



## FINANCIAL STATEMENTS

### Report of the External Audit Committee

Washington, D.C.  
June 20, 1996

#### *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, 1996,
- SDR Department for the year ended April 30, 1996, and
- Accounts Administered by the International Monetary Fund for the year ended April 30, 1996, 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. Administered Accounts Established at the Request of Members:
    - Administered Account Japan,
    - Administered Technical Assistance Account Japan,
    - Framework Administered Account for Technical Assistance Activities,
    - Administered Account for Rwanda,
  4. Trust Fund,
  5. Supplementary Financing Facility Subsidy Account,
  6. 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, including new accounts established in the 1996 financial year, 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, 1996, and of the financial results of operations and transactions during the period then ended.

#### EXTERNAL AUDIT COMMITTEE:

- /s/ Ioane Naiveli, Chairman (Fiji)
- /s/ Richard B. Calahan (United States)
- /s/ Jiří Škoda (the Czech Republic)

**General Department**  
**Balance Sheets**  
**as at April 30, 1996 and 1995**

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

	1996	1995
<b>Assets</b>		
<b>General Resources Account</b>		
Currencies and securities (Notes 2 and 5) .....	144,181,448	145,298,032
SDR holdings (Note 3) .....	824,728	1,000,655
Gold holdings (Note 4) .....	3,624,797	3,624,797
Charges receivable (Note 5) .....	1,199,762	1,517,412
Interest and other receivables (Notes 2 and 5) .....	64,090	97,827
Other assets (Note 6) .....	<u>141,673</u>	<u>120,064</u>
<b>Total General Resources Account</b> .....	<b><u>150,036,498</u></b>	<b><u>151,658,787</u></b>
<b>Special Disbursement Account</b>		
Structural adjustment facility loans .....	1,544,818	1,650,737
Interest receivable .....	5,981	9,889
Investments .....	<u>—</u>	<u>184,910</u>
<b>Total Special Disbursement Account</b> .....	<b><u>1,550,799</u></b>	<b><u>1,845,536</u></b>
<b>Total Assets</b> .....	<b><u>151,587,297</u></b>	<b><u>153,504,323</u></b>
<b>Quotas, Reserves, Liabilities, and Resources</b>		
<b>General Resources Account</b>		
Quotas (Note 2) .....	145,318,800	144,954,400
Reserves (Note 7) .....	1,875,873	1,786,546
Special Contingent Accounts (Note 5) .....	1,633,460	1,369,915
<b>Liabilities</b>		
Remuneration payable (Note 5) .....	232,673	234,119
Other liabilities .....	141,002	230,657
Borrowing (Note 8) .....	—	1,959,626
Interest payable .....	<u>—</u>	<u>21,357</u>
Deferred income from charges (Note 5) .....	373,675	2,445,759
Deferred income (Note 5) .....	<u>834,690</u>	<u>1,102,167</u>
<b>Total General Resources Account</b> .....	<b><u>150,036,498</u></b>	<b><u>151,658,787</u></b>
<b>Special Disbursement Account</b>		
Accumulated resources .....	1,547,179	1,842,328
Deferred income (Note 5) .....	<u>3,620</u>	<u>3,208</u>
<b>Total Special Disbursement Account</b> .....	<b><u>1,550,799</u></b>	<b><u>1,845,536</u></b>
<b>Total Quotas, Reserves, Liabilities,     and Resources</b> .....	<b><u>151,587,297</u></b>	<b><u>153,504,323</u></b>

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, 1996 and 1995**

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

	1996	1995
<b>General Resources Account</b>		
Operational Income (Note 5)		
Periodic charges	1,491,424	1,282,853
Interest on SDR holdings	40,259	216,410
Service charges	54,131	52,958
Stand-by charges, special charges, and other income	5,910	1,568
Burden-sharing contributions net of refunds (Note 5)		
Additional charges	(47,661)	83,207
Reduction of remuneration	99,397	192,153
Settlements, net of deferred income	<u>267,476</u>	<u>(59,232)</u>
	<u>1,910,936</u>	<u>1,769,917</u>
Operational Expense		
Remuneration (Note 5)	1,194,786	1,053,525
Allocation to the Special Contingent Accounts (Note 5)	263,545	215,422
Interest on borrowing	<u>61,989</u>	<u>127,610</u>
	<u>1,520,320</u>	<u>1,396,557</u>
Net Operational Income	<u>390,616</u>	<u>373,360</u>
Administrative Expenses (Notes 1 and 9)	<u>301,289</u>	<u>288,286</u>
Net Income of General Resources Account	<u><u>89,327</u></u>	<u><u>85,074</u></u>
<b>Special Disbursement Account</b>		
Interest and special charges	7,477	8,099
Investment income	<u>4,924</u>	<u>9,091</u>
	<u>12,401</u>	<u>17,190</u>
Administrative expenses	<u>23,700</u>	<u>22,524</u>
Net Loss of Special Disbursement Account	<u><u>(11,299)</u></u>	<u><u>(5,334)</u></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, 1996 and 1995**

(In thousands of SDRs)  
 (Note 1)

	1996	1995
<b>Reserves—General Resources Account</b>		
Special Reserve (Note 7)		
Balance, beginning of the year	1,420,966	1,335,892
Net income	89,327	85,074
Balance, end of the year	<u>1,510,293</u>	<u>1,420,966</u>
General Reserve (Note 7)		
Balance, beginning and end of the year	<u>365,580</u>	<u>365,580</u>
Total Reserves of the General Resources Account	<u>1,875,873</u>	<u>1,786,546</u>
<b>Resources—Special Disbursement Account</b>		
Balance, beginning of the year	1,842,328	2,065,219
Transfers from Trust Fund	7,539	3,724
Transfers from Supplementary Financing Facility Subsidy Account	—	632
Transfers to ESAF Trust	<u>(291,389)</u>	<u>(221,913)</u>
	1,558,478	1,847,662
Net loss	<u>(11,299)</u>	<u>(5,334)</u>
Total Resources of the Special Disbursement Account	<u>1,547,179</u>	<u>1,842,328</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, 1996 and 1995**

**General Department**

The General Department consists of the General Resources Account, the Special Disbursement Account, and the Investment Account. The Investment Account had not been activated at April 30, 1996.

**General Resources Account**

The General Resources Account reflects the receipt of quota subscriptions, purchases and repurchases, collection of charges on members' use of Fund credit and payment of remuneration on creditor positions in the Fund, and repayment of principal and interest to the Fund's lenders. Assets held in the General Resources Account include (1) currencies (including securities) of the Fund's member countries, (2) SDR holdings, and (3) gold.

The Fund makes its resources available to its members under policies on the use of its resources 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 the Fund's holdings of their currencies, within the periods specified by the Fund, by the payment to the Fund of SDRs or currencies of other mem-

bers specified by the Fund. The Fund's policies on the use of its general resources are intended to ensure that their use is temporary and will be reversed within the relevant repurchase periods.

The composition of the Fund's holdings of members' currencies changes as a result of the Fund's transactions, including purchases and repurchases. Currencies and securities consist of holdings of currencies or notes payable on demand that substitute for the members' currencies, including those of members that make use of the Fund's resources and those used to finance the Fund's operations and transactions.

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

A member is entitled to repurchase at any time the Fund's holdings of its currency on which the Fund 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 in the process of being wound up. A 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 Fund. The assets and income 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 Fund 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 remaining liabilities shall be transferred to the Special Disbursement Account. In financial years 1995 and 1994, the Fund 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. SDRs are reserve assets allocated to participants in the Fund's SDR Department. The currency value of the SDR is determined by the Fund each day by summing the values in U.S. dollars, based on market exchange rates, of a basket of five currencies. The Fund reviews the SDR valuation basket every five years. The SDR valuation basket was revised effective January 1, 1996. The currencies comprising the basket and their amounts in the basket are as follows:

Currency	Amounts	
	To December 31, 1995	From January 1, 1996
U.S. dollar	0.572	0.582
Deutsche mark	0.453	0.446
Japanese yen	31.8	27.2
French franc	0.800	0.813
Pound sterling	0.0812	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 Fund in the General Resources Account in terms of the SDR. Whenever the Fund 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 Fund's holdings of the currency. The balances of the receivables or payables are reflected in the Fund's total currency holdings.

#### *Income Recognition*

The Fund maintains its accounts on an 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 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 also Note 5).

#### *Capital Assets*

The Fund capitalizes assets with a cost in excess of \$100,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

### *2. Quotas, Currencies, and Securities*

Each member is required to pay to the Fund 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 Fund in the General Resources Account that is in excess of ¼ of 1 percent of the member's quota. These securities, which are part of the Fund's currency holdings, are encashable by the Fund on demand.

Changes in the Fund's holdings of members' currencies and securities for the year ended April 30, 1996 were as follows:

	April 30, 1996	April 30, 1995	Net Change
<i>In millions of SDRs</i>			
Members' quotas	145,319	144,954	365
Members' outstanding use of Fund credit in the GRA	36,268	32,140	4,128
Members' outstanding reserve tranche positions in the GRA	(37,352)	(31,720)	(5,632)
Other receivables	(56)	(77)	21
Administrative currency balances	2	1	1
Currencies and securities	<u>144,181</u>	<u>145,298</u>	<u>(1,117)</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, 1996, this state had not succeeded to Fund membership. Fund credit outstanding at April 30, 1996 includes overdue credit amounting to SDR 56.1 million with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro) (SDR 77.4 million with respect to two successor states at April 30, 1995). This amount is included in interest and other receivables in the balance sheet.

Each member is obligated to maintain the value of the balances of its currency held by the Fund in the General Resources Account in terms of the SDR, and therefore the Fund periodically revalues its holdings of a member's currency. At April 30, 1996, when all holdings of currencies of members were last revalued, receivables and payables arising from valuation adjustments amounted to SDR 10,125.4 million and SDR 5,716.9 million, respectively (SDR 21,174.0 million and SDR 2,355.0 million, respectively, at April 30, 1995). At June 14, 1996, the amounts receivable were SDR 6,893.5 million, and the amounts payable were SDR 2,488.9 million.

The Fund's holdings of members' currencies at April 30, 1996 are shown in Schedule 1.

### 3. SDR Holdings

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

### 4. Gold Holdings

At April 30, 1996 and April 30, 1995, the Fund held 3,217,341 kilograms equal to 103,439,916 fine ounces of gold at designated depositories. Gold held by the Fund 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 that were acquired at a market value equivalent to SDR 5.1 million.

### 5. Fund Operations

The Fund'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 Fund credit under various facilities during the year ended April 30, 1996 were as follows:

	April 30, 1995	Purchases	Repurchases	April 30, 1996
<i>In millions of SDRs</i>				
Regular facilities	12,559	9,127	3,063	18,623
Extended Fund facility	6,860	1,554	979	7,435
Enlarged access	5,661	—	1,225	4,436
Systemic transformation facility	3,848	136	—	3,984
Compensatory and contingency financing facility	3,021	9	1,428	1,602
Supplementary financing facility	191	—	3	188
Total	<u>32,140</u>	<u>10,826</u>	<u>6,698</u>	<u>36,268</u>

Members' use of Fund credit is shown in Schedule 1. Scheduled repurchases are shown in Schedule 2.

### Arrangements in the General Department

At April 30, 1996, 31 arrangements were in effect, and undrawn balances under these arrangements amounted to SDR 14,068.5 million. These arrangements are listed in Schedule 3.

