



INTERNATIONAL MONETARY FUND FACTSHEET

Gold in the IMF

Gold played a central role in the international monetary system until the collapse of the Bretton Woods system of fixed exchange rates in 1973. Since then, its role has diminished. But it remains an important asset in the reserve holdings of several countries, and the IMF is still one of the world's largest official holders of gold. In line with the new income model for the Fund agreed in April 2008, profits from limited gold sales were used to establish an endowment, and used to boost the IMF's concessional lending capacity to eligible low-income countries (LICs).

How the IMF acquired its gold holdings

The IMF holds around 90.5 million ounces (2,814.1 metric tons) of gold at designated depositories. Based on historical cost, the IMF's total gold holdings are valued at SDR3.2 billion (about \$4.4 billion), but at current market prices, their value is about SDR83.0 billion (about \$113.5 billion).

The IMF acquired its gold holdings through four main channels:

- when the IMF was founded in 1944 it was decided that 25 percent of initial [quota subscriptions](#) and subsequent quota increases were to be paid in gold. This represents the largest source of the IMF's gold.
- all [payments of charges](#) (interest on member countries' use of IMF credit) were normally made in gold.
- a member wishing to acquire the currency of another member could do so by selling gold to the IMF. The major use of this provision was sales of gold to the IMF by South Africa in 1970–71.
- member countries could also use gold to repay the IMF for credit previously extended.

The IMF's legal framework for gold

Role of gold. The Second Amendment to the Articles of Agreement passed April 1978 fundamentally changed the role of gold in the international monetary system by eliminating its use as the common denominator of the post-World War II exchange rate system and as the basis of the value of the [Special Drawing Right \(SDR\)](#). It also abolished the official price of gold and ended its obligatory use in transactions between the IMF and its member countries. It also required the IMF, when dealing in gold, to avoid managing or fixing its price.

Transactions. The Second Amendment to the Articles of Agreement limits the use of gold in the IMF's operations and transactions. The IMF may sell gold outright according to prevailing market prices. It may accept gold in the discharge of a member country's obligations (loan repayment) at an agreed price, based on market prices at the time of acceptance. Such transactions require Executive Board approval by an 85 percent majority of the total [voting power](#). The IMF does not have the authority to engage in any other gold transactions—such as loans, leases, swaps, or use of gold as collateral—nor does it have the authority to buy gold.

Over the last six decades of the IMF's existence, there have been several instances when the IMF has decided to return gold to member countries, or to sell some of its holdings. The reasons for this are varied: between 1957–70, the IMF sold gold on several occasions to replenish its holdings of currencies. During roughly the same period, some IMF gold was sold to the United States and invested in US Government securities to offset operational deficits.

In December 1999, the Executive Board authorized off-market transactions in gold of up to 14 million ounces to help finance the IMF's participation in the [Heavily Indebted Poor Countries \(HIPC\) Initiative](#). Most of the gold was sold in transactions between the IMF and two members (Brazil and Mexico) that had financial obligations falling due to the IMF.

The IMF's strictly limited gold sales (2009–10)

On September 18, 2009, the Executive Board [approved](#) the sale of 403.3 metric tons of gold (12.97 million ounces)—one-eighth of the Fund's total holdings of gold at that time. This move was part of a [new income model](#) agreed in April 2008 to help put the IMF's finances on a sound, long-term footing. Key to this new income model was the creation of an endowment funded by the profits from the sale of this gold.

The first phase in the Fund's gold sales was exclusively off-market transactions to interested central banks and other official holders, at market prices. In October and November 2009, the Fund sold 212 metric tons of gold in separate off-market transactions to three central banks: 200 metric tons were sold to [the Reserve Bank of India](#); 2 metric tons to [the Bank of Mauritius](#), and 10 metric tons to [the Central Bank of Sri Lanka](#).

In February 2010, the IMF [announced](#) the beginning of sales of gold on the market. At that time, a total of 191.3 tons of gold remained to be sold. In order to avoid disrupting the gold market, sales were phased over several months.

In December 2010 the IMF concluded the gold sales program with total sales of 403.3 metric tons of gold (12.97 million ounces). Total proceeds amounted to SDR9.5 billion (about \$14.4 billion), of which SDR6.85 billion constituted profits over the book value of the gold and SDR4.4 billion of this was used to establish an endowment as envisaged under the new income model.

In February 2012, the Executive Board [approved a first distribution of SDR700 million](#) of reserves from windfall gold sales profits (realized because of a higher gold price than the assumed price when the new income model was endorsed by the Executive Board), subject to assurances that at least 90 percent of the amount would be made available for the [Poverty Reduction and Growth Trust](#) (PRGT). This distribution, which became effective in October 2012, was part of a financing package endorsed by the Executive Board to boost the IMF's lending capacity. To date, members whose shares represent 95 percent of the amount distributed have pledged to transfer these shares to the PRGT (or make an equivalent budgetary contribution) and 87.8 percent of the amounts distributed have been transferred.

In September 2012, the Executive Board approved a second distribution of [SDR1,750 million of reserves](#) from windfall gold sales profits, subject to the same assurances as the first one. This distribution became effective in October 2013. To date, members whose shares represent 95 percent of the amount distributed have pledged to transfer these shares to the PRGT (or make an equivalent budgetary contribution) and 87.6 percent of the amounts distributed have been transferred. The successful distributions of gold windfall profits were a key step toward making the PRGT sustainable over the medium and longer term, and assuring an annual lending capacity of about SDR1¼ billion on average on an ongoing basis.