

INTERNATIONAL MONETARY FUND

**Update on the Financing of the Fund's Participation in
the PRGF and HIPC Initiatives**

Prepared by the Treasurer's Department

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

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EXECUTIVE SUMMARY

PRGF Trust

- Existing uncommitted loan resources, amounting to SDR 1.2 billion as of end-July 2001, are expected to be sufficient to support PRGF commitments through early 2002.
- Balances accumulated in the Reserve Account remain adequate and far exceed repayments falling due during the next six-month period ending March 31, 2002. A decision on the adequacy of the Reserve Account balances is proposed.

PRGF-HIPC Trust

- The projection of the financing required to subsidize interim PRGF lending and the Fund's cost of the HIPC Initiative has increased from SDR 3.8 billion to SDR 4.0 billion "as needed", reflecting the projected costs of HIPC assistance to Comoros and Ghana.
- All Fund contributions (SDR 2.4 billion "as needed") are now effective. Out of total bilateral contributions of SDR 1.6 billion "as needed", SDR 1.5 billion (or 95 percent) are effective.

Interim PRGF Lending

- On August 23, 2001, the Board adopted decisions to amend the PRGF Trust and PRGF-HIPC Trust Instruments to facilitate interim lending through the PRGF Trust and extend to the new loans the security coverage of the Reserve Account of the PRGF Trust. Staff are securing the consent of the current PRGF lenders to the amendments.
- It has become urgent to secure the remaining loan resources of SDR 0.7–1.2 billion to ensure full funding of PRGF operations for the coming four-year period. Eight countries have pledged new loan resources totaling SDR 3.3 billion for the interim PRGF. Since the last update paper, China, Egypt, and Italy have pledged loan resources.
- Staff projections indicate that, at the assumed interest rate of 5 percent and with self-sustained PRGF operations of about SDR 660 million per annum, the balances accumulated in the Reserve Account should provide adequate protection to both current and new PRGF lenders.

Publication

- In line with enhanced transparency on Fund financial policies and operations, the staff propose that this report be posted on the Fund's external website prior to the Annual Meetings.

I. INTRODUCTION

1. This paper reviews the financing of PRGF and HIPC operations, the adequacy of the Reserve Account of the PRGF Trust, and the status of mobilizing loan resources for interim PRGF operations. **The main financing issue concerns the need to secure full funding of continued PRGF operations by obtaining additional pledges of SDR 0.7–1.2 billion in loan resources to cover the demand for PRGF loans in the four-year period 2002–05.**

II. PRGF TRUST

2. **Existing uncommitted loan resources of the PRGF Trust, amounting to SDR 1.2 billion as of end-July 2001, are projected to be sufficient to support PRGF arrangements through early 2002.** The full commitment of current loan resources is premised on the possible use of PRGF resources by a few large borrowers, but the precise timing and size of these PRGF arrangements remain uncertain.

3. Based on an assumed interest rate of 5 percent per year on investments and on loans to the PRGF Trust, **effective subsidy resources available to support current PRGF lending are projected to exceed subsidy needs by about SDR 0.3 billion on an “as needed” basis.**¹ A sensitivity analysis using alternative interest rate assumptions indicates that subsidy resources would be exhausted if the interest rate were to exceed 5 ³/₄ percent per year (Table 1).

Table 1. PRGF Trust—Interest Rate Sensitivity of Subsidy Resources

Interest rate	Loans	Subsidies "as needed" at different interest rates				
		(In percent)				
		4.0	4.5	5.0	5.5	6.0
		(In billions of SDRs)				
Resources required	11.4	3.3	3.5	3.8	4.0	4.3
Available resources	11.4	4.0	4.0	4.1	4.1	4.2
Available resources less requirements	--	0.7	0.5	0.3	0.1	-0.1

¹ The "as needed" value of subsidy resources is the nominal undiscounted sum of required subsidy payments that could be financed from the resources generated from contributions, taking into account the timing of resource availability in relation to the timing of subsidy needs.

4. **Resources in the Reserve Account of the PRGF Trust are sufficient to meet all obligations falling due to PRGF Trust lenders in the six-month period ending March 2002.** Balances in the account totaled SDR 2.8 billion at end-July, an increase of about SDR 0.1 billion since February 2001, sufficient to cover 48 percent of outstanding PRGF Trust obligations and exceed, by a factor of nine, projected repayments (SDR 0.3 billion) to PRGF Trust lenders during October 2001-March 2002. A decision is proposed for Board consideration.²

5. **Zimbabwe has become the first case of protracted arrears (i.e., arrears that have been outstanding for six months or more) to the PRGF Trust.** As of August 22, 2001, Zimbabwe's arrears to the Trust totaled SDR 22 million, necessitating repayments to PRGF Trust lenders from resources in the Reserve Account.

III. PRGF-HIPC TRUST

6. **The financing required for interim PRGF subsidies and the Fund's cost of the HIPC Initiative is estimated to have increased** from SDR 3.8 billion to SDR 4.0 billion on an "as needed" basis since the last review (Table 2). This increase is largely attributable to the inclusion of the estimated potential costs of HIPC Initiative assistance to Comoros and Ghana.

Table 2. PRGF-HIPC Trust—Sources and Uses of Financing

	SDR billions "as needed"
Total financing requirements	4.0
PRGF subsidy requirement	1.4
Cost of the HIPC Initiative 1/	2.6
Sources of financing	4.0
Effective	3.9
Bilateral contributions	1.5
IMF contributions	2.4
Investment income from gold proceeds	1.8
Other contributions	0.6
Pending bilateral contributions	0.1

¹The cost of the IMF's participation in the original and enhanced HIPC Initiative is estimated to amount to US\$2.5 billion in end-2000 NPV terms.

² The Executive Board is required to review the adequacy of the PRGF Reserve Account every six months as long as PRGF loans related to the encashment of rights under rights accumulation programs remain outstanding (Decision No. 10286-(93/23) ESAF, February 22, 1993, as amended). Such loans remain outstanding to Sierra Leone and Zambia.