### Charges

The Fund levies periodic charges on its holdings of members' currencies that derive from their use of Fund 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 income of the deferral of charges and to finance the additions to the Special Contingent Accounts, which are further discussed below. Special charges are levied on holdings that are not repurchased when due, and on overdue charges that are not settled when due, except that these charges do not apply to members that are six months or more overdue to the Fund. A service charge is levied by the Fund 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, 1996, the total holdings on which the Fund levied charges amounted to SDR 36,268.4 million (SDR 32,140.4 million at April 30, 1995).

### Remuneration

The Fund pays remuneration on a member's remunerated reserve tranche position. A remunerated reserve tranche position is the amount by which the Fund's holdings of a member's currency (excluding holdings that derive from the use of Fund 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, 1996 and April 30, 1995. 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 Special Contingent Accounts, as discussed below.

At April 30, 1996, the total creditor positions on which the Fund paid remuneration amounted to SDR 30,955.9 million (SDR 25,332.1 million at April 30, 1995).

### Overdue Obligations

At April 30, 1996, five members were six months or more overdue in settling their financial obligations to the Fund (seven members at April 30, 1995); four of these members were overdue to the General Department (six members at April 30, 1995). In addition, the Federal Republic of Yugoslavia (Serbia/Montenegro) was also six months or more overdue in meeting its financial obligations to the Fund. 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 1,260.0 million as of April 30, 1996 (SDR 1,851.2 million as of April 30, 1995). During the year ended April 30, 1996, Zambia fully settled its overdue financial obligations to the Fund, which restored this member's eligibility to use the Fund's general resources. Bosnia and Herzegovina, a successor state of the former Socialist Federal Republic of Yugoslavia, succeeded to Fund membership during the year ended April 30, 1996, after fully settling its overdue obligations to the Fund.

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	
	1996	1995	1996	1995
<i>In millions of SDRs</i>				
Total overdue	1,175	1,728	827	1,081
Overdue for six months or more	1,157	1,701	804	1,049
Overdue for three years or more	1,007	1,512	660	868

The type and duration of the arrears were as follows:

	Repurchases and SAF Loans	Charges and SAF Interest	Total Obligation	Longest Overdue Obligation
<i>In millions of SDRs</i>				
Liberia	201.4	187.9	389.3	January 1985
Somalia	102.9	66.1	169.0	July 1987
Sudan	577.9	523.5	1,101.4	November 1984
Yugoslavia, Federal Republic of (Serbia/Montenegro)	52.1	10.0	62.1	September 1992
Zaire	240.5	39.0	279.5	February 1991
Total	<u>1,174.8</u>	<u>826.5</u>	<u>2,001.3</u>	

#### *Strengthened Cooperative Strategy*

The Fund follows a cooperative strategy aimed at resolving the issue of overdue obligations to the Fund. Three major elements form the basis of the cooperative strategy: (1) preventative measures, (2) remedial and deterrent measures, and (3) intensified collaboration and the rights approach. Under the intensified collaborative approach, the Fund has developed Fund-monitored programs and rights accumulation programs, which permit a member with protracted arrears to the Fund 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 Fund to exclude from current income charges due by members that are six months or more overdue in meeting payments to the Fund 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 834.7 million at April 30, 1996 (SDR 1,102.2 million at April 30, 1995).

Since May 1, 1986, the Fund has adopted decisions whereby debtor and creditor members share the financial consequences of overdue obligations. An amount equal to deferred charges (excluding special charges) is generated and included in the Fund'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 Fund accumulates precautionary balances, inter alia, in the Special Contingent Accounts. At April 30, 1996, SDR 1,633.5 million was held in the first and second Special Contingent Accounts (SCA-1 and SCA-2). SDR 691.6 million was held in the SCA-1 (SDR 602.3 million at April 30, 1995), and SDR 941.9 million was held in the SCA-2 at April 30, 1996 (SDR 767.6 million at April 30, 1995). The Special Contingent Accounts are financed by additional 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 Fund may decide.

The SCA-2 was established on July 1, 1990 (as part of the strengthened cooperative strategy) so as to accumulate SDR 1.0 billion over a period of approximately five years. It is financed by a further adjustment to the rate of charge and to the rate of remuneration. 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 Fund at the end of 1989, while at the same time providing additional liquidity to assist in the financing of 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 Fund may determine. Use of Fund credit in the General Resources Account following the completion and encashment of rights accumulation programs amounted to SDR 621.3 million at April 30, 1996 and April 30, 1995.

The adjustments to charges and remuneration in respect of the SCA-1 and SCA-2 and the costs of deferred charges during the year ended April 30, 1996 were as follows:

	Adjustments to		Total
	Charges	Remuneration	
<i>In millions of SDRs</i>			
Deferred charges	32.5	31.9	64.4
SCA-1	45.7	46.3	92.0
SCA-2	13.8	160.4	174.2
Total	<u>59.5</u>	<u>206.7</u>	<u>266.2</u>
Refunds of deferred charges	139.7	139.2	278.9
Burden-sharing contributions net of refunds	<u>(47.7)</u>	<u>99.4</u>	<u>51.7</u>

The cumulative charges, net of settlements, that have been deferred since May 1, 1986 and have resulted in adjustments to charges and remuneration amount to SDR 634.3 million (SDR 847.4 million at April 30, 1995). The cumulative refunds for the same period amount to SDR 958.6 million (SDR 679.7 million at April 30, 1995).

### 6. Other Assets

Other assets include capital assets, which at April 30, 1996 amounted to SDR 105.3 million (SDR 90.0 million at April 30, 1995), net of accumulated depreciation of SDR 68.3 million (SDR 62.2 million at April 30, 1995). These consist of land (SDR 33.7 million), buildings (SDR 29.0 million), equipment (SDR 14.2 million), and construction in progress (SDR 28.4 million).

### 7. Reserves

The Fund 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 Fund 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. Borrowing

Outstanding borrowing by the Fund under the bilateral arrangements with Japan was fully repaid during financial year 1996 (outstanding borrowing amounted to SDR 1,960 million at April 30, 1995). Interest on amounts borrowed was based on the weighted average of six-month domestic interest rates in the countries that make up the currency basket of the SDR..

#### *General Arrangements to Borrow*

Under the General Arrangements to Borrow (GAB), the Fund 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, 1996, the GAB had not been activated.

### 9. Administrative Expenses

For the year ended April 30, 1996, the Fund incurred administrative expenses for personnel (SDR 233.1 million), travel (SDR 44.5 million), and other administrative needs (SDR 23.7 million). Administrative expenses, which are net of reimbursements, include pension plan contributions, post-retirement benefits other than pensions, and depreciation expense. The General Resources Account is reimbursed for expenses incurred in administering the SDR Department

(SDR 4.0 million for the year ended April 30, 1996), the Special Disbursement Account and the Enhanced Structural Adjustment Facility Trust (SDR 23.7 million for the year ended April 30, 1996), and for other services (SDR 17.5 million for the year ended April 30, 1996).

The Fund has a defined-benefit Staff Retirement Plan and a defined-benefit Supplemental Retirement Benefits Plan ("the Plans"). All 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 Fund contributes the remainder of the cost of funding the Plans and pays certain administrative costs of the Plans. The Fund uses the aggregate cost method for determining its pension cost and for funding the Plans. Under this method, the Fund'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 and are determined annually as a percentage of pensionable remuneration of the participants. The funding and cost of the Plans for the year ended April 30, 1996 are based on an actuarial valuation at April 30, 1995.

The Fund 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 Fund contribute toward meeting the costs of these benefits. The Fund's cost, which includes a current-year cost and a past-service obligation, is determined actuarially on the basis of the actual experience of the Fund's medical and life insurance plans, a discount rate and a long-term rate of return on investments of 8.5 percent, and an increase in medical costs at an annual rate of 10.5 percent, declining to 6 percent over time, and other factors on the demographics of participants. The cumulative cost was actuarially estimated at SDR 112.8 million as of April 30, 1996 (SDR 81.7 million as of April 30, 1995). On April 3, 1995, the Fund established the Retired Staff Benefits Investment Account ("the RSBIA") to hold and invest the resources contributed by the Fund toward the payment of post-retirement medical and life insurance benefits. The resources of the RSBIA are kept separate from the assets of all other accounts of, or administered by, the Fund. At April 30, 1996, an amount of SDR 84.3 million was held by that account (SDR 73.6 million at April 30, 1995).

**General Department**  
**Quotas, Fund's Holdings of Currencies, Members' Use**  
**of Fund Resources, and Reserve Tranche Positions**  
**as at April 30, 1996**

(In thousands of SDRs)

Member	General Resources Account					
	Quota	Fund's holdings of currencies <sup>1</sup>		Use of resources <sup>2</sup>	Reserve tranche position	Special Disbursement Account Loans
		Total	Percent of quota			
Afghanistan, Islamic State of	120,400	115,488	95.9	—	4,928	—
Albania	35,300	46,433	131.5	11,133	5	—
Algeria	914,400	2,049,143	224.1	1,134,745	7	—
Angola	207,300	207,445	100.1	—	—	—
Antigua and Barbuda	8,500	8,499	100.0	—	1	—
Argentina	1,537,100	5,904,292	384.1	4,367,167	—	—
Armenia, Republic of	67,500	114,750	170.0	47,250	5	—
Australia	2,333,200	1,995,587	85.5	—	337,640	—
Austria	1,188,300	643,809	54.2	—	544,441	—
Azerbaijan	117,000	197,145	168.5	80,145	10	—
Bahamas, The	94,900	88,665	93.4	—	6,239	—
Bahrain	82,800	38,764	46.8	—	44,046	—
Bangladesh	392,500	392,410	100.0	—	97	82,369
Barbados	48,900	68,453	140.0	19,571	25	—
Belarus, Republic of	280,400	470,600	167.8	190,200	20	—
Belgium	3,102,300	2,371,137	76.4	—	731,214	—
Belize	13,500	10,587	78.4	—	2,914	—
Benin	45,300	43,173	95.3	—	2,129	20,772
Bhutan	4,500	3,930	87.3	—	570	—
Bolivia	126,200	117,339	93.0	—	8,875	34,920
Bosnia and Herzegovina	121,200	152,950	126.2	31,745	—	—
Botswana	36,600	17,327	47.3	—	19,280	—
Brazil	2,170,800	2,250,878	103.7	79,289	—	—
Brunei Darussalam	150,000	114,750	76.5	—	35,255	—
Bulgaria	464,900	858,201	184.6	425,925	32,630	—
Burkina Faso	44,200	36,989	83.7	—	7,221	22,120
Burundi	57,200	51,343	89.8	—	5,860	13,237
Cambodia	65,000	71,250	109.6	6,250	—	—
Cameroon	135,100	187,855	139.0	53,110	356	—
Canada	4,320,300	3,468,071	80.3	—	852,238	—
Cape Verde	7,000	6,999	100.0	—	1	—
Central African Republic	41,200	51,818	125.8	10,710	94	12,768
Chad	41,300	51,347	124.3	10,325	280	13,770
Chile	621,700	616,680	99.2	—	5,018	—
China	3,385,200	2,507,419	74.1	—	877,784	—
Colombia	561,300	408,037	72.7	—	153,264	—
Comoros	6,500	5,962	91.7	—	540	2,250
Congo	57,900	69,886	120.7	12,500	536	—
Costa Rica	119,000	112,288	94.4	2,000	8,725	—
Côte d'Ivoire	238,200	276,042	115.9	37,935	95	—
Croatia, Republic of	261,600	408,591	156.2	147,000	19	—
Cyprus	100,000	74,554	74.6	—	25,453	—
Czech Republic	589,600	589,600	100.0	—	3	—
Denmark	1,069,900	655,818	61.3	—	414,106	—
Djibouti	11,500	14,375	125.0	2,875	—	—

