

INTERNATIONAL MONETARY FUND

**Review of PRGF-HIPC Financing and the Adequacy of  
the Reserve Account of the PRGF Trust**

Prepared by the Finance Department

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

Approved by Michael G. Kuhn

August 31, 2004

**I. INTRODUCTION**

1. **This paper provides the basis for the semi-annual Board decision on the adequacy of the Reserve Account of the PRGF Trust.**<sup>1</sup> It also provides the semi-annual update on the financing of PRGF and HIPC operations.<sup>2</sup> The previous update was issued in March 2004 (SM/04/103, 3/26/04). Detailed information on PRGF loan, subsidy, and HIPC grant contributions, as well as the Reserve Account balance, is provided in appendix tables. A draft decision on the adequacy of the Reserve Account is proposed in Section IV for adoption by the Executive Board.

2. As for previous update reports, staff proposes that this paper be made available on the Fund's external website following approval of the proposed decision.

**II. RESERVE ACCOUNT OF THE PRGF TRUST**

3. **The Reserve Account of the PRGF Trust is designed primarily to provide security to the lenders of the PRGF Trust in the event of a delay or nonpayment by**

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<sup>1</sup> The Executive Board is required to review the adequacy of the Reserve Account of the PRGF Trust every six months as long as PRGF loans related to the encashment of rights under rights accumulation programs remain outstanding (Decision No. 10286-(93/23), adopted February 22, 1993, as amended). One such loan remains outstanding to Zambia through 2005.

<sup>2</sup> This paper does not discuss projections of the demand for, and supply of, resources for financing PRGF operations over the medium term. This issue was discussed in detail in March 2004 (See "*The Fund's Support of Low-Income Member Countries—Considerations on Instruments and Financing*" (SM/04/53, 2/24/04) and "*The Acting Chair's Summing Up*" (BUFF/04/69, 4/7/04)) and will be revisited in a follow-up paper.

**PRGF borrowers.**<sup>3</sup> The Reserve Account has been financed by reflows of Structural Adjustment Facility (SAF) and Trust Fund repayments and investment returns on balances held in the Account. In September 2001, both the PRGF and PRGF-HIPC Trusts were amended to allow interim PRGF financing in 2002–05 to be committed through the PRGF Trust and to extend the coverage of the Reserve Account to interim PRGF loans.

4. **At end-July 2004, the balance in the Reserve Account of the PRGF Trust amounted to SDR 3.1 billion, up marginally compared to six months ago.** The relatively small increase reflects the impact of the current low interest rate environment on investment returns, as well as Zimbabwe's arrears to the PRGF Trust.<sup>4</sup> Zimbabwe's arrears have necessitated total repayments from the Reserve Account of about SDR 73 million to PRGF Trust lenders. The Reserve Account will be replenished when Zimbabwe settles its arrears to the PRGF Trust.

5. **Resources currently available in the Reserve Account provide sufficient protection to PRGF Trust lenders.** The balance in the Reserve Account is consistent with the historical average of 40–45 percent of outstanding claims on the PRGF Trust, and exceeds by a factor of seven the projected repayment obligations of about SDR 0.4 billion falling due to PRGF Trust lenders in the six months through March 2005.

### III. STATUS OF PRGF-HIPC FINANCING

6. **Staff's updated projections indicate that available PRGF loan, subsidy, and HIPC grant resources are likely sufficient to cover currently projected needs under the PRGF and PRGF-HIPC Trusts.**<sup>5</sup> This section reviews three near-term issues:

#### **PRGF loan and subsidy resources**

7. **Loan and subsidy resources are estimated to be sufficient to finance PRGF lending through end-2005, the end of the so-called interim PRGF, as broadly envisaged**

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<sup>3</sup> The Reserve Account also serves to meet temporary mismatches between repayments from borrowers and repayments to lenders. For a more detailed description of the Reserve Account, see Box 2 of SM/04/53.

<sup>4</sup> Zimbabwe has been in continuous arrears to the PRGF Trust since mid-February 2001. At end-July 2004, Zimbabwe's total arrears to the PRGF Trust (including interest arrears and special charges) amounted to SDR 76.4 million (out of its total arrears to the Fund of SDR 198 million).

