APPENDIX VI

Press Communiqués of the International Monetary and Financial Committee and the Development Committee

International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund

PRESS COMMUNIQUÉS

Second Meeting, Prague, Czech Republic, September 24, 2000

1. The International Monetary and Financial Committee (IMFC) held its second meeting in Prague on September 24, 2000, under the Chairmanship of Mr. Gordon Brown, Chancellor of the Exchequer of the United Kingdom. It welcomes Mr. Horst Köhler as the new Managing Director and looks forward to working with him on the continuing reform of the Fund and the strengthening of the international financial architecture.

World Economic Outlook

2. The Committee welcomes the strengthening of global economic growth this year to the highest rate in 12 years. Economies in all major regions of the world have grown, and inflation remains generally under control.

3. While the overall outlook is positive, the Committee remains mindful of the significant remaining risks associated with the continuing economic and financial imbalances in the global economy. These potential challenges include imbalances in external accounts and the possible risk from misalignments in exchange rates and high levels of equity valuations in the major currency areas. The Committee considers that it will therefore be important to remain vigilant against inflationary pressures in the United States, and that national savings should increase; to pursue policies in Japan that are strongly supportive of self-sustained domestic demand-led recovery; and to intensify the momentum of growth-supporting structural reforms in the European Union and in other advanced countries. In almost all developing and emerging market countries, continued progress with structural reforms—in particular through strengthening their financial sectors—is required to strengthen prospects for sustained economic growth. The Committee also expresses concern that, despite the strength of the global recovery, poverty remains unacceptably high, and many poor countries continue to face serious economic problems.

4. The Committee welcomes the gradual improvement in the last year in the terms and conditions of market access for emerging market countries, reflecting the better fundamentals in these markets. However, flows remain below pre-crisis levels, at higher spreads, and continue to show significant volatility, and market access remains extremely limited for some emerging markets.

5. The Committee is concerned that current oil prices, if sustained, could hamper global growth, add to inflationary pressures, and adversely affect prospects for many countries. It notes in particular the effect on the poorest countries and those highly dependent on oil imports. The Committee agrees on the desirability of stability in oil markets around reasonable long-term prices. It notes the recent U.S. decision to mobilize reserves and notes that some other industrial countries may be in a position to examine the possibility of doing so to help achieve greater stability. The Committee welcomes the steps the oil-producing countries have taken this year to increase production and calls on them to take further steps to create conditions in oil markets conducive to healthy global growth. The Committee looks forward to improved dialogue between oil producers and consumers to promote greater oil market stability.

6. The Committee notes that, in the ten years since the launch of the transition to market economies in eastern Europe and the former Soviet Union, much has been achieved. But the process has been difficult and remains far from complete, and progress has varied across countries. The Committee underlines that a key lesson from this experience is that transition economies that have made the greatest progress in establishing macroeconomic stability and implementing structural and institutional reforms have also achieved the best economic performance.

The Future Role of the IMF

7. The Committee strongly supports the objective of making globalization work for the benefit of all. In this respect, it endorses the Managing Director's vision of the future role of the IMF, and looks forward to working with him on continuing reform of the Fund and strengthening the international architecture. While each country's own actions will inevitably be the most important determinant of its economic progress, all members of the international community have essential roles in supporting and facilitating these individual efforts. The international community must place renewed emphasis on promoting broadly shared prosperity, sustained growth, and poverty reduction. With its broad mandate and universal membership, the Fund, in partnership with the World Bank,

is uniquely placed to serve its members, including the poorest countries, by contributing to this global effort.

8. The Committee notes the advances in applying the lessons of recent financial crises to the work of the IMF and the policies of its members. Many concrete steps have been taken or are under way to improve the functioning of the international financial system, and to strengthen its capacity for preventing and managing financial crises. As a result, the international community has made progress toward dealing with difficult situations and managing their external repercussions.

9. But continued efforts for change will be necessary. The Committee calls upon the IMF, in particular, and the international community, as a whole, to continue to strengthen their efforts to reduce vulnerability and to avoid crises, and when crises do occur, to reduce their spillover effects. These efforts will need to focus on:

- broadening and strengthening the Fund's surveillance of the domestic economic policies of all members and of the international financial system, including regional dimensions;
- continued promotion, development, and voluntary implementation, in a fully participatory way, of internationally agreed codes and standards, in cooperation with other bodies, as appropriate, supported by enhanced technical assistance; and
- constructive engagement of the private sector by the official sector.

10. The Committee reiterates that the Fund has a central role to play in bringing together the efforts of other global institutions to strengthen the international financial system in helping to ensure that all countries can benefit from globalization. It agrees that the Fund can best contribute to this global effort and strengthen its overall effectiveness by:

- continuing to deepen its collaboration with other agencies and bodies. In that regard, it welcomes the initiatives of the Managing Director and the President of the World Bank to strengthen cooperation and complementarity between the two institutions;
- promoting, within the context of the Fund's mandate, international financial and macroeconomic stability and growth of member countries, the Fund must sharpen the focus of work in its core areas of responsibility: macroeconomic stabilization and adjustment; monetary, exchange rate, and fiscal policies and their associated institutional and structural aspects; and financial sector issues, especially systemic issues relating to the functioning of domestic and international financial markets.

11. The Committee stresses the importance of national ownership of Fund-supported programs for their sustained implementation. The Committee urges the Executive Board to take forward its review of all aspects of the policy conditionality associated with Fund financing in order to ensure that, while not weakening that conditionality, it focuses on the most essential issues; enhances the effectiveness of Fund-supported programs; and pays due respect to members' specific circumstances and their implementation capacities.

The Poverty Reduction and Growth Facility (PRGF) and the Enhanced Initiative for Heavily Indebted Poor Countries (HIPC)

12. The Committee affirms the Fund's enhanced role in poor countries. It considers that a lasting breakthrough in combating world poverty can only be achieved if the poorest countries are able, with the support of the international community, to build the fundamentals for sustained growth. Macroeconomic stability and structural reform will provide the conditions for private sector investment and growth and will, over time, allow countries to access international capital markets. The Committee also considers that international trade is critical for development and poverty reduction. To help ensure that the fruits of globalization are shared by all, it will be crucial that access of developing countries, particularly the poorest, to industrial country markets continues to improve. Industrial countries should increase their official development assistance. The Committee encourages developing countries, for their part, to follow policies consistent with domestic macroeconomic stability and competitiveness in international markets; continue to reduce trade barriers; and implement other appropriately sequenced outward-oriented reforms that promote poverty-reducing growth, investment in human capital, particularly health and education, and development.

13. The PRGF provides an essential framework, together with complementary assistance from the World Bank, for supporting countries' own growth strategies and for enabling HIPC debt relief to be translated into poverty reduction.

14. The Committee endorses the Progress Reports on the HIPC Initiative and Poverty Reduction Strategy Papers (PRSPs). It welcomes the progress made in developing country-owned poverty reduction strategies, including through the preparation of PRSPs, which now underpin the work of the Fund and World Bank in low-income countries. It also welcomes the progress in implementing the enhanced HIPC Initiative, and the commitment of the Fund and the Bank to do everything possible to bring 20 countries to their Decision Point by the end of 2000 to ensure that debt relief is provided in the context of a strong commitment to growth and poverty reduction. Recent shocks in terms of trade must not jeopardize this objective. The Fund, through its facilities, may need to respond flexibly to the needs of members that arise from a sustained period of high oil prices. Our efforts should be supported by increased technical assistance. The Committee urges members to work together and meet their commitments to full financing of the HIPC Initiative and the PRGF as soon as possible. It also urges all creditors to participate in the HIPC framework, while recognizing the special needs of particular creditors. The Committee looks forward to a productive discussion of the enhanced HIPC Initiative and the PRSP process at its joint meeting with the Development Committee.

Strengthening the International Financial Architecture and Reform of the Fund

Review of Fund Facilities

15. Following the Executive Board's wide-ranging review of the IMF's nonconcessional financial facilities, the Committee welcomes the agreement reached on modifications that are intended to enhance the precautionary nature of the Contingent Credit Line (CCL) and to preserve the revolving nature of the Fund's resources.

- The CCL has been modified, within its existing eligibility criteria, to make it a more effective instrument for preventing crises and resisting contagion for countries pursuing sound policies.

- The terms of stand-by arrangements and the Extended Fund Facility (EFF) have been adapted to encourage countries to avoid reliance on Fund resources for unduly long periods or in unduly large amounts.
- It has been reaffirmed that the EFF should be confined to cases where longer-term financing is clearly required.
- It has been agreed that enhanced post-program monitoring could be useful, especially when credit outstanding exceeds a certain threshold level.

Enhancing Fund Surveillance, and Promoting Stability and Transparency in the Financial Sector

16. The Committee considers that Fund surveillance should be strengthened further and welcomes the recent initiatives in a range of areas. It reaffirms the role of the Article IV process as the appropriate framework within which to organize and discuss with members the results of work in these areas. Strengthened surveillance will help the Fund and its members to identify vulnerabilities and to anticipate threats to the financial stability of member countries. In this respect, it welcomes the continuing efforts to improve the Fund's understanding of its members' economies; the quality and availability of economic and financial data; Financial System Stability Assessments (FSSAs) derived from the joint Fund-World Bank Financial Sector Assessment Program (FSAP); Reports on Observance of Standards and Codes (ROSCs); and vulnerability indicators and early warning systems. It welcomes the joint Bank-Fund work on debt management guidelines, as well as the Fund's work on sound reserves management practices, and its role in assessing offshore financial centers.

17. The Committee recognizes that the Fund has to play its role as part of the international efforts to protect the integrity of the international financial system against abuse, including through its efforts to promote sound financial sectors and good governance. It asks that the Fund explore incorporating work on financial abuse, particularly with respect to international efforts to fight against money laundering, into its various activities, as relevant and appropriate. It calls on the Fund to prepare a joint paper with the World Bank on their respective roles in combating money laundering and financial crime, and in protecting the international financial system, for discussion by their Boards before the Spring meetings and asks them to report to the Spring IMFC/Development Committee meetings on the status of their efforts.

18. The Committee is encouraged by the experience so far in preparing ROSCs and looks forward to the review later this year of the experience with assessing the implementation of standards. It notes their crucial role in helping countries to improve economic policies, identifying priorities for institutional and structural reform, and in promoting the flow of important information to markets. The Committee looks forward to the next review of the FSAP. It encourages members to participate in these initiatives.

19. The Committee notes that three issues at the core of the Fund's mandate also require further consideration: exchange rate arrangements; the sequencing of financial sector development and capital account liberalization; and the monitoring and analysis of developments in international capital markets. The Committee encourages the Fund to deepen its work on international financial markets, including by improving its understanding of market dynamics and cross-border capital flows. It also urges the Fund to continue exploring ways of engaging more constructively the private sector on these matters, and welcomes the formation of the Capital Markets Consultative Group.

20. In the context of ongoing efforts to enhance the transparency and openness of the Fund, the Committee welcomes the Executive Board's agreement to adopt a general policy of voluntary publication of Article IV and use of Fund resources staff reports and other country papers. It encourages members to move in principle toward publication of these documents.

Private Sector Involvement

21. The Committee endorses the report by the Managing Director on the involvement of the private sector in crisis prevention and management. It welcomes the progress on developing a framework for involving private creditors in the resolution of crises. The Committee notes that this approach strikes a balance between the clarity needed to guide market expectations and the operational flexibility, anchored in clear principles, needed to allow the most effective response in each case. The Committee notes that Fund resources are limited and that extraordinary access should be exceptional; further, neither creditors nor debtors should expect to be protected from adverse outcomes by official action.

22. The Committee agrees that the operational framework for private sector involvement must rely as much as possible on market-oriented solutions and voluntary approaches. The approach adopted by the international community should be based on the IMF's assessment of a country's underlying payment capacity and prospects of regaining market access. In some cases, the combination of catalytic official financing and policy adjustment should allow the country to regain full market access quickly. The Committee agrees that reliance on the catalytic approach at high levels of access presumes substantial justification, both in terms of its likely effectiveness and of the risks of alternative approaches. In other cases, emphasis should be placed on encouraging voluntary approaches, as needed, to overcome creditor coordination problems. In yet other cases, the early restoration of full market access on terms consistent with medium-term external sustainability may be judged to be unrealistic, and a broader spectrum of actions by private creditors, including comprehensive debt restructuring, may be warranted to provide for an adequately financed program and a viable medium-term payments profile. This includes the possibility that, in certain extreme cases, a temporary payments suspension or standstill may be unavoidable. The Fund should continue to be prepared to provide financial support to a member's adjustment program despite arrears to private creditors, provided the country is seeking to work cooperatively and in good faith with its private creditors and is meeting other program requirements. The Committee urges progress in the application of the framework agreed in April 2000, and in further work to refine the analytical basis for the required judgments, and it looks forward to a progress report by its next meeting.

Good Governance and the Fund

23. The Committee views with concern a number of recent cases of misreporting to the Fund and stresses the importance

of the steps being taken to improve the reliability of the information the Fund uses. It welcomes the application of the new safeguards assessment procedure to all new Fund arrangements, which will provide assurances of adequate control, reporting, and auditing procedures in borrowing countries.

24. The Committee strongly welcomes the Executive Board's decision to establish an independent evaluation office (EVO), including the agreement to publish promptly its work program, and the strong presumption that its reports would be published promptly. The creation of this office will help the Fund to improve its future operations, and will enhance its accountability. It urges that the EVO become operational before the Spring 2001 meeting of the IMFC, and looks forward to receiving regular reports on the EVO's work.

25. Quotas should reflect developments in the international economy. The Committee takes note of the Executive Board discussion of the work of the quota formulae group, and looks forward to the Board's continued work on this issue.

26. The Committee takes note of the work of the Working Group to Review the Process of Selection of the Managing Director, which is being carried out in tandem with similar work in the World Bank on the Process of Selection of the President, and notes that the two groups will report together.

27. The Committee considers that the most valuable asset of the IMF is its outstanding staff, and the Committee highly values the staff's professionalism and dedication in executing the responsibilities of the Fund effectively and efficiently.

28. The Committee expresses its sincere appreciation for the excellent hospitality and support provided by the Czech authorities and the people of the Czech Republic.

Next Meeting of the Committee

29. The next meeting of the IMFC will be held in Washington, D.C., on April 29, 2001.

Annex: International Monetary and Financial Committee Attendance September 24, 2000

Chairman
Gordon Brown

Managing Director
Horst Köhler

Members or Alternates
Hamad Al-Sayari, Governor, Saudi Arabian Monetary Agency
(Alternate for Ibrahim A. Al-Assaf, Minister of Finance and National Economy, Saudi Arabia)
Eddie George, Governor, Bank of England
(Alternate for Gordon Brown, Chancellor of the Exchequer, United Kingdom)
Rod Kemp, Assistant Treasurer, Australia
(Alternate for Peter Costello, Treasurer, Australia)
Dai Xianglong, Governor, People's Bank of China
Dato' Shafie Mohd. Salleh, Deputy Minister of Finance, Malaysia
(Alternate for Tun Daim Zainuddin, Minister of Finance, Malaysia)
Rodrigo de Rato Figaredo, Second Vice President and Minister of Economy, Spain
Makhtar Diop, Minister of Economy and Finance, Senegal
(Alternate for Emile Doumba, Minister of Finance, Economy, Budget, and Privatization, Gabon)
Hans Eichel, Federal Minister of Finance, Germany
Laurent Fabius, Minister of Economy, Finance and Industry, France
Abdelouahab Keramane, Governor, Banque d'Algérie
Mohammed K. Khirbash, Minister of State for Finance and Industry, United Arab Emirates
Aleksei Kudrin, Deputy Chairman of the Government and Minister of Finance, Russian Federation
José Luis Machinea, Minister of Economy, Argentina
Pedro Sampaio Malan, Minister of Finance, Brazil
Paul Martin, Minister of Finance, Canada
Masaru Hayami, Governor, Bank of Japan
(Alternate for Kiichi Miyazawa, Minister of Finance, Japan)
Mrs. Linah K. Mohohlo, Governor, Bank of Botswana
Sauli Niinistö, Minister of Finance, Finland
Didier Reynders, Minister of Finance, Belgium
Yashwant Sinha, Minister of Finance, India
Lawrence H. Summers, Secretary of the Treasury, United States
Kaspar Villiger, Minister of Finance, Switzerland
Vincenzo Visco, Minister of the Treasury, Budget and Economic Planning, Italy
Gerrit Zalm, Minister of Finance, Netherlands

Observers
Yilmaz Akyuz, Chief, Macro-Economics and Development Policies, United Nations Conference on Trade and Development (UNCTAD)
Andrew D. Crockett, Chairman, Financial Stability Forum (FSF)
Willem F. Duisenberg, President, European Central Bank (ECB)
André Icard, Assistant General Manager, Bank for International Settlements (BIS)
Donald J. Johnston, Secretary-General, Organization for Economic Cooperation and Development (OECD)
Ian Kinniburgh, Director, Development Policy Analysis Division, Department of Economic and Social Affairs, United Nations (UN)
Eddy Lee, Director, International Policy Group, International Labor Organization (ILO)
Michael Moore, Director-General, World Trade Organization (WTO)
Yashwant Sinha, Chairman, Joint Development Committee
Pedro Solbes Mira, Commissioner in charge of Economic and Monetary Affairs, European Commission
James D. Wolfensohn, President, World Bank

Third Meeting, Washington, D.C., April 29, 2001

1. The International Monetary and Financial Committee held its third meeting in Washington, D.C., on April 29, 2001, under the Chairmanship of Mr. Gordon Brown, Chancellor of the Exchequer of the United Kingdom.

The World Economy

2. In the increasingly interconnected global economy, we will continue to promote international economic cooperation and work together, adopting a forward looking approach to meeting our common objective of open trade for greater

global prosperity, maintaining the momentum for reform in the international financial system, strengthening our economies through structural reform, maintaining sound macroeconomic conditions for strong non-inflationary growth, and encouraging poverty reduction and growth in the poorest countries.

3. The Committee agrees that short-term prospects for global growth have weakened significantly since its September 2000 meeting in Prague. The Committee considers it likely that the slowdown in global growth will be short-lived, though it notes that the downside risks have increased. Underlying inflationary pressures generally remain subdued.

4. Against this background, the Committee stresses the need for policymakers in the advanced economies to remain vigilant and forward looking:

- In the United States—which has provided important support for the growth of the world economy in recent years—there has been a marked deceleration of activity. The significant easing of monetary policy in recent months is timely and welcome, and monetary policy should remain directed at restoring growth potential while maintaining price stability. The Committee considers that timely fiscal policy measures would also provide support to economic growth.
- In view of the persistence of slow growth in Japan, the Committee welcomes the recent introduction of a new monetary policy framework, and underscores the importance of the authorities' commitment to an expansionary policy stance until the risk of deflation is eliminated. Given the high level of public debt, the gradual fiscal consolidation currently under way remains appropriate. Prospects for a return to sustained growth depend most critically on determined action to address structural weaknesses, especially in the financial and corporate sectors.
- In this context, growth in the euro area remains relatively well sustained, although a slowing in activity is under way. The Committee agrees that policies should continue to support confidence and strengthen growth potential. Fiscal policy needs to continue to be geared toward fiscal consolidation in the medium term. Tax reforms should contribute to enhanced economic efficiency. The Committee underscores the importance of a further deepening and acceleration of structural reforms, especially in labor and product markets and in strengthening pension systems, for boosting longer-term growth potential.

5. The Committee notes that other countries are being adversely affected by both the slowdown in growth in the advanced economies and the deterioration of conditions in international financial markets. The Committee, however, notes that growth is expected to be relatively well maintained in India and China. The Committee welcomes the steps taken by many emerging market economies in recent years to reduce external and financial sector vulnerabilities, including by adopting sustainable exchange rate regimes and prudent debt and reserve management policies. In view of the present fragility of external financing conditions, the prospects for emerging market economies depend critically on maintaining investor confidence, which, the Committee agrees, will require pursuing prudent macroeconomic policies and pressing ahead with corporate, financial, and institutional reforms. The Committee welcomes the recent comprehensive set of measures being implemented by the Argentine government to improve the underlying fiscal position and provide a strong basis for the sustained recovery of the economy, in line with the objectives of the IMF-supported program that is in place. It considers that these measures are an important and decisive step to boost confidence. The Committee also welcomes the comprehensive strategy of bank restructuring, fiscal consolidation, and structural reform initiated by the Turkish authorities. The Committee considers these policies, together with the provision of the needed external financing by the Fund and the Bank, provide the basis for the reestablishment of financial stability and sustained disinflation with growth, and merit the support of the international community and the private sector. The Committee looks forward to a rigorous implementation of all the necessary measures. The Committee welcomes the additional financing proposed by the Managing Director to support those policies, and looks forward to the forthcoming Executive Board discussions of these topics.

6. The Committee expresses particular concern that the slowdown in global growth risks adversely affecting the Fund's poorest member countries. The Committee stresses that developing countries need to pursue sound and stable policies and to build strong institutions as part of a commitment to poverty reduction and growth, and to create a favorable environment for domestic and foreign investment and private sector activity. The Committee emphasizes that the advanced economies have a special responsibility to assist poor countries' own efforts as they work to achieve the International Development Goals. This includes adequate flows of official development assistance, and carrying forward the HIPC Initiative to deliver sustainable debt levels, as well as more rapidly and decisively opening their markets to developing countries' exports. The Committee welcomes recent market-opening actions, and urges all countries to remove remaining barriers to the exports of the poorest countries. The Committee looks forward to the joint meeting with the Development Committee later today. The Committee welcomes the cooperation of the Fund and Bank on the International Development Goals, addressing the importance of delivering on the commitments made at Dakar on education and the need for global action on health to address diseases such as the HIV/AIDS pandemic.

7. The Committee underscores more broadly the importance of open markets for strengthening the global economy and for enhancing the growth prospects of developing countries. It urges all countries—developed and developing—to find common ground for the launch of new multilateral trade negotiations this year. The Committee is unanimous in its view that recourse to protectionism would be the wrong response to the global economic slowdown and the attendant difficulties in particular sectors. The Committee calls upon all countries to resist protectionist pressures and to reduce or eliminate trade barriers and trade-distorting subsidies. Looking forward, it requests the Fund to pay attention to the effects of trade policy developments and to continue to encourage trade liberalization in the context of all its activities with its members, both developed and developing. The Committee welcomes and encourages greater cooperation between the Fund, the Bank, and the WTO.

The IMF in the Process of Change

A. Progress Report by the Managing Director

8. The Committee welcomes the work program outlined in the Managing Director's progress report. It welcomes the recent moves to refocus the Fund in order to maximize its effectiveness in reducing members' vulnerability to currency or balance of payments crises, and in supporting their policies toward promoting sustainable growth and poverty reduction. It considers that the Fund is appropriately focusing on:

- promoting macroeconomic and financial stability, as a precondition for sustained economic growth;
- promoting the stability and integrity of the international monetary and financial system, as a global public good; and
- helping member countries to develop sound financial sectors in order to protect against vulnerability, to mobilize financing for productive investment, and to take advantage of the opportunities of global financial markets.

9. The Committee endorses the further steps that are being taken to increase complementarity and strengthen cooperation with other organizations, especially the joint work with the World Bank in strengthening financial sectors, fighting poverty, and making progress toward the achievement of the International Development Goals. It stresses the need to maintain and deepen this collaboration and extend it into other areas. The Committee also welcomes the steps under way to align more closely the Fund's technical assistance with its key policy priorities, and to better coordinate this assistance with that of the Bank and other providers.

10. The Committee strongly supports the redoubling of the Fund's efforts to put crisis prevention at the heart of its activities, and especially of its bilateral and multilateral surveillance (as described below). The Committee encourages countries to pursue strong policies and, to minimize contagion, reemphasizes the precautionary nature of the CCL for those purposes. At the same time, it welcomes the steps being taken—including the recent reforms of the Fund's financing facilities—to strengthen the Fund's capacity to respond to financial crises in member countries and to minimize their adverse impact.

11. The Committee notes the recent experience in applying the agreed framework for private sector involvement in crisis prevention and management, which relies as much as possible on voluntary, market-oriented approaches. The Committee welcomes the Executive Board discussion and the consultations with other international institutions, member governments, and the private sector on the possible use of collective action clauses, investor relations programs, corporate workouts, and techniques for bond restructuring. Looking forward, the Committee reaffirms the exceptional character of financing beyond normal access limits, and repeats that reliance on the catalytic approach at high levels of access must presume substantial justification. Within the framework of private sector involvement, there may be cases requiring more concerted approaches, and the Committee asks the Fund to continue its work on articulating the circumstances in which such approaches would be applied and the specific role of the IMF. The implementation of this framework should be subject to a well-defined monitoring and assessment procedure. The Committee also looks forward to progress by the Annual Meetings on practical issues involved in applying the framework, including: an improved basis for assessing debt sustainability; prospects for regaining market access; the risk of contagion; and the comparability of treatment between official and private creditors. The Committee stresses the importance in the future of taking decisions in a way that is consistent with the framework.

B. Strengthening the IMF's Focus on Financial Markets and Crisis Prevention

12. The Committee stresses that strong and effective crisis prevention is a top priority. It welcomes the Managing Director's decision to establish an International Capital Markets Department, as part of the effort to deepen the Fund's understanding of and judgment on international capital market issues; to improve its early warning capabilities; and to strengthen crisis prevention. This will complement the earlier establishment of the Capital Markets Consultative Group as a channel for regular, informal, and constructive dialogue with private sector representatives. The Committee calls on the Fund to make progress with its work on early warning indicators of potential crises in individual countries and in international financial markets, taking full account of the need to avoid instability. The Fund should stand ready to help countries that wish to proceed with an orderly liberalization of their capital accounts.

13. The Committee is pleased to observe continued progress since its last meeting in implementing previous Fund initiatives on crisis prevention and financial sector surveillance. In particular, it notes:

- the agreement by the Executive Board on a list of international standards and codes relevant for the Article IV surveillance process and on the modalities by which staff assessments of members' implementation of these standards and codes will be brought into surveillance and made public, while paying due regard to the voluntary nature of these standards and codes. It agrees that ROSCs should be established as the principal tool for assessing the implementation of standards and codes. It also takes note of the revised version of the *Code of Good Practices on Fiscal Transparency* and the accompanying *Manual on Fiscal Transparency;*
- the recent steps to adapt the Fund's analytical framework to better assess external vulnerability, as well as its development of guidelines for reserves management and, with the World Bank, of guidelines for public debt management;
- the Fund's work with countries to strengthen data underpinning external vulnerability analyses, in particular the wider use of the Fund's Special Data Dissemination Standard (SDDS) and General Data Dissemination System (GDDS), and the expanded coverage of the Coordinated Portfolio Investment Survey to include more instruments and additional jurisdictions, including offshore financial centers;
- the implementation of initiatives on the Fund's transparency policy that has progressed significantly over the last year, including the decision to allow voluntary publication of all country staff reports and other country documents; and
- the progress in strengthening financial sector surveillance both at the national and international levels. The Committee particularly welcomes the progress made in

assessing member countries' financial sectors through the joint Bank-Fund Financial Sector Assessment Program (FSAP), which provides a coherent and comprehensive framework for identifying financial system vulnerabilities, assessing development needs and priorities, and helping to develop appropriate policy responses. The Committee agrees that the Fund's Financial System Stability Assessments (FSSAs), which are derived from the discussion of FSAP findings in the context of the Article IV process, are the preferred instrument for strengthened monitoring of financial systems as part of Fund surveillance. It welcomes the agreement by the Executive Board to permit publication by national authorities of the detailed assessment of observance of standards and codes that are included in FSAP reports and to enable publication of FSSAs on a voluntary basis. The Committee welcomes the extension of the Fund's financial sector work to include voluntary assessments of offshore financial centers.

C. Combating Financial Abuse/Money Laundering

14. The Committee underscores that money laundering is an issue of global concern requiring strengthened policies and concerted action on the part of governments and a range of institutions. Effective anti-money laundering measures at the national level are important for all Fund members, especially those with large financial markets. In this regard, the Committee generally agrees with the recognition of the FATF 40 Recommendations as the appropriate international standard for combating money laundering, and that work should go forward to determine how the Recommendations can be adapted and made operational in the Fund's work. It endorses the proposed closer collaboration by the Fund and the World Bank with the FATF and other anti-money laundering groups in reviewing standards and procedures in this area. In this regard, the Committee notes that, to be consistent with the ROSC process, assessments should be undertaken on a uniform, cooperative, and voluntary basis. Action by the Fund on combating money laundering should aim to promote a more effective regulatory and supervisory environment and thus help prevent financial crime and money laundering. The Fund, in collaboration with the World Bank, should, if requested, also provide more technical assistance in this area to member countries to strengthen their economic, financial, and legal systems.

D. Streamlining Conditionality and Strengthening Ownership

15. The Committee welcomes the ongoing review of Fund conditionality and underscores that conditionality remains indispensable, together with financing, as an integrated response by the Fund to support its members' policy programs. While the expansion of conditionality in the structural area over the past several years reflects in part the critical importance of structural reforms for macroeconomic stability and sustained growth, its increasing scope and detailed nature warrant a review of recent practice. The Committee endorses the principles that Fund conditionality should focus on those measures, including structural, that are critical to a program's macroeconomic objectives. While this principle needs to be interpreted carefully on a case-by-case basis, the Committee notes that it shifts the presumption of coverage from one of comprehensiveness to one of parsimony. Enhanced collaboration and clearer division of labor between the Fund and other international agencies, in particular the World Bank, is an important element of streamlining. The Committee reaffirms that the overarching objective of streamlining is to make conditionality more efficient, effective, and focused, without weakening it, and welcomes the progress being made in this respect. The Committee considers it particularly important that Fund-supported programs take adequate account of national decision-making processes and the administrative capacity to implement reforms, and be founded on strong country ownership. The objective should be to provide maximum scope for countries to make their own policy choices, while ensuring that the Fund's financing supports needed policy adjustments, and while safeguarding the Fund's resources. The Committee notes that greater efforts to help countries strengthen institutional capacity for sustained implementation of structural reforms are an essential complement to this approach. The Committee urges the Executive Board to continue its review of Fund conditionality, in the light of experience and feedback from the broad public consultation now under way on these issues, and including the important question of how to deal with structural issues that are relevant but not critical to the success of macroeconomic objectives. It looks forward to a report on further progress at its next meeting, with a view to drawing firm conclusions on the streamlining of conditionality.

