Explaining the G7 and G10's influence on World Bank decisions: The role of formal and informal rules of governance

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The role of formal and informal rules of governance

Abstract: This paper contributes to the literature examining the role played by donors' interests within International Financial Institutions by showing how the G7 and G10 countries manage to influence World Bank (WB) decisions to satisfy their interests. It demonstrates that the G7 and G10 meets the two conditions required to influence WB decisions: they form a unified group (1) possessing sufficient power (2). The main thrust of the argument is that the G7 and G10 provide opportunity for big countries to come together and unify their preferences regarding WB decisions. Referring to a new dataset I find conjunctions between the G7's declarations and the WB's decisions, primarily reflecting the G7's unity and influence over the WB. Then, relying on interviews with WB officials and an examination of WB formal and informal rules of governance, I show how G7 instructions provided outside the WB through declarations are relayed within to impact decisions.

Key words: World Bank, governance, informality, G10, power, influence

JEL: O16, O19, F35, F59

1. Introduction

This paper aims to explain how G7 and G10 countries influence the decision-making process of decision making within the World Bank (WB). A well established literature shows that the WB and the International Monetary Fund (IMF)[1] decisions reflect the interests of the main donors of these institutions (see for instance: Kilby, 2009; 2010; Foch, 2012). Stiglitz (2002, p. 52) argues that: "*The decisions of every institution naturally mirror the opinions and interests of the decision-makers.*" As a result, policies of international economic institutions are often in line with the financial and trade interests of industrialized and developed countries.

While this literature suggests that donors influence IFI's decisions in order to favour their interests, it does not show *how* donors manage to influence decisions. As stressed by Kilby (2010), the pathways through which donors exert influence in IFIs are not well studied. Dreher et al. (2009) suggest two routes in the case of the WB: formal influence through official decisions made by the executive board of directors and informal influence on decisions made by the staff in charge of projects. However, for both of these routes, the mechanisms through which donors exert influence in IFIs remain unknown. Secondly, we do not exactly know if the influence exerted is that of the US, the G7 or the G10. While there is evidence that developing countries aligning their UN votes on those of the US have better access to WB and IMF's resources[2], US voting within the UN may actually proxy for broader alliances or simply a commonality of interests (Stone, 2004). In this sense, Dreher and Sturm (2006) show that the UN voting patterns of all G7 and G10 countries are frequently correlated and aligned. Thus, the US influence highlighted by some studies may in fact reflect the combined influence of the G7 or the G10. Thirdly, the literature only shows that WB (and IMF) decisions *reflect* the potential influence of donors without providing factual evidence as to donors *effectively* exerting an influence over IFIs through instructions directed toward these institutions.

[1] Further on in this paper, the term International Financial Institutions (IFIs) is used to refer to these two institutions.
[2] See Barro and Lee (2005), Dreher and Jensen (2007) and Kilby (2009).

To address these gaps requires to analyze both the WB decisions and its system of governance. As in every banking institution, the WB's voting system provides each shareholder with a voting weight (i.e. a number of votes) proportional to its capital subscription. As a result, some member States are more powerful than others. Although the US are the main shareholder they cannot steer the WB anymore and make the decisions on their own, as they did until the mid 1960s (Swedberg, 1986, p.381). Since then, the US hegemony within the WB (and the IMF) has been replaced by a US-Europe-Japan coalition (Bergsten and Henning, 1996). This implies that nowadays WB and IMF decisions are reached through negotiations with these Western powers that necessarily have to negotiate in order to reach an agreement. Whatever the attempts of single members to influence the decision-making process, the decisions taken by the WB are necessarily the result of agreements reached through negotiations and coordination. Thus, the US influence over WB decisions (see Fleck and Kilby, 2006),[3] is necessarily the effect of US' lobbying efforts on other donors that have accepted to support the US (Kilby, 2010).

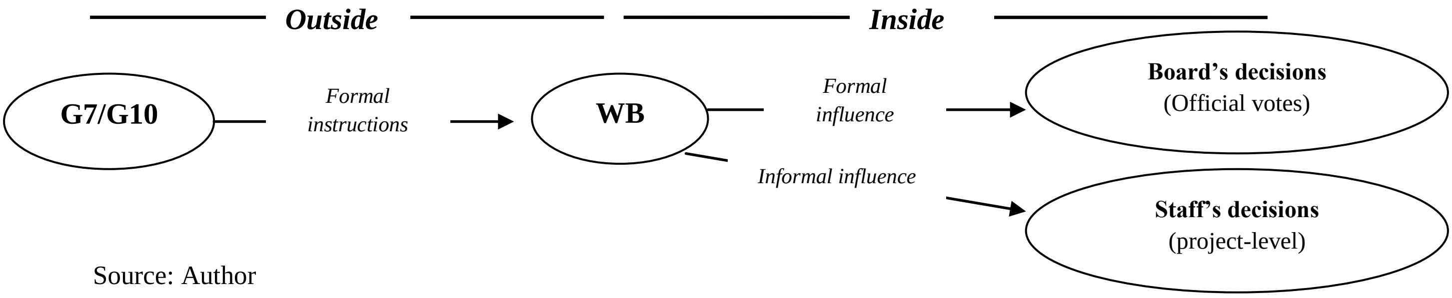
Based on this reality and the literature showing the G7 and G10 countries' influence over the WB, the main question of this article is the following: how can a group of countries with heterogeneous preferences manage to influence WB decisions? It is well established that any group of countries needs to meet two conditions in order to exert a decisive influence on international organizations: group unity and the possession of sufficient power (Woods and Lombardi, 2006; Gstöhl, 2007). Two dimensions must be addressed. The first deals with the modalities used by G7 and G10 countries to settle and share common positions despite their possible divergences and the heterogeneity of their preferences. The second dimension concerns the means used by these countries so as to gather the power required to further their common positions, and as such exert their influence.

This article claims that the G7 – but more particularly the G10 – meets the two required conditions to the exercise of an influence on WB decisions. To support its view, this paper first shows that the G7 and G10 countries share common political and economic features and use the informal political organs

[3] See Gwin (1997) and Woods (2003) for a discussion about the US domination within the IFIs.

that the G7 and G10 represent, and the means associated to them, in order to consult and build their unity within the WB. These political organs offer various advantages: they are small, they are not filled with developing countries, they are flexible and formal rules are few, which makes them "mysterious" and little known to the public (Swedberg, 1986, p. 361). Using a new dataset that has not been looked at by the literature, and analyzing the G7's declarations, I show the existence of instructions provided – from the outside – by the G7 to the WB (Figure 1), and their influence on WB decisions. Secondly, I examine how a G7 declaration becomes a WB decision. Based on interviews with WB officials as well as on an examination of formal and informal rules of the WB governance system, it appears that the G10 is the only coalition able to command sufficient power to influence WB decisions. Moreover, informal practices of governance within the WB have much to do with the G10's formal and informal influence (Figure 1).

Figure 1. Channels of the G7 and G10's influence over the WB



Source: Author

For the purpose of this paper, governance is defined as: "*the structured ways and means in which the divergent preferences of interdependent actors are translated into policy choices, so that the plurality of interests is transformed into coordinated action and the compliance of actors is achieved"* (Eising and Kohler-Koch, 1999, p.5; Gstöhl, 2007, p.3). Moreover, in line with Cox and Jacobson (1973, p. 4), Woods (2003, p.4), and Gstöhl (2007, p.8) we distinguish the term of power from that of influence.

