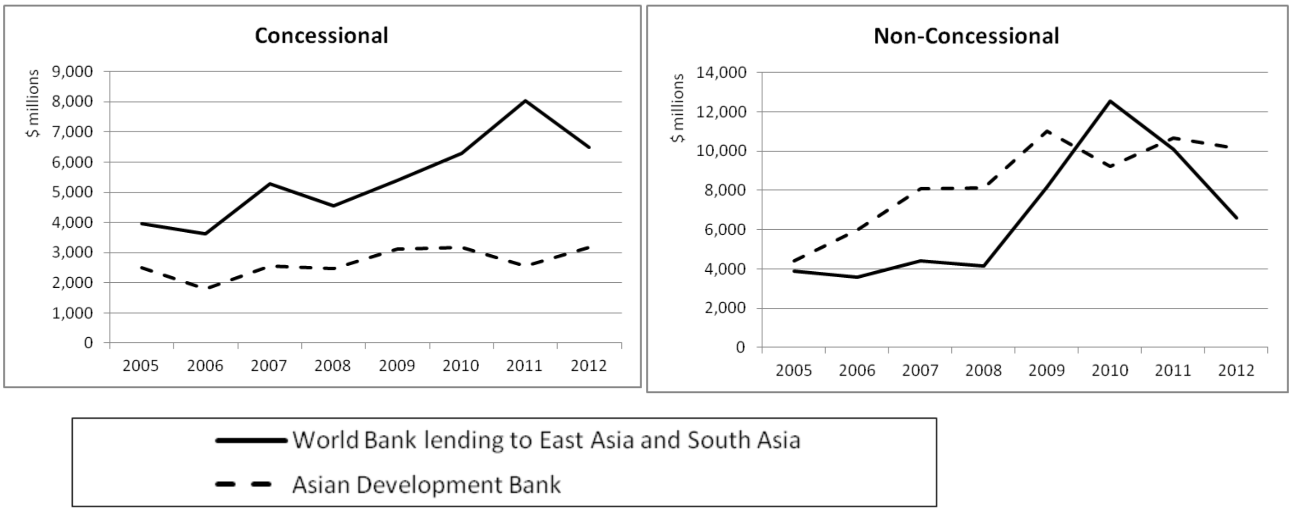
The financial crisis and its aftermath has shone a spotlight on the rise of regional development banks. Each of the African, Inter-American, and Asian Development Banks has overtaken the World Bank in their own region as the larger non-concessional lender. Meanwhile the Bank (i.e. the IDA) has remained the largest concessional lender.

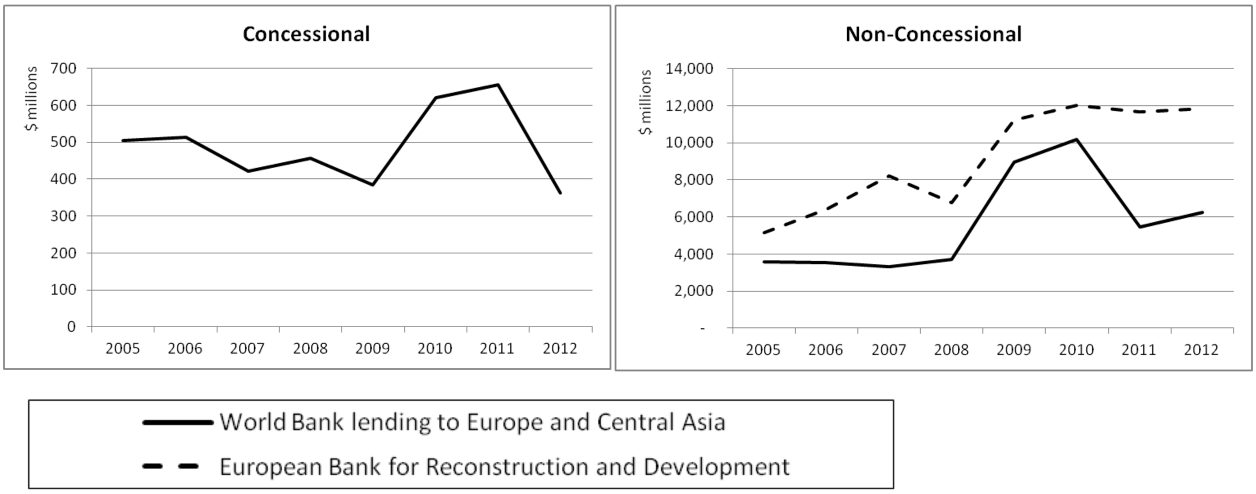
The following charts show concessional and non-concessional funding commitments from the regional development banks compared to funding from the World Bank in the same region, for the years 2005 to 2012. The charts all reveal a spike in lending around 2009 to counteract the effects of the crisis.



