

## Press Communiqués of the Interim Committee and the Development Committee

### Interim Committee of the Board of Governors of the International Monetary System

#### P R E S S   C O M M U N I Q U É S

#### **Fifty-First Meeting, Washington, D.C., October 4, 1998**

1. The Interim Committee held its fifty-first meeting in Washington, D.C. on October 4, 1998 under the Chairmanship of Mr. Carlo Azeglio Ciampi, Minister of the Treasury of Italy. The Committee expressed its appreciation to the outgoing Chairman, Mr. Philippe Maystadt, former Deputy Prime Minister and Minister of Finance and Foreign Trade of Belgium, for his invaluable contribution to the Committee's work.

#### **2. *Developments in the World Economy***

##### *a. Problems and Challenges in the World Economy and International Capital Markets*

The outlook for the world economy has worsened considerably since the Committee's April meeting, with a scaling down of prospects for growth of output and trade. Recessions in Japan and several Asian emerging market economies have deepened; Russia's financial crisis has contributed to a general retreat by investors from emerging markets; stock markets worldwide have declined significantly from their recent peaks; and commodity prices have weakened further. The downside risks to the current outlook have increased significantly. Many emerging market economies face a particularly difficult environment associated with reduced access to external financing and widening risk premiums. These developments also pose difficulties for financial systems and an orderly process of economic adjustment and push back prospects for economic growth. Recent problems have been aggravated by a general weakening of market confidence, reflecting the greater prevalence and intensity of contagion in an increasingly globalized economy. These contagion effects were most evident in those countries with weak policies and inadequate institutions, but many countries with sound fundamentals have also not been spared.

The Committee also noted that there are some positive features that, if reinforced, can help carry forward the response to the crisis. First, there is continuing, generally solid, growth in the industrial countries of North America and western Europe, amid low inflation and progress toward needed fiscal consolidation. Second, economic and monetary union in Europe, which is on the verge of being introduced,

is already contributing to monetary stability. The Committee looks forward to a successful EMU, which contributes to growth and stability in the international monetary system. Third, there has been maintenance of growth in China and India, while progress in some of the Asian crisis countries toward financial stabilization and strengthened external positions has allowed the recent cautious easing of macroeconomic policies. Fourth, there has also been a considerable strengthening in recent years of economic fundamentals and underlying growth performance in several developing and transition countries, which has served to contain the crisis and limit the resort to market restrictions. Fifth, protectionist pressures have so far been kept in check.

The Committee considered at length the challenges facing the world economy. It is its unanimous view that forceful action is required on the part of member countries over a broad range of policies with the overriding aim of restoring market confidence and growth where needed.

##### *b. Policy Responses to Recent Crises*

In view of the seriousness of the present global situation, the Committee deemed it crucial that a strong cooperative effort be pursued by all countries and institutions to support those countries that have been most adversely affected by the recent developments and which are implementing strong economic adjustment programs. To contain the crisis, confidence-restoring policy measures are needed to address domestic and external sources of vulnerability; in particular forceful and timely actions have to be taken in countries with deep-seated weaknesses.

The Committee reviewed and endorsed the overall strategy adopted by the international community in dealing with the Asian crisis. It noted that stability in the affected countries' currencies should, if maintained, allow for a further cautious easing of monetary policies. The Committee nonetheless remained concerned about the depth of the recession in many countries of Asia and its negative impact on the welfare of large sections of their population. It supported the scope provided for fiscal policy to alleviate pressures on the real economy and, in particular, to back countries' social safety nets, and to absorb the costs of bank restructuring. In order to secure the recovery of these economies, the Committee considered it essential that they

continue to address forcefully the structural weaknesses in their financial and corporate sectors that lie at the heart of the recent loss of confidence, and to develop effective mechanisms to facilitate debt workouts.

Regarding Russia's financial crisis, the Committee encouraged the new government to take immediate measures to reestablish confidence in the ruble, restore the payments mechanism, and work with its creditors to develop a cooperative solution to Russia's debts. It also emphasized the need for vigorous action to tackle the root causes of the crisis, especially the persistent fiscal imbalances and inadequacies in the taxation system and the banking sector, while strengthening the rule of law, market competition, and the private enterprise sector and also minimizing the social impact of the crisis. Members reaffirmed that the international community, including the international financial institutions, stands ready to support convincing and effective measures to stabilize and reform the Russian economy. The IMF should continue to fully support those countries most affected by the Russian crisis that are performing adequately under their adjustment programs.

As for other emerging market and developing economies, with capital markets highly sensitive to any sign of policy deficiencies, it is essential that they persevere with sound policies to reduce vulnerability to changes in investor sentiment. The Committee noted that many countries in Asia and in other regions are dealing effectively with the spillover effects from the crisis. It also welcomed the reaffirmation of China's commitment not to devalue its currency, which has provided an important anchor to the region. In Latin America, while progress during the past decade in macroeconomic policies and structural reforms has enabled many countries to cope with the recent financial market turbulence, there still remains a strong need in some countries for fiscal consolidation and strengthening of financial systems.

The Committee stressed the importance of the role that the industrial countries have to play in sustaining global growth, containing deflationary risks, and creating environments conducive to a smooth resolution of financial crises. While noting the recent steps in this direction, the Committee considered it essential that Japan should take prompt and resolute action to strengthen its banking system and to provide sufficient and sustained stimulus to revive domestic demand and restore confidence until the recovery is well established. In most other industrial countries, growth is sufficiently robust for fiscal policy not to be diverted from medium-term objectives. In view of the favorable inflation and growth prospects in these countries and the seriousness of the global financial market crisis and its spillover effects, the Committee welcomed the recent interest rate cut in the United States as a useful step in this regard and the convergence of interest rates in the countries participating in the euro towards the lowest levels prevailing in the area. Should there be a worsening of the crisis or a further slowdown in economic activity, additional action on both domestic and international grounds would be required by both emerging market countries and industrial countries.

The Committee agreed to explore a strengthened capacity, based in the IMF and together with the general increase of IMF quotas and establishment of the New Arrangements to Borrow, to provide more effectively contingent finance to

help countries pursuing sound policies to maintain stability in the face of difficult global financial conditions.

### *3. Strengthening the Architecture of the International Monetary System*

The Committee welcomed the progress that has been made during the past six months in the work on aspects related to the strengthening of the architecture of the international monetary system. Recent crises have, however, exposed broader and deeper difficulties in the system, underscoring the need to widen the scope of recent work to encompass other crucial aspects with respect to the management and resolution of financial crises. These pertain, in particular, to mechanisms for the allocation of capital and for the management of risk, the regulation and supervision of financial sectors, and standards of transparency. The roles of the various institutional components of the system also need a thorough review, including the possibility for strengthening and/or transforming the Interim Committee. Members invited the Executive Board to develop its work in these directions and to report to the Committee at its next meeting.

On a number of points of great importance for the stability of the international financial system and the effective functioning of global capital markets, preparatory work is already well under way, and agreement around them is broad. Now is the time to follow up with concrete and rapid action. The following points were emphasized:

#### *Standards*

- There is an urgent need to further develop and disseminate internationally accepted norms as a means to raise the transparency of economic policy and to enable financial markets to better assess borrowers' creditworthiness, as well as standards as benchmarks for the assessment of good practices. Furthermore, appropriate means should be sought to encourage offshore financial centers to comply with such norms and standards. The Committee welcomed the introduction by the IMF of the code of conduct on fiscal transparency, as well as the ongoing work on the code of monetary and financial policies, and called on the Executive Board to complete its work in this area urgently. The Committee also noted the need for similar agreed codes and standards on corporate governance, accountancy, and insolvency regimes, and called on the IMF to collaborate closely with relevant international financial institutions and other standard-setting bodies in these areas of less direct operational concern to the IMF.

#### *Transparency*

- Greater transparency and reporting by both the public and private sectors is critical for better functioning financial markets. Comprehensive, frequent, and timely disclosure of countries' international reserve positions and external exposure is needed. Work must proceed expeditiously to improve the availability of data on reserves, external debt, and other capital flows, particularly short-term private flows. To this end, the Committee endorsed the current proposals to strengthen the Special Data Dissemination Standard, and the agreement on a minimum standard for data provision to the IMF with respect to reserves and related items. The Committee urged the Inter-Agency Task Force on Finance Statistics convened by the IMF to

accelerate the work to improve the systems for reporting external debt, as a matter of priority.

- Greater transparency is also needed on the part of financial market participants and may require additional regulatory and disclosure measures. In that context, the Committee called for an in-depth analysis by concerned agencies of the prudential and supervisory implications arising from the operations of international institutional investors, including highly leveraged operations, with a view to determining whether additional disclosure requirements or regulations are appropriate to allow better public assessment of the risks involved.
- The IMF, for its part, is contributing to transparency through greater openness, about its own policies and the advice it provides to members. These efforts should be strengthened through a wider use of Public Information Notices (PINs), (including on IMF policy decisions); the broader publication of Letters of Intent (LOIs) and Policy Framework Papers (PFPs) underpinning IMF-supported programs; and more public information on, and evaluations of, the IMF's operations and policies.

#### *Private Sector Contribution*

- Greater involvement of the private sector is also of critical importance both in preventing and resolving financial crises. The Committee recognized that the issues involved in this domain are complex. The IMF could build on the experience from the several cases, over the past nine months, in which member countries, creditors, and the IMF found practical approaches for rapid and effective action. In this regard, the Committee asked the Board to study further the use of market-based mechanisms to cope with the risk of sudden changes in investor sentiment leading to financial crises.

#### *Capital Movements*

- Introducing or tightening capital controls is not appropriate to deal effectively with fundamental economic imbalances. Any temporary breathing space such measures might bring would be outweighed by the long-term damage to investor confidence and the distortionary effects in resource allocation. These controls are no substitute for addressing at the source weaknesses in dealing with structural or macroeconomic imbalances. Temporary impediments to capital movements, however, have been used under certain circumstances, and in this regard, the Committee asked the Board to review the experience with the use of controls on capital movements, and the circumstances under which such measures may be appropriate.
- As regards capital movements, the preconditions for a successful opening of national markets must be carefully ascertained and created. It is essential to prevent participation in global capital markets from becoming a channel or a source of financial instability (in the domestic economy), with the attendant risk of negative spillovers onto the rest of the world economy. The opening of the capital account must be carried out in an orderly, gradual, and well-sequenced manner, keeping its pace in line with the strengthening of countries' ability to sustain its consequences. The Committee underscored the crucial importance in this regard of solid domestic financial systems and of an effective prudential framework. To this end, the IMF

was encouraged to continue its work, in the context of its surveillance activities and adjustment programs, to prompt countries to adopt adequate measures and to support these efforts, in close collaboration with the World Bank, through several means, including technical assistance and dissemination of standards.

#### *IMF Support*

- The Committee endorsed the Board's recent reaffirmation of the 1989 policy of lending into arrears and its agreement to consider extending this policy, under carefully designed conditions and on a case-by-case basis.

#### *Computer Date Change*

- In connection with these discussions, the Committee urged all countries to prepare expeditiously for a smooth transition to the year 2000 computer date change, and invited the IMF to contribute to raising awareness of the associated problem in the context of its surveillance and program activities.

The Committee requested the Executive Board to advance its work in all of these areas, in cooperation with other institutions and fora, and to report to the Committee at its next meeting.

## **4. Reports on Other IMF Policies and Operations**

### *a. IMF Liquidity, Quotas, NAB, and SDR Amendment*

The Committee expressed serious concern over the IMF's tight liquidity position. It stressed the critical importance in current conditions of augmenting the IMF's resources and urged all members to accelerate the process leading to the implementation of the agreed quota increase. The Committee also called for the completion of countries' adherence to the New Arrangements to Borrow and for the early acceptance of the Fourth Amendment of the Articles of Agreement allowing for the special one-time allocation of SDRs. These were viewed as indispensable actions in present circumstances.

### *b. ESAF and HIPC Initiative—Implementation, Financing, and Lessons from Evaluation and Review; Postconflict Assistance*

- The Committee welcomed the progress made in the implementation of the HIPC Initiative, the extension by the Executive Board of the original two-year period for countries to begin qualifying for assistance until end-2000, as well as the Board's decision to add a degree of flexibility in its evaluation of track records of policy performance for countries receiving post-conflict assistance. The Committee strongly encouraged potentially eligible countries to start the necessary program of adjustment as soon as possible as a prerequisite to benefit from the Initiative, so that every eligible country is in the process by the year 2000.
- The Committee stressed the urgency of securing the financing of the ESAF and the HIPC Initiative and requested the Executive Board to take the necessary decisions soon after the Annual Meetings. It called upon industrial countries that have not contributed to the ESAF-HIPC Trust Fund to come forward with their contributions without delay.
- The Committee supported proposals based on the recent internal and external reviews of ESAF operations, to achieve better design and implementation of ESAF-

supported programs. It regarded them as part of a continuing effort to adapt the IMF's strategy for the purpose of promoting growth and adjustment; in this context, it encouraged the deepening of the dialogue between the IMF and other relevant organizations.

- The Committee took note of the joint Bank-Fund report on assistance to post-conflict countries and requested that the Executive Board consider the issues quickly and explore further viable proposals that recognize the special needs of poor post-conflict countries, especially those with arrears to IFIs.

#### *c. Bank-Fund Collaboration*

The Committee considered recent initiatives to strengthen collaboration between the Bank and the IMF. While recognizing the specific mandates of the two institutions, it stressed the importance of their working together, including in joint missions, to assist countries in implementing integrated stabilization and structural reform programs. Enhanced collaboration would maximize the effectiveness of the two institutions at a time of high demands on their resources. The Committee attached particular importance to stronger cooperation in helping countries strengthen financial systems.

#### *d. EMU and the Fund—Operational Issues*

The Committee welcomed the decision of the European Union (EU) that 11 EU members will move to the third and final stage of economic and monetary union (EMU) on January 1, 1999. EMU will necessitate some changes in the IMF's operational procedures, including those related both to surveillance and to the financing of the IMF. In light of the importance of the euro area, the IMF should develop its surveillance activities in this domain and complete its work to deal with the operational implications of the advent of EMU. In this context, the Committee underlined the importance of establishing an effective exchange of views with relevant EU institutions, especially the ECB.

The next meeting of the Interim Committee will be held in Washington, D.C. and is provisionally scheduled for April 27, 1999.

### **Annex: Interim Committee Attendance October 4, 1998**

#### *Chairman*

Carlo Azeglio Ciampi

#### *Managing Director*

Michel Camdessus

#### *Members or Alternates*

Ibrahim A. Al-Assaf, Minister of Finance and National Economy, Saudi Arabia

Gordon Brown, Chancellor of the Exchequer, United Kingdom

Chatu Mongol Sonakul, Governor, Bank of Thailand

Antonio Fazio, Governor, Banca d'Italia (Alternate for Carlo Azeglio Ciampi, Minister of the Treasury, Italy)

E.A. Evans, Secretary, Commonwealth Treasury of Australia (Alternate for Peter Costello, Treasurer, Australia)

Dai Xianglong, Governor, People's Bank of China

Marcel Doupamby Matoka, Minister of Finance, Economy, Budget and Equity Financing, Gabon

Roque B. Fernández, Minister of Economy and Public Works and Services, Argentina

Viktor Gerashchenko, Chairman, Central Bank of the Russian Federation

José Angel Gurría, Secretary of Finance and Public Credit, Mexico

Marianne Jelved, Minister of Economic Affairs, Denmark

Abdelouahab Keramane, Governor, Banque d'Algérie

Trevor A. Manuel, Minister of Finance, South Africa

Sultan Bin Nasser Al-Suwaidi, Governor, United Arab Emirates Central Bank (Alternate for Mohammed K. Khirbash, Minister of State for Finance and Industry, United Arab Emirates)

Pedro Sampaio Malan, Minister of Finance, Brazil

Paul Martin, Minister of Finance, Canada

Robert E. Rubin, Secretary of the Treasury, United States

Yashwant Sinha, Minister of Finance, India

Dominique Strauss-Kahn, Minister of Economy, Finance and Industry, France

Sadakazu Tanigaki, State Secretary for Finance, Ministry of Finance, Japan

Kaspar Villiger, Minister of Finance, Switzerland

Jean-Jacques Viseur, Minister of Finance, Belgium

Hans Tietmeyer, President, Deutsche Bundesbank, Germany (Alternate for Theo Waigel, Federal Minister of Finance, Germany)

Gerrit Zalm, Minister of Finance, Netherlands

#### *Observers*

Yilmaz Akyuz, Chief, Macro-Economics and Development Policies Branch, UNCTAD

Andrew D. Crockett, General Manager, BIS

Nitin Desai, Under-Secretary-General for Economic and Social Affairs, UN

Yves-Thibault de Silguy, Commissioner for Economic, Monetary and Financial Affairs, EC

Wim F. Duisenberg, President, ECB

Donald J. Johnston, Secretary-General, OECD

Renato Ruggiero, Director-General, WTO

Tarrin Nimmanahaeminda, Chairman, Joint Development Committee

James D. Wolfensohn, President, World Bank

### **Fifty-Second Meeting, Washington, D.C., April 27, 1999**

1. The Interim Committee held its fifty-second meeting in Washington, D.C. on April 27, 1999 under the Chairmanship of Mr. Carlo Azeglio Ciampi, Minister of the Treasury of Italy.

### **2. *Developments in the World Economy; Policy Response in Recent Crises***

#### *a. Developments in the World Economy*

The Committee was encouraged by a number of policy actions and developments since its October 1998 meeting that have helped to improve market confidence and reduce the risks of a global recession. Nonetheless, the outlook is for world output growth to remain sluggish in 1999 while a moderate recovery is foreseen for 2000. Serious challenges remain that will take some time to resolve.

Among the positive developments, the Committee noted that:

- Activity in most of the Asian crisis economies seems to be turning towards recovery. Continued progress with structural reforms will help to restore and maintain economic dynamism in the longer run.
- In Brazil, the situation has stabilized since early March. Spillovers to financial markets elsewhere in the region have generally been moderate, reflecting in part the past decade's efforts to strengthen fiscal positions and to build sound financial systems.
- The U.S. and Canadian economies have continued to grow remarkably strongly, while inflation has remained subdued.
- Investor sentiment toward emerging markets has broadly improved since the beginning of the year. In mature financial markets, sentiment has improved markedly since last October, as concerns about the risk of a liquidity shortage have subsided.

Notwithstanding these positive developments, there have also been some concerns. The crisis in Brazil, although it has abated since early March, has imparted a contractionary impulse to other Latin American countries and to the world economy. In Japan, despite some improvement, short-term prospects remain uncertain, and growth in much of Europe has further slowed below potential. In Russia, economic activity has been recovering from the low point in September and monthly inflation has decreased, but the fiscal and debt imbalances remain unsustainable. Commodity-exporting countries—many of which have incurred steep losses in export revenues since the start of the Asian crisis—face significant adjustment challenges.

The Committee considered the policies that would be required to address the downside risks to growth and other policy challenges—in particular, the continuing uneven pattern of growth among the United States, the euro area, and Japan, which has contributed to a marked widening of global trade imbalances. Priority should be given to an appropriate mix of macroeconomic and structural measures aimed at generating early, vigorous, and sustained recoveries in the crisis-afflicted emerging market countries; to policies of financial restructuring and domestic demand-led growth in Japan; and to policies for supporting domestic demand in Europe. In this connection, the Committee recognized the important policy initiatives in Japan aimed at stimulating domestic demand and easing financial sector strains, but stressed the importance of Japan implementing stimulus measures until growth is restored, using all available tools. The Committee welcomed the recent interest rate reduction by the European Central Bank. The Committee emphasized the importance of open and competitive markets as a key component of efforts to sustain growth and stability in the global economy. It encouraged further trade liberalization, including market access for developing country exports, and looked forward to the launch of a new round of trade negotiations at the WTO in November with a balanced agenda that addresses the concerns of all WTO member countries.

The Committee welcomed the start of European Economic and Monetary Union (EMU), which should contribute to financial stability and sustainable growth in the euro area and globally. Members of the euro area need to attack the root causes of high unemployment. An appropriate policy mix to support stronger domestic demand, accompa-

nied by structural reforms in labor, capital, and product markets, is essential to enhancing growth and employment prospects, especially in the medium term, in order for the euro area to be a major source of growth in the world economy.

#### *b. Policy Response in Recent Crises*

The Committee endorsed the broad strategy adopted, and noted the lessons learned, by the international community in dealing with the Asian financial crisis. It pointed to the progress made by Korea, Thailand, the Philippines, and Indonesia under IMF-supported programs, which had been responsive to evolving circumstances—including through the strengthening of social safety nets—and had benefited from the support of the international community. While noting that the worst of the crisis was over, the Committee stressed that serious challenges remain ahead and thus urged the countries affected to persevere with the needed reforms, and so lay the basis for a resumption of sustainable and high quality growth.

Drawing lessons from the crisis, the Committee emphasized, in particular, the need to address in a timely way the sources of economic vulnerabilities, such as inappropriate policy mixes, leading in particular to significant exchange rate misalignments; excessive debt accumulation; imprudent debt management policies; financial sector fragility particularly in a situation of weak financial supervision and regulation; limitations in information available to markets; weaknesses in corporate structures; inappropriate sequencing of capital account liberalization; and deficient risk management by creditors. It also emphasized the critical importance of strong national ownership of programs.

On Brazil, where public sector imbalances have been at the root of the crisis, the Committee expressed support for the authorities' revised economic program and emphasized the importance of its full implementation as well as the continued support of the private financial community for Brazil.

In reviewing prospects for Russia, the Committee stressed that, despite recent improvements, vigorous action is needed to tackle the root causes of the crisis, especially persistent fiscal imbalances, structural rigidities, and financial sector weaknesses.

Regarding exchange rate regimes, the Committee noted that desirable arrangements may vary across countries, and that any regime must be supported by disciplined policies and robust financial systems. Recent crises have demonstrated that the policy requirements of maintaining a pegged rate are demanding, in particular in an environment of increased mobility of international capital. However, at the same time, the Committee observed that a number of economies with fixed exchange rate arrangements, including under currency boards, had been successful in maintaining exchange rate parities. It requested the Executive Board to consider further the issue of appropriate exchange rate arrangements, including in the context of large-scale official financing.

Building upon the useful review by the Executive Board of IMF-supported programs in the Asian financial crisis, the Committee requested the Executive Board to discuss ways to further improve IMF surveillance and programs so that they better reflect the changes in the world economy, in particular potentially abrupt large-scale cross border capital movements.

### 3. *Strengthening the Architecture of the International Monetary System*

The Committee noted that broad agreement had been reached on key aspects of a strengthened architecture and welcomed the actions by the IMF in a number of important areas. Nevertheless, it remains to develop some issues further and to implement several of the proposals that have been put forward. The international financial system needs to be strengthened to reduce the risks posed by weaknesses in policy and by the volatility of capital flows, and also to facilitate access to capital markets by the many countries that have not yet benefited from globalization. With that in mind, the Committee considered several of the interrelated elements of the reform agenda and called on the private sector, national authorities, as well as on the IMF and other institutions and forums to carry forward this work in the months ahead. The Committee requested the Executive Board to consider further the systemic aspects of prevention. It recognized the central importance of IMF surveillance in carrying forward this reform agenda.

#### *a. Forestalling and Resolving Financial Crises*

The Committee emphasized that prevention of crises remains the key. It endorsed the Executive Board's decision to establish a contingent credit line in the IMF. This new instrument is an important component of the ongoing effort to strengthen the architecture of the international monetary system. The new contingent credit line will help countries pursuing sound and sustainable policies to maintain stability, even in the face of deteriorating global financial conditions. This facility will provide an important instrument of crisis prevention, by creating further incentives for countries to adopt strong policies, notably debt management and sustainable exchange rate policies; to adhere to internationally accepted standards; and to involve the private sector in a constructive manner—thereby containing the risks of financial market contagion, while taking into account the potential impact on the IMF's liquidity.

Further work is needed on crisis prevention, in particular in conjunction with the private sector: improved risk assessment and its reflection in pricing; better data, including on private sector capital flows; strengthened monitoring of capital flows, in particular short-term flows; more information about countries' policies and the IMF's assessment of these policies; adherence to internationally recognized standards; stronger financial systems, and improved regulatory oversight of highly leveraged institutions, including hedge funds, and of offshore banking centers.

The Committee endorsed the IMF's intention to intensify its work with member governments to put in place as soon as possible mechanisms that could facilitate the avoidance or orderly resolution of crises, *inter alia*:

- Adhere to sound principles of debt management, avoid excessive accumulation of short-term debt and, more generally, maintain an appropriate structure of liabilities;
- Establish systems for high-frequency monitoring of private external liabilities;
- Maintain effective communication with private capital markets;
- Maintain adequate foreign exchange liquidity, including by considering the establishment of contingent credit

lines, call options, or similar arrangements with private creditors;

- Support proposals that seek to eliminate the present regulatory bias in favor of short-term interbank credit lines;
- Identify other arrangements that could better assure continuing private financing in times of potential stress.

The Committee also noted that, in future international bond issues, sovereigns should consider the inclusion of provisions that would facilitate orderly resolution of debt crises. The Committee invited the Board and other relevant forums to explore appropriate ways to introduce collective action clauses in sovereign bond issues.

The Committee also encouraged further consideration of the appropriate response in cases of severe liquidity crises, and stressed the importance of seeking appropriate involvement of the private sector in a cooperative way. The Committee reaffirmed the general principle that borrowers should honor their debts. It noted the IMF's preparedness, under appropriate conditions, and in extreme situations to lend in the presence of arrears to private creditors, thus allowing the IMF to promote effective balance of payments adjustment during possibly protracted negotiations with creditors. The Committee asked the Executive Board to continue its work on all these issues, and report to the Interim Committee, including on ways to assure more orderly debt workouts.

#### *b. Institutional Reform and Strengthening and/or Transforming the Interim Committee*

The Committee agreed that the IMF should remain at the center of the international monetary system, while improving in a pragmatic manner the *modus operandi* of its institutional components and cooperation with other institutions and forums.

The Committee asked its deputies and the Executive Board to explore further the scope for institutional improvements, including of the Interim Committee, and to report at the next meeting of the Interim Committee.

#### *c. Capital Movements*

The Committee encouraged the IMF to continue its work on the appropriate pace and sequencing of capital account opening and, in particular, to further refine its analysis of the experience of countries with the use of capital controls, and to explore further issues related to the IMF's role in an orderly and well-supported approach to capital account liberalization.

The Committee reiterated the importance of timely and comprehensive data on capital flows for effective IMF surveillance of this area. It welcomed the agreement to improve data on short-term liabilities of the official sector in the context of strengthening the Special Data Dissemination Standard (SDDS) as an important first step, and the arrangements to facilitate access to creditor-side external debt data prepared by the IMF, the World Bank, the BIS, and the OECD. The Committee urged moving forward expeditiously with the efforts under way to improve data on capital flows.

#### *d. International Standards and Fund Surveillance*

The Committee welcomed the IMF's progress in developing, disseminating, and monitoring the implementation of internationally recognized standards, given the contribution that the observance of standards will make to strengthening the

international financial system. In particular, the Committee welcomed:

- The strengthening of the SDDS, notably by adopting a comprehensive template for the dissemination of data on international reserves and related liabilities. The Committee strongly encouraged members that have not subscribed to do so. It also called for increased efforts at participation in the General Data Dissemination System. The Committee called on all subscribers to the SDDS to begin disseminating data according to the reserves template, and encouraged completion of the work on transition plans for external debt data and indicators of financial sector soundness.
- The completion of the Manual on Fiscal Transparency to assist members in implementing the Code of Good Practices on Fiscal Transparency. The Committee encouraged all members to work toward improving fiscal transparency in line with the Code.
- The progress achieved in developing a draft Code of Good Practices on Transparency in Monetary and Financial Policies; and the broad collaborative effort to this end by the IMF and other international agencies and bodies. The Committee encouraged the Board to complete its work on the development of the Code as soon as possible, and not later than the Annual Meetings, and to proceed promptly in preparing, in cooperation with appropriate institutions, a supporting document to the Code.
- The Committee also took note of the progress made in developing other standards relevant for the functioning of the international financial system (accounting, auditing, banking supervision, bankruptcy, corporate governance, insurance and securities market regulations, payment systems, etc.). It encouraged standard-setting bodies and organizations to continue their efforts to develop comprehensive standards. The Committee welcomed the IMF's work in the area of insolvency laws. It called on the IMF to continue its collaboration with the World Bank, United Nations Commission on International Trade Law (UNCITRAL), and other relevant institutions in promoting effective insolvency systems. While noting their voluntary nature, the Committee also encouraged countries to adopt the new standards as they are being developed.

