

INTERNATIONAL MONETARY FUND

**Update on the Financing of the Fund's Concessional Assistance
and Debt Relief to Low-Income Member Countries**

Prepared by the Finance Department

(In consultation with the Legal and Policy Development and Review Departments)

Approved by Michael G. Kuhn

August 30, 2006

I. INTRODUCTION

1. **This paper provides a semi-annual review of the status of financing for PRGF-ESF lending, HIPC-MDRI debt relief, and subsidization of emergency assistance to PRGF-eligible members.**¹ The last update was issued to the Executive Board in March 2006 (SM/06/119, 3/22/06).

2. **The main points of the paper are:**

- Loan resources available for **PRGF/ESF lending** are projected to be sufficient to meet the demand for new commitments for the next three years. However, under current assumptions, additional subsidy resources of about SDR 110 million would be needed to ensure full subsidization of existing and future interim PRGF loans.
- **ESF subsidy contributions** by ten member countries amounted to SDR 222 million as of late August 2006, or SDR 206 million in end-2005 NPV terms. This remains well short of the target for subsidy resources of SDR 500 million.² It is, therefore, important that further contributions are forthcoming for this purpose.
- Additional resources would need to be mobilized to ensure that the Fund would be in a position to provide HIPC and MDRI debt relief to all currently identified countries

¹ The decisions adopting both the PRGF-HIPC and MDRI Trust Instruments require that the Executive Board conduct semi-annual reviews of the financing of these Trusts (Decision No. 11436-(97/10), February 4, 1997, as amended; and Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, which became effective on January 5, 2006). A decision to complete the semi-annual reviews is proposed in Section V.

² The estimated loan and subsidy resource requirements for the ESF were discussed in *Establishment of an Exogenous Shocks Facility Under the Poverty Reduction and Growth Facility Trust* (SM/05/365, 10/4/05).

that could eventually qualify for such relief, including the four **newly identified HIPCs under the sunset clause** and the **three protracted arrears cases**.³ The estimated costs to the Fund of providing debt relief for the four newly identified HIPCs could amount to close to SDR 100 million, while those for the three protracted arrears cases could be about SDR 1.8 billion. In light of recent positive developments in Liberia and in some newly identified HIPCs, resource mobilization could become a matter of urgency in the period ahead.

- Additional subsidy contributions will need to be mobilized to enable the Fund to continue to provide **emergency assistance** on concessional terms. Currently available resources are estimated to be sufficient to cover existing needs, but additional contributions would be needed in the event of new large requests for emergency assistance, which could be forthcoming in late 2006 or early 2007.

II. FINANCING OF PRGF-ESF LENDING OPERATIONS

Interim loan resources

3. **As of end-June 2006, available interim loan resources amounted to SDR 2.7 billion.** This was little changed from the level reported in the last update, as new PRGF commitments in the first half of 2006 were largely offset by a sizable undrawn balance under an expired PRGF arrangement. Six new PRGF arrangements, totaling SDR 0.2 billion, were approved in the first half of 2006.⁴ Based on updated country-specific projections, staff estimate that total PRGF commitments for the year as a whole could be about SDR 0.4 billion. This is somewhat lower than reported in the previous update, reflecting delays in reaching understanding on programs to be supported by PRGF arrangements with several potential borrowers. No loan commitments under the ESF have been made to date.

³ Eleven of the pre-decision point countries that were recently assessed to have met the end-2004 income and indebtedness criteria under the HIPC Initiative might wish to avail themselves of debt relief under the Initiative. An additional three countries (Bhutan, Lao PDR, and Sri Lanka) also assessed to have met the criteria have indicated that they do not wish to avail themselves of debt relief under the Initiative and, accordingly, are not included in the discussion and financing projections set forth in this paper. In April 2006, the Fund and Bank Boards endorsed and closed the list of countries assessed to have met the Initiative's end-2004 income and indebtedness criteria, but recognized that the list could be amended to include countries whose data are subsequently verified to have met these criteria. Aside from the three countries that do not wish to avail themselves of debt relief, this list includes seven countries that had been identified as HIPCs (including the three protracted arrears cases) in previous HIPC Initiative reports and four additional countries (Eritrea, Haiti, the Kyrgyz Republic, and Nepal). These four countries are referred to in this report as the four newly identified HIPCs.

⁴ New PRGF arrangements were approved for Afghanistan, Albania, Grenada, Moldova, Rwanda, and Sierra Leone.

4. **Based on current projections, available loan resources appear sufficient to cover new PRGF-ESF commitments for the next three years** (Table 1). Latest staff estimates suggest that total demand for PRGF loans in 2007 and 2008 combined could be about SDR 1.6 billion, reflecting possible requests for PRGF arrangements by a few large quota countries. No provision is made in these projections for possible new lending following arrears clearance by the three protracted arrears cases (Liberia, Somalia, and Sudan). As illustrated in Table 1, the possible demand for new PRGF arrangements from these countries at maximum access levels (185 percent of quota) would largely exhaust available loan resources by the end of the period.

5. **The above estimates do not take account of possible requests for ESF loans and PRGF augmentation.** Staff's previous estimates indicate that such requests could amount to SDR 400 million per year.⁵ In the context of resource mobilization for the ESF, France and Spain have pledged new loan resources of about SDR 0.7 billion. As envisaged earlier, these additional resources, once finalized, would be used to make loans to PRGF-eligible countries under both the PRGF and ESF arrangements.⁶

Table 1. Loan Resources of the PRGF-ESF Trust
(In billions of SDRs)

Existing loan resources	15.8
Commitments to borrowers	13.1
Of which: cumulative disbursements	12.2
Uncommitted interim resources (as of end-June 2006)	2.7
Projected demand for PRGF loans in the second half of 2006	0.2
Projected demand for PRGF loans in 2007 and 2008	1.6
Possible need by protracted arrears cases 1/	1.0
Liberia	0.2
Somalia	0.2
Sudan	0.6
Memorandum item:	
New loan resources 2/	0.7

1/ Assuming PRGF access of 185 percent of the 12th Review quota.

2/ Pledged by France and Spain in the context of resource mobilization for the ESF.

Interim PRGF subsidy resources

6. **Estimated resources available for interim PRGF subsidies amounted to SDR 1.3 billion as of end-June 2006** (Table 2). This includes subsidy resources currently held in the PRGF-ESF and PRGF-HIPC Trusts, projected additional inflows, and the G-8

⁵ See SM/05/365 (10/4/05).