While the former refers to the capability, that is, the aggregate of resources available to an actor, the latter constitutes the manifestation and exercise of power. We refer to Dreher et al (2009) for the distinction between formal and informal influence within the WB. Finally, our attention focuses on the

G7 as much as on the G10, but more specifically on the latter. The G10 is an extension of the G7[4] and is also an informal group, though a very organized and institutionalized one, bringing together the richest western countries. In addition, and as outlined by Swedberg (1986, pp. 381-382), the G10 maintains particularly strong historical relations with the IFIs. Created in 1961 (as opposed to 1973 for the G5 that then became the G8 – Gstöhl, 2007, p. 3), it serves as a meeting organ – like the Paris Club or the Bank for International Settlements – in which negotiations related to the decisions that are to be made at the WB and the IMF happen.[5] Compared to the G7, the G10 is more powerful. Indeed, it has a larger number of members represented at the executive board and this provides the group with a higher voting power, sufficient to impose its views.

This paper is structured as follows. Section 2 reviews the literature on the influence of donor's interests on WB and IMF decisions. Section 3 and 4 demonstrate *how* donors manage to influence decisions. Section 3 shows that the political organs of the G7 and G10 allow big countries to come together and unify their preferences regarding WB activities. Section 4 shows that the rules of governance within the WB provide the G10 with sufficient power to influence – formally and informally – WB decisions. Section 5 concludes.

2. Donors' influence on the WB and the IMF: a review of the literature

While the WB and IMF Articles of Agreement lay down a political and economic neutrality (IBRD, Article IV, section 10), there is a large literature on the influence of donors' political and economic interests on decisions relating to the allocation of funding and the number of conditions attached to these funds.

Regarding the allocation of funding, Thackler (1999), Bird and Rowlands (2001), and Barro and Lee (2005) show that the probability for a developing country to obtain an IMF loan increases significantly when its vote at the United-Nations (UN) general assembly reflects those of the US or European

[4] In this paper, the terms G7 and G8 (and even G7/G8) are used. The G7 includes Germany, Canada, the US, France, Italy, Japan and the United-Kingdom, and becomes the G8 when Russia is included. See Gstöhl (2007, pp. 1 and 4) for a discussion on the historical composition of these groups. The G10 is the sum of the G7 countries and Belgium, Netherlands, Sweden and Switzerland.

[5] Strange (1976, p. 112) shows that some decisions made by the IMF are, in fact, those of the G10.

countries. Andersen et al., (2005) and Kilby (2009) show that developing countries with votes aligned on the US' one at the UN general assembly have a stronger probability of receiving loans from the WB. Harrigan et al., (2006), demonstrate that the probability for countries to receive a loan from the WB and the IMF is substantially determined by political factors that favor Western countries such as the implementation of pro-western foreign policies or the degree of political liberalization. Killick (1995) shows that one third of the 17 countries examined have received better terms of loans from the IMF thanks to the intervention of some of its major shareholders. Fleck and Kilby (2005) obtain a positive correlation between the share of US exports to a developing country and the share of WB loans attributed to this country. Oatley and Yackee (2004) obtain correlation showing that the IMF attributes bigger loans to developing countries who align their vote at the UN on the US' one. Dreher and Jensen (2007) have focused on the influence of donors on the number of conditions attached to IMF loans. They show that the developing countries that have the most often voted similarly to the US and the G7 at the UN's general assembly received a lower number of IMF conditions. The literature therefore shows that the WB and the IMF provide their financial assistance in better terms to developing countries that are important political allies or trading partners with the US and other G7 countries. In this perspective, the financings attributed and the conditions prescribed by the WB and the IMF are seen as means to reward or sanction developing countries for the political and economic relations they have with G7 countries.

It has also been argued that conditions prescribed by the WB and the IMF constitute by themselves a means to promote the implementation of reforms that favor the WB's main donors' interests. Boockman and Dreher (2003) show the existence of a positive correlation between the number of WB programs negotiated with a developing country and the local level of economic freedom. Harrigan et al., (2006) further this analysis and state that WB and IMF lendings promote the implementation of economic liberalization in developing countries, and that this increases both the openness of their economies to the world economy, and the number of business opportunities offered to Western investors.

While there is no empirical evidence in the literature that economic reforms promoted by the WB and the IMF effectively benefit the interests of the main donors of these institutions, Foch (2012) attempts to fill this gap. He seeks to explain why the World Bank (WB) has prescribed infrastructure privatization in Sub-Saharan Africa (SSA) more than anywhere else and why it has intensified its prescriptions in recent years despite empirical evidence showing that privatization yields its poorest effects in the least developed countries. Relying on an empirical analysis based on 270 infrastructure privatization cases in SSA between 1960 and 2009, Foch shows that foreign and G10 firms benefit more from infrastructure privatization when it is supported by the WB than when it is not. He also shows that the WB provides greater support to privatization in the infrastructure sectors (water and electricity rather than transport) that benefit the most to G10 firms. This study reveals that WB decisions on aid conditionality are made according to the business opportunities they provide to G10 firms.

Globally, the literature provides considerable evidence suggesting the influence of groups of powerful donors (either the G7 or the G10) in IFIs lending decisions. This influence is formal when it concerns commitments, since commitments reflect board loan approval decisions, and informal when it relates to disbursements, as decisions to disburse committed funds are officially the responsibility of operational staff (Kilby, 2010). Following this distinction, donors' influence on the conditions attached to funds is either formal and/or informal since conditionality is both discussed by the Board at the commitment stage, and applied by the staff since disbursements depend on the compliance with conditions (see section 4).

Whether formal or informal, the question of how groups of donors manage to influence IFIs decisions is much less examined by the literature. Woods and Lombardi (2006) and Gstöhl (2007), however, establish that exerting influence on IFIs decisions requires a coalition of donors to be: i) unified enough to share common positions, and ii) sufficiently powerful to push forward its positions. The unity of the coalition is essential since it constitutes the *sine qua non* condition for its power to be converted into influence. Indeed, the possession of institutional power is only a potential source of influence that needs, in order to be effective, a political will and thus a consensus to use it (Ghstöl, 2007, p. 7). This means that within the executive board, the G10 countries must agree and come together in order to hold the majority of votes (i.e. 50%) required to formally influence decisions. Similarly, since informal influence is exerted by transmitting donor's preferences to the staff (Dreher et al., 2009), the G10 countries must agree and make arrangements beforehand so that every country's interests are taken into consideration[6]. This analysis leads to the question, not addressed by the literature, of how the G7 and G10 countries manage to meet the two conditions required for their coalition to influence WB decisions. Given the importance of the 'unity' condition, I first examine how and through which mechanisms, the G7 and G10 countries manage to overcome their divergences and unify their preferences on WB activities.

