INTERNATIONAL MONETARY FUND

IMF POLICY PAPER

April 2023

2023 REVIEW OF RESOURCE ADEQUACY OF THE POVERTY REDUCTION AND GROWTH TRUST, RESILIENCE AND SUSTAINABILITY TRUST, AND DEBT RELIEF TRUSTS

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its April 6, 2023 consideration of the staff report.
- The **Staff Report**, prepared by IMF staff and completed on March 15, 2023 for the Executive Board's consideration on April 6, 2023.

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International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR23/112

IMF Executive Board Concludes the 2023 Review of Resource Adequacy of the Poverty Reduction and Growth Trust, Resilience and Sustainability Trust, and Debt Relief Trusts

FOR IMMEDIATE RELEASE

Washington, DC – **April 7, 2023:** Yesterday, the Executive Board of the International Monetary Fund (IMF) reviewed the resource adequacy of the Poverty Reduction and Growth Trust (PRGT), Resilience and Sustainability Trust (RST), and Debt Relief Trusts including the Catastrophe Containment and Relief Trust (CCRT). The PRGT is the Fund's main vehicle for providing concessional loans (currently at zero interest rates) to low-income countries (LICs). The RST delivers affordable long-term financing to low-income and vulnerable middle-income countries, as well as small states, to support reforms to reduce risks to prospective balance of payments stability from climate change and pandemics. The CCRT provides grants for debt relief for the poorest and most vulnerable LICs hit by catastrophic natural disasters or public health disasters, disbursing SDR 690 million across 31 countries during the pandemic, which left its cash balance almost depleted.

PRGT finances were found to be under strain owing to substantially stronger demand for PRGT loans and sharply higher interest rates than previously envisaged; since the pandemic, the IMF has supported more than 50 low-income countries with over SDR 17 billion (about $24 billion) in interest-free loans. The PRGT faces a shortfall of SDR 1.2 billion (about $1.6 billion) in pledges for subsidy resources and SDR 3.5 billion (about $4.7 billion) for loan resources to complete the first stage of the 2021 funding strategy. In these circumstances, a multi-pronged strategy is proposed to make the PRGT whole through a concerted push to mobilize broad-based contributions to address gaps in subsidy and loan resources in the near-term, coupled with further steps during the 2024/25 comprehensive PRGT review to put the PRGT on a sustainable footing to deliver sufficient support to LICs in the long-term.

In relation to the recently established RST, the review highlighted strong and frontloaded demand for arrangements under the Resilience and Sustainability Facility (RSF). To date, five RSF arrangements have been approved since RST operationalization on October 12, 2022, and the pipeline of potential requests is building up quickly. On the RST resource side, pledges amount to 76 percent of the loan resource target, leaving a shortfall of about SDR 6.5 billion (about $8.8 billion) in loan resources relative to the original fundraising target. In view of rapid increases in the SDR interest rate, the implications of adopting an interest rate cap at 2¼ percent for Group A countries (PRGT-eligible countries that are not required to blend their IMF financing with the General Resources Account, GRA) are also examined, finding that, even with a cap in place, RST reserve buildup would remain adequate in most scenarios.

Executive Board Assessment[1]

Executive Directors welcomed the first joint annual review of resource adequacy of the Poverty Reduction and Growth Trust (PRGT), Resilience and Sustainability Trust (RST), and

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[1] At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

Debt Relief Trusts. They recognized the importance of ensuring that these Trusts are adequately funded given their vital role in helping member countries in the face of a challenging economic environment. They commended countries that already contributed to these Trusts or pledged to support them.

Directors noted the unprecedented scale of zero-interest lending that the PRGT provided to low-income countries (LICs) during 2020–22 to help them address multiple shocks, including the pandemic and the adverse spillovers from Russia's war in Ukraine. They underscored that this critical support was upheld by the 2021 PRGT reforms, which created much-needed borrowing space for LICs.

Directors recognized that higher demand for PRGT borrowing, together with the rapid rise in global interest rates, are putting additional strains on PRGT finances. Noting that immediate implementation of some of the corrective measures envisaged under the 2021 PRGT framework could have a limited impact on PRGT finances while negatively affecting PRGT borrowers, Directors instead endorsed a multi-pronged strategy to address the PRGT's near-term financing needs while advancing efforts required to ensure its longer-term sustainability.

As an immediate priority, Directors called for rapid progress in completing the first stage of the PRGT's two-stage funding strategy through a concerted push to mobilize broadly burden-shared subsidy pledges totaling a further SDR 1.2 billion. Directors agreed that, where feasible, donors should direct subsidy contributions to the Subsidy Reserve Account (SRA) to gain the added benefit of bolstering the PRGT's reserve coverage. Most Directors also saw merit in reallocations from the Subsidy Accounts to the SRA to bolster reserve coverage if needed in the future, with a few Directors calling for early consideration of this option. Directors generally emphasized the need for enhanced monitoring of progress on subsidies and reserves to take timely actions if needed. Directors urged donors to provide the needed remaining pledges in additional loan resources (SDR 3.5 billion) under the 2021 loan fundraising round, including through SDR channeling.

Directors underlined their commitment to a self-sustained PRGT that is fully able to meet the needs of the institution's poorest and most vulnerable members over the longer term. They noted that the 2024/25 comprehensive PRGT review would include an assessment of the appropriate long-term lending envelope as well as the options under the second stage of the funding strategy to sustainably support such PRGT lending, including potential use of Fund internal resources, which could include gold sales, gold pledges, and further suspension of PRGT reimbursement to the Fund, and distributions from Fund reserves. A number of Directors emphasized that adjustments to concessional lending terms, including a tiered interest rate structure, may be needed. Directors looked forward to technical work by staff on the full range of options available, including possible innovative solutions, to facilitate building consensus for timely progress during the 2024/25 review. Many Directors favored early consideration of internal resource use, particularly gold sales.

Directors reaffirmed that substantial progress towards the first stage of the fundraising goals would allow for an *ad hoc* interim review of PRGT normal access limits, which could consider the feasibility of a temporary increase in line with that recently agreed for the GRA. Given the difficult environment facing LICs, many Directors also favored deferring the next review of PRGT interest rates until the 2024/25 comprehensive PRGT review, while some other Directors preferred to complete the review in July 2023 as originally planned.

Directors recognized that CCRT debt service relief to 31 of the IMF's poorest and most vulnerable members during 2020–22 had freed up scarce financial resources for vital spending to mitigate the impact of the pandemic. They broadly agreed on the need to address the CCRT's severe underfunding so that it can respond to future qualifying events.

Directors welcomed initial operations of the new RST in supporting members to address structural challenges that pose risks to prospective balance of payments stability by providing long-term affordable financing. Noting the strong RST demand from a broad set of eligible members, Directors agreed that pledged resources should be made effective promptly to avoid first-come first-served incentives and ensure even-handedness. The loan resource gap of SDR 6½ billion should also be urgently filled, by seeking additional pledges that can be made effective during 2023–24.

In view of the increase in SDR interest rates, most Directors supported the introduction of a cap at 2.25 percent on the interest rate for the lowest income RST-eligible members to ensure they benefit from affordable lending terms, with a number of Directors expressing their concerns regarding its possible impact on reserve adequacy and the financial base of the trust. Directors underscored the importance of building adequate RST reserves to safeguard the reserve asset status of contributor claims, and called for close monitoring of reserve adequacy to enable the adoption of corrective measures in a timely manner when necessary, with a number of Directors calling for continued exploration of alternative options at the Interim Review of the RST.

Regarding the implementation of RST access policy, Directors noted that all RSF arrangements approved so far had been granted at maximum access. Pointing to the current loan resource gap and the strong RST demand evident from the pipeline of requests, many Directors cautioned against maximum access becoming the norm and emphasized that clear justification is crucial for access levels above the norm of 75 percent of quota, with a few Directors also emphasizing the importance of the RST's catalytic role. Directors called for redoubled efforts to fill the fundraising gap so that access is not rationed because of lack of resources. They looked forward to a fuller discussion on initial experience with RSF arrangements, including in relation to scope and access, following the Spring Meetings.

INTERNATIONAL MONETARY FUND

March 15, 2023

2023 REVIEW OF RESOURCE ADEQUACY OF THE POVERTY REDUCTION AND GROWTH TRUST, RESILIENCE AND SUSTAINABILITY TRUST, AND DEBT RELIEF TRUSTS

EXECUTIVE SUMMARY

Stronger demand for the PRGT's concessional lending, shortfalls in fundraising, and sharply higher interest rates are resulting in a SDR 3.5 billion subsidy resource gap. PRGT lending commitments are now anticipated to reach almost SDR 13 billion in 2023-24, bringing cumulative lending in 2020-24 to almost SDR 29 billion, well above the 2021 baseline lending projection (SDR 21½ billion). To date, however, contributors have pledged SDR 1.1 billion in subsidy resources, well short of the SDR 2.3 billion target for bilateral contributions adopted in 2021, and interest rates have risen more rapidly than previously expected. Altogether, additional subsidy resources estimated at SDR 3.5 billion are needed to reach the envisaged floor for self-sustained PRGT lending from 2025. Moreover, the PRGT reserve coverage ratio is now expected to fall below the 20 percent indicative benchmark in coming years while pledged loan resources are SDR 3.5 billion below target.

A multi-pronged strategy is proposed to address these strains on PRGT finances, focusing on a concerted push to mobilize broad-based contributions, while starting the work on the possible use of internal resources. Immediate implementation of some of the corrective measures envisaged under the 2021 framework, such as reducing access or concessionality, are not currently recommended as they would negatively impact PRGT borrowers in the challenging global environment and may not address the subsidy gap and reserve coverage decline on a timely basis. Instead, this review proposes a multi-pronged strategy centered on a stepped-up fundraising agenda, including a series of events at the Spring and Annual Meetings, to mobilize additional burden-shared subsidy contributions, while offering flexible approaches to disburse contributions. At the same time, technical work would begin on the 2024/25 comprehensive PRGT review, including on internal resources, which will play a critical role in ensuring the PRGT's long-term sustainability. An interim review of access levels would also be launched as soon as substantial progress is made in addressing the funding gap under the first stage of the 2021 strategy.

With regards to the RST, the first review of the adequacy of its resources finds demand for RST financing to be strong and frontloaded. Several arrangements under the Resilience and Sustainability Facility (RSF) have been approved by the Executive Board since the operationalization of the RST in October 2022. Ongoing consultations with members indicate that the pipeline of potential RSF requests is building up quickly and strong demand will most likely continue in the medium term.

Timely delivery of existing pledges is needed and additional pledges are essential given strong demand. There has been good progress on RST fundraising, with SDR 25½ billion in pledges of contribution packages that include loan resources, and over half of those pledges have been made effective, implying a commitment capacity of SDR 4.8 billion. Timely finalization of the remaining pledges is needed to meet frontloaded demand. Moreover, additional pledges are needed to cover a shortfall of about SDR 6½ billion in loan resources, and the timely effectiveness of such additional pledges is needed to ensure the RST is ready to meet demand in 2023-24 and in the medium term.

In view of rising SDR interest rates the implications of adopting an interest rate cap for Group A countries are assessed. The RST's reserves are projected to build over time to an adequate level under a baseline scenario and under various shocks. The introduction of an interest rate cap at 2¼ percent for Group A countries (the lowest income group eligible for RST borrowing) would still enable adequate reserve accumulation under the baseline scenario. Periodic or *ad hoc* reviews could adopt corrective measures if needed to ensure the continued adequacy of reserves in the face of potential risks. If the Executive Board supports establishing an interest rate cap for Group A countries, staff could soon come back with a formal decision paper that could be approved on a lapse-of time basis.

This review also finds that the Catastrophe Containment and Relief Trust (CCRT) remains critically underfunded. The CCRT has insufficient resources to provide significant relief in the event of a further qualifying disaster.

Approved By
Bernard Lauwers

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Glossary

CCRT	Catastrophe Containment and Relief Trust
DA	Deposit Account
DIA	Deposit and Investment Account
DSF	Debt Sustainability Framework
ECF	Extended Credit Facility
EFF	Extended Fund Facility
FIN	IMF Finance Department
FSW	Food Shock Window
FTP	Financial Transactions Plan
GLA	General Loan Account
GNI	Gross National Income
GRA	General Resources Account
GSA	General Subsidy Account
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
IMF	International Monetary Fund
LA	Loan Account
LICs	Low Income Countries
MDRI	Multilateral Debt Relief Initiative
NPA	Note Purchase Agreement
NPV	Net Present Value
PCDR	Post Catastrophe Disaster Relief Trust
PCS	Preferred Creditor Status
PRG-HIPC	Poverty Reduction and Growth Trust for and Interim ECF Subsidy Operations
PRGT	Poverty Reduction and Growth Trust
RA	Reserve Account
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
RSF	Resilience and Sustainability Facility
RST	Resilience and Sustainability Trust
SA	Subsidy Accounts
SBA	Stand-By Arrangement
SCA-1	First Special Contingent Account
SCF	Standby Credit Facility
SDA	Special Disbursement Account
SDR	Special Drawing Rights
SDRi	SDR Interest Rate
SLA	Special Loan Accounts
SRA	Subsidy Reserve Account
UCT	Upper Credit Tranche
VTA	Voluntary Trading Arrangement
WEO	World Economic Outlook

This is the first annual review that combines discussion of the adequacy of the resources of the Fund's Poverty Reduction and Growth Trust (PRGT) and debt relief trusts, including the Catastrophe Containment and Relief Trust (CCRT), with that of the Resilience and Sustainability Trust (RST). Bringing these reviews together in one paper aims to provide an integrated perspective across the Trusts as requested by the Board. The paper is organized as follows: Sections I to IV cover PRGT issues, sections V to X cover RST issues, and section XI covers CCRT and HIPC debt relief initiatives. Section XII presents issues for discussion.

SECTION I. PRGT: CONTEXT AND THE 2021 PRGT REFORMS

This review identifies departures from the baseline projections underpinning the July 2021 PRGT reforms for lending demand, fundraising, and interest rates. Altogether these have substantially increased the subsidy resource gap and they also contribute to an expected decline in reserve coverage. A multi-pronged strategy is proposed to address these strains on PRGT finances while minimizing negative effects for PRGT borrowers and preserving the confidence of PRGT lenders.

1. Multiple shocks and the legacy of the pandemic are resulting in large financing needs for low-income countries (LICs). LICs face high and volatile food and energy prices, persistent supply chain bottlenecks, and tighter external financial conditions with reduced policy buffers. These challenges come on top of existing needs to address the legacy of the COVID-19 pandemic and resume income convergence with more advanced economies.[1] Since the onset of the pandemic in 2020, the Fund quadrupled its concessional lending to LICs compared with pre-pandemic averages and approved an SDR allocation in August 2021 of which SDR 14.7 billion went to LICs. (Annex I provides an overview of the PRGT concessional financing framework).

2. To better support LICs during the pandemic and beyond the Fund comprehensively reformed the PRGT in July 2021.[2] The key reform measures comprised a 45 percent increase in the normal annual and cumulative limits on access to concessional financing, bringing them for the first time to the same level in percent of quota as General Resources Account (GRA) access limits; eliminating hard caps on exceptional access for the poorest PRGT-eligible LICs; simplifying access norms and blending rules; and keeping interest rates on all PRGT facilities at zero until the next interest rate review. A two-stage funding strategy to cover the cost of these reforms was adopted:

- The **first stage** (Figure 1) focuses on 2020–24 and aims to secure an additional SDR 12.6 billion in PRGT loan resources and SDR 2.8 billion in new subsidy resources, with the latter composed of SDR 0.5 billion from IMF internal resources (suspension of PRGT administrative cost reimbursement to the GRA through FY2026), and SDR 2.3 billion via a burden-shared bilateral fundraising campaign from a broad group of IMF members. The target for loan resources would cover demand over a range of plausible scenarios, including a stress-test High Case scenario featuring lending of SDR 33 billion through 2024. Under the projected Baseline scenario, the target for subsidy

[1] See *Macroeconomic Developments and Prospects in Low-Income Countries—2022.*

[2] See *Fund Concessional Financial Support for Low-Income Countries—Responding to The Pandemic*.

resources would cover the cost of crisis-related lending (SDR 21½ billion through 2024) and support a self-sustained lending envelope of at least SDR 1.65 billion per year from 2025.

- The **second stage** will be discussed in 2024/25, as part of the next full review of concessional financing and policies, which would include, *inter alia*, a review of policies and possible reforms, the appropriate self-sustained longer-term lending envelope for the PRGT, and associated funding options including potential use of Fund internal resources (Box 1).

Figure 1. PRGT: First Stage of the Fundraising Strategy, 2020–24

	Subsidy Resources	**Loan Resources**
Underpinning Lending Scenario	Baseline: SDR 21.5 billion	High-Case: SDR 33 billion
Fundraising Target	SDR 2.8 billion	SDR 12.6 billion
Funding Sources	Bilateral Contributions: SDR 2.3 billion Internal Resources: SDR 0.5 billion	Borrowing from PRGT Lenders
Objectives	Finance crisis-related lending and a base lending envelope of SDR 1.65 billion/year post-2024	Cover crisis-related lending under a range of plausible demand scenarios

3. **To provide flexibility to donors and help enhance the benefits of their contributions for the PRGT, the funding strategy was supported by the creation of two new PRGT accounts**:

- *Subsidy Reserve Account (SRA)*. The SRA was created to play the dual role of holding and investing PRGT subsidy resources (complementing the Subsidy Accounts), while covering residual credit risk to PRGT lenders (by serving as a backstop for the Reserve Account). See further details in Annexes II and III.

- *Deposit and Investment Account (DIA)*. Intended for those members unable to provide subsidy grants, this account provides a vehicle for IMF members to deposit SDRs or currency for long-term investments to generate returns for PRGT subsidization, with the cumulative returns transferred to the SRA or Subsidy Accounts when target contributions are reached.

4. **The 2021 framework also envisaged the possibility of corrective measures ahead of the 2024/25 comprehensive review to address risks to PRGT resources**. These measures would be considered in the event of a significant fundraising shortfall, an exceptionally high lending trajectory, and/or a significant deterioration in multiple borrowers' capacity to repay the Fund. They would aim to ensure adequate subsidy and loan resources and/or credit protections.

Box 1. PRGT: The 2024/25 Review of Concessional Financing and Policies

Background

In 2021 the IMF Executive Board approved reforms to the Fund's concessional lending facilities to better support LICs during the pandemic and the recovery. The Board also endorsed a two-stage funding strategy for the PRGT, with the first stage entailing a fundraising effort to cover the PRGT resource gap created by the pandemic, while preserving a basic self-sustained subsidization capacity for post-2024 concessional lending of at least SDR 1.65 billion (maintaining access in real terms at the cumulative access limit in 2019). The second stage would examine the appropriate long-term PRGT lending envelope, the associated PRGT funding requirements, and how these needs could be met sustainably as part of the next comprehensive review of concessional facilities and policies in 2024/25.

Major Goals of the 2025/25 Review

The reforms to be considered in the review will need to be calibrated to restore the self-sustained PRGT financing framework, thereby developing a lasting solution to the financing of the Fund's concessional lending model. Accordingly, the capacity of the PRGT to generate subsidy resources will need to be adequate to sustainably cover subsidy needs while also ensuring protection against risks through adequate reserves. The financing framework should also allow sufficient financial flexibility to the PRGT to respond to most shocks without having to resort to further fundraising, further strengthening the financial robustness of the PRGT.

Potential Scope of the 2024/25 Review

This review is expected to provide a broad assessment of all relevant policies for concessional financing and financing options including:

- The architecture and design of the current LIC facilities;
- PRGT-related policies including access norm and limits, safeguards, interest rate structure (which could include a potential dual interest rate mechanism in the PRGT), and blending rules;
- Longer-term demand for concessional financing and the appropriate PRGT lending envelope;
- The second stage of the funding strategy to sustainably support concessional lending, including external efforts such as fundraising and voluntary SDR channeling as well as the use of internal resources;
- Financial risks to the PRGT including an adequate level of reserves; and
- Possible investment implications of potential reforms to the PRGT.

5. **This is the second annual review of the adequacy of PRGT finances since the July 2021 PRGT reforms**. The review is organized as follows:

- Section II summarizes recent developments in demand for concessional financing and updates the demand outlook for the near and longer term.
- Section III discusses the status of pledges for loan and subsidy resources in the first stage of the PRGT funding strategy and assesses the adequacy of PRGT resources and reserves.
- Section IV presents a multi-pronged strategy that aims to address the identified strains on PRGT finances through stepped-up fundraising and advancing technical preparations for the 2024/25 comprehensive review of concessional financing which will aim to ensure the PRGT's long-term sustainability.

SECTION II. PRGT: LENDING DEVELOPMENTS AND OUTLOOK

Updated baseline estimates suggest that PRGT lending in 2023–24 could be similar to the unprecedented level in the first three years of the COVID-19 pandemic, which would bring cumulative loan commitments during 2020–24 to almost SDR 29 billion. This revision is mostly driven by a few large requests in the pipeline and potential lending under the Food Shock Window (FSW) among other factors, leaving significant uncertainty around the outlook. If such high lending materializes, total PRGT credit outstanding would reach almost five times the historical average, with increased credit concentration and elevated risks to capacity to repay.

A. Recent Developments in Lending and Credit

6. PRGT lending slowed in 2022 from the unprecedented surge in demand for concessional financing in 2020–21 but remained high compared to the pre-crisis period. PRGT loan commitments totaled SDR 3.3 billion in 2022 (Figure 2.1) roughly in line with the July 2021 projections. Despite the slowdown in lending commitments in 2022, they averaged SDR 5¼ billion during 2020–22, about four and half times the pre-pandemic average.

7. Lending in 2022 was dominated by multiyear arrangements with relatively high access including through augmentations (Figure 2.1). Of the 14 new lending commitments approved in 2022, only three were for emergency financing, of which two were under the FSW (Malawi and Guinea). The trend towards relatively large access under multiyear programs has also continued. Of the seven new upper credit tranche (UCT) quality arrangements approved in 2022, only one (Zambia) was below the access norm of 145 percent of quota (though, at almost SDR 1 billion, still large in nominal terms). Similarly, the original size of some existing arrangements was also increased by augmentations (a total of four) during the year. The prevalence of relatively large new multiyear programs—supported by the increased access limits introduced by the 2021 reforms—reflects the large financing needs facing LICs.

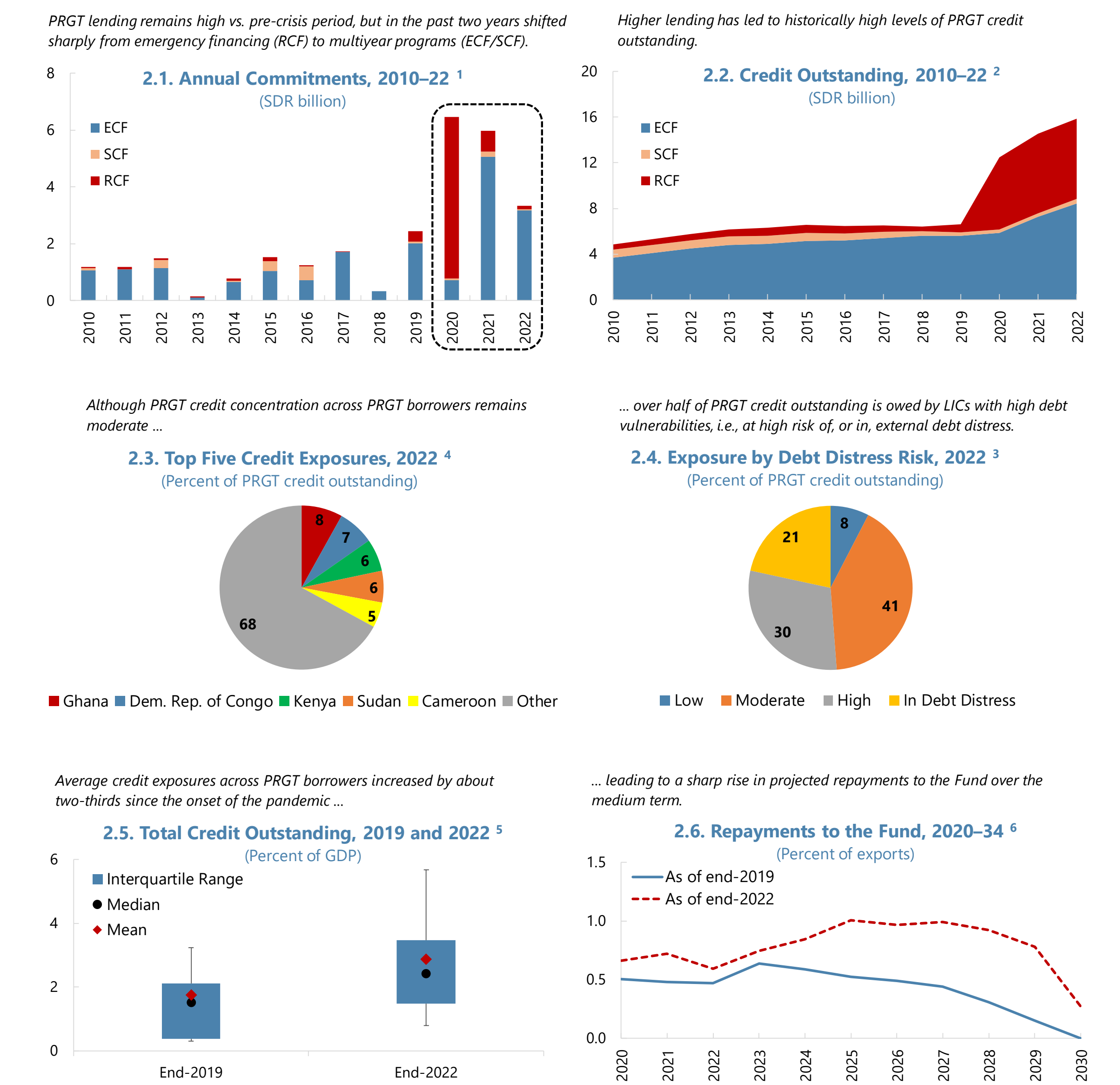
8. PRGT credit outstanding has reached historically high levels and is expected to increase further. PRGT credit outstanding increased to almost SDR 16 billion at end-2022, from an average of about SDR 6.5 billion before the pandemic (Figure 2.2). This upward trend is expected to continue as scheduled disbursements under existing arrangements are likely to exceed repayments coming due through 2024, in part as repayments of crisis-related lending will start only in 2025H2.

B. Credit Risk Profile

9. Although PRGT credit concentration remains moderate, reserve concentration has been on the rise. At end-2022, about one-third of total PRGT credit outstanding was concentrated among the top five PRGT borrowers (Figure 2.3), still at moderate levels compared to the GRA (about two-thirds). However, by end-2022, the combined PRGT credit outstanding of the top five PRGT borrowers exceeded the total balances in the Reserve Account (RA) and SRA.

10. Moreover, risks to the PRGT credit portfolio remain elevated compared to the pre-pandemic period. Three main factors have increased credit risks: (i) at the outset of the pandemic, a sharp increase in the stock of outstanding RCF loans—which are not subject to UCT-quality conditionality; (ii) rising debt vulnerabilities of PRGT borrowers—over half of PRGT countries accounting for about 50 percent of PRGT credit outstanding are currently classified as being at high risk of, or in, debt distress, up from about 20–30 percent prior to the pandemic (Figure 2.4); and (iii) elevated warning signals on capacity to repay for several PRGT borrowers (Figures 2.5 and 2.6).

Figure 2. PRGT: Key Statistics, 2010–22



[1] Total PRGT new commitments (including augmentations) and PRGT disbursements in each calendar year.
[2] Total PRGT credit outstanding at the end of each calendar year.
[3] Shares in total PRGT credit outstanding based on the external debt distress risk rating.
[4] The remaining credit exposure (67 percent) cover 54 PRGT-eligible countries and one graduate.
[5] Distribution of total (PRGT+GRA) credit outstanding across PRGT borrowers (lower/upper range is the 10th/90th percentile).
[6] Total (PRGT+GRA) projected repayments of existing credit (median across PRGT borrowers; red line is actuals for 2020–22).

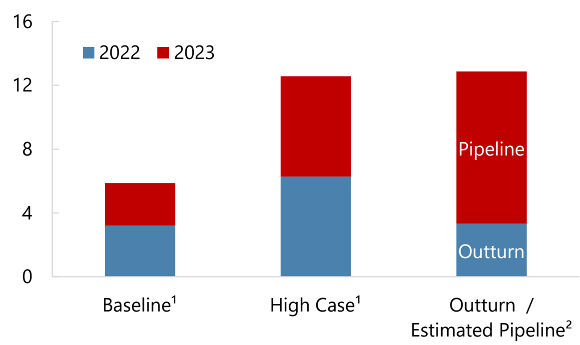
C. Outlook for the Near-Term Demand (through 2024)

11. The pipeline of PRGT requests for the near term has expanded significantly (Figure 3.1). The estimated pipeline of requests totals about SDR 9 billion, almost double that estimated in the 2022 adequacy review.[3] This sharp rise is explained by some 2022 requests carrying over to 2023, and by new program requests, some of which have high potential access levels.

12. The large financing needs facing LICs due to the difficult global environment and possibly higher Fund financing share suggest potential additional demand for Fund resources. The pipeline of requests is most relevant for short-term demand. Hence, on top of the estimated pipeline, the demand projections assume additional requests by LICs not yet in the pipeline for Fund-supported programs in late 2023 and 2024. For these potential additional requests, access per arrangement reflects LICs' debt vulnerabilities, blend status, and existing Fund credit exposure and access limits (see Annex IV). The scenarios also take into account potential augmentations of some existing arrangements as well as demand for emergency financing, including under the FSW, but demand for emergency financing is assumed to decline toward pre-pandemic averages in the medium-term, consistent with the ongoing strong shift toward UCT-quality arrangements.

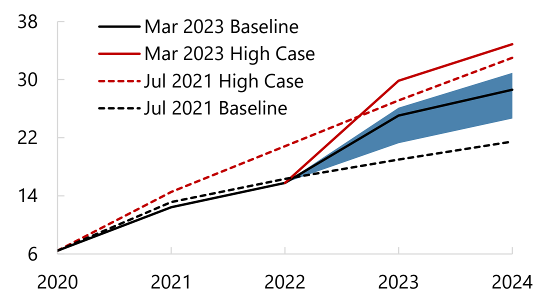
Figure 3. PRGT: Commitments, 2020–24
(SDR billion)

Figure 3.1. Outturn and Pipeline, 2022–23



[1] As in the July 2021 Board paper.
[2] Including requests approved in Jan-Feb 2023.

Figure 3.2. Near-Term Projections, 2020–24[1]



* The blue range reflects demand uncertainty around Baseline.

13. Altogether, cumulative commitments for 2020–24 under the updated Baseline have been revised up by about SDR 7 billion to almost SDR 29 billion (Figure 3.2), just below the High Case scenario considered in July 2021.[4] However, the demand outlook remains subject to high uncertainty

[3] This estimate combines information from multiple sources including from the internal review process, surveys of IMF country desks, and staff judgement. It covers requests with advanced review/negotiations, requests that have yet to be negotiated, and country authorities' preliminary indications of requests in the near term.

[4] Consistent with the last review and first-stage fundraising targets, the short-term projections continue to focus on 2020–24, noting that cumulative commitments over this period refer to actual data through end-2022. New loan commitments are used as the measure of prospective demand for PRGT resources as adequate resources are needed at the time of making commitments.

(illustrated by the blue range in Figure 3.2).[5] In 2023, the bands around the Baseline projections are skewed downwards given uncertainty around the approval and timing of potential program requests with significant access, but risks are more balanced by end 2024, with a revised baseline range for cumulative commitments through 2024 of SDR 24–31 billion.

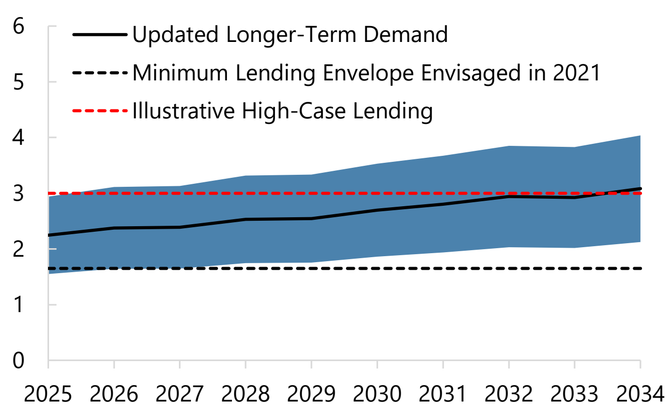
14. An updated tail event scenario (High Case) features cumulative lending of almost SDR 35 billion through 2024, somewhat higher than the SDR 33 billion High Case from July 2021. In the July 2021 analysis (and also in April 2022), the purpose of the High Case scenario is to "stress-test" PRGT resources if an unprecedentedly high share of LICs seek program support, in order to support prudence in funding targets for loans in case of shocks. The updated High Case is closer to the updated Baseline—as the latter already incorporates sizable unexpected shocks—but it still flags some possible upside to the need for loan resources.

