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IMF Increases Annual Lending Limit

The International Monetary Fund (IMF) has increased, for a period of three years, the annual access limit under outright drawings, and stand-by and extended Fund facility (EFF) credits from 68 percent to 100 percent of a country's quota in the IMF. ^{1/} The cumulative limit will remain at 300 percent of quota, net of repayments falling due to the IMF during the credit period. The new limit will be subject to annual review by the IMF's Executive Board in light of all relevant factors, including the magnitude of members' balance of payments problems and the IMF's own liquidity position.

Today's decision follows the recommendation by the Interim Committee at its October 2, 1994 meeting in Madrid, Spain that the Executive Board further consider a proposal for a temporary increase in the annual access limit for outright drawings, and stand-by and EFF credits from 68 percent of quota to at least 85 percent of quota, with a view to its early adoption.

The increase in the annual lending limit is intended to provide confidence to member countries with potentially large financial needs that the IMF will be able to respond in a timely manner and on an appropriate scale in support of strong economic programs. The new annual limit will ensure that the IMF can play an increased role in supporting programs and catalyzing other financial contributions for members' adjustment and reform efforts. The limit is not a target, and access to IMF financing within the limit will continue to be determined on a case-by-case basis, commensurate with the strength of programs. The IMF may also approve stand-by or EFF credits for amounts in excess of the lending limit.

Following the decision by the Executive Board, Michel Camdessus, Managing Director of the IMF, stated: "I warmly welcome this substantial increase in access and the remarkable spirit of cooperation that has made possible this speedy action by the Executive Board. The increase in the access limit will be very helpful and will allow the IMF to strongly support members' adjustment and reform programs, and the associated financing needs, in the next three years."

^{1/} A member's quota in the IMF determines, in particular, its subscription, its voting weight, its access to IMF financing, and its share in allocations of SDRs.