E. Governance

16. The Committee agrees that the Fund should address governance issues that have a significant macroeconomic impact, both through initiatives that apply across the membership and through specific measures to address particular instances of poor governance and corruption. The Committee requests the Executive Board to keep under close review the use of specific remedial measures, which should be applied with careful judgment and flexibility. The Board should also address the two-sided nature of corruption, by following up on the implementation of OECD-led initiatives to combat bribery of foreign public officials, and similar initiatives, in the context of surveillance.

F. Other Issues

17. Quotas should reflect developments in the international economy. The Committee looks forward to further work on this issue.

18. The Committee welcomes ongoing measures to improve transparency, governance, and accountability in the Fund. The Committee particularly welcomes the appointment by the Executive Board of Mr. Montek Singh Ahluwalia as Director of the Fund's Independent Evaluation Office (EVO). Noting that the EVO will become operational in August 2001, the Committee reiterates its expectation that the work of the EVO will help the Fund to improve its future operations and enhance its accountability. It looks forward to receiving regular reports on the EVO's work and hopes that a first report, on the forward work plan, will be available in time for the Committee's next meeting.

19. The Committee notes the joint draft report of the Fund's Working Group to Review the Process of Selection of the Managing Director and the World Bank Working Group to Review the Process of Selection of the President.

20. The Committee takes this opportunity to thank Michael Mussa for his outstanding contribution to the institution. It notes that under his intellectual stewardship, the *World Economic Outlook* has become a flagship product of the Fund.

Next Meeting of the Committee

21. The next meeting of the IMFC will be held in Washington, D.C., on September 30, 2001.

Annex: International Monetary and Financial Committee Attendance
April 29, 2001

Chairman
Gordon Brown

Managing Director
Horst Köhler

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Sir Edward George, Governor, Bank of England
(Alternate for Gordon Brown, Chancellor of the Exchequer, United Kingdom)
Domingo Cavallo, Minister of Economy, Argentina
Peter Costello, Treasurer, Australia
Li Ruogu, Assistant Governor and Director-General, People's Bank of China
(Alternate for Dai Xianglong, Governor, People's Bank of China)
Emile Doumba, Minister of Finance, Economy, Budget and Privatization, Gabon
Hans Eichel, Federal Minister of Finance, Germany
Laurent Fabius, Minister of Economy, Finance and Industry, France
Francisco Gil Diaz, Secretary of Finance and Public Credit, Mexico
Abdelouahab Keramane, Governor, Banque d'Algérie
Sultan Nasser Al-Suwaidi, Governor, Central Bank of the United Arab Emirates
(Alternate for Mohammed K. Khirbash, Minister of State for Finance and Industry, United Arab Emirates)
Aleksei Kudrin, Deputy Chairman of the Government and Minister of Finance, Russian Federation
Pedro Sampaio Malan, Minister of Finance, Brazil
Paul Martin, Minister of Finance, Canada
Mrs. Linah K. Mohohlo, Governor, Bank of Botswana
Sauli Niinistö, Minister of Finance, Finland
Paul H. O'Neill, Secretary of the Treasury, United States
Didier Reynders, Minister of Finance, Belgium
Masaru Hayami, Governor, Bank of Japan
(Alternate for Masajuro Shiokawa, Minister of Finance, Japan)
Yashwant Sinha, Minister of Finance, India
Chatu Mongol Sonakul, Governor, Bank of Thailand
Kaspar Villiger, Minister of Finance, Switzerland
Vincenzo Visco, Minister of the Treasury, Budget and Economic Planning, Italy
A.H.E.M. Wellink, President, De Nederlandsche Bank N.V., Netherlands
(Alternate for Gerrit Zalm, Minister of Finance, Netherlands)

Observers
Yilmaz Akyuz, Chief, Macro-Economics and Development Policies Branch, United Nations Conference on Trade and Development (UNCTAD)
Andrew D. Crockett, Chairman, Financial Stability Forum (FSF)
Willem F. Duisenberg, President, European Central Bank (ECB)
Richard Eglin, Director, Trade and Finance Division, World Trade Organization (WTO)
André Icard, Deputy General Manager, Bank for International Settlements (BIS)
Donald J. Johnston, Secretary-General, Organisation for Economic Cooperation and Development (OECD)
Ian Kinniburgh, Director, Development Policy Analysis Division, Department of Economic and Social Affairs, United Nations (UN)
Eddy Lee, Director, International Policy Group, International Labour Organisation (ILO)
Yashwant Sinha, Chairman, Joint Development Committee
Pedro Solbes Mira, Commissioner in charge of Economic and Monetary Affairs, European Commission
James D. Wolfensohn, President, World Bank

Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (Development Committee)

PRESS COMMUNIQUÉS

Sixty-Second Meeting, Prague, Czech Republic, September 25, 2000

1. The 62nd meeting of the Development Committee was held in Prague, Czech Republic, on September 25, 2000, under its new Chairman, Mr. Yashwant Sinha, Finance Minister of India. The Committee expressed its great appreciation to Mr. Tarrin Nimmanahaeminda, Minister of Finance of Thailand, for his valuable leadership and guidance to the Committee as its Chairman during the past two years.[1]

[1]Mr. James Wolfensohn, President of the World Bank; Mr. Horst Köhler, Managing Director of the International Monetary Fund; and Mr. Carlos Saito, Chairman of the Group of Twenty-four, addressed the plenary session. Observers from a number of international and regional organizations also attended.

2. The Ministers' discussions took place against the background of continuing public debate about the benefits and risks of globalization. Ministers stressed that the more integrated global economy and technological gains brought about by globalization should be a great source for economic and social progress, equity, and stability, but that these results are not inevitable. Ministers recognized their important responsibility to help ensure that globalization works for the benefit of all, and not just the few, and reemphasized their commitment to strengthening the Bank, the Fund, and other multilateral institutions as valuable allies in this effort whose ultimate objective is global poverty reduction, in particular halving the proportion in extreme poverty by the year 2015.

3. **Poverty Reduction and Global Public Goods:** In considering the role the Bank might play in global public goods in areas within its mandate, Ministers noted four key criteria for Bank involvement: clear value-added to the Bank's development objectives; Bank action is needed to catalyze other resources and partnerships; a significant comparative advantage for the Bank; and an emerging international consensus that global action is required. They endorsed four areas for Bank involvement, in cooperation with relevant international organizations: facilitating international movement of goods, services, and factors of production; fostering broad inclusion in the benefits of globalization and mitigating major economic and social problems, such as the transmission of disease and the consequences of conflict; preserving and protecting the environment; and creating and sharing knowledge relevant to development.

4. Ministers warmly endorsed the greatly expanded efforts being made by the Bank, the United Nations, and other international, national, and private partners, to combat communicable diseases, such as HIV/AIDS, malaria, and tuberculosis. Ministers noted the progress made since the April meeting of the Committee, and were encouraged that the international consensus that AIDS and other widespread diseases created severe development problems was being turned into strengthened action. They also welcomed the commitment of International Development Association (IDA) donors to expand and make more flexible the concessional resources available for these activities, without compromising fundamental IDA allocation policies. They encouraged the Bank to press further ahead on its commitment to help turn back the global HIV/AIDS epidemic, and welcomed the recently approved $500 million IDA program for this purpose in Africa.

5. Ministers noted the Bank's valuable role, in partnership with the Fund and other international agencies, in strengthening international financial architecture. This includes helping to develop appropriate standards and codes, taking account of the developing country perspective, in areas that are important to financial resilience and integration into the global financial system, and assisting countries to strengthen their related institutions and policies. Ministers also pointed to the importance for all nations of increased national and international efforts to combat cross-border financial abuse, such as money-laundering and other forms of abuse. They urged the Bank to expand its program of technical and advisory support as a significant contribution to greater participation by developing countries in a more open and equitable world trading system. They reiterated both the promise and the challenge of communications technology to promote equitable growth, and welcomed initiatives by the Bank to help provide greater access, in partnership with others, for poor countries and communities to the knowledge and information opportunities of the digital age.

6. Ministers recognized the need to explore further opportunities for securing appropriate financing for carefully selected priority global and regional programs with substantial impact on poverty reduction. This would require innovative use of World Bank lending and, in some cases, grant facilities, taking into account alternative sources of such funds and financial implications for the Bank, as well as of new forms of collaboration with international, bilateral, philanthropic, and private partners. They stressed that global public goods investments that benefited all countries should attract new resources.

7. The Committee looked forward to receiving at its next meeting a report on progress made in further delineating priority global public goods investment areas for the Bank, as well as on division of labor between development partners and the development of appropriate financing arrangements.

8. Bank Support for Country Development: Recognizing that working with individual countries remains the backbone of the Bank's business, Ministers welcomed this initial opportunity for a broad review of the World Bank Group's role and instruments in support of member countries' development, taking into account the role of the IMF and other institutions.

9. Ministers emphasized that the Bank must tailor its support to reflect widely differing country situations. To help ensure that country programs are well grounded, Ministers urged the Bank to continue to strengthen its country diagnostic and other economic and sector work. They stressed the need to focus on relevance to the country concerned, and on opportunities for greater synergy with the work of the country and other development partners. Ministers noted that this analytic work, along with capacity building, took on added importance in light of the use of programmatic adjustment lending in support of borrowers' social and structural reforms, and the vision for Bank and Fund roles and partnership set out in the September 5, 2000, Joint Statement by the President and the Managing Director.

10. Ministers emphasized the urgent need for the World Bank Group to clarify its agenda for institutional selectivity (based in part on its upcoming review of sector strategy papers), to manage carefully total demands made on Bank staff and other resources, and to work closely and systematically with other multilateral development banks and international organizations on a better coordination of responsibilities. Ministers stressed that multilateral and bilateral donors could contribute greatly to country ownership, more efficient use of resources, and achievement of the agreed International Development Goals, by making greater progress on the harmonization of their operational policies and procedures to reduce the burden on developing countries. Ministers asked the Bank to work closely with its partners and prepare a report for the Committee's next meeting on progress with harmonization.

11. Ministers welcomed the Bank's overall approach for low-income countries and its proposals for achieving greater coherence among various program documents and instruments, including basing Country Assistance Strategies on Poverty Reduction Strategy Papers. Ministers welcomed the discussion of a poverty reduction support credit that would

support poverty reduction strategies of governments and complement the Fund's poverty reduction and growth facility. They suggested that in its further definition of the instrument, the Bank should also address the nature of the analytic work needed to underpin it, such as public expenditure reviews and poverty and fiduciary assessments. They also requested the Bank and the Fund to review the modalities for their cooperation in implementing both the Bank's support credit and the Fund's growth facility. Ministers stressed the importance of effective Bank/Fund coordination given the significant role the institutions play in support of poverty reduction in low-income countries.

12. Ministers reaffirmed the very important continuing role of the Bank Group in helping to reduce poverty in middle-income countries, home to so many of the world's poor. They stressed that the Group's focus must be on providing support that the private sector cannot or will not provide and on fostering private-sector-led economic growth. They welcomed the creation of a task force to address how the Group can best respond to the evolving development needs of this diverse group of economies. Ministers agreed that the task force should consider, *inter alia*, the modalities of conditionality and instruments to maximize the effectiveness of Bank assistance for countries at different stages of development and reform; the scope and conditions for providing borrowers more financial support for social and structural programs at times of market dislocation; the coverage of economic and sector work; and the costs of doing business with the Bank, including the implications for pricing of Bank products. Ministers looked forward to a progress report at their next meeting.

13. Heavily Indebted Poor Countries Initiative (HIPC): Ministers welcomed the progress achieved in implementing the Initiative and urged that all appropriate steps be taken to further strengthen the process. They noted that the enhancements endorsed at their meeting last year are resulting in "deeper, broader, and faster" debt relief to eligible countries undertaking the economic and social reforms needed to reduce poverty. They noted in particular that to date, ten countries have reached their decision point under the enhanced framework, and work is being accelerated within that framework to try to reach the goal of bringing 20 countries to this point by the end of the year. This is expected to result in combined debt service relief (including original and enhanced HIPC assistance) amounting to well over $30 billion. Taken together with traditional debt relief mechanisms, a total of about $50 billion will be provided to these countries.

14. Ministers also welcomed the increased efforts to improve implementation of the Initiative. They asked that the Bank and the Fund continue to work with other creditors and eligible countries to ensure that the modifications to the original HIPC framework (reflected in the enhanced Initiative endorsed a year ago), such as the provision of interim assistance beginning at the decision point and adoption of a floating completion point, provide the much needed support to qualifying countries on a timely basis. Ministers expressed support for the strengthened partnership between the two institutions in implementing the Initiative, and for their commitment to move forward as expeditiously as possible. It was recognized, however, that the pace of implementation would also be determined by country factors. Ministers supported maintaining a flexible approach with respect to track record requirements. They endorsed the extension of the "sunset clause" until end-2002 to allow additional countries, particularly those emerging from conflict, to participate in the Initiative. Ministers also reiterated that within the existing HIPC framework the option exists, at the completion point, to reconsider the amount of debt relief for countries seriously affected by exceptional adverse shocks.

15. Ministers stressed the importance of fully financing the enhanced HIPC Initiative, without compromising concessional facilities such as IDA. They urged all donors to meet their commitments of financial support, and welcomed the arrangements in place to accomplish this objective. While recognizing the special needs of particular developing and low-income transition country creditors, Ministers also urged all creditors to participate in the debt relief framework.

16. Poverty Reduction Strategy Papers: Ministers reviewed progress with respect to the Poverty Reduction Strategy approach, endorsed at their September 1999 meeting as a way to strengthen the link between poverty reduction, HIPC debt relief, and Bank and Fund concessional lending. They noted the growing momentum in the adoption of the approach and the positive response to it on the part of countries and development partners. Ministers recognized the challenges countries faced due, *inter alia,* to limited data and institutional capacity, but urged movement from interim to full poverty reduction strategy papers on a timely basis. While strongly reiterating the core principle of country ownership, Ministers called on the Bank, the Fund, and other agencies to provide appropriate technical support for countries' strategy preparation efforts.

17. Comprehensive Development Framework: Ministers expressed support for the comprehensive approach to development reflected in the framework and welcomed the progress being made, and the lessons learned, in implementing it in pilot countries. They recognized that implementation is still at an early stage and many country-specific challenges remain, but noted that a wider application of the framework is already taking place in the preparation of Poverty Reduction Strategy Papers that are based on the framework's principles, particularly that of achieving strong country ownership. They looked forward to reports of further progress in implementing the comprehensive development framework.

18. IBRD Financial Capacity: Ministers reviewed the World Bank's updated report on this subject and confirmed that the Bank's finances remained sound. At the same time, Ministers recognized that the Bank's financial capacity may, in the case of significantly increased demand, limit its ability to respond. Ministers requested management and the Executive Board to keep this subject under review, including the level of Bank reserves.

19. Bank/Fund Staff: Ministers took this opportunity to express, on behalf of all member governments, their appreciation to Fund and Bank staff for their continued hard work and high level of dedicated service for the goals of the Bretton Woods Institutions.

20. Note of Appreciation: Ministers expressed their deep gratitude for the warm hospitality and support provided by the Czech authorities and the people of the Czech Republic.

21. Next Meeting: The Committee's next meeting is scheduled for April 30, 2001, in Washington, D.C.

Sixty-Third Meeting, Washington, D.C., April 30, 2001

1. The 63rd meeting of the Development Committee was held in Washington, D.C., on April 30, 2001, under the chairmanship of Mr. Yashwant Sinha, Minister of Finance of India. The Committee also met on April 29, 2001, in joint session with the International Monetary and Financial Committee to focus on strengthened cooperation to foster growth and fight poverty in the world's poorest countries.[2]

2. Strengthening the World Bank Group's Support for Middle-Income Countries: Ministers broadly welcomed the proposals put forward by the Bank following the work of the World Bank Group Task Force on Middle-Income Countries. They noted that combating poverty in this group of countries was essential for meeting the International Development Goals, and reemphasized the Bank Group's important role in supporting these countries' growth and poverty reduction efforts. The Committee noted that good policies, and the institutions to implement them, were at the core of successful development programs, and welcomed that an increasing number of countries were adopting this approach; that external resources were most effective when supporting such policies and institutions; and that even countries with access to international financial markets may benefit from Bank financial support since their access is often limited, volatile, and restricted to short maturities. Ministers recognized that such volatility can lead to disruptions and cause substantial adverse effects on poverty levels. Ministers stressed that since in most cases the Bank Group's share of a country's overall external financing is small, its role must be selective and strategic—as a catalyst for policy and institutional change, including capacity building as well as pro-poor policies, for stable and sustainable private investment flows, and for policy and financial support from development partners in promoting sustainable and equitable growth and poverty reduction.

3. Following on their discussion of this topic at the Committee's previous meeting, Ministers reiterated the need to tailor Bank Group support to the widely differing circumstances found among this diverse set of countries. The Committee stressed that to ensure country ownership, this support must be grounded in the country's own vision of development. This should serve as the starting point for the Bank Group Country Assistance Strategy (CAS), backed by strong diagnostic and other economic and sector work. The Bank should systematize and strengthen its analysis of the country situation, including through expanding, in concert with its partners, support for local capacity building. Ministers noted the particular importance of stronger analysis on structural, social, and sectoral issues and priorities, as well as on public expenditure, procurement, and financial management systems.

4. Ministers noted the importance of a menu of lending instruments, reflecting borrowers' different needs, objectives, and track records and Bank Group comparative advantage. They stressed that lending must be based on country commitment to poverty reduction. The Committee reemphasized the continued importance of Bank investment lending, set within a sound CAS framework, as a powerful vehicle for transferring knowledge, testing and demonstrating new approaches, building government capacity, and supporting the provision of needed social services and infrastructure. Ministers welcomed the improving quality and developmental focus of adjustment lending. They stressed that its envisaged more systematic use must be matched by commitment to policy and institutional reforms or a proven track record. It must also be underpinned by adequate country policies and fiduciary systems and, where needed, action to strengthen them. In this regard they stressed the importance of strong capacity for managing and accounting for public expenditures. They called for a more transparent and systematic approach to the monitoring and forecasting of the mix of overall IBRD lending—as between investment and adjustment lending—to complement the CAS process. They also discussed the proposed deferred drawdown option and its potential value for a group of reforming countries that is likely to be small in number, and encouraged the Bank to complete the work needed to finalize the proposal for consideration by Executive Directors.

5. Ministers urged the Bank to translate its proposals into specific actions for strengthening the Group's analytic and financial support for middle-income countries. They emphasized that the Bank must be highly selective in what it does, drawing increasingly on analyses by other development partners and by the countries themselves, and looking to development partners to take the lead in supporting reforms in particular sectors where they have a comparative advantage. They attached particular importance to the Bank and Fund using these proposals as an element in enhanced cooperation at the country level.

6. Harmonization of Operational Policies and Procedures: Ministers stressed the importance of harmonizing operational policies and procedures by the Bank, other MDBs and bilateral aid donors, with the objective of enhancing development effectiveness, increasing efficiency, and reducing administrative burdens and costs on recipient governments. The Committee stressed the need to move more rapidly, while maintaining appropriate standards, to harmonize aid management arrangements, in particular to help low-income countries implement their PRSPs. Ministers noted that harmonization in individual country programs provides a pragmatic approach that can lead to early action, and encouraged all development partners to rely increasingly on the borrower government's own planning and budgetary processes, helping to strengthen these systems and processes where needed. Ministers urged them to work with developing countries to develop common good-practice approaches for procurement, financial management, and environmental assessments. They stressed that such approaches would provide a good basis for fostering capacity-building by guiding action plans designed to help countries address country priorities. They encouraged the World Bank and its partners—including other MDBs and the OECD/DAC Working Group on Harmonization—to work together to develop an overall framework (including time-bound action plans) to help guide and coordinate future work in this area. The Committee looked forward to receiving a report from the Bank on progress against an action plan of specific changes to its own procedures to facilitate harmonization.

[2] Mr. James Wolfensohn, President of the World Bank; Mr. Horst Köhler, Managing Director of the International Monetary Fund; and Mr. Joseph O. Sanusi, Chairman of the Group of Twenty-four, addressed the plenary session. Observers from a number of international and regional organizations also attended.

7. Global Public Goods: The Committee welcomed the Bank's progress in supporting global public goods in the areas endorsed by the Committee at its last meeting—i.e., communicable disease, trade integration, financial stability, knowledge and environmental commons. The Committee welcomed the Bank's commitment to anchor its global public goods activities in its core business and country work, to remain selective and focused in each of these areas, to consolidate its cooperation and division of labor with other international partners, and to carry out further analytical work with its development partners on the financing arrangements and governance required for support of global public goods, including cautiously exploring a possible role for IDA grants.

8. Leveraging Trade for Development—World Bank Role: Ministers reemphasized the critical importance of trade for economic growth and poverty reduction and the important role the Bank, in collaboration with its partners, can play in helping developing countries to increase their ability to access global markets. In this context, they welcomed recent initiatives taken by a number of countries. The Committee broadly endorsed the global, regional, and national level work program set forth in the Bank's paper prepared for this meeting, including, most importantly, expanded activities at the country level that would increasingly be highlighted in the Bank Country Assistance Strategies. This would include support for countries to address trade issues in their PRSPs. The Committee agreed on the particular significance of focusing on "behind the border" issues—such as investment regulations, obstacles to efficient transport of goods and materials, standards and technical regulations, telecommunications, and business services—to ensure that countries are able to take full advantage of the opportunities presented by globalization. In response to the need to increase the capacity of the poorest nations to participate more effectively in the international trading system, the Committee urged the Bank to work together with its partners to achieve maximum benefits from the recently strengthened Integrated Framework for Trade Related Assistance for the Least Developed Countries. In this context the Committee welcomed efforts to untie aid, including the recent *ad referendum* decision by OECD donors to untie their aid to the Least Developed Countries.

9. HIV/AIDS: Ministers welcomed the rapid growth of global attention to HIV/AIDS in the year since the Committee had described the epidemic as a grave threat to development progress in many areas of the world, especially in Africa. They noted with great concern, however, the still unchecked spread of HIV/AIDS, the growing evidence of its devastating toll, and the continuing need for greater government leadership. Ministers urged that the new commitment reflected by many leaders of developing and developed countries be converted quickly into coordinated and focused international action for prevention, education and comprehensive care, including broader access to treatment. The Committee urged that the epidemic be addressed on a multi-sector basis, including a focus on HIV/AIDS in development policies and assistance to governments in health and other sectors. In particular, Ministers suggested that World Bank Country Assistance Strategies analyze the impact of HIV/AIDS and indicate appropriate responses, working with partners in the context of each country's national HIV/AIDS strategy. The Committee expressed its appreciation for the actions taken thus far by the Bank to implement the strategy that Ministers had reviewed a year ago, and encouraged the Bank to work with its partners to continue expanding efforts in all geographic regions. The Committee also urged the Bank and the United Nations to play an active role as facilitators of the improved links between the pharmaceutical industry and developing countries in support of AIDS-related programs. The Committee also recognized the need for a substantial increase in global resources for HIV/AIDS-related analysis, research, and action programs; a portion of such increased funding might be channeled through a possible new multilateral trust fund for AIDS, malaria, and TB. The Committee also called on participants in the June 2001 UN General Assembly Special Session on HIV/AIDS to make concrete commitments that would produce a rapid intensification of global action on HIV/AIDS.

10. International Financial Architecture: Ministers welcomed the continuing contributions of the Bank and the Fund, in partnership with other groups, in strengthening the international financial architecture and helping countries build the capacity required to participate in, and benefit from, the global financial system. The joint Bank-Fund Financial Sector Assessment Program and Bank-Fund collaboration on the Reports on Observance of Standards and Codes have established a valuable framework for helping countries strengthen their financial and economic systems. The Committee welcomed the Bank-Fund Guidelines for Public Debt Management, which would help governments build capacity to manage their debt, thereby reducing vulnerability to potential financial instability. Ministers also welcomed the Principles and Guidelines for Effective Insolvency and Creditor Rights Systems and encouraged their further development based on close consultation with borrowing countries, additional comments received, continuing work with partner institutions, and experimentation with country assessments.

11. Ministers agreed that money laundering is an issue of global concern, affecting both large and small economies. The Committee generally agreed with the recognition of the FATF 40 recommendations as the appropriate standard for combating money laundering, and that work should go forward to determine how the Recommendations could be adapted and made operational in the work of the Fund and the Bank. In this regard, the Committee noted that, to be consistent with the ROSC process, assessments should be undertaken on a uniform, cooperative, and voluntary basis. The Committee urged closer collaboration by the Fund and the World Bank with the FATF and other anti-money laundering groups in reviewing standards and procedures in this area. Ministers also noted that the Bank and the Fund are already making valuable contributions through their ongoing programs to help countries strengthen their economic, financial and legal systems. They agreed that the primary responsibility for actions against money laundering rests with the countries themselves and with specialized institutions that have a mandate and expertise in this area. The Committee observed that the main focus of the Bank, consistent with its development mandate and comparative strengths, would be on enhanced support for capacity building and to help countries identify and put in place the policy and institutional foundations needed to reduce the risks of financial abuse.

12. Next Meeting: The Committee's next meeting is scheduled for October 1, 2001, in Washington, D.C. Ministers considered it might be timely at this meeting to discuss issues arising in connection with the U.N. Financing for Development event scheduled for early 2002, based in part on a continued exchange of views between their representatives at the United Nations and the Bank and the Fund. Ministers also agreed to consider, at a future meeting, the subject of education, including implementation of the Dakar commitments on Education for All.

International Monetary and Financial Committee and the Development Committee

PRESS COMMUNIQUÉS

Joint Session—Prague, Czech Republic, September 24, 2000

1. Ministers of the Development Committee and the International Monetary and Financial Committee met jointly on September 24, 2000, to review progress on the enhanced Initiative for the Heavily Indebted Poor Countries (HIPC) and the Poverty Reduction Strategy Paper (PRSP) process. The joint meeting symbolizes the close cooperation and high political commitment of all countries and institutions to achieving a virtuous circle of debt relief, poverty reduction, and economic growth for the poorest countries of the world.

2. Ministers believed that solid foundations have been laid for further progress in turning last year's blueprints into this year's reality. They agreed that since last year good momentum has developed in both the HIPC and PRSP programs and that real progress has been made toward broader, deeper, and faster debt relief.

3. Ministers noted that ten countries have already reached their decision points under the enhanced HIPC Initiative and have begun to receive relief. They welcomed the determination of the President of the World Bank and the Managing Director of the Fund to do everything possible to bring 20 countries to their decision points by the end of 2000. This is expected to result in combined debt service relief (including original and enhanced HIPC assistance) amounting to well over $30 billion. Taken together with traditional debt relief mechanisms, a total of about $50 billion will be provided to these countries. They noted that interim assistance beginning at the decision point had accelerated the provision of relief, and that the incorporation of the floating completion point offers qualifying countries the opportunity to reduce significantly the period between decision and completion point. In addition, Ministers reaffirmed the objective of the enhanced HIPC Initiative to deliver debt sustainability and noted that, within the existing HIPC framework, the option exists at the completion point to reconsider the amount of debt relief for countries seriously affected by exceptional adverse shocks.

4. While it was recognized that implementation would ultimately be determined by country-specific factors, Ministers welcomed recent steps to accelerate progress. These include, in particular, closer working partnership between the Bank and Fund through active work of the Joint Implementation Committee (JIC); flexibility in assessing countries' track records, which should help to bring forward countries originally expected next year; and greater focus on key reforms to accelerate growth and poverty reduction. Consistent with the goal of broadening the initiative, Ministers supported the extension of the sunset clause for two more years to allow countries, particularly those emerging from conflict, time to enter the process. Ministers looked forward to consideration of Bank and Fund postconflict work at the time of the Spring Meetings.

5. Ministers reiterated the importance of fully financing the enhanced HIPC Initiative, and urged all donors and creditors to meet their commitments of financial support.

6. Ministers recalled that a central component of the enhanced HIPC initiative is the strengthened link between debt relief and poverty reduction, to be made operational through country-owned PRSPs. They were encouraged that as many as 13 countries had already completed Interim PRSPs, and that two had already completed full PRSPs. They also noted that countries and their development partners had responded positively to both the promise and the challenge of the PRSP process, and were moving purposefully to put poverty at the center of nationally owned strategies. While reaffirming the principle of country ownership, Ministers urged all development partners to increase their efforts to provide additional technical assistance to support countries' preparation of PRSPs, which should provide the context for IMF and IDA concessional assistance as well as that of donors and other multilateral institutions. In this context they welcomed the Bank's proposal to develop a Poverty Reduction Support Credit and the key changes in the Fund's Poverty Reduction and Growth Facility—for example, the enhanced link to PRSPs, ensuring appropriate flexibility in fiscal targets and making budgets more pro-poor and pro-growth.

7. Ministers emphasized that the early progress achieved with the enhanced HIPC Initiative and PRSPs needed to be supported by a sustained global effort from eligible countries, development partners, bilateral donors, multilateral agencies, and international civil society in order to make best use of these new opportunities.

Joint Session—Washington, D.C., April 29, 2001

1. The Members of the Development Committee and the International Monetary and Financial Committee (IMFC) met jointly on April 29, 2001, to review ongoing efforts by the World Bank and the International Monetary Fund (IMF) to strengthen growth and fight poverty. We renew our commitment to address these issues and to assist countries in their efforts to achieve the International Development Goals. This special meeting symbolizes our full support for the strengthened cooperation between the Bank and the IMF, which is reflected as well by many other items on the separate agendas of the IMFC and Development Committee. In this meeting we focused our attention on progress in strengthening this partnership in fighting poverty and strengthening growth in the world's poorest countries.

2. Many of the issues we discussed apply with special force to the problems of Africa. Following the joint visit to the region by the heads of our two institutions last February, they reported on the strong commitment among African leaders to make changes that will allow the continent to attack the roots of poverty and to improve the lives of their people on a lasting basis. The African leaders stressed the importance of tackling major problems that are addressed in our Committees' agendas: conflict and weak governance; building a strong human resource base, including education and the attack on HIV/AIDS and other communicable diseases; and the need to position Africa to benefit from globalization. We recognize that strong action by African leaders to face their own responsibilities needs to be complemented by strong support from the international community to achieve the international development goals and we are prepared to work to provide that support.

