

## Changes in Membership of the Executive Board

Changes in membership of the Executive Board between May 1, 1997 and April 30, 1998 were as follows:

Hamid O'Brien (Trinidad and Tobago) was appointed Alternate Executive Director to Alexandre Kafka (Brazil), effective May 1, 1997.

Okyu Kwon (Korea) was appointed Alternate Executive Director to Ewen L. Waterman (Australia), effective May 1, 1997.

Ewen L. Waterman (Australia) resigned as Executive Director for Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, New Zealand, Papua New Guinea, Philippines, Samoa, Seychelles, Solomon Islands, and Vanuatu, effective May 9, 1997.

Gregory F. Taylor (Australia) was elected Executive Director for Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, New Zealand, Papua New Guinea, Philippines, Samoa, Seychelles, Solomon Islands, and Vanuatu, effective May 10, 1997.

Ambroise Fayolle (France) relinquished his duties as Alternate Executive Director to Marc-Antoine Autheman (France), effective August 29, 1997.

Ramon Fernandez (France) was appointed as Alternate Executive Director to Marc-Antoine Autheman (France), effective August 30, 1997.

Danuta Gotz-Kozierkiewicz (Poland) relinquished her duties as Alternate Executive Director to Daniel Kaeser (Switzerland), effective October 10, 1997.

Wieslaw Szczuka (Poland) was appointed as Alternate Executive Director to Daniel Kaeser (Switzerland), effective October 11, 1997.

Daniel Kaeser (Switzerland) resigned as Executive Director for Azerbaijan, Kyrgyz Republic, Poland, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan, effective October 31, 1997.

Roberto F. Cippa (Switzerland), formerly Advisor to Executive Director Daniel Kaeser (Switzerland), was elected Executive Director for Azerbaijan, Kyrgyz Republic, Poland, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan, effective November 1, 1997.

Yacoob Yousef Mohammed (Bahrain) relinquished his duties as Alternate Executive Director to A. Shakour Shaalan (Egypt), effective November 1, 1997.

Marc-Antoine Autheman (France) relinquished his duties as Executive Director for France, effective November 30, 1997.

Benny Andersen (Denmark) relinquished his duties as Alternate Executive Director to Eva Srejber (Sweden), effective December 31, 1997.

Eva Srejber (Sweden) resigned as Executive Director for Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden, effective December 31, 1997.

Kai Aaen Hansen (Denmark) was elected Executive Director for Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden, effective January 1, 1998.

Eva Srejber (Sweden), formerly Executive Director for Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden, was appointed as Alternate Executive Director to Kai Aaen Hansen (Denmark), effective January 1, 1998.

Nikolaos Coumbis (Greece) relinquished his duties as Alternate Executive Director to Enzo R. Grilli (Italy), effective February 5, 1998.

John Spraos (Greece) was appointed as Alternate Executive Director to Enzo R. Grilli (Italy), effective February 6, 1998.

Jean-Claude Milleron (France) was appointed as Executive Director for France, effective February 7, 1998.

H.B. Disanayaka (Sri Lanka) relinquished his duties as Alternate Executive Director to M.R. Sivaraman (India), effective March 31, 1998.

Eva Srejber (Sweden) relinquished her duties as Alternate Executive Director to Kai Aaen Hansen (Denmark), effective March 31, 1998.

A.G. Karunasena (Sri Lanka) was appointed as Alternate Executive Director to M.R. Sivaraman (India), effective April 1, 1998.

Olli-Pekka Lehmussaari (Finland) was appointed as Alternate Executive Director to Kai Aaen Hansen (Denmark), effective April 1, 1998.

Subarjo Joyosumarto (Indonesia) relinquished his duties as Alternate Executive Director to ZAMANI Abdul Ghani (Malaysia), effective April 19, 1998.

Cyrellus Harinowo (Indonesia) was appointed as Alternate Executive Director to ZAMANI Abdul Ghani (Malaysia), effective April 20, 1998.

Mohamad Hassan Elhage (Lebanon) was appointed as Alternate Executive Director to A. Shakour Shaalan (Egypt), effective April 24, 1998.

The following served as Temporary Alternate Executive Directors to the Executive Directors indicated during 1997/98:

<b>Temporary Alternate Executive Director</b>	<b>Executive Director for Whom Temporary Alternate Served</b>
<p style="text-align: center;">Wafa Fahmi Abdelati (<i>Egypt</i>) Hj. Ibrahim Abdul Rahman (<i>Brunei Darussalam</i>) Aidar Abdychhev (<i>Kyrgyz Republic</i>)</p> <p style="text-align: center;">Meekal A. Ahmed (<i>Pakistan</i>) Patrick A. Akatu (<i>Nigeria</i>) Zhanat Akhmetova (<i>Kazakhstan</i>) Mario B. Alemán (<i>Nicaragua</i>) Ahmed Saleh Alosaimi (<i>Saudi Arabia</i>) Mostafa Askari-Rankouhi (<i>Canada</i>) Christopher Austin (<i>United Kingdom</i>) Taye Berrihun Belay (<i>Ethiopia</i>) Olver Luis Bernal (<i>Colombia</i>) Nicolas R. F. Blancher (<i>France</i>)</p> <p style="text-align: center;">Jitendra G. Borpujari (<i>India</i>) Peter I. Botoucharov (<i>Bulgaria</i>) Olivier Bourges (<i>France</i>) Martha Brettschneider (<i>United States</i>) Tabeila Brizucla (<i>Venezuela</i>) Martin Arnulf Brooke (<i>United Kingdom</i>) Sarah Kate Brownlee (<i>United Kingdom</i>) Michele Shannon Budington (<i>United States</i>) Erik Martin Carlens (<i>Sweden</i>)</p> <p style="text-align: center;">Jeffrey Allen Chelsky (<i>Canada</i>) Denia Nery Chen Pineda (<i>Panama</i>) In-Kang Cho (<i>Korea</i>) Melinda Ann Cilento (<i>Australia</i>)</p> <p style="text-align: center;">Roberto F. Cippa (<i>Switzerland</i>) Henry William Cocker (<i>Tonga</i>) Ana Lucia Coronel (<i>Ecuador</i>) Jose Antonio Costa (<i>Argentina</i>) Daniel A.A. Daco (<i>Belgium</i>) Christoph Karl Ernst Duenwald (<i>Germany</i>) Lodewyk J. F. Erasmus (<i>South Africa</i>) Julio C. Estrella (<i>Dominican Republic</i>) Samia S. Farid (<i>Egypt</i>) Laurent Fontaine (<i>France</i>) Pierre-Michel Fremann (<i>France</i>)</p> <p style="text-align: center;">Daiho Fujii (<i>Japan</i>) Shunichi Fukushima (<i>Japan</i>) Jean-Daniel Gerber (<i>Switzerland</i>) Danute Giga (<i>Latvia</i>) Alessandro Giustiniani (<i>Italy</i>) Norbert Goffinet (<i>Luxembourg</i>) Celia M. Gonzalez (<i>Philippines</i>)</p> <p style="text-align: center;">Werner Gruber (<i>Switzerland</i>)</p> <p style="text-align: center;">Andreas Guennewich (<i>Germany</i>) Nikolay Kirov Guerguiev (<i>Bulgaria</i>) Harry Hagan (<i>United Kingdom</i>) Mohamed Ali Hammoudi (<i>Algeria</i>) Robert Josef Heinbuecher (<i>Germany</i>)</p>	<p style="text-align: center;">A. Shakour Shaalan (<i>Egypt</i>) ZAMANI Abdul Ghani (<i>Malaysia</i>) Daniel Kaeser (<i>Switzerland</i>) Roberto F. Cippa (<i>Switzerland</i>) Abbas Mirakhor (<i>Iran, Islamic Republic of</i>) Dinah Z. Gutu (<i>Zimbabwe</i>) Willy Kiekens (<i>Belgium</i>) Juan José Toribio (<i>Spain</i>) Abdulrahman A. Al-Tuwaijri (<i>Saudi Arabia</i>) Thomas A. Bernes (<i>Canada</i>) Gus O'Donnell (<i>United Kingdom</i>) Dinah Z. Gutu (<i>Zimbabwe</i>) Alexandre Kafka (<i>Brazil</i>) Marc-Antoine Autheman (<i>France</i>) Jean-Claude Milleron (<i>France</i>) Abdulrahman A. Al-Tuwaijri (<i>Saudi Arabia</i>) J. de Beaufort Wijnholds (<i>Netherlands</i>) Jean-Claude Milleron (<i>France</i>) Karin Lissakers (<i>United States</i>) Juan José Toribio (<i>Spain</i>) Gus O'Donnell (<i>United Kingdom</i>) Gus O'Donnell (<i>United Kingdom</i>) Karin Lissakers (<i>United States</i>) Eva Srejber (<i>Sweden</i>) Kai Aaen Hansen (<i>Denmark</i>) Thomas A. Bernes (<i>Canada</i>) Alexandre Kafka (<i>Brazil</i>) Gregory F. Taylor (<i>Australia</i>) Ewen L. Waterman (<i>Australia</i>) Gregory F. Taylor (<i>Australia</i>) Daniel Kaeser (<i>Switzerland</i>) ZAMANI Abdul Ghani (<i>Malaysia</i>) Alexandre Kafka (<i>Brazil</i>) A. Guillermo Zoccali (<i>Argentina</i>) Willy Kiekens (<i>Belgium</i>) Thomas A. Bernes (<i>Canada</i>) Dinah Z. Gutu (<i>Zimbabwe</i>) Alexandre Kafka (<i>Brazil</i>) A. Shakour Shaalan (<i>Egypt</i>) Marc-Antoine Autheman (<i>France</i>) Marc-Antoine Autheman (<i>France</i>) Jean-Claude Milleron (<i>France</i>) Yukio Yoshimura (<i>Japan</i>) Yukio Yoshimura (<i>Japan</i>) Daniel Kaeser (<i>Switzerland</i>) Eva Srejber (<i>Sweden</i>) Enzo R. Grilli (<i>Italy</i>) Willy Kiekens (<i>Belgium</i>) Ewen L. Waterman (<i>Australia</i>) Gregory F. Taylor (<i>Australia</i>) Daniel Kaeser (<i>Switzerland</i>) Roberto F. Cippa (<i>Switzerland</i>) Bernd Esdar (<i>Germany</i>) J. de Beaufort Wijnholds (<i>Netherlands</i>) Gus O'Donnell (<i>United Kingdom</i>) Abbas Mirakhor (<i>Iran, Islamic Republic of</i>) Bernd Esdar (<i>Germany</i>)</p>

### Temporary Alternate Executive Director

Kerstin M. Heinonen (*Finland*)  
 Oscar A. Hendrick Fong (*Peru*)  
 Oussama A. Himani (*Lebanon*)  
 Johanna Kim Honeyfield (*New Zealand*)  
 HUANG Xinghai (*China*)  
 Garbis M. Iradian (*Canada*)  
 Abdel Rehman Ismael (*Mauritius*)  
 Ourkali Issaev (*Kyrgyz Republic*)  
 Narendra Jadhav (*India*)  
 Hossein Javaheri (*Iran, Islamic Republic of*)  
 Hervé Joly (*France*)  
 Jiri Jonas (*Czech Republic*)  
 J. Mills Jones (*Liberia*)  
 Eric Jourcin (*France*)  
 Ramalinga Kannan (*India*)  
 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 Kouprianova (*Russia*)  
 Kwassivi Kpetigo (*Togo*)  
 Tuseno-Minu Kudiwu (*Congo, Dem. Rep. of*)  
 Kitty Lai (*China*)  
 Jurgen Pieter Leijdekker (*Netherlands*)  
 Azriel Levy (*Israel*)  
 James M. Lister (*United States*)  
 David G. Loevinger (*United States*)  
 Benoit Loutrel (*France*)  
 LU Ang (*China*)  
 Cascone Angelo Lucenti (*Venezuela*)  
 Andrei Lushin (*Russia*)  
 Boris M. Lvin (*Russia*)  
 Mohd. Zubir bin Maatan (*Malaysia*)  
 John Mafarikwa (*Zimbabwe*)  
 Mohammad-Hadi Mahdavian (*Iran, Islamic Republic of*)  
 Scott Daniel Melese-d'Hospital (*United States*)  
 Melhem F. Melhem (*Lebanon*)  
 Francesca Mercusa (*Italy*)  
 Daniel Merino (*Argentina*)  
 Wolfgang Merz (*Germany*)  
 Iljae Moon (*Korea*)  
 Helio Mori (*Brazil*)  
 James A. K. Munthali (*Malawi*)  
 Simon N'guiamba (*Cameroon*)  
 Melih Nemli (*Turkey*)  
 Mikhail Nikitenko (*Belarus*)  
 Jean-Christian Obame (*Gabon*)  
 Ricardo Ochoa (*Mexico*)  
 Hiroshi Ogushi (*Japan*)  
 Ovidio Otazú (*Paraguay*)  
 Lev Valentinovich Palei (*Russia*)

### Executive Director for Whom Temporary Alternate Served

Eva Srejber (*Sweden*)  
 Kai Aaen Hansen (*Denmark*)  
 A. Guillermo Zoccali (*Argentina*)  
 Abdulrahman A. Al-Tuwaijri (*Saudi Arabia*)  
 Ewen L. Waterman (*Australia*)  
 Gregory F. Taylor (*Australia*)  
 ZHANG Zhixiang (*China*)  
 A. Shakour Shaalan (*Egypt*)  
 Koffi Yao (*Côte d'Ivoire*)  
 Daniel Kaeser (*Switzerland*)  
 M.R. Sivaraman (*India*)  
 Abbas Mirakhor (*Iran, Islamic Republic of*)  
 Jean-Claude Milleron (*France*)  
 Willy Kiekens (*Belgium*)  
 Dinah Z. Gutti (*Zimbabwe*)  
 Marc-Antoine Autheman (*France*)  
 Jean-Claude Milleron (*France*)  
 M.R. Sivaraman (*India*)  
 Eva Srejber (*Sweden*)  
 Kai Aaen Hansen (*Denmark*)  
 Daniel Kaeser (*Switzerland*)  
 Roberto F. Cippa (*Switzerland*)  
 Gus O'Donnell (*United Kingdom*)  
 M.R. Sivaraman (*India*)  
 Gus O'Donnell (*United Kingdom*)  
 Koffi Yao (*Côte d'Ivoire*)  
 Aleksei V. Mozhin (*Russia*)  
 Koffi Yao (*Côte d'Ivoire*)  
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 ZHANG Zhixiang (*China*)  
 J. de Beaufort Wijnholds (*Netherlands*)  
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 Karin Lissakers (*United States*)  
 Karin Lissakers (*United States*)  
 Marc-Antoine Autheman (*France*)  
 ZHANG Zhixiang (*China*)  
 Juan José Toribio (*Spain*)  
 Aleksei V. Mozhin (*Russia*)  
 Aleksei V. Mozhin (*Russia*)  
 ZAMANI Abdul Ghani (*Malaysia*)  
 Dinah Z. Gutti (*Zimbabwe*)  
 Abbas Mirakhor (*Iran, Islamic Republic of*)  
 Karin Lissakers (*United States*)  
 Abdulrahman A. Al-Tuwaijri (*Saudi Arabia*)  
 Enzo R. Grilli (*Italy*)  
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 Willy Kiekens (*Belgium*)  
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 Koffi Yao (*Côte d'Ivoire*)  
 Juan José Toribio (*Spain*)  
 Yukio Yoshimura (*Japan*)  
 A. Guillermo Zoccali (*Argentina*)  
 Aleksei V. Mozhin (*Russia*)

