

General Department
Balance Sheets
as at April 30, 1997 and 1996

(In thousands of SDRs)
 (Note 1)

	1997	1996
Assets		
General Resources Account		
Currencies and securities (Notes 2 and 5)	143,698,359	144,181,448
SDR holdings (Note 3)	1,494,149	824,728
Gold holdings (Note 4)	3,624,797	3,624,797
Charges, interest, and other receivables (Notes 2 and 5)	1,321,781	1,263,852
Other assets (Note 6)	227,754	141,673
Total General Resources Account	<u>150,366,840</u>	<u>150,036,498</u>
Special Disbursement Account		
Structural Adjustment Facility loans	1,219,681	1,544,818
Interest receivable	6,196	5,981
Total Special Disbursement Account	<u>1,225,877</u>	<u>1,550,799</u>
Total Assets	<u>151,592,717</u>	<u>151,587,297</u>
Quotas, Reserves, Liabilities, and Resources		
General Resources Account		
Quotas (Note 2)	145,318,800	145,318,800
Reserves (Note 7)	1,969,667	1,875,873
Special Contingent Accounts (Note 5)	1,785,404	1,633,460
Liabilities		
Remuneration payable (Note 5)	273,495	232,673
Other liabilities	144,909	141,002
	418,404	373,675
Deferred income (Note 5)	874,565	834,690
Total General Resources Account	<u>150,366,840</u>	<u>150,036,498</u>
Special Disbursement Account		
Accumulated resources	1,221,497	1,547,179
Deferred income (Note 5)	4,380	3,620
Total Special Disbursement Account	<u>1,225,877</u>	<u>1,550,799</u>
Total Quotas, Reserves, Liabilities, and Resources	<u>151,592,717</u>	<u>151,587,297</u>

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

/s/ David Williams
Treasurer

/s/ M. Camdessus
Managing Director

General Department
Income Statements
for the Years Ended April 30, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	1997	1996
General Resources Account		
Operational Income (Note 5)		
Periodic charges	1,525,109	1,491,424
Interest on SDR holdings	57,593	40,259
Other charges and income	38,880	60,041
Burden-sharing contributions net of refunds (Note 5)		
Additional charges	81,812	(47,661)
Reduction of remuneration	116,960	99,397
Deferred income, net of settlements	(39,874)	267,476
	<u>1,780,480</u>	<u>1,910,936</u>
Operational Expense		
Remuneration (Note 5)	1,217,948	1,194,786
Allocation to the Special Contingent Accounts (Note 5)	151,944	263,545
Interest on borrowing	—	61,989
	<u>1,369,892</u>	<u>1,520,320</u>
Net Operational Income	<u>410,588</u>	<u>390,616</u>
Administrative Expenses (Notes 1 and 8)	<u>316,794</u>	<u>301,289</u>
Net Income of General Resources Account	<u>93,794</u>	<u>89,327</u>
Special Disbursement Account		
Interest and special charges	6,079	7,477
Investment income	—	4,924
	<u>6,079</u>	<u>12,401</u>
Administrative expenses	30,700	23,700
Net Loss of Special Disbursement Account	<u>(24,621)</u>	<u>(11,299)</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, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	1997	1996
Reserves—General Resources Account		
Special Reserve (Note 7)		
Balance, beginning of the year	1,510,293	1,420,966
Net income	93,794	89,327
Balance, end of the year	<u>1,604,087</u>	<u>1,510,293</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><u>1,969,667</u></u>	<u><u>1,875,873</u></u>
Resources—Special Disbursement Account		
Balance, beginning of the year	1,547,179	1,842,328
Transfers from Trust Fund	4,860	7,539
Transfers from Supplementary Financing Facility Subsidy Account	179	—
Transfers to ESAF Trust	<u>(306,100)</u>	<u>(291,389)</u>
Net loss	1,246,118	1,558,478
Total Resources of the Special Disbursement Account	<u>(24,621)</u>	<u>(11,299)</u>
	<u><u>1,221,497</u></u>	<u><u>1,547,179</u></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, 1997 and 1996

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, 1997.

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 members 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 Dis-

bursement 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. The Fund has also transferred certain resources derived from the termination of the 1976 Trust Fund to the ESAF Trust Subsidy Account. Upon liquidation of the ESAF Trust, any resources remaining in the ESAF Trust Subsidy Account will be returned to the Special Disbursement Account and the contributors of the ESAF Trust Subsidy Account.

1. Summary of Significant Accounting Practices

Unit of Account

The accounts of the General Department are expressed in terms of the SDR. 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 last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

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

Valuation of Currencies

Currencies are valued in terms of the SDR on the basis of the representative exchange rate determined for each currency. Each member is obligated to maintain the value of the balances of its currency held by the 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 1/4 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, 1997 were as follows:

	April 30, 1997	April 30, 1996	Net Change
<i>In millions of SDRs</i>			
Members' quotas	145,319	145,319	—
Members' outstanding use of Fund credit in the GRA	34,539	36,268	(1,729)
Members' outstanding reserve tranche positions in the GRA	(36,103)	(37,352)	1,249
Other receivables	(56)	(56)	—
Administrative currency balances	(1)	2	(3)
Currencies and securities	<u>143,698</u>	<u>144,181</u>	<u>(483)</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, 1997, this state had not succeeded to Fund membership. Fund credit outstanding with respect to the Federal Republic of Yugoslavia (Serbia/Montenegro) amounted to SDR 56.1 million at April 30, 1997 and 1996. This amount is included in charges, 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, 1997, when all holdings of currencies of members were last revalued, receivables and payables arising from valuation adjustments amounted to SDR 7,970.0 million and SDR 4,055.9 million, respectively (SDR 10,125.4 million and SDR 5,716.9 million, respectively, at April 30, 1996). At June 11, 1997, the amounts receivable were SDR 6,875.1 million, and the amounts payable were SDR 2,014.6 million.