Member	General Resources Account					
	Quota	Fund's holdings of currencies <sup>1</sup>		Use of resources <sup>2</sup>	Reserve tranche position	Special Disbursement Account Loans
		Total	Percent of quota			
Dominica	6,000	5,992	99.9	—	9	946
Dominican Republic	158,800	255,977	161.2	97,178	3	—
Ecuador	219,200	313,143	142.9	111,094	17,153	—
Egypt	678,400	670,323	98.8	45,650	53,750	—
El Salvador	125,600	125,603	100.0	—	—	—
Equatorial Guinea	24,300	24,309	100.0	—	—	10,678
Eritrea	11,500	11,500	100.0	—	5	—
Estonia, Republic of	46,500	106,703	229.5	60,208	6	—
Ethiopia	98,300	91,252	92.8	—	7,055	49,420
Fiji	51,100	41,091	80.4	—	10,013	—
Finland	861,800	595,788	69.1	—	265,988	—
France	7,414,600	5,558,475	75.0	—	1,856,181	—
Gabon	110,300	173,332	157.1	63,077	52	—
Gambia, The	22,900	21,418	93.5	—	1,485	4,673
Georgia	111,000	188,700	170.0	77,700	10	—
Germany	8,241,500	4,432,062	53.8	—	3,809,436	—
Ghana	274,000	329,741	120.3	73,117	17,380	91,003
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	78,637	99.9	—	68	13,896
Guinea-Bissau	10,500	10,500	100.0	—	* <sup>3</sup>	2,025
Guyana	67,200	80,270	119.4	13,068	—	33,948
Haiti	60,700	77,056	126.9	16,400	45	1,764
Honduras	95,000	120,799	127.2	25,798	—	—
Hungary	754,800	957,422	126.8	258,716	56,097	—
Iceland	85,300	74,817	87.7	—	10,483	—
India	3,055,500	4,420,212	144.7	1,577,248	212,630	—
Indonesia	1,497,600	1,209,601	80.8	—	288,000	—
Iran, Islamic Republic of	1,078,500	1,078,511	100.0	—	—	—
Iraq	504,000	504,013	100.0	—	—	—
Ireland	525,000	310,871	59.2	—	214,134	—
Israel	666,200	755,524	113.4	89,320	—	—
Italy	4,590,700	3,270,094	71.2	—	1,320,605	—
Jamaica	200,900	342,697	170.6	141,746	—	—
Japan	8,241,500	3,649,055	44.3	—	4,592,488	—
Jordan	121,700	312,168	256.5	190,470	2	—
Kazakstan, Republic of	247,500	584,730	236.3	337,230	5	—
Kenya	199,400	187,091	93.8	—	12,312	70,290
Kiribati	4,000	4,001	100.0	—	—	—
Korea	799,600	334,077	41.8	—	465,526	—
Kuwait	995,200	857,255	86.1	—	137,952	—
Kyrgyz Republic	64,500	108,360	168.0	43,860	5	—
Lao People's Democratic Republic	39,100	39,100	100.0	—	—	18,752
Latvia, Republic of	91,500	196,248	214.5	104,748	5	—
Lebanon	146,000	127,169	87.1	—	18,833	—
Lesotho	23,900	20,392	85.3	—	3,512	7,399
Liberia	71,300	272,738	382.5	201,457	28	—
Libya	817,600	498,628	61.0	—	318,980	—
Lithuania, Republic of	103,500	275,138	265.8	171,638	5	—

Schedule 1 (continued)

Member	General Resources Account					
	Quota	Fund's holdings of currencies <sup>1</sup>		Use of resources <sup>2</sup>	Reserve tranche position	Special Disbursement Account Loans
		Total	Percent of quota			
Luxembourg	135,500	112,555	83.1	—	22,945	—
Macedonia, former Yugoslav Republic of	49,600	92,393	186.3	42,791	—	—
Madagascar	90,400	90,384	100.0	—	18	31,540
Malawi	50,900	61,406	120.6	12,725	2,224	19,530
Malaysia	832,700	358,811	43.1	—	473,892	—
Maldives	5,500	4,621	84.0	—	879	—
Mali	68,900	60,169	87.3	—	8,733	27,432
Malta	67,500	38,366	56.8	—	29,155	—
Marshall Islands	2,500	2,500	100.0	—	1	—
Mauritania	47,500	47,506	100.0	—	—	10,529
Mauritius	73,300	65,937	90.0	—	7,366	—
Mexico	1,753,300	12,199,780	695.8	10,446,530	60	—
Micronesia	3,500	3,500	100.0	—	1	—
Moldova, Republic of	90,000	244,850	272.1	154,850	5	—
Mongolia	37,100	41,475	111.8	4,375	5	—
Morocco	427,700	427,002	99.8	29,615	30,313	—
Mozambique	84,000	84,000	100.0	—	7	18,300
Myanmar	184,900	184,902	100.0	—	—	—
Namibia	99,600	99,582	100.0	—	18	—
Nepal	52,000	46,277	89.0	—	5,730	14,920
Netherlands	3,444,200	2,200,565	63.9	—	1,243,647	—
New Zealand	650,100	529,761	81.5	—	120,350	—
Nicaragua	96,100	100,368	104.4	4,258	—	—
Niger	48,300	50,849	105.3	11,109	8,561	9,883
Nigeria	1,281,600	1,281,586	100.0	—	68	—
Norway	1,104,600	471,441	42.7	—	633,160	—
Oman	119,400	85,537	71.6	—	33,971	—
Pakistan	758,200	1,368,627	180.5	610,486	61	305,928
Panama	149,600	223,472	149.4	85,720	11,860	—
Papua New Guinea	95,300	128,604	134.9	33,340	53	—
Paraguay	72,100	57,578	79.9	—	14,525	—
Peru	466,100	1,108,819	237.9	642,686	—	—
Philippines	633,400	963,405	152.1	417,096	87,104	—
Poland, Republic of	988,500	911,376	92.2	—	77,125	—
Portugal	557,600	246,520	44.2	—	311,082	—
Qatar	190,500	161,275	84.7	—	29,226	—
Romania	754,100	1,352,128	179.3	598,023	—	—
Russian Federation	4,313,100	11,644,719	270.0	7,332,401	772	—
Rwanda	59,500	68,443	115.0	8,925	—	8,760
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	—
San Marino, Republic of	10,000	7,650	76.5	—	2,351	—
São Tomé and Príncipe	5,500	5,503	100.1	—	—	560
Saudi Arabia	5,130,600	4,561,181	88.9	—	569,425	—
Senegal	118,900	148,609	125.0	30,914	1,207	23,488
Seychelles	6,000	5,197	86.6	—	804	—
Sierra Leone	77,200	77,189	100.0	—	24	29,336
Singapore	357,600	152,751	42.7	—	204,849	—
Slovak Republic	257,400	519,009	201.6	261,604	—	—

Member	General Resources Account					
	Quota	Fund's holdings of currencies <sup>1</sup>		Use of resources <sup>2</sup>	Reserve tranche position	Special Disbursement Account Loans
		Total	Percent of quota			
Slovenia, Republic of	150,500	139,426	92.6	1,795	12,875	—
Solomon Islands	7,500	6,967	92.9	—	538	—
Somalia	44,200	140,907	318.8	96,701	—	8,840
South Africa	1,365,400	1,979,767	145.0	614,430	64	—
Spain	1,935,400	861,094	44.5	—	1,074,335	—
Sri Lanka	303,600	283,377	93.3	—	20,250	104,857
Sudan	169,700	747,583	440.5	577,863	11	—
Suriname	67,600	67,601	100.0	—	—	—
Swaziland	36,500	33,512	91.8	—	3,002	—
Sweden	1,614,000	1,162,572	72.0	—	451,428	—
Switzerland	2,470,400	1,408,908	57.0	—	1,061,506	—
Syrian Arab Republic	209,900	209,903	100.0	—	5	—
Tajikistan, Republic of	60,000	60,000	100.0	—	2	—
Tanzania	146,900	136,932	93.2	—	9,975	42,800
Thailand	573,900	238,210	41.5	—	335,692	—
Togo	54,300	54,046	99.5	—	254	19,008
Tonga	5,000	3,795	75.9	—	1,210	—
Trinidad and Tobago	246,800	271,163	109.9	24,375	12	—
Tunisia	206,000	399,977	194.2	194,012	36	—
Turkey	642,000	1,070,228	166.7	460,500	32,275	—
Turkmenistan, Republic of	48,000	48,000	100.0	—	5	—
Uganda	133,900	133,907	100.0	—	—	34,860
Ukraine	997,300	2,034,600	204.0	1,037,300	* <sup>3</sup>	—
United Arab Emirates	392,100	205,766	52.5	—	186,335	—
United Kingdom	7,414,600	5,698,966	76.9	—	1,715,641	—
United States	26,526,800	16,101,906	60.7	—	10,425,288	—
Uruguay	225,300	219,916	97.6	9,984	15,375	—
Uzbekistan, Republic of	199,500	305,450	153.1	105,950	5	—
Vanuatu	12,500	10,012	80.1	—	2,488	—
Venezuela	1,951,300	3,284,023	168.3	1,477,671	144,950	—
Vietnam	241,600	374,560	155.0	132,960	5	—
Western Samoa	8,500	7,830	92.1	—	672	—
Yemen, Republic of	176,500	226,490	128.3	50,000	13	—
Yugoslavia, Federal Republic of (Serbia/Montenegro)	—	—	—	56,066	—	—
Zaire	291,000	464,608	159.7	173,607	—	145,500
Zambia	363,500	363,483	100.0	—	18	181,750
Zimbabwe	261,300	419,308	160.5	158,100	95	—
<b>Total</b>	<b>145,318,800</b>	<b>144,181,448</b>		<b>36,268,359</b>	<b>37,352,307</b>	<b>1,544,818</b>

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

<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>Less than SDR 500.