### Temporary Alternate Executive Director

Axel R. Palmason (*Iceland*)  
 H  l  ne Paris (*France*)  
 Jos   Luis Pascual Pascual (*Spain*)  
 Yasmin Patel (*Mozambique*)  
 Manh Hung Phan (*Vietnam*)  
 Laura Pinzani (*Italy*)  
 Tomislav Presecan (*Croatia*)  
 QI Jianming (*China*)  
 Eugen T. Radulescu (*Romania*)  
 Ganga P. Ramdas (*United States*)  
 Borut Repansek (*Slovenia*)  
 Vladimir Rig  sz (*Slovak Republic*)  
 Eddy Rodr  guez (*Costa Rica*)  
 James Roaf (*United Kingdom*)  
 Sadok Rouai (*Tunisia*)  
 Daniel Saha (*Cameroon*)  
 Joao Santos (*Portugal*)  
 Felix Jakob Dominik Schaad (*Switzerland*)  
 Oliver Schmalzriedt (*Germany*)  
 Todd Turner Schneider (*United States*)  
 Ann W. Scoffier (*France*)  
 Ommar Sein (*Myanmar*)  
 Sigurd Simonsen (*Norway*)  
 Raju Jan Singh (*Switzerland*)  
 Mark Sobel (*United States*)  
 SONG Jianqi (*China*)  
 David L. Stanton (*United Kingdom*)  
 Yoshiyuki Tahara (*Japan*)  
 Ulugbek Y. Tilyayev (*Uzbekistan*)  
 Vishwapati Trivedi (*India*)  
 Therese Turner-Huggins (*The Bahamas*)  
 Laura van Geest (*Netherlands*)  
 Marius Vismantas (*Lithuania*)  
 WANG Xiaolei (*China*)  
 Ratan Prakash Watal (*India*)  
 Myles Wickstead (*United Kingdom*)  
 Paul Winje (*Norway*)  
 Abdul-Gafoor Yakub (*Seychelles*)  
 Matthew Yiu (*Hong Kong*)  
 Szilvia Z  dor (*Hungary*)  
 Igor Zakharchenkov (*Russia*)  
 Edgar Zamalloa (*Peru*)  
 ZHANG Fengming (*China*)  
 ZHENG Hong (*China*)  
 Zubir bin Abdullah (*Singapore*)

### Executive Director for Whom Temporary Alternate Served

Eva Srejber (*Sweden*)  
 Kai Aaen Hansen (*Denmark*)  
 Marc-Antoine Autheman (*France*)  
 Jean-Claude Milleron (*France*)  
 Juan Jos   Toribio (*Spain*)  
 Dinah Z. Guti (*Zimbabwe*)  
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 ZAMANI Abdul Ghani (*Malaysia*)

# Financial Statements

## Report of the External Audit Committee

Washington, D.C.  
June 18, 1998

### *Authority and Scope of the Audit*

In accordance with Section 20(b) of the By-Laws of the International Monetary Fund we have audited the financial statements of the International Monetary Fund covering the:

- General Department for the year ended April 30, 1998,
- SDR Department for the year ended April 30, 1998, and
- Accounts Administered by the International Monetary Fund for the year ended April 30, 1998, which consist of the:
  1. Enhanced Structural Adjustment Facility Trust,
  2. Enhanced Structural Adjustment Facility Administered Accounts:
    - Austria,                      — Indonesia,
    - Belgium,                    — Islamic Republic of Iran,
    - Botswana,                  — Portugal,
    - Chile,                        — Saudi Fund for Development
    - Greece,                      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,
  7. Retired Staff Benefits Investment Account.

Our audit was conducted in accordance with generally accepted auditing standards and included reviews of accounting and internal control systems and tests of the accounting records. We evaluated the extent and results of the work of the outside accounting firm as well as that of the Office of Internal Audit and Inspection of the International Monetary Fund and also used other audit procedures as deemed necessary.

### *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 applied on a basis consistent with that of the preceding year and give a true and fair view of the respective financial positions and the allocations and holdings of SDRs as at April 30, 1998, and of the financial results of operations and transactions during the period then ended.

#### EXTERNAL AUDIT COMMITTEE:

/s/ Amaffé Roger Ako, Chairman (Côte d'Ivoire)

/s/ José Nicolás Agudín (Argentina)

/s/ Stephen Park (United Kingdom)

**General Department**  
**Balance Sheets**  
**as at April 30, 1998 and 1997**

(In thousands of SDRs)  
 (Note 1)

	1998	1997
<b>Assets</b>		
General Resources Account		
Currencies and securities (Notes 2 and 5) . . . . .	144,638,372	143,698,359
SDR holdings (Note 3) . . . . .	764,424	1,494,149
Gold holdings (Note 4) . . . . .	3,624,797	3,624,797
Charges, interest, and other receivables (Notes 2 and 5) . . . . .	1,586,322	1,321,781
Other assets (Note 6) . . . . .	263,920	227,754
Total General Resources Account . . . . .	<u>150,877,835</u>	<u>150,366,840</u>
Special Disbursement Account		
Structural Adjustment Facility loans . . . . .	921,793	1,219,681
Interest receivable . . . . .	6,454	6,196
Total Special Disbursement Account . . . . .	<u>928,247</u>	<u>1,225,877</u>
Total Assets . . . . .	<u>151,806,082</u>	<u>151,592,717</u>
<b>Quotas, Reserves, Liabilities, and Resources</b>		
General Resources Account		
Quotas (Note 2) . . . . .	145,321,050	145,318,800
Reserves (Note 7) . . . . .	2,133,515	1,969,667
Special Contingent Accounts (Note 5) . . . . .	1,883,888	1,785,404
Liabilities		
Remuneration payable (Note 5) . . . . .	433,730	273,495
Other liabilities . . . . .	188,016	144,909
	621,746	418,404
Deferred income (Note 5) . . . . .	917,636	874,565
Total General Resources Account . . . . .	<u>150,877,835</u>	<u>150,366,840</u>
Special Disbursement Account		
Accumulated resources . . . . .	923,107	1,221,497
Deferred income (Note 5) . . . . .	5,140	4,380
Total Special Disbursement Account . . . . .	<u>928,247</u>	<u>1,225,877</u>
Total Quotas, Reserves, Liabilities, and Resources . . . . .	<u>151,806,082</u>	<u>151,592,717</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 Statements**  
**for the Years Ended April 30, 1998 and 1997**

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

	1998	1997
<b>General Resources Account</b>		
Operational Income (Note 5)		
Periodic charges	1,852,807	1,525,109
Interest on SDR holdings	37,426	57,593
Other charges and income	99,650	38,880
Burden-sharing contributions, net of refunds (Note 5)		
Additional charges	73,961	81,812
Reduction of remuneration	72,928	116,960
Deferred income, net of settlements	(43,071)	(39,874)
	<u>2,093,701</u>	<u>1,780,480</u>
Operational Expenses		
Remuneration (Note 5)	1,462,905	1,217,948
Allocation to the Special Contingent Accounts (Note 5)	98,483	151,944
	<u>1,561,388</u>	<u>1,369,892</u>
Net Operational Income	<u>532,313</u>	<u>410,588</u>
Administrative Expenses (Notes 1 and 8)	<u>368,465</u>	<u>316,794</u>
Net Income of the General Resources Account	<u>163,848</u>	<u>93,794</u>
<b>Special Disbursement Account</b>		
Interest and special charges	<u>4,531</u>	<u>6,079</u>
	4,531	6,079
Administrative expenses (Note 8)	—	30,700
Net Income (Loss) of the Special Disbursement Account	<u>4,531</u>	<u>(24,621)</u>

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

**General Department**  
**Statements of Changes in Reserves and Resources**  
**for the Years Ended April 30, 1998 and 1997**

(In thousands of SDRs)  
(Note 1)

	1998	1997
<b>Reserves—General Resources Account</b>		
Special Reserve (Note 7)		
Balance, beginning of the year . . . . .	1,604,087	1,510,293
Net income transferred to the Special Reserve . . . . .	98,483	93,794
Balance, end of the year . . . . .	<u>1,702,570</u>	<u>1,604,087</u>
General Reserve (Note 7)		
Balance, beginning of the year . . . . .	365,580	365,580
Net income transferred to the General Reserve . . . . .	65,365	—
Balance, end of the year . . . . .	<u>430,945</u>	<u>365,580</u>
Total Reserves of the General Resources Account . . . . .	<u>2,133,515</u>	<u>1,969,667</u>
<b>Resources—Special Disbursement Account</b>		
Balance, beginning of the year . . . . .	1,221,497	1,547,179
Transfers from the Trust Fund . . . . .	660	4,860
Transfers from the Supplementary Financing Facility Subsidy Account . . . . .	—	179
Net transfers to the ESAF Trust (Note 8) . . . . .	(242,592)	(306,100)
Transfers to the ESAF-HIPC Trust (Note 8) . . . . .	(60,989)	—
Net income (loss) . . . . .	<u>4,531</u>	<u>(24,621)</u>
Total Resources of the Special Disbursement Account . . . . .	<u>923,107</u>	<u>1,221,497</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, 1998 and 1997**

**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, 1998.

**General Resources Account**

The General Resources Account reflects the receipt of quota subscriptions, purchases and repurchases, collection of charges on members' use of IMF credit, and payment of remuneration on members' creditor positions in the IMF. Assets held in the General Resources Account include currencies of the IMF's member countries, SDR holdings, and gold.

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 Special Disbursement Account is a part of the General Department of the IMF. 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 separately administered 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

### Unit of Account

The accounts of the General Department are expressed in terms of the SDR. The currency 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 five currencies. The IMF reviews the SDR valuation basket every five years. The SDR valuation basket was last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

Currency	Amount
U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

### Valuation of Currencies

Currencies are valued in terms of the SDR on the basis of the representative exchange rate determined for each currency. 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. 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

The IMF maintains its accounts on the accrual basis; accordingly, 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 are capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets. The IMF capitalizes assets with a cost in excess of \$100,000.

## 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 the member's 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 1/4 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.

Changes in the IMF's holdings of members' currencies for the years ended April 30, 1998 and 1997 were as follows:

	April 30, 1996	Net Change	April 30, 1997	Net Change	April 30, 1998
<i>In millions of SDRs</i>					
Members' quotas	145,319	—	145,319	2	145,321
Quota subscription receivable	—	—	—	(2)	(2)
Members' outstanding use of IMF credit in the GRA	36,268	(1,729)	34,539	15,162	49,701
Members' outstanding reserve tranche positions in the GRA	(37,352)	1,249	(36,103)	(14,221)	(50,324)
Other receivables	(56)	—	(56)	—	(56)
Administrative currency balances	2	(3)	(1)	(1)	(2)
Currencies and securities	<u>144,181</u>	<u>(483)</u>	<u>143,698</u>	<u>940</u>	<u>144,638</u>

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. As of April 30, 1998, this state had not succeeded to IMF membership. IMF credit outstanding with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro) amounted to SDR 56.1 million at April 30, 1998 and 1997. This amount is included in charges, interest, and other receivables in the balance sheet.

Receivables and payables arising from valuation adjustments at April 30, 1998, when all holdings of currencies of members were last revalued, amounted to SDR 11,249.8 million and SDR 1,139.2 million, respectively (SDR 7,970.0 million and SDR 4,055.9 million, respectively, at April 30, 1997). At June 11, 1998, the amounts receivable were SDR 9,471.0 million, and the amounts payable were SDR 1,155.7 million.

The IMF's holdings of members' currencies at April 30, 1998 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, as 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, 1998 and 1997, 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 that were 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, 1998, the value of the IMF's holdings of gold calculated at the market price was SDR 23.9 billion (SDR 25.8 billion at April 30, 1997).

### 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, and in the degree of conditionality attached to them. Changes in the outstanding use of IMF credit under various facilities during the years ended April 30, 1998 and 1997 were as follows:

	April 30, 1996	Pur- chases	Repur- chases	April 30, 1997	Pur- chases	Repur- chases	April 30, 1998
	<i>In millions of SDRs</i>						
Regular facilities	18,623	1,837	3,923	16,537	9,027	1,104	24,460
Extended Fund Facility	7,435	2,821	793	9,463	2,824	948	11,339
Supplemental Reserve Facility	—	—	—	—	7,100	—	7,100
Systemic Transfor- mation Facility	3,984	—	—	3,984	—	115	3,869
Enlarged Access	4,436	—	1,390	3,046	—	957	2,089
Compensatory and Contingency Financ- ing Facility	1,602	282	549	1,335	—	650	685
Supplementary Financing Facility	188	—	14	174	—	15	159
Total	<u>36,268</u>	<u>4,940</u>	<u>6,669</u>	<u>34,539</u>	<u>18,951</u>	<u>3,789</u>	<u>49,701</u>

The Supplemental Reserve Facility (SRF) was established on December 17, 1997 to provide financial assistance to members experiencing exceptional balance of payments difficulties owing to a short-term financing need resulting from a sudden and disruptive loss of market confidence reflected in pressure on the capital account and the member's reserves. Financing under the SRF is made available in the form of additional resources under a Stand-By or Extended Arrangement.

