INTERNATIONAL MONETARY FUND

FACTSHEET

# IMF Quotas

*Quota subscriptions are central to the IMF's financial resources. Each member country of the IMF is assigned a quota, based broadly on its relative position in the world economy. A member country's quota determines its maximum financial commitment to the IMF, its voting power, and has a bearing on its access to IMF financing.*

When a country joins the IMF, it is assigned an initial quota in the same range as the quotas of existing members of broadly comparable economic size and characteristics. The IMF uses a quota formula to help assess a member's relative position.

The current quota formula is a weighted average of GDP (weight of 50 percent), openness (30 percent), economic variability (15 percent), and international reserves (5 percent). For this purpose, GDP is measured through a blend of GDP—based on market exchange rates (weight of 60 percent) and on PPP exchange rates (40 percent). The formula also includes a "compression factor" that reduces the dispersion in calculated quota shares across members.

Quotas are denominated in Special Drawing Rights (SDRs), the IMF's unit of account. The largest member of the IMF is the United States, with a current quota (as of March 2017) of SDR82.99 billion (about US$118 billion), and the smallest member is Tuvalu, with a quota of SDR2.5 million (about US$3.5 million).

The conditions for implementing the quota increases agreed under the 14th General Quota Review were met on January 26, 2016. As a result, the quotas of each of the IMF's 189 members will increase to a combined SDR477 billion (about US$677 billion) from about SDR238.5 billion (about US$339 billion). As of September 2017, 181 of the 189 members had made their quota payments, accounting for over 99 percent of the total quota increases, and total quotas stood at SDR475 billion (about US$675 billion).

## Quotas play several key roles in the IMF

A member's quota determines that country's financial and organizational relationship with the IMF, including:

**Subscriptions**. A member's quota subscription determines the maximum amount of financial resources the member is obliged to provide to the IMF. A member must pay its subscription in full upon joining the IMF: up to 25 percent must be paid in SDRs or foreign currencies acceptable to the IMF (such as the US dollar, the euro, the Chinese renminbi, the Japanese yen, or the British pound sterling), while the rest is paid in the member's own currency.

**Voting power**. The quota largely determines a member's voting power in IMF decisions. Each IMF member's votes are comprised of basic votes plus one additional vote for each SDR100,000 of quota. The 2008 reforms fixed the number of basic votes at 5.502 percent of total votes. The current share of basic votes in total votes represents close to a tripling of their share prior to the implementation of the 2008 reforms.

**Access to financing**. The amount of financing a member can obtain from the IMF (its access limit) is based on its quota. For example, under Stand-By and Extended Arrangements, a member can borrow up to 145 percent of its quota annually and 435 percent cumulatively. However, access may be higher in exceptional circumstances.

## How quota reviews work

The IMF's Board of Governors conducts general quota reviews at regular intervals (usually every five years). Any changes in quotas must be approved by an 85 percent majority of the total voting power, and a member's quota cannot be changed without its consent. There are two main issues addressed in a general quota review: the size of an overall increase and the distribution of the increase among the members.

First, a general quota review allows the IMF to assess the adequacy of quotas both in terms of members' balance of payments financing needs and in terms of its own ability to help meet those needs. Second, a general review allows for increases in members' quotas to reflect changes in their relative positions in the world economy. Ad hoc increases outside general reviews do not occur often, but the increases in quotas for 54 member countries approved under the 2008 Reform are a recent example.

**General Quota Reviews**

| Quota Review | Resolution Adopted | Overall Quota Increase (percent) |
|---|---|---|
| First Quinquennial | No increase proposed | --- |
| Second Quinquennial | No increase proposed | --- |
| 1958/59[1] | February and April 1959 | 60.7 |
| Third Quinquennial | No increase proposed | --- |
| Fourth Quinquennial | March 1965 | 30.7 |
| Fifth General | February 1970 | 35.4 |
| Sixth General | March 1976 | 33.6 |
| Seventh General | December 1978 | 50.9 |
| Eighth General | March 1983 | 47.5 |
| Ninth General | June 1990 | 50.0 |
| Tenth General | No increase proposed | --- |
| Eleventh General | January 1998 | 45.0 |
| Twelfth General | No increase proposed | --- |
| Thirteenth General | No increase proposed | --- |
| Fourteenth General | December 2010 | 100.0 |

## 2010 Reforms: Doubling of quotas and major realignment of quota shares

On December 15, 2010, the Board of Governors, the IMF's highest decision-making body, completed the 14th General Review of Quotas, which involved a package of far-reaching reforms of the IMF's quotas and governance. This reform package, which became effective on January 26, 2016, delivers an unprecedented 100 percent increase in total quotas and a major realignment of quota shares. This will better reflect the changing relative weights of the IMF's member countries in the global economy.

[1] This review was conducted outside the five-year cycle.

The reform package built on earlier reforms from 2008, which had become effective on March 3, 2011. The 2008 reforms strengthened the representation of dynamic economies—many of which are emerging market countries—through ad hoc quota increases for 54 member countries. They also enhanced the voice and participation of low-income countries through a near tripling of basic votes.

Building on the 2008 reforms, the 14th General Review of Quotas:

- doubled quotas from approximately SDR238.5 billion to approximately SDR477 billion (about $677 billion at current exchange rates),

- shifted more than 6 percent of quota shares from over-represented to under-represented member countries,

- shifted more than 6 percent of quota shares to dynamic emerging market and developing countries (EMDCs),

- significantly realigned quota shares. China became the third largest member country in the IMF, and there are now four EMDCs (Brazil, China, India, and Russia) among the 10 largest shareholders in the IMF, and

- preserved the quota and voting share of the poorest member countries. This group of countries was defined as those eligible for the low-income Poverty Reduction and Growth Trust (PRGT) and whose per capita income fell below $1,135 in 2008 (the threshold set by the International Development Association) or twice that amount for small countries.

A comprehensive review of the current quota formula was completed in January 2013, when the Executive Board submitted its report to the Board of Governors. Work on a new quota formula will continue in the context of the 15th General Review of Quotas.

**Next steps**

The 15th General Quota Review provides an opportunity to assess the appropriate size and composition of the IMF's resources and to continue the process of governance reforms. On December 5, 2016, the Board of Governors adopted a Resolution calling on the Executive Board to work expeditiously on the 15th Review in line with existing Executive Board understandings and the guidance provided by the IMFC, and with the aim of completing the 15th Review by the 2019 Spring Meetings or no later than the 2019 Annual Meetings.