

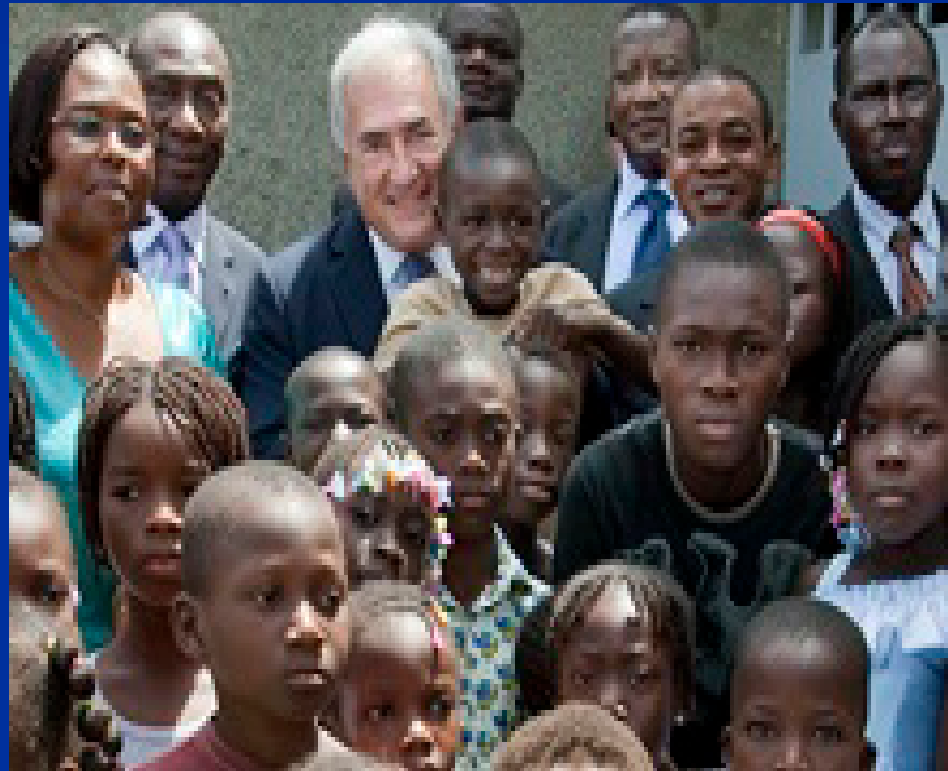
The IMF Helping Chart a Global Recovery

Firefighter

Doctor

Coach

Architect



The IMF and the Global Crisis

- **Firefighter** - provide financial assistance to countries in need
- **Doctor** - share advice on how to nurse individual countries and the global financial system back to health
- **Coach** - help countries develop skills and policy knowledge on monetary and financial issues
- **Architect** – analyze and recommend how to overhaul the global financial system



IMF Loans and Advice Crucial

- Concerted global action to combat crisis.
- IMF influential in calling for monetary and fiscal stimulus.
- IMF forecasts and analysis helped guide global policy response.
- Multilateral action yielding results.

The Global Economy Is Recovering, Led by Asia

Real GDP Growth Projections (percent change from a year earlier)

	U.S.	Euro	Japan	China	India	World
2009	-2.5	-3.9	-5.3	8.7	5.6	-0.8
2010	3.3	1.0	2.4	10.5	9.4	4.6
2011	2.9	1.3	1.8	9.6	8.4	4.3

Source: IMF, *World Economic Outlook*.



Countries Acted Together to Combat the Crisis



IMF Became Central to Global Response

Leaders committed to

- Increase lending resources to \$750 billion to create a bigger financial safety net.
- Additional \$250 billion worth of new Special Drawing Rights to member countries.
- Fund pressed for global stimulus to support a revival of growth during what became the "Great Recession."

At September 2009 summit, G-20 leaders made decisions affecting the IMF

- The Pittsburgh summit asked the IMF to facilitate a mutual assessment process for the major economies
- Assess the appropriateness of a financial sector tax
- Provided political support for a shift in country representation at the IMF of a further 5 percent toward dynamic emerging market and developing countries.

Firefighter for Emerging Economies

- During the crisis, the IMF provided policy advice, loans, and credit lines worth more than \$160 billion.
- Emerging market countries as diverse as Hungary, Pakistan, and Mexico have benefited from this help.
- Provided reassurance to markets during the crisis

Focus on Low-Income Countries

- New framework for loans to the world's poorest nations, including increased resources, a doubling of borrowing limits, zero interest rates until 2012, and more flexible terms.
- During 2009, new IMF lending to sub-Saharan Africa rose to more than \$3 billion, almost triple the level for 2008.
- Boost concessional lending to up to \$17 billion through 2014, including up to \$8 billion over the next two years.
- 24 low-income countries received debt relief from the IMF totaling about \$7 billion.



IMF Lending Is Responsive

- Sharp increase in loan resources
- Protects the most vulnerable people from the effects of the crisis.
- More flexibility in its loans.
- Slimming down the number and scope of conditions.
- Reform does away with “hard” structural conditionality.
- New focus on objectives rather than specific actions.
- Flexible credit line for strong performing emerging economies.

Social Protection

- New IMF lending framework helps countries preserve social spending
- Recent IMF-supported programs place greater emphasis on protecting the poor
- Practical approaches, collaboration with development partners are key to targeting the needy
- From Burundi and Pakistan to Ukraine, countries with the IMF's help have tailored specific plans, such as housing assistance, temporary guarantees of mortgage payments, and school feeding programs.

Doctor

To spot potential problems, the IMF undertakes surveillance at all levels:

- **Global** - assessing health of world economy and stability of financial markets. Analysis published in World Economic Outlook (WEO) and Global Financial Stability Report (GFSR).
- **Regional** - a more detailed look published in Regional Economic Outlooks (REOs).
- **Bilateral** - regular checkups of countries' economies, known as Article IV consultations. In some cases, a deep look at the financial sector.