**General Department**  
**Schedule of Repurchases and Repayments of Loans**  
**as at April 30, 1996**

*(In thousands of SDRs)*

Financial Year Ending April 30	General Resources Account <sup>1</sup>	Special Disbursement Account
Overdue	1,101,695	74,025
1997	3,885,885	345,129
1998	3,583,517	328,619
1999	8,305,579	262,643
2000	10,008,449	175,076
2001	4,470,879	79,024
2002	1,679,667	90,679
2003	1,427,156	61,864
2004	996,998	50,823
2005	579,253	40,270
2006	<u>229,281</u>	<u>36,666</u>
Total	<u>36,268,359</u>	<u>1,544,818</u>

<sup>1</sup>A member is entitled to repurchase at any time the Fund'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, 1996**

*(In thousands of SDRs)*

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
<b>General Resources Account</b>				
<b>Stand-By Arrangements</b>				
Argentina	April 12, 1996	January 11, 1998	720,000	642,000
Azerbaijan	November 17, 1995	November 16, 1996	58,500	36,855
Belarus	September 12, 1995	September 11, 1996	196,280	146,280
Cameroon	September 27, 1995	September 26, 1996	67,600	39,400
Costa Rica	November 29, 1995	February 28, 1997	52,000	52,000
Djibouti	April 15, 1996	June 14, 1997	4,600	1,725
El Salvador	July 21, 1995	September 20, 1996	37,680	37,680
Estonia, Republic of	April 11, 1995	July 10, 1996	13,950	13,950
Hungary	March 15, 1996	February 14, 1998	264,180	264,180
Kazakhstan, Republic of	June 5, 1995	June 4, 1996	185,600	46,370
Latvia, Republic of	April 21, 1995	May 20, 1996	27,450	27,450
Lesotho	July 31, 1995	July 30, 1996	7,170	7,170
Macedonia, former Yugoslav Republic of	May 5, 1995	June 4, 1996	22,300	4,900
Mexico	February 1, 1995	August 15, 1996	12,070,200	3,312,180
Pakistan	December 13, 1995	March 31, 1997	401,850	214,320
Panama	November 29, 1995	March 31, 1997	84,300	55,300
Papua New Guinea	July 14, 1995	January 13, 1997	71,480	38,140
Romania	May 11, 1994	April 24, 1997	320,495	226,230
Uruguay	March 1, 1996	March 31, 1997	100,000	100,000
Uzbekistan, Republic of	December 18, 1995	March 17, 1997	124,700	118,500
Yemen, Republic of	March 20, 1996	June 19, 1997	132,375	82,375
Total Stand-By Arrangements			14,962,710	5,467,005
<b>Extended Arrangements</b>				
Algeria	May 22, 1995	May 21, 1998	1,169,280	759,680
Egypt	September 20, 1993	September 19, 1996	400,000	400,000
Gabon	November 8, 1995	November 7, 1998	110,300	88,240
Jordan	February 9, 1996	February 8, 1999	200,800	175,800
Lithuania, Republic of	October 24, 1994	October 23, 1997	134,550	72,450
Philippines	June 24, 1994	June 23, 1997	474,500	438,000
Russian Federation	March 26, 1996	March 25, 1999	6,901,000	6,667,374
Total Extended Arrangements			9,390,430	8,601,544
Total General Resources Account			24,353,140	14,068,549
<b>Special Disbursement Account</b>				
<b>Structural Adjustment Facility Arrangement</b>				
Zambia	December 6, 1995	December 5, 1996	181,750	—
<b>SAF Resources Committed Under ESAF Arrangements<sup>1</sup></b>				
Benin	January 25, 1993	May 21, 1996	7,000	—
Burkina Faso	March 31, 1993	May 30, 1996	15,800	—
Total SAF Resources Committed Under ESAF			22,800	—
Total Special Disbursement Account			204,550	—
Total General Department			24,557,690	14,068,549

<sup>1</sup>Resources under enhanced structural adjustment facility (ESAF) arrangements may be provided from the structural adjustment facility (SAF) within the Special Disbursement Account and from the Enhanced Structural Adjustment Facility Trust.

**SDR Department**  
**Statements of Allocations and Holdings**  
**as at April 30, 1996 and 1995**

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

	1996	1995
<b>Allocations</b>		
Net cumulative allocations of SDRs . . . . .	21,433,330	21,433,330
Overdue charges (Note 2) . . . . .	<u>53,412</u>	<u>46,312</u>
<b>Total Allocations</b> . . . . .	<u><b>21,486,742</b></u>	<u><b>21,479,642</b></u>
<b>Holdings</b>		
Participants with holdings above allocations		
Allocations . . . . .	10,533,791	9,974,856
Net receipts of SDRs . . . . .	<u>6,151,787</u>	<u>6,141,786</u>
	<u>16,685,578</u>	<u>16,116,642</u>
Participants with holdings below allocations		
Allocations . . . . .	10,899,539	11,458,474
Net uses of SDRs . . . . .	<u>7,999,913</u>	<u>8,101,888</u>
	<u>2,899,626</u>	<u>3,356,586</u>
<b>Total holdings of participants</b> . . . . .	<u><b>19,585,204</b></u>	<u><b>19,473,228</b></u>
Holdings of SDRs by prescribed holders . . . . .	1,076,810	1,005,759
General Resources Account . . . . .	<u>824,728</u>	<u>1,000,655</u>
<b>Total Holdings</b> . . . . .	<u><b>21,486,742</b></u>	<u><b>21,479,642</b></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, 1996**  
**with Comparative Totals for the Year Ended April 30, 1995**

(In thousands of SDRs)  
(Note 1)

	Participants	General Resources Account	Prescribed Holders	Total	
				1996	1995
Total holdings, beginning of the year	19,473,228	1,000,655	1,005,759	21,479,642	21,484,760
<b>Receipt of SDRs</b>					
Transfers among participants and prescribed holders					
Transactions by agreement	8,881,050		50,285	8,931,335	8,987,212
Operations					
Loans	889,647			889,647	6,853
Settlement of financial obligations	1,000,649		60,624	1,061,273	116,910
Fund-related operations					
SAF/ESAF loans	296,436			296,436	39,190
SAF repayments and interest			120,736	120,736	103,065
Trust Fund repayments and interest			6,821	6,821	27
Special charges on SAF, ESAF, and Trust Fund			704	704	4
ESAF contributions and payments	14,803		118,953	133,756	94,853
ESAF repayments and interest			145,134	145,134	63,747
Net interest on SDRs (Note 2)	276,941		42,418	319,359	174,267
Transfers from participants to General Resources Account					
Repurchases		5,571,804		5,571,804	1,181,073
Charges		1,985,319		1,985,319	1,385,749
Quota payments		69,625		69,625	23,678
Interest on SDRs (Note 2)		52,696		52,696	261,906
Assessment on SDR allocation (Note 2)		4,022		4,022	4,145
Transfers from General Resources Account to participants and prescribed holders					
Purchases	6,459,929			6,459,929	5,969,975
Repayments on Fund borrowings				—	861,904
Interest on Fund borrowings				—	97,352
In exchange for currencies of members					
Acquisitions to pay charges	49,081			49,081	99,064
Remuneration	1,091,697			1,091,697	814,713
Other					
Refunds and adjustments	258,686			258,686	50,650
<b>Total receipts</b>	<b>19,218,919</b>	<b>7,683,466</b>	<b>545,675</b>	<b>27,448,060</b>	<b>20,336,337</b>

**SDR Department**  
**Statements of Receipt and Use (concluded)**  
**for the Year Ended April 30, 1996**  
**with Comparative Totals for the Year Ended April 30, 1995**

(In thousands of SDRs)  
(Note 1)

	Participants	General Resources Account	Prescribed Holders	Total	
				1996	1995
<b>Use of SDRs</b>					
Transfers among participants and prescribed holders					
Transactions by agreement . . . . .	8,878,952		52,383	8,931,335	8,987,212
Operations					
Loans . . . . .	889,647			889,647	6,853
Settlement of financial obligations . . . . .	950,271		111,002	1,061,273	116,910
Fund-related operations					
SAF/ESAF loans . . . . .			296,436	296,436	39,190
SAF repayments and interest . . . . .	120,736			120,736	103,065
Trust Fund repayments and interest . . . . .	6,821			6,821	27
Special charges on SAF, ESAF, and Trust Fund . . . . .	704			704	4
ESAF contributions and payments . . . . .	118,953		14,803	133,756	94,853
ESAF repayments and interest . . . . .	145,134			145,134	63,747
Transfers from participants to General Resources Account					
Repurchases . . . . .	5,571,804			5,571,804	1,181,073
Charges . . . . .	1,985,319			1,985,319	1,385,749
Quota payments . . . . .	69,625			69,625	23,678
Assessment on SDR allocation (Note 2) . . . . .	4,022			4,022	4,145
Transfers from General Resources Account to participants and prescribed holders					
Purchases . . . . .		6,459,929		6,459,929	5,969,975
Repayments on Fund borrowings . . . . .				—	861,904
Interest on Fund borrowings . . . . .				—	97,352
In exchange for currencies of members					
Acquisitions to pay charges . . . . .		49,081		49,081	99,064
Remuneration . . . . .		1,091,697		1,091,697	814,713
Other					
Refunds and adjustments . . . . .		258,686		258,686	50,650
Charges paid in the SDR Department (Note 2)					
Net charges due . . . . .	372,055			372,055	436,174
Charges not paid when due . . . . .	(19,157)			(19,157)	(19,025)
Settlement of unpaid charges . . . . .	12,057			12,057	24,142
Total uses . . . . .	<u>19,106,943</u>	<u>7,859,393</u>	<u>474,624</u>	<u>27,440,960</u>	<u>20,341,455</u>
Total holdings, end of the year . . . . .	<u>19,585,204</u>	<u>824,728</u>	<u>1,076,810</u>	<u>21,486,742</u>	<u>21,479,642</u>

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

## SDR Department

### Notes to the Financial Statements as at April 30, 1996 and 1995

#### *SDR Department*

All transactions and operations involving SDRs are conducted through the SDR Department. Each member of the Fund can become a participant in the SDR Department. At April 30, 1996, all members of the Fund were participants in the SDR Department. SDRs are reserve assets allocated by the Fund to members that are participants in the SDR Department in proportion to their quotas in the Fund. Allocations were made in 1970, 1971, and 1972, totaling SDR 9.3 billion. Further allocations were made in 1979, 1980, and 1981, totaling SDR 12.1 billion. SDRs do not constitute claims by holders against the Fund to provide currency. However, upon termination of participation or liquidation of the SDR Department, the Fund will provide to holders the currencies received from the participants in settlement of their obligations. The Fund is empowered to prescribe certain official entities as holders of SDRs; at April 30, 1996, 15 institutions have been prescribed as holders. These prescribed holders do not receive allocations and cannot use or receive SDRs in designation.

#### *Uses of SDRs*

The Fund 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. A participant is not obligated to provide currency for SDRs beyond the point at which its holdings of SDRs in excess of its net cumulative allocation are equal to twice its net cumulative allocation. A participant may, however, provide currency in excess of this limit. Participants and prescribed holders can also 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.

#### *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 Fund each day by summing the values in U.S. dollars, based on market exchange rates, of a basket of five currencies. The Fund reviews the SDR valuation basket every five years. The SDR valuation basket was revised effective January 1, 1996. The currencies comprising the basket and their amounts in the basket are as follows:

Currency	Amounts	
	To December 31, 1995	From January 1, 1996
U.S. dollar	0.572	0.582
Deutsche mark	0.453	0.446
Japanese yen	31.8	27.2
French franc	0.800	0.813
Pound sterling	0.0812	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 debiting individual holdings accounts on the first day of the subsequent quarter. The SDR Department is required to pay interest to each holder, whether or not sufficient SDRs are received to meet the payment of interest. If sufficient SDRs are not received, because charges are overdue, additional SDRs are temporarily created. At April 30, 1996, charges of SDR 53.4 million were overdue (SDR 46.3 million at April 30, 1995). At April 30, 1996, five members (seven members at April 30, 1995) were six months or more overdue in meeting financial obligations to the Fund, and three of these members were six months or more overdue to the SDR Department (four members at April 30, 1995).

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 Fund, it had not succeeded to membership in the Fund as of April 30, 1996 and, consequently, it is not a participant in the SDR Department.

