

**IMMEDIATE  
ATTENTION**

EBS/10/150

July 22, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Financial Transactions Plan and Use of Borrowed Resources for the Period August–October 2010**

Attached for consideration by the Executive Directors is a paper on the proposed financial transactions plan and use of borrowed resources for the period August–October 2010.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by **noon on Thursday, July 29, 2010**. In the absence of such a request, the draft decisions that appear on page 13 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

It is not intended to publish this paper on the Fund's external website owing to market sensitivity considerations.

Questions may be referred to Ms. Manno (ext. 38175) and Mr. Hatch (ext. 37552) in FIN.

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

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

**Financial Transactions Plan and Use of Borrowed Resources  
for the Period August–October 2010**

Prepared by the Finance Department  
(In consultation with area and other departments)

Approved by Andrew Tweedie

July 22, 2010

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## EXECUTIVE SUMMARY

This paper proposes a Financial Transactions Plan (FTP) for August–October 2010 in accordance with Rule O-10(a), which calls for quarterly decisions on the use of currencies and SDRs in the Fund’s operations and transactions conducted through the General Resources Account (GRA). The paper further proposes to supplement use of quota resources under the FTP with use of available Fund borrowed resources, in line with the revised guidelines for borrowing by the Fund adopted June 29, 2009.<sup>1</sup> Key elements of the proposed plan are as follows:

- **Transfers** equivalent to SDR 50 billion, are proposed to be financed equally with ordinary quota resources—mostly in currencies—under the FTP and borrowed resources.
- **Receipts** in FTP currencies are estimated at SDR 0.5 billion.
- Staff proposes the inclusion of the Philippines for the upcoming August–October 2010 plan.

Draft decisions appear on page 13.

<sup>1</sup> See *Borrowing by the Fund—Operational Issues* (SM/09/150, Supplement 2, 6/29/09).

## I. IMPLEMENTATION OF THE CURRENT FINANCIAL TRANSACTIONS PLAN AND USE OF BORROWED RESOURCES

1. **Actual transfers financed under the FTP and through use of borrowed resources for the period May–July 2010 are expected to amount to about SDR 8.2 billion** (Table 1).<sup>1</sup> This compares with projected drawings of SDR 9.7 billion,<sup>2</sup> reflecting delays in the timing of program reviews and approval of expected new arrangements. Drawings totaling SDR 6.9 billion were made under Stand-By Arrangements with Angola, Antigua and Barbuda, Georgia, Greece, Jamaica, Pakistan, Romania, Serbia, and Sri Lanka and under Extended Arrangements with Armenia, Moldova, and Seychelles. Additional drawings of SDR 1.3 billion under current and projected Fund arrangements are expected under the current plan but some could slip into the forthcoming plan period.

<sup>1</sup> Actual transfers include the transfer of SDR 19.9 million in currencies from the GRA to the Investment Account (IA), pursuant to Decision Nos. 14603-(10/41) and 14601-(10/41), adopted April 28, 2010. This amount reflects the increase in the Fund’s general and special reserves of SDR 171.5 million as of end-April 2010, net of IA income of SDR 151.6 million for FY 2010.

<sup>2</sup> *Financial Transactions Plan and Use of Borrowed Resources for the Period May–July 2010*, (EBS/10/71, April 24, 2010).

**Table 1. Estimated Use of FTP Members' Currencies, SDRs and Fund Borrowed Resources for the Period May–July 2010**  
*(In millions of SDRs)*

Member	Transfers		Col. (2) as % of Col. (1)	Receipts		Col. (4) as % of Col. (3)
	Plan (1)	Proj. (2)		Plan (3)	Proj. (4)	
Algeria	171.0	145.6	85.1	0.0	0.0	--
Australia	441.0	0.0	0.0	33.0	0.0	0.0
Austria	255.0	89.0	34.9	4.0	21.3	531.6
Belgium	628.0	140.3	22.3	24.0	43.1	179.4
Botswana	9.0	0.0	0.0	0.0	0.0	--
Brazil	414.0	0.0	0.0	7.0	0.0	0.0
Brunei	29.0	0.0	0.0	0.0	0.0	--
Canada	868.0	0.0	0.0	63.0	22.9	36.4
Chile	117.0	0.0	0.0	8.0	0.0	0.0
China	1,103.0	0.0	0.0	0.0	0.0	--
Colombia	106.0	0.0	0.0	9.0	0.0	0.0
Cyprus	19.0	0.0	0.0	1.0	0.0	0.0
Czech Republic	112.0	23.4	20.8	0.0	0.0	--
Denmark	224.0	0.0	0.0	18.0	0.0	0.0
Finland	172.0	42.0	24.4	0.0	0.0	--
France	1,464.0	540.0	36.9	0.0	129.2	--
Germany	1,774.0	396.8	22.4	62.0	106.2	171.3
India	567.0	0.0	0.0	39.0	0.0	0.0
Ireland	114.0	54.0	47.4	0.0	0.0	--
Israel	127.0	0.0	0.0	2.0	0.0	0.0
Italy	962.0	215.0	22.3	45.0	83.9	186.4
Japan	1,814.0	302.8	16.7	28.0	127.8	456.5
Korea	399.0	0.0	0.0	29.0	0.0	0.0
Kuwait	188.0	0.0	0.0	0.0	0.0	--
Libya	153.0	0.0	0.0	55.0	77.0	140.0
Luxembourg	38.0	8.8	23.1	0.0	0.0	--
Malaysia	203.0	23.7	11.7	0.0	0.0	--
Malta	14.0	0.0	0.0	1.0	1.0	100.0
Mauritius	14.0	4.8	34.3	0.0	0.0	--
Mexico	430.0	0.0	0.0	0.0	0.0	--
Netherlands	704.0	360.0	51.1	0.0	42.5	--
New Zealand	122.0	0.0	0.0	0.0	0.0	--
Norway	228.0	0.0	0.0	0.0	0.0	--
Oman	26.0	0.0	0.0	0.0	0.0	--
Peru	87.0	0.0	0.0	0.0	0.0	--
Poland	187.0	0.0	0.0	4.0	0.0	0.0
Portugal	118.0	31.0	26.3	0.0	0.0	--
Qatar	36.0	0.0	0.0	0.0	0.0	--
Russia	811.0	0.0	0.0	35.0	0.0	0.0
Saudi Arabia	952.0	0.0	0.0	0.0	0.0	--
Singapore	118.0	0.0	0.0	0.0	0.0	--
Slovakia	49.0	0.0	0.0	0.0	0.0	--
Slovenia	32.0	0.0	0.0	0.0	0.0	--
Spain	416.0	145.0	34.9	0.0	20.9	--
Sweden	327.0	0.0	0.0	0.0	0.0	--
Switzerland	472.0	0.0	0.0	34.0	0.0	0.0
Thailand	148.0	0.0	0.0	10.0	0.0	0.0
Trinidad and Tobago	46.0	12.0	26.1	0.0	0.0	--
Tunisia	39.0	36.0	92.3	0.0	0.0	--
United Arab Emirates	83.0	0.0	0.0	0.0	0.0	--
United Kingdom	1,464.0	239.6	16.4	0.0	127.7	--
United States	5,064.0	1,253.3	24.7	189.0	817.6	432.6
Uruguay	42.0	38.0	90.5	0.0	0.0	--
Total Currencies	24,500.0	4,101.0	16.7	700.0	1,621.1	231.6
SDRs	500.0	17.5	3.5	--	--	--
Total FTP	25,000.0	4,118.5	16.5	700.0	1,621.1	231.6
Borrowed Resources	25,000.0	4,117.9	16.5	--	--	--
<b>Grand Total</b>	<b>50,000.0</b>	<b>8,236.4</b>	<b>16.5</b>	<b>700.0</b>	<b>1,621.1</b>	<b>231.6</b>