The Fund's holdings of members' currencies at April 30, 1997 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

The Articles of Agreement limit the use of gold in the Fund's operations and transactions. Any use provided for in the Articles requires the approval by 85 percent majority of the total voting power of the Executive Board. In accordance with provisions of the Articles, proceeds from the sale of gold in excess of the stipulated valuation are to be transferred to the Special Disbursement Account, to the Investments Account, or to members that were members on August 31, 1975.

At April 30, 1997 and 1996, the Fund held 3,217,341 kilograms equal to 103,439,916 fine ounces of gold at designated depositories. In accordance with the Fund's Articles of Agreement and its Rules and Regulations, gold is valued at SDR 3,624.8 million on the basis of 0.888671 gram of fine gold per SDR, which is equivalent to SDR 35 per fine ounce, except for 21,396 fine ounces of gold that were acquired at a market value equivalent to SDR 5.1 million. This valuation is equal to the original cost at which the gold was acquired. As of April 30, 1997, the value of the Fund's holdings of gold calculated at the market price was SDR 25.8 billion (SDR 27.8 billion at April 30, 1996).

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, 1997 were as follows:

	April 30, 1996	Purchases	Repurchases	April 30, 1997
	<i>In millions of SDRs</i>			
Regular facilities	18,623	1,837	3,923	16,537
Extended Fund Facility	7,435	2,821	793	9,463
Systemic Transformation Facility	3,984	—	—	3,984
Enlarged access	4,436	—	1,390	3,046
Compensatory and Contingency Financing Facility	1,602	282	549	1,335
Supplementary Financing Facility	188	—	14	174
Total	<u>36,268</u>	<u>4,940</u>	<u>6,669</u>	<u>34,539</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, 1997, 25 arrangements were in effect, and undrawn balances under these arrangements amounted to

SDR 9,055.6 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, 1997, the total holdings on which the Fund levied charges amounted to SDR 34,539.2 million (SDR 36,268.4 at April 30, 1996).

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) are below the member's norm. The norm varies for each member and, on average, amounted to 94.5 percent of quota at April 30, 1997 and 1996. 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, 1997, the total creditor positions on which the Fund paid remuneration amounted to SDR 29,676.1 million (SDR 30,955.9 million at April 30, 1996).

Borrowing Arrangements

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, 1997, the GAB had not been activated.

On January 27, 1997, the Fund adopted the New Arrangements to Borrow (NAB), under which the Fund may borrow up to SDR 34 billion of supplementary resources. The NAB will enter into force when adopted by participants with credit arrangements totaling no less than SDR 28.9 billion, including the five participants with the largest credit arrangements. The NAB will be the facility of first and principal recourse, but it does not replace supplemental credit lines available to the Fund under the GAB, which will remain in force.

Overdue Obligations

At April 30, 1997, six members were six months or more overdue in settling their financial obligations to the Fund (five members at April 30, 1996); four of these members were overdue to the General Department (four members at

April 30, 1996). 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 1,215.0 million as of April 30, 1997 (SDR 1,260.0 million as of April 30, 1996).

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	
	1997	1996	1997	1996
<i>In millions of SDRs</i>				
Total overdue	1,165	1,175	867	827
Overdue for six months or more	1,147	1,157	842	804
Overdue for three years or more	1,043	1,007	719	660

The type and duration of these arrears as of April 30, 1997 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	196.7	398.1	January 1985
Somalia	104.7	70.4	175.1	July 1987
Sudan	550.7	541.7	1,092.4	April 1985
Yugoslavia, Federal Republic of (Serbia/ Montenegro)	56.0	12.5	68.5	September 1992
Zaire	251.8	45.5	297.3	May 1991
Total	<u>1,164.6</u>	<u>866.8</u>	<u>2,031.4</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) preventive 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 874.6 million at April 30, 1997 (SDR 834.7 million at April 30, 1996).

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, 1997, SDR 1,785.4 million was held in the first and second Special Contingent Accounts (SCA-1 and SCA-2). SDR 785.4 million was held in the SCA-1, and SDR 1,000.0 million was held in the SCA-2, at April 30, 1997 (SDR 691.6 million and SDR 941.9 million, respectively, at April 30, 1996). 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 to accumulate SDR 1.0 billion over a period of approximately five years through a further adjustment to the rate of charge and the rate of remuneration. Financing of the SCA-2 was completed during financial year 1997. The resources accumulated in the SCA-2 safeguard against potential losses arising from purchases made under a successor arrangement after a rights accumulation program has been successfully completed by members with protracted arrears to the 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, 1997 and 1996.

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, 1997 were as follows:

	Adjustments to		
	Charges	Remuneration	Total
<i>In millions of SDRs</i>			
Deferred charges	24.2	23.3	47.5
SCA-1	47.4	47.4	94.8
SCA-2	11.2	47.4	58.6
Total	82.8	118.1	200.9
Refunds of deferred charges	1.0	1.1	2.1
Burden-sharing contributions net of refunds	81.8	117.0	198.8

The cumulative charges, net of settlements, that have been deferred since May 1, 1986 and have resulted in adjustments to charges and remuneration amounted to SDR 680.8 mil-

lion (SDR 634.3 million at April 30, 1996). The cumulative refunds for the same period amounted to SDR 960.7 million (SDR 958.6 million at April 30, 1996).

