

Contents

Preface to the Fourth Edition	ix
I. Overview of the IMF as an International Monetary Institution	1
The Role of the Fund	1
Institutional Relations with Other Organizations	6
The IMF and Other International Organizations.....	6
The IMF and Commercial Banks and Official Creditors	10
Financial Structure	13
General Department	18
SDR Department	20
Administered Accounts	20
Operating Costs	21
II. General Department: General Resources Account—	
Resources	22
Quotas	22
New Member's Quota	26
Review and Adjustment of Quotas.....	26
Ninth General Review	30
Tenth General Review	33
Eleventh General Review.....	34
Income.....	34
Schedule of Charges.....	35
Remuneration	38
Precautionary Balances	38
Accounting Principles and Audit Procedures.....	40
Borrowing	41
Sources and Evolution of IMF Borrowing.....	43
Characteristics of Borrowing Arrangements.....	44
The General Arrangements to Borrow	45
Supplementary Financing Facility.....	47
Enlarged Access Resources	48
Borrowing Agreement with Japan.....	48
Borrowed Resources Suspense Accounts.....	49
Guidelines for Borrowing.....	49

CONTENTS

Valuation of the IMF's Currency Holdings	50
Usability of the IMF's Resources	52
Liquidity	53
The IMF's SDR Holdings	53
The IMF's Holdings of Usable Currencies	54
The IMF's Holdings of Gold.....	55
The IMF's Liquid Liabilities.....	56
Liquidity Ratio.....	56
Operational Budgets	57
III. General Department: General Resources Account—Uses.....	60
General Terms and Conditions	60
Uniformity of Access	60
Balance of Payments Need.....	62
Timing of Access.....	63
Conditionality	64
Phasing of Purchases.....	66
Mixing of Resources	67
Repurchase Policies.....	67
Financial Policies and Facilities	71
Reserve Tranche Policies	71
Credit Tranche Policies	72
Stand-by and Extended Arrangements.....	73
Financing for Debt and Debt-Service Reduction.....	75
Enlarged Access Policy	78
Emergency Assistance Related to Natural Disasters.....	78
Special Facilities	80
Compensatory and Contingency Financing Facility	81
Buffer Stock Financing Facility	85
Systemic Transformation Facility	86
IV. Facilities for Low-Income Members and	
Administered Accounts.....	90
Facilities for Low-Income Members: The SAF and the ESAF...	90
Structural Adjustment Facility	94
Enhanced Structural Adjustment Facility.....	94
Terms and Access Limits.....	95
Accounts of the ESAF Trust	96

Other Administered Accounts.....	98
The Trust Fund	99
Supplementary Financing Facility Subsidy Account.....	100
Ad Hoc Administered Accounts.....	101
V. SDR Department.....	103
Allocations and Cancellations of SDRs.....	103
Valuation of the SDR.....	105
SDR Interest Rate, Charges, and Assessment.....	107
Participants and Prescribed Holders	108
Uses of SDRs.....	109
Designation Process.....	112
The SDR as a Reserve Asset	112
The SDR as a Unit of Account	113
VI. Measures to Deal with Overdue Financial Obligations to the IMF.....	114
Strengthened Cooperative Strategy	114
Third Amendment of the IMF's Articles	115
The Rights Approach	116
Strengthening the IMF's Financial Position.....	117
Appendix I. Financial Terms	120
<p>Accounting Unit • Accounts and Departments • Adjustment Program • Administered Accounts • Arrangements • Back-Loading • Benchmarks • Burden Sharing • Charges • Collaboration with the World Bank (Avoidance of Cross-Conditionality) • Conditionality • Credit Tranche Policies • Creditor Position in the Fund • Currency Holdings • Depository and Fiscal Agency • Designation Plan • Early (or Advance) Repurchase • Enhanced Surveillance • Excluded Holdings • Extended Arrangement • Extended Burden Sharing • Extended Fund Facility • Floating Facilities • Freely Usable Currency • Front-Loading • General Department • General Resources • Holdings Rate • Liquidity of Fund Resources • Net Cumulative Allocation • Noncomplying Purchase • Norm • Operational Budget • Operations • Ordinary Resources • Outright Purchase • Performance Criteria • Phasing • Precautionary Arrangements • Program Monitoring • Purchases and Repurchases •</p>	

CONTENTS

Quota • Remunerated Reserve Tranche • Remuneration •
Representative Rate • Reserve Tranche Position • SDR • SDR
Assessment • SDR Department • SDR Interest and Charges • SDR
Use • SDR Valuation • Special Contingent Accounts • Stand-By
Arrangement • Transactions

Appendix II. Some Illustrative Calculations and Concepts 134

Reserve Tranche Position.....	134
Remuneration.....	134
Charges and Interest.....	135
Currency Valuation Adjustment.....	137

Appendix III. IMF Membership and Quotas..... 140

Tables

Text

1. General Reviews of IMF Quotas.....	27
2. Changes in IMF Quotas.....	28
3. IMF Borrowing.....	42
4. General Arrangements to Borrow: Participants and Credit Amounts.....	45
5. General Resources Account: IMF Assistance and Borrowing.....	51
6. IMF Financial Activity.....	61
7. Repurchase Periods in the General Resources Account Under IMF Facilities and Policies.....	68
8. Access Limits Under Credit Tranches and the EFF, Special Facilities, and in Connection with Augmentation for Debt and Debt-Service Reduction.....	76
9. Emergency IMF Assistance Related to Natural Disasters.....	79
10. Use of STF as of April 30, 1995.....	87
11. Countries Eligible for SAF and ESAF: Loans Disbursed as of April 30, 1995.....	92
12. SDR Valuation on June 30, 1995.....	106
13. Transfers of SDRs.....	111

Appendix

A1. Illustrative Calculation of Reserve Tranche Position.....	134
A2. Illustrative Calculation of Member's Remuneration.....	136

A3. Illustrative Calculation of Periodic Charges.....	137
A4. Illustrative Calculation of Currency Valuation Adjustment.....	138
A5. IMF Membership and Quotas as of June 30, 1995	140

Figures

1. Financial Structure of the IMF: Sources and Uses of Resources.....	14
2. The Reserve Tranche Position	39

Boxes

1. Decision-Making Structure of the IMF	2
2. Purposes of the IMF According to Article I of the Articles of Agreement.....	4
3. IMF Quotas	24