⁶ See SM/05/365, Supplement 1 (10/25/05).

contribution committed in the context of the MDRI.⁷ However, it does not include ESF-related subsidy contributions discussed below.⁸ Staff has finalized disbursement arrangements with the G-8 contributors.⁹

Table 2. Estimated Interim PRGF Subsidy Resources 1/
(In billions of SDRs; as of end-June 2006)

PRGF-ESF Trust	1.04
PRGF-ESF Subsidy Account	0.99
PRGF Subsidy Account	0.05
PRGF-HIPC Trust 2/	0.09
Projected additional inflows 3/	0.17
Total	1.30
<i>Memorandum item:</i>	
Subsidy contributions pledged for the ESF 4/	0.21

1/ Excludes subsidy contributions pledged for the ESF, but includes the G-8 contribution.

2/ Excludes the HIPC sub-account balance which is earmarked for HIPC assistance only.

3/ In end-June 2006 NPV terms; mainly reflects interest income on bilateral deposit agreements with the PRGF-HIPC Trust.

4/ As of late August 2006; in end-2005 NPV terms.

7. **Under current interest rate assumptions, available interim subsidy resources would be sufficient to subsidize existing PRGF loans as well as new PRGF commitments of about SDR 2.3 billion.**¹⁰ This is less than the current level of interim loan resources of SDR 2.7 billion, implying a shortfall of interim PRGF subsidy resources of about SDR 110 million in end-June 2006 NPV terms. This estimated shortfall is higher than that reported in the last update (SDR 75 million, end-2005 NPV), reflecting the subsequent rise in interest rates.

8. **Some previously pledged bilateral contributions to the PRGF-HIPC Trust have not been received.** These involve pledges by ten countries to the PRGF-HIPC Trust,

⁷ The G-8 committed to provide an additional subsidy contribution of SDR 100 million in end-2005 NPV terms to maintain the Fund's concessional lending capacity.

⁸ More generally, although for analytical and presentational purposes, the discussion in this paper distinguishes between PRGF and ESF subsidies, the resources in the PRGF-ESF Subsidy Account are, in fact, available to subsidize both PRGF and ESF loans.

⁹ As of late August 2006, SDR 54 million had been received and placed in the PRGF-ESF Subsidy Account.

¹⁰ It is assumed that, consistent with the World Economic Outlook (WEO) projections, the average SDR interest rate will rise gradually from the current 3.8 percent to 5 percent in 2011 and beyond.

amounting to SDR 32 million (Table 3). It is important that these contributors take the necessary steps to make their contributions effective so as to ensure full funding of PRGF-HIPC operations. Staff has followed up on these pledged contributions and will continue to assist the contributors in finalizing the necessary arrangements.

Table 3. Pending Contributions to the PRGF-HIPC Trust
(In millions of SDRs "as needed"; as of end-July 2006) 1/

Venezuela	20.4	Dominican Republic	0.5
Argentina 2/	6.4	Lebanon	0.4
Gabon 2/	1.9	Grenada	0.1
Trinidad & Tobago	1.6	Vanuatu	0.1
Bahrain	0.9	Maldives	0.0
		Total	32.2

1/ "As needed" is defined in Appendix Table 2, footnote 3.

2/ These are the remaining balances for Argentina and Gabon, which have already contributed SDR 16.2 million and SDR 2.5 million "as needed", respectively, to the PRGF-HIPC Trust.

Subsidy contributions for the ESF

9. **Since the last update, the Fund has received firm pledges of ESF subsidy contributions from Oman, Spain, and Trinidad and Tobago** (Table 4). As of August 25, 2006, total ESF subsidy pledges amounted to SDR 222 million from ten countries, equivalent to about SDR 206 million in end-2005 NPV terms. These pledges involve grants, investment/deposit agreements, and concessional loans (Box 1). Agreements have been reached with most of these contributors to make their contributions effective. However, progress to date is still well short of the target for subsidy resources of SDR 500 million in end-2005 NPV terms. It is, therefore, important that further contributions are forthcoming for this purpose.

Table 4. ESF Subsidy Contributions
(In millions of currency units; as of August 25, 2006)

Contributors	Date of pledge	Form of contribution	Contribution pledged		
			(Currency)	(SDR equivalent) 1/	(NPV equivalent) 2/
Canada	11/28/05	Grant	SDR 14.3	14.3	13.9
France	12/16/05	Concessional Loan	US\$30	20.2	17.0 4/
Japan	11/28/05	Grant	SDR 20	20.0	18.0
Oman	3/19/06	Grant	SDR 3	3.0	3.0
Norway	2/22/06	Grant	SDR 24.7	24.7	22.5
Russian Federation	1/30/06	Grant	SDR 30	30.0	26.9
Saudi Arabia	3/7/06	Investment Agreement	SDR 40 3/	40.0 2/	40.0
Spain	4/24/06	Concessional Loan	SDR 5.3	5.3	5.3 4/
Trinidad and Tobago	8/25/06	Deposit Agreement	SDR 1.1 3/	1.1	0.8 4/
United Kingdom	11/23/05	Grant	£50	63.7	58.2
Total				222.3	205.6

1/ Calculated using the exchange rate of August 25, 2006.

2/ In end-2005 NPV terms.

3/ Reflecting net investment income to be generated.

4/ Tentative estimates; subject to finalization of commitments.

Box 1. ESF Subsidy Contributions

There are three broad options for making subsidy contributions toward the Exogenous Shocks Facility (ESF): outright grants, investment/deposit agreements (zero- or low-interest deposits to be invested by the Fund), and concessional loans.

- **Outright grants:** A grant contribution would normally be set out in a pledge letter that specifies the intended purpose as well as the expected date and mode of payment. Grants can be disbursed in one-go, or in installments over time.
- **Investment/deposit agreements:** A deposit carrying a zero or below market interest rate (e.g., 0.5 percent per annum) would generate subsidy resources for the ESF via net investment earnings. The Fund, as trustee, would invest the deposit on behalf of the contributor, with any interest earnings in excess of interest payments due to the contributor considered as subsidy contributions to the ESF.
- **Concessional loans:** A contribution can also be made by lending to the Loan Account of the PRGF-ESF Trust at zero or below market interest rate. The loan would thus generate subsidy savings (or implicit subsidy contributions) for the Trust.

Among these options, outright grants are the most straightforward and, hence, easiest to administer. Grant contributions can be also made available immediately for meeting subsidy needs. Investment agreements and concessional loans are more complicated in the sense that net investment earnings or implicit subsidy contributions are subject to changes in market interest rates and are only generated over time. Moreover, for concessional loans, implicit subsidy contributions can only be realized after such loans have been disbursed to borrowers.

PRGF-ESF Reserve Account

10. **The Reserve Account of the PRGF-ESF Trust is designed primarily to provide security coverage to the Trust lenders in the event of a delay or non-payment by PRGF-ESF borrowers.** It also serves to meet temporary mismatches between repayments from borrowers and repayments to lenders. The Reserve Account has been financed by reflows of Structural Adjustment Facility and Trust Fund repayments and investment returns on the balance held in the Account.