<sup>5</sup> However, no provision has been made under the PRGF and PRGF-HIPC Trusts to cover the financing needs associated with eventual arrears clearance and HIPC Initiative assistance for Liberia, Somalia, and Sudan, which have been in arrears to the Fund since the mid-1980s.

**in previous reports.** As of end-July 2004, total loan resources provided by lenders to finance PRGF operations had amounted to SDR 15.8 billion, of which SDR 13.4 billion have already been committed to PRGF-eligible member countries, leaving a remaining balance of SDR 2.4 billion. Based on information provided by area departments,<sup>6</sup> remaining loan resources should be sufficient to satisfy projected demand for new PRGF resources through end-2005. At the same time, the projected need for PRGF subsidies will also likely be met with the available resources in the PRGF and PRGF-HIPC Trusts.

### **Pending bilateral contributions**

8. **As of end-July 2004, all subsidy contributions to the PRGF Trust and 98 percent of contributions to the PRGF-HIPC Trust had been made effective.** No new pledges have been made effective since the last update, and pledged contributions by ten countries, amounting to SDR 32.2 million, remain pending (Table 1). It is important that these countries make their pending contributions effective as soon as possible so as to ensure full funding of PRGF-HIPC operations.

|  |      |                    |             |
|--|------|--------------------|-------------|
| Venezuela  | 20.4 | Dominican Republic | 0.5         |
| Argentina 2/   | 6.4  | Lebanon            | 0.4         |
| Gabon 2/   | 1.9  | Grenada            | 0.1         |
| Trinidad & Tobago  | 1.6  | Vanuatu            | 0.1         |
| Bahrain  | 0.9  | Maldives           | 0.01        |
|  |      | <b>Total</b>       | <b>32.2</b> |
| 1/ "As needed" is defined in Appendix Table 2, footnote 2.   |      |                    |             |
| 2/ This is the remaining balance for Argentina and Gabon, which have already contributed SDR 16.2 million and SDR 2.5 million "as needed", respectively, to the PRGF-HIPC Trust. |      |                    |             |

### **Financing of HIPC Initiative assistance**

9. **The financing available in the PRGF-HIPC Trust for HIPC Initiative assistance, while sufficient overall, remains constrained.**<sup>7</sup> This reflects a slow pace of accumulation of

<sup>6</sup> The Executive Board has approved new PRGF arrangements totaling SDR 480 million so far in 2004.

<sup>7</sup> Staff's current estimates indicate that the Fund's share of HIPC Initiative assistance for the 34 HIPCs (excluding Liberia, Somalia, and Sudan and potential topping-up assistance) will amount to US\$3.1 billion (2003 NPV terms), or SDR 2.2 billion on a cash basis. See

(continued)

investment income from the gold proceeds held in the Special Disbursement Account (SDA) as a result of the current low rate of return on investment.<sup>8</sup> Should this situation continue over an extended period, combined with a heavily frontloaded disbursement of HIPC Initiative assistance and/or provision of additional topping-up assistance, it is possible that the Fund would need to make temporary transfers of resources from the PRGF Reserve Account to provide liquidity for financing its HIPC Initiative debt relief.<sup>9</sup>

10. Given the sensitivity of available PRGF subsidy and HIPC grant resources to interest rate movements, **staff will continue to carefully monitor the status of the financing for PRGF-HIPC operations** and report to the Executive Board on major developments, as warranted.

#### IV. PROPOSED DECISION ON THE ADEQUACY OF THE RESERVE ACCOUNT

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

Pursuant to Decision No. 10286-(93/23) ESAF, adopted on February 22, 1993, as amended, the Fund has reviewed the adequacy of the balances in the Reserve Account of the PRGF Trust, and determines that they are sufficient to meet all obligations that could give rise to payments from the Account to lenders to the Loan Account of the PRGF Trust in the six months from October 1, 2004 to March 31, 2005.

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*“Heavily Indebted Poor Countries (HIPC) Initiative: Status of Implementation”*  
(SM/04/300, 8/23/04).

<sup>8</sup> For a fuller discussion of the SDA, see Box 2 in SM/04/53.

<sup>9</sup> As specified in Section V, Paragraph 5 (b) of the PRGF Trust Instrument (Annex to Decision No. 8759-(87/176) ESAF), the PRGF Trust can make up to SDR 250 million in transfers from the Reserve Account to the SDA for use in HIPC operations under the PRGF-HIPC Trust, when and to the extent that there are no other resources immediately available for this purpose. As of end-July 2004, transfers amounting to SDR 43 million had already been made.

