



# IMF POLICY PAPER

## SIXTEENTH GENERAL REVIEW OF QUOTAS—REPORT TO THE BOARD OF GOVERNORS AND PROPOSED RESOLUTION, AND PROPOSED DECISION TO EXTEND THE DEADLINE FOR A REVIEW OF THE BORROWING GUIDELINES

December 2023

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following document has been released and is included in this package:

- A **Press Release** announcing the IMF Board of Governors' approval of a quota increase under the 16<sup>th</sup> General Review of Quotas.
- The **Staff Report**, prepared by IMF staff and completed on October 27, 2023 for the Executive Board's consideration on November 7, 2023.

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**International Monetary Fund**  
**Washington, D.C.**



## IMF Board of Governors Approves Quota Increase Under the 16th General Review of Quotas

FOR IMMEDIATE RELEASE

**Washington, DC – December 18, 2023:** On December 15, 2023, the Board of Governors of the International Monetary Fund (IMF) concluded the 16<sup>th</sup> General Review of Quotas and approved an increase of IMF members quotas by 50 percent (SDR 238.6 billion, or US\$320 billion), which will bring total quotas to SDR 715.7 billion (US\$960 billion).<sup>1</sup> When the voting deadline ended on December 15, 2023, Governors representing 92.86 percent of the total voting power had cast votes in favor of the Resolution, exceeding the 85 percent required.

The Board of Governors' Resolution, which is based on a recommendation by the IMF's Executive Board from November 7 (see [Press Release No. 23/383](#)), also provides guidance on the size of the IMF's lending capacity and the mix of resources. Specifically, the Resolution envisages maintaining the IMF's current lending capacity through a combination of the approved increase in quota resources and reduced reliance on borrowed resources. When the quota increase becomes effective, borrowed resources comprising the New Arrangements to Borrow (NAB) would be reduced and the Bilateral Borrowing Agreements would be phased out. Proposals for a reduction in the size of the NAB and transitional arrangements for maintaining access to Fund borrowing will be discussed by the Executive Board in early 2024 following consultations with creditors.

"I would like to express my gratitude to the Board of Governors for successfully concluding the 16<sup>th</sup> General Review of Quotas, resulting in a fifty percent increase of the Fund's permanent resources. The overwhelming support from our membership for this decision is a strong vote of confidence for the work of the Fund. It will reduce the reliance of the Fund on borrowed resources, restore the primary role of quotas in our lending capacity and reinforce the role of the IMF at the center of the Global Financial Safety Net. It will also strengthen the IMF's capacity to help safeguard global financial stability and respond to members' potential needs in an uncertain and shock-prone world." IMF Managing Director Kristalina Georgieva said. "I look forward to the membership's timely implementation of this important agreement."

Following the Board of Governors' approval, the next step is for member countries to consent to their respective quota increases. Members have committed to expeditiously complete this step by the deadline of November 15, 2024. In many cases this involves legislative approval.

The Executive Board also recognized and informed the Board of Governors of the urgency and importance of quota share realignment to better reflect members' relative positions in the world economy, while protecting the quota shares of the poorest members. In this context, the Board of Governors asked for work to develop, by June 2025, possible approaches as a guide

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<sup>1</sup> Based on December 15, 2023 market exchange rate of 0.74583 SDRs to the U.S. dollar.

for further quota realignment, including through a new quota formula, under the 17<sup>th</sup> General Review of Quotas.

## **ANNEX**

The [Board of Governors](#), the highest decision-making body of the IMF, consists of one governor and one alternate governor for each member country. The Governor and Alternate Governor are appointed by the member country and the Governors are usually ministers of finance or governors of the central bank. All powers of the IMF not conferred directly to the Board of Governors, the Executive Board or the Managing Director, are vested in the Board of Governors. The Board of Governors may delegate to the Executive Board powers not conferred directly to the Board of Governors by the Articles, and has done so. The Board of Governors normally meets once a year.

The [Executive Board](#) (the Board) is responsible for conducting the day-to-day business of the IMF. It is currently composed of 24 Executive Directors, who are elected by a member or a group of member countries. The Managing Director, who serves as Chair of the Executive Board, is the chief of all operating staff of the IMF, and conducts the ordinary business of the Fund under the direction of the Executive Board. The Executive Board operates in continuous session and meets as often as the business of the Fund requires. In carrying out its responsibilities, the Board works largely on the basis of recommendations made by management as set forth in papers prepared by IMF staff.

[Quotas](#) are the building blocks of the IMF's financial and governance structure. Each member is assigned a quota when it joins the Fund and is required to make its quota subscription payment in full. Quotas are denominated in Special Drawing Rights (SDRs), the IMF's unit of account, and reviewed at regular intervals. An individual member country's quota broadly reflects its relative position in the world economy. Quotas play a key role for the voting power of members in IMF decision making bodies, members' access to Fund financing, and a member's share in a general allocation of SDRs.

[New Arrangements to Borrow](#): The New Arrangements to Borrow (NAB) is a standing set of credit arrangements under which the participants (member countries and institutions) commit to provide supplementary resources to the IMF when available quota resources are low relative to member countries' demand for IMF financial support. The NAB constitutes the second line of defense after quotas. Currently, there are 40 participants that contribute an aggregate of SDR 364 billion, or US\$[485] billion, to total IMF resources.