7. **The financing requirement for the PRGF-HIPC Trust is expected to be fully met by resources pledged to the Trust.** Contributions pledged by 93 member countries are estimated to amount to SDR 1.6 billion “as needed”. Of this amount, effective bilateral contributions amounted to SDR 1.5 billion “as needed” (Table 3). Since the last update in March 2001, 13 contributors have added SDR 98 million “as needed” to effective contributions.³

Table 3. PRGF-HIPC Trust—Pledged and Effective Bilateral Contributions
(In billions of SDRs "as needed")

	Pledged	Effective	Pending
Total	1.56	1.48	0.08
G-7	0.88	0.88	-
Other advanced countries	0.30	0.28	0.02
Remaining countries	0.38	0.32	0.06

- Contributions by all G-7 countries have become effective, and all of the twenty other advanced countries (except Sweden) that have pledged contributions have also made their contributions effective. The Swedish authorities have indicated that they are in the final stage of making their contribution effective (SDR 18.3 million “as needed”).
- Among non-industrial countries, about 80 percent of the 66 contributors have made their contributions effective, amounting to SDR 316 million “as needed” (out of the pledged contributions of SDR 379 million “as needed”). About 70 percent of the contributions that are not yet effective are currently held in the Post SCA-2 Administered Account pending the completion of administrative procedures by contributing members.⁴ Of these contributors, the two largest are Venezuela (SDR 20.4 million “as needed”) and Brazil (SDR 15 million “as needed”). **It is important that all remaining bilateral contributions become effective as soon as possible.**

8. **The estimated value of the Fund’s contributions has risen from SDR 2.3 billion to SDR 2.4 billion “as needed”,** partly offsetting the increase in the Fund’s HIPC costs due

³ Algeria, Argentina, Croatia, Gabon, Latvia, Malaysia, Nigeria, Oman, Saudi Arabia, Singapore, St. Vincent and the Grenadines, Tunisia, and the United Arab Emirates.

⁴ The Post SCA-2 Administered Account was established to facilitate bilateral contributions to the PRGF-HIPC Trust at the time of the termination of the second Special Contingent Account (SCA-2) in late-1999 (see EBS/99/215, 11/29/99).

to the inclusion of Comoros and Ghana among the list of HIPC eligible members.⁵ The higher value of the Fund's contribution reflects larger actual and expected transfers from the Reserve Account of the PRGF Trust to the PRGF-HIPC Trust corresponding to the cost of administering the PRGF Trust during FY1998–2004.⁶

9. **PRGF-HIPC Trust resources have thus far been used exclusively for HIPC Initiative assistance, as interim PRGF operations have not yet begun.** At end-July 2001, the Fund had committed HIPC assistance of SDR 1.3 billion to 23 member countries that had reached decision points under the enhanced framework, and Côte d'Ivoire which had reached its decision point under the original framework. Of these commitments, SDR 0.5 billion had been disbursed (Table 4). Since the last review, Chad reached its decision point and Bolivia reached its completion point.

Table 4. Commitments and Disbursements of the Fund's HIPC Initiative Assistance
(In millions of SDRs; as of end-July 2001)

Member	Amount		Member	Amount	
	Committed	Disbursed		Committed	Disbursed
Benin	18.4	7.4	Malawi	23.1	2.3
Bolivia 1/	65.5	65.5	Mali 1/	44.4	11.5
Burkina Faso 1/	31.3	19.5	Mauritania	34.8	9.9
Cameroon	28.5	2.2	Mozambique 1/	104.8	95.5
Chad	14.3	2.9	Nicaragua	63.0	--
Côte d'Ivoire 2/	14.4	--	Niger	21.6	0.4
Gambia	1.8	0.1	Rwanda	33.8	6.8
Guinea	24.2	2.4	São Tomé & Príncipe	--	--
Guinea Bissau	9.2	0.5	Senegal	33.8	4.8
Guyana 1/	56.2	31.7	Tanzania	89.0	26.7
Honduras	22.7	--	Uganda 1/	121.7	121.7
Madagascar	16.6	0.7	Zambia	468.8	117.2
24 Members, of which 23 under the enhanced HIPC framework				1,341.8	529.6

1/ Under the original and enhanced HIPC framework.

2/ Under the original HIPC framework.

⁵ The Fund's contributions derive from: (i) investment income on net proceeds from off-market transactions in gold (SDR 1.76 billion "as needed"); (ii) transfers from the Reserve Account of the PRGF Trust to the PRGF-HIPC Trust equivalent to the cost of administering the PRGF Trust during FY1998-2004 (SDR 0.5 billion "as needed"); and (iii) transfers of part of the interest surcharge on certain purchases under the Supplemental Reserve Facility financed through the New Arrangements to Borrow (SDR 0.1 billion "as needed").

⁶ The cost has risen from about SDR 41 million in FY 1998 to about SDR 61 million now, and is assumed to remain at the current level through FY 2004.

IV. INTERIM PRGF LOAN RESOURCES

10. **New loan resources of SDR 4–4.5 billion are required to ensure the continuity of PRGF operations after existing resources are exhausted in 2002.** Thus far, eight countries—Belgium, China, Egypt, France, Germany, Italy, the Netherlands, and Switzerland—have pledged SDR 3.3 billion (Table 5).⁷ Since the March update paper was issued, China, Egypt, and Italy have made pledges. **It is now urgent to secure pledges for the remaining SDR 0.7–1.2 billion in new loan resources.**

Table 5. Pledged Loan Commitments for the Interim PRGF
(In billions of SDRs)

Belgium	0.15
China	0.10
Egypt	0.06
France	1.00
Germany	1.00
Italy	0.55
Netherlands	0.20
Switzerland	0.25
Total	3.31

11. **On August 23, 2001, the Executive Board adopted decisions to amend the PRGF Trust and PRGF-HIPC Trust Instruments** to provide a legal framework for conducting interim PRGF lending operations through the existing Loan Account of the PRGF Trust.⁸ These modifications established a framework to

- extend the borrowing limit of the Loan Account of the PRGF Trust from SDR 11.5 billion to SDR 16 billion so as to encompass interim PRGF loan resources;
- extend the commitment period for drawings of loan resources to end-December 2006 to cover interim PRGF lending;
- establish the sequence of use of loans to finance PRGF and interim PRGF operations; and
- allow the use of subsidy resources available in the PRGF-HIPC Trust (those not “earmarked” for the HIPC Initiative) for subsidizing interim PRGF lending, with

⁷ Some of these commitments are subject to parliamentary approval.