Table 2. Summary of Bilateral Contributions to  
the PRGF and PRGF-HIPC Trusts  
(In millions of SDRs; as of end-June 2004)

|                                    | PRGF Trust                                 |                     | PRGF-HIPC Trust   |  |
|------------------------------------|--|---------------------|---|--|
|                                    | Subsidy<br>contributions<br>"as needed" 1/ | Loan<br>commitments | Subsidies and HIPC<br>grant contributions<br>"as needed" 2/ | Of which:<br>Pending<br>"as needed" 2/ |
| <b>TOTAL</b>                       | <b>3,480.3</b>                             | <b>15,759.7</b>     | <b>1,561.6</b>  | <b>32.2</b>                            |
| <b>Major industrial countries</b>  | <b>2,300.3</b>                             | <b>12,864.8</b>     | <b>880.5</b>  | --                                     |
| Canada                             | 205.0                                      | 700.0               | 48.8  | --                                     |
| France                             | 470.9                                      | 2,900.0             | 82.2  | --                                     |
| Germany                            | 198.2                                      | 2,750.0             | 127.2   | --                                     |
| Italy                              | 153.7                                      | 1,380.0             | 63.6  | --                                     |
| Japan                              | 724.2                                      | 5,134.8             | 144.0   | --                                     |
| United Kingdom                     | 370.1                                      | --                  | 82.2  | --                                     |
| United States                      | 178.2                                      | --                  | 332.6   | --                                     |
| <b>Other advanced countries</b>    | <b>967.0</b>                               | <b>2,452.8</b>      | <b>299.7</b>  | --                                     |
| Australia                          | 16.0                                       | --                  | 24.8  | --                                     |
| Austria                            | 61.9                                       | --                  | 14.3  | --                                     |
| Belgium                            | 117.5                                      | 350.0               | 35.3  | --                                     |
| Denmark                            | 67.0                                       | 100.0               | 18.5  | --                                     |
| Finland                            | 42.2                                       | --                  | 8.0   | --                                     |
| Greece                             | 39.3                                       | --                  | 6.3   | --                                     |
| Iceland                            | 4.6  | --                  | 0.9   | --                                     |
| Ireland                            | 8.4  | --                  | 5.9   | --                                     |
| Israel                             | --   | --                  | 1.8   | --                                     |
| Korea                              | 60.1                                       | 92.7                | 15.9  | --                                     |
| Luxembourg                         | 15.0                                       | --                  | 0.7   | --                                     |
| Netherlands                        | 142.9                                      | 450.0               | 45.4  | --                                     |
| New Zealand                        | --   | --                  | 1.7   | --                                     |
| Norway                             | 45.6                                       | 150.0               | 18.5  | --                                     |
| Portugal                           | 4.9  | --                  | 6.6   | --                                     |
| San Marino                         | --   | --                  | 0.05  | --                                     |
| Singapore                          | 30.6                                       | --                  | 16.5  | --                                     |
| Spain                              | 19.2                                       | 708.4               | 23.3  | --                                     |
| Sweden                             | 186.7                                      | --                  | 18.3  | --                                     |
| Switzerland                        | 105.2                                      | 601.7               | 37.0  | --                                     |
| <b>Fuel exporting countries</b>    | <b>16.5</b>                                | <b>49.5</b>         | <b>114.3</b>  | <b>23.2</b>                            |
| Algeria                            | --   | --                  | 5.5   | --                                     |
| Bahrain                            | --   | --                  | 0.9   | 0.9                                    |
| Brunei Darussalam                  | --   | --                  | 0.1   | --                                     |
| Gabon                              | --   | --                  | 2.5   | 1.9                                    |
| Iran, Islamic Republic of          | 1.8  | --                  | 2.2   | --                                     |
| Kuwait                             | --   | --                  | 3.1   | --                                     |
| Libya                              | --   | --                  | 7.3   | --                                     |
| Nigeria                            | --   | --                  | 13.9  | --                                     |
| Oman                               | --   | --                  | 0.8   | --                                     |
| Qatar                              | --   | --                  | 0.5   | --                                     |
| Saudi Arabia                       | 14.8                                       | 49.5                | 53.5  | --                                     |
| United Arab Emirates               | --   | --                  | 3.8   | --                                     |
| República Bolivariana de Venezuela | --   | --                  | 20.4  | 20.4                                   |