[Bilateral Borrowing Agreements](#): bilateral borrowing agreements between the IMF and a number of members allow the Fund to borrow to ensure sufficient lending capacity and serve as a third line of defense after quotas and the NAB. Currently, bilateral borrowing agreements with 42 creditors are in place that contribute SDR 141 billion, or US\$[188] billion, to total IMF resources. The 2020 BBAs have an initial term of three years through end-2023, extendable with creditor consents through end-2024.

### ***Useful links:***

**IMF Board of Governors Approves Quota Increase Under the 16th General Review of Quotas**

<https://www.imf.org/en/Publications/Policy-Papers/Issues/2023/12/18/Sixteenth-General-Review-of-Quotas-Report-to-the-Board-of-Governors-and-Proposed-Resolution-542596>

**IMF Executive Board Approves a Proposal to Increase IMF Quotas**

[IMF Executive Board Approves a Proposal to Increase IMF Quotas](#)

**IMF Quota and Governance Publications**

<http://www.imf.org/external/np/fin/quotas/pubs/index.htm>

**Quota Factsheet**

<http://www.imf.org/external/np/exr/facts/quotas.htm>



October 27, 2023

## **SIXTEENTH GENERAL REVIEW OF QUOTAS—REPORT TO THE BOARD OF GOVERNORS AND PROPOSED RESOLUTION, AND PROPOSED DECISION TO EXTEND THE DEADLINE FOR A REVIEW OF THE BORROWING GUIDELINES**

### **EXECUTIVE SUMMARY**

A strong, quota-based, and adequately resourced IMF at the center of the Global Financial Safety Net is essential to safeguard global financial stability in an uncertain and shock-prone world. Building on three years of Committee of the Whole meetings, Executive Directors' feedback, and recent guidance from the International Monetary and Financial Committee (IMFC), this paper sets out for consideration of the Executive Board a proposal for the conclusion of the Sixteenth General Review of Quotas (16<sup>th</sup> Review) with a 50 percent quota increase allocated to members in proportion to their quotas ("equiproportional increase"). The paper includes for the Executive Board's approval a Report by the Executive Board to the Board of Governors (BoG) on such an increase, including a draft BoG Resolution.

The proposed increase in quotas, once in effect, would replace Bilateral Borrowing Agreements and be linked to a rollback in credit arrangements under the New Arrangements to Borrow, in order to maintain the Fund's lending capacity. The proposed quota increase would strengthen the quota-based nature of the Fund by reducing its reliance on borrowing, thus ensuring the primary role of quotas in Fund resources. Transitional arrangements for borrowed resources may be needed to maintain the Fund's lending capacity beyond 2024 until the quota increase becomes effective.

Given significant differences in views among members about the quota formula and how to implement a realignment of quota shares, the proposed equiproportional distribution of the quota increase would leave quota shares of members unchanged at this time. However, the membership has signaled the urgency and importance of quota share realignment to better reflect members' relative positions in the world economy, while protecting the quota shares of the poorest members. Thus, the proposed BoG Resolution includes guidance, building on the recent IMFC discussions, namely to work to develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula. This work would begin after conclusion of the 16<sup>th</sup> Review.

**Next steps.** Following Executive Board consideration of the proposal in this paper and approval of the Report to the Board of Governors, including the draft Resolution on the completion of the 16<sup>th</sup> Review, the Report and the Resolution would be sent to the BoG for a vote without a meeting on the Resolution, with the objective of the Resolution becoming effective on December 15, 2023 in line with the timetable established by the BoG for completion of the 16<sup>th</sup> Review.

The paper also proposes a six-month extension of the deadline for the review of the Guidelines for Borrowing by the Fund to end-June 2024 to reflect the outcome of the 16<sup>th</sup> Review and further steps on borrowed resources.

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## INTRODUCTION

**1. After three years of discussions by the Committee of the Whole, the membership is converging on an agreement toward the conclusion of the Sixteenth General Review of Quotas (16<sup>th</sup> Review).** Executive Directors met as the Committee of the Whole<sup>1</sup> six times between 2021 and 2023 to discuss the adequacy and composition of Fund resources and the realignment of quota shares.<sup>2</sup> There was also strong support from the International Monetary and Financial Committee (IMFC) during the 2023 Annual Meetings, as reflected in the IMFC Chair’s Statement of October 14, 2023, for the Executive Board to bring a proposal to the Board of Governors with a “meaningful quota increase that at least maintains the Fund’s current resource envelope, which is a critical step to strengthen the quota-based nature of the Fund, as bilateral borrowing agreements expire.” Acknowledging “the urgency and importance of realignment in quota shares to better reflect members’ relative positions in the world economy,” the IMFC Chair’s Statement also calls for “work to develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula, under the 17<sup>th</sup> General Review of Quotas.”

**2. This paper sets out a proposal for the conclusion of the 16<sup>th</sup> Review.** The next section outlines the proposal, followed by considerations related to work toward realignment of quota shares under the 17<sup>th</sup> General Review of Quotas, as well as next steps regarding borrowed resources to maintain the Fund’s lending capacity. The final section covers the procedural aspects and next steps.

