

## Web Box 5.1

### Quotas at the IMF

An IMF member's quota delineates basic aspects of its financial and organizational relationship with the IMF. It determines the maximum amount of financial resources the member is obliged to provide to the IMF and largely determines its voting power in IMF decisions,<sup>1</sup> and the amount of financing a member can obtain is based on its quota.<sup>2</sup>

When a country joins the IMF, it is assigned an initial quota in the same range as the quotas of existing members that are broadly comparable in economic size and characteristics. To guide the assessment of a member's relative position, the IMF uses a weighted formula that takes into account GDP (50 percent), openness (30 percent), economic variability (15 percent), and international reserves (5 percent). The formula also includes a "compression factor" that reduces the dispersion in calculated quota shares across members. The largest member of the IMF is currently the United States, with a quota of SDR 42.1 billion (about US\$64 billion), and the smallest member is currently Tuvalu, with a quota of SDR 1.8 million (about US\$2.7 million). A comprehensive review of the current quota formula was completed in January 2013 (see chapter text).

The IMF's Board of Governors conducts general quota reviews at regular intervals. Ad hoc quota increases outside general reviews are also possible but do not occur often. Any changes in quotas must be approved by an 85 percent majority of the membership, and a member's quota cannot be changed without its consent.

In December 2010, at the conclusion of the Fourteenth General Review of Quotas, the Board of Governors approved a package of far-reaching reforms of the Fund's quotas and governance that, once approved by the member countries and implemented, will result in an unprecedented 100 percent increase in total quotas and a major realignment of quota shares to better reflect the changing relative weights of the IMF's member countries in the global economy. Completion of the Fifteenth General Review of Quotas will be brought forward by about two years to January 2014.

---

<sup>1</sup> Each IMF member's votes are currently composed of basic votes (fixed at 5.502 percent of total votes under a 2008 reform of the quota system) plus one additional vote for each SDR 100,000 of quota. Accordingly, the United States has 421,961 votes (16.75 percent of the total), and Tuvalu has 755 votes (0.03 percent).

<sup>2</sup> Currently, for example, under Stand-By and Extended Arrangements, a member can borrow up to 200 percent of its quota annually and 600 percent cumulatively. However, access may be higher in exceptional circumstances.