In the context of IMF surveillance, the Committee encouraged the IMF to develop the process to encompass the standards and codes relevant to international financial stability. It welcomed the IMF's use of experimental case studies in the preparation of transparency reports and the planned financial system stability assessments, in order to better identify and address the practical issues that need to be considered. The Committee encouraged the broadening of the experiment to a large group of countries and to take stock of these experiences to improve work in this field, and also encouraged the IMF to use transparency reports on a trial basis as a part of its surveillance.

#### *e. Transparency—Recent Progress and Perspectives*

The Committee underscored the importance of greatly increased transparency—of national government policies, of private sector reporting, and of international financial institutions, including the IMF. It welcomed the progress that had been made by the IMF in furthering transparency in members' economic policies and its own operations, including:

- greater use of Public Information Notices (PINs) for IMF policy discussions;
- a presumption toward release of Letters of Intent/Memoranda of Economic and Financial Policies and Policy Framework Papers underpinning IMF-supported programs;
- the issuance of a Chairman's statement capturing the key points of the Board discussion following Board approval or review of members' arrangements;
- the liberalization of access to the IMF's archives; and
- a pilot project for voluntary public release of Article IV staff reports.

The Committee requested the Executive Board to continue work on furthering transparency and urged more countries to participate in the pilot project to ensure its success. The Committee underscored that efforts on transparency should not undermine the role of the IMF as confidential advisor to members. It reaffirmed the importance of strengthening the IMF's contribution to transparency by more public information on, and evaluations of, the IMF's operations and policies.

#### *4. HIPC Initiative and ESAF*

The Committee noted that the time had come to give new impetus to efforts to further reduce the debt of low-income countries undertaking strong adjustment programs. The Committee welcomed the further review of the HIPC Initiative and encouraged the Executive Board of the IMF—together with the Board of the World Bank—to develop more specific proposals to strengthen the current framework so as to enhance debt relief to countries in need in a way that strengthens incentives for the adoption of strong programs of adjustment, reform, and good governance. This relief should provide a clear exit from unsustainable debt burdens. In this context, the Committee recognized the need for appropriate burden sharing among creditors. The Committee looked forward to a report at its next meeting on ways to enhance the link between HIPC Initiative assistance and poverty reduction.

In light of the increased costs associated with the proposed modifications to the HIPC Initiative, and since contributions remain significantly below the financing needs of interim ESAF and HIPC Initiative, the Committee stressed the need to redouble efforts to secure the full financing of these initiatives. It also urged the Executive Board to adopt as soon as possible the decisions needed to ensure that the initiatives are fully funded. The Committee welcomed the substantial progress that has been made in securing additional loan resources for the current ESAF. Members were encouraged to come forward as soon as possible with the resources required to support ESAF operations until the start of the interim ESAF in 2001.

#### *5. Fund Assistance to Postconflict Countries*

The Committee welcomed the measures agreed by the Executive Board to enhance IMF assistance to post-conflict countries, including improving the terms of emergency post-conflict assistance and providing higher access over a longer period in appropriate circumstances. It also welcomed the Executive Board's preparedness to consider, for those post-conflict countries with arrears to the IMF, on a case-by-case basis, relaxing the requirement for payments to the IMF

as a test of cooperation, provided the member is cooperating on policies and that other multilateral institutions take at least comparable action. The Committee noted that the debt burden of the heavily indebted poor postconflict countries would eventually need to be addressed under the HIPC Initiative. The Committee asked the Executive Board to consider further steps in cooperation with the World Bank.

### 6. *Regional Economic Impact of the Kosovo Crisis*

The Committee endorsed the need for a rapid, substantial, and coordinated response by the international community to the economic consequences of the Kosovo crisis. Such a response is urgently needed to ensure that sufficient aid is provided to alleviate the suffering of the refugees from Kosovo and to ensure that countries in the vicinity of the crisis have access to external financing to support their efforts towards macroeconomic stability and structural reform. The Committee stressed that it would be highly regrettable if the considerable progress being made by the affected countries in reforming their economies was set back because of a lack of external financing, on appropriate terms, to meet these increased needs. It emphasized that all humanitarian relief costs should be financed by external aid and grants. Other external financing needs arising as a direct consequence of the crisis should be met from both bilateral and multilateral sources. The international financial institutions should play an important role in this effort. External financing of balance of payments and budget costs in affected countries that are ESAF-eligible should also be provided on highly concessional terms and the Committee looked forward to the ongoing discussions of the affected countries' external debt positions in the framework of the Paris Club. The Committee asked the IMF and the Bank staffs to continue their work in coordinating the international response to the economic impact of the crisis in close cooperation with other interested agencies and donors.

### 7. *Quotas, NAB, and Fourth Amendment of the Articles*

The Committee welcomed the coming into effect of the New Arrangements to Borrow (NAB) and the increase in quotas approved under the Eleventh General Review, which will provide the IMF with the financial resources that will enable it to carry out its mandate at the center of the international monetary system. The Committee noted the relatively slow progress in members' acceptance of the Fourth Amendment of the Articles, allowing for the special one-time allocation of SDRs. The Committee called on members that have not done so to complete the necessary procedures promptly.

The next meeting of the Interim Committee will be held in Washington, D.C. on September 26, 1999.

#### **Annex: Interim Committee Attendance April 27, 1999**

##### *Chairman*

Carlo Azeglio Ciampi

##### *Managing Director*

Michel Camdessus

##### *Members or Alternates*

Ibrahim A. Al-Assaf, Minister of Finance and National Economy, Saudi Arabia

Gordon Brown, Chancellor of the Exchequer, United Kingdom

Antonio Casas González, President, Banco Central de Venezuela

Antonio Fazio, Governor, Banca d'Italia (Alternate for Carlo Azeglio Ciampi, Minister of the Treasury, Italy)

Peter Costello, Treasurer, Australia

Liu Mingkang, Deputy Governor, 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, Minister of Finance, Germany

Pedro Pou, President, Central Bank of Argentina (Alternate for Roque B. Fernández, Minister of Economy and Public Works and Services, Argentina)

Viktor Gerashchenko, Chairman, Central Bank of the Russian Federation

Marianne Jelved, Minister of Economic Affairs, Denmark

Abdelouhab Keramane, Governor, Banque d'Algérie

Sultan Bin Nasser Al-Suwaidi, Governor, United Arab Emirates Central Bank (Alternate for Mohammed K. Khirbash, Minister of State for Finance and Industry, United Arab Emirates)

Pedro Sampaio Malan, Minister of Finance, Brazil

Trevor A. Manuel, Minister of Finance, South Africa

Paul Martin, Minister of Finance, Canada

Kiichi Miyazawa, Minister of Finance, Japan

Robert E. Rubin, Secretary of the Treasury, United States

Syahril Sabirin, Governor, Bank Indonesia

Bimal Jalan, Governor, Reserve Bank of India (Alternate for Yashwant Sinha, Minister of Finance, India)

Dominique Strauss-Kahn, Minister of Economy, Finance and Industry, France

Kaspar Villiger, Minister of Finance, Switzerland

Jean-Jacques Viseur, Minister of Finance, Belgium

Gerrit Zalm, Minister of Finance, Netherlands

##### *Observers*

Andrew D. Crockett, General Manager, BIS

Nitin Desai, Under-Secretary-General for Economic and Social Affairs, UN

Yves-Thibault de Silguy, Commissioner for Economic, Monetary and Financial Affairs, European Commission

Wim F. Duisenberg, President, ECB

Katherine Ann Hagen, Deputy Director-General, ILO

Donald J. Johnston, Secretary-General, OECD

Renato Ruggiero, Director-General, WTO

Tarrin Nimmanahaeminda, Chairman, Joint Development Committee

John Toye, Director, Division on Globalization and Development Strategies, UNCTAD

James D. Wolfensohn, President, World Bank

Javad Yarjani, Head, Petroleum Market Analysis Department, OPEC



## 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)

### P R E S S   C O M M U N I Q U É S

#### Fifty-Eighth Meeting, Washington, D.C., October 5, 1998

1. The fifty-eighth meeting of the Development Committee was held in Washington, D.C. on October 5, 1998 under the chairmanship of Mr. Tarrin Nimmanahaeminda, Minister of Finance of Thailand.<sup>1</sup>

2. *Anwar Ibrahim.* The Committee expressed its great appreciation to Mr. Anwar Ibrahim, who had served so ably as Chairman of the Committee.

3. *Implications of the Asian Crisis.* The Committee paid particular attention on this occasion to development priorities and the response of the World Bank Group.

4. Ministers recognized that the economic and social aftershocks of the crisis were more severe than earlier anticipated. The crisis had now spread beyond Indonesia, Korea, Thailand, and Malaysia, and its global ramifications had increased the vulnerability of all countries. Ministers therefore noted the need to support an early and sustained recovery in East Asia and contain the risks of crises elsewhere, and to assist countries more generally to develop the prerequisites for sustainable economic growth in a more integrated international financial and economic system.

5. Ministers agreed that a concerted strategy for restoring sustainable growth and reversing the dramatic increase in poverty in East Asia should include the following key elements: (i) maintaining and accelerating progress on structural reforms, including governance structures required for the efficient working of markets; (ii) restructuring the banking system and corporate sectors and, in the short term, restoring credit to viable businesses; (iii) mobilizing necessary resources to finance growth; (iv) regenerating demand; and (v) protecting the environment. Crucial to all these elements is a focus on social concerns and the need to mitigate the most harmful effects of the crisis on the poor.

6. Ministers further noted that, if it were allowed to continue, financial turmoil could result in major setbacks to the global economy, and particularly to the progress most developing countries had achieved in the 1990s. The Committee agreed that actions were needed to help restore confidence and prevent contagion in the event of market pressures. Emerging market countries should strengthen their policies and institutions at an early stage to minimize their vulnerability to adverse shifts in investor sentiment. Industrial countries should take early and decisive actions to help regain or maintain growth momentum and global financial stability. All countries should continue the process of market opening and resist protectionism. All countries and the international financial institutions (IFIs) need to attach high priority to the

promotion of good governance and the elimination of corruption.

7. Ministers stressed that, given the magnitude of reversals in capital flows that East Asia and other regions had experienced, resumption of private flows was key to recovery. Ministers also emphasized the important catalytic role played by official flows from multilateral agencies and bilateral sources.

8. In this context, the Committee agreed that, beyond responding to the immediate crisis, and in parallel with ongoing efforts to improve the international financial architecture, concerted actions were needed to help countries bolster their structural and social policies and institutions. These include strengthening the financial sector; establishing a sound business environment; improving public and private sector governance, particularly transparency and accountability; and strengthening social protection. Ministers noted that the primary role of the World Bank was to help eliminate poverty and improve social well-being, in line with international development goals. They therefore encouraged the World Bank to work with the United Nations, the IMF, and other partners to develop general principles of good practice in structural and social policies (including labor standards).

9. *Bank Group Response.* The Committee welcomed the prompt response of the Bank Group to the crisis, including the pledge of up to \$17 billion in financing for affected countries in the region. Ministers expressed appreciation for the significant steps already taken by the Bank Group to assist countries to address the social consequences of the crisis; restructure their financial and corporate sectors; and strengthen structural reforms. They welcomed the Bank Group's intention to further enhance, within the Strategic Compact, its capacity (including through consideration of new instruments) to support member governments' structural and social development programs.

10. The Committee noted the decisions and recommendations recently made by the Executive Board related to the Bank's income dynamics. Given the increasing demands on the Bank's financial resources, Ministers asked the Executive Board to explore appropriate options to ensure that the Bank remains able to respond quickly and effectively to the development needs of its members. Ministers reaffirmed the fundamental importance of maintaining a financially strong Bank.

11. *Bank-Fund Collaboration.* The Committee noted the important roles to be played by the International Financial Institutions in meeting the range of new challenges facing the international community. In this context, the Committee expressed its appreciation for the major efforts undertaken by the IMF and Bank to help countries deal with the crisis and its broad consequences. They stressed the importance they attached to effective coordination between the Bank and the IMF. Ministers noted the joint report from the IMF's Managing Director and the Bank's President that set out the respective responsibilities of the two institutions and how each would support the macroeconomic policy and structural reform agendas of member governments. Ministers welcomed the proposed measures to improve operational mechanisms

<sup>1</sup>Mr. James D. Wolfensohn, President of the World Bank, Mr. Michel Camdessus, Managing Director of the International Monetary Fund, Mr. Abdelkrim Harchaoui, Minister of Finance of Algeria and Chairman of the Group of Twenty-Four, addressed the plenary session. Observers from a number of international and regional organizations also attended.

and the environment for collaboration, including information sharing, so as to enhance the institutions' capacity to serve member countries. Ministers requested that the Bank and IMF Executive Boards keep implementation of these actions, as well as the scope for further strengthening of collaboration, under review.

12. Ministers also encouraged the Executive Boards of the IMF and Bank to review the roles of the Interim and Development Committees as part of the ongoing consideration of steps to strengthen the international financial architecture.

13. *Partnerships.* Ministers also welcomed the continued deepening of the partnerships between the World Bank, the Asian and African Development Banks, and other multilateral and bilateral agencies in addressing the crisis and its longer-term impact. (Ministers looked forward to receiving at the Committee's next meeting the Bank President's report on progress achieved in strengthening World Bank cooperation with regional development banks.) Given the importance of trade for sustained recovery, Ministers urged the IFIs to intensify cooperation in the Integrated Framework for Trade Related Technical Assistance for the Least Developing Countries. They also encouraged the World Bank to work closely with WTO, UNCTAD, and other interested parties in building poor countries' capacity to prepare for a new global trade round. Ministers also urged enhanced cooperation between IFIs and the United Nations system at the country level.

14. *Implementation of the Debt Initiative for Heavily Indebted Poor Countries (HIPC).* Ministers were encouraged by the progress made during the Initiative's first two years. They noted that nine countries have so far reached the decision point, and total commitments to the seven requiring assistance under the Initiative amount to about \$6.1 billion in nominal debt-service relief (\$3.1 billion in net present value (NPV) terms). Ministers welcomed the fact that Bolivia had reached its completion point, based on continued strong policy performance; savings in nominal debt service were about \$760 million (or about \$450 million in NPV terms). The Committee also welcomed the recent agreement that Mali had reached its decision point and was expected to reach its completion point in December 1999.

15. Ministers expressed continued strong support for the Initiative. They endorsed the extension of the entry deadline, from September 1998 until the end of 2000, and the decision to add a degree of flexibility in its evaluation of track records of policy performance for countries receiving postconflict assistance. Ministers encouraged potentially eligible countries, including those emerging from conflict, to undertake the necessary Bank/IMF-supported programs as soon as possible so that by the year 2000 every eligible country is included in the Initiative. They also stressed the importance of additional contributions to the Initiative to assist all multilateral institutions to meet their share of the cost, including, in particular, the African Development Bank.

16. Ministers encouraged the establishment of closer ties between debt relief and support for poverty reduction, as ways of making progress toward achievement of the international development targets. Ministers also supported the plan to carry out a comprehensive review of the Initiative, including an update of cost estimates, as early as 1999.

17. *Assistance to Postconflict Countries.* Ministers discussed the special problems faced by postconflict countries. They

noted that a wide range of support had been provided these countries by the Bank and IMF, along with the UN System and bilateral partners. Ministers encouraged them, within their respective mandates, to assist these countries with effective conflict prevention policies, thereby paving the way for a durable and successful postconflict resolution. Ministers recognized, however, that in a number of cases, especially those with large and protracted arrears to multilateral institutions, the international community should explore additional ways to provide assistance more quickly and effectively. In particular, Ministers emphasized the need to provide (and, where needed, increase) positive net transfers from official creditors to postconflict countries that are adopting sound economic and social policies. The Committee welcomed the initial work done by the Bank and the IMF in identifying the issues. Ministers recognized that providing additional assistance, especially from the IFIs, raised significant policy and resource issues which would need to be considered more fully. Given the need to provide more effective support to postconflict countries, Ministers requested that the Bank and the IMF, in cooperation with the African Development Bank and other major creditors, develop an approach to guide assistance to these countries on a case-by-case basis, taking account of the specific capabilities of each institution. The Bank and IMF were asked to report back to the Committee at its next meeting.

18. *IMF and IDA Resources.* Ministers urged all members to implement the agreed IMF quota increase without delay to ensure the IMF has adequate resources to meet the substantial additional demands placed upon it. Ministers also stressed the urgency of securing the financing of the ESAF. Moreover, given the vital need for concessional resources to sustain support for poverty reduction in poor countries, particularly in Africa, they urged IDA Deputies to reach a successful conclusion of IDA 12 negotiations before the end of 1998.

19. *Executive Secretary.* The Committee extended Alexander Shakow's term as Executive Secretary until October 1999.

20. *Next Meeting.* The Committee's next meeting is provisionally scheduled for April 28, 1999 in Washington, D.C.

### Fifty-Ninth Meeting, Washington, D.C., April 28, 1999

1. The fifty-ninth meeting of the Development Committee was held in Washington, D.C., on April 28, 1999 under the chairmanship of Mr. Tarrin Nimmanahaeminda, Minister of Finance of Thailand.<sup>2</sup>

2. *Debt Initiative for Heavily Indebted Poor Countries (HIPC).* Encouraged by the progress made over the last two and half years, Ministers expressed their continued strong support for the Initiative and reaffirmed its overarching objective of poverty reduction. They discussed ways to strengthen

<sup>2</sup>Mr. Renato Ruggiero, Director-General of the World Trade Organization, Mr. James D. Wolfensohn, President of the World Bank, Mr. Michel Camdessus, Managing Director of the International Monetary Fund, and Mr. G.L. Peiris, Minister of Justice and Constitutional and Ethnic Affairs and Deputy Minister of Finance of Sri Lanka, Chairman of the Group of Twenty-Four, addressed the plenary session. Observers from a number of international and regional organizations also attended.

the Initiative and welcomed the results of the extensive external consultation process in this regard. The Committee endorsed the current review and examination of options designed to enable HIPC Initiative debt relief to be broader, deeper, and faster. Ministers reiterated the importance of ensuring a clear link between debt relief and the goals of sustainable development and poverty reduction and looked forward to the results of ongoing consultations in this area. From the outset, the underlying reform programs should have an integral pro-poor growth focus. Programs for HIPC should fully reflect social concerns by protecting social expenditures.

3. Ministers endorsed a set of principles that should be used in considering changes to the current HIPC framework. These guiding principles include recommendations that debt relief should: (i) reinforce the wider tools of the international community to promote sustainable development and poverty reduction; (ii) strengthen the incentives for debtor countries to adopt and implement economic and social reform programs; (iii) provide a clear exit from an unsustainable debt burden—taking into account external vulnerabilities of each eligible country; and (iv) be consistent with the need to preserve the financial integrity of the IFIs. Moreover, any changes should simplify implementation of the Initiative.

4. Ministers took note of the updated and higher cost estimates of the current framework, as the alternative costs of potential enhancements to the Initiative, and the importance of early debt-service reduction. They emphasized that the review of options for change should continue to be based on cost estimates provided by the Bank and the IMF that take into account those countries likely to qualify for relief, and an estimate of total resources required as well as the likely time period of expenditures. The review would need to be matched by a broad-based effort to find appropriate and equitable financing solutions. In particular, there is a need for increased bilateral contributions—with fair burden sharing—to the HIPC Trust Fund to help those multilateral creditors unable to meet additional costs from their own resources. In addition, ministers stressed the need to secure financing for the IMF ESAF/HIPC Trust. While acknowledging the financial constraints facing multilateral creditors, ministers encouraged them to examine further the funding they can provide for the HIPC Initiative. Ministers requested that changes to the HIPC Initiative framework and financing plans be presented for their consideration at the Committee's next meeting, including specific proposals for multilateral institutions to provide cash flow relief between the decision and completion points.

5. Ministers also welcomed the proposals from bilateral creditors to consider enhanced debt relief, including more relief of the eligible HIPCs' ODA debts. The Committee supported a better coordinated effort to ensure that new financing to HIPCs be in the form of grants or on highly concessional terms. Ministers urged an intensification of efforts on both the aid and trade fronts, emphasizing that HIPC Initiative debt relief alone would be insufficient to reach the overarching International Development Goal of halving the proportion of people living in absolute poverty by 2015.

6. *Assistance to Postconflict Countries.* Ministers noted the progress achieved by the Bank and the IMF in enhancing

their capacity to assist postconflict countries. They welcomed the recent agreement by the IMF Executive Board to enhance postconflict emergency financial assistance and to take into account, on a case-by-case basis, the special circumstances of postconflict countries with arrears to the IMF. The Committee also welcomed the Bank's progress in designing financial instruments aimed at providing positive net transfers to postconflict countries implementing policies conducive to stabilization, growth, and poverty reduction. Ministers stressed the need, where relevant, to link such efforts to preparing countries for participation in the HIPC Initiative. They encouraged the two institutions to continue to work together, and with UN agencies, bilateral partners, and other institutions, to strengthen their assistance to postconflict countries and to implement enhanced assistance in individual countries as soon as possible, in the context of appropriate macroeconomic and structural policies. They stressed that these initiatives would need to complement strengthened efforts by the international community to assist in the early and orderly transition from conflict to stabilization and economic growth. They emphasized the need for demonstrated commitment to lasting peace by the previously conflicting parties to enable donors and creditors to provide exceptional support.

7. *Bank Group Financial Capacity.* The Committee welcomed the successful conclusion of the IDA-12 replenishment agreement and the MIGA general capital increase that will provide essential resources for two key parts of the World Bank Group. Ministers also welcomed the attention being devoted by the Bank's Executive Board and management to the financial strength of the IBRD and the International Finance Corporation (IFC). Ministers reaffirmed their strong commitment to preserve the IBRD's and IFC's financial integrity. They recognized that the institutions must respect appropriate financial limits in the conduct of their operations. Ministers accordingly asked that the Executive Board review IBRD and IFC priorities, particularly in light of recent global economic and financial developments, and report back to the Committee at its next meeting with balanced options for maintaining and supporting the institutions' financial capacity to help them meet the future development needs of borrowing member countries.

8. *Comprehensive Development Framework (CDF).* The Committee welcomed the holistic approach to sustainable development envisaged in the CDF. Ministers appreciated that the CDF emphasizes the ultimate importance of country ownership of decision making as well as partnership and coordination between government, civil society, the private sector, and other multilateral and bilateral actors, in pursuit of poverty reduction—the Bank's central goal. They underscored the importance, within the CDF, of each partner sharpening its focus. They noted that many governments had expressed interest in working as partners with the Bank in helping to develop the CDF. Ministers recognized that the ultimate test of the CDF would be in its implementation, and they called on the Executive Board to monitor and evaluate progress in the pilot country cases as they evolve over the next 18 months.

9. *Multilateral Development Bank (MDB) Cooperation.* Ministers welcomed the President's report on strengthened World Bank cooperation with regional development banks,

an important set of development partners. They underscored the importance of continuing to strengthen cooperation between the World Bank, regional development banks, and the IMF. Ministers believe such enhanced collaboration, while respecting each institution's unique mandate, can improve lending efficiency and effectiveness; they urged further concrete steps be taken by the MDBs as, for example, in developing comparable methods for evaluating development effectiveness and in establishing best-practice MDB procurement rules.

10. *Principles and Good Practice in Social Policy.* Ministers noted the important contributions of the Bank and the IMF in current efforts to strengthen the architecture of the international financial system through their participation in the formulation of international standards, principles, and best practices. Reflecting on the lessons of the recent financial crisis, Ministers reiterated the importance of concerted action to help countries bolster their social policies and institutions. They considered a draft note on principles and good practice in social policy, prepared at the Committee's request by the World Bank in cooperation with the UN and others. Ministers agreed that further development of these basic social principles was best pursued within the framework of the United Nations, as part of the international community's follow-up on the Copenhagen Declaration of the World Summit for Social Development. Ministers encouraged the Bank to help countries mobilize the necessary domestic and external resources to implement these principles and to share best practice on the effective use of such resources. Ministers emphasized the importance of the Bank concentrating on strengthening its support for member countries in translating broad principles into practical country-specific results, based on the Bank's extensive operational role in promoting broad-based, poverty-reducing development—experience of best

practice that should be an important part of the Bank's contribution to the United Nations discussion of principles. They emphasized the importance and urgency of work by the Bank and the IMF to help countries be better prepared for crisis situations, and to ensure that when crisis strikes the most vulnerable groups are protected and the process of longer-term development is sustained; ministers asked the World Bank to report back to the Committee at the Annual Meetings on associated policies and practices that could support national and international implementation of these objectives.

11. *Strengthening International Forums.* Ministers discussed a number of options for strengthening the Development and Interim Committees. They recognized the importance of reaching agreement as soon as possible and asked the two Executive Boards to develop proposals for consideration by the Committees at their next meetings.

12. *The Balkan Crisis.* Ministers were informed of the results of the special high-level meeting of governments and international agencies held on April 27. Convened by the World Bank and the International Monetary Fund, the meeting focused on the economic impact of the Kosovo crisis on neighboring countries in the Balkan region. The Committee welcomed the attention being paid to the region's short-term financial needs, as well as a medium-term approach to economic stability in these countries. They emphasized that conflict and postconflict situations elsewhere also required a high level of attention by the international community. Ministers welcomed the request that the World Bank and the European Union coordinate these efforts for the Balkan crisis. Ministers looked forward to being informed of follow-up actions in due course.

13. *Next Meeting.* The Committee's next meeting is scheduled for September 27, 1999 in Washington D.C.