## PROPOSAL FOR A QUOTA INCREASE

**3. This paper proposes an equiproportional increase in quotas of 50 percent.** The proposed increase in quotas would ensure the primary role of quotas in Fund resources and reduce reliance on borrowed resources. The quota increase would enable the replacement of bilateral borrowing in the resource envelope, and is also proposed to be linked with a reduction in the size of the New Arrangements to Borrow (NAB) in order to maintain the Fund’s lending capacity.<sup>3</sup> As a result, the share of quotas in lending capacity would increase from 44 percent to around 67 percent, and the share of quotas in total Fund resources would increase from 49 percent to around 70 percent. Given that views continue to differ significantly on a new quota formula as well as the scope

<sup>1</sup> A Committee of the Whole (CoW) for the 16<sup>th</sup> Review was established on December 13, 2019.

<sup>2</sup> The Committee of the Whole met on September 1, 2021, September 10, 2021, March 11, 2022, September 13, 2022, March 8, 2023, and September 14, 2023.

<sup>3</sup> The Fund’s lending capacity is a subset of total Fund resources, and indicates GRA resources that can be used for lending to IMF members. It comprises resources from quotas, the NAB, and bilateral borrowing agreements (BBAs) made available by participants in the Fund’s Financial Transactions Plan (FTP), net of prudential balances of 20 percent. As of October 20, 2023, the Fund’s lending capacity was SDR 695.8 billion. Lending capacity is broadly stable in SDR terms but not a fixed amount. It varies with changes in the list of FTP participants and/or exchange rate movements. Most resources contributing to lending capacity, including quotas and NAB, are denominated in SDRs. BBAs are denominated in several different currencies and changes in the values of these currencies affect lending capacity.



for any realignment in quota shares, the quota increase is proposed to be allocated to members in proportion to their quotas (“equiproportional quota increase”) and would, therefore, leave the individual members’ shares unchanged.<sup>4</sup>

**4. Concluding the 16<sup>th</sup> Review with a quota increase will help preserve the IMF’s unique role at the center of the Global Financial Safety Net (GFSN) at this difficult juncture.** The IMF is the only GFSN layer with near-universal membership and capacity to help prevent and address country-specific, regional, and global crises through lending, surveillance, and capacity development. An adequately resourced IMF is essential to safeguard global financial stability and respond to members’ potential needs in an uncertain and shock-prone world. Moreover, the ability of the membership to agree on a quota increase, even in the absence of an immediate realignment in quota shares, would provide a strong signal that the membership can come together when it counts. It would also help maintain the Fund as a platform for the membership to find collective solutions to global problems.

## ADDITIONAL CONSIDERATIONS

**5. The membership has acknowledged “the urgency and importance of a quota share realignment.”** Ensuring that the IMF remains an institution that is representative of its membership will require further realignment of quota shares. The IMFC asked for the realignment in quota shares “to better reflect members’ relative positions in the world economy, while protecting the quota shares of the poorest members.” The IMFC Chair’s Statement thus called on the Board to “work to develop by, June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula, under the 17<sup>th</sup> General Review of Quotas.”<sup>5</sup> Staff will revert to the Board on a timeline for this work at the latest in the context of the next Board Work Program.

**6. It is proposed that the New Arrangements to Borrow (NAB) would be rolled back once the quota increases under the 16<sup>th</sup> Review become effective in order to maintain the Fund’s lending capacity based on quotas and borrowed resources.** Staff will consult NAB participants and revert with a proposal for the Executive Board’s consideration in early 2024. Under the NAB decision, any change in NAB credit arrangements requires consent by NAB participants representing 85 percent of total credit arrangements, including each participant whose credit arrangement is changed (see ¶12 below). It is proposed that the effectiveness of the reduction in NAB credit arrangements be linked to the effectiveness of the increases in quotas under the 16<sup>th</sup> Review, as was done in the NAB rollback that took place following the effectiveness of quota increases under the 14<sup>th</sup> Review. It is also proposed that the NAB rollback broadly preserve relative shares.

<sup>4</sup> It is proposed that the quotas approved by the Board of Governors under the 14<sup>th</sup> Review (Resolution No. 66-2) be used as the basis for the equiproportional increase in quotas under the 16<sup>th</sup> Review.

<sup>5</sup> According to the Articles of Agreement, the deadline for the 17<sup>th</sup> Review is December 15, 2025—i.e., five years after the original deadline for the 16<sup>th</sup> Review. This paper does not suggest that the Executive Board propose for the BoG to set any timetable for the conclusion of the 17<sup>th</sup> Review, and the Executive Board may make this proposal at a later stage.

**7. The IMFC called on the Executive Board “to propose transitional arrangements, if needed” to maintain the Fund’s lending capacity until the 16<sup>th</sup> Review becomes effective.** The terms of the 2020 Bilateral Borrowing Agreements (“2020 BBAs”) are currently in the process of being extended through end-2024, following Board approval in May 2023, and substantial progress has been made. Should, however, the quota increases under the 16<sup>th</sup> Review not become effective by the end of 2024 when the extended terms of the 2020 BBAs expire, the Fund’s lending capacity would drop. To avoid such a drop, transitional measures would be needed. Staff will consult creditors and revert with a proposal for Board consideration in early 2024.

**8. The Guidelines for Borrowing by the Fund would need to be updated accordingly.** The next review of the Guidelines, currently scheduled for end-December 2023,<sup>6</sup> will need to reflect the outcome of the 16<sup>th</sup> Review and the above outlined steps on borrowed resources. The deadline for the review is therefore proposed to be extended to June 30, 2024 to reflect further guidance on these issues.