11. **As of end-June 2006, the balance in the Reserve Account amounted to SDR 3.3 billion.**¹¹ Following the delivery of MDRI relief to 21 countries, which sharply reduced the level of total PRGF credit outstanding, the Reserve Account coverage rose from about 50 percent to 90 percent of existing PRGF-ESF Trust obligations. The balance in the Reserve Account thus presents a substantial multiple of projected PRGF repayments falling due in the coming months (Table 5). It is envisaged that, beyond the interim PRGF period, Reserve Account resources would be used to subsidize PRGF/ESF loans, with the principal being provided by bilateral creditors.

Table 5. PRGF-ESF Trust—Reserve Account Coverage 1/
(In millions of SDRs)

	Reserve Account balance (end of period)	PRGF-ESF Trust obligations (end of period)	Annual loan repayments to lenders
1988	169	103	--
1989	272	510	--
1990	395	795	--
1991	513	1,320	--
1992	630	1,786	--
1993	793	2,005	--
1994	1,009	2,786	33
1995	1,336	3,919	114
1996	1,716	4,446	181
1997	2,093	4,892	285
1998	2,345	5,421	366
1999	2,548	5,820	412
2000	2,714	5,773	475
2001	2,917	5,971	665
2002	3,079	6,636	696
2003	3,115	6,703	781
2004	3,174	6,632	862
2005	3,285	6,185	861
Jun-06	3,337	3,703 2/	187 2/

1/ Excludes associated loans of SDR 49.5 million from the Saudi Fund for Development (SFD), the risk of which is borne by the SFD, overdue Trust Fund obligations (SDR 118 million), and overdue SAF obligations (SDR 10 million).

2/ The sharp drop from 2005 reflects early repayments arising from the MDRI debt relief.

¹¹ The Reserve Account balance has been affected by Zimbabwe's continued arrears to the PRGF-ESF Trust, which have necessitated repayments from the Reserve Account to PRGF-ESF Trust lenders. The Reserve Account will be replenished when Zimbabwe settles its arrears to the PRGF-ESF Trust.

III. FINANCING OF HIPC AND MDRI DEBT RELIEF¹²

12. Since the last update, two countries have qualified for and received MDRI debt relief, bringing the total amount of debt relief already granted to SDR 2.5 billion (Table 6). On April 28, 2006, Cameroon reached the HIPC completion point and received HIPC and MDRI relief totaling SDR 173 million.¹³ Mauritania was determined by the Board to qualify for MDRI relief on June 21, 2006, and received debt relief of SDR 33 million. In both cases, debt relief was financed from the MDRI-II Trust, and, to a lesser extent, from resources in the relevant HIPC Umbrella sub-accounts.¹⁴

Table 6. Delivery of MDRI Debt Relief to 21 Qualifying Members
(In millions of SDRs; as of end-June 2006)

Recipient country	Delivery date	Fund credit outstanding resulting from disbursements made prior to end-2004	Sources of financing		
			Balance in the HIPC Umbrella sub-accounts	MDRI-I Trust	MDRI-II Trust
1 Benin	6-Jan-06	36	2	-	34
2 Bolivia	6-Jan-06	161	6	-	155
3 Burkina Faso	6-Jan-06	62	5	57	-
4 Cambodia 1/	6-Jan-06	57	-	57	-
5 Cameroon	28-Apr-06	173	24	-	149
6 Ethiopia	6-Jan-06	112	32	80	-
7 Ghana	6-Jan-06	265	45	220	-
8 Guyana	6-Jan-06	45	13	-	32
9 Honduras	6-Jan-06	107	9	-	98
10 Madagascar	6-Jan-06	137	9	128	-
11 Mali	6-Jan-06	75	13	62	-
12 Mauritania	22-Jun-06	33	3	-	30
13 Mozambique	6-Jan-06	107	24	83	-
14 Nicaragua	6-Jan-06	140	49	-	92
15 Niger	6-Jan-06	78	18	60	-
16 Rwanda	6-Jan-06	53	33	20	-
17 Senegal	6-Jan-06	100	6	-	95
18 Tajikistan, Rep. of 1/	6-Jan-06	69	-	69	-
19 Tanzania	6-Jan-06	234	27	207	-
20 Uganda	6-Jan-06	88	12	76	-
21 Zambia	6-Jan-06	403	4	-	398
Total 2/		2,536	333	1,120	1,083

1/ Not HIPC eligible.

2/ Totals do not add due to rounding.

¹² Projections in this paper assume that countries not yet meeting the policy performance criterion of the HIPC Initiative will be grandfathered, as proposed in *Initiative for Heavily Indebted Poor Countries—Issues Related to the Sunset Clause*.

¹³ Cameroon had previously used HIPC interim assistance of SDR 10 million.

¹⁴ For a full discussion of the financing framework for debt relief through MDRI Trusts and HIPC Umbrella sub-accounts, see SM/06/119 (3/22/06).

13. **Available resources earmarked for HIPC-MDRI debt relief amounted to SDR 0.9 billion as of end-June 2006.** This amount includes SDR 0.5 billion in the HIPC Sub-account of the PRGF-HIPC Trust earmarked for HIPC assistance, SDR 0.4 billion in the MDRI-I Trust for MDRI relief to countries with per capita income of \$380 or less,¹⁵ and a small balance (SDR 39 million) in the MDRI-II Trust for MDRI relief to HIPCs with per capita income above the \$380 threshold.

14. **Looking ahead, a number of countries are expected to benefit from HIPC and MDRI debt relief in the coming years.** These include the remaining 10 decision point and 4 pre-decision point HIPCs that were identified earlier, the four newly identified HIPCs, and the three protracted arrears cases. The financing picture of debt relief for these countries is as follows:

- **Remaining HIPCs identified earlier**—available resources for debt relief are currently estimated to be broadly sufficient, with a projected small surplus in the HIPC Sub-account of the PRGF-HIPC Trust and a small shortfall in the MDRI Trusts.
- **Newly identified HIPCs and protracted arrears cases**—since the estimated costs of providing debt relief to these countries were not included in the original HIPC-MDRI financing framework, additional resources would need to be identified and mobilized to ensure that the Fund would be in a position to provide debt relief to all members that may eventually become qualified for such relief. Available resources in the PRGF-HIPC and MDRI Trusts are available to qualifying members on a “first-come, first-served” basis, with the implication that there would not be sufficient resources to provide debt relief to late qualifying members if additional resources are not identified and mobilized in a timely manner for this purpose.