Charges that are six months or more overdue to the SDR Department were as follows:

	1996	1995
	<i>In millions of SDRs</i>	
Total overdue charges	53.1	46.3
Overdue for six months or more	48.6	41.1
Overdue for three years or more	26.6	17.4

The duration of arrears were as follows:

	Total	Longest Overdue Obligation
	<i>In millions of SDRs</i>	
Iraq	25.1	November 1990
Liberia	13.5	August 1988
Somalia	4.6	February 1991
Yugoslavia, Federal Republic of (Serbia/Montenegro)	<u>9.9</u>	November 1992
Total	<u>53.1</u>	

The rate of interest on the SDR is determined by reference to a combined market interest rate, which is a weighted average of yields or rates on short-term instruments in the capital markets of France, Germany, Japan, the United Kingdom, and the United States. The 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 Fund 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, 1996  
with Comparative Totals as at April 30, 1995

(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1996	Combined 1995
<b>Assets</b>					
Loans receivable . . . . .	4,082,672	—	—	4,082,672	2,894,726
Investments (Notes 2 and 4) . . . . .	54,297	1,351,457	1,691,557	3,097,311	2,626,077
Interest receivable . . . . .	7,461	11,054	6,745	25,260	39,395
Currencies . . . . .	—	52	3	55	13
Accrued account transfers . . . . .	(8,097)	43,289	(35,192)	—	—
Total Assets . . . . .	<u>4,136,333</u>	<u>1,405,852</u>	<u>1,663,113</u>	<u>7,205,298</u>	<u>5,560,211</u>
<b>Resources and Liabilities</b>					
Resources . . . . .	—	1,405,852	1,425,147	2,830,999	2,394,321
Borrowing (Note 4) . . . . .	4,093,684	—	235,482	4,329,166	3,129,468
Interest payable . . . . .	42,472	—	2,484	44,956	36,352
Other liabilities . . . . .	177	—	—	177	70
Total Resources and Liabilities . . . . .	<u>4,136,333</u>	<u>1,405,852</u>	<u>1,663,113</u>	<u>7,205,298</u>	<u>5,560,211</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, 1996  
with Comparative Totals for the Year Ended April 30, 1995

(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1996	Combined 1995
<b>Income</b>					
Investment income . . . . .	282	46,966	73,803	121,051	114,948
Interest on loans . . . . .	16,987	—	—	16,987	13,163
Exchange valuation gain (loss) . . . . .	59	114	107	280	(40)
	<u>17,328</u>	<u>47,080</u>	<u>73,910</u>	<u>138,318</u>	<u>128,071</u>
<b>Expense</b>					
Interest expense . . . . .	125,288	—	3,970	129,258	101,840
Other expenses . . . . .	177	—	—	177	70
	<u>125,465</u>	<u>—</u>	<u>3,970</u>	<u>129,435</u>	<u>101,910</u>
Net Income (Loss) . . . . .	<u>(108,137)</u>	<u>47,080</u>	<u>69,940</u>	<u>8,883</u>	<u>26,161</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, 1996**  
**with Comparative Totals for the Year Ended April 30, 1995**

(In thousands of SDRs)  
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1996	Combined 1995
Balance, beginning of year . . . . .	—	1,066,041	1,328,280	2,394,321	1,984,976
Contributions (Note 3) . . . . .	—	—	136,406	136,406	161,271
Transfers from Special Disbursement Account . . . . .	—	291,389	—	291,389	221,913
Net transfers between:					
Loan and Reserve Accounts . . . . .	(1,342)	1,342	—	—	—
Loan and Subsidy Accounts . . . . .	109,479	—	(109,479)	—	—
Net income (loss) . . . . .	<u>(108,137)</u>	<u>47,080</u>	<u>69,940</u>	<u>8,883</u>	<u>26,161</u>
Balance, end of year . . . . .	<u>—</u>	<u>1,405,852</u>	<u>1,425,147</u>	<u>2,830,999</u>	<u>2,394,321</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, 1996 and 1995**

**Purpose**

The Enhanced Structural Adjustment Facility Trust ("the Trust"), for which the Fund 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 Fund 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, 1996, loans totaling SDR 4,082.7 million are outstanding (SDR 2,894.7 million at April 30, 1995). Member's outstanding loans are presented in Schedule 1.

**Reserve Account**

The resources of the Reserve Account consist of amounts transferred by the Fund 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 amounts transferred by the Fund from the Special Disbursement Account, the proceeds of 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 Fund's SDR Department. The currency value of the SDR is determined by the Fund each day by summing the values in U.S. dollars, based on market exchange rates, of a basket of five currencies. The Fund reviews the SDR valuation basket every five years. The SDR valuation basket was revised effective January 1, 1996. The currencies comprising the basket and their amounts in the basket are as follows:

Currency	Amounts	
	To December 31, 1995	From January 1, 1996
U.S. dollar	0.572	0.582
Deutsche mark	0.453	0.446
Japanese yen	31.8	27.2
French franc	0.800	0.813
Pound sterling	0.0812	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. The expenses of conducting the business of the Trust that are paid by the General Resources Account of the Fund are reimbursed on an annual basis by the Special Disbursement Account, and corresponding transfers from the Trust's Reserve Account are to be made to the Special Disbursement Account, when and to the extent needed.

### 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. Cumulative contributions received, including transfers from the Special Disbursement Account, as at April 30, 1996 amounted to SDR 1,520.7 million (SDR 1,384.3 million at April 30, 1995), and 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 members' borrowing agreements and members' scheduled repayments of outstanding borrowing. The following summarizes the borrowing agreements concluded as at April 30, 1996:

	Amount Agreed	Amount Available
	<i>In thousands of SDRs</i>	
Loan Account	9,285,881	5,053,949
Subsidy Account	243,481	7,999

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, 1996, undrawn balances under 28 loan arrangements amounted to SDR 1,511.8 million (SDR 1,876.8 million under 27 loan arrangements at April 30, 1995). Loan arrangements are listed in Schedule 5. Scheduled repayments of outstanding loans receivable are shown in Schedule 6.

## Enhanced Structural Adjustment Facility Trust

Schedule of Outstanding Loans  
as at April 30, 1996*(In thousands of SDRs)*

Member	ESAF Loan Account	Structural Adjustment Facility <sup>1</sup>
Albania	31,060	—
Armenia	16,875	—
Bangladesh	325,688	82,369
Benin	44,890	20,772
Bolivia	156,146	34,920
Burkina Faso	28,400	22,120
Burundi	17,210	13,237
Cambodia	42,000	—
Central African Republic	—	12,768
Chad	8,260	13,770
Comoros	—	2,250
Côte d'Ivoire	238,200	—
Dominica	—	946
Equatorial Guinea	1,650	10,678
Ethiopia	—	49,420
Gambia, The	12,321	4,673
Georgia	27,750	—
Ghana	269,347	91,002
Guinea	46,320	13,896
Guinea-Bissau	1,575	2,025
Guyana	70,732	33,948
Honduras	33,900	1,764
Kenya	178,327	70,290
Kyrgyz Republic	39,775	—
Lao People's Democratic Republic	23,460	18,752
Lesotho	18,120	7,399
Madagascar	16,021	31,540
Malawi	41,115	19,530
Mali	79,410	27,432
Mauritania	62,204	10,529
Mongolia	29,680	—
Mozambique	114,435	18,300
Nepal	16,785	14,920
Nicaragua	20,020	—
Niger	12,528	9,882
Pakistan	172,200	305,928
Rwanda	—	8,760
São Tomé and Príncipe	—	560
Senegal	171,247	23,487
Sierra Leone	81,612	29,336
Somalia	—	8,840
Sri Lanka	280,000	104,857
Tanzania	85,600	42,800
Togo	50,436	19,008
Uganda	232,591	34,860
Vietnam	181,200	—
Zaire	—	145,500
Zambia	651,682	181,750
Zimbabwe	151,900	—
Total loans outstanding	<u>4,082,672</u>	<u>1,544,818</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, 1996**

*(In thousands of SDRs)*

Contributor <sup>1</sup>	Amount
<b>Direct Contributions to the Subsidy Account</b>	
Argentina	4,533
Bangladesh	91
Canada	46,698
China	2,000
Czech Republic	2,000
Denmark	34,101
Egypt	2,000
Finland	22,684
Germany	83,605
Iceland	2,000
India	1,288
Italy	122,574
Japan	271,772
Korea	27,961
Luxembourg	3,010
Morocco	1,348
Netherlands	50,915
Norway	19,993
Sweden	87,579
Switzerland	4,120
United Kingdom	196,089
United States	40,552
Total direct contributions to the Subsidy Account	1,026,913
<b>Net Income Transferred from Administered Accounts</b>	
Austria	25,545
Belgium	47,771
Botswana	353
Chile	1,045
Greece	17,255
Indonesia	1,424
Iran, Islamic Republic of	99
Portugal	253
Total net income transferred from Administered Accounts	93,745
Total contributions received	1,120,658
Transfers from Special Disbursement Account	400,000
Total contributions received and transfers from Special Disbursement Account	1,520,658
Cumulative net income of the Subsidy Account	309,795
Resources disbursed to subsidize Trust lending	(405,306)
Total resources of the Subsidy Account	1,425,147

<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, 1996**

*(In thousands of SDRs)*

Member	Interest Rate (in percent)	Amount of Agreement	Amount Drawn	Outstanding Balance
<b>Loan Account</b>				
<b>Prior to enlargement of ESAF</b>				
Canada	Fixed <sup>1</sup>	300,000	228,969	220,925
France	0.50 <sup>2</sup>	800,000	700,000	657,108
Germany	Variable <sup>3</sup>	700,000	529,566	525,254
Italy	Variable <sup>3</sup>	370,000	312,600	312,600
Japan	Variable <sup>3</sup>	2,200,000	1,902,219	1,847,921
Korea	Variable <sup>3</sup>	65,000	63,902	62,143
Norway	Variable <sup>3</sup>	90,000	74,676	70,758
Spain	Variable <sup>3,4</sup>	220,000	216,429	206,473
Switzerland	—	200,000	200,000	136,205
Total prior to enlargement of ESAF		<u>4,945,000</u>	<u>4,228,361</u>	<u>4,039,387</u>
<b>For enlargement of ESAF</b>				
Canada	Variable <sup>3</sup>	200,000	—	—
China	Variable <sup>3</sup>	100,000	—	—
Egypt	Variable <sup>3</sup>	100,000	—	—
France	0.50 <sup>2</sup>	750,000	—	—
Germany	Variable <sup>3</sup>	700,000	—	—
Japan	Variable <sup>3</sup>	2,150,000	—	—
Korea	Variable <sup>3</sup>	27,700	—	—
Norway	Variable <sup>3</sup>	60,000	—	—
OPEC Fund for International Development	Variable <sup>3,5</sup>	34,481	—	—
Spain	0.50	67,000	—	—
Switzerland	Variable <sup>3</sup>	151,700	—	—
Total for enlargement of ESAF		<u>4,340,881</u>	<u>—</u>	<u>—</u>
Resources held pending repayment	— <sup>6</sup>	—	—	54,297
Totals—Loan Account		<u>9,285,881</u>	<u>4,228,361</u>	<u>4,093,684</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	2,001	2,001
Singapore	2.00	80,000	80,000	80,000
Thailand	2.00	60,000	60,000	60,000
Tunisia	0.50	3,551	3,551	3,551
Uruguay	Variable <sup>7</sup>	7,200	7,200	7,200
Totals—Subsidy Account		<u>243,481</u>	<u>235,482</u>	<u>235,482</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 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 US\$50 million.

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

<sup>7</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, 1996**

*(In thousands of SDRs)*

Periods of Repayment, Financial Year Ending April 30 <sup>1</sup>	Loan Account <sup>2</sup>	Subsidy Account
1997	211,583	—
1998	302,221	—
1999	385,091	60,000
2000	473,156	20,000
2001	507,310	10,000
2002	634,089	10,000
2003	543,451	1,365
2004	464,680	40,000
2005	341,807	90,751
2006	230,296	—
2008	—	1,365
2010	—	1,334
2012	—	667
Total	<u>4,093,684</u>	<u>235,482</u>

<sup>1</sup>Dates of repayment are the dates provided in the borrowing agreements between the Trustee and lenders.