# APPENDIX VII

## Executive Directors and Voting Power on April 30, 1999

Director <i>Alternate</i>	Casting Votes of	Votes by Country	Total Votes <sup>1</sup>	Percent of IMF Total <sup>2</sup>
<b>Appointed</b>				
Karin Lissakers <i>Barry S. Newman</i>	United States	371,743	371,743	17.53
Yukio Yoshimura <i>Masabiko Takeda</i>	Japan	133,378	133,378	6.29
Bernd Esdar <i>Wolf-Dieter Donecker</i>	Germany	130,332	130,332	6.15
Jean-Claude Milleron <i>Ramon Fernandez</i>	France	107,635	107,635	5.08
Stephen Pickford <i>Stephen Collins</i>	United Kingdom	107,635	107,635	5.08
<b>Elected</b>				
J. de Beaufort Wijnholds (Netherlands) <i>Yuriy G. Yakusha (Ukraine)</i>	Armenia	1,170		
	Bosnia and Herzegovina	1,941		
	Bulgaria	6,652		
	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	<u>13,970</u>	105,412	4.97
Willy Kiekens (Belgium) <i>Johann Prader (Austria)</i>	Austria	18,973		
	Belarus	4,114		
	Belgium	31,273		
	Czech Republic	8,443		
	Hungary	10,634		
	Kazakhstan	3,907		
	Luxembourg	1,605		
	Slovak Republic	3,825		
	Slovenia	2,567		
	Turkey	<u>9,890</u>	95,231	4.49
Javier Guzmán-Calafell (Mexico) <i>Hernán Oyarzábal (Venezuela)</i>	Costa Rica	1,891		
	El Salvador	1,963		
	Guatemala	1,788		
	Honduras	1,545		
	Mexico	26,108		
	Nicaragua	1,550		
	Spain	30,739		
	Venezuela	<u>26,841</u>	92,425	4.36

Director Alternate	Casting Votes of	Votes by Country	Total Votes <sup>1</sup>	Percent of IMF Total <sup>2</sup>
<b>Elected (continued)</b>				
Riccardo Faini (Italy)	Albania	737		
John Spraos (Greece)	Greece	8,480		
	Italy	70,805		
	Malta	1,270		
	Portugal	8,924		
	San Marino	350	90,566	4.27
Thomas A. Bernes (Canada)	Antigua and Barbuda	385		
Peter Charleton (Ireland)	Bahamas, The	1,199		
	Barbados	925		
	Belize	438		
	Canada	63,942		
	Dominica	310		
	Grenada	335		
	Ireland	8,634		
	Jamaica	2,985		
	St. Kitts and Nevis	339		
	St. Lucia	403		
	St. Vincent and the Grenadines	310	80,205	3.78
Kai Aaen Hansen (Denmark)	Denmark	16,678		
Olli-Pekka Lehmussaari (Finland)	Estonia	715		
	Finland	12,888		
	Iceland	1,426		
	Latvia	1,518		
	Lithuania	1,692		
	Norway	16,967		
	Sweden	24,205	76,089	3.59
Gregory F. Taylor (Australia)	Australia	32,614		
Okyu Kwon (Korea)	Kiribati	306		
	Korea	16,586		
	Marshall Islands	275		
	Micronesia, Federated States of	285		
	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	72,397	3.41
Abdulrahman A. Al-Tuwaijri (Saudi Arabia)	Saudi Arabia	70,105	70,105	3.31
Sulaiman M. Al-Turki (Saudi Arabia)				
Kleo-Thong Hettrakul (Thailand)	Brunei Darussalam	1,750		
Cyrillus Harinowo (Indonesia)	Cambodia	1,125		
	Fiji	953		
	Indonesia	21,043		
	Lao People's Democratic Republic	641		
	Malaysia	15,116		
	Myanmar	2,834		
	Nepal	963		
	Singapore	8,875		
	Thailand	11,069		
	Tonga	319		
	Vietnam	3,541	68,229	3.22
José Pedro de Morais, Jr. (Angola)	Angola	3,113		
Cyrus Rustomjee (South Africa)	Botswana	880		
	Burundi	1,020		
	Eritrea	409		
	Ethiopia	1,587		

Director <i>Alternate</i>	Casting Votes of	Votes by Country	Total Votes <sup>1</sup>	Percent of IMF Total <sup>2</sup>
Elected ( <i>continued</i> )	Gambia, The	561		
	Kenya	2,964		
	Lesotho	599		
	Liberia	963		
	Malawi	944		
	Mozambique	1,386		
	Namibia	1,246		
	Nigeria	17,782		
	Sierra Leone	1,287		
	South Africa	18,935		
	Swaziland	757		
	Tanzania	2,239		
	Uganda	2,055		
	Zambia	5,141		
Zimbabwe	<u>3,784</u>	67,652	3.19	
Aleksei V. Mozhin (Russia) <i>Andrei Lushin (Russia)</i>	Russia	59,704	59,704	2.82
A. Shakour Shaalan (Egypt) <i>Abdelrazaq Faris Al-Faris</i> <i>(United Arab Emirates)</i>	Bahrain	1,600		
	Egypt	9,687		
	Iraq	5,290		
	Jordan	1,955		
	Kuwait	14,061		
	Lebanon	1,710		
	Libya	11,487		
	Maldives	332		
	Oman	2,190		
	Qatar	2,155		
	Syrian Arab Republic	3,186		
	United Arab Emirates	4,171		
Yemen, Republic of	<u>2,685</u>	60,509	2.85	
Roberto F. Cippa (Switzerland) <i>Wieslaw Szczuka (Poland)</i>	Azerbaijan	1,859		
	Kyrgyz Republic	1,138		
	Poland	13,940		
	Switzerland	34,835		
	Tajikistan	1,120		
	Turkmenistan	730		
	Uzbekistan	<u>3,006</u>	56,628	2.67
Murilo Portugal (Brazil) <i>Olver L. Bernal (Colombia)</i>	Brazil	30,611		
	Colombia	7,990		
	Dominican Republic	2,439		
	Ecuador	3,273		
	Guyana	1,159		
	Haiti	857		
	Panama	2,316		
	Suriname	1,171		
Trinidad and Tobago	<u>3,606</u>	53,422	2.52	
M. R. Sivaraman (India) <i>A. G. Karunasena (Sri Lanka)</i>	Bangladesh	5,583		
	Bhutan	313		
	India	41,832		
	Sri Lanka	<u>4,384</u>	52,112	2.46
Abbas Mirakhor <i>(Islamic Republic of Iran)</i> <i>Mohammed Daïri (Morocco)</i>	Algeria	12,797		
	Ghana	3,940		
	Iran, Islamic Republic of	15,222		
	Morocco	6,132		
	Pakistan	10,587		
Tunisia	<u>3,115</u>	51,793	2.44	
WEI Benhua (China) <i>ZHANG Fengming (China)</i>	China	47,122	47,122	2.22

Director <i>Alternate</i>	Casting Votes of	Votes by Country	Total Votes <sup>1</sup>	Percent of IMF Total <sup>2</sup>
<b>Elected (concluded)</b>				
Nicolás Eyzaguirre (Chile)	Argentina	21,421		
A. Guillermo Zoccali (Argentina)	Bolivia	1,965		
	Chile	8,811		
	Paraguay	1,249		
	Peru	6,634		
	Uruguay	2,503	42,583	2.01
Alexandre Barro Chambrier (Gabon)	Benin	869		
Damian Ondo Mañe (Equatorial Guinea)	Burkina Faso	852		
	Cameroon	2,107		
	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	1.19
			<u>2,118,076<sup>3,4</sup></u>	<u>99.90<sup>5</sup></u>

<sup>1</sup>Voting power varies on certain matters pertaining to the General Department with use of the IMF's resources in that department.

<sup>2</sup>Percentages of total votes (2,120,222) in the General Department and the SDR Department.

<sup>3</sup>This total does not include the votes of the Islamic State of Afghanistan and Somalia, which did not participate in the 1998 Regular Election of Executive Directors. The total votes of these members is 2,146—0.10 percent of those in the General Department and SDR Department.

<sup>4</sup>This total does not include the votes of the Democratic Republic of the Congo and Sudan, which were suspended effective June 2, 1994 and August 9, 1993, respectively, pursuant to Article XXVI, Section 2 (b) of the Articles of Agreement.

<sup>5</sup>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, 1998 and April 30, 1999 were as follows:

Han Mingzhi (China) relinquished his duties as Alternate Executive Director to Zhang Zhixiang (China), effective June 30, 1998.

Zhang Fengming (China) was appointed as Alternate Executive Director to Zhang Zhixiang (China), effective July 1, 1998.

Andrei Vernikov (Russia) relinquished his duties as Alternate Executive Director to Aleksei V. Mozhin (Russia), effective July 5, 1998.

Andrei Lushin (Russia) was appointed as Alternate Executive Director to Aleksei V. Mozhin (Russia), effective July 6, 1998.

Gus O'Donnell (United Kingdom) relinquished his duties as Executive Director for the United Kingdom, effective July 31, 1998.

Stephen Pickford (United Kingdom) was appointed Executive Director for the United Kingdom, effective August 1, 1998.

Enzo R. Grilli (Italy) completed his term of service as Executive Director for Albania, Greece, Italy, Malta, Portugal, and San Marino, effective October 31, 1998.

Dinah Z. Gutti (Zimbabwe) completed her 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, 1998.

Alexandre Kafka (Brazil) completed his term of service as Executive Director for Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, and Trinidad and Tobago, effective October 31, 1998.

Jon Shields (United Kingdom) relinquished his duties as Alternate Executive Director to Stephen Pickford (United Kingdom), effective October 31, 1998.

Juan José Toribio (Spain) completed his term of service as Executive Director for Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, and Venezuela, effective October 31, 1998.

Koffi Yao (Côte d'Ivoire) completed his term of service as Executive Director for 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 October 31, 1998.

Abdulrahman A. Al-Tuwaijri (Saudi Arabia) was reelected Executive Director by Saudi Arabia effective November 1, 1998.

Alexandre Barro Chambrier (Gabon), formerly Alternate Executive Director to Koffi Yao (Côte d'Ivoire), was elected 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, 1998.

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, 1998.

Roberto F. Cippa (Switzerland) was reelected Executive Director by Azerbaijan, Kyrgyz Republic, Poland, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan, effective November 1, 1998.

Stephen P. Collins (United Kingdom) was appointed as Alternate Executive Director to Stephen Pickford (United Kingdom), effective November 1, 1998.

Nicolás Eyzaguirre (Chile), formerly Alternate Executive Director to A. Guillermo Zoccali (Argentina), was elected Executive Director by Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay, effective November 1, 1998.

Riccardo Faini (Italy) was elected Executive Director by Albania, Greece, Italy, Malta, Portugal, and San Marino, effective November 1, 1998.

Javier Guzmán-Calafell (Mexico), formerly Alternate Executive Director to Juan José Toribio (Spain), was elected Executive Director by Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, and Venezuela, effective November 1, 1998.

Kai Aaen Hansen (Denmark) was reelected Executive Director by Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden, effective November 1, 1998.

Willy Kiekens (Belgium) was reelected Executive Director by Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovak Republic, Slovenia, and Turkey, effective November 1, 1998.

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, 1998.

Jose Pedro de Morais, Jr. (Angola), formerly Alternate Executive Director to Dinah Z. Gutu (Zimbabwe), 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, 1998.

Aleksei V. Mozhin (Russia) was reelected Executive Director by Russia, effective November 1, 1998.

Charles X. O'Loughlin (Ireland) relinquished his duties as Alternate Executive Director to Thomas A. Bernes (Canada), effective November 1, 1998.

Damian Ondo Mañe (Equatorial Guinea) was appointed as Alternate Executive Director to Alexandre Barro Chambrier (Gabon), effective November 1, 1998.

Hernán Oyarzábal (Venezuela) was appointed as Alternate Executive Director to Javier Guzmán-Calafell (Mexico), effective November 1, 1998.

Murilo Portugal (Brazil) was elected Executive Director by Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, and Trinidad and Tobago, effective November 1, 1998.

Cyrus D.R. Rustomjee (South Africa) was appointed as Alternate Executive Director to Jose Pedro de Morais, Jr. (Angola), effective November 1, 1998.

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, 1998.

M.R. Sivaraman (India) was reelected Executive Director by Bangladesh, Bhutan, India, and Sri Lanka, effective November 1, 1998.

Gregory F. Taylor (Australia) was reelected Executive Director by Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, New Zealand, Palau, Papua New Guinea, Philippines, Seychelles, Solomon Islands, Vanuatu, and Samoa, effective November 1, 1998.

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, 1998.

Zamani Abdul Ghani (Malaysia) 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, 1998.

Zhang Zhixiang (China) was reelected Executive Director by China, effective November 1, 1998.

A. Guillermo Zoccali (Argentina), formerly Executive Director for Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay, was appointed as Alternate Executive Director to Nicolás Eyzaguirre (Chile), effective November 1, 1998.

Peter Charleton (Ireland) was appointed as Alternate Executive Director to Thomas A. Bernes (Canada), effective November 2, 1998.

Zamani Abdul Ghani (Malaysia) relinquished his 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, 1998.

Kleo-Thong Hetrakul (Thailand) 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, 1998.

Hideaki Ono (Japan) relinquished his duties as Alternate Executive Director to Yukio Yoshimura (Japan), effective December 9, 1998.

Masahiko Takeda (Japan) was appointed as Alternate Executive Director to Yukio Yoshimura (Japan), effective December 10, 1998.

Mohamad Hassan Elhage (Lebanon) relinquished his duties as Alternate Executive Director to A. Shakour Shaalan (Egypt), effective January 19, 1999.

Abdelrazaq Faris Al-Faris (United Arab Emirates) was appointed as Alternate Executive Director to A. Shakour Shaalan (Egypt), effective January 20, 1999.

Zhang Zhixiang (China) relinquished his duties as Executive Director for China, effective February 28, 1999.

Wei Benhua (China) was elected Executive Director by China, effective March 1, 1999.

Hamid O'Brien (Trinidad and Tobago) relinquished his duties as Alternate Executive Director to Murilo Portugal (Brazil), effective April 2, 1999.

Olver Luis Bernal (Colombia) was appointed as Alternate Executive Director to Murilo Portugal (Brazil), effective April 3, 1999.

The following served as Temporary Alternate Executive Directors to the Executive Directors indicated during 1998/99.

<b>Temporary Alternate Executive Director</b>	<b>Executive Director for Whom Temporary Alternate Served</b>
Wafa Fahmi Abdelati ( <i>Egypt</i> )	A. Shakour Shaalan ( <i>Egypt</i> )
Aidar Abdychhev ( <i>Kyrgyz Republic</i> )	Roberto F. Cippa ( <i>Switzerland</i> )
Meekal A. Ahmed ( <i>Pakistan</i> )	Abbas Mirakhor ( <i>Iran, Islamic Republic of</i> )
Patrick A. Akatu ( <i>Nigeria</i> )	Dinah Z. Gutu ( <i>Zimbabwe</i> )
	Jose Pedro de Morais, Jr. ( <i>Angola</i> )
Zhanat Akhmetova ( <i>Kazakhstan</i> )	Willy Kiekens ( <i>Belgium</i> )
Ahmed Saleh Alosaimi ( <i>Saudi Arabia</i> )	Abdulrahman A. Al-Tuwaijri ( <i>Saudi Arabia</i> )
Mostafa Askari-Rankouhi ( <i>Canada</i> )	Thomas A. Bernes ( <i>Canada</i> )
Chris Austin ( <i>United Kingdom</i> )	Gus O'Donnell ( <i>United Kingdom</i> )
Gemok Abd. Ghani Awang ( <i>Brunei Darussalam</i> )	Stephen Pickford ( <i>United Kingdom</i> )
Eddy Azoulay ( <i>Israel</i> )	Zamani Abdul Ghani ( <i>Malaysia</i> )
Said A. Bakhache ( <i>Lebanon</i> )	J. de Beaufort Wijnholds ( <i>Netherlands</i> )
Taye Berrihun Belay ( <i>Ethiopia</i> )	A. Shakour Shaalan ( <i>Egypt</i> )
	Dinah Z. Gutu ( <i>Zimbabwe</i> )
Olver Luis Bernal ( <i>Colombia</i> )	Jose Pedro de Morais, Jr. ( <i>Angola</i> )
Nicolas R.F. Blancher ( <i>France</i> )	Alexandre Kafka ( <i>Brazil</i> )
Jitendra G. Borpujari ( <i>India</i> )	Murilo Portugal ( <i>Brazil</i> )
Olivier Bourges ( <i>France</i> )	Jean-Claude Milleron ( <i>France</i> )
Tabeila Brizuela ( <i>Venezuela</i> )	Abdulrahman A. Al-Tuwaijri ( <i>Saudi Arabia</i> )
Martin Arnulf Brooke ( <i>United Kingdom</i> )	Jean-Claude Milleron ( <i>France</i> )
	Juan José Toribio ( <i>Spain</i> )
Sarah Kate Brownlee ( <i>United Kingdom</i> )	Gus O'Donnell ( <i>United Kingdom</i> )
Michele Shannon Budington ( <i>United States</i> )	Stephen Pickford ( <i>United Kingdom</i> )
Robert Mark Burgess ( <i>United Kingdom</i> )	Gus O'Donnell ( <i>United Kingdom</i> )
Nadir F. Burnashev ( <i>Kazakhstan</i> )	Stephen Pickford ( <i>United Kingdom</i> )
Pablo Cabezas ( <i>Chile</i> )	Karin Lissakers ( <i>United States</i> )
Erik Martin Carlens ( <i>Sweden</i> )	Stephen Pickford ( <i>United Kingdom</i> )
Jeffrey Allen Chelsky ( <i>Canada</i> )	Willy Kiekens ( <i>Belgium</i> )
Denia Nery Chen Pineda ( <i>Panama</i> )	Nicolás Eyzaguirre ( <i>Chile</i> )
	Kai Aaen Hansen ( <i>Denmark</i> )
In-Kang Cho ( <i>Korea</i> )	Thomas A. Bernes ( <i>Canada</i> )
Melinda Ann Cilento ( <i>United States</i> )	Alexandre Kafka ( <i>Brazil</i> )
Henry William Cocker ( <i>Tonga</i> )	Murilo Portugal ( <i>Brazil</i> )
Ana Lucia Coronel ( <i>Ecuador</i> )	Gregory F. Taylor ( <i>Australia</i> )
Jose Antonio Costa ( <i>Argentina</i> )	Gregory F. Taylor ( <i>Australia</i> )
Bertrand Couillault ( <i>France</i> )	Zamani Abdul Ghani ( <i>Malaysia</i> )
Daniel A.A. Daco ( <i>Belgium</i> )	Kleo-Thong Hettrakul ( <i>Thailand</i> )
Vishnu Dhanpaul ( <i>Trinidad and Tobago</i> )	Alexandre Kafka ( <i>Brazil</i> )
Rizal Anwar Djaafara ( <i>Indonesia</i> )	A. Guillermo Zoccali ( <i>Argentina</i> )
	Nicolás Eyzaguirre ( <i>Chile</i> )
Ion Dragulin ( <i>Romania</i> )	Jean-Claude Milleron ( <i>France</i> )
Mohamad Hassan Elhage ( <i>Lebanon</i> )	Willy Kiekens ( <i>Belgium</i> )
Lodewyk J. F. Erasmus ( <i>South Africa</i> )	Murilo Portugal ( <i>Brazil</i> )
Julio C. Estrella ( <i>Dominican Republic</i> )	Zamani Abdul Ghani ( <i>Malaysia</i> )
	Kleo-Thong Hettrakul ( <i>Thailand</i> )
Samia S. Farid ( <i>Egypt</i> )	J. de Beaufort Wijnholds ( <i>Netherlands</i> )
María Jesús Fernández García ( <i>Spain</i> )	A. Shakour Shaalan ( <i>Egypt</i> )
Pierre-Michel Fremann ( <i>France</i> )	Dinah Z. Gutu ( <i>Zimbabwe</i> )
Daiho Fujii ( <i>Japan</i> )	Jose Pedro de Morais, Jr. ( <i>Angola</i> )
Shunichi Fukushima ( <i>Japan</i> )	Alexandre Kafka ( <i>Brazil</i> )
	Murilo Portugal ( <i>Brazil</i> )
	A. Shakour Shaalan ( <i>Egypt</i> )
	Javier Guzmán-Calafell ( <i>Mexico</i> )
	Jean-Claude Milleron ( <i>France</i> )
	Yukio Yoshimura ( <i>Japan</i> )
	Yukio Yoshimura ( <i>Japan</i> )

**Temporary Alternate  
Executive Director**

Alessandro Giustiniani (*Italy*)  
 Kazushige Gobe (*Japan*)  
 Norbert Goffinet (*Luxembourg*)  
 Celia M. Gonzalez (*Philippines*)  
 Enrique González-Sánchez (*Mexico*)  
 Nikolay Kirov Guerguiev (*Bulgaria*)  
 Harry Hagan (*United Kingdom*)  
 Mohammad Reza Hajian (*Iran, Islamic Republic of*)  
 Mohamed Ali Hammoudi (*Algeria*)  
 Robert Josef Heinbuecher (*Germany*)  
 Kerstin M. Heinonen (*Finland*)  
 Oscar A. Hendrick (*Peru*)  
 Michael S. Hililan (*Vanuatu*)  
 Shunichi Hinata (*Japan*)  
 Johanna Kim Honeyfield (*New Zealand*)  
 Evert J.P. Houtman (*Netherlands*)  
 Iacovos Ioannou (*Cyprus*)  
 Abdel Rehman Ismael (*Mauritius*)  
 Narendra Jadhav (*India*)  
 Hossein Javaheri (*Iran, Islamic Republic of*)  
 Hervé Joly (*France*)  
 Jiri Jonas (*Czech Republic*)  
 J. Mills Jones (*Liberia*)  
 Christian Josz (*Belgium*)  
 Eric Jourcin (*France*)  
 Arie Jacobus Kapteijn (*Netherlands*)  
 Katrin Kask (*Estonia*)  
 Heinz Kaufmann (*Switzerland*)  
 Michael Stuart Kell (*United Kingdom*)  
 Subodh Kumar Keshava (*India*)  
 Brenda Killen (*United Kingdom*)  
 Bernard Konan (*Côte d'Ivoire*)  
 Ekaterina O. Kornitch (*Russia*)  
 Ekaterina Kouprianova (*Russia*)  
 Kwassivi Kpetigo (*Togo*)  
 Dirk Heiner Kranen (*Germany*)  
 Tuseno-Minu Kudiwu (*Congo, Dem. Rep. of*)  
 Kitty Lai (*China*)  
 Serge Pascal Le Gal (*France*)  
 Jurgen Pieter Leijdekker (*Netherlands*)  
 Azriel Levy (*Israel*)  
 James M. Lister (*United States*)  
 Lu Ang (*China*)  
 Cascone Angelo Lucenti (*Venezuela*)  
 Luo Yang (*China*)

**Executive Director for Whom  
Temporary Alternate Served**

Enzo R. Grilli (*Italy*)  
 Riccardo Faini (*Italy*)  
 Yukio Yoshimura (*Japan*)  
 Willy Kiekens (*Belgium*)  
 Gregory F. Taylor (*Australia*)  
 Javier Guzmán-Calafell (*Mexico*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
 Gus O'Donnell (*United Kingdom*)  
 Stephen Pickford (*United Kingdom*)  
 Abbas Mirakhor (*Iran, Islamic Republic of*)  
 Abbas Mirakhor (*Iran, Islamic Republic of*)  
 Bernd Esdar (*Germany*)  
 Kai Aaen Hansen (*Denmark*)  
 A. Guillermo Zoccali (*Argentina*)  
 Nicolás Eyzaguirre (*Chile*)  
 Gregory F. Taylor (*Australia*)  
 Yukio Yoshimura (*Japan*)  
 Gregory F. Taylor (*Australia*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
 Koffi Yao (*Côte d'Ivoire*)  
 Alexandre Barro Chambrier (*Gabon*)  
 M.R. Sivaraman (*India*)  
 Abbas Mirakhor (*Iran, Islamic Republic of*)  
 Jean-Claude Milleron (*France*)  
 Willy Kiekens (*Belgium*)  
 Dinah Z. Gutti (*Zimbabwe*)  
 Jose Pedro de Morais, Jr. (*Angola*)  
 Willy Kiekens (*Belgium*)  
 Jean-Claude Milleron (*France*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
 Kai Aaen Hansen (*Denmark*)  
 Roberto F. Cippa (*Switzerland*)  
 Gus O'Donnell (*United Kingdom*)  
 M.R. Sivaraman (*India*)  
 Gus O'Donnell (*United Kingdom*)  
 Stephen Pickford (*United Kingdom*)  
 Koffi Yao (*Côte d'Ivoire*)  
 Alexandre Barro Chambrier (*Gabon*)  
 Aleksei V. Mozhin (*Russia*)  
 Aleksei V. Mozhin (*Russia*)  
 Koffi Yao (*Côte d'Ivoire*)  
 Alexandre Barro Chambrier (*Gabon*)  
 Bernd Esdar (*Germany*)  
 Koffi Yao (*Côte d'Ivoire*)  
 Alexandre Barro Chambrier (*Gabon*)  
 Zhang Zhixiang (*China*)  
 Wei Benhua (*China*)  
 Jean-Claude Milleron (*France*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
 Karin Lissakers (*United States*)  
 Zhang Zhixiang (*China*)  
 Wei Benhua (*China*)  
 Juan José Toribio (*Spain*)  
 Zhang Zhixiang (*China*)  
 Wei Benhua (*China*)

### Temporary Alternate Executive Director

Andrei Lushin (*Russia*)  
 Mohd. Zubir bin Maatan (*Malaysia*)  
 John Mafarikwa (*Zimbabwe*)

Mohammad-Hadi Mahdavian (*Iran, Islamic Republic of*)  
 Wilhelmina C. Mañalac (*Philippines*)  
 Scott Daniel Melese-d'Hospital (*United States*)  
 Melhem F. Melhem (*Lebanon*)  
 Francesca Mercusa (*Italy*)

Daniel Merino (*Argentina*)  
 Wolfgang Merz (*Germany*)  
 Siti Mariam Mohd. Yusof (*Malaysia*)

Helio Mori (*Brazil*)

James A.K. Munthali (*Malawi*)

Simon N'guiamba (*Cameroon*)

Domenico Nardelli (*Italy*)  
 John G. Nelmes (*Canada*)  
 Melih Nemli (*Turkey*)  
 Nguyen Quang Thép (*Vietnam*)

Mikhail Nikitenko (*Belarus*)  
 Joseph Ntamatungiro (*Rwanda*)  
 Jean-Christian Obame (*Gabon*)

Hiroshi Ogushi (*Japan*)  
 Karen Maree Ongley (*Australia*)  
 Ovidio C. Otazú (*Paraguay*)  
 Lev V. Palei (*Russia*)  
 Axel R. Palmason (*Iceland*)  
 Hélène Paris (*France*)  
 José Luis Pascual (*Spain*)

Yasmin Patel (*Mozambique*)

Kian Heng Peh (*Singapore*)

Monica Lujan Pérez dos Santos (*Paraguay*)  
 Jean Pesme (*France*)  
 Manh Hung Phan (*Vietnam*)  
 Laura Pinzani (*Italy*)

Tomislav Presecan (*Croatia*)  
 Qi Jianming (*China*)

Eugen T. Radulescu (*Romania*)  
 Laure Redifer (*United States*)  
 Borut Repansek (*Slovenia*)  
 Vladimír Rigász (*Slovak Republic*)  
 Eddy Rodríguez (*Costa Rica*)

Hajah Rosni (*Brunei Darussalam*)  
 Sadok Rouai (*Tunisia*)

### Executive Director for Whom Temporary Alternate Served

Aleksei V. Mozhin (*Russia*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Dinah Z. Guti (*Zimbabwe*)  
 Jose Pedro de Morais, Jr. (*Angola*)  
 Abbas Mirakhor (*Iran, Islamic Republic of*)  
 Gregory F. Taylor (*Australia*)  
 Karin Lissakers (*United States*)  
 Abdulrahman A. Al-Tuwaijri (*Saudi Arabia*)  
 Enzo R. Grilli (*Italy*)  
 Riccardo Faini (*Italy*)  
 A. Guillermo Zoccali (*Argentina*)  
 Bernd Esdar (*Germany*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Kleo-Thong Hetrakul (*Thailand*)  
 Alexandre Kafka (*Brazil*)  
 Murilo Portugal (*Brazil*)  
 Dinah Z. Guti (*Zimbabwe*)  
 Jose Pedro de Morais, Jr. (*Angola*)  
 Koffi Yao (*Côte d'Ivoire*)  
 Alexandre Barro Chambrier (*Gabon*)  
 Riccardo Faini (*Italy*)  
 Thomas A. Bernes (*Canada*)  
 Willy Kiekens (*Belgium*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Kleo-Thong Hetrakul (*Thailand*)  
 Willy Kiekens (*Belgium*)  
 Alexandre Barro Chambrier (*Gabon*)  
 Koffi Yao (*Côte d'Ivoire*)  
 Alexandre Barro Chambrier (*Gabon*)  
 Yukio Yoshimura (*Japan*)  
 Gregory F. Taylor (*Australia*)  
 A. Guillermo Zoccali (*Argentina*)  
 Aleksei V. Mozhin (*Russia*)  
 Kai Aen Hansen (*Denmark*)  
 Jean-Claude Milleron (*France*)  
 Juan José Toribio (*Spain*)  
 Javier Guzmán-Calafell (*Mexico*)  
 Dinah Z. Guti (*Zimbabwe*)  
 Jose Pedro de Morais, Jr. (*Angola*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Kleo-Thong Hetrakul (*Thailand*)  
 Nicolás Eyzaguirre (*Chile*)  
 Jean-Claude Milleron (*France*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Enzo R. Grilli (*Italy*)  
 Riccardo Faini (*Italy*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
 Zhang Zhixiang (*China*)  
 Wei Benhua (*China*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
 Karin Lissakers (*United States*)  
 Willy Kiekens (*Belgium*)  
 Willy Kiekens (*Belgium*)  
 Juan José Toribio (*Spain*)  
 Javier Guzmán-Calafell (*Mexico*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Abbas Mirakhor (*Iran, Islamic Republic of*)