15. The methodology and assumptions underpinning the projection scenarios are described in detail in Annex IV. Unlike in the 2022 review, the updated scenarios do not include any further pledges beyond those received so far, to enable the assessment of resource gaps and additional funding needs in case the first stage fundraising is not concluded successfully ahead of the 2024/25 comprehensive review. In addition, unchanged access limits for PRGT resources are assumed through 2024, pending the outcome of a potential future review of PRGT access.[6]

D. Outlook for Longer-Term Demand (from 2025)

16. Updated longer-term projections suggest that PRGT demand is likely to exceed previous assumptions of at least SDR 1.65 billion (Figure 4). As discussed in Annex IV, a preliminary update of the longer-term demand model suggests average annual lending during 2025-34 of SDR 2.65 billion would be needed, and trending over time toward the SDR 3 billion illustrative lending envelope assumed for the High Case scenario. This estimate is about 60 percent higher than the SDR

Figure 4. PRGT: Longer-Term Demand, 2025–34
(SDR billion)



* Blue range reflects demand uncertainty.

[5] The level of access depends, *inter alia*, on updated balance of payments needs, expected co-financing, strength of the prospective Fund-supported programs, and LICs' exposure to debt vulnerabilities. By the same token, the prospective approval dates of requests depend on several factors, including the time required to reach a staff-level agreement, and the need to obtain financing assurances from creditors in the case of LICs seeking a debt restructuring to address unsustainable debt burdens. To some extent, the uncertainty range also helps account for potential limitations of the underlying projection models.

[6] In March 2023, the IMF *increased* the GRA annual/cumulative access limits from 145/435 percent of quota to 200/600 percent of quota for a period of 12 months to better support member countries in the current global environment. A review of PRGT access limits was deferred until the PRGT is more adequately financed.

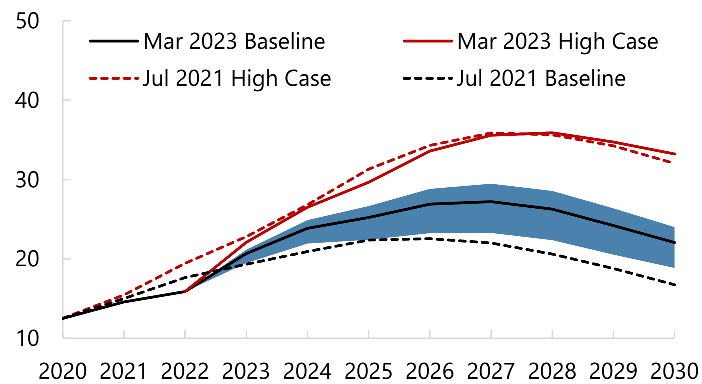
1.65 billion that was assumed when estimating subsidy resource needs under the first stage of the funding strategy.

17. Nevertheless, for the purpose of longer-term PRGT projections, longer-term annual lending is assumed to be SDR 1.65 billion under the Baseline, for consistency with the framework adopted by the Board in 2021. This level of lending (from 2025) would maintain annual access in real terms at pre-pandemic (i.e., 2019) levels and, together with the baseline lending projections for 2020–24, was used to set the target for subsidy resources under the first stage of the funding strategy. However, as envisaged in 2021, the comprehensive review at the second stage will consider the merits of a larger self-sustained PRGT lending envelope.

E. Implications for Credit Outstanding and Capacity to Repay

18. Higher near-term lending significantly raises peak PRGT credit outstanding (Figure 5). Total PRGT credit outstanding is expected to peak at about SDR 27 billion in 2026–27 under the Baseline, up from SDR 21 billion projected in July 2021. The subsequent sharp decline in credit outstanding reflects the assumed annual lending of SDR 1.65 billion post-2025. In contrast, with longer-term lending at a level based on the demand model (not shown in the figure), credit outstanding would peak at a higher level (SDR 30 billion) and decline more gradually thereafter, just below the path of the High Case scenario.

Figure 5. PRGT: Total Credit Outstanding, 2020–30
(SDR billion)



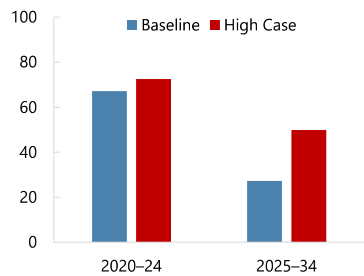
* The blue range reflects demand uncertainty around Baseline.

19. PRGT country exposures are substantially larger under the revised scenarios, implying greater need to use the enhanced safeguards for debt sustainability and capacity to repay (Figure 6). Under the Baseline, the typical PRGT-eligible member that is not a presumed blender (a non-blender) would borrow from the PRGT a total of about 70 percent of quota annually during 2020–24, equivalent to about 1½ percent of GDP—over twice the pre-pandemic average. Average PRGT credit outstanding for the typical non-blender would peak at about 6 percent of GDP by 2026–27 in the Baseline, and at higher levels of about 10 percent of GDP in the High Case. These elevated country-level exposures to Fund credit call for greater scrutiny of requests entailing high levels of Fund lending and close monitoring of risks to capacity to repay in individual cases. In this regard, the new enhanced safeguards for debt sustainability and capacity to repay, introduced in March/July 2021,[7] have been applied to nine PRGT UCT-quality arrangements approved by the Board through end-2022.

[7] See *PRGT—Guidance Note on New Enhanced Safeguards for Debt Sustainability and Capacity to Repay*.

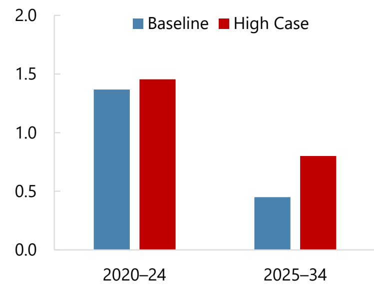
Figure 6. PRGT: Typical Non-Blender's Access and Credit Outstanding, 2020–34
(Units as indicated)

6.1. Annual Access (% Quota)



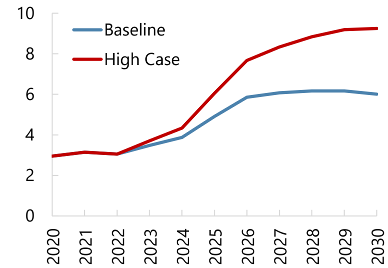
Median annual access levels for the typical non-blender that is assumed to borrow from the PRGT.

6.2. Annual Access (% GDP)



Median annual access levels for the typical non-blender that is assumed to borrow from the PRGT.

6.3. Credit Outstanding (% GDP)



Simulation based on mean credit outstanding, commitments and repayments.

SECTION III. PRGT: RESOURCE ADEQUACY

Although donors have made important contributions, pledges remain short of the targets under the first stage of the funding strategy, especially for subsidy resources (about SDR 1.2 billion). At the same time, the large upward revision of lending prospects, together with the more rapid SDRi increase, among other factors, have increased subsidy needs. The net result is a subsidy gap in the order of SDR 3.5 billion to reach a minimum floor for the PRGT's annual self-sustained lending capacity, and reserve coverage is expected to fall below the 20 percent indicative benchmark in coming years.

A. Loan Resources

20. Pledges of loan resources under the 2021 fundraising round total SDR 9.1 billion toward the SDR 12.6 billion target (Table 1). Twenty-two potential contributors with strong external positions (15 G20 members, including all G7 countries, and seven non-G20 advanced economy members), as evidenced by inclusion in the IMF's FTP, were asked to provide loan resources under the 2021 fundraising round. The pledges to date are from 16 PRGT lenders, including Finland, which joined the group of countries providing loans to the PRGT for the first time. Of the total pledged, SDR 5.9 billion are already effective for PRGT operations or are close to being effected. Over 90 percent of the new pledges use SDRs as the media for transactions, up from less than two thirds in the 2020 round.

Table 1. PRGT: Loan Pledges under 2021 Round
(SDR million, as of March 3, 2023)

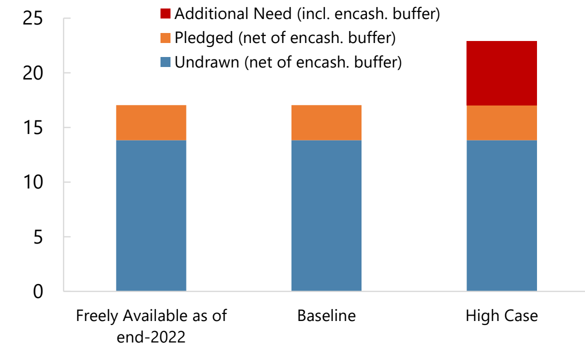
Country	Pledged[1]	Status	Media
Australia	500	Effective	SDR
Belgium	250		SDR
Canada	500	Effective	SDR
China	1,000		SDR
Denmark	150		TBD
Finland	300		SDR
France	1,000	Effective	SDR
Italy	1,000	Effective	SDR
Japan	1,000	Effective	SDR, USD, other
Korea	450		TBD
Netherlands	500	Effective	SDR/EUR
Norway	150	Effective	USD
Saudi Arabia	775	Partially effective	SDR
Spain	350	Effective	SDR
Sweden	150	Effective	SDR
United Kingdom[2]	1,000		SDR
Total	**9,075**		
Target Amount	**12,600**		
Memorandum Items:			
Share of pledges/loan agreements in SDRs:			
Pledges under the 2021 (ongoing) fundraising round			**92%**
Effected loan agreements under the 2020 fundraising round			**63%**

[1] Some of the pledged amounts are subject to completion of domestic procedures.
[2] Loan will be remunerated at concessional rate, thus generating implicit subsidies of SDR 100 million.

21. However, pledges for loan resources are falling short of the target by SDR 3.5 billion and this gap could widen depending on near-term demand outcomes. Total uncommitted PRGT loan resources, net of a liquidity buffer of about SDR 6.2 billion, amounted to SDR 17¾ billion at end-December 2022, including not yet effected pledges (SDR 3.2 billion).[8] The bulk of these loan resources were raised during the 2020 fast-track fundraising round (SDR 16.9 billion) and from the 2021 round (see further details in Appendix I Table 1). However, the pledging shortfall under the 2021 round remains sizeable (SDR 3.5 billion). Even if these pledges are fully secured on a timely basis, the available loan resources could be insufficient to cover the loan needs under the updated High Case scenario, with an additional SDR 2.5 billion potentially needed to fully address total loan needs under that scenario (Figure 7). Given that loan fundraising is typically launched on demand (i.e., PRGT loan resources are non-revolving), a new fundraising round would be required promptly should these additional loan needs appear likely to materialize (also see Section IV below).

Figure 7. PRGT: Loan Resource Needs, end-2022

(SDR billion, as of end-2022)



B. Subsidy Resources and Self-Sustained Capacity

22. Subsidy Account balances declined from SDR 4 billion at end-2021 to SDR 3.7 billion at end-2022 (Table 2).[9] Rising subsidization costs (about SDR 0.2 billion) and negative investment returns (about SDR 0.25 billion) outweighed disbursements of pledged subsidies of SDR 210 million. Despite the flexibility provided to potential donors by the DIA, uptake has so far been relatively limited, and inflows to the SRA are significantly lower-than expected in July 2021.[10] Moreover, unfulfilled pledges from previous fundraising rounds remain sizeable, at SDR 223 million (details in Appendix I Table 6). Contributors with outstanding pledges, especially those under the first and second distribution of gold windfall profits, are urged to deliver on their pledges.

Table 2. PRGT: Account Balances

(SDR million, as of end-2022)

Account	Balances
Subsidy Accounts (SA)	**3,677**
General Subsidy Account (GSA)	2,734
ECF Subsidy Account	925
SCF Subsidy Account	17
Reserve Account (RA)	**4,011**
Subsidy Reserve Account (SRA)	**120**
Deposit and Investment Account (DIA)	**2**
Memorandum Item:	
PRG-HIPC Trust	324
Unfulfilled pledges from previous rounds	223

[8] Under the encashment regime, the PRGT provides participating lenders with the right to request early repayment of outstanding claims in case of balance of payments need. The Fund repays the requesting lender by drawing down resources committed to the PRGT by other participating lenders, requiring a liquidity buffer to be maintained.

[9] Total subsidy resources—including balances in the SRA and in the PRG-HIPC Trust which is presumed to be available for subsidization—reached SDR 4.1 billion at end-2022 (also see Appendix I Table 2).

[10] Based on the expectations at the time, the 2021 analysis assumed that half of the SDR 2.3 billion in bilateral contributions would flow to the SRA by 2022. See Appendix I Tables 4 and 5 on deposit/investment agreements.

Table 3. PRGT: Subsidy Pledges under 2021 Fundraising[1]

(Unit as indicated, as of March 3, 2023)

Country	Ask [1]	Modality [2]	Beneficiary Account	Pledged [3]		Received [4]
				Media	SDR mln	SDR mln
Australia	36	Investment in pooled assets	SRA	SDR	36	Effective
Canada	61	Grant	SRA	CAD	61	28
China	168	Investment in DIA	SRA	SDR	168	Effective
Denmark	19	TBD		SDR	19	
Estonia	1	Investment in DIA	SRA	SDR	0.4	Signed
France	111	Grant	SRA	EUR	104	32
Germany	146	Grant		EUR	80	8
Greece	13	TBD		SDR	13	
Italy	83	Grant	SRA	EUR	83	16
Japan	169	Grant	SRA [5]	US$	96	58
Korea	47	TBD		SDR	41	
Lithuania	2	Grant	SRA	EUR	2	2
Morocco	-	Investment in DIA	SRA	SDR	0.2	Effective
Netherlands	48	Grant		EUR	23	23
Norway	21	Grant		NOK	9	
Philippines	11	Grant	SRA	US$	4	4
Portugal	11	Investment in DIA		SDR	11	
Singapore	21	Grant	SRA	SDR	21	
Slovak Republic	6	Grant		EUR	6	4
Spain	52	Grant	SRA	EUR	49	2
Sweden	24	Grant		SEK	22	15
Switzerland	32	Grant	SRA	CHF	41	8
Thailand	18	Grant	SRA	SDR	8	8
Trinidad and Tobago	3	Investment in pooled assets		SDR	3	
United Kingdom [6]	111	Concessional loan		SDR	100	
United States	456	Grant	SRA	US$	55	55
European Commission	-	Grant		EUR	78	78
Total					**1,133**	**340**
Total Grant					741	340
Total Implicit Subsidy					100	0
Total Investment and Deposit					219	0
To be Determined (TBD)					73	0
Target Amount					**2,300**	
Number of asks					61	

[1] Total proposed amount covering the 61 asks equals SDR 2.3 billion in NPV terms as of end-2020.

[2] TBD = to be determined.

[3] Several of the pledged amounts are subject to completion of domestic procedures. The following countries have not yet pledged: Algeria, Austria, Belgium, Botswana, Brazil, Brunei Darussalam, Bulgaria, Chile, Croatia, Cyprus, Czech Republic, Finland, Hungary, India, Indonesia, Ireland, Israel, Kuwait, Latvia, Luxembourg, Malaysia, Malta, Mauritius, Mexico, New Zealand, Oman, Peru, Poland, Qatar, Romania, Russian Federation, Saudi Arabia, Slovenia, Turkey, United Arab Emirates, and Uruguay.

[4] Subsidy contributions from investments are generated over time in the form of net investment earnings.

[5] Of the total amount pledged, US$50 million have been pledged to the SRA to be disbursed by 2023 Spring Meetings.

[6] The loan resources pledged by the UK will be provided at a concessional rate, and was expected to generate implicit subsidies of SDR 100 million.

23. **Total pledges for subsidy resources are falling markedly short of the target owing to a combination of low responses and pledges below ask** (Table 3). To support the 2021 PRGT reforms, it was agreed to mobilize SDR 2.8 billion in subsidy resources. The suspension of the PRGT's reimbursement of the GRA through FY2026 will provide SDR 0.5 billion from internal resources. For the remaining SDR 2.3 billion, the Fund is seeking bilateral subsidy contributions through a broad, burden-shared fundraising campaign involving 61 economically stronger member countries based

on their respective quota shares. So far, some SDR 1.1 billion has been pledged by 27 contributors, including Morocco (not covered in the original "ask") and the European Commission, amounting to just about 49 percent of the agreed target (see further details in Appendix I Table 3).[11] Table 3 shows that this large shortfall results not only from a low number of positive responses relative to the "ask" (with 36 potential contributors not yet pledging) but also from the size of pledges (pledges received so far represent just below 70 percent of the asked amounts from donors that have made pledges). Furthermore, despite the dual benefit that the SRA could provide, only over 62 percent of the pledged amounts would flow into this account.

24. **Moreover, higher PRGT demand and the faster-than-expected rise in interest rates increases subsidy costs going forward, widening the overall subsidy gap to about SDR 3.5 billion**. In addition to the shortfall in subsidy pledges discussed above, additional subsidy needs have arisen to still attain the envisaged floor for self-sustained annual PRGT lending capacity of SDR 1.65 billion (Table 4). Subsidy costs have also risen by SDR 2.3 billion, primarily owing to the outlook for higher lending commitments in 2023–24 (SDR 1.0 billion) and the net impact of the faster than expected rise in the SDRi (SDR 1.5 billion). Absent further subsidy contributions, the PRGT's self-sustained annual lending capacity could fall to SDR 0.9 billion per year, greatly limiting the PRGT's ability to support LICs effectively, especially when crisis-related lending starts to come due from the second half of 2025.

Table 4. PRGT: Additional Subsidy Need

(SDR billion, as of end-2022)

A. Subsidy target based on July 2021 Baseline scenario	2.8
B. Suspension of GRA reimbursement through FY2026	-0.5
C. Subsidy pledges secured so far	-1.1
D. Subsidy need from shortfall in pledges (*A-B-C*)[1]	1.2
E. Additional subsidy need since July 2021 (*E1+E2+E3*)	2.3
E1. Subsidy cost of higher lending commitments[2]	1.0
E2. Net impact of higher SDRi[3]	1.5
E3. Other factors[4]	-0.2
F. Total subsidy need under revised Baseline (*D+E*)	3.5

Source: FIN staff calculations and estimations.

[1] Excluding impact of any forgone investment returns.

[2] Impact on subsidy needs from higher lending with other factors at July 2021 Baseline.

[3] Net impact on subsidy needs from higher SDRi with other factors at July 2021 Baseline.

[4] Other factors include the interaction of lending and interest rate shocks, impacts on investment assets from recent returns and lower subsidy contributions.

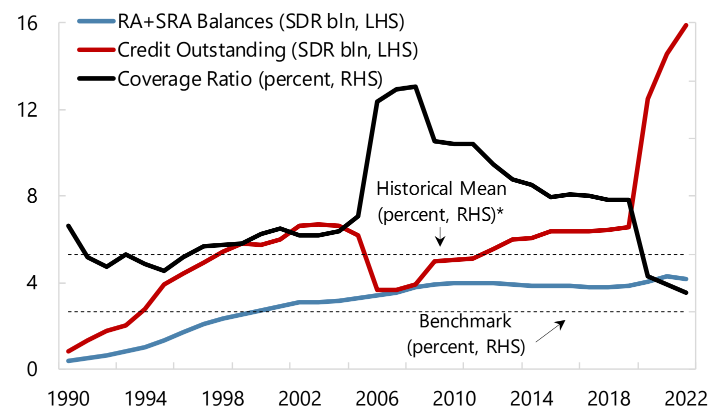
[11] Besides the time required to complete domestic procedures, there could be a multitude of reasons affecting the pace of subsidy resource pledges. For instance, the global economy has experienced multifaceted shocks in recent years, which has resulted in large competing needs for financing. Some donors could be experiencing fatigue and tighter budgets due to higher domestic needs. It is also possible that some donors may be facing political constraints or may be waiting until potential contingency measures have been evaluated.

C. Reserve Coverage

25. Reserve coverage has declined to well below historical norms due to the steep rise in PRGT credit outstanding (Figure 8). In 2022, the combined balances in the RA and SRA fell by about SDR 140 million to SDR 4.1 billion due to negative investment returns and slow inflows into the SRA (Table 2). Reserve coverage declined to 26 percent of credit outstanding by end-2022, the lowest level in the past three decades, reflecting developments in RA and SRA balances and, more importantly, the unprecedented jump in credit outstanding.

Figure 8. PRGT: Historical Reserve Coverage, 1990–22

(Units as indicated)

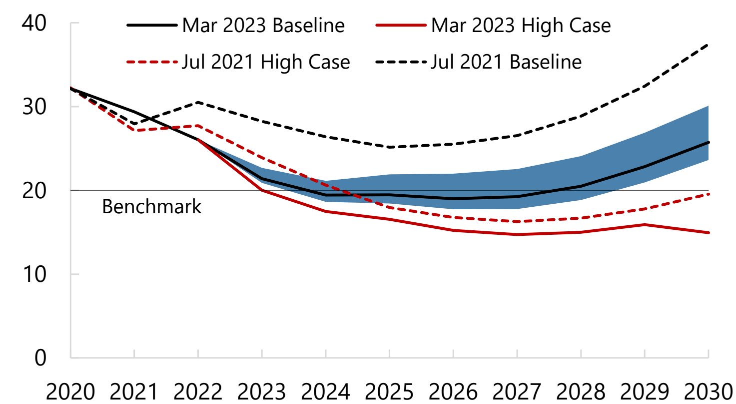


* Historical mean before delivery of debt relief through HIPC/MDRI.

26. Under the revised outlook, the reserve coverage ratio is projected to fall below the indicative benchmark of 20 percent in 2024 and stay below this level until the end of this decade (Figure 9).[12] The Baseline projections imply that the coverage ratio could reach a trough of 18 percent by 2026, reflecting projected peak credit outstanding. In the same year, the coverage ratio would be 19 percent under the average lending estimated by the demand model and 15 percent under the High Case scenario. Some large program requests in the pipeline could also raise reserve concentration in the medium term: the combined credit of the top five PRGT borrowers would increase from over 100 percent of current PRGT reserves to around 200 percent at peak credit outstanding (See Section II).

Figure 9. PRGT: Projected Reserve Coverage, 2020–30

(RA+SRA balances in percent of credit outstanding)



* The blue ranger reflects demand uncertainty around Baseline.

[12] Background on the role of PRGT reserves and the indicative benchmark of 20 percent is provided in Annex II. In 2021, this indicative benchmark was used as an informal guide to help assess PRGT reserve adequacy. E.g., _Fund Concessional Financial Support for Low-Income Countries—Responding to The Pandemic_ (paragraph 64).

SECTION IV. PRGT: A MULTI-PRONGED STRATEGY

This review has identified a significant deviation from the July 2021 framework primarily resulting from the large shortfall in subsidy pledges in conjunction with higher demand.[13] *Staff proposes a multi-pronged strategy to address elevated near-term needs while also advancing efforts required to ensure the PRGT's longer-term sustainability. The proposed framework would mitigate the identified problems without creating additional unacceptable risks for the PRGT and the Fund.*

A. The PRGT Subsidy Gap

27. This review has highlighted the emergence of a large gap in subsidy resources. Total subsidy needs have risen by SDR 2.3 billion, mostly driven by higher near-term lending and the sharper increase in the SDRi, which together with the SDR 1.2 billion shortfall in subsidy pledges, leaves a gap of SDR 3.5 billion. Moreover, to the extent that there is likely to be a need for a higher self-sustained PRGT lending envelope going forward than the SDR 1.65 billion floor originally envisaged (see Annex IV), the longer-term subsidy needs will be commensurately greater. Both higher lending and subsidy shortfalls also drive the decline in the reserve coverage ratio and addressing the subsidy gap would also address reserve coverage (see para 32).

28. Under the 2021 framework, the large subsidy gap would warrant consideration of contingency measures. The 2021 PRGT framework outlined a range of corrective measures that could be implemented to address this issue, including:[14]

- *Calling on donors to step up fundraising efforts and considering use of internal resources:*
    - Additional bilateral fundraising engagement with members, led by IMF management and supported by the IMF Executive Board.
    - Extension beyond FY2026 of the suspension of reimbursements to the GRA for PRGT administrative costs.
    - Consider distribution of GRA reserves to facilitate contributions to the PRGT.
- *Adjusting concessional lending terms to slow lending and reduce subsidy costs*:
    - Recalibrating access limits and norms.
    - Reviewing the PRGT interest rate framework that could lead to higher lending rates.
- *Measures to address credit risk*:
    - Seeking member support for a "gold pledge" to provide backstop for possible future credit losses and possibly also a restoration of subsidization capacity.
    - Securing government guarantees from a group of advanced countries to backstop against possible credit losses if reserve coverage is deemed insufficient.

[13] This also represents a departure from the 2022 review. But at the time, risks to PRGT lending were not skewed to the upside, pledges for subsidy resources (including to the SRA) were expected to speed up in 2022, and baseline reserve coverage was projected to remain above the indicative benchmark. Against this background, staff advised the Board not to take any remedial action at that point, while recognizing that the outlook was subject to unusual levels of uncertainty resulting from the pandemic and Russia's invasion of Ukraine.

[14] Further elaboration is found in *Fund Concessional Support for Low-Income Countries—Responding to the Pandemic*.

29. Careful consideration of the tradeoffs that potential corrective measures entail is needed in view of the current circumstances facing LICs (Box 2). Some of these measures could exacerbate the challenges currently faced by LICs and may not necessarily address the strains on the PRGT finances in a timely manner. For instance, given LICs' large financing needs, reducing PRGT lending via lower access or greater blending would likely imply stronger reliance on GRA lending, reducing the concessionality of Fund support to PRGT-eligible LICs. Raising interest rates on PRGT loans to above zero would also reduce concessionality and would not improve reserve coverage soon.[15] Furthermore, there is still some time to address the expected decline in reserve coverage as the bulk of PRGT lending in 2020–21 was provided under the RCF and ECF which each has a 5½-year grace period and, therefore, the associated debt service will not become due before the second half of 2025. In that context, as elaborated in the next section, staff considers it appropriate to focus on the first element of the above contingency measures, namely enhanced fundraising coupled with technical preparations for the 2024/25 comprehensive PRGT review. The review will then consider durable measures, including the appropriate use of internal resources, to put the PRGT on a sustainable footing.

B. A Multi-Pronged Strategy

30. A multi-pronged strategy is proposed to address the large subsidy gap and contain its impact on the PRGT. This strategy aims to make the PRGT whole through stepped-up fundraising in the near-term, coupled with early technical work on the 2024/25 LIC Facilities review with a view to underpin timely progress on adopting measures sufficient to entrench the longer-term sustainability of the PRGT. Additional measures will enhance monitoring and, if necessary, allow for buttressing the reserve coverage ratio.

31. The cornerstone is a concerted push to mobilize broadly burden-shared subsidy contributions. At the Board discussion on the temporary increase in GRA access limits on March 6, it was recognized that efforts to fill the PRGT resource gap should be expedited, and most Directors called on members in a strong economic position to accelerate their support for PRGT fundraising efforts. Accordingly, a series of events during the 2023 Spring and Annual Meetings will be held to enhance the profile of the PRGT, encourage contributions from donors who have not already pledged, including new donors, and request supplementary pledges from higher-income contributors who have already pledged but could do more.[16] Staff and Management will follow up with a letter campaign and by taking advantage of bilateral meetings to explain the importance of supporting the PRGT. Staff will also follow up on pending pledges under previous fundraising rounds dating since 2000—it should be highlighted that about SDR 223 million of pledged resources as of end-2022, including from windfall gold sale profits distributions, have not yet been provided.

[15] The impact on reserve coverage is indirect and would accrue gradually over time. This is because subsidy resources are first drawn from Subsidy Accounts and only after their depletion RA resources can be used for subsidization. Therefore, higher lending rates could benefit the RA indirectly by providing more time for RA assets to accumulate.

[16] Management has also endorsed a new fundraising strategy that will ensure closer engagement with donors going forward. The strategy is based on three key pillars to help facilitate donors' contributions: (1) a strong donor focus; (2) a broad-based strategic outreach; and (3) better internal collaboration/coordination.

Box 2. PRGT: Contingency Measures under the 2021 Framework

The contingency measures envisaged in the 2021 PRGT framework imply tradeoffs. For instance, tightening lending terms could impact PRGT borrowers and may not effectively address the specific problems facing the PRGT. This box further elaborates on the pros and cons that each contingency measure could entail to help guide the Board's decisions on corrective measures and facilitate engagement with PRGT stakeholders going forward. For the sake of completeness, the table below includes those measures that could have an impact on subsidy resources and/or reserve coverage envisaged by the 2021 framework, the PRGT three-pillar strategy, and staff proposals discussed in the next section.[1]

Contingency Measure	Potential Pros	Potential Cons
	Step up Fundraising Efforts	
Additional bilateral fundraising efforts.	• Effective way to address the subsidy gap. • Fully consistent with 2021 commitments.	• Challenging for donors facing budgetary constraints and donor fatigue.
Extend suspension of GRA reimbursement past FY26.	• Provides additional subsidization capacity.	• No immediate impact on reserve coverage. • Slows GRA Precautionary Balances build up.
GRA reserve distribution and transfer to PRGT. [2]	• Addresses both subsidy gap and reserve coverage if transfers directed to SRA.	• Reduces GRA Precautionary Balances and delays reaching the agreed target. • Leakages from bilateral transfers and/or delays while a participation floor is met.
	Adjust PRGT Lending Policies	
Reduce access limits and access norm.	• Reduces subsidy cost under new PRGT arrangements. • Gradually increases reserve coverage. • Helps mitigate credit/concentration risks.	• Reduces Fund support to LICs with high needs, potentially requiring more use of higher cost GRA financing • Potential reputational risks for the Fund.
Increase PRGT lending interest rates.	• Modestly reduces subsidization costs [3] • Strengthens reserve coverage in long run.	• Reduces concessionality to PRGT borrowers. • No immediate impact on reserve coverage.
Increase the portion of GRA financing in blended arrangements. [4]	• Lowers PRGT subsidization costs, preserving scarce subsidy resources for the poorest LICs.	• Reduces concessionality to those PRGT borrowers that are presumed blenders. • No immediate impact on reserve coverage.
Modify eligibility policies to constrain pool of eligible borrowers. [4]	• Would target limited subsidy resources to the most vulnerable members.	• Better off PRGT-eligible countries lose access to subsidized resources despite high needs, so they would need to rely on the GRA. • Potential reputational risks for the Fund.
	Other Measures	
Step up subsidy contributions to the SRA.	• Addresses both PRGT problems. • Fully consistent with the 2021 framework.	• Challenging for donors facing budgetary constraints.
Reallocate resources from Subsidy Accounts to the SRA (details in Box 3).	• Effective way to strengthen PRGT reserves to extent that donors can accept moving prior contributions to the SRA.	• Requires consent of all subsidy account contributors. • Does not increase PRGT subsidy resources. • Operationally challenging to implement.

[1] The three-pillar strategy is further elaborated in Annex I.
[2] The 2021 PRGT framework suggested that a Board decision on a distribution of GRA reserves would be contingent on reaching a minimum threshold of pledges and reaching the medium-term target for GRA Precautionary Balances.
[3] Modest savings is predicated on the current interest rate framework and level of interest rates, which together would imply a modest increase of PRGT lending rates to 0.25 percent on ECF/SCF loans in the context of the July 2023 review (also see Annex I).
[4] Measures envisaged under the PRGT three-pillar strategy.

32. Donors can take advantage of the flexibility afforded by the various contribution modalities. Subsidy grants pledged now can be delivered over several years as budgetary pressures allow. Countries can also make contributions through loans remunerated at below-market rates, as the UK has provided in recent years.[17] Management and staff will urge donors to prioritize contributions to the SRA to help bolster reserve coverage. Additional contributions to the SRA of about SDR 0.6 billion could help maintain the reserve coverage ratio above the 20 percent indicative benchmark over the medium term under the Baseline scenario.

