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**CD-Box 5.1 The IMF's financing mechanism**

The IMF's regular lending is financed from the capital (quotas) subscribed by member countries. Each country is assigned a quota—based largely on the country's relative economic size and external trade volume—which determines its maximum financial commitment to the IMF.

The IMF extends financing by providing reserve assets to borrowers from the reserve asset subscriptions of members or by calling on countries that are considered financially strong. A country that provides reserve assets to the IMF as part of its quota subscription or through the use of its currency receives a liquid claim on the IMF (reserve tranche position). The amounts of the IMF's holdings of reserve assets and the currencies of financially strong countries determine the IMF's lending capacity.

Detailed information on various aspects of the IMF's financial structure and regular updates of its financial activities are available on the IMF's Web site, at [www.imf.org/external/fin.htm](http://www.imf.org/external/fin.htm).

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