**Temporary Alternate  
Executive Director**

Daniel Saha (*Cameroon*)  
 Monica M. Salvador (*Ecuador*)  
 Joao Santos (*Portugal*)  
 Felix Jakob Dominik Schaad (*Switzerland*)  
 Giuseppe Schlitzer (*Italy*)  
 Oliver Schmalzriedt (*Germany*)  
 Todd Turner Schneider (*United States*)  
 Claus-Peter Schollmeier (*Germany*)  
 Ann W. Scoffier (*France*)  
 Ommar Sein (*Myanmar*)  
 Mohammad Reza Shojaeddini (*Iran, Islamic Republic of*)  
 Raju Jan Singh (*Switzerland*)  
 Mark Sobel (*United States*)  
 Sugeng (*Indonesia*)  
 David Taylor (*United Kingdom*)  
 Ulugbek Y. Tilyayev (*Uzbekistan*)  
 Therese Turner-Huggins (*Bahamas, The*)  
 Gelsomina Vigliotti Danieli (*Italy*)  
 Marius Vismantas (*Lithuania*)  
 Orasa Vongthieries (*Thailand*)  
 Svetlana Vtyurina (*Russia*)  
 Mark Walsh (*United Kingdom*)  
 Wang Xiaolei (*China*)  
 Ratan Prakash Watal (*India*)  
 Myles Wickstead (*United Kingdom*)  
 Paul Winje (*Norway*)  
 Ian Michael Woolford (*New Zealand*)  
 Abdul Gafoor Yakub (*Seychelles*)  
 Szilvia Zádor (*Hungary*)  
 Igor Zakharchenkov (*Russia*)  
 Zhang Fengming (*China*)  
 Zubir bin Abdullah (*Singapore*)  
 Fritz Zurbrügg (*Switzerland*)

**Executive Director for Whom  
Temporary Alternate Served**

Koffi Yao (*Côte d'Ivoire*)  
 Alexandre Barro Chambrier (*Gabon*)  
 Murilo Portugal (*Brazil*)  
 Enzo R. Grilli (*Italy*)  
 Riccardo Faini (*Italy*)  
 Roberto F. Cippa (*Switzerland*)  
 Riccardo Faini (*Italy*)  
 Bernd Esdar (*Germany*)  
 Karin Lissakers (*United States*)  
 Bernd Esdar (*Germany*)  
 Jean-Claude Milleron (*France*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Abbas Mirakhor (*Iran, Islamic Republic of*)  
 Roberto F. Cippa (*Switzerland*)  
 Karin Lissakers (*United States*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Kleo-Thong Hetrakul (*Thailand*)  
 Stephen Pickford (*United Kingdom*)  
 Roberto F. Cippa (*Switzerland*)  
 Thomas A. Bernes (*Canada*)  
 Enzo R. Grilli (*Italy*)  
 Riccardo Faini (*Italy*)  
 Kai Aaen Hansen (*Denmark*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Kleo-Thong Hetrakul (*Thailand*)  
 Aleksei V. Mozhin (*Russia*)  
 Stephen Pickford (*United Kingdom*)  
 Zhang Zhixiang (*China*)  
 Wei Benhua (*China*)  
 M.R. Sivaraman (*India*)  
 Gus O'Donnell (*United Kingdom*)  
 Stephen Pickford (*United Kingdom*)  
 Kai Aaen Hansen (*Denmark*)  
 Gregory F. Taylor (*Australia*)  
 Gregory F. Taylor (*Australia*)  
 Willy Kiekens (*Belgium*)  
 Aleksei V. Mozhin (*Russia*)  
 Zhang Zhixiang (*China*)  
 Zamani Abdul Ghani (*Malaysia*)  
 Roberto F. Cippa (*Switzerland*)

# APPENDIX IX

## Financial Statements

### Report of the External Audit Committee

Washington, DC  
June 24, 1999

#### *Authority and Scope of the Audit*

In accordance with Section 20(b) of the By-Laws of the International Monetary Fund, we have carried out procedures in order to form an opinion on the financial statements of the International Monetary Fund covering the:

- General Department as at and for the year ended April 30, 1999;
- SDR Department as at and for the year ended April 30, 1999; and
- Accounts Administered by the International Monetary Fund as at and for the year ended April 30, 1999, which consist of the:

1. Enhanced Structural Adjustment Facility Trust;
2. Enhanced Structural Adjustment Facility Administered Accounts:
  - Austria, — Indonesia, — Islamic Republic of Iran,
  - Belgium, — Chile, — Portugal,
  - Botswana, — Greece, — Saudi Fund for Development Special Account;
3. ESAF-HIPC Trust, including the Umbrella Account for HIPC Operations;
4. Administered Accounts Established at the Request of Members:
  - Administered Account Japan,
  - Administered Account for Selected Fund Activities—Japan,
  - Framework Administered Account for Technical Assistance Activities,
  - Administered Account for Rwanda;
5. Trust Fund;
6. Supplementary Financing Facility Subsidy Account; and
7. Retired Staff Benefits Investment Account.

These financial statements are the responsibility of the International Monetary Fund. Our responsibility is to express an opinion on the financial statements based on our procedures.

These included reviews of accounting and internal control systems and an evaluation of the extent and results of tests of the accounting records, which were substantially conducted using an outside accounting firm. In our opinion, the procedures undertaken by us, after reviewing the work performed by the outside accounting firm and the Office of Internal Audit and Inspection, constitute an audit conducted in accordance with generally accepted auditing standards.

Using these standards we planned and performed the audit to obtain reasonable assurance that 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 the International Monetary Fund, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

#### *Audit Opinion*

In our opinion, the financial statements of the General Department, the SDR Department, and the Accounts Administered by the International Monetary Fund, have been prepared in accordance with generally accepted accounting principles as described in Note 1 to each set of financial statements, on a basis consistent with that of the preceding year, and give a true and fair view of their respective financial positions and of the allocations and holdings of Special Drawing Rights as at April 30, 1999, and of the results of operations and transactions during the year then ended.

EXTERNAL AUDIT COMMITTEE

/s/ José Nicolás Agudin, Chairman (Argentina)

/s/ Penny Jones (United Kingdom)

/s/ K.N. Memani (India)

**General Department**  
**Balance Sheet**  
**as at April 30, 1999 and 1998**

*(In thousands of SDRs)*  
*(Note 1)*

	1999	1998
<b>Assets</b>		
General Resources Account		
Currencies and securities (Notes 2 and 5) .....	204,966,259	144,638,372
SDR holdings (Note 3) .....	3,571,967	764,424
Gold holdings (Note 4) .....	3,624,797	3,624,797
Charges, interest, and other receivables (Notes 2 and 5) .....	1,683,091	1,586,322
Other assets (Note 6) .....	283,918	263,920
Total General Resources Account .....	<u>214,130,032</u>	<u>150,877,835</u>
Special Disbursement Account		
Structural Adjustment Facility loans .....	676,701	921,793
Interest receivable .....	6,803	6,454
Total Special Disbursement Account .....	<u>683,504</u>	<u>928,247</u>
Total Assets .....	<u><u>214,813,536</u></u>	<u><u>151,806,082</u></u>
<b>Quotas, Reserves, Liabilities, and Resources</b>		
General Resources Account		
Quotas (Note 2) .....	207,982,900	145,321,050
Reserves (Note 7) .....	2,569,110	2,133,515
Special Contingent Accounts (Note 5) .....	1,990,563	1,883,888
Liabilities		
Remuneration payable (Note 5) .....	442,257	433,730
Other liabilities .....	185,333	188,016
	<u>627,590</u>	<u>621,746</u>
Deferred income (Note 5) .....	959,869	917,636
Total General Resources Account .....	<u>214,130,032</u>	<u>150,877,835</u>
Special Disbursement Account		
Accumulated resources .....	677,606	923,107
Deferred income (Note 5) .....	5,898	5,140
Total Special Disbursement Account .....	<u>683,504</u>	<u>928,247</u>
Total Quotas, Reserves, Liabilities, and Resources .....	<u><u>214,813,536</u></u>	<u><u>151,806,082</u></u>

The accompanying notes and schedules are an integral part of the financial statements.

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*



**General Department**  
**Income Statement**  
**for the Years Ended April 30, 1999 and 1998**

*(In thousands of SDRs)*  
*(Note 1)*

	1999	1998
<b>General Resources Account</b>		
Operational Income (Note 5)		
Periodic charges . . . . .	2,624,613	1,852,807
Interest on SDR holdings . . . . .	69,524	37,426
Other charges and income . . . . .	130,648	99,650
Burden-sharing contributions, net of refunds (Note 5)		
Additional charges . . . . .	74,492	73,961
Reduction of remuneration . . . . .	74,694	72,928
Deferred income, net of settlements . . . . .	(42,233)	(43,071)
	<u>2,931,738</u>	<u>2,093,701</u>
Operational Expenses		
Remuneration (Note 5) . . . . .	1,918,620	1,462,905
Allocation to the first Special Contingent Account (Note 5) . . . . .	106,676	98,483
Interest on borrowing (Note 8) . . . . .	78,777	—
	<u>2,104,073</u>	<u>1,561,388</u>
Net Operational Income . . . . .	<u>827,665</u>	<u>532,313</u>
Administrative Expenses (Notes 1 and 9) . . . . .	<u>392,070</u>	<u>368,465</u>
Net Income of the General Resources Account . . . . .	<u>435,595</u>	<u>163,848</u>
<b>Special Disbursement Account</b>		
Interest and special charges . . . . .	3,186	4,531
Net Income of the Special Disbursement Account . . . . .	<u>3,186</u>	<u>4,531</u>

The accompanying notes and schedules are an integral part of the financial statements.

**General Department**  
**Statement of Changes in Reserves and Resources**  
**for the Years Ended April 30, 1999 and 1998**

(In thousands of SDRs)  
 (Note 1)

	1999	1998
<b>Reserves—General Resources Account</b>		
Special Reserve (Note 7)		
Balance, beginning of the year . . . . .	1,702,570	1,604,087
Net income transferred to the Special Reserve . . . . .	106,676	98,483
Balance, end of the year . . . . .	<u>1,809,246</u>	<u>1,702,570</u>
General Reserve (Note 7)		
Balance, beginning of the year . . . . .	430,945	365,580
Net income transferred to the General Reserve . . . . .	328,919	65,365
Balance, end of the year . . . . .	<u>759,864</u>	<u>430,945</u>
Total Reserves of the General Resources Account . . . . .	<u>2,569,110</u>	<u>2,133,515</u>
<b>Resources—Special Disbursement Account</b>		
Balance, beginning of the year . . . . .	923,107	1,221,497
Transfers from the Trust Fund . . . . .	439	660
Transfers from the Supplementary Financing Facility Subsidy Account . . . . .	239	—
Net transfers to the ESAF Trust (Note 9) . . . . .	(208,224)	(242,592)
Transfers to the ESAF-HIPC Trust (Note 9) . . . . .	<u>(41,141)</u>	<u>(60,989)</u>
Net income . . . . .	674,420	918,576
Total Resources of the Special Disbursement Account . . . . .	<u>3,186</u>	<u>4,531</u>
	<u>677,606</u>	<u>923,107</u>

The accompanying notes and schedules are an integral part of the financial statements.

**General Department**  
**Notes to the Financial Statements**  
**as at April 30, 1999 and 1998**

**General Department**

The General Department consists of the General Resources Account, the Special Disbursement Account, and the Investment Account, which had not been activated at April 30, 1999.

**General Resources Account**

The General Resources Account holds the general resources of the IMF including currencies of the IMF's member countries, SDR holdings, and gold. These reflect the receipt of quota subscriptions, purchases and repurchases, collection of charges on members' use of IMF credit, payment of remuneration on members' creditor positions in the IMF, and borrowing and payment of interest on borrowing.

The IMF makes its resources available to its members 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 an obligation to repurchase, within specified periods, the IMF's holdings of their currencies by payments in SDRs or other currencies 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 the agreed repurchase periods.

The composition of the IMF's holdings of currencies changes as a result of the IMF's transactions, including purchases and repurchases. Currencies consist of currency holdings and notes payable on demand, which substitute for the members' currencies.

A member has a reserve tranche in the IMF to the extent that 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.

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

**Special Disbursement Account**

The Special Disbursement Account was activated on June 30, 1981 to receive transfers from the Trust Fund, which is being wound up. The Structural Adjustment Facility (SAF) was established in March 1986 within the Special Disbursement

Account to provide balance of payments assistance on concessional terms to qualifying low-income developing country members.

The assets of the account are held separate from resources of other accounts of the General Department. Assets that exceed the needs of the account are transferred to the Reserve Account of the Enhanced Structural Adjustment Facility Trust (ESAF Trust), which is administered separately by the IMF as Trustee. Resources of the ESAF Trust Reserve Account that are determined to be in excess of its estimated needs are to be transferred back to the Special Disbursement Account. Upon liquidation of the ESAF Trust, the amounts remaining in the ESAF Trust Reserve Account after the discharge of all liabilities shall be transferred to the Special Disbursement Account. The IMF has also transferred certain resources derived from the termination of the 1976 Trust Fund to the ESAF Trust Subsidy Account. Upon liquidation of the ESAF Trust, any resources remaining in the ESAF Trust Subsidy Account will be returned to the Special Disbursement Account and the contributors of the ESAF Trust Subsidy Account.

### 1. Summary of Significant Accounting Practices

The IMF prepares its financial statements in accordance with generally accepted accounting principles that are in compliance with international accounting standards as they apply to the IMF. Further discussions of specific accounting principles and disclosure practices have been included in other notes.

#### Unit of Account

The accounts are expressed in terms of the SDR. 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 a basket of currencies of five members. As of January 1, 1999, the deutsche mark and the French franc were substituted by the euro in the SDR valuation basket. The currencies in the basket and their amounts are as follows:

Currency	Amounts	
	To December 31, 1998	From January 1, 1999
Deutsche mark/euro as of January 1, 1999	0.446	0.228
French franc/euro as of January 1, 1999	0.813	0.1239
Japanese yen	27.2	27.2
Pound sterling	0.105	0.105
U.S. dollar	0.582	0.5821

#### Valuation of Currencies

Each member is obligated to maintain the value of the balances of its currency held by the IMF in the General Resources Account in terms of the SDR. Currencies are valued in terms of the SDR on the basis of the representative exchange rate determined for each currency. Whenever the IMF revalues its holdings of a member's currency, a receivable or a payable is established for the amount of currency payable by or to the member in order to maintain the SDR value of the IMF's holdings of the currency. The balances of

the receivables or payables are included in the IMF's total currency holdings.

#### Income Recognition and Deferral

Income is recognized as it is earned and expenses are recorded as they are incurred, except that income from charges from members that are overdue in settling their obligations to the IMF by six months or more is deferred and is recognized as income only when paid, unless the member has remained current in settling charges when due. The IMF generates compensating income for the amount of charges being deferred through the burden-sharing mechanism (for a more detailed description of this mechanism, see Note 5).

#### Capital Assets

Land, buildings, and equipment with a cost in excess of \$100,000, are capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 years for equipment to 30 years for buildings.

### 2. Quotas, Currencies, and Securities

Each member is required to pay to the IMF the amount of its initial quota and subsequent increases partly in its own currency and the remainder in the form of reserve assets, except that in 1978 members were permitted to pay the entire increase in their own currencies. A member's quota is not increased until the member consents to the increase and pays the subscription. Each member has the option to substitute nonnegotiable and non-interest-bearing securities for the amount of its currency held by the IMF in the General Resources Account that is in excess of ¼ of 1 percent of the member's quota. These securities, which are part of the IMF's currency holdings, are encashable by the IMF on demand. The Eleventh General Review of Quotas became effective on January 22, 1999, after members having 85 percent of the total quotas consented to the increase in quotas. When all members will have consented and paid the increase, the quotas of members in the IMF will increase to SDR 212 billion. At April 30, 1999, 156 members had made their quota payments under the Eleventh General Review amounting to SDR 62.7 billion.

Changes in the IMF's holdings of members' currencies for the years ended April 30, 1999 and 1998 were as follows:

	April 30, 1997	Net Change	April 30, 1998	Net Change	April 30, 1999
	<i>In millions of SDRs</i>				
Members' quotas	145,319	2	145,321	62,662	207,983
Quota subscription receivable	—	(2)	(2)	2	—
Members' outstanding use of IMF credit in the GRA	34,539	15,162	49,701	10,950	60,651
Members' reserve tranche positions in the GRA	(36,103)	(14,221)	(50,324)	(13,286)	(63,610)
Other receivables	(56)	—	(56)	—	(56)
Administrative currency balances	(1)	(1)	(2)	—	(2)
Currencies and securities	143,698	940	144,638	60,328	204,966

On December 14, 1992, the Federal Republic of Yugoslavia (Serbia/Montenegro) agreed, as a successor state, to share in the assets and liabilities of the former Socialist Federal Republic of Yugoslavia, but has yet to succeed to IMF membership. IMF credit outstanding with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro), amounted to SDR 56 million at April 30, 1999 and 1998. This amount is included in charges, interest, and other receivables in the balance sheet.

Receivables and payables arising from valuation adjustments at April 30, 1999, when all holdings of currencies of members were last revalued, amounted to SDR 29,185 million and SDR 2,308 million, respectively (SDR 11,250 million and SDR 1,139 million, respectively, at April 30, 1998). At June 18, 1999, the amounts receivable were SDR 25,279 million, and the amounts payable were SDR 2,396 million.

The IMF's holdings of members' currencies at April 30, 1999 are shown in Schedule 1.

### 3. SDR Holdings

SDRs are reserve assets created by the IMF and allocated to members participating in the SDR Department. Although SDRs are not allocated to the IMF, the IMF may acquire, hold, and dispose of SDRs through the General Resources Account. The IMF receives SDRs from members in the settlement of their financial obligations to the IMF and uses SDRs in transactions and operations between the IMF and its members. The IMF earns interest on its SDR holdings at the same rate as all other holders of SDRs.

### 4. 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 the approval by 85 percent majority of the total voting power of the Executive Board. In accordance with provisions of the Articles, proceeds from the sale of gold in excess of the stipulated valuation, described below, are to be transferred to the Special Disbursement Account, to the Investment Account, or to members that were members on August 31, 1975.

At April 30, 1999 and 1998, the IMF held 3,217,341 kilograms equal to 103,439,916 fine ounces of gold at designated depositories. In accordance with the IMF's Articles of Agreement, gold is valued on the basis of 0.888671 gram of fine gold per SDR, which is equivalent to SDR 35 per fine ounce (except for 21,396 fine ounces of gold acquired at a market value equivalent to SDR 5.1 million). This valuation is equal to the original cost at which the gold was acquired. As of April 30, 1999, the value of the IMF's holdings of gold calculated at the market price was SDR 21.9 billion (SDR 23.9 billion at April 30, 1998).

### 5. IMF Operations

The IMF's financial resources are made available to members under a number of policies and facilities that differ in the type of balance of payments need they seek to address, in the length of repurchase period, the charges levied on outstanding use of IMF credit, and in the degree of conditionality attached to them. Changes in the outstanding use of IMF credit under the various facilities during the years ended April 30, 1999 and 1998 were as follows:

	April 30, 1997	Purchases	Repur- chases	April 30, 1998	Purchases	Repur- chases	April 30, 1999
<i>In millions of SDRs</i>							
Regular facilities	16,537	9,027	1,104	24,460	3,505	3,431	24,534
Extended Fund Facility	9,463	2,824	948	11,339	5,272	811	15,800
Supplemental Reserve Facility	—	7,100	—	7,100	10,037	4,482	12,655
Systemic Transformation Facility	3,984	—	115	3,869	—	505	3,364
Enlarged Access	3,046	—	957	2,089	—	782	1,307
Compensatory and Contingency Financing Facility	1,335	—	650	685	2,600	440	2,845
Supplementary Financing Facility	174	—	15	159	—	13	146
Total	<u>34,539</u>	<u>18,951</u>	<u>3,789</u>	<u>49,701</u>	<u>21,414</u>	<u>10,464</u>	<u>60,651</u>

Members' use of IMF resources is shown in Schedule 1; scheduled repurchases in the General Resources Account and repayments of loans to the Special Disbursement Account are shown in Schedule 3. As of April 30, 1999 and 1998, use of credit in the General Resources Account by the largest users was as follows:

	1999		1998	
	<i>In millions of SDRs and percent of total GRA credit</i>			
Largest user of credit	12,923	21.3%	11,200	22.5%
Three largest users of credit	29,727	49.0%	28,151	56.6%
Five largest users of credit	41,857	69.0%	34,510	69.4%

### Arrangements in the General Department

At April 30, 1999, the undrawn balances under the 21 arrangements that were in effect in the General Department amounted to SDR 15,929 million (SDR 19,197 million under 27 arrangements at April 30, 1998). These arrangements are listed in Schedule 4.

### Charges

The IMF levies periodic charges on its holdings of members' currencies that derive from their use of IMF credit. The rate of charge is set as a proportion of the SDR interest rate. This rate is adjusted periodically to offset the effect on the IMF's income of the deferral of unpaid charges and to finance the additions to the first Special Contingent Account, as discussed below. A surcharge progressing from 300 basis points above the rate of charge up to 500 basis points applies to use of credit under the Supplemental Reserve Facility. Special charges are levied on holdings that are not repurchased when due, and on overdue charges that are not settled when due. 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 each purchase, except on a reserve tranche purchase. A stand-by fee is charged on Stand-By and Extended Arrangements. This fee is refunded in proportion to purchases made under the arrangement. At April 30, 1999, the total holdings on which the IMF levied charges amounted to SDR 60,651 million (SDR 49,701 million at April 30, 1998). Charges due to the IMF at April 30, 1999 amounted to SDR 1,585 million (SDR 1,521 million at April 30, 1998).

### Remuneration

The IMF pays remuneration on a member's remunerated reserve tranche position. A remunerated reserve tranche

position is the amount by which the member's norm exceeds the IMF's holdings of its currency, excluding holdings that derive from the use of IMF credit. The norm, which varies for each member, on average amounted to 96.1 percent of quota at April 30, 1999 (94.5 percent of quota at April 30, 1998). The rate of remuneration is equal to the SDR interest rate and is adjusted, subject to a specific floor, to offset the effect of the deferral of charges on income and to finance the additions to the first Special Contingent Account, as discussed below.

At April 30, 1999, total creditor positions on which the IMF paid remuneration amounted to SDR 57,076 million (SDR 44,011 million at April 30, 1998).

#### Overdue Obligations

At April 30, 1999 and 1998, six members were six months or more overdue in settling their financial obligations to the IMF and four of these members were overdue to the General Department. In addition, the Federal Republic of Yugoslavia (Serbia/Montenegro) was also six months or more overdue in meeting its financial obligations to the IMF. Credit extended to these members and the Federal Republic of Yugoslavia (Serbia/Montenegro) through the General Resources Account and the Special Disbursement Account amounted to SDR 1,144 million as of April 30, 1999 (SDR 1,182 million at April 30, 1998).

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

	Repurchases and SAF Loans		Charges and SAF Interest	
	1999	1998	1999	1998
	<i>In millions of SDRs</i>			
Total overdue	1,135	1,156	956	911
Overdue for six months or more	1,126	1,147	934	885
Overdue for three years or more	1,061	1,064	814	768

The type and duration of these arrears as of April 30, 1999, were as follows:

	Repurchases and SAF Loans	Charges and SAF Interest	Total Obligation	Longest Overdue Obligation
	<i>In millions of SDRs</i>			
Congo, Democratic Republic of	292.0	61.2	353.2	May 1991
Liberia	201.5	214.9	416.4	April 1985
Somalia	105.5	79.1	184.6	July 1987
Sudan	480.0	583.7	1,063.7	July 1985
Yugoslavia, Federal Republic of (Serbia/Montenegro)	56.1	17.5	73.6	September 1992
Total	<u>1,135.1</u>	<u>956.4</u>	<u>2,091.5</u>	

#### Strengthened Cooperative Strategy

The IMF follows a cooperative strategy aimed at resolving the issue of overdue obligations to the IMF. Three major elements form the basis of the cooperative strategy: (1) preventive measures, (2) remedial and deterrent measures, and (3) intensified collaboration and the rights approach. Under the intensified collaborative approach, the IMF has developed IMF-monitored programs and rights accumulation programs, which permit a member with protracted arrears to the IMF to

establish a track record of performance related to policy implementation and payments. A rights accumulation program allows the member to earn rights toward future financing through the implementation of a comprehensive economic program. Rights would be encashed under a successor arrangement after clearance of arrears and when all the requirements for that successor arrangement are met.

#### Deferred Income and Special Contingent Accounts

It is the policy of the IMF to exclude from current income and record as deferred income charges due by members that are six months or more overdue in meeting payments to the IMF unless the member is current in the payment of charges. Deferred income amounted to SDR 960 million at April 30, 1999 (SDR 918 million at April 30, 1998).

Since May 1, 1986, the IMF has adopted decisions whereby debtor and creditor members share equally the financial consequences of overdue obligations. An amount equal to deferred charges (excluding special charges) is generated and included in the IMF's income by an adjustment to the rate of charge and the rate of remuneration. These adjustments also finance the accumulation of precautionary balances that are held in the Special Contingent Accounts (see following paragraphs). The proceeds from the subsequent settlement of overdue charges are distributed to members that paid additional charges or received reduced remuneration when and to the extent that deferred charges that gave rise to adjustments are paid.

In view of the existence of protracted overdue obligations, the IMF accumulates precautionary balances, inter alia, in the Special Contingent Accounts. At April 30, 1999, the balances held in the first and second Special Contingent Accounts (SCA-1 and SCA-2) amounted to SDR 1,991 million, of which SDR 991 million was held in the SCA-1 (SDR 884 million at April 30, 1998). 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 share the cost of financing it when there are no outstanding overdue charges and repurchases, or at such earlier time as the IMF may decide.

The SCA-2 was established on July 1, 1990 as part of the strengthened cooperative strategy to accumulate SDR 1.0 billion over a period of approximately five years through a further adjustment to the rate of charge and the rate of remuneration. Financing of the SCA-2 was completed during financial year 1997. The resources accumulated in the SCA-2 safeguard against potential losses arising from purchases made under a successor arrangement after a rights accumulation program has been successfully completed by members with protracted arrears to the IMF at the end of 1989, while at the same time providing additional liquidity to assist in financing such purchases. Refunds of contributions are to be made after all repurchases under the rights approach have been made, or at such earlier date as the IMF may determine. Outstanding credit in the General Resources Account following the completion and encashment of rights accumulation programs amounted to SDR 407 million at April 30, 1999 (SDR 514 million at April 30, 1998).

The adjustments to charges and remuneration for deferred charges and SCA-1 during the years ended April 30, 1999 and 1998 were as follows :

	Adjustments to		Total	
	Charges	Remuneration	1999	1998
	<i>In millions of SDRs</i>			
Deferred charges	22.5	19.9	42.4	48.7
SCA-1	52.3	55.1	107.4	99.4
Refunds of deferred charges	(0.3)	(0.3)	(0.6)	(1.2)
Burden-sharing contributions, net of refunds	74.5	74.7	149.2	146.9

The 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 771 million at April 30, 1999 (SDR 729 million at April 30, 1998). 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 963 million (SDR 962 million at April 30, 1998).

### 6. Other Assets

Other assets include capital assets which at April 30, 1999 and 1998 amounted to SDR 223 million and SDR 216 million, respectively, and consisted of:

	1999	1998
	<i>In millions of SDRs</i>	
Land and buildings	293.2	274.7
Equipment	32.3	29.6
	325.5	304.3
Less accumulated depreciation	102.4	88.0
	223.1	216.3

### 7. Reserves

The IMF determines annually what part of its net income shall be placed to the General Reserve or to the Special Reserve, and what part, if any, shall 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. An administrative deficit for any financial year must be charged first against the Special Reserve. Net operational income generated from the use of resources under the SRF for financial year 1999, after meeting the expenses of conducting the ESAF Trust, has been transferred to the General Reserve.

### 8. Borrowing

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. The GAB was activated on July 20, 1998. Interest on borrowing 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

on November 17, 1998 and was activated on December 2, 1998. Interest on borrowing under the NAB is payable to the participants at the SDR interest rate, plus 100 basis points for the first year, augmented by one-third of an increase of 50 basis points for each six-month period thereafter up to a maximum increase of one-third of 200 basis points. As a condition for the activation of the NAB, the IMF will be required to transfer to the ESAF-HIPC Trust an amount equal to 100 basis points above the rate of charge levied on outstanding SRF purchases under the arrangement that was originally financed by the NAB, augmented by one-third of an increase of 50 basis points for each six-month period thereafter up to a maximum increase of one-third of 200 basis points.

During the financial year the IMF borrowed SDR 1,443 million under the GAB and SDR 2,876 million under the NAB; these amounts were repaid in full on March 11, 1999.