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 2. As of April 30, 1998 and 1997, use of credit in the General Resources Account by the largest users was as follows:

	1998		1997	
	<i>In millions of SDRs and percent of total GRA credit</i>			
Largest user of credit	11,200.0	22.5%	9,075.5	26.3%
Three largest users of credit	28,151.3	56.6%	20,566.4	59.5%
Five largest users of credit	34,510.4	69.4%	23,783.2	68.9%

### Arrangements in the General Department

At April 30, 1998, 27 arrangements were in effect, and undrawn balances under these arrangements amounted to SDR 19,196.7 million (SDR 9,055.6 million under 25 arrangements at April 30, 1997). These arrangements are listed in Schedule 3.

### 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 during the year ended April 30, 1998 (the first and second Special Contingent Accounts during the year ended April 30, 1997), 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 SRF. 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 and is refunded in proportion to purchases made under the arrangement.

At April 30, 1998, the total holdings on which the IMF levied charges amounted to SDR 49,701.2 million (SDR 34,539.2 million at April 30, 1997).

### Remuneration

The IMF pays remuneration on a member's remunerated reserve tranche position. A remunerated reserve tranche position is the amount by which the IMF's holdings of a member's currency (excluding holdings that derive from the use of IMF credit) is below the member's norm. The norm varies for each member and, on average, amounted to 94.5 percent of quota at April 30, 1998 and 1997. 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 during the year ended April 30,

1998 (the first and second Special Contingent Accounts during the year ended April 30, 1997), as discussed below.

At April 30, 1998, total creditor positions on which the IMF paid remuneration amounted to SDR 44,010.6 million (SDR 29,676.1 million at April 30, 1997).

#### *Borrowing Arrangements*

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, 1998. At April 30, 1998, the GAB had not been activated. On January 27, 1997, the IMF adopted the New Arrangements to Borrow (NAB), under which the IMF may borrow up to SDR 34 billion of supplementary resources. The NAB will enter into force when adopted by participants with credit arrangements totaling no less than SDR 28.9 billion, including the five participants with the largest credit arrangements. While the NAB will be the facility of first and principal recourse, 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.

#### *Overdue Obligations*

At April 30, 1998 and 1997, 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, including SAF loans, amounted to SDR 1,182.0 million as of April 30, 1998 (SDR 1,215.0 million at April 30, 1997).

Repurchases and SAF loan repayments and 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	
	1998	1997	1998	1997
<i>In millions of SDRs</i>				
Total overdue	1,156	1,165	911	867
Overdue for six months or more	1,147	1,147	885	842
Overdue for three years or more	1,064	1,043	768	719

The type and duration of these arrears as of April 30, 1998, 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	275.0	53.5	328.5	May 1991
Liberia	201.5	206.0	407.5	April 1985
Somalia	105.5	74.8	180.3	July 1987
Sudan	517.7	561.3	1,079.0	July 1985
Yugoslavia, Federal Republic of (Serbia/ Montenegro)	56.1	15.0	71.1	September 1992
Total	1,155.8	910.6	2,066.4	

#### *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 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. Charges excluded from income are recorded as deferred income. Charges due and accrued by members that are six months or more overdue and that have been deferred amounted to SDR 917.6 million at April 30, 1998 (SDR 874.6 million at April 30, 1997).

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 each quarter by an adjustment of the rate of charge and the rate of remuneration. However, the average rate of remuneration is not to be reduced below 85 percent of the SDR interest rate for the financing of deferred charges and the first Special Contingent Account (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, 1998, SDR 1,883.9 million was held in the first and second Special Contingent Accounts (SCA-1 and SCA-2). SDR 883.9 million was held in the SCA-1 and SDR 1,000.0 million was held in the SCA-2 at April 30, 1998 (SDR 785.4 million and SDR 1,000.0 million, respectively, at April 30, 1997). The Special Contingent Accounts are 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 514.1 million at April 30, 1998 (SDR 621.3 million at April 30, 1997).

The adjustments to charges and remuneration in respect of the Special Contingent Accounts and the costs of deferred charges during the years ended April 30, 1998 and 1997 were as follows:

	Adjustments to		Total	
	Charges	Remuneration	1998	1997
	<i>In millions of SDRs</i>			
Deferred charges	24.9	23.8	48.7	47.5
SCA-1	49.7	49.7	99.4	94.8
SCA-2	—	—	—	58.6
Refunds of deferred charges settled	(0.6)	(0.6)	(1.2)	(2.1)
Burden-sharing contributions, net of refunds	<u>74.0</u>	<u>72.9</u>	<u>146.9</u>	<u>198.8</u>

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 729.2 million at April 30, 1998 (SDR 680.8 million at April 30, 1997). 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 961.9 million (SDR 960.7 million at April 30, 1997).

### 6. Other Assets

Other assets include capital assets which at April 30, 1998 and 1997 amounted to SDR 216.3 million and SDR 194.0 million, respectively, and consisted of:

	1998	1997
	<i>In millions of SDRs</i>	
Land and buildings	274.7	246.3
Equipment	29.6	24.1
	<u>304.3</u>	<u>270.4</u>
Less accumulated depreciation	88.0	76.4
	<u>216.3</u>	<u>194.0</u>

### 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.

### 8. Administrative Expenses

The administrative expenses for the years ended April 30, 1998 and 1997 were as follows:

	1998	1997
	<i>In millions of SDRs</i>	
<i>General Resources Account</i>		
Personnel	243.5	246.9
Travel	54.6	46.6
Other	74.8	58.2
Less reimbursements for the administration of:		
The SDR Department	(4.4)	(4.2)
The ESAF Trust and the Special Disbursement Account	—	(30.7)
Total administrative expenses, net of reimbursements	<u>368.5</u>	<u>316.8</u>
<i>Special Disbursement Account</i>		
Reimbursement to the GRA for the administration of the ESAF Trust and the Special Disbursement Account	—	<u>30.7</u>

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 such reimbursement for financial years 1998 and 1999 and to transfer the amount that would otherwise have been reimbursed to the GRA, 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 ESAF-HIPC Trust in the Statements 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. The funding and cost of the Plans for the year ended April 30, 1998, are based on an actuarial valuation at April 30, 1997. The actuarial assumptions are included in the notes to the financial statements of the Plans.

During the year ended April 30, 1998 the IMF contributed SDR 13.7 million to the Plans (SDR 23.5 million during the year ended April 30, 1997). The present value of the benefits payable under the Plans at April 30, 1998 amounted to SDR 1,998.3 million in comparison to assets, which, for actuarial purposes, are valued at SDR 1,894.5 million (SDR 1,875.4 million and SDR 1,691.7 million, respectively, at April 30, 1997).

The IMF provides certain health care benefits to retirees that elect to continue participation in its medical benefits and group life insurance plans through retirement. Participants and the IMF contribute toward meeting the costs of

these benefits. The IMF's cost, which includes a current-year cost and a past-service obligation, is determined actuarially using the projected unit credit method and the funding and cost for the year ended April 30, 1998 are based on an actuarial valuation at May 1, 1997. The cumulative cost was estimated at SDR 136.0 million at April 30, 1998 (SDR 131.9

million at April 30, 1997). The IMF has established a Retired Staff Benefits Investment Account to hold and invest the resources contributed by the IMF toward the payment of postretirement medical and life insurance benefits. At April 30, 1998, an amount of SDR 130.3 million was held by that account (SDR 108.7 million at April 30, 1997).

**General Department**  
**Quotas, Fund's Holdings of Currencies, Members' Use**  
**of Fund Resources, and Reserve Tranche Positions**  
**as at April 30, 1998**

(In thousands of SDRs)

Member	General Resources Account				Use of Fund Resources					
	Quota	Fund's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA <sup>2</sup>		SDA <sup>3</sup>	ESAF Trust <sup>4</sup>		Total <sup>5</sup>
		Total	Percent of quota		Amount (A)	Percent (B)		+ (C)	= (D)	
Afghanistan, Islamic State of	120,400	115,488	95.9	4,928	—	—	—	—	—	—
Albania	35,300	44,125	125.0	5	8,825	0.02	—	31,060	—	39,885
Algeria	914,400	2,505,273	274.0	7	1,590,875	3.20	—	—	—	1,590,875
Angola	207,300	207,445	100.1	—	—	—	—	—	—	—
Antigua and Barbuda	8,500	8,499	100.0	1	—	—	—	—	—	—
Argentina	1,537,100	5,694,740	370.5	—	4,157,615	8.37	—	—	—	4,157,615
Armenia, Republic of	67,500	114,750	170.0	5	47,250	0.10	—	67,500	—	114,750
Australia	2,333,200	1,692,226	72.5	641,035	—	—	—	—	—	—
Austria	1,188,300	295,980	24.9	892,306	—	—	—	—	—	—
Azerbaijan	117,000	266,170	227.5	10	149,170	0.30	—	55,580	—	204,750
Bahamas, The	94,900	88,665	93.4	6,239	—	—	—	—	—	—
Bahrain	82,800	35,653	43.1	47,156	—	—	—	—	—	—
Bangladesh	392,500	392,364	100.0	139	—	—	13,369	248,250	—	261,619
Barbados	48,900	48,879	100.0	25	—	—	—	—	—	—
Belarus, Republic of	280,400	464,758	165.7	20	184,358	0.37	—	—	—	184,358
Belgium	3,102,300	2,106,516	67.9	995,804	—	—	—	—	—	—
Belize	13,500	10,587	78.4	2,914	—	—	—	—	—	—
Benin	45,300	43,129	95.2	2,176	—	—	15,451	53,950	—	69,401
Bhutan	4,500	3,930	87.3	570	—	—	—	—	—	—
Bolivia	126,200	117,338	93.0	8,875	—	—	12,244	178,055	—	190,299
Bosnia and Herzegovina	121,200	151,505	125.0	—	30,300	0.06	—	—	—	30,300
Botswana	36,600	11,473	31.3	25,129	—	—	—	—	—	—
Brazil	2,170,800	2,187,142	100.8	—	15,539	0.03	—	—	—	15,539
Brunei Darussalam	150,000	114,750	76.5	35,255	—	—	—	—	—	—
Bulgaria	464,900	1,101,230	236.9	32,635	668,959	1.35	—	—	—	668,959
Burkina Faso	44,200	36,992	83.7	7,221	—	—	19,592	48,290	—	67,882
Burundi	57,200	51,342	89.8	5,860	—	—	3,843	15,702	—	19,545
Cambodia	65,000	70,730	108.8	—	5,729	0.01	—	42,000	—	47,729
Cameroon	135,100	173,866	128.7	410	39,155	0.08	—	54,040	—	93,195
Canada	4,320,300	3,153,200	73.0	1,167,169	—	—	—	—	—	—
Cape Verde	7,000	6,999	100.0	1	—	—	—	—	—	—
Central African Republic	41,200	46,461	112.8	96	5,355	0.01	4,864	—	—	10,219
Chad	41,300	46,184	111.8	280	5,163	0.01	5,814	33,040	—	44,017
Chile	621,700	339,675	54.6	282,026	—	—	—	—	—	—
China	3,385,200	1,329,508	39.3	2,055,694	—	—	—	—	—	—
Colombia	561,300	241,892	43.1	319,414	—	—	—	—	—	—
Comoros	6,500	5,962	91.7	540	—	—	1,980	—	—	1,980
Congo, Democratic Republic of	291,000	449,180	154.4	—	158,180	0.32	143,083	—	—	301,263
Congo, Republic of	57,900	65,195	112.6	536	7,813	0.02	—	13,896	—	21,709
Costa Rica	119,000	110,288	92.7	8,725	—	—	—	—	—	—
Côte d'Ivoire	238,200	238,032	99.9	178	—	—	—	416,850	—	416,850
Croatia, Republic of	261,600	430,904	164.7	92	169,390	0.34	—	—	—	169,390
Cyprus	100,000	74,553	74.6	25,453	—	—	—	—	—	—
Czech Republic	589,600	589,600	100.0	3	—	—	—	—	—	—
Denmark	1,069,900	349,904	32.7	719,999	—	—	—	—	—	—

Schedule 1 (continued)