6. Other Assets

Other assets include capital assets, which at April 30, 1997 amounted to SDR 193.9 million (SDR 105.3 million at April 30, 1996), net of accumulated depreciation of SDR 76.4 million (SDR 68.3 million at April 30, 1996). These consist of land (SDR 33.7 million), buildings (SDR 25.9 million), equipment (SDR 14.5 million), construction in progress (SDR 51.6 million), and other property (SDR 68.2 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. Administrative Expenses

For the year ended April 30, 1997, the Fund incurred administrative expenses for personnel (SDR 246.9 million), travel (SDR 46.6 million), and other administrative needs (SDR 23.3 million) (SDR 233.1 million for personnel, SDR 44.5 million for travel, and SDR 23.7 million for other administrative needs for the year ended April 30, 1996). Administrative expenses, which are net of reimbursements, include pension plan contributions, postretirement benefits other than pensions, and depreciation expense. The General Resources Account is reimbursed for expenses incurred in administering the SDR Department (SDR 4.2 million for the year ended April 30, 1997, and SDR 4.0 million for the year ended April 30, 1996), the Special Disbursement Account and the Enhanced Structural Adjustment Facility Trust (SDR 30.7 million for the year ended April 30, 1997, and SDR 23.7 million for the year ended April 30, 1996), and for other services (SDR 21.3 million for the year ended April 30, 1997, and 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, 1997 are based on an actuarial valuation at April 30, 1996.

During the year ended April 30, 1997 the Fund contributed SDR 23.5 million to the Plans (SDR 27.5 million for the year ended April 30, 1996). The present value of the benefits payable under the Plans at April 30, 1997 amounted to SDR 1,875.4 million in comparison to assets, which for actuarial purposes are valued at SDR 1,691.7 million (SDR 1,660.6 million and SDR 1,268.3 million, respectively, at April 30, 1996).

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. The cumulative cost was estimated at SDR 131.9 million at April 30, 1997 (SDR 112.8 million at April 30, 1996). The Fund has established a Retired Staff Benefits Investment Account to hold and invest the resources contributed by the Fund toward the payment of postretirement medical and life insurance benefits. At April 30, 1997, an amount of SDR 108.7 million was held by that account (SDR 84.3 million at April 30, 1996).

General Department
Quotas, Fund's Holdings of Currencies, Members' Use
of Fund Resources, and Reserve Tranche Positions
as at April 30, 1997

(In thousands of SDRs)

Member	General Resources Account				Use of Fund Resources				
	Quota	Fund's holdings of currencies ¹		Reserve tranche position	GRA ²		ESAF Trust ⁴		Total ⁵ (D)
		Total	Percent of quota		(A)	+	(B)	+	
Afghanistan, Islamic State of	120,400	115,488	95.9	4,928	—	—	—	—	—
Albania	35,300	39,870	112.9	5	4,570	—	31,060	—	35,630
Algeria	914,400	2,495,738	272.9	7	1,581,340	—	—	—	1,581,340
Angola	207,300	207,445	100.1	—	—	—	—	—	—
Antigua and Barbuda	8,500	8,499	100.0	1	—	—	—	—	—
Argentina	1,537,100	5,933,748	386.0	—	4,396,622	—	—	—	4,396,622
Armenia, Republic of	67,500	114,750	170.0	5	47,250	—	33,750	—	81,000
Australia	2,333,200	1,998,302	85.6	334,947	—	—	—	—	—
Austria	1,188,300	653,543	55.0	534,729	—	—	—	—	—
Azerbaijan	117,000	243,360	208.0	10	126,360	—	20,480	—	146,840
Bahamas, The	94,900	88,665	93.4	6,239	—	—	—	—	—
Bahrain	82,800	37,336	45.1	45,473	—	—	—	—	—
Bangladesh	392,500	392,395	100.0	106	—	42,119	299,875	—	341,994
Barbados	48,900	50,031	102.3	25	1,151	—	—	—	1,151
Belarus, Republic of	280,400	470,600	167.8	20	190,200	—	—	—	190,200
Belgium	3,102,300	2,393,735	77.2	708,598	—	—	—	—	—
Belize	13,500	10,587	78.4	2,914	—	—	—	—	—
Benin	45,300	43,129	95.2	2,176	—	18,581	49,420	—	68,001
Bhutan	4,500	3,930	87.3	570	—	—	—	—	—
Bolivia	126,200	117,338	93.0	8,875	—	21,314	161,638	—	182,952
Bosnia and Herzegovina	121,200	151,505	125.0	—	30,300	—	—	—	30,300
Botswana	36,600	17,562	48.0	19,038	—	—	—	—	—
Brazil	2,170,800	2,202,692	101.5	—	31,078	—	—	—	31,078
Brunei Darussalam	150,000	114,750	76.5	35,255	—	—	—	—	—
Bulgaria	464,900	938,832	201.9	32,630	506,557	—	—	—	506,557
Burkina Faso	44,200	37,004	83.7	7,221	—	20,856	41,660	—	62,516
Burundi	57,200	51,343	89.8	5,860	—	8,113	17,210	—	25,323
Cambodia	65,000	71,250	109.6	—	6,250	—	42,000	—	48,250
Cameroon	135,100	184,838	136.8	377	50,110	—	—	—	50,110
Canada	4,320,300	3,508,502	81.2	811,799	—	—	—	—	—
Cape Verde	7,000	6,999	100.0	1	—	—	—	—	—
Central African Republic	41,200	51,816	125.8	96	10,710	8,512	—	—	19,222
Chad	41,300	51,347	124.3	280	10,325	9,486	24,780	—	44,591
Chile	621,700	586,678	94.4	35,026	—	—	—	—	—
China	3,385,200	2,446,538	72.3	938,665	—	—	—	—	—
Colombia	561,300	404,392	72.0	156,914	—	—	—	—	—
Comoros	6,500	5,962	91.7	540	—	2,160	—	—	2,160
Congo, Republic of	57,900	69,882	120.7	536	12,500	—	13,896	—	26,396
Costa Rica	119,000	110,288	92.7	8,725	—	—	—	—	—
Côte d'Ivoire	238,200	247,362	103.8	108	9,267	—	333,480	—	342,747
Croatia, Republic of	261,600	434,212	166.0	56	172,660	—	—	—	172,660
Cyprus	100,000	74,553	74.6	25,453	—	—	—	—	—
Czech Republic	589,600	589,600	100.0	3	—	—	—	—	—
Denmark	1,069,900	668,398	62.5	401,515	—	—	—	—	—
Djibouti	11,500	14,375	125.0	—	2,875	—	—	—	2,875