Remaining HIPCs identified earlier

15. **Staff’s latest cost estimates for the Fund to provide HIPC-MDRI debt relief to the remaining 14 HIPCs remain broadly unchanged from those provided in the previous update report.** The total costs are estimated at about SDR 0.9 billion in end-June 2006 NPV terms, of which SDR 0.8 billion is to cover the needs of the 10 countries that have already reached HIPC decision point and the remainder for the four pre-decision point countries. As noted in the last update, these estimates will continue to be revised as the remaining HIPCs move closer to their respective decision and completion points.

16. **The projected mix of financing needs also remains little changed from that presented in the last update, with a projected small surplus in the HIPC Sub-account**

¹⁵ The balance in the MDRI-I Trust excluded SDR 4 million that was reimbursed to the GRA in July 2006 for administration of the MDRI-I Trust during FY2006.

and a small shortfall in the MDRI Trusts (Table 7). Specifically, available HIPC resources are currently projected to exceed financing needs for the remaining 10 decision point and 4 pre-decision point countries by about SDR 60 million.¹⁶ The shortfall in the MDRI-I Trust is projected at about SDR 20 million, largely reflecting the fact that the actual cost of debt relief to Cambodia and Tajikistan was SDR 18 million higher than initially projected, as the debt relief was delivered on January 6, 2006, one year earlier than previously assumed. The resources in the MDRI-II Trust are projected to be broadly in line with the associated financing needs.

Table 7. Cost and Financing of Full Debt Relief to the Remaining 14 HIPCs 1/
(In billions of SDRs; in end-June 2006 NPV terms)

Estimated costs	0.90
Financing needed from	0.90
Earmarked HIPC resources	0.46
MDRI-I Trust	0.40
MDRI-II Trust	0.04
Available resources	0.94
Earmarked HIPC resources	0.52
MDRI-I Trust	0.38
MDRI-II Trust	0.04
Financing gap (-)	0.04
Earmarked HIPC resources	0.06
MDRI-I Trust	(0.02) 2/
MDRI-II Trust	(0.00)

1/ Includes 10 decision point and 4 pre-decision point countries.

2/ The actual cost of the MDRI relief to Cambodia and Tajikistan was higher than projected by SDR 18 million, as the debt relief was provided on January 6, 2006, rather than at end-2006 as assumed in SM/05/353.

17. **Three countries (Malawi, São Tomé and Príncipe, and Sierra Leone) are expected to reach the HIPC completion point and, therefore, also qualify to receive MDRI relief in the remainder of 2006.** The total amount of HIPC and MDRI debt relief for these countries is estimated at about SDR 160 million in end-June 2006 NPV terms,¹⁷ to be financed by the PRGF-HIPC Trust (SDR 65 million) and the MDRI-I Trust (SDR 95 million).

Newly identified HIPCs

18. **The costs to the Fund of providing HIPC and MDRI debt relief to the four newly identified potential HIPCs (Eritrea, Haiti, the Kyrgyz Republic, and Nepal) are**

¹⁶ This does not take account of possible topping-up assistance at completion point, except for the case of Malawi.

¹⁷ This includes projected HIPC topping-up assistance of about SDR 10 million for Malawi.

estimated at SDR 90 million in end-June 2006 NPV terms (roughly equally divided between HIPC assistance and MDRI relief). This figure is slightly lower than that reported in the last update, largely reflecting a reduction of the HIPC cost estimate for the Kyrgyz Republic.

19. **As indicated in the last update, the estimated costs for the Fund’s debt relief to the four newly identified HIPCs were not included in the HIPC-MDRI financing framework.** Thus, additional resources would need to be identified and mobilized to enable the Fund to provide debt relief to all countries that could eventually qualify for it (in any event, as noted above, such debt relief is provided on a “first-come, first-served” basis). In this regard, the G-8 has committed to cover, on a fair burden-sharing basis, the cost of debt relief for countries that may become eligible for the HIPC Initiative under the extended sunset clause.

- **HIPC assistance—given the projected surplus in the HIPC Sub-account (see above), consideration could be given to using these resources to finance HIPC assistance to the four new HIPCs.**¹⁸ Barring large requests for topping-up assistance, the HIPC Sub-account resources are estimated to be sufficient to finance HIPC assistance for both the 14 remaining and the four newly identified HIPCs. Should these resources turn out to be insufficient, resources in the PRGF-HIPC Sub-account of the PRGF-HIPC Trust (which can be used for both interim PRGF subsidies and HIPC assistance) could be used to finance HIPC assistance. Doing so would, however, reduce resources available for interim PRGF subsidies, increasing the projected shortfall of such resources as discussed in paragraph 7.
- **MDRI debt relief—resources currently available to finance MDRI relief are insufficient to meet the projected needs.** As discussed above, existing MDRI resources are estimated to fall slightly short of the financing needs of the remaining HIPCs identified earlier. As these resources would be made available to qualifying members (including the newly identified HIPCs) on a “first-come, first-served” basis, there could be insufficient resources for late comers, including some HIPCs identified earlier. For instance, staff’s current estimates indicate that financing MDRI debt relief to the Kyrgyz Republic, which has per capita income above the US\$380 threshold, could almost exhaust the resources in the MDRI-II Trust, with little left for other eligible countries. Therefore, it is important that additional MDRI resources be mobilized in a timely manner to help all identified eligible countries benefit from the Fund’s debt relief at completion point.

¹⁸ Haiti and the Kyrgyz Republic are expected to reach their decision points in late 2006 or early 2007.

Protracted arrears cases

20. **The modality and financing of the Fund's debt relief to the three protracted arrears cases—Liberia, Somalia, and Sudan—following arrears clearance require careful consideration.** At end-June 2006, their total arrears to the Fund amounted to SDR 1.8 billion. In light of the end-2004 cut-off date for MDRI assistance, post-arrears clearance lending to these countries would not qualify for MDRI debt relief. Accordingly, and as envisaged in the context of adoption of the MDRI, some modifications of the MDRI framework would be required to allow new obligations under post-arrears clearance Fund arrangements to be eligible for MDRI debt relief.¹⁹ Since the cost to the Fund of providing debt relief to the three countries has not been included in the cost estimates for the HIPC Initiative and the MDRI, resources to meet these costs will need to be mobilized. In this context, the G-8 has committed that donors would provide extra resources necessary for full debt relief at completion point for these countries.

21. **Given the magnitude of the three countries' arrears to the Fund, securing firm commitments from donors to provide resources to finance the Fund's debt relief will be key to resolving their debt problem.** Staff's current estimate indicates that HIPC assistance will account for the lion's share of the total cost of debt relief for these countries. It is, therefore, important that sufficient resources be identified and mobilized to allow these countries to benefit from the Fund's debt relief in a timely manner. In light of recent positive developments in Liberia, resolving the financing issue could become a matter of urgency in the coming months.