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|                                   | PRGF Trust                                 |                     | PRGF-HIPC Trust   |  |
|-----------------------------------|--|---------------------|---|--|
|                                   | Subsidy<br>contributions<br>"as needed" 1/ | Loan<br>commitments | Subsidies and HIPC<br>grant contributions<br>"as needed" 2/ | Of which:<br>Pending<br>"as needed" 2/ |
| <b>Other developing countries</b> | <b>183.0</b>                               | <b>355.6</b>        | <b>224.1</b>  | <b>9.1</b>                             |
| Argentina                         | 35.4                                       | --                  | 16.2  | 6.4                                    |
| Bangladesh                        | 0.9  | --                  | 1.7   | --                                     |
| Barbados                          | --   | --                  | 0.4   | --                                     |
| Belize                            | --   | --                  | 0.3   | --                                     |
| Botswana                          | 1.8  | --                  | 5.7   | --                                     |
| Brazil                            | --   | --                  | 15.0  | --                                     |
| Cambodia                          | --   | --                  | 0.04  | --                                     |
| Chile                             | 4.0  | --                  | 4.4   | --                                     |
| China                             | 15.2                                       | 200.0               | 19.7  | --                                     |
| Colombia                          | --   | --                  | 0.9   | --                                     |
| Cyprus                            | --   | --                  | 0.8   | --                                     |
| Dominican Republic                | --   | --                  | 0.5   | 0.5                                    |
| Egypt                             | 13.4                                       | 155.6               | 1.3   | --                                     |
| Fiji                              | --   | --                  | 0.1   | --                                     |
| Ghana                             | --   | --                  | 0.5   | --                                     |
| Grenada                           | --   | --                  | 0.1   | 0.1                                    |
| India                             | 13.2                                       | --                  | 22.9  | --                                     |
| Indonesia                         | 6.6  | --                  | 8.2   | --                                     |
| Jamaica                           | --   | --                  | 2.7   | --                                     |
| Lebanon                           | --   | --                  | 0.4   | 0.4                                    |
| Malaysia                          | 43.8                                       | --                  | 12.7  | --                                     |
| Maldives                          | --   | --                  | 0.01  | 0.01                                   |
| Malta                             | 2.0  | --                  | 1.1   | --                                     |
| Mauritius                         | --   | --                  | 0.1   | --                                     |
| Mexico                            | --   | --                  | 54.5  | --                                     |
| Micronesia, F. S.                 | --   | --                  | 0.00*   | --                                     |
| Morocco                           | 9.8  | --                  | 1.6   | --                                     |
| Pakistan                          | 3.7  | --                  | 3.4   | --                                     |
| Paraguay                          | --   | --                  | 0.1   | --                                     |
| Peru                              | --   | --                  | 2.5   | --                                     |
| Philippines                       | --   | --                  | 6.7   | --                                     |
| Samoa                             | --   | --                  | 0.00*   | --                                     |
| South Africa                      | --   | --                  | 28.6  | --                                     |
| Sri Lanka                         | --   | --                  | 0.6   | --                                     |
| St. Lucia                         | --   | --                  | 0.1   | --                                     |
| St. Vincent and the Grenadines    | --   | --                  | 0.1   | --                                     |
| Swaziland                         | --   | --                  | 0.01  | --                                     |
| Thailand                          | 17.3                                       | --                  | 4.5   | --                                     |
| Tonga                             | --   | --                  | 0.02  | --                                     |
| Trinidad and Tobago               | --   | --                  | 1.6   | 1.6                                    |
| Tunisia                           | 1.6  | --                  | 1.5   | --                                     |
| Turkey                            | 11.9                                       | --                  | --  | --                                     |
| Uruguay                           | 2.4  | --                  | 2.2   | --                                     |
| Vanuatu                           | --   | --                  | 0.1   | 0.1                                    |
| Vietnam                           | --   | --                  | 0.4   | --                                     |