Member	General Resources Account				Use of Fund Resources					
	Quota	Fund's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA <sup>2</sup>		ESAF Trust <sup>4</sup>			Total <sup>5</sup> (D)
		Total	Percent of quota		Amount (A)	Percent +	SDA <sup>3</sup> (B) +	Trust <sup>4</sup> (C) =		
Djibouti	11,500	15,475	134.6	—	3,975	0.01	—	—	—	3,975
Dominica	6,000	5,992	99.9	9	—	—	106	—	—	106
Dominican Republic	158,800	168,474	106.1	3	9,675	0.02	—	—	—	9,675
Ecuador	219,200	288,587	131.7	17,153	86,538	0.17	—	—	—	86,538
Egypt	678,400	624,673	92.1	53,750	—	—	—	—	—	—
El Salvador	125,600	125,603	100.0	—	—	—	—	—	—	—
Equatorial Guinea	24,300	24,309	100.0	—	—	—	8,069	1,650	—	9,719
Eritrea	11,500	11,500	100.0	5	—	—	—	—	—	—
Estonia, Republic of	46,500	81,564	175.4	6	35,069	0.07	—	—	—	35,069
Ethiopia	98,300	91,211	92.8	7,099	—	—	48,008	14,745	—	62,753
Fiji	51,100	41,016	80.3	10,087	—	—	—	—	—	—
Finland	861,800	405,492	47.1	456,320	—	—	—	—	—	—
France	7,414,600	5,126,398	69.1	2,288,331	—	—	—	—	—	—
Gabon	110,300	202,343	183.4	66	92,102	0.19	—	—	—	92,102
Gambia, The	22,900	21,418	93.5	1,485	—	—	911	6,573	—	7,484
Georgia	111,000	188,700	170.0	10	77,700	0.16	—	111,000	—	188,700
Germany	8,241,500	3,303,249	40.1	4,938,279	—	—	—	—	—	—
Ghana	274,000	266,666	97.3	17,380	10,042	0.02	33,742	232,927	—	276,711
Greece	587,600	473,913	80.7	113,687	—	—	—	—	—	—
Grenada	8,500	8,501	100.0	—	—	—	—	—	—	—
Guatemala	153,800	153,806	100.0	—	—	—	—	—	—	—
Guinea	78,700	78,628	99.9	75	—	—	3,474	79,983	—	83,457
Guinea-Bissau	10,500	10,500	100.0	*6	—	—	675	10,500	—	11,175
Guyana	67,200	68,292	101.6	—	1,090	—	27,798	82,665	—	111,553
Haiti	60,700	77,056	126.9	45	16,400	0.03	—	15,175	—	31,575
Honduras	95,000	95,000	100.0	—	—	—	—	33,222	—	33,222
Hungary	754,800	698,706	92.6	56,097	—	—	—	—	—	—
Iceland	85,300	74,811	87.7	10,489	—	—	—	—	—	—
India	3,055,500	3,340,186	109.3	212,793	497,375	1.00	—	—	—	497,375
Indonesia	1,497,600	3,699,073	247.0	—	2,201,472	4.43	—	—	—	2,201,472
Iran, Islamic Republic of	1,078,500	1,078,502	100.0	—	—	—	—	—	—	—
Iraq	504,000	504,013	100.0	—	—	—	—	—	—	—
Ireland	525,000	170,865	32.5	354,145	—	—	—	—	—	—
Israel	666,200	666,195	100.0	11	—	—	—	—	—	—
Italy	4,590,700	2,354,017	51.3	2,236,687	—	—	—	—	—	—
Jamaica	200,900	285,619	142.2	—	84,669	0.17	—	—	—	84,669
Japan	8,241,500	1,163,787	14.1	7,077,818	—	—	—	—	—	—
Jordan	121,700	448,258	368.3	2	326,560	0.66	—	—	—	326,560
Kazakhstan, Republic of	247,500	610,475	246.7	5	362,975	0.73	—	—	—	362,975
Kenya	199,400	187,023	93.8	12,405	—	—	30,530	148,708	—	179,238
Kiribati	4,000	4,001	100.0	—	—	—	—	—	—	—
Korea	799,600	11,999,570	1,500.7	33	11,200,000	22.53	—	—	—	11,200,000
Kuwait	995,200	827,656	83.2	167,546	—	—	—	—	—	—
Kyrgyz Republic	64,500	95,756	148.5	5	31,256	0.06	—	88,150	—	119,406
Lao People's Democratic Republic	39,100	39,100	100.0	—	—	—	12,306	35,190	—	47,496
Latvia, Republic of	91,500	146,686	160.3	5	55,186	0.11	—	—	—	55,186
Lebanon	146,000	127,168	87.1	18,833	—	—	—	—	—	—
Lesotho	23,900	20,382	85.3	3,523	—	—	3,171	16,686	—	19,857
Liberia	71,300	272,738	382.5	28	201,457	0.41	—	—	—	225,550 <sup>5</sup>
Libya	817,600	498,628	61.0	318,980	—	—	—	—	—	—

Member	General Resources Account				Use of Fund Resources					
	Quota	Fund's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA <sup>2</sup>		ESAF Trust <sup>4</sup>			Total <sup>5</sup> (D)
		Total	Percent of quota		Amount (A)	Percent +	SDA <sup>3</sup> (B)	+	(C)	
Lithuania, Republic of	103,500	293,884	283.9	16	190,397	0.38	—	—	—	190,397
Luxembourg	135,500	102,744	75.8	32,760	—	—	—	—	—	—
Macedonia, former Yugoslav Republic of	49,600	96,702	195.0	—	47,100	0.09	—	18,188	—	65,288
Madagascar	90,400	90,373	100.0	27	—	—	14,276	35,914	—	50,190
Malawi	50,900	59,805	117.5	2,230	11,134	0.02	9,114	50,442	—	70,690
Malaysia	832,700	388,025	46.6	444,681	—	—	—	—	—	—
Maldives	5,500	4,621	84.0	879	—	—	—	—	—	—
Mali	68,900	60,140	87.3	8,761	—	—	16,764	109,907	—	126,671
Malta	67,500	35,880	53.2	31,636	—	—	—	—	—	—
Marshall Islands	2,500	2,500	100.0	1	—	—	—	—	—	—
Mauritania	47,500	47,506	100.0	—	—	—	4,427	78,155	—	82,582
Mauritius	73,300	65,934	90.0	7,368	—	—	—	—	—	—
Mexico	1,753,300	8,488,385	484.1	173	6,735,240	13.55	—	—	—	6,735,240
Micronesia	3,500	3,500	100.0	1	—	—	—	—	—	—
Moldova, Republic of	90,000	252,419	280.5	5	162,419	0.33	—	—	—	162,419
Mongolia	37,100	37,100	100.0	5	—	—	—	35,245	—	35,245
Morocco	427,700	397,387	92.9	30,316	—	—	—	—	—	—
Mozambique	84,000	84,000	100.0	7	—	—	2,208	147,450	—	149,658
Myanmar	184,900	184,902	100.0	—	—	—	—	—	—	—
Namibia	99,600	99,571	100.0	32	—	—	—	—	—	—
Nepal	52,000	46,277	89.0	5,730	—	—	5,222	16,225	—	21,447
Netherlands	3,444,200	1,794,917	52.1	1,649,297	—	—	—	—	—	—
New Zealand	650,100	443,310	68.2	206,792	—	—	—	—	—	—
Nicaragua	96,100	96,110	100.0	—	—	—	—	36,838	—	36,838
Niger	48,300	45,295	93.8	8,561	5,555	0.01	1,795	44,428	—	51,778
Nigeria	1,281,600	1,281,575	100.0	68	—	—	—	—	—	—
Norway	1,104,600	283,111	25.6	821,521	—	—	—	—	—	—
Oman	119,400	88,336	74.0	31,146	—	—	—	—	—	—
Pakistan	758,200	1,254,889	165.5	61	496,750	1.00	174,816	399,660	—	1,071,226
Palau	2,250	—	—	—	—	—	—	—	—	—
Panama	149,600	240,680	160.9	11,860	102,929	0.21	—	—	—	102,929
Papua New Guinea	95,300	130,603	137.0	53	35,340	0.07	—	—	—	35,340
Paraguay	72,100	57,578	79.9	14,525	—	—	—	—	—	—
Peru	466,100	1,162,205	249.3	—	696,072	1.40	—	—	—	696,072
Philippines	633,400	1,410,251	222.6	87,104	863,942	1.74	—	—	—	863,942
Poland, Republic of	988,500	911,369	92.2	77,131	—	—	—	—	—	—
Portugal	557,600	131,236	23.5	426,381	—	—	—	—	—	—
Qatar	190,500	164,100	86.1	26,401	—	—	—	—	—	—
Romania	754,100	1,217,659	161.5	—	463,554	0.93	—	—	—	463,554
Russian Federation	4,313,100	14,528,375	336.8	926	10,216,058	20.56	—	—	—	10,216,058
Rwanda	59,500	83,318	140.0	—	23,800	0.05	5,256	—	—	29,056
St. Kitts and Nevis	6,500	6,488	99.8	15	—	—	—	—	—	—
St. Lucia	11,000	11,000	100.0	1	—	—	—	—	—	—
St. Vincent and the Grenadines	6,000	5,500	91.7	500	—	—	—	—	—	—
Samoa	8,500	7,824	92.0	683	—	—	—	—	—	—
San Marino, Republic of	10,000	7,649	76.5	2,352	—	—	—	—	—	—
São Tomé and Príncipe	5,500	5,503	100.1	—	—	—	240	—	—	240
Saudi Arabia	5,130,600	4,601,963	89.7	528,641	—	—	—	—	—	—
Senegal	118,900	133,031	111.9	1,328	15,457	0.03	6,446	203,451	—	225,354
Seychelles	6,000	5,196	86.6	804	—	—	—	—	—	—



Schedule 1 (concluded)

Member	General Resources Account				Use of Fund Resources					
	Quota	Fund's holdings of currencies <sup>1</sup>		Reserve tranche position	GRA <sup>2</sup>		ESAF Trust <sup>4</sup>			Total <sup>5</sup> (D)
		Total	Percent of quota		Amount (A)	Percent +	SDA <sup>3</sup> (B) +	(C) =		
Sierra Leone	77,200	77,185	100.0	24	—	—	27,020	96,848	123,868	
Singapore	357,600	109,185	30.5	248,423	—	—	—	—	—	
Slovak Republic	257,400	420,147	163.2	—	162,742	0.33	—	—	162,742	
Slovenia, Republic of	150,500	137,631	91.4	12,875	—	—	—	—	—	
Solomon Islands	7,500	6,967	92.9	538	—	—	—	—	—	
Somalia	44,200	140,907	318.8	—	96,701	0.19	8,840	—	112,004 <sup>5</sup>	
South Africa	1,365,400	1,595,722	116.9	95	230,411	0.46	—	—	230,411	
Spain	1,935,400	487,448	25.2	1,447,956	—	—	—	—	—	
Sri Lanka	303,600	283,378	93.3	20,250	—	—	42,389	252,000	294,389	
Sudan	169,700	687,443	405.1	11	517,722	1.04	—	—	576,950 <sup>5</sup>	
Suriname	67,600	67,601	100.0	—	—	—	—	—	—	
Swaziland	36,500	33,504	91.8	3,002	—	—	—	—	—	
Sweden	1,614,000	972,907	60.3	641,101	—	—	—	—	—	
Switzerland	2,470,400	794,897	32.2	1,675,512	—	—	—	—	—	
Syrian Arab Republic	209,900	209,903	100.0	5	—	—	—	—	—	
Tajikistan, Republic of	60,000	90,000	150.0	2	30,000	0.06	—	—	30,000	
Tanzania	146,900	136,932	93.2	9,975	—	—	14,980	163,093	178,073	
Thailand	573,900	2,573,897	448.5	20	2,000,000	4.02	—	—	2,000,000	
Togo	54,300	54,046	99.5	254	—	—	8,256	66,780	75,036	
Tonga	5,000	3,795	75.9	1,210	—	—	—	—	—	
Trinidad and Tobago	246,800	246,786	100.0	15	—	—	—	—	—	
Tunisia	206,000	329,002	159.7	42	123,038	0.25	—	—	123,038	
Turkey	642,000	1,000,666	155.9	32,275	390,938	0.79	—	—	390,938	
Turkmenistan, Republic of	48,000	48,000	100.0	5	—	—	—	—	—	
Uganda	133,900	133,907	100.0	—	—	—	8,964	285,927	294,891	
Ukraine	997,300	2,814,127	282.2	8	1,816,828	3.66	—	—	1,816,828	
United Arab Emirates	392,100	172,729	44.1	219,372	—	—	—	—	—	
United Kingdom	7,414,600	5,217,884	70.4	2,196,750	—	—	—	—	—	
United States	26,526,800	12,994,063	49.0	13,528,378	—	—	—	—	—	
Uruguay	225,300	209,932	93.2	15,375	—	—	—	—	—	
Uzbekistan, Republic of	199,500	364,700	182.8	5	165,200	0.33	—	—	165,200	
Vanuatu	12,500	10,006	80.0	2,496	—	—	—	—	—	
Venezuela	1,951,300	2,976,956	152.6	144,950	1,170,604	2.36	—	—	1,170,604	
Vietnam	241,600	313,133	129.6	5	71,533	0.14	—	241,600	313,133	
Yemen, Republic of	176,500	317,865	180.1	13	141,375	0.28	—	44,000	185,375	
Yugoslavia, Federal Republic of (Serbia/Montenegro)	—	—	—	—	56,056	0.11	—	—	56,056	
Zambia	363,500	363,501	100.0	18	—	—	181,750	661,682	843,432	
Zimbabwe	261,300	386,229	147.8	164	125,092	0.25	—	146,430	271,522	
<b>Total</b>	<b>145,321,050</b>	<b>144,638,372</b>		<b>50,324,030</b>	<b>49,701,200</b>	<b>100.00</b>	<b>921,793</b>	<b>5,269,650</b>	<b>55,982,431</b>	

<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 Fund 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 24.1 million), Somalia (SDR 6.5 million), and Sudan (SDR 59.2 million).

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

**General Department**  
**Schedule of Repurchases and Repayments of Loans**  
**as at April 30, 1998**

*(In thousands of SDRs)*

Financial Year Ending April 30	General Resources Account <sup>1</sup>	Special Disbursement Account
Overdue	1,030,116	125,733
1999	9,446,675	261,658
2000	13,804,740	175,076
2001	6,820,322	79,024
2002	7,302,323	90,679
2003	5,544,501	61,864
2004	1,937,681	50,823
2005	1,519,936	40,270
2006	1,169,964	36,666
2007	807,110	—
2008	317,832	—
Total	<u>49,701,200</u>	<u>921,793</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, 1998**

*(In thousands of SDRs)*

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
<b>General Resources Account</b>				
Stand-By Arrangements				
Bulgaria	April 11, 1997	June 10, 1998	371,900	124,300
Cape Verde	February 20, 1998	April 19, 1999	2,100	2,100
Djibouti	April 15, 1996	June 30, 1998	6,600	2,625
Egypt	October 11, 1996	September 30, 1998	271,400	271,400
El Salvador	February 28, 1997	May 30, 1998	37,680	37,680
Estonia, Republic of	December 17, 1997	March 16, 1999	16,100	16,100
Indonesia	November 5, 1997	November 4, 2000	7,338,240	5,136,768
Korea	December 4, 1997	December 3, 2000	15,500,000 <sup>1</sup>	4,300,000
Latvia, Republic of	October 10, 1997	April 9, 1999	33,000	33,000
Philippines	April 1, 1998	March 31, 2000	1,020,790	1,020,790
Romania	April 22, 1997	May 21, 1998	301,500	180,900
Thailand	August 20, 1997	June 19, 2000	2,900,000	900,000
Ukraine	August 25, 1997	August 24, 1998	398,920	217,593
Uruguay	June 20, 1997	March 19, 1999	125,000	125,000
Total Stand-By Arrangements			<u>28,323,230</u>	<u>12,368,256</u>
Extended Arrangements				
Algeria	May 22, 1995	May 21, 1998	1,169,280	84,480
Argentina	February 4, 1998	February 3, 2001	2,080,000	2,080,000
Azerbaijan	December 20, 1996	December 19, 1999	58,500	26,330
Croatia, Republic of	March 12, 1997	March 11, 2000	353,160	324,380
Gabon	November 8, 1995	November 7, 1998	110,300	49,630
Jordan	February 9, 1996	February 8, 1999	238,040	47,350
Kazakhstan, Republic of	July 17, 1996	July 16, 1999	309,400	309,400
Moldova, Republic of	May 20, 1996	May 19, 1999	135,000	97,500
Pakistan	October 20, 1997	October 19, 2000	454,920	398,060
Panama	December 10, 1997	December 9, 2000	120,000	110,000
Peru	July 1, 1996	March 31, 1999	300,200	139,700
Russian Federation	March 26, 1996	March 25, 1999	6,901,000	3,064,736
Yemen, Republic of	October 29, 1997	October 28, 2000	105,900	96,900
Total Extended Arrangements			<u>12,335,700</u>	<u>6,828,466</u>
Total General Resources Account			<u>40,658,930</u>	<u>19,196,722</u>

<sup>1</sup>Includes SDR 9.95 billion available until December 17, 1998 under the Supplemental Reserve Facility.