[33] See *The World Bank Group's Response to the Global Economic Crisis*, p.xi.







Sources: MDB Annual Reports; where necessary, currencies converted to USD using end-of-year exchange rates[34]

[34] I am grateful to Geoff Gertz for researching and providing these graphs.

The trajectory implied by these charts is an interesting one. The World Bank's concessional lending is mostly funded by its IDA creditors – largely the traditional 'donor' countries, most of whom are cutting back on government expenditure. By contrast, it is the Bank's non-concessional lending which provides the institution with an important source of income. As the latter declines, and/or is replaced by lending from regional development banks, the World Bank's income will shrink while that of the regional development banks will increase.

Modest progress on governance reform in the World Bank

Like the IMF, since before the 2008 crisis the World Bank has been considering ways to enhance the voice and votes of developing and transitional economies. In 2010, the Development Committee of the World Bank laid out a reform agenda, on some of which there has been modest progress.[35]

An increase in the voice and voting power of developing and transition economies in the IBRD has been approved. Alongside the IBRD's capital increase of 2011 it was agreed that the Bank's Articles of Agreement would be amended to increase the voting power of the developing and transitional countries to 47.19% (an increase of 4.59% since 2008).[36] It was also agreed to permit an additional Director to sit on the Executive Board of the World Bank to bring to three the number representing member countries in Sub-Saharan Africa, without affecting existing Board seats representing other Regions.

In the IDA replenishment process, twelve representatives selected by borrower governments now participate in all replenishment meetings. The IDA meetings now also feature keynote speeches by borrowers, and consultations with opinion-leaders and comments are invited on the draft IDA report and are posted to the external website of the IDA.[37]

In 2010 the Development Committee also called for new IBRD shareholding principles, and regular reviews of shareholding, so as to reflect not just economic weight (as per the IMF) but also to recognize contributions to IDA and a more "equitable" apportionment of voting power between developed and DTC members.

Less progress has been made on the selection of the leadership of the World Bank. Although in theory the full membership is engaged in the selection, in practice, this has always been treated as a US prerogative. This skews the accountability of the leadership of the Bank to those who are known to appoint and to decide whether or not to reappoint a President – i.e. the United States government. For this reason, developing and transitional economies have long demanded a more inclusive, exhaustive "merit-based and transparent selection process". It is difficult to discern even minor steps towards this goal, such as the advertisement of a full terms of reference for the post, formal consultations across the

[35] See "World Bank Group voice reform: Enhancing voice and participation of developing and transition countries in 2010 and beyond" , background document for the 25 April 2010, Development Committee Meeting at http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22553921/DC2010-006(E)Voice.pdf, (accessed 24 July 2013).

[36] This change in voting power was achieved by increasing basic votes and allocating IBRD shares to 16 DTCs whose voting power would be reduced by the increase in basic votes.

[37] See IDA17 Reports, available at http://www.worldbank.org/ida/ida-17-replenishment.html

membership, and a serious consideration of a range of candidates which transparently adjudicates competency against a clearly defined set of criteria.