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(In millions of SDRs; as of end-June 2004)

|  | PRGF Trust                                 |                     | PRGF-HIPC Trust   |  |
|--|--|---------------------|---|--|
|  | Subsidy<br>contributions<br>"as needed" 1/ | Loan<br>commitments | Subsidies and HIPC<br>grant contributions<br>"as needed" 2/ | Of which:<br>Pending<br>"as needed" 2/ |
| <b>Countries in transition</b>             | <b>13.4</b>                                | --                  | <b>42.9</b>   | --                                     |
| Croatia                                    | --   | --                  | 0.4   | --                                     |
| Czech Republic                             | 13.4                                       | --                  | 4.1   | --                                     |
| Estonia                                    | --   | --                  | 0.5   | --                                     |
| Hungary                                    | --   | --                  | 6.0   | --                                     |
| Latvia                                     | --   | --                  | 1.0   | --                                     |
| Poland                                     | --   | --                  | 12.0  | --                                     |
| Russian Federation                         | --   | --                  | 14.6  | --                                     |
| Slovak Republic                            | --   | --                  | 4.0   | --                                     |
| Slovenia                                   | --   | --                  | 0.4   | --                                     |
| <i>Memorandum Item:</i>                    |  |                     |   |  |
| OPEC Fund for International<br>Development | --   | 37.0                | --  | --                                     |

\* Less than SDR 5,000.

1/ The calculations are based on actual interest rates through end-June 2004 and an assumed SDR interest rate of 5 percent per annum thereafter

2/ The term "as needed" refers to the nominal undiscounted sum of the projected delivery of HIPC assistance taking into account the profile of projected subsidy needs associated with PRGF lending during 2002–05.

Table 3. PRGF Trust—Subsidy Agreements 1/  
(In millions of SDRs, unless otherwise noted; as of end-July 2004)

|                                    | Effective date of agreement | Vehicle         | Deposit/Investment Amount |          |             | Interest Rate (percent) | Maturity (years) |
|------------------------------------|-----------------------------|-----------------|---------------------------|----------|-------------|-------------------------|------------------|
|                                    |                             |                 | Approved                  | Received | Outstanding |                         |                  |
| <b>Austria</b>                     |                             |                 |                           |          |             |                         |                  |
| Austrian National Bank             | Jun. 8, 1988                | Admin. Account  | 60.0                      | 60.0     | --          | 0.5                     | 5½–10            |
| Austrian National Bank             | Apr. 19, 1994               | Admin. Account  | 50.0                      | 50.0     | 15.0        | 0.5                     | 5½–10            |
| <b>Belgium</b>                     |                             |                 |                           |          |             |                         |                  |
| National Bank of Belgium           | Jun. 30, 1989               | Admin. Account  | 100.0                     | 100.0    | --          | 0.5                     | 10               |
| National Bank of Belgium           | Apr. 21, 1994               | Admin. Account  | 80.0                      | 80.0     | --          | 0.5                     | 10               |
| <b>Botswana</b>                    |                             |                 |                           |          |             |                         |                  |
| Bank of Botswana 2/ 9/             | Jun. 30, 1994               | Admin. Account  | 6.9                       | 6.9      | --          | 2.0                     | 10               |
| <b>Chile</b>                       |                             |                 |                           |          |             |                         |                  |
| Banco Central de Chile             | Aug. 24, 1994               | Admin. Account  | 15.0                      | 15.0     | --          | 0.5                     | 5                |
| <b>Greece</b>                      |                             |                 |                           |          |             |                         |                  |
