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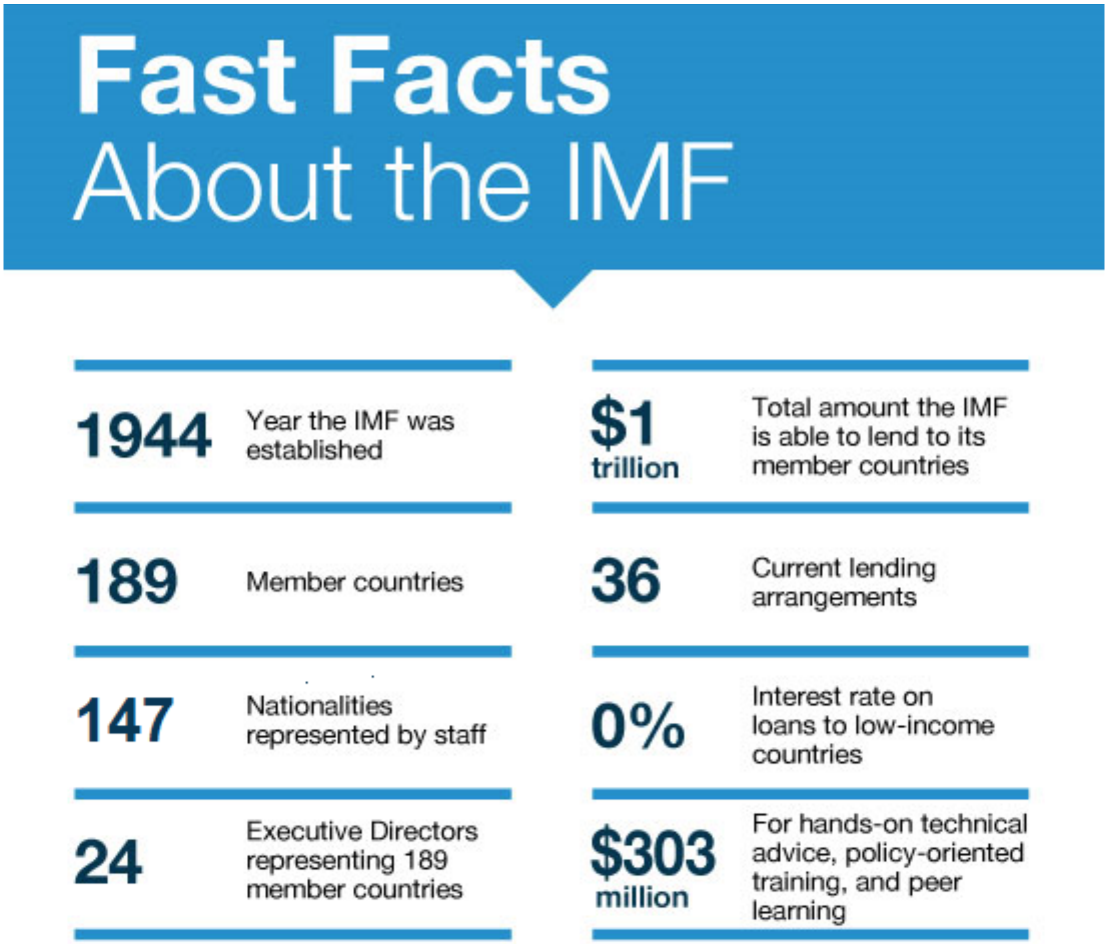
The IMF at a Glance

6-7 minutes

March 22, 2019

The International Monetary Fund, or IMF, promotes international financial stability and monetary cooperation. It also facilitates international trade, promotes employment and sustainable economic growth, and helps to reduce global poverty. The IMF is governed by and accountable to its 189 member countries.

Founding and mission: The IMF was conceived in July 1944 at the United Nations Bretton Woods Conference in New Hampshire, United States. The 44 countries in attendance sought to build a framework for international economic cooperation and avoid repeating the competitive currency devaluations that contributed to the Great Depression of the 1930s. The IMF's primary mission is to ensure the stability of the international monetary system—the system of exchange rates and international payments that enables countries and their citizens to transact with each other.



Surveillance: In order to maintain stability and prevent crises in the international monetary system, the IMF monitors member country policies as well as national, regional, and global economic and financial developments through a formal system known as surveillance . The IMF provides advice to member countries and promotes policies designed to foster economic stability, reduce vulnerability to economic and financial crises, and raise living standards. It also provides periodic assessments of global prospects in its *World Economic Outlook* , of financial markets in its *Global Financial Stability Report* , of public finance developments in its *Fiscal Monitor* , and of external positions of the largest economies in its *External Sector Report* , in addition to a series of regional economic outlooks.

Financial assistance: Providing loans to member countries that are experiencing actual or potential balance-of-payments problems is a core responsibility of the IMF. Individual country adjustment programs are designed in close cooperation with the IMF and are supported by IMF financing, and ongoing financial support is dependent on effective implementation of these adjustments. In response to the global economic crisis, in April 2009 the IMF strengthened its lending capacity and approved a major overhaul of its financial support mechanisms, with additional reforms adopted in subsequent years. These changes enhanced the IMF's crisis-prevention toolkit, bolstering its ability to mitigate contagion during systemic crises and allowing it to better tailor instruments to meet the needs of individual member countries.

Loan resources available to low-income countries were sharply increased in 2009, while average limits under the IMF's concessional loan facilities were doubled. Access limits under the IMF's non-concessional lending facilities were again reviewed and increased in 2016, when the effectiveness conditions for the 14th Review were met (see below). In addition, zero interest rates on concessional loans were extended through end-June 2019, and the interest rate on emergency financing is permanently set at zero. Finally, loan resources tin the amount of SDR 11.4 billion (SDR 0.4 billion above target) were recently secured to support the IMF's concessional lending activities well into the next decade.

Capacity development: The IMF provides technical assistance and training to help member countries build better economic institutions and strengthen related human capacities. This includes, for example, designing and implementing more effective policies for taxation and administration, expenditure management, monetary and exchange rate policies, banking and financial system supervision and regulation, legislative frameworks, and economic statistics.

SDRs: The IMF issues an international reserve asset known as Special Drawing Rights , or SDRs, that can supplement the official reserves of member countries. Total global allocations are currently about SDR 204 billion (some $283 billion). IMF members can voluntarily exchange SDRs for currencies among themselves.

Resources: Member quotas are the primary source of IMF financial resources. A member's quota broadly reflects its size and position in the world economy. The IMF regularly conducts general reviews of quotas. The lastest review (the 14thReview) was concluded in 2010 and the quota increases became effective in 2016. This review doubled quota resources to SDR 477 billion (about US$661 billion). In addition, credit arrangements between the IMF and a group of members and institutions provide supplementary resources of up to about SDR 182 billion ($253 billion), and are the main backstop to quotas. As a third line of defense, member countries have also committed resources to the IMF through bilateral borrowing agreements, totaling about SDR 317 billion ($440 billion).

Governance and organization: The IMF is accountable to its member country governments. At the top of its organizational structure is the Board of Governors , consisting of one governor and one alternate governor from each member country, usually the top officials from the central bank or finance ministry. The Board of Governors meets once a year at the IMF–World Bank Annual Meetings . Twenty-four of the governors serve on the International Monetary and Financial Committee, or IMFC, which advises the IMF's Executive Board on the supervision and management of the international monetary and financial system. The day-to-day work of the IMF is overseen by its 24-member Executive Board , which represents the entire membership and supported by IMF staff. The Managing Director is the head of the IMF staff and Chair of the Executive Board and is assisted by four Deputy Managing Directors.