**SDR Department**  
**Statements of Allocations and Holdings**  
**as at April 30, 1998 and 1997**

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

	1998	1997
<b>Allocations</b>		
Net cumulative allocations of SDRs .....	21,433,330	21,433,330
Overdue charges (Note 2) .....	<u>78,666</u>	<u>64,611</u>
Total Allocations .....	<u>21,511,996</u>	<u>21,497,941</u>
<b>Holdings</b>		
Participants with holdings above allocations		
Allocations .....	10,457,271	10,399,818
Net receipts of SDRs .....	<u>6,731,164</u>	<u>5,162,821</u>
	17,188,435	15,562,639
Participants with holdings below allocations		
Allocations .....	10,976,059	11,033,512
Net uses of SDRs .....	<u>7,802,687</u>	<u>7,899,301</u>
	3,173,372	3,134,211
Total holdings of participants .....	20,361,807	18,696,850
General Resources Account .....	764,424	1,494,149
Holdings of SDRs by prescribed holders .....	<u>385,765</u>	<u>1,306,942</u>
Total Holdings .....	<u>21,511,996</u>	<u>21,497,941</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

**SDR Department**  
**Statements of Receipt and Use**  
**for the Year Ended April 30, 1998**  
**with Comparative Totals for the Year Ended April 30, 1997**

(In thousands of SDRs)  
(Note 1)

	Participants	General Resources Account	Prescribed Holders	Total	
				1998	1997
Total holdings, beginning of the year . . . . .	18,696,850	1,494,149	1,306,942	21,497,941	21,486,742
<b>Receipt of SDRs</b>					
Transfers among participants and prescribed holders					
Transactions by agreement . . . . .	8,539,330		27,561	8,566,891	7,410,518
Operations					
Forward operations . . . . .	—			—	27,400
Settlement of financial obligations . . . . .	52,234		34,176	86,410	60,144
Fund-related operations					
SAF/ESAF loans . . . . .	351,745			351,745	165,127
SAF repayments and interest . . . . .			107,672	107,672	130,079
Special charges on SAF, ESAF, and Trust Fund . . . . .			6	6	1
ESAF contributions and payments . . . . .	33,310		95,934	129,244	84,369
ESAF repayments and interest . . . . .			311,285	311,285	225,936
HIPC contributions and payments . . . . .			1,000	1,000	—
Net interest on SDRs (Note 2) . . . . .	242,541		41,715	284,256	268,156
Transfers from participants to General Resources Account					
Repurchases . . . . .		2,917,685		2,917,685	4,364,074
Charges . . . . .		1,877,315		1,877,315	1,615,675
Interest on SDRs (Note 2) . . . . .		44,431		44,431	51,346
Assessment on SDR allocation (Note 2) . . . . .		4,350		4,350	4,138
Transfers from General Resources Account to participants					
Purchases . . . . .	4,243,310			4,243,310	4,060,395
In exchange for currencies of members					
Acquisitions to pay charges . . . . .	19,952			19,952	223,774
Remuneration . . . . .	1,220,129			1,220,129	1,054,830
Other					
Refunds and adjustments . . . . .	90,115			90,115	26,813
Total receipts . . . . .	14,792,666	4,843,781	619,349	20,255,796	19,772,775

**SDR Department**  
**Statements of Receipt and Use (concluded)**  
**for the Year Ended April 30, 1998**  
**with Comparative Totals for the Year Ended April 30, 1997**

(In thousands of SDRs)  
(Notes 1)

	Participants	General Resources Account	Prescribed Holders	Total	
				1998	1997
<b>Use of SDRs</b>					
Transfers among participants and prescribed holders					
Transactions by agreement . . . . .	7,463,648		1,103,243	8,566,891	7,410,518
Operations					
Forward operations . . . . .			—	—	27,400
Settlement of financial obligations . . . . .	34,182		52,228	86,410	60,144
Fund-related operations					
SAF/ESAF loans . . . . .			351,745	351,745	165,127
SAF repayments and interest . . . . .	107,672			107,672	130,079
Special charges on SAF, ESAF, and Trust Fund . . . . .	6			6	1
ESAF contributions and payments . . . . .	95,934		33,310	129,244	84,369
ESAF repayments and interest . . . . .	311,285			311,285	225,936
HIPC contributions and payments . . . . .	1,000			1,000	—
Transfers from participants to General Resources Account					
Repurchases . . . . .	2,917,685			2,917,685	4,364,074
Charges . . . . .	1,877,315			1,877,315	1,615,675
Assessment on SDR allocation (Note 2) . . . . .	4,350			4,350	4,138
Transfers from General Resources Account to participants					
Purchases . . . . .		4,243,310		4,243,310	4,060,395
In exchange for currencies of members					
Acquisitions to pay charges . . . . .		19,952		19,952	223,774
Remuneration . . . . .		1,220,129		1,220,129	1,054,830
Other					
Refunds and adjustments . . . . .		90,115		90,115	26,813
Charges paid in the SDR Department (Note 2)					
Net charges due . . . . .	328,687			328,687	319,502
Charges not paid when due . . . . .	(18,335)			(18,335)	(15,689)
Settlement of unpaid charges . . . . .	4,280			4,280	4,490
Total uses . . . . .	<u>13,127,709</u>	<u>5,573,506</u>	<u>1,540,526</u>	<u>20,241,741</u>	<u>19,761,576</u>
Total holdings, end of the year . . . . .	<u>20,361,807</u>	<u>764,424</u>	<u>385,765</u>	<u>21,511,996</u>	<u>21,497,941</u>

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

## SDR Department

### Notes to the Financial Statements as at April 30, 1998 and 1997

#### *SDR Department*

All transactions and operations involving SDRs are conducted through the SDR Department. At April 30, 1998, 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 SDR 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, and, at April 30, 1998, 15 institutions have 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. Unit of Account*

The accounts of the SDR Department are expressed in terms of the SDR. The currency 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 five currencies. The IMF reviews the SDR valuation basket every five years. The SDR valuation basket was last revised in financial year 1996. The currencies comprising the basket and their amounts in the basket are as follows:

Currency	Amount
U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

#### *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, on a quarterly basis. Interest and charges are levied at the same rate and are settled by crediting and debit-

ing 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, 1998, charges amounting to SDR 78.7 million were overdue to the SDR Department (SDR 64.6 million at April 30, 1997). At April 30, 1998 and 1997, 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 at April 30, 1998 (four members at April 30, 1997). 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, 1998, and consequently, it is not a participant in the SDR Department.

Charges due from members (including Serbia/Montenegro) that are six months or more overdue were as follows:

	1998	1997
	<i>In millions of SDRs</i>	
Total overdue charges	78.7	62.9
Overdue for six months or more	71.3	58.1
Overdue for three years or more	43.8	35.1

The duration and amount of arrears were as follows:

	Total	Longest Overdue Obligation
	<i>In millions of SDRs</i>	
Afghanistan	2.5	February 1996
Congo, Democratic Republic of	5.4	November 1996
Iraq	32.9	November 1990
Liberia	16.4	August 1988
Somalia	6.1	February 1991
Yugoslavia, Federal Republic of (Serbia/Montenegro)	15.4	November 1992
Total	<u>78.7</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 combined market interest rate used to determine the SDR interest rate is calculated each Friday, using the yields or rates of that day. The SDR interest rate, which is set equal to the combined market interest rate, enters into effect on the following Monday and applies until the end of 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

### Combined Balance Sheets as at April 30, 1998 with Comparative Totals as at April 30, 1997

(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1998	Combined 1997
<b>Assets</b>					
Loans receivable .....	5,269,650	—	—	5,269,650	4,590,574
Investments (Notes 2 and 4) .....	233,787	2,022,703	1,827,572	4,084,062	3,648,538
Interest receivable .....	11,371	40,851	27,178	79,400	47,507
Currencies .....	—	—	—	—	2
Accrued account transfers .....	(15,059)	66,960	( 51,901)	—	—
Total Assets .....	<u>5,499,749</u>	<u>2,130,514</u>	<u>1,802,849</u>	<u>9,433,112</u>	<u>8,286,621</u>
<b>Resources and Liabilities</b>					
Resources .....	—	2,089,814	1,623,882	3,713,696	3,332,746
Borrowing (Note 4) .....	5,436,635	—	176,816	5,613,451	4,900,730
Interest payable .....	63,114	—	2,151	65,265	53,145
Transfer payable (Note 6) .....	—	40,700	—	40,700	—
Total Resources and Liabilities .....	<u>5,499,749</u>	<u>2,130,514</u>	<u>1,802,849</u>	<u>9,433,112</u>	<u>8,286,621</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

### Combined Income Statements for the Year Ended April 30, 1998 with Comparative Totals for the Year Ended April 30, 1997

(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1998	Combined 1997
<b>Income</b>					
Investment income .....	89	80,095	77,012	157,196	130,173
Interest on loans .....	24,124	—	—	24,124	21,726
Exchange valuation gain .....	10	38	—	48	74
	<u>24,223</u>	<u>80,133</u>	<u>77,012</u>	<u>181,368</u>	<u>151,973</u>
<b>Expense</b>					
Interest expense .....	183,002	—	3,663	186,665	158,597
Other expenses .....	38	—	—	38	87
	<u>183,040</u>	<u>—</u>	<u>3,663</u>	<u>186,703</u>	<u>158,684</u>
Net Income (Loss) .....	<u>(158,817)</u>	<u>80,133</u>	<u>73,349</u>	<u>(5,335)</u>	<u>(6,711)</u>

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



**Enhanced Structural Adjustment Facility Trust**  
**Combined Statements of Changes in Resources**  
**for the Year Ended April 30, 1998**  
**with Comparative Totals for the Year Ended April 30, 1997**

(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1998	Combined 1997
Balance, beginning of the year . . . . .	—	1,773,448	1,559,298	3,332,746	2,830,999
Contributions (Note 3) . . . . .	—	—	143,693	143,693	202,358
Transfers from the Special Disbursement Account . . . . .	—	303,581	—	303,581	306,100
Transfers through the Special Disbursement Account to the ESAF-HIPC Trust (Note 6) . . . . .	—	(60,989)	—	(60,989)	—
Net transfers between:					
Loan and Reserve Accounts . . . . .	6,359	(6,359)	—	—	—
Loan and Subsidy Accounts . . . . .	152,458	—	(152,458)	—	—
Net income (loss) . . . . .	<u>(158,817)</u>	<u>80,133</u>	<u>73,349</u>	<u>(5,335)</u>	<u>(6,711)</u>
Balance, end of the year . . . . .	<u>—</u>	<u>2,089,814</u>	<u>1,623,882</u>	<u>3,713,696</u>	<u>3,332,746</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, 1998 and 1997**

**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 and 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, 1998, loans totaling SDR 5,269.6 million were outstanding (SDR 4,590.6 million at April 30, 1997). Members’ outstanding loans are presented in Schedule 1.

**Reserve Account**

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

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

**Subsidy Account**

The resources held in the Subsidy Account consist of donations to the Trust, including transfers of net earnings from ESAF Administered Accounts and SDR 400 million transferred by the IMF from the Special Disbursement Account, of 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 resources borrowed for Loan Account loans.

### 1. Accounting Practices

The accounts of the Trust are expressed in terms of the SDR. SDRs are reserve assets allocated to participants in the IMF's SDR Department. The currency 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 five currencies. The IMF reviews the SDR valuation basket every five years. The SDR valuation basket was last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

Currency	Amount
U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

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.

### 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 of resources for the Subsidy Account on such terms and conditions as agreed between the Trust and the contributor. At April 30, 1998, cumulative contributions received, including transfers from the Special Disbursement Account, amounted to SDR 1,866.7 million (SDR 1,723.0 million at April 30, 1997). Cumulative contributions are listed in Schedule 2.

### 4. Borrowing

The Trust borrows resources 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, respectively, present lenders' borrowing agreements and scheduled repayments of outstanding borrowing. The following summarizes the borrowing agreements concluded as at April 30, 1998:

	Amount Agreed	Amount Undrawn
	<i>In thousands of SDRs</i>	
Loan Account	9,288,529	3,379,332
Subsidy Account	243,481	6,665

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, 1998, undrawn balances under 33 loan arrangements amounted to SDR 2,164.5 million (SDR 1,675.7 million under 35 arrangements at April 30, 1997). 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 year 1998, the Executive Board decided to forgo such reimbursement and to transfer an amount of SDR 40.7 million from the Reserve Account, through the Special Disbursement Account, to the ESAF-HIPC Trust.

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, 1998, SDR 20.3 million had been transferred for this purpose.