### 9. Administrative Expenses

The administrative expenses for the years ended April 30, 1999 and 1998 were as follows:

	1999	1998
	<i>In millions of SDRs</i>	
Personnel	259.4	243.5
Travel	54.6	54.6
Other	81.6	74.8
Less reimbursements for the administration of the SDR Department	(3.5)	(4.4)
Total administrative expenses, net of reimbursements	392.1	368.5

The General Resources Account is to be reimbursed annually for expenses incurred in administering the Special Disbursement Account and the ESAF Trust; however, following the establishment of the SRF and the consequent increase in net operational income, the Board decided to forgo reimbursement of the expenses incurred in administering the ESAF Trust for financial years 1998 and 1999 and to transfer the amounts that would otherwise have been reimbursed to the GRA, SDR 41.1 million for financial year 1999 (SDR 40.7 million for financial year 1998), from the ESAF Trust Reserve Account, through the Special Disbursement Account, to the ESAF-HIPC Trust. This amount has been included under Transfers to the ESAF-HIPC Trust in the Statement of Changes in Reserves and Resources.

The IMF has a funded defined-benefit Staff Retirement Plan and a funded defined-benefit Supplemental Retirement Benefits Plan ("the Plans") covering nearly all staff. Contributions to the Plans and all other assets, liabilities, and income of the Plans are administered separately from the General Department and can be used only for the benefit of the participants in the Plans and their beneficiaries. 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. The IMF uses the aggregate cost method for determining its pension cost. Under this method, the IMF's contributions, including those for cost of living adjustments and for experience gains and losses, are spread over the expected future working lifetimes of the participants in the plans. During

financial year 1999, the IMF contributed SDR 15 million to the Plans (SDR 14 million during financial year 1998). This included prepayments amounting to SDR 13 million (SDR 11 million during financial year 1998). As a result, other assets include an amount of SDR 24 million at April 30, 1999 (SDR 11 million at April 30, 1998), arising from the difference between the IMF's contribution and the amount recognized as pension expense in financial years 1999 and 1998. The funding and cost of the Plans for the year ended April 30, 1999 are based on an actuarial valuation at the beginning of financial year 1998. The results of the valuations, based on the principal actuarial assumptions of an expected rate of return and a discount rate of 8.5 percent and an inflation rate of 5 percent, were as follows:

	1999	1998
	<i>In millions of SDRs</i>	
Present value of benefits payable	2,170	1,998
Fair value of plan assets	2,263	1,895

The IMF will be implementing the provisions of the revised International Accounting Standard IAS 19, Employee Benefits, during FY 2000.

The IMF provides certain health care benefits to retirees that elect to continue participation in its medical benefits and group life insurance plans during retirement. Both participants and the IMF contribute toward meeting the costs of these benefits. The IMF's cost, which includes a past-service obligation, is actuarially determined using the projected unit credit method; the funding and cost for the year ended April 30, 1999 were based on an actuarial valuation at May 1, 1998. The total liability in this respect was estimated at SDR 146 million at April 30, 1999 (SDR 136 million at April 30, 1998). The IMF has established a Retired Staff Benefits Investment Account to hold and invest the resources contributed by the IMF toward the payment of these benefits. At April 30, 1999, an amount of SDR 147 million was held by that account (SDR 130 million at April 30, 1998).

**General Department**  
**Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions,**  
**and Members' Use of Resources**  
**as at April 30, 1999**

(In thousands of SDRs)

Member	General Resources Account				Use of Resources					
	Quota	IMF's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA <sup>2</sup>		SDA <sup>3</sup> +	ESAF		Total <sup>5</sup> = (D)
		Total	Percent of quota		Amount (A)	Percent		Trust <sup>4</sup> (C)	+	
Afghanistan, Islamic State of	120,400	115,488	95.9	4,928	—	—	—	—	—	—
Albania	48,700	54,175	111.2	3,355	8,825	0.01	—	41,983	50,808	—
Algeria	1,254,700	2,515,218	200.5	85,082	1,345,595	2.22	—	—	1,345,595	—
Angola	286,300	286,445	100.1	—	—	—	—	—	—	—
Antigua and Barbuda	13,500	13,499	100.0	1	—	—	—	—	—	—
Argentina	2,117,100	5,755,801	271.9	—	3,638,672	6.00	—	—	3,638,672	—
Armenia, Republic of	92,000	129,328	140.6	6,130	43,453	0.07	—	88,425	131,878	—
Australia	3,236,400	2,083,372	64.4	1,153,168	—	—	—	—	—	—
Austria	1,872,300	1,068,547	57.1	803,740	—	—	—	—	—	—
Azerbaijan	160,900	375,745	233.5	10	214,845	0.35	—	76,050	290,895	—
Bahamas, The	94,900	88,665	93.4	6,239	—	—	—	—	—	—
Bahrain	135,000	74,045	54.8	60,964	—	—	—	—	—	—
Bangladesh	533,300	631,265	118.4	163	98,125	0.16	1,869	182,250	282,244	—
Barbados	67,500	62,827	93.1	4,675	—	—	—	—	—	—
Belarus, Republic of	386,400	546,575	141.5	20	160,175	0.26	—	—	160,175	—
Belgium	3,102,300	1,827,510	58.9	1,274,801	—	—	—	—	—	—
Belize	18,800	14,562	77.5	4,239	—	—	—	—	—	—
Benin	61,900	59,721	96.5	2,188	—	—	11,271	56,277	67,548	—
Bhutan	6,300	5,280	83.8	1,020	—	—	—	—	—	—
Bolivia	171,500	162,638	94.8	8,875	—	—	4,535	174,928	179,463	—
Bosnia and Herzegovina	169,100	219,857	130.0	—	50,753	0.08	—	—	50,753	—
Botswana	63,000	35,500	56.3	27,506	—	—	—	—	—	—
Brazil	3,036,100	10,092,023	332.4	—	7,055,100	11.63	—	—	7,055,100	—
Brunei Darussalam	150,000	114,750	76.5	35,255	—	—	—	—	—	—
Bulgaria	640,200	1,413,369	220.8	32,654	805,818	1.33	—	—	805,818	—
Burkina Faso	60,200	52,991	88.0	7,221	—	—	17,380	60,730	78,110	—
Burundi	77,000	71,142	92.4	5,860	—	—	854	12,260	13,114	—
Cambodia	87,500	92,188	105.4	—	4,688	0.01	—	42,000	46,688	—
Cameroon	185,700	211,323	113.8	459	26,075	0.04	—	108,080	134,155	—
Canada	6,369,200	4,151,501	65.2	2,217,757	—	—	—	—	—	—
Cape Verde	9,600	9,599	100.0	1	—	—	—	—	—	—
Central African Republic	55,700	55,606	99.8	96	—	—	1,824	8,240	10,064	—
Chad	56,000	55,719	99.5	282	—	—	2,754	49,560	52,314	—
Chile	856,100	446,851	52.2	409,250	—	—	—	—	—	—
China	4,687,200	2,185,446	46.6	2,501,764	—	—	—	—	—	—
Colombia	774,000	351,504	45.4	422,503	—	—	—	—	—	—
Comoros	8,900	8,362	94.0	540	—	—	1,800	—	1,800	—
Congo, Democratic Republic of	291,000	448,805	154.2	—	157,805	0.26	142,910	—	300,715	—
Congo, Republic of	84,600	92,885	109.8	536	8,803	0.01	—	13,896	22,699	—
Costa Rica	164,100	144,113	87.8	20,000	—	—	—	—	—	—
Côte d'Ivoire	325,200	324,992	99.9	215	—	—	—	457,344	457,344	—
Croatia, Republic of	365,100	522,375	143.1	127	157,400	0.26	—	—	157,400	—
Cyprus	139,600	104,252	74.7	35,353	—	—	—	—	—	—
Czech Republic	819,300	819,300	100.0	3	—	—	—	—	—	—
Denmark	1,642,800	935,901	57.0	706,902	—	—	—	—	—	—



Member	General Resources Account				Use of Resources				
	Quota	IMF's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA <sup>2</sup>		ESAF		
		Total	Percent of quota		Amount (A)	Percent	SDA <sup>3</sup> + (B)	Trust <sup>4</sup> (C)	Total <sup>5</sup> (D)
Djibouti	15,900	22,072	138.8	1,100	7,272	0.01	—	—	7,272
Dominica	6,000	5,992	99.9	9	—	—	—	—	—
Dominican Republic	218,900	258,599	118.1	3	39,700	0.07	—	—	39,700
Ecuador	302,300	322,237	106.6	17,153	37,088	0.06	—	—	37,088
Egypt	943,700	823,650	87.3	120,075	—	—	—	—	—
El Salvador	171,300	171,303	100.0	—	—	—	—	—	—
Equatorial Guinea	32,600	32,609	100.0	—	—	—	5,967	1,393	7,360
Eritrea	15,900	15,900	100.0	5	—	—	—	—	—
Estonia, Republic of	46,500	66,839	143.7	6	20,344	0.03	—	—	20,344
Ethiopia	133,700	126,611	94.7	7,099	—	—	43,066	29,490	72,556
Fiji	70,300	55,387	78.8	14,917	—	—	—	—	—
Finland	1,263,800	722,289	57.2	541,519	—	—	—	—	—
France	10,738,500	6,752,159	62.9	3,986,383	—	—	—	—	—
Gabon	154,300	227,043	147.1	66	72,802	0.12	—	—	72,802
Gambia, The	31,100	29,618	95.2	1,485	—	—	227	7,088	7,315
Georgia	150,300	221,756	147.5	10	71,456	0.12	—	138,750	210,206
Germany	13,008,200	7,297,516	56.1	5,710,690	—	—	—	—	—
Ghana	369,000	327,874	88.9	41,130	—	—	13,292	216,767	230,059
Greece	823,000	572,663	69.6	250,337	—	—	—	—	—
Grenada	8,500	8,501	100.0	—	—	—	—	—	—
Guatemala	153,800	153,806	100.0	—	—	—	—	—	—
Guinea	107,100	107,026	99.9	75	—	—	—	88,309	88,309
Guinea-Bissau	14,200	14,200	100.0	— <sup>6</sup>	—	—	225	10,500	10,725
Guyana	90,900	90,902	100.0	—	—	—	21,402	82,602	104,004
Haiti	60,700	84,181	138.7	45	23,525	0.04	—	15,175	38,700
Honduras	129,500	168,375	130.0	8,625	47,500	0.08	—	91,038	138,538
Hungary	1,038,400	911,401	87.8	127,001	—	—	—	—	—
Iceland	117,600	99,029	84.2	18,572	—	—	—	—	—
India	4,158,200	3,881,602	93.3	488,468	211,750	0.35	—	—	211,750
Indonesia	2,079,300	8,726,647	419.7	145,474	6,792,820	11.20	—	—	6,792,820
Iran, Islamic Republic of	1,497,200	1,497,202	100.0	—	—	—	—	—	—
Iraq	504,000	504,013	100.0	—	—	—	—	—	—
Ireland	838,400	480,315	57.3	358,086	—	—	—	—	—
Israel	928,200	862,695	92.9	65,511	—	—	—	—	—
Italy	7,055,500	4,098,995	58.1	2,956,506	—	—	—	—	—
Jamaica	273,500	345,925	126.5	—	72,375	0.12	—	—	72,375
Japan	13,312,800	7,197,791	54.1	6,115,424	—	—	—	—	—
Jordan	170,500	545,418	319.9	2	374,920	0.62	—	—	374,920
Kazakhstan, Republic of	365,700	792,364	216.7	5	426,664	0.70	—	—	426,664
Kenya	271,400	258,996	95.4	12,417	—	—	16,330	119,675	136,005
Kiribati	5,600	5,601	100.0	—	—	—	—	—	—
Korea	1,633,600	11,173,782	684.0	208,571	9,748,750	16.07	—	—	9,748,750
Kuwait	1,381,100	1,050,465	76.1	330,637	—	—	—	—	—
Kyrgyz Republic	88,800	112,988	127.2	5	24,188	0.04	—	118,530	142,718
Lao People's Democratic Republic	39,100	39,100	100.0	—	—	—	8,204	34,603	42,807
Latvia, Republic of	126,800	167,975	132.5	5	41,175	0.07	—	—	41,175
Lebanon	146,000	127,168	87.1	18,833	—	—	—	—	—
Lesotho	34,900	31,372	89.9	3,533	—	—	1,359	14,194	15,553
Liberia	71,300	272,738	382.5	28	201,457	0.33	—	—	225,111 <sup>5</sup>
Libya	1,123,700	728,205	64.8	395,505	—	—	—	—	—

Schedule 1 (continued)

Member	General Resources Account				Use of Resources				
	Quota	IMF's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA <sup>2</sup>		ESAF		
		Total	Percent of quota		Amount (A)	Percent (B)	SDA <sup>3</sup> + (B)	Trust <sup>4</sup> + (C)	Total <sup>5</sup> = (D)
Lithuania, Republic of	144,200	317,980	220.5	16	173,794	0.29	—	—	173,794
Luxembourg	135,500	119,469	88.2	16,049	—	—	—	—	—
Macedonia, former Yugoslav Republic of	68,900	111,135	161.3	—	42,233	0.07	—	27,281	69,514
Madagascar	122,200	122,174	100.0	27	—	—	7,636	32,301	39,937
Malawi	69,400	71,938	103.7	2,236	4,772	0.01	4,278	56,717	65,767
Malaysia	1,486,600	878,450	59.1	608,156	—	—	—	—	—
Maldives	8,200	6,646	81.0	1,554	—	—	—	—	—
Mali	93,300	84,521	90.6	8,782	—	—	11,176	129,053	140,229
Malta	102,000	61,749	60.5	40,261	—	—	—	—	—
Marshall Islands	2,500	2,500	100.0	1	—	—	—	—	—
Mauritania	64,400	64,406	100.0	—	—	—	3,067	73,583	76,650
Mauritius	101,600	87,141	85.8	14,459	—	—	—	—	—
Mexico	2,585,800	7,922,367	306.4	244	5,336,782	8.80	—	—	5,336,782
Micronesia, Federated States of	3,500	3,500	100.0	1	—	—	—	—	—
Moldova, Republic of	123,200	260,400	211.4	5	137,200	0.23	—	—	137,200
Mongolia	51,100	51,100	100.0	5	—	—	—	34,318	34,318
Morocco	588,200	517,761	88.0	70,441	—	—	—	—	—
Mozambique	113,600	113,600	100.0	7	—	—	—	139,913	139,913
Myanmar	258,400	258,402	100.0	—	—	—	—	—	—
Namibia	99,600	99,566	100.0	37	—	—	—	—	—
Nepal	71,300	65,577	92.0	5,730	—	—	1,492	14,547	16,039
Netherlands	5,162,400	2,989,863	57.9	2,172,540	—	—	—	—	—
New Zealand	894,600	572,658	64.0	321,957	—	—	—	—	—
Nicaragua	130,000	130,010	100.0	—	—	—	—	101,705	101,705
Niger	65,800	57,240	87.0	8,561	—	—	446	50,718	51,164
Nigeria	1,753,200	1,753,181	100.0	68	—	—	—	—	—
Norway	1,671,700	908,691	54.4	763,038	—	—	—	—	—
Oman	194,000	144,277	74.4	49,796	—	—	—	—	—
Pakistan	1,033,700	1,853,433	179.3	73	819,805	1.35	98,334	437,570	1,355,709
Palau	3,100	3,100	100.0	1	—	—	—	—	—
Panama	206,600	317,964	153.9	11,860	123,213	0.20	—	—	123,213
Papua New Guinea	131,600	156,750	119.1	53	25,193	0.04	—	—	25,193
Paraguay	99,900	78,428	78.5	21,475	—	—	—	—	—
Peru	638,400	1,227,391	192.3	—	588,957	0.97	—	—	588,957
Philippines	879,900	2,001,780	227.5	87,104	1,208,970	1.99	—	—	1,208,970
Poland, Republic of	1,369,000	1,196,744	87.4	172,256	—	—	—	—	—
Portugal	867,400	474,661	54.7	392,755	—	—	—	—	—
Qatar	190,500	164,098	86.1	26,402	—	—	—	—	—
Romania	1,030,200	1,396,739	135.6	—	366,534	0.60	—	—	366,534
Russian Federation	5,945,400	18,867,885	317.4	926	12,923,286	21.31	—	—	12,923,286
Rwanda	80,100	101,687	127.0	—	21,569	0.04	3,504	23,800	48,873
St. Kitts and Nevis	8,900	10,457	117.5	72	1,625	—	—	—	1,625
St. Lucia	15,300	15,300	100.0	1	—	—	—	—	—
St. Vincent and the Grenadines	6,000	5,500	91.7	500	—	—	—	—	—
Samoa	11,600	10,924	94.2	683	—	—	—	—	—
San Marino, Republic of	10,000	7,650	76.5	2,351	—	—	—	—	—
São Tomé and Príncipe	7,400	7,403	100.0	—	—	—	80	—	80
Saudi Arabia	6,985,500	5,998,021	85.9	987,483	—	—	—	—	—
Senegal	161,800	160,445	99.2	1,356	—	—	3,042	195,756	198,798
Seychelles	8,800	8,800	100.0	—	—	—	—	—	—

Member	General Resources Account				Use of Resources					
	Quota	IMF's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA <sup>2</sup>		SDA <sup>3</sup> + (B)	ESAF		Total <sup>5</sup> = (D)
		Total	Percent of quota		Amount (A)	Percent		Trust <sup>4</sup> (C)	Total	
Sierra Leone	103,700	115,265	111.2	24	11,580	0.02	27,020	96,848	135,448	
Singapore	862,500	537,135	62.3	325,374	—	—	—	—	—	
Slovak Republic	357,500	472,956	132.3	—	115,451	0.19	—	—	115,451	
Slovenia, Republic of	231,700	163,187	70.4	68,515	—	—	—	—	—	
Solomon Islands	10,400	9,867	94.9	543	—	—	—	—	—	
Somalia	44,200	140,907	318.8	—	96,701	0.16	8,840	—	112,004 <sup>5</sup>	
South Africa	1,868,500	1,868,405	100.0	107	—	—	—	—	—	
Spain	3,048,900	1,643,361	53.9	1,405,541	—	—	—	—	—	
Sri Lanka	413,400	365,728	88.5	47,700	—	—	20,079	212,800	232,879	
Sudan	169,700	649,770	382.9	11	480,050	0.80	—	—	539,278 <sup>5</sup>	
Suriname	92,100	85,975	93.3	6,125	—	—	—	—	—	
Swaziland	50,700	44,154	87.1	6,552	—	—	—	—	—	
Sweden	2,395,500	1,432,579	59.8	962,928	—	—	—	—	—	
Switzerland	3,458,500	1,907,868	55.2	1,550,700	—	—	—	—	—	
Syrian Arab Republic	293,600	293,603	100.0	5	—	—	—	—	—	
Tajikistan, Republic of	87,000	117,000	134.5	2	30,000	0.05	—	40,300	70,300	
Tanzania	198,900	188,932	95.0	9,975	—	—	4,280	211,060	215,340	
Thailand	1,081,900	3,481,897	321.8	20	2,400,000	3.96	—	—	2,400,000	
Togo	73,400	73,146	99.7	254	—	—	4,416	62,940	67,356	
Tonga	6,900	5,206	75.4	1,700	—	—	—	—	—	
Trinidad and Tobago	335,600	335,585	100.0	16	—	—	—	—	—	
Tunisia	286,500	352,762	123.1	20,167	86,424	0.14	—	—	86,424	
Turkey	964,000	1,040,041	107.9	112,775	188,813	0.31	—	—	188,813	
Turkmenistan, Republic of	48,000	48,000	100.0	5	—	—	—	—	—	
Uganda	180,500	180,507	100.0	—	—	—	1,992	266,808	268,800	
Ukraine	1,372,000	3,341,372	243.5	7	1,969,372	3.25	—	—	1,969,372	
United Arab Emirates	392,100	202,013	51.5	190,088	—	—	—	—	—	
United Kingdom	10,738,500	6,818,351	63.5	3,920,177	—	—	—	—	—	
United States	37,149,300	20,082,770	54.1	17,061,852	—	—	—	—	—	
Uruguay	225,300	324,132	143.9	15,375	114,200	0.19	—	—	114,200	
Uzbekistan, Republic of	275,600	440,025	159.7	5	164,425	0.27	—	—	164,425	
Vanuatu	17,000	14,506	85.3	2,496	—	—	—	—	—	
Venezuela	2,659,100	3,179,273	119.6	321,900	842,071	1.39	—	—	842,071	
Vietnam	329,100	358,313	108.9	5	29,213	0.05	—	241,600	270,813	
Yemen, Republic of	243,500	404,865	166.3	13	161,375	0.27	—	124,000	285,375	
Yugoslavia, Federal Republic of (Serbia/Montenegro)	—	—	—	—	56,056	0.09	—	—	56,056	
Zambia	489,100	489,101	100.0	18	—	—	181,750	671,681	853,431	
Zimbabwe	353,400	494,274	139.9	252	141,125	0.24	—	132,450	273,575	
Total	207,982,900	204,966,259		63,609,749	60,650,704	100.00	676,701	5,717,886	67,134,639	

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

<sup>2</sup>Includes the share of the Federal Republic of Yugoslavia (Serbia/Montenegro) in the liabilities of the former Socialist Federal Republic of Yugoslavia, although this state has not succeeded to IMF membership.

<sup>3</sup>The Special Disbursement Account (SDA) of the General Department provides financing under Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF) arrangements.

<sup>4</sup>For information purposes only. The ESAF Trust provides financing under ESAF arrangements and is not a part of the General Department.

<sup>5</sup>Includes outstanding Trust Fund loans to Liberia (SDR 23.6 million), Somalia (SDR 6.5 million), and Sudan (SDR 59.2 million).

<sup>6</sup>Less than SDR 500.

**General Department**  
**Financial Resources and Liquidity Position**  
**in the General Resources Account**  
**as at April 30, 1999 and 1998**

(In thousands of SDRs)

	1999	1998
<b>Resources</b>		
Currencies and securities . . . . .	204,966,259	144,638,372
SDR holdings . . . . .	3,571,967	764,424
Gold holdings . . . . .	3,624,797	3,624,797
Sundry assets, net of sundry liabilities <sup>1</sup> . . . . .	379,550	310,860
Total resources . . . . .	<u>212,542,573</u>	<u>149,338,453</u>
<b>Less: Nonusable Resources<sup>2</sup></b> . . . . .	<u>128,833,525</u>	<u>102,060,131</u>
<b>Equals: Usable Resources<sup>3</sup></b> . . . . .	<u>83,709,048</u>	<u>47,278,322</u>
<b>Resources Committed and Working Balances</b>		
Undrawn balances under arrangements <sup>4</sup> . . . . .	13,059,802	15,293,169
Minimum working balances <sup>4</sup> . . . . .	13,922,160	9,424,250
Resources committed and working balances . . . . .	<u>26,981,962</u>	<u>24,717,419</u>
<b>Net Uncommitted Usable Resources<sup>5</sup></b> . . . . .	<u>56,727,086</u>	<u>22,560,903</u>
<b>Liquid Liabilities</b>		
Reserve tranche positions <sup>6</sup> . . . . .	<u>63,609,749</u>	<u>50,324,030</u>
<b>Liquidity Ratio<sup>7</sup></b> . . . . .	89.2%	44.8%
<b>Memorandum Item</b>		
Resources available under borrowing arrangements . . . . .	34,000,000	18,500,000

<sup>1</sup>Sundry assets, net of sundry liabilities reflect current assets (charges, interest, and other receivables) and other assets that include capital assets (land, buildings, and equipment), net of sundry liabilities (remuneration payable and other liabilities).

<sup>2</sup>Resources regarded as nonusable 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.

<sup>3</sup>Usable resources consist of (1) holdings of currencies of members considered by the Executive Board 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.

<sup>4</sup>Amounts committed under active 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 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.

<sup>5</sup>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.

<sup>6</sup>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 when developments in its balance of payments or reserve position make this necessary, and the IMF must therefore at all times be in a position to meet such requests.

<sup>7</sup>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. While this ratio is neither a fixed nor a minimum ratio, historically it has not fallen below 25–30 percent of liquid liabilities for any length of time, thereby ensuring the IMF's capacity to meet members' requests.

**General Department**  
**Schedule of Repurchases and Repayments of Loans**  
**as at April 30, 1999**

*(In thousands of SDRs)*

Financial Year Ending April 30	General Resources Account <sup>1</sup>	Special Disbursement Account
Overdue	992,068	143,020
2000	19,287,182	174,357
2001	10,417,222	79,024
2002	8,984,965	90,679
2003	8,852,994	61,863
2004	4,164,299	50,823
2005	2,398,577	40,269
2006	2,048,606	36,666
2007	1,685,752	—
2008	1,196,473	—
2009	622,566	—
Total	<u>60,650,704</u>	<u>676,701</u>

<sup>1</sup>A member is entitled to repurchase at any time the IMF's holdings of its currency subject to charges and is expected to make repurchases as and when its balance of payments and reserve position improve.

## General Department

### Status of Arrangements as at April 30, 1999

*(In thousands of SDRs)*

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
<b>General Resources Account</b>				
<b>Stand-By Arrangements</b>				
Bosnia and Herzegovina	May 29, 1998	May 28, 1999	60,600	36,360
Brazil	December 2, 1998	December 1, 2001	13,024,800 <sup>1</sup>	5,969,700
Cape Verde	February 20, 1998	May 31, 1999	2,100	2,100
El Salvador	September 23, 1998	February 22, 2000	37,680	37,680
Korea	December 4, 1997	December 3, 2000	15,500,000	1,268,750
Philippines	April 1, 1998	March 31, 2000	1,020,790	633,400
Thailand	August 20, 1997	June 19, 2000	2,900,000	500,000
Uruguay	March 29, 1999	March 28, 2000	70,000	70,000
Zimbabwe	June 1, 1998	June 30, 1999	130,650	91,450
Total Stand-By Arrangements			<u>32,746,620</u>	<u>8,609,440</u>
<b>Extended Arrangements</b>				
Argentina	February 4, 1998	February 3, 2001	2,080,000	2,080,000
Azerbaijan	December 20, 1996	December 19, 1999	58,500	15,800
Bulgaria	September 25, 1998	September 24, 2001	627,620	470,720
Croatia, Republic of	March 12, 1997	March 11, 2000	353,160	324,380
Indonesia	August 25, 1998	November 5, 2000	5,383,100	2,259,400
Jordan	April 15, 1999	April 14, 2002	127,880	117,220
Kazakhstan, Republic of	July 17, 1996	July 16, 1999	309,400	154,700
Moldova, Republic of	May 20, 1996	May 19, 2000	135,000	72,500
Pakistan	October 20, 1997	October 19, 2000	454,920	379,090
Panama	December 10, 1997	December 9, 2000	120,000	80,000
Ukraine	September 4, 1998	September 3, 2001	1,645,550	1,288,900
Yemen, Republic of	October 29, 1997	October 28, 2000	105,900	76,900
Total Extended Arrangements			<u>11,401,030</u>	<u>7,319,610</u>
Total General Resources Account			<u>44,147,650</u>	<u>15,929,050</u>

<sup>1</sup>Includes SDR 9.1 billion available until December 1, 1999 under the Supplemental Reserve Facility.