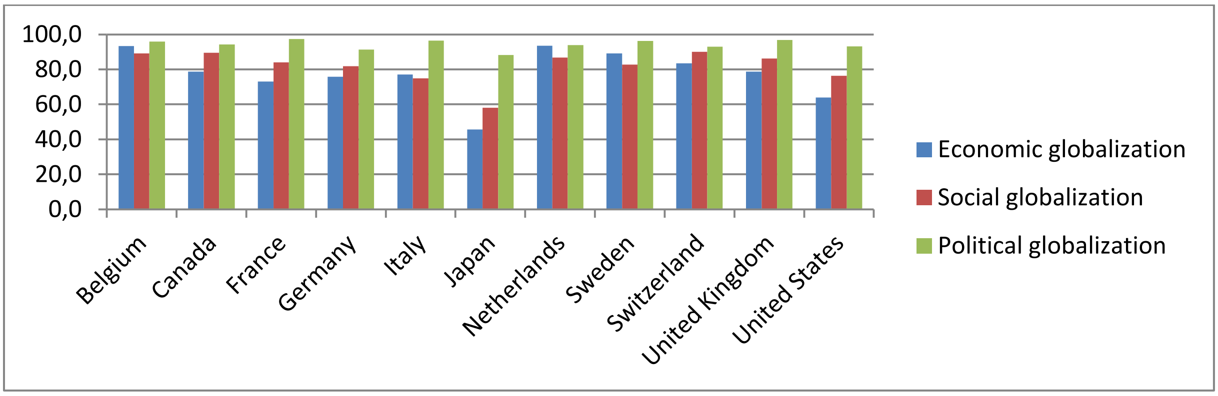
3. The G10's unity within the World Bank

3.1 Similar features lead to common goals and interests

Both the G7 and the G10 regroup the most industrialized countries that have common political and economic features. Their political systems are democratic and their global economic indicators are fairly similar. They have comparable annual average rates of GDP, standards of living (as of GDP/capita), public debt and deficit levels, and shares of global imports and exports (see Jaffrelot, 2011). Moreover, G10 countries are all market economies integrated into the world economy, opened to global trade and finance, and holding some of the most developed financial markets and multinational firms. As shown by Figure 2, homogeneity among the G10 countries is strong. According to Bird and Rowlands (2001), the homogeneity of the G10's preferences is such that it allows them to dominate the IMF and the WB.

Figure 2. Average values of G10 globalization indexes between 2000 and 2009

[6] In this view, and in line with Kilby (2010), evidences of US influence over WB disbursements (Fleck and Kilby, 2006; Kilby, 2009) are the result of US' lobbying and coordination efforts with other donors.



Source: Author’s calculations from KOF 2012 data

The common features of the G10 countries explain that they share the same goals and interests on the international scene. This point is well established by the literature. Indeed several studies argue that powerful Western countries use the IMF and the WB to promote a liberal political and economic model apt to serve their interests through the promotion of specific reforms and activities. From the G8’s point of view of, its weight in the global economy entrusts it with the responsibility to govern globalization (Ghstöl, 2007, p.1). To carry out this aim, it must rely on international institutions in order to meet several goals (De Guttry, 1994, p. 73). While initially being of economic, monetary, and financial nature, the range of these goals has broadened to now encompass new issues such as development, environment, foreign policy, and security (Putnam and Bayne 1987; Bayne, 2000; Siedersleben and Pabel, 2003; Ghstöl, 2007). Putman and Bayne (1987, pp. 158-160 and 160-166) show that G8 summits notably influence the activities and reforms promoted by the WB and the IMF. And, De Guttry (1994, p.74) states that the G7 aims at turning the most important WB, IMF, and OECD decisions in its favour. Bailin (2001) argues that the G8 interest since the late 1970s is to maintain an economic liberal order, and Bayne (2000, pp. 137-141) asserts that since the late 1990s, the G8 states have increasingly made use of global institutions. Swedberg (1986, pp. 388-389) explains the utility that powerful countries derive from their influence on IFI’s policies. He argues that the “doctrine of economic and political neutrality”, which prevails at the WB and the IMF, aims at keeping under wraps the intervention of the “most powerful Western countries” in favour of the introduction of “free-trade capitalism” in the domestic affairs of developing countries.

3.2 The use of informal mechanisms for coordination

Although the G7 and G10 countries share common goals and interests within the IMF and the WB, it does not prevent them from having heterogeneous preferences and defending different positions. According to Bergsten and Henning (1996, pp.55-75) and Simiand (2010, p.348) the G7 is characterized by differences among members, especially on economic policies[7]. These divergences have often emerged within the IFIs and concerned the aid provided to developing countries[8]. Eldar (2004) also offers several empirical illustrations of political divergences within the UN Security Council[9]. However, an informal "non aggression pact" leads the G7 countries to avoid criticizing each other's policies (Bergsten and Henning, 1996, p.4). In practice, the G8 does not act against its own collective interests nor against the vital interests of any of its members (Gstöhl, 2003). But, as argued by WB officials, G10 coordination is sometimes the result of a degree of coercion by the US. This means that other countries agree to go along with policies they do not like, because they calculate that this preserves a relationship that brings other benefits.

Coordination between members is a necessary condition for the G7 and G10 to exert influence on IFIs decisions. Otherwise, differences of view might prevent the sharing of common positions, which is a prerequisite for influencing decisions. To go beyond their differences and unify their preferences, countries must necessarily pursue coordination efforts. To this aim, the G7/G8 and G10 countries use the informal political organs that the G7 and G10 represent, and the means associated to them. Though being informal groups, the G7/G8 and G10 are characterized by highly institutionalized processes of discussion, negotiation and coordination. Before the G7 and G10 official summits – which precede the WB and IMF spring and fall meetings –, important discussion and coordination efforts are made, implying the use of important means. Those efforts constitute informal mechanisms of governance produced by member States to reach agreements on the instructions to be transmitted to the WB and the IMF in order to influence their activities.

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[7] The priorities to be accorded to growth versus price stability, the responsibilities of surplus versus deficit countries.
[8] For instance, Germany abstained on the initial IMF vote to support the American effort in Mexico in 1994.
[9] Divergences of opinion between France and US about the second gulf war; refusal from the UN Security Council to accept Japan and Germany as permanent members.

Coordination and cooperation efforts are initially made outside the WB and the IMF. Schmunk (2000, p. 63) stresses that informal meetings are held all year long between ministries, officials and experts from the G8 countries thus creating a large network characterized by strong proximity and trust. Woods and Lombardi (2006, p. 15), and Gstöhl (2007, p. 4) show the existence of a tight informal cooperation between Finance Ministers and Central Bankers' deputies who coordinate on the G7 positions related to the IMF's financial and monetary policies. And, Bini Smaghi (2004) reveals that those ministers and deputies are regularly informed by senior IMF officials through conference calls.

Once agreements are reached by the G7, they feed the activities of their respective Executive Directors (EDs) who then coordinate among themselves and harmonize their positions on a vast number of issues ranging from international development architecture matters to more specific questions and local cases (Woods and Lombardi, 2006, p. 15). An important part is played by the ED in charge of the G7 presidency who has to organize informal meetings with the other EDs within the IMF and the WB, and circulate the discussion notes that serve as a base for negotiations and establishing common positions. When deemed necessary, the position that has been devised is forwarded to the Managing Director of the IMF and the President of the WB. These numerous informal meetings and consultations also take place in the context of the G10.[10] Coordination efforts provided by the G7 and G10 countries within the WB and the IMF require important staff and means: 30 officials are sent to the IMF by the US to help its representative, 40 in the case of the North-Baltic States, and much more by European members (Woods and Lombardi, 2006, p.15).

3.3 Evidence of the G7/G10's unity and its influence on WB decisions

According to Gstöhl (2007), since the G7/G8 decisions are only reached through consensus, each of the official G7/G8 declarations can be interpreted as an agreement reached between its members. Thus, G7/G8 declarations constitute, *per se*, pieces of evidence as to the unity of these groups,[11] revealing the success of the coordination efforts provided before official summits.

[10] http://stats.oecd.org/glossary/detail.asp?ID=7022

[11] See Dreher and Sturm (2006) for further evidence of the unity of the G7 and G10 within the UN.

