



IMF POLICY PAPER

FIFTEENTH GENERAL REVIEW OF QUOTAS—FURTHER CONSIDERATIONS

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- The **Main Paper**, prepared by IMF staff and completed on January 5, 2018 for the Committee of the Whole's consideration on February 2, 2018.
- The **Annexes** (Supplement 1), prepared by IMF staff and completed on January 5, 2018.
- The **Statistical Appendix** (Supplement 2), prepared by IMF staff and completed on January 10, 2018.
- The **Chairman's Concluding Remarks**, which reflect the Chairman's understanding of the views expressed during the February 2, 2018 meeting of the Committee of the Whole.

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FIFTEENTH GENERAL REVIEW OF QUOTAS—FURTHER CONSIDERATIONS

EXECUTIVE SUMMARY

Following two meetings of the Committee of the Whole in September 2017, this paper provides background for further discussions on the Fifteenth General Review of Quotas (the 15th Review). No proposals are made at this stage, pending further Board guidance on possible approaches to narrowing the current differences of views.

The paper revisits the two-pillar framework for assessing the adequacy of Fund resources. Responding to Directors suggestions, the quantitative pillar is updated to include alternative assumptions and to provide a longer-term perspective on likely resource needs. While quantitative estimates are generally somewhat lower after factoring in the alternative assumptions, these reductions are more than outweighed when the analysis is extended through the middle of the next decade, recognizing that the outcome of the 15th Review will likely determine permanent Fund resources through at least the middle of the next decade. The updated qualitative pillar analysis highlights reforms since the global financial crisis and discusses uncertainties in the global environment. It also provides an assessment of the general impact of the various qualitative considerations. Taken together, the two pillars continue to make a case for at least maintaining existing Fund resources. Against this background, the simulations in the paper cover three illustrative sizes for quota increases (50, 75, and 100 percent), centered on broadly maintaining Fund resources, assuming the New Arrangements to Borrow (NAB) is maintained at its current level and Bilateral Borrowing Agreements (BBAs) expire.

Concerning the composition of Fund resources, the paper supports the view that the Fund's traditional model of relying primarily on its permanent quota resources, supplemented by standing borrowing arrangements, has served the membership well.

The paper takes stock of recent discussions on the quota formula and responds to Directors' requests for further technical work on variability and PPP GDP. It also provides an overview of approaches to quota adjustments that have facilitated the required broad consensus for changes in quotas in previous general reviews. A limited set of simulations illustrates the potential impact that different quota increases, quota formulas, and allocation mechanisms would have on the distribution of actual quota shares, with the aim of facilitating ongoing discussions on the formula and the possible parameters of any quota increase.

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