33. An interim review of PRGT access levels will be conducted once substantial progress is made towards the first stage fundraising goals to ensure LICs are receiving the support they require. Directors recently emphasized the importance of the alignment of PRGT access limits with those of the GRA that was achieved in 2021, and agreed that once pledges of SDR 2 billion toward the SDR 2.3 billion bilateral fundraising target under the first stage of the 2021 funding strategy are reached, an *ad hoc* interim review of PRGT access levels would be conducted.

34. Loan resource contributors are also urged to provide the needed remaining pledges under the 2021 fundraising round. Reaching the target through additional pledges of SDR 3.5 billion is an urgent priority to ensure that the PRGT has sufficient loan resources to meet demand through 2024. Notwithstanding the need to meet the target for the current loan-raising round, preparations for the next loan fundraising round should also begin ahead of the 2024/25 PRGT review, as the PRGT Instrument only allows for new commitments through end-2024.

35. The second key prong of the strategy will be the start of technical work by staff ahead of the 2024/25 comprehensive PRGT review. Among the range of issues to be addressed by the review (Box 1), the use of internal resources will play a key role in laying the foundations for the PRGT's longer-term sustainability. This will require consideration of all possible options for internal resourcing, which could include: gold sales, gold pledges, further suspension of PRGT reimbursement to the GRA,[18] and distributions from GRA reserves. The broader implications for the Fund's balance sheet, such as for precautionary balances, will also have to be considered carefully in this context.

36. Indeed, as the 2024/25 comprehensive PRGT review is soon approaching, staff proposes to postpone the next review of the PRGT interest rate structure. Interest rates on PRGT credit provided under different facilities are set for the upcoming two years in the context of biennial reviews, with the next review due by July 2023. Under the current interest rate mechanism, PRGT lending rates are linked to the average SDRi rate over the most recently observed 12-month period.[19] The rise of the SDRi since 2022 would automatically imply an upward adjustment of 25 basis points to the ECF and SCF lending rates (the RCF interest rate was set permanently at zero

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[17] For countries that cannot make grant contributions, there are investment options–including the new Deposit Investment Account–which can allow for contributions via long-term investments with below-market remuneration strongly encouraged.

[18] A further suspension of reimbursement to the GRA, for instance over 10 years, could generate additional resources for the PRGT of about SDR 0.8 billion.

[19] See *Fund Concessional Support for Low-Income Countries—Responding to the Pandemic*, Annex XII.

in 2015). However, given the difficult environment and high uncertainty facing LICs, as well as the desirability of considering all policies regarding LIC facilities at once, staff proposes to postpone the next PRGT interest rate review until this topic is taken up as part of the 2024/25 review of concessional financing and policies and not later than July 2025. Staff estimates that such a decision would have a modest impact on the existing subsidy gap (the forgone interest on existing and scheduled credit would amount to about SDR 20–30 million over 12 months).

37. The multi-pronged strategy also enhances PRGT monitoring to facilitate timely measures if needed. In addition to annual PRGT reviews in the Spring, staff would also update the Board ahead of the Annual Meetings regarding the progress in strengthening PRGT subsidy resources and reserves. The next update would also provide the opportunity to discuss the approach and scope of the 2024/25 review with the Board. The update is expected to be an informal meeting, but a formal meeting would be called if there was a need consider the adoption of further measures.

38. Additional measures, including a possible one-off measure to bolster reserve coverage, would remain an option going forward. All the measures available under the 2021 framework discussed above would remain available. In addition, PRGT reserves could be bolstered by reallocating resources from Subsidy Accounts to the SRA (Box 3), although this measure would have no effect on total subsidy resources. For example, transferring about one-quarter (around SDR 1 billion) of the balances in Subsidy Accounts to the SRA could increase reserve coverage by some 4 percentage points, helping to keep the coverage ratio above the indicative benchmark. Nonetheless, such a reallocation would require an amendment to the PRGT Instrument (making transfers to the SRA an acceptable use of Subsidy Account resources) and hence the consent of all subsidy account contributors. Moreover, as each contributor's consent to the reallocation of its past contributions is required, the impact depends on their participation, where some have indicated that they would face domestic legal constraints. This measure will therefore only be implemented if there is strong support from the membership.

39. The proposals in this paper seek to balance the need to ensure adequate support to PRGT-eligible members with mitigating risks to PRGT financing framework. The proposed measures would help mitigate risks to the PRGT's self-sustained lending capacity and reserve coverage. Residual risks would remain, but these would be expected to be addressed in the context of the 2024/2025 comprehensive PRGT review (Box 4).

Box 3. PRGT: Reallocating Resources from Subsidy Accounts to the SRA

Only a subset of PRGT assets can be used for the purpose of credit protection. At end-2022, total assets in PRGT and PRG-HIPC Trust accounts amounted to just over SDR 8 billion (Table 2). If all these resources were allowed to be used for reserve coverage, the reserve coverage ratio would be twice as large at about 50 percent. However, according to the *PRGT Instrument*, balances in Subsidy Accounts should be used for subsidization only. A possible way to address concerns about reserve coverage on a relatively short timeframe would be to amend the PRGT Instrument to allow a transfer of resources in Subsidy Accounts to the Subsidy Reserve Account (SRA)[1].

The reallocation would be tailored to keep the reserve coverage ratio at around or above the 20-percent indicative benchmark. Based on staff's preliminary estimates, reallocation of about 25 percent of the balances in the Subsidy Accounts (SDR 1 billion) to the SRA would improve the reserve coverage ratio by about 4 percentage points, which would ensure that it would not fall below the indicative benchmark at the trough projected under the Baseline scenario.

The reallocation would not change the availability of subsidy resources. The PRGT's Investment Strategy approved in 2021 and refined in 2022 applies to the PRGT's aggregate resources, including those in the SRA, which would continue to be invested for the same purpose (i.e., generate income for future subsidization), with the same longer-term investment horizon, and seeking the same average return (SDRi + 90 bps). Therefore, the reallocation is not expected to change the resources available for subsidization, unless the Reserve Account is fully exhausted.[2]

Two important hurdles must be overcome to implement the proposed reallocation:

- *Unanimous consent*: all contributors to Subsidy Accounts would need to consent to amend the PRGT Instrument.
- *Individual agreements with all willing participants*: an agreement to reallocate subsidy resources to the SRA would be needed for each contributor that agrees to participate in the reallocation.

Overcoming these challenges is feasible but could require time and effort. Securing support from all contributors and, once this is achieved, implementing individual agreements, could take time. The latter would also impose a sizeable burden on staff, given multiple competing priorities currently.

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[1] Annex III provides further details on the SRA.

[2] The balances in the Reserve Account and SRA can be used for subsidization but only after Subsidy Accounts are depleted (see Annex III).

Box 4. PRGT: Enterprise Risks

The proposals in this paper aim to help manage financial risks for an interim period while avoiding measures that could weaken support to PRGT-eligible members. The key risks identified in the paper stem from the large subsidy gap and low reserve coverage. Measures that would reduce Fund support to PRGT-eligible members are not proposed at this time. This reflects the high financing needs and reduced policy buffers of these members, the business and reputational risks for the Fund of such measures, and their limited impact on addressing the identified problems in the near term. The remaining proposals, while not immediately impacting PRGT resources, help pave the way for the second stage of the funding strategy, by providing confidence to PRGT contributors that a durable solution to the identified challenges would be sought in the 2024/25 review, while enhancing the Board's monitoring of PRGT finances in the meantime.

Nonetheless, the PRGT financing framework would remain exposed to a range of risks in the period until appropriate steps are implemented under the 2024/25 review. Fundraising could remain below target at a time when donors are confronted with a multitude of domestic and external challenges, and this could be associated with reserve coverage declining below the 20 percent indicative benchmark even if the proposals in the paper are implemented. The proposals in this paper are intended to mitigate the potential impact of these risks on the PRGT's financial framework until the comprehensive 2024/25 review is completed. Additional liquidity and credit risks that are noted in this review—e.g., increasing credit concentration, elevated capacity-to-repay indicators, potential deviations from assumptions for interest rates and investments returns—need to be carefully monitored, including in the context of the proposed enhanced PRGT monitoring.

SECTION V. RST: INTRODUCTION

40. The Resilience and Sustainability Trust (RST) was made operational in October 2022, and RST fundraising is still in progress. An overview of RST establishment and its fundraising strategy is provided in section VI. Fundraising progress and the status of RST resources are summarized in section VII. Section VIII discusses the initial experience with RSF lending and provides an update on the pipeline of RSF arrangements and the demand outlook.

41. This paper presents a first assessment of the adequacy of RST loan resources and reserves. Section IX considers the adequacy of loan resources relative to projected loan demand, finding a need to finalize existing pledges promptly and for timely and significant new pledges to meet demand in 2023-24 and the medium term. It also finds that RST reserve coverage is expected to reach an adequate level by the period when repayments on RSF lending start coming due.

42. The implications of a cap on RSF interest rates for Group A countries are also analyzed; a proposed decision on a cap could soon follow if Directors support the proposed approach. Recent international interest rate increases imply that the 12-month average SDRi has reached the 1.5 percent level that triggers consideration of a cap on interest rates for Group A countries (i.e., PRGT eligible countries that are not presumed blenders). Accordingly, section X provides an analysis of the implications of such a cap for reserve accumulation under a range of scenarios. If Directors support the introduction of an interest rate cap for Group A countries, staff would soon return to the Executive Board with a set of legal decisions which could be approved on a lapse of time basis.

SECTION VI. RST: OPERATIONALIZATION AND FUNDRAISING

43. Board approval in April 2022 launched the RST (IMF 2022). Its creation was a key outcome of efforts to amplify the benefits of the August 2021 SDR allocation through voluntary channeling of SDRs from countries with strong external positions to vulnerable countries. As the third pillar of IMF lending, the RST complements the GRA and PRGT by providing longer-term affordable financing to low-income and vulnerable middle-income countries facing longer-term structural challenges that pose risks to prospective balance of payments stability.[20] RST financing is currently available to eligible countries facing structural challenges from climate change and pandemic preparedness.

44. The SDR 33 billion fundraising target for the RST reflects estimates of demand for RST lending together with the need to secure initial reserves. The RST features three accounts—a Loan Account (LA), a Reserve Account (RA), and a Deposit Account (DA).[21] The fundraising target of

[20] RSF loans have a 20-year maturity and a 10½-year grace period. Borrowers pay an interest rate with a modest margin over the SDRi where the margin is lower for lower income eligible members. See also Table 11.

[21] The LA is the RST's conduit for lending operations, while the RA is its principal financial buffer to manage credit and liquidity risks and to cover administrative costs. The DA helps build RST net reserves over time and serves as a backstop to the RA in case of extreme tail-risk events. See Annex V for details.

SDR 33 billion was set for contribution packages that provide resources to all three accounts,[22] with loan resources of SDR 27½ billion in the LA required to cover the estimated demand of SDR 22 billion from eligible countries (see section VIII) along with a liquidity buffer to ensure the encashability of loan claims. The associated contributions to the RA and DA (target of SDR 6 billion) provide initial reserves, which are expected to grow over time through net income from lending operations and investment returns.[23]

45. The fundraising campaign kicked off immediately after the Board approved RST establishment. The Managing Director reached out to 35 potential contributors with strong external positions that participate in Voluntary Trading Agreements (Appendix II Table 4), urging them to pledge at least 15 to 20 percent of their 2021 SDR allocation to ensure fair burden sharing. Progress with RST fundraising is described in the next section.

46. In parallel, preparations were made to commence RST lending operations. Given the novelty of arrangements supported by the RST, staff focused on a set of initial country cases to build experience. This consisted of a diverse pool of countries in terms of climate needs, income levels, and type of UCT-program arrangements accompanying their RSF arrangement. In the time between RST creation and operationalization, staff worked with these country authorities and relevant experts to address program design issues. Staff also developed a collaboration framework with the World Bank and the World Health Organization on pandemic preparedness. The financial and accounting systems were set up. With consent from the PRGT subsidy contributors, an amendment to the PRGT Instrument to allow the pooling of the investment assets of the PRGT with those of other Fund-managed trusts, including the RST, became effective on July 14, 2022, facilitating timely and efficient implementation of RST investments.

47. The RST became operational on October 12, 2022. At that time, the Managing Director informed the Executive Board that the conditions for the RST to start lending were satisfied (Box 5). By then, six countries had finalized their contribution agreements, namely Australia, Canada, China, Germany, Japan, and Spain amounting to total contributions of SDR 15.3 billion.

[22] As specified in Section III, Paragraph 1(b) of the RST Instrument, each LA contributor is required to sign a contribution package with three parts—the Loan Account contribution (borrowing agreement), a Reserve Account contribution, and a Deposit Account contribution. Contributions to the RA and DA would be a minimum of 2 percent and 20 percent, respectively, of a contributor's commitment to the LA. The Trust may also receive 'standalone' contributions to the RA and/or DA without a contribution to the LA, with a preferred minimum maturity of 10 years (see paragraphs 88-89 in IMF 2022). Such standalone contributions would strengthen reserve buildup but do not provide loans and are, as such, additional to the contribution packages intended to meet the SDR 33 billion target.

[23] These RA and DA resources are invested in liquid, high-quality assets in accordance with guidelines approved by the Executive Board (Annex V Table 1).

Box 5. RST: Operationalization

On October 12, 2022, the Managing Director notified the Executive Board on the commencement of RST lending operations. This notification was consistent with the Board's decision to establish the RST (IMF 2022) in which lending operations could begin once the Managing Director notified the Executive Board that, in the Managing Director's view, conditions had been met for the RST to commence such operations.

Based on a paper issued on October 6, 2022, the Board had previously endorsed a two-step approach for RST Operationalization under which three conditions would need to be met:

- (i) existence of a sufficient liquidity buffer to cover possible encashment requests for contributors' loan account claims to ensure reserve asset quality;
- (ii) existence of sufficient resources to meet demand in the initial period of RST lending through early 2023; and
- (iii) confidence that the resources expected to become effective in 2023 will be sufficient to cover loan demand in the initial years.

At the time, staff assessed that good progress had been made in fundraising with pledges from 13 countries totaling SDR 29 billion (based on exchange rates as of October 11, 2022). From these pledges, as of October 12, contribution agreements had been concluded with six countries (Australia, Canada, China, Germany, Japan, and Spain) for a total of SDR 15.3 billion, including a standalone contribution from Germany to deposits and reserves equivalent to SDR 4.8 billion.

When the notification to the Executive Board by the Managing Director was made, those three conditions were assessed to be met based on:

1. Five contribution agreements to each of the loan, deposit, and reserve accounts totaling SDR 10.5 billion were finalized, including loan resources of SDR 8.6 billion. To ensure a sufficient liquidity buffer to cover possible encashment requests for contributors' loan account claims, an initial amount of SDR 4.9 billion was set aside.
2. The above liquidity buffer implied that the RST would have an initial lending capacity of SDR 3.7 billion. Based on engagement with a diverse group of interested countries, these resources were considered sufficient to meet demand in the initial period of RST operations through early 2023, although careful resource management was required until additional contributions would become effective in early 2023.
3. Discussions with countries that had made RST pledges which were not yet effective gave confidence that these contributions were expected to be made effective in early 2023, subject to the completion of the necessary budgetary approvals. Completing the effectiveness of the existing pledges would bring total loan resources to SDR 20 billion, which was considered sufficient to cover loan demand in the initial years of the RST, even given the expected frontloaded demand for RST lending. In addition, further pledges were expected to strengthen RST resources over time.

SECTION VII. RST: RESOURCES

48. Good progress has been made on the RST fundraising campaign. As of March 3, 2023, 15 countries have pledged SDR 25.4 billion via contribution packages (Table 5). Two additional countries pledged SDR 5.1 billion in the form of standalone contributions to the RA and/or DA, where these contributions help to build RST net reserves during the period until their maturity.[24] Since standalone contributions do not provide loan resources, progress toward the SDR 33 billion fundraising target is assessed by pledges of contribution packages, which as of March 3, 2023 amounted to 76 percent of the target.

Table 5. RST: Status of Pledges
(In SDR billion as of March 3, 2023)

	Country	Pledges[1]	SDR allocation in 2021	Pledges as share of 2021 SDR allocation	Status
Contribution package with loan resources[2]					
1	Australia	0.9	6.3	15%	Signed and RA/DA disbursed
2	Canada	1.4	10.6	13%	Signed and RA/DA disbursed
3	China	6.0	29.2	21%	Signed and RA/DA disbursed
4	France	3.1	19.3	16%	Signed and RA/DA disbursed
5	Italy	1.9	14.4	13%	
6	Japan	4.9	29.5	17%	Signed and RA/DA disbursed for the initial 0.8 billion
7	Korea	0.9	8.2	11%	Signed, with RA/DA to be disbursed
8	Lithuania	0.085	0.4	20%	Signed and RA/DA disbursed
9	Luxembourg	0.253	1.3	20%	
10	Malta	0.023	0.2	14%	
11	Netherlands	1.2	8.4	15%	Signed and RA/DA disbursed
12	Oman	0.039	0.5	7%	
13	Singapore	0.7	3.7	20%	
14	Spain	1.4	9.1	16%	Signed and RA/DA disbursed
15	Jnited Kingdom	2.5	19.3	13%	
	Subtotal	**25.4**		**15%**	
Standalone contributions[2]					
16	Estonia	0.025	0.2	11%	
17	Germany	5.1	25.5	20%	Signed and RA/DA disbursed
	Subtotal	**5.1**		**15%**	
	Grand total	**30.5**		**15%**	

Source: Country authorities; IMF staff estimates.

Source: Country authorities; IMF staff calculations.

[1] The table reports amounts pledged or contributed. When pledges are reported, this table shows the amount as pledged by each country. In most of such cases, the pledge amount excludes the reserve account contribution, but at 2 percent of the loan contribution, its impact on the total amount is small. For some countries, pledges are subject to domestic procedures, including budgetary approvals. When pledges are expressed in a currency other than the SDR, the table presents the SDR-equivalent amount using the exchange rate as of March 3, 2023.
[2] A 'contribution package' includes contributions to all the loan, deposit, and reserve accounts of the RST. A 'standalone contribution' refers to contributions to the deposit and/or reserve accounts, normally with a maturity of 10 years.

[24] Gross reserves are the sum of balances in the RA and DA, and net reserves are the RA balances plus cumulative excess DA investment returns (i.e., gross reserves net of contributors' claims on the DA).

49. A total of about SDR 20 billion in pledges are now effective with their respective resources received and available in the Trust (Table 6).[25] The effective contribution agreements include SDR 14.9 billion of contribution packages received from 8 countries and SDR 5.1 billion of standalone contributions from one country.[26] RA and DA resources received have been invested in accordance with the investment strategy approved by the Executive Board with a view to generating income over the medium term for further reserve accumulation (see Annex V). The financial activities of the Trust, including its resources, are published in the Fund's *Quarterly Financial Report on IMF Finances* (starting with the quarter ending October 31, 2022) and in the future will also be published in the annual *IMF Financial Statements* starting with the financial year ending on April 30, 2023.

Table 6. RST: Resources Received from Effective Contribution Agreements[1]
(In SDR billion, as of March 3, 2023)

	Total	of which: Loan Account	Deposit Account	Reserve Account
Contributions received	**19.9**	**12.2**	**7.0**	**0.7**
of which: contribution packages with loan resources	*14.9*	*12.2*	*2.5*	*0.2*
Australia	0.9	0.8	0.2	0.0
Canada	1.4	1.1	0.2	0.0
China	6.0	4.9	1.0	0.1
France	3.1	2.5	0.5	0.1
Japan	0.8	0.7	0.1	0.0
Lithuania	0.1	0.1	0.0	0.0
Netherlands	1.2	1.0	0.2	0.0
Spain	1.4	1.2	0.2	0.0
of which: standalone contributions	*5.1*	-	*4.6*	*0.5*
Germany	5.1	-	4.6	0.5

Source: Finance Department.
[1] A 'contribution package' includes contributions to all three RST accounts (LA, RA, DA). A 'standalone contribution' refers to contributions to the DA and/or RA, normally with a maturity of 10 years. A contribution agreement is effective once it has been signed by the respective country and countersigned by the IMF's Managing Director and any other conditions for effectiveness specified in the relevant agreement are met. An effective contribution package is reported as received once its DA and RA contributions have been disbursed to the RST, because a contributor's LA commitment becomes available for drawing only after the associated RA and DA contributions are disbursed to ensure that necessary reserves are available at the time of drawing of loan resources. An effective standalone contribution is reported as received once it is disbursed.

[25] A contribution agreement is effective once it has been signed by the respective country authority and countersigned by the IMF's Managing Director and any other conditions for effectiveness specified in the relevant agreement are met (IMF 2023). An effective contribution package is reported as received for the purposes of this paper once its DA and RA contributions have been disbursed to the RST (noting that LA commitments will be drawn only as needed to finance RSF lending on a passthrough basis and only after the associated RA and DA contributions are disbursed), to ensure that necessary reserves are available at the time of drawing of loan resources. An effective standalone contribution is reported as received once it is disbursed.

[26] By end-March 2023, the RST is expected to receive Korea's contribution package of SDR 0.9 billion, Japan's remaining pledged contribution of SDR 4.1 billion to LA and DA in a contribution package (along with an associated RA contribution of SDR 69 million), as well as Estonia's standalone contribution of SDR 25 million to DA.

50. The RST's commitment capacity to provide RSF loans currently stands at SDR 4.8 billion. To date, effective contributions include loan resources of SDR 12.2 billion, of which usable loan resources for RSF lending commitments amount to SDR 7.3 billion, reflecting a liquidity buffer to ensure the encashability of LA claims (Table 7). Given the relatively concentrated loan contributions received to date, the current liquidity buffer amounts to 40 percent of total loan resources (SDR 4.9 billion), but this ratio will decline over time toward a floor of 20 percent as additional contributions are received (Box 6).[27] Of the RST's usable loan resources, SDR 2.5 billion have been committed for RSF arrangements approved since RST operationalization (see next section), leaving SDR 4.8 billion as the RST's commitment capacity.

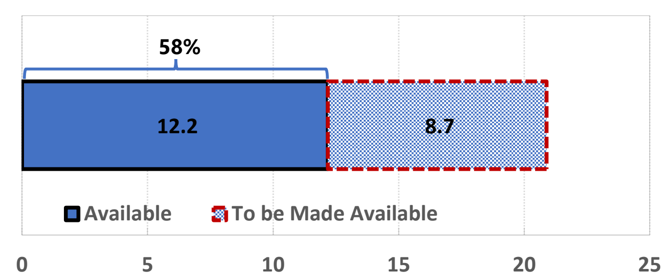
Table 7. RST: Loan Resources and Commitment Capacity
(In SDR billion; as of March 3, 2022)

Total loan resources	12.2
Liquidity buffer	4.9
Usable loan resources	7.3
RSF commitments	2.5
Commitment capacity	4.8
Memo:	
Target loan resources	27.4

Source: Finance Department.
Notes. The liquidity buffer is calculated as 20 percent of the total loan resources or the largest LA contribution if the 20 percent is not sufficient to encash this contribution. See Box 6 for more details.

51. Going forward, most contribution agreements for the remaining pledges are expected to be finalized in the first half of 2023. Contributors are working with staff toward the finalization of the agreements on the remaining pledges, which include SDR 8.7 billion in loan resources (Figure 10). About half of these are expected to become available for drawing by the time of the 2023 Spring Meetings. Once all the currently pledged contributions are effective, total loan resources would increase to SDR 20.9 billion, with usable resources for lending purposes of SDR 16 billion, as the liquidity buffer would decline to 23 percent of loan resources.

Figure 10. RST: Status of Pledged Loan Resources
(In SDR billion, as of March 3, 2023)



Source: Finance Department.
Notes. Pledged loan resources are reported as "Available" when a contribution agreement has been signed, and its associated DA and RA contributions have been disbursed, because a contributor's LA commitment becomes available for drawing only after the associated RA and DA contributions are disbursed to ensure that necessary reserves are available at the time of drawing of loan resources.

[27] The encashment regime ensures that loan claims are liquid so as to meet the reserve asset quality of loan claims. As stipulated in the RST Instrument, an LA contributor has the right to call an early repayment of its loan claim ("encashment") if a balance of payment or reserve need arises (unless the contributor waives such a right in its agreement), suspending further drawings under the encashing contributor's agreement. To swiftly fulfill such an encashment request without risking the fulfillment of the committed disbursements under RSF-supported programs, the liquidity buffer was set at 20 percent of the total stock of LA contributions when the RST funding target was determined but in practice can be larger when the share of the largest LA contributor is larger than 20 percent (see Box 6). At the time of RST's operationalization, the LA contributors' base was still narrow and highly concentrated, requiring a liquidity buffer of 57 percent. Shortly after operationalization, the People's Bank of China voluntarily and temporarily waived its right to request early repayment of any outstanding claims under its RST Borrowing Agreement until the RST's available loan resources reached SDR 11.8 billion. This waiver, which lapsed on February 28, 2023, nearly doubled the initial lending capacity to SDR 6.9 billion by reducing the required liquidity buffer.

Box 6. RST: Lending Commitment Capacity and Liquidity Buffer

The RST's lending commitment capacity is defined as loan resources available for new RSF arrangements at a given point in time. Specifically, it is defined as the uncommitted loan resources net of a liquidity buffer, in line with the Forward Commitment Capacity (FCC) for the IMF's GRA.[1] One difference from the GRA's FCC is that the principal repayments from RSF borrowers are not added back to the RST's commitment capacity because of the non-revolving nature of the LA (¶9 of Annex IV, IMF 2022). Therefore, the LA stock will decline when principal repayments are made by RSF borrowers.

The liquidity buffer for the RST is an amount of uncommitted loan resources reserved to safeguard the liquidity of claims on the Loan Account (LA). As stipulated in the RST Instrument, an LA contributor has the right to call an early repayment of its loan claim ("encashment") if a balance of payment or reserve need arises (unless the contributor waives such a right in its agreement). Upon an encashment request, drawings under the encashing contributor's agreement will also be suspended. To swiftly fulfill such an encashment request while suspending further drawings from the contributor's agreement, part of the LA resources need to be kept uncommitted as a liquidity buffer.

For operational purposes, the liquidity buffer is calculated as 20 percent of the total stock of LA contributions or the largest LA stock by one contributor if the 20 percent is not sufficient to encash the largest LA stock. In this way, sufficient uncommitted LA resources are set aside to accommodate at least one encashment request without risking the committed RSF disbursements. An encashment request is considered as a rare tail risk event because LA contributors have strong external positions as reflected also by them being FTP members. As more LA contributors participate, the largest contributor's share may decline below 20 percent so that the liquidity buffer can cover more than the encashment of the largest contributor.

Specifically, the liquidity buffer (B_t) at time t is calculated as follows:

$$B_t = \max\{0.2X_t, x_{Mt}\} = \beta_t X_t \quad \text{where} \quad X_t \coloneqq \sum_i x_{it}, \quad \beta_t \coloneqq \max\left\{0.2, \left(\frac{x_{Mt}}{X_t}\right)\right\},$$

where x_{it} is the LA stock by country i, x_{Mt} is the largest LA stock, X_t is the total LA stock, and β_t is the liquidity buffer rate, which takes 20 percent or the share of the largest LA stock if it is higher than 20 percent.

This liquidity buffer (B_t) is sufficient to cover a full encashment of any one of the LA contributors, including the largest one. Let c_{it} denote country i's outstanding claim and u_{it} denote its undrawn contribution, such that $x_{it} = c_{it} + u_{it}$. Then, country i's LA claim c_{it} is always covered by the liquidity buffer excluding country i's own undrawn contribution (i.e., $B_t - u_{it}$) denoted by $B_t^{(-i)}$, as shown below:[2]

$$c_{it} = x_{it} - u_{it} \leq x_{Mt} - u_{it} \leq B_t - u_{it} = B_t^{(-i)}, \qquad (1)$$

because $x_{it} \leq x_{Mt}$ and $x_{Mt} \leq B_t$ hold. Note that this relationship (1) holds with equality for the largest contributor (i.e., $i = M$) when its share is greater than 20 percent (i.e., $x_{Mt}/X_t > 0.2$).

[1] For the GRA's FCC see Section 6.1.2 and Box 6.6 of "IMF Financial Operations" (IMF 2018).
[2] Country i's own undrawn contribution is excluded because, upon an encashment request, drawings under the encashing contributor's agreement will also be suspended (Section IV, paragraphs 3(b) and 4(a) of the RST Instrument, IMF 2022).

SECTION VIII. RST: LENDING AND DEMAND OUTLOOK

52. **The IMF Executive Board has so far approved five RSF arrangements, each with the maximum level of access applicable** (Table 8). These country cases (Costa Rica, Barbados, Rwanda, Bangladesh, and Jamaica) are from diverse geographic regions and RST country groups (Figure 11). All of these cases focus on climate change. With the exception of Bangladesh, where access was SDR 1 billion (i.e., the nominal access limit), access was at the limit of 150 percent of quota.

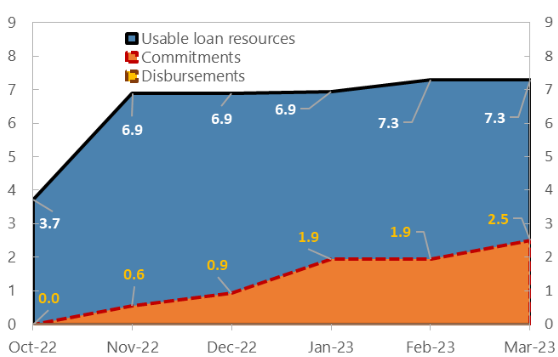
Table 8. RST: RSF Arrangements Approved in Chronological Order
(As of March 3, 2023)

	Country	Access[1] In SDR millions	Access[1] In percent of Quota	Group[2]	Status
1	Costa Rica	554	150%	C	Approved 11/14/2022
2	Barbados	142	150%	C	Approved 12/07/2022
3	Rwanda	240	150%	A	Approved 12/12/2022
4	Bangladesh	1,000	94%	B	Approved 01/30/2023
5	Jamaica	574	150%	C	Approved 03/01/2023
	Total	**2,511**			

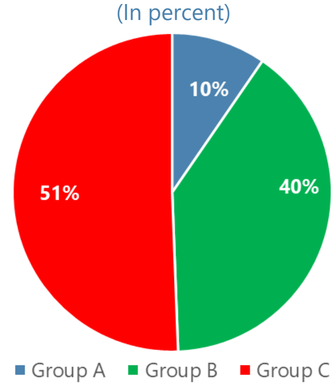
Source: Finance Department.
[1] The access policy envisages a norm of 75 percent of quota and a cap at the lower of 150 percent or SDR 1 billion.
[2] Group A consists of PRGT-eligible countries, excluding presumed blenders. Group B includes presumed blenders and small states with GNI per capita below 10 times IDA cutoff. Group C includes eligible countries that are not in groups A and B. See IMF (2022) for the RST eligibility.

Figure 11. RST: Key Statistics
(As of March 3, 2023)

RST Lending Capacity and Commitments
(SDR billion)



RSF Commitments by Country Group
(In percent)



Source: Finance Department.
Notes: Group A consists of PRGT-eligible countries, excluding presumed blenders. Group B includes presumed blenders and small states with GNI per capita below 10 times IDA cutoff. Group C includes eligible countries that are not in groups A and B. As of March 3, 2023, there had not been any RSF disbursements. See IMF (2022) for the RST eligibility.

53. RSF requests are expected to ramp up in 2023-24 based on ongoing consultations between members and country teams. As of March 3, 2023, more than 30 additional eligible countries across different regions and income groups have expressed interest in an RSF arrangement in the near term, with perhaps over half of these to be discussed by the Board in 2023, and the remainder mostly in 2024, although there is significant timing uncertainty given the novelty of this new instrument for staff and country authorities. Assuming average access of 100 percent of quota as in the April 2022 RST paper, this pipeline would suggest additional RSF commitments of about SDR 11½ billion, but notably higher (around SDR 14½ billion) if maximum access is approved.

54. Beyond this immediate pipeline, demand for RSF arrangements appears likely to remain strong in the medium term, with potential upside if access levels remain high. The strong interest thus far from eligible countries, together with demand potentially stimulated by demonstration effects from early RST users, suggests that the number of countries requesting an RSF arrangement could be in the order of levels assumed in April 2022 (Box 7). At this early stage of the lending experience, together with the current scale and composition of the immediate pipeline of RSF requests, there does not appear to be a clear need to revise the SDR 22 billion medium-term demand estimate. Staff will review this estimate going forward as needed, including in the case that access levels remain above the baseline assumption of an average of 100 percent of quota, where a revision to demand estimates could also call for a revision of the fundraising target.