⁸ “Interim PRGF Operations—Modifications to the Instruments Establishing the PRGF Trust and PRGF-HIPC Trust” (EBS/01/132, 8/8/01).

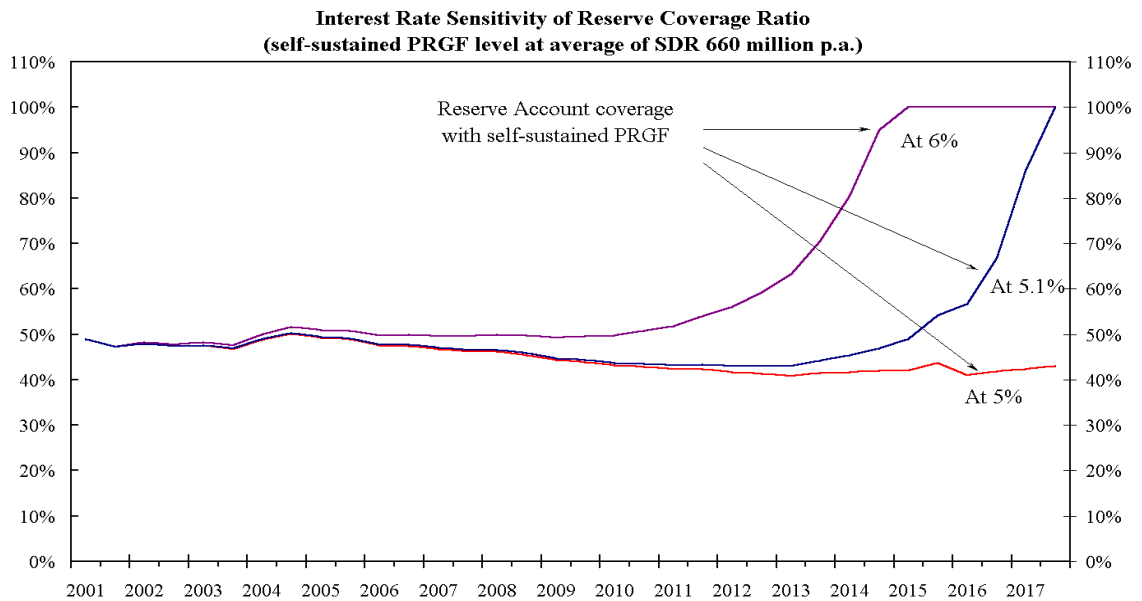
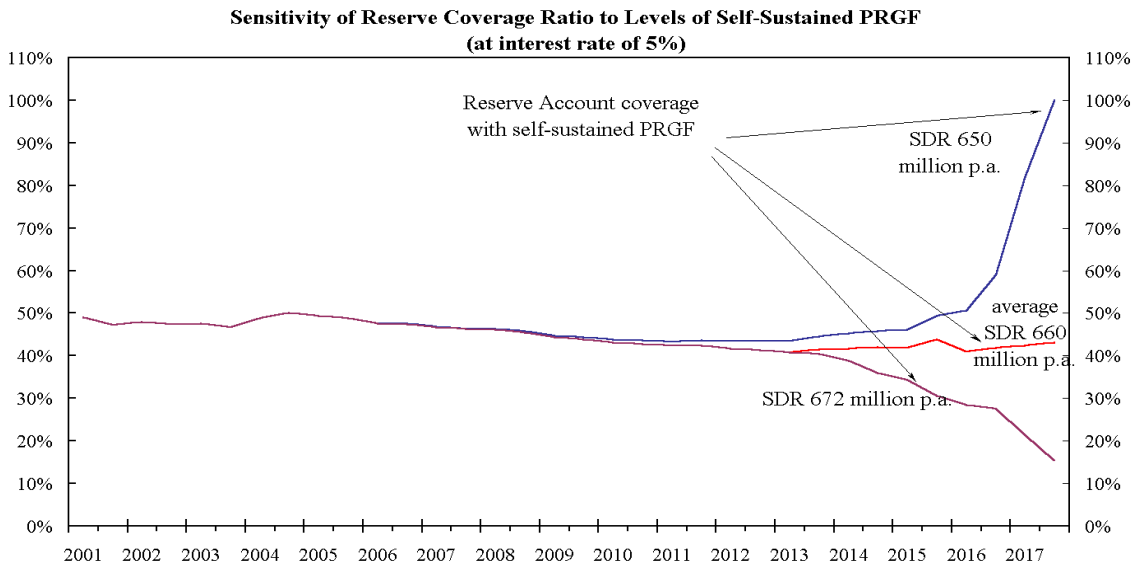
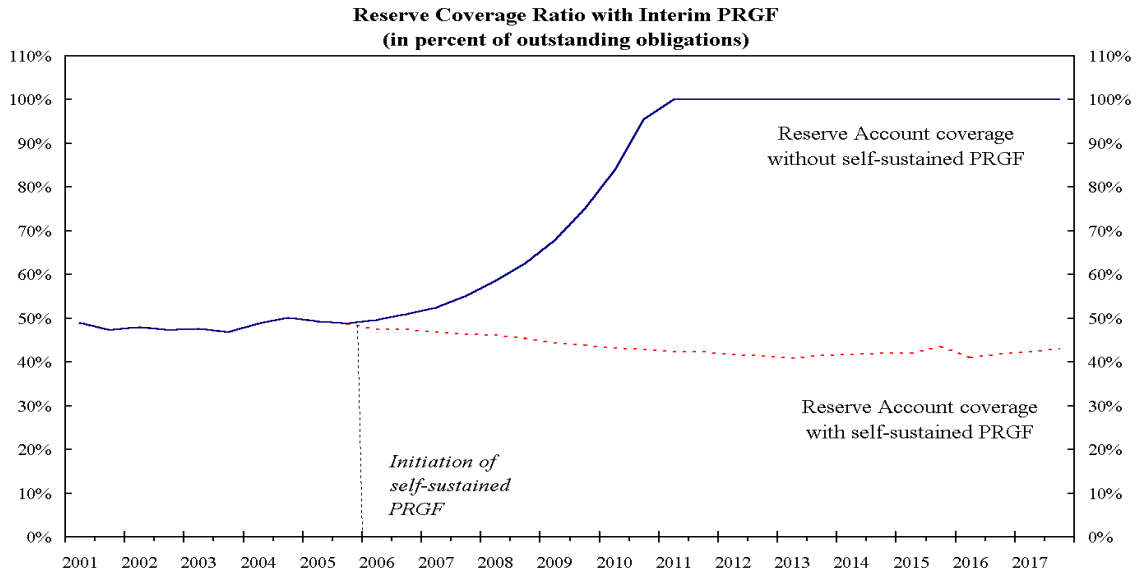
resources available in the Subsidy Account of the PRGF Trust being fully utilized prior to any use of resources in the PRGF-HIPC Trust.