The analysis of G7/8 declarations provides empirical evidence that countries share common positions regarding the IFIs. As underlined by the G8 Research Group, the "we" used in the official declarations refers to agreements not only among G8 members but also between them and the IFIs, to which they provide instructions (Simiand, 2010, pp. 62-63). In light of this, Gstöhl (2007) lists several G7 declarations containing instructions to the IFIs regarding the case of highly indebted poor countries, and analyses the incidence of these G7 declarations (and their "strength"[12]) on WB, IMF and Paris Club decisions. This analysis covers the period 1982-2002 and results show a systematic conjunction between G7 declarations and decisions made by the WB, the IMF and the Paris Club following each annual summit (Appendix 1). For instance, after the Lyon summit in 1996 where the G7 "urged" the Bretton Woods institutions to implement the Highly Indebted Countries Initiative (G7, 1996, para. 50), the WB and the IMF launched the Initiative a few months later, and the Paris Club approved it. Hence, this underlines the effective alignment of some WB decisions on those of the G7, and consequently the effective G7 influence on the WB.

In line with Gstöhl, (2007) and Foch (2012), I show the influence of the G7 declarations regarding the necessity to increase private capital flows in developing countries on the WB decisions related to the privatization of public enterprises. The test covers the period 1980-2000 and assimilates the increase of private funds to privatization policies as those policies embrace, by definition, a large set of actions implying the private sector in the management, financing and ownership of public enterprises (Foch, 2012, p.3). And, due to the absence of G10 declarations, the test relies only on those of the G7. Nevertheless, as the G7 is an extension of the G10 it seems acceptable to suppose that the G7 declarations also engage the G10 countries. The analysis of the content of the G7 declarations emphasizes the intensification of the G7's concerns in regard to an increase of private funds in developing countries and to the role the IFIs must play on this issue. These concerns were first expressed in 1979 and 1981 (G7, 1979, para.8 and G7, 1981, para.15), and referred for the first time to the WB in 1982: "*we are prepared to continue and develop practical cooperation with the developing*

[12] In the manner of Simiand (2010), Gstöhl (2007, p. 10) shows the strength of a G7 consensus (i.e. of its declaration) is determined by the rhetoric used. For instance, formulations such as "we call" or "we urge" used for the IFIs are much stronger than "we encourage" or "we invite".

countries through innovations within the World Bank, (...), through the encouragement of private capital flows, including international arrangements to improve the conditions for private investment" (G7, 1982). Eleven years later, the G7 provided instructions to the WB and the IMF: "*The multilateral development banks and the IMF should require investment liberalization in their programs in Central and Eastern Europe and developing countries*. (G7, 1990, para. 31). In 1994, the G7 is much more directive in its instructions to the WB, announcing: "*We call on the World Bank as well as the regional development banks to strengthen their efforts to reinforce private capital flows to the developing world*" (G7, 1994, para. 2).

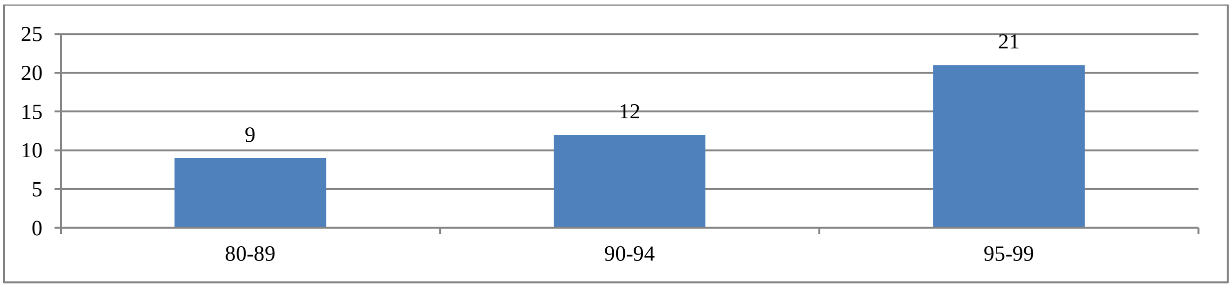
In order to examine possible incidences of this intensification of the G7's concerns and the associated instructions on WB decisions, I have analyzed the WB's *Adjustment Lending Conditionality and Implementation Database* (WB, 2009) which makes an inventory of all the conditions attached to financings attributed in the context of its programs since 1980. The G7's instructions may have a direct impact on WB conditionality since political authorities of member States can directly or indirectly influence the determination of conditions. Indeed, according to Rigo Sureda (2003, p. 569) "*conditions* (are) *negotiated outside the realm of the Board"*. And, some of them are directly dictated by industrial countries (Rajan, 2010, p.13). Political authorities of member States do not intervene directly on the conditionality related to specific operations but decide the global orientation of the conditionality policy.[13] In fact, conditions attached to specific WB operations are set by the staff, though they are then ratified by the EDs (see section 4).

Strikingly, Figure 3 shows a strong conjunction between the G7 declarations and the WB's privatization conditions over the period 1980-1999. ALCID data reveals the introduction of WB's privatization conditions just after the G7 had encouraged the WB to do so. Later on, in accordance with the G7's requests, the share of WB's privatization conditions increased between 1990 and 1994 from 9% to 12%. Finally, in 1994, while the G7 provided much stricter and more direct instructions to

[13] This is usually done through the Development Committee, a ministerial-level forum of the WB and the IMF that meets twice a year.

the WB, the WB significantly increased its share of privatization conditions from 12% to 21%. As confirmed by a Z test, this trend is statistically significant since the difference in the number of conditions in the three different periods is always statistically significant at the 1% level (p-value < 0.01).

Figure 3. Share of WB's privatization conditions among the total amount of conditions between 1980 and 1999 (all developing countries included)



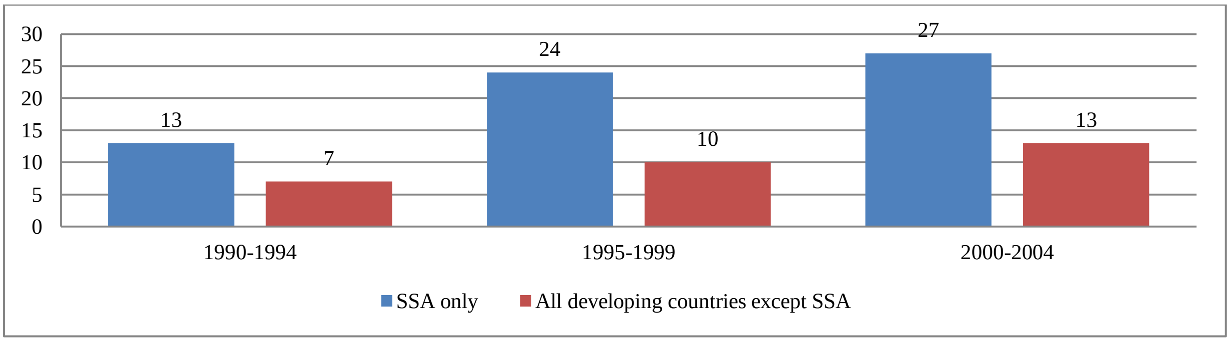
Source: Author's calculations based on WB (2009)

The G7's decisive influence on WB conditionality is further evidenced by the incidence of its declaration of 1996 on the evolution of WB infrastructure privatization conditions. At the Lyon summit in 1996, the G7 urge the WB (and other multilateral institutions) to deliver more aid in order to support the development of the private sector in infrastructure sectors (G7, 1996, para. 37). This implied an increase in the use of technical assistance to promote privatization policies. While all developing countries were concerned, the priority was explicitly given to SSA.