2. **Actual transfers during the period are expected to be financed with about SDR 4.1 billion each in FTP quota and borrowed resources.** This is in line with the 1:1 mix of quota and borrowed resources for the current period, but due to operational constraints, could deviate slightly from this target ratio.<sup>3</sup>

3. **Drawings under borrowing and note purchase agreements have been made with the aim of maintaining, to the extent feasible, a common ratio of cumulative drawings to total commitments across available credit lines.** Since the last plan was issued in April, two additional borrowing agreements (Finland and Spain) entered into effect, increasing total commitments by about SDR 4.6 billion to SDR 172.6 billion (Table 2). Further new borrowing or note purchase agreements entering into effect during the remainder of the period will be initially used to a relatively greater degree so as to bring drawings under such agreements in line with those under existing credit lines. The cumulative use of borrowed resources is projected to increase to SDR 10.5 billion by end-July.

**Table 2. Estimated Use of Fund Borrowed Resources  
for the Period May–July 2010**  
(In millions of SDRs, unless otherwise indicated)

Lender	Commitments		Drawings			Available Borrowed Resources
	Amounts	In percent of Total Resources	Current Period	Cumulative	In percent of Total Commitments	
National Bank of Belgium 2/	4,040.4	2.3	75.0	240.1	5.9	3,800.2
Brazil 1/	6,638.8	3.8	240.0	410.0	6.2	6,228.8
Canada 1/	6,633.6	3.8	189.1	407.6	6.1	6,225.9
People's Bank of China	32,000.0	18.5	710.0	1,930.0	6.0	30,070.0
Czech National Bank 2/	877.9	0.5	29.5	52.5	6.0	825.4
Danmarks Nationalbank 2/	1,665.0	1.0	42.2	99.2	6.0	1,565.8
Bank of Finland	1,107.3	0.6	66.0	66.0	6.0	1,041.3
France 2/	9,438.6	5.5	130.4	567.4	6.0	8,871.1
Deutsche Bundesbank 2/	12,802.4	7.4	340.0	767.3	6.0	12,035.1
India 1/	6,639.3	3.8	200.0	410.0	6.2	6,229.3
Japan 1/	66,327.3	38.4	1,211.9	4,055.6	6.1	62,271.7
Malta 2/	102.3	0.1	1.9	6.1	6.0	96.2
De Nederlandsche Bank 2/	4,533.8	2.6	121.0	271.0	6.0	4,262.8
Norges Bank	3,000.0	1.7	54.0	180.9	6.0	2,819.1
Portugal 2/	904.4	0.5	24.0	54.0	6.0	850.4
Slovak Republic 2/	375.1	0.2	7.0	22.3	6.0	352.8
Spain 2/	3,526.4	2.0	210.0	210.0	6.0	3,316.4
Swedish Riksbank 2/	2,103.9	1.2	126.0	126.0	6.0	1,977.9
United Kingdom	9,920.0	5.7	340.0	600.0	6.0	9,320.0
<b>Total</b>	<b>172,636.4</b>	<b>100.0</b>	<b>4,117.9</b>	<b>10,476.1</b>	<b>6.1</b>	<b>162,160.3</b>

1/ Loan commitments and available borrowed resources converted at the rate of SDR 0.663933 per US\$ on July 21, 2010.

2/ Loan commitments and available borrowed resources converted at the rate of SDR 0.850963 per Euro on July 21, 2010.

<sup>3</sup> Staff aims to finance purchases equally with Fund ordinary and borrowed resources, but this may not always be feasible, especially for relatively small transactions that are better suited to quota resource financing; resulting deviations from the target financing ratio are then offset with relatively higher or lower borrowed resource financing in subsequent transactions.

4. **Receipts are expected to total SDR 1.6 billion.** This is mainly due to GRA receipts of SDR 1.1 billion arising from on-market sales of gold during the period to date. As noted in EBS/10/71, no explicit projection for gold sales-related receipts was made in the current plan.