**SDR Department**  
**Statement of Allocations and Holdings**  
**as at April 30, 1999 and 1998**

*(In thousands of SDRs)*

(Note 1)

	1999	1998
<b>Allocations</b>		
Net cumulative allocations of SDRs .....	21,433,330	21,433,330
Overdue charges (Note 2) .....	<u>92,122</u>	<u>78,666</u>
Total Allocations .....	<u>21,525,452</u>	<u>21,511,996</u>
<b>Holdings</b>		
Participants with holdings above allocations		
Allocations .....	9,632,624	10,457,271
Net receipts of SDRs .....	<u>5,573,023</u>	<u>6,731,164</u>
	<u>15,205,647</u>	<u>17,188,435</u>
Participants with holdings below allocations		
Allocations .....	11,800,706	10,976,059
Net uses of SDRs .....	<u>9,615,162</u>	<u>7,802,687</u>
	<u>2,185,544</u>	<u>3,173,372</u>
Total holdings of participants .....	17,391,191	20,361,807
General Resources Account .....	3,571,967	764,424
Holdings of SDRs by prescribed holders .....	<u>562,294</u>	<u>385,765</u>
Total Holdings .....	<u>21,525,452</u>	<u>21,511,996</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

**SDR Department**  
**Statement of Receipts and Uses of SDRs**  
**for the Years Ended April 30, 1999 and 1998**

(In thousands of SDRs)  
(Notes 1)

	Participants	General Resources Account	Prescribed Holders	Total	
				1999	1998
Total holdings, beginning of the year	20,361,807	764,424	385,765	21,511,996	21,497,941
<b>Receipts of SDRs</b>					
Transfers among Participants and Prescribed holders					
Transactions by agreement	13,750,812	—	66,145	13,816,957	8,566,891
Operations					
Loans	2,237,866	—	—	2,237,866	—
Settlement of financial obligations	2,284,216	—	54,974	2,339,190	86,410
IMF-related operations					
SAF and ESAF loans	187,829	—	—	187,829	351,745
SAF repayments and interest	—	—	47,146	47,146	107,672
Special charges on SAF, ESAF, and Trust Fund	—	—	1	1	6
ESAF contributions and payments	39,495	—	122,981	162,476	129,244
ESAF repayments and interest	—	—	357,778	357,778	311,285
HIPC contributions and payments	5	—	1,000	1,005	1,000
Net interest on SDRs (Note 2)	272,154	—	17,088	289,242	284,256
Transfers from Participants to the General Resources Account					
Repurchases	—	4,761,290	—	4,761,290	2,917,685
Charges	—	2,805,808	—	2,805,808	1,877,315
Quota payments	—	8,643,552	—	8,643,552	—
Interest on SDRs (Note 2)	—	34,997	—	34,997	44,431
Assessment on SDR allocation (Note 2)	—	3,447	—	3,447	4,350
Transfers from the General Resources Account to Participants and Prescribed holders					
Purchases	9,521,899	—	—	9,521,899	4,243,310
Repayments of IMF borrowings	1,429,472	—	—	1,429,472	—
Interest on IMF borrowings	46,100	—	—	46,100	—
In exchange for currencies of other members					
Acquisitions to pay charges	545,022	—	—	545,022	19,952
Remuneration	1,825,513	—	—	1,825,513	1,220,129
Other					
Refunds and adjustments	73,545	—	—	73,545	90,115
Total receipts	32,213,928	16,249,094	667,113	49,130,135	20,255,796



**SDR Department**  
**Statement of Receipts and Uses of SDRs**  
**for the Years Ended April 30, 1999 and 1998 (concluded)**

(In thousands of SDRs)  
 (Note 1)

	Participants	General Resources Account	Prescribed Holders	Total	
				1999	1998
<b>Uses of SDRs</b>					
Transfers among Participants and Prescribed holders					
Transactions by agreement . . . . .	13,600,052	—	216,905	13,816,957	8,566,891
Operations					
Loans . . . . .	2,237,866	—	—	2,237,866	—
Settlement of financial obligations . . . . .	2,292,839	—	46,351	2,339,190	86,410
IMF-related operations					
SAF and ESAF loans . . . . .	—	—	187,829	187,829	351,745
SAF repayments and interest . . . . .	47,146	—	—	47,146	107,672
Special charges on SAF, ESAF, and Trust Fund . . . . .	1	—	—	1	6
ESAF contributions and payments . . . . .	122,982	—	39,494	162,476	129,244
ESAF repayments and interest . . . . .	357,778	—	—	357,778	311,285
HIPC contributions and payments . . . . .	1,000	—	5	1,005	1,000
Transfers from Participants to the General Resources Account					
Repurchases . . . . .	4,761,290	—	—	4,761,290	2,917,685
Charges . . . . .	2,805,808	—	—	2,805,808	1,877,315
Quota payments . . . . .	8,643,552	—	—	8,643,552	—
Assessment on SDR allocation (Note 2) . . . . .	3,447	—	—	3,447	4,350
Transfers from the General Resources Account to Participants and Prescribed holders					
Purchases . . . . .	—	9,521,899	—	9,521,899	4,243,310
Repayments of IMF borrowings . . . . .	—	1,429,472	—	1,429,472	—
Interest on IMF borrowings . . . . .	—	46,100	—	46,100	—
In exchange for currencies of other members					
Acquisitions to pay charges . . . . .	—	545,022	—	545,022	19,952
Remuneration . . . . .	—	1,825,513	—	1,825,513	1,220,129
Other					
Refunds and adjustments . . . . .	—	73,545	—	73,545	90,115
Charges paid in the SDR department (Note 2)					
Net charges due . . . . .	324,239	—	—	324,239	328,687
Charges not paid when due . . . . .	(16,736)	—	—	(16,736)	(18,335)
Settlement of unpaid charges . . . . .	3,280	—	—	3,280	4,280
Total uses . . . . .	<u>35,184,544</u>	<u>13,441,551</u>	<u>490,584</u>	<u>49,116,679</u>	<u>20,241,741</u>
Total holdings, end of the year . . . . .	<u>17,391,191</u>	<u>3,571,967</u>	<u>562,294</u>	<u>21,525,452</u>	<u>21,511,996</u>

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

## SDR Department

### Notes to the Financial Statements as at April 30, 1999 and 1998

#### SDR Department

All transactions and operations involving SDRs are conducted through the SDR Department. At April 30, 1999, all members of the IMF were participants in the SDR Department. SDRs are reserve assets allocated by the IMF to members that are participants in the SDR Department 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 has been approved 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, 1999, 15 institutions had been prescribed as holders. These prescribed holders do not receive allocations.

#### 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 or its reserve position or developments in its reserves.

#### 1. Accounting Practices

The accounts are expressed in terms of the SDR. 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 a basket of currencies of five members. As of January 1, 1999, the deutsche mark and the French franc were substituted by the euro in the SDR valuation basket. The currencies in the basket and their amounts are as follows:

Currency	Amounts	
	To December 31, 1998	From January 1, 1999
Deutsche mark/euro as of January 1, 1999	0.446	0.228
French franc/euro as of January 1, 1999	0.813	0.1239
Japanese yen	27.2	27.2
Pound sterling	0.105	0.105
U.S. dollar	0.582	0.5821

Further discussions of specific accounting principles and disclosure practices have been included in other notes.

#### 2. Interest, Charges, and Assessment

Interest is paid on holdings of SDRs. Charges are levied on each participant's net cumulative allocation plus any negative balance of the participant or unpaid charges. Interest on SDR holdings is paid, and charges on net cumulative allocations are 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.

At April 30, 1999, charges amounting to SDR 92.1 million were overdue to the SDR Department (SDR 78.7 million at April 30, 1998). At April 30, 1999 and 1998, six members were six months or more overdue in meeting their financial obligations to the IMF, and five of these members were six months or more overdue to the SDR Department. In addition, the Federal Republic of Yugoslavia (Serbia/Montenegro) was also six months or more overdue in meeting its financial obligations. While the Federal Republic of Yugoslavia (Serbia/Montenegro) agreed to its share in the assets and liabilities of the former Socialist Federal Republic of Yugoslavia in the IMF, it had not succeeded to membership in the IMF as of April 30, 1999, and, consequently, it is not a participant in the SDR Department.

Charges due from members and the Federal Republic of Yugoslavia (Serbia/Montenegro) that are six months or more overdue to the SDR Department were as follows:

	1999	1998
	<i>In millions of SDRs</i>	
Total	92.1	78.7
Overdue for six months or more	85.2	71.3
Overdue for three years or more	53.4	43.8

The amount and duration of arrears were as follows:

	Total	Longest Overdue Obligation
	<i>In millions of SDRs</i>	
Afghanistan, Islamic State of	3.7	February 1996
Congo, Democratic Republic of	8.1	November 1996
Iraq	37.1	November 1990
Liberia	17.9	August 1988
Somalia	6.9	February 1991
Yugoslavia, Federal Republic of (Serbia/Montenegro)	18.4	November 1992
Total	<u>92.1</u>	

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 com-

bined 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.

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 allocation.

## Enhanced Structural Adjustment Facility Trust

Balance Sheet  
for the Years Ended April 30, 1999 and 1998(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1999	Combined 1998
<b>Assets</b>					
Loans receivable . . . . .	5,717,886	—	—	5,717,886	5,269,650
Investments (Notes 2 and 4) . . . . .	303,001	2,265,781	1,894,580	4,463,362	4,084,062
Interest receivable . . . . .	12,197	42,805	18,315	73,317	79,400
Currencies . . . . .	—	37	7	44	—
Accrued account transfers . . . . .	(23,971)	69,074	(45,103)	—	—
Total Assets . . . . .	<u>6,009,113</u>	<u>2,377,697</u>	<u>1,867,799</u>	<u>10,254,609</u>	<u>9,433,112</u>
<b>Resources and Liabilities</b>					
Resources . . . . .	—	2,370,606	1,728,382	4,098,988	3,713,696
Borrowing (Note 4) . . . . .	5,951,856	—	137,483	6,089,339	5,613,451
Interest payable . . . . .	57,192	—	1,934	59,126	65,265
Other liabilities . . . . .	65	7,091	—	7,156	40,700
Total Resources and Liabilities . . . . .	<u>6,009,113</u>	<u>2,377,697</u>	<u>1,867,799</u>	<u>10,254,609</u>	<u>9,433,112</u>

The accompanying notes and schedules are an integral part of the financial statements.

/s/ David Williams  
Treasurer/s/ M. Camdessus  
Managing Director

## Enhanced Structural Adjustment Facility Trust

Income Statement  
for the Years Ended April 30, 1999 and 1998(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1999	Combined 1998
<b>Income</b>					
Investment income . . . . .	158	90,488	78,229	168,875	157,196
Interest on loans . . . . .	27,052	—	—	27,052	24,124
Exchange valuation gain (loss) . . . . .	24	(16)	11	19	48
	<u>27,234</u>	<u>90,472</u>	<u>78,240</u>	<u>195,946</u>	<u>181,368</u>
<b>Expenses</b>					
Interest expense . . . . .	199,120	—	2,558	201,678	186,665
Other expense . . . . .	65	—	—	65	38
	<u>199,185</u>	<u>—</u>	<u>2,558</u>	<u>201,743</u>	<u>186,703</u>
Net Income (Loss) . . . . .	<u>(171,951)</u>	<u>90,472</u>	<u>75,682</u>	<u>(5,797)</u>	<u>(5,335)</u>

The accompanying notes and schedules are an integral part of the financial statements.

**Enhanced Structural Adjustment Facility Trust**  
**Statement of Changes in Resources**  
**for the Years Ended April 30, 1999 and 1998**

(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1999	Combined 1998
Balance, beginning of the year . . . . .	—	2,089,814	1,623,882	3,713,696	3,332,746
Contributions (Note 3) . . . . .	—	—	182,865	182,865	143,693
Transfers from the Special Disbursement Account	—	249,365	—	249,365	303,581
Transfers through the Special Disbursement Account to the ESAF-HIPC Trust (Note 6) . . . . .	—	(41,141)	—	(41,141)	(60,989)
Net transfers between:					
Loan and Reserve Accounts . . . . .	17,904	(17,904)	—	—	—
Loan and Subsidy Accounts . . . . .	154,047	—	(154,047)	—	—
Net income (loss) . . . . .	(171,951)	90,472	75,682	(5,797)	(5,335)
Balance, end of the year . . . . .	<u>—</u>	<u>2,370,606</u>	<u>1,728,382</u>	<u>4,098,988</u>	<u>3,713,696</u>

The accompanying notes and schedules are an integral part of the financial statements.

**Enhanced Structural Adjustment Facility Trust**  
**Notes to the Financial Statements**  
**as at April 30, 1999 and 1998**

**Purpose**

The Enhanced Structural Adjustment Facility Trust (“the 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 separate 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.

**Loan Account**

The resources of the Loan Account consist of the proceeds from borrowing, repayments of principal, and interest payments on loans extended by the Trust. Resources of the Loan Account are committed to qualifying members for a three-year period, upon approval by the Trustee, 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. At April 30, 1999, loans totaling SDR 5,717.9 million were outstanding (SDR 5,269.6 million at April 30, 1998). Members’ outstanding loans are presented in Schedule 1.

**Reserve Account**

The Reserve Account consists of amounts transferred by the IMF from the Special Disbursement Account and net earn-

ings 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 borrowing 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 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 loans.

**1. Accounting Practices**

The accounts are expressed in terms of the SDR. 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 a basket of currencies of five members. As of January 1, 1999, the deutsche mark and the French franc were substituted by

the euro in the SDR valuation basket. The currencies in the basket and their amounts are as follows:

Currency	Amounts	
	To December 31, 1998	From January 1, 1999
Deutsche mark/euro as of January 1, 1999	0.446	0.228
French franc/euro as of January 1, 1999	0.813	0.1239
Japanese yen	27.2	27.2
Pound sterling	0.105	0.105
U.S. dollar	0.582	0.5821

Members are not obligated to maintain the SDR value of their currencies held in the accounts of the Trust.

The accounts 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. Further discussions of specific accounting principles and disclosure practices have been included in other notes .

## 2. Investments

The resources of the Trust are invested pending their use. Investments are denominated in SDRs or in currency and are carried at cost, which does not exceed net realizable value. Pending their investment, resources may be temporarily held in currency, which also may give rise to valuation gains and losses.

## 3. 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, 1999, cumulative contributions received, including transfers from the Special Disbursement Account, amounted to SDR 2,049.6 million (SDR 1,866.7 million at April 30, 1998). Cumulative contributions are listed in Schedule 2.

## 4. Borrowing

The Trust borrows for the Loan Account and for the Subsidy Account on such terms and conditions as agreed between the Trust and the lenders.

Schedules 3 and 4 present lenders' borrowing agreements and scheduled repayments of outstanding borrowing, respectively. The following summarizes the borrowing agreements concluded as of April 30, 1999:

	Amount Agreed	Amount Undrawn
	<i>In thousands of SDRs</i>	
Loan Account	9,498,403	2,763,671
Subsidy Account	243,481	5,998

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.

## 5. Commitments Under Loan Arrangements

At April 30, 1999, undrawn balances under 35 loan arrangements amounted to SDR 2,156.1 million (SDR 2,164.5 million under 33 arrangements at April 30, 1998). Loan arrangements are listed in Schedule 5. Scheduled repayments of outstanding loans receivable are shown in Schedule 6.

## 6. 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 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 1999 and 1998, the Executive Board decided to forgo such reimbursement and to transfer an equivalent amount from the Reserve Account, through the Special Disbursement Account, to the ESAF-HIPC Trust. The amounts transferred for financial years 1999 and 1998 were SDR 41.1 million and SDR 40.7 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 ESAF-HIPC Trust to be used to provide grant or loans to eligible members under the HIPC initiative. At April 30, 1999, SDR 20.3 million had been transferred for this purpose (SDR 20.3 million at April 30, 1998).

## Enhanced Structural Adjustment Facility Trust

### Schedule of Outstanding Loans as at April 30, 1999

(In thousands of SDRs)

Member	ESAF Loan Account		Structural Adjustment Facility <sup>1</sup>	
	Balance	Percent	Balance	Percent
Albania	41,983	0.73	—	—
Armenia, Republic of	88,425	1.55	—	—
Azerbaijan	76,050	1.33	—	—
Bangladesh	182,250	3.19	1,869	0.28
Benin	56,277	0.98	11,271	1.67
Bolivia	174,928	3.06	4,535	0.67
Burkina Faso	60,730	1.06	17,380	2.57
Burundi	12,260	0.21	854	0.13
Cambodia	42,000	0.73	—	—
Cameroon	108,080	1.89	—	—
Central African Republic	8,240	0.14	1,824	0.27
Chad	49,560	0.87	2,754	0.41
Comoros	—	—	1,800	0.27
Congo, Democratic Republic of	—	—	142,910	21.13
Congo, Republic of	13,896	0.24	—	—
Côte d'Ivoire	457,344	8.00	—	—
Equatorial Guinea	1,393	0.02	5,967	0.88
Ethiopia	29,490	0.52	43,066	6.36
Gambia, The	7,088	0.12	227	0.03
Georgia	138,750	2.43	—	—
Ghana	216,767	3.79	13,292	1.96
Guinea	88,309	1.54	—	—
Guinea-Bissau	10,500	0.18	225	0.03
Guyana	82,602	1.45	21,402	3.16
Haiti	15,175	0.27	—	—
Honduras	91,038	1.59	—	—
Kenya	119,675	2.09	16,330	2.41
Kyrgyz Republic	118,530	2.07	—	—
Lao People's Democratic Republic	34,603	0.61	8,204	1.21
Lesotho	14,194	0.25	1,359	0.20
Macedonia, former Yugoslav Republic of	27,281	0.48	—	—
Madagascar	32,301	0.56	7,636	1.13
Malawi	56,717	0.99	4,278	0.63
Mali	129,053	2.26	11,176	1.65
Mauritania	73,583	1.29	3,067	0.45
Mongolia	34,318	0.60	—	—
Mozambique	139,913	2.45	—	—
Nepal	14,547	0.25	1,492	0.22
Nicaragua	101,705	1.78	—	—
Niger	50,718	0.89	446	0.07
Pakistan	437,570	7.65	98,334	14.53
Rwanda	23,800	0.42	3,504	0.52
São Tomé and Príncipe	—	—	80	0.01
Senegal	195,756	3.43	3,042	0.45
Sierra Leone	96,848	1.69	27,020	3.99
Somalia	—	—	8,840	1.31
Sri Lanka	212,800	3.72	20,079	2.97
Tajikistan, Republic of	40,300	0.70	—	—
Tanzania	211,060	3.69	4,280	0.63
Togo	62,940	1.10	4,416	0.65
Uganda	266,808	4.67	1,992	0.29
Vietnam	241,600	4.23	—	—
Yemen, Republic of	124,000	2.17	—	—
Zambia	671,681	11.75	181,750	26.86
Zimbabwe	132,450	2.32	—	—
Total loans outstanding	<u>5,717,886</u>	<u>100.00</u>	<u>676,701</u>	<u>100.00</u>

<sup>1</sup>Since Structural Adjustment Facility (SAF) loans have been disbursed in connection with ESAF 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 ESAF Reserve Account when received.

**Enhanced Structural Adjustment Facility Trust**  
**Contributions to and Resources of the Subsidy Account**  
**as at April 30, 1999**

*(In thousands of SDRs)*

Contributor <sup>1</sup>	Amount
<b>Direct Contributions to the Subsidy Account</b>	
Argentina	11,333
Australia	1,114
Bangladesh	235
Canada	128,598
China	5,000
Czech Republic	5,000
Denmark	44,419
Egypt	5,000
Finland	22,684
Germany	114,293
Iceland	2,400
India	3,458
Italy	131,280
Japan	427,367
Korea	29,318
Luxembourg	4,468
Morocco	3,509
Netherlands	73,489
Norway	27,164
Sweden	110,887
Switzerland	16,480
Turkey	1,000
United Kingdom	264,895
United States	89,939
Total direct contributions to the Subsidy Account	<u>1,523,330</u>
<b>Net Income Transferred from the ESAF Administered Accounts</b>	
Austria	33,141
Belgium	65,306
Botswana	770
Chile	2,156
Greece	21,073
Indonesia	2,161
Iran, Islamic Republic of	495
Portugal	1,141
Total net income transferred from the ESAF Administered Accounts	<u>126,243</u>
Total contributions received	1,649,573
Transfers from the Special Disbursement Account	<u>400,000</u>
Total contributions received and transfers from the Special Disbursement Account	2,049,573
Cumulative net income of the Subsidy Account	524,261
Resources disbursed to subsidize ESAF Trust lending	<u>(845,452)</u>
Total resources of the Subsidy Account	<u><u>1,728,382</u></u>

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



**Enhanced Structural Adjustment Facility Trust**  
**Schedule of Borrowing Agreements**  
**as at April 30, 1999**

*(In thousands of SDRs)*

Member	Interest Rate	Amount of Agreement	Amount Drawn	Outstanding Balance
<b>Loan Account</b>				
Prior to enlargement of ESAF				
Canada	Fixed <sup>1</sup>	300,000	300,000	257,585
France	0.50 <sup>2</sup>	800,000	800,000	566,769
Germany	Variable <sup>3</sup>	700,000	700,000	569,633
Italy	Variable <sup>3</sup>	370,000	370,000	332,679
Japan	Variable <sup>3</sup>	2,200,000	2,200,000	1,841,374
Korea	Variable <sup>3</sup>	65,000	65,000	55,073
Norway	Variable <sup>3</sup>	90,000	90,000	75,260
Spain	Variable <sup>3</sup>	220,000	216,429 <sup>4</sup>	144,544
Switzerland	—	200,000	200,000	16,205
Total prior to enlargement of ESAF		4,945,000	4,941,429	3,859,122
For enlargement of ESAF				
Canada	Variable <sup>3</sup>	200,000	121,376	121,376
China	Variable <sup>3</sup>	100,000	68,580	68,580
Egypt	Variable <sup>3</sup>	100,000	67,943	67,943
France	Variable <sup>3</sup>	750,000	391,005	391,005
Germany	Variable <sup>3</sup>	700,000	261,384	261,384
Italy	Variable <sup>3</sup>	210,000	65,154	65,154
Japan	Variable <sup>3</sup>	2,150,000	622,866	622,866
Korea	Variable <sup>3</sup>	27,700	9,094	9,094
Norway	Variable <sup>3</sup>	60,000	29,945	29,945
OPEC Fund for International Development	Variable <sup>3</sup>	37,003 <sup>5</sup>	12,785	12,785
Spain	0.50	67,000	30,343	30,343
Switzerland	Variable <sup>3</sup>	151,700	109,258	109,258
Total for enlargement of ESAF		4,553,403	1,789,733	1,789,733
Resources held pending repayment		—	—	303,001 <sup>6</sup>
Total—Loan Account		9,498,403	6,731,162	5,951,856
<b>Subsidy Account</b>				
Malaysia (1994 loans)	2.00	40,000	40,000	40,000
Malaysia (1988 and 1989 loans)	0.50	40,000	40,000	10,000
Malta	0.50	2,730	2,730	2,730
Pakistan	0.50	10,000	4,002	4,002
Singapore	2.00	80,000	80,000	70,000
Thailand	2.00 <sup>7</sup>	60,000	60,000	—
Tunisia	0.50	3,551	3,551	3,551
Uruguay	Variable <sup>8</sup>	7,200	7,200	7,200
Total—Subsidy Account		243,481	237,483	137,483

<sup>1</sup>The loans under this agreement are made at market-related rates of interest fixed at the time the loan was disbursed.

<sup>2</sup>The agreement with France made before the enlargement of ESAF (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 ESAF (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.

<sup>3</sup>The loans under these agreements are made at variable, market-related rates of interest.

<sup>4</sup>The agreement expired with an undrawn balance of SDR 3.6 million.

<sup>5</sup>The agreement with the OPEC Fund for International Development is for an amount of \$50 million.

<sup>6</sup>This amount represents principal repayments held and invested on behalf of a lender.

<sup>7</sup>In accordance with the agreement with Thailand, outstanding borrowings were repaid at the request of Thailand on January 30, 1998.

<sup>8</sup>The interest rate payable on the borrowing from Uruguay is equal to the rate on SDR-denominated deposits less 2.6 percent a year.

**Enhanced Structural Adjustment Facility Trust**  
**Schedule of Repayments of Borrowing**  
**as at April 30, 1999**

*(In thousands of SDRs)*

Periods of Repayment, Financial Year Ending April 30 <sup>1</sup>	Loan Account <sup>1</sup>	Subsidy Account
2000	393,077	20,000
2001	466,532	10,000
2002	494,968	10,000
2003	524,090	1,365
2004	704,176	—
2005	815,351	90,751
2006	1,372,666	—
2007	716,553	—
2008	330,441	1,365
2009	134,002	—
2010	—	2,668
2014	—	667
2015	—	667
Total	<u>5,951,856</u>	<u>137,483</u>

<sup>1</sup>Repayment periods are as provided in the borrowing agreements between the Trustee and lenders, including maximum periods for those repayments that are to be held in suspense, as agreed with the lender. See Note 4.

**Enhanced Structural Adjustment Facility Trust**  
**Status of Loan Arrangements<sup>1</sup>**  
**as at April 30, 1999**

*(In thousands of SDRs)*

Member	Date of Arrangement	Expiration	Amount Agreed	Undrawn Balance
Albania	May 13, 1998	May 12, 2001	35,300	23,530
Armenia, Republic of	Feb. 14, 1996	Dec. 20, 1999	109,350	20,925
Azerbaijan	Dec. 20, 1996	Jan. 24, 2000	93,600	17,550
Benin	Aug. 28, 1996	Jan. 7, 2000	27,180	14,496
Bolivia	Sep. 18, 1998	Sep. 17, 2001	100,960	84,134
Burkina Faso	June 14, 1996	Sep. 13, 1999	39,780	6,630
Cameroon	Aug. 20, 1997	Aug. 19, 2000	162,120	54,040
Central African Republic	July 20, 1998	July 19, 2001	49,440	41,200
Congo, Republic of	June 28, 1996	June 27, 1999	69,480	55,584
Côte d'Ivoire	Mar. 17, 1998	Mar. 16, 2001	285,840	161,976
Ethiopia	Oct. 11, 1996	Oct. 22, 1999	88,470	58,980
Gambia, The	June 29, 1998	June 28, 2001	20,610	17,175
Georgia	Feb. 28, 1996	July 26, 1999	166,500	27,750
Ghana	June 30, 1995	June 29, 1999	164,400	27,400
Guinea	Jan. 13, 1997	Jan. 12, 2000	70,800	23,600
Guyana	July 15, 1998	July 14, 2001	53,760	44,800
Haiti	Oct. 18, 1996	Oct. 17, 1999	91,050	75,875
Honduras	Mar. 26, 1999	Mar. 25, 2002	156,750	96,900
Kyrgyz Republic	June 26, 1998	June 25, 2001	73,380	43,000
Macedonia, former Yugoslav Republic of	Apr. 11, 1997	Apr. 10, 2000	54,560	27,279
Madagascar	Nov. 27, 1996	Nov. 26, 1999	81,360	54,240
Malawi	Oct. 18, 1995	Dec. 16, 1999	50,960	7,635
Mali	Apr. 10, 1996	Aug. 5, 1999	62,010	—
Mongolia	July 30, 1997	July 29, 2000	33,390	27,825
Mozambique	June 21, 1996	Aug. 24, 1999	75,600	12,600
Nicaragua	Mar. 18, 1998	Mar. 17, 2001	148,955	67,270
Niger	June 12, 1996	Aug. 27, 1999	57,960	9,660
Pakistan	Oct. 20, 1997	Oct. 19, 2000	682,380	417,010
Rwanda	June 24, 1998	June 23, 2001	71,400	47,600
Senegal	Apr. 20, 1998	Apr. 19, 2001	107,010	71,340
Tajikistan, Republic of	June 24, 1998	June 23, 2001	100,300	60,000
Tanzania	Nov. 8, 1996	Feb. 7, 2000	181,590	29,380
Uganda	Nov. 10, 1997	Nov. 9, 2000	100,425	43,518
Yemen, Republic of	Oct. 29, 1997	Oct. 28, 2000	264,750	140,750
Zambia	Mar. 25, 1999	Mar. 24, 2002	254,450	244,450
			<u>4,185,870</u>	<u>2,156,102</u>

<sup>1</sup>The Saudi Fund for Development may also provide resources to support arrangements under the ESAF through loans to qualifying members in association with loans under the ESAF. As at April 30, 1999, SDR 49.5 million of such associated loans had been disbursed.