Figure 4 shows that the G7's instructions have again significantly impacted the evolution of WB conditionality. Not only the WB has increased the rhythm of its privatization prescriptions in infrastructure since the mid 1990s, but this increase has also been considerably higher in SSA than in other developing countries. Between the two periods 1990-1994 and 1995-1999 the share of WB infrastructure privatization conditions has increased from 13% to 24% in SSA while the progression was only about 3 percentage points in all other developing countries. Though the Z test confirms that the two positive trends are statistically significant, the significance is higher for SSA (1% level against

5% level). This result reflects the priority given by the G7 to this region. The share of infrastructure privatization conditions continued to increase in both categories of countries between 1995-1999 and 2000-2004 but, this time, in the same proportion. And, the two trends were not statistically significant anymore. This shows that the G7's instructions in 1996 have been a triggering factor in the modification of WB conditionality.

Figure 4. Share of infrastructure privatization conditions among the total amount of privatization conditions in SSA and other developing countries between 1990 and 2004



Source: Author's calculations based on WB (2009)

One might argue that instead of being the result of the G7's influence, the WB decisions to introduce privatization and intensify its implementation in developing countries can be explained by the efficiency of this policy. However, it is well established that the WB move to privatization in the 1980s constituted a "leap of faith" as the WB had no empirical evidence proving the effective success of this policy (Nellis, 2006, p.6). In fact, it is the pressures exercised by the Reagan and Thatcher governments that have led the WB to introduce privatization (Cling and Roubeau, 2010). The efficiency argument cannot explain the WB decision to accelerate the rhythm of its privatization prescriptions in the mid 1990s either. Indeed, in the 1980s, a growing amount of empirical evidence led WB economists to stress the mitigated effects of privatization in low income countries – particularly in the infrastructure sector –, and to underline the risks of this economic policy (Kikeri et al., 1992, pp. 29 and 42). There are also strong elements in the literature rejecting the hypothesis that the introduction and intensification of privatization reflected an interest on the part of developing countries for this policy (Ramamurti, 1999; Hall et al., 2005). It consequently appears that the trends observed in the WB conditionality are really the consequence of the G7's influence.

4. Formal and informal rules of governance within the WB and the G10’s institutional power

How a G7 declaration becomes a WB decision? In other words, how are the G7’s instructions provided outside the WB relayed inside to finally impact decisions? Addressing this question requires to analyze the second necessary condition for the G7 and G10 to exert influence over the WB: the possession of an institutional power sufficient to push forward their common positions. In line, with Gstöhl (2007, p. 9), institutional power refers to the voting weight (the number of votes held by one State member compared to the total number of votes). The power held by every WB member derives from the system of governance i.e. from the rules of representation and participation within the WB. While the WB status establishes such formal rules (i.e. written), they are in practice often complemented or replaced by informal rules (i.e. not written anywhere). I now examine to which extent the G7 and G10 representatives at the WB benefit from these two types of rules, and whether they hold sufficient power to implement the instructions sent to them.

To this aim, I focus on the Executive Board (EB) and the current decisions it has to make. The EB is the main decisional instance within the WB (Woods, 2000). Not only does it decide on the attribution of financing projects, it also determines the policies which will guide the WB’s operations, and is accounts to the Governors annually, and interprets the WB articles of agreement.[14] This accumulation of functions leads Strange (1974) to consider the “powerful” EB as the key to political influence on WB and IMF “neutral” decisions.

4.1 World Bank formal rules of governance

In 2011, the WB is governed by a 25-member EB (plus the President) which represents 184 member States. The Statutes of the WB provide very few formal rules regarding the representation of member States within the EB and the functioning of this board. It is only stated that the five main member States and shareholders (the US, Japan, Germany, France and the United Kingdom) choose their own

[14] See: http://go.worldbank.org/RRBDU3PQQ0

ED while other member States must regroup in circumscriptions (later on, the term "groups" is used intercheanbly), each containing an ED elected by one or several member States.[15] Groups have no formal existence, and the WB is not concerned by their functioning (Leech and Leech, 2003). Indeed, WB (and IMF) Statutes provide no formal rules concerning the modalities by which member states can regroup in circumscriptions (Rigo Sureda, 2003; Woods and Lombardi, 2006). Statutes however establish formal rules in regard to the election of the EDs: within a group, the candidate receiving the largest number of votes is elected for two years. It is also established that elected EDs hold the total voting weight of the group they represent. As a result, important rivalries exist between member States for the ED position (Woods and Lombardi, 2006, p. 4). All the more so as there is no formal mechanism forcing or providing incentives to the elected EDs to account to their groups or even to the institution they work for (Woods and Lombardi, 2006, p. 6).

Regarding the participation of EDs within the EB, WB Statutes stipulate current decisions have to be reached through a majority of votes (i.e. 50%).[16] Though the G7 is well represented on the EB, with seven EDs, its collective voting power (45%) is therefore not sufficient to impose its views when a vote is held (Table 1). This means that the G7 is not powerful enough to make decisions on its own, and that it has to establish alliances with other countries. In this regard, other G10 countries (Belgium, Netherlands, Sweden, and Switzerland) are the most likely allies. These countries are known to represent additional votes gravitating around the very powerful G7's bloc (Woods and Lombardi, 2006, p.16). These additional votes are decisive because when added to those of the G7 countries, they constitute the majority required for making decisions: all together, the G10 countries hold more than 56% of votes (Table 1). In this light, evidence of the G7's influence on WB decisions should in fact be attributed to the G10 since it is the only group holding enough power to impose its views within the EB. In line with this analysis, I argue that a G7 declaration becomes a WB decision when the G7 and G10 countries vote as a group within the EB.

[15] China, Russia and Saudi Arabia constitute a group on their own, and thus chose their ED.
[16] IBRD Statutes, Article V, section 3.

Table 1. The G7 and G10 collective voting weights within the Executive Boards of the IBRD and IDA in 2011

	IBRD		IDA	
	Total of votes	*%*	*Total of votes*	*%*
G7* :	754738	45.77	6878948	42.56
G10** :	934350	56.67	10474500	56.25

** Canada and Italy are directors of their groups which respectively have 13 and 17 members. Their respective voting weights are 3.77% and 3.44% at the IBRD, and 4.39% and 3.34% at the IDA.*

*** In addition to Canada and Italy, the Netherlands, Sweden and Switzerland are directors of their groups which respectively have 13, 8 and 9 members. Their respective voting weights are 4.44%, 3.28% and 3.18% at the IBRD, and 4.26%, 4. 97% and 4.46% at the IDA.*

Source: Author's calculations based on WB data, 2012

It is worth noting however that for the G10's institutional power to be decisive, its members have to control the informal rules characterizing the WB daily governance.

4.2 Informality as a central feature of the WB daily governance

In reality, the formal rules of governance established by the WB Statutes are not totally respected and are often complemented or replaced by informal practices. I now examine what role these practices play in explaining the power held by the G10 and the influence it exerts on the decisions made by the Board (formal) and the Staff (informal).

The informal functioning of circumscriptions. The G10's institutional power has much to do with the fact that five of its members are directors of their groups, and thus with the informal rules governing the functioning of groups. Due to the absence of formal rules, countries are completely free to regroup in circumscriptions as the numerous movements observed testify.[17] Two factors generally motivate those movements: firstly a better leading position within a group, secondly the possibility of sharing common features, especially geographical and cultural ones, with other members of the group. Countries pay great attention to their relative position within a group as it often determines their capacity to obtain the positions of ED, ED deputy, senior advisor or advisor.