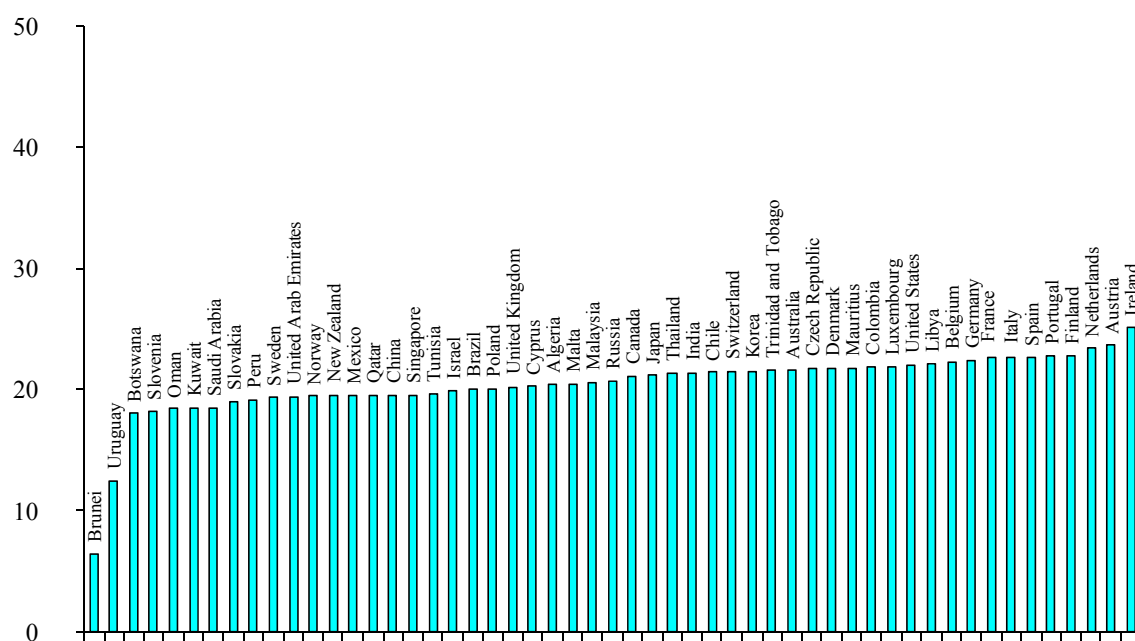
5. **The overall pattern of currency use, on a net cumulative basis, remains somewhat uneven, albeit less so than in prior periods.** (Figure 1). This reflects the continued receipts from gold sales, which could only be transacted in FTP members' currencies that are deemed freely usable and for operational reasons had to be limited to a relatively small number of such FTP members,<sup>4</sup> as well as delays in purchases, which limited the scope for rebalancing. In the forthcoming plan period, members with relatively high net use of their currencies in transfers will continue to be allocated proportionately more receipts and used relatively less in drawings not involving short notice, with the aim of maintaining balanced creditor positions in the Fund in relation to quotas.

6. **The reserve tranche positions of some members reflect their recent inclusion in the FTP.** New members that joined the plan in May have only recently put in place the needed technical exchange and payment arrangements to enable their active participation in the FTP. In particular, the relatively lower reserve position of Uruguay reflects the low net use of its currency in transfers before it recently rejoined the FTP (after a long period of nonparticipation in the FTP).

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<sup>4</sup> Gold sales are expected to be made directly in U.S. dollars and other freely usable currencies, as discussed in *Modalities for Limited Sales of Gold by the Fund* (SM/09/243, 9/4/09); exchange of such freely usable currencies for non-freely usable currencies of other FTP members is only provided for under the Fund's Articles of Agreement (Article V, Section 12(c)) so as to prevent the Fund's holdings of such FTP members' (freely usable) currencies from being increased above the level at which they would be subject to charges (i.e., Fund's holdings of a member's currency above 100 percent of quota).

**Figure 1. Projected Reserve Tranche Positions**  
*(In percent of quota as of end-July 2010)*



Sources: Table 7.

## II. PROPOSED FINANCIAL TRANSACTIONS PLAN AND USE OF BORROWED RESOURCES FOR THE PERIOD AUGUST–OCTOBER 2010

### Main elements

7. The proposed FTP and use of borrowed resources for the period August–October 2010 provides for a total of SDR 50 billion in transfers to cover scheduled drawings and a contingency for possible purchases (Table 3).<sup>5</sup> This amount would cover scheduled drawings under active Fund arrangements, totaling over SDR 6.6 billion, and also provide for drawings of about SDR 0.3 billion under potential new Fund arrangements. In addition, a large contingency is included for possible purchases under arrangements that are currently treated as precautionary, including Flexible Credit Line (FCL) arrangements with Mexico (SDR 31.5 billion), Poland (SDR 13.7 billion), and Colombia (SDR 2.3 billion). If the proposed amount should prove to be insufficient, staff would propose an amendment to the FTP and an increase in the use of borrowed resources. As on past occasions, such an amendment may need to be considered on short notice.

<sup>5</sup> Currency allocations for transfers are made in proportion to the quotas of FTP members (Table 7).

8. **Total planned transfers of SDR 50 billion are proposed to be financed with SDR 25 billion in borrowed resources and SDR 25 billion in quota resources under the FTP.** The proposed mix of borrowed to quota resources to finance transfers is in line with the latest review of the Fund's current and likely future liquidity position in the near term.<sup>6</sup> The review in mid-April found that no change in the current 1:1 ratio of borrowed to quota resources was warranted at that time, based on existing projections of additional GRA disbursements of about SDR 15 billion for the period May through October 2010; actual expected transfers of SDR 8.2 billion for the current plan period, followed by further anticipated drawings of about SDR 6.9 billion under current and projected new arrangements during the forthcoming August–October 2010 period, are closely in line with the above latest liquidity review forecast. If actual transfers during the current and forthcoming period are significantly higher than expected, for example as a result of an activation of an existing FCL arrangement or approval of sizable new arrangements, staff would consider proposing an amendment to the plan to increase the ratio of borrowed to quota resources used in transfers. As noted above, such an amendment would also likely need to be considered on short notice. In implementing the FTP, the Managing Director would aim to achieve the agreed mix between borrowed and quota resources, subject to operational constraints.

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<sup>6</sup> See *The Fund's Liquidity Position—Review and Outlook* (EBS/10/62, April 13, 2010).

