

## **Web Box 4.1**

### **IMF standing borrowing arrangements**

The IMF has two standing multilateral credit arrangements, the General Arrangements to Borrow (GAB) and the New Arrangements to Borrow (NAB), under which a number of member countries and institutions stand ready to lend additional resources to the Fund.

Under the GAB, established in 1962, the IMF can borrow, under certain circumstances, specified amounts of currencies, totaling SDR 17 billion (about US\$26 billion), from 11 industrial countries (or their central banks); an additional SDR 1.5 billion (about US\$2.3 billion) is available under an associated arrangement with Saudi Arabia. The GAB has been activated 10 times, the last time in July 1998, and renewed 10 times, most recently in November 2007, for a five-year period beginning in December 2008.

Concerns that more resources might be needed to respond to future financial crises led to the establishment in January 1997 of the NAB, a set of credit arrangements between the IMF and 26 member countries and institutions (with 13 new participants to be added under a recently approved amendment; see chapter text). When it became effective in November 1998, the NAB doubled the amount available for the Fund to call upon when needed to SDR 34 billion (about US\$51 billion). The NAB has been activated once, in December 1998, and has been renewed twice, most recently in November 2007, for a further period of five years beginning in November 2008.

In April 2010, the Executive Board adopted a proposal under which the NAB would be expanded to about SDR 367.5 billion (about US\$550 billion based on the end-April 2010 SDR/U.S. dollar exchange rate) and 39 participants (see chapter text) and would be made more flexible. The amended NAB will become operational following the consent of current participants to the reform and the adherence of new participants, both of which in many cases will require domestic approval procedures.<sup>1</sup>

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<sup>1</sup>Regarding the specific consent and adherence requirements, see “Proposed Decision to Modify the New Arrangements to Borrow,” available at [www.imf.org/external/np/pp/eng/2010/032510c.pdf](http://www.imf.org/external/np/pp/eng/2010/032510c.pdf).