| Bank of Greece                     | Nov. 30, 1988               | Admin. Account  | 35.0                      | 35.0     | --          | 0.5                     | 5½–10            |
| Bank of Greece                     | Apr. 22, 1994               | Admin. Account  | 35.0                      | 35.0     | --          | 0.5                     | 5½–10            |
| <b>Indonesia</b>                   |                             |                 |                           |          |             |                         |                  |
| Bank Indonesia 3/                  | Jun. 23, 1994               | Admin. Account  | 25.0                      | 25.0     | --          | --                      | 10               |
| <b>Iran, Islamic Republic of</b>   |                             |                 |                           |          |             |                         |                  |
| Central Bank of Iran 4/            | May 24, 1994                | Admin. Account  | 5.0                       | 5.0      | --          | 0.5                     | 10               |
| <b>Malaysia</b>                    |                             |                 |                           |          |             |                         |                  |
| Bank Negara Malaysia               | May 17, 1988                | Subsidy Account | 40.0                      | 40.0     | --          | 0.5                     | 10               |
| Bank Negara Malaysia 9/            | Jun. 30, 1994               | Subsidy Account | 40.0                      | 40.0     | --          | 2.0                     | 10               |
| <b>Malta</b>                       |                             |                 |                           |          |             |                         |                  |
| Central Bank of Malta              | Dec. 13, 1989               | Subsidy Account | 1.4                       | 1.4      | --          | 0.5                     | 13               |
| Central Bank of Malta              | May 27, 1994                | Subsidy Account | 1.4                       | 1.4      | 1.4         | 0.5                     | 13               |
| <b>Pakistan</b>                    |                             |                 |                           |          |             |                         |                  |
| State Bank of Pakistan 5/          | Apr. 21, 1994               | Subsidy Account | 10.0                      | 7.3      | 7.3         | 0.5                     | 16               |
| <b>Portugal</b>                    |                             |                 |                           |          |             |                         |                  |
| Banco do Portugal                  | May 5, 1994                 | Admin. Account  | 13.1                      | 13.1     | 6.6         | 0.5                     | 6–10             |
| <b>Singapore</b>                   |                             |                 |                           |          |             |                         |                  |
| Monetary Authority of Singapore    | Nov. 4, 1988                | Subsidy Account | 40.0                      | 40.0     | --          | 2.0                     | 10               |
| Monetary Authority of Singapore 9/ | May 20, 1994                | Subsidy Account | 40.0                      | 40.0     | --          | 2.0                     | 10               |
| <b>Thailand</b>                    |                             |                 |                           |          |             |                         |                  |
| Bank of Thailand 6/                | Jun. 14, 1988               | Subsidy Account | 20.0                      | 20.0     | --          | 2.0                     | 10               |
| Bank of Thailand 6/                | Apr. 22, 1994               | Subsidy Account | 40.0                      | 40.0     | --          | 2.0                     | 10               |
| <b>Tunisia</b>                     |                             |                 |                           |          |             |                         |                  |
| Banque Centrale de Tunisie 7/      | May 4, 1994                 | Subsidy Account | 3.6                       | 3.6      | --          | 0.5                     | 10               |
| <b>Uruguay</b>                     |                             |                 |                           |          |             |                         |                  |
| Banco Central del Uruguay 8/       | Jul. 7, 1994                | Subsidy Account | 7.2                       | 7.2      | 7.2         | --                      | 10               |
| <b>Total</b>                       |                             |                 | 668.5                     | 665.9    | 37.5        |                         |                  |