**Enhanced Structural Adjustment Facility Trust**  
**Schedule of Outstanding Loans**  
**as at April 30, 1998**

*(In thousands of SDRs)*

Member	ESAF Loan Account		Structural Adjustment Facility <sup>1</sup>	
	Balance	Percent	Balance	Percent
Albania	31,060	0.59	—	—
Armenia, Republic of	67,500	1.28	—	—
Azerbaijan	55,580	1.05	—	—
Bangladesh	248,250	4.71	13,369	1.45
Benin	53,950	1.02	15,451	1.68
Bolivia	178,055	3.38	12,244	1.33
Burkina Faso	48,290	0.92	19,592	2.13
Burundi	15,702	0.30	3,843	0.42
Cambodia	42,000	0.80	—	—
Cameroon	54,040	1.03	—	—
Central African Republic	—	—	4,864	0.53
Chad	33,040	0.63	5,814	0.63
Comoros	—	—	1,980	0.21
Congo, Democratic Republic of	—	—	143,083	15.51
Congo, Republic of	13,896	0.26	—	—
Côte d'Ivoire	416,850	7.91	—	—
Dominica	—	—	106	0.01
Equatorial Guinea	1,650	0.03	8,069	0.88
Ethiopia	14,745	0.28	48,008	5.21
Gambia, The	6,573	0.12	911	0.10
Georgia	111,000	2.11	—	—
Ghana	232,927	4.42	33,742	3.66
Guinea	79,983	1.52	3,474	0.38
Guinea-Bissau	10,500	0.20	675	0.07
Guyana	82,665	1.57	27,798	3.02
Haiti	15,175	0.29	—	—
Honduras	33,222	0.63	—	—
Kenya	148,708	2.82	30,530	3.31
Kyrgyz Republic	88,150	1.67	—	—
Lao People's Democratic Republic	35,190	0.67	12,306	1.34
Lesotho	16,686	0.32	3,171	0.34
Macedonia, former Yugoslav Republic of	18,188	0.35	—	—
Madagascar	35,914	0.68	14,276	1.55
Malawi	50,442	0.96	9,114	0.99
Mali	109,907	2.10	16,764	1.82
Mauritania	78,155	1.48	4,427	0.48
Mongolia	35,245	0.67	—	—
Mozambique	147,450	2.80	2,208	0.24
Nepal	16,225	0.31	5,222	0.57
Nicaragua	36,838	0.70	—	—
Niger	44,428	0.84	1,795	0.19
Pakistan	399,660	7.58	174,816	18.95
Rwanda	—	—	5,256	0.57
São Tomé and Príncipe	—	—	240	0.03
Senegal	203,451	3.86	6,446	0.70
Sierra Leone	96,848	1.84	27,020	2.93
Somalia	—	—	8,840	0.96
Sri Lanka	252,000	4.78	42,389	4.60
Tanzania	163,093	3.09	14,980	1.63
Togo	66,780	1.27	8,256	0.90
Uganda	285,927	5.43	8,964	0.97
Vietnam	241,600	4.58	—	—
Yemen, Republic of	44,000	0.83	—	—
Zambia	661,682	12.54	181,750	19.71
Zimbabwe	146,430	2.78	—	—
Total loans outstanding	<u>5,269,650</u>	<u>100.00</u>	<u>921,793</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 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, 1998**

*(In thousands of SDRs)*

Contributor <sup>1</sup>	Amount
<b>Direct Contributions to the Subsidy Account</b>	
Argentina	9,067
Bangladesh	186
Canada	79,298
China	4,000
Czech Republic	4,000
Denmark	41,044
Egypt	4,000
Finland	22,684
Germany	107,967
Iceland	2,200
India	2,706
Italy	122,574
Japan	392,999
Korea	28,826
Luxembourg	3,744
Morocco	2,759
Netherlands	68,740
Norway	25,239
Sweden	103,338
Switzerland	12,360
United Kingdom	242,898
United States	72,128
Total direct contributions to the Subsidy Account	<u>1,352,757</u>
<b>Net Income Transferred from Administered Accounts</b>	
Austria	29,438
Belgium	60,089
Botswana	629
Chile	1,589
Greece	19,420
Indonesia	1,647
Iran, Islamic Republic of	328
Portugal	811
Total net income transferred from Administered Accounts	<u>113,951</u>
Total contributions received	1,466,708
Transfers from Special Disbursement Account	<u>400,000</u>
Total contributions received and transfers from Special Disbursement Account	1,866,708
Cumulative net income of the Subsidy Account	448,579
Resources disbursed to subsidize Trust lending	<u>(691,405)</u>
Total resources of the Subsidy Account	<u>1,623,882</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, 1998**

*(In thousands of SDRs)*

Member	Interest Rate (in percent)	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	273,094
France	0.50 <sup>2</sup>	800,000	800,000	644,069
Germany	Variable <sup>3</sup>	700,000	700,000	627,730
Italy	Variable <sup>3</sup>	370,000	370,000	349,480
Japan	Variable <sup>3</sup>	2,200,000	2,200,000	1,966,213
Korea	Variable <sup>3</sup>	65,000	65,000	59,058
Norway	Variable <sup>3</sup>	90,000	90,000	80,940
Spain	Variable <sup>3</sup>	220,000	216,429 <sup>4</sup>	181,861
Switzerland	—	200,000	200,000	56,205
Total prior to enlargement of ESAF		<u>4,945,000</u>	<u>4,941,429</u>	<u>4,238,650</u>
For enlargement of ESAF				
Canada	Variable <sup>3</sup>	200,000	81,046	81,046
China	Variable <sup>3</sup>	100,000	42,320	42,320
Egypt	Variable <sup>3</sup>	100,000	49,348	49,348
France	0.50 <sup>2</sup>	750,000	213,165	213,165
Germany	Variable <sup>3</sup>	700,000	189,677	189,677
Japan	Variable <sup>3</sup>	2,150,000	243,510	243,510
Korea	Variable <sup>3</sup>	27,700	9,094	9,094
Norway	Variable <sup>3</sup>	60,000	24,060	24,060
OPEC Fund for International Development	Variable <sup>3</sup>	37,129 <sup>5</sup>	—	—
Spain	0.50	67,000	14,620	14,620
Switzerland	Variable <sup>3</sup>	151,700	97,358	97,358
Total for enlargement of ESAF		<u>4,343,529</u>	<u>964,198</u>	<u>964,198</u>
Resources held pending repayment	—	—	—	233,787 <sup>6</sup>
Total—Loan Account		<u>9,288,529</u>	<u>5,905,627</u>	<u>5,436,635</u>
<b>Subsidy Account</b>				
Malaysia (1988 and 1989 loans)	0.50	40,000	40,000	40,000
Malaysia (1994 loan)	2.00	40,000	40,000	40,000
Malta	0.50	2,730	2,730	2,730
Pakistan	0.50	10,000	3,335	3,335
Singapore	2.00	80,000	80,000	80,000
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		<u>243,481</u>	<u>236,816</u>	<u>176,816</u>

<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, 1998**

*(In thousands of SDRs)*

Periods of Repayment, Financial Year Ending April 30 <sup>1</sup>	Loan Account <sup>1</sup>	Subsidy Account
1999	310,313	40,000
2000	393,078	20,000
2001	466,532	10,000
2002	494,968	10,000
2003	520,222	1,365
2004	624,369	—
2005	601,542	90,751
2006	1,158,857	—
2007	502,744	—
2008	364,010	1,365
2010	—	2,668
2014	—	667
Total	<u>5,436,635</u>	<u>176,816</u>

<sup>1</sup>Repayment periods are as provided in the borrowing agreements between the Trustee and lenders, including maximum periods for those repayments which 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, 1998**

*(In thousands of SDRs)*

Member	Date of Arrangement	Expiration	Amount Agreed	Undrawn Balance
Armenia, Republic of	Feb. 14, 1996	Feb. 13, 1999	101,250	33,750
Azerbaijan	Dec. 20, 1996	Dec. 19, 1999	93,600	38,020
Benin	Aug. 28, 1996	Aug. 27, 1999	27,180	18,120
Bolivia	Dec. 19, 1994	Sep. 9, 1998	100,960	—
Burkina Faso	June 14, 1996	June 13, 1999	39,780	19,890
Cameroon	Aug. 20, 1997	Aug. 19, 2000	162,120	108,080
Chad	Sep. 1, 1995	Aug. 31, 1998	49,560	16,520
Congo, Republic of	June 28, 1996	June 27, 1999	69,480	55,584
Côte d'Ivoire	Mar. 17, 1998	Mar. 16, 2001	285,840	202,470
Ethiopia	Oct. 11, 1996	Oct. 10, 1999	88,470	73,725
Georgia	Feb. 28, 1996	Feb. 27, 1999	166,500	55,500
Ghana	June 30, 1995	June 29, 1999	164,400	68,500
Guinea	Jan. 13, 1997	Jan. 12, 2000	70,800	35,400
Guinea-Bissau	Jan. 18, 1995	July 24, 1998	10,500	—
Haiti	Oct. 18, 1996	Oct. 17, 1999	91,050	75,875
Kenya	Apr. 26, 1996	Apr. 25, 1999	149,550	124,625
Macedonia, former Yugoslav Republic of	Apr. 11, 1997	Apr. 10, 2000	54,560	36,372
Madagascar	Nov. 27, 1996	Nov. 26, 1999	81,360	54,240
Malawi	Oct. 18, 1995	Oct. 17, 1998	45,810	15,270
Mali	Apr. 10, 1996	Apr. 9, 1999	62,010	20,670
Mauritania	Jan. 25, 1995	July 13, 1998	42,750	—
Mongolia	July 30, 1997	July 29, 2000	33,390	27,825
Mozambique	June 21, 1996	June 20, 1999	75,600	25,200
Nicaragua	Mar. 18, 1998	Mar. 17, 2001	100,905	84,088
Niger	June 12, 1996	June 11, 1999	57,960	19,320
Pakistan	Oct. 20, 1997	Oct. 19, 2000	682,380	454,920
Senegal	Apr. 20, 1998	Apr. 19, 2001	107,010	89,175
Sierra Leone	Mar. 28, 1994	May 4, 1998	101,904	5,056
Tanzania	Nov. 8, 1996	Nov. 7, 1999	161,590	74,468
Togo	Sep. 16, 1994	June 29, 1998	65,160	10,860
Uganda	Nov. 10, 1997	Nov. 9, 2000	100,425	60,255
Yemen	Oct. 29, 1997	Oct. 28, 2000	264,750	220,750
Zambia	Dec. 6, 1995	Dec. 5, 1998	701,682	40,000
			<u>4,410,286</u>	<u>2,164,528</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, 1998, 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, 1998**

*(In thousands of SDRs)*

Periods of Repayment, Financial Year Ending April 30	Loan Account
1999	375,767
2000	463,331
2001	511,686
2002	680,726
2003	722,241
2004	803,893
2005	677,260
2006	565,749
2007	303,663
2008	165,334
Total	<u>5,269,650</u>



## Enhanced Structural Adjustment Facility Administered Accounts

Balance Sheets  
as at April 30, 1998 and 1997(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1998	1997	1998	1997	1998	1997	1998	1997
<b>Assets</b>								
Investments (Note 2) . . . . .	62,000	74,000	180,000	180,000	6,894	6,894	15,000	15,000
Interest receivable . . . . .	1,736	740	1,521	872	71	66	557	370
Advance payments to the ESAF Subsidy Account . . . . .	—	—	—	—	44	49	—	—
Total Assets . . . . .	<u>63,736</u>	<u>74,740</u>	<u>181,521</u>	<u>180,872</u>	<u>7,009</u>	<u>7,009</u>	<u>15,557</u>	<u>15,370</u>
<b>Resources and Liabilities</b>								
Resources . . . . .	1,496	491	1,365	717	—	—	514	327
Deposits (Note 3) . . . . .	62,000	74,000	180,000	180,000	6,894	6,894	15,000	15,000
Interest payable . . . . .	240	249	156	155	115	115	43	43
Total Resources and Liabilities . . . . .	<u>63,736</u>	<u>74,740</u>	<u>181,521</u>	<u>180,872</u>	<u>7,009</u>	<u>7,009</u>	<u>15,557</u>	<u>15,370</u>
<hr/>								
	Greece		Indonesia		Iran, I. R. of		Portugal	
	1998	1997	1998	1997	1998	1997	1998	1997
<b>Assets</b>								
Investments (Note 2) . . . . .	42,000	49,000	25,000	25,000	4,000	3,000	8,764	6,573
Interest receivable . . . . .	1,334	551	764	281	41	29	40	29
Advance payments to the ESAF Subsidy Account . . . . .	—	—	—	139	—	—	2	2
Total Assets . . . . .	<u>43,334</u>	<u>49,551</u>	<u>25,764</u>	<u>25,420</u>	<u>4,041</u>	<u>3,029</u>	<u>8,806</u>	<u>6,604</u>
<b>Resources and Liabilities</b>								
Resources . . . . .	1,295	498	286	—	23	15	—	—
Deposits (Note 3) . . . . .	42,000	49,000	25,000	25,000	4,000	3,000	8,764	6,573
Interest payable . . . . .	39	53	478	420	18	14	42	31
Total Resources and Liabilities . . . . .	<u>43,334</u>	<u>49,551</u>	<u>25,764</u>	<u>25,420</u>	<u>4,041</u>	<u>3,029</u>	<u>8,806</u>	<u>6,604</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, 1998 and 1997**

(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1998	1997	1998	1997	1998	1997	1998	1997
Investment income . . . . .	2,808	3,080	7,869	7,235	287	269	636	594
Interest expense on deposits . . . . .	335	395	900	900	138	138	75	75
Net Income . . . . .	<u>2,473</u>	<u>2,685</u>	<u>6,969</u>	<u>6,335</u>	<u>149</u>	<u>131</u>	<u>561</u>	<u>519</u>

  

	Greece		Indonesia		Iran, I. R. of		Portugal	
	1998	1997	1998	1997	1998	1997	1998	1997
Investment income . . . . .	1,886	2,050	1,059	989	163	113	374	259
Interest expense on deposits . . . . .	223	258	558	503	20	14	43	32
Net Income . . . . .	<u>1,663</u>	<u>1,792</u>	<u>501</u>	<u>486</u>	<u>143</u>	<u>99</u>	<u>331</u>	<u>227</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, 1998 and 1997**

(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1998	1997	1998	1997	1998	1997	1998	1997
Balance, beginning of the year . . . . .	491	232	717	378	—	—	327	—
Net income . . . . .	2,473	2,685	6,969	6,335	149	131	561	519
Transfers to the ESAF Trust Subsidy Account	(1,468)	(2,426)	(6,321)	(5,996)	(149)	(131)	(374)	(192)
Balance, end of the year . . . . .	<u>1,496</u>	<u>491</u>	<u>1,365</u>	<u>717</u>	<u>—</u>	<u>—</u>	<u>514</u>	<u>327</u>

  

	Greece		Indonesia		Iran, I. R. of		Portugal	
	1998	1997	1998	1997	1998	1997	1998	1997
Balance, beginning of the year . . . . .	498	5	—	—	15	10	—	—
Net income . . . . .	1,663	1,792	501	486	143	99	331	227
Transfers to the ESAF Trust Subsidy Account	(866)	(1,299)	(215)	(486)	(135)	(94)	(331)	(227)
Balance, end of the year . . . . .	<u>1,295</u>	<u>498</u>	<u>286</u>	<u>—</u>	<u>23</u>	<u>15</u>	<u>—</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**  
**Statements of Receipts and Uses of Resources**  
**as at April 30, 1998 and 1997**

(In thousands of SDRs)  
(Note 1)

	1998	1997
<b>Receipts of Resources</b>		
Cumulative transfers from the Saudi Fund for Development	49,500	49,500
Cumulative repayments of associated loans	5,450	1,750
Cumulative receipts of interest on associated loans	1,082	843
Accrued interest on associated loans	75	81
	<u>56,107</u>	<u>52,174</u>
<b>Uses of Resources</b>		
Associated loans (Note 4)	49,500	49,500
Cumulative repayments to the Saudi Fund for Development	5,450	1,750
Cumulative payments of interest on transfers	1,082	843
Accrued interest on transfers	75	81
	<u>56,107</u>	<u>52,174</u>

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, 1998 and 1997**

### *Purpose*

At the request of certain member countries, the IMF has established administered accounts for the benefit of the Subsidy Account of the Enhanced Structural Adjustment Facility Trust (the ESAF Trust) for the administration of resources deposited therein. 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 for the disbursement of amounts under loans made in association with loans under the Enhanced Structural Adjustment Facility (ESAF) by the SFD to recipient countries (associated loans). Disbursements were made simultaneously with ESAF disbursements, and payments of interest and repayments of principal due to the SFD under associated loans are to be transferred to the SFD. The IMF acts as agent of the SFD in that respect.