<sup>2</sup>Included in this column is SDR 54.3 million that is held in suspense and is payable to the lender at the final maturity of the individual loans. See Note 4.

## Enhanced Structural Adjustment Facility Trust

Status of Loan Arrangements<sup>1</sup>  
as at April 30, 1996

(In thousands of SDRs)

Member	Date of Arrangement	Expiration	Amount Agreed			Undrawn Balance		
			ESAF Loan Account	Structural adjustment facility	Total	ESAF Loan Account	Structural adjustment facility	Total
Albania	July 14, 1993	July 13, 1996	42,360	—	42,360	11,300	—	11,300
Armenia	Feb. 14, 1996	Feb. 13, 1999	101,250	—	101,250	84,375	—	84,375
Benin	Jan. 25, 1993	May 21, 1996	44,890	7,000	51,890	—	—	—
Bolivia	Dec. 19, 1994	Dec. 18, 1997	100,960	—	100,960	50,480	—	50,480
Burkina Faso	Mar. 31, 1993	May 30, 1996	37,240	15,800	53,040	8,840	—	8,840
Cambodia	May 6, 1994	May 5, 1997	84,000	—	84,000	42,000	—	42,000
Chad	Sep. 1, 1995	Aug. 31, 1998	49,560	—	49,560	41,300	—	41,300
Côte d'Ivoire	Mar. 11, 1994	Mar. 10, 1997	333,480	—	333,480	95,280	—	95,280
Georgia	Feb. 28, 1996	Feb. 27, 1999	166,500	—	166,500	138,750	—	138,750
Ghana	June 30, 1995	June 29, 1998	164,400	—	164,400	137,000	—	137,000
Guinea	Nov. 6, 1991	Dec. 19, 1996	57,900	—	57,900	11,580	—	11,580
Guinea-Bissau	Jan. 18, 1995	Jan. 17, 1998	9,450	—	9,450	7,875	—	7,875
Guyana	July 20, 1994	July 19, 1997	53,760	—	53,760	26,880	—	26,880
Honduras	July 24, 1992	July 24, 1997	47,460	—	47,460	13,560	—	13,560
Kenya	Apr. 26, 1996	Apr. 25, 1999	149,550	—	149,550	149,550	—	149,550
Kyrgyz Republic	July 20, 1994	July 19, 1997	88,150	—	88,150	48,375	—	48,375
Lao People's Democratic Republic	June 4, 1993	May 7, 1997	35,190	—	35,190	11,730	—	11,730
Malawi	Oct. 18, 1995	Oct. 17, 1998	45,810	—	45,810	38,175	—	38,175
Mali	Apr. 10, 1996	Apr. 9, 1999	62,010	—	62,010	51,675	—	51,675
Mauritania	Jan. 25, 1995	Jan. 24, 1998	42,750	—	42,750	21,375	—	21,375
Mongolia	June 25, 1993	June 24, 1996	40,810	—	40,810	11,130	—	11,130
Nicaragua	June 24, 1994	June 23, 1997	120,120	—	120,120	100,100	—	100,100
Senegal	Aug. 29, 1994	Aug. 28, 1997	130,790	—	130,790	59,450	—	59,450
Sierra Leone	Mar. 28, 1994	Mar. 27, 1997	101,904	—	101,904	20,292	—	20,292
Togo	Sep. 16, 1994	Sep. 15, 1997	65,160	—	65,160	32,580	—	32,580
Uganda	Sep. 6, 1994	Sep. 5, 1997	120,510	—	120,510	66,950	—	66,950
Vietnam	Nov. 11, 1994	Nov. 10, 1997	362,400	—	362,400	181,200	—	181,200
Zambia	Dec. 6, 1995	Dec. 5, 1998	701,682	181,750 <sup>2</sup>	883,432	50,000	—	50,000
Total			<u>3,360,046</u>	<u>204,550</u>	<u>3,564,596</u>	<u>1,511,802</u>	<u>—</u>	<u>1,511,802</u>

<sup>1</sup>Resources under enhanced structural adjustment facility (ESAF) arrangements may be provided from the structural adjustment facility (SAF) within the Special Disbursement Account and from the Enhanced Structural Adjustment Facility Trust. 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, 1996, SDR 49.5 million in such associated loans has been disbursed.

<sup>2</sup>The SAF portion of the arrangement with Zambia expires on December 5, 1996.

Enhanced Structural Adjustment Facility Trust  
Schedule of Repayments of Loans Receivable  
as at April 30, 1996

*(In thousands of SDRs)*

Periods of Repayment, Financial Year Ending April 30	Loan Account
1997	196,737
1998	293,550
1999	375,767
2000	463,331
2001	511,686
2002	648,936
2003	552,122
2004	468,440
2005	341,807
2006	230,296
Total	<u>4,082,672</u>

## Enhanced Structural Adjustment Facility Administered Accounts

Balance Sheets  
as at April 30, 1996 and 1995(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1996	1995	1996	1995	1996	1995	1996	1995
<b>Assets</b>								
Investments (Note 2) . . . . .	86,000	48,000	180,000	180,000	6,894	6,894	15,000	15,000
Interest receivable . . . . .	515	394	531	162	66	17	21	420
Advance payments to ESAF Subsidy Account . . . . .	—	—	—	—	50	98	22	—
<b>Total Assets . . . . .</b>	<b>86,515</b>	<b>48,394</b>	<b>180,531</b>	<b>180,162</b>	<b>7,010</b>	<b>7,009</b>	<b>15,043</b>	<b>15,420</b>
<b>Resources and Liabilities</b>								
Resources . . . . .	232	312	378	4	—	—	—	377
Deposits (Note 3) . . . . .	86,000	48,000	180,000	180,000	6,894	6,894	15,000	15,000
Interest payable . . . . .	283	82	153	158	116	115	43	43
<b>Total Resources and Liabilities . . . . .</b>	<b>86,515</b>	<b>48,394</b>	<b>180,531</b>	<b>180,162</b>	<b>7,010</b>	<b>7,009</b>	<b>15,043</b>	<b>15,420</b>
<hr/>								
	Greece		Indonesia		Iran, I. R. of		Portugal	
	1996	1995	1996	1995	1996	1995	1996	1995
<b>Assets</b>								
Investments (Note 2) . . . . .	56,000	63,000	25,000	25,000	2,000	1,000	4,382	2,191
Interest receivable . . . . .	70	1,228	32	732	19	12	20	22
Advance payments to ESAF Subsidy Account . . . . .	—	—	477	—	—	—	1	—
<b>Total Assets . . . . .</b>	<b>56,070</b>	<b>64,228</b>	<b>25,509</b>	<b>25,732</b>	<b>2,019</b>	<b>1,012</b>	<b>4,403</b>	<b>2,213</b>
<b>Resources and Liabilities</b>								
Resources . . . . .	5	999	—	149	10	7	—	11
Deposits (Note 3) . . . . .	56,000	63,000	25,000	25,000	2,000	1,000	4,382	2,191
Interest payable . . . . .	65	229	509	583	9	5	21	11
<b>Total Resources and Liabilities . . . . .</b>	<b>56,070</b>	<b>64,228</b>	<b>25,509</b>	<b>25,732</b>	<b>2,019</b>	<b>1,012</b>	<b>4,403</b>	<b>2,213</b>

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, 1996 and 1995**

(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1996	1995	1996	1995	1996	1995	1996	1995
Investment income . . . . .	3,253	2,139	7,729	7,987	292	264	699	442
Interest expense on deposits . . . . .	426	265	902	900	138	115	75	43
Net Income . . . . .	<u>2,827</u>	<u>1,874</u>	<u>6,827</u>	<u>7,087</u>	<u>154</u>	<u>149</u>	<u>624</u>	<u>399</u>

  

	Greece		Indonesia		Iran, I. R. of		Portugal	
	1996	1995	1996	1995	1996	1995	1996	1995
Investment income . . . . .	2,624	3,031	1,156	1,018	81	42	187	96
Interest expense on deposits . . . . .	319	329	645	583	10	5	21	11
Net Income . . . . .	<u>2,305</u>	<u>2,702</u>	<u>511</u>	<u>435</u>	<u>71</u>	<u>37</u>	<u>166</u>	<u>85</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, 1996 and 1995**

(In thousands of SDRs)  
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1996	1995	1996	1995	1996	1995	1996	1995
Balance, beginning of the year . . . . .	312	298	4	—	—	—	377	—
Net income . . . . .	2,827	1,874	6,827	7,087	154	149	624	399
Transfers to Enhanced Structural Adjustment Facility Trust Subsidy Account . . . . .	(2,907)	(1,860)	(6,453)	(7,083)	(154)	(149)	(1,001)	(22)
Balance, end of the year . . . . .	<u>232</u>	<u>312</u>	<u>378</u>	<u>4</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>377</u>

  

	Greece		Indonesia		Iran, I. R. of		Portugal	
	1996	1995	1996	1995	1996	1995	1996	1995
Balance, beginning of the year . . . . .	999	145	149	—	7	—	11	—
Net income . . . . .	2,305	2,702	511	435	71	37	166	85
Transfers to Enhanced Structural Adjustment Facility Trust Subsidy Account . . . . .	(3,299)	(1,848)	(660)	(286)	(68)	(30)	(177)	(74)
Balance, end of the year . . . . .	<u>5</u>	<u>999</u>	<u>—</u>	<u>149</u>	<u>10</u>	<u>7</u>	<u>—</u>	<u>11</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, 1996 and 1995**

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

	1996	1995
<b>Receipt of Resources</b>		
Cumulative transfers from Saudi Fund for Development .....	49,500	49,500
Cumulative receipts of interest on associated loans .....	595	348
Accrued interest on associated loans .....	82	81
	<u>50,177</u>	<u>49,929</u>
<b>Use of Resources</b>		
Associated loans (Note 4) .....	49,500	49,500
Cumulative payments of interest on loans .....	595	348
Accrued interest on transfers .....	82	81
	<u>50,177</u>	<u>49,929</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, 1996 and 1995**

**Purpose**

At the request of certain member countries, the Fund 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 are 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 Fund 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 Fund 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 Fund's SDR Department. The currency value of the SDR is determined by the Fund each day by summing the values in

U.S. dollars, based on market exchange rates, of a basket of five currencies. The Fund reviews the SDR valuation basket every five years. The SDR valuation basket was revised effective January 1, 1996. The currencies comprising the basket and their amounts in the basket are as follows:

Currency	Amounts	
	To December 31, 1995	From January 1, 1996
U.S. dollar	0.572	0.582
Deutsche mark	0.453	0.446
Japanese yen	31.8	27.2
French franc	0.800	0.813
Pound sterling	0.0812	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 35.0 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 Fund, 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 has 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 Fund 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.