## NEXT STEPS

**9. Completion of the 16<sup>th</sup> Review with a quota increase requires both a proposal by the Executive Board with a majority of the votes cast, and approval by the Board of Governors with an 85 percent majority of total voting power.** Following the Executive Board approval, which would require a majority of the votes cast, the attached Report to the Board of Governors (Annex I) would be sent to all Fund members. This Report includes a proposed Board of Governors’ Resolution concluding the 16<sup>th</sup> Review (Annex I, Appendix 1). The Board of Governors would be requested to vote on the proposed Resolution in a vote without a meeting,<sup>7</sup> and it is proposed that the voting period would close on December 15, 2023, pursuant to the timetable set under the Board of Governors’ Resolution No. 75-1 for the completion of the 16<sup>th</sup> Review.<sup>8</sup> According to the Articles of Agreement, approval of this proposed Resolution by the Board of Governors requires an 85 percent majority of the total voting power.

**10. It is proposed that the draft Resolution include two general effectiveness conditions before any increase in quotas can become effective as follows:**

- Consistent with past general quota reviews, it is proposed that the BoG Resolution provide for a general effectiveness condition in the form of a minimum consent threshold before any quota

<sup>6</sup> The Borrowing Guidelines set out high-level principles for the Fund’s borrowing and for potential activation of its borrowed resources.

<sup>7</sup> It is proposed that voting by the Board of Governors would be conducted without meeting pursuant to Section 13 of the Fund’s Rules and Regulations.

<sup>8</sup> In the event that there is lack of recognition, or lack of clarity regarding the recognition of a member’s government, that member would not vote on the Board of Governors Resolution but would be able to consent to and pay for its quota increase once the recognition issue has been resolved. Similar approaches of preserving the member’s rights pending resolution of the recognition issue have been followed in the past, including most recently in the case of the 2021 General SDR Allocation.

increase can become effective. Specifically, it is proposed that no quota increase under the 16<sup>th</sup> Review can become effective unless the Executive Board determines that members having not less than 85 percent of the total of quotas on November 7, 2023 have consented in writing to the increases in their quotas.<sup>9</sup>

- It is further proposed that consent by NAB participants to the rollback of their credit arrangements is a condition for any quota increase to become effective (subject to the safeguards mechanism discussed below), as the NAB rollback is designed to complement the quota increase to maintain the Fund's lending capacity.

#### **11. The draft Resolution will further include modalities for consent to, and payment of quotas, as follows:**

- **Consent.** The proposed Resolution would set the deadline for members' consent by November 15, 2024, and for the Executive Board to extend this deadline as it may determine. This deadline is designed to allow for adequate time for quota payments before the December 2024 holidays.
- **Payment.** It is proposed that payments of quota increases are required 35 days after the later of (i) the date on which the member notifies the Fund of its consent; or (ii) the date on which the threshold for effectiveness is met.<sup>10</sup> In line with previous practice, it is proposed that 25 percent of the increase is paid in special drawing rights, currencies of other members specified, with their concurrence, by the Fund, or any combination thereof, and the remaining 75 percent is paid in the member's own currency.<sup>11</sup> The proposed Resolution authorizes the Executive Board to extend the period for payment as it may determine.<sup>12</sup>

**12. As the effectiveness of the quota increase under the 16<sup>th</sup> Review will be conditional on receiving consents to the NAB rollback, the report to the Board of Governors envisages a safeguard mechanism to ensure that the NAB rollback can become effective once it has reached a very high consent threshold.** As noted in ¶16, any changes in NAB credit arrangements, including under the proposed rollback, require the consent by NAB participants representing

<sup>9</sup> This is in line with the threshold adopted in the 11<sup>th</sup> Review (Resolution No. 53-2) in 1998, and the *de facto* threshold for the 14<sup>th</sup> Review (Resolution No. 66-2) in 2010. In particular, although the resolution on the 14<sup>th</sup> Review required only 70 percent of consents for the effectiveness of quota increases, it also required the entry into force of the amendments to the Articles of Agreement under Resolution No. 66-2 and under Resolution No. 63-2, effectively increasing the threshold to 85 percent majority of the total voting power.

<sup>10</sup> The deadline for members' consent of November 15, 2024 followed by a 35-day period for payment of quota increases would allow increased quota resources to be in place before the extended terms of the 2020 BBAs are scheduled to expire by end-2024.

<sup>11</sup> Consistent with recent practice it is proposed that a member would not be able to consent to or pay for its quota increase if it has overdue financial obligations to the General Resources Account.

<sup>12</sup> As of October 27, 2023, all members who have consented to their 14<sup>th</sup> Review quota increase have also made the payment. Two members are yet to provide consent to their quota increase under the 14<sup>th</sup> Review (Resolution No. 66-2). These two members also have yet to pay for their quota increase under the 2008 Quota and Voice Reforms (Resolution No. 63-2).

85 percent of total credit arrangements, including each participant whose credit arrangement is changed. For a NAB rollback involving all NAB participants, this means that effectively all NAB participants would have to agree to the changes in credit arrangements before the rollback can become effective. To address potential delays in the effectiveness of the changes in NAB credit arrangements due to any one or a few participants' inability to provide consent, a safeguard mechanism similar to that included for the 2019 NAB doubling would be needed.<sup>13</sup> Specifically, under the mechanism included for the 2019 NAB reform, if a participant was unable to consent to the rollback by a specified cutoff date, the proposed change in the credit arrangement for that participant was to be treated as automatically withdrawn, so long as other participants representing 85 percent of total credit arrangements had consented to the rollback, including their own credit arrangements. With the proposed change in credit arrangement for that participant withdrawn, the consent of the relevant participant would no longer be required, and the NAB rollback could become effective. Regarding the proposed rollback of NAB credit arrangements in the context of the 16<sup>th</sup> review, the threshold for the safeguard mechanism to be activated would be consents by participants representing at least 85 percent of total credit arrangements as required under the NAB Decision, or such higher percentage threshold as may be established by the Executive Board at the time of the rollback decision.