3. A great deal of progress has been made since the Prague Annual Meetings to implement the Poverty Reduction Strategy Paper (PRSP) approach and the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. We are encouraged by the seriousness of purpose and ownership with which countries have engaged in the process and by the willingness of development partners to support the approach. While we are also encouraged by the prospect that many countries will complete their first full PRSP in 2001, we urge the Bank and the Fund, other multilateral institutions and bilateral donors, to help these countries to fully develop, implement and monitor their poverty reduction strategies. We appreciate that the process will evolve in light of experience, and that success can only be measured in terms of poverty reduction achieved over time.

4. We welcome the substantial progress made in implementing the enhanced HIPC Initiative, with 22 countries having reached their decision points. This is expected to result in debt service relief (including original and enhanced HIPC assistance) amounting to $34 billion. Taken together with traditional debt relief mechanisms and additional bilateral debt forgiveness, a total of $53 billion will be provided to these countries. The combined debt relief is expected to reduce the external indebtedness of these countries by almost two-thirds (in NPV terms), bringing it to levels below the average for all developing countries. These countries have started to receive cash-flow debt relief, helping them to increase expenditures for poverty reduction. We encourage these HIPCs to continue their efforts to reach their completion points and, for those countries that have not yet qualified for assistance, to undertake the policies required to reach their decision points and begin to benefit from HIPC relief. We emphasized the importance for countries to demonstrate strong commitment to reform programs and reaffirmed the possibility, on a case by case basis, for flexibility on track record requirements where such conditions are in place. While recognizing the special needs of particular developing and low-income transition country creditors, we also urge that all donors and creditors participate in HIPC relief and meet their commitments of financial support.

5. Putting effective public expenditure management systems in place is a major objective to ensure that budgetary savings from HIPC relief, as well as from domestic resources and external assistance, are used effectively for poverty-reduction purposes. We support the ongoing efforts by the Bank, the IMF and donors to help countries strengthen these systems and see Poverty Reduction and Growth Facility (PRGF) reviews and PRSP progress reports as opportunities to report on country-specific progress. We urge countries preparing PRSPs to increase their efforts to improve expenditure management and monitoring; we encourage donors and creditors to support these efforts and to increasingly harmonize their delivery of aid in ways that strengthen countries' planning and budgetary systems.

6. We are encouraged that the World Bank is developing improved methods to help countries assess the social impact of policies, as well as its own policy recommendations, and that the IMF will contribute to this exercise in its areas of expertise and draw on and integrate the social impact analyses of others into its macroeconomic policy advice. We urge the Bank and the Fund to implement these steps at the country level as soon as possible. We welcome ongoing efforts by the Bank and Fund to streamline, focus, and prioritize conditionality on the basis of country-owned strategies to promote poverty reduction and growth. We also welcome the work under way to distinguish the relative roles of the IMF's PRGF and the Bank's Poverty Reduction Support Credit (PRSC).

7. We reiterate our commitment to the enhanced HIPC Initiative as a means for achieving a lasting exit from unsustainable debt for eligible countries. The enhanced HIPC framework recognized the ongoing vulnerabilities of HIPCs and thus set the amount of debt relief at the Decision Point at a significantly deeper level than under the original framework. This is further supported by a number of bilateral creditors having agreed to one hundred percent ODA debt reduction. We stressed that debt management needs to be strengthened. We agreed that at the completion point there should be a thorough analysis and discussion of the prospects for long-term debt sustainability. More broadly, we agreed on the importance of regular monitoring by HIPCs of their debt situation, with the support of the Bank and IMF, including beyond the completion point. In exceptional circumstances, when exogenous factors cause fundamental changes in a country's circumstances, we reaffirm that within the HIPC framework the option exists, at the completion point, to consider additional debt relief.

8. Debt sustainability can only be achieved and maintained if the underlying causes of the debt problem are addressed. As with the broader fight against poverty, this requires a two-pillar strategy. First, poor countries must take charge of their own future and create opportunities for equitable and sustainable growth and poverty reduction by improving their performance with respect to macroeconomic management (including prudent borrowing), outward-oriented reforms supportive of private sector development, governance, and social policies (especially education and health). Second, the international community needs to provide strong support, not only through existing commitments for debt relief but through increased aid and expanded opportunities for trade. We reiterated that HIPC debt relief should be additional to official development assistance, which should be provided on appropriately concessional or grant terms.

9. We strongly reaffirm the importance of greater access for developing countries to world markets, and particularly call upon countries to open their markets further to the exports of the poorest countries. In this context, we welcome the recent initiatives taken by a number of countries. Further-

more, the industrial countries have a major role to play by following policies that ensure sustainable, non-inflationary growth for the world economy. Such concerted actions by both rich and poor countries are needed to achieve the International Development Goals.

10. Conflict remains a major obstacle to improving the lives of millions, especially in Africa. Helping countries resolve conflicts and reestablish the basis for economic and social progress is a critical priority for the international community. Large protracted arrears pose special challenges for several conflict-affected countries. As many of these countries are poor and heavily indebted, we welcome the work done by the Bank and Fund to further enhance their capacity to assist them, including through debt relief. We welcome the IMF's efforts to put its emergency post-conflict assistance on concessional terms. We agree on the importance of maintaining a strong focus on performance, including transparency in military spending to ensure that debt relief is used to reduce poverty and is not diverted to military spending. We agree that the enhanced HIPC Initiative framework has sufficient flexibility to accommodate the special circumstances of post-conflict HIPCs, including with regard to the length of the track record if significant progress has been made toward macroeconomic stability, governance, capacity building, and monitoring. More broadly, postconflict countries in the process of recovery will also require substantial technical and capacity-building assistance. We agree there is scope for such increased Bank and Fund assistance to support rebuilding in these countries, and we call on both institutions to work in close collaboration with the United Nations System in these efforts so as to ensure full use of the specialized skills that these agencies possess.

APPENDIX VII

Executive Directors and Voting Power on April 30, 2001

Director *Alternate*	Casting Votes of	Votes by Country	Total Votes[1]	Percent of IMF Total[2]
Appointed				
Vacant	United States	371,743	371,743	17.16
Meg Lundsager				
Yukio Yoshimura	Japan	133,378	133,378	6.16
Haruyuki Toyama				
Bernd Esdar	Germany	130,332	130,332	6.02
Wolf-Dieter Donecker				
Jean-Claude Milleron	France	107,635	107,635	4.97
Gilles Bauche				
Stephen Pickford	United Kingdom	107,635	107,635	4.97
Stephen Collins				
Elected				
Willy Kiekens	Austria	18,973		
(Belgium)	Belarus	4,114		
Johann Prader	Belgium	46,302		
(Austria)	Czech Republic	8,443		
	Hungary	10,634		
	Kazakhstan	3,907		
	Luxembourg	3,041		
	Slovak Republic	3,825		
	Slovenia	2,567		
	Turkey	9,890	111,696	5.16
J. de Beaufort Wijnholds	Armenia	1,170		
(Netherlands)	Bosnia and Herzegovina	1,941		
Yuriy G. Yakusha	Bulgaria	6,652		
(Ukraine)	Croatia	3,901		
	Cyprus	1,646		
	Georgia	1,753		
	Israel	9,532		
	Macedonia, former Yugoslav Republic of	939		
	Moldova	1,482		
	Netherlands	51,874		
	Romania	10,552		
	Ukraine	13,970	105,412	4.87
Hernán Oyarzábal	Costa Rica	1,891		
(República Bolivariana de Venezuela)	El Salvador	1,963		
Fernando Varela	Guatemala	2,352		
(Spain)	Honduras	1,545		
	Mexico	26,108		
	Nicaragua	1,550		
	Spain	30,739		
	República Bolivariana de Venezuela	26,841	92,989	4.29

Director *Alternate*	Casting Votes of	Votes by Country	Total Votes[1]	Percent of IMF Total[2]
Elected ***(continued)***				
Riccardo Faini	Albania	737		
(Italy)	Greece	8,480		
Harilaos Vittas	Italy	70,805		
(Greece)	Malta	1,270		
	Portugal	8,924		
	San Marino	420	90,636	4.18
Thomas A. Bernes	Antigua and Barbuda	385		
(Canada)	Bahamas, The	1,553		
Peter Charleton	Barbados	925		
(Ireland)	Belize	438		
	Canada	63,942		
	Dominica	332		
	Grenada	367		
	Ireland	8,634		
	Jamaica	2,985		
	St. Kitts and Nevis	339		
	St. Lucia	403		
	St. Vincent and the Grenadines	333	80,636	3.72
Olli-Pekka Lehmussaari	Denmark	16,678		
(Finland)	Estonia	902		
Åke Törnqvist	Finland	12,888		
(Sweden)	Iceland	1,426		
	Latvia	1,518		
	Lithuania	1,692		
	Norway	16,967		
	Sweden	24,205	76,276	3.52
Michael J. Callaghan	Australia	32,614		
(Australia)	Kiribati	306		
Diwa Guinigundo	Korea	16,586		
(Philippines)	Marshall Islands, Republic of the	275		
	Micronesia, Federated States of	301		
	Mongolia	761		
	New Zealand	9,196		
	Palau	281		
	Papua New Guinea	1,566		
	Philippines	9,049		
	Samoa	366		
	Seychelles	338		
	Solomon Islands	354		
	Vanuatu	420	72,413	3.34
Sulaiman M. Al-Turki	Saudi Arabia	70,105	70,105	3.24
(Saudi Arabia)				
Ahmed Saleh Alosaimi				
(Saudi Arabia)				
Cyrus D.R. Rustomjee	Angola	3,113		
(South Africa)	Botswana	880		
Ismaila Usman	Burundi	1,020		
(Nigeria)	Eritrea	409		
	Ethiopia	1,587		
	Gambia, The	561		
	Kenya	2,964		
	Lesotho	599		
	Liberia	963		
	Malawi	944		
	Mozambique	1,386		
	Namibia	1,615		

Director *Alternate*	Casting Votes of	Votes by Country	Total Votes[1]	Percent of IMF Total[2]
Elected ***(continued)***				
	Nigeria	17,782		
	Sierra Leone	1,287		
	South Africa	18,935		
	Sudan	1,947		
	Swaziland	757		
	Tanzania	2,239		
	Uganda	2,055		
	Zambia	5,141		
	Zimbabwe	3,784	69,968	3.23
Dono Iskandar Djojosubroto	Brunei Darussalam	1,750		
(Indonesia)	Cambodia	1,125		
Kwok Mun Low	Fiji	953		
(Singapore)	Indonesia	21,043		
	Lao People's Democratic Republic	779		
	Malaysia	15,116		
	Myanmar	2,834		
	Nepal	963		
	Singapore	8,875		
	Thailand	11,069		
	Tonga	319		
	Vietnam	3,541	68,367	3.16
A. Shakour Shaalan	Bahrain	1,600		
(Egypt)	Egypt	9,687		
Abdelrazaq Faris Al-Faris	Iraq	5,290		
(United Arab Emirates)	Jordan	1,955		
	Kuwait	14,061		
	Lebanon	2,280		
	Libya	11,487		
	Maldives	332		
	Oman	2,190		
	Qatar	2,888		
	Syrian Arab Republic	3,186		
	United Arab Emirates	6,367		
	Yemen, Republic of	2,685	64,008	2.95
WEI Benhua	China	63,942	63,942	2.95
(China)				
JIN Qi				
(China)				
Aleksei V. Mozhin	Russia	59,704	59,704	2.76
(Russia)				
Andrei Lushin				
(Russia)				
Roberto F. Cippa	Azerbaijan	1,859		
(Switzerland)	Kyrgyz Republic	1,138		
Wieslaw Szczuka	Poland	13,940		
(Poland)	Switzerland	34,835		
	Tajikistan	1,120		
	Turkmenistan	1,002		
	Uzbekistan	3,006	56,900	2.63
Murilo Portugal	Brazil	30,611		
(Brazil)	Colombia	7,990		
Roberto Junguito	Dominican Republic	2,439		
(Colombia)	Ecuador	3,273		
	Guyana	1,159		
	Haiti	857		
	Panama	2,316		
	Suriname	1,171		
	Trinidad and Tobago	3,606	53,422	2.47

Director *Alternate*	Casting Votes of	Votes by Country	Total Votes[1]	Percent of IMF Total[2]
Elected ***(continued)***				
Vijay L. Kelkar	Bangladesh	5,583		
(India)	Bhutan	313		
R.A. Jayatissa	India	41,832		
(Sri Lanka)	Sri Lanka	4,384	52,112	2.41
Abbas Mirakhor	Algeria	12,797		
(Islamic Republic of Iran)	Ghana	3,940		
Mohammed Daïri	Iran, Islamic Republic of	15,222		
(Morocco)	Morocco	6,132		
	Pakistan	10,587		
	Tunisia	3,115	51,793	2.39
A. Guillermo Zoccali	Argentina	21,421		
(Argentina)	Bolivia	1,965		
Guillermo Le Fort	Chile	8,811		
(Chile)	Paraguay	1,249		
	Peru	6,634		
	Uruguay	3,315	43,395	2.00
Alexandre Barro Chambrier	Benin	869		
(Gabon)	Burkina Faso	852		
Damian Ondo Mañe	Cameroon	2,107		
(Equatorial Guinea)	Cape Verde	346		
	Central African Republic	807		
	Chad	810		
	Comoros	339		
	Congo, Republic of	1,096		
	Côte d'Ivoire	3,502		
	Djibouti	409		
	Equatorial Guinea	576		
	Gabon	1,793		
	Guinea	1,321		
	Guinea-Bissau	392		
	Madagascar	1,472		
	Mali	1,183		
	Mauritania	894		
	Mauritius	1,266		
	Niger	908		
	Rwanda	1,051		
	São Tomé and Príncipe	324		
	Senegal	1,868		
	Togo	984	25,169	1.16
			2,159,666[3,4]	99.67[5]

[1]Voting power varies on certain matters pertaining to the General Department with use of the Fund's resources in that Department.

[2]Percentages of total votes 2,166,739 in the General Department and the Special Drawing Rights Department.

[3]This total does not include the votes of the Islamic State of Afghanistan, Somalia, and the Federal Republic of Yugoslavia, which did not participate in the 2000 Regular Election of Executive Directors. The total votes of these members is 7,073—0.33 percent of those in the General Department and Special Drawing Rights Department.

[4]This total does not include the votes of the Democratic Republic of the Congo, which was suspended effective June 2, 1994, pursuant to Article XXVI, Section 2 *(b)* of the Articles of Agreement.

[5]This figure may differ from the sum of the percentages shown for individual Directors because of rounding.

APPENDIX VIII

Changes in Membership of the Executive Board

Changes in membership of the Executive Board between May 1, 2000, and April 30, 2001, were as follows:

Agustín Carstens completed his term of service as Executive Director for Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, and Venezuela, effective October 31, 2000.

Ana María Jul (Chile) completed her term of service as Executive Director for Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay, effective October 31, 2000.

José Pedro de Morais, Jr. (Angola) completed his term of service as Executive Director for Angola, Botswana, Burundi, Eritrea, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe, effective October 31, 2000.

Gregory F. Taylor (Australia) completed his term of service as Executive Director for Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, New Zealand, Palau, Papua New Guinea, Philippines, Samoa, Seychelles, Solomon Islands, and Vanuatu, effective October 31, 2000.

Sulaiman M. Al-Turki (Saudi Arabia) was reelected Executive Director by Saudi Arabia effective November 1, 2000.

Alexandre Barro Chambrier (Gabon) was reelected Executive Director by Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé and Príncipe, Senegal, and Togo, effective November 1, 2000.

Thomas A. Bernes (Canada) was reelected Executive Director by Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines, effective November 1, 2000.

Michael J. Callaghan (Australia) was elected Executive Director by Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, New Zealand, Palau, Papua New Guinea, Philippines, Samoa, Seychelles, Solomon Islands, and Vanuatu, effective November 1, 2000.

Roberto F. Cippa (Switzerland) was reelected Executive Director by Azerbaijan, Kyrgyz Republic, Poland, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan, effective November 1, 2000.

Riccardo Faini (Italy) was reelected as Executive Director by Albania, Greece, Italy, Malta, Portugal, and San Marino, effective November 1, 2000.

Kleo-Thong Hetrakul (Thailand) was reelected Executive Director by Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, and Vietnam, effective November 1, 2000.

R.A. Jayatissa (Sri Lanka) was appointed as Alternate Executive Director to Vijay L. Kelkar (India), effective November 1, 2000.

Vijay L. Kelkar (India) was reelected Executive Director by Bangladesh, Bhutan, India, and Sri Lanka, effective November 1, 2000.

Willy Kiekens (Belgium) was reelected Executive Director by Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, and Turkey, effective November 1, 2000.

Olli-Pekka Lehmussaari (Finland) was reelected Executive Director by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden, effective November 1, 2000.

Kwok Mun Low was appointed as Alternate Executive Director to Kleo-Thong Hetrakul (Thailand), effective November 1, 2000.

Abbas Mirakhor (Islamic Republic of Iran) was reelected Executive Director by Algeria, Ghana, Islamic Republic of Iran, Iraq, Morocco, Pakistan, and Tunisia, effective November 1, 2000.

Aleksei V. Mozhin (Russian Federation) was reelected Executive Director by the Russian Federation, effective November 1, 2000.

Hernán Oyarzábal (Venezuela), formerly Alternate Executive Director to Agustín Carstens (Mexico), was elected Executive Director by Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, and Venezuela, effective November 1, 2000.

Murilo Portugal (Brazil) was reelected Executive Director by Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, and Trinidad and Tobago, effective November 1, 2000.

Cyrus D.R. Rustomjee (South Africa), formerly Alternate Executive Director to José Pedro de Morais, Jr. (Angola), was elected Executive Director by Angola, Botswana, Burundi, Eritrea, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe, effective November 1, 2000.

A. Shakour Shaalan (Egypt) was reelected Executive Director by Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, Syrian Arab Republic, United Arab Emirates, and Republic of Yemen, effective November 1, 2000.

Ismaila Usman (Nigeria) was appointed Alternate Executive Director to Cyrus D.R. Rustomjee (South Africa), effective November 1, 2000.

Fernando Varela (Spain) was appointed Alternate Executive Director to Hernán Oyarzábal (Venezuela), effective November 1, 2000.

WEI Benhua (China) was reelected Executive Director by China, effective November 1, 2000.

J. de Beaufort Wijnholds (Netherlands) was reelected Executive Director by Armenia, Bulgaria, Bosnia and Herzegovina, Croatia, Cyprus, Georgia, Israel, former Yugoslav Republic of Macedonia, Moldova, Netherlands, Romania, and Ukraine, effective November 1, 2000.

A. Guillermo Zoccali (Argentina), formerly Alternate Executive Director to Ana María Jul (Chile), was elected Executive Director by Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay, effective November 1, 2000.

Guillermo Le Fort (Chile) was appointed Alternate Executive Director to A. Guillermo Zoccali (Argentina), effective November 2, 2000.

Kleo-Thong Hetrakul (Thailand) relinquished her duties as Executive Director for Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, and Vietnam, effective November 30, 2000.

Dono Iskandar Djojosubroto (Indonesia) was elected Executive Director by Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, and Vietnam, effective December 1, 2000.

Meg Lundsager (United States) was appointed Alternate Executive Director to Karin Lissakers (United States), effective December 22, 2000.

Jong Nam Oh (Korea) relinquished his duties as Alternate Executive Director to Michael J. Callaghan (Australia), effective January 31, 2001.

Diwa Guinigundo (Philippines) was appointed Alternate Executive Director to Michael J. Callaghan (Australia), effective February 1, 2001.

Karin Lissakers (United States) relinquished her duties as Executive Director for the United States, effective April 15, 2001.

APPENDIX IX

Financial Statements

April 30, 2001

PRICEWATERHOUSECOOPERS

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Auditor's Report

To the Board of Governors of the International Monetary Fund

In our opinion, the accompanying balance sheets and the related statements of income, changes in resources and cash flows give a true and fair view of the financial condition of the General Department and the SDR Department of the International Monetary Fund (the "IMF") as at April 30, 2001 and 2000, and their respective results of operations and cash flows for the years then ended in conformity with International Accounting Standards. These financial statements are the responsibility of the IMF's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with International Standards on Auditing, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, effective May 1, 1999, the IMF adopted International Accounting Standard 19, "Employee Benefits" prospectively impacting the accounting for pension and other retirement benefits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 188 to 193 and 198 to 203 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

June 6, 2001

General Department

Balance Sheets
as at April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Assets		
Credit outstanding	42,219,061	43,912,822
Usable currencies	109,654,428	105,500,280
Other currencies	56,030,973	55,875,571
Total currencies (Notes 3 and 4)	207,904,462	205,288,673
SDR holdings	2,436,744	2,723,892
Gold holdings (Note 5)	5,851,771	5,851,771
Receivables (Note 6)	561,562	688,119
Other assets (Notes 7 and 14)	696,043	471,691
Assets of the Special Disbursement Account		
Investments (Note 8)	2,405,928	2,256,089
Structural Adjustment Facility loans (Note 3)	432,526	511,638
Total Assets	220,289,036	217,791,873

	2001	2000
Liabilities and Resources		
Liabilities:		
Remuneration payable	394,281	464,152
Other liabilities	147,883	84,541
Special Contingent Account (Note 10)	1,213,019	1,119,019
Total Liabilities	1,755,183	1,667,712
Members' Resources:		
Quotas, represented by:		
Reserve tranche positions (Notes 2 and 4)	46,732,986	48,871,519
Subscription payments: Usable	109,654,428	105,500,280
Other	56,027,486	55,879,601
Total quotas	212,414,900	210,251,400
Reserves of the General Resources Account	3,280,499	3,105,034
Accumulated resources of the Special Disbursement Account	2,838,454	2,767,727
Total Liabilities and Resources	220,289,036	217,791,873

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

General Department

Income Statements
for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Income of the General Resources Account		
Operational Income		
Interest and charges (Note 6)	2,207,100	2,498,904
Interest on SDR holdings	112,514	123,288
Other charges and income	68,699	49,119
	2,388,313	2,671,311
Operational Expenses		
Remuneration and financing costs (Note 9)	1,734,294	1,826,817
Allocation to the Special Contingent Account	94,000	128,456
	1,828,294	1,955,273
Administrative Expenses (Note 13)	384,554	448,376
Net Income of the General Resources Account before effect of change in accounting method	175,465	267,662
Cumulative effect of change in accounting method (Notes 2 and 14)	—	268,262
Net Income of the General Resources Account	175,465	535,924
Income of the Special Disbursement Account		
Investment income	150,027	30,088
Interest on SAF loans	1,389	2,164
Placement of profits from gold sales (Note 5)	—	2,226,000
Net Income of the Special Disbursement Account	151,416	2,258,252

The accompanying notes are an integral part of these financial statements.

General Department

Statements of Changes in Resources for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	Quotas	General Resources Account		Total Reserves	Special Disbursement Account Accumulated Resources
		Special Reserve	General Reserve		
Balance at April 30, 1999	207,982,900	1,809,246	759,864	2,569,110	677,606
Quota subscriptions	2,268,500	—	—	—	—
Net income of the General Resources Account transferred to reserves	—	369,136	166,788	535,924	—
Net income of the Special Disbursement Account	—	—	—	—	2,258,252
Transfers from the Trust Fund	—	—	—	—	441
Transfers to the PRGF Trust	—	—	—	—	(99,305)
Transfers to the PRGF-HIPC Trust	—	—	—	—	(69,267)
Balance at April 30, 2000	210,251,400	2,178,382	926,652	3,105,034	2,767,727
Quota subscriptions	2,163,500	—	—	—	—
Net income of General Resources Account transferred to reserves	—	166,600	8,865	175,465	—
Net income of the Special Disbursement Account	—	—	—	—	151,416
Transfers from the Trust Fund	—	—	—	—	131
Transfers from the Supplementary Financing Facility Subsidy Account	—	—	—	—	104
Transfers to the PRGF Trust	—	—	—	—	(25,924)
Transfers to the PRGF-HIPC Trust	—	—	—	—	(55,000)
Balance at April 30, 2001	212,414,900	2,344,982	935,517	3,280,499	2,838,454

The accompanying notes are an integral part of these financial statements.

General Department

Statements of Cash Flows
for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Usable currencies and SDRs from operating activities		
Net income of the General Resources Account	175,465	535,924
Net income of the Special Disbursement Account	151,416	2,258,252
Adjustments to reconcile net income to usable resources generated by operations		
Placement of profits from gold sales in the SDA	—	(2,226,000)
Changes in receivables and other assets	(153,434)	(152,670)
Changes in remuneration payable and other liabilities	(6,529)	(78,897)
Allocation to the Special Contingent Account	94,000	128,456
Unrealized gains on investments	(28,587)	(2,461)
Net usable currencies and SDRs provided by operating activities	**232,331**	**462,604**
Usable currencies and SDRs from investment activities		
Net acquisition of investments by the Special Disbursement Account	(121,252)	(2,253,628)
Sales of gold	—	2,679,049
Net usable currencies and SDRs (used)/provided by investment activities	**(121,252)**	**425,421**
Usable currencies and SDRs from credit to members		
Purchases in currencies and SDRs, including reserve tranche purchases	(9,599,529)	(6,377,039)
Repurchases in currencies and SDRs	11,243,299	20,312,905
Repayments of Structural Adjustment Facility loans	79,112	165,968
Net usable currencies and SDRs from credit to members	**1,722,882**	**14,101,834**
Usable currencies and SDRs from financing activities		
Subscription payments in SDRs and usable currencies	1,746,500	1,966,700
Changes in composition of usable currencies	367,228	8,726,696
Transfers to the PRGF Trust, PRGF-HIPC Trust, and other accounts	(80,689)	(168,131)
Refunds of the second Special Contingent Account balances	—	(1,000,000)
Net usable currencies and SDRs provided by financing activities	**2,033,039**	**9,525,265**
Net increase in usable currencies and SDRs	3,867,000	24,515,124
Usable currencies and SDRs, beginning of period	108,224,172	83,709,048
Usable currencies and SDRs, end of period	**112,091,172**	**108,224,172**

The accompanying notes are an integral part of these financial statements.

General Department
Notes to the Financial Statements as at April 30, 2001 and 2000

1. Purpose and Organization

The IMF is an international organization of 183 member countries. It was established, among other purposes, to promote international monetary cooperation and exchange stability and to maintain orderly exchange arrangements among members; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries under adequate safeguards to help ease balance of payments adjustment. The IMF conducts its operations and transactions through the General Department and the Special Drawing Rights Department (the SDR Department). The General Department consists of the General Resources Account (GRA), the Special Disbursement Account (SDA), and the Investment Account. The latter has never been activated. The IMF also administers trusts and accounts established to perform financial and technical services and financial operations consistent with the purposes of the IMF. The resources of these trusts and accounts are contributed by members and the IMF. The financial statements of the SDR Department and these trusts and accounts are presented separately.

General Resources Account

The GRA holds the general resources of the IMF. Its resources reflect the receipt of quota subscriptions, use and repayment of IMF credit, collection of charges on the use of credit, payment of remuneration on creditor positions, borrowings, and payment of interest and repayment of borrowings.

Special Disbursement Account

The assets and resources of the SDA are held separately from other accounts of the General Department. Resources of the SDA include transfers received from the Trust Fund, an account administered by the IMF, and part of the proceeds from the sales of the IMF's gold. Income from the investment of gold profits in the SDA is to be transferred, as needed, to the Poverty Reduction and Growth Facility–Heavily Indebted Poor Countries Trust (PRGF-HIPC Trust, formerly Enhanced Structural Adjustment Facility–Heavily Indebted Poor Countries or ESAF-HIPC Trust), in accordance with decisions of the IMF. The SDA also holds outstanding loans extended under the Structural Adjustment Facility (SAF), which was established in March 1986 to provide balance of payments assistance on concessional terms to qualifying low-income developing country members.

Assets that exceed the financing needs of the SDA, excluding investments arising from the sales of gold, are transferred to the Reserve Account of the Poverty Reduction and Growth Facility Trust (PRGF Trust, formerly Enhanced Structural Adjustment Facility Trust, or ESAF Trust), which is administered separately by the IMF as trustee.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the IMF's financial statements.

Revenue and Expense Recognition

The financial statements are prepared on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000, and the new composition of the SDR valuation basket became effective on January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket as of April 30, 2001 and 2000 and their amounts were as follows:

	Amount	
Currency	To December 31, 2000	From January 1, 2001
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of April 30, 2001, one SDR was equal to 1.26579 U.S. dollars (one SDR was equal to 1.31921 U.S. dollars as of April 30, 2000).

Credit Outstanding

The IMF provides balance of payments assistance in accordance with established policies by selling to members, in exchange for their own currencies, SDRs or currencies of other members. When members make purchases, they incur obligations to repurchase the IMF's holdings of their currencies within specified periods by payments in SDRs or other currencies, as determined by the IMF. The IMF's policies on the use of its general resources are intended to ensure that their use is temporary and will be reversed within agreed-upon repurchase periods.

A member is entitled to repurchase, at any time, the IMF's holdings of its currency on which charges are levied and is expected to make repurchases as and when its balance of payments and reserve position improve.

Overdue Obligations and the First Special Contingent Account

It is the policy of the IMF to exclude from current income, charges due by members that are six months or more overdue in meeting payments to the IMF, unless these members are current in the payment of charges.

Debtor and creditor members share equally the financial consequences of overdue obligations under a mechanism referred to as burden sharing. The IMF generates compensating income equal to unpaid and deferred charges, excluding special charges, by adjusting the rates of charge and remuneration. Members that have borne the financial consequences of overdue charges will receive refunds only to the extent that overdue charges that had given rise to burden sharing adjustments are settled, and these amounts are therefore not presented as liabilities. In view of protracted overdue repurchase obligations, the IMF also accumulates precautionary balances in the first Special Contingent Account (SCA-1). Allocations to the SCA-1 are financed by further adjustments to the rates of charge and remuneration (see Note 10).

