

IMF Secures Financing to Sustain Concessional Lending to World's Poorest Countries over Longer Term

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The International Monetary Fund (IMF) secured today resources needed to sustain concessional lending to low-income countries (LICs) at an average annual capacity of about SDR 1.25 billion (about US\$1.92 billion) over the longer term, which is broadly in line with current estimated demand for IMF support to the world's poorest countries.

A critical mass of 151 member countries have committed to provide to the Poverty Reduction and Growth Trust (PRGT) their share in the partial distribution of the general reserve of SDR 1.75 billion (about US\$2.7 billion) attributed to windfall profits remaining from the partial sale of IMF gold, amounting to over 90 percent of the distribution that was approved in September 2012 (see Press Release No. 12/368). These commitments follow an earlier agreement to use SDR 700 million from a partial reduction of the general reserve attributed to windfall gold profits as part of a strategy to fund the trust (see Press Release No. 12/56). The total amount of resources now transferred or pledged by the membership under both operations to support concessional lending is more than SDR 2.2 billion (about US\$3.4 billion).

"Today marks the culmination of an effort underway for many years to put the PRGT on a sustainable footing," IMF Managing Director Christine Lagarde stated. "I would like to thank our member countries who have stepped forward to make these pledges, and help us reach this historic milestone. We now have secured critical resources to provide adequate levels of financial support to the poorest countries for years to come. That so many countries, at different levels of development and from all of the world's regions, have supported this process shows the strong and universal commitment of our membership to help the world's poorest countries," she emphasized.

Gold sale profits are part of the IMF's general resources available for the benefit of the entire membership and cannot be placed directly in the PRGT, which is available only to low-income members. Accordingly, using these resources for PRGT

financing involved a strategy to distribute a part of the IMF's general reserve attributed to windfall gold sales profits 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. These subsidies allow lending to LICs at concessional interest rates; currently the IMF provides zero-interest financing to LICs.

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 sale 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 following is the current list of PRGT subsidy pledges:

Member Pledges ^{1/}
(As of October 10, 2013)

Afghanistan, Islamic Republic of	Ghana	Pakistan
Albania	Greece	Panama
Algeria	Guinea	Papua New Guinea
Angola	Guinea-Bissau	Paraguay
Antigua and Barbuda	Haiti	Peru
Argentina	Honduras	Poland
Armenia	Hungary	Portugal
Australia	Iceland	Qatar
Austria	India	Romania
Azerbaijan	Indonesia	Russian Federation
Bahamas, The	Ireland	Rwanda
Bangladesh	Italy	Samoa
Barbados	Jamaica	San Marino
Belarus	Japan	São Tomé and Príncipe
Belgium	Jordan	Saudi Arabia
Belize	Korea	Senegal

Benin	Kosovo	Serbia
Bhutan	Kuwait	Seychelles
Bosnia and Herzegovina	Kyrgyz Republic	Sierra Leone
Botswana	Lao People's Democratic Republic	Singapore
Brazil	Latvia	Slovak Republic
Brunei Darussalam	Lebanon	Slovenia
Bulgaria	Lesotho	Solomon Islands
Burkina Faso	Libya	South Africa
Burundi	Lithuania	Spain
Cambodia	Luxembourg	Sri Lanka
Cameroon	Macedonia, FYR	St. Lucia
Canada	Malawi	Sweden
Chad	Malaysia	Tajikistan
China	Maldives	Tanzania
Comoros	Mali	Thailand
Congo, DRC	Malta	Timor-Leste
Congo, Republic of	Mauritania	Togo
Costa Rica	Mauritius	Tonga
Côte d'Ivoire	Micronesia, FS	Tunisia
Croatia	Moldova	Turkey
Czech Republic	Mongolia	Turkmenistan
Denmark	Montenegro	Tuvalu
Djibouti	Morocco	Uganda
Dominica	Mozambique	Ukraine
Egypt	Myanmar	United Arab Emirates
Estonia	Namibia	United Kingdom
Ethiopia	Nepal	United States
Fiji, Republic of	Netherlands	Uruguay
Finland	New Zealand	Vanuatu

France	Nicaragua	Vietnam
Gabon	Niger	Yemen, Republic of
Gambia, The	Nigeria	Zambia
Georgia	Norway	Zimbabwe
Germany	Oman	

Source: IMF.

¹ Pledges based on the distribution of SDR 1.75 billion of the general reserve attributed to remaining windfall profits from the 2009–10 limited gold sales.

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