## IMPLICATIONS FOR ENTERPRISE RISKS

### 13. The proposed quota increase under the 16<sup>th</sup> Review would have important implications for enterprise risk management.

- **Strategic.** A strong, quota-based, and adequately resourced IMF at the center of the Global Financial Safety Net is essential to safeguard global financial stability in an uncertain and shock-prone world.
- **Lending capacity.** The proposed quota increase would maintain the Fund's lending capacity and strengthen the quota-based nature of the Fund by reducing the reliance on borrowing and thus ensuring the primary role of quotas in Fund resources. Implementation risks will be mitigated by transitional arrangements that may be needed to maintain the Fund's lending capacity beyond 2024 until the quota increase becomes effective.
- **Reputational.** The membership has acknowledged the urgency and importance of a quota share realignment to better reflect members' relative positions in the world economy, while protecting the quota shares of the poorest members. To this end, work will start as soon as feasible to develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula, under the 17<sup>th</sup> General Review of Quotas. Reputational

<sup>13</sup> See Proposed Decisions to [Modify the New Arrangements to Borrow and to Extend the Deadline for a Review of the Borrowing Guidelines](#) (12/03/2019).

risks will be mitigated as there is a clear deadline by when these approaches are to be developed.

## Proposed Decisions

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

### **Decision 1: Report on the Sixteenth General Review of Quotas and Proposed Resolution on the Sixteenth General Review of Quotas**

1. The Executive Board: (a) adopts the report entitled: "Sixteenth General Review of Quotas—Report of the Executive Board to the Board of Governors" that is set forth in Annex I (the "Report") and (b) recommends the adoption by the Board of Governors of the resolution set forth in the Appendix to the Report (the "Resolution").
2. The Executive Board authorizes and directs the Secretary of the Fund to send to each member of the Fund the proposal of the Executive Board set forth in the Report, with a request for a vote by each Governor on the Resolution.
3. The Board of Governors is requested, pursuant to Section 13 of the By-Laws, to vote without meeting on the Resolution. To be valid, votes must be received at the seat of the Fund before 6:00 p.m., Washington time, on December 15, 2023. Votes received after that time will not be counted.
4. All votes cast pursuant to this decision shall be held in the custody of the Secretary until counted, and all proceedings with respect thereto shall be confidential until the Executive Board determines the result of the vote.
5. The effective date of the Resolution shall be the last day allowed for voting.
6. The Secretary is authorized to take such action as he shall deem necessary or appropriate in order to carry out the purposes of this decision.

**Decision 2: Extension of the Deadline to Review the Guidelines for Borrowing by the Fund**

Paragraph 8 of the Guidelines for Borrowing by the Fund set forth in Decision No. 16679-(20/32), adopted on March 30, 2020, shall be further amended to read as follows:

“8. The Executive Board shall review these guidelines by June 30, 2024.”

## Annex I. Sixteenth General Review of Quotas—Report of the Executive Board to the Board of Governors

### Introduction

1. In February 2020, the Board of Governors adopted Resolution No. 75-1 on the Fifteenth and Sixteenth General Reviews of Quotas, which inter alia (i) concluded the Fifteenth General Review of Quotas with no increase in quotas; (ii) provided that the Sixteenth General Review of Quotas will continue beyond December 15, 2020, and shall be concluded no later than December 15, 2023; and (iii) requested that the Executive Board report to the Board of Governors on progress on the Sixteenth General Review of Quotas semi-annually, with a first report by the 2021 Annual Meetings.

2. In the context of the Sixteenth General Review of Quotas (“Sixteenth Review”), Resolution No. 75-1 requested that the Executive Board revisit the adequacy of quotas and continue the process of IMF governance reforms, including a new quota formula as a guide, and ensure the primary role of quotas in the resources of the International Monetary Fund. Any adjustment in quota shares would be expected to result in increases in the quota shares of dynamic economies in line with their relative positions in the world economy and hence likely in the share of emerging market and developing countries as a whole, while protecting the voice and representation of the poorest members.

3. Between 2021 and 2023, the Executive Board discussed and adopted five semi-annual reports on progress on the Sixteenth Review, informed by discussions by Executive Directors in six meetings in the Committee of the Whole. Extensive consultations with member authorities have also taken place, including during the 2023 Annual Meetings in Marrakech.

### Sixteenth General Review of Quotas, NAB Rollback, and Transitional Arrangements

4. Following consultations with the membership and in assessing options that may receive the required broad support in the Board of Governors, the Executive Board recommends an increase of 50 percent of the Fund quotas under the Sixteenth Review, which would be allocated to all members in proportion to their quotas as specified in Resolution No. 66-2 (“equiproportional” quota increase).