## Administered Accounts Established at the Request of Members

Balance Sheets  
as at April 30, 1996 and 1995

(Note 1)

	Administered Account Japan		Administered Technical Assistance Account Japan		Framework Administered Account for Technical Assistance Activities	Administered Account for Rwanda
	1996	1995	1996	1995	1996	1996
	<i>(In thousands of U.S. dollars)</i>				<i>(In thousands of SDRs)</i>	
<b>Assets</b>						
Investments (Note 2) . . . . .	71,100	46,800	11,742	9,023	970	1,419
Currency deposit . . . . .	2	59	—	—	—	—
Interest receivable . . . . .	—	15	—	—	—	13
Total Assets . . . . .	<u>71,102</u>	<u>46,874</u>	<u>11,742</u>	<u>9,023</u>	<u>970</u>	<u>1,432</u>
<b>Resources</b>						
Total Resources . . . . .	<u>71,102</u>	<u>46,874</u>	<u>11,742</u>	<u>9,023</u>	<u>970</u>	<u>1,432</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, 1996 and 1995

(Note 1)

	Administered Account Japan for the Years Ended April 30		Administered Technical Assistance Account Japan for the Years Ended April 30		Framework Administered Account for Technical Assistance Activities for the Period September 11, 1995 to April 30, 1996	Administered Account for Rwanda for the Period November 9, 1995 to April 30, 1996
	1996	1995	1996	1995		
	<i>(In thousands of U.S. dollars)</i>				<i>(In thousands of SDRs)</i>	
Balance, beginning of the year/period	46,874	58,365	9,023	6,778	—	—
Contributions received . . . . .	21,306	—	18,723	16,105	1,105	1,538
Income earned on investments (Note 2) . . . . .	<u>2,922</u>	<u>2,709</u>	<u>773</u>	<u>471</u>	<u>19</u>	<u>29</u>
	71,102	61,074	28,519	23,354	1,124	1,567
Payments to beneficiaries . . . . .	—	14,200	16,777	14,331	154	135
Balance, end of the year/period . . . .	<u>71,102</u>	<u>46,874</u>	<u>11,742</u>	<u>9,023</u>	<u>970</u>	<u>1,432</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, 1996 and 1995

#### *Purpose*

At the request of members, the Fund has established special purpose accounts to administer contributed resources and to perform financial and technical services consistent with the purposes of the Fund. The assets of each account and each subaccount are separate from the assets of all other accounts of, or administered by, the Fund 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 Fund 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 Fund. The resources of the account are to be disbursed in amounts specified by Japan and to members designated by Japan. At April 30, 1996, cumulative resources received amounted to \$118.7 million, of which \$72.5 million had been disbursed (\$97.4 million and \$72.5 million, respectively, at April 30, 1995).

#### *Administered Technical Assistance Account Japan*

At the request of Japan, the Fund established an account on March 19, 1990 to administer resources contributed by Japan that are to be used to finance technical assistance to member countries. Resources are to be used with the approval of Japan to assist members in resolving, inter alia, debt-related difficulties. Disbursements can also be made from the account to the General Resources Account to reimburse the Fund for qualifying technical assistance projects. At April 30, 1996, cumulative contributions received by the account amounted to \$59.6 million (\$40.9 million at April 30, 1995), of which \$49.6 million had been disbursed (\$32.8 million at April 30, 1995). Cumulative contributions included \$2.3 million earmarked for scholarships, of which \$2.2 million had been disbursed at April 30, 1996 (\$1.14 million and \$1.08 million, respectively, at April 30, 1995).

#### *Framework Administered Account for Technical Assistance Activities*

The Framework Administered Account for Technical Assistance Activities ("the Framework Account") was established by the Fund 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 Fund. 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 Frame-

work Account to the General Resources Account to reimburse the Fund for its costs incurred on behalf of technical assistance activities financed by resources from the Framework Account. At April 30, 1996, cumulative contributions received by the account amounted to \$1.1 million, of which \$0.2 million had been disbursed.

#### *Subaccount for Japan Advanced Scholarship Program*

At the request of Japan, the 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 will focus primarily on the training of nationals of Asian member countries, including Japan. At April 30, 1996, cumulative contributions received amounted to \$0.35 million, of which \$0.04 million had been disbursed.

#### *Rwanda—Macroeconomic Management Capacity Subaccount*

At the request of Rwanda, the Rwanda—Macroeconomic Management Capacity Subaccount was established on December 20, 1995 to finance technical assistance to rehabilitate and strengthen Rwanda's macroeconomic management capacity. At April 30, 1996, cumulative contributions received amounted to \$0.76 million, of which \$0.11 million had been disbursed.

#### *Administered Account for Rwanda*

At the request of the Netherlands, Sweden, and the United States ("the donor countries"), the Fund established an account on October 27, 1995 to administer resources contributed by the donor countries in order to provide grants to Rwanda. These grants are to be used for the purpose of reimbursing the service charge and reducing, to the equivalent of a rate of ½ of 1 percent a year, the rate of the quarterly charges payable by Rwanda on its use of the Fund's financial resources under the compensatory and contingency financing facility (CCFF). At April 30, 1996, cumulative contributions received by the account amounted to SDR 1.54 million, of which SDR 0.13 million had been disbursed.

#### *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 Technical Assistance Account 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.

Contributions denominated in other currencies are converted into U.S. dollars upon receipt of the funds.

#### *Administered Account for Rwanda*

The account is expressed in SDRs. SDRs are reserve assets allocated to participants in the Fund's SDR Department. The currency value of the SDR is determined by the Fund each day by summing the values in U.S. dollars, based on market exchange rates, of a basket of five currencies. The Fund reviews the SDR valuation basket every five years. The SDR valuation basket was revised effective January 1, 1996. The currencies comprising the basket and their amounts in the basket are as follows:

Currency	Amounts	
	To December 31, 1995	From January 1, 1996
U.S. dollar	0.572	0.582
Deutsche mark	0.453	0.446
Japanese yen	31.8	27.2
French franc	0.800	0.813
Pound sterling	0.0812	0.105

Transfers to and disbursements from the account are made in U.S. dollars or in other freely usable currencies. Transactions and operations of the account 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 Fund or by Japan. Any remaining resources in the account at termination are to be returned promptly to Japan.

### *Administered Technical Assistance Account Japan*

The account can be terminated by the Fund or by Japan. Any resources that may remain in the account at termination, net of accrued liabilities under technical assistance projects, 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 Fund 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 Fund 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 Fund or by unanimous agreement of the donor countries. The account shall, in any case, be terminated by the Fund when Rwanda's financial obligations to the Fund under the CCFE 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, 1996 and 1995**

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

	1996	1995
<b>Assets</b>		
Loans receivable (Note 2) .....	95,135	101,784
Interest and charges receivable and accrued (Note 3) .....	<u>25,201</u>	<u>25,595</u>
Total Assets .....	<u>120,336</u>	<u>127,379</u>
<b>Resources and Deferred Income</b>		
Trust resources .....	95,135	101,784
Deferred income (Note 3) .....	<u>25,201</u>	<u>25,595</u>
Total Resources and Deferred Income .....	<u>120,336</u>	<u>127,379</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, 1996 and 1995**

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

	1996	1995
<b>Income</b>		
Interest and charges on loans (Note 2) .....	496	524
Less income deferred (Note 3) .....	<u>394</u>	<u>(490)</u>
Net Income .....	<u>890</u>	<u>34</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, 1996 and 1995**

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

	1996	1995
Balance, beginning of the year .....	101,784	105,474
Net income .....	<u>890</u>	<u>34</u>
Balance before transfers to the Special Disbursement Account .....	102,674	105,508
Transfers to the Special Disbursement Account (Note 4) .....	<u>7,539</u>	<u>3,724</u>
Balance, end of the year .....	<u>95,135</u>	<u>101,784</u>

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

**Trust Fund**  
Notes to the Financial Statements  
as at April 30, 1996 and 1995

**Purpose**

The Trust Fund, for which the Fund 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 Fund, as Trustee, decided that, upon the completion of the final loan disbursements, the Trust Fund would be terminated as of April 30, 1981. After that date, the activities of the Trust Fund have been confined to the completion of the business of the Trust Fund and the winding up of its affairs. The resources of the Trust Fund are separate from the assets of all other accounts of, or administered by, the Fund and cannot be used to discharge liabilities or to meet losses incurred in the administration of other Fund 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 Fund's SDR Department. The currency value of the SDR is determined by the Fund each day by summing the values in U.S. dollars, based on market exchange rates, of a basket of five currencies. The Fund reviews the SDR valuation basket every five years. The SDR valuation basket was revised effective January 1, 1996. The currencies comprising the basket and their amounts in the basket are as follows:

Currency	Amounts	
	To December 31, 1995	From January 1, 1996
U.S. dollar	0.572	0.582
Deutsche mark	0.453	0.446
Japanese yen	31.8	27.2
French franc	0.800	0.813
Pound sterling	0.0812	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 Fund.

**2. Loans**

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

**3. Overdue Obligations**

At April 30, 1996, three members with obligations to the Trust Fund were six months or more overdue in discharging their obligations to the Trust Fund (four members at April 30, 1995). 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, 1996, total deferred income amounted to SDR 25.2 million (SDR 25.6 million at April 30, 1995). Overdue loan repayments and interest and special charges due from these members were as follows:

	Loans		Interest and Special Charges	
	1996	1995	1996	1995
<i>In millions of SDRs</i>				
Total overdue	95.1	101.8	25.0	25.4
Overdue six months or more	95.1	101.8	24.8	25.2
Overdue three years or more	95.1	101.8	23.0	20.4

The type and duration of the arrears of these members at April 30, 1996 were as follows:

Member	Loans	Interest and Special Charges	Total	Longest Overdue Obligation
<i>In millions of SDRs</i>				
Liberia	24.3	6.4	30.7	January 1985
Somalia	6.4	1.2	7.6	July 1987
Sudan	64.4	17.4	81.8	December 1984
Total	95.1	25.0	120.1	

**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, 1996 and 1995*(In thousands of SDRs)*  
(Note 1)

	1996	1995
<b>Assets</b>		
Deposits (Note 2) .....	2,372	2,268
Interest receivable .....	<u>23</u>	<u>27</u>
Total Assets .....	<u>2,395</u>	<u>2,295</u>
<b>Resources</b>		
Total Resources .....	<u>2,395</u>	<u>2,295</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, 1996 and 1995*(In thousands of SDRs)*  
(Note 1)

	1996	1995
Balance, beginning of the year .....	2,295	2,810
Investment income .....	<u>100</u>	<u>117</u>
Balance before transfers .....	2,395	2,927
Transfers to the Special Disbursement Account (Note 3) .....	<u>—</u>	<u>632</u>
Balance, end of the year .....	<u>2,395</u>	<u>2,295</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, 1996 and 1995

### *Purpose*

The Supplementary Financing Facility Subsidy Account ("the Subsidy Account"), which is administered by the Fund, was established in December 1980 to assist low-income developing country members to meet the cost of using resources made available through the Fund'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 Fund and cannot be used to discharge liabilities or to meet losses incurred in the administration of other Fund 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 Fund's SDR Department. The currency value of the SDR is determined by the Fund each day by summing the values in U.S. dollars, based on market exchange rates, of a basket of five currencies. The Fund reviews the SDR valua-

tion basket every five years. The SDR valuation basket was revised effective January 1, 1996. The currencies comprising the basket and their amounts in the basket are as follows:

Currency	Amounts	
	To December 31, 1995	From January 1, 1996
U.S. dollar	0.572	0.582
Deutsche mark	0.453	0.446
Japanese yen	31.8	27.2
French franc	0.800	0.813
Pound sterling	0.0812	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, 1996 and April 30, 1995, subsidy payments totaling SDR 2.2 million had not been made to Liberia and Sudan and are being held pending the payment of overdue charges by these members.