Currencies

Currencies consist of members' currencies and securities held by the IMF. Each member has the option to substitute non-negotiable and non-interest-bearing securities for the IMF's holdings of its currency that exceeds ¼ of 1 percent of the member's quota. These securities are encashable by the IMF on demand.

Each member is required to pay to the IMF its initial quota and subsequent quota increases partly in its own currency, with the remainder to be paid in usable currencies or SDRs. One exception was the quota increase of 1978, which was paid entirely in members' own currencies.

Usable Currencies

Usable currencies consist of currencies of members considered by the IMF to have strong balance of payment and reserve positions. These currencies are included in the IMF's financial transactions plan to finance purchases and other transfers of the IMF. Participation in the financial transactions plan is reviewed on a quarterly basis.

Valuation of Currencies

Currencies, including securities, are valued in terms of the SDR on the basis of the currency/SDR exchange rate determined for each currency. Securities are not marketable, but can be converted into cash on demand. Each member is obligated to maintain, in terms of the SDR, the SDR value of the balances of its currency held by the IMF in the GRA. This requirement is referred to as the maintenance-of-value obligation. Whenever the IMF revalues its holdings of a member's currency, a receivable or a payable is established for the amount required to maintain the SDR value of the IMF's holdings of that currency. The currency balances in the balance sheet include these receivables and payables. All currencies were revalued in terms of the SDR on April 30, 2001 and 2000.

SDR Holdings

Although SDRs are not allocated to the IMF, the IMF may acquire, hold, and dispose of SDRs through the GRA. The IMF receives SDRs from members in the settlement of their financial obligations to the IMF and uses SDRs in transactions and operations with members. The IMF earns interest on its SDR holdings at the same rate as all other holders of SDRs.

SDR Interest Rate

The SDR interest rate is determined weekly by reference to a combined market interest rate, which is a weighted average of yields on short-term instruments in the capital markets of France, Germany, Japan, the United Kingdom, and the United States.

Gold Holdings

The Articles of Agreement limit the use of gold in the IMF's operations and transactions. Any use provided for in the Articles requires a decision supported by an 85 percent majority of the total voting power. In accordance with the provisions of the Articles, whenever the IMF sells gold held on the date of the Second Amendment of the IMF's Articles of Agreement (April 1, 1978), the portion of the proceeds equivalent at the time of sale to one SDR per 0.888671 gram of fine gold, which is equal to SDR 35 per fine troy ounce, must be placed in the GRA. Any excess over this value will be held in the SDA or transferred to the Investment Account. The IMF may also sell gold held on the date of the Second Amendment to those members that were members on August 31, 1975, in proportion to their quotas on that date, in exchange for their own currencies, at a price equivalent at the time of sale to one SDR per 0.888671 gram of fine gold.

The IMF values its gold holdings at historical cost using the specific identification method (see Note 5).

SAF Loans in the Special Disbursement Account

SAF loans in the SDA are valued at historical cost. Allowances for loan losses would be established if and when the IMF expects to incur a loss; no losses have been incurred in the past, and it is the current expectation that no losses will be incurred in the future.

Investments in the Special Disbursement Account

The resources of the SDA are invested pending their use. Investments are made in debt securities, medium-term instruments which are fixed-income securities, and fixed-term deposits, either directly or by participation in an investment pool. Investments are marked to fair value on the last business day of the accounting period. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations. Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments, and currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR valuation basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR valuation basket.

Fixed Assets

Fixed assets with a cost in excess of a threshold amount are capitalized at cost. Buildings and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 years for equipment to 30 years for buildings.

Quotas

Each member is assigned a quota that forms the basis of its financial and organizational relationship with the IMF. A member's quota is related to, but not strictly determined by, economic factors such as national income, the value of external trade and payments, and the level of official reserves. Quotas determine members' subscriptions to the IMF, their relative voting power, access to financing, and their share in SDR allocations.

Reserve Tranche Position

A member has a reserve tranche in the IMF when the IMF's holdings of its currency, excluding holdings that reflect the member's use of IMF credit, are less than the member's quota. A member's reserve tranche is considered a part of the member's external reserves and it may draw on the reserve tranche at any time when it represents that it has a need. Reserve tranche purchases are not considered a use of IMF credit and are not subject to repurchase obligations or charges.

Reserves

The IMF determines annually what part of its net income will be retained and placed to the General Reserve or the Special Reserve, and what part, if any, will be distributed. The Articles of Agreement permit the IMF to use the Special Reserve for any purpose for which it may use the General Reserve, except distribution. After meeting the expenses of conducting the PRGF Trust, net operational income generated from the use of resources under the Supplemental Reserve Facility (SRF) has been transferred to the General Reserve. All other income has been transferred to the Special Reserve.

Charges

The IMF levies periodic charges on members' use of IMF credit. The rate of charge is set as a proportion of the SDR interest rate. For financial year 2001, the basic rate of charge after the retroactive reduction in charges was 113.7 percent (113.5 percent during financial year ended April 30, 2000) of the SDR interest rate. The basic rate of charge is increased to offset the effect on the IMF's income of the deferral of unpaid charges and to finance the additions to the SCA-1. The average adjusted rate of charge before applicable surcharges for financial year 2001 was 5.26 percent (for financial year 2000 the average rate was 4.34 percent). A surcharge progressing from 150 to 500 basis points above the rate of charge applies to use of credit under the SRF and the Contingent Credit Lines (CCL). In addition, credit outstanding in excess of 200 percent of quota, resulting from purchases after November 28, 2000 (other than those under the SRF and CCL), is subject to a surcharge of 100–200 basis points. Special charges are levied on members' currency holdings that are not repurchased when due and on overdue charges. Special charges do not apply to members that are six months or more overdue to the IMF. A service charge is levied by the IMF on all purchases, except reserve tranche purchases. A refundable commitment fee is charged on Stand-By and Extended Arrangements. At the expiration or cancellation of an arrangement, the unrefunded portion of the commitment fee is taken into income.

Remuneration

The IMF pays interest, referred to as remuneration, on a member's reserve tranche position. The rate of remuneration is equal to the SDR interest rate, adjusted downward to finance a share of the nonpayment of charges and additions to the SCA-1. The average adjusted rate of remuneration for the financial year ended April 30, 2001 was 4.30 percent (3.50 percent for the financial year 2000). A portion of the reserve tranche is unremunerated and is equal to 25 percent of the member's quota on April 1, 1978—that part of the quota that was paid in gold prior to the Second Amendment of the Fund's Articles. For a member that joined the Fund after that date, the unremunerated reserve tranche is the same percentage of its initial quota as the average unremunerated reserve tranche was as a percentage of the quotas of all other members when the new member joined the Fund. The unremunerated reserve tranche remains fixed for each member in nominal terms, but because of subsequent quota increases, it is now significantly lower when expressed as a percentage of quota. The average is equal to 3.8 percent of quota at April 30, 2001 and 2000, but the actual percentage is different for each member.

Pension and Other Post-Retirement Obligations

The IMF operates two defined-benefit pension plans and provides post-retirement benefits to retired staff. In financial year 2000, the IMF adopted International Accounting Standard 19 on employee benefits. The cumulative effect of the accounting change resulted in a transitional gain of SDR 268 million that was recognized as part of net income for the year ended April 30, 2000 and included in other assets.

The pension plans are funded by payments from the staff and the IMF, taking into account the recommendations of independent actuaries. Assets of the plans are held in separate trustee-managed funds and are measured at fair value as of the balance sheet date. Pension obligations are measured using the Projected Unit Credit Method, which measures the present value of the estimated future cash outflows, using interest rates of government securities that have maturities approximating the terms of the pension liabilities.

The assets set aside for the provision of post-retirement benefits are held in an investment account administered by the IMF. This account is funded by contributions from the IMF. The expected costs of the post-retirement medical and life insurance benefits are accrued over the period of employment using the Projected Unit Credit Method. Valuations of these obligations are carried out by independent actuaries.

Comparatives

When necessary, comparative figures have been reclassified to conform with changes in the presentation of the current year.

3. Credit Outstanding

Changes in the outstanding use of IMF credit under the various facilities of the GRA during the years ended April 30, 2001 and 2000 were as follows:

	April 30, 1999	Purchases	Repurchases	April 30, 2000	Purchases	Repurchases	April 30, 2001
	In millions of SDRs						
Regular facilities	24,534	4,480	(8,046)	20,968	4,396	(8,658)	16,706
Extended Fund Facility	15,800	1,594	(1,033)	16,361	1,013	(1,417)	15,957
Supplemental Reserve Facility	12,655	—	(12,655)	—	4,085	—	4,085
Systemic Transformation Facility	3,364	—	(646)	2,718	—	(785)	1,933
Enlarged Access	1,306	—	(554)	752	—	(322)	430
Compensatory and Contingency Financing Facility	2,845	237	(50)	3,032	—	(40)	2,992
Supplementary Financing Facility	146	—	(9)	137	—	(21)	116
Total credit outstanding	60,650	6,311	(22,993)	43,968	9,494	(11,243)	42,219

The Federal Republic of Yugoslavia (Serbia/Montenegro) notified the IMF in January 1993 that it agreed to its share in the assets and liabilities of the former Socialist Federal Republic of Yugoslavia (SFRY) in the IMF. On December 20, 2000, the IMF's Executive Board concluded that the Federal Republic of Yugoslavia (Serbia/Montenegro) is able to fulfill its obligations under the Articles of Agreement and therefore succeeds to the membership in the IMF of the former SFRY, effective December 14, 1992. Credit outstanding with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro) amounted to SDR 56 million as of April 30, 2000 and was included as a receivable in the balance sheet.

As of April 30, 2001 and 2000, SDA loans and interest receivable computed at 0.5 percent a year, consisted of the following:

	2001	2000
	In millions of SDRs	
Structural Adjustment Facility loans	432	511
Interest accrued	8	8
Less: interest deferred	(7)	(7)
	433	512

Scheduled repurchase obligations in the GRA and repayments of SAF loans in the SDA are summarized below:

Financial Year Ending April 30	General Resources Account	Special Disbursement Account
	In millions of SDRs	
2002	8,859	91
2003	11,853	62
2004	7,603	51
2005	5,225	40
2006	2,697	37
2007 and beyond	5,117	—
Overdue	865	152
Total	42,219	433

As of April 30, 2001 and 2000, use of credit in the GRA by the largest users was as follows:

	2001		2000	
	In millions of SDRs and as a percent of total GRA credit outstanding			
Largest user of credit	8,546	20.2%	10,159	23.1%
Three largest users of credit	22,308	52.8%	22,348	50.8%
Five largest users of credit	28,728	68.0%	28,127	64.0%

Overdue Obligations

At April 30, 2001, six members (as of April 30, 2000, six members and the Federal Republic of Yugoslavia (Serbia/Montenegro)) were six months or more overdue in settling their financial obligations to the IMF. Four of these members were overdue to the General Department.

GRA repurchases, GRA charges, SAF loan repayments, and SAF interest that are six or more months overdue in the General Department were as follows:

	Repurchases and SAF Loans		Charges and SAF Interest	
	2001	2000	2001	2000
	In millions of SDRs			
Total overdue	1,011	1,114	1,017	988
Overdue for six months or more	1,011	1,114	992	967
Overdue for three years or more	985	1,063	886	852

The type and duration of these arrears as of April 30, 2001, were as follows:

	Repurchases and SAF Loans	Charges and SAF Interest	Total Obligation	Longest Overdue Obligation
	In millions of SDRs			
Congo, Democratic Republic of	300	76	376	May 1991
Liberia	201	232	433	April 1985
Somalia	106	88	194	July 1987
Sudan	404	621	1,025	July 1985
Total	1,011	1,017	2,028	

4. Currencies

Changes in the IMF's holdings of members' currencies for the years ended April 30, 2001 and 2000 were as follows:

	April 30, 1999	Net Change	April 30, 2000	Net Change	April 30, 2001
	In millions of SDRs				
Members' quotas	207,983	2,268	210,251	2,164	212,415
Members' outstanding use of IMF credit in the GRA	60,595	(16,682)	43,913	(1,694)	42,219
Members' reserve tranche positions in the GRA	(63,610)	14,738	(48,872)	2,139	(46,733)
Administrative currency balances	(2)	(1)	(3)	6	3
Currencies	204,966	323	205,289	2,615	207,904

Receivables and payables arising from valuation adjustments at April 30, 2001, when all holdings of currencies of members were last revalued, amounted to SDR 14,736 million and SDR 3,886 million, respectively (SDR 13,617 million and SDR 3,757 million, respectively, at April 30, 2000). Settlements of these receivables or payables are required to be made promptly after the end of each financial year.

Other currency holdings, other than those resulting from the use of credit or usable currencies, amounted to SDR 56,031 million (SDR 55,876 million as of April 30, 2000); of this amount SDR 33,129 million (SDR 39,459 million as of April 30, 2000) represents currencies of members that use IMF credit.

5. Gold Holdings

During the financial year ended April 30, 2000, the IMF sold 12,944,253 fine ounces of gold at market prices to two members with repurchase obligations falling due to the IMF. The same amount of gold, also valued at market price, was accepted in settlement of repurchase obligations. Proceeds in excess of the carrying value of gold, amounting to SDR 2,226 million, were placed in the SDA and subsequently invested. Income from investments will be transferred on an "as needed" basis to a separate subaccount of the PRGF-HIPC Trust to finance the HIPC initiative.

At April 30, 2001 and April 30, 2000, the IMF held 3,217,341 kilograms of gold, equal to 103,439,916 fine ounces of gold, at designated depositories. As of April 30, 2001, the value of the IMF's holdings of gold calculated at the market price was SDR 21.5 billion (SDR 21.6 billion at April 30, 2000).

6. Interest and Charges

As of April 30, 2001, the total holdings on which the IMF levies charges amounted to SDR 42,219 million (SDR 43,968 million as of April 30, 2000). Charges and other receivables due to the IMF as of April 30, 2001 and April 30, 2000 were as follows:

	2001	2000
	In millions of SDRs	
Periodic charges	1,560	1,599
Less: deferred income	(1,020)	(994)
	540	605
Other receivables	22	83
Receivables	562	688

Periodic charges for the years ended April 30, 2001 and 2000 consisted of the following:

	2001	2000
	In millions of SDRs	
Periodic charges	2,174	2,451
Add: adjustments for deferred charges, net of refunds, and for contributions to the SCA-1	60	82
Less: income deferred, net of settlements	(27)	(34)
Total periodic charges	2,207	2,499

7. Fixed Assets

Other assets include capital assets, which at April 30, 2001 and 2000 amounted to SDR 223 million and SDR 224 million, respectively, and consisted of:

	2001	2000
	In millions of SDRs	
Land and buildings	307	302
Equipment	46	40
Total fixed assets	353	342
Less: accumulated depreciation	(130)	(118)
Net fixed assets	223	224

8. Investments of the Special Disbursement Account

As at April 30, the investments consisted of the following:

	2001	2000
	In millions of SDRs	
Medium-term instruments	1,611	1,508
Debt securities	791	592
Fixed-term deposits	4	156
Total	2,406	2,256

As at April 30, the maturity profile of the investments is summarized below:

	2001	2000
	In millions of SDRs	
Less than 1 year	39	166
1–3 years	2,247	1,910
3–5 years	117	171
Over 5 years	3	9
Total	2,406	2,256

Investment income for the years ended April 30 included the following:

	2001	2000
	In millions of SDRs	
Interest income	110	28
Realized gains	11	—
Unrealized gains	29	2
Total income	150	30

9. Remuneration and Financing Costs

At April 30, 2001, total creditor positions on which the IMF paid remuneration amounted to SDR 40,176 million (SDR 42,339 million at April 30, 2000). Remuneration and financing costs for the years ended April 30, 2001 and 2000 consisted of the following:

	2001	2000
	In millions of SDRs	
Remuneration	1,794	1,848
Less: adjustments for deferred charges net of refunds, and for contributions to the SCA-1	(60)	(80)
	1,734	1,768
Financing costs related to borrowing under the New Arrangements to Borrow (Note 11)	—	59
	1,734	1,827

10. Deferred Income and the Special Contingent Accounts

The SCA-1 is financed by quarterly adjustments to the rate of charge and the rate of remuneration. Balances in the SCA-1 are to be distributed to the members that shared the cost of its financing when there are no outstanding overdue repurchases and charges, or at such earlier time as the IMF may decide. At April 30, 2001, the balances held in the SCA-1 amounted to SDR 1,213 million (SDR 1,119 million at April 30, 2000).

The second Special Contingent Account (SCA-2) was established on July 1, 1990 to accumulate SDR 1.0 billion through further adjustments to the rate of charge and the rate of remuneration. The SCA-2 was terminated during the year ended April 30, 2000, and the balances in the account were distributed in accordance with instructions received from members who contributed to its financing.

Cumulative charges, net of settlements, that have been deferred since May 1, 1986 and have resulted in adjustments to charges and remuneration amounted to SDR 832 million at April 30, 2001 (SDR 805 million at April 30, 2000). The cumulative refunds for the same period, resulting from the settlements of deferred charges for which burden-sharing adjustments have been made, amounted to SDR 993 million (SDR 971 million at April 30, 2000).

11. Borrowings

Under the General Arrangements to Borrow (GAB), the IMF may borrow up to SDR 18.5 billion when supplementary resources are needed, in particular, to forestall or to cope with an impairment of the international monetary system. The GAB became effective on October 24, 1962, and has been extended through December 25, 2003. Interest on borrowings under the GAB is calculated at a rate equal to the SDR interest rate.

Under the New Arrangements to Borrow (NAB), the IMF may borrow up to SDR 34 billion of supplementary resources. The NAB is the facility of first and principal recourse, but it does not replace the GAB, which will remain in force. Outstanding drawings and commitments under these two borrowing arrangements are limited to a combined total of SDR 34 billion. The NAB became effective for a five-year period on November 17, 1998 and was activated on December 2, 1998. Interest on borrowings under the NAB is payable to the participants at the SDR interest rate or any such higher rate as may be agreed between the IMF and participants representing 80 percent of the total credit arrangement. Interest in connection with the December 2, 1998 activation was set at the SDR interest rate plus 100 basis points for the first year, increased by 16.7 basis points for each six-month period thereafter up to a maximum increase of 66.7 basis points. As a condition for that activation of the NAB, the IMF was required to transfer to the PRGF-HIPC Trust an amount equal to 100 basis points on outstanding SRF purchases under the arrangement that was originally financed by the NAB for the first year, augmented by 16.7 basis points for each six-month period thereafter up to a maximum increase of 66.7 basis points.

12. Arrangements and Commitments in the General Department

An arrangement is a decision of the IMF that gives a member the assurance that the IMF stands ready to provide SDRs or usable currencies during a specified period and up to a specified amount, in accordance with the terms of the arrangement. At April 30, 2001, the undrawn balances under the 25 arrangements that were in effect in the GRA amounted to SDR 22,316 million (SDR 25,567 million under 27 arrangements at April 30, 2000).

The IMF has committed to lease commercial office space through 2005. Expenditures totaling SDR 45 million will be incurred over this five-year period.

13. Administrative Expenses

The administrative expenses for the years ended April 30, 2001 and 2000 were as follows:

	2001	2000
	In millions of SDRs	
Personnel	212	300
Travel	69	62
Other	106	89
Less: reimbursements for the administration of the SDR Department	(2)	(3)
Total administrative expenses, net of reimbursements	385	448

The majority of these expenses are incurred in U.S. dollars; exchange gains and losses incurred in the normal course of business are reflected in administrative expenses and are not significant.

The GRA is reimbursed for the cost of administering the SDR Department.

The GRA is to be reimbursed annually for expenses incurred in administering the SDA and the PRGF Trust. Following the establishment of the SRF and CCL and the consequent increase in net operational income, the Executive Board decided to forgo reimbursement of the expenses incurred in administering the PRGF Trust for financial years 2001 and 2000 and to transfer the amounts that would otherwise have been reimbursed to the GRA from the PRGF Trust Reserve Account, through the SDA, to the PRGF-HIPC Trust. These transfers amounted to SDR 55 million for financial year 2001 (SDR 46 million for financial year 2000) and have been included under transfer to the PRGF-HIPC Trust in the statement of changes in resources.

14. Pension and Other Post-Retirement Benefits

The IMF has a defined-benefit Staff Retirement Plan (SRP) that covers substantially all eligible staff and a Supplemental Retirement Benefits Plan (SRBP) for selected participants of the SRP. Participants contribute a fixed percentage of their pensionable remuneration. The IMF contributes the remainder of the cost of funding the plans and pays certain administrative costs of the plans. In addition, the IMF provides other employment and post-retirement benefits, including medical and life insurance benefits. In 1995, the IMF established a separate account, the Retired Staff Benefits Investment Account (RSBIA), to hold and invest resources set aside to fund the cost of these employment benefits.

On March 23, 2001, the RSBIA was amended to include the funding and administration of all existing long-term benefits, other than pension benefits for regular staff, including separation and repatriation benefits, accrued annual leave up to 60 days, payments in lieu of pension for contractual employees, and associated tax allowances.

The obligations of the SRP, SRBP, and RSBIA are valued by independent actuaries every year using the Projected Unit Credit Method. The latest actuarial valuations were carried out as at April 30, 2001. The key assumptions used are as shown below. The present value of the defined benefit obligation and current service cost was calculated using the Projected Unit Credit Method.

Amounts recognized in the balance sheets are as follows:

	2001	2000
	In millions of SDRs	
Fair value of plan assets	3,200	3,304
Present value of the defined benefit obligation	(2,538)	(2,284)
Unrecognized actuarial gains	(231)	(797)
Net balance sheet asset	431	223

Movement in the net balance sheets asset:

	2001	2000
	In millions of SDRs	
Net balance sheet asset, beginning of year	223	(56)
Reclassification of related liability	(6)	—
Income recognized in income statement	90	247
Contributions paid	124	32
Net balance sheet asset, end of year	431	223

The amounts recognized in the income statements are as follows:

	2001	2000
	In millions of SDRs	
Current service cost	90	72
Interest cost	184	169
Expected return on assets	(321)	(220)
Amortization of actuarial gain	(43)	—
Effect of adopting IAS 19 (gain)	—	(268)
Total gain recognized in income statement	(90)	(247)
Actual return on assets	(315)	656

Principal actuarial assumptions used:

	2001	2000
	In percent	
Discount rate	7.5	8.0
Expected return on plan assets	9.3	9.3
Future salary increases	6.6–11.0	6.6–11.0
Health care costs growth rates at:		
End of financial year	8.5	8.5

Schedule 1

General Department

Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions, and Members' Use of Resources as at April 30, 2001

(In thousands of SDRs)

	General Resources Account				Use of Resources				
		IMF's holdings of currencies[1]			GRA			PRGF	
			Percent	Reserve tranche	Amount	Percent	SDA[2]	Trust[3]	Total[4]
Member	Quota	Total	of quota	position	(A)		+ (B)	+ (C)	= (D)
Afghanistan, Islamic State of	120,400	115,488	95.9	4,928	—	—	—	—	—
Albania	48,700	53,072	109.0	3,355	7,722	0.02	—	60,948	68,670
Algeria	1,254,700	2,467,036	196.6	85,082	1,297,413	3.07	—	—	1,297,413
Angola	286,300	286,445	100.1	—	—	—	—	—	—
Antigua and Barbuda	13,500	13,499	100.0	1	—	—	—	—	—
Argentina	2,117,100	7,836,466	370.2	—	5,719,337	13.55	—	—	5,719,337
Armenia, Republic of	92,000	115,911	126.0	—	23,906	0.06	—	109,350	133,256
Australia	3,236,400	2,291,190	70.8	945,275	—	—	—	—	—
Austria	1,872,300	1,323,455	70.7	548,828	—	—	—	—	—
Azerbaijan	160,900	323,544	201.1	10	162,644	0.39	—	81,900	244,544
Bahamas, The	130,300	124,065	95.2	6,239	—	—	—	—	—
Bahrain	135,000	69,451	51.4	65,558	—	—	—	—	—
Bangladesh	533,300	631,244	118.4	186	98,125	0.23	—	54,562	152,687
Barbados	67,500	62,827	93.1	4,675	—	—	—	—	—
Belarus, Republic of	386,400	462,342	119.7	20	75,942	0.18	—	—	75,942
Belgium	4,605,200	3,253,986	70.7	1,351,219	—	—	—	—	—
Belize	18,800	14,562	77.5	4,239	—	—	—	—	—
Benin	61,900	59,721	96.5	2,188	—	—	4,089	60,938	65,027
Bhutan	6,300	5,280	83.8	1,020	—	—	—	—	—
Bolivia	171,500	162,638	94.8	8,875	—	—	—	165,134	165,134
Bosnia and Herzegovina	169,100	249,535	147.6	—	80,430	0.19	—	—	80,430
Botswana	63,000	45,139	71.6	17,871	—	—	—	—	—
Brazil	3,036,100	4,393,547	144.7	—	1,356,750	3.21	—	—	1,356,750
Brunei Darussalam	150,000	114,727	76.5	35,285	—	—	—	—	—
Bulgaria	640,200	1,582,358	247.2	32,742	974,887	2.31	—	—	974,887
Burkina Faso	60,200	52,984	88.0	7,221	—	—	9,796	78,578	88,374
Burundi	77,000	71,141	92.4	5,860	—	—	—	5,376	5,376
Cambodia	87,500	90,105	103.0	—	2,604	0.01	—	58,671	61,275
Cameroon	185,700	185,183	99.7	521	—	—	—	178,040	178,040
Canada	6,369,200	4,497,156	70.6	1,872,067	—	—	—	—	—
Cape Verde	9,600	9,598	100.0	2	—	—	—	—	—
Central African Republic	55,700	55,595	99.8	111	—	—	—	24,480	24,480
Chad	56,000	55,719	99.5	282	—	—	—	59,134	59,134
Chile	856,100	597,429	69.8	258,671	—	—	—	—	—
China	6,369,200	4,588,153	72.0	1,781,093	—	—	—	—	—
Colombia	774,000	488,202	63.1	285,803	—	—	—	—	—
Comoros	8,900	8,362	94.0	540	—	—	900	—	900
Congo, Democratic Republic of	291,000	448,109	154.0	—	157,109	0.37	142,910	—	300,019
Congo, Republic of	84,600	101,893	120.4	536	17,815	0.04	—	13,896	31,711
Costa Rica	164,100	144,113	87.8	20,000	—	—	—	—	—
Côte d'Ivoire	325,200	324,910	99.9	294	—	—	—	415,659	415,659
Croatia, Republic of	365,100	475,473	130.2	159	110,530	0.26	—	—	110,530
Cyprus	139,600	104,240	74.7	35,369	—	—	—	—	—
Czech Republic	819,300	786,708	96.0	32,601	—	—	—	—	—
Denmark	1,642,800	1,179,988	71.8	462,816	—	—	—	—	—

Schedule 1 *(continued)*

Member	General Resources Account: Quota	IMF's holdings of currencies[1]: Total	IMF's holdings of currencies[1]: Percent of quota	Reserve tranche position	Use of Resources: GRA Amount (A)	GRA Percent	+ SDA[2] (B)	+ PRGF Trust[3] (C)	= Total[4] (D)
Djibouti	15,900	18,785	118.1	1,100	3,985	0.01	—	5,452	9,437
Dominica	8,200	8,192	99.9	9	—	—	—	—	—
Dominican Republic	218,900	258,599	118.1	3	39,700	0.09	—	—	39,700
Ecuador	302,300	398,495	131.8	17,153	113,346	0.27	—	—	113,346
Egypt	943,700	823,643	87.3	120,075	—	—	—	—	—
El Salvador	171,300	171,303	100.0	—	—	—	—	—	—
Equatorial Guinea	32,600	32,609	100.0	—	—	—	2,727	770	3,497
Eritrea	15,900	15,900	100.0	5	—	—	—	—	—
Estonia, Republic of	65,200	77,789	119.3	6	12,594	0.03	—	—	12,594
Ethiopia	133,700	126,587	94.7	7,123	—	—	26,842	46,871	73,713
Fiji	70,300	55,335	78.7	14,983	—	—	—	—	—
Finland	1,263,800	914,539	72.4	349,274	—	—	—	—	—
France	10,738,500	7,533,294	70.2	3,205,268	—	—	—	—	—
Gabon	154,300	222,521	144.2	158	68,375	0.16	—	—	68,375
Gambia, The	31,100	29,618	95.2	1,485	—	—	—	13,832	13,832
Georgia	150,300	189,613	126.2	10	39,313	0.09	—	190,050	229,363
Germany	13,008,200	9,019,850	69.3	3,988,357	—	—	—	—	—
Ghana	369,000	369,004	100.0	—	—	—	—	214,912	214,912
Greece	823,000	576,958	70.1	246,044	—	—	—	—	—
Grenada	11,700	11,701	100.0	—	—	—	—	—	—
Guatemala	210,200	210,206	100.0	—	—	—	—	—	—
Guinea	107,100	107,026	99.9	75	—	—	—	93,627	93,627
Guinea-Bissau	14,200	17,750	125.0	—[5]	3,550	0.01	—	15,265	18,815
Guyana	90,900	90,902	100.0	—	—	—	8,118	79,336	87,454
Haiti	60,700	75,821	124.9	56	15,175	0.04	—	15,175	30,350
Honduras	129,500	168,374	130.0	8,627	47,500	0.11	—	115,880	163,380
Hungary	1,038,400	819,047	78.9	219,354	—	—	—	—	—
Iceland	117,600	99,023	84.2	18,580	—	—	—	—	—
India	4,158,200	3,669,604	88.2	488,641	—	—	—	—	—
Indonesia	2,079,300	9,976,608	479.8	145,479	8,042,786	19.05	—	—	8,042,786
Iran, Islamic Republic of	1,497,200	1,497,204	100.0	—	—	—	—	—	—
Iraq	504,000	504,013	100.0	—	—	—	—	—	—
Ireland	838,400	599,839	71.5	238,578	—	—	—	—	—
Israel	928,200	838,295	90.3	89,911	—	—	—	—	—
Italy	7,055,500	5,007,022	71.0	2,048,479	—	—	—	—	—
Jamaica	273,500	317,008	115.9	—	43,458	0.1	—	—	43,458
Japan	13,312,800	9,435,469	70.9	3,877,863	—	—	—	—	—
Jordan	170,500	513,694	301.3	52	343,243	0.81	—	—	343,243
Kazakhstan, Republic of	365,700	365,700	100.0	5	—	—	—	—	—
Kenya	271,400	258,928	95.4	12,475	—	—	—	93,709	93,709
Kiribati	5,600	5,601	100.0	—	—	—	—	—	—
Korea	1,633,600	3,349,129	205.0	208,658	1,924,180	4.56	—	—	1,924,180
Kuwait	1,381,100	993,772	72.0	387,329	—	—	—	—	—
Kyrgyz Republic	88,800	102,238	115.1	5	13,438	0.03	—	127,164	140,602
Lao People's Democratic Republic	52,900	52,900	100.0	—	—	—	1,758	33,269	35,027
Latvia, Republic of	126,800	151,546	119.5	55	24,781	0.06	—	—	24,781
Lebanon	203,000	184,168	90.7	18,833	—	—	—	—	—
Lesotho	34,900	31,365	89.9	3,539	—	—	—	10,446	10,446
Liberia	71,300	272,424	382.1	28	201,143	0.48	—	—	224,224
Libya	1,123,700	728,206	64.8	395,505	—	—	—	—	—
Lithuania, Republic of	144,200	281,755	195.4	16	137,569	0.33	—	—	137,569
Luxembourg	279,100	210,831	75.5	68,296	—	—	—	—	—
Macedonia, former Yugoslav Republic of	68,900	99,943	145.1	—	31,041	0.07	—	29,004	60,045