1/ Subsidy contributions to the PRGF Trust result from the difference between the investment income on contributions and the below market rate of interest paid to contributors. Excludes contribution by Spain that will coincide with the repayment installments of the PRGF Trust loan from the Government of Spain.

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

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

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

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

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

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

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

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



Table 4. PRGF Trust—Loan Agreements  
(In millions of SDRs; as of end-July 2004)

|   | Effective date of agreement | Expiration date for drawings | Loan commitments | Amount Disbursed |                          | Amount outstanding |
|---|-----------------------------|------------------------------|------------------|------------------|--------------------------|--------------------|
|   |                             |                              |                  | Amount           | In percent of commitment |                    |
| <b>Belgium</b>                                    |                             |                              |                  |                  |                          |                    |
| National Bank of Belgium 1/                       | Jul. 2, 1999                | Dec. 31, 2009                | 350.0            | 242.3            | 69.2                     | 242.3              |
| <b>Canada</b>                                     |                             |                              |                  |                  |                          |                    |
| Government of Canada                              | Feb. 22, 1989               | Dec. 31, 1997                | 300.0            | 300.0            | 100.0                    | 58.6               |
| Government of Canada                              | May 9, 1995                 | Dec. 31, 2005                | 400.0            | 348.5            | 87.1                     | 322.4              |
| <b>China</b>                                      |                             |                              |                  |                  |                          |                    |
| Government of China 1/                            | Jul. 05, 1994               | Dec. 31, 2009                | 200.0            | 153.5            | 76.7                     | 136.2              |
| <b>Denmark</b>                                    |                             |                              |                  |                  |                          |                    |
| National Bank of Denmark                          | May 3, 2000                 | Dec. 31, 2003                | 100.0            | 100.0            | 100.0                    | 100.0              |
| <b>Egypt</b>                                      |                             |                              |                  |                  |                          |                    |
| Central Bank of Egypt 1/                          | Jun. 13, 1994               | Dec. 31, 2009                | 155.6            | 100.0            | 64.3                     | 84.3               |
| <b>France</b>                                     |                             |                              |                  |                  |                          |                    |
| Agence Française de Développement 2/              | Apr. 05, 1988               | Dec. 31, 1997                | 800.0            | 800.0            | 100.0                    | 99.8               |
| Agence Française de Développement 2/              | Jan. 03, 1995               | Dec. 31, 2005                | 750.0            | 750.0            | 100.0                    | 674.8              |
| Agence Française de Développement 1/ 2/           | Dec. 17, 1999               | Dec. 31, 2009                | 1,350.0          | 199.6            | 14.8                     | 199.6              |
| <b>Germany</b>                                    |                             |                              |                  |                  |                          |                    |
| Kreditanstalt für Wiederaufbau                    | Mar. 31, 1989               | Dec. 31, 1997                | 700.0            | 700.0            | 100.0                    | 125.4              |
| Kreditanstalt für Wiederaufbau                    | May 17, 1995                | Dec. 31, 2005                | 700.0            | 700.0            | 100.0                    | 655.5              |
| Kreditanstalt für Wiederaufbau 1/                 | Jun. 19, 2000               | Dec. 31, 2009                | 1,350.0          | 266.9            | 19.8                     | 266.9              |
| <b>Italy</b>                                      |                             |                              |                  |                  |                          |                    |
| Bank of Italy 3/                                  | Oct. 04, 1990               | Dec. 31, 1997                | 370.0            | 370.0            | 100.0                    | 59.5               |
| Bank of Italy 3/                                  | May. 29, 1998               | Dec. 31, 2005                | 210.0            | 210.0            | 100.0                    | 202.9              |
| Bank of Italy 1/                                  | Mar. 1, 2000                | Dec. 31, 2009                | 800.0            | 470.3            | 58.8                     | 470.3              |
| <b>Japan</b>                                      |                             |                              |                  |                  |                          |                    |
| Japan Bank for International Cooperation 4/       | Apr. 12, 1988               | Dec. 31, 1997                | 2,200.0          | 2,200.0          | 100.0                    | 437.9              |
| Japan Bank for International Cooperation 1/ 4/    | Oct. 05, 1994               | Dec. 31, 2009                | 2,934.8          | 2,165.1          | 73.8                     | 2,073.9            |
| <b>Korea</b>                                      |                             |                              |                  |                  |                          |                    |
| Bank of Korea                                     | Apr. 20, 1989               | Dec. 31, 1997                | 65.0             | 65.0             | 100.0                    | 3.2                |
| Bank of Korea                                     | Jun. 20, 1994               | Dec. 31, 2005                | 27.7             | 27.7             | 100.0                    | 25.0               |
| <b>Netherlands</b>                                |                             |                              |                  |                  |                          |                    |
| Bank of the Netherlands 1/                        | Sep. 29, 1999               | Dec. 31, 2009                | 450.0            | 140.4            | 31.2                     | 140.4              |
| <b>Norway</b>                                     |                             |                              |                  |                  |                          |                    |
| Bank of Norway                                    | Apr. 14, 1988               | Dec. 31, 1997                | 90.0             | 90.0             | 100.0                    | 10.1               |
| Bank of Norway                                    | Jun. 16, 1994               | Dec. 31, 2005                | 60.0             | 60.0             | 100.0                    | 51.6               |
| <b>OPEC Fund for International Development 5/</b> | Dec. 20, 1994               | Dec. 31, 2005                | 37.0             | 37.0             | 100.0                    | 35.7               |
| <b>Spain</b>                                      |                             |                              |                  |                  |                          |                    |
| Bank of Spain 6/                                  | Jun. 20, 1988               | Jun. 30, 1993                | 216.4            | 216.4            | 100.0                    | --                 |
| Government of Spain                               | Feb. 08, 1995               | Dec. 31, 2005                | 67.0             | 67.0             | 100.0                    | 60.1               |
| Bank of Spain 1/                                  | Feb. 14, 2000               | Dec. 31, 2009                | 425.0            | 41.4             | 9.7                      | 41.4               |
| <b>Switzerland</b>                                |                             |                              |                  |                  |                          |                    |
| Swiss Confederation 7/                            | Dec. 23, 1988               | Dec. 31, 1997                | 200.0            | 200.0            | 100.0                    | --                 |
| Swiss National Bank 1/                            | Jun. 22, 1995               | Dec. 31, 2009                | 401.7            | 187.9            | 46.8                     | 154.1              |
| Subtotal  |                             |                              | 15,710.2         | 11,208.8         | 71.3                     | 6,731.7            |
| <b>Associated Agreement -</b>                     |                             |                              |                  |                  |                          |                    |
| <b>Saudi Fund for Development (SFD)</b>           | Feb. 27, 1989               | --- 8/                       | 49.5             | 49.5             | 100.0                    | 3.0                |
| Total Loan and Associated Loan Agreements 9/      |                             |                              | 15,759.7         | 11,258.3         | 71.4                     | 6,734.7            |