**Enhanced Structural Adjustment Facility Trust**  
**Schedule of Repayments of Loans Receivable**  
**as at April 30, 1999**

*(In thousands of SDRs)*

Periods of Repayment, Financial Year Ending April 30	Loan Account
2000	461,799
2001	511,686
2002	680,726
2003	722,241
2004	834,998
2005	842,367
2006	730,856
2007	468,770
2008	330,441
2009	134,002
Total	<u>5,717,886</u>

## Enhanced Structural Adjustment Facility Administered Accounts

Balance Sheets  
as at April 30, 1999 and 1998(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1999	1998	1999	1998	1999	1998	1999	1998
<b>Assets</b>								
Investments (Note 2) . . . . .	50,000	62,000	180,000	180,000	6,894	6,894	15,000	15,000
Interest receivable . . . . .	117	1,736	3,443	1,521	57	71	601	557
Advance payments to the ESAF Subsidy Account . . . . .	85	—	—	—	58	44	—	—
Total Assets . . . . .	<u>50,202</u>	<u>63,736</u>	<u>183,443</u>	<u>181,521</u>	<u>7,009</u>	<u>7,009</u>	<u>15,601</u>	<u>15,557</u>
<b>Resources and Liabilities</b>								
Resources . . . . .	—	1,496	3,287	1,365	—	—	557	514
Deposits (Note 3) . . . . .	50,000	62,000	180,000	180,000	6,894	6,894	15,000	15,000
Interest payable . . . . .	202	240	156	156	115	115	44	43
Total Resources and Liabilities . . . . .	<u>50,202</u>	<u>63,736</u>	<u>183,443</u>	<u>181,521</u>	<u>7,009</u>	<u>7,009</u>	<u>15,601</u>	<u>15,557</u>
	Greece		Indonesia		Iran, I. R. of		Portugal	
	1999	1998	1999	1998	1999	1998	1999	1998
<b>Assets</b>								
Investments (Note 2) . . . . .	35,000	42,000	25,000	25,000	5,000	4,000	10,955	8,764
Interest receivable . . . . .	1,127	1,334	770	764	41	41	100	40
Advance payments to the ESAF Subsidy Account . . . . .	—	—	—	—	—	—	—	2
Total Assets . . . . .	<u>36,127</u>	<u>43,334</u>	<u>25,770</u>	<u>25,764</u>	<u>5,041</u>	<u>4,041</u>	<u>11,055</u>	<u>8,806</u>
<b>Resources and Liabilities</b>								
Resources . . . . .	1,112	1,295	272	286	18	23	47	—
Deposits (Note 3) . . . . .	35,000	42,000	25,000	25,000	5,000	4,000	10,955	8,764
Interest payable . . . . .	15	39	498	478	23	18	53	42
Total Resources and Liabilities . . . . .	<u>36,127</u>	<u>43,334</u>	<u>25,770</u>	<u>25,764</u>	<u>5,041</u>	<u>4,041</u>	<u>11,055</u>	<u>8,806</u>

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

/s/ David Williams  
Treasurer/s/ M. Camdessus  
Managing Director

## Enhanced Structural Adjustment Facility Administered Accounts

Income Statements  
for the Years Ended April 30, 1999 and 1998(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1999	1998	1999	1998	1999	1998	1999	1998
Investment income . . . . .	2,378	2,808	8,039	7,869	265	287	685	636
Interest expense on deposits . . . . .	256	335	900	900	138	138	75	75
Net Income . . . . .	<u>2,122</u>	<u>2,473</u>	<u>7,139</u>	<u>6,969</u>	<u>127</u>	<u>149</u>	<u>610</u>	<u>561</u>

  

	Greece		Indonesia		Iran, I. R. of		Portugal	
	1999	1998	1999	1998	1999	1998	1999	1998
Investment income . . . . .	1,647	1,886	1,095	1,059	188	163	433	374
Interest expense on deposits . . . . .	177	223	595	558	25	20	54	43
Net Income . . . . .	<u>1,470</u>	<u>1,663</u>	<u>500</u>	<u>501</u>	<u>163</u>	<u>143</u>	<u>379</u>	<u>331</u>

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

## Enhanced Structural Adjustment Facility Administered Accounts

Statements of Changes in Resources  
for the Years Ended April 30, 1999 and 1998(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1999	1998	1999	1998	1999	1998	1999	1998
Balance, beginning of the year . . . . .	1,496	491	1,365	717	—	—	514	327
Net income . . . . .	2,122	2,473	7,139	6,969	127	149	610	561
Transfers to the ESAF Trust Subsidy Account	(3,618)	(1,468)	(5,217)	(6,321)	(127)	(149)	(567)	(374)
Balance, end of the year . . . . .	<u>—</u>	<u>1,496</u>	<u>3,287</u>	<u>1,365</u>	<u>—</u>	<u>—</u>	<u>557</u>	<u>514</u>

  

	Greece		Indonesia		Iran, I. R. of		Portugal	
	1999	1998	1999	1998	1999	1998	1999	1998
Balance, beginning of the year . . . . .	1,295	498	286	—	23	15	—	—
Net income . . . . .	1,470	1,663	500	501	163	143	379	331
Transfers to the ESAF Trust Subsidy Account	(1,653)	(866)	(514)	(215)	(168)	(135)	(332)	(331)
Balance, end of the year . . . . .	<u>1,112</u>	<u>1,295</u>	<u>272</u>	<u>286</u>	<u>18</u>	<u>23</u>	<u>47</u>	<u>—</u>

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

## Enhanced Structural Adjustment Facility Administered Accounts Saudi Fund for Development Special Account

### Statement of Receipts and Uses of Resources as at April 30, 1999 and 1998

(In thousands of SDRs)  
(Note 1)

	1999	1998
<b>Receipts of Resources</b>		
Cumulative transfers from the Saudi Fund for Development	49,500	49,500
Cumulative repayments of associated loans	9,350	5,450
Cumulative receipts of interest on associated loans	1,302	1,082
Accrued interest on associated loans	68	75
	60,220	56,107
<b>Uses of Resources</b>		
Associated loans (Note 4)	49,500	49,500
Cumulative repayments to the Saudi Fund for Development	9,350	5,450
Cumulative payments of interest on transfers	1,302	1,082
Accrued interest on transfers	68	75
	60,220	56,107

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

## Enhanced Structural Adjustment Facility Administered Accounts

### Notes to the Financial Statements as at April 30, 1999 and 1998

#### *Purpose*

At the request of certain member countries, the IMF established administered accounts for the benefit of the Subsidy Account of the Enhanced Structural Adjustment Facility Trust (the ESAF 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 ESAF Trust.

The Saudi Fund for Development (SFD) Special Account was established at the request of the SFD to provide supplementary finance in association with loans under the Enhanced Structural Adjustment Facility (ESAF). The IMF acts as agent of the SFD. Disbursements from the SFD Special Account are made simultaneously with ESAF 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 separate 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.

#### *1. Accounting Practices*

The accounts are expressed in terms of the SDR. 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 a basket of currencies of five members. As of January 1, 1999, the deutsche mark and the French franc were substituted by the euro in the SDR valuation basket. The currencies in the basket and their amounts are as follows:

Currency	Amounts	
	To December 31, 1998	From January 1, 1999
Deutsche mark/euro as of January 1, 1999	0.446	0.228
French franc/euro as of January 1, 1999	0.813	0.1239
Japanese yen	27.2	27.2
Pound sterling	0.105	0.105
U.S. dollar	0.582	0.5821

The administered accounts are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. Further discussions of specific accounting principles and disclosure practices have been included in other notes.

#### *2. Investments*

The resources of each administered account are invested in SDR-denominated deposits and valued at cost, which approximates market value.

### 3. 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  $\frac{1}{2}$  of 1 percent a year. The first deposit from Austria had been repaid in full as of April 30, 1999.

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 date of the individual deposits. The deposits bear interest at a rate of  $\frac{1}{2}$  of 1 percent a year. In accordance with an addendum to the account, effective as of 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 shall be invested by the IMF, and the IMF shall pay the National Bank of Belgium interest on each deposit at an annual rate of  $\frac{1}{2}$  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) shall be retained in the account and invested, pending further disposition by the National Bank of Belgium.

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, is to be repaid in one installment ten years after the date of deposit. The deposit bears interest at a rate of  $\frac{1}{2}$  of 1 percent a year.

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  $\frac{1}{2}$  of 1 percent a year. The first deposit from Greece had been repaid in full as of April 30, 1999.

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  $\frac{1}{2}$  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  $\frac{1}{2}$  of 1 percent a year.

### 4. Associated Loans

The SFD has provided resources to support arrangements under the ESAF through loans in association with loans under the ESAF. 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 Special Account for disbursement by the IMF simultaneously with disbursements under an ESAF 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  $\frac{1}{2}$  of 1 percent a year.



**ESAF-HIPC Trust**  
**Balance Sheet**  
**as at April 30, 1999 and 1998**

*(In thousands of SDRs)*  
*(Note 1)*

	ESAF-HIPC Trust Account	Umbrella Account for HIPC Operations	Combined 1999	Combined 1998
<b>Assets</b>				
Investments (Note 2) . . . . .	119,297	57,822	177,119	70,750
Transfer receivable (Note 3) . . . . .	20,377	—	20,377	40,700
Interest receivable . . . . .	1,933	939	2,872	149
Total Assets . . . . .	<u>141,607</u>	<u>58,761</u>	<u>200,368</u>	<u>111,599</u>
<b>Resources and Liabilities</b>				
Resources . . . . .	99,651	58,761	158,412	95,987
Deposits (Note 4) . . . . .	41,607	—	41,607	15,607
Interest payable . . . . .	349	—	349	5
Total Resources and Liabilities . . . . .	<u>141,607</u>	<u>58,761</u>	<u>200,368</u>	<u>111,599</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

**ESAF-HIPC Trust**  
**Income Statement and Changes in Resources**  
**for the Years Ended April 30, 1999 and 1998**

*(In thousands of SDRs)*  
*(Note 1)*

	ESAF-HIPC Trust Account	Umbrella Account for HIPC Operations	Combined 1999	Combined 1998
Balance, beginning of the year . . . . .	44,374	51,613	95,987	2,277
Transfers (Note 3) . . . . .	54,428	—	54,428	60,989
Contributions received (Note 3) . . . . .	19,108	21,249	40,357	83,442
HIPC grants (Note 5) . . . . .	(21,249)	—	(21,249)	(51,514)
Disbursements (Note 5) . . . . .	—	(16,570)	(16,570)	—
Income earned on investments (Note 2) . . . . .	3,632	2,469	6,101	1,090
Interest expense on deposits (Note 4) . . . . .	(642)	—	(642)	(297)
Net changes in resources . . . . .	<u>55,277</u>	<u>7,148</u>	<u>62,425</u>	<u>93,710</u>
Balance, end of the year . . . . .	<u>99,651</u>	<u>58,761</u>	<u>158,412</u>	<u>95,987</u>

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

## ESAF-HIPC Trust

### Notes to the Financial Statements as at April 30, 1999 and 1998

#### *Purpose*

The Trust for Special ESAF Operations for the Heavily Indebted Poor Countries and for Interim ESAF Subsidy Operations (“the ESAF-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 and loans to eligible members for the purpose of reducing their external debt burden and for interim ESAF subsidy purposes. The resources of the ESAF-HIPC Trust are separate 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 ESAF-HIPC Trust are conducted through the ESAF-HIPC Trust Account and the Umbrella Account for HIPC Operations.

#### *ESAF-HIPC Trust Account*

The resources of the ESAF-HIPC Trust Account consist of grant contributions, deposits, loans, 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 ESAF-HIPC Trust Account.

The resources held in the ESAF-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 ESAF operations to ESAF-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 ESAF-HIPC Trust. Within the Umbrella Account, resources received are administered through the establishment of subaccounts for each eligible member upon the approval of a disbursement under the ESAF-HIPC Trust.

The resources of a subaccount of the Umbrella Account consist of (i) amounts disbursed from the ESAF-HIPC Trust Account as grants or loans for the benefit of a member, and (ii) 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 in accordance with the schedule agreed upon by the Trustee and the member for the use of the proceeds of the ESAF-HIPC disbursements.

#### *1. Accounting Practices*

The accounts are expressed in terms of the SDR. 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 a basket of currencies of five members. As of January 1, 1999, the deutsche mark and the French franc were substituted by

the euro in the SDR valuation basket. The currencies in the basket and their amounts are as follows:

Currency	Amounts	
	To December 31, 1998	From January 1, 1999
Deutsche mark/euro as of January 1, 1999	0.446	0.228
French franc/euro as of January 1, 1999	0.813	0.1239
Japanese yen	27.2	27.2
Pound sterling	0.105	0.105
U.S. dollar	0.582	0.5821

Members are not obligated to maintain the SDR value of their currencies held in the accounts of the ESAF-HIPC Trust.

The accounts of the ESAF-HIPC Trust are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. Further discussions of specific accounting principles and disclosure practices have been included in other notes.

#### *2. Investments*

The resources of the ESAF-HIPC Trust are invested pending their use. Investments are denominated in SDRs or in currency and are carried at cost, which does not exceed net realizable value. Pending their investment, resources may be temporarily held in currency, which also may give rise to valuation gains and losses.

#### *3. Contributions and Transfers*

##### *ESAF-HIPC Trust Account*

The Trustee accepts contributions of resources on such terms and conditions as agreed between the ESAF-HIPC Trust and the contributor. At April 30, 1999, six contributions amounting to SDR 53.3 million had been received (four contributions amounting to SDR 34.2 million at April 30, 1998): SDR 2.3 million from Finland; SDR 1.1 million from Nigeria; SDR 27.2 million and SDR 19.1 million, respectively, from Japan; SDR 3.6 million from the Netherlands; and SDR 20,000 from Belize. The contribution from the Netherlands is earmarked for interim ESAF subsidy operations.

Total transfers from the ESAF Trust Reserve Account through the Special Disbursement Account amounted to SDR 102.1 million at April 30, 1999 (SDR 61.0 million at April 30, 1998). At April 30, 1999, there was a transfer due from the General Resources Account amounting to SDR 13.3 million (no transfers had been made at April 30, 1998).

##### *Umbrella Account*

The Umbrella Account receives the proceeds of grants or loans disbursed by the ESAF-HIPC Trust on behalf of an eli-

gible member. Two grants amounting to SDR 51.5 million and SDR 21.2 million had been received on behalf of Uganda and Bolivia, respectively, at April 30, 1999 (one grant of SDR 51.5 million at April 30, 1998).

#### 4. Deposits

##### *ESAF-HIPC Trust Account*

The Trustee accepts deposits, loans, and other types of investments made by contributors to the ESAF-HIPC Trust on such terms and conditions as agreed between the ESAF-HIPC Trust and the Contributor. At April 30, 1999, five deposits amounting to SDR 41.6 million had been received by the ESAF-HIPC Trust Account (two deposits amounting to SDR 15.6 million at April 30, 1998). The first deposit of SDR 14.6 million bears interest at a rate of 2 percent a year and is to be repaid in one installment five years after the date of deposit, made on April 30, 1997. Two deposits of SDR 1 million each, which bear interest at a rate of  $\frac{1}{2}$  of 1 percent a year and are to be repaid in one installment ten years after the date of the initial deposit, were made on May 30, 1997 and May 30, 1998, respectively. The fourth and fifth deposits of SDR 15 million and SDR 10 million, respectively, bear interest at a rate of 2 percent a year and are to be repaid in one installment ten years after the date of the

deposit, made on June 29, 1998 and November 20, 1998, respectively.

#### 5. Disbursements

##### *ESAF-HIPC Trust Account*

The proceeds of grants or loans made on behalf of an eligible member will be paid in a single disbursement to the Umbrella Account for the benefit of that member. Resources needed for interim ESAF subsidy operations will be drawn by the Trustee as needed. At April 30, 1999, two disbursements of SDR 51.5 million and SDR 21.2 million had been made to the Umbrella Account for the benefit of Uganda and Bolivia, respectively (one disbursement of SDR 51.5 million at April 30, 1998).

##### *Umbrella Account*

The resources of a subaccount within the Umbrella Account, including any income from investments, shall be used to meet the member's debt-service payments on its existing debt to the IMF as they fall due in accordance with the schedule agreed upon by the Trustee and the member. At April 30, 1999, disbursements of SDR 9.8 million and SDR 6.8 million had been made from the subaccounts of Uganda and Bolivia, respectively, in accordance with the agreed schedules (no disbursements had been made at April 30, 1998).

**Administered Accounts  
Established at the Request of Members**

**Balance Sheets  
as at April 30, 1999 and 1998**

(Note 1)

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Administered Account for Rwanda	
	1999	1998	1999	1998	1999	1998	1999	1998
	<i>(In thousands of U.S. dollars)</i>				<i>(In thousands of SDRs)</i>			
<b>Assets</b>								
Investments (Note 2) . . . . .	101,800	96,700	25,997	20,634	4,798	3,389	480	788
Currency deposit . . . . .	98	83	—	—	—	—	—	—
Interest receivable . . . . .	—	—	—	—	—	—	4	8
Total Assets . . . . .	<u>101,898</u>	<u>96,783</u>	<u>25,997</u>	<u>20,634</u>	<u>4,798</u>	<u>3,389</u>	<u>484</u>	<u>796</u>
<b>Resources</b>								
Total Resources . . . . .	<u>101,898</u>	<u>96,783</u>	<u>25,997</u>	<u>20,634</u>	<u>4,798</u>	<u>3,389</u>	<u>484</u>	<u>796</u>

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

/s/ David Williams  
Treasurer

/s/ M. Camdessus  
Managing Director

**Administered Accounts  
Established at the Request of Members**

**Income Statements and Changes in Resources  
for the Years Ended April 30, 1999 and 1998**

(Note 1)

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Administered Account for Rwanda	
	1999	1998	1999	1998	1999	1998	1999	1998
	<i>(In thousands of U.S. dollars)</i>				<i>(In thousands of SDRs)</i>			
Balance, beginning of the year	96,783	91,561	20,634	14,996	3,389	3,029	796	1,129
Contributions . . . . .	—	—	24,988	18,868	4,712	2,961	—	—
Income earned on investments (Note 2) . . . . .	5,115	5,222	1,359	1,073	233	177	24	38
	<u>101,898</u>	<u>96,783</u>	<u>46,981</u>	<u>34,937</u>	<u>8,334</u>	<u>6,167</u>	<u>820</u>	<u>1,167</u>
Payments to beneficiaries . .	—	—	20,984	14,303	3,536	2,778	336	371
Balance, end of the year . . . .	<u>101,898</u>	<u>96,783</u>	<u>25,997</u>	<u>20,634</u>	<u>4,798</u>	<u>3,389</u>	<u>484</u>	<u>796</u>

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

## Administered Accounts Established at the Request of Members

### Notes to the Financial Statements as at April 30, 1999 and 1998

#### *Purpose*

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. At April 30, 1999 and 1998, cumulative resources received amounted to \$135.2 million, of which \$72.5 million had been disbursed.

#### *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. At April 30, 1999, cumulative contributions received by the account designated for technical assistance amounted to \$122.3 million, of which \$101.4 million had been disbursed (\$98.2 million and \$81.3 million, respectively, at April 30, 1998).

Cumulative contributions include \$5.9 million earmarked for scholarships, of which \$5.6 million had been disbursed at April 30, 1999 (\$4.7 million and \$4.4 million, respectively, at April 30, 1998). At April 30, 1999, cumulative contributions designated for the OAP amounted to \$2.2 million, of which \$2.0 million had been disbursed (\$1.2 million and \$1.0 million, respectively, at April 30, 1998).

#### *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. The establishment of a subaccount requires the approval of the Executive Board.

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. At April 30, 1999, cumulative contributions received by the account amounted to \$11.8 million, of which \$7.5 million had been disbursed (\$7.1 million and \$4.0 million, respectively, at April 30, 1998).

#### *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. At April 30, 1999, cumulative contributions received amounted to \$4.3 million, of which \$2.7 million had been disbursed (\$2.9 million and \$1.3 million, respectively, at April 30, 1998).

#### *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. At April 30, 1999, cumulative contributions received amounted to \$1.5 million, of which \$1.5 million had been disbursed (\$1.5 million and \$1.3 million, respectively, at April 30, 1998).

#### *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. At April 30, 1999, cumulative contributions received amounted to \$0.7 million, of which \$0.5 million had been disbursed (\$0.5 million and \$0.3 million, respectively, at April 30, 1998).

#### *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. At April 30, 1999,

cumulative contributions received amounted to \$4.6 million, of which \$2.3 million had been disbursed (\$2.0 million and \$0.9 million, respectively, at April 30, 1998).

#### *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. At April 30, 1999, cumulative contributions received amounted to \$0.26 million, of which \$0.22 million had been disbursed (\$0.26 million and \$0.13 million, respectively, at April 30, 1998).

#### *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. At April 30, 1999, cumulative contributions received amounted to \$0.47 million, of which \$0.19 million had been disbursed.

#### *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). At April 30, 1999, cumulative contributions received by the account amounted to SDR 1.54 million, of which SDR 1.19 million had been disbursed (SDR 1.54 million and SDR 0.86 million, respectively, at April 30, 1998).

### *1. Accounting Practices*

The accounts are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. Further discussions of specific accounting principles and disclosure practices have been included in other notes.

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

The 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 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*

The accounts are expressed in terms of the SDR. 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 a basket of currencies of five members. As of January 1, 1999,

the deutsche mark and the French franc were substituted by the euro in the SDR valuation basket. The currencies in the basket and their amounts are as follows:

Currency	Amounts	
	To December 31, 1998	From January 1, 1999
Deutsche mark/euro as of January 1, 1999	0.446	0.228
French franc/euro as of January 1, 1999	0.813	0.1239
Japanese yen	27.2	27.2
Pound sterling	0.105	0.105
U.S. dollar	0.582	0.5821

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

### *2. Investments*

The assets of the accounts are invested pending their disbursement and are valued at cost, which approximates market value. Interest received on these assets varies and is market related.

### *3. 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 promptly 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 promptly 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 promptly to the contributor.

#### *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 promptly to the donor countries, in proportion to their contribution, or to Rwanda, if so instructed.

**Trust Fund**  
**Balance Sheet**  
**as at April 30, 1999 and 1998**

*(In thousands of SDRs)*  
*(Note 1)*

	<b>1999</b>	<b>1998</b>
<b>Assets</b>		
Loans receivable (Note 2) . . . . .	89,345	89,784
Interest and charges receivable and accrued (Note 3) . . . . .	<u>26,399</u>	<u>25,952</u>
Total Assets . . . . .	<u>115,744</u>	<u>115,736</u>
<b>Resources and Deferred Income</b>		
Trust resources . . . . .	89,345	89,784
Deferred income (Note 3) . . . . .	<u>26,399</u>	<u>25,952</u>
Total Resources and Deferred Income . . . . .	<u>115,744</u>	<u>115,736</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

**Trust Fund**  
**Income Statement**  
**for the Years Ended April 30, 1999 and 1998**

*(In thousands of SDRs)*  
*(Note 1)*

	<b>1999</b>	<b>1998</b>
<b>Income</b>		
Interest and charges on loans (Note 2) . . . . .	448	450
Deferred income, net of settlements (Note 3) . . . . .	<u>(448)</u>	<u>(450)</u>
Net Income . . . . .	<u>—</u>	<u>—</u>

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

**Trust Fund**  
**Statement of Changes in Resources**  
**for the Years Ended April 30, 1999 and 1998**

*(In thousands of SDRs)*  
*(Note 1)*

	<b>1999</b>	<b>1998</b>
Balance, beginning of the year . . . . .	89,784	90,444
Net income . . . . .	<u>—</u>	<u>—</u>
Balance before transfers to the Special Disbursement Account . . . . .	89,784	90,444
Transfers to the Special Disbursement Account (Note 4) . . . . .	<u>(439)</u>	<u>(660)</u>
Balance, end of the year . . . . .	<u>89,345</u>	<u>89,784</u>

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

## Trust Fund

### Notes to the Financial Statements as at April 30, 1999 and 1998

#### Purpose

The Trust Fund, for which the IMF is Trustee, 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 resources of the Trust Fund are separate from the assets of all other accounts of, or administered by, the IMF and cannot be used to discharge liabilities or to meet losses incurred in the administration of other IMF accounts.

#### 1. Accounting Practices

The accounts are expressed in terms of the SDR. 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 a basket of currencies of five members. As of January 1, 1999, the deutsche mark and the French franc were substituted by the euro in the SDR valuation basket. The currencies in the basket and their amounts are as follows:

Currency	Amounts	
	To December 31, 1998	From January 1, 1999
Deutsche mark/euro as of January 1, 1999	0.446	0.228
French franc/euro as of January 1, 1999	0.813	0.1239
Japanese yen	27.2	27.2
Pound sterling	0.105	0.105
U.S. dollar	0.582	0.5821

The accounts are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred, except that interest income from members that are overdue in settling their obligations to the Trust Fund by six months or more is deferred and is recognized as income only when paid, unless the member has remained current in settling charges when due (see Note 3). Further discussions of specific accounting principles and disclosure practices have been included in other notes. 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.

#### 2. Loans

Loans were made from the Trust Fund to those eligible members that qualified for assistance in accordance with the provisions of the Trust Fund instrument. The final Trust Fund loan installment was due on March 31, 1991. Interest on the outstanding loan balances is charged at the rate of ½ of 1 percent a year, although special charges have been levied on overdue payments of interest and principal since February 1986. Beginning May 1, 1993, special charges on overdue obligations to the Trust Fund have been suspended for members who are more than six months overdue.

#### 3. Overdue Obligations

At April 30, 1999 and 1998, 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 and of special charges due from them is being deferred. At April 30, 1999, total deferred income amounted to SDR 26.4 million (SDR 26.0 million at April 30, 1998). Overdue loan repayments and interest and special charges due from these members were as follows:

	Loans		Interest and Special Charges	
	1999	1998	1999	1998
<i>In millions of SDRs</i>				
Total overdue	89.3	89.8	26.3	25.8
Overdue six months or more	89.3	89.8	26.0	25.6
Overdue three years or more	89.3	89.8	24.9	24.4

The type and duration of the arrears of these members at April 30, 1999 were as follows:

Member	Loans	Interest and Special Charges	Total	Longest Overdue Obligation
<i>In millions of SDRs</i>				
Liberia	23.6	6.8	30.4	January 1985
Somalia	6.5	1.3	7.8	July 1987
Sudan	59.2	18.2	77.4	June 1985
Total	<u>89.3</u>	<u>26.3</u>	<u>115.6</u>	

#### 4. 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.



## Supplementary Financing Facility Subsidy Account

### Balance Sheet as at April 30, 1999 and 1998

*(In thousands of SDRs)*  
(Note 1)

	1999	1998
<b>Assets</b>		
Deposits (Note 2) .....	2,239	2,381
Interest receivable .....	<u>20</u>	<u>25</u>
Total Assets .....	<u>2,259</u>	<u>2,406</u>
<b>Resources</b>		
Total Resources .....	<u>2,259</u>	<u>2,406</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

## Supplementary Financing Facility Subsidy Account

### Income Statement and Changes in Resources for the Years Ended April 30, 1999 and 1998

*(In thousands of SDRs)*  
(Note 1)

	1999	1998
Balance, beginning of the year .....	2,406	2,308
Investment income .....	<u>92</u>	<u>98</u>
Balance before transfers .....	2,498	2,406
Transfers to the Special Disbursement Account (Note 3) .....	<u>(239)</u>	<u>—</u>
Balance, end of the year .....	<u>2,259</u>	<u>2,406</u>

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

## Supplementary Financing Facility Subsidy Account

### Notes to the Financial Statements as at April 30, 1999 and 1998

#### *Purpose*

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 ineligible to receive previously approved subsidy payments until 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.

The resources of the Subsidy Account are separate from the assets of all other accounts of, or administered by, the IMF and cannot be used to discharge liabilities or to meet losses incurred in the administration of other IMF accounts.

#### *1. Accounting Practices*

The accounts are expressed in terms of the SDR. 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 a basket of currencies of five members. As of January 1, 1999, the deutsche mark and the French franc were substituted by the euro in the SDR valuation

basket. The currencies in the basket and their amounts are as follows:

Currency	Amounts	
	To December 31, 1998	From January 1, 1999
Deutsche mark/euro as of January 1, 1999	0.446	0.228
French franc/euro as of January 1, 1999	0.813	0.1239
Japanese yen	27.2	27.2
Pound sterling	0.105	0.105
U.S. dollar	0.582	0.5821

The accounts are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. Further discussions of specific accounting principles and disclosure practices have been included in other notes.

#### *2. Deposits*

The assets of the Subsidy Account, pending their disbursement, are held in the form of interest-earning time deposits denominated in SDRs.

#### *3. Transfer of Resources*

Resources in excess of the remaining subsidy payments are to be transferred to the Special Disbursement Account. At April 30, 1999 and 1998, 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.