Member	General Resources Account				Use of Fund Resources					
	Quota	Fund's holdings of currencies ¹		Reserve tranche position	GRA ² (A)	+	SDA ³ (B)	+	ESAF	Total ⁵ (D)
		Total	Percent of quota						Trust ⁴ (C)	
Dominica	6,000	5,992	99.9	9	—		386	—	386	
Dominican Republic	158,800	209,121	131.7	3	50,323		—	—	50,323	
Ecuador	219,200	300,949	137.3	17,153	98,900		—	—	98,900	
Egypt	678,400	624,672	92.1	53,750	—		—	—	—	
El Salvador	125,600	125,603	100.0	—	—		—	—	—	
Equatorial Guinea	24,300	24,309	100.0	—	—		9,942	1,650	11,592	
Eritrea	11,500	11,500	100.0	5	—		—	—	—	
Estonia, Republic of	46,500	95,950	206.3	6	49,455		—	—	49,455	
Ethiopia	98,300	91,233	92.8	7,076	—		49,420	14,745	64,165	
Fiji	51,100	41,047	80.3	10,053	—		—	—	—	
Finland	861,800	582,493	67.6	279,310	—		—	—	—	
France	7,414,600	5,602,748	75.6	1,811,925	—		—	—	—	
Gabon	110,300	192,962	174.9	66	82,720		—	—	82,720	
Gambia, The	22,900	21,418	93.5	1,485	—		2,621	9,493	12,114	
Georgia	111,000	188,700	170.0	10	77,700		—	83,250	160,950	
Germany	8,241,500	4,634,348	56.2	3,607,158	—		—	—	—	
Ghana	274,000	301,141	109.9	17,380	44,517		62,372	249,087	355,976	
Greece	587,600	473,913	80.7	113,687	—		—	—	—	
Grenada	8,500	8,501	100.0	—	—		—	—	—	
Guatemala	153,800	153,806	100.0	—	—		—	—	—	
Guinea	78,700	78,628	99.9	75	—		8,106	58,120	66,226	
Guinea-Bissau	10,500	10,500	100.0	*6	—		1,275	5,775	7,050	
Guyana	67,200	72,740	108.2	—	5,538		31,980	81,399	118,917	
Haiti	60,700	77,056	126.9	45	16,400		—	15,175	31,575	
Honduras	95,000	95,000	100.0	—	—		—	33,900	33,900	
Hungary	754,800	817,422	108.3	56,097	118,716		—	—	118,716	
Iceland	85,300	74,812	87.7	10,488	—		—	—	—	
India	3,055,500	3,770,335	123.4	212,630	927,375		—	—	927,375	
Indonesia	1,497,600	1,209,101	80.7	288,500	—		—	—	—	
Iran, Islamic Republic of	1,078,500	1,078,502	100.0	—	—		—	—	—	
Iraq	504,000	504,013	100.0	—	—		—	—	—	
Ireland	525,000	308,116	58.7	216,885	—		—	—	—	
Israel	666,200	666,195	100.0	11	—		—	—	—	
Italy	4,590,700	3,360,624	73.2	1,230,077	—		—	—	—	
Jamaica	200,900	304,884	151.8	—	103,933		—	—	103,933	
Japan	8,241,500	3,825,874	46.4	4,415,771	—		—	—	—	
Jordan	121,700	380,818	312.9	2	259,120		—	—	259,120	
Kazakstan, Republic of	247,500	629,553	254.4	5	382,053		—	—	382,053	
Kenya	199,400	187,041	93.8	12,365	—		50,410	177,742	228,152	
Kiribati	4,000	4,001	100.0	—	—		—	—	—	
Korea	799,600	347,257	43.4	452,347	—		—	—	—	
Kuwait	995,200	865,907	87.0	129,296	—		—	—	—	
Kyrgyz Republic	64,500	104,248	161.6	5	39,748		—	72,025	111,773	
Lao People's Democratic Republic	39,100	39,100	100.0	—	—		15,822	35,190	51,012	
Latvia, Republic of	91,500	172,516	188.5	5	81,016		—	—	81,016	
Lebanon	146,000	127,168	87.1	18,833	—		—	—	—	
Lesotho	23,900	20,389	85.3	3,512	—		5,285	17,893	23,178	
Liberia	71,300	272,738	382.5	28	201,457		—	—	225,735 ⁵	
Libya	817,600	498,628	61.0	318,980	—		—	—	—	
Lithuania, Republic of	103,500	302,091	291.9	5	198,591		—	—	198,591	
Luxembourg	135,500	112,833	83.3	22,669	—		—	—	—	
Macedonia, former Yugoslav Republic of	49,600	96,702	195.0	—	47,100		—	9,094	56,194	
Madagascar	90,400	90,375	100.0	26	—		22,244	25,967	48,211	
Malawi	50,900	61,406	120.6	2,224	12,725		14,322	49,875	76,922	
Malaysia	832,700	377,027	45.3	455,673	—		—	—	—	

Schedule 1 (continued)