Box 7. RST: Medium-Term Demand Estimates at RST Establishment

In April 2022, medium-term demand for RST loans was estimated at SDR 22 billion under a baseline access scenario (Box 7. Table 1). The scenario assumed (based on a demand survey) that 70 out of 143 eligible members would request RSF arrangements and that access would be 100 percent of quota for most countries up to a cap of SDR 1 billion. For a limited number of cases, lower access of 50 percent of quota was assumed for countries with high quota-to-GDP ratios, i.e., those exceeding 3 percent, in light of the significant exposure to Fund credit as a share of economic aggregates. Demand was expected to be spread across income groups: 26 percent from non-blend PRGT eligible members (Group A), 20 percent from presumed blenders and non-PRGT eligible small states with income below 10 times the IDA operational income cutoff (Group B), and 55 percent from middle-income members and higher-income small states (Group C).

Box 7. Table 1. Estimated Demand for RST Financing

Group[1]	No. of eligible countries	Countries used to estimate demand	Total demand[2] (SDR billions)	Share in total demand
A	51	31	5.6	26%
B	27	12	4.3	20%
C	65	27	12.0	55%
Total	**143**	**70**	**22.0**	**100%**

Sources: Finance Department and IMF (2022).

[1] Group A consists of PRGT-eligible countries, excluding presumed blenders. Group B includes presumed blenders and small states with GNI per capita below 10 times IDA cutoff. Group C includes eligible countries that are not in groups A and B. See IMF (2022) for the RST eligibility.

[2] Baseline demand estimates assume an interested eligible country would borrow at 100 percent of quota on average with a nominal cap of SDR 1 billion. In addition, an interested eligible country, whose quota is higher than 3 percent of its nominal GDP, is assumed to borrow at 50 percent of the quota.

SECTION IX. RST: RESOURCE ADEQUACY

A. Adequacy of Loan Resources

55. The supply of RST loan resources is currently modest but is expected to increase as additional contributions are made effective. As of March 3, 2023, available loan resources stood at SDR 12.2 billion, with usable resources of SDR 7.3 billion after the liquidity buffer, and a commitment capacity of SDR 4.8 billion once accounting for RSF commitments already made (Table 9). Pledges that are not yet effective include SDR 8.7 billion in loan resources. Based on discussions with contributors, these pledges are currently expected to be made effective during the first half of 2023, with a major part to be available for drawing by the 2023 Spring Meetings. Once all pledged loan resources become effective, total available loan resources will increase to SDR 20.9 billion, bringing usable resources to SDR 16 billion.

56. Demand is strong in the initial years based on preliminary estimates made using information from the pipeline of discussions on RSF arrangements. Excluding amounts already committed, demand based on the pipeline discussed in section VIII is projected at about SDR 6½ billion in 2023 and SDR 4½ billion in 2024, assuming average access levels of 100 percent of quota. If all the potential RSF requests in the pipeline were to be approved at the maximum relevant access levels, demand could be around SDR 8 billion in 2023 and SDR 6 billion in 2024. But the uncertainty around the scale and timing of potential demand also depends on a range of factors beyond access levels, including the pace of discussions on RSF arrangements and the associated UCT-quality program, and the composition of countries making requests especially the prevalence of requests at the SDR 1 billion cap. Perhaps most importantly, there is significant potential for additional RSF requests from countries not currently in the pipeline.

Table 9. RST: Preliminary Cumulative Resources and Commitments
(In SDR billion)

	March 3, 2023	End-2023	End-2024
Usable loan resources	**7.3**	**16**	**16**
RSF commitments[1]	2.5	9 to 11	13½ to 16½
Commitment capacity	4.8		

Sources: Finance Department and IMF (2022).
Notes. The usable loan resources are defined as the total LA stock minus the liquidity buffer, and the lending commitment capacity is defined as the usable loan resources minus the stock of lending commitments that have been made for RSF arrangements, reflecting the non-revolving nature of the RST's LA. See Box 6 for more details.
[1] Ranges for end-2023 and end-2024 reflect variations in access levels but do not capture the full range of uncertainty, especially the potential for new requests not currently included in the existing pipeline.

57. The estimated outlook for RSF commitments in the remainder of 2023 relative to current resources confirms the need to finalize existing pledges promptly. The current commitment capacity of the RST is not adequate to cover the estimated additional demand of SDR 6½-8 billion in 2023. Moreover, it is possible that demand in 2023 could exceed those estimates if some of the requests currently expected to be made in 2024 were to be frontloaded or if there are requests from outside the pipeline. Staff will therefore continue to work closely with contributors to help expedite the effectiveness of pledges and will update the Board on progress as appropriate.

58. Significant new pledges are needed to meet demand in the medium term, and it is important that these pledges are made soon to avert "first-come first-served" risks. Even when all pledged resources become available, generating usable loan resources of SDR 16 billion, there are little or no resource buffers by the end of 2024. In fact, depending on interest in the RSF beyond the current pipeline of requests and on the access levels approved, total RSF demand in 2023-24 could exceed the resources expected under existing pledges. If potential borrowers are concerned about availability of resources, they may face "first-come first-served" incentives to request and gain approval for RST financing, potentially undermining the effectiveness of the RSF in developing policy measures that are well-matched to the structural challenges of the member.

59. Accordingly, ongoing RST fundraising efforts will seek to generate significant additional resources during 2023-24. At the time of RST establishment, it was recognized that fundraising would continue in the initial years of RST operations to secure sufficient resources to cover the full drawdown period until 2030. Indeed, to meet the SDR 33 billion funding target, which included loan resources of SDR 27½ billion, additional pledges that include about SDR 6½ billion of loan resources are still needed. To date, some countries have informally indicated that they may consider making a formal pledge in due course although these appear unlikely to close the above-mentioned resource gap. Staff urges potential contributors (including countries in Appendix II. Table 4 which have not yet pledged) to make timely pledges and to work toward making resources available to the RST during 2023-24. RST loan resource adequacy is a key enterprise risk (Box 8).

Box 8. RST: Enterprise Risks

Main risks to RST finances are regarding timely availability of loan resources and affordability of the RSF loans for the poorest members of the Fund. Inaction on making effective pledged resources could result in a shortfall of available loan resources to meet strong RSF demand in the near term (¶57), such that the RST would at some point become unable to make new RSF commitments, thus being unable to fulfill its mandate to support poor and vulnerable members to address their longer-term structural challenges. Access to the RST would risk becoming on a first-come, first-served basis, undermining evenhanded treatment of eligible members (¶58), and posing reputational risks for the Fund. Inaction by contributors in response to renewed RST fundraising efforts could lead to similar consequences, potentially during 2024, especially if RSF demand continues to ramp up more strongly than expected originally (¶59). Inaction on introducing a cap on the interest rate for Group A countries could make RSF loans less affordable, undermining the objective of the RST to provide affordable long-term financing for low-income members (section X).

B. Adequacy of Reserves

60. To ensure the smooth operation of the Trust, adequate reserves are needed by the time that RSF loan repayments are due. As initial reserve contributions are contained to (a minimum of) 2 percent of loan contributions, it is critical that reserves accumulate during the 10½-year grace period of RSF loans to be ready to comfortably address any credit risks from loan amortization, which will add to those from interest payments, after the grace period.

61. The RST's financial architecture was designed to generate sufficient accumulation of reserves over time, as illustrated in Figure 12. Net reserves (RA balances plus cumulative excess DA investment returns) are initially modest but are expected to grow steadily funded by income from lending margins and service charges, investment income of the RA net of administrative costs, and excess investment returns in the DA (net of SDRi paid to contributors).[28] At the time of the RST establishment, net reserves were expected to grow to cover at least 10 percent of credit outstanding (between years 11 and 25) which was assessed as being adequate.[29] The DA's backstop function to the RA further provides an additional layer of protection (although only in an unforeseen extreme tail risk event of large financial losses exceeding net reserves), qualifying the principal of the DA as part of gross RST reserves (total balances in the RA and DA), which were expected to increase over time to cover at least 35 percent of credit outstanding.

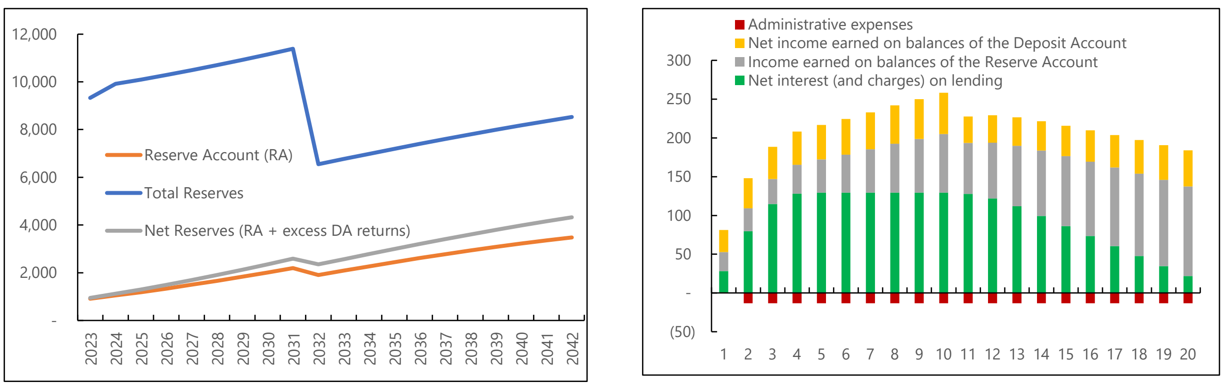
Figure 12. RST: Reserve Accumulation and Components of Net Reserves

Reserves are projected to grow over time, while the standalone contributions will mature in 10 years…

…through lending and investment income.

RST Reserve Accumulation: Pledged Resources Scenario (in SDR million)

Components of Net Reserve Accumulation: Pledged Resources Scenario[1] (in SDR million)



Source: Finance Department.
[1] Flow of the components of net reserves (net lending income, net return on Reserve Account, net return on Deposit Account and administrative expenses).

62. The RST simulation analysis from April 2022 is updated to reflect the latest developments. Compared with the simulation analysis in Annex V of IMF (2022), key differences in the updated analysis include:

- Higher near-term SDR interest rates (e.g., about 3 percent vs. 1 percent for 2022), but no change in the assumption of a 3 percent SDR interest rate (SDRi) in the longer term;

[28] Sharp rises in the SDRi since RST operationalization in October 2022 have weighed on initial investment returns, as reflected in the *Quarterly Financial Report on IMF Finances* for January 31, 2023 (IMF Finances). The outlook for the investment strategy to meet its objective over the medium term remains positive.

[29] This assessment takes into account the limits on access under RSF arrangements, the extended repayment period, and the low expected concentration of RST credit exposures given the wide eligibility for, and breadth of interest in, the RSF, as well as the additional layer of protection by the DA's backstop function to the RA (although only in an unforeseen extreme tail risk event of large financial losses exceeding net reserves).

- Updates on funding, with pledged resources below the target (i.e., SDR 25.4 billion compared with SDR 33 billion in April 2022), but with significant standalone contributions (i.e., SDR 5.1 billion with a 10-year maturity) compared with no standalone contributions in April 2022.

- Section IX.B and Table 10 assume no interest rate cap for Group A countries (as it has not been adopted) whereas Section X and Table 12 analyze a Group A interest rate cap at 2¼ percent, consistent with the assumption made in the April 2022 analysis.

63. The updated SDRi trajectory has little impact on reserve adequacy. As a benchmarking against the April 2022 analysis, column (1) in both Table 10 and Table 12 uses the April 2022 assumption for RST funding, with contribution packages at the SDR 33 billion target and with no standalone contributions. Projected reserve coverage in Table 12 aligns with the April 2022 analysis, with minimum net reserves at 10 percent of credit outstanding during the RSF repayment period; hence the faster initial rise in the SDRi in the updated analysis makes little difference to reserves over a longer horizon. When an interest rate cap is not imposed, as in Table 10, the minimum reserve ratio instead reaches 13 percent, as financing an interest rate for Group A below the SDRi utilizes part of the interest margins paid by Group B and C countries that would otherwise help build reserves.

64. An updated assessment of RST reserve adequacy, focusing on the scenario in which pledged resources are provided as planned, shows that reserves remain adequate in the baseline. Considering the strong prospects for additional resources to become effective during 2023, an analysis focused on the resources that are currently effective is likely to be soon outdated. At the same time, the assessment of reserve adequacy should not assume that resources beyond those pledged are available. Accordingly, columns (2) to (6) of Table 10 use the funding assumptions in paragraph 62, with RST credit outstanding reduced from the target of SDR 22 billion in column (1) to the lending capacity of SDR 16 billion, which reduces reserve generation from interest margins but also reduces the RST credit risk exposure. In column (2), which otherwise has the same assumptions as (1), the projected minimum net reserve coverage is robust at 16 percent of credit outstanding, with the increase from 13 percent in (1) in part due to the standalone contributions to the RA and DA that boost investment income and hence net reserves, together with a modestly higher liquidity buffer which lowers credit relative to initial reserve and deposit contributions.

65. Reserve coverage also remains adequate under several risk scenarios, including scenarios to recognize the considerable uncertainty in financial markets. Those scenarios are columns: (3) higher long-run SDRi of 5 percent, instead of 3 percent; (4) lower investment margin of 25 basis points, instead of 45 basis points: and (5) higher share of Group A loans of 40 percent, instead of 26 percent. The higher SDRi scenario (3) benefits reserve coverage by raising long-term average RA investment returns even if there are weaker returns initially. Scenarios (4) and (5) lower investment income and lending income respectively, but the effect on reserve coverage is small. Even with the combination of a lower investment margin and a higher share of low-margin lending in column (6), minimum reserve coverage is still projected at 14 percent in the RSF repayment period.

Table 10. RST: Projected Balances and Reserve Coverage under Various Scenarios[1]

(SDR billion unless otherwise indicated)

	Assuming no Rate Cap[2]					
	(1)	(2)	(3)	(4)	(5)	(6)
	Target resources	Pledged resources	Pledged resources higher rate	Pledged resources lower return	Pledged resources higher group A share	Pledged resources lower return & higher A share
Resource Mobilization and Demand						
Total resources[3]	33.5	30.6	30.6	30.6	30.6	30.6
Loan resources, including encashment buffer	27.4	20.9	20.9	20.9	20.9	20.9
Initial cash capital contribution to Reserves Account	0.6	0.9	0.9	0.9	0.9	0.9
Upfront investment to Deposit Account	5.5	8.8	8.8	8.8	8.8	8.8
Commitments to borrowing countries[4]	**22.0**	16.0	16.0	16.0	16.0	16.0
of which group A	5.6	4.1	4.1	4.1	**6.4**	**6.4**
of which group B	4.3	3.1	3.1	3.1	3.1	3.1
Peak credit outstanding	22.0	16.0	16.0	16.0	16.0	16.0
Peak annual debt service to lenders	2.6	2.0	2.2	2.0	2.0	2.0
Cumulative net lending income before repayment period	1.4	1.1	1.1	1.1	1.0	1.0
Cumulative net investment income before repayment period	0.5	0.6	1.0	0.6	0.6	0.6
Reserves						
Reserve Account balance at start of repayment period[5]	2.2	1.9	2.1	1.9	1.8	1.8
Deposit Account balance at start of repayment period[6]	5.8	4.6	4.7	4.4	4.6	4.4
Minimum total reserves in repayment period[7]	8.3	6.8	7.1	6.5	6.7	6.4
Minimum net reserves in repayment period[8]	2.8	2.6	2.9	2.3	2.5	2.2
Minimum reserve coverage ratios (in percent)[9]						
Total reserves to credit outstanding	**38**	**43**	**45**	**42**	**43**	**41**
Net reserves to credit outstanding	**13**	**16**	**18**	**15**	**16**	**14**
Total reserves to debt service	**358**	**366**	**341**	**351**	**359**	**344**
Net reserves to debt service	**141**	**148**	**146**	**134**	**142**	**127**
Assumptions						
Steady state SDRi rate[10]	**3.00%**		**5.00%**			
Return on investments above SDRi[11]	**0.45%**			**0.25%**		**0.25%**
Share of Group A in total Commitmnets	**26%**				**40%**	**40%**
Margins over SDRi paid by borrowers[4]						
Group A	**0.55%**					
Group B	**0.75%**					
Group C	**0.95%**					
Administrative costs (in SDR million)[12]	**13.3**					

Source: Finance Department.

[1] RSF loans are assumed to be disbursed in two annual tranches, and there are no future loan mobilization rounds. Each loan has a 20-year maturity and 10½-year grace period. Terminal balances are calculated as the residual financial assets 25 years after inception of the Trust. Lenders are remunerated at SDRi rate which is expected to normalize at 3% in medium to long term (or 5% under stress scenario).

[2] Assuming no interest rate cap.

[3] Based on target and pledged resources.

[4] Group A includes PRGT-eligible countries that are not presumed blenders, group B includes presumed blenders and small states with GNI per capita below 10 times IDA threshold, and group C includes all other eligible members that are not included in groups A or B. Group A borrowers pay SDRi rate plus a margin of 55pb, group B borrowers pay SDRi plus 75bp and 25bp service charge on drawings, and group C borrowers pay SDRi rate plus 95bp and 50bp service charge on drawings. Demand projections reflect information from the pipeline of discussions on RSF arrangements for 2023-24.

[5] Reflecting initial cash capital and cumulative net income on lending and investment returns, net of administrative costs. Return assumed at 45bp above SDRi under the baseline.

[6] Reflecting principal of initial deposits, cumulative excess investment earnings above SDRi. Return assumed at 45bp above SDRi under the baseline.

[7] Reserve Account and Deposit Account balance, starting from year 11.

[8] Reserve Account and cumulative net income earned on Deposit Account balance, starting from year 11.

[9] Starting from year 11.

[10] SDRi rate assumed to stabilize at 3% in 2030, GAS projections for 2023-25.

[11] Return of investment strategy for the SDFI approved in April 2022 with adjustment for liquidity buffer.

[12] To be charged starting in 2024.

SECTION X. RST: INTEREST RATES ON RSF LOANS

66. The RSF loan interest rate includes modest and tiered margins over the 3-month SDRi. The margin above the RST's funding cost (i.e., the SDRi paid on RST borrowing) together with the service charge on RSF disbursements for some country groups, cover the RST's administrative costs and contribute to the build-up of RST reserves, and are therefore key to ensuring the financial soundness and viability of the RST. The margins are differentiated over the country groups so that lower-income eligible members pay lower interest rates (Table 11). Service charges are also smaller for lower-income eligible members.

Table 11. RST: Interest Rates and Service Charges

Group[1]	Interest Rate	Service Charge
Group A	SDRi plus 55 bp	Exempted
Group B	SDRi plus 75 bp	25 bp on each RSF loan disbursement
Group C	SDRi plus 95 bp	50 bp on each RSF loan disbursement

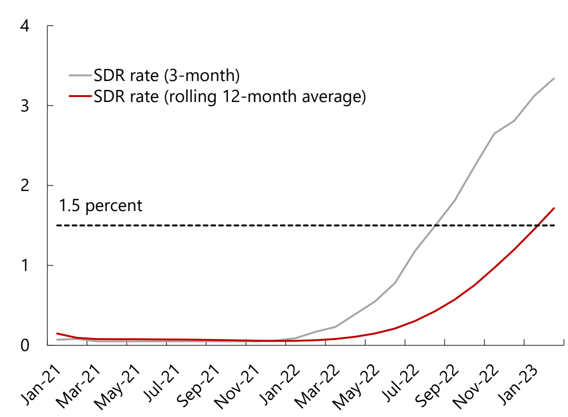
Sources: Finance Department, IMF (2022).

[1] Group A consists of PRGT-eligible countries, excluding presumed blenders. Group B includes presumed blenders and small states with GNI per capita below 10 times IDA cutoff. Group C includes eligible countries that are not in groups A and B. "bp" refers to basis points.

67. Interest rate structure reviews are envisioned to be undertaken as part of periodic RST reviews or earlier if circumstances warrant. In particular, at the time of the RST's establishment, staff considered that an early interest rate structure review would be appropriate when the average SDRi were to rise above 1.5 percent in any 12-month period and if financial market indicators signal that the SDRi is not expected to decline below 1.5 percent within the coming quarters. Such a review would give the Board the opportunity to discuss possible interest rate protection for the poorest borrowers (Group A) through a reduced margin or an interest rate cap.

68. Recent SDRi increases indicate the need to consider interest rate protection for Group A borrowers. The SDRi has increased significantly owing to monetary policy tightening by most major central banks and the 12-month average SDRi reached 1.5 percent in February 2023 (Figure 13). An assessment of financial market indicators, including WEO projections for the SDRi based on these indicators, indicates that the SDRi will likely remain above 1.5 percent for some years.

Figure 13. RST: SDR Interest Rate
(Percent, January 2021 – February 2023)



Source: Finance Department.

69. Staff considers it appropriate to assess the feasibility of an interest rate cap for Group A at a level of 2.25 percent. Although there is also the possibility to consider reducing the margin on Group A loans, even a margin of zero basis points would imply a Group A interest rate of 3.4 percent as of March 3, 2023. If RSF interest rates were to remain at such a level, the grant element of an RSF loan would be only about 15 percent, well below that on PRGT loans. In contrast, as noted at the time of RST establishment, a cap of 2¼ percent, including the margin, would ensure that RSF loan concessionality for Group A countries would be roughly the same as for PRGT loans when the SDRi rises above 2 percent (a grant element of around 30 percent at the discount rate of 5 percent used to assess concessionality).

70. The implications of an interest rate cap for Group A countries for reserve adequacy are assessed through a simulation analysis. The feasibility of a cap depends on the RST's reserve adequacy because the foregone interest income implied by such a cap would be financed through cross-subsidization of interest rates between borrowers, reducing the net interest income that is a key source of RST reserve build up. Table 12 presents the same simulations as in Table 10, but applies an interest rate cap of 2¼ percent for Group A members from 2023 onwards.

71. Reserve coverage would remain adequate when the interest rate cap is introduced in the baseline and in most scenarios. Column (1) of Table 12 is an update of the original analysis in April 2022, where RST resources and credit outstanding reach target levels, and net reserve coverage is projected at a minimum of 10 percent during the period of RSF repayments, which continues to be considered adequate. The remaining columns instead assume that all pledged resources are made effective, for the same reasons discussed in section IX.B. Net reserve coverage is projected to be modestly higher, at 13 percent in column (2), benefitting from the standalone pledges to reserves and deposits, together with a modestly higher liquidity buffer which lowers credit relative to initial reserve and deposit contributions. Net reserves also remain above 10 percent even if the cost of the cap is increased owing to an SDRi of 5 percent in column (3), or if excess investment returns decline to 25 basis points in column (4), and also if the share of lending subject to the cap rises from 26 percent to 40 percent in column (5).

72. Periodic or *ad hoc* RST reviews provide an opportunity to adopt corrective measures if needed to ensure the continued adequacy of reserves in the face of potential risks. In the face of sufficiently large shocks, a cap can contribute to reserve coverage falling short of the 10 percent benchmark. For example, column (6) presents a scenario that combines a lower investment margin and a higher share of Group A loans, where net reserves build more slowly to reach a minimum of about 9 percent of credit outstanding during the RSF repayment period. The shortfall is modest, but it illustrates the need for the application of a cap to be subject to review, potentially on an *ad hoc* basis, in case a combination of significant deviations from baseline assumptions were to emerge. If needed to ensure adequate RST reserves, potential options would include raising the level of the cap and/or increasing interest margins for other borrowers.

73. Staff proposes that such a cap on Group A interest rates be adopted soon. Following the circulation of this review paper to the Executive Board, staff will proceed with consulting RST contributors regarding the adoption of an interest rate cap for Group A as envisaged in the RST Instrument. If Directors support the adoption of the interest rate cap for Group A, staff would soon return to the Board with a decision to implement the interest rate cap for Group A, which could be approved on a lapse-of-time basis.

Table 12. RST: Projected Balances and Reserve Coverage under Various Scenarios, with an Interest Rate Cap of 2.25 Percent for Group A Countries[1]

(SDR billion unless otherwise indicated)

	Assuming Rate Cap on Group A Interest[2]					
	(1)	(2)	(3)	(4)	(5)	(6)
	Target resources	Pledged resources	Pledged resources higher rate	Pledged resources lower return	Pledged resources higher group A share	Pledged resources lower return & higher A share
Resource Mobilization and Demand						
Total resources[3]	33.5	30.6	30.6	30.6	30.6	30.6
Loan resources, including encashment buffer	27.4	20.9	20.9	20.9	20.9	20.9
Initial cash capital contribution to Reserves Account	0.6	0.9	0.9	0.9	0.9	0.9
Upfront investment to Deposit Account	5.5	8.8	8.8	8.8	8.8	8.8
Commitments to borrowing countries[4]	**22.0**	16.0	16.0	16.0	16.0	16.0
of which group A	5.6	4.1	4.1	4.1	**6.4**	**6.4**
of which group B	4.3	3.1	3.1	3.1	3.1	3.1
Peak credit outstanding	22.0	16.0	16.0	16.0	16.0	16.0
Peak annual debt service to lenders	2.6	2.0	2.2	2.0	2.0	2.0
Cumulative net lending income before repayment period	0.9	0.7	0.3	0.7	0.4	0.4
Cumulative net investment income before repayment period	0.5	0.6	0.9	0.6	0.6	0.5
Reserves						
Reserve Account balance at start of repayment period[5]	1.7	1.5	1.2	1.4	1.1	1.1
Deposit Account balance at start of repayment period[6]	5.8	4.6	4.7	4.4	4.6	4.4
Minimum total reserves in repayment period[7]	7.6	6.3	5.9	6.0	5.9	5.6
Minimum net reserves in repayment period[8]	2.1	2.1	1.7	1.8	1.7	1.4
Minimum reserve coverage ratios (in percent)[9]						
Total reserves to credit outstanding	**35**	**40**	**38**	**39**	**37**	**36**
Net reserves to credit outstanding	**10**	**13**	**11**	**12**	**11**	**9**
Total reserves to debt service	**319**	**333**	**278**	**318**	**307**	**293**
Net reserves to debt service	**104**	**118**	**86**	**103**	**93**	**79**
Assumptions						
Steady state SDRi rate[10]	**3.00%**		**5.00%**			
Return on investments above SDRi[11]	**0.45%**			**0.25%**		**0.25%**
Share of Group A in total Commitmnets	**26%**				**40%**	**40%**
Margins over SDRi paid by borrowers[4]		2.25% cap on group A interest from 2023				
Group A	**0.55%**					
Group B	**0.75%**					
Group C	**0.95%**					
Administrative costs (in SDR million)[12]	**13.3**					

Source: Finance Department.

[1] RSF loans are assumed to be disbursed in two annual tranches, and there are no future loan mobilization rounds. Each loan has a 20-year maturity and 10½-year grace period. Terminal balances are calculated as the residual financial assets 25 years after inception of the Trust. Lenders are remunerated at SDRi rate which is expected to normalize at 3% in medium to long term (or 5% under stress scenario).

[2] Assuming that the approval of the cap of 2.25% became effective in 2023.

[3] Based on target and pledged resources.

[4] Group A includes PRGT-eligible countries that are not presumed blenders, group B includes presumed blenders and small states with GNI per capita below 10 times IDA threshold, and group C includes all other eligible members that are not included in groups A or B. Group A borrowers pay SDRi rate plus a margin of 55pb up to a cap of 2.25%, group B borrowers pay SDRi plus 75bp and 25bp service charge on drawings, and group C borrowers pay SDRi rate plus 95bp and 50bp service charge on drawings. Demand projections reflect information from the pipeline of discussions on RSF arrangements for 2023-24.

[5] Reflecting initial cash capital and cumulative net income on lending and investment returns, net of administrative costs. Return assumed at 45bp above SDRi under the baseline.

[6] Reflecting principal of initial deposits, cumulative excess investment earnings above SDRi. Return assumed at 45bp above SDRi under the baseline.

[7] Reserve Account and Deposit Account balance, starting from year 11.

[8] Reserve Account and cumulative net income earned on Deposit Account balance, starting from year 11.

[9] Starting from year 11.

[10] SDRi rate assumed to stabilize at 3% in 2030, GAS projections for 2023-25.

[11] Return of investment strategy for the SDFI approved in April 2022 with adjustment for liquidity buffer.

[12] To be charged starting in 2024.

SECTION XI. DEBT RELIEF INITIATIVES: CCRT AND HIPC

The Fund's poorest and most vulnerable members benefitted from CCRT debt relief during 2020–22 thanks to the generous contributions of 18 contributors and the European Union. However, the CCRT remains severely underfunded, with replenishment needed to ensure it will be adequately resourced to handle future qualifying events. Regarding HIPC debt relief, pledged resources appear to be adequate under baseline assumptions to cover the Fund's estimated costs of relief for Somalia and Sudan estimated at about SDR 253 million and SDR 992 million at the time of their respective Decision Points in March 2020 and in March 2021. Somalia continues to make progress toward the HIPC Completion Point but prospects for Sudan are uncertain.

A. CCRT

74. The CCRT—the Fund's vehicle for delivering debt relief to its poorest members when they face qualifying events—provided unprecedented support during the pandemic. In March 2020, the IMF Executive Board adopted a set of reforms to the CCRT such that the poorest and most vulnerable member countries would receive immediate relief on their eligible debt service to the IMF.[30] The CCRT disbursed SDR 690 million in grants to cover debt service in five tranches during the two-year period from April 14, 2020 to April 13, 2022, benefiting a total of 31 countries. [31] The fifth and final tranche of CCRT grants was approved by the Executive Board on December 15, 2021.[32] CCRT support helped LICs to free up scarce financial resources for vital spending (e.g., on health) to mitigate the impact of the COVID-19 pandemic.

75. Additional grants are urgently needed to replenish the CCRT so that it can respond to future qualifying events. The fundraising effort of SDR 1 billion launched in April 2020—aimed to raise resources to cover two years of debt service relief and address the pre-COVID underfunding—secured SDR 609 million in grant pledges from 18 member countries and the European Union (Appendix I Tables 7 and 8). Despite this generous support, total pledges fell short of the total cost of the full two-year COVID-related debt service relief, necessitating a significant drawdown of the pre-COVID cash balance. Therefore, the fifth and final tranche in December 2021 was approved in conjunction with continued broad fundraising efforts. The IMF Board stressed the need to address the CCRT's pre-pandemic underfunding. However, no new pledges have been received since December 2021. The current cash balance in the CCRT available for debt relief remains very low at about SDR 71 million.

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[30] *IMF Enhances Debt Relief Trust to Enable Support for Eligible Low-Income Countries in the Wake of the COVID-19 Pandemic*.

[31] *CCRT—Fourth Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic and Approval of Additional Beneficiary Member Countries*.

[32] *Catastrophe Containment and Relief Trust—Fifth Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic*.

B. HIPC Initiative

76. The HIPC Initiative is nearly complete. The Fund has provided SDR 2.6 billion in debt relief to 38 of the 39 eligible countries.[33] In March 2020 and June 2021, the IMF and the World Bank jointly committed to provide HIPC and additional ("beyond-HIPC", i.e., covering 100 percent of eligible debt) debt relief to Somalia and Sudan, respectively, the last two countries with protracted arrears to the Fund (also see Appendix I Tables 9 and 10).

77. A large share of the membership generously pledged contributions to both Somalia's and Sudan's financing packages, which also relied on distributions from IMF internal resources and new cash grants:

- ***Somalia***. 123 member countries and the European Union pledged the equivalent of about SDR 288 million to finance the IMF's contribution to debt relief, estimated at about SDR 253 million at the time of the Decision Point in March 2020.[34] Of the total pledged amount, SDR 261 million have been received to date. Contributions were facilitated by a partial distribution of SCA-1 account resources of SDR 122 million and refunds of Somalia-related burden-shared deferred charges adjustments of about SDR 120 million as part of the financing package approved by the Executive Board in December 2019,[35] in addition to pledged cash grant contributions from donors to fill the potential financing gap.

- ***Sudan***. 122 member countries and the European Union pledged about SDR 1,080 million to finance the IMF's cost of debt relief, estimated at SDR 992 million at the time of the Decision Point in June 2021.[36] Of the total pledged amount, SDR 787 million have been received so far. Contributions were facilitated by a full distribution of SCA-1 account resources of SDR 1,066 million and refunds of Sudan-related burden-shared deferred charges adjustments of about SDR 611 million as part of the financing package approved by the Executive Board in May 2021,[37] in addition to pledged cash grant contributions from donors to fill the potential financing gap.