5. At the same time, the Fund aims to reduce its reliance on borrowed resources upon the effectiveness of the quota increase. The quota increase would enable the replacement of Bilateral Borrowing Agreements in the Fund’s resource envelope, and is also proposed to be accompanied by a reduction in the credit arrangements under the New Arrangements to Borrow (“NAB rollback”),



consistent with maintaining the Fund’s lending capacity. It is proposed that the quota increase will be conditional on the NAB participants providing their consent to the rollback in order to maintain the Fund’s lending capacity. The NAB rollback decision will include appropriate safeguards to address potential delays in the effectiveness of the changes in NAB credit arrangements due to any one or a few participants’ inability to provide consent. The rollback decision will specify an effectiveness threshold, in terms of participants representing a percentage of not less than 85 percent of total credit arrangements, and a deadline, after which the rollback in credit arrangements could become effective for those participants that have provided their consent. The threshold would be at least 85 percent of NAB credit arrangements, as required under the NAB Decision, or such higher percentage threshold as may be established by the Executive Board at the time of the rollback decision. The Executive Board will further consider options, in consultation with creditors, regarding transitional arrangements to cover the contingency that the time needed for the effectiveness of the quota increase under the Sixteenth Review extends beyond the currently scheduled expiration of the terms of the 2020 Bilateral Borrowing Agreements on December 31, 2024. The proposed quota increase would ensure the primary role of quotas in the Fund’s lending capacity.

### **Seventeenth General Review of Quotas**

6. Acknowledging the urgency and importance of realignment in quota shares to better reflect members’ relative positions in the world economy, while protecting the quota shares of the poorest members, the Executive Board will work to develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula, under the Seventeenth General Review of Quotas.

### **Procedure**

7. Against this backdrop, the Executive Board proposes that the Board of Governors adopt a Resolution concluding the Sixteenth Review with an equiproportional increase in quotas of 50 percent for all members.

8. It is proposed to set the consent period for quota increases to end on November 15, 2024 and to authorize the Executive Board to extend this period as it may determine

9. The proposed Resolution provides that no increase in quotas provided for under the Sixteenth Review will become effective until the Executive Board determines that:

- (i) members having not less than 85 percent of the total of quotas on November 7, 2023 have consented in writing to the increases in their quotas, and
- (ii) the required consents from NAB participants for the effectiveness of the rollback of NAB credit arrangements have been received.

10. A member's quota increase cannot become effective until the member has paid for the increase. The proposed Resolution provides in this regard that a member must pay its quota within 35 days after the later of (a) the date on which the member notifies the Fund of its consent, or (b) the date on which the effectiveness conditions specified in the previous paragraph has been met. A member may not make such a payment unless it is current in its obligations to the General Resources Account, and the proposed Resolution authorizes the Executive Board to extend the period for payment. It is proposed that 25 percent of the increase is paid in any combination of special drawing rights, and currencies of other members specified, with their concurrence, by the Fund. The remaining 75 percent is to be paid in the member's own currency.

## Appendix I. Draft Board of Governors Resolution on the Sixteenth General Review of Quotas

### Resolution No. [-----]

#### Sixteenth General Review of Quotas

WHEREAS the Executive Board has submitted to the Board of Governors a report entitled "Sixteenth General Review of Quotas: Report of the Executive Board to the Board of Governors" (hereinafter the "Report");

WHEREAS the Board of Governors in Resolution No. 75-1 decided that the Sixteenth General Review of Quotas would continue beyond December 15, 2020 and should be concluded no later than December 15, 2023;

WHEREAS the Executive Board has recommended increases in the quotas of members of the Fund as a result of the Sixteenth General Review of Quotas;

WHEREAS the Executive Board has recommended a rollback in NAB credit arrangements and possible transitional arrangements to maintain the Fund's lending capacity;

WHEREAS the Chairman of the Board of Governors has requested the Secretary of the Fund to bring the proposal of the Executive Board before the Board of Governors;

WHEREAS the Report of the Executive Board setting forth its proposal has been submitted to the Board of Governors by the Secretary of the Fund; and

WHEREAS the Executive Board has requested the Board of Governors to vote on the following Resolution without meeting, pursuant to Section 13 of the By-Laws of the Fund:

NOW, THEREFORE, the Board of Governors, noting the recommendations and the said Report of the Executive Board, hereby RESOLVES that:

#### Sixteenth General Review of Quotas

1. The International Monetary Fund proposes that, subject to the provisions of this Resolution, the quotas of members of the Fund shall be increased to the proposed amounts shown against their names in Attachment I to this Resolution.

2. A member's increase in quota as proposed by this Resolution shall not become effective unless that member has consented in writing to the increase not later than the date prescribed by or under paragraph 4 below and has paid the increase in full within the period prescribed by or under paragraph 5 below, provided that no member with overdue repurchases, charges or assessments to the General Resources Account may consent to or pay for the increase in its quota until it becomes current in respect of those obligations.

3. No increase in quotas proposed by this Resolution shall become effective until

- (i) the Executive Board has determined that members having not less than 85 percent of the total of quotas on November 7, 2023 have consented in writing to the increases in their quotas, and
- (ii) the Executive Board has determined that the required consents from participants in the New Arrangements to Borrow (NAB) to allow for the effectiveness of the rollback of NAB credit arrangements, as described in paragraph 10 below, have been received. The Executive Board is requested to monitor the progress made in the implementation of this step.

4. Notices in accordance with paragraph 2 above shall be executed by a duly authorized official of the member and must be received in the Fund before 6:00 p.m., Washington time, November 15, 2024, provided that the Executive Board may extend this period as it may determine.