Member	General Resources Account				Use of Fund Resources					
	Quota	Fund's holdings of currencies ¹		Reserve tranche position	GRA ² (A)	+	SDA ³ (B)	+	ESAF	Total ⁵ (D)
		Total	Percent of quota						Trust ⁴ (C)	
Maldives	5,500	4,621	84.0	879	—	—	—	—	—	—
Mali	68,900	60,139	87.3	8,761	—	22,352	89,745	—	112,097	—
Malta	67,500	36,865	54.6	30,656	—	—	—	—	—	—
Marshall Islands	2,500	2,500	100.0	1	—	—	—	—	—	—
Mauritania	47,500	47,506	100.0	—	—	7,139	66,618	—	73,757	—
Mauritius	73,300	65,942	90.0	7,366	—	—	—	—	—	—
Mexico	1,753,300	8,847,412	504.6	120	7,094,216	—	—	—	7,094,216	—
Micronesia	3,500	3,500	100.0	1	—	—	—	—	—	—
Moldova, Republic of	90,000	260,038	288.9	5	170,038	—	—	—	170,038	—
Mongolia	37,100	37,413	100.8	5	313	—	29,680	—	29,993	—
Morocco	427,700	397,387	92.9	30,316	—	—	—	—	—	—
Mozambique	84,000	84,000	100.0	7	—	2,208	133,230	—	135,438	—
Myanmar	184,900	184,902	100.0	—	—	—	—	—	—	—
Namibia	99,600	99,575	100.0	26	—	—	—	—	—	—
Nepal	52,000	46,277	89.0	5,730	—	9,698	16,785	—	26,483	—
Netherlands	3,444,200	2,230,501	64.8	1,213,702	—	—	—	—	—	—
New Zealand	650,100	529,831	81.5	120,275	—	—	—	—	—	—
Nicaragua	96,100	96,110	100.0	—	—	—	20,020	—	20,020	—
Niger	48,300	50,849	105.3	8,561	11,109	5,165	28,478	—	44,752	—
Nigeria	1,281,600	1,281,586	100.0	68	—	—	—	—	—	—
Norway	1,104,600	488,753	44.2	615,896	—	—	—	—	—	—
Oman	119,400	87,350	73.2	32,146	—	—	—	—	—	—
Pakistan	758,200	1,313,111	173.2	61	554,971	251,298	172,200	—	978,469	—
Panama	149,600	241,765	161.6	11,860	104,014	—	—	—	104,014	—
Papua New Guinea	95,300	130,603	137.0	53	35,340	—	—	—	35,340	—
Paraguay	72,100	57,578	79.9	14,525	—	—	—	—	—	—
Peru	466,100	1,269,319	272.3	—	803,186	—	—	—	803,186	—
Philippines	633,400	781,759	123.4	87,104	235,449	—	—	—	235,449	—
Poland, Republic of	988,500	911,376	92.2	77,125	—	—	—	—	—	—
Portugal	557,600	252,283	45.2	305,318	—	—	—	—	—	—
Qatar	190,500	163,100	85.6	27,401	—	—	—	—	—	—
Romania	754,100	1,244,695	165.1	—	490,590	—	—	—	490,590	—
Russian Federation	4,313,100	13,387,856	310.4	926	9,075,539	—	—	—	9,075,539	—
Rwanda	59,500	77,368	130.0	—	17,850	7,008	—	—	24,858	—
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	2,352	—	—	—	—	—	—
São Tomé and Príncipe	5,500	5,503	100.1	—	—	400	—	—	400	—
Saudi Arabia	5,130,600	4,587,397	89.4	543,206	—	—	—	—	—	—
Senegal	118,900	148,520	124.9	1,300	30,914	12,403	193,311	—	236,628	—
Seychelles	6,000	5,197	86.6	804	—	—	—	—	—	—
Sierra Leone	77,200	77,189	100.0	24	—	27,020	91,792	—	118,812	—
Singapore	357,600	158,877	44.4	198,726	—	—	—	—	—	—
Slovak Republic	257,400	460,525	178.9	—	203,121	—	—	—	203,121	—
Slovenia, Republic of	150,500	137,631	91.4	12,875	—	—	—	—	—	—
Solomon Islands	7,500	6,967	92.9	538	—	—	—	—	—	—
Somalia	44,200	140,907	318.8	—	96,701	8,840	—	—	112,004 ⁵	—
South Africa	1,365,400	1,902,938	139.4	95	537,626	—	—	—	537,626	—
Spain	1,935,400	878,343	45.4	1,057,079	—	—	—	—	—	—
Sri Lanka	303,600	283,377	93.3	20,250	—	73,623	274,400	—	348,023	—
Sudan	169,700	720,393	424.5	11	550,673	—	—	—	610,376 ⁵	—
Suriname	67,600	67,601	100.0	—	—	—	—	—	—	—
Swaziland	36,500	33,508	91.8	3,002	—	—	—	—	—	—
Sweden	1,614,000	1,184,116	73.4	429,886	—	—	—	—	—	—