12. This framework automatically extends to the new loans the security coverage of the Reserve Account of the PRGF Trust, as well as the gold pledge to protect lenders from possible default of repayments from loans related to the encashment of rights.⁹ Staff projections indicate that the balances accumulating in the Reserve Account are likely to provide adequate protection for both current and new loans, including after the initiation of self-sustained PRGF operations around 2006.

- Without the initiation of self-sustained PRGF operations, the Reserve Account would cover all obligations under current and interim PRGF operations by around 2010/11 (Figure 1, upper panel).
- With the initiation of self-sustained PRGF operations in 2006 at the level of about SDR 660 million per year, the reserve coverage ratio, i.e., the Reserve Account balance in percent of outstanding PRGF obligations, is projected to average around 40 percent through the end of interim PRGF lending operations (Figure 1, upper and middle panels), similar to the level of reserve coverage provided to outstanding PRGF Trust obligations since 1988. A higher level of self-sustained PRGF operations at SDR 672 million per year, as presented in the March update paper, would result in a reserve coverage ratio of about 40 percent through 2013 and 15 percent by early 2018.
- A lower level of self-sustained PRGF operations than assumed in the current projections would increase the Reserve Account coverage, while a higher investment rate of return would achieve the same result. For instance, if self-sustained PRGF operations were SDR 650 million per year, the reserve coverage ratio would increase to about 46 percent through 2015 and rise to 100 percent by 2017 and beyond (Figure 1, middle panel). Therefore, it would be important to ensure that self-sustained PRGF operations are maintained at a level that would provide adequate protection to PRGF lenders. A similar result would be achieved if the return on Reserve Account assets were 10 basis points higher than the 5 percent per year assumed in the analysis (Figure 1, lower panel).
- In the outer years (i.e., beyond 2015), the Reserve Account coverage ratio is very sensitive to the assumed level of self-sustained PRGF operations, because such operations have a cumulative effect on Reserve Account balances. At the same time, the outstanding stock of Trust obligations would be declining sharply. Therefore, small changes in the annual level of self-sustained PRGF operations can translate into abrupt changes in the Reserve Account coverage ratio.

⁹ Under the PRGF Trust, loans for the encashment of rights under rights accumulation programs are protected by a gold pledge of up to 3 million ounces when resources in the Reserve Account are exhausted.

Figure 1. Sensitivity Analysis of Reserve Account Coverage



V. PUBLICATION

13. At the last review in March 2001, Executive Directors raised the issue of the **publication of PRGF-HIPC financing reports** and wished to return to this issue at the next review.

14. **The Fund currently publishes selected information on PRGF-HIPC financing in its Annual Reports and on the external website.** In the 2001 Annual Report, for instance, Appendix Table 6 of this report will be fully published, and Annex I of this report will be published but excluding disaggregate information on effective or pending contributions (i.e., including only the first column of the Annex).

15. **On the Fund's external website,** a one-page summary report of PRGF-HIPC financing was published on April 20, 2001, which was accompanied by a table on bilateral pledged contributions to the PRGF-HIPC Trust similar to the one published in the 2000 Annual Report (see <http://www.imf.org/external/np/tre/pledge/2001/042001.htm>). On May 2, 2001, a longer update on the Fund's financial assistance to its poorest members was published. In this update, two tables similar to Text Tables 2 and 4 in this report were published. Moreover, the discussion of the update was in broad line with the format of this report (see <http://www.imf.org/external/np/tre/finasst/2001/042001.htm>).

16. **Staff are of the view that publication of PRGF-HIPC financing reports is consistent with the increased transparency of Fund's policies and operations and are, therefore, in favor of the publication of this report on the Fund's external website.** If Directors agree, this report will be posted on the Fund's external website prior to the Annual Meetings.

VI. ISSUES FOR DISCUSSION AND PROPOSED DECISION

Issues for discussion

- Directors may wish to report on the status of possible additional loan commitments by members in their constituency to ensure that the remaining PRGF loan resources of SDR 0.7–1.2 billion are secured.
- Directors may wish to indicate the status of pending subsidy contributions by members in their constituency (see Annexes I and II).
- Do Directors agree that the projected level of security provided by the Reserve Account of the PRGF Trust would be sufficient to cover both existing and new loans for the current and interim PRGF?
- Do Directors agree with the proposed publication of the report on the Fund's external website?

Proposed Decision

17. The following decision, which could be adopted by a majority of votes cast, is proposed for adoption by the Executive Board:

Pursuant to Decision No. 10286-(93/23) ESAF, the Fund has reviewed the adequacy of the Reserve Account of the PRGF Trust, and determines that amounts held in the account are sufficient to meet all obligations which could give rise to a payment from the Reserve Account to lenders to the Loan Account of the PRGF Trust in the six months from October 1, 2001 to March 31, 2002.