Schedule 1 *(continued)*

Member	General Resources Account: Quota	IMF's holdings of currencies[1]: Total	IMF's holdings of currencies[1]: Percent of quota	Reserve tranche position	Use of Resources: GRA Amount (A)	GRA Percent	+ SDA[2] (B)	+ PRGF Trust[3] (C)	= Total[4] (D)
Madagascar	122,200	122,174	100.0	27	—	—	—	90,027	90,027
Malawi	69,400	67,166	96.8	2,236	—	—	—	60,543	60,543
Malaysia	1,486,600	878,450	59.1	608,156	—	—	—	—	—
Maldives	8,200	6,646	81.0	1,554	—	—	—	—	—
Mali	93,300	84,468	90.5	8,835	—	—	4,064	123,760	127,824
Malta	102,000	61,746	60.5	40,260	—	—	—	—	—
Marshall Islands	2,500	2,500	100.0	1	—	—	—	—	—
Mauritania	64,400	64,406	100.0	—	—	—	1,364	76,103	77,467
Mauritius	101,600	87,138	85.8	14,474	—	—	—	—	—
Mexico	2,585,800	2,585,468	100.0	341	—	—	—	—	—
Micronesia, Federated States of	5,100	5,100	100.0	1	—	—	—	—	—
Moldova, Republic of	123,200	229,450	186.2	5	106,250	0.25	—	18,480	124,730
Mongolia	51,100	51,062	99.9	42	—	—	—	37,657	37,657
Morocco	588,200	517,761	88.0	70,441	—	—	—	—	—
Mozambique	113,600	113,600	100.0	7	—	—	—	163,890	163,890
Myanmar	258,400	258,402	100.0	—	—	—	—	—	—
Namibia	136,500	136,463	100.0	37	—	—	—	—	—
Nepal	71,300	65,557	91.9	5,746	—	—	—	7,833	7,833
Netherlands	5,162,400	3,606,395	69.9	1,556,021	—	—	—	—	—
New Zealand	894,600	643,209	71.9	251,395	—	—	—	—	—
Nicaragua	130,000	130,010	100.0	—	—	—	—	129,334	129,334
Niger	65,800	57,240	87.0	8,561	—	—	—	56,760	56,760
Nigeria	1,753,200	1,753,122	100.0	143	—	—	—	—	—
Norway	1,671,700	1,194,631	71.5	477,094	—	—	—	—	—
Oman	194,000	138,395	71.3	55,672	—	—	—	—	—
Pakistan	1,033,700	1,867,475	180.7	114	833,887	1.98	21,852	375,800	1,231,539
Palau	3,100	3,100	100.0	1	—	—	—	—	—
Panama	206,600	251,839	121.9	11,860	57,088	0.14	—	—	57,088
Papua New Guinea	131,600	198,754	151.0	260	67,405	0.16	—	—	67,405
Paraguay	99,900	78,428	78.5	21,475	—	—	—	—	—
Peru	638,400	1,013,162	158.7	—	374,729	0.89	—	—	374,729
Philippines	879,900	2,352,031	267.3	87,104	1,559,222	3.69	—	—	1,559,222
Poland, Republic of	1,369,000	1,146,244	83.7	222,756	—	—	—	—	—
Portugal	867,400	622,118	71.7	245,284	—	—	—	—	—
Qatar	263,800	206,423	78.2	57,377	—	—	—	—	—
Romania	1,030,200	1,355,303	131.6	—	325,098	0.77	—	—	325,098
Russian Federation	5,945,400	14,490,333	243.7	980	8,545,872	20.24	—	—	8,545,872
Rwanda	80,100	89,787	112.1	—	9,669	0.02	—	52,360	62,029
Samoa	11,600	10,918	94.1	683	—	—	—	—	—
San Marino, Republic of	17,000	12,900	75.9	4,101	—	—	—	—	—
São Tomé and Príncipe	7,400	7,403	100.0	—	—	—	—	1,902	1,902
Saudi Arabia	6,985,500	5,725,821	82.0	1,259,683	—	—	—	—	—
Senegal	161,800	160,399	99.1	1,405	—	—	830	207,156	207,986
Seychelles	8,800	8,800	100.0	1	—	—	—	—	—
Sierra Leone	103,700	141,190	136.2	24	37,505	0.09	16,212	70,437	124,154
Singapore	862,500	611,979	71.0	250,556	—	—	—	—	—
Slovak Republic	357,500	357,505	100.0	—	—	—	—	—	—
Slovenia, Republic of	231,700	168,520	72.7	63,186	—	—	—	—	—
Solomon Islands	10,400	9,867	94.9	543	—	—	—	—	—
Somalia	44,200	140,907	318.8	—	96,701	0.23	8,840	—	112,004
South Africa	1,868,500	1,868,202	100.0	301	—	—	—	—	—
Spain	3,048,900	2,107,657	69.1	941,258	—	—	—	—	—

Schedule 1 *(concluded)*

Member	General Resources Account: Quota	IMF's holdings of currencies[1]: Total	IMF's holdings of currencies[1]: Percent of quota	Reserve tranche position	Use of Resources: GRA Amount (A)	GRA Percent	+ SDA[2] (B)	+ PRGF Trust[3] (C)	= Total[4] (D)
Sri Lanka	413,400	469,012	113.5	47,741	103,350	0.24	—	100,800	204,150
St. Kitts and Nevis	8,900	10,445	117.4	82	1,625	—	—	—	1,625
St. Lucia	15,300	15,300	100.0	1	—	—	—	—	—
St. Vincent and the Grenadines	8,300	7,800	94.0	500	—	—	—	—	—
Sudan	169,700	573,678	338.1	11	403,958	0.97	—	—	463,186
Suriname	92,100	85,975	93.3	6,125	—	—	—	—	—
Swaziland	50,700	44,154	87.1	6,552	—	—	—	—	—
Sweden	2,395,500	1,722,364	71.9	673,147	—	—	—	—	—
Switzerland	3,458,500	2,504,245	72.4	954,271	—	—	—	—	—
Syrian Arab Republic	293,600	293,603	100.0	5	—	—	—	—	—
Tajikistan, Republic of	87,000	102,938	118.3	2	15,938	0.04	—	72,280	88,218
Tanzania	198,900	188,932	95.0	9,975	—	—	—	266,200	266,200
Thailand	1,081,900	3,206,895	296.4	20	2,125,000	5.03	—	—	2,125,000
Togo	73,400	73,113	99.6	290	—	—	—	52,260	52,260
Tonga	6,900	5,197	75.3	1,710	—	—	—	—	—
Trinidad and Tobago	335,600	322,086	96.0	13,516	—	—	—	—	—
Tunisia	286,500	288,822	100.8	20,167	22,485	0.05	—	—	22,485
Turkey	964,000	5,145,828	533.8	112,775	4,294,600	10.17	—	—	4,294,600
Turkmenistan, Republic of	75,200	75,200	100.0	5	—	—	—	—	—
Uganda	180,500	180,507	100.0	—	—	—	—	242,446	242,446
Ukraine	1,372,000	2,824,890	205.9	3	1,452,890	3.44	—	—	1,452,890
United Arab Emirates	611,700	434,369	71.0	177,331	—	—	—	—	—
United Kingdom	10,738,500	7,637,757	71.1	3,100,748	—	—	—	—	—
United States	37,149,300	26,235,370	70.6	10,914,535	—	—	—	—	—
Uruguay	306,500	385,032	125.6	35,675	114,200	0.27	—	—	114,200
Uzbekistan, Republic of	275,600	361,522	131.2	5	85,922	0.2	—	—	85,922
Vanuatu	17,000	14,506	85.3	2,496	—	—	—	—	—
Venezuela, República Bolivariana de	2,659,100	2,405,284	90.5	321,900	68,083	0.16	—	—	68,083
Vietnam	329,100	341,180	103.7	5	12,080	0.03	—	264,880	276,960
Yemen, Republic of	243,500	322,725	132.5	13	79,234	0.19	—	170,000	249,234
Yugoslavia, Federal Republic of (Serbia/Montenegro)	467,700	584,639	125.0	—	116,925	0.28	—	—	116,925
Zambia	489,100	489,101	100.0	18	—	—	181,750	716,622	898,372
Zimbabwe	353,400	472,034	133.6	327	118,957	0.28	—	90,520	209,477
Total	212,414,900	207,904,462		46,732,986	42,219,061	100	432,052	5,899,478	48,639,366

[1]Includes nonnegotiable, non-interest-bearing notes that members are entitled to issue in substitution for currencies, and outstanding currency valuation adjustments.

[2]The Special Disbursement Account (SDA) of the General Department had financed loans under Structural Adjustment Facility (SAF) and Poverty Reduction Growth Facility (PRGF) arrangements.

[3]For information purposes only. The PRGF Trust provides financing under PRGF arrangements and is not a part of the General Department.

[4]Includes outstanding Trust Fund loans to Liberia (SDR 23 million), Somalia (SDR 6 million), and Sudan (SDR 59 million).

[5]Less than SDR 500.

Schedule 2

General Department

Financial Resources and Liquidity Position in the General Resources Account as at April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Total Resources		
Currencies	207,904,462	205,288,673
SDR holdings	2,436,744	2,723,892
Gold holdings	5,851,771	5,851,771
Sundry assets, net of sundry liabilities[1]	715,441	611,117
Total resources	216,908,418	214,475,453
Less: **Non-Usable Resources[2]**	104,817,246	106,251,281
Equals: **Usable Resources[3]**	112,091,172	108,224,172
Resources Committed and Working Balances		
Undrawn balances under arrangements[4]	18,097,849	18,387,266
Minimum working balances[4]	15,289,110	15,075,130
Resources committed and working balances	33,386,959	33,462,396
Net Uncommitted Usable Resources[5]	78,704,213	74,761,776
Liquid Liabilities		
Reserve tranche positions[6]	46,732,986	48,871,519
Liquidity Ratio[7]	168.4%	153.0%
Memorandum Item		
Resources available under borrowing arrangements	34,000,000	34,000,000

[1]Sundry assets, net of sundry liabilities, reflect current assets (charges, interest, and other receivables) and other assets (which include capital assets such as land, buildings, and equipment), net of sundry liabilities (remuneration payable and other liabilities).

[2]Resources regarded as non-usable in the financing of the IMF's ongoing operations and transactions are (1) gold holdings, (2) currencies of members that are using IMF credit, (3) currencies of other members with relatively weak external positions, and (4) sundry assets, net of sundry liabilities.

[3]Usable resources consist of (1) holdings of currencies of members considered by the IMF as having balance of payments and reserve positions sufficiently strong for their currencies to be used in transfers, (2) SDR holdings, and (3) any unused amounts under credit lines that have been activated.

[4]Amounts committed under arrangements, which reflect undrawn balances committed under operative Stand-By and Extended Arrangements, other than precautionary arrangements, are deducted from the total of usable resources, as are one-half of the amounts committed under precautionary arrangements. The Executive Board has decided that the minimum working balances be set at 10 percent of the quotas of members deemed sufficiently strong for their currencies to be used in operations and transactions.

[5]Net uncommitted usable resources are defined as usable resources less resources committed under arrangements and minimum working balances, as described above. The amount represents the resources available to meet requests for use of IMF credit under new credit arrangements and for members' use of their reserve positions in the IMF.

[6]Liquid liabilities consist of (1) members' reserve tranche positions, and (2) the amount of any outstanding borrowing by the IMF under the GAB or NAB. Both reserve tranche positions and outstanding lending under the GAB and NAB (together called members' reserve positions in the IMF) are part of members' international reserves. The IMF cannot challenge a request by a member to draw on its reserve position, and the IMF must therefore at all times be in a position to meet such requests.

[7]The liquidity ratio is a measure of the IMF's liquidity position, represented by the ratio of its net uncommitted usable resources to its liquid liabilities.

Schedule 3

General Department

Status of Arrangements as at April 30, 2001

(In thousands of SDRs)

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
General Resources Account				
Stand-By Arrangements				
Argentina	March 10, 2000	March 9, 2003	10,585,500[1]	6,751,190
Bosnia and Herzegovina	May 29, 1998	May 29, 2001	94,420	13,990
Brazil	December 2, 1998	December 1, 2001	13,024,800[2]	5,155,650
Croatia, Republic of	March 19, 2001	May 18, 2002	200,000	200,000
Ecuador	April 19, 2000	June 30, 2001	226,730	113,384
Estonia, Republic of	March 1, 2000	August 31, 2001	29,340	29,340
Gabon	October 23, 2000	April 22, 2002	92,580	79,360
Latvia, Republic of	April 20, 2001	December 19, 2002	33,000	33,000
Lithuania, Republic of	March 8, 2000	June 7, 2001	61,800	61,800
Nigeria	August 4, 2000	August 3, 2001	788,940	788,940
Pakistan	November 29, 2000	September 30, 2001	465,000	210,000
Panama	June 30, 2000	March 29, 2002	64,000	64,000
Papua New Guinea	March 29, 2000	September 28, 2001	85,540	18,885
Peru	March 12, 2001	March 11, 2002	128,000	128,000
Sri Lanka	April 20, 2001	June 19, 2002	200,000	96,650
Turkey	December 22, 1999	December 21, 2002	8,676,000[3]	4,742,900
Uruguay	May 31, 2000	March 31, 2002	150,000	150,000
Total Stand-By Arrangements			34,905,650	18,637,089
Extended Arrangements				
Bulgaria	September 25, 1998	September 24, 2001	627,620	52,320
Colombia	December 20, 1999	December 19, 2002	1,957,000	1,957,000
Indonesia	February 4, 2000	December 31, 2002	3,638,000	2,786,850
Jordan	April 15, 1999	April 14, 2002	127,880	91,340
Kazakhstan, Republic of	December 13, 1999	December 12, 2002	329,100	329,100
Macedonia, former Yugoslav Republic of	November 29, 2000	November 28, 2003	24,115	22,967
Ukraine	September 4, 1998	August 15, 2002	1,919,950	1,017,730
Yemen, Republic of	October 29, 1997	October 28, 2001	72,900	26,400
Total Extended Arrangements			8,696,565	6,283,707
Total General Resources Account			43,602,215	24,920,796

[1]Includes SDR 2.1 billion available until January 11, 2002 under the Supplemental Reserve Facility.

[2]Amount agreed and undrawn balance include SDR 9.1 billion and SDR 2.6 billion, respectively, under the Supplemental Reserve Facility which expired on December 1, 1999.

[3]Includes SDR 5.8 billion available until December 20, 2001 under the Supplemental Reserve Facility.

SDR Department

Balance Sheets
as at April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000		2001	2000
Assets			**Liabilities**		
Charges receivable	215,387	221,228	Interest payable	215,861	221,752
Overdue assessments and charges (Note 3)	98,245	105,602			
Participants with holdings below allocations (Note 2)			Participants with holdings above allocations (Note 2)		
Allocations	12,646,264	12,626,280	SDR holdings	14,690,440	14,859,327
Less: SDR holdings	3,865,939	3,282,008	*Less:* allocations	8,787,066	8,807,050
Allocations in excess of holdings	8,780,325	9,344,272	Holdings in excess of allocations	5,903,374	6,052,277
			Holdings by the General Resources Account	2,436,744	2,723,892
			Holdings of SDRs by prescribed holders	537,978	673,181
Total Assets	9,093,957	9,671,102	Total Liabilities	9,093,957	9,671,102

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

SDR Department

Income Statements
for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Revenue		
Net charges from participants with holdings below allocations	400,216	362,278
Assessments on SDR allocations	2,451	3,301
	402,667	365,579
Expenses		
Interest on SDR holdings		
Net interest to participants with holdings above allocations	261,127	217,743
General Resources Account	112,514	123,288
Prescribed holders	26,575	21,247
	400,216	362,278
Administrative expenses	2,451	3,301
	402,667	365,579
Net Income	—	—

The accompanying notes are an integral part of these financial statements.

SDR Department

Statements of Cash Flows
for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Cash flows from operating activities		
Receipts of SDRs		
Transfers among participants and prescribed holders	6,815,404	7,830,549
Transfers from participants to the General Resources Account	5,800,216	7,094,151
Transfers from the General Resources Account to participants and prescribed holders	6,087,364	7,942,226
Total Receipts of SDRs	18,702,984	22,866,926
Uses of SDRs		
Transfers among participants and prescribed holders	6,513,836	7,616,081
Transfers from participants to the General Resources Account	5,682,687	6,956,385
Transfers from the General Resources Account to participants and prescribed holders	6,087,364	7,942,226
Charges paid in the SDR Department	426,404	339,278
Other	(7,307)	12,956
Total Uses of SDRs	18,702,984	22,866,926

The accompanying notes are an integral part of these financial statements.

SDR Department
Notes to the Financial Statements
as at April 30, 2001 and 2000

1. *Nature of Operations*

The SDR is an international interest-bearing reserve asset created by the IMF following the First Amendment of the Articles of Agreement in 1969. All transactions and operations involving SDRs are conducted through the SDR Department. The SDR was created as a supplement to existing reserve assets and is allocated by the IMF to members participating in the SDR Department. Its value as a reserve asset derives, essentially, from the commitments of participants to hold and accept SDRs and to honor various obligations connected with its proper functioning as a reserve asset.

At April 30, 2001, all members of the IMF were participants in the SDR Department. SDRs have been allocated by the IMF to members that are participants in the SDR Department at the time of the allocation in proportion to their quotas in the IMF. Six allocations have been made (in 1970, 1971, 1972, 1979, 1980, and 1981) for a total of SDR 21.4 billion. A proposed amendment of the IMF's Articles of Agreement was approved by the Executive Board in January 1998 to allow for a special one-time allocation of SDRs equal to 21.4 billion. The amendment will enter into force after three-fifths of the members, having 85 percent of the total voting power, have accepted it. Upon termination of participation or liquidation of the SDR Department, the IMF will provide to holders the currencies received from the participants in settlement of their obligations. The IMF is empowered to prescribe certain official entities as holders of SDRs; at April 30, 2001, 16 institutions (15 at April 30, 2000) were prescribed as holders. Prescribed holders do not receive allocations.

The SDR is also used by a number of international and regional organizations as a unit of account or as the basis for their units of account. Several international conventions also use the SDR as a unit of account, notably those expressing liability limits for the international transport of goods and services.

Uses of SDRs

Participants and prescribed holders can use and receive SDRs in transactions and operations by agreement among themselves. Participants can also use SDRs in operations and transactions involving the General Resources Account, such as the payment of charges and repurchases. The IMF ensures, by designating participants to provide freely usable currency in exchange for SDRs, that a participant can use its SDRs to obtain an equivalent amount of currency if it has a need because of its balance of payments, its reserve position, or developments in its reserves.

General Allocations and Cancellations of SDRs

The IMF has the authority to create unconditional liquidity through general allocations of SDRs to participants in the SDR Department in proportion to their quotas in the IMF. The IMF cannot allocate SDRs to itself or to other holders it prescribes. The Articles also provide for the cancellation of SDRs, although to date there have been no cancellations. In its decisions on general allocations of SDRs, the IMF, as prescribed under its Articles, has sought to meet the long-term global need to supplement existing reserve assets in such a manner as will promote the attainment of the IMF's purposes and avoid economic stagnation and deflation, as well as excess demand and inflation.

2. *Summary of Significant Accounting Policies*

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the SDR Department's financial statements.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket as of April 30, 2001 and 2000 and their amounts were as follows:

	Amount	
Currency	To December 31, 2000	From January 1, 2001
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of April 30, 2001, one SDR was equal to 1.26579 U.S. dollars (one SDR was equal to 1.31921 U.S. dollars as of April 30, 2000).

Allocations and Holdings

At April 30, 2001 and 2000, IMF net cumulative allocations to participants totaled SDR 21.4 billion. Participants with holdings in excess of their allocations have established a net claim on the

SDR Department, which is represented on the balance sheet as a liability. Participants with holdings below their allocations have used part of their allocations, which results in a net obligation to the SDR Department and is presented as an asset of the SDR Department. Participants' net SDR positions as of April 30, 2001 and 2000 were as follows:

	2001			2000		
	Total	Below Allocations	Above Allocations	Total	Below Allocations	Above Allocations
	In millions of SDRs					
Cumulative allocations	21,433.3	12,646.3	8,787.0	21,433.3	12,626.3	8,807.0
Holdings of SDRs by participants	18,556.4	3,866.0	14,690.4	18,141.3	3,282.0	14,859.3
Net SDR positions	2,876.9	8,780.3	(5,903.4)	3,292.0	9,344.3	(6,052.3)

A summary of SDR holdings is provided below:

	2001	2000
	In millions of SDRs	
Participants	18,556.4	18,141.3
General Resources Account	2,436.7	2,723.9
Prescribed holders	538.0	673.2
	21,531.1	21,538.4
Less: Overdue charges receivable	97.8	105.1
Total holdings	21,433.3	21,433.3

Administrative Expenses

The expenses of conducting the business of the SDR Department are paid by the IMF from the General Resources Account, which is reimbursed in SDRs by the SDR Department at the end of each financial year. For this purpose, the SDR Department levies an assessment on all participants in proportion to their net cumulative allocations.

Interest and Charges

Interest is paid on holdings of SDRs. Charges are levied on each participant's cumulative allocations plus any allocations in excess of holdings of the participant and unpaid charges. Interest on SDR holdings is paid quarterly. Charges on net cumulative allocations are also collected quarterly. Interest and charges are levied at the same rate and are settled by crediting and debiting individual holdings accounts on the first day of the subsequent quarter. The SDR Department is required to pay interest to each holder, whether or not sufficient SDRs are received to meet the payment of interest. If sufficient SDRs are not received because charges are overdue, additional SDRs are temporarily created.

The rate of interest on the SDR is determined by reference to a combined market interest rate, which is a weighted average of yields or rates on short-term instruments in the capital markets of France, Germany, Japan, the United Kingdom, and the United States. The combined market interest rate used to determine the SDR interest rate is calculated each Friday, using the yields or rates of that day. The SDR interest rate, which is set equal to the combined market interest rate, enters into effect on the following Monday and applies through the following Sunday.

Overdue Obligations

An allowance for losses resulting from overdue SDR obligations would be created if and when the IMF were to expect a loss to be incurred; no losses have been incurred in the past, and it is the current expectation that no losses will be incurred in the future, and consequently no allowance account has been established.

3. Overdue Assessments and Charges

At April 30, 2001, assessments and charges amounting to SDR 98.2 million were overdue to the SDR Department (SDR 105.6 million at April 30, 2000). At April 30, 2001 and 2000, six members were six months or more overdue in meeting their financial obligations to the SDR Department. The Federal Republic of Yugoslavia (Serbia/Montenegro) notified the IMF in January 1993 that it agreed to its share in the assets and liabilities of the former Socialist Federal Republic of Yugoslavia (SFRY) in the IMF. On December 20, 2000, the IMF's Executive Board concluded that the Federal Republic of Yugoslavia (Serbia/Montenegro) is able to fulfill its obligations under the Articles of Agreement and therefore succeeds to the membership in the IMF effective December 14, 1992. On December 20, 2000, the Federal Republic of Yugoslavia (Serbia/Montenegro) settled its overdue charges and assessments.

Assessments and charges due from members that are six months or more overdue to the SDR Department were as follows:

	2001	2000
	In millions of SDRs	
Total	98.2	105.6
Overdue for six months or more	91.0	98.7
Overdue for three years or more	63.6	65.0

The amount and duration of arrears as of April 30, 2001 were as follows:

	Total	Longest Overdue Obligation
	In millions of SDRs	
Afghanistan, Islamic State of	6.2	February 1996
Congo, Democratic Republic of	16.1	April 1992
Iraq	45.9	November 1990
Liberia	21.2	April 1986
Somalia	8.7	February 1991
Sudan	0.1	April 1991
Total	98.2	

Schedule 1

SDR Department

Statements of Changes in SDR Holdings for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	Participants	General Resources Account	Prescribed Holders	Total 2001	Total 2000
Total holdings, beginning of the year	18,141,335	2,723,892	673,181	21,538,408	21,525,452
Receipts of SDRs					
Transfers among participants and prescribed holders					
Transactions by agreement	4,961,038	—	85,429	5,046,467	6,639,441
Operations					
Grants	—	—	—	—	44,614
Loans	165,619	—	—	165,619	45,975
Settlement of financial obligations	295,850	—	82,721	378,571	202,367
IMF-related operations					
SAF and PRGF loans	111,544	—	—	111,544	135,811
SAF loans under PRGF Trust	24,940	—	—	24,940	—
SAF repayments and interest	—	—	15,214	15,214	29,069
Special charges on SAF, PRGF, Trust Fund	—	—	3	3	49
PRGF contributions and payments	200,741	—	117,871	318,612	123,121
PRGF repayments and interest	—	—	294,456	294,456	338,877
PRGF-HIPC contributions and payments	215	—	153,643	153,858	56,757
SCA-2 refunds	1,199	—	—	1,199	—
HIPC payments	3,352	—	—	3,352	—
Net interest on SDRs	275,500	—	26,069	301,569	214,468
Transfers from participants to the General Resources Account					
Repurchases	—	3,198,592	—	3,198,592	3,825,681
Charges	—	2,417,144	—	2,417,144	2,599,820
Quota payments	—	64,500	—	64,500	527,633
Interest on SDRs	—	117,529	—	117,529	137,766
Assessments on SDR allocations	—	2,451	—	2,451	3,251
Transfers from the General Resources Account to participants and prescribed holders					
Purchases	3,165,713	—	—	3,165,713	3,591,759
Interest on IMF borrowings	—	—	—	—	18,284
In exchange for currencies of other members					
Acquisitions to pay charges	1,107,457	—	—	1,107,457	1,577,214
Remuneration	1,782,790	—	—	1,782,790	1,747,437
SCA-2 transfers					
PRGF-HIPC	—	—	—	—	70,556
HIPC	—	—	—	—	227,211
Post-SCA-2	—	—	—	—	287,158
Refunds	—	—	—	—	394,350
Other					
Refunds and adjustments	31,404	—	—	31,404	28,257
Total receipts	12,127,362	5,800,216	775,406	18,702,984	22,866,926

Schedule 1 *(concluded)*

	Participants	General Resources Account	Prescribed Holders	Total 2001	Total 2000
Uses of SDRs					
Transfers among participants and prescribed holders					
Transactions by agreement	4,750,301	—	296,166	5,046,467	6,639,441
Operations					
Grants	—	—	—	—	44,614
Loans	165,619	—	—	165,619	45,975
Settlement of financial obligations	248,340	—	130,231	378,571	202,367
IMF-related operations					
SAF and PRGF loans	—	—	111,544	111,544	135,811
SAF loans under PRGF Trust	—	—	24,940	24,940	—
SAF repayments and interest	15,214	—	—	15,214	29,069
Special charges on SAF, PRGF, Trust Fund	3	—	—	3	49
PRGF contributions and payments	117,871	—	200,741	318,612	123,121
PRGF repayments and interest	294,456	—	—	294,456	338,877
PRGF-HIPC contributions and payments	11,422	—	142,436	153,858	56,757
SCA-2 refunds	—	—	1,199	1,199	—
HIPC payments	—	—	3,352	3,352	—
Transfers from participants to the General Resources Account					
Repurchases	3,198,592	—	—	3,198,592	3,825,681
Charges	2,417,144	—	—	2,417,144	2,599,820
Quota payments	64,500	—	—	64,500	527,633
Assessment on SDR allocation	2,451	—	—	2,451	3,251
Transfers from the General Resources Account to participants and prescribed holders					
Purchases	—	3,165,713	—	3,165,713	3,591,759
Interest on IMF borrowings	—	—	—	—	18,284
In exchange for currencies of other members					
Acquisitions to pay charges	—	1,107,457	—	1,107,457	1,577,214
Remuneration	—	1,782,790	—	1,782,790	1,747,437
SCA-2 transfers					
PRGF-HIPC	—	—	—	—	70,556
HIPC	—	—	—	—	227,211
Post-SCA-2	—	—	—	—	287,158
Refunds	—	—	—	—	394,350
Other					
Refunds and adjustments	—	31,404	—	31,404	28,257
Charges paid in the SDR department					
Net charges due	419,098	—	—	419,098	352,234
Total uses	11,705,011	6,087,364	910,609	18,702,984	22,866,926
Charges not paid when due	17,274	—	—	17,274	15,296
Settlement of unpaid charges	(24,581)	—	—	(24,581)	(2,340)
Total holdings, end of the year	18,556,379	2,436,744	537,978	21,531,101	21,538,408

