

## Ministers back boost for IMF

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By Chris Giles in Horsham

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The International Monetary Fund is set to receive a large boost to its firefighting capability next month as the Group of 20 finance ministers agreed "on the urgent need to increase IMF resources very substantially".

Having requested a doubling of the fund's \$250bn (€194bn, £179bn) resources to fight the financial crisis in emerging markets, Dominique Strauss-Kahn, the fund's managing director, said on Saturday: "A commitment to do so has been made. It may even go further."

Alistair Darling, the UK chancellor of the exchequer, said that the deal was "always something to be left to the leaders' conference in a couple of weeks time", while officials added that this gave the April summit a concrete agreement in the bank in case other specific deals cannot be secured.

The technical details of the deal to provide the fund with additional resources was not finalised at the weekend, however, with signs of disagreement between developed and emerging countries. But all of the G20 pledged to speed up reforms to increase the legitimacy and voice of emerging countries at the IMF.

In a sign a global bargain on reform of international institutions was close to agreement, the G20 agreed to move the next review of voting power at the IMF to 2011 from 2013. In an end to the carving up of the heads of the World Bank and fund between Europe and the US, the communiqué said "the heads of the international financial institutions should be appointed through open, merit-based selection processes." Mr Darling said: "We cannot carry on as if the world hasn't changed in the last 60 years."

Japan has already signed a deal with the fund to provide a loan worth \$100bn. The US is seeking to increase the funding further by extending the existing New Arrangements to Borrow facility, under which 26 of the fund's members agreed in 1998 to lend it up to \$50bn at times of crisis.

Brazil, Russia, India and China put out a separate communiqué suggesting alternative funding sources were preferable. "[New] borrowing should be a temporary bridge to a permanent quota increase as the fund is a quota-based institution," the Bric countries said, insisting that they should be allocated large increases in quotas that come hand-in-hand with increased representation at the fund.

Professor Eswar Prasad of Cornell University and a former head of the IMF's China division said: "I suspect this reflects concern among the large reserve holding countries, especially China, that there would be pressure on them to contribute to ad hoc increases now against promises of governance reforms in the future".

The G20 communiqué at the weekend sidestepped the issue, declaring the additional resources "could include further bilateral support, a significantly expanded and increased New Arrangements to Borrow and accelerated quota review".

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