Table 6. PRGF Trust—Estimated Value of Subsidy Contributions and Loan Commitments
As of July 31, 2001
(In millions of SDRs)

Member	Subsidies (Grant or grant equivalent) 1/			Loans 2/	
	Prior to enlargement	For enlargement	Total	Prior to enlargement	For enlargement
Argentina	--	35	35	--	--
Australia	--	14	14	--	--
Austria	42	21	63	--	--
Bangladesh	--	1	1	--	--
Belgium	88	34	122	--	200
Botswana	--	2	2	--	--
Canada	129	74	203	300	400
Chile	--	4	4	--	--
China	--	15	15	--	100
Czech Republic	--	13	13	--	--
Denmark	50	16	66	--	100
Egypt	--	13	13	--	100
Finland	42	--	42	--	--
France 3/	233	250	483	800	1,100
Germany	196	--	196	700	1,050
Greece	25	15	39	--	--
Iceland	3	2	5	--	--
India	--	13	13	--	--
Indonesia	--	6	6	--	--
Iran	--	2	2	--	--
Ireland	--	8	8	--	--
Italy	115	49	164	370	460
Japan 4/	470	250	720	2,200	2,150
Korea	51	8	60	65	28
Luxembourg	5	9	14	--	--
Malaysia	33	13	47	--	--
Malta	1	1	2	--	--
Morocco	--	10	10	--	--
Netherlands	83	55	139	--	250
Norway	30	15	45	90	60
Pakistan	--	4	4	--	--
Portugal	--	5	5	--	--
Singapore	20	14	34	--	--
Spain	--	28	28	216	192
Sweden	132	53	185	--	--

Table 6. PRGF Trust—Estimated Value of Subsidy Contributions and Loan Commitments
As of July 31, 2001
(In millions of SDRs)

Member	Subsidies (Grant or grant equivalent) 1/			Loans 2/	
	Prior to enlargement	For enlargement	Total	Prior to enlargement	For enlargement
Switzerland 5/	56	53	109	200	152
Thailand	12	5	17	--	--
Tunisia	--	2	2	--	--
Turkey	--	11	11	--	--
United Kingdom	279	79	358	--	--
United States	152	24	176	--	--
Uruguay	--	3	3	--	--
Subtotal (Bilateral) 6/	2,231	1,230	3,461	4,941	6,341
Opec Fund 7/	--	--	--	--	37
Special Disb. Account	--	605	605	--	--
Subtotal 6/	2,231	1,835	4,066	4,941	6,378
Saudi Arabia 8/	16	--	16	50	--
Total	2,247	1,835	4,082	4,991	6,378

Note: Totals may not add due to rounding.

1/ The amounts reported for grant or grant equivalents are the "as needed" values of the resources committed, or implicit in loans or deposits at concessional rates. The calculations are based on actual interest rates through end-July 2001 and an assumed interest rate of 5.0 percent per annum thereafter.

2/ Loan contributions are provided either at concessional interest rates or on the basis of weighted averages of market interest rates in the currencies comprising the SDR basket.

3/ The first SDR 700 million of the loan prior to enlargement is at an interest rate of 0.5 percent per annum. The first SDR 750 million of loans for the enlarged PRGF are at 0.5 percent per annum until the implicit interest subsidy reaches SDR 250 million.

4/ The authorities had indicated that the subsidy contribution to the enlarged PRGF was intended to be SDR 250 million "as needed".

5/ The loan prior to enlargement is interest-free.

6/ The sum of individual subsidy contributions prior to enlargement has been adjusted downward by SDR 17 million to take account of the estimated added cost of the KfW loan, as discussed in EBS/88/259 (12/19/88).

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

8/ Corresponds to the associated loan agreement with the Saudi Fund for Development (SFD) at an interest rate of 0.5 percent per annum.

Table 7. PRGF Trust Subsidy Account—Availability of Resources
(In millions of SDRs)

Contributor	Cumulative to July 31, 2001		Total
	Prior to enlargement	For enlargement	
A. Resources available to Subsidy Account			
1. Grants received			
Special Disbursement Account	--	400.0	400.0
Argentina	--	18.1	18.1
Australia	--	4.5	4.5
Bangladesh	--	0.3	0.3
Canada	120.4	48.5	168.9
China	--	6.4	6.4
Czech Republic	--	8.0	8.0
Denmark	27.0	11.3	38.3
Egypt	--	8.0	8.0
Finland	22.7	--	22.7
Germany	129.9	--	129.9
Iceland	2.0	0.8	2.8
India	--	5.7	5.7
Ireland	--	3.8	3.8
Italy	122.6	16.0	138.6
Japan 1/	301.4	205.6	507.0
Korea	27.7	3.2	30.9
Luxembourg	3.0	3.0	6.0
Morocco	--	5.8	5.8
Netherlands	53.8	27.7	81.5
Norway	16.9	11.1	28.1
Sweden	73.3	37.6	110.9
Switzerland	--	28.8	28.8
Turkey	--	3.0	3.0
United Kingdom	232.5	52.7	285.2
United States	108.0	18.1	126.1
Subtotal	1,241.2	928.1	2,169.3
2. Income from investment 2/ 3/			735.0
3. Income from Administered Accounts	98.4	49.8	148.2
4. Total			3,052.4
B. Resources disbursed to subsidize Trust lending 3/			<u>1,272.2</u>
C. Net subsidy resources available			<u>1,780.3</u>

Note: Totals may not sum due to rounding.

1/ Whenever the contributor does not designate contributions as "prior to enlargement" or "for enlargement," the allocation is made by staff.

2/ Includes income from concessional loans and investments made by contributors with the Subsidy Account.

3/ Includes actual amounts accrued through July 31, 2001.

Table 8. PRGF Trust—Subsidy Agreements 1/
As of July 31, 2001
(In millions of SDRs, unless otherwise noted)