IV. SUBSIDIZATION OF EMERGENCY ASSISTANCE

22. **In January 2005, the Executive Board decided to extend the subsidization of emergency post-conflict assistance (EPCA) to emergency assistance for natural disasters (ENDA) for PRGF-eligible member countries, subject to resource availability.**²⁰ It was estimated that subsidy resources of about SDR 45–65 million would need to be mobilized for the next five years to make this initiative effective. For this purpose, three sub-accounts were set up to mobilize contributions from members wishing to contribute to the subsidization of: (i) EPCA only; (ii) ENDA only; and (iii) both types of emergency assistance.

¹⁹ For a more detailed discussion, see *The Multilateral Debt Relief Initiative (G-8 Proposal) and Its Implications for the Fund—Further Considerations—Supplemental Information* (SM/05/353, Supplement 1, 11/1/05).

²⁰ See *Subsidization of the Fund's Emergency Assistance for Natural Disasters to PRGF-Eligible Members* (EBS/05/4, 1/10/05).

23. **Firm pledges of new subsidy contributions have so far amounted to SDR 29 million, or roughly half of the targeted amount** (Appendix Table 1). No new pledges have been made since the last update. As a result, available subsidy resources at end-July 2006 are estimated at SDR 32 million (Table 8). This figure includes balances of the three sub-accounts and projected forthcoming contributions of existing pledges. Of the total amount, SDR 7 million is available for subsidization of EPCA only, SDR 12 million for subsidization of ENDA only, and SDR 13 million for subsidization of both.

Table 8. Subsidy Contributions for Emergency Assistance
(In millions of SDRs; as of end-July 2006)

Sub-accounts	Contribution pledged	Contribution received	Subsidy used	Account balance 1/	Forthcoming contributions 2/	Available resources 3/
EPCA	9.7	9.7	3.2	7.2	-	7.2
ENDA	17.4	8.2	5.1	3.3	8.6	11.9
EPCA/ENDA	13.0	13.0	0.2	13.2	-	13.2
Total	40.1	31.0	8.5	23.7	8.6	32.3

1/ Includes investment earnings on the account balance.

2/ Projected subsidy resources to be received in end-July 2006 NPV terms.

3/ Equals account balance plus forthcoming contributions.

24. **Total resources needed for the subsidization of outstanding EPCA and ENDA credit are estimated at SDR 21 million in end-July 2006 NPV terms** (Table 9). Of this amount, SDR 5 million is estimated for the subsidization of EPCA, and SDR 16 million for ENDA. Since the last update, Malawi made one ENDA repurchase of about SDR 2 million in June 2006, and Grenada made two ENDA repurchases totaling SDR 0.7 million in April and July 2006.

Table 9. ENDA/EPCA Credit Outstanding and Subsidy Needs
(In millions of SDRs; as of end-July 2006)

	Credit outstanding 1/	Subsidy needs 2/
ENDA:	123.4	16.2
Grenada	5.1	0.5
Malawi	10.8	0.5
Maldives	4.1	0.6
Sri Lanka	103.4	14.6
EPCA:	33.0	4.9
Central African Republic	12.5	1.9
Haiti	20.5	3.1
Total	156.4	21.1

1/ Excluding credit outstanding that is not subject to subsidization.

2/ Estimated subsidy needs in end-July 2006 NPV terms.

25. **Excluding subsidies needed for existing PRGF-eligible ENDA and EPCA users, available resources are estimated to be sufficient to subsidize new ENDA/EPCA**

purchases of about SDR 60 million. Looking ahead, Côte d'Ivoire is expected to request a first EPCA purchase of 12½ percent of quota (SDR 41 million) in the coming months, and the authorities have expressed their interest in requesting a second EPCA purchase of the same amount in 2007. Thus, additional subsidy resources for emergency assistance would need to be mobilized to meet these and other possible requests.

V. PROPOSED DECISION

The following decision is proposed for adoption by the Executive Board:

The Executive Board notes the report entitled “Update on the Financing of the Fund’s Concessional Assistance and Debt Relief to Low-Income Member Countries”, and decides that (i) the semi-annual reviews of the financing of the MDRI-I and MDRI-II Trusts, contemplated in paragraphs 1 and 2, respectively, of Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, effective January 5, 2006, and (ii) the semi-annual review of the financing of the Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations, contemplated in paragraph 2 of Decision No. 11436-(97/10) adopted February 4, 1997, as amended, are completed.

Appendix: Table 1. Subsidy Contributions for Emergency Assistance
(In millions; as of end-July 2006)

Contributor	Contribution pledge	Date of pledge	SDR equivalent 1/	Contribution received
Sub-Account 1: EPCA subsidization only				
Belgium	SDR 0.63	Mar. 2002	0.6 ^{2/}	0.6
Canada	Can\$ 3.25	Oct. 2002	1.7	1.7
Norway	SDR 3.0	Jun. 2002	3.0	3.0
Sweden	SDR 0.8	Jan. 2002	0.8	0.8
Switzerland	US\$ 1.0	Mar. 2002	0.8	0.8
United Kingdom	£ 2.5	Oct. 2001	2.9	2.9
Sub Total			9.7	9.7
Sub-Account 2: ENDA subsidization only				
Australia	Aus\$ 2.0	Jun. 2005	1.0	0.6
Austria 3/	SDR 1.2	Apr. 2005	1.3	--
Canada	Can\$ 5.0	Feb. 2005	2.9	1.1
China	US\$ 2.0	May 2005	1.4	1.4
Germany 4/	Euro 1.65	Nov. 2005	1.4	1.4
India	SDR 1.5	Feb. 2005	1.5	--
Japan	US\$ 2.5	Apr. 2005	1.7	1.7
Luxembourg	Euro 1.25	Feb. 2005	1.1	0.2
Russia	US\$ 1.5	Feb. 2005	1.0	0.4
Saudi Arabia	US\$ 4.0	Apr. 2005	2.7	--
Switzerland	US\$ 2.0	Feb. 2005	1.4	1.4
Sub Total			17.4	8.2
Sub-Account 3: Subsidization of EPCA and ENDA				
France	Euro 1.5	Jan. 2005	1.2	1.2
Netherlands 5/	US\$ 2.0	Mar. 2002	1.5	1.5
Netherlands	US\$ 2.0	Mar. 2005	1.4	1.4
Norway	NKr 10.0	Feb. 2005	1.1	1.1
Sweden	US\$ 10.0	Feb. 2005	6.6	6.6
United Kingdom	£ 1.0	Feb. 2005	1.2	1.2
Sub Total			13.0	13.0
Total			40.1	31.0
<i>Memorandum item:</i>				
Pledges made since 2005			28.9	19.7

Source: IMF Finance Department

1/ For contributions which have been fully received, the SDR equivalent is the actual SDR amount received using the exchange rate on the value date. For contributions that are not yet disbursed, the SDR equivalent is calculated using the exchange rate at end-July 2006.

