

EBD/08/77

July 15, 2008

To: Members of the Executive Board

From: The Secretary

Subject: **Additional Executive Directors Appointed Under Article XII,
Section 3(c)—2008 Regular Election of Executive Directors**

The 2008 Regular Election of Executive Directors is to be held in October. Section 18(a) of the Fund's By-Laws states that: "At least six weeks before each regular election of Executive Directors, the Managing Director shall notify all members by rapid means of communication of the two members whose currencies held in the General Resources Account have been, on the average over the preceding two years, reduced below their quotas by the largest absolute amounts in terms of the special drawing right. He shall state whether either or both may appoint an Executive Director in accordance with Article XII, Section 3(c)."¹ In order for the Committee on Rules for the 2008 Regular Election of Executive Directors to make its recommendations to the Executive Board in mid-July, the Committee will need to establish whether appointments of Executive Directors under the aforementioned provision are a possibility.

In accordance with Executive Board Decision No. 597-4 (7/28/50), when a regular biennial election of Executive Directors is to be held in September, the phrase "the preceding two years" as used in Article XII, Section 3(c) shall be deemed to be the two-year period ending on the July 31 preceding the date of the election, i.e., July 31, 2008 for the upcoming election.² As in past elections, the largest average creditor positions for the two-year period

¹ Article XII, Section 3(c) provides that if the five members entitled to appoint Executive Directors on the basis of the size of their quotas under Article XII, Section 3(b)(i) do not include the two members with the largest average creditor positions in the General Resources Account over the preceding two years, either one or both of such members, as the case may be, may appoint an Executive Director. Average creditor positions are computed using the revised methodology for the calculation of credit extended under Article XII, Section 3 (c), as set out in 2008 Regular Election of Executive Directors – Appointment of Executive Directors Under Article XII, Section 3 (c) – Amendment of the 1950 Convention (EBD/08/72, 7/8/08). The revised methodology uses a threshold of 100 percent of a member's quota as basis for calculation, compared with 75 percent of a member's quota previously.

² As the 2008 Regular Election of Executive Directors is scheduled to be concluded on October 13, 2008, reconsideration of Decision No. 597-4 is required.

ending on July 31 can be predicted on the basis of calculations of such positions for the 22-month period ending on May 31.

The ten largest creditor members based on the average creditor positions in the General Resources Account for the 22-month period ended May 31, 2008 calculated on the basis of the convention revised by the Executive Board on July 15, 2008 (EBD/08/72) are presented below. These results indicate that no member will be entitled to appoint an Executive Director under Article XII, Section 3(c) in connection with the 2008 Regular Election of Executive Directors. Final calculations will be made for the period ending July 31, 2008 and an updated list of the largest creditors will be communicated to the Executive Board shortly thereafter.

Questions may be referred to Ms. Fennell, FIN (ext. 38341).

It is not intended that this paper will be published on the Fund's external website.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Average Creditor Positions in the General Resources Account
For the 22 Months Ended May 31, 2008

(in millions of SDRs)

United States	5,358.6
Japan	1,208.6
Germany	1,202.0
France	1066.2
United Kingdom	883.4
Canada	742.8
Italy	643.0
China	612.7
Saudi Arabia	575.5
Netherlands	533.0

Other Distribution:
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