78. Both countries have already received interim HIPC Initiative assistance from the IMF. Somalia has so far received interim assistance covering debt service obligations falling due between its HIPC Decision on March 25, 2020, and March 24, 2021, and two additional interim assistance for the periods of March 25, 2021, through March 24, 2022, and June 17, 2022, through June 16, 2023.

[33] Somalia and Sudan have already begun receiving interim assistance and may receive full debt relief at the Completion Point. Eritrea has yet to start the HIPC qualification process.

[34] The actual cost of debt relief could be revised at the time of the Completion Point based on the updated macroeconomic and debt data, in line with standard HIPC procedures.

[35] *IMF Managing Director Kristalina Georgieva Welcomes Progress Toward Securing a Financing Plan for Debt Relief for Somalia*.

[36] As mentioned above in the context of Somalia, the actual cost of debt relief could be revised at the time of the Completion Point.

[37] *IMF Managing Director Kristalina Georgieva Welcomes Progress Toward Securing a Financing Plan for Debt Relief for Sudan*.

Sudan also received interim assistance covering the period between its Decision Point on June 29, 2021, and June 28, 2022, to cover debt service obligations on pre-arrears clearance debt falling due during that period. No further interim assistance is expected for Sudan, provided it reaches the HIPC Completion Point by December 29, 2026, as the country currently does not have any debt service repayments to the Fund falling due before this date.[38]

79. Somalia may reach HIPC Completion Point by end-2023 but prospects for Sudan remain uncertain at this point. Somalia continues to make progress towards the HIPC Completion Point, which was initially planned for March 2023 is now expected to be reached by end-2023, provided the applicable triggers are met.[39] The Fund-supported program for Sudan that was approved in June 2021 expired in December 2022 and the HIPC Completion Point that was initially planned for June 2024 is no longer feasible. A new PRGT arrangement would be needed in due time to support progress toward reaching the Completion Point.

SECTION XII. ISSUES FOR DISCUSSION

A. PRGT

- Do Directors agree that additional subsidy pledges from contributors, particularly to the SRA, are urgently required to address the large PRGT subsidy gap?
- Do Directors concur that some immediate remedial measures to slowdown PRGT lending or raise PRGT interest rates would adversely affect PRGT borrowers during the current difficult environment and may not yet be needed?
- Do Directors support the proposed multi-pronged strategy to make the PRGT whole, including (i) broad-based fundraising efforts in coming months, especially to address the subsidy resource gap, (ii) starting technical work on the 2024/25 comprehensive review including consideration of all options for internal resourcing in order to underpin timely progress on ensuring the longer-term sustainability of the PRGT, and (iii) enhanced Board monitoring of progress on subsidies and reserves with the potential to adopt further measures if needed?
- Do Directors agree that the proposal to reallocate resources from Subsidy Accounts to the SRA could be a potential corrective measure to be considered in the future to buttress reserve coverage if necessary?
- Do Directors support the proposal to defer the review of the PRGT interest rate structure from July 2023 to the 2024/25 comprehensive review of concessional financing and policies?

[38] If the July 2023 PRGT interest rate review leads to an increase of the interest rate on the ECF facility above zero, there would be interest rate payments on Sudan's PRGT credit outstanding falling due before this reference date. In such case, it could qualify for additional interim assistance, provided the country has in place an on-track Fund-supported program.

[39] In June 2022, the Board approved an extension of the ongoing Fund-supported program for Somalia to December 2023 to allow enough time to reach program objectives.

B. RST

- Do Directors agree that pledged resources should be made effective promptly to ensure the RST can meet strong demand in the initial years?
- Do Directors support RST fundraising efforts to seek additional pledges toward the SDR 6½ billion loan resource gap to meet RSF demand over the medium term?
- Do Directors agree that these additional resources should be made effective during 2023-24 to maintain borrower confidence in RST resource adequacy?
- Given the outlook of reserves, do Directors support the introduction of a cap on the interest rate at 2.25 percent for Group A countries to ensure RSF loan concessionality is no less than that of PRGT loans?
- In view of RST resource constraints among other factors, it was envisaged that the starting point of access determination would be an access norm of 75 percent of quota. Considering the current fundraising shortfall, and the strong RSF demand evident from the pipeline of requests, what are Directors' views on the appropriate implementation of RST access policy?

Annex I. PRGT: Concessional Financing Framework

A. Overview

1. **The PRGT is the Fund's main vehicle for providing concessional financial support to eligible low-income countries (LICs).**[1] The IMF's concessional assistance to eligible low-income countries (LICs) began in the mid-1970s and has expanded significantly over time. Initially, concessional lending was financed entirely through profits from gold sales and was disbursed with limited conditionality, first through Trust Fund (TF) loans and later through the Structural Adjustment Facility (SAF). Since 1987, concessional loans have been financed mostly by bilateral contributions and, until 2010, they were provided through the Enhanced Structural Adjustment Facility (ESAF) Trust, which was renamed to Poverty Reduction and Growth (PRGF) Trust in 1999, and to Poverty Reduction and Growth Facility and Exogenous Shocks Facility (PRGF-ESF) Trust in 2006. In 2009, the PRGT succeeded the PRGF-ESF, in the context of a comprehensive reform of concessional facilities to better address LICs' diverse financing needs.[2] The PRGT is organized as a Trust, with the IMF acting as Trustee, and is separate from the General Resources Account (GRA).

2. **The IMF adopted two major sets of reforms in 2019 and 2021 for the PRGT to further support LICs and preserve the PRGT self-sustainability**. The 2019 reform package included a generalized one-third increase in access limits and norms to address their erosion over time, better tailoring and greater flexibility of PRGT facilities including to the needs of fragile and vulnerable states, and better targeting of scarce subsidy resources to the poorest countries by expanding the use of blend financing for higher-income LICs.[3] In the wake of the COVID-19 pandemic, the 2021 PRGT reforms featured a 45-percent increase in PRGT normal access limits to fully align them with those in the GRA, elimination of hard cap on access for the poorest members, simplification of access norms and blending rules, and endorsement of a new annual self-sustained lending envelope of SDR 1.65 billion from 2025, which would keep access to concessional financing in real terms compared to pre-pandemic levels. These reforms were expected to be funded by a two-stage funding strategy, with the first stage through 2024 and targeting SDR 2.8 billion in subsidy resources (SDR 2.3 billion from bilateral subsidy contributions and SDR 0.5 billion from internal resources), and SDR 12.6 billion in new loan resources. The second stage is set for 2024/25 in the context of the next comprehensive review of concessional financing and policies.

3. **Since the overhaul of the LIC facilities became effective in 2010, concessional loans have been provided via three lending facilities**: the *Extended Credit Facility* (ECF)—which provides medium-term support to LICs with protracted balance of payments problems; the *Standby Credit Facility* (SCF), which provides financing to LICs with short to medium term balance of payments needs; and the *Rapid Credit Facility* (RCF), which provides rapid low-access financing with limited conditionality for countries facing urgent balance of payments needs when an upper credit tranche (UCT)-quality arrangement is either not feasible or not necessary. The ECF has become the PRGT

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[1] See *IMF Financial Operations 2018*.

[2] See *A New Architecture of Facilities for Low-Income Countries*, June 2009.

[3] See *2018-19 Review of Facilities for Low-Income Countries*.

workhorse facility, accounting for about two-thirds of all PRGT lending commitments since 2010, followed by the RCF, which was key for prompt IMF support to LICs at the onset of the pandemic (RCF loans reached almost 90 percent of total PRGT loans in 2020). The SCF has been used less frequently but uptake has increased somewhat since 2019.

B. Lending Terms

4. Lending terms under the three PRGT facilities are more favorable than those under GRA facilities. ECF and RCF repayments are spread over 5½ to 10 years and those under the SCF are spread over 4 to 8 years. PRGT lending rates are linked to the SDR interest rate (SDRi) and determined by a rules-based interest rate mechanism. The July 2021 review kept at zero the interest rates for all three facilities (see Table 1). Lending rates are revised in the context of biannual reviews, with their levels adjusted based on the average SDRi over the most recently observed 12-month period. The fast SDRi rise since 2022 would automatically imply an upward adjustment (of 25 basis points) to ECF and SCF lending rates in the next interest rate review (scheduled for July 2023) under the current interest rate mechanism. For comparison, the three equivalent GRA facilities (EFF, SBA, RFI) have non-zero interest rates and charges, a shorter grace period and a shorter maturity (for the SBA vs. SCF and RFI vs. RCF).[4]

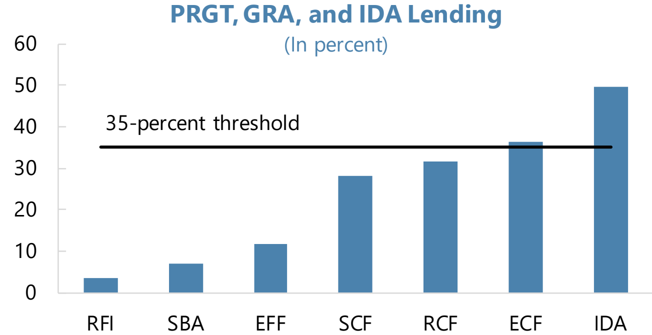
Annex I. Table 1. PRGT Interest Rate Mechanism
Effective July 2019 to July 2023 (In percent)

SDR interest rate (SDRi) thresholds	ECF	RCF[1]	SCF
SDRi < 2 percent	0.00	0.00	0.00
2 ≤ SDRi ≤ 5	0.25	0.00	0.25
SDRi > 5	0.50	0.00	0.50

[1] The RCF lending rate was set permanently to zero in July 2015.

5. PRGT lending terms are broadly concessional based on the concessionality threshold used by international lenders. A 35-percent grant element threshold has been widely used by the international financial community to assess the concessionality embedded in a loan.[5] Under this definition, the PRGT facilities are broadly concessional, with a grant element in the ballpark of 30–35 percent. This is significantly higher than that embedded in the GRA facilities, but lower than that implied by some of IDA loans (Figure 1).[6] As PRGT lending rates are

Annex I. Figure 1. Illustrative GE Implicit in PRGT, GRA, and IDA Lending
(In percent)



GE = Grant element, defined as 1 - NPV/nominal value.

[4] For the lending terms of all IMF facilities, see *https://www.imf.org/en/About/Factsheets/IMF-Lending*.

[5] This threshold is also used by the IMF under its public debt limits policy (DLP) and Debt Sustainability Framework for LICs (LIC-DSF). See, for instance, *Public Debt Limits in IMF-Supported Programs*.

[6] The illustrative estimates in Figure 1 are based on interest rates as of January 2023, a 5-percent discount rate (also used by the IMF's DLP and LIC-DSF), 3-year ECF and EFF with seven equal disbursements (at approval data and at six

already at their floor, it is not possible to increase the concessionality of PRGT loans further by adjusting these rates. On the other hand, higher lending rates would, *ceteris paribus*, reduce PRGT concessionality and hence subsidization needs but would come at a cost to PRGT borrowers.

C. Eligibility, Blending and Graduation

6. Rules-based mechanisms also guide countries' PRGT eligibility, as well as blending of concessional and non-concessional resources. Countries' eligibility to and graduation from the PRGT are anchored on a set of criteria that considers the level of income per capita and access to international financial markets in the context of biennial reviews.[7] Once eligible for PRGT resources, eligible countries with comparatively higher per capita income levels, access to international financial markets, and lower debt vulnerabilities, are generally presumed to use a blend of PRGT and GRA financing, at 1:2 ratio.[8] Entry and a lower number of blenders would tend to increase potential demand for PRGT resources and hence subsidization costs, whereas graduation and a larger number of blenders would have the opposite effect.

D. Borrowing and Lending Operations

7. PRGT lending is supported by an endowment-based financing model that relies on loan and subsidy resources for its lending operations. PRGT concessional lending is funded by loan resources borrowed from PRGT lenders. These resources are then on-lent by the PRGT on a passthrough basis to PRGT-eligible borrowers at the concessional terms discussed above. Loan resources are generally provided to the PRGT at an interest rate that offsets interest costs to the lender, through periodic loan mobilization campaigns depending on expected resource needs and secured through the PRGT's reserve accounts. The subsidy costs needed to enable LICs to borrow from the PRGT on concessional terms are covered by an endowment-based financing model. At end-2022, total PRGT resources reached just over SDR 8 billion, including balances in the PRGT's Subsidy Accounts, reserve accounts, and PRG-HIPC Trust (see Section III of the paper). Under the self-sustained model, the available resources in the PRGT Subsidy Accounts would be gradually drawn down to a zero balance, while balances in the reserve accounts would be allowed to grow so the returns on its assets could be used to subsidize concessional lending in perpetuity.

8. The PRGT reimburses the GRA annually for the expenses of conducting the business of the PRGT. Although the PRGT is separate from the GRA, as mentioned above, it relies on GRA administrative resources to conduct its operations. Therefore, at the end of each financial year the PRGT reimburses the GRA for the administrative costs incurred. This reimbursement is an integral part of the Fund's income model adopted in 2008 and is based on the principle that the GRA should not cross-subsidize the PRGT's activities. However, reimbursements can be suspended temporarily if PRGT resources are insufficient to meet expected demand, which was the case during FY1998–

semiannual reviews), 18-month SBA and SCF with four equal disbursements (at approval and at 3 semiannual reviews), and one-time disbursement under RCF and RFI. The illustrative IDA loan has *Regular terms as of January 2023* and is assumed to be disbursed in seven equal installments as in the assumed ECF and EFF.

[7] See, for instance, *Eligibility to Use the Fund's Facilities for Concessional Financing, 2020*.

[8] See *Fund Concessional Financial Support for Low-Income Countries—Responding to The Pandemic*.

FY2004, FY2005–FY2012, and as part of the 2021 PRGT reforms, FY2022–FY2026. During the fiscal year ended April 30, 2022, an estimated reimbursement of SDR 76 million was forgone by the PRGT to the GRA.[9]

9. Several PRGT accounts facilitate the allocation of loan and subsidy resources and the PRGT flow of funds, including (Annex I Figure 2):

- *Loan Accounts*. These allocate the loan resources borrowed from individual member countries and institutions (PRGT loan contributors), which can be on-lent under all PRGT facilities (general purpose) or earmarked for specific PRGT facilities.

- *Subsidy Accounts*. These hold the resources needed for PRGT subsidization. They include the *General Subsidy Account* (GSA)—which subsidizes existing and new lending under all PRGT facilities, and *Special Subsidy Accounts*—which allocates earmarked subsidy contributions for specific facilities. Subsidy resources are raised inter alia through bilateral contributions, including those supported by distribution of internal resources, and investment income on accumulated balances.

- *Reserve Account (RA)*. This contains Fund contributions in the form of Special Disbursement Account (SDA) resources derived from gold sales, which provides security to PRGT lenders while also generating investment income that can be used to fund the self-sustained PRGT. RA resources can be called upon to meet the PRGT's obligations vis-à-vis its creditors in the event of delayed payments by the PRGT borrowers (more details on RA and reserve coverage in Annexes II and III).

- *Subsidy Reserve Account (SRA)*. This account complements the existing Subsidy Accounts and has the dual purpose of holding and investing PRGT subsidy resources and providing an additional backstop to the RA to help manage credit risk (more details in Annex III).

- *Deposit and Investment Account (DIA)*. It is expected to borrow SDRs or currency from PRGT contributors via long-term deposit agreements in order to generate investment returns (above the SDRi) for PRGT subsidization. These returns can be transferred to the PRGT's GSA or to the SRA, in the latter case supplementing PRGT reserves. Contributors would be able to encash their claims on the DIA if they experience a balance of payments need.

E. Self-Sustainability

10. A three-pillar strategy was adopted in September 2012 to make the PRGT self-sustaining without the need for periodic subsidy resource mobilization. This strategy consists of (i) a base envelope for annual PRGT lending capacity, which was increased in 2021 from SDR 1¼ billion to SDR 1.65 billion; (ii) contingent measures that can be invoked when average financing needs exceed the base envelope by a substantial margin for an extended period, including additional bilateral fundraising,

[9] See *IMF Annual Report 2022*.

suspending reimbursement of the GRA for PRGT administrative expenses for a limited period, and modifying access, blending, interest rate, and eligibility policies to reduce the need for subsidy resources (also see Section IV of the paper); and (iii) a principle of self-sustainability under which future modifications to LIC facilities would be expected to ensure that demand for IMF concessional lending can be reasonably met with the available subsidy resources. The self-sustained PRGT framework therefore allows course correction if demand is unusually high over an extended period or subsidy resources do not accumulate as envisaged but is based on the expectation that policy modifications would not require fundraising initiatives *ex ante*.[10]

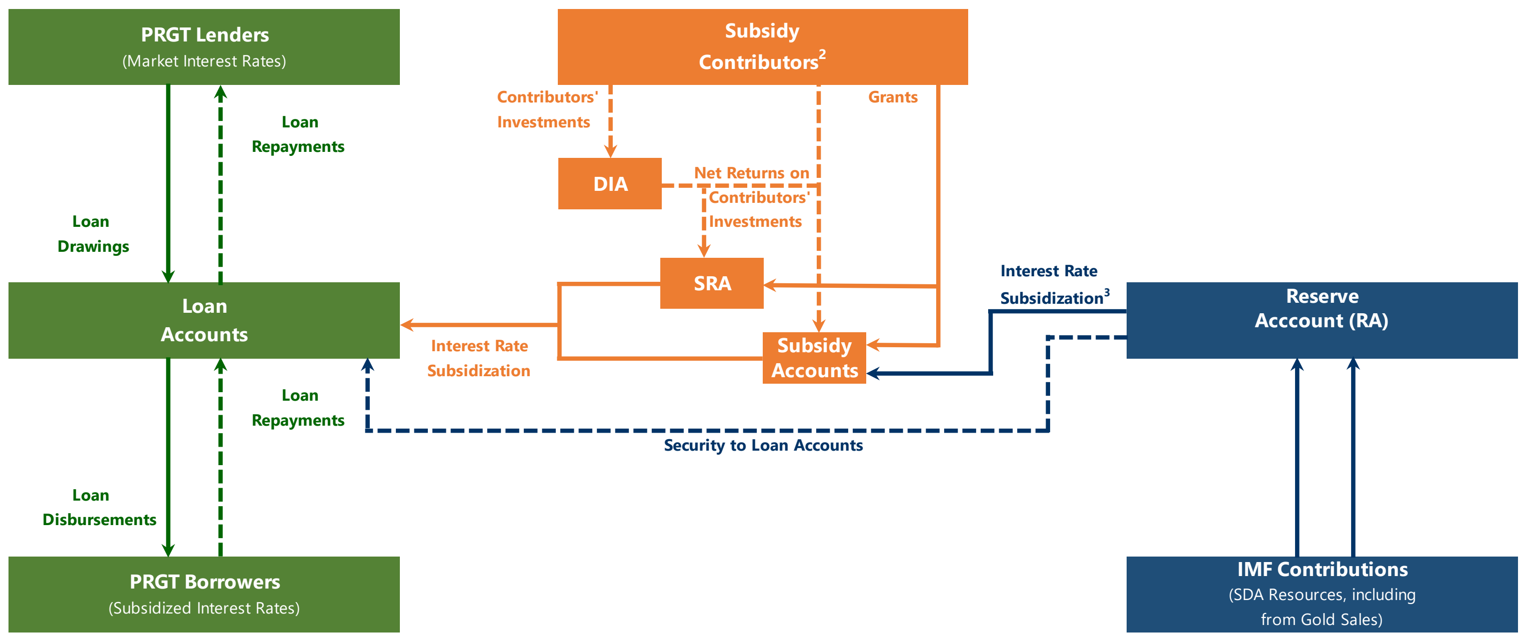
F. Monitoring of PRGT Finances

11. The adequacy of PRGT finances under the self-sustained financing model is reviewed annually and through intra-year updates as needed. The annual reviews provide a comprehensive stock-taking of the state of the finances of the PRGT. They also cover the status of other concessional Trusts, including the CCRT. This year's review is conducted jointly with the review of the Resilience and Sustainability Trust (RST), created in 2022. Staff can also provide updates to the Board between the annual reviews. Such updates are guided by demand/fundraising developments and are typically discussed ahead of the Spring or Annual Meetings.

12. The annual reviews provide a more in-depth assessment of the adequacy of PRGT finances. As illustrated by the analysis in this paper, this assessment includes, inter alia, (i) shorter-term demand projections for different scenarios, as well as medium- to longer-term demand projections reflecting information on specific policy assumptions (e.g., access, blending, graduation) and historical patterns (more details in Annex IV); (ii) an assessment of available PRGT loan resources under different near- to medium-term demand scenarios; and (iii) an analysis of the PRGT's self-sustained lending capacity and subsidy resource needs based on projected demand, expected interest rates and returns, and the evolution of PRGT assets. Staff relies on these elements to assess the adequacy of the overall framework, the affordability of policy changes, the possibility of contingency measures, and the potential need for mobilizing loan and subsidy resources.

[10] For a discussion of the impact of the 2021 reforms on the self-sustained PRGT see *Fund Concessional Financial Support for Low-Income Countries—Responding to The Pandemic.*

Annex I. Figure 2. PRGT Financial Structure and Flow of Funds[1]



Source: Finance Department.

[1] The PRGT comprises of four Loan Accounts (ECF/SCF/RCF/General), four Subsidy Accounts (ECF/SCF/RCF/General), the Reserve Account, the Subsidy Reserve Account (SRA), and the Deposit and Investment Account (DIA).

[2] Contributors can elect to receive interest on their investments, so there could be flows from Subsidy Accounts back to contributors.

[3] Subsidization of concessional interest rates occur when balances of Subsidy Accounts are exhausted.

Note: PRGT = Poverty Reduction and Growth Trust; SDA = Special Disbursement Account.

Annex II. PRGT: Reserves and Indicative Benchmark

1. Perimeter of PRGT reserves. PRGT total reserves are defined as the sum of balances in the Reserve Account (RA), and (since 2021) balances in the Subsidy Reserve Account (SRA), in both cases including accumulated net income (see Annex III for further details on the SRA).

2. Role of PRGT reserves. PRGT reserves are a key pillar of the Fund's multilayered risk management framework. Their goal is to ensure timely repayment of PRGT lenders in the (historically uncommon) events of arrears by PRGT borrowers.[1]

3. PRGT Reserve coverage ratio. This ratio is used to assess reserve coverage and is defined as the sum of available balances in the RA and (since 2021) SRA to total PRGT credit outstanding at a point in time. As discussed in Section III, the coverage ratio was historically high before the COVID-19 pandemic, averaging about 60 percent in the years immediately before the pandemic and about 40 percent over the long run. The unprecedented increase in PRGT credit outstanding since the onset of the pandemic considerably lowered the coverage ratio to about 26 percent at end-2022, with further declines expected over the coming years under the revised scenarios presented in this paper.

4. Choice of the 20 percent indicative benchmark. Until the 2021 reforms, the 40 percent historical average was typically used as a benchmark for the coverage ratio.[2] But the unprecedented rise of PRGT credit outstanding since 2020 rendered this benchmark untenable during the first stage of the funding strategy. In the context of the 2021 reforms, the 20 percent indicative benchmark was viewed as a more realistic near-term guide for reserve coverage. The chosen indicative benchmark was roughly in line with the practice some multilateral development banks and within the target range for the GRA's precautionary balances.

5. Role of the indicative benchmark in PRGT reserves. As indicated above, the chosen benchmark was intended as an informal guide instead of a formal feature of the PRGT framework. This said, the current benchmark can still be useful to both the Trustee (e.g., to monitor/manage risks to PRGT reserves) and PRGT contributors (e.g., in the context of their lending decisions to the PRGT).

[1] Further details on the Fund's risk management framework can be found in *IMF Financial Operations 2018*.

[2] For instance, the *2019 PRGT review* noted: "*… the reserve ratio remains well above the 40 percent historical average …, which is considered to be a sufficient level to back PRGT payments*." (p. 11).

Annex III. PRGT: Subsidy Reserve Account: An Overview

1. Purpose. The Subsidy Reserve Account (SRA) was created in the context of the 2021 comprehensive PRGT reforms. It has the dual purpose of holding and investing PRGT subsidy resources, thus complementing existing Subsidy Accounts, while providing an additional backstop to the PRGT Reserve Account (RA) in a short to medium term and improve reserve coverage. Therefore, the SRA is a flexible vehicle for both subsidizing PRGT lending (primary function) and enhancing reserve coverage by serving as a second-line backstop for the RA in the tail risk event of large arrears.

2. Funding sources. The SRA can benefit from multiple sources of funds: bilateral grants from PRGT contributors; investment returns contributed by members to finance PRGT subsidization, including from deposit and investment returns generated by the Deposit and Investment Account (DIA); and net investment returns on accumulated balances.

3. Comparison with the traditional Reserve Account (RA). The RA and SRA complement each other but also differ in several aspects:

- *Similarities*: both accounts play the dual role of providing security to PRGT lenders and generating investment income for future subsidization; the SRA resources and investment earnings on the RA would be used for subsidization only after the traditional Subsidy Accounts are depleted.

- *Differences*: the RA was originally funded by resources derived from IMF gold sales, while the SRA is expected to be primarily funded by bilateral grant contributions; RA balances are also used for reimbursing the GRA for administrative expense, while SRA balances are not; and, in the case of arrears by PRGT borrowers, RA resources are called upon first to repay PRGT lenders (i.e., RA is the first line of defense against credit risk), while SRA resources are drawn for repayment of lenders only if there are no other resources immediately available in the RA (i.e., SRA is the second line of defense) or used for subsidization when other Subsidy Accounts are fully used.

Annex I Figure 2 summarizes the linkages between the SRA and other PRGT accounts, as well as the direction of flow of funds within the PRGT.

Annex IV. PRGT: Demand Estimation Methodology

A. Shorter-Term (2023–24)

1. Near-term projections are based on a bottom-up approach in which demand for PRGT financing is calibrated to reflect the current high financing needs facing LICs. The projection scenarios combine information about requests for multiyear arrangements and emergency financing in the pipeline (i.e., under review or indicated by country desks) with staff's estimates of potential requests not yet in the pipeline. The latter considers information on existing credit outstanding (as of end-2022), previous disbursements for each country, access limits and norm, and prevailing blending rules. Average access per country also reflects country-specific debt vulnerabilities and the size of country quotas and GDP to mitigate the impact of the wide dispersion of quota/GDP ratios across LICs and to better proxy for their potential balance of payments needs. Total (i.e., quota-weighted) demand is a function of average per-country access and the expected share of LICs seeking Fund concessional support.

2. The projection scenarios also incorporate the following important assumptions: near-term demand for emergency financing would mostly comprise of support under the Food Shock Window (FSW);[1] revised path for the SDR interest rate (SDRi) based on the latest WEO projections, which are significantly higher than that assumed in July 2021, due to the ongoing fast normalization of interest rates; to err on the conservative side, no further pledges for loan and subsidy resources under the first stage of the funding strategy, beyond those received so far (see Section III); PRGT normal access limits and norm remain at the levels adopted by the Board in July 2021; and HIPC-Completion Point reached in 2023 and 2025 by Somalia and Sudan, respectively. [2]

3. Projection uncertainty under the Baseline scenario captured by a projection range around the central projection. Consistent with the approach used in previous reviews, the lower/upper end of this range reflects a lower/higher share of LICs requesting Fund financing support and/or a smaller/larger average access per arrangement compared to the expectations underpinning the central projection.

4. The High Case scenario approximates an upper bound of potential demand over the near term. This scenario would describe, for instance, the possibility that some non-blenders experience severe balance of payments needs and therefore request arrangements with access well above the indicative benchmark assumed under the Baseline range, as they are no longer constrained by hard caps. As in July 2021, is it intended to stress-test the demand for PRGT resources and resulting implications for PRGT finances, especially the demand for loan resources.

[1] This is a 12-month lending window that was created in October 2022, and which can provide additional access to emergency financing to countries facing urgent balance-of-payments needs related to the global food crisis. LICs' demand under the FSW assumed in this review is broadly in line with the estimates provided in *Proposal for a Food Shock Window Under the Rapid Financing Instrument and Rapid Credit Facility*.

[2] The latter is just a working assumption and should not be taken as a sure outcome or reflecting the views of the IMF Executive Board.

B. Longer-Term (from 2025)

5. The traditional longer-term demand model was updated to reflect data through end-2022, current access policies, and the outlook for LICs' financing needs. The model was updated to consider economic trends and developments in PRGT financing. As with the short-term projections, uncertainty around the longer-term economic outlook is also captured by a projection range. More specifically, the demand model assumes two benchmark scenarios—a "low case" and a "high case"—calibrated to reflect low and high shares of countries using PRGT facilities, respectively.[3] In the model, longer-term demand is proxied by the average of these two benchmark scenarios.

6. The current update implied an upward revision of the following key parameters that underpin the longer-term projections, compared to the last updated in early 2020:[4]

- *Access levels per facility*. The average level of access for each of the three PRGT facilities (ECF, RCF, SCF) was revised up to be more consistent with the access limits introduced in 2021 and reflect partly the actual access levels per facility observed in 2020–22.

- *Growth of per country access levels*. The longer-term projections assume periodic increases in nominal access levels per country in line with nominal GDP growth to avoid erosion of access in real terms.[5] This nominal growth was also revised upward, consistent with LICs' high and rising financing needs relative to the pre-pandemic period.[6]

- *Share of countries using PRGT facilities*. Reflecting the 2020–22 experience and the possibility that a larger number of PRGT-eligible countries could use Fund resources in future crises, the share of LICs requesting PRGT financing under the "high case" was set at a larger value.

- *Blending and graduation*. The number of LICs presumed to blend has declined since the 2020 update, including because of rising debt vulnerabilities, challenging market access conditions, and slower GNI per capital growth. This implies that a portion of LICs' balance of payments needs that otherwise would be covered by GRA financing has now shifted to the PRGT. This higher demand for PRGT resources is only partly offset by graduation over time.

7. The update indicates an upward shift in potential longer-term demand, well above the self-sustained lending envelope set in 2021. All the above revisions contribute to an increase in longer-term potential demand, with the updated model implying average annual lending of about

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[3] This "high case" is the upper range of longer-term projections and should not be confused with the above High Case scenario describing potentially large demand in the near term.

[4] The revision also included updating the quotas of a few countries following their consent to and payment of previously approved quota increases (e.g., Sudan).

[5] In the traditional demand model, the trend in nominal GDP proxies for the trend in LICs' financing needs.

[6] LICs could face additional financing needs of about US$440 billion during 2022–26. These resources would be needed to help LICs address the legacy of the COVID-19 pandemic, rebuild external buffers, and support additional investment spending. See *Macroeconomic Developments and Prospects in Low-Income Countries—2022*.

SDR 2.65 billion during 2025–34. This is 60 percent higher than the self-sustained lending envelope of SDR 1.65 billion per year that was set in 2021, and close to the illustrative lending envelope assumed for the High Case scenario post-2024 (SDR 3 billion per year). Accordingly, the assessment in the 2022 review that the lending capacity set in 2021 would remain an appropriate anchor for the PRGT, no longer seems valid under current conditions.

Annex V. RST: Financing Framework

1. The RST is a loan-based trust administered by the IMF, with a governance and financial structure broadly similar to that of the PRGT. The roles of the Executive Board, management, and staff for RST lending and other decisions regarding the RST are broadly the same as for PRGT and GRA lending. Similar to PRGT, RST resources are mobilized based on voluntary contributions from members, including those wishing to channel SDRs for the benefit of more vulnerable members.

2. The financial architecture for the RST is designed to ensure the safety and liquidity of contributors' claims on the Trust while minimizing the need for budgetary contributions. This is done through a combination of several essential design features: (i) strong policy safeguards, including the link of RST lending to a UCT-quality program; (ii) a supportive multilateral context, including the expected de facto Preferred Creditor Status (PCS) for RST loans; (iii) an adequate reserve buffer that grows over time through lending and investment income, with significantly higher reserves by the time RST loan repayments come due; (iv) a funding mechanism that combines modest upfront reserve account contributions with a much larger pool of loan resources and long-term deposits by contributors that create claims on the RST and retain their reserve asset character (through encashability and high asset quality); (v) a split of each contributor's claims on the RST into resources for lending operations (drawn over time based on demand) and an upfront long-term deposit to bolster reserves (contributing to investment income and risk mitigation).

3. The RST operates through three financial pillars: a Loan Account, a Reserve Account, and a Deposit Account (Annex V Figure 1).