Conclusions in respect of the World Bank

The World Bank is needed in crisis management in part because it can pool globally the risks of exogenous shocks affecting any region. Equally, as a global institution with a universal membership, the Bank should play a role in balancing the allocation of emergency assistance in ways which ensure that there are no 'orphans' in the system. To play these roles, the Bank needs resources; speed and flexibility in delivery; and global reach. Yet progress on all three has been slow.

In the aftermath of the crisis, the World Bank benefited from a more modest transfusion of resources than the IMF. The Bank initially increased its lending rapidly, mostly to existing borrowers – and subsequently, at the behest of its members, reduced its borrowing. The result is a Bank which has fewer resources, and a diminishing income from lending.

The ability of the Bank to disburse rapidly to new borrowers was not uniformly seen as a priority for the Bank during the crisis, with some preferring to rest on the case for longer-term development support rather than crisis-assistance.

Modest reforms efforts have been undertaken, some of which better align the Bank with the governance principles analyzed here. Representation in the World Bank will improve slightly with the third Director from Africa on the Board, the new allocation of basic votes and other measures to enhance the vote of developing countries. The legitimacy of the organization was demonstrated by the willingness of its members to contribute to IDA, but this demonstration was limited by the failure to persuade emerging economies to contribute more. The effectiveness of the World Bank risks being weakened as it relies more on voluntary contributions to IDA and to Trust Funds and less on its own income from non-concessional lending and its own capital. Flexibility remains a challenge for the Bank which still takes over a year to take a loan proposal and transform it into an actual loan. Transparency and accountability are marred, as they are in the IMF, by the failure of the World Bank's most powerful members to create a leadership selection process which is transparent and accountable to the full membership.

The World Bank and Good Governance Principles

Governance Principle	Progress-to-date	Important further actions
Legitimacy	Larger number of countries contributing to IDA.	Engage emerging countries much more so that they become significant contributors to IDA.
Representation	Reallocation of voting power. Third seat for African countries on the Board.	Stay the course on further voice and vote reform. Develop the principles determining votes, as promised by Development Committee.
Responsiveness	Rapid lending to existing borrowers after the crisis.	More rapid lending to new borrowers; Much faster delivery from proposal to loan disbursement.
Flexibility	Successful front-loading of existing loans.	Need resources; Capacity to respond to new borrowers.
Transparency and accountability	Greater transparency of Board	Leadership selection reform.
Effectiveness	IDA 16th Replenishment, and IBRD 30% capital increase.	Need assured future income sources and contributions to IDA 17th replenishment.

III: The creation of the Financial Stability Board[38]

In the aftermath of the 2008 financial crisis, it became clear that one "pillar" of global economic governance needed building – an institution to oversee the development and dissemination of global regulatory standards in finance. When leaders from the G-20 nations took the step of establishing the FSB to replace the FSF in April 2009 the US Treasury Secretary Tim Geithner proclaimed the establishment "a fourth pillar" in global economic affairs alongside the International Monetary Fund, Word Bank and World Trade Organisation.[39] There are, however, some concerns about the legitimacy, accountability, and capacity of this organization.

[38] I am grateful to Jack Seddon for his excellent research and inputs into this section.
[39] US Treasury. 2009. 'Press Briefing by Treasury Secretary Tim Geithner on the G-20 Meeting.' September 24 2009, available at http://www.whitehouse.gov/the-press-office/press-briefing-treasury-secretary-geithner-g20-meetings

A standard-setting organization

The FSB was given a "Charter" which provided it with a description of the FSB's objectives, functions, decision-making structures and a statement of members' obligations as regards the implementation of international standards and financial stability more broadly. The membership of the FSB reached for the first time beyond the G-7 and various international regulatory bodies to include in addition the remaining members of the G-20, Spain and the European Commission.[40]

Problematic issues in the formation of the FSB included:

I. The role of non-members that were expected to comply with the FSB's rules remained marginal;
II. The FSB was not established as a legal entity with a separate legal personality;
III. A lack of clarity about the FSB's relationship with its institutional members was uncertain;
IV. The FSB's authority to set international standards was ambiguous.[41]

Starting in 2010 diplomatic efforts commenced to redress these issues. An important step was taken at the G20 Cannes Summit in November 2011, where the G-20 nations agreed to further strengthen the FSB's institutional capacity and to clarify its position and role in the global financial architecture.[42] A High-Level Working Group (WG) was created within the FSB to look at the institution's Capacity, Resources and Governance and reported to the G-20 Los Cabos Summit on 18-19 June 2012.[43] The FSB has already implemented most of the WG's recommendations through the adoption of a new Charter at the Los Cabos Summit and the institution of a new set of Articles of Association (further discussed below).

The representativeness of the FSB

The FSB is often criticized for its restrictive membership. But it is a more inclusive successor to the far more restrictive Financial Stability Forum (FSF). The FSF had been created by the G7 Finance Ministers and Central Bank Governors in 1999 as a forum to bring together a dozen major financial centres. The FSB, created a decade later by the G20, brought in a much larger number of emerging economies.

Those excluded from the FSB at least had access to its reports, provided to the G-20.[44] Subsequently, in response to growing questions over the FSB's legitimacy and acknowledging the initial approach to non-members to be insufficient, at the Toronto Summit G-20 in June 2010, leaders called on the FSB "to expand upon and formalize its outreach activities beyond the membership of the G-20 to reflect the global nature of our financial system."[45]

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[40] See *FSB Charter 2009*, http://www.financialstabilityboard.org/publications/r_090925d.pdf
[41] See FSB, *Report to the G20 Los Cabos Summit on Strengthening FSB Capacity, Resources and Governance*, 2012, p.1. http://www.financialstabilityboard.org/publications/r_120619c.pdf
[42] See FSB, *Report to the G20 Los Cabos Summit* p.2.
[43] See FSB Watch "Regional Consultative Groups", http://fsbwatch.org/index.php/regional-participation
[44] See *FSB Charter 2012*, Article 4, http://www.financialstabilityboard.org/publications/r_120809.pdf
[45] See FSB Watch "Regional Consultative Groups"

In 2011, six Regional Consultative Groups (RCGs) of the FSB were established for the following regions: Americas, Asia, Commonwealth of Independent States, Europe, Middle East and North Africa, and Sub-Saharan Africa. The Groups bring together financial authorities from FSB member and non-member countries to exchange views on vulnerabilities affecting financial systems and on initiatives to promote financial stability. Specifically, the Groups are designed to provide a structured mechanism for:
interaction of FSB members with non-members regarding the various FSB initiatives underway and planned;
promoting implementation within the region of international financial policy initiatives.

The Regional Consultative Groups are seen also as a forum for regional group members to share amongst themselves, and with the FSB, their views on vulnerabilities affecting the financial system, on FSB initiatives and on other measures that could be taken to promote financial stability.[46]

The RCGs mostly seem to meet biannually. Each group has met three and four times, with the exception of the Commonwealth of Independent States RCG, which has met only twice. The Charter places an express obligation on the FSB to consult with the RCGs in the development of its medium- and long-term strategic plans, principles, standards and guidance and to discuss its work with countries not included in the RCGs.[47] A summary of the topics discussed at RCG meetings is published in the aftermath of each meeting. However, whether this detail is sufficient to determine the impact of the RCGs is debatable, a matter to be further discussed below.