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 administered accounts are expressed in terms of the SDR. SDRs are reserve assets allocated to participants in the IMF's SDR Department. The currency 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 five currencies. The IMF reviews the SDR valuation basket every five years. The SDR valuation basket was last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

Currency	Amount
U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

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.

### *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 5½ years after the date of each deposit and ending at the end of the tenth year after the date of each deposit. The deposits bear interest at a rate of ½ of 1 percent a year.

The 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 (one of SDR 30.0 million made on July 29, 1988; one of SDR 35.0 million made on December 30, 1988; one of SDR 35.0 million made on June 30, 1989; and one of SDR 80.0 million made on April 29, 1994) have an initial maturity of six months and are renewable, at the option of 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 ½ of 1 percent a year.

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 ½ 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 5½ years after the date of deposit and will be completed at the end of the tenth year after the date of the deposits. The deposits bear interest at a rate of ½ of 1 percent a year.

The 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 agreed to make five annual deposits, each of SDR 1.0 million. All of the deposits will be repaid at the end of ten years after the date of the first deposit. Each deposit bears interest at a rate of ½ of 1 percent a year.

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

#### *4. Associated Loans*

The SFD agreed to provide resources up to the equivalent of SDR 200.0 million 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 the rate of ½ of 1 percent a year.

**ESAF-HIPC Trust**  
**Balance Sheets**  
**as at April 30, 1998 and 1997**

(In thousands of SDRs)  
 (Note 1)

	ESAF-HIPC Trust Account		Umbrella Account for HIPC Operations for the Period April 1, 1998 to April 30, 1998
	1998	1997	
<b>Assets</b>			
Investments (Note 2) . . . . .	19,236	16,884	51,514
Transfer receivable (Note 3) . . . . .	40,700	—	—
Interest receivable . . . . .	50	—	99
	<u>59,986</u>	<u>16,884</u>	<u>51,613</u>
<b>Resources and Liabilities</b>			
Resources . . . . .	44,374	2,277	51,613
Deposits (Note 4) . . . . .	15,607	14,607	—
Interest payable . . . . .	5	—	—
	<u>59,986</u>	<u>16,884</u>	<u>51,613</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 Statements and Changes in Resources**  
**for the Years Ended April 30, 1998 and 1997**

(In thousands of SDRs)  
 (Note 1)

	ESAF-HIPC Trust Account		Umbrella Account for HIPC Operations for the Period April 1, 1998 to April 30, 1998
	1998	1997	
Balance, beginning of the year . . . . .	<u>2,277</u>	—	—
Transfers through the Special Disbursement Account from the ESAF Trust			
Reserve Account (Note 3) . . . . .	60,989	—	—
Contributions received (Note 3) . . . . .	31,928	2,261	—
Income earned on investments (Note 2) . . .	991	16	99
HIPC grants (Note 5) . . . . .	(51,514)	—	51,514
Interest expense on deposits (Note 4) . . . . .	(297)	—	—
Net changes in resources . . . . .	<u>42,097</u>	<u>2,277</u>	<u>51,613</u>
Balance, end of the year . . . . .	<u>44,374</u>	<u>2,277</u>	<u>51,613</u>

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

## ESAF-HIPC Trust

### Notes to the Financial Statements as at April 30, 1998 and 1997

#### *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 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 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 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 ("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 ESAF-HIPC disbursements.

#### *1. Accounting Practices*

The accounts of the Trust are expressed in terms of the SDR. SDRs are reserve assets allocated to participants in the IMF's SDR Department. The currency 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 five

currencies. The IMF reviews the SDR valuation basket every five years. The SDR valuation basket was last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

Currency	Amount
U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

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.

#### *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 Trust and the contributor. At April 30, 1998, four contributions amounting to SDR 34.2 million had been received: SDR 2.3 million from Finland; SDR 1.1 million from Nigeria; SDR 27.2 million from Japan; and SDR 3.6 million from the Netherlands. The contribution from the Netherlands is earmarked for interim ESAF subsidy operations. At April 30, 1997, one contribution amounting to SDR 2.3 million had been received from Finland. This amount was transferred to the Trust from the Temporary Administered Account for ESAF-HIPC Operations, which was terminated on February 12, 1997.

Total transfers from the ESAF Trust Reserve Account through the Special Disbursement Account amount to SDR 61.0 million. Of this amount, SDR 20.3 million has been transferred to the Trust from the ESAF Trust Reserve Account, through the Special Disbursement Account to provide grants or loans to eligible members. In addition, the Executive Board decided to transfer an amount of SDR 40.7 million from the ESAF Trust Reserve Account, through the Special Disbursement Account, to the ESAF-HIPC Trust.

##### *Umbrella Account*

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

eligible member. At April 30, 1998 a grant amounting to SDR 51.5 million had been received on behalf of Uganda.

#### *4. Deposits*

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

The Trustee accepts deposits, loans, and other types of investments made by contributors to the Trust on such terms and conditions as agreed between the Trust and the Contributor. At April 30, 1998, two deposits amounting to SDR 15.6 million had been received by the ESAF-HIPC Trust Account. 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. The second deposit of SDR 1 million bears interest at a rate of  $\frac{1}{2}$  of 1 percent a year and is to be repaid in one installment ten years after the date of the deposit, made on May 30, 1997.

#### *5. Disbursements*

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

The proceeds of grants or loans made on behalf of an eligible member are 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 on an as-needed basis. At April 30, 1998, a single disbursement of SDR 51.5 million had been made to the Umbrella Account for the benefit of Uganda.

##### *Umbrella Account*

The resources of a subaccount within the Umbrella Account, including any income from investment, 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, 1998, no disbursements had been made from a subaccount within the Umbrella Account.

**Administered Accounts**  
**Established at the Request of Members**  
**Balance Sheets**  
**as at April 30, 1998 and 1997**

(Note 1)

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Administered Account for Rwanda	
	1998	1997	1998	1997	1998	1997	1998	1997
	<i>(In thousands of U.S. dollars)</i>				<i>(In thousands of SDRs)</i>			
<b>Assets</b>								
Investments (Note 2) . . . . .	96,700	91,500	20,634	14,996	3,389	3,029	788	1,118
Currency deposit . . . . .	83	61	—	—	—	—	—	—
Interest receivable . . . . .	—	—	—	—	—	—	8	11
Total Assets . . . . .	<u>96,783</u>	<u>91,561</u>	<u>20,634</u>	<u>14,996</u>	<u>3,389</u>	<u>3,029</u>	<u>796</u>	<u>1,129</u>
<b>Resources</b>								
Total Resources . . . . .	<u>96,783</u>	<u>91,561</u>	<u>20,634</u>	<u>14,996</u>	<u>3,389</u>	<u>3,029</u>	<u>796</u>	<u>1,129</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, 1998 and 1997**

(Note 1)

	Administered Account Japan		Administered Account for Selected Fund Activities—Japan		Framework Administered Account for Technical Assistance Activities		Administered Account for Rwanda	
	1998	1997	1998	1997	1998	1997	1998	1997
	<i>(In thousands of U.S. dollars)</i>				<i>(In thousands of SDRs)</i>			
Balance, beginning of the year	91,561	71,102	14,996	11,742	3,029	970	1,129	1,432
Contributions . . . . .	—	16,495	18,868	20,950	2,961	2,985	—	—
Income earned on investments (Note 2) . . . . .	<u>5,222</u>	<u>3,964</u>	<u>1,073</u>	<u>788</u>	<u>177</u>	<u>97</u>	<u>38</u>	<u>49</u>
	96,783	91,561	34,937	33,480	6,167	4,052	1,167	1,481
Payments to beneficiaries . . . . .	—	—	<u>14,303</u>	<u>18,484</u>	<u>2,778</u>	<u>1,023</u>	<u>371</u>	<u>352</u>
Balance, end of the year . . . . .	<u>96,783</u>	<u>91,561</u>	<u>20,634</u>	<u>14,996</u>	<u>3,389</u>	<u>3,029</u>	<u>796</u>	<u>1,129</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, 1998 and 1997

#### *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, 1998 and 1997, 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 that are used 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, 1998, cumulative contributions received by the account designated for technical assistance amounted to \$98.2 million, of which \$81.3 million had been disbursed (\$80.6 million and \$68.0 million, respectively, at April 30, 1997). Cumulative contributions include \$4.7 million earmarked for scholarships, of which \$4.4 million had been disbursed at April 30, 1998 (\$3.5 million and \$3.3 million, respectively, at April 30, 1997). At April 30, 1998, contributions designated for the OAP amounted to \$1.2 million, of which \$1.0 million had been disbursed.

#### *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, 1998, cumulative contributions received by the account amounted to \$7.1 million, of which \$4.0 million had been disbursed (\$4.1 million and \$1.2 million, respectively, at April 30, 1997).

#### *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, 1998, cumulative contributions received amounted to \$2.9 million, of which \$1.3 million had been disbursed (\$1.4 million and \$0.3 million, respectively, at April 30, 1997).

#### *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, 1998, cumulative contributions received amounted to \$1.5 million, of which \$1.3 million had been disbursed (\$1.5 million and \$0.6 million, respectively, at April 30, 1997).

#### *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, 1998, cumulative contributions received amounted to \$0.5 million, of which \$0.3 million had been disbursed (\$0.5 million and \$0.07 million, respectively, at April 30, 1997).

#### *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, 1998, cumulative contributions received amounted to \$2.0 million, of which \$0.9 million had been disbursed (\$0.6 million and \$0.08 million, respectively, at April 30, 1997).

#### *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, 1998, cumulative contributions received amounted to \$0.26 million, of which \$0.13 million had been disbursed (\$0.09 million, all of which had been disbursed at April 30, 1997).

#### *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 0.5 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, 1998, cumulative contributions received by the account amounted to SDR 1.54 million, of which SDR 0.86 million had been disbursed (SDR 1.54 million and SDR 0.49 million, respectively, at April 30, 1997).

### *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.

#### *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 SDRs. The currency 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 five currencies. The IMF reviews the SDR valuation basket every five years. The SDR valuation basket was last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

Currency	Amount
U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

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 Sheets**  
**as at April 30, 1998 and 1997**

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

	1998	1997
<b>Assets</b>		
Loans receivable (Note 2) . . . . .	89,784	90,444
Interest and charges receivable and accrued (Note 3) . . . . .	<u>25,952</u>	<u>25,501</u>
Total Assets . . . . .	<u>115,736</u>	<u>115,945</u>
<b>Resources and Deferred Income</b>		
Trust resources . . . . .	89,784	90,444
Deferred income (Note 3) . . . . .	<u>25,952</u>	<u>25,501</u>
Total Resources and Deferred Income . . . . .	<u>115,736</u>	<u>115,945</u>

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

/s/ David Williams  
*Treasurer*

/s/ M. Camdessus  
*Managing Director*

**Trust Fund**  
**Income Statements**  
**for the Years Ended April 30, 1998 and 1997**

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

	1998	1997
<b>Income</b>		
Interest and charges on loans (Note 2) . . . . .	450	469
Deferred income, net of settlements (Note 3) . . . . .	<u>(450)</u>	<u>(300)</u>
Net Income . . . . .	<u>—</u>	<u>169</u>

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

**Trust Fund**  
**Statements of Changes in Resources**  
**for the Years Ended April 30, 1998 and 1997**

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

	1998	1997
Balance, beginning of the year . . . . .	90,444	95,135
Net Income . . . . .	<u>—</u>	<u>169</u>
Balance before transfers to the Special Disbursement Account . . . . .	90,444	95,304
Transfers to the Special Disbursement Account (Note 4) . . . . .	<u>(660)</u>	<u>(4,860)</u>
Balance, end of the year . . . . .	<u>89,784</u>	<u>90,444</u>

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

## Trust Fund

### Notes to the Financial Statements as at April 30, 1998 and 1997

#### *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 of the Trust Fund are expressed in terms of the SDR. SDRs are reserve assets allocated to participants in the IMF's SDR Department. The currency 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 five currencies. The IMF reviews the SDR valuation basket every five years. The SDR valuation basket was last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

Currency	Amount
U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

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). 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  $\frac{1}{2}$  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, 1998 and 1997, 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, 1998, total deferred income amounted to SDR 26.0 million (SDR 25.5 million at April 30, 1997). Overdue loan repayments and interest and special charges due from these members were as follows:

	Loans		Interest and Special Charges	
	1998	1997	1998	1997
<i>In millions of SDRs</i>				
Total overdue	89.8	90.4	25.8	25.4
Overdue six months or more	89.8	90.4	25.6	25.1
Overdue three years or more	89.8	90.4	24.4	23.9

The type and duration of the arrears of these members at April 30, 1998 were as follows:

Member	Loans	Interest and Special Charges	Total	Longest Overdue Obligation
<i>In millions of SDRs</i>				
Liberia	24.1	6.7	30.8	January 1985
Somalia	6.5	1.3	7.8	July 1987
Sudan	59.2	17.8	77.0	June 1985
Total	89.8	25.8	115.6	

#### *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 Sheets as at April 30, 1998 and 1997

(In thousands of SDRs)  
(Note 1)

	1998	1997
<b>Assets</b>		
Deposits (Note 2) .....	2,381	2,286
Interest receivable .....	25	22
Total Assets .....	<u>2,406</u>	<u>2,308</u>
<b>Resources</b>		
Total Resources .....	<u>2,406</u>	<u>2,308</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 Statements and Changes in Resources for the Years Ended April 30, 1998 and 1997

(In thousands of SDRs)  
(Note 1)

	1998	1997
Balance, beginning of the year .....	2,308	2,395
Investment income .....	98	92
Balance before transfers .....	2,406	2,487
Transfers to the Special Disbursement Account (Note 3) .....	—	(179)
Balance, end of the year .....	<u>2,406</u>	<u>2,308</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, 1998 and 1997

#### *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 of the Subsidy Account are expressed in terms of the SDR. SDRs are reserve assets allocated to participants in the IMF's SDR Department. The currency value of the SDR is determined by the IMF each day by summing the val-

ues in U.S. dollars, based on market exchange rates, of a basket of five currencies. The IMF reviews the SDR valuation basket every five years. The SDR valuation basket was last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

Currency	Amount
U.S. dollar	0.582
Deutsche mark	0.446
Japanese yen	27.2
French franc	0.813
Pound sterling	0.105

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

#### *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, 1998 and 1997, 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 Sheets as at April 30, 1998 and 1997

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

	1998	1997
<b>Assets</b>		
Investments (Note 2)		
Cash equivalents .....	29,495	32,010
Other .....	<u>144,878</u>	<u>115,239</u>
	174,373	147,249
Interest and other receivables .....	<u>1,931</u>	<u>1,171</u>
Total Assets .....	<u><u>176,304</u></u>	<u><u>148,420</u></u>
<b>Liabilities and Resources</b>		
Accounts payable .....	<u>—</u>	<u>3,572</u>
Total Liabilities .....	<u>—</u>	<u>3,572</u>
Total Resources .....	<u>176,304</u>	<u>144,848</u>
Total Resources and Liabilities .....	<u><u>176,304</u></u>	<u><u>148,420</u></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 Statements and Changes in Resources for the Years Ended April 30, 1998 and 1997

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

	1998	1997
Balance, beginning of the year .....	<u>144,848</u>	<u>122,310</u>
Contributions received .....	<u>12,600</u>	<u>12,100</u>
Income earned on investments (Note 2) .....	<u>7,189</u>	<u>6,547</u>
Net gain in current value of investments (Note 2) .....	<u>11,667</u>	<u>3,891</u>
Total income .....	<u>18,856</u>	<u>10,438</u>
Balance, end of the year .....	<u><u>176,304</u></u>	<u><u>144,848</u></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, 1998 and 1997

#### *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 \$140.1 million at April 30, 1998 (\$127.5 million at April 30, 1997).

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*

##### *Unit of Account*

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.

##### *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	1998	1997
<i>In millions of U.S. dollars</i>		
Equity securities	63.3	52.4
Debt securities	62.0	62.7
Short-term investments	29.6	32.2
Real estate	20.6	1.1
	175.5	148.4

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

#### *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 amounted to \$183.2 million at April 30, 1998 (\$180.1 million at April 30, 1997). 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, 1998, an amount of \$12.6 million has been transferred to the RSBIA (\$12.1 million during the year ended April 30, 1997).

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  
Staff Retirement Plan**

Washington, D.C.  
June 18, 1998

*Authority and Scope of Audit*

In accordance with Section 20(b) of the By-Laws of the International Monetary Fund, we have audited the financial statements of the Staff Retirement Plan for the year ended April 30, 1998.

Our audit was conducted in accordance with generally accepted auditing standards and included reviews of the accounting and internal control systems and tests of the accounting records. We evaluated the extent and results of the work of the outside accounting firm as well as that of the Office of Internal Audit and Inspection of the International Monetary Fund and also used other audit procedures as deemed necessary.

*Audit Opinion*

In our opinion, the financial statements of the Staff Retirement Plan have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year and give a true and fair view of the financial status of the Staff Retirement Plan as at April 30, 1998 and of the changes in financial status for the year then ended.

EXTERNAL AUDIT COMMITTEE:

/s/ Amaffé Roger Ako, Chairman (Côte d'Ivoire)

/s/ José Nicolás Agudín (Argentina)

/s/ Stephen Park (United Kingdom)

**Staff Retirement Plan**  
**Statements of Accumulated Plan Benefits**  
**and Net Assets Available for Benefits**  
**as at April 30, 1998 and 1997**

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

	1998	1997
<b>Accumulated Plan Benefits</b>		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants	635,000	597,400
Active participants	595,800	516,800
Nonvested benefits	694,700	651,400
Total actuarial present value of accumulated Plan benefits	<u>1,925,500</u>	<u>1,765,600</u>
<b>Assets Available for Benefits</b>		
Investments (Note 3)	3,075,069	2,613,477
Receivables		
Accrued interest and dividends	13,303	12,894
Contributions	1,501	1,862
Other	36	66
Total assets	<u>3,089,909</u>	<u>2,628,299</u>
<b>Liabilities</b>		
Accounts payable	5,428	4,278
Deferred contributions (Note 2)	14,729	—
Total liabilities	<u>20,157</u>	<u>4,278</u>
Net assets available for benefits	<u>3,069,752</u>	<u>2,624,021</u>
Excess of net assets available for benefits over actuarial present value of accumulated Plan benefits (Note 2)	<u>1,144,252</u>	<u>858,421</u>

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

/s/ David Williams  
 Treasurer

/s/ M. Camdessus  
 Managing Director

**Staff Retirement Plan**  
**Statements of Changes**  
**in Accumulated Plan Benefits**  
**for the Years Ended April 30, 1998 and 1997**

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

	1998	1997
Actuarial present value of accumulated Plan benefits, beginning of the year	1,765,600	1,644,400
Increase (decrease) during the year attributable to		
Benefits accumulated (Note 1)	67,300	36,838
Interest accrued	147,800	137,600
Benefits paid	(55,200)	(53,238)
Net increase	<u>159,900</u>	<u>121,200</u>
Actuarial present value of accumulated Plan benefits, end of the year	<u>1,925,500</u>	<u>1,765,600</u>

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

**Staff Retirement Plan**  
**Statements of Changes**  
**in Net Assets Available for Benefits**  
**for the Years Ended April 30, 1998 and 1997**

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

	<b>1998</b>	<b>1997</b>
<b>Investment Income</b>		
Net realized/unrealized gain on investments (Note 3) . . . . .	404,944	129,507
Interest and dividends . . . . .	87,296	84,769
	492,240	214,276
<b>Contributions (Note 2)</b>		
International Monetary Fund . . . . .	151	29,548
Participants . . . . .	20,970	19,759
Participants restored to service . . . . .	133	275
Net transfers (to) from retirement plans of other international organizations . . . . .	(209)	343
	21,045	49,925
Total additions . . . . .	513,285	264,201
<b>Benefits</b>		
Pension . . . . .	44,543	41,399
Commutation . . . . .	5,045	8,183
Withdrawal . . . . .	3,859	3,383
Death . . . . .	406	273
	53,853	53,238
<b>Investment Fees</b> . . . . .	13,701	12,617
Total payments . . . . .	67,554	65,855
Net additions . . . . .	445,731	198,346
<b>Net Assets Available for Benefits</b>		
Beginning of the year . . . . .	2,624,021	2,425,675
End of the year . . . . .	3,069,752	2,624,021

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

## Staff Retirement Plan

### Notes to the Financial Statements as at April 30, 1998 and 1997

#### *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 1998, the administrative costs met by the Employer were approximately \$0.09 million (\$0.12 million in 1997).

##### *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.

##### *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, 1998. 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 appraised value. Derivatives are valued at fair value, which is equivalent to the unrealized gain or loss.

#### *Trading Instruments*

The net gain 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. For the financial year that began on May 1, 1995, this rate was 14.25 percent and was 10.56 percent for the year that began on May 1, 1996. The rate for the year beginning May 1, 1997 for the Employer has been set at 5 percent of pensionable gross remuneration. Of this amount, 0.05 percent represents a current contribution (equal to \$0.15 million) and 4.95 percent represents a deferred contribution (equal to \$14.7 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, 1997 and 1996 valuations were:

	1997	1996
	<i>In millions of U.S. dollars</i>	
Present value of benefits payable	2,699	2,540
Less: Assets for valuation purposes	<u>2,580</u>	<u>2,310</u>
Required future funding	119	230
Less: Present value of prospective contributions from participants (7 percent of gross remuneration)	<u>211</u>	<u>203</u>
Present value of future funding required from the Employer	<u>(92)</u>	<u>27</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:

	1998	1997
	<i>In millions of U.S. dollars</i>	
Equity securities	2,181	1,726
Debt securities	463	453
Real estate	259	251
Short-term investments	<u>172</u>	<u>183</u>
	<u>3,075</u>	<u>2,613</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, 1998 and 1997, the notional value of the Plan's risk management investments was as follows:

	1998	1997
	<i>In millions of U.S. dollars</i>	
Futures		
Long positions	116	156
Short positions	25	69
Forwards		
Purchases	831	604
Sales	831	604
Swaps	2	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, 1998 or 1997.

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 no more than three months. At April 30, 1998, the unrealized gain totaled \$1.7 million (\$1.8 million unrealized loss at April 30, 1997).

#### *Options*

Options can be either exchange traded or directly negotiated. They provide a right to buy or sell a security or an agreed amount of currency at a specified rate within a stated period. These contracts generally have terms of less than one year. At April 30, 1998, there were no options outstanding. (At April 30, 1997 the cost of these options totaled \$0.3 million and the unrealized loss totaled \$0.2 million.)

#### *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, 1998, the unrealized loss totaled \$1.6 million (\$0.6 million at April 30, 1997).

## Report of the External Audit Committee Supplemental Retirement Benefit Plan

Washington, D.C.  
June 18, 1998

### *Authority and Scope of Audit*

In accordance with Section 20(b) of the By-Laws of the International Monetary Fund, we have audited the financial statements of the Supplemental Retirement Benefit Plan for the year ended April 30, 1998.

Our audit was conducted in accordance with generally accepted auditing standards and included reviews of the accounting and internal control systems and tests of the accounting records. We evaluated the extent and results of the work of the outside accounting firm as well as that of the Office of Internal Audit and Inspection and also used other audit procedures as deemed necessary.

### *Audit Opinion*

In our opinion, the financial statements of the Supplemental Retirement Benefit Plan have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year and give a true and fair view of the financial status of the Supplemental Retirement Benefit Plan as at April 30, 1998 and of the changes in financial status for the year then ended.

#### EXTERNAL AUDIT COMMITTEE:

/s/ Amaffé Roger Ako, Chairman (Côte d'Ivoire)

/s/ José Nicolás Agudin (Argentina)

/s/ Stephen Park (United Kingdom)

**Supplemental Retirement Benefit Plan**  
**Statements of Accumulated Plan Benefits**  
**and Assets Available for Benefits**  
**as at April 30, 1998 and 1997**

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

	<u>1998</u>	<u>1997</u>
<b>Accumulated Plan Benefits</b>		
Actuarial present value of accumulated Plan benefits		
Vested benefits . . . . .	23,300	20,800
Nonvested benefits . . . . .	100	100
Total actuarial present value of accumulated Plan benefits . . . . .	<u>23,400</u>	<u>20,900</u>
<b>Assets Available for Benefits</b>		
Cash at bank . . . . .	195	72
Contributions receivable . . . . .	7	4
Total assets . . . . .	<u>202</u>	<u>76</u>
<b>Liabilities</b>		
Deferred contributions (Note 2) . . . . .	56	—
Net assets available for benefits . . . . .	146	76
Excess of actuarial present value of accumulated Plan benefits over assets available for benefits . . . . .	<u>23,254</u>	<u>20,824</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**  
**Statements of Changes**  
**in Accumulated Plan Benefits**  
**for the Years Ended April 30, 1998 and 1997**

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

	<u>1998</u>	<u>1997</u>
Actuarial present value of accumulated		
Plan benefits, beginning of the year . . . . .	20,900	16,000
Increase (decrease) during the period attributable to		
Benefits accumulated . . . . .	2,300	4,832
Interest accrued . . . . .	1,700	1,300
Benefits paid . . . . .	(1,500)	(1,232)
Net increase . . . . .	<u>2,500</u>	<u>4,900</u>
Actuarial present value of accumulated Plan benefits, end of the year . . . . .	<u>23,400</u>	<u>20,900</u>

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



**Supplemental Retirement Benefit Plan**  
**Statements of Changes**  
**in Assets Available for Benefits**  
**for the Years Ended April 30, 1998 and 1997**

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

	<b>1998</b>	<b>1997</b>
<b>Investment Income</b>		
Interest .....	5	—
	<u>5</u>	<u>—</u>
<b>Contributions (Note 2)</b>		
International Monetary Fund .....	1,513	1,277
Participants .....	75	30
Net transfers to retirement plans of other international organizations .....	(8)	—
	<u>1,580</u>	<u>1,307</u>
Total additions .....	<u>1,585</u>	<u>1,307</u>
<b>Benefits</b>		
Pension .....	1,515	1,232
Total payments .....	<u>1,515</u>	<u>1,232</u>
Net additions .....	<u>70</u>	<u>75</u>
<b>Net Assets Available for Benefits</b>		
Beginning of the year .....	76	1
End of the year .....	<u>146</u>	<u>76</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, 1998 and 1997**

**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 1998, 56 pensioners received benefits from the SRBP (52 in financial year 1997).

*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 will be 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, 1998. 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.

### *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. For the financial year that began on May 1, 1995, this rate was 14.25 percent and was 10.56 percent for the year that began on May 1, 1996. The rate for the year beginning May 1, 1997 for the Employer has been set at 5 percent of pensionable gross remuneration. Of this amount, 0.05 percent represents a current contribution and 4.95 percent represents a deferred contribution (equal to \$0.06 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.