5. Each member shall pay to the Fund the increase in its quota within 35 days after the later of (a) the date on which it notifies the Fund of its consent, or (b) the date on which the conditions set forth in paragraph 3 above are met, provided that the Executive Board may extend the payment period as it may determine.

6. When deciding on an extension of the period for consent to or payment for the increase in quotas, the Executive Board shall give particular consideration to the situation of members that may still wish to consent to or pay for the increase in quota, including members with protracted arrears to the General Resources Account, consisting of overdue repurchases, charges or assessments to the General Resources Account that, in its judgment, are cooperating with the Fund toward the settlement of these obligations.

7. For members that have not yet consented to their increases in quotas under Board of Governors Resolution No. 66-2, the deadline for consent to such quota increases shall be the date determined by or under paragraph 4 above.

8. Each member shall pay 25 percent of its increase in special drawing rights, the currencies of other members specified, with their concurrence, by the Fund, or in any combination of special drawing rights and such currencies. The balance of the increase shall be paid by the member in its own currency.

### **Seventeenth General Review of Quotas**

9. Under the Seventeenth General Review of Quotas, the Executive Board is requested to work to develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula.

### **Rollback of NAB Credit Arrangements**

10. In view of the quota increases under the Sixteenth General Review of Quotas, the Executive Board and NAB participants are requested to (i) review NAB credit arrangements, with the objective of achieving a rollback in such credit arrangements, while broadly preserving relative shares, in an aggregate amount that maintains the lending capacity of the Fund as a result of the quota increases adopted under this Resolution, taking into account also the expiration of the 2020 Bilateral Borrowing Agreements; and (ii) include a safeguard to ensure that the rollback of NAB credit arrangements can become effective when consents to the rollback by NAB participants representing not less than 85 percent of total credit arrangements or such higher threshold as established by the Executive Board have been obtained.

### **Maintaining Borrowing Resources During the Transition Period**

11. In order to maintain the Fund's lending capacity, and pending the effectiveness of the quota increases under this Resolution, the Executive Board should consider, in consultation with lenders to the Fund under borrowing arrangements, transitional arrangements for maintaining access to Fund borrowing until the quota increases and the related NAB rollback become effective.

## Attachment I. Proposed Quotas

	14th Review Quota (in millions of SDRs)	Proposed Quota (in millions of SDRs)		14th Review Quota (in millions of SDRs)	Proposed Quota (in millions of SDRs)
Afghanistan, Islamic Republic of	323.8	485.7	Egypt, Arab Republic of	2,037.1	3,055.7
Albania	139.3	209.0	El Salvador	287.2	430.8
Algeria	1,959.9	2,939.9	Equatorial Guinea, Republic of	157.5	236.3
Andorra, Principality of	82.5	123.8	Eritrea, The State of	36.6	54.9
Angola	740.1	1,110.2	Estonia, Republic of	243.6	365.4
Antigua and Barbuda	20.0	30.0	Eswatini, Kingdom of	78.5	117.8
Argentina	3,187.3	4,781.0	Ethiopia, The Federal Democratic Republic of	300.7	451.1
Armenia, Republic of	128.8	193.2	Fiji, Republic of	98.4	147.6
Australia	6,572.4	9,858.6	Finland	2,410.6	3,615.9
Austria	3,932.0	5,898.0	France	20,155.1	30,232.7
Azerbaijan, Republic of	391.7	587.6	Gabon	216.0	324.0
Bahamas, The	182.4	273.6	Gambia, The	62.2	93.3
Bahrain, Kingdom of	395.0	592.5	Georgia	210.4	315.6
Bangladesh	1,066.6	1,599.9	Germany	26,634.4	39,951.6
Barbados	94.5	141.8	Ghana	738.0	1,107.0
Belarus, Republic of	681.5	1,022.3	Greece	2,428.9	3,643.4
Belgium	6,410.7	9,616.1	Grenada	16.4	24.6
Belize	26.7	40.1	Guatemala	428.6	642.9
Benin	123.8	185.7	Guinea	214.2	321.3
Bhutan	20.4	30.6	Guinea-Bissau	28.4	42.6
Bolivia	240.1	360.2	Guyana	181.8	272.7
Bosnia and Herzegovina	265.2	397.8	Haiti	163.8	245.7
Botswana	197.2	295.8	Honduras	249.8	374.7
Brazil	11,042.0	16,563.0	Hungary	1,940.0	2,910.0
Brunei Darussalam	301.3	452.0	Iceland	321.8	482.7
Bulgaria	896.3	1,344.5	India	13,114.4	19,671.6
Burkina Faso	120.4	180.6	Indonesia	4,648.4	6,972.6
Burundi	154.0	231.0	Iran, Islamic Republic of	3,567.1	5,350.7
Cabo Verde	23.7	35.6	Iraq	1,663.8	2,495.7
Cambodia	175.0	262.5	Ireland	3,449.9	5,174.9
Cameroon	276.0	414.0	Israel	1,920.9	2,881.4
Canada	11,023.9	16,535.9	Italy	15,070.0	22,605.0
Central African Republic	111.4	167.1	Jamaica	382.9	574.4
Chad	140.2	210.3	Japan	30,820.5	46,230.8
Chile	1,744.3	2,616.5	Jordan	343.1	514.7
China, People's Republic of	30,482.9	45,724.4	Kazakhstan, Republic of	1,158.4	1,737.6
Colombia	2,044.5	3,066.8	Kenya	542.8	814.2
Comoros, Union of the	17.8	26.7	Kiribati	11.2	16.8
Congo, Democratic Republic of the	1,066.0	1,599.0	Korea, Republic of	8,582.7	12,874.1
Congo, Republic of	162.0	243.0	Kosovo, Republic of	82.6	123.9
Costa Rica	369.4	554.1	Kuwait	1,933.5	2,900.3
Côte d'Ivoire	650.4	975.6	Kyrgyz Republic	177.6	266.4
Croatia, Republic of	717.4	1,076.1	Lao People's Democratic Republic	105.8	158.7
Cyprus	303.8	455.7	Latvia, Republic of	332.3	498.5
Czech Republic	2,180.2	3,270.3	Lebanon	633.5	950.3
Denmark	3,439.4	5,159.1	Lesotho, Kingdom of	69.8	104.7
Djibouti	31.8	47.7	Liberia	258.4	387.6
Dominica	11.5	17.3	Libya	1,573.2	2,359.8
Dominican Republic	477.4	716.1	Lithuania, Republic of	441.6	662.4
Ecuador	697.7	1,046.6	Luxembourg	1,321.8	1,982.7