Schedule 2

SDR Department

Allocations and Holdings of Participants as at April 30, 2001

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Holdings: Total	Holdings: Percent of Cumulative Allocations	Holdings: Above (Below) Allocations
Afghanistan, Islamic State of	26,703	—	—	(26,703)
Albania	—	63,129	—	63,129
Algeria	128,640	5,788	4.5	(122,852)
Angola	—	135	—	135
Antigua and Barbuda	—	5	—	5
Argentina	318,370	89,043	28	(229,327)
Armenia, Republic of	—	14,980	—	14,980
Australia	470,545	76,122	16.2	(394,423)
Austria	179,045	123,765	69.1	(55,280)
Azerbaijan	—	1,007	—	1,007
Bahamas, The	10,230	93	0.9	(10,137)
Bahrain	6,200	981	15.8	(5,219)
Bangladesh	47,120	2,061	4.4	(45,059)
Barbados	8,039	91	1.1	(7,948)
Belarus, Republic of	—	1,050	—	1,050
Belgium	485,246	346,604	71.4	(138,642)
Belize	—	1,250	—	1,250
Benin	9,409	243	2.6	(9,166)
Bhutan	—	186	—	186
Bolivia	26,703	27,300	102.2	597
Bosnia and Herzegovina	20,481	6,971	34	(13,510)
Botswana	4,359	30,376	696.9	26,017
Brazil	358,670	22,296	6.2	(336,374)
Brunei Darussalam	—	5,406	—	5,406
Bulgaria	—	52,479	—	52,479
Burkina Faso	9,409	551	5.9	(8,858)
Burundi	13,697	151	1.1	(13,546)
Cambodia	15,417	389	2.5	(15,028)
Cameroon	24,463	251	1	(24,212)
Canada	779,290	454,359	58.3	(324,931)
Cape Verde	620	31	5	(589)
Central African Republic	9,325	95	1	(9,230)
Chad	9,409	98	1	(9,311)
Chile	121,924	20,104	16.5	(101,820)
China	236,800	627,194	264.9	390,394
Colombia	114,271	106,013	92.8	(8,258)
Comoros	716	14	1.9	(702)
Congo, Democratic Republic of	86,309	—	—	(86,309)
Congo, Republic of	9,719	333	3.4	(9,386)
Costa Rica	23,726	197	0.8	(23,529)
Côte d'Ivoire	37,828	1,556	4.1	(36,272)
Croatia, Republic of	44,205	100,744	227.9	56,539
Cyprus	19,438	884	4.5	(18,554)
Czech Republic	—	241	—	241
Denmark	178,864	106,144	59.3	(72,720)
Djibouti	1,178	70	5.9	(1,108)
Dominica	592	7	1.1	(585)
Dominican Republic	31,585	1,098	3.5	(30,487)
Ecuador	32,929	2,136	6.5	(30,793)
Egypt	135,924	21,260	15.6	(114,664)

Schedule 2 *(continued)*

SDR Department

Allocations and Holdings of Participants as at April 30, 2001

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Holdings: Total	Holdings: Percent of Cumulative Allocations	Holdings: Above (Below) Allocations
El Salvador	24,985	24,982	100	(3)
Equatorial Guinea	5,812	151	2.6	(5,661)
Eritrea	—	—	—	—
Estonia, Republic of	—	168	—	168
Ethiopia	11,160	136	1.2	(11,024)
Fiji	6,958	4,572	65.7	(2,386)
Finland	142,690	131,655	92.3	(11,035)
France	1,079,870	333,190	30.9	(746,680)
Gabon	14,091	1,030	7.3	(13,061)
Gambia, The	5,121	57	1.1	(5,064)
Georgia	—	437	—	437
Germany	1,210,760	1,352,565	111.7	141,805
Ghana	62,983	921	1.5	(62,062)
Greece	103,544	4,848	4.7	(98,696)
Grenada	930	2	0.2	(928)
Guatemala	27,678	7,281	26.3	(20,397)
Guinea	17,604	91	0.5	(17,513)
Guinea-Bissau	1,212	268	22.1	(944)
Guyana	14,530	6,842	47.1	(7,688)
Haiti	13,697	411	3	(13,286)
Honduras	19,057	930	4.9	(18,127)
Hungary	—	11,256	—	11,256
Iceland	16,409	152	0.9	(16,257)
India	681,170	7,736	1.1	(673,434)
Indonesia	238,956	107,533	45	(131,423)
Iran, Islamic Republic of	244,056	267,735	109.7	23,679
Iraq	68,464	—	—	(68,464)
Ireland	87,263	38,899	44.6	(48,364)
Israel	106,360	1,258	1.2	(105,102)
Italy	702,400	206,785	29.4	(495,615)
Jamaica	40,613	1,162	2.9	(39,451)
Japan	891,690	1,856,665	208.2	964,975
Jordan	16,887	4,633	27.4	(12,254)
Kazakhstan, Republic of	—	74	—	74
Kenya	36,990	2,782	7.5	(34,208)
Kiribati	—	9	—	9
Korea	72,911	41,019	56.3	(31,892)
Kuwait	26,744	74,382	278.1	47,638
Kyrgyz Republic	—	1,649	—	1,649
Lao People's Democratic Republic	9,409	5,345	56.8	(4,064)
Latvia, Republic of	—	352	—	352
Lebanon	4,393	18,562	422.5	14,169
Lesotho	3,739	493	13.2	(3,246)
Liberia	21,007	—	—	(21,007)
Libya	58,771	421,426	717.1	362,655
Lithuania, Republic of	—	887	—	887
Luxembourg	16,955	3,631	21.4	(13,324)
Macedonia, former Yugoslav Republic of	8,379	2,273	27.1	(6,106)
Madagascar	19,270	254	1.3	(19,016)
Malawi	10,975	284	2.6	(10,691)

Schedule 2 *(continued)*

SDR Department
Allocations and Holdings of Participants as at April 30, 2001

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Holdings Total	Holdings Percent of Cumulative Allocations	Holdings Above (Below) Allocations
Malaysia	139,048	86,562	62.3	(52,486)
Maldives	282	215	76.3	(67)
Mali	15,912	332	2.1	(15,580)
Malta	11,288	25,077	222.2	13,789
Marshall Islands	—	—	—	—
Mauritania	9,719	172	1.8	(9,547)
Mauritius	15,744	16,562	105.2	818
Mexico	290,020	282,770	97.5	(7,250)
Micronesia, Federated States of	—	1,119	—	1,119
Moldova, Republic of	—	150	—	150
Mongolia	—	15	—	15
Morocco	85,689	89,325	104.2	3,636
Mozambique	—	50	—	50
Myanmar	43,474	495	1.1	(42,979)
Namibia	—	16	—	16
Nepal	8,105	88	1.1	(8,017)
Netherlands	530,340	531,473	100.2	1,133
New Zealand	141,322	10,682	7.6	(130,640)
Nicaragua	19,483	264	1.4	(19,219)
Niger	9,409	1,173	12.5	(8,236)
Nigeria	157,155	1,886	1.2	(155,269)
Norway	167,770	208,513	124.3	40,743
Oman	6,262	3,640	58.1	(2,622)
Pakistan	169,989	13,747	8.1	(156,242)
Palau	—	—	—	—
Panama	26,322	1,724	6.5	(24,598)
Papua New Guinea	9,300	8,774	94.3	(526)
Paraguay	13,697	79,439	580	65,742
Peru	91,319	6,561	7.2	(84,758)
Philippines	116,595	5,134	4.4	(111,461)
Poland, Republic of	—	15,188	—	15,188
Portugal	53,320	43,628	81.8	(9,692)
Qatar	12,822	16,338	127.4	3,516
Romania	75,950	6,202	8.2	(69,748)
Russian Federation	—	2,566	—	2,566
Rwanda	13,697	497	3.6	(13,200)
St. Kitts and Nevis	—	21	—	21
St. Lucia	742	1,441	194.4	699
St. Vincent and the Grenadines	354	58	16.5	(296)
Samoa	1,142	2,308	202.1	1,166
San Marino, Republic of	—	240	—	240
São Tomé & Príncipe	620	—	—	(620)
Saudi Arabia	195,527	157,227	80.4	(38,300)
Senegal	24,462	4,065	16.6	(20,397)
Seychelles	406	29	7.1	(377)
Sierra Leone	17,455	906	5.2	(16,549)
Singapore	16,475	109,015	661.7	92,540
Slovak Republic	—	472	—	472

Schedule 2 *(concluded)*

SDR Department

Allocations and Holdings of Participants as at April 30, 2001

(In thousands of SDRs)

Participant	Net Cumulative Allocations	Holdings: Total	Holdings: Percent of Cumulative Allocations	Holdings: Above (Below) Allocations
Slovenia, Republic of	25,431	3,185	12.5	(22,246)
Solomon Islands	654	7	1.1	(647)
Somalia	13,697	—	—	(13,697)
South Africa	220,360	222,502	101	2,142
Spain	298,805	258,411	86.5	(40,394)
Sri Lanka	70,868	1,359	1.9	(69,509)
Sudan	52,192	—	—	(52,192)
Suriname	7,750	1,707	22	(6,043)
Swaziland	6,432	2,443	38	(3,989)
Sweden	246,525	193,995	78.7	(52,530)
Switzerland	—	83,730	—	83,730
Syrian Arab Republic	36,564	377	1	(36,187)
Tajikistan, Republic of	—	9,014	—	9,014
Tanzania	31,372	417	1.3	(30,955)
Thailand	84,652	45,027	53.2	(39,625)
Togo	10,975	272	2.5	(10,703)
Tonga	—	113	—	113
Trinidad and Tobago	46,231	535	1.2	(45,696)
Tunisia	34,243	35,823	104.6	1,580
Turkey	112,307	75,678	67.4	(36,629)
Turkmenistan, Republic of	—	—	—	—
Uganda	29,396	1,721	5.9	(27,675)
Ukraine	—	33,171	—	33,171
United Arab Emirates	38,737	2,724	7	(36,013)
United Kingdom	1,913,070	224,401	11.7	(1,688,669)
United States	4,899,530	8,232,278	168	3,332,748
Uruguay	49,977	1,999	4	(47,978)
Uzbekistan, Republic of	—	1,868	—	1,868
Vanuatu	—	727	—	727
Venezuela	316,890	21,424	6.8	(295,466)
Vietnam	47,658	7,013	14.7	(40,645)
Yemen, Republic of	28,743	40,237	140	11,494
Yugoslavia, Federal Republic of (Serbia/Montenegro)	56,665	13,329	23.5	(43,336)
Zambia	68,298	41,502	60.8	(26,796)
Zimbabwe	10,200	178	1.7	(10,022)
Above allocations	8,787,066	14,690,440	167.2	5,903,374
Below allocations	12,646,264	3,865,939	30.6	(8,780,325)
Total participants	21,433,330	18,556,379		
General Resources Account		2,436,744		
Prescribed holders		537,978		
Overdue charges	97,771			
	21,531,101	21,531,101		

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Auditor's Report

To the Board of Governors
of the International Monetary Fund:

We have audited the accompanying balance sheets as at April 30, 2001 and 2000, and the related statements of income and changes in resources for the years then ended of the following entities:

Poverty Reduction and Growth Facility Trust

Poverty Reduction and Growth Facility Administered Accounts
- — Austria,
- — Belgium,
- — Botswana,
- — Chile,
- — Greece,
- — Indonesia,
- — Islamic Republic of Iran,
- — Portugal.

Poverty Reduction and Growth Facility – Heavily Indebted Poor Countries Trust and Related Accounts

Other Administered Accounts
- — Administered Account Japan,
- — Administered Account for Selected Fund Activities – Japan,
- — Framework Administered Account for Technical Assistance Activities,
- — Administered Account – Spain,
- — Administered Account for Rwanda,
- — Supplementary Financing Facility Subsidy Account.

These financial statements are the responsibility of the management of the International Monetary Fund, as trustee of the entities listed above. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above give a true and fair view of the financial position of the entities listed above as at April 30, 2001 and 2000, and the results of their operations for the years then ended in conformity with International Accounting Standards.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 210 to 213 and 225 to 229 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the respective financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

June 6, 2001

Poverty Reduction and Growth Facility Trust

Combined Balance Sheets
as at April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Assets		
Cash and cash equivalents	860,357	346,144
Investments (Note 3)	4,178,257	4,463,020
Loans receivable (Note 4)	5,899,478	5,769,166
Interest receivable	18,716	17,774
Total Assets	10,956,808	10,596,104
Liabilities and Resources		
Borrowings (Note 5)	6,352,841	6,223,794
Interest payable	72,686	66,391
Other liabilities	12,506	193
Total Liabilities	6,438,033	6,290,378
Resources	4,518,775	4,305,726
Total Liabilities and Resources	10,956,808	10,596,104

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

Poverty Reduction and Growth Facility Trust

Combined Income Statements and Changes in Resources
for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Balance, beginning of the year	4,305,726	4,098,988
Investment income (Note 3)	272,465	162,189
Interest on loans	28,916	29,080
Interest expense	(239,603)	(199,452)
Other expenses	(1,645)	(193)
Operational income (loss)	60,133	(8,376)
Contributions (Note 6)	126,992	115,809
	187,125	107,433
Transfers from the Special Disbursement Account	80,924	168,572
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust (Note 8)	(55,000)	(69,267)
Net changes in resources	213,049	206,738
Balance, end of the year	4,518,775	4,305,726

The accompanying notes are an integral part of these financial statements.

Poverty Reduction and Growth Facility Trust
Notes to the Financial Statements as at April 30, 2001 and 2000

1. Nature of Operations

The name of the Enhanced Structural Adjustment Facility Trust was changed to the Poverty Reduction and Growth Facility Trust ("the Trust" or "PRGF Trust") on November 22, 1999. The PRGF Trust, for which the IMF is Trustee, was established in December 1987 and was extended and enlarged in February 1994 to provide loans on concessional terms to qualifying low-income developing country members. The resources of the Trust are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

The operations of the Trust are conducted through a Loan Account, a Reserve Account, and a Subsidy Account. Combining balance sheets and income statements and statements of changes in resources for each of these accounts are provided in Note 9 to these financial statements.

Loan Account

The resources of the Loan Account consist of the proceeds from borrowings, repayments of principal, and interest payments on loans extended by the Trust. At April 30, 2001, loans totaling SDR 5,899.5 million were outstanding (SDR 5,769.2 million at April 30, 2000).

Reserve Account

The resources of the Reserve Account consist of amounts transferred by the IMF from the Special Disbursement Account and net earnings from investment of resources held in the Reserve Account and in the Loan Account.

The resources held in the Reserve Account are to be used by the Trustee, in the event that amounts payable from borrowers' principal repayments and interest, together with the authorized interest subsidy, are insufficient to repay loan principal and interest on borrowings of the Loan Account.

Subsidy Account

The resources held in the Subsidy Account consist of donations to the Trust, including transfers of net earnings from PRGF Administered Accounts (formerly ESAF Administered Accounts), SDR 400 million transferred by the IMF from the Special Disbursement Account, net earnings on loans made to the Trust for the Subsidy Account, and the net earnings from investment of Subsidy Account resources.

The resources available in the Subsidy Account are drawn by the Trustee to pay the difference, with respect to each interest period, between the interest due from the borrowers under the Trust and the interest due on Loan Account borrowings.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the PRGF Trust are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the PRGF Trust's financial statements.

Revenue and Expense Recognition

The financial statements of the Trust are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket as of April 30, 2001 and 2000 and their amounts were as follows:

	Amount	
Currency	**To December 31, 2000**	**From January 1, 2001**
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of April 30, 2001, one SDR was equal to 1.26579 U.S. dollars (one SDR was equal to 1.31921 U.S. dollars as of April 30, 2000).

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currency and are carried at cost, not exceeding market value. Interest received on these instruments varies and is based on prevailing market rates.

Investments

The resources of the Trust are invested pending their use. The Trust invests in debt securities and fixed-term deposits, either directly or by participation in an investment pool. Investments are marked to market on the last business day of the accounting period. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations. Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments, and currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR basket.

Loans

Loans in the Trust are valued at historical cost. Allowances for loan losses would be established if and when the Trust expects to incur a loss; no losses have been incurred in the past, and it is the current expectation that no losses will be incurred in the future.

Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

Transfers

Internal transfers of resources within the Fund are accounted for under the accrual method of accounting.

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising on the settlement of transactions at rates different from those at the originating date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

3. Investments

The maturities of the investments are as follows:

Maturity as at April 30	2001	2000
	In thousands of SDRs	
Less than 1 year	425,548	678,879
1–3 years	3,430,643	3,622,498
3–5 years	297,516	129,360
Over 5 years	24,550	32,283
Total	4,178,257	4,463,020

At April 30, the investments consisted of the following:

	2001	2000
	In thousands of SDRs	
Debt securities	3,962,729	3,961,249
Fixed-term deposits	215,528	501,771
Total	4,178,257	4,463,020

At April 30, investment income comprised:

	2001	2000
	In thousands of SDRs	
Interest income	242,912	166,647
Realized (losses)/gains net	(76,692)	412
Unrealized gains/(losses) net	107,979	(4,830)
Exchange rate losses net	(1,734)	(40)
Total	272,465	162,189

4. Loans Receivable

Resources of the Loan Account are committed to qualifying members for a three-year period, upon approval by the Trustee of a three-year arrangement in support of the member's macroeconomic and structural adjustment programs. Interest on the outstanding loan balances is currently set at the rate of ½ of 1 percent a year. Scheduled repayments of loans by borrowers are summarized below:

Period of Repayment, Financial Year Ending April 30	
	In thousands of SDRs
2002	680,726
2003	722,241
2004	834,998
2005	876,190
2006	860,129
2007 and beyond	1,913,046
Overdue	12,148
Total	5,899,478

The above includes one member that is overdue at the end of financial year 2001 for less than six months for an amount of SDR 12.1 million.

As of April 30, 2001 and 2000, use of credit in the Trust by the largest users was as follows:

	2001		2000	
	In millions of SDRs and percent of total PRGF credit			
Largest user of credit	716.6	12.2%	671.7	11.6%
Three largest users of credit	1,508.2	25.6%	1,527.3	26.5%
Five largest users of credit	2,039.2	34.6%	2,028.1	35.1%

5. Borrowings

The following summarizes the borrowing agreements concluded as of April 30, 2001 and 2000:

	Amount Undrawn	
	2001	2000
	In thousands of SDRs	
Loan Account	3,448,248	3,599,974
Subsidy Account	4,664	5,331

The Trustee has agreed to hold and invest, on behalf of a lender, principal repayments of Trust borrowing in a suspense account within the Loan Account. Principal repayments will be accumulated until the final maturity of the borrowing, when the full proceeds are to be transferred to the lender. Amounts deposited in this account are invested by the Trustee, and payments of interest to the lender are to be made exclusively from the earnings on the amounts invested.

The Trust borrows on such terms and conditions as agreed between the Trust and the lenders. Interest rates on borrowings at April 30, 2001 and April 30, 2000 varied between 3.7 percent and 4.9 percent a year. The principal amounts of the borrowings are repayable in one installment at maturity dates.

Scheduled repayments of borrowings are summarized below:

Period of Repayment, Financial Year Ending April 30	
	In thousands of SDRs
2002	513,827
2003	525,455
2004	704,176
2005	953,566
2006	1,504,589
2007 and beyond	2,151,228
Total	6,352,841

6. Contributions

The Trustee accepts contributions for the Subsidy Account on such terms and conditions as agreed between the Trust and the contributor. At April 30, 2001, cumulative contributions received, including transfers from the Special Disbursement Account, amounted to SDR 2,292.4 million (SDR 2,165.4 million at April 30, 2000).

7. Commitments Under Loan Arrangements

An arrangement is a decision of the IMF that gives a member the assurance that the institution stands ready to provide foreign exchange or SDRs during a specified period and up to a specified amount in accordance with the terms of the decision. At April 30, 2001, undrawn balances under 37 arrangements amounted to SDR 1,997.3 million (SDR 2,017.9 million under 31 arrangements at April 30, 2000).

8. Transfers Through the Special Disbursement Account

The expenses of conducting the business of the Trust are paid by the General Resources Account of the IMF and reimbursed by the Reserve Account of the Trust through the Special Disbursement Account; corresponding transfers are made from the Reserve Account to the Special Disbursement Account when and to the extent needed. For financial years 2001 and 2000, the Executive Board of the IMF decided to forgo such reimbursement to the General Department and to transfer an equivalent amount from the Reserve Account, through the Special Disbursement Account, to the PRGF-HIPC Trust (formerly ESAF-HIPC Trust). The amounts transferred for financial years 2001 and 2000 were SDR 55.0 million and SDR 46.1 million, respectively.

Resources of up to SDR 250 million may be transferred, as needed, from the Reserve Account through the Special Disbursement Account to the PRGF-HIPC Trust to be used to provide grant or loans to eligible members under the HIPC initiative. At April 30, 2001 and 2000, SDR 43.5 million had been transferred for this purpose.

9. Combining Balance Sheets, Income Statements, and Statements of Resources

The balance sheets and income statements and changes in resources for each of the accounts in the PRGF Trust are presented on the next page:

Note 9

Combining Balance Sheets
as at April 30, 2001 and 2000

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Account		Combined	
	2001	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**
Assets								
Cash and cash equivalents	159,594	—	519,695	258,291	181,068	87,853	860,357	346,144
Investments (Note 3)	215,529	357,049	2,200,508	2,280,543	1,762,220	1,825,428	4,178,257	4,463,020
Loans receivable (Note 4)	5,899,478	5,769,166	—	—	—	—	5,899,478	5,769,166
Accrued account transfers	27,231	31,258	30,647	16,579	(57,878)	(47,837)	—	—
Interest receivable	13,245	12,805	5,119	3,075	352	1,894	18,716	17,774
Total Assets	6,315,077	6,170,278	2,755,969	2,558,488	1,885,762	1,867,338	10,956,808	10,596,104
Liabilities and Resources								
Borrowings (Note 5)	6,244,024	6,105,644	—	—	108,817	118,150	6,352,841	6,223,794
Interest payable	71,022	64,612	—	—	1,664	1,779	72,686	66,391
Other liabilities	31	22	12,475	134	—	37	12,506	193
Total Liabilities	6,315,077	6,170,278	12,475	134	110,481	119,966	6,438,033	6,290,378
Resources	—	—	2,743,494	2,558,354	1,775,281	1,747,372	4,518,775	4,305,726
Total Liabilities and Resources	6,315,077	6,170,278	2,755,969	2,558,488	1,885,762	1,867,338	10,956,808	10,596,104

Combining Income Statements and Changes in Resources
for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Account		Combined	
	2001	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**
Balance, beginning of the year	—	—	2,558,354	2,370,606	1,747,372	1,728,382	4,305,726	4,098,988
Investment income (Note 3)	28	267	155,829	93,369	116,608	68,553	272,465	162,189
Interest on loans	28,916	29,080	—	—	—	—	28,916	29,080
Interest expense	(237,524)	(197,202)	—	—	(2,079)	(2,250)	(239,603)	(199,452)
Other expenses	(82)	(22)	(1,563)	(134)	—	(37)	(1,645)	(193)
Operational (loss) income	(208,662)	(167,877)	154,266	93,235	114,529	66,266	60,133	(8,376)
Contributions (Note 6)	—	—	—	—	126,992	115,809	126,992	115,809
	(208,662)	(167,877)	154,266	93,235	241,521	182,075	187,125	107,433
Transfers from the Special Disbursement Account (Note 8)	—	—	80,924	168,572	—	—	80,924	168,572
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust (Note 8)	—	—	(55,000)	(69,267)	—	—	(55,000)	(69,267)
Transfers between:								
Reserve and Subsidy Accounts	—	—	1,059	—	(1,059)	—	—	—
Loan and Reserve Accounts	(3,891)	4,792	3,891	(4,792)	—	—	—	—
Loan and Subsidy Accounts	212,553	163,085	—	—	(212,553)	(163,085)	—	—
Net changes in resources	—	—	185,140	187,748	27,909	18,990	213,049	206,738
Balance, end of the year	—	—	2,743,494	2,558,354	1,775,281	1,747,372	4,518,775	4,305,726

Schedule 1

Poverty Reduction and Growth Facility Trust
Schedule of Outstanding Loans
as at April 30, 2001

(In thousands of SDRs)

	PRGF Loan Account		Structural Adjustment Facility[1]	
Member	**Balance**	**Percent**	**Balance**	**Percent**
Albania	60,948	1.03	—	—
Armenia, Republic of	109,350	1.85	—	—
Azerbaijan	81,900	1.39	—	—
Bangladesh	54,562	0.92	—	—
Benin	60,938	1.03	4,089	0.95
Bolivia	165,134	2.80	—	—
Burkina Faso	78,578	1.33	9,796	2.27
Burundi	5,376	0.09	—	—
Cambodia	58,671	0.99	—	—
Cameroon	178,040	3.02	—	—
Central African Republic	24,480	0.41	—	—
Chad	59,134	1.00	—	—
Comoros	—	—	900	0.21
Congo, Democratic Republic of	—	—	142,910	33.08
Congo, Republic of	13,896	0.24	—	—
Côte d'Ivoire	415,659	7.05	—	—
Djibouti	5,452	0.09	—	—
Dominica	—	—	—	—
Equatorial Guinea	770	0.01	2,727	0.63
Ethiopia	46,871	0.79	26,842	6.21
Gambia, The	13,832	0.23	—	—
Georgia	190,050	3.22	—	—
Ghana	214,912	3.64	—	—
Guinea	93,627	1.59	—	—
Guinea-Bissau	15,265	0.26	—	—
Guyana	79,336	1.34	8,118	1.88
Haiti	15,175	0.26	—	—
Honduras	115,880	1.96	—	—
Kenya	93,709	1.59	—	—
Kyrgyz Republic	127,164	2.16	—	—
Lao People's Democratic Republic	33,269	0.56	1,758	0.41
Lesotho	10,446	0.18	—	—
Macedonia, former Yugoslav Republic of	29,004	0.49	—	—
Madagascar	90,027	1.53	—	—
Malawi	60,543	1.03	—	—
Mali	123,760	2.10	4,064	0.94
Mauritania	76,103	1.29	1,364	0.32
Moldova, Republic of	18,480	0.31	—	—
Mongolia	37,657	0.64	—	—
Mozambique	163,890	2.78	—	—
Nepal	7,833	0.13	—	—
Nicaragua	129,334	2.19	—	—
Niger	56,760	0.96	—	—
Pakistan	375,800	6.37	21,852	5.05
Rwanda	52,360	0.89	—	—
São Tomé and Príncipe	1,902	0.03	—	—
Senegal	207,156	3.52	830	0.19
Sierra Leone	70,437	1.19	16,212	3.75
Somalia	—	—	8,840	2.04
Sri Lanka	100,800	1.71	—	—
Tajikistan, Republic of	72,280	1.23	—	—
Tanzania	266,200	4.51	—	—
Togo	52,260	0.89	—	—
Uganda	242,446	4.11	—	—
Vietnam	264,880	4.50	—	—
Yemen, Republic of	170,000	2.88	—	—
Zambia	716,622	12.16	181,750	42.07
Zimbabwe	90,520	1.53	—	—
Total loans outstanding	5,899,478	100.00	432,052	100.00

[1]Since Structural Adjustment Facility (SAF) loans have been disbursed in connection with PRGF arrangements, the above list includes these loans, as well as loans disbursed to members under SAF arrangements. These loans are held by the Special Disbursement Account, and repayments of all SAF loans are transferred to the PRGF Reserve Account when received.

Schedule 2

Poverty Reduction and Growth Facility Trust

Contributions to and Resources of the Subsidy Account as at April 30, 2001

(In thousands of SDRs)

Contributor[1]	Amount
Direct Contributions to the Subsidy Account	
Argentina	15,867
Australia	3,446
Bangladesh	335
Canada	168,897
China	6,400
Czech Republic	7,000
Denmark	38,299
Egypt	7,000
Finland	22,684
Germany	124,638
Iceland	2,800
India	4,946
Ireland	3,325
Italy	138,589
Japan	506,997
Korea	30,559
Luxembourg	5,975
Morocco	5,003
Netherlands	81,538
Norway	28,073
Sweden	110,887
Switzerland	24,720
Turkey	3,000
United Kingdom	285,182
United States	118,893
Total direct contributions to the Subsidy Account	1,745,053
Net income transferred from Administered Accounts	
Austria	37,754
Belgium	73,275
Botswana	1,239
Chile	2,910
Greece	24,720
Indonesia	4,018
Iran, Islamic Republic of	986
Portugal	2,418
Total net income transferred from Administered Accounts	147,320
Total contributions received	1,892,373
Transfers from Special Disbursement Account	400,000
Total contributions received and transfers from Special Disbursement Account	2,292,373
Cumulative net income of the Subsidy Account	705,057
Resources disbursed to subsidize Trust lending	(1,222,149)
Total resources of the Subsidy Account	1,775,281

[1]In addition to direct contributions, a number of members also make loans available to the Loan Account on concessional terms. See Schedule 3.