Member	General Resources Account				Use of Fund Resources					
	Quota	Fund's holdings of currencies ¹		Reserve tranche position	GRA ² (A)	+	SDA ³ (B)	+	ESAF	Total ⁵ (D)
		Total	Percent of quota						Trust ⁴ (C)	
Switzerland	2,470,400	1,459,080	59.1	1,011,303	—	—	—	—	—	
Syrian Arab Republic	209,900	209,903	100.0	5	—	—	—	—	—	
Tajikistan, Republic of	60,000	75,000	125.0	2	15,000	—	—	—	15,000	
Tanzania	146,900	136,932	93.2	9,975	—	27,820	109,168	—	136,988	
Thailand	573,900	256,527	44.7	317,374	—	—	—	—	—	
Togo	54,300	54,046	99.5	254	—	13,632	48,132	—	61,764	
Tonga	5,000	3,795	75.9	1,210	—	—	—	—	—	
Trinidad and Tobago	246,800	256,161	103.8	15	9,375	—	—	—	9,375	
Tunisia	206,000	365,617	177.5	36	159,653	—	—	—	159,653	
Turkey	642,000	1,070,228	166.7	32,275	460,500	—	—	—	460,500	
Turkmenistan, Republic of	48,000	48,000	100.0	5	—	—	—	—	—	
Uganda	133,900	133,907	100.0	—	—	20,916	252,204	—	273,120	
Ukraine	997,300	2,632,800	264.0	8	1,635,500	—	—	—	1,635,500	
United Arab Emirates	392,100	192,871	49.2	199,229	—	—	—	—	—	
United Kingdom	7,414,600	5,815,582	78.4	1,599,049	—	—	—	—	—	
United States	26,526,800	16,519,845	62.3	10,003,726	—	—	—	—	—	
Uruguay	225,300	211,929	94.1	15,375	1,997	—	—	—	1,997	
Uzbekistan, Republic of	199,500	364,700	182.8	5	165,200	—	—	—	165,200	
Vanuatu	12,500	10,011	80.1	2,489	—	—	—	—	—	
Venezuela	1,951,300	3,305,490	169.4	144,950	1,499,138	—	—	—	1,499,138	
Vietnam	241,600	359,460	148.8	5	117,860	—	241,600	—	359,460	
Western Samoa	8,500	7,830	92.1	672	—	—	—	—	—	
Yemen, Republic of	176,500	294,490	166.8	13	118,000	—	—	—	118,000	
Yugoslavia, Federal Republic of (Serbia/Montenegro)	—	—	—	—	56,056	—	—	—	56,056	
Zaire ⁷	291,000	449,180	154.4	—	158,180	143,083	—	—	301,263	
Zambia	363,500	363,500	100.0	18	—	181,750	661,682	—	843,432	
Zimbabwe	261,300	404,801	154.9	128	143,625	—	151,900	—	295,525	
Total	145,318,800	143,698,359		36,103,034	34,539,244	1,219,681	4,590,574		40,439,943	

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

²Includes 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.

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

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

⁵Includes outstanding Trust Fund loans to Liberia (SDR 24.3 million), Somalia (SDR 6.5 million), and Sudan (SDR 59.7 million).

⁶Less than SDR 500.

⁷The official name of Zaire was changed to Democratic Republic of the Congo on May 17, 1997.

General Department
Schedule of Repurchases and Repayments of Loans
as at April 30, 1997

(In thousands of SDRs)

Financial Year Ending April 30	General Resources Account ¹	Special Disbursement Account
Overdue	1,063,066	101,569
1998	3,462,116	321,299
1999	5,896,675	262,411
2000	10,320,222	175,076
2001	5,643,199	79,024
2002	2,704,442	90,679
2003	1,897,237	61,864
2004	1,467,079	50,823
2005	1,049,334	40,270
2006	699,363	36,666
2007	336,509	—
Total	<u>34,539,244</u>	<u>1,219,681</u>

¹A 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, 1997**

(In thousands of SDRs)

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
General Resources Account				
Stand-By Arrangements				
Argentina	April 12, 1996	January 11, 1998	720,000	321,000
Bulgaria	April 11, 1997	June 10, 1998	371,900	348,700
Djibouti	April 15, 1996	June 14, 1997	4,600	1,725
Egypt	October 11, 1996	September 30, 1998	271,400	271,400
El Salvador	February 28, 1997	April 27, 1998	37,680	37,680
Estonia, Republic of	July 29, 1996	August 28, 1997	13,950	13,950
Hungary	March 15, 1996	February 14, 1998	264,180	264,180
Latvia, Republic of	May 24, 1996	August 23, 1997	30,000	30,000
Lesotho	September 23, 1996	September 22, 1997	7,170	7,170
Pakistan	December 13, 1995	September 30, 1997	562,590	267,900
Papua New Guinea	July 14, 1995	December 15, 1997	71,480	36,140
Romania	April 22, 1997	May 21, 1998	301,500	241,200
Venezuela	July 12, 1996	July 11, 1997	975,650	625,650
Yemen, Republic of	March 20, 1996	June 19, 1997	132,375	14,375
Total Stand-By Arrangements			<u>3,764,475</u>	<u>2,481,070</u>
Extended Arrangements				
Algeria	May 22, 1995	May 21, 1998	1,169,280	422,080
Azerbaijan	December 20, 1996	December 19, 1999	58,500	49,140
Croatia, Republic of	March 12, 1997	March 11, 2000	353,160	324,380
Gabon	November 8, 1995	November 7, 1998	110,300	66,180
Jordan	February 9, 1996	February 8, 1999	238,040	127,740
Kazakhstan, Republic of	July 17, 1996	July 16, 1999	309,400	309,400
Lithuania, Republic of	October 24, 1994	October 23, 1997	134,550	20,700
Moldova, Republic of	May 20, 1996	May 19, 1999	135,000	112,500
Peru	July 1, 1996	March 31, 1999	300,200	139,700
Philippines	June 24, 1994	June 23, 1997	474,500	438,000
Russian Federation	March 26, 1996	March 25, 1999	6,901,000	4,564,736
Total Extended Arrangements			<u>10,183,930</u>	<u>6,574,556</u>
Total General Resources Account			<u>13,948,405</u>	<u>9,055,626</u>

SDR Department
Statements of Allocations and Holdings
as at April 30, 1997 and 1996

(In thousands of SDRs)

(Note 1)

	1997	1996
Allocations		
Net cumulative allocations of SDRs	21,433,330	21,433,330
Overdue charges (Note 2)	64,611	53,412
Total Allocations	<u>21,497,941</u>	<u>21,486,742</u>
Holdings		
Participants with holdings above allocations		
Allocations	10,399,818	10,533,791
Net receipts of SDRs	<u>5,162,821</u>	<u>6,151,787</u>
	15,562,639	16,685,578
Participants with holdings below allocations		
Allocations	11,033,512	10,899,539
Net uses of SDRs	<u>7,899,301</u>	<u>7,999,913</u>
	3,134,211	2,899,626
Total holdings of participants	18,696,850	19,585,204
General Resources Account	1,494,149	824,728
Holdings of SDRs by prescribed holders	<u>1,306,942</u>	<u>1,076,810</u>
Total Holdings	<u>21,497,941</u>	<u>21,486,742</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, 1997
with Comparative Totals for the Year Ended April 30, 1996