	Vehicle	Deposit/Investment Amount			Interest Rate (percent)	Maturity
		Approved	Received	Outstanding		
A. Contributions prior to enlargement						
Austrian National Bank	Admin. Account	60.0	60.0	--	0.5	5½-10 years
National Bank of Belgium	Admin. Account	100.0	100.0	--	0.5	10 years
Bank of Greece	Admin. Account	35.0	35.0	--	0.5	5½-10 years
Bank Negara Malaysia	Subsidy Account	40.0	40.0	--	0.5	10 years
Central Bank of Malta	Subsidy Account	1.4	1.4	1.4	0.5	13 years
Monetary Authority of Singapore	Subsidy Account	40.0	40.0	10.0	2.0	10 years
Bank of Thailand 2/	Subsidy Account	20.0	20.0	--	2.0	10 years
Total		296.4	296.4	11.4		
B. Contributions for enlargement 3/						
Austrian National Bank	Admin. Account	50.0	50.0	45.0	0.5	5½-10 years
National Bank of Belgium	Admin. Account	80.0	80.0	80.0	0.5	10 years
Bank of Botswana 4/	Admin. Account	6.9	6.9	6.9	2.0	10 years
Banco Central de Chile	Admin. Account	15.0	15.0	--	0.5	5 years
Bank of Greece	Admin. Account	35.0	35.0	21.0	0.5	5½-10 years
Bank Indonesia 5/	Admin. Account	25.0	25.0	25.0		10 years
Central Bank of the Islamic Rep. of Iran 6/	Admin. Account	5.0	5.0	5.0	0.5	10 years
Bank Negara Malaysia	Subsidy Account	40.0	40.0	40.0	2.0	10 years
Central Bank of Malta	Subsidy Account	1.4	1.4	1.4	0.5	13 years
State Bank of Pakistan 7/	Subsidy Account	10.0	5.3	5.3	0.5	16 years
Banco do Portugal	Admin. Account	13.1	13.1	11.8	0.5	6-10 years
Monetary Authority of Singapore	Subsidy Account	40.0	40.0	40.0	2.0	10 years
Bank of Thailand 2/	Subsidy Account	40.0	40.0	--	2.0	10 years
Banque Centrale de Tunisie 8/	Subsidy Account	3.6	3.6	3.6	0.5	10 years
Banco Central del Uruguay 9/	Subsidy Account	7.2	7.2	7.2		10 years
Total		372.2	367.5	292.2		

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

2/ In January 1998, the Bank of Thailand requested and obtained the immediate encashment of the two investments totaling SDR 60 million.

3/ Excludes contribution by Spain that will coincide with the repayment installments of the PRGF Trust loan from the Government of Spain.

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

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 ten years after the date of the first deposit.

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

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.

Table 9. PRGF Trust—Loan Agreements
As of July 31, 2001
(In millions of SDRs)

	Effective date of agreement	Expiration date for drawings	Loan commitment	Amount Disbursed		Amount outstanding
				Amount	As proportion of total available	
A. Loan Agreements prior to enlargement						
Agence Française de Développement (AFD) 1/	Apr. 05, 1988	Dec. 31, 1997	800.0	800.0	100.0	372.2
Japan Bank for International Cooperation 2/	Apr. 12, 1988	Dec. 31, 1997	2,200.0	2,200.0	100.0	1,399.9
Bank of Norway	Apr. 14, 1988	Dec. 31, 1997	90.0	90.0	100.0	49.4
Bank of Spain 3/	Jun. 20, 1988	Jun. 30, 1993	216.4	216.4	100.0	58.3
Swiss Confederation 4/	Dec. 23, 1988	Dec. 31, 1997	200.0	200.0	100.0	0.0
Government of Canada	Feb. 22, 1989	Dec. 31, 1997	300.0	300.0	100.0	195.8
Kreditanstalt für Wiederaufbau (Germany)	Mar. 31, 1989	Dec. 31, 1997	700.0	700.0	100.0	391.5
Bank of Korea	Apr. 20, 1989	Dec. 31, 1997	65.0	65.0	100.0	32.5
Bank of Italy 5/	Oct. 04, 1990	Dec. 31, 1997	<u>370.0</u>	<u>370.0</u>	<u>100.0</u>	229.5
Subtotal			4,941.4	4,941.4	100.0	2,729.2
Associated Agreement -						
Saudi Fund for Development (SFD)	Feb. 27, 1989	--- /6	<u>49.5</u>	<u>49.5</u>	<u>100.0</u>	<u>23.2</u>
Total			4,990.9	4,990.9	100.0	2,752.4
B. Loan Agreements for enlargement						
Central Bank of Egypt	Jun. 13, 1994	Dec. 31, 2005	100.0	100.0	100.0	100.0
Bank of Norway	Jun. 16, 1994	Dec. 31, 2005	60.0	60.0	100.0	60.0
Bank of Korea	Jun. 20, 1994	Dec. 31, 2005	27.7	27.7	100.0	27.7
Government of China	Jul. 05, 1994	Dec. 31, 2005	100.0	100.0	100.0	100.0
Japan Bank for International Cooperation 2/	Oct. 05, 1994	Dec. 31, 2005	2,150.0	1,053.3	49.0	1,053.3
OPEC Fund for International Development 7/	Dec. 20, 1994	Dec. 31, 2005	37.0	36.7	99.2	36.7
Agence Française de Développement 1/	Jan. 03, 1995	Dec. 31, 2005	750.0	547.1	73.0	547.1
Government of Spain	Feb. 08, 1995	Dec. 31, 2005	67.0	48.6	72.6	48.6
Kreditanstalt für Wiederaufbau (Germany)	May 17, 1995	Dec. 31, 2005	700.0	351.8	50.3	351.8
Swiss National Bank	Jun. 22, 1995	Dec. 31, 2001	151.7	151.7	100.0	151.7
Bank of Italy 5/	May. 29, 1998	Dec. 31, 2005	210.0	186.2	88.6	186.2
National Bank of Belgium	Jul. 2, 1999	Dec. 31, 2003	200.0	173.6	86.8	173.6
Bank of the Netherlands	Sep. 29, 1999	Dec. 31, 2005	250.0	--	--	--
Agence Française de Développement 1/	Dec. 17, 1999	Dec. 31, 2005	350.0	--	--	--
Bank of Spain	Feb. 14, 2000	Dec. 31, 2005	125.0	--	--	--
Bank of Italy	Mar. 1, 2000	Dec. 31, 2005	250.0	--	--	--
Government of Canada 8/	Apr. 6, 2000	Dec. 31, 2005	400.0	237.3	59.3	237.3
National Bank of Denmark	May 3, 2000	Dec. 31, 2003	100.0	11.7	11.7	11.7
Kreditanstalt für Wiederaufbau (Germany)	Jun. 19, 2000	Dec. 31, 2005	<u>350.0</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total			6,378.4	3,085.8	48.4	3,085.8
Total Loan and Associated Loan Agreements 9/			11,369.3	8,076.7	71.0	5,838.1

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

2/ 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.

3/ 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.