Schedule 3

Poverty Reduction and Growth Facility Trust

Schedule of Borrowing Agreements as at April 30, 2001

(In thousands of SDRs)

Member	Interest Rate (in percent)	Amount of Agreement	Amount Drawn	Outstanding Balance
Loan Account				
Prior to enlargement of PRGF				
Canada	Fixed [1]	300,000	300,000	205,576
France	0.50 [2]	800,000	800,000	396,935
Germany	Variable [3]	700,000	700,000	421,428
Italy	Variable [3]	370,000	370,000	250,656
Japan	Variable [3]	2,200,000	2,200,000	1,506,304
Korea	Variable [3]	65,000	65,000	34,808
Norway	Variable [3]	90,000	90,000	53,521
Spain	Variable [3]	220,000	216,429 [4]	67,022
Switzerland	—	200,000	200,000	—
Total prior to enlargement of PRGF		4,945,000	4,941,429	2,936,250
For enlargement of PRGF				
Belgium	Variable [3]	200,000	166,651	166,651
Canada	Variable [3]	400,000	218,167	218,166
China	Variable [3]	100,000	95,505	95,505
Denmark	Variable [3]	100,000	—	—
Egypt	Variable [3]	100,000	97,167	97,166
France	Variable [3]	1,100,000	534,288	534,288
Germany	Variable [3]	1,050,000	325,884	325,884
Italy	Variable [3]	460,000	174,735	174,735
Japan	Variable [3]	2,150,000	995,491	995,491
Korea	Variable [3]	27,700	27,700	27,700
Netherlands	Variable [3]	250,000	—	—
Norway	Variable [3]	60,000	60,000	60,000
OPEC Fund for International Development	Variable [3]	39,501 [5]	36,732	36,732
Spain	0.50	192,000	48,633	48,633
Switzerland	Variable [3]	151,700	151,700	151,700
Total for enlargement of PRGF		6,380,901	2,932,653	2,932,651
Resources held pending repayment	[6]	—	—	375,123 [6]
Total—Loan Account		11,325,901	7,874,082	6,244,024
Subsidy Account				
Malaysia (1994 loans)	2.00	40,000	40,000	40,000
Malaysia (1988 and 1989 loans)	0.50	40,000	40,000	—
Malta	0.50	2,730	2,730	2,730
Pakistan	0.50	10,000	5,336	5,336
Singapore	2.00	80,000	80,000	50,000
Thailand	2.00 [7]	60,000	60,000	—
Tunisia	0.50	3,551	3,551	3,551
Uruguay	Variable [8]	7,200	7,200	7,200
Total—Subsidy Account		243,481	238,817	108,817

[1]The loans under this agreement are made at market-related rates of interest fixed at the time the loan was disbursed.

[2]The agreement with France made before the enlargement of PRGF (SDR 800 million) provides that the interest rate shall be 0.5 percent on the first SDR 700 million drawn, and for variable, market-related rates of interest thereafter. The agreement with France made for the enlargement of the PRGF (SDR 750 million) provides that the interest rate shall be 0.5 percent until the cumulative implicit interest subsidy reaches SDR 250 million, and at variable, market-related rates of interest thereafter.

[3]The loans under these agreements are made at variable, market-related rates of interest.

[4]The agreement expired with an undrawn balance of SDR 3.6 million.

[5]The agreement with the OPEC Fund for International Development is for an amount of $50 million.

[6]This amount represents principal repayments held and invested on behalf of a lender.

[7]In accordance with the agreement with Thailand, outstanding borrowings were repaid at the the request of Thailand on January 30, 1998.

[8]The interest rate payable on the borrowing from Uruguay is equal to the rate on SDR-denominated deposits less 2.6 percent a year.

Schedule 4

Poverty Reduction and Growth Facility Trust

Status of Loan Arrangements[1]
as at April 30, 2001

(In thousands of SDRs)

Member	Date of Arrangement	Expiration	Amount Agreed	Undrawn Balance
Albania	May. 13, 1998	Jul. 31, 2001	45,040	4,705
Benin	Jul. 17, 2000	Jul. 16, 2003	27,000	16,160
Bolivia	Sep. 18, 1998	Sep. 17, 2001	100,960	56,097
Burkina Faso	Sep. 10, 1999	Sep. 9, 2002	39,120	22,350
Cambodia	Oct. 22, 1999	Oct. 21, 2002	58,500	33,429
Cameroon	Dec. 21, 2000	Dec. 20, 2003	111,420	95,500
Central African Republic	Jul. 20, 1998	Jan. 19, 2002	49,440	24,960
Chad	Jan. 7, 2000	Jan. 6, 2003	36,400	26,000
Djibouti	Oct. 18, 1999	Oct. 17, 2002	19,082	13,630
Ethiopia	Mar. 22, 2001	Mar. 21, 2004	86,900	69,519
Gambia, The	Jun. 29, 1998	Dec. 31, 2001	20,610	6,870
Georgia	Jan. 12, 2001	Jan. 11, 2004	108,000	90,000
Ghana	May. 3, 1999	May. 2, 2002	191,900	120,848
Guinea-Bissau	Dec. 15, 2000	Dec. 14, 2003	14,200	9,120
Guyana	Jul. 15, 1998	Jul. 14, 2001	53,760	28,880
Honduras	Mar. 26, 1999	Mar. 25, 2002	156,750	64,600
Kenya	Aug. 4, 2000	Aug. 3, 2003	190,000	156,400
Kyrgyz Republic	Jun. 26, 1998	Jun. 25, 2001	73,380	28,690
Lao People's Democratic Republic	Apr. 25, 2001	Apr. 24, 2004	31,700	27,170
Lesotho	Mar. 9, 2001	Mar. 8, 2004	24,500	21,000
Macedonia, former Yugoslav Republic of	Dec. 18, 2000	Dec. 17, 2003	10,335	8,613
Madagascar	Mar. 1, 2001	Feb. 29, 2004	79,430	68,083
Malawi	Dec. 21, 2000	Dec. 20, 2003	45,110	38,670
Mali	Aug. 6, 1999	Aug. 5, 2002	46,650	33,150
Mauritania	Jul. 21, 1999	Jul. 20, 2002	42,490	24,280
Moldova, Republic of	Dec. 21, 2000	Dec. 20, 2003	110,880	92,400
Mozambique	Jun. 28, 1999	Jun. 27, 2002	87,200	33,600
Nicaragua	Mar. 18, 1998	Mar. 17, 2002	148,955	33,635
Niger	Dec. 22, 2000	Dec. 21, 2003	59,200	50,740
Rwanda	Jun. 24, 1998	Jan. 31, 2002	71,400	19,040
São Tomé and Príncipe	Apr. 28, 2000	Apr. 28, 2003	6,657	4,755
Senegal	Apr. 20, 1998	Apr. 19, 2002	107,010	28,536
Tajikistan, Republic of	Jun. 24, 1998	Dec. 24, 2001	100,300	28,020
Tanzania	Apr. 4, 2000	Apr. 3, 2003	135,000	75,000
Vietnam	Apr. 13, 2001	Apr. 12, 2004	290,000	248,600
Yemen, Republic of	Oct. 29, 1997	Oct. 28, 2001	264,750	94,750
Zambia	Mar. 25, 1999	Mar. 28, 2003	254,450	199,510
			3,298,479	1,997,310

[1]The Saudi Fund for Development may also provide resources to support arrangements under the PRGF through loans to qualifying members in association with loans under the PRGF. As at April 30, 2001, SDR 49.5 million of such associated loans had been disbursed.

Poverty Reduction and Growth Facility Administered Accounts

Balance Sheets
as at April 30, 2001 and 2000

(In thousands of SDRs)

	Austria 2001	Austria 2000	Belgium 2001	Belgium 2000	Botswana 2001	Botswana 2000	Chile 2001	Chile 2000
Assets								
Cash and cash equivalents	—	—	—	180,413	—	—	—	—
Investments (Note 3)	44,940	50,159	80,000	—	6,885	6,916	—	—
Advance payments to the PRGF Subsidy Account	257	47	—	—	124	48	—	—
Interest receivable	—	—	11	2,273	—	45	—	—
Total assets	45,197	50,206	80,011	182,686	7,009	7,009	—	—
Liabilities and Resources								
Deposits (Note 4)	45,000	50,000	80,000	180,000	6,894	6,894	—	—
Interest payable	197	203	1	355	115	115	—	—
Other liabilities	—	3	—	—	—	—	—	—
Total liabilities	45,197	50,206	80,001	180,355	7,009	7,009	—	—
Resources	—	—	10	2,331	—	—	—	—
Total Liabilities and Resources	45,197	50,206	80,011	182,686	7,009	7,009	—	—

	Greece 2001	Greece 2000	Indonesia 2001	Indonesia 2000	Iran, I. R. of 2001	Iran, I. R. of 2000	Portugal 2001	Portugal 2000
Assets								
Cash and cash equivalents	—	—	—	—	—	—	—	—
Investments (Note 3)	20,967	31,600	25,000	25,080	4,993	5,016	12,691	13,188
Advance payments to the PRGF Subsidy Account	48	—	324	—	29	—	78	33
Interest receivable	—	444	186	352	—	33	—	—
Total assets	21,015	32,044	25,510	25,432	5,022	5,049	12,769	13,221
Liabilities and Resources								
Deposits (Note 4)	21,000	31,500	25,000	25,000	5,000	5,000	12,708	13,146
Interest payable	15	181	509	314	22	23	61	63
Other liabilities	—	2	1	1	—	—	—	1
Total liabilities	21,015	31,683	25,510	25,315	5,022	5,023	12,769	13,210
Resources	—	361	—	117	—	26	—	11
Total Liabilities and Resources	21,015	32,044	25,510	25,432	5,022	5,049	12,769	13,221

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

Poverty Reduction and Growth Facility Administered Accounts

Income Statements and Changes in Resources for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	Austria		Belgium		Botswana		Chile	
	2001	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**
Balance, beginning of the year	—	—	2,331	3,287	—	—	—	557
Investment income	3,077	1,893	6,620	7,932	431	253	—	228
Other expenses	(34)	(2)	—	—	(6)	—	—	—
Interest expense on deposits	(243)	(251)	(749)	(902)	(136)	(138)	—	(32)
	2,800	1,640	5,871	7,030	289	115	—	196
Transfers to the:								
PRGF Trust Subsidy Account	(2,800)	(1,640)	16	(7,986)	(289)	(115)	—	(753)
PRGF/HIPC Trust Account			(8,208)					
Net changes in resources	—	—	(2,321)	(956)	—	—	—	(557)
Balance, end of the year	—	—	10	2,331	—	—	—	—

	Greece		Indonesia		Iran, I. R. of		Portugal	
	2001	**2000**	**2001**	**2000**	**2001**	**2000**	**2001**	**2000**
Balance, beginning of the year	361	1,112	117	272	26	18	11	47
Investment income	2,143	660	1,625	518	313	184	794	496
Other expenses	(19)	(1)	—	(1)	(5)	—	(11)	—
Interest expense on deposits	(129)	(167)	(495)	(386)	(24)	(25)	(61)	(66)
	1,995	492	1,130	131	284	159	722	430
Transfers to the:								
PRGF Trust Subsidy Account	(2,356)	(1,243)	(1,247)	(286)	(310)	(151)	(733)	(466)
Net changes in resources	(361)	(751)	(117)	(155)	(26)	8	(11)	(36)
Balance, end of the year	—	361	—	117	—	26	—	11

The accompanying notes are an integral part of these financial statements.

Poverty Reduction and Growth Facility Administered Accounts

Notes to the Financial Statements as at April 30, 2001 and 2000

1. Nature of Operations

The name of the Enhanced Structural Adjustment Facility Administered Accounts was changed to the Poverty Reduction and Growth Facility Administered Accounts ("the Administered Accounts" or "PRGF Administered Accounts") on November 22, 1999. At the request of certain member countries, the IMF established administered accounts for the benefit of the Subsidy Account of the Poverty Reduction and Growth Facility Trust (the PRGF Trust formerly the Enhanced Structural Adjustment Facility Trust). The administered accounts comprise deposits made by contributors. The difference between interest earned by the administered accounts and the interest payable on deposits is transferred to the Subsidy Account of the PRGF Trust.

The Saudi Fund for Development (SFD) Special Account was established at the request of the SFD to provide supplementary financing in association with loans under the Poverty Reduction and Growth Facility (PRGF). The IMF acts as agent of the SFD. Disbursements from the SFD Special Account are made simultaneously with PRGF disbursements. Payments of interest and principal due to the SFD under associated loans are to be transferred to the SFD.

The resources of each administered account are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the PRGF Administered Accounts' financial statements.

Revenue and Expense Recognition

The financial statements are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket as of April 30, 2001 and 2000 and their amounts were as follows:

	Amount	
Currency	**To December 31, 2000**	**From January 1, 2001**
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of April 30, 2001, one SDR was equal to 1.26579 U.S. dollars (1.31921 U.S. dollars as of April 30, 2000).

Cash and Cash Equivalents

Cash and cash equivalents include short term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost not exceeding market value. Interest received on these instruments varies and is based on prevailing market rates.

Investments

The resources of the Administered Accounts are invested pending their use. Investments are made in debt securities, either directly or by participation in an investment pool. Investments are marked to market value on the last business day of the accounting period. The valuations of purchases and sales are made on the trade date basis. Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments and currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR basket.

Transfers

Internal transfers of resources within the Fund are accounted for under the accrual method of accounting.

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising on the settlement of transactions at rates different from those at the originating date of the transaction, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

Transfers to PRGF Subsidy Account

The difference between the interest earned by the PRGF Administered Accounts on the amount invested and the interest payable on the deposits of the administered account, net of any cost, is to be transferred to the Subsidy Account of the PRGF Trust.

Administrative Costs

The expenses of conducting the activities of the administered accounts are incurred and borne by the General Department of the IMF.

3. Investments

The maturities of the administered accounts investments are as follows:

Maturity as at April 30	**2001**	**2000**
	In thousands of SDRs	
Less than 1 year	107,887	1,024
1–3 years	84,051	129,619
3–5 years	3,239	1,066
Over 5 years	299	250
Total	195,476	131,959

At April 30, the investments consisted of the following:

	2001	**2000**
	In thousands of SDRs	
Debt securities	90,476	131,959
Fixed-term deposits	105,000	—
Total	195,476	131,959

At April 30, investment income is comprised of:

	2001	**2000**
	In thousands of SDRs	
Interest income	14,612	12,349
Realized losses, net	(983)	(95)
Unrealized gains (losses), net	1,374	(90)
Total	15,003	12,164

4. Deposits

The Administered Account Austria was established on December 27, 1988 for the administration of resources deposited in the account by the Austrian National Bank. Two deposits (one of SDR 60.0 million made on December 30, 1988 and one of SDR 50.0 million made on August 10, 1995) are to be repaid in ten equal semiannual installments beginning five and a half years after the date of each deposit and ending at the end of the tenth year after the date of each deposit. The deposits bear interest at a rate of ½ of 1 percent a year. The first deposit from Austria had been repaid in full.

The Administered Account Belgium was established on July 27, 1988 for the administration of resources deposited in the account by the National Bank of Belgium. Four deposits (SDR 30.0 million made on July 29, 1988; SDR 35.0 million made on December 30, 1988; SDR 35.0 million made on June 30, 1989; and SDR 80.0 million made on April 29, 1994) have an initial maturity of six months and are renewable by the IMF, on the same basis. The final maturity of each deposit, including renewals, will be ten years from the initial dates of the individual deposits. The deposits bear interest at a rate of ½ of 1 percent a year. In accordance with an addendum to the account, effective on July 24, 1998, the maturities of the first three deposits will be extended by the National Bank of Belgium, for further periods of six months, provided that the total maturity period of each deposit does not exceed five years. The deposits are invested by the IMF, and the IMF pays the National Bank of Belgium interest on each deposit at an annual rate of ½ of 1 percent. The difference between the interest paid to the National Bank of Belgium and the interest earned on the deposits (net of any cost to the IMF) was retained in the account and invested. As of January 31, 2001, the Ministry of Finance of Belgium authorized a transfer of SDR 8.2 million in net earnings to the PRGF-HIPC Trust. The first three deposits, totaling SDR 100 million, were paid in full as of April 30, 2001.

The Administered Account Botswana was established on July 1, 1994 for the administration of resources deposited in the account by the Bank of Botswana. The deposit, totaling SDR 6.9 million, is to be repaid in one installment ten years after the date of deposit. The deposit bears interest at a rate of 2 percent a year.

The Administered Account Chile was established on October 4, 1994 for the administration of resources deposited in the account by the Banco Central de Chile. The deposit, totaling SDR 15.0 million, was repaid on October 4, 1999.

The Administered Account Greece was established on November 30, 1988 for the administration of resources deposited in the account by the Bank of Greece. Two deposits of SDR 35.0 million each (December 15, 1988 and April 29, 1994) are to be repaid in ten equal semiannual installments beginning five and a half years after the date of deposit and will be completed at the end of the tenth year after the date of the deposits. The deposits bear interest at a rate of ½ of 1 percent a year. The first deposit from Greece has been repaid in full.

The Administered Account Indonesia was established on June 30, 1994 for the administration of resources deposited in the account by the Bank Indonesia. The deposit, totaling SDR 25.0 million, is to be repaid in one installment ten years after the date the deposit was made. The interest payable on the deposit is equivalent to that obtained for the investment of the deposit less 2 percent a year.

The Administered Account Islamic Republic of Iran was established on June 6, 1994 for the administration of resources deposited in the account by the Central Bank of the Islamic Republic of Iran (CBIRI). The CBIRI has made five annual deposits, each of SDR 1.0 million. All of the deposits will be repaid at the end of ten years after the date of the first deposit. Each deposit bears interest at a rate of ½ of 1 percent a year.

The Administered Account Portugal was established on May 16, 1994 for the administration of resources deposited in the account by the Banco de Portugal (BdP). The BdP has agreed to make six annual deposits, each of SDR 2.2 million. Each deposit is to be repaid in five equal annual installments beginning six years after the date of the deposit and will be completed at the end of the tenth year after the date of the deposit. Each deposit bears interest at a rate of ½ of 1 percent a year.

5. Associated Loans

The SFD has provided additional resources to support arrangements under the PRGF. Funds become available under an associated loan after a bilateral agreement between the SFD and the recipient country has been effected. Amounts denominated in SDRs, for disbursement to a recipient country under an associated loan, are placed by the SFD in the Saudi Fund for Development Special Account for disbursement by the IMF simultaneously with disbursements under PRGF arrangement. These loans are repayable in ten equal semiannual installments commencing not later than the end of the first six months of the sixth year, and are to be completed at the end of the tenth year after the date of disbursement. Interest on the outstanding balance is currently set at a rate of ½ of 1 percent a year.

The receipts and uses of resources for the Saudi Fund for Development Special Account were as follows:

	2001	2000
	In thousands of SDRs	
Receipts of Resources		
Cumulative transfers from the Saudi Fund for Development	49,500	49,500
Cumulative repayments of associated loans	26,150	16,250
Cumulative receipts of interest on associated loans	1,668	1,502
Accrued interest on associated loans	44	61
	77,362	67,313
Uses of Resources		
Associated loans	49,500	49,500
Cumulative repayments to the Saudi Fund for Development	26,150	16,250
Cumulative payments of interest on transfers	1,668	1,502
Accrued interest on transfers	44	61
	77,362	67,313

PRGF-HIPC Trust and Related Accounts

Combined Balance Sheets
as at April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Assets		
Cash and cash equivalents	943,652	1,012,081
Investments (Note 3)	486,719	221,135
Transfers receivable (Note 4)	12,475	10,757
Interest receivable	10,706	8,768
Total Assets	1,453,552	1,252,741
Liabilities and Resources		
Borrowings (Note 5)	477,159	323,175
Other liabilities	—	13
Interest payable	860	626
Total Liabilities	478,019	323,814
Resources	975,533	928,927
Total Liabilities and Resources	1,453,552	1,252,741

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau	/s/ Horst Köhler
Treasurer	*Managing Director*

PRGF-HIPC Trust and Related Accounts

Combined Income Statements and Changes in Resources
for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Balance, beginning of the year	928,927	158,412
Investment income (Note 3)	64,308	21,492
Interest expense	(1,443)	(1,078)
Other expenses	(184)	(40)
Operational income	62,681	20,374
Contributions received	454,729	552,319
Grants	(262,808)	(139,986)
Disbursements	(91,376)	(43,308)
	163,226	389,399
Transfers	(116,620)	381,116
Net changes in resources	46,606	770,515
Balance, end of the year	975,533	928,927

The accompanying notes are an integral part of these financial statements.

PRGF-HIPC Trust and Related Accounts

Notes to the Financial Statements as at April 30, 2001 and 2000

1. Nature of Operations

The PRGF-HIPC Trust and Related Accounts comprise the PRGF-HIPC Trust Account, the Umbrella Account for HIPC Operations, and the Post-SCA-2 Administered Account. The PRGF-HIPC Trust Account comprises three subaccounts: the PRGF-HIPC, PRGF, and HIPC subaccounts. Combining balance sheets and income statements and changes in resources for each of these accounts are provided in Note 6. Transactions between the above accounts are eliminated on combination in the combined balance sheets and combined income statements and changes in resources.

PRGF-HIPC Trust (formerly the ESAF-HIPC Trust)

The name of the Trust for Special ESAF Operations for the Heavily Indebted Poor Countries and for Interim ESAF Subsidy Operations was changed to the Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and for Interim PRGF Subsidy Operations (the PRGF-HIPC Trust) on November 22, 1999. The PRGF-HIPC Trust, for which the IMF is trustee, was established on February 4, 1997 to provide balance of payments assistance to low-income developing members by making grants or loans to eligible members for the purpose of reducing their external debt burden and for interim PRGF subsidy purposes. The resources of the PRGF-HIPC Trust are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

The operations of the PRGF-HIPC Trust are conducted through the PRGF-HIPC Trust Account and the Umbrella Account for HIPC Operations.

PRGF-HIPC Trust Account (formerly the ESAF-HIPC Trust Account)

The resources of the PRGF-HIPC Trust Account consist of grant contributions, borrowings, and other types of investments made by contributors; amounts transferred by the IMF from the Special Disbursement Account and the General Resources Account; and net earnings from investment of resources held in the PRGF-HIPC Trust Account.

The PRGF-HIPC subaccount holds resources that can finance either HIPC operations or interim PRGF subsidy operations; the PRGF subaccount holds resources earmarked for interim PRGF subsidy operations, while the HIPC subaccount holds resources earmarked for HIPC operations. PRGF-HIPC subaccount resources used to finance HIPC operations through the HIPC subaccount are repayable to the PRGF-HIPC subaccount and bear interest at a rate equal to the average return on investments in the Special Disbursement Account.

The resources held in the PRGF-HIPC Trust Account are to be used by the trustee to make grants or loans to eligible members that qualify for assistance under the HIPC Initiative and for subsidizing the interest rate on interim PRGF operations to PRGF-eligible members.

Umbrella Account for HIPC Operations

The Umbrella Account for HIPC Operations ("the Umbrella Account") receives and administers the proceeds of grants or loans made to eligible members that qualify for assistance under the terms of the PRGF-HIPC Trust. Within the Umbrella Account, resources received are administered through the establishment of subaccounts for each eligible member upon the approval of disbursements under the PRGF-HIPC Trust.

The resources of a subaccount of the Umbrella Account consist of (1) amounts disbursed from the PRGF-HIPC Trust Account as grants or loans for the benefit of a member, and (2) net earnings from investment of the resources held in the subaccount.

The resources held in a subaccount of the Umbrella Account are to be used to meet the member's debt obligations to the IMF or accounts administered by it in accordance with the schedule agreed upon by the trustee and the member for the use of the proceeds of the PRGF-HIPC Trust disbursements.

Post-SCA-2 Administered Account

The Post-SCA-2 Administered Account, which is administered by the IMF on behalf of members, was established on December 8, 1999 for the temporary administration of resources transferred by members following the termination of the second Special Contingent Account (SCA-2), prior to the final disposition of those resources.

Resources received from a member's cumulative SCA-2 contributions, together with the member's pro rata share of investment returns, shall be transferred to the PRGF-HIPC Trust or to the member, in accordance with the member's instructions. The assets held in the Post-SCA-2 Administered Account are held separately from the assets and property of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the PRGF-HIPC Trust and Related Accounts' financial statements.

Revenue and Expense Recognition

The financial statements are prepared on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective from January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket as of April 30, 2001 and 2000 and their amounts were as follows:

	Amount	
Currency	**To December 31, 2000**	**From January 1, 2001**
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of April 30, 2001, one SDR was equal to 1.26579 U.S. dollars (one SDR was equal to 1.31921 U.S. dollars as of April 30, 2000).

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost not exceeding market value. Interest received on these instruments varies and is based on prevailing market rates.

Investments

The resources of the Trust are invested pending their use. The Trust invests in debt securities, either directly or by participation in an investment pool. Investments are valued at their market value on the last business day of the accounting period. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations. Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments, and currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR basket. Regular portfolio rebalancing to ensure that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR basket, further minimizes risk.

Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

Transfers

Internal transfers of resources within the Fund are accounted for under the accrual method of accounting.

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising on the settlement of transactions at rates different from those at the originating date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

Administrative Costs

The expenses of conducting activities of the Trust and related accounts are incurred and borne by the General Department of the IMF.

3. Investments

The maturities of the investments in debt securities are as follows:

Maturity as at April 30	**2001**	**2000**
	In thousands of SDRs	
Less than 1 year	247,851	1,017
1–3 years	229,222	217,907
3–5 years	8,832	1,791
Over 5 years	814	420
Total	486,719	221,135

At April 30, the investments consisted of the following:

	2001	**2000**
	In thousands of SDRs	
Debt securities	241,310	221,135
Fixed-term deposits	245,409	—
Total	486,719	221,135

At April 30, investment income comprised:

	2001	**2000**
	In thousands of SDRs	
Interest income	62,768	21,698
Realized losses, net	(1,759)	(54)
Unrealized gains (losses), net	3,411	(151)
Exchange rate losses, net	(112)	(1)
Total	64,308	21,492

4. Transfers Receivable and Payable

At April 30, 2001, the HIPC subaccount had transfers payable to the PRGF-HIPC subaccount arising from past disbursements to the Umbrella Account under the HIPC initiative in the amount of SDR 214.2 million, including interest (SDR 200.7 million at April 30, 2000). Interest payable between subaccounts is eliminated on combination. At April 30, 2001, there was a transfer due from the Special Disbursement Account amounting to SDR 12.5 million (there was no transfer due at April 30, 2000). At April 30, 2001, there was no transfer due from the General Resources Account (SDR 10.8 million at April 30, 2000).

5. Borrowings

The Trust borrows on such terms and conditions as agreed between the Trust and the lenders. Interest rates on borrowings at 2001 and 2000 varied between 0 percent and 2 percent a year. The principal amounts of the borrowings are repayable in one installment at their maturity dates. Scheduled repayments of borrowings are summarized below:

Financial Year Ending April 30	*In thousands of SDRs*
2002	14,607
2003	—
2004	—
2005	15,000
2006 and beyond	447,552
Total	477,159

6. Combining Balance Sheets and Income Statements and Changes in Resources

The balance sheets and income statements and changes in resources for each of the accounts and subaccounts in the PRGF-HIPC Trust and Related Accounts are presented on the following two pages:

Note 6 ***(continued)***

Combining Balance Sheets as at April 30, 2001 and 2000

(In thousands of SDRs)

	2001							2000			
	PRGF-HIPC Trust Account subaccount										
	PRGF-HIPC	PRGF	HIPC	Combined	Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account	Combined Total	PRGF-HIPC Trust Account	Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account[1]	Combined Total
Assets											
Cash and cash equivalents	536,906	6,390	3,863	547,159	304,356	92,137	943,652	600,736	157,131	254,214	1,012,081
Investments	444,133	7,543	—	451,676	35,043	—	486,719	221,135	—	—	221,135
Transfers receivable	12,475	—	—	12,475	—	—	12,475	10,757	—	—	10,757
Transfers to and from subaccounts	214,248	—	(214,248)	—	—	—	—	—	—	—	—
Interest receivable	5,346	70	98	5,514	4,011	1,181	10,706	2,237	3,694	2,837	8,768
Total Assets	1,213,108	14,003	(210,287)	1,016,824	343,410	93,318	1,453,552	834,865	160,825	257,051	1,252,741
Liabilities and Resources											
Borrowings	477,159	—	—	477,159	—	—	477,159	323,175	—	—	323,175
Other liabilities	—	—	—	—	—	—	—	13	—	—	13
Interest payable	860	—	—	860	—	—	860	626	—	—	626
Total Liabilities	478,019	—	—	478,019	—	—	478,019	323,814	—	—	323,814
Resources	735,089	14,003	(210,287)	538,805	343,410	93,318	975,533	511,051	160,825	257,051	928,927
Total Liabilities and Resources	1,213,108	14,003	(210,287)	1,016,824	343,410	93,318	1,453,552	834,865	160,825	257,051	1,252,741

[1]The Post SCA-2 Administered Account was established on December 8, 1999.

Note 6 ***(concluded)***

Combining Income Statements and Changes in Resources for the Years Ended April 30, 2001 and 2000

(In thousands of SDRs)

	2001							2000			
	PRGF-HIPC Trust Account subaccount				Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account	Combined Total	PRGF-HIPC Trust Account	Umbrella Account for HIPC Operations	Post-SCA-2 Administered Account[1]	Combined Total
	PRGF-HIPC	PRGF	HIPC	Combined							
Balance, beginning of the year	491,006	7,310	12,735	511,051	160,825	257,051	928,927	99,651	58,761	—	158,412
Investment income	52,659	551	5,601	45,268[2]	11,153	7,887	64,308	11,734	5,386	4,372	21,492
Interest expense	(1,443)	—	(13,543)	(1,443)[2]	—	—	(1,443)	(1,078)	—	—	(1,078)
Other expenses	(179)	(5)	—	(184)	—	—	(184)	(40)	—	—	(40)
Operational income/(loss)	51,037	546	(7,942)	43,641	11,153	7,887	62,681	10,616	5,386	4,372	20,374
Contributions received	138,046	6,147	47,728	191,921	262,808	—	454,729	412,333	139,986	—	552,319
Grants	—	—	(262,808)	(262,808)	—	—	(262,808)	(139,986)	—	—	(139,986)
Disbursements	—	—	—	—	(91,376)	—	(91,376)	—	(43,308)	—	(43,308)
	189,083	6,693	(223,022)	(27,246)	182,585	7,887	163,226	282,963	102,064	4,372	389,399
Transfers	55,000	—	—	55,000	—	(171,620)	(116,620)	128,437	—	252,679	381,116
Net changes in resources	244,083	6,693	(223,022)	27,754	182,585	(163,733)	46,606	411,400	102,064	257,051	770,515
Balance, end of the year	735,089	14,003	(210,287)	538,805	343,410	93,318	975,533	511,051	160,825	257,051	928,927

[1]The Post-SCA-2 Administered Account was established on December 8, 1999; the FY 2000 figures presented are for the period December 8, 1999 through April 30, 2000.
[2]Interest payable between subaccounts amounting to SDR 13.5 million (SDR 6.7 million at April 30, 2000) has been eliminated in the combined totals.