**Table 3. Proposed Use of FTP Members' Currencies, SDRs and Fund Borrowed Resources in Transfers and Receipts for the Period August–October 2010**  
*(In millions of SDRs)*

Member	Transfers	Receipts
Algeria	168	0
Australia	434	7
Austria	251	19
Belgium	617	22
Botswana	8	0
Brazil	407	0
Brunei	29	0
Canada	854	3
Chile	115	1
China	1,084	0
Colombia	104	2
Cyprus	19	0
Czech Republic	110	2
Denmark	220	4
Finland	169	8
France	1,439	64
Germany	1,743	69
India	557	6
Ireland	112	13
Israel	124	0
Italy	946	44
Japan	1,784	8
Korea	392	5
Kuwait	185	0
Libya	151	5
Luxembourg	37	1
Malaysia	199	0
Malta	14	0
Mauritius	14	0
Mexico	423	0
Netherlands	692	46
New Zealand	120	0
Norway	224	0
Oman	26	0
Peru	86	0
Philippines	118	0
Poland	183	0
Portugal	116	6
Qatar	35	0
Russia	797	0
Saudi Arabia	936	0
Singapore	116	0
Slovakia	48	0
Slovenia	31	0
Spain	409	19
Sweden	321	0
Switzerland	464	6
Thailand	145	1
Trinidad and Tobago	45	1
Tunisia	38	0
United Arab Emirates	82	0
United Kingdom	1,439	0
United States	4,979	138
Uruguay	41	0
Total Currencies	24,200	500
SDRs	800	--
Borrowed Resources	25,000	--
<b>Total Plan</b>	<b>50,000</b>	<b>500</b>

9. **The Fund would continue to aim to make drawings under available borrowing agreements on a proportionate basis.** Drawings would be allocated so as to maintain a common ratio of cumulative drawdowns to total commitments across available credit lines. Illustrative maximum transfers based on borrowing agreements expected to be in effect at the beginning of the forthcoming plan period are shown in Table 4.

**Table 4. Illustrative Maximum Drawings under Current Fund Borrowing and Note Purchase Agreements for the Period August–October 2010**  
(in millions of SDRs)

Lender	Illustrative Drawings	Projected Cumulative Drawings	Total Commitments	Ratio of Cumulative Drawings to Total
National Bank of Belgium 2/	590.1	830.3	4,040.4	20.5%
Brazil 1/	954.2	1,364.2	6,638.8	20.5%
Canada 1/	955.5	1,363.2	6,633.6	20.5%
People's Bank of China	4,645.9	6,575.9	32,000.0	20.5%
Czech National Bank 2/	127.9	180.4	877.9	20.5%
Danmarks Nationalbank 2/	243.0	342.2	1,665.0	20.5%
Bank of Finland	161.5	227.5	1,107.3	20.5%
France 2/	1,372.1	1,939.6	9,438.6	20.5%
Deutsche Bundesbank 2/	1,863.5	2,630.8	12,802.4	20.5%
India 1/	954.4	1,364.4	6,639.3	20.5%
Japan 1/	9,574.4	13,630.0	66,327.3	20.5%
Malta 2/	14.9	21.0	102.3	20.5%
De Nederlandsche Bank 2/	660.7	931.7	4,533.8	20.5%
Norges Bank	435.6	616.5	3,000.0	20.5%
Portugal 2/	131.9	185.9	904.4	20.5%
Slovak Republic 2/	54.8	77.1	375.1	20.5%
Spain 2/	514.7	724.7	3,526.4	20.5%
Swedish Riksbank 2/	306.3	432.3	2,103.9	20.5%
United Kingdom	1,438.5	2,038.5	9,920.0	20.5%
<b>Total</b>	<b>25,000.0</b>	<b>35,476.1</b>	<b>172,636.4</b>	<b>20.5%</b>

1/ Loan commitments and available borrowed resources converted at the rate of SDR 0.663933 per US\$ on July 21, 2010.

2/ Loan commitments and available borrowed resources converted at the rate of SDR 0.850963 per Euro on July 21, 2010.

In the event that additional credit lines become effective during the period, either in the form of borrowing or note purchase agreements, the above maximum proposed cumulative drawings of borrowed resources would be reallocated proportionately across the broader base of available credit lines, and newly approved credit lines would initially be used to a relatively greater degree.

10. **The plan also provides for total receipts of SDR 0.5 billion**, reflecting scheduled repurchases expected to be made in currencies. In the event that unscheduled advance repurchases materialize during this period, the additional receipts in currencies will be allocated so as to promote balanced quota-based creditor positions in the Fund. Actual receipts could also exceed the plan amount to the extent that additional approved Fund gold sales take place during the forthcoming plan period, the exact timing and amount of which are uncertain at this time.<sup>7</sup>

### **Members considered sufficiently strong**

11. **No current FTP participants are proposed for exclusion from the list of members considered sufficiently strong for the next FTP.** All 53 members currently in the FTP continue to have sufficiently strong external positions and their currencies are included in the plan proposed for the period August–October 2010.<sup>8</sup> Some members, however, have experienced a weakening in their reserve and/or balance of payments position in the context of the current global economic situation and staff will continue to monitor developments closely.

12. **In addition to assessing the positions of existing plan participants, staff has reviewed the external positions of other members for possible inclusion.** The procedures for the selection of members for inclusion in the plan are those agreed by the Executive Board in 1997 (see Box 1). Based on such an assessment of members' external positions, the Philippines is considered as having a sufficiently strong external position to warrant its inclusion in plan. Staff consultations have been concluded with the Philippine authorities through its Executive Director's office and it is proposed to include the Philippines in the forthcoming August–October 2010 FTP.

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<sup>7</sup> Staff has directly consulted the relevant member authorities on the possible use of their currencies in such gold sales, in accordance with Article V, Section 12(c) of the Articles of Agreement; only members whose currencies are deemed freely usable would be involved in such gold sales transactions, as explained in footnote 4 above.

<sup>8</sup> These members are: *Algeria, Australia, Austria, Belgium, Botswana, Brazil, Brunei Darussalam, Canada, Chile, China, Colombia, Cyprus, the Czech Republic, Denmark, Finland, France, Germany, India, Ireland, Israel, Italy, Japan, Korea, Kuwait, Libya, Luxembourg, Malaysia, Malta, Mauritius, Mexico, the Netherlands, New Zealand, Norway, Oman, Peru, Poland, Portugal, Qatar, Russia, Saudi Arabia, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Thailand, Trinidad and Tobago, Tunisia, the United Arab Emirates, the United Kingdom, the United States, and Uruguay.*

### **Box 1. Selection of Members for Inclusion in the Financial Transactions Plan**

Members are selected for inclusion in the Financial Transactions Plan on the basis of policies and procedures on the selection of currencies adopted by the Executive Board that take into account in consultation with members, the strength of their external positions (i.e., balance of payments and reserve position of members and developments in the exchange markets). Under the policies and procedures adopted by the Executive Board,<sup>1</sup> the assessment of the external position relies on the traditional indicators set out in the Articles (balance of payments and reserve positions and exchange market developments) supplemented by a small set of additional indicators, including in particular indicators of short-term external debt and debt service. The assessment of members' combined balance of payments and reserve positions is, however, ultimately a matter of judgment, which takes account the differing circumstances of members, including their access to capital markets and need to hold reserves.

