INTERNATIONAL MONETARY FUND
FACTSHEET

Where the IMF Gets Its Money

Most resources for IMF loans are provided by member countries, primarily through their payment of quotas. Multilateral and bilateral borrowing work as a second and third line of defense by providing a temporary supplement to quota resources. These temporary resources played a critical role in enabling the IMF to provide exceptional financial support to its member countries during the global economic crisis. Concessional lending and debt relief for low-income countries are financed through separate contribution-based trust funds.

The quota system

Each member of the IMF is assigned a quota, based broadly on its relative size in the world economy. This determines its maximum contribution to the IMF's quota resources. On joining the IMF, a country normally pays up to one-quarter of its quota in the form of widely accepted foreign currencies (such as the U.S. dollar, euro, the Chinese renminbi, yen, or pound sterling) or Special Drawing Rights (SDRs). The remaining three-quarters are paid in the country's own currency.

The IMF undertakes regularly reviews of its quota resources and allocations. The latest review (the Fourteenth General Quota Review), concluded in 2010, included an agreement to double quota resources to SDR 477 billion (about U.S.$677 billion). The IMF aims to complete the next (the 15th) review by the Spring Meetings of 2019 and no later than the Annual Meetings in the fall of 2019.

Multilateral borrowing

While quotas are the IMF's main source of financing, the IMF can supplement these resources through multilateral borrowing if it believes that its capacity to lend might fall short of member countries' requirements. The New Arrangements to Borrow (NAB) are the IMF's main backstop for quota resources. Through the NAB, a number of member countries and institutions stand ready to lend additional resources to the IMF. The General Arrangements to Borrow (GAB) allows for IMF borrowing from a more limited number of countries in a limited set of circumstances. The NAB and the GAB constitute a **second line of defense**, ensuring the IMF has sufficient capacity to lend, for example in the event of a major financial crisis.

Bilateral borrowing

The IMF has at times supplemented its other resources through bilateral borrowing. In particular, the IMF entered into bilateral borrowing agreements in 2009-2010 to ensure that it could meet the financing needs of its members during the global financial crisis. These agreements were subsequently incorporated into the NAB. In 2012, with the deepening of the euro area crisis, the IMF and several members agreed on another round of bilateral borrowing for a period of four years, as a **third line of defense** after the quota and NAB resources. In 2016, in view of continued uncertainty in the global economy, the membership committed to maintain access to bilateral borrowing, under a revised framework, through at least the end of 2019.

Lending capacity

The IMF can use its quota-funded holdings of currencies of financially strong economies to finance lending. The member countries that participate in the financing of IMF transactions are selected by the Executive Board on a periodic basis and include both advanced and emerging market economies. The IMF's holdings of these currencies, together with its own SDR holdings, make up its usable resources. As explained above, the IMF can temporarily supplement these resources by borrowing.

The amount the IMF has readily available for new (non-concessional) lending is indicated by its forward commitment capacity (FCC). This is determined by its usable resources—including amounts committed under the IMF's standing multilateral borrowing arrangements—plus projected loan repayments over the subsequent twelve months, less the Fund's repayment obligations on its borrowing in the subsequent twelve months, less the resources that have already been committed under existing lending arrangements, less a prudential balance.

Gold holdings

The IMF also has gold holdings, accumulated from payments by member countries. The gold holdings amount to about 90.5 million troy ounces (2,814.1 metric tons), making the IMF one of the largest official holders of gold. The IMF's Articles of Agreement strictly limit the use of this gold. If approved by an 85 percent majority of the total voting power of member countries, the IMF may sell or accept gold as payment by member countries. It is prohibited from buying gold or engaging in other gold transactions.

In December 2010, the IMF concluded the sale of 403.3 metric tons of gold (about one-eighth of its holdings) following authorization by its Executive Board. The limited gold sale was conducted with strong safeguards in place to avoid market disruption. All gold sales were at market prices, including direct sales to official holders.

Profits amounting to SDR 4.4 billion from the sale of gold were used to establish an endowment as part of a new income model, designed to put the IMF's finances on a sustainable footing. A proportion of the gold sales is used to subsidize concessional financing for low-income countries.

Concessional lending and debt relief

Concessional lending to low-income countries is resourced through contributions from member countries and the IMF itself, rather than through quota subscriptions. The IMF currently provides low-interest loans under the Poverty Reduction and Growth Trust (PRGT) (zero interest rate until 2018). Debt relief is provided under the Heavily Indebted Poor Countries (HIPC) Initiative and the Catastrophe Containment and Relief (CCR) Trust.

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