The strengthening of the FSB

Ruled out in official discussions of the FSB has been the idea of creating a treaty-based intergovernmental organisation. Instead, a "gradual approach" to institutionalization has been adopted.[48] The first step was to incorporate the FSB as an association under Swiss law on 28 January 2013 with a new set of Articles of Association.[49] That said, the Articles explicitly state that all policy making will be governed by the Charter and will not give rise to any legal rights or obligations.[50] The Articles also make clear that members' own legal and policy frameworks cannot be modified by virtue of the acceptance of membership in or by decisions of the Association. In essence, therefore, the FSB's authority over its members remains political rather than legal. For financial and human resources, the institution remains dependent on the Bank for International Settlements (BIS).[51]

FSB policy-making is, in theory, done by the Plenary and Steering Committee of the organization.[52] In practice, however, much of the work is done in delegated committees,

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[46] See *FSB Charter 2012*, Article 20.
[47] See *FSB Charter 2012*, Article 3.1.
[48] See FSB *Report to the G20 Los Cabos Summit*, p.3.
[49] See *FSB Articles 2013* http://www.financialstabilityboard.org/publications/r_130128aoa.pdf
[50] Ibid.
[51] See FSB, *Report to the G20 Los Cabos Summit,* 2012, p.3.
[52] See *FSB Charter 2012* Article 19 (2)

standing committees and work groups. The institution operates on the basis of consensus, which is defined as meaning an absence of sustained opposition to a proposal.[53]

There are three ways in which the Los Cabos Charter seeks to formalize the role of the FSB in filling gaps in the governance of global financial regulation:
The FSB is formally given a role in coordinating the policy development work of international standard setting bodies (a role it has been de facto playing since the financial crisis);[54]
The FSB is given a role in promoting compliance through monitoring of implementation, peer review, and disclosure (the FSB had assumed these functions informally before the revised Charter was agreed upon);[55]
The FSB is formally given a narrow rule-making capacity where gaps exist in the international system, it collaborates with other standard setting bodies, in areas that do not fall within the functional domain of another international standard setting body, or on issues that have cross sectoral implications.[56]

This carefully crafted language leaves much uncertainty about the extent to which the FSB will develop a rule-making capacity, although it seems probable that it will continue to develop policies in areas where sector-specific regulatory bodies are not already active.

At the core of international financial regulation lies an imbalance between market and regulation. Over the past two decades, legally enforceable rules have permitted financial services firms to operate globally with far less restraint (with market opening measures enforced by the WTO and bilateral investment treaties). Market barriers have been flung down. Yet no correlate robust extension has been made to the rules and regulation which govern the firms who now so easily cross borders. The crisis exposed them as escaping into a world where their responsibilities to contain their own risk-taking were too voluntary and too weak. Against this backdrop, the creation of the FSB is a modest step towards at least better coordinating standard-setting on the light side of this balance.

Further reform of the FSB?

There is a strong case for further reform of the FSB. This is a particularly acute challenge for many developing countries, which would benefit significantly from more robust reform of the FSBs governance arrangements. The 2009 crisis, catalysed by regulatory failure in a number of advanced economies, exposed many small states and least developed countries to sudden and unexpected curtailment in access to external sources of finance; and unnecessarily curtailed the ability of a number of these countries to develop their financial sectors and expand services exports from their financial sectors. A more participative, responsive and transparent governance structure will help ensure that the perspectives, policy challenges and the limited range of options available to these countries are better understood by the advanced and emerging economies at the centre of the FSB's governance structure; and FSB policy decisions are better able to address these challenges and constraints for these countries. Already the FSB's 'standards' are held up as

[53] See IMF, *IMF Membership in the Financial Stability Board*, 2013, p.5. http://www.imf.org/external/np/pp/eng/2013/022213.pdf
[54] See *FSB Charter 2012* Article 2(2)
[55] See *FSB Charter 2012* Article 2(1)(i)
[56] See *FSB Charter 2012* Article 2(3)

international, yet the FSB does not represent or have formal mechanisms, in a timely way, to inform and consult all countries. There is little incentive for, capacity, or information on which many developing countries might elaborate their interests or positions.