The staff reviews countries for inclusion each quarter and makes proposals to the Board as warranted by members' circumstances. The analysis focuses on significant recent developments in the external position of members currently included in the plan and on the situation of others that are potential candidates for inclusion. The assessment of potential creditor members includes members with Fund credit outstanding, which are subject to the guidelines for early repurchase.

Recent data on official international reserves, current and prospective external current account balance, exchange rate developments, and external debt indicators are presented in Tables 5 and 6.

<sup>1</sup>Assessment of Strength of Member's Balance of Payments and Gross Reserve Position for the Purpose of Designation Plans, Operational Budgets and Repurchases under Article V, Section 7(b), Decision No. 6273-(79-158) G/S, adopted September 14, 1979. Selection of currencies by the Fund, Decision No. 6774-(81-35), adopted March 5, 1981. *Assessment of Members' External Strength for Inclusion in the Operational Budget—Role of Supplementary Indicators* (EBS/97/183, 9/24/97) and Concluding Remarks by the Acting Chairman at EBM/97/105, BUFF/97/106 (10/28/97).

### **Proposed use of currencies**

13. **Currencies are allocated in transfers in proportion to FTP members' quotas; receipts are allocated with a view to balancing members' reserve positions in the Fund in terms of quota** (Table 7).<sup>9</sup> The projected transfers in currencies of about SDR 24.2 billion represent 13.402 percent of the quotas of members included in the FTP; the allocation of transfers to each member is, therefore, equivalent to 13.402 percent of its quota. Receipts in

<sup>9</sup> See *Operational Budget—Review of Guidelines for Allocation of Currencies*, EBS/98/194 (11/17/98) and Decision No. 11837-(98/121) adopted 11/30/98; operational guidelines further illustrated in Financing IMF Transactions: Quarterly Report on the external web: <http://www.imf.org/external/np/tre/ftp/2008/eng/050108.htm>

currencies of about SDR 0.5 billion have been allocated to those members whose reserve positions in the Fund in terms of their quotas are projected to be above the average ratio of reserve positions to quotas at the end of the plan period. To the maximum extent practicable, individual members' currencies would be used in transfers and receipts in proportion to the proposed amounts over the plan period. As in previous periods, the extent to which this is possible will depend on the volume and timing of transactions, and the operational need to avoid using too many currencies in a single transaction.

### **Consultation with and concurrence of members in the use of their currencies**

14. To the extent that consultation with or concurrence of members is required for use of currencies in transfers and receipts, it is suggested that consideration of the proposed FTP by the Executive Board constitutes the necessary consultation, and concurrence will be assumed unless an objection is raised by an Executive Director.

### **Proposed use of SDRs<sup>10</sup>**

15. **The Fund's SDR holdings at the beginning of the August–October 2010 plan period are expected to total SDR 3.3 billion.** During the coming period, inflows of SDRs to the GRA (repurchases, payment of charges, and interest on the Fund's SDR holdings) are estimated at about SDR 0.3 billion, while outflows of SDRs (transfers, remuneration payments, and acquisitions of SDRs by members) are estimated at about SDR 0.9 billion.<sup>11</sup> Assuming full utilization of the proposed transfers in SDRs, the Fund's SDR holdings are expected to be reduced to about SDR 2.7 billion at end-October 2010, closer to the target level of SDR 1.0-1.5 billion established by the Executive Board and adequate to meet GRA liquidity needs in the following plan period.<sup>12 13</sup>

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<sup>10</sup> The proposed plan does not provide for transfers or receipts of SDRs for transactions that must take place in SDRs (such as periodic charges), or that may take place in SDRs at the initiative of members (such as repurchases).

<sup>11</sup> Unlike earlier FTP periods, acquisitions of SDRs by members are still expected to be negligible as a result of the recent general and special SDR allocations totaling SDR 182.6 billion to Fund members.

<sup>12</sup> The current target level of the Fund's holdings of SDRs was set in 1993 (Executive Board Decision No. 10278-(93/19) S, adopted February 10, 1993). Staff plans to review the target following completion of the ad hoc quota increases agreed under Board of Governors Resolution No. 63-2.

<sup>13</sup> The liquidity of SDRs for recycling through the GRA is assured mainly through voluntary transactions by agreement with thirty-one members and one prescribed holder that have established arrangements for buying and/or selling SDRs. In addition, the Fund prepares an SDR designation plan; see the accompanying Board paper *Status of Voluntary SDR Trading Arrangements and SDR Designation Plan for the Period August–October 2010*.

**PROPOSED DECISIONS**

The following draft decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board:

**A. Financial Transactions Plan**

The Executive Board approves the list of members considered sufficiently strong and the Financial Transactions Plan for the period August–October 2010, as set out in EBS/10/150.

**B. Use of Borrowed Resources**

The Executive Board approves the use of borrowed resources for the period August–October 2010, as set out in EBS/10/150.