## Retired Staff Benefits Investment Account

### Balance Sheet as at April 30, 1999 and 1998

*(In thousands of U.S. dollars)*  
(Note 1)

	<u>1999</u>	<u>1998</u>
<b>Assets</b>		
Investments (Note 2)		
Cash equivalents .....	30,034	29,495
Other .....	177,615	144,878
Interest and other receivables .....	<u>1,143</u>	<u>1,931</u>
Total Assets .....	<u>208,792</u>	<u>176,304</u>
<b>Resources and Liabilities</b>		
Resources .....	198,185	176,304
Accounts payable .....	<u>10,607</u>	<u>—</u>
Total Resources and Liabilities .....	<u>208,792</u>	<u>176,304</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

## Retired Staff Benefits Investment Account

### Income Statement and Changes in Resources for the Years Ended April 30, 1999 and 1998

*(In thousands of U.S. dollars)*  
(Note 1)

	<u>1999</u>	<u>1998</u>
Balance, beginning of the year .....	176,304	144,848
Contributions received .....	10,200	12,600
Income earned on investments (Note 2) .....	7,799	7,865
Net gain in current value of investments (Note 2) .....	5,019	11,667
Investment fees .....	<u>(1,137)</u>	<u>(676)</u>
Balance, end of the year .....	<u>198,185</u>	<u>176,304</u>

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

## Retired Staff Benefits Investment Account

### Notes to the Financial Statements as at April 30, 1999 and 1998

#### Purpose

The Retired Staff Benefits Investment Account (“the RSBIA”) was established to hold, administer, and invest resources contributed by the IMF for meeting postretirement medical and life insurance benefits to eligible retirees of the IMF and other beneficiaries. The RSBIA accumulates resources to finance benefits to current and future retirees.

The assets of the RSBIA consist of the IMF’s contributions and the income earned thereon. Assets are within the sole ownership of the IMF and are to be used to meet the claims of retirees and the administrative costs of the RSBIA. Contributions are made periodically from the General Resources Account to the RSBIA, taking into consideration the actuarial valuation of the IMF’s cumulative cost of these benefits. Cumulative contributions received by the RSBIA amounted to \$150 million at April 30, 1999 (\$140 million at April 30, 1998).

The portion of the cumulative past-service cost that has been charged to income in the General Resources Account is fully funded.

The assets of the RSBIA are kept 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.

#### 1. Accounting Practices

The RSBIA is expressed in U.S. dollars. All transactions and operations of the RSBIA, including the transfers to and by the RSBIA, are denominated in U.S. dollars. The cost of transactions in other currencies—for example, the payment of future benefits—will be paid by the RSBIA.

The RSBIA is maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. Further discussions of specific accounting principles and disclosure practices have been included in other notes.

#### 2. Investments

Resources placed to the RSBIA have been invested by the IMF. In accordance with its investment policy, the RSBIA invests in equity securities, debt securities, short-term investments, and real estate. Investments in securities listed on stock exchanges are valued at the last reported market sales price on the last business day of the accounting period. Over-the-counter securities are valued at their bid price on the last business day of the accounting period. The valuation of purchases and sales is made on the trade date basis.

The net gain in the current value of investments represents the gains and losses realized during the year from the sale of investments, the unrealized appreciation and depreciation of the market value of investments, and, for investments denominated in currencies other than the U.S. dollar, valuation differences arising from exchange rate changes of other currencies against the dollar market value.

A summary of the RSBIA’s investments at market values is as follows:

Investments	1999	1998
	<i>In millions of U.S. dollars</i>	
Equity securities	77	63
Debt securities	75	62
Short-term investments	30	30
Real estate	27	21
	<u>209</u>	<u>176</u>

In addition to these investments, the RSBIA held commitments in fixed-income futures contracts to minimize interest rate risk. At April 30, 1999, the notional value of these derivatives amounted to \$9.6 million and the unrealized gain was less than \$0.1 million (\$11.1 million and less than \$0.1 million at April 30, 1998).

#### 3. Actuarial Valuation

Eligible retirees can elect to continue their life insurance coverage and medical coverage. The cost of these benefits is actuarially determined, based on the data in effect at the beginning of the year. The IMF’s actuarially determined cost is estimated at \$198 million at April 30, 1999 (\$183 million at April 30, 1998). Each year the IMF amortizes a portion of the past-service cost and recognizes the increase in the liability during the year as an expense in the General Resources Account. These amounts, less the return on investments, are transferred to the RSBIA to be held and invested pending their use by the IMF. During the year ended April 30, 1999, an amount of \$10.2 million has been transferred to the RSBIA (\$12.6 million during the year ended April 30, 1998).

It is expected that the RSBIA will be a net recipient of resources until the unfunded cost is fully amortized and its assets meet the cost of benefits to retirees.

#### 4. Account Termination

The RSBIA can be terminated by the IMF at any time. After meeting any existing obligations, the resources remaining in the RSBIA are to be transferred to the General Resources Account of the IMF.

**Report of the External Audit Committee  
to the Board of Governors of the International Monetary Fund**

Washington, DC

June 24, 1999

*Authority and Scope of the Audit*

In accordance with Section 20(b) of the By-Laws of the International Monetary Fund, we have carried out procedures in order to form an opinion on the financial statements of the Staff Retirement Plan as at and for the year ended April 30, 1999.

These financial statements are the responsibility of the International Monetary Fund. Our responsibility is to express an opinion on these financial statements based on our procedures.

These included reviews of accounting and internal control systems and an evaluation of the extent and results of tests of the accounting records, which were substantially conducted using an outside accounting firm. In our opinion, the procedures undertaken by us, after reviewing the work performed by the outside accounting firm and the Office of Internal Audit and Inspection, constitute an audit conducted in accordance with generally accepted auditing standards.

Using these standards, we planned and performed the audit to obtain reasonable assurance that 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 the International Monetary Fund, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Audit Opinion*

In our opinion, the financial statements of the Staff Retirement Plan have been prepared in accordance with generally accepted accounting principles as described in Note 1 to the financial statements, on a basis consistent with that of the preceding year, and give a true and fair view of the financial position as at April 30, 1999, and of the results of operations and transactions during the year then ended.

## EXTERNAL AUDIT COMMITTEE

/s/ José Nicolás Agudín, Chairman (Argentina)

/s/ Penny Jones (United Kingdom)

/s/ K.N. Memani (India)

**Staff Retirement Plan**  
**Statement of Accumulated Plan Benefits**  
**and Net Assets Available for Benefits**  
**as at April 30, 1999 and 1998**

*(In thousands of U.S. dollars)*  
*(Note 1)*

	1999	1998
<b>Accumulated Plan Benefits</b>		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants	716,200	635,000
Active participants	614,700	595,800
Nonvested benefits	<u>726,900</u>	<u>694,700</u>
Total actuarial present value of accumulated Plan benefits	<u>2,057,800</u>	<u>1,925,500</u>
<b>Assets Available for Benefits</b>		
Investments (Note 3)	3,307,226	3,075,069
Receivables		
Accrued interest and dividends	13,541	13,303
Contributions	290	1,501
Other	<u>39</u>	<u>36</u>
Total assets	<u>3,321,096</u>	<u>3,089,909</u>
<b>Liabilities</b>		
Accounts payable	7,494	5,428
Deferred contributions (Note 2)	<u>30,484</u>	<u>14,729</u>
Total liabilities	<u>37,978</u>	<u>20,157</u>
Net assets available for benefits	<u>3,283,118</u>	<u>3,069,752</u>
Excess of net assets available for benefits over actuarial present value of accumulated Plan benefits (Note 2)	<u>1,225,318</u>	<u>1,144,252</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

**Staff Retirement Plan**  
**Statement of Changes**  
**in Accumulated Plan Benefits**  
**for the Years Ended April 30, 1999 and 1998**

*(In thousands of U.S. dollars)*  
*(Note 1)*

	1999	1998
Actuarial present value of accumulated		
Plan benefits, beginning of the year	1,925,500	1,765,600
Increase (decrease) during the year attributable to		
Benefits accumulated (Note 1)	41,400	67,300
Interest accrued	160,800	147,800
Benefits paid	<u>(69,900)</u>	<u>(55,200)</u>
Net increase	<u>132,300</u>	<u>159,900</u>
Actuarial present value of accumulated		
Plan benefits, end of the year	<u>2,057,800</u>	<u>1,925,500</u>

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

**Staff Retirement Plan**  
**Statement of Changes**  
**in Net Assets Available for Benefits**  
**for the Years Ended April 30, 1999 and 1998**

*(In thousands of U.S. dollars)*  
 (Note 1)

	1999	1998
<b>Investment Income</b>		
Net realized/unrealized gain on investments (Note 3) .....	186,882	404,944
Interest and dividends .....	88,205	87,296
	<u>275,087</u>	<u>492,240</u>
<b>Contributions (Note 2)</b>		
International Monetary Fund .....	—	151
Participants .....	22,175	20,970
Participants restored to service .....	211	133
Net transfers to retirement plans of other international organizations .....	(2,366)	(209)
	<u>20,020</u>	<u>21,045</u>
Total additions .....	<u>295,107</u>	<u>513,285</u>
<b>Benefits</b>		
Pension .....	48,805	44,543
Commutation .....	14,466	5,045
Withdrawal .....	3,675	3,859
Death .....	118	406
	<u>67,064</u>	<u>53,853</u>
<b>Investment Fees</b> .....	<u>14,677</u>	<u>13,701</u>
Total payments .....	<u>81,741</u>	<u>67,554</u>
Net additions .....	213,366	445,731
<b>Net Assets Available for Benefits</b>		
Beginning of the year .....	<u>3,069,752</u>	<u>2,624,021</u>
End of the year .....	<u>3,283,118</u>	<u>3,069,752</u>

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

## Staff Retirement Plan

### Notes to the Financial Statements as at April 30, 1999 and 1998

#### *Description of the Plan*

##### *General*

The Staff Retirement Plan (“the Plan”) is a defined-benefit pension plan covering nearly all staff members of the International Monetary Fund (“the Employer”). All assets and income of the Plan are the property of the Employer and are held and administered by it separately from all its other property and assets and are to be used solely for the benefit of participants, retired participants, and their beneficiaries.

##### *Benefits*

###### *Annual Pension*

Participants are entitled to an unreduced pension beginning at normal retirement age of 62. The amount of the pension is based on the number of years of service, age at retirement, and highest average gross remuneration. The provisions for determining gross remuneration are different for benefits earned before and after May 1, 1990. The gross remuneration on which pensions from the Plan are based is limited to a predetermined amount, which is periodically adjusted. Pension benefits attributable to gross remuneration in excess of this amount are paid from the Supplemental Retirement Benefit Plan (“the SRBP”).

The accrual rate of benefits earned before May 1, 1990 was 2 percent of gross remuneration for each year of service, while the accrual rate of benefits earned after May 1, 1990 is 2.2 percent for the first 25 years of service and 1.8 percent for the next 10 years of service. The pensions of participants hired before May 1, 1990 are based on a prorated combination of the old and new accrual rates, using the time period of service before and after May 1, 1990.

Participants between the ages of 50 and 55 may retire with a reduced pension if their age and years of service total at least 75. Participants aged 55 and older may retire with an unreduced pension if the sum of their age and years of service equals 85 or more.

###### *Cost of Living Adjustment*

Whenever the cost of living increases during a financial year, pensions shall be augmented by a pension supplement that, expressed in percentage terms, shall be equal to the increase in the cost of living for the financial year of the country of permanent residence. If the cost of living increase for a financial year exceeds 3 percent, the Employer has the right, for good cause, to reduce prospectively the additional supplement to not less than 3 percent. Deferred pensions become subject to cost of living adjustments when the sum of a former participant’s age and years of service is at least 50.

###### *Withdrawal Benefit*

Upon withdrawal from the Plan, a participant with at least three years of eligible service may elect to receive either a withdrawal benefit or a deferred pension to commence after

the participant has reached the age of 55 or age 50 if age and years of service add to at least 75. The withdrawal benefit is a percentage of the participant’s highest average gross remuneration.

###### *Commutation*

A pensioner entitled to receive a normal, early retirement, or deferred pension may elect to commute up to one-third of his or her pension, and receive a lump-sum amount at retirement in lieu of the amount of pension commuted. A participant entitled to receive a disability pension may elect to commute one-third of the early retirement pension that would otherwise have been applicable.

###### *Disability Pensions, Death Benefits, and Survivor Benefits*

The Plan also provides for disability pensions, death benefits, and benefits to surviving spouses and children of deceased participants.

###### *Currency of Pension Payments*

A participant may elect to have his or her pension paid in the currency of the country in which he or she has established permanent residence or in a combination of two currencies, the U.S. dollar and the currency of the country in which the participant is a permanent resident.

###### *Contributions*

###### *Participants*

As a condition of employment, regular staff members are required to participate in, and to contribute to, the Plan. The contribution rate is presently 7 percent of the participant’s gross remuneration. Certain other categories of staff members may elect to participate in the Plan.

###### *Employer*

The Employer meets certain administrative costs of the Plan, such as the actuary’s fees, and contributes any additional amount not provided by the contribution of participants to pay costs and expenses of the Plan not otherwise covered. In financial year 1999, the administrative costs met by the Employer were approximately \$0.13 million (\$0.09 million in 1998).

###### *Plan Termination*

In the event of the termination of the Plan by the Employer, the assets of the Plan shall be used to satisfy all liabilities to participants, retired participants and their beneficiaries, and all other liabilities of the Plan. Any remaining balance of the assets shall be returned to the Employer.

#### *1. Accounting Practices*

The financial statements of the Plan are prepared on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. Further discussions of specific accounting principles and disclosure practices have been included in other notes.



### Accumulated Plan Benefits

The actuarial value of vested benefits is presented for two categories. For retired participants, the amount presented equals the present value of the benefits expected to be paid over the future lifetime of the pensioner and, if applicable, the surviving spouse of the pensioner. For active participants, the amount presented equals the present value of the deferred pension earned to the valuation date for a participant, or, if greater, the value of the withdrawal benefit for that participant, summed over all participants. For the purpose of determining the actuarial value of the vested benefits at the end of the Plan year, it is assumed that the Plan will continue to exist and that salaries will continue to rise, but that participants will not earn pension benefits beyond the date of the calculation.

The amount of nonvested benefits represents the total of the withdrawal benefits of all participants with less than three years of eligible service together with the estimated effect of projected salary increases on benefits expected to be paid.

In contrast to the actuarial valuation for funding purposes, the actuarial valuation used for the financial statements represents the portion of the benefit obligation that had been accumulated by April 30, 1999. It reflects only the service to that date and does not take into account the fact that the value of accumulated benefits, which are the Plan's liabilities, is expected to increase each year. Nor does it take into account the fact that the market value of investments may fluctuate from year to year, which is significant because the Employer's liability is the excess of the present value of accumulated benefits over the value of the assets. Accordingly, the financial statements do not measure the amount that the Employer will be required to fund in the future.

### Valuation of Investments

Investments are recorded at market value. For investments in securities listed on stock exchanges, market value is the last reported market sales price on the last business day of the accounting period. For over-the-counter securities, market value is the bid price on the last business day of the accounting period. For investments in real estate, market value is the last reported adjusted appraised value. Derivatives are valued at fair value, which is equivalent to the unrealized gain or loss.

### Trading Instruments

The net gain or loss in the market value of investments represents the gains and losses realized during the accounting period from the sale of investments, the unrealized appreciation and depreciation of the market value of investments, and, for investments denominated in currencies other than the U.S. dollar, valuation differences arising from exchange rate changes of other currencies against the dollar.

### Risk-Management Instruments

The net fair value of forward contracts, futures contracts, swaps, and options is included in the net assets available for Plan benefits, and the changes in value of such contracts are recognized currently in the financial statements. For swap derivatives, options, and forward and futures contracts, the contract or notional amounts do not represent exposure to credit loss. The potential credit loss on these instruments, if any, approximates the unrealized gain on the open contract.

## 2. Actuarial Valuation and Funding Policy

Under the actuarial valuation used for funding purposes, it is assumed that the Plan will continue to exist and that active participants will continue to earn pension benefits beyond the date of the valuation until the date of withdrawal, disability, death, or retirement, but that no new participant will join the Plan (the "closed method").

Funding by the Employer is based on a valuation method, known as the "aggregate cost method," that expresses liabilities and contribution requirements as single consolidated figures that include provision for experience gains and losses and cost of living increases. Required Employer contributions are expressed as a percentage to be applied to the gross remuneration of participants and are based on the valuation completed 12 months previously. The Employer contribution rate for the year beginning May 1, 1997 was set at 5 percent of pensionable gross remuneration. Of this amount, 0.05 percent represented a current contribution (equal to \$0.15 million) and 4.95 percent represented a deferred contribution (equal to \$14.7 million). For financial year 1999, the entire amount represents a deferred contribution (equal to \$15.8 million). The deferred contribution represents the Employer's prepayment of future contributions.

The actuarial assumptions used in the valuation to determine the Employer's contributions include (1) life expectancy based on the 1984 and 1982 United Nations mortality tables for men and women, respectively; (2) withdrawal or retirement of a certain percentage of staff at each age, differentiated by gender; (3) an average rate of return on investments of 8.5 percent a year; (4) a discount rate of 8.5 percent; (5) an average inflation rate of 5 percent a year; (6) salary increase percentages that vary with age; and (7) valuation of assets using a five-year moving-average method.

The results of the April 30, 1998 and 1997 valuations were:

	1998	1997
	<i>In millions of U.S. dollars</i>	
Present value of benefits payable	2,901	2,699
Less: Assets for valuation purposes	<u>3,058</u>	<u>2,580</u>
Required future funding	(157)	119
Less: Present value of prospective contributions from participants (7 percent of gross remuneration)	<u>220</u>	<u>211</u>
Present value of future funding required from the Employer	<u>(377)</u>	<u>(92)</u>

## 3. Investments

In accordance with its investment policy, the Plan invests in equity securities, debt securities, short-term investments, real estate investments, and other financial instruments for risk management including futures, forward currency contracts, options, and swaps.

A summary of the Plan's investments, valued at market value or fair value, is as follows:

	1999	1998
	<i>In millions of U.S. dollars</i>	
Equity securities	2,444	2,181
Debt securities	426	463
Real estate	269	259
Short-term investments	168	172
	<u>3,307</u>	<u>3,075</u>

In addition to the above investments, the Plan holds investments in derivatives, which are aimed at optimizing investment positions, given levels of market, credit, counterparty, and foreign currency risk. These derivative investments are recorded at fair value.

At April 30, 1999 and 1998, the notional value of the Plan's risk management investments was as follows:

	1999	1998
	<i>In millions of U.S. dollars</i>	
Futures		
Long positions	311	116
Short positions	26	25
Forwards		
Purchases	1,377	831
Sales	1,377	831
Swaps	—	2

#### *Futures Contracts*

Futures contracts are commitments to either purchase or sell a financial instrument at a future date for a specified price and may be settled in cash or through delivery of the underlying financial instrument. The credit risk of futures contracts is limited because of daily cash settlement of the net change in the value of open contracts; therefore, there were no unrealized gains or losses at April 30, 1999 or 1998.

The Plan enters into financial futures contracts to protect the Plan against market price risks and to take investment positions. Contracts generally have terms of less than one year.

#### *Forward Contracts*

Forward contracts are similar in character to futures contracts. However, they have a greater degree of credit risk, depending on the counterparties involved, because daily cash settlements are not required. To manage this exposure, the Plan deals with counterparties of good credit standing and enters into master netting agreements whenever possible.

The Plan's principal objective in entering into forward foreign currency exchange contracts is to manage foreign currency fluctuations relative to investments in its international portfolio. These contracts generally have terms of not more than three months. At April 30, 1999, the unrealized loss totaled \$8.3 million (\$1.7 million unrealized gain at April 30, 1998).

#### *Swaps*

Equity swaps are commitments to exchange the returns arising from one equity portfolio with the returns of another equity portfolio for a specified time period on a notional amount invested. Credit risk on an equity swap contract varies according to the terms of the agreement and the counterparties involved, which are only those of good credit standing.

The Plan's principal objective in entering into equity swap agreements is to facilitate a market-neutral strategy in the United Kingdom. At April 30, 1999, there were no swaps outstanding. The unrealized loss on swaps at April 30, 1998 totaled \$1.6 million.

**Report of the External Audit Committee  
to the Board of Governors of the International Monetary Fund**

Washington, DC

June 24, 1999

*Authority and Scope of the Audit*

In accordance with Section 20(b) of the By-Laws of the International Monetary Fund, we have carried out procedures in order to form an opinion on the financial statements of the Supplemental Retirement Benefit Plan as at and for the year ended April 30, 1999.

These financial statements are the responsibility of the International Monetary Fund. Our responsibility is to express an opinion on these financial statements based on our procedures.

These included reviews of accounting and internal control systems and an evaluation of the extent and results of tests of the accounting records, which were substantially conducted using an outside accounting firm. In our opinion, the procedures undertaken by us, after reviewing the work performed by the outside accounting firm and the Office of Internal Audit and Inspection, constitute an audit conducted in accordance with generally accepted auditing standards.

Using these standards, we planned and performed the audit to obtain reasonable assurance that 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 the International Monetary Fund, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

*Audit Opinion*

In our opinion, the financial statements of the Supplemental Retirement Benefit Plan have been prepared in accordance with generally accepted accounting principles as described in Note 1 to the financial statements, on a basis consistent with that of the preceding year, and give a true and fair view of the financial position as at April 30, 1999, and of the results of operations and transactions during the year then ended.

EXTERNAL AUDIT COMMITTEE

/s/ José Nicolás Agudin, Chairman (Argentina)

/s/ Penny Jones (United Kingdom)

/s/ K.N. Memani (India)

**Supplemental Retirement Benefit Plan**  
**Statement of Accumulated Plan Benefits**  
**and Net Assets Available for Benefits**  
**as at April 30, 1999 and 1998**

*(In thousands of U.S. dollars)*  
*(Note 1)*

	<u>1999</u>	<u>1998</u>
<b>Accumulated Plan Benefits</b>		
Actuarial present value of accumulated Plan benefits		
Vested benefits	32,000	23,300
Nonvested benefits	100	100
Total actuarial present value of accumulated Plan benefits	<u>32,100</u>	<u>23,400</u>
<b>Assets Available for Benefits</b>		
Cash at bank (Note 3)	441	195
Contributions receivables	3	7
Total assets	<u>444</u>	<u>202</u>
<b>Liabilities</b>		
Deferred contributions (Note 2)	174	56
Net assets available for benefits	<u>270</u>	<u>146</u>
Excess of actuarial present value of accumulated Plan benefits over assets available for benefits	<u>31,830</u>	<u>23,254</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

**Supplemental Retirement Benefit Plan**  
**Statement of Changes**  
**in Accumulated Plan Benefits**  
**for the Years Ended April 30, 1999 and 1998**

*(In thousands of U.S. dollars)*  
*(Note 1)*

	<u>1999</u>	<u>1998</u>
Actuarial present value of accumulated		
Plan benefits, beginning of the year	23,400	20,900
Increase (decrease) during the period attributable to		
Benefits accumulated	8,700	2,300
Interest accrued	1,900	1,700
Benefits paid	<u>(1,900)</u>	<u>(1,500)</u>
Net increase	<u>8,700</u>	<u>2,500</u>
Actuarial present value of accumulated		
Plan benefits, end of the year	<u>32,100</u>	<u>23,400</u>

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

**Supplemental Retirement Benefit Plan**  
**Statement of Changes**  
**in Net Assets Available for Benefits**  
**for the Years Ended April 30, 1999 and 1998**

*(In thousands of U.S. dollars)*  
 (Note 1)

	1999	1998
<b>Investment Income</b>		
Interest .....	10	5
<b>Contributions (Note 2)</b>		
International Monetary Fund .....	1,861	1,513
Participants .....	171	75
Participants restored to service .....	1	—
Net transfers to retirement plans of other international organizations .....	(3)	(8)
	<u>2,030</u>	<u>1,580</u>
Total additions .....	<u>2,040</u>	<u>1,585</u>
<b>Benefits</b>		
Pension .....	1,861	1,515
Withdrawal .....	55	—
Total payments .....	<u>1,916</u>	<u>1,515</u>
Net additions .....	124	70
<b>Net Assets Available for Benefits</b>		
Beginning of the year .....	146	76
End of the year .....	<u>270</u>	<u>146</u>

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

**Supplemental Retirement Benefit Plan**  
**Notes to the Financial Statements**  
**as at April 30, 1999 and 1998**

**Description of the Plan**

*General*

The Supplemental Retirement Benefit Plan (“the SRBP”) is a defined-benefit pension plan covering all participants of the Staff Retirement Plan of the International Monetary Fund (“the Employer”) and operates as an adjunct to that Plan. All assets and income of the SRBP are the property of the Employer and are held and administered by it separately from all its other property and assets and are to be used solely for the benefit of participants and retired participants and their beneficiaries.

*Benefits*

The Staff Retirement Plan has adopted limits to pensions payable from that Plan. The SRBP provides for the payment of any benefit that would otherwise have been payable if these limits had not been adopted.

In financial year 1999, 76 pensioners received benefits from the SRBP (56 in financial year 1998).

*Contributions*

Before retirement, the Employer partially prefunds the SRBP for non-U.S. citizens who plan to retire in the United States, so that the taxable income of the participant is approximately equal to, but not more than, such income that would have accrued if the entire benefit had been payable from any of the prefunded assets of the Staff Retirement Plan. The prefunded amounts are used to pay any of the benefits payable, whether for U.S. or non-U.S. staff. Should the assets of the SRBP be exhausted, benefits are paid from current contributions by the Employer.

*SRBP Termination*

In the event of the termination of the SRBP by the Employer, the assets of the SRBP shall be used to satisfy all

liabilities to participants, retired participants and their beneficiaries, and all other liabilities of the SRBP.

### *1. Accounting Practices*

#### *Accumulated SRBP Benefits*

The actuarial present value of accumulated SRBP benefits is stated as at the date of the most recent actuarial valuation, which was April 30, 1999. The actuarial value of benefits is presented for two categories. The vested benefits relate to retired participants, and the amount presented equals the present value of the benefits expected to be paid over the future lifetime of the pensioner and, if applicable, of the surviving spouse of the pensioner.

The nonvested benefits relate to active participants, and the amount presented equals the present value of the supplemental deferred pension earned to the valuation date for a participant, taking into account the estimated effect of projected salary increases. For the purpose of determining the actuarial value of the benefits at the end of the period, it is assumed that the SRBP will continue to exist, but that participants will not accumulate further contributory service beyond the date of the calculation.

#### *Income Recognition*

The SRBP maintains its accounts on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. Further discussions of specific accounting principles and disclosure practices have been included in other notes.

### *2. Actuarial Valuation and Funding Policy*

Under the actuarial valuation used for funding purposes, it is assumed that the Plan will continue to exist and that active participants will continue to earn pension benefits beyond the

date of the valuation until the date of withdrawal, disability, death, or retirement, but that no new participant will join the Plan (the “closed method”).

The IMF contributes on an annual basis the difference between the benefits paid and the participants’ contributions. Funding by the Employer is based on a valuation method, known as the “aggregate cost method,” that expresses liabilities and contribution requirements as single consolidated figures that include provision for experience gains and losses and cost of living increases. Required Employer contributions are expressed as a percentage to be applied to the gross remuneration of participants and are based on the valuation completed 12 months previously. The Employer contribution rate for the year beginning May 1, 1997 was set at 5 percent of pensionable gross remuneration. Of this amount, 0.05 percent represented a current contribution and 4.95 percent represented a deferred contribution (equal to \$0.06 million). For financial year 1999, the entire amount represents a deferred contribution (equal to \$0.12 million). The deferred contribution represents the Employer’s prepayment of future contributions.

The actuarial assumptions used in the valuation to determine the Employer’s contributions include (1) life expectancy based on the 1984 and 1982 United Nations mortality tables for men and women, respectively; (2) withdrawal or retirement of a certain percentage of staff at each age, differentiated by gender; (3) an average rate of return on investments of 8.5 percent a year; (4) a discount rate of 8.5 percent; (5) an average inflation rate of 5 percent a year; (6) salary increase percentages that vary with age; and (7) valuation of assets using a five-year moving-average method.

### *3. Assets*

Assets are maintained in a money market deposit account.