Coach

- The IMF shares its expertise with member countries by helping them, through technical assistance, build new skills and sharing policy expertise in a wide range of areas.
- The objective is to help improve the design and implementation of members' economic policies.
- The IMF has also worked with governments to fight money laundering and terrorism financing since 2001.

Architect

The IMF has analyzed what caused the crisis and presented these recommendations to the G-20:

- Broadening and improving surveillance of global economic and financial developments and policies.
- Strengthening economic policy coordination.
- Improving regulation and supervision of international financial institutions.
- Enhancing international public liquidity and loans to support adjustment.
- Thought-provoking analysis (SPN series)

IMF Working to Stabilize the International Monetary and Financial System



The IMF's beginnings

- Founded in 1944 in Bretton Woods, New Hampshire, along with the World Bank.
- Intended to be a pillar of the international economic system after World War II.
- Created to help the world avoid another Great Depression like the one in the 1930s.
- Started with 44 members in 1945. First loan, to France, was made in 1947.



The Bretton Woods Conference, 1944



The IMF Is Accountable to Governments

- *Board of Governors*. Consists of one governor from each member country (meets once a year).
- *International Monetary and Financial Committee (IMFC)*. Consists of 24 governors. Advises the Board of Governors (meets twice a year).
- *Executive Board*. Consists of 24 Executive Directors. Conducts day-to-day business of IMF (meets three times a week).
- Crucial aspect of the IMF's governance: nearly all decisions are made by consensus.



The IMF's Mandate

- Promote international cooperation by providing a forum for consultation and collaboration.
- Facilitate the expansion of international trade.
- Promote exchange rate stability.
- Assist in the establishment of a multilateral payment system without exchange restrictions.
- Provide financial assistance to members that have balance of payments difficulties.

The IMF's Executive Board



Countries with their own Executive Director: France, Germany, Japan, United Kingdom, United States, China, Saudi Arabia, and Russia. The other 178 members are represented by 16 Executive Directors.

The Role of Quotas

A member's quota is broadly determined by its economic position relative to other members.

The quota determines:

- **Subscriptions:** maximum amount of resources the member is obliged to provide to the Fund.
- **Voting power:** ability to formally influence the IMF's decision making.
- **Access to financing:** a member can access up to 200 percent of its quota annually and 600 percent cumulatively. Access can be higher in exceptional circumstances.

Examples of Voting Power

United States	16.77%	Nigeria	0.80%
Japan	6.02%	Norway	0.77%
Germany	5.88%	Malaysia	0.68%
United Kingdom	4.86%	Turkey	0.55%
France	4.86%	Pakistan	0.48%
China	3.66%	New Zealand	0.42%
Saudi Arabia	3.16%	Philippines	0.41%
Russian Federation	2.69%	Singapore	0.40%
Netherlands	2.34%	Serbia	0.22%
India	1.89%	Sri Lanka	0.20%
Australia	1.47%	Slovakia	0.17%
Mexico	1.43%	Guatemala	0.11%
Spain	1.39%	Iceland	0.06%
Korea	1.33%	Seychelles	0.02%
Indonesia	0.95%	Bhutan	0.01%
Austria	0.86%	Palau	0.01%

Governance Reforms

- April 2008 reforms need to be put in place.
- Once implemented, 54 members will receive an increase in their quotas, including China, India, Brazil and Mexico.
- G-20 called for further improving representation for emerging and developing countries by January 2011.

IMF Staff

- The IMF currently employs around 2,600 staff.
- Around half of all staff members are economists, most of whom have Ph.D's.
- The quality of its staff allows the institution to produce world-class research.
- With its near global membership, the IMF strives to employ a staff that is as diverse as possible. Its staff come from more than 160 countries.

How to Find Out What the IMF Is Doing

The IMF's transparency policy ensures that most Board documents will be made public.

Material describing the IMF's work and its relationship with member countries is available on www.imf.org.

International Monetary Fund

What's New | Site Map | Site Index | Contact Us | Glossary

Home | About the IMF | What the IMF Does | Country Info | News | Data and Statistics | Publications

IMF Set to Lend Ukraine \$16.5 Billion, In Talks With Hungary

The IMF says it has reached a tentative agreement with Ukraine to lend the eastern European country \$16.5 billion to help it combat a series of economic problems tied to the international financial turmoil and announced broad agreement with Hungary on a set of policies designed to bolster near-term stability.

What's New

- The Use of Blanket Guarantees in Banking Crises**
October 28, 2008
Working Paper No. 08/250
- Kingdom of Swaziland: IMF Executive Board Concludes 2008 Article IV Consultation**
October 27, 2008
- IMF and Hungary Agree on Policies to be Supported by International Community**
October 26, 2008

IMF Data Mapper® v2.0
Plot, compare, and import data from countries and regions

World Economic Outlook Data - October 2008

SDR Rates for October 28
1 USD = SDR 0.674721
SDR Interest Rate = 1.91%
More SDR Info

Key Issues

Highlights

- Statement by IMF Executive Board on Review of Managing Director's Conduct
- Strauss-Kahn Statement on Executive Board Review of his Conduct
- At a Glance: Crisis Lending and the IMF
- Regional Economic Outlooks
- World Economic Outlook, October 2008
- Global Financial Stability Report Financial Stability Portal

Making Public Money Count

The latest post from our *Public Financial Management Blog* reviews the effectiveness of aid agencies (October 22, 2008)

World Economic Outlook Report
October 2008

Database | WEO data forum | Webcast | Transcript

Global Financial Stability Report



Thank you