**Table 5. Reserves, Balances of Payments, and Exchange Rate Indicators**

	Total Gross Reserves							Percent Change in Exchange Rates			
	SDR Millions May-2010 or latest	Percent Change Over		Months of Imports 2010	Current Account (Percent of GDP)			Against SDR since end- Jan-2010	In Effective terms over last		
		Most Recent			2009	2010 proj.	2011 proj.		12 Mos. Nominal	12 Mos. Real	24 Mos.
		3 months	12 months								
* Algeria	99,052 Apr-10	3.7	4.6	33.4	0.3	3.7	2.7	2.7	3.3	2.4	4.1
* Australia	22,613	-5.7	-10.2	1.6	-4.1	-2.4	-3.7	0.9	13.1	15.0	0.8
* Austria	5,874	6.7	31.7	0.5	2.3	2.1	1.8	-6.5	-2.5	-2.3	-3.0
Bahrain	2,751	...	...	3.4	4.2	4.5	4.9	5.4	1.0	1.5	13.4
Barbados	558 Dec-09	-5.9	16.3	4.7	-5.1	-7.3	-6.9	5.4	1.0	5.5	15.8
* Belgium	11,229	4.9	68.6	0.5	-0.3	-0.5	-0.1	-6.5	-3.2	-3.0	-4.4
* Botswana	5,453 Apr-10	-4.7	0.0	17.7	-5.0	-7.2	-6.0	2.0	-2.3	1.5	5.0
* Brazil	168,617	7.7	34.4	13.2	-1.5	-2.8	-3.1	6.8	15.5	18.2	8.7
* Brunei Darussalam	870 Apr-10	-0.4	53.1	3.8	45.8	42.5	42.6	5.3	3.5	2.5	2.8
* Canada	37,916	1.5	31.1	1.4	-2.9	-2.6	-2.3	6.9	10.9	10.7	-0.9
* Chile	16,844	3.7	8.9	4.5	2.6	-0.8	-2.0	5.4	5.7	5.2	-1.3
* China	1,623,820 Mar-10	...	...	18.2	6.1	5.0	5.3	5.4	-1.3	-0.1	6.1
* Colombia	17,161	6.9	15.4	6.9	-2.2	-2.9	-3.2	6.7	15.1	11.3	-4.1
* Cyprus	442	-16.9	11.1	0.7	-8.3	-7.2	-6.8	-6.5	-4.0	-5.6	-5.2
* Czech Republic	25,390	-2.2	2.9	3.5	-2.1	-1.7	-2.4	-5.3	1.7	1.0	-4.0
* Denmark	46,503 Apr-10	-4.7	38.9	6.1	4.0	3.1	2.6	-6.5	-3.8	-3.4	-1.7
Egypt	21,753	4.3	10.7	6.5	-2.4	-2.6	-2.2	1.7	2.7	10.8	27.9
* Finland	5,515	-10.2	25.8	1.2	1.4	2.0	1.8	-6.5	-4.7	-5.7	-6.2
* France	34,003	2.5	60.2	0.8	-2.2	-1.6	-1.7	-6.5	-3.2	-3.4	-5.4
* Germany	45,119	3.6	37.8	0.6	4.8	5.4	5.4	-6.5	-4.1	-4.8	-6.3
* India	173,341	1.6	6.0	9.0	-2.1	-2.2	-2.1	5.0	6.9	15.8	9.2
Indonesia	48,751	11.1	35.2	7.5	2.0	0.8	0.0	5.9	13.3	15.8	15.3
Iran	54,000	...	...	11.8	3.2	3.4	3.6	1.8	-3.3	5.0	26.0
* Ireland	1,303	12.4	120.6	0.1	-2.9	0.1	-0.2	-6.5	-4.7	-7.8	-13.8
* Israel	43,014	8.6	39.5	9.9	3.7	3.7	3.6	2.5	8.1	8.9	0.2
* Italy	33,805	3.8	27.3	1.2	-3.4	-2.8	-2.8	-6.5	-3.6	-4.2	-4.6
* Japan	669,577 Mar-10	2.6	0.4	15.1	2.8	3.1	2.5	3.7	4.3	1.1	16.3
Kazakhstan	17,363	5.8	51.3	7.5	-3.2	2.6	2.3	6.5	3.0	6.5	3.1
* Korea	183,247	3.8	25.1	6.6	5.1	1.1	2.0	-1.2	7.2	8.4	-4.6
* Kuwait	13,133 Jan-10	1.1	13.2	7.1	29.1	29.3	30.1	3.9	0.2	-0.4	3.3
* Libya	64,129	1.3	5.0	40.7	16.9	22.7	22.8	0.0	4.8	6.3	16.3
* Luxembourg	464	-1.8	91.0	0.1	5.7	5.9	6.6	-6.5	-1.9	-1.3	-2.2
* Malaysia	63,873	2.4	12.3	6.6	16.6	14.8	14.0	8.7	6.4	6.1	4.4
* Malta	268	-14.2	-34.0	0.8	-3.9	-4.9	-4.9	-6.5	-5.8	-6.3	-6.9
* Mauritius	1,352	-1.9	13.5	4.5	-8.2	-8.6	-7.7	-7.0	3.9	-7.1	-5.7
* Mexico	70,244	8.0	31.1	3.8	-0.6	-1.1	-1.4	6.7	4.0	6.0	-8.6
Morocco	13,784 Apr-10	-0.5	-3.1	6.4	-5.0	-4.8	-4.2	-4.8	-1.7	-2.2	-0.7
Namibia	1,259	-6.5	14.9	4.0	-1.8	-2.2	-5.7	4.9	8.2	11.4	21.3
* Netherlands	13,016	4.5	56.3	0.5	5.4	5.6	6.1	-6.5	-3.6	-4.4	-4.1
* New Zealand	10,973 Mar-10	10.3	42.1	5.2	-3.0	-4.6	-5.5	2.0	14.0	14.3	-1.3
Nigeria	28,226 Apr-10	-1.4	-8.0	11.1	13.3	11.2	9.4	5.5	-0.1	7.8	8.1
* Norway	33,127	3.2	17.1	5.2	14.1	16.7	16.5	-3.6	6.1	6.8	-1.0
* Oman	8,993	7.7	22.4	5.8	5.0	1.1	2.0	5.4	1.2	2.4	12.5
* Peru	22,506 Mar-10	10.0	12.0	12.9	0.2	-0.7	-1.6	3.3	4.9	2.7	7.7
Philippines	27,079 Apr-10	4.0	15.4	7.7	5.3	4.0	2.8	6.6	2.4	5.0	2.1

