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Press Release: IMF Governors Formally Approve US$250 Billion General SDR Allocation

August 13, 2009

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The Board of Governors of the International Monetary Fund (IMF) has approved on August 7, 2009 a general allocation of Special Drawing Rights (SDRs) equivalent to US$250 billion to provide liquidity to the global economic system by supplementing Fund's member countries' foreign exchange reserves.

The IMF Executive Board backed the general allocation on July 17, 2009 (see Press Release No 09/264), following the commitment made by G20 leaders at their April summit to boost global liquidity and welcomed by the International Monetary and Financial Committee (IMFC).

The equivalent of nearly US$100 billion of the general allocation will go to emerging markets and developing countries, of which low-income countries will receive over US$18 billion.

The general SDR allocation will be made on August 28, 2009 to IMF members that are participants in the Special Drawing Rights Department (currently all 186 members) in proportion to their existing quotas in the Fund, which are based broadly on their relative size in the global economy. The allocation will provide each participating country with SDRs in amounts equivalent to approximately 74 percent of its quota, and could increase Fund members' total allocations to an amount equivalent to about US$283 billion, from about US$33 billion (SDR 21.4 billion).

Separately, the Fourth Amendment to the IMF Articles of Agreement providing for a special one-time allocation of SDRs has now entered into force. The special allocation will be made to IMF members on September 9, 2009, 30 days after the effective date of the Fourth Amendment, and will raise the ratios of members' cumulative SDR allocations to quota using a common benchmark ratio as described in the Amendment. The total of SDRs created under the special allocation would amount to SDR 21.5 billion (about US$33 billion).

The special allocation will make the allocation of SDRs more equitable and correct for the fact that countries that joined the Fund after 1981—more than one fifth of the current IMF membership—had never received an SDR allocation. The Fourth Amendment, which was proposed in September 1997, required approval by three fifths of the IMF membership with 85 percent of the total voting power. This threshold has been reached following the recent approval by the United States.

Members' holdings of newly allocated SDRs, will count, as of the date of each of the general and special allocations, toward their reserve assets. Some members may choose to sell part or all of their allocations to other members in exchange for hard currency—for example, to meet balance of payments needs—while other members may choose to buy more SDRs as a means of reallocating their reserves.

The special and general allocations will bring Fund members' cumulative total of SDR allocation to SDR 204 billion (about US$316 billion).

The general SDR allocation is a key example of a cooperative multilateral response to the global crisis, offering significant support to the Fund's members in this challenging period.

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