[17] For a detailed discussion of these movements, see Woods and Lombardi (2006, p. 4).

At the IMF, it has been established that the voting weight is the major determinant in the selection of EDs, and this choice is made long before the official vote happens (Woods and Lombardi, 2006, p.26). In practice, results derived from the election are determined *ex ante* within each group and the ED is nominated according to the specific conventions in place. Three types of groups exist and each of them is characterized by different informal conventions. On the one hand, there are groups that are dominated by a member whose voting weight is such that it is generally the ED. On the second hand, there are groups which are dominated by several members whose voting weights are far higher than other members and who thus share the direction of the group. Finally, there are groups with an equal repartition of voting weights, and in which the direction of the group is rotative among all members.

My analysis of the composition of the WB circumscriptions in 2012 confirms that this typology also exists at the WB, and that the relative voting weights of members often determine the conventions related to the nomination of the EDs (Appendix 2). This informal governance system of circumscriptions within the EB is very beneficial to the elected EDs of the G10 countries. First, it allows most of these countries to be directors of their groups. As shown by Table 2, while six of the 20 groups include one country coming from the G10, in 5 out of 6 cases this G10 country is dominating, and in 4 out of 6 cases it is the effective ED. Sweden is also the ED of its group although it holds nearly as much votes (0.92%) as Denmark (0.83%) or Norway (0.62%). In these types of cases (called "cartels" in Table 2) informal conventions in place impose a rotative direction between the most powerful members of the group. This convention is also that of the group directed by Austria but dominated by Belgium.

Table 2. Features of groups including one country from the G10

Total number of groups	20
Number of groups with one G10's member	6
Number of groups dominated and directed by a G10's member	5
Number of groups dominated but not directed by a G10's member	1 (Belgium)
Number of groups 'in cartel' including one G10's member who acts as the ED	1 (Sweden)

Source: Author's calculations based on WB data, 2012

Secondly, the five G10 members that are directors of their group hold an aggregated collective voting weight of 18.05% instead of 10.16% by themselves, in 2012 (Table 3). This aspect is crucial since it sufficiently reinforces the voting weight held by the five main WB shareholders (36.47%) to enable the G10 to impose its views on issues where its members share a common position. Otherwise, the group would not have enough votes to hold the power to decide on the EB.

Table 3. Comparison of the collective and individual voting weights of the G10's EDs

G10 country being ED of their group	Collective voting weight	Individual voting weight
Canada	3.72%	2.73%
Italy	3.45%	2.73%
Sweden	3.27%	0.92%
Switzerland	3.18%	1.62%
Netherlands	4.43%	2.16%
Total	**18.05%**	**10.16%**

Source: Author's calculations based on WB data, 2012

Since the EDs have no obligation to give account to the members they represent, they are totally free to deal with the concerns and interests of their respective countries and of the coalitions of which these countries are a members (Woods and Lombardi, 2006, pp. 6-7). The G10 EDs are particularly known to focus on the business opportunities offered by the WB and IMF policies to the countries they represent[18]. Indeed, as revealed by interviews with WB officials, the voting weight of each country gives it a proportional access to the provision contracts generated yearly by WB projects. Due to the size of the market shares available to them, the G10 countries pay considerable attention to the enforcement of that informal rule, to the point of constituting the main objective of the EDs. Indeed, each year, the governors evaluate the work of their ED based on this objective. Obtaining a market share superior or equal to the quota of the country they represent is, for EDs, a means to secure their positions.

[18] This aspect is well illustrated in Woods and Lombardi (2006, p. 14).

This characteristic probably explains why the WB continues to support privatization policies despite their poor or even detrimental impacts in developing countries, and why the G7 asked the WB to introduce these policies in the early 1980s. As shown by Foch (2012), privatization policies create particularly important and attractive business opportunities that mostly benefit firms of the G7 and G10 countries.

The informal rule of consensus in the decision-making process. Whereas the WB Statutes stipulate that decisions must be reached through the simple majority of votes, they are in practice informally made through consensus (Woods, 2000; Rigo Sureda (2003); Woods and Lombardi, 2006). However, the voting weights of members are taken into account by all participants at the meetings of the EB (Woods, 2000), and notably by the Secretary of the counsel who is in charge of determining the size of the consensus. The WB President, as the chairman of the EB, then determines the « *sense of the meeting* », i.e. the decision that results from it.

The informal rule of consensus is in fact very beneficial to the G10 countries and especially to the five main WB shareholders. Indeed, the voting weights held by the EDs affect the negotiations and informal political propositions long before their discussion in front of the EB (Woods, 2000). As a result, when the five main WB shareholders share the same view on an issue, this view is generally adopted by the EB. As stressed by WB officials and Kapur (2002, p. 167), EDs with the weakest voting weights fear to oppose with the most powerful EDs as they risk to pay for that when a decision concerning their country appears on the EB's agenda. In reality, disagreements rarely happen as EDs use informal arrangements before the official meetings of the EB in order to resolve any divergence of views. According to Rigo Sureda (2003, p. 574): "*The informality is not limited to the manner in which final decisions are made but also in the series of informal meetings leading to the point where a consensus has matured.*" The five standing committees, and other ad hoc ones, through which the EB operates play a great role in the maturation process of the consensus. Operating on a consensual basis, they reach decisions which serve as advice to the EDs and prepare the agreements that could be reached by the EB. According to De Gregorio et al., (1999) and Woods (1999; 2000), consensus is harmful not only to the transparency of the decision making process,[19] but the experience at the UN also shows that a majority of decisions are made by the most powerful members.

Informal practices regarding the conception and implementation of projects. Officially, decisions related to the conditionality of specific projects and to the disbursement of funds committed to these projects is the responsibility of the Staff. The EB's role is limited to the approbation of new projects. In practice however, EDs can informally influence the WB projects' cycle through occasional pressures indirectly exercised via the WB management (i.e. the Country Director, Sector Director and Vice President) on the staff.

As noted by WB officials, the staff knows the existing majorities in place at the EB, and is aware of the EDs' preferences. This provides the staff with the incentive to conceive loan projects that comply with the preferences of the EB main members. On this point, Rigo Sureda (2003, p. 580) notes: "*Individual initiative on the part of staff members is both expected and rewarded."* Staff members may risk their reputation and career if their projects are refused by the EB. But, the EB generally approves the loan projects submitted by the staff. Not approving those projects could be seen as a vote of no confidence in the country seeking the loan and in staff and management's handling of the loan program.

Once projects are approved, the staff is officially in charge of suspending the implementation of projects depending on the compliance with conditionality. This does not mean that there might not be occasional interventions from the top down. According to Kapur (2002, pp. 91-94) the EB can informally influence staff decisions through pressure, exercised on the management, requiring to speed up or give priority to certain loans the EDs are particularly concerned about. And, when projects are suspended, the EB can decide whether they should be reinstated and can ask the inclusion or rejection of some clauses attached to the projects. Interestingly, in the case of the IMF, Stone (2004) finds that

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[19] Because decisions are made behind closed doors without a detailed record of votes being kept. "*This means that parties not present at the discussion may never find out why or how a particular decision came to be made, nor can they hold any particular parties responsible or accountable for that decision*", Woods (2000).

reinstatements happen more expeditiously for geopolitically important countries. It is also well recognized that the WB almost never cancels its lending programs in developing countries even when governments have not enough respected the attached conditions (see for instance Ranis, 1996; Dollar and Svensson, 1998). This is evidence of the informal influence of the EB since the staff must automatically suspend projects when countries fail to meet lending conditions.