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

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

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

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

8/ Effective April 6, 2000, Canada agreed to augment its original loan agreement for SDR 200 million (effective May 9, 1995) by an additional SDR 200 million.

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.

Table 10. PRGF Trust: Current and Interim PRGF—Projected Reserve Account Balances and Outstanding Obligations 1/
(In millions of SDRs)

	Reserve Account cumulative balance (end of period)	PRGF Trust obligations 2/ (end of period)	Annual loan repayments to lenders 2/
1. Actual			
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
2. Projected			
2001	2,908	6,155	665
2002	3,239	6,843	696
2003	3,403	7,279	781
2004	3,718	7,417	877
2005	3,882	7,831	853
2006	4,016	7,872	710
2007	4,203	7,622	834
2008	4,401	7,037	918
2009	4,608	6,128	992
2010	4,825	5,044	1083
2011	5,054	3,845	1199
2012	5,294	2,762	1083
2013	5,547	1,830	932
2014	5,812	1,088	742
2015	6,091	550	538
2016	6,384	242	308
2017	6,707	75	167
2018	7,046	8	67
2019	7,403	0	8
2020	7,778	0	0
Total (under current and interim PRGF)			15,320
of which, under current PRGF			11,320
<i>Memorandum items:</i>			
Associated Loan Agreement with the Saudi Fund for Development (SFD)			49.5
Total, including repayments of SFD associated loans			15,369
of which, under current PRGF			11,369

Note: Totals may not add due to rounding.

1/ Projections include initiation of interim PRGF lending at the level of SDR 4 billion during 2002-05 and exclude the impact of initiation of self-sustained PRGF operations in 2006.

2/ Excludes associated loans from the Saudi Fund for Development (SFD), the risk of which is borne by the SFD. Current overdue Trust Fund obligations (SDR 116 million) and overdue SAF obligations (SDR 159 million) are assumed to be paid in 2001–2004.

Status of Bilateral Contributions to the PRGF-HIPC Trust

(As of August 22, 2001; in millions of SDRs "as needed") 1/

	Total effective and pending contributions	Effective contributions 2/			Pending contributions 3/	
	Total	Total	Grants	Deposits	Total	of which: Post SCA-2 Adm. Acct.
TOTAL (93 contributors) (percent of total pledges)	1,559.1	1,477.9 95%	1,169.0 75%	308.8 20%	81.2 5%	59.3 4%
Major industrial countries (7 contributors)	880.5	880.5	753.3	127.2	--	--
Canada	48.8	48.8	48.8	--	--	--
France	82.2	82.2	82.2	--	--	--
Germany	127.2	127.2	--	127.2	--	--
Italy	63.6	63.6	63.6	--	--	--
Japan	144.0	144.0	144.0	--	--	--
United Kingdom	82.2	82.2	82.2	--	--	--
United States	332.6	332.6	332.6	--	--	--
Other advanced countries (20 contributors)	299.7	281.4	257.7	23.7	18.3	15.9
Australia	24.8	24.8	24.8	--	--	--
Austria	14.3	14.3	14.3	--	--	--
Belgium	35.3	35.3	35.3	--	--	--
Denmark	18.5	18.5	18.5	--	--	--
Finland	8.0	8.0	3.8	4.2	--	--
Greece	6.3	6.3	3.3	3.0	--	--
Iceland	0.9	0.9	0.9	--	--	--
Ireland	5.9	5.9	5.9	--	--	--
Israel	1.8	1.8	1.8	--	--	--
Korea	15.9	15.9	15.9	--	--	--
Luxembourg	0.7	0.7	0.7	--	--	--
Netherlands	45.4	45.4	45.4	--	--	--
New Zealand	1.7	1.7	1.7	--	--	--
Norway	18.5	18.5	18.5	--	--	--
Portugal	6.6	6.6	6.6	--	--	--
San Marino	0.0	0.0	0.0	--	--	--
Singapore	16.5	16.5	--	16.5	--	--
Spain	23.3	23.3	23.3	--	--	--
Sweden	18.3	--	--	--	18.3	15.9
Switzerland	37.0	37.0	37.0	--	--	--
Fuel exporting countries (13 contributors)	108.7	83.9	14.5	69.4	24.8	21.3
Algeria	5.5	5.5	--	5.5	--	--
Bahrain	0.9	--	--	--	0.9	--
Brunei Darussalam	0.1	--	--	--	0.1	0.1
Gabon	2.5	0.6	0.6	--	1.9	--
Iran, Islamic Republic of	2.2	2.2	--	2.2	--	--
Kuwait	3.1	3.1	--	3.1	--	--
Nigeria	13.9	13.9	13.9	--	--	--
Oman	0.8	0.8	--	0.8	--	--
Qatar	0.5	0.5	--	0.5	--	--
Saudi Arabia	53.5	53.5	--	53.5	--	--
Trinidad and Tobago	1.6	--	--	--	1.6	1.6
United Arab Emirates	3.8	3.8	--	3.8	--	--
República Bolivariana de Venezuela	20.4	--	--	--	20.4	19.6