The transparency commitment in the FSB's Charter is an important step forward, as is the commitment to be accountable to regional consultative groups. At the very least this should permit a wider group of stakeholders to gain information about what is going on. Typically confidentiality has been justified as a way to prevent financial services firms 'capturing' the regulatory process. Paradoxically, those very rules have advantaged the large financial services sector firms who employ former "insiders" so as to stay fully (albeit informally) informed.

The regional consultative mechanisms are a significant step forward, although the press releases issued in the aftermath of RCG meetings reveal very little. This makes it difficult to apprehend their impact in concrete terms. Practically, the capacity of smaller countries to use regional consultative groups is weak in many cases. To be effective, members of the RCGs have to be familiar with the FSB decision-making processes, they have to comprehend the scope and the implications of their standard-setting work, and they have to somehow define the parameters of their interests as regards those standards in often highly complex and technocratic areas of policy-making. This is no simple administrative function. The difficulties in performing these tasks will most likely significantly reduce the constraints under which the FSB rule-makers operate, potentially undermining this already limited channel of accountability. The point at which the RCGs are allowed to comment on standards is also crucial in this context. Under current arrangements, the RCGs often interject after the FSB has agreed work plans, projects and policies. The input of the RCGs would be more effective if it was provided earlier.

At present the FSB is an organization created by the G20 which reports to the G20, and mostly comprises G20 members. Improvements could be made in a number of ways – some modest and some ambitious. The most ambitious goal would be to transform the FSB into a treaty-based organisation with universal membership so as to make it substantively accountable to all the countries that are affected by its rules. A more modest ambition would be to ensure that the RCGs have greater capacity and more concrete resources to ensure they may properly perform their role. They also need assurances that consultations be timely and substantive in nature, including perhaps a system of redress where their views have clearly not been taken into account. The RCG meetings and agendas should also be publicised in advance so societal stakeholders and other institutions can provide assistance to their members.

The FSB and Good Governance Principles

Governance Principle	Progress-to-date	Important further actions
Legitimacy	New Charter agreed by G20.	Greater 'buy-in' from non-G20 countries.
Representation	Regional consultative bodies.	More formal participation by countries to ensure

		they are informed.
Responsiveness	FSB study of EMDEs' perceptions of effects of Basel III etc.	Need much greater information and analysis of effects of regulation on developing countries; need specific regulatory groups to open their standard-setting processes to a wider group of nations.
Flexibility	Has acknowledged risks of pushing one-size-fits-all approach.	Regions and sub-regions must be assisted in maintaining prudential standards.
Transparency and accountability	Charter commitment to transparency.	Further transparency and accountability to a wider group of countries.
Effectiveness	Rather weak move to give FSB formal roles in ensuring coordinating and promotion of compliance.	Extend FSB authority to ensure regulatory groupings properly consult and include affected countries. Increase capacity to enforce in respect of core members who are directly involved agreeing standards.

IV: Conclusions – A new action plan for global economic governance

Five years after the global financial crisis, global economic governance seems not to be responding to the exigencies highlighted by the crisis. The aftershocks of the financial crisis exposed the need for global agencies which could rapidly allocate resources to prevent countries collapsing. Yet they are not emerging. Equally highlighted was the need for globally inclusive institutions yet that project has also stalled.

The international community, and particularly the poorest, smallest and most vulnerable developing countries, need well-resourced, globally-reaching, rapidly-acting international institutions. Yet the IMF still awaits the doubling of its capital, currently stalled for want of US approval, and the IMF's existing resources are heavily tied-up in Europe. The World Bank's increase in resources was more modest, and it has yet to build capacity to lend rapidly and globally, beyond existing borrowers and loan arrangements. Put simply, there is a significant gap in the global resources and instruments necessary to manage a crisis.