(In thousands of SDRs)
(Note 1)

	Participants	General Resources Account	Prescribed Holders	Total	
				1997	1996
Total holdings, beginning of the year	19,585,204	824,728	1,076,810	21,486,742	21,479,642
Receipt of SDRs					
Transfers among participants and prescribed holders					
Transactions by agreement	7,394,854		15,664	7,410,518	8,931,335
Operations					
Loans	—			—	889,647
Forward operations	27,400			27,400	—
Settlement of financial obligations	15,920		44,224	60,144	1,061,273
Fund-related operations					
SAF/ESAF loans	165,127			165,127	296,436
SAF repayments and interest			130,079	130,079	120,736
Trust Fund repayments and interest			—	—	6,821
Special charges on SAF, ESAF, and Trust Fund			1	1	704
ESAF contributions and payments	22,703		61,666	84,369	133,756
ESAF repayments and interest			225,936	225,936	145,134
Net interest on SDRs (Note 2)	222,396		45,760	268,156	319,359
Transfers from participants to General Resources Account					
Repurchases		4,364,074		4,364,074	5,571,804
Charges		1,615,675		1,615,675	1,985,319
Quota payments		—		—	69,625
Interest on SDRs (Note 2)		51,346		51,346	52,696
Assessment on SDR allocation (Note 2)		4,138		4,138	4,022
Transfers from General Resources Account to participants					
Purchases	4,060,395			4,060,395	6,459,929
In exchange for currencies of members					
Acquisitions to pay charges	223,774			223,774	49,081
Remuneration	1,054,830			1,054,830	1,091,697
Other					
Refunds and adjustments	26,813			26,813	258,686
Total receipts	13,214,212	6,035,233	523,330	19,772,775	27,448,060

SDR Department
Statements of Receipt and Use (concluded)
for the Year Ended April 30, 1997
with Comparative Totals for the Year Ended April 30, 1996

(In thousands of SDRs)
(Note 1)

	Participants	General Resources Account	Prescribed Holders	Total	
				1997	1996
Use of SDRs					
Transfers among participants and prescribed holders					
Transactions by agreement	7,348,470		62,048	7,410,518	8,931,335
Operations					
Loans	—			—	889,647
Forward operations			27,400	27,400	—
Settlement of financial obligations	44,224		15,920	60,144	1,061,273
Fund-related operations					
SAF/ESAF loans			165,127	165,127	296,436
SAF repayments and interest	130,079			130,079	120,736
Trust Fund repayments and interest	—			—	6,821
Special charges on SAF, ESAF, and Trust Fund	1			1	704
ESAF contributions and payments	61,666		22,703	84,369	133,756
ESAF repayments and interest	225,936			225,936	145,134
Transfers from participants to General Resources Account					
Repurchases	4,364,074			4,364,074	5,571,804
Charges	1,615,675			1,615,675	1,985,319
Quota payments	—			—	69,625
Assessment on SDR allocation (Note 2)	4,138			4,138	4,022
Transfers from General Resources Account to participants					
Purchases		4,060,395		4,060,395	6,459,929
In exchange for currencies of members					
Acquisitions to pay charges		223,774		223,774	49,081
Remuneration		1,054,830		1,054,830	1,091,697
Other					
Refunds and adjustments		26,813		26,813	258,686
Charges paid in the SDR Department (Note 2)					
Net charges due	319,502			319,502	372,055
Charges not paid when due	(15,689)			(15,689)	(19,157)
Settlement of unpaid charges	4,490			4,490	12,057
Total uses	<u>14,102,566</u>	<u>5,365,812</u>	<u>293,198</u>	<u>19,761,576</u>	<u>27,440,960</u>
Total holdings, end of the year	<u>18,696,850</u>	<u>1,494,149</u>	<u>1,306,942</u>	<u>21,497,941</u>	<u>21,486,742</u>

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

SDR Department

Notes to the Financial Statements as at April 30, 1997 and 1996

SDR Department

All transactions and operations involving SDRs are conducted through the SDR Department. At April 30, 1997, 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, 1997, 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 and receive SDRs in operations and transactions involving the General Resources Account.

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 last revised in financial year 1996. The currencies in the basket and their amounts are as follows:

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

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 on the first day of the subsequent quarter. The Fund 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, 1997, charges of SDR 64.6 million were overdue (SDR 53.4 million at April 30, 1996). At April 30, 1997, six members were six months or more overdue in meeting financial obligations to the Fund (five members at April 30, 1996), and four of these members were six months or more overdue to the SDR Department (three at April 30, 1996). 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, 1997 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:

	1997	1996
	<i>In millions of SDRs</i>	
Total overdue charges	62.9	53.1
Overdue for six months or more	58.1	48.6
Overdue for three years or more	35.1	26.6

The duration of arrears as of April 30, 1997 was as follows:

	Total	Longest Overdue Obligation
	<i>In millions of SDRs</i>	
Afghanistan, Islamic State of	1.3	February 1996
Iraq	28.9	November 1990
Liberia	14.9	August 1988
Somalia	5.3	February 1991
Yugoslavia, Federal Republic of (Serbia/Montenegro)	12.5	November 1992
Total	<u>62.9</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, 1997
with Comparative Totals as at April 30, 1996