**Table 5. Reserves, Balances of Payments, and Exchange Rate Indicators**  
(concluded)

	Total Gross Reserves							Percent Change in Exchange Rates			
	SDR Millions May-2010 or latest	Percent Change Over Most Recent		Months of Imports 2010	Current Account (Percent of GDP)			Against SDR since end- Jan-2010	In Effective terms over last		
		3 months	12 months		2009	2010	2011		12 Mos. Nominal	12 Mos. Real	24 Mos.
* Poland	56,148 Apr-10	6.8	37.2	5.4	-1.7	-2.4	-2.6	-5.8	5.9	6.3	-14.9
* Portugal	2,578	20.5	125.8	0.6	-10.3	-9.5	-8.3	-6.5	-1.9	-2.7	-4.4
* Qatar	13,934 Apr-10	15.5	64.5	5.6	14.6	17.1	24.6	5.4	1.0	-4.8	5.8
* Russia	291,763	7.9	16.3	16.5	4.0	4.5	3.7	5.2	8.7	11.6	4.3
* Saudi Arabia	284,850	4.3	10.3	26.1	6.1	6.7	5.6	5.4	0.3	2.7	16.7
* Singapore	134,626 Apr-10	10.3	18.5	6.1	17.8	18.6	17.4	5.3	2.8	4.1	3.3
* Slovak Republic	499	4.6	331.5	0.1	-3.2	-1.8	-1.9	-6.5	-2.2	-3.3	3.7
* Slovenia	593	4.3	39.5	0.4	-1.0	-0.5	-0.8	-6.5	1.3	0.1	-2.4
South Africa	24,838 Mar-10	9.8	21.4	4.9	-4.0	-4.5	-6.4	4.9	11.4	13.4	23.1
* Spain	13,080	6.9	54.2	0.6	-5.4	-4.9	-4.3	-6.5	-2.2	-2.2	-3.9
* Sweden	31,493	13.7	91.0	3.6	7.2	5.9	6.6	-1.5	5.1	4.3	-9.7
Syrian Arab Republic	... ...	...	...	...	-4.5	-3.9	-3.4	2.9	6.0	6.6	16.4
* Switzerland	153,767	106.0	335.7	11.9	8.0	9.5	9.2	-3.7	3.4	3.7	8.1
* Thailand	95,201	5.0	23.8	8.8	7.7	3.6	2.0	7.3	5.1	7.0	0.2
* Trinidad & Tobago	5,974 Jan-10	-0.2	-3.7	13.1	14.2	22.8	25.2	5.8	0.0	2.2	17.9
* Tunisia	6,375 Mar-10	-9.7	9.4	5.2	-2.9	-4.5	-4.1	-5.2	-1.4	1.5	1.3
* United Arab Emirates	22,311 Mar-10	-3.1	-2.4	2.9	-3.7	5.0	3.6	5.4	1.2	-1.7	6.4
* United Kingdom	41,042	12.9	36.6	1.0	-1.3	-1.8	-1.8	-4.8	-1.2	2.3	-12.7
* United States	85,888	-0.5	56.7	0.7	-2.9	-3.2	-3.4	5.4	-2.3	-2.3	7.0
* Uruguay	5,120 Apr-10	-1	12	8.8	0.8	-1.2	-1.2	5.0	21.7	25.7	25.1

Sources: IFS, Information Notice System, and staff estimates.

Notes: **Total Gross Reserves:** Reserve data as reported in IFS (line: 1..SZF). Reserve cover is latest gross reserves in months of projected imports of goods and services for 2010.

**Exchange Rates:** Exchange rate movements against the SDR are calculated as of end-May 2010, except Egypt (as of end-March 2010), Algeria, Peru, Syrian Arab Republic and Uruguay (as of end-April 2010). Changes in effective exchange rates are as of end-May 2010.

\* Indicates member is included in the current FTP.

**Table 6. Indicators of Short-Term External Debt and Total Debt Service**

	Short-Term External Debt				Total External Debt Service		
	End-December 2009				in % of Exports of Goods & Services		
	(Millions of U.S. dollars)	% Change over previous:		As %			
		6 months	12 months	of Reserves <sup>1</sup>	2009	2010	2011
* Algeria	922	-21.6	2.1	0.6	1.1	2.6	2.9
* Australia	101,814	-2.7	25.2	305.4	32.1	29.0	28.4
Bahrain	15,624	10.1	-21.3	385.2	0.9	0.9	1.3
Barbados	1,309	-12.8	6.8	149.7	13.5	18.9	16.9
* Botswana	300	63.0	212.5	3.6	10.8	11.9	13.3
* Brazil	69,849	27.5	46.1	28.1	33.8	26.6	24.8
* Brunei Darussalam	561	22.8	20.6	42.7	...	...	...
* Chile	19,227	11.8	2.6	77.4	23.2	13.4	10.9
* China	146,288	24.6	43.5	5.9	19.5	17.8	16.4
* Colombia	4,805	10.4	-3.3	19.0	22.5	24.5	20.3
* Cyprus	25,179	28.6	17.8	3,867.4	...	...	...
* Czech Republic	13,130	13.4	-11.9	35.1	26.4	25.3	25.0
Egypt	10,291	0.2	3.9	31.3	12.2	9.4	8.5
* India	82,023	24.8	18.6	32.1	25.3	24.2	25.0
Indonesia	30,223	12.3	8.8	42.0	31.1	24.7	26.0
Iran	6,871	7.2	6.9	8.6	15.3	12.7	11.8
* Israel	9,333	37.5	56.8	14.7	...	...	...
Kazakhstan	5,933	40.2	-6.3	23.2	36.0	30.8	40.5
* Korea	129,466	17.5	29.4	47.9	10.5	9.5	9.0
* Kuwait	13,324	48.6	32.1	65.3	7.6	0.7	0.7
* Libya	262	5.6	-45.2	0.3	...	...	...
* Malaysia	16,725	9.8	-1.5	17.8	7.0	2.8	2.8
* Malta	5,479	6.6	-17.2	1,384.2	...	...	...
* Mauritius	4,526	-24.8	-22.2	227.0	4.5	4.3	4.2
* Mexico	27,974	-12.4	-10.1	27.0	28.3	20.0	20.2
Morocco	2,990	39.6	63.0	14.4	7.5	7.0	6.8
Namibia	415	36.5	10.1	22.4	15.0	10.9	9.8
* New Zealand	19,429	-24.3	28.8	116.6	17.9	19.2	21.4
Nigeria	4,085	5.3	-45.8	9.6	0.7	0.6	0.5
* Oman	2,517	0.7	-17.7	19.0	20.5	15.7	14.8
* Peru	9,787	-1.4	-19.8	28.6	6.2	5.9	6.6
Philippines	9,375	27.6	38.7	22.9	14.4	16.7	15.1
* Poland	31,218	9.2	-1.8	36.8	48.6	53.4	47.5
* Qatar	17,361	-2.1	6.9	82.5	49.7	44.5	35.1
* Russia	59,063	-27.2	-23.9	13.7	43.0	32.9	25.8
* Saudi Arabia	31,693	40.1	60.4	7.5	0.5	0.2	0.4
* Singapore	106,643	-0.8	0.7	52.4	...	...	...
* Slovak Republic	4,594	-19.9	-70.9	624.5	...	...	...
* Slovenia	6,026	13.6	-3.2	689.0	54.7	54.7	54.5
South Africa	12,476	-1.8	-0.9	33.1	11.6	19.9	11.4
Syrian Arab Republic	542	29.7	23.2	3.1	14.4	14.0	13.7
* Thailand	11,866	21.3	15.4	8.5	8.2	6.9	6.3
* Trinidad & Tobago	1,169	-4.4	1.6	12.6	1.9	2.1	0.9
* Tunisia	1,094	4.9	-1.4	11.3	11.9	10.7	11.6
* United Arab Emirates	43,777	11.4	0.8	129.2	...	...	...
Uruguay	3,879	10.1	13.4	50.1	19.6	18.8	17.6

Sources: BIS external debt database; and staff estimates (total debt service and exports).

