

IMF Distributes US\$1.1 Billion of Gold Sales Profits in Strategy to Boost Low-Cost Crisis Lending to Low-Income Countries

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The International Monetary Fund (IMF) will distribute SDR 700 million (about US\$1.1 billion) in reserves attributed to windfall gold sales profits to its members in order to boost its concessional lending capacity for low-income countries during the global crisis. The distribution is a key element of a 2009 plan to boost concessional lending capacity to US\$17 billion over the five years to 2014. The decision authorizing the distribution was taken by the Executive Board in February 2012, to become effective only after IMF members have provided satisfactory assurances that new amounts equivalent to at least 90 percent of the amount distributed—i.e. SDR 630 million—would be transferred or otherwise provided to the IMF’s concessional lending vehicle, the Poverty Reduction and Growth Trust (PRGT). The 90 percent threshold has been reached with assurances received from the countries listed below, meaning the distribution can now take place. The IMF will continue to seek contributions from remaining members in order to maximize concessional lending capacity. In addition, as agreed on September 28, the Fund is starting a process for seeking assurances on a separate distribution of the remaining gold sales windfall profits of US\$2.7 billion (see Press Release No. 12/368).

“This is a wonderful achievement that demonstrates our members’ determination to ensure the IMF has the wherewithal to support its low-income members through this crisis,” IMF Managing Director Christine Lagarde stated. “For many countries this process has involved complex legal or legislative steps, and it is a tribute to our membership that we have arrived at the required level in just a few months.”

Because gold sales profits are part of the IMF’s general resources available for the benefit of the entire membership, they cannot be placed directly in the PRGT, which is available only to low-income member countries. Accordingly, using these resources for PRGT financing required a distribution of the resources to all IMF member countries in proportion to their quota shares, on the expectation that members would direct the Fund to transfer these resources (or would provide broadly equivalent amounts) to the PRGT as subsidy contributions. The resources raised through the operation will count towards the 2009 package’s target of raising an additional SDR 1.5 billion (US\$2.3 billion) in PRGT subsidies. The balance is being raised from other sources, including additional bilateral contributions which the IMF continues to seek from member countries.

The IMF sold 403.3 metric tons of gold in 2009-10 as part of a plan to ensure the long-term financing of the IMF’s day-to-day operations through the creation of an endowment using anticipated gold sales profits of some SDR 4.4 billion

(US\$6.8 billion). High world gold prices during the sales period, over and above the US\$850 an ounce envisaged when the sales were originally planned, generated “windfall” profits of some SDR 2.45 billion (about US\$3.8 billion). The first SDR 700 million of those windfall profits will be now distributed to the membership in proportion to their IMF quota shares. Meanwhile, on September 28, 2012, the IMF Executive Board approved a second distribution of the remaining SDR 1.75 billion (US\$2.7 billion) in windfall gold sales profits in a similar strategy to raise resources to make the PRGT concessional lending capacity sustainable (see Press Release No. 12/368). That second distribution is also conditional on receiving satisfactory assurances from members that new amounts equivalent to at least 90 percent of the amount distributed—i.e. SDR 1.575 billion---will be transferred or otherwise provided to the PRGT.

For more information click on the following links:

- List of countries’ PRGT Subsidy Pledges Based on the Distribution of SDR 700 Million
- IMF Gold Sales – Q&A
- Feb 24, 2012 Press Release: Executive Board Approves Distribution of US\$1.1 Billion Gold Sales Profits
- September 28, 2012 Press Release: IMF Executive Board Approves Distribution of US\$2.7 Billion in Remaining Windfall Gold Sales Profits
- Transcript of a Background Briefing on Gold Profits Distribution
- September 2012: Review of Facilities for Low-Income Countries
- IMF Survey Online July 2009: IMF Backs New Concessional Lending Package
- FACTSHEET: Gold in the IMF

PRGT Subsidy Pledges Based on the Partial Distribution¹
(As of October 12, 2012)

Algeria	Guinea	Norway
Argentina	Guinea-Bissau	Oman
Armenia	Haiti	Pakistan
Australia	Honduras	Panama
Austria	Hungary	Papua New Guinea
Bangladesh	Iceland	Paraguay
Belarus	India	Peru
Belgium	Indonesia	Philippines
Benin	Iraq	Poland
Bhutan	Ireland	Portugal
Bosnia and Herzegovina	Italy	Qatar

Botswana	Jamaica	Russian Federation
Brazil	Japan	Rwanda
Brunei Darussalam	Jordan	San Marino
Bulgaria	Kenya	São Tomé and Príncipe
Burkina Faso	Korea	Saudi Arabia
Burundi	Kuwait	Senegal
Cambodia	Kyrgyz Republic	Serbia, Republic of
Cameroon	Lao People's Democratic Republic	Seychelles
Canada	Latvia	Sierra Leone
Cape Verde	Lebanon	Singapore
Central African Republic	Lesotho	Slovenia
Chad	Libya	Solomon Islands
China	Lithuania	South Africa
Comoros	Luxembourg	Spain
Congo, Democratic Republic of the	Macedonia, Former Yugoslav Republic of	Sri Lanka
Costa Rica	Malawi	Sweden
Côte d'Ivoire	Malaysia	Tajikistan
Croatia	Maldives	Tanzania
Denmark	Mali	Thailand
Djibouti	Malta	Togo
Dominica	Mauritania	Tonga
Egypt	Mauritius	Trinidad and Tobago
Estonia	Moldova	Tunisia
Ethiopia	Mongolia	Turkey
Fiji, Republic of	Morocco	Turkmenistan
Finland	Mozambique	Ukraine
France	Myanmar	United Arab Emirates
Gabon	Namibia	United Kingdom
Gambia, The	Nepal	United States
Georgia	Netherlands	Uruguay
Germany	New Zealand	Uzbekistan
Ghana	Nicaragua	Zambia

Greece

Niger

Zimbabwe

Grenada

Nigeria

¹ Pledges based on the partial distribution of SDR 0.7 billion of the general reserve attributed to part of the windfall profits from the recent gold sales.

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