2/ Belgium has fulfilled its pledge to subsidize Burundi's emergency post-conflict assistance in full, as Burundi made early repurchase in February 2004.

3/ Reflecting investment income to be generated on a deposit agreement.

4/ To subsidize the rate of charge on purchases by Sri Lanka and Maldives under ENDA following the 2004 Tsunami.

5/ Existing contribution, previously earmarked for EPCA.

Appendix: Table 2. Summary of Bilateral Contributions to the PRGF-ESF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-June 2006)

	PRGF-ESF Trust 1/ 2/			PRGF-HIPC Trust		
	Subsidy contributions "as needed" 3/			Loan commitments	Subsidies and HIPC grant contributions "as needed" 3/	Of which: Pending "as needed" 3/
	For subsidization	For MDRI debt relief	Total			
TOTAL	2,098.8	1,120.0	3,218.8	15,759.7	1,561.6	32.2
Major industrial countries	1,326.8	818.8	2,145.6	12,864.8	880.5	--
Canada	141.3	84.8	226.1	700.0	48.8	--
France	252.0	116.4	368.4	2,900.0	82.2	--
Germany	112.3	66.1	178.4	2,750.0	127.2	--
Italy	64.3	84.4	148.683	1,380.0	63.6	--
Japan	394.2	253.4	647.6	5,134.8	144.0	--
United Kingdom	263.9	155.4	419.3	--	82.2	--
United States	98.9	58.3	157.2	--	332.6	--
Other advanced countries	646.3	250.4	896.6	2,452.8	299.7	--
Australia	11.7	3.7	15.4	--	24.8	--
Austria	59.1	--	59.1	--	14.3	--
Belgium	66.5	39.5	106.0	350.0	35.3	--
Denmark	40.1	23.6	63.6	100.0	18.5	--
Finland	25.7	15.1	40.8	--	8.0	--
Greece	22.6	13.3	36.0	--	6.3	--
Iceland	2.6	1.5	4.1	--	0.9	--
Ireland	5.2	2.4	7.6	--	5.9	--
Israel	--	--	--	--	1.8	--
Korea	39.0	21.0	60.1	92.7	15.9	--
Luxembourg	13.3	--	13.3	--	0.7	--
Netherlands	131.6	--	131.6	450.0	45.4	--
New Zealand	--	--	--	--	1.7	--
Norway	26.6	15.7	42.2	150.0	18.5	--
Portugal	2.6	1.4	4.0	--	6.6	--
San Marino	--	--	--	--	0.0	--
Singapore	11.0	6.5	17.5	--	16.5	--
Spain	13.8	3.1	17.0	708.4	23.3	--
Sweden	109.6	65.0	174.7	--	18.3	--
Switzerland	65.2	38.5	103.7	601.7	37.0	--
Fuel exporting countries	10.2	6.1	16.3	49.5	114.3	23.2
Algeria	--	--	--	--	5.5	--
Bahrain	--	--	--	--	0.9	0.9
Brunei Darussalam	--	--	--	--	0.1	--
Gabon	--	--	--	--	2.5	1.9
Iran, Islamic Republic of	1.0	0.6	1.5	--	2.2	--
Kuwait	--	--	--	--	3.1	--
Libya	--	--	--	--	7.3	--
Nigeria	--	--	--	--	13.9	--
Oman	--	--	--	--	0.8	--
Qatar	--	--	--	--	0.5	--
Saudi Arabia	9.3	5.5	14.8	49.5	53.5	--
United Arab Emirates	--	--	--	--	3.8	--
Venezuela	--	--	--	--	20.4	20.4

Appendix: Table 2. Summary of Bilateral Contributions to the PRGF-ESF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-June 2006)

	PRGF-ESF Trust 1/ 2/			Loan commitments	PRGF-HIPC Trust	
	Subsidy contributions "as needed" 3/				Subsidies and HIPC grant contributions "as needed" 3/	Of which: Pending "as needed" 3/
	For subsidization	For MDRI debt relief	Total committed			
Other developing countries	103.4	44.8	148.2	355.6	224.1	9.1
Argentina	19.5	11.5	31.0	--	16.2	6.4
Bangladesh	0.6	0.2	0.8	--	1.7	--
Barbados	--	--	--	--	0.4	--
Belize	--	--	--	--	0.3	--
Botswana	1.0	0.6	1.6	--	5.7	--
Brazil	--	--	--	--	15.0	--
Cambodia	--	--	--	--	0.0	--
Chile	2.2	1.3	3.5	--	4.4	--
China	9.5	4.2	13.7	200.0	19.7	--
Colombia	--	--	--	--	0.9	--
Cyprus	--	--	--	--	0.8	--
Dominican Republic	--	--	--	--	0.5	0.5
Egypt	7.4	4.3	11.7	155.6	1.3	--
Fiji	--	--	--	--	0.1	--
Ghana	--	--	--	--	0.5	--
Grenada	--	--	--	--	0.1	0.1
India	12.2	--	12.2	--	22.9	--
Indonesia	3.6	2.1	5.8	--	8.2	--
Jamaica	--	--	--	--	2.7	--
Lebanon	--	--	--	--	0.4	0.4
Malaysia	19.0	11.2	30.2	--	12.7	--
Maldives	--	--	--	--	0.0	0.0
Malta	0.9	0.5	1.3	--	1.1	--
Mauritius	--	--	--	--	0.1	--
Mexico	--	--	--	--	54.5	--
Micronesia, F. S.	--	--	--	--	0.0	--
Morocco	5.4	3.2	8.5	--	1.6	--
Pakistan	2.2	0.3	2.5	--	3.4	--
Paraguay	--	--	--	--	0.1	--
Peru	--	--	--	--	2.5	--
Philippines	--	--	--	--	6.7	--
Samoa	--	--	--	--	0.0	--
South Africa	--	--	--	--	28.6	--
Sri Lanka	--	--	--	--	0.6	--
St. Lucia	--	--	--	--	0.1	--
St. Vincent and the Grenadines	--	--	--	--	0.1	--
Swaziland	--	--	--	--	0.0	--
Thailand	7.5	4.4	11.9	--	4.5	--
Tonga	--	--	--	--	0.0	--
Trinidad and Tobago	--	--	--	--	1.6	1.6
Tunisia	0.6	0.3	0.9	--	1.5	--
Turkey	11.2	--	11.2	--	--	--
Uruguay	0.8	0.5	1.3	--	2.2	--
Vanuatu	--	--	--	--	0.1	0.1
Vietnam	--	--	--	--	0.4	--