The informal influence of the EDs on the WB's project cycle is all the more easy to exercise as they directly intervene in the staff and management recruitment. While, as stipulated by the WB Statutes, the President is nominated by the EB, he is in reality directly nominated by the US due to an informal historical convention (Woods, 2003, p. 17). The President is officially in charge of the senior positions but he cannot make a decision without the US and EB's approbation. The senior management is then in charge of the recruitment process regarding the WB staff but there is however a control of the President and the EB. As suggested by Woods (2000, pp. 16-17), there results from this recruitment process a kind of unique ideology characterizing the staff. Empirical studies have shown that despite the existence of quotas,[20] geographical and institutional biases are prominent features of the WB (and IMF) staff composition. A WB study shows that 80% of the senior staff from the Research and External Affairs departments had, in 1991, a formation of Economics and Finance obtained in US and UK universities.

5. Conclusion

This paper contributes to the literature examining the role donors' interests play in IFIs by showing how the G7 and G10 countries manage to influence WB decisions in order to satisfy their interests. Groups of countries need to meet two complementary conditions in order to exert a decisive influence on WB and IMF decisions: the unity of their group and the possession of sufficient power. The main thrust of the argument is that the G7 and G10 provide opportunity for big countries to come together and unify their preferences on development aid, providing an informal channel for these countries to impact the World Bank's decisions. Focusing on privatization-related issues and using the new ALCID

[20] IBRD Statutes, Article V, section 5 d.

dataset, I find quantitatively and statistically significant conjunctions between G7's declarations and WB decisions, primarily reflecting the G7's unity and influence over the WB. Further on, I show how the G7's instructions provided outside the WB through official declarations are relayed inside to finally impact decisions. Following an analysis of the voting weights held by the G7 and G10 countries within the WB's EB, and of the formal and informal rules of governance, I argue that the G10 is the only coalition able to possess a power sufficient to influence WB decisions. Since, the G7's voting weight (i.e. power) is insufficient to reach the majority of votes officially required by the decision making process, it has to establish alliances with other G10 countries in order to reinforce its power so as to take decisions on its own. This finding means that evidence of the G7's influence on WB decisions in the literature should actually be attributed to the G10.

The G10 influence is largely due to the informal practices of governance that often complement or replace formal ones within the WB. The G10 countries benefit from the informal practices characterizing the functioning of circumscriptions since they allow five of them to be directly represented and to hold the collective voting weight of the countries they represent. Similarly, the informal rule of consensus means that transparency is low, and that when the five main WB shareholders share the same view on an issue, this is generally that of the EB. Finally, interviews with WB officials reveal that powerful countries informally exert pressures on the staff, though this is occasional, in order to influence decisions related to the disbursement of funds and the attached conditionality. And, since the EB can control the staff's recruitment process, this informal influence is made easier to exert. Overall, these findings lead to the conclusion that informality is a source of the efficiency with which the G10 influences on WB decisions.

Following this conclusion, and in accordance with Kilby (2010), I argue that reform efforts provided to improve the representation and participation of developing countries within the IFIs, and to reduce the control of the G7 over the decision making process[21], should better take into consideration the importance of informal practices of governance. To date, efforts have only implied minor changes: the

[21] See Lombardi (2008) for a discussion of these efforts.

creation of a 25th seat at the EB attributed to South Africa (ED of another African circumscription) and the transfer of votes from some G10 countries to China, Brazil, and India (Le Figaro, 2010). Although these governance reforms have improved the representation of emerging countries within the WB, they have not implied, however, any change important enough to reduce the control of the G10 countries on the WB. These countries (whose collective voting weight has only been reduced by 1.97 points) still hold sufficient power to influence WB decisions. In line with Stiglitz (2003), I argue that this is notably due to the fact that the extent to which informality characterizes the daily management of the WB has not been reduced. For instance, the historical and informal convention characterizing the nomination of the WB's President is still in place as with the recent appointment of M. Jim Yong Kim, an American citizen although the Nigerian candidate was said to be more competent by several well-known economists and observators.[22] It seems that the vote of Russia, a G8 member, was decisive in that choice.[23]

6. References

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[22] See: http://www.economist.com/blogs/newsbook/2012/04/world-bank In this article, it is notably argued that: "*the job was decided behind closed doors*."
[23] See: http://www.lemonde.fr/economie/article/2012/04/16/l-americain-jim-yong-kim-sera-president-de-la-banque-mondiale_1686361_3234.html

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7. Appendices

Appendix 1. Conjunctions between the G7 instructions and WB, IMF, and Paris Club decisions

G7 summit request	Policy of Paris Club, IMF and World Bank
Williamsburg 1983 G7 upholds a debt strategy of adjustment, new financial flows and no cancellation	Paris Club increasingly reschedules debt, yet without cancellations; precondition is an IMF structural adjustment program
Venice 1987 G7 encourages concessional rescheduling for poorest countries	Paris Club offers poorest countries interest rates below market level and long-term rescheduling (precondition IMF agreement); IMF introduces Structural Adjustment Facility
Toronto 1988 G7 agrees on partial cancellation	Paris Club introduces "Toronto terms" (up to 33% cancellation)
Houston 1990 G7 requests Paris Club to do more for the lower middle-income countries	Paris Club introduces "Houston terms" for lower middle-income countries
London 1991 G7 demands additional debt cancellations for poorest countries	Paris Club introduces "London terms" (up to 50% cancellation)
Munich 1992 G7 asks IMF to continue ESAF	IMF enlarges and extends the Enhanced Structural Adjustment Facility
Naples 1994 G7 demands additional debt cancellations for poorest countries	Paris Club introduces "Naples terms" (up to 67% cancellation)
Halifax 1995 G7 addresses debt held by multilateral creditors and demands a "comprehensive approach"	World Bank and IMF develop HIPC initiative dealing with debt held by both bilateral and multilateral creditors
Lyon 1996 G7 requests the Bretton Woods institutions to work out details of HIPC initiative and the Paris Club to go beyond "Naples terms"	World Bank and IMF launch HIPC initiative; Paris Club accepts HIPC initiative and introduces "Lyon terms" (up to 80% cancellation in individual cases)
Cologne 1999 G7 asks IMF and World Bank to develop specific poverty reduction plans and Paris Club to offer debt forgiveness of up to 90% for HIPCs and "Naples terms" for other countries	Paris Club, IMF and World Bank accept HIPC2 initiative and work on its implementation; Bretton Woods institutions enhance their poverty focus
Okinawa 2000 G7 urges further HIPC implementation and debt cancellation for at least 20 countries	IMF and World Bank achieve debt relief for 22 countries
Kananaskis 2002 G7 requires the Bretton Woods institutions to provide documentation and promises more funds	IMF and World Bank seem to support G7 requests