## Attachment I. Proposed Quotas (Concluded)

	14th Review Quota (in millions of SDRs)	Proposed Quota (in millions of SDRs)		14th Review Quota (in millions of SDRs)	Proposed Quota (in millions of SDRs)
Madagascar, Republic of	244.4	366.6	Senegal	323.6	485.4
Malawi	138.8	208.2	Serbia, Republic of	654.8	982.2
Malaysia	3,633.8	5,450.7	Seychelles	22.9	34.4
Maldives	21.2	31.8	Sierra Leone	207.4	311.1
Mali	186.6	279.9	Singapore	3,891.9	5,837.9
Malta	168.3	252.5	Slovak Republic	1,001.0	1,501.5
Marshall Islands, Republic of the	4.9	7.4	Slovenia, Republic of	586.5	879.8
Mauritania, Islamic Republic of	128.8	193.2	Solomon Islands	20.8	31.2
Mauritius	142.2	213.3	Somalia	163.4	245.1
Mexico	8,912.7	13,369.1	South Africa	3,051.2	4,576.8
Micronesia, Federated States of	7.2	10.8	South Sudan, Republic of	246.0	369.0
Moldova, Republic of	172.5	258.8	Spain	9,535.5	14,303.3
Mongolia	72.3	108.5	Sri Lanka	578.8	868.2
Montenegro	60.5	90.8	St. Kitts and Nevis	12.5	18.8
Morocco	894.4	1,341.6	St. Lucia	21.4	32.1
Mozambique, Republic of	227.2	340.8	St. Vincent and the Grenadines	11.7	17.6
Myanmar	516.8	775.2	Sudan	630.2	945.3
Namibia	191.1	286.7	Suriname	128.9	193.4
Nauru, Republic of	2.8	4.2	Sweden	4,430.0	6,645.0
Nepal	156.9	235.4	Switzerland	5,771.1	8,656.7
Netherlands, The	8,736.5	13,104.8	Syrian Arab Republic	1,109.8	1,664.7
New Zealand	1,252.1	1,878.2	Tajikistan, Republic of	174.0	261.0
Nicaragua	260.0	390.0	Tanzania, United Republic of	397.8	596.7
Niger	131.6	197.4	Thailand	3,211.9	4,817.9
Nigeria	2,454.5	3,681.8	Timor-Leste, Democratic Republic of	25.6	38.4
North Macedonia, Republic of	140.3	210.5	Togo	146.8	220.2
Norway	3,754.7	5,632.1	Tonga	13.8	20.7
Oman	544.4	816.6	Trinidad and Tobago	469.8	704.7
Pakistan	2,031.0	3,046.5	Tunisia	545.2	817.8
Palau, Republic of	4.9	7.4	Türkiye, Republic of	4,658.6	6,987.9
Panama	376.8	565.2	Turkmenistan	238.6	357.9
Papua New Guinea	263.2	394.8	Tuvalu	2.5	3.8
Paraguay	201.4	302.1	Uganda	361.0	541.5
Peru	1,334.5	2,001.8	Ukraine	2,011.8	3,017.7
Philippines	2,042.9	3,064.4	United Arab Emirates	2,311.2	3,466.8
Poland, Republic of	4,095.4	6,143.1	United Kingdom	20,155.1	30,232.7
Portugal	2,060.1	3,090.2	United States	82,994.2	124,491.3
Qatar	735.1	1,102.7	Uruguay	429.1	643.7
Romania	1,811.4	2,717.1	Uzbekistan, Republic of	551.2	826.8
Russian Federation	12,903.7	19,355.6	Vanuatu	23.8	35.7
Rwanda	160.2	240.3	Venezuela, República Bolivariana de	3,722.7	5,584.1
Samoa	16.2	24.3	Vietnam	1,153.1	1,729.7
San Marino, Republic of	49.2	73.8	Yemen, Republic of	487.0	730.5
São Tomé and Príncipe, Democratic Republic of	14.8	22.2	Zambia	978.2	1,467.3
Saudi Arabia	9,992.6	14,988.9	Zimbabwe	706.8	1,060.2