April 26, 2009

I.M.F. Planning to Sell Bonds to Finance New Loans

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WASHINGTON — Hoping to raise money quickly for a new $500 billion emergency loan program, the International Monetary Fund is in the advanced stages of a plan to sell bonds for the first time in its history, officials for the group said Saturday.

The bonds' buyers are expected to be the governments of fast-growing emerging economic powers like China, Russia, Brazil and India.

Though the fund has been authorized for decades to raise cash by selling bonds, officials have never done so because they wanted to avoid what amounts to short-term borrowing.

But the new plan is a response to the growing political clout of countries like China and Brazil, which have become important economic powers and potentially major contributors to the fund, but which are frustrated by their small share of voting power.

As the United States and the European Union have pushed to raise money for the $500 billion lending program to help countries weather the global financial crisis, the big emerging-market countries have demanded that they obtain a bigger voting stake in the fund in exchange for big new financial contributions.

The United States has generally supported an overhaul of the organization's voting structure, but many European countries oppose a dramatic shift, because it would dilute their own voting power.

To get around the roadblock, fund officials said they are close to agreeing on a plan to sell bonds to countries including China, Russia, Brazil and India. The bonds would have to be repaid after one or two years, so they would not increase the fund's permanent resources.

But they would provide the fund with a way to raise the entire $500 billion quickly enough to help countries trapped in cash squeezes because of the frozen credit markets.

"There was a lot of discussion that the fund would use the possibility to issue notes that could be bought by central banks, which could be a vehicle for some countries to provide resources to the fund," said Dominique Strauss-Kahn, the I.M.F.'s managing director, after a meeting with officials from member countries here on Saturday.

Other officials said the plans were serious and in an advanced stage, though they stopped short of saying that a bond offering was ready to be started.

“What this signifies is that the emerging markets are drawing a line in the sand,” said Eswar Prasad, a professor of economics at Cornell University and a former senior economist for the I.M.F. “From the perspective of the key emerging countries, they are being asked to contribute a very substantial amount of resources in exchange for a very uncertain promise of reform.”

China, for example, has only 3.78 percent of the voting power at the I.M.F. But the United States and other wealthy nations are hoping that it contributes $40 billion, or 8 percent, of the new emergency fund.

American officials said they supported the proposed bond issue, adding that the most important priority was to raise the necessary money as quickly as possible. The United States, Europe and Japan have each pledged to contribute $100 billion to the new lending facility.

Though finance ministers attending the I.M.F.’s annual meeting here have expressed increased optimism that the global financial crisis is easing, American officials and fund officials have also warned that a recovery is still months away and that it will be even longer before unemployment stops climbing and begins to recede.

The idea for the new lending program is to provide flexible credit lines to poorer countries that found themselves blindsided by the sudden inability to borrow in global capital markets.

Poland, Mexico and Colombia have signed up to borrow from the program, and more countries are expected to do so as well.