1/ Including additional loan commitments for interim PRGF operations.

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

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

4/ On October 1, 1999 the Export-Import Bank of Japan merged with the Overseas Economic Cooperation Fund and became the Japan Bank for International Cooperation.

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

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

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

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

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

Table 5. PRGF Trust—Reserve Account Coverage  
(In millions of SDRs)

|           | Reserve Account<br>cumulative<br>balance<br>(end of period) | PRGF Trust<br>obligations 1/<br>(end of period) | Annual loan<br>repayments<br>to lenders 1/ |
|-----------|---|---|--|
| 1988      | 169   | 103   | --   |
| 1989      | 272   | 510   | --   |
| 1990      | 395   | 795   | --   |
| 1991      | 513   | 1,320   | --   |
| 1992      | 630   | 1,786   | --   |
| 1993      | 793   | 2,005   | --   |
| 1994      | 1,009   | 2,786   | 33   |
| 1995      | 1,336   | 3,919   | 114  |
| 1996      | 1,716   | 4,446   | 181  |
| 1997      | 2,093   | 4,892   | 285  |
| 1998      | 2,345   | 5,421   | 366  |
| 1999      | 2,548   | 5,820   | 412  |
| 2000      | 2,714   | 5,773   | 475  |
| 2001      | 2,917   | 5,971   | 665  |
| 2002      | 3,079   | 6,636   | 696  |
| 2003      | 3,115   | 6,703   | 781  |
| 2004 Jun. | 3,119   | 6,588   | 449  |

1/ Excludes associated loans of SDR 49.5 million from the Saudi Fund for Development (SFD), the risk of which is borne by the SFD, and overdue Trust Fund obligations (SDR 117 million), overdue SAF obligations (SDR 10 million), and overdue PRGF obligations (SDR 79 million).

**Table 6. Information on Pending Bilateral Contributions to the PRGF-HIPC Trust  
Status as of end-July 2004<sup>1</sup>**

|  |   |
|--|---|
| <b>Argentina:</b>                          | The remaining balance of SDR 6.4 million (as needed) of its pledged contribution to be financed from its Post-SCA-2 balance of SDR 5.5 million. |
| <b>Bahrain:</b>                            | Contribution of income on an interest-free deposit through 2018.  |
| <b>Dominican Republic:</b>                 | Contribution of net income on a deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 1.0 million at 1 percent per annum.      |
| <b>Gabon:</b>                              | The remaining balance of SDR 1.9 million (as needed) of its pledged contribution to be financed by grants.                                      |
| <b>Grenada:</b>                            | Contribution of net income on a deposit for 10 years of SDR 0.20 million at 0.5 percent per annum.  |
| <b>Lebanon:</b>                            | Contribution of income on an interest-free deposit through 2018.  |
| <b>Maldives:</b>                           | Contribution of income on an interest-free deposit through 2018.  |
| <b>Mauritius:</b>                          | The authorities are considering an <b>additional</b> contribution.  |
| <b>Trinidad and Tobago:</b>                | Contribution of income on an interest-free deposit of its Post-SCA-2 balance of SDR 2.5 million.  |
| <b>Vanuatu:</b>                            | Grant contribution of its Post-SCA-2 balance of SDR 0.05 million.   |
| <b>República Bolivariana de Venezuela:</b> | Prepared to contribute based on its quota-based share. Contribution could be financed through use of its Post-SCA-2 balance of SDR 30.4 million |

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