- **Loan Account (LA).** The LA is the RST's conduit for lending operations, funded by voluntary loan commitments from contributors. As in the PRGT, RST loans are made on a pass-through basis: the Trust extends loans to borrowers (based on demand) by drawing on available LA resources committed by contributors (i.e., loan or note purchase agreements). Lenders are remunerated at the SDRi, while borrowers pay the SDRi plus a modest margin. Amortization by borrowers and repayments to lenders are on the same maturity schedule. As in the PRGT, LA commitments are mobilized from contributors and managed in such a way to cover expected demand plus an encashment buffer for the event that a contributor experiences a BoP need and requests early repayment of its LA claims.

- **Reserve Account (RA).** The RA is the RST's principal financial buffer to manage credit and liquidity risk while covering operational costs that would be reimbursed annually to the GRA. It is initially funded through upfront contributions by contributors in proportion to their respective LA commitments. Resources are invested in liquid, high quality instruments. The initially modest RA balance is expected to grow over time from lending margins, service charges, and investment income, net of administrative costs. The RA contributions are not remunerated but entitle each contributor to a distribution when DA and LA claims mature or at the termination of the Trust, based on a methodology specified in the RST Instrument. Contribution agreements can be extended or renewed in the context of potential future RST resources mobilization efforts.

- **Deposit Account (DA).** The DA, which adds to the RST's reserves, is funded upfront by long-term deposits from contributors in proportion to their LA commitments that are remunerated at the SDRi. The purpose of the DA is to generate additional net investment income for the Trust and minimize any residual risks to contributors' claims on the RST. Specifically, the DA (i) bolsters gross reserves upfront, including in the early years when RA balances are still modest; (ii) invests its assets to generate investment earnings above the SDRi with a view to building sizeable additional net reserves by the time borrowers start repaying their RST loans; and (iii) acts as a backstop reserve buffer in extreme tail risk events. Resources are invested in liquid, high-quality assets that allow for possible encashment of the value of the claim on the DA in the event of a BoP need by a contributor.

4. Members' contributions to the RST are facilitated through agreements with the Fund as Trustee of the RST and normally consist of three parts—a borrowing agreement; a reserve contribution agreement; and a deposit agreement (i.e., contribution package).[1] Minimum contributions to the RA and DA are 2 percent and 20 percent, respectively, of a contributor's commitment to the LA under its borrowing agreement. The borrowing and the deposit agreement have a standard maturity date of November 30, 2050 (or 20 years after the end of the agreed loan drawdown period when all LA claims would have been repaid). The RA contribution and DA net investment income will remain in the Trust, although contributors have the option of an early withdrawal after LA and DA maturity.

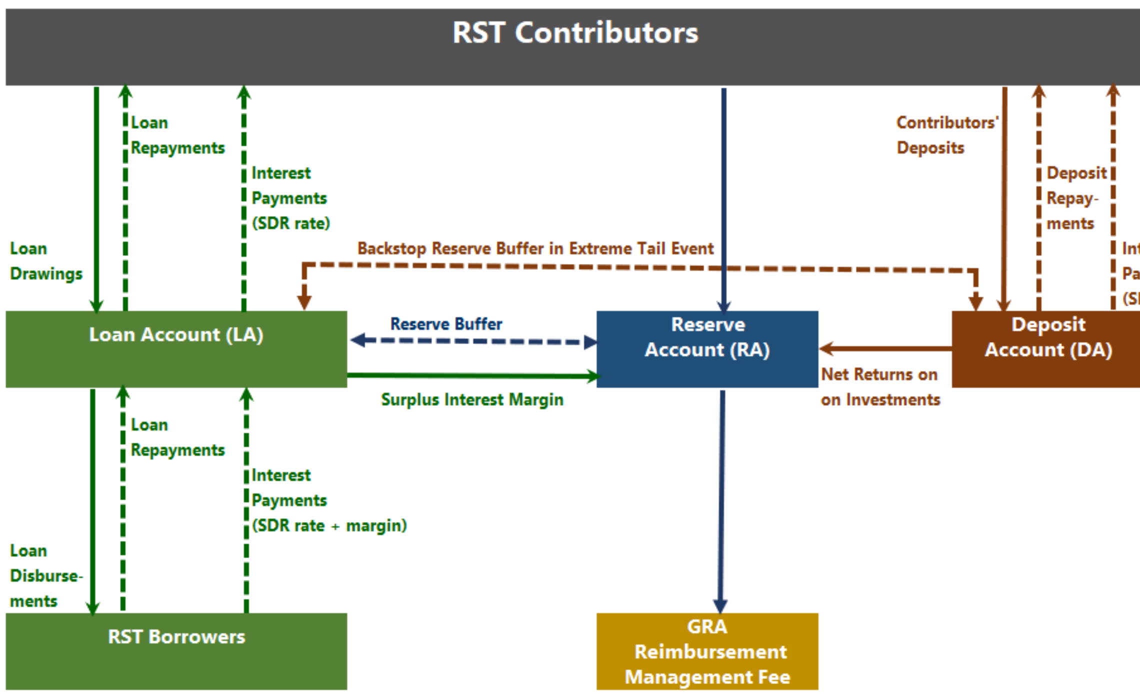
5. The Trustee may also receive standalone contributions. Such a contribution could come from a contributor that is not making a Loan Account contribution but would contribute to either or both of the Reserve Account and Deposit Account. Separate contributions may have a fixed maturity date, no shorter than 10 years, at an investment duration consistent with strengthening Trust reserves without adding additional risks to the Trust.

6. An important feature of the RST are reserve buffers facilitated primarily by its Reserve Account and, in extreme tail risk events, by the Deposit Account. The resources of the Reserve Account (i) provide security to the lenders to the Loan Account in the event of delayed or nonpayment by RST borrowers, (ii) meet temporary mismatches between repayments from borrowers and payments to lenders, (iii) cover IMF's costs of administering RST operations, and (iv) can be potentially used for subsidizing RST lending to group A borrowers in case interest paid by this group is capped significantly below SDRi rate paid to RST lenders. In an extreme tail risk event resources of the Reserve Account can be supplemented by income earned on deposits in the Deposit Account before maturity date of these deposits and, if not sufficient, by principal amount of the deposits. Upon repayment of arrears by borrowers, principal of the deposits would be immediately reinstated, followed by repayments to the Reserve Account.

[1] Standardized/uniform financing terms and conditions, as well as contributors' rights and obligations, are defined in the RST Instrument approved by the Executive Board, and the Managing Director of the Trust signs contribution agreements.

7. The RST reimburses the GRA annually for the expenses of conducting its operations through a management fee. Although the RST is separate from the GRA, it relies on GRA administrative resources to conduct its operations. Therefore, at the end of each financial year the RST reimburses the GRA for the administrative costs incurred. This reimbursement, paid from the resources in the RST's Reserve Account, is an integral part of the Fund's income model adopted in 2008 and is based on the principle that the GRA should not cross-subsidize activities of the Fund administered trusts. The RST management fee for FY 2023 has been waived.

Annex V. Figure 1. RST: Financial Structure and Flow of Funds



8. Contributors' LA and DA claims on the RST maintain all the characteristics of reserve assets, supported by a multilayered risk management framework and the possibility to encash any claims on the LA and DA. The quality and liquidity of claims on the RST is backed by three pillars:

- **Policy safeguards.** RST lending is approved alongside a UCT-quality arrangement under the GRA or the PRGT allowing the RST arrangement to leverage the GRA and PRGT program-lending safeguards and monitoring framework (e.g., program design, debt sustainability analysis, capacity to repay (CtR) assessment, post financing assessments, arrears policy). In addition, RST loans have their own conditionality and additional policy requirements, such as their own access limits, phasing rules, debt sustainability and CtR requirements, and charges and repayment structures.

- **Multilateral context and de facto PCS.** As with the PRGT, the RST benefits from a supportive multilateral context. For instance, risk pooling and mitigation is facilitated by broad member participation on the lending and borrowing side, and RSF-supported policies are expected to catalyze broader donor support on terms that moderate borrowers' credit risk and promote sustained implementation of sound polices. Collaboration on the prevention and clearing of arrears and the agreement on remedial measures for overdue obligations provides credit risk protections for RST and, in turn, its contributors.

- **Financial buffers.** RST's financial architecture is designed to provide strong buffers to safeguard against financial risk and to ensure the high quality and liquidity of contributors' claims on the RST.

9. The investment strategy for the RST is designed to support the purposes of the investment assets in the DA and RA (Annex V Table 1). It aims to maintain high-quality investments and sufficient liquidity to meet potential disbursement requirements, including to ensure the reserve asset status of DA claims. The strategy also aims to minimize the risk of investment losses over a medium-term horizon, which would also be prudent in the event of unexpected needs (e.g., encashment or credit losses). Accordingly, the main component of RST investment assets will be invested in a short duration fixed-income (SDFI) strategy, which is similar to the one for the IMF's own reserves in the Fixed-Income Subaccount (FI) and also for a portion of the PRGT portfolio. The SDFI strategy balances income generation with maintaining reserve asset like properties. Under this strategy, the majority of the investment assets are actively managed in short duration diversified fixed-income instruments in which external asset managers can adjust risk exposure to duration and credit assets according to market conditions. In addition to the SDFI component, a relatively small proportion of RST's investment assets will be set aside in a liquidity component to cover short-term operational cash requirements.

Annex V. Table 1. RST: Investment Strategy[1]

Investment Features	In Short Duration Fixed-Income (SDFI) Component[2]		In Liquidity Component[3]
Objectives/return target	To achieve investment return of 50 basis point above 3-month SDRi over a three- to four-year horizon.		To meet the short-term operational needs of RST.
Horizon	Three to four years.		Up to one year.
Eligible assets	Investment grade fixed-income assets subject to a maximum average duration of 3 years:		BIS deposits and central bank deposits.
	Tranche 1: shorter duration instruments, consisting of assets eligible for Tranche 2 as well as diversified fixed-income assets such as corporate bonds, asset-backed securities, mortgage-backed securities, and subnational government bonds.	Tranche 2: longer duration instruments issued by governments, central banks, national agencies, supranationals and obligations of the BIS (all in SDR or SDR basket currencies)	

Sources: Finance Department.

[1] The investment strategy applies to both Deposit and Reserve Account balances of the RST. For more detail see Guidelines For Investing Trust Assets.

[2] Assets are pooled with the PRGT for investment purposes. The amendment of the PRGT Instrument to allow for the pooling of PRGT assets with other Fund-managed trusts and accounts for investment purposes became effective on July 14, 2022, after following through the Board-approved process for seeking consent from all PRGT subsidy contributors (IMF 2022).

[3] BIS and central bank deposits with a maximum maturity of up to one year and denominated in SDR or currencies included in the SDR basket.

Appendix I. PRGT and Debt Relief Trusts—Statistical Update

Appendix I. Table 1. PRGT Borrowing Agreements

(In millions of SDRs; as of end-February 2023)

	Effective date of agreement	Expiration date for drawings	Currency of drawings	Beneficiary account	Encashment regime	Commitment amount	Status
Australia							
Government of Australia	26-Oct-2020	31-Dec-2029	SDR	GLA	Yes	500.0	Active
Government of Australia	11-Oct-2022	31-Dec-2029	SDR	GLA	Yes	500.0	Active
Belgium							
National Bank of Belgium [1]	02-Jul-1999	31-Dec-2018	USD	PRGF		350.0	Repaid
National Bank of Belgium	12-Nov-2012	31-Dec-2024	EUR	ECF		350.0	Active
National Bank of Belgium [2]	30-Aug-2017	31-Dec-2029	EUR	GLA		350.0	Active
National Bank of Belgium	29-Jul-2020	31-Dec-2029	EUR	GLA		350.0	Active
Brazil							
Banco Central do Brazil	01-Jun-2017	31-Dec-2029	USD	GLA	Yes	500.0	Active
Banco Central do Brazil [3]	27-Aug-2020	31-Dec-2029	USD	GLA	Yes	500.0	Active
Canada							
Government of Canada	22-Feb-1989	31-Dec-1997	USD	PRGF		300.0	Repaid
Government of Canada	09-May-1995	31-Dec-2005	USD	PRGF		400.0	Repaid
Government of Canada	05-Mar-2010	31-Dec-2024	USD	GLA		500.0	Active
Government of Canada	10-Jan-2017	31-Dec-2029	USD	GLA	Yes [20]	500.0	Active
Government of Canada [3]	13-May-2021	31-Dec-2029	USD	GLA	Yes [20]	500.0	Active
Government of Canada	01-Jun-2022	31-Dec-2029	SDR	GLA	Yes	500.0	Active
China							
Government of China [1, 4]	05-Jul-1994	31-Dec-2014	SDR	PRGF	Yes	200.0	Repaid
People's Bank of China	03-Sep-2010	31-Dec-2024	SDR	ECF	Yes	800.0	Active
People's Bank of China	21-Apr-2017	31-Dec-2029	RMB	GLA	Yes	800.0	Active
People's Bank of China	18-Mar-2021	31-Dec-2029	SDR	GLA	Yes	1,000.0	Active
Denmark							
National Bank of Denmark	03-May-2000	31-Dec-2003	USD	PRGF		100.0	Repaid
National Bank of Denmark	28-Jan-2010	31-Dec-2024	EUR	GLA		200.0	Active
National Bank of Denmark [3]	17-Nov-2016	31-Dec-2024	EUR	GLA		300.0	Active
National Bank of Denmark	11-Feb-2021	31-Dec-2029	EUR	GLA		300.0	Active
Egypt							
Central Bank of Egypt [1, 4]	13-Jun-1994	31-Dec-2018	SDR	PRGF		155.6	Repaid
France							
Agence Française de Développement [5, 6]	05-Apr-1988	31-Dec-1997	Basket	PRGF		800.0	Repaid
Agence Française de Développement [5, 6]	03-Jan-1995	31-Dec-2005	Basket	PRGF		750.0	Repaid
Agence Française de Développement [1]	17-Dec-1999	31-Dec-2018	Basket	PRGF		1,350.0	Repaid
Agence Française de Développement [6]	20-Aug-2009	31-Dec-2014	Basket	PRGF		670.0	Active
Bank of France	03-Sep-2010	31-Dec-2018	SDR	ECF	Yes	1,328.0	Active
Bank of France [7]	01-Feb-2018	31-Dec-2029	SDR	GLA	Yes	2,000.0	Active
Bank of France	18-May-2020	31-Dec-2029	SDR/USD	GLA	Yes	2,000.0	Active
Bank of France	02-Dec-2022	31-Dec-2029	SDR	GLA	Yes	1,000.0	Active
Germany							
Kreditanstalt für Wiederaufbau	31-Mar-1989	31-Dec-1997	Basket	PRGF		700.0	Repaid
Kreditanstalt für Wiederaufbau	17-May-1995	31-Dec-2005	Basket	PRGF		700.0	Repaid
Kreditanstalt für Wiederaufbau [1]	19-Jun-2000	31-Dec-2014	Basket	PRGF		1,350.0	Repaid
Government of Germany [8/]	11-Jan-2021	31-Dec-2024	EUR	GLA		2,417.9	Active
Italy							
Bank of Italy [4, 9]	04-Oct-1990	31-Dec-1997	SDR	PRGF		370.0	Repaid
Bank of Italy [4, 9]	29-May-1998	31-Dec-2005	SDR	PRGF		210.0	Repaid
Bank of Italy [1, 4]	01-Mar-2000	31-Dec-2018	SDR	ECF		800.0	Repaid
Bank of Italy	18-Apr-2011	31-Dec-2024	SDR	ECF	Yes	800.0	Active
Bank of Italy [10]	17-Jul-2017	31-Dec-2029	SDR	GLA	Yes	400.0	Active
Bank of Italy	26-Jan-2021	31-Dec-2029	SDR	GLA	Yes	1,000.0	Active
Bank of Italy	03-Mar-2022	31-Dec-2029	SDR	GLA	Yes	1,000.0	Active
Japan							
Japan Bank for International Cooperation [11]	12-Apr-1988	31-Dec-1997	Basket	PRGF		2,200.0	Repaid
Japan Bank for International Cooperation [1, 11]	05-Oct-1994	31-Dec-2018	Basket	PRGF		2,934.8	Repaid
Government of Japan	03-Sep-2010	31-Dec-2029	SDR/MIX	GLA	Yes	1,800.0	Active
Government of Japan [3]	20-Apr-2017	31-Dec-2029	SDR/USD	GLA	Yes	1,800.0	Active
Government of Japan [12]	15-May-2020	31-Dec-2029	SDR/USD	GLA	Yes	3,600.0	Active
Government of Japan [3]	12-Jan-2022	31-Dec-2029	SDR/USD	GLA	Yes	1,000.0	Active
Korea							
Bank of Korea	20-Apr-1989	31-Dec-1997	USD	PRGF		65.0	Repaid
Bank of Korea	20-Jun-1994	31-Dec-2005	USD	PRGF		27.7	Repaid
Bank of Korea	07-Jan-2011	31-Dec-2029	SDR	GLA	Yes	500.0	Active
Bank of Korea [3]	20-Dec-2016	31-Dec-2029	SDR	GLA	Yes	500.0	Active

Appendix I. Table 1. PRGT Borrowing Agreements (concluded)

(In millions of SDRs; as of end-February 2023)

	Effective date of agreement	Expiration date for drawings	Currency of drawings	Beneficiary account	Encashment regime	Commitment amount	Status
Netherlands							
Bank of the Netherlands [1]	29-Sep-1999	31-Dec-2018	USD	PRGF		450.0	Repaid
Bank of the Netherlands	27-Jul-2010	31-Dec-2029	EUR	GLA	Yes [21]	500.0	Active
Bank of the Netherlands [3]	20-Dec-2016	31-Dec-2029	EUR	GLA	Yes	500.0	Active
Bank of the Netherlands	24-Jul-2020	31-Dec-2029	SDR/EUR	GLA	Yes [21]	500.0	Active
Bank of the Netherlands [3]	09-Feb-2023	31-Dec-2029	SDR/EUR	GLA	Yes	500.0	Active
Norway							
Bank of Norway	14-Apr-1988	31-Dec-1997	USD	PRGF		90.0	Repaid
Bank of Norway	16-Jun-1994	31-Dec-2005	USD	PRGF		60.0	Repaid
Government of Norway	25-Jun-2010	31-Dec-2024	USD	RCF/SCF		300.0	Active
Government of Norway	17-Nov-2016	31-Dec-2029	USD	RCF/SCF		300.0	Active
Government of Norway	01-Jul-2020	31-Dec-2029	USD	GLA	Yes	400.0	Active
Government of Norway	19-Dec-2022	31-Dec-2029	USD	GLA	Yes	150.0	Active
OPEC Fund for International Development [13]	20-Dec-1994	31-Dec-2005	USD	PRGF		37.0	Repaid
Saudi Arabia							
Saudi Arabian Monetary Agency	13-May-2011	31-Dec-2029	SDR	GLA	Yes	500.0	Active
Saudi Arabian Monetary Agency	11-Nov-2022	31-Dec-2029	SDR	GLA	Yes	550.0	Active
Spain							
Bank of Spain [14]	20-Jun-1988	30-Jun-1993	USD	PRGF		216.4	Repaid
Government of Spain [6]	08-Feb-1995	31-Dec-2005	USD	PRGF		67.0	Repaid
Bank of Spain [1, 4]	14-Feb-2000	31-Dec-2018	SDR	ECF		125.0	Repaid
Bank of Spain [1, 3, 4]	17-May-2002	31-Dec-2018	SDR	ECF		300.0	Repaid
Bank of Spain	17-Dec-2009	31-Dec-2029	SDR	GLA	Yes	405.0	Active
Bank of Spain	22-Feb-2017	31-Dec-2029	EUR	GLA	Yes	450.0	Active
Bank of Spain [3]	01-Jul-2020	31-Dec-2029	EUR	GLA	Yes	750.0	Active
Bank of Spain [3]	03-Mar-2022	31-Dec-2029	SDR	GLA	Yes	350.0	Active
Sweden							
Sweden	17-Nov-2016	31-Dec-2024	USD	GLA	Yes	500.0	Active
Sweden	24-Jul-2020	31-Dec-2029	USD	GLA	Yes	500.0	Active
Sweden	20-Jan-2023	31-Dec-2029	SDR	GLA	Yes	150.0	Active
Switzerland							
Swiss Confederation [15]	23-Dec-1988	31-Dec-1997	USD	PRGF		200.0	Repaid
Swiss National Bank [1]	22-Jun-1995	31-Dec-2018	USD	PRGF		401.7	Repaid
Swiss National Bank	21-Apr-2011	31-Dec-2024	EUR	GLA		500.0	Active
Swiss National Bank	30-Aug-2017	31-Dec-2024	EUR	GLA		500.0	Active
Swiss National Bank	01-Jan-2021	31-Dec-2029	EUR	GLA		500.0	Active
United Kingdom							
Government of the United Kingdom [16]	03-Sep-2010	31-Dec-2024	SDR	GLA	Yes	15.6	Active
Government of the United Kingdom [17]	30-Nov-2015	31-Dec-2024	SDR	ECF	Yes	1,312.5	Active
Government of the United Kingdom [17, 18]	23-Jan-2017	31-Dec-2029	SDR	GLA	Yes	2,000.0	Active
Government of the United Kingdom [3, 17]	12-May-2020	31-Dec-2029	SDR	GLA	Yes	2,000.0	Active
Subtotal						**60,109.1**	
Associated Agreement - Saudi Fund for Development (SFD) [19]	28-Feb-1989	--	USD	PRGF		49.5	Repaid
Total Loan and Associated Loan Agreements						**60,158.6**	

[1] Including additional loan commitments for interim PRGF operations.
[2] The original agreement for SDR 350 million benefiting ECF became effective on August 30, 2017. The agreement was repurposed for the benefit of GLA on July 29, 2020.
[3] Augmentation of existing agreement.
[4] Drawings in SDRs but remunerated at six-month derived SDR rate (similar to currency agreements at the time).
[5] Before April 17, 1998, known as Caisse Française de Développement.
[6] The agreement carries a concessional rate of 0.5% on all or part of the commitment.
[7] The original agreement for SDR 2 billion and benefitting ECF became effective on February 1, 2018. In the context of Covid-19 pandemic the agreement was repurposed to benefit GLA on May 18, 2020.

[8] The original agreement for EUR 3 billion for drawings and repayments denominated in SDRs at the exchange rate at the time of drawing.
[9] In late 1999, the Bank of Italy replaced the Ufficio Italiano dei Cambi as lender to the PRGF Trust.
[10] The original agreement for SDR 400 million and benefiting ECF became effective on July 17, 2017. The agreement was repurposed for the benefit of GLA on September 11, 2020.

[11] On October 1, 1999, the Export-Import Bank of Japan merged with the Overseas Economic Cooperation Fund and became the Japan Bank for International Cooperation.
[12] In the context of Covid-19 pandemic the 2010 agreement was further augmented by additional SDR 3.6 billion with the first tranche of SDR 1.8 billion becoming effective on May 15, 2020, and the second one on January 12, 2022.
[13] The amount committed was the SDR equivalent of US$50 million.
[14] The original amount committed was SDR 220 million; however, only SDR 216.4 million was drawn and disbursed by the expiration date for drawings.
[15] The entire commitment of SDR 200 million was drawn in January 1989 and remunerated at zero rate; this amount was fully disbursed to borrowers by March 1994.
[16] The agreement has been terminated and the remaining commitment repurposed in November 2015 for the benefit of ECF.
[17] The agreement carries concessional rate of 0.05%.
[18] The original agreement for SDR 2 billion and benefiting ECF became effective on January 23, 2017. In the context of Covid-19 pandemic this agreement was repurposed for the benefit of GLA on May 12, 2020.
[19] On August 26, 1998, the SFD indicated that it did not intend to make further loans in association with the PRGF.
[20] Based on amendments that became effective on June 1, 2022.
[21] Based on amendments that became effective on May 26, 2022.

Appendix I. Table 2. Subsidy Contributions to the PRGT and Debt Relief Trusts

(In millions of SDRs; as of end-December 2022)

	PRGT Subsidy Contributions				
	Total contributions[1]	of which from gold profit distribution[2]	MDRI-II[3]	PRG-HIPC Trust contributions[4]	CCR Trust contributions[5]
Afghanistan	1.3	1.2	-	-	-
Albania	0.5	0.4	-	0.0	-
Algeria	16.7	12.9	-	4.7	-
Andorra	-	-	-	-	-
Angola	2.3	2.1	-	0.0	-
Antigua and Barbuda	0.1	0.1	-	-	-
Argentina	48.1	21.8	11.5	18.0	0.4
Armenia	1.0	0.9	-	0.0	-
Australia	79.7	32.8	3.7	23.7	0.1
Austria	90.8	21.7	-	28.7	-
Bahamas, The	1.0	1.0	-	-	-
Bahrain	-	-	-	-	-
Bangladesh	6.5	5.5	0.2	1.4	0.0
Barbados	0.5	0.5	-	0.3	-
Belarus	4.2	4.0	-	-	-
Belgium	104.9	35.6	39.5	39.4	1.4
Belize	0.2	0.2	-	0.3	-
Benin	0.7	0.6	-	-	-
Bhutan	0.1	0.1	-	-	-
Bolivia	-	-	-	-	-
Bosnia	1.9	1.7	-	-	-
Botswana	2.0	0.8	0.6	2.7	0.0
Brazil	-	-	-	11.8	-
Brunei	2.4	2.2	-	0.4	-
Bulgaria	6.5	5.9	-	1.3	1.9
Burkina Faso	0.7	0.6	-	-	-
Burundi	0.8	0.8	-	0.0	-
Cambodia	1.0	0.9	-	0.1	-
Cameroon	2.1	1.9	-	0.4	-
Canada	308.0	65.5	84.8	51.9	3.0
Cape Verde	0.0	0.0	-	-	-
Central African Rep.	0.2	0.2	-	0.1	-
Chad	0.7	0.7	-	-	-
Chile	2.3	-	1.3	2.4	0.0
China	127.6	98.0	4.2	26.2	5.7
Colombia	-	-	-	0.4	-
Comoros	0.1	0.1	-	-	-
Congo, Dem.Rep.of	6.0	5.5	-	2.9	-
Congo, Rep.of	0.7	0.6	-	-	-
Costa Rica	-	-	-	-	-
Cote d'Ivoire	3.6	3.3	-	1.3	-
Croatia	2.0	1.9	-	0.9	-
Cyprus	1.8	1.6	-	0.8	-
Czech Republic	23.0	10.3	-	4.4	-
Denmark	65.9	19.4	23.6	18.9	0.8
Djibouti	0.2	0.2	-	-	-
Dominica	0.1	0.1	-	0.0	-
Dominican Republic	-	-	-	-	-
Egypt	18.1	9.7	4.3	1.7	0.2
Estonia	1.1	1.0	-	0.5	-
Eswatini	-	-	-	0.0	-
Ethiopia	1.5	1.4	-	-	-
Fiji	0.8	0.7	-	0.1	0.0
Finland	40.3	13.0	15.1	8.6	0.7
France	383.0	110.5	116.4	146.6	37.5
Gabon	1.7	1.6	-	1.0	-
Gambia, The	0.3	0.3	-	0.0	-
Georgia	1.7	1.5	-	-	-
Germany	303.7	149.9	66.1	144.7	90.6
Ghana	1.2	1.1	-	1.3	-
Greece	35.4	11.3	13.3	5.3	8.2
Grenada	-	-	-	-	-
Guinea	1.2	1.1	-	0.1	-
Guinea-Bissau	0.2	0.1	-	-	-

Appendix I. Table 2. Subsidy Contributions to the PRGT and Debt Relief Trusts (continued)

(In millions of SDRs; as of end-December 2022)

	PRGT Subsidy Contributions				
	Total contributions[1]	of which from gold profit distribution[2]	MDRI-II [3]	PRG-HIPC Trust contributions [4]	CCR Trust contributions [5]
Haiti	0.9	0.8	-	-	-
Honduras	1.5	1.3	-	-	-
Hungary	-	-	-	9.7	-
Iceland	4.1	1.2	1.5	0.8	0.1
India	77.0	59.9	-	22.7	-
Indonesia	5.0	0.8	2.1	10.4	0.5
Iran, Islamic Republic of	17.6	15.4	0.6	1.2	-
Iraq	3.8	3.5	-	-	-
Ireland	19.4	13.0	2.4	6.3	0.1
Israel	-	-	-	2.2	-
Italy	268.5	81.1	84.4	72.2	3.0
Jamaica	3.1	2.8	-	3.7	-
Japan	737.9	148.6	253.4	164.3	123.3
Jordan	1.9	1.8	-	-	-
Kazakhstan	-	-	-	0.7	-
Kenya	3.0	2.8	-	0.6	-
Korea	87.5	34.7	21.0	18.2	0.7
Kosovo	0.5	0.4	-	-	-
Kuwait	18.4	14.2	-	5.0	-
Kyrgyz Republic	1.0	0.9	-	-	-
Lao P.D.R.	0.6	0.5	-	0.0	-
Latvia	1.6	1.5	-	1.0	-
Lebanon	-	-	-	-	-
Lesotho	0.3	0.3	-	0.0	-
Liberia	0.4	0.4	-	1.5	-
Libya	-	-	-	6.5	-
Lithuania	4.0	1.9	-	0.7	-
Luxembourg	17.9	4.3	-	2.0	1.7
Macedonia, FYR	0.8	0.7	-	0.1	-
Madagascar	-	-	-	0.2	-
Malawi	0.8	0.7	-	0.2	-
Malaysia	39.4	18.3	11.2	10.3	0.4
Maldives	0.1	0.1	-	-	-
Mali	1.0	1.0	-	-	-
Malta	2.2	1.0	0.5	1.1	0.6
Mauritania	0.7	0.7	-	0.1	-
Mauritius	1.1	1.0	-	0.2	-
Mexico	40.3	37.3	-	49.2	4.7
Micronesia	0.0	0.0	-	0.0	-
Moldova	1.4	1.3	-	-	-
Mongolia	0.6	0.5	-	0.0	-
Montenegro	0.2	0.1	-	-	-
Morocco	12.8	6.1	3.2	2.7	0.1
Mozambique	1.3	1.2	-	-	-
Myanmar	2.9	2.7	-	-	-
Namibia	1.5	1.4	-	0.0	-
Nepal	0.8	0.7	-	0.1	-
Netherlands	221.3	53.1	-	77.2	20.9
New Zealand	10.0	9.2	-	2.8	-
Nicaragua	1.4	1.3	-	0.0	-
Niger	0.7	0.7	-	-	-
Nigeria	19.7	18.0	-	7.0	-
Norway	74.1	19.4	15.7	20.5	15.1
Oman	5.5	2.4	-	0.5	-
Pakistan	13.8	10.6	0.3	6.9	0.0
Panama	2.3	2.1	-	-	-
Papua New Guinea	0.4	0.4	-	0.3	-
Paraguay	1.1	1.0	-	0.0	-
Peru	0.5	-	-	1.2	-
Philippines	5.3	3.0	-	6.6	1.5
Poland	-	-	-	12.6	-
Portugal	14.1	10.6	1.4	7.6	1.5

Appendix I. Table 2. Subsidy Contributions to the PRGT and Debt Relief Trusts (concluded)

(In millions of SDRs; as of end-December 2022)

	PRGT Subsidy Contributions				
	Total contributions[1]	of which from gold profit distribution[2]	MDRI-II [3]	PRG-HIPC Trust contributions [4]	CCR Trust contributions [5]
Qatar	1.6	0.9	-	0.4	-
Romania	8.2	7.6	-	1.2	-
Russia	108.4	61.2	-	37.7	-
Rwanda	0.9	0.8	-	-	-
Samoa	0.1	0.1	-	0.0	-
San Marino	0.2	0.1	-	0.0	-
Sao Tome	0.1	0.1	-	-	-
Saudi Arabia	113.2	71.9	5.5	34.3	0.2
Senegal	1.8	1.7	-	0.0	-
Serbia, Republic of	5.2	4.8	-	-	-
Seychelles	0.1	0.1	-	-	-
Sierra Leone	1.2	1.1	-	-	-
Singapore	26.7	14.5	6.5	10.9	12.6
Slovakia	7.4	4.0	-	8.6	-
Slovenia	1.5	1.4	-	0.8	-
Solomon Islands	0.1	0.1	-	-	-
South Africa	20.7	19.3	-	24.3	-
Spain	76.7	41.4	3.1	28.6	20.8
Sri Lanka	4.6	4.3	-	1.6	-
St. Lucia	0.1	0.1	-	0.0	-
St. Vincent and the Grenadines	-	-	-	0.1	-
Sweden	158.8	24.6	65.0	19.7	4.8
Switzerland	118.4	37.2	38.5	44.5	20.9
Tajikistan	1.0	0.9	-	-	-
Tanzania	2.2	2.0	-	-	-
Thailand	31.2	14.8	4.4	13.2	0.3
Timor-Leste	0.1	0.1	-	-	-
Togo	0.8	0.8	-	0.1	-
Tonga	0.1	0.1	-	0.0	0.0
Trinidad and Tobago	1.3	1.0	-	1.3	-
Tunisia	3.8	2.9	0.4	0.9	0.0
Turkey	28.3	15.0	-	-	0.8
Turkmenistan	0.8	0.8	-	-	-
Tuvalu	0.0	0.0	-	-	-
Uganda	2.0	1.9	-	-	-
Ukraine	15.4	14.1	-	1.8	-
United Arab Emirates	8.4	7.7	-	2.3	-
United Kingdom	560.0	111.0	155.4	87.3	171.9
United States	628.2	433.4	58.3	349.7	2.1
Uruguay	4.5	3.2	0.5	2.9	0.0
Uzbekistan	-	-	-	-	-
Vanuatu	0.1	0.1	-	-	-
Venezuela	-	-	-	-	-
Vietnam	5.2	4.7	-	0.6	0.0
Yemen	2.0	1.8	-	0.3	-
Zambia	5.5	5.0	-	2.4	-
Zimbabwe	4.0	3.6	-	-	-
Memorandum item					
SDA Disbursements	1,376.6	n/a	n/a	1,268.7	117.3
EU Commission	77.7	n/a	n/a	n/a	152.0
Total	6,878.0	2,188.2	1,120.0	3,035.1	828.3

[1] Actual contributions (i.e. grants, investment returns and implicit contributions) made to the PRGT and its predecessors under all fundraising efforts since 1987, including income earned on outstanding balances of the Trust and contributors' temporary resources, and net of member contributions transferred to the MDRI-II Trust in January 2006 (reported separately as contributions to the MDRI-II).