## Retired Staff Benefits Investment Account

Balance Sheets  
as at April 30, 1996 and 1995*(In thousands of U.S. dollars)*  
(Note 1)

	1996	1995
<hr/>		
<b>Assets</b>		
Investments (Note 2) .....	122,310	105,289
Interest receivable .....	—	35
<b>Total Assets</b> .....	<u>122,310</u>	<u>105,324</u>
<b>Resources</b>		
<b>Total Resources</b> .....	<u>122,310</u>	<u>105,324</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 Year Ended April 30, 1996  
and for the Period April 3, 1995 to April 30, 1995*(In thousands of U.S. dollars)*  
(Note 1)

	1996	1995
<hr/>		
Balance, beginning of the year/period .....	105,324	—
Contributions received (Note 3) .....	10,500	104,903
Income earned on investments (Note 2) .....	6,486	421
Balance, end of the year/period .....	<u>122,310</u>	<u>105,324</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, 1996 and 1995

#### *Purpose*

The Retired Staff Benefits Investment Account (“the RSBIA”) was established on April 3, 1995 to hold, administer, and invest resources contributed by the Fund for meeting post-retirement medical and life insurance benefits to eligible retirees of the Fund and other beneficiaries. The RSBIA accumulates resources to cover benefits to retirees and current staff after their retirement.

The assets of the RSBIA consist of the Fund’s contributions and the income earned thereon. Assets are within the sole ownership of the Fund 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 Fund’s cumulative cost of these benefits.

Resources are accumulated to meet the Fund’s share of the cost of life insurance and medical benefits to retirees and other beneficiaries. 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 Fund 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 Fund in income-earning deposits. Investments are recorded at historical cost, which approximates market value.

Cumulative contributions received by the RSBIA amounted to \$115.4 million at April 30, 1996 (\$104.9 million at April 30, 1995).

#### *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 Fund’s actuarially determined cost at April 30, 1996 amounted to \$163.6 million. Each year the Fund amortizes a portion of the past-service cost (over a period of 20 years) 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 Fund. During the year an amount of \$10.5 million was transferred to the RSBIA.

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 Fund 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 Fund.

Report of the External Audit Committee  
Staff Retirement Plan

Washington, D.C.  
June 20, 1996

*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, 1996.

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, 1996 and of the changes in financial status for the year then ended.

EXTERNAL AUDIT COMMITTEE:

/s/ Ioane Naiveli, Chairman (Fiji)

/s/ Richard B. Calahan (United States)

/s/ Jiří Škoda (the Czech Republic)

**Staff Retirement Plan**  
**Statements of Accumulated Plan Benefits**  
**and Net Assets Available for Benefits**  
**as at April 30, 1996 and 1995**

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

	1996	1995
<b>Accumulated Plan Benefits</b>		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants .....	547,600	496,200
Active participants .....	490,100	453,200
Nonvested benefits .....	<u>606,700</u>	<u>574,600</u>
Total actuarial present value of accumulated Plan benefits .....	<u>1,644,400</u>	<u>1,524,000</u>
<b>Assets Available for Benefits</b>		
Investments, at current value (Note 3)		
Portfolio denominated in other currencies .....	1,262,772	910,750
Portfolio denominated in U.S. dollars .....	<u>1,151,085</u>	<u>1,173,648</u>
	<u>2,413,857</u>	<u>2,084,398</u>
Receivables		
Accrued interest and dividends .....	13,069	11,783
Contributions .....	1,957	1,485
Other .....	<u>24</u>	<u>24</u>
	<u>15,050</u>	<u>13,292</u>
Total assets .....	<u>2,428,907</u>	<u>2,097,690</u>
<b>Liabilities</b>		
Accounts payable .....	<u>3,232</u>	<u>4,611</u>
Net assets available for benefits .....	<u>2,425,675</u>	<u>2,093,079</u>
Excess of net assets available for benefits over actuarial present value of accumulated Plan benefits (Note 2) .....	<u>781,275</u>	<u>569,079</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, 1996 and 1995**

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

	1996	1995
Actuarial present value of accumulated Plan benefits, beginning of the year .....	<u>1,524,000</u>	<u>1,411,600</u>
Increase (decrease) during the year attributable to		
Benefits accumulated (Note 1) .....	40,189	38,306
Increase for interest due to decrease in discount period .....	127,600	118,100
Benefits paid .....	<u>(47,389)</u>	<u>(44,006)</u>
Net increase .....	<u>120,400</u>	<u>112,400</u>
Actuarial present value of accumulated Plan benefits, end of the year .....	<u><u>1,644,400</u></u>	<u><u>1,524,000</u></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, 1996 and 1995**

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

	1996	1995
<b>Investment Income</b>		
Net gain in current value of investments (Note 3) .....	245,842	43,050
Interest and dividends .....	<u>84,850</u>	<u>75,608</u>
	<u>330,692</u>	<u>118,658</u>
<b>Contributions (Note 2)</b>		
International Monetary Fund .....	38,320	37,102
Participants .....	18,909	18,058
Net transfers from retirement plans of other international organizations .....	1,177	1,557
Participants restored to service .....	<u>22</u>	<u>169</u>
	<u>58,428</u>	<u>56,886</u>
Total additions .....	<u>389,120</u>	<u>175,544</u>
<b>Benefits</b>		
Pension .....	37,771	33,705
Commutation .....	6,103	6,058
Withdrawal .....	3,102	3,676
Death .....	<u>413</u>	<u>567</u>
	<u>47,389</u>	<u>44,006</u>
<b>Investment Fees</b>		
Manager .....	7,783	6,742
Custodian .....	<u>1,352</u>	<u>1,358</u>
	<u>9,135</u>	<u>8,100</u>
Total payments .....	<u>56,524</u>	<u>52,106</u>
Net additions .....	332,596	123,438
<b>Net Assets Available for Benefits</b>		
Beginning of the year .....	<u>2,093,079</u>	<u>1,969,641</u>
End of the year .....	<u>2,425,675</u>	<u>2,093,079</u>

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

## Staff Retirement Plan

### Notes to the Financial Statements as at April 30, 1996 and 1995

#### *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. If the cost of living increase for a financial year should exceed 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 termination, 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. As a result of an amendment to the Plan that became effective on May 1, 1991, the additional cost of paying pensions in local currency, formerly paid by the Employer, is now paid by the Plan.

##### *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 1996, the administrative costs met by the Employer were approximately \$0.15 million (\$0.13 million in 1995).

### 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

### 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, 1996. 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 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. Investments in real estate are valued at the last reported appraised value.

In October 1995, the valuation of purchases and sales made by U.S. investment managers was changed from the settlement date basis to the trade date basis. This change was made to be consistent with the valuation basis of international investment managers. The effect of this change is deemed immaterial to these statements.

### Trading Instruments

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.

### Risk-Management Instruments

The face amounts of forward foreign currency exchange contracts, financial futures contracts, and currency options and swaps are not included in net assets available for Plan benefits. The changes in market value of such contracts are recognized currently in the financial statements.

### Income Recognition

The Plan maintains its accounts on an 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, 1994, this rate was 14.43 percent and was 14.25 percent for the year that began on May 1, 1995. The proposed rate for the year beginning May 1, 1996 is 10.56 percent of the new gross remuneration.

The actuarial assumptions used in the valuation to determine the Employer contribution 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 sex; (3) an average rate of return on investments of 8.5 percent a year; (4) an average inflation rate of 5 percent a year; (5) salary increase percentages that vary with age; and (6) valuation of assets using a five-year moving-average method.

The results of the April 30, 1995 and 1994 valuations are:

	1995	1994
	<i>In millions of U.S. dollars</i>	
Present value of benefits payable	2,392	2,249
Less: Assets for valuation purposes	1,903	1,689
Required future funding	489	560
Less: Present value of prospective contributions from participants (7 percent of gross remuneration)	200	194
Present value of future funding required from the Employer	<u>289</u>	<u>366</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 with potential off-balance-sheet risk including futures, forward currency contracts, and currency options and swaps.

A summary of the Plan's investments at market values is as follows:

	1996	1995
	<i>In millions of U.S. dollars</i>	
Denominated in U.S. dollars		
Equity securities	562	573
Debt securities	157	240
Short-term investments	244	221
Real estate	188	139
	<u>1,151</u>	<u>1,173</u>
Denominated in other currencies		
Equity securities	1,010	725
Debt securities	243	181
Short-term and real estate investments	10	5
	<u>1,263</u>	<u>911</u>
	<u>2,414</u>	<u>2,084</u>

The market value of financial instruments with potential off-balance-sheet risk and the related credit exposure are as follows:

	1996	1995
	<i>In millions of U.S. dollars</i>	
Futures and forward contracts		
Long position	964	906
Short position	1,106	1,182
Credit exposure due to potential nonperformance by counterparties	2,070	2,088
Swaps		
Credit exposure due to potential nonperformance by counterparties	25	22

Investments in derivatives are aimed at optimizing investment income, given levels of market, credit, counterparty, and foreign currency risk. The Plan's principal objective in entering into forward foreign currency exchange contracts and swaps (\$1,927 million) is to manage foreign currency fluctuations relative to investments in its international portfolio. The Plan enters into financial futures contracts (\$168 million) to hedge market price risks, as well as to take leveraged investment positions.

Report of the External Audit Committee  
Supplemental Retirement Benefit Plan

Washington, D.C.  
June 20, 1996

*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, 1996.

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, 1996 and of the changes in financial status for the year then ended.

EXTERNAL AUDIT COMMITTEE:

/s/ Ioane Naiveli, Chairman (Fiji)

/s/ Richard B. Calahan (United States)

/s/ Jiří Škoda (the Czech Republic)

**Supplemental Retirement Benefit Plan**  
**Statements of Accumulated Plan Benefits**  
**and Assets Available for Benefits**  
**as at April 30, 1996 and 1995**

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

	1996	1995
<b>Accumulated Plan Benefits</b>		
Actuarial present value of accumulated Plan benefits		
Vested benefits . . . . .	15,900	8,900
Nonvested benefits . . . . .	<u>100</u>	<u>100</u>
Total actuarial present value of accumulated Plan benefits . . . . .	<u>16,000</u>	<u>9,000</u>
<b>Assets Available for Benefits</b>		
Cash at bank (Note 3) . . . . .	<u>1</u>	<u>1</u>
Assets available for benefits . . . . .	<u>1</u>	<u>1</u>
Excess of actuarial present value of accumulated Plan benefits over assets available for benefits . . . . .	<u>15,999</u>	<u>8,999</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, 1996 and 1995**

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

	1996	1995
Actuarial present value of accumulated Plan benefits, beginning of the year . . . . .	<u>9,000</u>	<u>6,800</u>
Increase (decrease) during the period attributable to		
Benefits accumulated . . . . .	7,231	2,169
Increase for interest due to decrease in discount period . . . . .	700	600
Benefits paid . . . . .	<u>(931)</u>	<u>(569)</u>
Net increase . . . . .	<u>7,000</u>	<u>2,200</u>
Actuarial present value of accumulated Plan benefits, end of the year . . . . .	<u>16,000</u>	<u>9,000</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, 1996 and 1995**

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

	1996	1995
<hr/>		
<b>Contributions</b>		
International Monetary Fund .....	<u>931</u>	<u>569</u>
<b>Benefits</b>		
Pension .....	<u>931</u>	<u>569</u>
<b>Assets Available for Benefits</b>		
Beginning of the year .....	<u>1</u>	<u>1</u>
End of the year .....	<u><u>1</u></u>	<u><u>1</u></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, 1996 and 1995**

*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 1996, 40 pensioners received benefits from the SRBP (36 in financial year 1995).

*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, 1996. 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 an accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

*2. Actuarial Valuation*

The actuarial assumptions used in the valuation to determine the Employer contribution in recent years 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 sex; (3) an average rate of return on investments of 8.5 percent a year; (4) an average inflation rate of 5 percent a year; (5) salary increase percentages, which vary with age; and (6) valuation of assets using a five-year moving-average method.

*3. Assets*

Assets are maintained in a money market deposit account.