Source: Gstöhl, 2007, p.16, Table 2

Appendix 2. Composition of the WB circumscriptions in 2012

Member	Number of Votes	Percentage of Total Votes	Nbre of members	Total voting weight	Type of group	ED G10	ED deputy G10
Austria	11313	,68%	10	4,57%	Dominated but non directed by BELGIUM. Directed by Austria (0,68). The ED deputy is Belgium. Type of group is a "CARTEL" of two members	NO	YES
Belarus	3573	,22%					
Belgium	29233	1,77%					
Czech Republic	6558	,4%					
Hungary	8300	,5%					
Kosovo, Republic of	1216	,07%					
Luxembourg	1902	,11%					
Slovak Republic	3466	,21%					
Slovenia	1511	,09%					
Turkey	8578	,52%					
Armenia	1389	,09%	13	4,43%	Dominated by Netherlands (2,16)	YES	NO
Bosnia and Herzegovi	799	,05%					
Bulgaria	5465	,33%					
Croatia	2543	,15%					
Cyprus	1711	,1%					
Georgia	1834	,11%					
Israel	5000	,3%					
Macedonia, former Y	677	,04%					
Moldova	1618	,1%					
Montenegro	938	,06%					
Netherlands	35753	2,16%					
Romania	4261	,26%					
Ukraine	11158	,68%					
Costa Rica	483	,03%	8	4,4%	Type of group is a "CARTEL" of 3 members	NO	NO
El Salvador	391	,02%					
Guatemala	2251	,14%					
Honduras	891	,05%					
Mexico	19054	1,15%					
Nicaragua	858	,05%					
Spain	28247	1,71%					
Venezuela, Republica	20611	1,25%					
Antigua and Barbuda	770	,05%	12	3,72%	Dominated by Canada (2,73)	YES	NO
Bahamas, The	1321	,08%					
Barbados	1198	,07%					
Canada	45045	2,73%					
Dominica	754	,05%					
Grenada	781	,05%					
Guyana	1308	,08%					
Ireland	5521	,33%					
Jamaica	2828	,17%					
St. Kitts and Nevis	525	,03%					
St. Lucia	802	,05%					
St. Vincent and the G	528	,03%					
Brazil	33537	2,03%	9	3,52%	Dominated by Brazil (2,03)	NO	NO
Colombia	6602	,4%					
Dominican Republic	2342	,14%					
Ecuador	3021	,18%					
Haiti	1317	,08%					
Panama	635	,04%					
Philippines	7094	,43%					
Suriname	662	,04%					
Trinidad and Tobago	2914	,18%					
Albania	1080	,07%	7	3,45%	Dominated by Italy (2,73)	YES	NO
Greece	1934	,12%					
Italy	45045	2,73%					
Malta	1324	,08%					
Portugal	5710	,35%					
San Marino	845	,05%					
Timor-Leste	767	,05%					
Australia	24714	1,5%	14	3,4%	Dominated by Australia (1,5)	NO	NO
Cambodia	464	,03%					
Kiribati	715	,04%					
Korea, Republic of	16067	,97%					
Marshall Islands	719	,04%					
Micronesia, Federate	729	,04%					
Mongolia	716	,04%					
New Zealand	7486	,45%					
Palau	266	,02%					
Papua New Guinea	1544	,09%					
Samoa	781	,05%					
Solomon Islands	763	,05%					
Tuvalu	461	,03%					
Vanuatu	836	,05%					
Bangladesh	5104	,31%	4	3,33%	Dominated by India (2,73)	NO	NO
Bhutan	729	,04%					
India	45045	2,73%					
Sri Lanka	4067	,25%					
Denmark	13701	,83%	8	3,27%	Type of group is a "CARTEL" of two members.	YES	NO
Estonia	1173	,07%					
Finland	8810	,53%					
Iceland	1508	,09%					
Latvia	1634	,1%					
Lithuania	1757	,11%					
Norway	10232	,62%					
Sweden	15224	,92%					
Azerbaijan	1896	,11%	9	3,18%	Dominated by Switzerland (1,62)	YES	NO
Kazakhstan	3235	,2%					
Kyrgyz Republic	1357	,08%					
Poland	11158	,68%					
Serbia	3096	,19%					
Switzerland	26856	1,62%					
Tajikistan	1310	,08%					
Turkmenistan	776	,05%					
Uzbekistan	2743	,17%					

Afghanistan	550	,03%					
Algeria	9502	,57%					
Ghana	1775	,11%					
Iran, Islamic Republic	23936	1,45%	7	3,12%	Dominated but not directed by Iran. The ED is Pakistan (0,58). The ED deputy is Algeria. Type of group is	NO	NO
Morocco	5223	,32%					
Pakistan	9589	,58%					
Tunisia	969	,06%					
Bahrain	1353	,08%					
Egypt, Arab Republic	7358	,44%					
Iraq	3058	,18%					
Jordan	1638	,1%					
Kuwait	13530	,82%					
Lebanon	590	,04%					
Libya	8090	,49%	13	2,84%	Dominated by Kuwait (0,82)	NO	NO
Maldives	719	,04%					
Oman	1811	,11%					
Qatar	1346	,08%					
Syrian Arab Republic	2452	,15%					
United Arab Emirates	2635	,16%					
Yemen, Republic of	2462	,15%					
China	45049	2,73%	1	2,73%		NO	NO
Saudi Arabia	45045	2,73%	1	2,73%		NO	NO
Russian Federation	45045	2,73%	1	2,73%		NO	NO
Brunei Darussalam	2623	,16%					
Fiji	1237	,07%					
Indonesia	15231	,92%					
Lao People's Democr	428	,03%					
Malaysia	8494	,51%					
Myanmar	2734	,17%	11	2,48%	Dominated by Indonesia (0,92) (might be a "CARTEL" of 3 members)	NO	NO
Nepal	1218	,08%					
Singapore	570	,03%					
Thailand	6599	,4%					
Tonga	744	,04%					
Vietnam	1218	,07%					
Argentina	18161	1,1%					
Bolivia, Plurinational	2035	,12%					
Chile	7181	,43%	6	2,27%	Dominated by Argentina (1,1)	NO	NO
Paraguay	1479	,09%					
Peru	5581	,34%					
Uruguay	3062	,19%					
Angola	2926	,18%					
Nigeria	12905	,78%	3	1,79%	ıp is "CARTEL" of ı	NO	NO
South Africa	13712	,83%					
Benin	1118	,07%					
Burkina Faso	1118	,07%					
Cameroon	1777	,11%					
Cape Verde	758	,05%					
Central African Repu	1112	,07%					
Chad	1112	,07%					
Comoros	532	,03%					
Congo, Democratic R	2893	,17%					
Congo, Republic of	1177	,07%					
Cote d'Ivoire	2766	,17%					
Djibouti	809	,05%	21	1,69%	Type of group is "BALANCED"	NO	NO
Equatorial Guinea	965	,06%					
Gabon	1237	,07%					
Guinea-Bissau	790	,05%					
Mali	1412	,09%					
Mauritania	1150	,07%					
Mauritius	1492	,09%					
Niger	1102	,07%					
Sao Tome and Princi	745	,04%					
Senegal	2322	,14%					
Togo	1355	,08%					
Botswana	865	,05%					
Burundi	966	,06%					
Eritrea	843	,05%					
Ethiopia	1228	,07%					
Gambia, The	793	,05%					
Kenya	2711	,16%					
Lesotho	913	,05%					
Liberia	713	,04%					
Malawi	1344	,08%					
Mozambique	1180	,07%	20	1,62%	Type of group is "BALANCED"	NO	NO
Namibia	1773	,11%					
Rwanda	1296	,08%					
Seychelles	513	,03%					
Sierra Leone	968	,06%					
Sudan	1100	,07%					
Swaziland	690	,04%					
Tanzania	1545	,09%					
Uganda	867	,05%					
Zambia	3060	,19%					
Zimbabwe	3575	,22%					

Source: Author's calculations based on WB, 2012