Appendix: Table 2. Summary of Bilateral Contributions to the PRGF-ESF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-June 2006)

	PRGF-ESF Trust 1/ 2/			Loan commitments	PRGF-HIPC Trust	
	Subsidy contributions "as needed" 3/				Subsidies and HIPC grant contributions "as needed" 3/	Of which: Pending "as needed" 3/
	For subsidization	For MDRI debt relief	Total committed			
Countries in transition	12.1	--	12.1	--	42.9	--
Croatia	--	--	--	--	0.4	--
Czech Republic	12.1	--	12.1	--	4.1	--
Estonia	--	--	--	--	0.5	--
Hungary	--	--	--	--	6.0	--
Latvia	--	--	--	--	1.0	--
Poland	--	--	--	--	12.0	--
Russian Federation	--	--	--	--	14.6	--
Slovak Republic	--	--	--	--	4.0	--
Slovenia	--	--	--	--	0.4	--
<i>Memorandum Item:</i>						
OPEC Fund for International Development	--	--	--	37.0	--	--

* Less than SDR 5,000.

1/ Subsidy contributions of Bangladesh, Belgium, Czech Republic, India, Luxembourg, Netherlands, Saudi Arabia, Sweden, and Thailand are held in the PRGF Subsidy Account. Tunisia's contribution is held in both PRGF Subsidy Account and ESF Subsidy Account. All other countries' contributions are held in the PRGF-ESF Subsidy Account.

2/ Excludes the G-8 commitment of SDR 100 million in end-2005 NPV terms and new ESF subsidy contributions.

3/ Estimated values of total contributions include forthcoming contributions that are not yet received. The term "as needed" refers to the nominal sum of concessional assistance taking into account the profile of subsidy needs associated with PRGF lending and the provision of HIPC assistance, respectively.

Appendix: Table 3. PRGF-ESF Trust—Subsidy Agreements 1/
(In millions of SDRs, unless otherwise noted; as of end-June 2006)

	Effective date of agreement	Vehicle 2/	Deposit/Investment Amount			Interest Rate (percent)	Maturity (years)
			Agreed	Received	Outstanding		
Austria							
Austrian National Bank	Jun. 8, 1988	Admin. Account	60.0	60.0	--	0.5	5½–10
Austrian National Bank	Apr. 19, 1994	Admin. Account	50.0	50.0	--	0.5	5½–10
Belgium							
National Bank of Belgium	Jun. 30, 1989	Admin. Account	100.0	100.0	--	0.5	10
National Bank of Belgium	Apr. 21, 1994	Admin. Account	80.0	80.0	--	0.5	10
Botswana							
Bank of Botswana 3/ 4/	Jun. 30, 1994	Admin. Account	6.9	6.9	--	2.0	10
Chile							
Banco Central de Chile	Aug. 24, 1994	Admin. Account	15.0	15.0	--	0.5	5
Greece							
Bank of Greece	Nov. 30, 1988	Admin. Account	35.0	35.0	--	0.5	5½–10
Bank of Greece	Apr. 22, 1994	Admin. Account	35.0	35.0	--	0.5	5½–10
Indonesia							
Bank Indonesia 5/	Jun. 23, 1994	Admin. Account	25.0	25.0	--	--	10
Iran, Islamic Republic of							
Central Bank of Iran	May 24, 1994	Admin. Account	5.0	5.0	--	0.5	10
Malaysia							
Bank Negara Malaysia	May 17, 1988	Subsidy Account	40.0	40.0	--	0.5	10
Bank Negara Malaysia 4/	Jun. 30, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Malta							
Central Bank of Malta	Dec. 13, 1989	Subsidy Account	1.4	1.4	--	0.5	13
Central Bank of Malta	May 27, 1994	PRGF-ESF Subsidy Account	1.4	1.4	1.4	0.5	13
Pakistan							
State Bank of Pakistan 6/	Apr. 21, 1994	PRGF-ESF Subsidy Account	10.0	8.7	8.7	0.5	16
Portugal							
Banco do Portugal	May 5, 1994	Admin. Account	13.1	13.1	2.6	0.5	6–10
Saudi Arabia							
The Saudi Fund for Development	April 11, 2006	PRGF-ESF Subsidy Account	38.2	38.2	38.2	0.5	15½
Singapore							
Monetary Authority of Singapore	Nov. 4, 1988	Subsidy Account	40.0	40.0	--	2.0	10
Monetary Authority of Singapore 4/	May 20, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Spain							
Government of Spain 7/	Feb. 8, 1995	PRGF-ESF Subsidy Account	60.3	22.2	22.2	0.5	10
Thailand							
Bank of Thailand	Jun. 14, 1988	Subsidy Account	20.0	20.0	--	2.0	10
Bank of Thailand	Apr. 22, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Tunisia							
Banque Centrale de Tunisie 8/	May 4, 1994	Subsidy Account	3.6	3.6	--	0.5	10
Uruguay							
Banco Central del Uruguay 9/	Jul. 7, 1994	Subsidy Account	7.2	7.2	--	--	10
Total			767.0	727.6	73.1		

1/ Subsidy contributions to the PRGF-ESF Trust result from the difference between the investment income on contributions and the below market rate of interest paid to contributors.

2/ In January 2006, the original PRGF Subsidy Account was renamed as the PRGF-ESF Subsidy Account, and two new subsidy accounts, the ESF Subsidy Account and the PRGF Subsidy Account, were established. For deposits/investments that have not yet expired, the current name of the account is presented. For deposits/investments that have been repaid, the old name of Subsidy Account is kept.

3/ Equivalent of US\$10 million (at the exchange rate of June 29, 1994).

4/ The Fund made early repayments to Botswana, Malaysia, and Singapore on March 1, 2004.

5/ Interest rate paid is equivalent to the return on investment by the Fund on this deposit (net of any costs), less 2.0 percent per annum. If the interest rate obtained is less than 2.0 per annum, the deposit shall bear zero interest.

6/ All the deposits will be repaid together at the end of sixteen years after the date of the first deposit.

7/ The investment coincides with the repayment of each of the first nine (out of ten) semiannual installments of a drawing of the PRGF Trust loan of SDR 67 million from the Government of Spain (the Instituto de Crédito Oficial).

8/ Equivalent of US\$5 million (at the exchange rate of May 11, 1994).

9/ Interest rate paid is equivalent to the return on this investment by the Fund (net of any costs), less 2.6 percent per annum. If the interest rate obtained by the Fund is 2.6 percent per annum or less, the investment shall bear zero interest.