[2] Member shares in both distributions already provided to the Trust, including interest earned on the balances of the Interim Administered Account, if applicable (on cash basis). For Indonesia, income earned on augmented principal of BIS deposit starting from April 2019.

[3] One-time transfer in January 2006 of members' earlier contributions to the PRGF-ESF Trust Subsidy Account. Upon termination of the MDRI-II Trust on August 1, 2015, all but one contributors agreed to transfer their remaining balances to the CCRT Trust (SDR 38.86 million in total).

[4] Total contributions to all PRG-HIPC Trust Subaccounts, including from distribution of the SCA-2 account, contributions in lieu of distributions related to debt relief to Liberia, Somalia, and Sudan, transfers from Liberia Administered Account at completion point of Liberia debt relief in March 2011, and interest earned on outstanding balances. Note that contributions to Somalia and Sudan debt relief currently held in the respective Administered Accounts are not included.

[5] Includes resources received from contributors to the MDRI-II Trust (SDR 38.86 million in total) upon its termination in August 2015, new grant contributions, income earned on the Trust's balances and on contributors' deposits.

Appendix I. Table 3. PRGT— Fundraising Targets for New Subsidy Resources

(In SDR millions unless otherwise noted)

Country	Quota shares		Proposed new contributions based on SDR 2.3 billion target and quota share[2]
	Share in total member quota	Share in the group[1]	
FTP members	**83.0%**	**94.4%**	**2,172**
G-7	**43.5%**	**49.5%**	**1,138**
Canada	2.3%	2.6%	61
France	4.2%	4.8%	111
Germany	5.6%	6.4%	146
Italy	3.2%	3.6%	83
Japan	6.5%	7.4%	169
United Kingdom	4.2%	4.8%	111
United States	17.4%	19.8%	456
Other advanced	**16.1%**	**18.3%**	**421**
Australia	1.4%	1.6%	36
Austria	0.8%	0.9%	22
Belgium	1.3%	1.5%	35
Czech Republic	0.5%	0.5%	12
Denmark	0.7%	0.8%	19
Estonia, Republic of	0.1%	0.1%	1
Finland	0.5%	0.6%	13
Israel	0.4%	0.5%	11
Korea	1.8%	2.1%	47
Lithuania, Republic of	0.1%	0.1%	2
Luxembourg	0.3%	0.3%	7
Malta	0.0%	0.0%	1
Netherlands	1.8%	2.1%	48
New Zealand	0.3%	0.3%	7
Norway	0.8%	0.9%	21
Singapore	0.8%	0.9%	21
Slovak Republic	0.2%	0.2%	6
Slovenia, Republic of	0.1%	0.1%	3
Spain	2.0%	2.3%	52
Sweden	0.9%	1.1%	24
Switzerland	1.2%	1.4%	32

Appendix I. Table 3. PRGT— Fundraising Targets for New Subsidy Resources (concluded)
(In SDR millions unless otherwise noted)

Country	Quota shares		Proposed new contributions based on SDR 2.3 billion target and quota share[2]
	Share in total member quota	Share in the group[1]	
Other FTP members	**23.4%**	**26.7%**	**613**
Algeria	0.4%	0.5%	11
Botswana	0.0%	0.0%	1
Brazil	2.3%	2.6%	61
Brunei Darussalam	0.1%	0.1%	2
Chile	0.4%	0.4%	10
China	6.4%	7.3%	168
India	2.8%	3.1%	72
Kuwait	0.4%	0.5%	11
Malaysia	0.8%	0.9%	20
Mauritius	0.0%	0.0%	1
Mexico	1.9%	2.1%	49
Oman	0.1%	0.1%	3
Peru	0.3%	0.3%	7
Philippines	0.4%	0.5%	11
Poland, Republic of	0.9%	1.0%	23
Qatar	0.2%	0.2%	4
Russian Federation	2.7%	3.1%	71
Saudi Arabia	2.1%	2.4%	55
Thailand	0.7%	0.8%	18
Trinidad and Tobago	0.1%	0.1%	3
United Arab Emirates	0.5%	0.6%	13
Uruguay	0.1%	0.1%	2
Non-FTP members	**4.9%**	**5.6%**	**128**
Advanced economies	**1.8%**	**2.1%**	**47**
Cyprus	0.1%	0.1%	2
Greece	0.5%	0.6%	13
Ireland	0.7%	0.8%	19
Latvia, Republic of	0.1%	0.1%	2
Portugal	0.4%	0.5%	11
Other non-FTP members[3]	**3.1%**	**3.5%**	**81**
Bulgaria	0.2%	0.2%	5
Croatia, Republic of	0.2%	0.2%	4
Hungary	0.4%	0.5%	11
Indonesia	1.0%	1.1%	26
Romania	0.4%	0.4%	10
Turkey	1.0%	1.1%	26
Total	**87.9%**	**100.0%**	**2,300**

[1] Calculated as a percent of the total quota of the 61 countries listed.
[2] All contributions are voluntary. Indicative contributions are calculated based on quota shares of 61 economically stronger member countries, including those participating in the Financial Transaction Plan (FTP) and G-20 and European Union members that have not used Fund resources for BoP needs over the last 3 years. SDR 2.3 billion was calculated in NPV terms as of 2020.
[3] Includes G-20 and European Union members that have not used Fund resources for BoP needs.

Appendix I. Table 4. PRGT—Deposit and Investment Agreements [1]

(In millions of SDRs; as of end-January 2023)

	Effective date of agreement	Vehicle [2]	Deposit/Investment Amount: Agreed	Deposit/Investment Amount: Outstanding	Interest Rate (percent)	Maturity (years/date)
Australia						
Government of Australia	Oct. 11, 2022	Pooled with PRGT Assets	1,000.0	1,000.0	SDRi	9/30/2032
Austria						
Austrian National Bank	Jun. 8, 1988	Admin. Account	60.0	-	0.5	5½–10
Austrian National Bank	Apr. 19, 1994	Admin. Account	50.0	-	0.5	5½–10
Belgium						
National Bank of Belgium	Jun. 30, 1989	Admin. Account	100.0	-	0.5	10
National Bank of Belgium	Apr. 21, 1994	Admin. Account	80.0	-	0.5	10
Botswana						
Bank of Botswana [4, 5]	Jun. 30, 1994	Admin. Account	6.9	-	2.0	10
Bank of Botswana [6, 7]	Aug. 22, 2012	Deposit in BIS Obligations	1.5	1.5	0.1	8/30/2027 [3]
Chile						
Banco Central de Chile	Aug. 24, 1994	Admin. Account	15.0	-	0.5	5
China						
People's Bank of China [6, 8]	Aug. 23, 2011	Pooled with PRGT Assets	100.0	100.0	0.1	6¼ plus [3, 8]
People's Bank of China	Oct. 7, 2022	Deposit in DIA	400.0	400.0	0.05	9/30/2042
Greece						
Bank of Greece	Nov. 30, 1988	Admin. Account	35.0	-	0.5	5½–10 [3]
Bank of Greece	Apr. 22, 1994	Admin. Account	35.0	-	0.5	5½–10
Indonesia						
Bank Indonesia [9]	Jun. 23, 1994	Admin. Account	25.0	-	-	10 [3]
Bank Indonesia [10]	Jun. 30, 2014	Deposit in BIS Obligations	25.0	-	Variable [7]	1/3 [3]
Bank Indonesia [11]	Oct. 27, 2014	Deposit in BIS Obligations	25.0	-	Variable [8]	4/9/2019 [3]
Bank Indonesia [11]	Apr. 9, 2019	Deposit in BIS Obligations	35.9	35.9	Variable [8]	12/31/2023
Iran, Islamic Republic of						
Central Bank of Iran	May 24, 1994	Admin. Account	5.0	-	0.5	10
Malaysia						
Bank Negara Malaysia	May 17, 1988	Subsidy Account Investments	40.0	-	0.5	10 [3]
Bank Negara Malaysia [5]	Jun. 30, 1994	Subsidy Account Investments	40.0	-	2.0	10
Bank Negara Malaysia	Jan. 1, 2019	Deposit in BIS Obligations	7.4	7.4	-	1/12/2029
Malta						
Central Bank of Malta	Dec. 13, 1989	Subsidy Account Investments	1.4	-	0.5	13
Central Bank of Malta	May 27, 1994	Subsidy Account Investments	1.4	-	0.5	13
Morocco						
Bank Al-Maghrib [12]	Mar. 22, 2012	Pooled with PRGT Assets	7.8	-	--	1/22/2023 [3]
Bank Al-Maghrib	Jan. 20, 2023	Deposit in DIA	7.8	7.8	SDRi	1/23/2028 [3]
Pakistan						
State Bank of Pakistan [13]	Apr. 21, 1994	Subsidy Account Investments	10.0	-	0.5	16
Peru						
Banco Central de Reserva del Peru [6, 14]	Jan. 29, 2010	Deposit in BIS Obligations	6.1	6.1	0.1	1/29/2024 [3]
Portugal						
Banco do Portugal	May 5, 1994	Admin. Account	13.1	-	0.5	6–10
Saudi Arabia						
The Saudi Fund for Development [15]	Apr. 11, 2006	Deposit in BIS Obligations	115.9	115.9	0.5 or less	3/31/2023
Kingdom of Saudi Arabia [16]	Jan 1. 2019	Deposit in BIS Obligations	16.7	-	-	12/31/2021
Singapore						
Monetary Authority of Singapore	Nov. 4, 1988	Subsidy Account Investments	40.0	-	2.0	10 [3]
Monetary Authority of Singapore [5]	May 20, 1994	Subsidy Account Investments	40.0	-	2.0	10
Spain						
Government of Spain [17]	Feb. 8, 1995	Subsidy Account Investments	60.3	-	0.5	10

Appendix I. Table 4. PRGT—Deposit and Investment Agreements [1] (concluded)

(In millions of SDRs; as of end-January 2023)

	Effective date of agreement	Vehicle [2]	Deposit/Investment Amount Agreed	Deposit/Investment Amount Outstanding	Interest Rate (percent)	Maturity (years)	
Thailand							
Bank of Thailand	Jun. 14, 1988	Subsidy Account Investments	20.0	-	2.0	10	18
Bank of Thailand	Apr. 22, 1994	Subsidy Account Investments	40.0	-	2.0	10	18
Trinidad and Tobago							
Government of Trinidad and Tobago	Dec. 7, 2006	Subsidy Account Investments	3.0	-	1.0	10	
Tunisia							
Banque Centrale de Tunisie [19]	May 4, 1994	Subsidy Account Investments	3.6	-	0.5	10	
Banque Centrale de Tunisie	May 26, 2021	Deposit in BIS Obligations	2.4	2.4		3/20/2031	3
Uruguay							
Banco Central del Uruguay [20]	Jul. 7, 1994	Subsidy Account Investments	7.2	-	--	10	
Banco Central del Uruguay [6]	Mar. 11, 2010	Pooled with PRGT Assets	2.0	2.0	--	6/30/2031	3
Total			2,485.3	1,679.0			
Memorandum items:							
Members' temporary resources invested for the benefit of the PRGT							
- pooled with PRGT Assets				1,102.0			
- deposits in DIA				407.8			
- deposits in BIS obligations				169.2			

Source: Finance Department.

[1] Agreements to provide subsidy contributions to the PRGT in the form of income earned on the deposit/investment in the Trust, net of interest paid to the contributor on the principal of the deposit/investment, if any. These do not include subsidies provided to the Trust as direct grants.

[2] Starting from July 2017 contributors have an option to invest in Trust assets ("pooled investment") or separately in BIS obligations. Prior to this change all investments were part of other invested assets unless they were held separately in a dedicated Administered Account. Subsequently in July 2021, the Deposit and Investment Account (DIA) was established to centralize contributors' investments in higher yielding assets while still preserving their reserve asset status.

[3] Extended or repurposed from other initiative upon maturity.

[4] Equivalent of US$10 million (at the exchange rate of June 29, 1994).

[5] The Fund made early repayments to Botswana, Malaysia, and Singapore on March 1, 2004.

[6] No interest is paid if net investment earnings are lower than 0.1 percent per annum.

[7] In August 2017, the agreement was temporarily extended to August 30, 2022, and then in April 2018 renewed until August 30, 2023 when it was further extended to August 30, 2027. The deposit is invested with the BIS obligations, separately from the Trust's assets.

[8] In November 2017, the agreement was extended until pledged contribution of SDR 17.5 million in 2008 NPV terms is generated from the investment.

[9] Interest rate paid was equivalent to return obtained on the investment (net of costs) less 2 percent per annum. If net return was less than 2 percent per annum, the deposit bore zero interest. The investment was extended in 2004 for another 10 years to benefit the HIPC Trust and then, upon maturity, repurposes for the PRGT.

[10] This was a temporary deposit agreement, which matured on October 27, 2014, when a new deposit agreement was finalized. The PRGT General Subsidy Account had benefited from the investment income of up to 2 percent while any excess of the 2 percent investment income had to be for the benefit of Bank Indonesia.

[11] The deposit became effective on October 27, 2014 (replacing June 2014 temporary agreement) with maturity of December 31, 2018 which was temporarily extended to June 30, 2019. On April 9, 2019 the extended agreement was replaced by a new one, with augmented principal, to benefit the PRGT in lieu of Indonesia's pledge to contribute its shares in both gold profits distributions to the PRGT. The investment income of up to 2 percent shall be transferred for the benefit of the PRGT General Subsidy Account and any excess above the 2 percent shall benefit Bank Indonesia. The principal of the deposit is invested separately from other Trust's assets in BIS obligations.

[12] In March 2017, Morocco extended its investment agreement by additional six months, then by additional five years to September 22, 2022 and ultimately to January 22, 2023 when it was reinvested in the DIA under a new agreement.

[13] Several deposits totaling SDR 10 million, which were all repaid in March 2010, sixteen years after the effective date of the first deposit.

[14] In January 2017, Peru extended its investment agreement by additional seven years, until January 29, 2024.

[15] The principal includes (i) a new investment of SDR 38.2 million and (ii) a rollover of two investments of SDR 49.8 million and SDR 27.9 million from the PRG-HIPC Trust upon their maturities in 2011–14. Based on a revised agreement, starting from July 2018 the investment is placed in BIS obligations and earns 0.5 percent or BIS rate, whichever is lower. The maturity date of the agreement was extended from end-2021 to end-March 2023 through several short term extensions.

[16] Based on a revised agreement (see above), the investment is placed in BIS obligations and earns zero rate. Upon maturity on 12/31/2021 the principal was transferred as grant to the PRGT in line with the 2012 pledge and corresponding agreement.

[17] The investment was made from repayments of each of the first nine (out of ten) semi-annual drawings of SDR 67 million loan from the Government of Spain (the Instituto de Crédito Oficial) to the PRGT. The agreement expired in November 2012.

[18] Deposit encashed/repaid before maturity in January 1998 due to BOP problems.

[19] Equivalent of US$5 million (at the exchange rate of May 11, 1994).

[20] Interest rate paid was equivalent to return obtained on the investment (net of costs) less 2.6 percent per annum. No interest paid if net return was 2.6 percent per annum or less.

Appendix I. Table 5. PRG-HIPC Trust—Bilateral Deposit/Investment Agreements

(In SDRs; as of end-January 2023)

Contributor	Type of agreement	Effective date of agreement	Amount	Amount outstanding	Interest rate (per annum)	Term/date of maturity [1]
Algeria	Pooled Investment	03/27/01	7,600,000	7,600,000	0%	12/31/25 [2]
Argentina	Deposit Agreement	05/04/01	15,628,059	-	0%	05/04/20
Botswana	Investment Agreement	04/25/97	14,607,060	-	2%	04/30/02 [3]
Botswana	Investment Agreement	08/09/02	15,065,760	-	1%, variable [4]	5 years
Botswana	Investment Agreement	05/09/08	6,142,590	-	1%, variable [4]	5 years
Brunei Darussalam	Pooled Investment	10/24/01	52,351	52,351	0%	01/12/28 [5]
Chile	Deposit Agreement	10/01/99	15,000,000	-	0.5%	5 years
Colombia	Deposit Agreement	09/21/01	1,181,774	-	0%	12/31/18
Croatia	Deposit Agreement	04/09/01	519,161	-	0%	12/31/18
Croatia	Deposit in BIS Obligations	01/01/19	519,161	519,161	0%	12/31/23
Czech Republic	Deposit Agreement	02/22/00	5,664,038	-	0%	02/24/20
Czech Republic	Deposit in BIS Obligations	02/24/20	5,664,038	5,664,038	0%	02/22/30
Egypt	Deposit Agreement	06/16/00	1,723,680	-	0%	06/30/19 [6]
Egypt	Deposit in BIS Obligations	06/30/19	1,723,680	1,723,680	0%	01/12/29 [6]
Fiji	Deposit Agreement	08/28/03	194,021	-	0%	12/31/18 [3]
Finland	Deposit Agreement	02/22/01	5,811,869	-	0%	12/31/18 [3]
Germany	Deposit in BIS [7/]	01/31/00	220,656,300 [7]	-	0%	10 years
Ghana	Deposit Agreement	05/10/00	982,328	-	0.5%	10 years
Greece	Deposit Agreement	02/22/01	5,440,000	-	0%	10 years
Hungary	Deposit Agreement	12/08/00	9,237,105	-	0%	06/09/20 [8]
India	Deposit Agreement	03/31/00	31,370,304	-	0%	12/31/18
Indonesia	Deposit Agreement	07/18/00	4,850,030	-	0%	04/09/19 [9]
Indonesia	Deposit in BIS Obligations	04/09/19	10,296,317	10,296,317	0%	12/31/23 [9]
Indonesia	The Instrument for the Administered Account Indonesia	06/30/04	25,000,000	-	Variable [10]	June, 2014 [3]
Iran, Islamic Republic of	Investment Agreement	05/30/97	5,000,000 [11]	-	0.5%	10 years
Kuwait	Pooled Investment	07/25/00	4,196,595	4,196,595	0%	01/12/24 [5]
Libya	Deposit Agreement	10/08/02	9,950,370	-	0%	12/31/19
Malaysia	Investment Agreement	06/26/98	20,000,000	-	0.5%, variable [12]	10 years
Malaysia	Deposit Agreement	05/29/01	7,368,106	-	0%	12/31/18 [3]
Morocco	Pooled Investment	06/22/00	2,186,968	2,186,968	0%	12/25/25 [13]
Oman	Pooled Investment	07/05/01	1,057,041	1,057,041	0%	01/12/24 [5]

Appendix I. Table 5. PRG-HIPC Trust—Bilateral Deposit/Investment Agreements (concluded)

(In SDRs; as of end-January 2023)

Contributor	Type of agreement	Effective date of agreement	Amount	Amount outstanding	Interest rate (per annum)	Term/date of maturity [1]
Pakistan	Deposit Agreement	6/22/2000	4,659,307	-	0%	6/22/2020 [14]
Pakistan	Deposit in BIS Obligations	6/22/2020	4,659,307	4,659,307	0%	6/21/2030 [14]
Paraguay	Deposit Agreement	12/18/2001	310,097	-	1%	5 years
Peru	Deposit Agreement	1/28/2000	6,143,881	-	1.5%	10 years [3]
Poland	Deposit Agreement	6/12/2000	7,073,780	-	0%	6/12/2020 [15]
Poland	Deposit in BIS Obligations	6/12/2020	7,073,780	7,073,780	0%	6/12/2030 [15]
Qatar	Deposit Agreement	5/25/2000	749,713	-	0%	12/31/2021 [16]
Saudi Arabia	Memorandum of Understanding	3/16/2001	27,850,000 [17]	-	0.5%	10 years [3]
Saudi Arabia	Memorandum of Understanding	3/16/2001	49,820,000	-	0.5%	10 years [3]
Saudi Arabia	Memorandum of Understanding	3/16/2001	16,709,643	-	0%	12/31/2018 [3]
Singapore	Investment Agreement	11/20/1998	40,000,000	-	0.5%, variable [18]	10 years
Singapore	Deposit Agreements	4/24/2001	4,045,647	-	0%	12/31/2018
Sri Lanka	Pooled Investment	4/24/2000	788,783	788,783	0%	1/12/2024 [5]
St. Lucia	Deposit Agreement	8/23/2000	100,000	-	0.5%	10 years
Sweden	Deposit Agreement	11/1/2001	18,600,000	-	0%	12/31/2018
Thailand	Investment Agreement	3/14/2001	6,128,354	-	0%	12/31/2018 [3]
Tonga	Deposit Agreement	8/28/2003	25,898	-	0%	12/31/2018 [3]
Tunisia	Deposit Agreement	3/20/2001	2,361,605	-	0.5%	3/20/2021
United Arab Emirates	Pooled Investment	7/24/2001	5,141,462	5,141,462	0%	1/12/2024 [5]
Uruguay	Deposit Agreement	3/13/2002	7,940,000	-	Variable [19]	10 years
Vietnam	Deposit Agreement	5/24/2000	522,962	-	0%	12/31/2018 [3]

Source: Finance Department.

[1] Some agreements specified the maturity date and others a term (e.g., a "10 years" term indicates that the deposit is due in 10 years from the effective date of the agreement).

[2] Original maturity of March 27, 2021 was extended via SWIFT to December 31, 2025.

[3] Repurposed upon maturity for the benefit of another concessional initiative (PRGT or CCRT).

[4] Original interest rate was 2% per annum; in August 2004, the rate was amended to 1% per annum, but could have been reverted to 2% per annum if the return on investment reached 3% per annum.

[5] Original deposit agreement maturing on December 31, 2018 was extended as a pooled investment.

[6] Original deposit agreement maturing on December 31, 2018 was temporarily extended to June 30, 2019 and then converted to deposit in BIS obligations with ten years of maturity.

[7] The agreed amount was Euro 300 million and the deposit was denominated in Euro over its lifetime; it was invested as EUR fixed-term deposit directly with the BIS.

[8] Original deposit agreement maturing on December 9, 2018 was temporarily extended to December 9, 2019 and then to June 9, 2020 when it was repaid.

[9] Original deposit agreement maturing on December 31, 2018 was temporarily extended to June 30, 2019. It was replaced by a new agreement on April 9, 2019 extending the deposit to end-2023 and augmenting its principal by one quarter of Indonesia's shares in both gold profits distributions.

[10] 2% per annum of the net investment earnings (or any lesser amount if the returns on investments was below 2%) was to be transferred to the PRG-HIPC Trust and the remainder to the depositor. Upon maturity of the deposit in June 2014, the Indonesian authorities agreed to put the SDR 25 million principal in a temporary deposit until October 2014 when it was reinvested for the benefit the PRGT.

[11] Five annual installments of 10 year maturity, each equivalent to SDR 1 million.

[12] Two installments (received in June 1998 and August 1999) with maturity date of 10 years each. Original interest rate of 2% per annum was amended in June 2004 to 0.5% per annum, with an option to be reverted to 2% per annum if the return on investment reached 2% per annum.

[13] Original maturity of June 22, 2020 was extended to December 25, 2025 as pooled investment.

[14] Original maturity of June 22, 2020 was extended to June 21, 2030 as BIS deposit.

[15] Original deposit agreement maturing on June 12, 2020 was converted to deposit in BIS obligations maturing June 12, 2030.

[16] Original deposit agreement maturing on December 31, 2018 was extended several times by additional 6 months before being repaid on December 31, 2021.

[17] The investment consisted of 14 installments, each of 10 year maturity, with the first one received on March 27, 2001 and the last one on September 27, 2004. The installments originated from repayments of the outstanding amounts of associated loans made by the SFD to PRGF borrowers and the date of each installment corresponded to the date of repayment of the loans. Upon maturity, each subsequent installment has been reinvested to benefit the PRGT.

[18] Four annual installments of SDR 10 million each (received in November 1998, August 1999, August 2000, and August 2001, respectively) and 10 year maturity. Original interest rate of 2% per annum was amended in August 2004 to 0.5% per annum, with an option to revert to 2% per annum if the return on investment reached 2% per annum.

[19] Interest rate obtained by the Trust minus 2.6% per annum; if the interest rate was 2.6% per annum or less, no interest was paid to the depositor.

Appendix I. Table 6. Pending Subsidy Contributions to PRG and PRG-HIPC Trusts [1]

(In millions of SDRs unless otherwise noted; as of end-February 2023)

Country	Contribution pledged	Of which: Amount received	Of which: Amount pending
Under the HIPC Initiative fundraising round ("as needed" estimate)			
Bahrain	0.90	-	0.90
Dominican Republic	0.50	-	0.50
Gabon	2.50	0.60	1.90
Grenada	0.10	-	0.10
Lebanon	0.40	-	0.40
Maldives	0.01	-	0.01
Trinidad & Tobago	1.62	-	1.62
Venezuela	20.35	-	20.35
Subtotal	**26.38**	**0.60**	**25.78**
Under the debt relief to Liberia (in 2008 NPV terms)			
Brazil	16.90	-	16.90
Burkina Faso	0.06	-	0.06
Chad	0.05	-	0.05
Guinea-Bissau	0.01	-	0.01
Mali	0.19	-	0.19
Rwanda	0.07	-	0.07
Sierra Leone	0.38	-	0.38
Subtotal	**17.66**	**0.00**	**17.66**
Under the ESF fundraising round (in 2005 NPV terms)			
France	20.00	7.64	12.36 [2]
Saudi Arabia	40.00	9.66	30.34 [3, 4]
Oman	3.00	2.20	0.80
Trinidad and Tobago	0.80	0.17	0.63 [5, 4]
Subtotal	**63.80**	**19.67**	**44.13**
Under the 2009 fundraising round (in end 2008 NPV terms)			
Botswana	0.20	0.07	0.13 [6, 4]
China	17.50	9.72	7.78 [7, 4]
Peru	1.20	0.54	0.66 [8, 4]
South Africa	3.40	-	3.40
Trinidad and Tobago	0.60	-	0.60
Uruguay	0.60	0.26	0.34 [9, 4]
Subtotal	**23.50**	**10.60**	**12.90**

Appendix I. Table 6. Pending Subsidy Contributions to PRG and PRG-HIPC Trusts[1] (concluded)

(In millions of SDRs unless otherwise noted; as of end-February 2023)

Country	Contribution pledged	Of which Amount received	Of which Amount pending
Under the 2012 distribution of the general reserve associated with gold windfall profits (of SDR 0.7 billion)			
Brazil	12.50	-	12.50
Costa Rica	0.48	-	0.48
Grenada	0.03	-	0.03
Hungary	3.05	-	3.05
Indonesia	6.11	0.78	5.33 [10, 4]
Lebanon	0.78	-	0.78
Libya	3.30	-	3.30
Peru	1.88	-	1.88
Poland	4.96	1.49	3.47 [11]
Uzbekistan	0.81	-	0.81
Subtotal	**33.91**	**2.27**	**31.64**
Under the 2013 distribution of the general reserve associated with gold windfall profits (of SDR 1.75 billion)			
Azerbaijan	1.18	-	1.18
Bahrain	0.99	-	0.99
Brazil	31.24	-	31.24
Colombia	5.57	-	5.57
Costa Rica	1.21	-	1.21
Equatorial Guinea	0.38	-	0.38
Ghana	2.71	-	2.71
Hungary	7.63	-	7.63
Indonesia	15.28	-	15.28 [10, 4]
Lebanon	1.96	-	1.96
Libya	8.26	-	8.26
Papua New Guinea	0.97	-	0.97
Peru	4.69	-	4.69
Poland	12.41	-	12.41 [11]
Qatar	2.22	-	2.22
Subtotal	**96.71**	**-**	**96.71**
Total	**261.96**	**33.13**	**228.83**

[1] Covers pledges made before July 2021 fundraising round for SDR 2.3 billion in new subsidy resources.
Since December 2021, when pending contributions to concessional financing were last reported (see SM/22/52), two countries completed their pledges: (1) in September 2022 Samoa provided SDR 11,557 to PRG-HIPC Trust in lieu of its pledge to contribute to IMF's debt relief to Liberia, and (2) in February 2023 Vanuatu's share in the balance of the SCA-2 Account at its termination, held in the post-SCA-2 Sub-account (the "Sub-account"), of SDR 60,197 was transferred from the Sub-account to the PRG-HIPC Trust in lieu of Vanuatu's pledge to contribute to the HIPC Initiative.

[2] Contribution to be generated from concessional loan (remunerated at below market rate) agreed with Agence Française de Développement in 2009.

[3] Contribution to be generated from an investment agreed with the Saudi Fund for Development in 2006, modified in June 2018 and maturing on March 31, 2023.

[4] The amount of contribution generated from investment is reported as of end-December 2022 on cash basis and will be adjusted for respective NPV terms at maturity.

[5] Contribution generated from a ten year deposit, repaid upon maturity in September 2017, estimated as SDR 0.17 million in 2005 NPV terms.

[6] Contribution to be generated from a deposit in BIS obligations maturing on August 30, 2027. The amount if investment income generated so far is reported on cash basis.

[7] Contribution from an investment in PRGT assets maturing upon generating the pledged amount of contribution.

[8] Contribution to be generated from a deposit in BIS obligations maturing on January 29, 2024.

[9] Contribution from an investment in PRGT assets maturing on June 30, 2031 or when the pledged amount of contribution is generated.

[10] Indonesia invested in BIS deposits SDR 25 million plus half of its shares in both gold sale profits distributions with income of up to 2 percent annually to be transferred to the PRGT in lieu of Indonesia's pledge to contribute its shares in both distributions to the PRGT. The agreement became effective in April 2019 and matures on December 31, 2023.

[11] In January 2023, Poland confirmed its commitment to contribute its share in both gold sale profits distributions to the PRGT Subsidy Reserve Account (SRA). On February 15, 2023, Poland made a payment of first installment in the amount of EUR 1.86 million (PLN 9 million), equivalent to SDR 1.49 million. It is expected that additional payments will take place over the course of the next few years with the intention to clear outstanding commitments.