Schedule 1

Post-SCA-2 Administered Account

Holdings, Interest and Transfers as at April 30, 2001 and 2000

(In thousands of SDRs)

Member	Balance Beginning of the Year	Interest Earned	Transfers to Member	Transfers to PRGF-HIPC Trust	Balance at end of the Year
Algeria	7,690	322	—	(7,600)	412
Argentina	19,890	904	—	—	20,794
Austria	9,715	266	—	(9,981)	—
Brazil	10,138	460	—	—	10,598
Brunei Darussalam	52	3	—	—	55
Croatia, Republic of	527	23	—	(519)	31
Czech Republic	47	—	(47)	—	—
Dominican Republic	915	42	—	—	957
Egypt	1,751	10	—	(1,761)	—
Estonia, Republic of	139	7	—	—	146
Fiji	197	9	—	—	206
Finland	5,905	229	—	(5,812)	322
Gabon	438	20	—	—	458
Hungary	9,385	266	(414)	(9,237)	—
India	390	—	—	(390)	—
Indonesia	4,928	46	—	(4,974)	—
Italy	43,087	221	—	(43,308)	—
Jordan	1,040	47	—	—	1,087
Kuwait	4,262	43	—	(4,305)	—
Latvia, Republic of	273	13	—	(269)	17
Malaysia	7,482	339	—	—	7,821
Mauritius	—	—	—	—	—
Morocco	2,222	14	—	(2,236)	—
New Zealand	1,218	—	—	(1,218)	—
Oman	1,074	49	—	—	1,123
Pakistan	4,734	30	—	(4,764)	—
Peru	—	—	—	—	—
Poland, Republic of	7,187	37	(150)	(7,074)	—
Russian Federation	10,247	348	—	(10,595)	—
Saudi Arabia	16,978	710	—	(16,710)	978
Singapore	4,111	184	—	(4,046)	249
Spain	26,348	827	(1,175)	(26,000)	—
Sri Lanka	12	—	—	(12)	—
Sweden	10,765	489	—	—	11,254
Thailand	6,226	253	—	(6,129)	350
Tonga	26	1	—	—	27
Trinidad & Tobago	2,233	101	—	—	2,334
Tunisia	2,400	98	—	(2,362)	136
United Arab Emirates	5,213	237	—	—	5,450
Vanuatu	44	2	—	—	46
Venezuela	27,231	1,236	—	—	28,467
Vietnam	531	1	—	(532)	—
Total at April 30, 2001	257,051	7,887	(1,786)	(169,834)	93,318
Total at April 30, 2000	296,720[1]	4,372	(34)	(44,007)	257,051

[1]Transferred to the Post-SCA-2 Administered Account from the SCA-2 Account during FY 2000.

Schedule 2

PRGF-HIPC Trust Account

Contributions and Transfers as at April 30, 2001 and 2000

(In thousands of SDRs)

	Subaccount			
	PRGF-HIPC	PRGF	HIPC	Combined
Year ended April 30, 2000				
Australia	—	—	9,189	9,189
Bangladesh	1,163	—	—	1,163
Barbados	250	—	—	250
Belize	20	—	—	20
Cambodia	27	—	—	27
Canada	32,929	—	—	32,929
China	13,132	—	—	13,132
Cyprus	544	—	—	544
Denmark	6,120	—	—	6,120
France	38,696	—	—	38,696
Greece	2,200	—	—	2,200
Iceland	93	—	—	93
Ireland	3,937	—	—	3,937
Israel	1,189	—	—	1,189
Jamaica	1,800	—	—	1,800
Japan	20,245	—	—	20,245
Korea	10,625	—	—	10,625
Luxembourg	488	—	—	488
Malta	706	—	—	706
Mauritius	40	—	—	40
Netherlands	—	3,345	—	3,345
Norway	7,252	—	—	7,252
Philippines	4,500	—	—	4,500
Portugal	4,430	—	—	4,430
Samoa	3	—	—	3
San Marino, Republic of	32	—	—	32
Slovak Republic	2,669	—	—	2,669
Slovenia, Republic of	311	—	—	311
South Africa	895	—	—	895
Swaziland	20	—	—	20
United Kingdom	23,551	—	—	23,551
United States	—	—	221,932	221,932
	177,867	3,345	231,121	412,333
Transfers from SDA	69,267	—	—	69,267
Transfers from GRA	59,170	—	—	59,170
	128,437	—	—	128,437
	306,304	3,345	231,121	540,770

Schedule 2 *(concluded)*

PRGF-HIPC Trust Account

Contributions and Transfers as at April 30, 2001 and 2000

(In thousands of SDRs)

	Subaccount			
	PRGF-HIPC	PRGF	HIPC	Combined
Year ended April 30, 2001				
Australia	—	—	3,910	3,910
Austria	—	—	9,981	9,981
Belgium	12,208	—	—	12,208
Belize	20	—	—	20
Denmark	2,374	—	—	2,374
Egypt	37	—	—	37
France	17,196	—	—	17,196
Iceland	366	—	—	366
India	390	—	—	390
Indonesia	124	—	—	124
Italy	43,309	—	—	43,309
Japan	16,356	—	—	16,356
Kuwait	108	—	—	108
Latvia, Republic of	269	—	—	269
Mexico	8,000	—	—	8,000
Morocco	49	—	—	49
Netherlands	—	6,147	—	6,147
New Zealand	1,158	—	—	1,158
Norway	1,144	—	—	1,144
Pakistan	105	—	—	105
Poland, Republic of	877	—	—	877
Russian Federation	10,200	—	—	10,200
South Africa	4,000	—	—	4,000
Spain	16,550	—	—	16,550
Sri Lanka	12	—	—	12
Switzerland	3,184	—	—	3,184
United Kingdom	—	—	33,837	33,837
Vietnam	10	—	—	10
	138,046	6,147	47,728	191,921
Transfers from SDA	55,000	—	—	55,000
	193,046	6,147	47,728	246,921

Schedule 3

PRGF-HIPC Trust Account

Borrowings as at April 30, 2001 and 2000

(In thousands of SDRs)

Date of Arrangement	Maturity[1]	Interest Rate (in percent)	Amount 2001	Amount 2000
PRGF-HIPC subaccount				
SDR-denominated				
April 30, 1997	April 29, 2002	2.0	14,607	14,607
May 30, 1997	May 29, 2007	0.5	1,000	1,000
May 30, 1998	May 29, 2007	0.5	1,000	1,000
June 29, 1998	June 28, 2008	2.0	15,000	15,000
November 20, 1998	November 19, 2008	2.0	10,000	10,000
May 30, 1999	May 29, 2007	0.5	1,000	1,000
August 24, 1999	August 23, 2009	2.0	5,000	5,000
August 30, 1999	August 29, 2009	2.0	10,000	10,000
October 4, 1999	October 3, 2004	0.5	15,000	15,000
January 31, 2000	January 30, 2010	1.5	6,144	6,144
February 24, 2000	February 23, 2020	0.0	5,664	5,664
March 31, 2000	December 30, 2018	0.0	31,370	31,370
April 24, 2000	December 23, 2018	0.0	789	789
May 17, 2000	May 16, 2010	0.5	982	—
May 24, 2000	December 31, 2018	0.0	523	—
May 27, 2000	December 31, 2018	0.0	750	—
May 30, 2000	May 29, 2007	0.5	1,000	—
June 12, 2000	June 11, 2020	0.0	7,074	—
June 16, 2000	December 31, 2018	0.0	1,724	—
June 22, 2000	June 21, 2020	0.0	2,187	—
June 22, 2000	June 21, 2020	0.0	4,659	—
July 18, 2000	December 17, 2018	0.0	4,850	—
July 25, 2000	December 24, 2018	0.0	4,196	—
August 23, 2000	August 22, 2010	0.5	100	—
August 30, 2000	August 29, 2010	2.0	10,000	—
December 8, 2000	December 7, 2018	0.0	9,237	—
February 27, 2001	February 26, 2011	0.0	5,440	—
February 28, 2001	December 30, 2018	0.0	5,812	—
March 14, 2001	March 13, 2020	0.0	6,128	—
March 20, 2001	March 19, 2021	0.5	2,362	—
March 27, 2001	December 26, 2018	0.0	16,710	—
March 27, 2001	December 26, 2018	0.5	3,000	—
March 27, 2001	December 26, 2018	0.5	49,820	—
March 27, 2001	March 26, 2021	0.0	7,600	—
April 9, 2001	January 8, 2019	0.0	519	—
April 13, 2001	January 12, 2019	0.5	1,500	—
April 24, 2001	April 23, 2011	0.0	4,046	—
			266,793	116,574
Currency-denominated				
February 11, 2000	February 10, 2010	0.0	210,366[2]	206,601
Total			477,159	323,175

[1]The principal amounts of all the borrowings are payable in one installment at their maturity dates.
[2]The principal amount of the borrowing is for euro 300 million.

Schedule 4

Umbrella Account for HIPC Operations
as at April 30, 2001 and 2000
Grants, Interest and Disbursements

(In thousands of SDRs)

	Opening Balance	Grants from PRGF-HIPC Trust Account	Interest Earned	Disbursements	Balance
Year ended April 30, 2000					
Bolivia	14,905	—	424	7,423	7,906
Guyana	—	25,561	716	7,415	18,862
Mozambique	—	95,483	2,758	14,818	83,423
Tanzania	—	13,342	33	—	13,375
Uganda	43,856	5,600	1,455	13,652	37,259
	58,761	139,986	5,386	43,308	160,825
Year ended April 30, 2001					
Benin	—	3,700	77	2,975	802
Bolivia	7,906	—	217	5,539	2,584
Burkina Faso	—	17,800	614	3,718	14,696
Cameroon	—	2,240	28	1,837	431
Gambia, The	—	80	1	9	72
Guinea	—	2,424	39	228	2,235
Guinea-Bissau	—	541	8	158	391
Guyana	18,862	6,140	889	7,251	18,640
Madagascar	—	677	6	677	6
Malawi	—	2,314	33	1,203	1,144
Mali	—	11,490	334	1,586	10,238
Mauritania	—	9,922	75	4,988	5,009
Mozambique	83,423	—	3,285	22,976	63,732
Niger	—	430	7	—	437
Rwanda	—	6,762	95	3,149	3,708
Senegal	—	4,777	47	1,709	3,115
Tanzania	13,375	13,340	314	13,609	13,420
Uganda	37,259	62,971	2,908	19,764	83,374
Zambia	—	117,200	2,176	—	119,376
	160,825	262,808	11,153	91,376	343,410

Other Administered Accounts

Balance Sheets
as at April 30, 2001 and 2000

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Administered Account—Spain	Administered Account for Rwanda		Supplementary Financing Facility Subsidy Account	
	2001	2000	2001	2000	2001	2000	2001	2001	2000	2001	2000
	(In thousands of U.S. dollars)							*(In thousands of SDRs)*			
Assets											
Cash and cash equivalents	114,184	107,405	14,580	18,854	4,539	4,201	—	—	288	2,319	2,319
Interest receivable	—	34	—	—	—	—	—	—	3	24	24
Total Assets	114,184	107,439	14,580	18,854	4,539	4,201	—	—	291	2,343	2,343
Resources											
Total Resources	114,184	107,439	14,580	18,854	4,539	4,201	—	—	291	2,343	2,343

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

Other Administered Accounts

Income Statements and Changes in Resources for the Years Ended April 30, 2001 and 2000

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Administered Account—Spain	Administered Account for Rwanda		Supplementary Financing Facility Subsidy Account	
	2001	2000	2001	2000	2001	2000	2001	2001	2000	2001	2000
	(In thousands of U.S. dollars)							*(In thousands of SDRs)*			
Balance, beginning of the year	107,439	101,898	18,854	25,997	4,201	4,798	—	291	484	2,343	2,259
Income earned on investments	6,745	5,541	718	1,142	257	186	72	6	13	104	84
Contributions received	—	—	15,119	14,042	3,882	3,240	506,329	—	—	—	—
Payments to and on behalf of beneficiaries	—	—	(20,111)	(22,327)	(3,801)	(4,023)	(506,401)	(297)	(206)	—	—
	6,745	5,541	(4,274)	(7,143)	338	(597)	—	(291)	(193)	104	84
Transfers to the Special Disbursement Account (Note 4)	—	—	—	—	—	—	—	—	—	(104)	—
Net changes in resources	6,745	5,541	(4,274)	(7,143)	338	(597)	—	(291)	(193)	—	84
Balance, end of the year	114,184	107,439	14,580	18,854	4,539	4,201	—	—	291	2,343	2,343

The accompanying notes are an integral part of these financial statements.

Other Administered Accounts
Notes to the Financial Statements as at April 30, 2001 and 2000

1. Nature of Operations

At the request of members, the IMF has established special purpose accounts to administer contributed resources and to perform financial and technical services consistent with the purposes of the IMF. The assets of each account and each subaccount are separate from the assets of all other accounts of, or administered by, the IMF and are not to be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

Administered Account Japan

At the request of Japan, the IMF established an account on March 3, 1989 to administer resources, made available by Japan or other countries with Japan's concurrence, that are to be used to assist certain members with overdue obligations to the IMF. The resources of the account are to be disbursed in amounts specified by Japan and to members designated by Japan.

Administered Account for Selected Fund Activities—Japan

At the request of Japan, the IMF established the Administered Technical Assistance Account—Japan on March 19, 1990 to administer resources contributed by Japan to finance technical assistance to member countries. On July 21, 1997, the account was renamed the Administered Account for Selected Fund Activities—Japan and amended to include the administration of resources contributed by Japan in support of the IMF's Regional Office for Asia and the Pacific (OAP). The resources of the account designated for technical assistance activities are used with the approval of Japan and include the provision of scholarships. The resources designated for the OAP are used as agreed between Japan and the IMF for certain activities of the IMF with respect to Asia and the Pacific through the OAP. Disbursements can also be made from the account to the General Resources Account to reimburse the IMF for qualifying technical assistance projects and OAP expenses.

Framework Administered Account for Technical Assistance Activities

The Framework Administered Account for Technical Assistance Activities ("the Framework Account") was established by the IMF on April 3, 1995 to receive and administer contributed resources that are to be used to finance technical assistance consistent with the purposes of the IMF. The financing of technical assistance activities is implemented through the establishment and operation of subaccounts within the Framework Account.

Resources are to be used in accordance with the written understandings between the contributor and the Managing Director. Disbursements can also be made from the Framework Account to the General Resources Account to reimburse the IMF for its costs incurred on behalf of technical assistance activities financed by resources from the Framework Account.

Subaccount for Japan Advanced Scholarship Program

At the request of Japan, this subaccount was established on June 6, 1995 to finance the cost of studies and training of nationals of member countries in macroeconomics and related subjects at selected universities and institutions. The scholarship program focuses primarily on the training of nationals of Asian member countries, including Japan.

Rwanda—Macroeconomic Management Capacity Subaccount

At the request of Rwanda, this subaccount was established on December 20, 1995 to finance technical assistance to rehabilitate and strengthen Rwanda's macroeconomic management capacity.

Australia—IMF Scholarship Program for Asia Subaccount

At the request of Australia, this subaccount was established on June 5, 1996 to finance the cost of studies and training of government and central bank officials in macroeconomic management so as to enable them to contribute to their countries' achievement of sustainable economic growth and development. The program focuses primarily on the training of nationals of Asian countries.

Switzerland Technical Assistance Subaccount

At the request of Switzerland, this subaccount was established on August 27, 1996 to finance the costs of technical assistance activities of the IMF that consist of policy advice and training in macroeconomic management.

French Technical Assistance Subaccount

At the request of France, this subaccount was established on September 30, 1996 to cofinance the costs of training in economic fields for nationals of certain member countries.

Denmark Technical Assistance Subaccount

At the request of Denmark, this subaccount was established on August 25, 1998 to finance the costs of technical assistance activities of the IMF that consist of advising on policy and administrative reforms in the fiscal, monetary, and related statistical fields.

Australia Technical Assistance Subaccount

At the request of Australia, this subaccount was established on March 7, 2000 to finance the costs of technical assistance activities of the IMF that consist of advising on the design of policy and administrative reforms in the fiscal, monetary and related statistical fields, as well as to provide training in the formulation and implementation of macroeconomic and financial policies.

The Netherlands Technical Assistance Subaccount

At the request of the Netherlands, this subaccount was established on July 27, 2000 to finance projects that seek to enhance the capacity of the members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and projects that strengthen the legal and administrative framework in these core areas.

Administered Account—Spain

At the request of Spain, the IMF established an account on March 20, 2001 to receive and disburse resources up to $1 billion contributed by Spain for Argentina. The resources of this account are to be used to assist Argentina in the implementation of the adjustment program supported by the IMF under the Stand-By Arrangement for Argentina approved on March 10, 2000 and augmented on January 12, 2001 ("the Stand-By Arrangement").

Administered Account for Rwanda

At the request of the Netherlands, Sweden, and the United States ("the donor countries"), the IMF established an account on October 27, 1995 to administer resources contributed by the donor countries to provide grants to Rwanda. These grants are to be used for reimbursing the service charge and reducing, to the equivalent of a rate of ½ of 1 percent a year, the rate of the quarterly charges payable by Rwanda on its use of the IMF's financial resources under the Compensatory and Contingency Financing Facility (CCFF). The account has been terminated on November 30, 2000 and the balance transferred to donor countries, in proportion to their contribution. The distribution of the final accrued interest was made in February 2001 when quarterly interest on SDR accounts was paid.

Trust Fund

In addition to the aforementioned accounts, the IMF is also the trustee of the Trust Fund, which is in liquidation. The Trust Fund was established in 1976 to provide balance of payments assistance on concessional terms to eligible members that qualify for assistance.

In 1980, the IMF, as trustee, decided that, upon the completion of the final loan disbursements, the Trust Fund would be terminated as of April 30, 1981, and after that date, the activities of the Trust Fund have been confined to the conclusion of its affairs. The final Trust Fund loan settlement was due on March 31, 1991. As of April 30, 2001 and 2000, the Trust Fund had no assets other than loans receivable of SDR 88.8 million and SDR 88.9 million, respectively. Interest continues to be charged on the outstanding balances, all of which is overdue, and all interest recognition is deferred. Cash receipts on these loans are to be transferred to the Special Disbursement Account.

Loans

Loans in the Trust Fund are valued at historical cost. Allowances for loan losses would be established if and when the Trust expects to incur a loss; no losses have been incurred in the past, and it is the current expectation that no losses will be incurred in the future.

An overdue member would have to become current in the IMF and in the Trust Fund before access to credit could be restored and consequently no loss is expected on the loans. The member's resources or other resources would be used to reimburse the Trust Fund.

Deferred Income

The recognition of interest income and special charges on the Trust Fund loans outstanding to members with obligations overdue six months or more is being deferred and is recognized as income only when paid, unless the member has remained current in settling charges when due.

Overdue Obligations

At April 30, 2001 and 2000, three members with obligations to the Trust Fund were six months or more overdue in discharging their obligations to the Trust Fund. The recognition of interest income on the loans outstanding to these members is being deferred. At April 30, 2001, total deferred income amounted to SDR 27.1 million (SDR 26.7 million at April 30, 2000). Overdue loan repayments and interest and special charges due from these members were as follows:

	Loans		Interest and Special Charges	
	2001	**2000**	**2001**	**2000**
	In millions of SDRs			
Total overdue	88.8	88.9	27.1	26.7
Overdue six months or more	88.8	88.9	26.9	26.5
Overdue three years or more	88.8	88.9	25.8	25.4

The type and duration of the arrears of these members at April 30, 2001 were as follows:

Member	Loans	Interest and Special Charges	Total	Longest Overdue Obligation
	In millions of SDRs			
Liberia	23.1	7.0	30.1	April 1985
Somalia	6.5	1.4	7.9	July 1987
Sudan	59.2	18.7	77.9	June 1985
Total	88.8	27.1	115.9	

Transfer of Resources

The resources of the Trust Fund held on April 30, 1981 or received thereafter have been used to pay interest and principal when due on loan obligations and to make transfers to the Special Disbursement Account, since the activities of the Trust are limited to the conclusion of its affairs.

Supplementary Financing Facility Subsidy Account

The Supplementary Financing Facility Subsidy Account ("the Subsidy Account"), which is administered by the IMF, was established in December 1980 to assist low-income developing country members to meet the cost of using resources made available through the IMF's Supplementary Financing Facility and under the policy on exceptional use. All repurchases due under these policies were scheduled for completion by January 31, 1991, and the final subsidy payments were approved in July 1991. However, two members (Liberia and Sudan), overdue in the payment of charges, remain eligible to receive previously approved subsidy payments when their overdue charges are settled. Accordingly, the account remains in operation and has retained amounts for payment to these members after the overdue charges are paid.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the Other Administered Accounts' financial statements.

Unit of Account

Administered Account Japan, Administered Account for Selected Fund Activities—Japan, Framework Administered Account for Technical Assistance Activities, and Administered Account—Spain

These accounts are expressed in U.S. dollars. All transactions and operations of these accounts, including the transfers to and from the accounts, are denominated in U.S. dollars, except for transactions and operations in respect of the OAP, which are denominated in Japanese yen, or transactions in other currencies as agreed between Japan and the IMF. Contributions denominated in other currencies are converted into U.S. dollars upon receipt of the funds.

Administered Account for Rwanda, Trust Fund, and Supplementary Financing Facility Subsidy Account

These accounts are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the composition of the SDR valuation basket became effective from January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The method of valuing the SDR has been revised following the introduction of the euro as the common currency of a number of members. The currencies in the basket as of April 30, 2001 and 2000 and their amounts were as follows:

	Amount	
Currency	**To December 31, 2000**	**From January 1, 2001**
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of April 30, 2001, one SDR was equal to 1.26579 U.S. dollars (one SDR was equal to 1.31921 U.S. dollars as of April 30, 2000).

Transfers to and disbursements from the Administered Account for Rwanda are made in U.S. dollars or in other freely usable currencies. Transactions and operations of the accounts are denominated in SDRs. Contributions denominated in other currencies are converted into SDRs upon receipt of the funds.

Revenue and Expense Recognition

The accounts are maintained on the accrual basis; accordingly, income is recognized as it is earned and expenses are recorded as they are incurred.

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost not exceeding market value. Interest on these instruments varies and is based on prevailing market rates.

Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

Payments to and on behalf of beneficiaries

Payments to and on behalf of beneficiaries are recognized when the specified conditions in the respective agreements are achieved.

Transfers

Internal transfers of resources within the Fund are accounted for under the accrual method of accounting.

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising on the settlement of transaction at rates different from those at the date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

Administrative Expenses

The expenses of conducting the activities of the Other Administered Accounts and the Trust Fund are incurred and borne by the General Department of the IMF. Following the termination of the Trust Fund as of April 30, 1981, residual administrative costs have been absorbed by the General Resources Account of the IMF. To help defray the expenses incurred by the Fund in the administration of the Administered Account for Selected Fund Activities—Japan and the Framework Administered Account for Technical Assistance Activities, reimbursement equal to 13 percent of the expenses financed from the accounts is paid to the Fund from these accounts. The Administered Account—Spain is to pay the IMF an annual fee of $40,000 for administrative costs incurred. This amount is deducted from investment earnings. As at April 30, 2001 the administrative costs for Administered Account for Selected Fund Activities—Japan amounted to $2.1 million ($2.4 million at April 30, 2000), and for Framework Administered Account for Technical Assistance Activities $0.48 million ($0.45 million at April 30, 2000). These amounts are included in Payments to and on behalf of beneficiaries on the Income Statements and Changes in Resources.

Cumulative Contributions and Disbursements

The cumulative contributions and disbursements from these administered accounts are as follows:

	April 30, 2001		April 30, 2000	
Account	Cumulative Contributions	Cumulative Disbursements[1]	Cumulative Contributions	Cumulative Disbursements[1]
	(In millions of U.S. dollars)			
Administered Account Japan	135.2	72.5	135.2	72.5
Administered Account for Selected Fund Activities—Japan	153.6	145.8	138.5	125.7
Technical Assistance	141.2	134.2	128.6	116.5
Scholarships	8.0	7.3	6.6	6.1
Office of Asia and Pacific	4.4	4.3	3.3	3.1
Framework Administered Account for Technical Assistance Activities	18.9	15.3	15.0	11.5
Subaccount for Japan Advanced Scholarship Program	7.2	5.8	5.7	4.0
Rwanda—Macroeconomic Management Capacity Subaccount	1.5	1.6	1.5	1.6
Australia—IMF Scholarship Program for Asia Subaccount	1.4	1.4	0.8	0.9
Switzerland Technical Assistance Subaccount	6.8	5.3	5.8	4.3
French Technical Assistance Subaccount	0.68	0.38	0.54	0.31
Denmark Technical Assistance Subaccount	0.47	0.47	0.47	0.45
Australia Technical Assistance Subaccount	0.27	0.00	0.15	0.00
The Netherlands Technical Assistance Subaccount	0.60	0.41		
Administered Account Spain	506.33	506.40		
	(In millions of SDRs)			
Administered Account for Rwanda	1.54	1.70	1.54	1.40

[1]Disbursements had been made from resources contributed to these accounts as well as from interest earned on these resources.

3. *Transfer of Resources*

Resources of the Supplementary Financing Facility Subsidy Account in excess of the remaining subsidy payments are to be transferred to the Special Disbursement Account. At April 30, 2001 and 2000, subsidy payments totaling SDR 2.2 million had not been made to Liberia and Sudan and were being held pending the payment of overdue charges by these members.

4. *Accounts Termination*

Administered Account Japan

The account can be terminated by the IMF or by Japan. Any remaining resources in the account at termination are to be returned to Japan.

Administered Account for Selected Fund Activities—Japan

The account can be terminated by the IMF or by Japan. Any resources that may remain in the account at termination, net of accrued liabilities under technical assistance projects or in respect of the OAP, are to be returned to Japan.

Framework Administered Account for Technical Assistance Activities

The Framework Account or any subaccount thereof may be terminated by the IMF at any time. The termination of the Framework Account shall terminate each subaccount thereof. A subaccount may also be terminated by the contributor of the resources to the subaccount. Termination shall be effective on the date that the IMF or the contributor, as the case may be, receives notice of termination. Any balances, net of the continuing liabilities and commitments under the activities financed, that may remain in a subaccount upon its termination are to be returned to the contributor.

Administered Account—Spain

The account will be terminated when Argentina repays all the resources that were distributed, or at an earlier time as agreed between Spain and the IMF. Any remaining resources in the account at termination are to be returned to Spain.

Administered Account for Rwanda

The account can be terminated at any time by the IMF or by unanimous agreement of the donor countries. The account shall, in any case, be terminated by the IMF when Rwanda's financial obligations to the IMF under the CCFF have been fully discharged or when the resources of the account have been exhausted, whichever is earlier. Any balance in the account at termination shall be transferred to the donor countries, in proportion to their contribution, or to Rwanda, if so instructed.

Abkürzungsverzeichnis

AEB	Asiatische Entwicklungsbank
AKV	Allgemeine Kreditvereinbarungen
APEC	Asiatisch-Pazifische Wirtschaftliche Zusammenarbeit
ASEAN	Vereinigung südostasiatischer Nationen
BIP	Bruttoinlandsprodukt
BIZ	Bank für Internationalen Zahlungsausgleich
BSFF	Fazilität zur Finanzierung von Rohstoffausgleichslagern
BSP	Bruttosozialprodukt
BW	Barwert
CCFF	Fazilität zur Kompensierung von Exporterlösausfällen und unerwarteten externen Störungen
CCL	Vorbeugende Kreditlinie
CEMAC	Zentralafrikanische Wirtschafts- und Währungsgemeinschaft
CFF	Fazilität zur kompensierenden Finanzierung
DSBB	Informationstafel zu Datenveröffentlichungs-Standards
EBWE	Europäische Bank für Wiederaufbau und Entwicklung
ECOWAS	Wirtschaftsgemeinschaft Westafrikanischer Staaten
ECU	Europäische Währungseinheit
EFF	Erweiterte Fondsfazilität
ESAF	Erweiterte Strukturanpassungsfazilität
EU	Europäische Union
EWS	Europäisches Währungssystem
EWWU	Europäische Wirtschafts- und Währungsunion
EZB	Europäische Zentralbank
FATF	Aktionsgruppe zur Bekämpfung der Geldwäsche
FSAP	Programm zur Bewertung des Finanzsektors
FSF	Forum für Finanzstabilität
FSLC	Verbindungsausschuss für den Finanzsektor
FSSA	Bewertung der Stabilität des Finanzsystems
GDDS	Allgemeines Datenveröffentlichungs-System
HIPC	Hochverschuldetes armes Land
HLI	Institut mit hoher Risiko/Eigenkapital-Relation
IAIS	Internationale Vereinigung der Versicherungsaufsichtsbehörden
IAO	Internationale Arbeitsorganisation
IASC	Internationaler Ausschuss für Rechnungslegungsnormen
IDA	Internationale Entwicklungsorganisation
IFAC	Internationale Vereinigung der Wirtschaftsprüfer
IIF	Institute of International Finance
IMFC	Internationaler Währungs- und Finanzausschuss
I-PRSP	Vorläufiges Strategiedokument zur Armutsbekämpfung
LIBOR	Londoner Interbanken-Angebotssatz
MEFP	Memorandum über die Witschafts- und Finanzpolitik
MPI	makroprudentieller Indikator
NKV	Neue Kreditvereinbarungen
OECD	Organisation für Wirtschaftliche Zusammenarbeit und Entwicklung
OFC	Offshore-Finanzzentrum
OPEC	Organisation der Erdöl exportierenden Länder
OTC	außerbörslich gehandelt
PIN	Öffentliche Informationsmitteilung
PRGF	Armutsbekämpfungs- und Wachstumsfazilität
PRSP	Strategiedokument zur Armutsbekämpfung
ROSC	Bericht über die Einhaltung von Standards und Kodizes
SAF	Strukturanpassungsfazilität
SDDS	Spezieller Datenveröffentlichungs-Standard
SRF	Fazilität zur Stärkung von Währungsreserven
STF	Systemtransformationsfazilität
SZR	Sonderziehungsrecht
UNDP	Entwicklungsprogramm der Vereinten Nationen
VN	Vereinte Nationen
WAEMU	Westafrikanische Wirtschafts- und Währungsunion
WKM	Wechselkursmechanismus (des EWS)
WTO	Welthandelsorganisation