Appendix: Table 4. PRGF-ESF Trust—Loan Agreements
(In millions of SDRs; as of end-June 2006)

	Effective date of agreement	Expiration date for drawings	Loan commitments	Amount Disbursed		Early repayment related to the MDRI	Amount outstanding
				Amount	In percent of commitment		
Belgium							
National Bank of Belgium 1/	Jul. 2, 1999	Dec. 31, 2009	350.0	242.3	69.2	87.9	146.3
Canada							
Government of Canada	Feb. 22, 1989	Dec. 31, 1997	300.0	300.0	100.0	16.1	--
Government of Canada	May 9, 1995	Dec. 31, 2005	400.0	400.0	100.0	110.1	219.0
China							
Government of China 1/	Jul. 05, 1994	Dec. 31, 2009	200.0	155.6	77.8	37.7	74.8
Denmark							
National Bank of Denmark	May 3, 2000	Dec. 31, 2003	100.0	100.0	100.0	31.9	68.1
Egypt							
Central Bank of Egypt 1/	Jun. 13, 1994	Dec. 31, 2009	155.6	100.0	64.3	21.9	37.3
France							
Agence Française de Développement 2/	Apr. 05, 1988	Dec. 31, 1997	800.0	800.0	100.0	--	7.3
Agence Française de Développement 2/	Jan. 03, 1995	Dec. 31, 2005	750.0	750.0	100.0	--	502.3
Agence Française de Développement 1/ 2/	Dec. 17, 1999	Dec. 31, 2009	1,350.0	447.8	33.2	376.1	71.7
Germany							
Kreditanstalt für Wiederaufbau	Mar. 31, 1989	Dec. 31, 1997	700.0	700.0	100.0	19.7	4.3
Kreditanstalt für Wiederaufbau	May 17, 1995	Dec. 31, 2005	700.0	700.0	100.0	313.0	242.6
Kreditanstalt für Wiederaufbau 1/	Jun. 19, 2000	Dec. 31, 2009	1,350.0	332.7	24.6	180.6	152.1
Italy							
Bank of Italy 3/	Oct. 04, 1990	Dec. 31, 1997	370.0	370.0	100.0	11.7	--
Bank of Italy 3/	May. 29, 1998	Dec. 31, 2005	210.0	210.0	100.0	170.9	--
Bank of Italy 1/	Mar. 1, 2000	Dec. 31, 2009	800.0	497.9	62.2	63.5	434.5
Japan							
Japan Bank for International Cooperation 4/	Apr. 12, 1988	Dec. 31, 1997	2,200.0	2,200.0	100.0	--	35.5
Japan Bank for International Cooperation 1/ 4/	Oct. 05, 1994	Dec. 31, 2009	2,934.8	2,511.0	85.6	--	2,089.1
Korea							
Bank of Korea	Apr. 20, 1989	Dec. 31, 1997	65.0	65.0	100.0	0.3	--
Bank of Korea	Jun. 20, 1994	Dec. 31, 2005	27.7	27.7	100.0	6.5	13.7
Netherlands							
Bank of the Netherlands 1/	Sep. 29, 1999	Dec. 31, 2009	450.0	168.8	37.5	55.2	113.6
Norway							
Bank of Norway	Apr. 14, 1988	Dec. 31, 1997	90.0	90.0	100.0	2.7	--
Bank of Norway	Jun. 16, 1994	Dec. 31, 2005	60.0	60.0	100.0	10.7	25.4
OPEC Fund for International Development 5/	Dec. 20, 1994	Dec. 31, 2005	37.0	37.0	100.0	7.9	18.9
Spain							
Bank of Spain 6/	Jun. 20, 1988	Jun. 30, 1993	216.4	216.4	100.0	--	--
Government of Spain	Feb. 08, 1995	Dec. 31, 2005	67.0	67.0	100.0	--	44.8
Bank of Spain 1/	Feb. 14, 2000	Dec. 31, 2009	425.0	144.2	33.9	41.4	102.8
Switzerland							
Swiss Confederation 7/	Dec. 23, 1988	Dec. 31, 1997	200.0	200.0	100.0	--	--
Swiss National Bank 1/	Jun. 22, 1995	Dec. 31, 2009	401.7	207.5	51.7	44.7	94.1
Subtotal			15,710.2	12,101.1	77.0	1,610.5	4,498.1
Associated Agreement - Saudi Fund for Development (SFD)							
	Feb. 27, 1989	--- 8/	49.5	49.5	100.0	--	--
Total Loan and Associated Loan Agreements 9/			15,759.7	12,150.6	77.1	1,610.5	4,498.1

1/ Including additional loan commitments for interim PRGF operations.

2/ Before April 17, 1998, known as Caisse Française de Développement.

3/ In late 1999, the Bank of Italy replaced the Ufficio Italiano dei Cambi as lender to the PRGF Trust.

4/ 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.

5/ The loan commitment is for the SDR equivalent of US\$50 million.

6/ The original loan commitment of the Bank of Spain was SDR 220 million; however, only SDR 216.4 million was drawn and disbursed by the expiration date for drawings.

7/ The full loan commitment of SDR 200 million was drawn in January 1989; this amount was fully disbursed to borrowers by March 1994.

8/ On August 26, 1998, the SFD indicated that it did not intend to make further loans in association with the PRGF.

9/ Any mismatch of outstanding resources between the amount owed by PRGF borrowers and the amount owed to PRGF lenders arises because of mismatches in timing between drawdowns from lenders to the Trust and disbursements of PRGF loans to borrowers.

Appendix: Table 5. Information on Pending Bilateral Contributions to the PRGF-HIPC Trust
Status as of end-July 2006¹

Argentina:	The remaining balance of SDR 6.4 million (as needed) of its pledged contribution to be financed from its Post-SCA-2 balance of SDR 5.8 million.
Bahrain:	Contribution of income on an interest-free deposit through 2018.
Dominican Republic:	Contribution of net income on a deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 1.1 million at 1 percent per annum.
Gabon:	The remaining balance of SDR 1.9 million (as needed) of its pledged contribution to be financed by grants.
Grenada:	Contribution of net income on a deposit for 10 years of SDR 0.20 million at 0.5 percent per annum.
Lebanon:	Contribution of income on an interest-free deposit through 2018.
Maldives:	Contribution of income on an interest-free deposit through 2018.
Trinidad and Tobago:	Contribution of income on an interest-free deposit of its Post-SCA-2 balance of SDR 2.6 million.
Vanuatu:	Grant contribution of its Post-SCA-2 balance of SDR 0.05 million.
República Bolivariana de Venezuela:	Prepared to contribute based on its quota-based share. Contribution could be financed through use of its Post-SCA-2 balance of SDR 31.9 million.

¹Reflects pledged contributions which are not yet effective. Post-SCA-2 amounts shown include refunds of SCA-2 resources and accumulated interest income. The authorities of Mauritius are also considering an additional contribution.