Similarly, there is an urgent need for renewed international institutions to engage new emerging economies at the core of global economic management. Yet the post-2008 push for reform has run aground. The IMF still awaits implementation of the voice and vote reforms which would clutch to its chest a new wider group of major stakeholders. Instead, the institution is still in limbo held afloat by the NAB. The World Bank has not seen emerging economies rushing to increase their contributions to IDA, nor to double the Bank's resources, nor even to borrow from the Bank. The newest global institution, the Financial Stability Board, is still woefully short of the legal mandate and inclusive processes which would draw each region of the world into its standard-setting process. Instead, different regions and nations are quietly holding on to their own ways of managing finance and creating a more fragmented and decentralized regulatory regime.

A New Action Plan for Global Economic Governance

In order to promote an inclusive, prosperous and stable world economy, the key international institutions at the heart of global economic governance must adhere to the principles of legitimacy, representation, flexibility, responsiveness, transparency and accountability, and effectiveness. With the impetus for reform apparently waning, now is the time to reignite demands for change lest the post-crisis window-of-opportunity for reform closes.

There are a number of practical steps the members of the IMF, World Bank and FSB could take to enhance these institutions' ability to effectively manage the global economy. These include:

1. Create a plan "B" (if US approval is not forthcoming) for implementing an increase in the IMF's core resources;
2. Ensure IMF resources are available, on appropriately flexible terms, for non-European members: five years after the crisis 89% of IMF resources are still being lent to European members;
3. Adopt a fully open and meritocratic leadership selection process for both the IMF and World Bank so as to deliver a senior management which is held to account by the full membership;
4. Urge the World Bank to create a crisis roadmap including rapid and flexible instruments to ensure that it can act as a "global allocation" mechanism in a crisis, counter-balancing rather than reinforcing existing regimes of donor darlings and orphans;
5. Strengthen the FSB's capacity to be responsive to its "non-core" members, for example by ensuring RCGs are properly resourced
6. Transform the FSB into a treaty-based organisation with universal membership so as to make it substantively accountable to all the countries that are affected by its rules.

Appendices

Appendix 1

The NAB in 1998: 25 participants

Participant	Amount (SDR millions)
Australia	810
Austria	412
Belgium*	967
Canada*	1,396
Denmark	371
Deutsche Bundesbank*	3,557
Finland	340
France*	2,577
Hong Kong Monetary Authority	340
Italy*	1,772
Japan*	3,557
Korea	340
Kuwait	345
Luxembourg	340
Malaysia	340
Netherlands*	1,316
Norway	383
Saudi Arabia*	1,780
Singapore	340
Spain	672
Sveriges Riksbank*	859
Swiss National Bank*	1,557
Thailand	340
United Kingdom*	2,577
United States of America*	6,712
Total	34,000[1]

Appendix 2

The NAB in 2011: 15 new creditors[1]

	Amount (SDR million)
Current Participants	
Australia	4,370.41
Austria	3,579.24
Banco Central de Chile	1,360.00
Banco de Portugal	1,542.13
Bank of Israel	500.00
Belgium	7,861.85
Brazil	8,740.82
Canada	7,624.43
China	31,217.22
Cyprus	340.00
Danmarks Nationalbank	3,207.78
Deutsche Bundesbank	25,370.81
Finland	2,231.76
France	18,657.38
Greece*	1,654.51
Hong Kong Monetary Authority	340
India	8,740.82
Ireland*	1,885.52
Italy	13,578.03
Japan	65,953.20
Korea	6,583.44
Kuwait	341.29
Luxembourg	970.59
Malaysia	340.00
Mexico	4,994.76
Netherlands	9,043.72
New Zealand	624.34
Norway	3,870.94
Bangko Sentral ng Pilipinas	340.00
National Bank of Poland (joined 15 November 2011)	2,530.00
Russian Federation	8,740.82
Saudi Arabia	11,126.03
Singapore	1,276.52
South Africa	340.00
Spain	6,702.18
Sveriges Riksbank	4,439.74
Swiss National Bank	10,905.42
Thailand	340.00
United Kingdom	18,657.38
United States	69,074.27
Total[2]	369,997.36

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