Status of Bilateral Contributions to the PRGF-HIPC Trust

(As of August 22, 2001; in millions of SDRs "as needed") 1/

	Total effective and pending contributions	Effective contributions 2/			Pending contributions 3/	
	Total	Total	Grants	Deposits	Total	of which: Post SCA-2 Adm. Acct.
Other developing countries (44 contributors)	227.1	189.5	116.7	72.8	37.6	22.1
Argentina	16.2	9.8	--	9.8	6.4	6.4
Bangladesh	1.7	1.7	1.7	--	--	--
Barbados	0.4	0.4	0.4	--	--	--
Belize	0.3	0.3	0.3	--	--	--
Botswana	3.1	3.1	--	3.1	--	--
Brazil	15.0	--	--	--	15.0	15.0
Cambodia	0.0	0.0	0.0	--	--	--
Chile	4.4	4.4	--	4.4	--	--
China	19.7	19.7	19.7	--	--	--
Colombia	0.9	--	--	--	0.9	--
Cyprus	0.8	0.8	0.8	--	--	--
Dominican Republic	0.5	--	--	--	0.5	0.5
Egypt	1.3	1.3	--	1.3	--	--
Fiji	0.1	--	--	--	0.1	0.1
Ghana	0.5	0.5	--	0.5	--	--
Grenada	0.1	--	--	--	0.1	--
India	22.9	22.9	--	22.9	--	--
Indonesia	8.2	3.5	--	3.5	4.6	--
Jamaica	2.7	2.7	2.7	--	--	--
Lebanon	0.4	--	--	--	0.4	--
Libya	7.3	--	--	--	7.3	--
Malaysia	12.7	12.7	--	12.7	--	--
Maldives	0.0	--	--	--	0.0	--
Malta	1.1	1.1	1.1	--	--	--
Mauritius	0.1	0.1	0.1	--	--	--
Mexico	54.5	54.5	54.5	--	--	--
Micronesia, F. S.	0.0	0.0	0.0	--	--	--
Morocco	1.6	1.6	--	1.6	--	--
Pakistan	3.4	3.4	--	3.4	--	--
Paraguay	0.1	--	--	--	0.1	--
Peru	2.5	2.5	--	2.5	--	--
Philippines	6.7	6.7	6.7	--	--	--
Samoa	0.0	0.0	0.0	--	--	--
South Africa	28.6	28.6	28.6	--	--	--
Sri Lanka	0.6	0.6	--	0.6	--	--
St. Lucia	0.1	0.1	--	0.1	--	--
St. Vincent and the Grenadines	0.1	0.1	0.1	--	--	--
Swaziland	0.0	0.0	0.0	--	--	--
Thailand	4.5	4.5	--	4.5	--	--
Tonga	0.0	--	--	--	0.0	0.0
Tunisia	1.5	1.5	--	1.5	--	--
Uruguay	2.2	--	--	--	2.2	--
Vanuatu	0.1	--	--	--	0.1	0.1
Vietnam	0.4	0.4	--	0.4	--	--

Status of Bilateral Contributions to the PRGF-HIPC Trust
(As of August 22, 2001; in millions of SDRs "as needed") 1/

	Total effective and pending contributions	Effective contributions 2/			Pending contributions 3/	
	Total	Total	Grants	Deposits	Total	of which: Post SCA-2 Adm. Acct.
Countries in transition (9 contributors)	42.9	42.4	26.8	15.7	0.5	0.1
Croatia	0.4	0.4	--	0.4	--	--
Czech Republic	4.1	4.1	--	4.1	--	--
Estonia	0.5	--	--	--	0.5	0.1
Hungary	6.0	6.0	--	6.0	--	--
Latvia	1.0	1.0	1.0	--	--	--
Poland	12.0	12.0	6.8	5.2	--	--
Russian Federation	14.6	14.6	14.6	--	--	--
Slovak Republic	4.0	4.0	4.0	--	--	--
Slovenia	0.4	0.4	0.4	--	--	--

□ - reflects changes in effective and pending contributions since March 2001 (EBS/01/35, March 15, 2001).

1/ The term "as needed" refers to the nominal undiscounted sum of the projected delivery of HIPC assistance plus the profile of projected subsidy needs for interim PRGF lending. All calculations are based on an SDR interest rate assumption of 5 percent per annum.

2/ A contribution is considered effective if the member has made its contribution or if the member has begun to make contributions on the basis of an agreed schedule. Although some members have elected to contribute as a grant the interest income earned on their balances held in the Post-SCA-2 (pending completion of administrative procedures), the "as needed" value of these contributions is not reflected separately. The "as needed" value of these grants of interest income is already reflected in members' pledged contributions.

3/ Represents the "as needed" value of pledged contributions that are not yet effective. In order to maintain values broadly consistent with the burden-sharing financing mechanism agreed in September 1999, amounts indicated are based on the assumption that contributions were made in December 1999.

**Information on Pending Bilateral Contributions to the PRGF-HIPC Trust
Status as of August 22, 2001¹**

Argentina:	An additional contribution in the form of a grant to be financed from its remaining Post-SCA-2 balance of SDR 5.2 million.
Bahrain:	Contribution of income on an interest-free deposit through 2018.
Brazil:	Grant contribution to be financed from its Post-SCA-2 balance of SDR 10.7 million subject to congressional approval.
Brunei Darussalam:	Contribution of income on a deposit of its Post-SCA-2 balance of SDR 0.06 million.
Colombia:	Contribution of income on an interest-free deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 1.19 million.
Dominican Republic:	Contribution of net income on a deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 0.97 million at 1 percent per annum.
Estonia:	Contribution of SDR 0.5 million on an “as needed” basis, modalities to be confirmed.
Fiji:	Contribution of income on an interest-free deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 0.21 million.
Gabon:	An additional contribution in the form of a grant of SDR 1.85 million “as needed” in annual installments.
Grenada:	Contribution of net income on a deposit for 10 years of SDR 0.20 million at 0.5 percent per annum.
Indonesia:	An additional contribution consisting of a rollover of current deposits of SDR 25 million starting in 2004 for 10 years (up to 2 percent interest as subsidy contribution and the balance of interest earnings accruing to the member) is pending.
Lebanon:	Contribution of income on an interest-free deposit through 2018.

¹ Reflects pledged contributions which are not yet effective. Post-SCA-2 amounts shown include refunds of SCA-2 resources and accumulated interest income.

Libya:	Contribution of income on an interest-free deposit through 2018.
Maldives:	Contribution of income on an interest-free deposit through 2018.
Mauritius:	The authorities are considering an additional unpledged contribution (subject to legislative approval).
Paraguay:	Contribution of net income on a deposit for 5 years of SDR 0.31 million at 1 percent per annum.
Sweden:	Contribution of SDR 18.3 million “as needed” subject to parliamentary approval, partially financed from Sweden’s Post-SCA-2 balance of SDR 11.4 million.
Tonga:	Contribution of income on a deposit of its Post-SCA-2 balance of SDR 0.03 million; terms to be specified.
Trinidad and Tobago:	Contribution of income on an interest-free deposit of its Post-SCA-2 balance of SDR 2.4 million.
Uruguay:	Contribution of SDR 2.2 million “as needed” through a low interest loan.
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 partially financed through use of its Post-SCA-2 balance of SDR 28.7 million.