Notes: Short-term debt data represent consolidated cross-border claims in all currencies and local claims in non-local currencies with remaining maturities of up to and including one year, as reported to the BIS by banks in 18 countries and the off-shore banking centers.

\* Indicates member is included in the current FTP.

<sup>1</sup> Based on latest available reserves as shown on Table 5.

**Table 7. Calculation of Transfers and Receipts in Currencies  
for the Period August–October 2010**  
(In millions of SDRs)

	Present Quota (1)	Beginning Period Fund Positions (2)	Transfers (3)	End-Period Fund Positions Without Receipts (2)+(3) (4)	Fund Positions Consistent with End-Period Average 1/ (5)	Deviation From End-Period Average (4)-(5) (6)	Shares in Deviations Above Average (7)	Receipts 2/ (8)	Projected End-Period Fund Positions (9)
Algeria	1,254.7	256	168	424	431	-8	0.00	0	424
Australia	3,236.4	697	434	1,131	1,112	18	1.37	7	1,124
Austria	1,872.3	443	251	694	643	50	3.72	19	675
Belgium	4,605.2	1,024	617	1,641	1,583	58	4.32	22	1,619
Botswana	63.0	11	8	19	22	-2	0.00	0	19
Brazil	3,036.1	606	407	1,013	1,043	-30	0.00	0	1,013
Brunei	215.2	14	29	43	74	-31	0.00	0	43
Canada	6,369.2	1,343	854	2,197	2,189	9	0.64	3	2,194
Chile	856.1	183	115	298	294	4	0.29	1	297
China	8,090.1	1,575	1,084	2,659	2,780	-121	0.00	0	2,659
Colombia	774.0	169	104	273	266	7	0.50	2	271
Cyprus	139.6	28	19	47	48	-1	0.00	0	47
Czech Republic	819.3	177	110	287	282	6	0.43	2	285
Denmark	1,642.8	356	220	576	565	12	0.88	4	572
Finland	1,263.8	287	169	456	434	22	1.63	8	448
France	10,738.5	2,424	1,439	3,863	3,690	173	12.82	64	3,799
Germany	13,008.2	2,912	1,743	4,655	4,470	185	13.73	69	4,586
India	4,158.2	888	557	1,445	1,429	16	1.19	6	1,439
Ireland	838.4	210	112	322	288	34	2.53	13	309
Israel	928.2	184	124	308	319	-11	0.00	0	308
Italy	7,055.5	1,597	946	2,543	2,425	118	8.74	44	2,499
Japan	13,312.8	2,813	1,784	4,597	4,575	22	1.63	8	4,589
Korea	2,927.3	628	392	1,020	1,006	14	1.07	5	1,015
Kuwait	1,381.1	254	185	439	475	-36	0.00	0	439
Libya	1,123.7	248	151	399	386	13	0.94	5	394
Luxembourg	279.1	61	37	98	96	2	0.14	1	97
Malaysia	1,486.6	306	199	505	511	-6	0.00	0	505
Malta	102.0	21	14	35	35	0	0.00	0	35
Mauritius	101.6	22	14	36	35	1	0.08	0	36
Mexico	3,152.8	613	423	1,036	1,083	-47	0.00	0	1,036
Netherlands	5,162.4	1,206	692	1,898	1,774	123	9.16	46	1,852
New Zealand	894.6	174	120	294	307	-14	0.00	0	294
Norway	1,671.7	325	224	549	574	-26	0.00	0	549
Oman	194.0	36	26	62	67	-5	0.00	0	62
Peru	638.4	122	86	208	219	-11	0.00	0	208
Philippines	879.9	88	118	206	302	-97	0.00	0	206
Poland	1,369.0	274	183	457	470	-13	0.00	0	457
Portugal	867.4	197	116	313	298	15	1.11	6	307
Qatar	263.8	51	35	86	91	-4	0.00	0	86
Russia	5,945.4	1,229	797	2,026	2,043	-17	0.00	0	2,026
Saudi Arabia	6,985.5	1,287	936	2,223	2,401	-178	0.00	0	2,223
Singapore	862.5	168	116	284	296	-12	0.00	0	284
Slovakia	357.5	68	48	116	123	-7	0.00	0	116
Slovenia	231.7	42	31	73	80	-7	0.00	0	73
Spain	3,048.9	691	409	1,100	1,048	52	3.87	19	1,081
Sweden	2,395.5	463	321	784	823	-40	0.00	0	784
Switzerland	3,458.5	741	464	1,205	1,189	16	1.20	6	1,199
Thailand	1,081.9	230	145	375	372	3	0.24	1	374
Trinidad and Tobago	335.6	72	45	117	115	2	0.14	1	116
Tunisia	286.5	56	38	94	98	-4	0.00	0	94
United Arab Emirates	611.7	118	82	200	210	-10	0.00	0	200
United Kingdom	10,738.5	2,167	1,439	3,606	3,690	-84	0.00	0	3,606
United States	37,149.3	8,160	4,979	13,139	12,767	372	27.63	138	13,001
Uruguay	306.5	38	41	79	105	-26	0.00	0	79
<b>Total</b>	<b>180,568.5</b>	<b>38,354</b>	<b>24,200</b>	<b>62,554</b>	<b>62,054</b>	<b>500</b>	<b>100.0</b>	<b>500</b>	<b>62,054</b>

Note: Fund positions may not sum to totals due to rounding.

1/ Fund positions equivalent to the end-period average of 34.37 percent of quotas of FTP members.

2/ Calculated in proportion to positive deviations or, equivalently, based on shares in deviations above average (Column 7).