Appendix I. Table 7. Pledges and Contributions of Bilateral Subsidy Resources for the CCRT

(In millions of SDR unless otherwise indicated; as of end-January 2023)

Contributors	2015 Fundraising Round			2020 Fundraising Round			Total contributions received	Principal of Deposit Invested [1]
	MDRI-II Transfer	Grants: Pledged	Grants: Received	Grants: Pledged		Grants: Received		
	In SDR million	In US$ million	In SDR million	In SDR million	In millions of original currency (if appl.)	In SDR million	In SDR million	In SDR million
Argentina	0.40	-	-	-	-	-	0.40	-
Australia	0.13	-	-	-	-	-	0.13	-
Austria [2]	-	-	-	-	-	-	-	-
Bangladesh	0.01	-	-	-	-	-	0.01	-
Belgium	1.37	-	-	-	-	-	1.37	-
Botswana	0.02	-	-	-	-	-	0.02	-
Bulgaria	-			1.90	-	1.90	1.90	
Canada	2.94	-	-	-	-	-	2.94	-
Chile	0.05	-	-	-	-	-	0.05	-
China	0.15	-	-	5.58	-	5.58	5.73	-
Denmark	0.82	-	-	-	-	-	0.82	-
Egypt	0.15	-	-	-	-	-	0.15	-
Fiji	-	-	-	-	-	-	-	0.19
Finland	0.53	-	-	-	-	-	0.53	5.81
France	4.04	-	-	33.29	€ 40	33.29	37.33	-
Germany	2.29	30.00	21.49	66.20	€ 80	66.20	89.99	-
Greece	0.46	-	-	7.70	$11	7.70	8.17	-
Iceland	0.05	-	-	-	-	-	0.05	-
Indonesia [3]	0.07	-	-	-	-	-	0.07	48.10
Ireland	0.08	-	-	-	-	-	0.08	-
Italy	2.93	-	-	-	-	-	2.93	-
Japan	8.80	7.30	5.34	108.63	$150	108.63	122.77	-
Korea	0.73	-	-	-	-	-	0.73	-
Luxembourg	-	-	-	1.66	€ 2	1.66	1.66	
Malaysia	0.39	-	-	-	-	-	0.39	-
Malta	0.02	-	-	0.57	$0.8	0.57	0.59	-
Mexico	-	11.00	1.74	2.93	$4	2.93	4.67	-
Morocco	0.11	-	-	-	-	-	0.11	-
Netherlands	-	-	-	20.80	€ 25	20.80	20.80	
Norway	0.54	-	-	14.52	NOK 180	14.52	15.06	-
Pakistan	0.01	-	-	-	-	-	0.01	-
Philippines	-	-	-	2.95	$4	1.46	1.46	
Portugal	0.05	2.00	1.45	-	-	-	1.50	-
Saudi Arabia	0.19	-	-	-	-	-	0.19	-
Singapore	0.22	-	-	12.36	$17.6	12.36	12.59	-
Spain	0.11	-	-	20.70	€ 25	20.70	20.81	-
Sweden	2.26	-	-	2.45	SEK 30	2.45	4.70	-
Switzerland	1.34	-	-	19.48	CHF 25	19.48	20.82	-
Thailand	0.15	-	-	-	-	-	0.15	6.13
Tonga	-	-	-	-	-	-	-	0.03
Tunisia	0.01	-	-	-	-	-	0.01	-
Turkey	-	1.00	0.74	-	-	-	0.74	-
United Kingdom	5.40	42.00	29.92	135.78	£150	135.78	171.09	-
United States	2.02	-	-	-	-	-	2.02	-
Uruguay	0.02	-	-	-	-	-	0.02	-
Vietnam	-	-	-	-	-	-	-	0.52
European Union	**-**	**-**	**-**	**152.0**	€ 183	**152.0**	**152.0**	
Total	**38.86**	**93.30**	**60.68**	**609.48**		**607.98**	**707.53**	**60.79**
Target		**150**		**1,000**				

[1] Former HIPC deposits repurposed upon maturity in December 2018 and invested in BIS obligations for 5 to 15 years to generate income for the benefit of the CCRT.

[2] CCR pledge was rescinded pending a budget allocation of grant resources.

[3] Indonesia decided to invest in BIS deposits one quarter of its shares in both distributions of gold sales profits for the benefit of the CCRT. The related agreement (SDR 5.45 million) became effective on April 9, 2019, which was further amended on November 29, 2021 in support of the 2020 fundraising round by an additional SDR 42.66 million from its share in the SCA-1/deferred charges distribution related to Sudan's clearance of arrears.

Appendix I. Table 8. CCRT—Bilateral Deposit/Investment Agreements

(In SDRs; as of end-January 2023)

Contributor	Type of agreement	Effective date of agreement	Amount [1]	Amount outstanding	Interest rate (per annum)	Term/date of maturity
Fiji	Deposit in BIS Obligations	01/11/19	194,021	194,021	0%	01/12/34
Finland	Deposit in BIS Obligations	12/26/18	5,811,869	5,811,869	0%	01/12/24
Indonesia	Deposit in BIS Obligations	04/09/19	48,104,283 [2]	48,104,283	0%	12/31/23
Thailand	Investment Agreement	12/28/18	6,128,354	6,128,354	0%	12/31/28
Tonga	Deposit in BIS Obligations	05/09/08	25,898	25,898	0%	01/12/24
Vietnam	Deposit in BIS Obligations	12/20/18	522,962	522,962	0%	12/31/23

Source: Finance Department.

[1] Repurposed upon maturity for the benefit of the CCRT from a repayment of an earlier deposit with the PRG-HIPC Trust.

[2] As amended and restated on 11/29/2021 when the Bank Indonesia increased the total deposit amount by SDR 42,657,996 from the original amount of SDR 5,446,287 in support of the 2020 fundraising for CCRT resources.

Appendix I. Table 9. Bilateral Contributions to Somalia and Sudan Debt Relief

(In millions of SDR; as of January 31, 2023)

	Country Name	Debt Relief to Somalia [1]			Debt Relief to Sudan [1]		
		Country Classification [2]	Pledged Contribution [3,4]	Received Contribution [5]	Country Classification [2]	Pledged Contribution [3,4]	Received Contribution [5]
1	Albania	Non-FTP	0.0	0.0	Non-FTP	0.2	0.2
2	Algeria	FTP	-	-	FTP	-	-
3	Angola	Non-FTP	0.1	0.1	Non-FTP	0.1	0.1
4	Antigua and Barbuda	Non-FTP	0.0	0.0	Non-FTP	0.0	-
5	Argentina	Non-FTP	-	-	Non-FTP	-	-
6	Armenia, Republic of	Non-FTP	0.1	-	Non-FTP	-	-
7	Australia	FTP	1.3	1.3	FTP	8.8	8.8
8	Austria	FTP	1.1	1.1	FTP	10.8	10.8
9	Azerbaijan	Non-FTP	0.2	0.159772	Non-FTP	1.1	1.1
10	Bahamas, The	Non-FTP	0.0	0.0	Non-FTP	0.1	0.1
11	Bahrain, Kingdom of	Non-FTP	-	-	Non-FTP	1.4	1.4
12	Bangladesh	Non-FTP	0.7	0.7	Non-FTP	5.3	5.3
13	Barbados	Non-FTP	-	-	Non-FTP	0.3	0.3
14	Belarus, Republic of	Non-FTP	-	-	Non-FTP	-	-
15	Belgium	FTP	2.4	2.364893	FTP	TBC	-
16	Belize	Non-FTP	0.0	0.0	Non-FTP	-	-
17	Benin	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
18	Bhutan	Non-FTP	-	-	Non-FTP	-	-
19	Bolivia	Non-FTP	-	-	Non-FTP	-	-
20	Bosnia and Herzegovina	Non-FTP	-	-	Non-FTP	-	-
21	Botswana	FTP	0.1	0.1	FTP	0.5	0.5
22	Brazil	FTP	5.6	-	FTP	17.5	-
23	Brunei Darussalam	FTP	0.0	0.0	FTP	0.3	0.3
24	Bulgaria	Non-FTP	1.5	1.5	Non-FTP	-	-
25	Burkina Faso	Non-FTP	0.0	0.0	Non-FTP	0.1	-
26	Burundi	Non-FTP	0.0	0.0	Non-FTP	0.1	0.1
27	Cabo Verde	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
28	Cambodia	Non-FTP	-	-	Non-FTP	-	-
29	Cameroon	Non-FTP	-	-	Non-FTP	-	-
30	Canada	FTP	8.7	2.7	FTP	23.6	18.1
31	Central African Republic	Non-FTP	0.0	0.0	Non-FTP	0.2	-
32	Chad	Non-FTP	0.0	0.0	Non-FTP	0.1	0.1
33	Chile	FTP	-	-	FTP	-	-
34	China	FTP	8.0	8.0	FTP	28.1	28.1
35	Colombia	FTP	-	-	Non-FTP	-	-
36	Comoros	Non-FTP	-	-	Non-FTP	-	-
37	Congo, Democratic Republic of	Non-FTP	0.8	0.8	Non-FTP	1.0	-
38	Congo, Republic of	Non-FTP	0.0	0.0	Non-FTP	0.3	-
39	Costa Rica	Non-FTP	-	-	Non-FTP	TBC	-
40	Côte d'Ivoire	Non-FTP	0.6	0.6	Non-FTP	4.3	4.3
41	Croatia, Republic of	Non-FTP	0.3	0.3	Non-FTP	1.0	1.0
42	Cyprus	Non-FTP	0.1	0.1	Non-FTP	0.6	0.6
43	Czech Republic	FTP	0.7	0.7	FTP	TBC	-
44	Denmark	FTP	4.2	4.2	FTP	8.5	8.5
45	Djibouti	Non-FTP	0.0	-	Non-FTP	0.0	-
46	Dominica	Non-FTP	0.0	0.0	Non-FTP	0.1	0.1
47	Dominican Republic	Non-FTP	-	-	Non-FTP	-	-
48	Ecuador	Non-FTP	0.4	-	Non-FTP	-	-
49	Egypt	Non-FTP	0.7	0.7	Non-FTP	3.3	3.3
50	El Salvador	Non-FTP	-	-	Non-FTP	-	-
51	Equatorial Guinea	Non-FTP	0.0	0.0	Non-FTP	-	-
52	Estonia, Republic of	FTP	0.1	0.1	FTP	TBC	-
53	Eswatini, The Kingdom of	Non-FTP	-	-	Non-FTP	0.1	-
54	Ethiopia	Non-FTP	0.0	0.0	Non-FTP	0.4	0.4
55	Fiji	Non-FTP	-	-	Non-FTP	-	-
56	Finland	FTP	3.4	3.4	FTP	6.4	6.4
57	France	FTP	12.7	12.7	FTP	54.3	46.2
58	Gabon	Non-FTP	-	-	Non-FTP	-	-
59	Gambia, The	Non-FTP	0.0	0.0	Non-FTP	0.1	0.1
60	Georgia	Non-FTP	0.1	0.1	Non-FTP	0.5	0.5
61	Germany	FTP	24.7	24.7	FTP	72.3	-
62	Ghana	Non-FTP	0.4	0.4	Non-FTP	-	-
63	Greece	Non-FTP	1.6	1.6	Non-FTP	5.0	5.0
64	Grenada	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
65	Guatemala	Non-FTP	-	-	Non-FTP	-	-
66	Guinea	Non-FTP	0.0	0.0	Non-FTP	0.2	0.2
67	Guinea-Bissau	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
68	Guyana	Non-FTP	-	-	Non-FTP	-	-

Appendix I. Table 9. Bilateral Contributions to Somalia and Sudan Debt Relief (continued)

(In millions of SDR; as of January 31, 2023)

Country Name	Debt Relief to Somalia [1]			Debt Relief to Sudan [1]		
	Country Classification [2]	Pledged Contribution [3,4]	Received Contribution [5]	Country Classification [2]	Pledged Contribution [3,4]	Received Contribution [5]
Haiti	Non-FTP	0.1	0.1	Non-FTP	0.5	0.5
Honduras	Non-FTP	-	-	Non-FTP	TBC	-
Hungary	Non-FTP	2.2	2.2	Non-FTP	TBC	-
Iceland	Non-FTP	0.1	0.1	Non-FTP	0.3	0.3
India	FTP	3.5	3.5	FTP	13.5	13.5
Indonesia	Non-FTP	2.4	2.4	Non-FTP	9.7	9.7
Iran, Islamic Republic of	Non-FTP	0.0	0.0	Non-FTP	-	-
Iraq	Non-FTP	-	-	Non-FTP	-	-
Ireland	Non-FTP	1.2	1.2	Non-FTP	5.7	5.7
Israel	FTP	-	-	FTP	-	-
Italy	FTP	13.0	13.0	FTP	45.3	40.5
Jamaica	Non-FTP	0.2	0.2	Non-FTP	5.0	5.0
Japan	FTP	15.5	15.5	FTP	92.1	92.1
Jordan	Non-FTP	-	-	Non-FTP	-	-
Kazakhstan, Republic of	Non-FTP	0.3	0.3	Non-FTP	2.2	2.2
Kenya	Non-FTP	-	-	Non-FTP	-	-
Kiribati	Non-FTP	-	-	Non-FTP	-	-
Korea	FTP	4.4	4.4	FTP	31.6	31.6
Kosovo	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
Kuwait	FTP	-	-	FTP	6.1	6.1
Kyrgyz Republic	Non-FTP	-	-	Non-FTP	-	-
Lao People's Democratic Republic	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
Latvia, Republic of	Non-FTP	0.1	0.1	Non-FTP	0.8	0.8
Lebanon	Non-FTP	-	-	Non-FTP	-	-
Lesotho	Non-FTP	-	-	Non-FTP	-	-
Liberia	Non-FTP	0.7	0.7	Non-FTP	4.7	4.7
Libya	Non-FTP	-	-	Non-FTP	-	-
Lithuania, Republic of	FTP	0.2	0.2	FTP	-	-
Luxembourg	FTP	0.1	0.1	FTP	0.8	0.8
Madagascar	Non-FTP	-	-	Non-FTP	-	-
Malawi	Non-FTP	-	-	Non-FTP	0.6	0.6
Malaysia	FTP	1.2	1.2	FTP	8.0	8.0
Maldives	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
Mali	Non-FTP	0.1	0.1	Non-FTP	0.4	0.4
Malta	FTP	0.2	0.2	FTP	0.9	0.9
Mauritania	Non-FTP	-	-	Non-FTP	0.4	0.4
Mauritius	FTP	0.0	0.0	FTP	0.4	0.4
Mexico	FTP	4.5	-	FTP	-	-
Micronesia	Non-FTP	n.a.	n.a.	Non-FTP	-	-
Moldova, Republic of	Non-FTP	-	-	Non-FTP	-	-
Mongolia	Non-FTP	0.0	0.0	Non-FTP	-	-
Montenegro, Republic of	Non-FTP	-	-	Non-FTP	TBC	-
Morocco	Non-FTP	0.7	0.7	Non-FTP	5.3	5.3
Mozambique	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
Myanmar	Non-FTP	-	-	Non-FTP	-	-
Namibia	Non-FTP	-	-	Non-FTP	0.0	0.0
Nauru	Non-FTP	-	-	Non-FTP	0.0	0.0
Nepal	Non-FTP	-	-	Non-FTP	0.3	0.3
Netherlands	FTP	3.4	3.4	FTP	24.1	-
New Zealand	FTP	0.3	0.3	FTP	2.2	2.2
Nicaragua	Non-FTP	0.0	0.0	Non-FTP	0.1	0.1
Niger	Non-FTP	0.1	0.1	Non-FTP	0.5	0.5
Nigeria	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
North Macedonia, Republic of	Non-FTP	0.1	0.1	Non-FTP	0.1	0.1
Norway	FTP	2.1	2.1	FTP	13.7	-
Oman	FTP	0.2	0.2	FTP	-	-
Pakistan	Non-FTP	2.4	2.4	Non-FTP	14.8	14.8
Panama	Non-FTP	0.2	0.2	Non-FTP	0.8	0.8
Papua New Guinea	Non-FTP	-	-	Non-FTP	-	-
Paraguay	Non-FTP	-	-	Non-FTP	-	-
Peru	FTP	-	-	FTP	-	-
Philippines	FTP	2.9	2.9	FTP	21.7	-
Poland, Republic of	FTP	1.2	1.2	FTP	-	-
Portugal	Non-FTP	1.6	1.6	Non-FTP	7.9	7.9

Appendix I. Table 9. Bilateral Contributions to Somalia and Sudan Debt Relief (concluded)

(In millions of SDR; as of January 31, 2023)

Country Name	Debt Relief to Somalia [1] Country Classification [2]	Debt Relief to Somalia [1] Pledged Contribution [3,4]	Debt Relief to Somalia [1] Received Contribution [5]	Debt Relief to Sudan [1] Country Classification [2]	Debt Relief to Sudan [1] Pledged Contribution [3,4]	Debt Relief to Sudan [1] Received Contribution [5]
Qatar	FTP	18.5	18.5	FTP	-	-
Romania	Non-FTP	-	-	Non-FTP	-	-
Russian Federation	FTP	10.4	-	FTP	-	-
Rwanda	Non-FTP	0.0	0.0	Non-FTP	0.2	0.2
Samoa	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
San Marino, Republic of	Non-FTP	-	-	Non-FTP	0.0	0.0
Sao Tome & Principe	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
Saudi Arabia	FTP	3.6	3.6	FTP	39.3	24.5
Senegal	Non-FTP	0.1	0.1	Non-FTP	1.0	1.0
Serbia, Republic of	Non-FTP	0.7	0.7	Non-FTP	4.4	4.4
Seychelles	Non-FTP	-	-	Non-FTP	-	-
Sierra Leone	Non-FTP	-	-	Non-FTP	0.9	-
Singapore	FTP	0.7	0.7	FTP	4.5	-
Slovak Republic	FTP	0.5	0.5	FTP	3.7	3.7
Slovenia, Republic of	FTP	0.2	0.2	FTP	1.2	1.2
Solomon Islands	Non-FTP	-	-	Non-FTP	0.0	0.0
Somalia	Non-FTP	0.4	0.4	Non-FTP	-	-
South Africa	FTP	0.5	0.5	Non-FTP	4.2	4.2
South Sudan	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
Spain	FTP	3.5	3.5	FTP	16.3	16.3
Sri Lanka	Non-FTP	0.7	0.7	Non-FTP	-	-
St. Kitts and Nevis	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
St. Lucia	Non-FTP	-	-	Non-FTP	-	-
St. Vincent and the Grenadines	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
Sudan	Non-FTP	-	-	Non-FTP	12.6	12.6
Suriname	Non-FTP	0.0	0.0	Non-FTP	0.0	0.0
Sweden	FTP	3.2	3.2	FTP	3.5	3.5
Switzerland	FTP	8.0	8.0	FTP	19.4	19.4
Tajikistan, Republic of	Non-FTP	-	-	Non-FTP	-	-
Tanzania	Non-FTP	0.1	0.1	Non-FTP	-	-
Thailand	FTP	2.0	2.0	FTP	6.7	6.7
Timor-Leste, The Democratic Republic of	Non-FTP	-	-	Non-FTP	-	-
Togo	Non-FTP	0.0	0.0	Non-FTP	0.3	-
Tonga	Non-FTP	-	-	Non-FTP	-	-
Trinidad and Tobago	FTP	0.2	0.2	FTP	1.0	1.0
Tunisia	Non-FTP	0.7	0.7	Non-FTP	-	-
Turkey	Non-FTP	2.4	2.4	Non-FTP	3.7	-
Turkmenistan, Republic of	Non-FTP	-	-	Non-FTP	-	-
Tuvalu	Non-FTP	-	-	Non-FTP	-	-
Uganda	Non-FTP	0.1	0.1	Non-FTP	0.6	0.6
Ukraine	Non-FTP	3.2	3.2	Non-FTP	4.2	4.2
United Arab Emirates	FTP	-	-	FTP	4.9	4.9
United Kingdom	FTP	41.3	41.3	FTP	34.8	34.8
United States	FTP	32.2	32.2	FTP	318.8	229.8
Uruguay	FTP	-	-	FTP	-	-
Uzbekistan, Republic of	Non-FTP	0.1	0.1	Non-FTP	0.9	0.9
Vanuatu	Non-FTP	-	-	Non-FTP	-	-
Venezuela	Non-FTP	-	-	Non-FTP	-	-
Vietnam	Non-FTP	0.2	0.2	Non-FTP	0.2	0.2
Yemen, Republic of	Non-FTP	-	-	Non-FTP	-	-
Zambia	Non-FTP	1.2	1.2	Non-FTP	3.0	3.0
Zimbabwe	Non-FTP	0.3	0.3	Non-FTP	2.2	2.2
Memorandum item:						
European Commission		7.2	7.2		9.6	-
Total		**288.1**	**261.1**		**1,079.7**	**787.3**

Source: Finance Department.

[1] Values of 0.0 represent amounts of less than SDR 50,000.

[2] Contributor country participation in the Fund's Financial Transactions Plan (FTP) at the time of the fundraising round.

[3] Including additional grant contributions.

[4] As of January 31, 2023, using same day exchange rates where applicable.

[5] Including interest earned in the Interim Administered Accounts.

Appendix I. Table 10. Implementation of the HIPC Initiative and Debt Relief under MDRI

(In millions of SDRs; end-January 2023)

		Assistance under HIPC				Assistance under MDRI		
		Decision point	Completion point	Amount committed	Amount disbursed [1]	Delivery date	MDRI-I	MDRI-II
HIPC completion point countries (36)				**2,421**	**2,595**		**1,220**	**1,088**
1	Afghanistan [2,3]	Jul-07	Jan-10	-	-	...	-	-
2	Benin	Jul-00	Mar-03	18.4	20.1	Jan-06	-	34.1
3	Bolivia	Feb-00	Jun-01	62.4 [4]	65.5 [4]	Jan-06	-	154.8
4	Burkina Faso	Jul-00	Apr-02	44.0 [4]	46.0 [4]	Jan-06	57.1	-
5	Burundi	Aug-05	Jan-09	19.3	22.4	Feb-09	9.0	-
6	Cameroon	Oct-00	Apr-06	28.6	33.7	Apr-06	-	149.2
7	Central African Republic	Sep-07	Jun-09	17.2	18.1	Jul-09	1.9	-
8	Chad [6]	May-01	Apr-15	14.3	17.0	...	-	-
9	Comoros [2]	Jul-10	Dec-12	2.9	3.0	...	-	-
10	Congo, Dem. Rep. of	Jul-03	Jul-10	280.3	330.7	Jul-10	-	-
11	Congo, Rep. of	Mar-06	Jan-10	5.4	6.3	Jan-10	-	4.8
12	Côte d'Ivoire [5,6]	Apr-09	Jun-12	42.6 [4]	26.4 [5]	...	-	-
13	Ethiopia	Nov-01	Apr-04	45.1	46.7	Jan-06	79.6	-
14	Gambia, The	Dec-00	Dec-07	1.8	2.3	Dec-07	7.4	-
15	Ghana	Feb-02	Jul-04	90.1	94.3	Jan-06	220.0	-
16	Guinea [6]	Dec-00	Sep-12	27.8	35.3	...	-	-
17	Guinea-Bissau	Dec-00	Dec-10	9.2	9.4	Dec-10	-	-
18	Guyana	Nov-00	Dec-03	56.6 [4]	59.6 [4]	Jan-06	-	31.6
19	Haiti [2]	Nov-06	Jun-09	2.1	2.3	...	-	-
20	Honduras	Jun-00	Apr-05	22.7	26.4	Jan-06	-	98.2
21	Liberia [7]	Mar-08	Jun-10	440.9	451.9	Jun-10	116.2	-
22	Madagascar	Dec-00	Oct-04	14.7	16.4	Jan-06	128.5	-
23	Malawi	Dec-00	Jun-10	33.4	37.2	Sep-06	14.5	-
24	Mali	Sep-00	Mar-03	45.5 [4]	49.3 [4]	Jan-06	62.4	-
25	Mauritania	Feb-00	Jun-02	34.8	38.4	Jun-06	-	30.2
26	Mozambique	Apr-00	Sep-01	106.9 [4]	108.0 [4]	Jan-06	83.0	-
27	Nicaragua	Dec-00	Jan-04	63.5	71.2	Jan-06	-	91.8
28	Niger	Dec-00	Apr-04	31.2	34.0	Jan-06	59.8	-
29	Rwanda	Dec-00	Apr-05	46.8	50.6	Jan-06	20.2	-
30	São Tomé and Príncipe	Dec-00	Mar-07	0.8	0.9	Mar-07	1.0	-
31	Senegal	Jun-00	Apr-04	33.8	38.4	Jan-06	-	94.8
32	Sierra Leone	Mar-02	Dec-06	100.0	106.6	Dec-06	76.8	-
33	Tanzania	Apr-00	Nov-01	89.0	96.4	Jan-06	207.0	-
34	Togo [2]	Nov-08	Dec-10	0.2	0.2	...	-	-
35	Uganda	Feb-00	May-00	119.6 [4]	121.7 [4]	Jan-06	75.8	-
36	Zambia	Dec-00	Apr-05	468.8	508.3	Jan-06	-	398.5
HIPC decision point countries (2)				**859.5**	**3.0**		**-**	**-**
37	Somalia	Mar-20	Floating	135.7	2.5	...	-	-
38	Sudan	Jun-21	Floating	723.8	0.5	...	...	...
Pre-decision point countries (1)								
39	Eritrea	...	...	...	...	...	...	...
MDRI non-HIPC countries (2) [8]							**126.1**	**-**
	Cambodia	...	...	...	...	Jan-06	56.8	-
	Tajikistan, Rep. of	...	...	...	...	Jan-06	69.3	-
Total				**3,280**	**2,598**		**1,347**	**1,088**

Source: Finance Department.

[1] Includes the commitment made in NPV terms plus interest earned on that commitment.

[2] Afghanistan, Comoros, Haiti, and Togo did not have MDRI-eligible credit and did not receive MDRI debt relief.

[3] At the time of its decision point, Afghanistan did not have any outstanding HIPC eligible debt.

[4] Includes commitment under the original HIPC Initiative. Bolivia, Burkina Faso, Guyana, Mali, Mozambique, and Uganda benefited from both the Original and Enhanced HIPC Initiatives.

[5] Côte d'Ivoire reached its decision point under the original HIPC Initiative in 1998, but did not reach its completion point under the original HIPC Initiative. Debt relief of SDR 17 million, committed to Côte d'Ivoire under the original HIPC Initiative, was therefore not delivered.

[6] Chad, Côte d'Ivoire and Guinea had fully repaid MDRI-eligible debt by completion point date.

[7] Liberia debt relief ("MDRI-like", beyond-HIPC) was delivered at end-June 2010 and financed from the Liberia Administered Account (LAA); eligible credit outstanding corresponded to the amount of arrears clearance to the IMF in March 2008.

[8] Non-HIPCs but qualified for MDRI debt relief with a per capita income below the US$380 threshold.

Appendix II. RST—Statistical Update

Appendix II. Table 1. RST: Borrowing Agreements

(In millions of SDRs; as of March 3, 2023)

Member/Contributor	Effective Date of Agreement	Expiration Date for Drawings	Currency of Drawings	Encashment Regime[1]	Amount Agreed	Amount Drawn	Amount Outstanding
Australia							
Government of Australia	12-Oct-2022	30-Nov-2030	SDR	Yes	760.00	-	-
Canada							
Government of Canada	12-Oct-2022	30-Nov-2030	SDR	Yes	1,137.41	-	-
China							
People's Bank of China[2]	12-Oct-2022	30-Nov-2030	SDR	Yes	4,900.00	-	-
France							
Banque de France	02-Jan-2023	30-Nov-2030	SDR	Yes	2,500.00	-	-
Japan							
Government of Japan	12-Oct-2022	30-Nov-2030	SDR	Yes	654.13	-	-
Korea							
Government of Korea	08-Dec-2022	30-Nov-2030	SDR	Yes	737.60	-	-
Lithuania							
Bank of Lithuania	20-Jan-2023	30-Nov-2030	SDR	Yes	69.39	-	-
The Netherlands							
De Nederlandsche Bank	09-Feb-2023	30-Nov-2030	SDR	Yes	1,000.00	-	-
Spain							
Bank of Spain	12-Oct-2022	30-Nov-2030	SDR	Yes	1,161.58	-	-

[1] The right to encash applies to loan and deposit resources. For the LA, to fund a request for encashment of an outstanding loan the Trustee will call on resources committed by other contributors to the RST's LA. An encashing contributor will restore an amount equivalent to the encashed resources as soon as practicable in light of favorable developments in its balance of payments and reserve position.

[2] On November 7, 2022, China temporarily waived its encashment right under paragraph 6 of the borrowing agreement to early repayment of any outstanding claims on the RST's Loan Account until the total loan resources available to the RST reached SDR 11.8 billion. The temporary waiver by China lapsed on February 28, 2023, when this condition was met.

Appendix II. Table 2. RST: Reserve Account Contributions

(In millions of SDRs; as of March 3, 2023)

Member/Contributor	Effective Date of Agreement	Date Contribution Received	Contribution Amount	Contribution Currency[1]
Australia				
Government of Australia	11-Oct-2022	28-Oct-2022	15.20	SDR or other
Canada				
Government of Canada	27-Sep-2022	13-Oct-2022	22.75	SDR or other
China				
People's Bank of China	27-Sep-2022	02-Nov-2022	100.00	SDR or other
France				
Government of France	02-Jan-2023	01-Feb-2023	50.00	SDR or other
Germany				
Government of Germany	12-Oct-2022	20-Jan-2023	481.81	EUR
Japan				
Government of Japan	06-Oct-2022	13-Oct-2022	13.08	SDR or other
Lithuania				
Government of Lithuania	14-Dec-2022	22-Dec-2022	1.39	EUR
The Netherlands				
Government of the Netherlanc	14-Dec-2022	21-Dec-2022	20.00	SDR or other
Spain				
Government of Spain	08-Sep-2022	13-Oct-2022	23.23	EUR

[1] SDR or freely usable currency in which the contribution is to be disbursed as laid out in the agreement. All contributions and transactions are denominated in SDR.

Appendix II. Table 3. RST: Deposit Agreements

(In millions of SDRs; as of March 3, 2023)

Member/Contributor	Effective Date of Agreement	Date Contribution Received	Maturity Date	Encashment Regime[1]	Contribution Amount	Contribution Currency[2]
Australia						
Government of Australia	11-Oct-2022	28-Oct-2022	30-Nov-2050	Yes	152.00	SDR or other
Canada						
Government of Canada	27-Sep-2022	28-Oct-2022	30-Nov-2050	Yes	227.48	SDR or other
China						
People's Bank of China	27-Sep-2022	02-Nov-2022	30-Nov-2050	Yes	1,000.00	SDR or other
France						
Banque de France	02-Jan-2023	Feb 15,2023	30-Nov-2050	Yes	500.00	SDR
Germany						
Government of Germany	12-Oct-2022	20-Jan-2023	20-Jan-2033	Yes	4,577.19	EUR
Japan						
Government of Japan	06-Oct-2022	13-Oct-2022	30-Nov-2050	Yes	130.83	SDR or other
Lithuania						
Bank of Lithuania	13-Oct-2022	01-Feb-2023	30-Nov-2050	Yes	13.88	SDR
The Netherlands						
De Nederlandsche Bank	09-Feb-2023	28-Feb-2023	30-Nov-2050	Yes	200.00	SDR or other
Spain						
Bank of Spain	08-Sep-2022	19-Oct-2022	30-Nov-2050	Yes	232.32	SDR

[1] The right to encash applies to loan and deposit resources.
[2] SDR or freely usable currency in which the contribution is to be disbursed as laid out in the agreement. All contributions and transactions are denominated in SDR.

Appendix II. Table 4. RST: Potential Contributors[1]
(In millions of SDRs)

No	Country	New SDR allocation in 2021	No	Country	New SDR allocation in 2021
1	Algeria	1,878	19	Lithuania	423
2	Australia	6,299	20	Luxembourg	1,267
3	Austria	3,768	21	Malta	161
4	Belgium	6,144	22	Mexico	8,542
5	Brazil	10,582	23	Netherlands	8,373
6	Canada	10,565	24	New Zealand	1,200
7	Chile	1,672	25	Norway	3,598
8	China	29,214	26	Oman	522
9	Denmark	3,296	27	Saudi Arabia	9,577
10	Estonia	233	28	Singapore	3,730
11	Finland	2,310	29	Slovak Republic	959
12	France	19,316	30	Slovenia	562
13	Germany	25,525	31	Spain	9,138
14	Ireland	3,306	32	Sweden	4,246
15	Israel	1,841	33	Switzerland	5,531
16	Italy	14,443	34	United Kingdom	19,316
17	Japan	29,537	35	United States	79,539
18	Korea	8,225			

Source: Finance Department

[1] On April 25, 2022, the Managing Director sent fundraising letters to 35 potential contributors with strong external positions that participated both in the Financial Transactions Plan (FTP) and the Voluntary Trading Arrangement (VTA), requesting "at least 15–20 percent of their new 2021 SDR allocation".