(In thousands of SDRs)
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1997	Combined 1996
Assets					
Loans receivable	4,590,574	—	—	4,590,574	4,082,672
Investments (Notes 2 and 4)	132,137	1,696,840	1,819,561	3,648,538	3,097,311
Interest receivable	9,203	18,450	19,854	47,507	25,260
Currencies	—	—	2	2	55
Accrued account transfers	(16,657)	58,158	(41,501)	—	—
Total Assets	<u>4,715,257</u>	<u>1,773,448</u>	<u>1,797,916</u>	<u>8,286,621</u>	<u>7,205,298</u>
Resources and Liabilities					
Resources	—	1,773,448	1,559,298	3,332,746	2,830,999
Borrowing (Note 4)	4,664,581	—	236,149	4,900,730	4,329,166
Interest payable	50,589	—	2,469	53,058	44,956
Other liabilities	87	—	—	87	177
Total Resources and Liabilities	<u>4,715,257</u>	<u>1,773,448</u>	<u>1,797,916</u>	<u>8,286,621</u>	<u>7,205,298</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, 1997
with Comparative Totals for the Year Ended April 30, 1996

(In thousands of SDRs)
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1997	Combined 1996
Income					
Investment income	50	60,745	69,378	130,173	121,051
Interest on loans	21,726	—	—	21,726	16,987
Exchange valuation gain (loss)	(4)	79	(1)	74	280
	<u>21,772</u>	<u>60,824</u>	<u>69,377</u>	<u>151,973</u>	<u>138,318</u>
Expense					
Interest expense	154,655	—	3,942	158,597	129,258
Other expenses	87	—	—	87	177
	<u>154,742</u>	<u>—</u>	<u>3,942</u>	<u>158,684</u>	<u>129,435</u>
Net Income (Loss)	<u>(132,970)</u>	<u>60,824</u>	<u>65,435</u>	<u>(6,711)</u>	<u>8,883</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, 1997
with Comparative Totals for the Year Ended April 30, 1996

(In thousands of SDRs)
(Note 1)

	Loan Account	Reserve Account	Subsidy Account	Combined 1997	Combined 1996
Balance, beginning of the year	—	1,405,852	1,425,147	2,830,999	2,394,321
Contributions (Note 3)	—	—	202,358	202,358	136,406
Transfers from Special Disbursement Account	—	306,100	—	306,100	291,389
Net transfers between					
Loan and Reserve Accounts	(672)	672	—	—	—
Loan and Subsidy Accounts	133,642	—	(133,642)	—	—
Net income (loss)	<u>(132,970)</u>	<u>60,824</u>	<u>65,435</u>	<u>(6,711)</u>	<u>8,883</u>
Balance, end of the year	<u>—</u>	<u>1,773,448</u>	<u>1,559,298</u>	<u>3,332,746</u>	<u>2,830,999</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, 1997 and 1996

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, 1997, loans totaling SDR 4,590.6 million were outstanding (SDR 4,082.7 million at April 30, 1996). Members’ 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 SDR 400 million transferred by the Fund from the Special Disbursement Account, of net earnings on loans made to the Trust for the Subsidy Account, and the net earnings from investment of Subsidy Account resources.

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

1. Accounting Practices

The accounts of the Trust are expressed in terms of the SDR. SDRs are reserve assets allocated to participants in the 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 last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

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

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

The accounts of the Trust are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. 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, 1997 amounted to SDR 1,723 million, and are listed in Schedule 2 (SDR 1,520.7 million at April 30, 1996).

4. Borrowing

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

Schedules 3 and 4, respectively, present lenders' borrowing agreements and scheduled repayments of outstanding borrowing. The following summarizes the borrowing agreements concluded as at April 30, 1997:

	Amount Agreed	Amount Undrawn
	<i>In thousands of SDRs</i>	
Loan Account	9,288,016	4,351,444
Subsidy Account	243,481	7,332

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, 1997, undrawn balances under 35 loan arrangements amounted to SDR 1,675.7 million (SDR 1,511.8 million under 28 arrangements at April 30, 1996). 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, 1997

(In thousands of SDRs)

Member	ESAF Loan Account	Structural Adjustment Facility ¹
Albania	31,060	—
Armenia	33,750	—
Azerbaijan	20,480	—
Bangladesh	299,875	42,119
Benin	49,420	18,581
Bolivia	161,638	21,314
Burkina Faso	41,660	20,856
Burundi	17,210	8,113
Cambodia	42,000	—
Central African Republic	—	8,512
Chad	24,780	9,486
Comoros	—	2,160
Congo, Republic of	13,896	—
Côte d'Ivoire	333,480	—
Dominica	—	386
Equatorial Guinea	1,650	9,942
Ethiopia	14,745	49,420
Gambia, The	9,493	2,621
Georgia	83,250	—
Ghana	249,087	62,372
Guinea	58,120	8,106
Guinea-Bissau	5,775	1,275
Guyana	81,399	31,980
Haiti	15,175	—
Honduras	33,900	—
Kenya	177,742	50,410
Kyrgyz Republic	72,025	—
Lao People's Democratic Republic	35,190	15,822
Lesotho	17,893	5,285
Macedonia, former Yugoslav Republic of	9,094	—
Madagascar	25,967	22,244
Malawi	49,875	14,322
Mali	89,745	22,352
Mauritania	66,618	7,139
Mongolia	29,680	—
Mozambique	133,230	2,208
Nepal	16,785	9,698
Nicaragua	20,020	—
Niger	28,478	5,165
Pakistan	172,200	251,298
Rwanda	—	7,008
São Tomé and Príncipe	—	400
Senegal	193,311	12,403
Sierra Leone	91,792	27,020
Somalia	—	8,840
Sri Lanka	274,400	73,623
Tanzania	109,168	27,820
Togo	48,132	13,632
Uganda	252,204	20,916
Vietnam	241,600	—
Zaire ²	—	143,083
Zambia	661,682	181,750
Zimbabwe	151,900	—
Total loans outstanding	<u>4,590,574</u>	<u>1,219,681</u>

¹Since 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.

²The official name of Zaire was changed to Democratic Republic of the Congo on May 17, 1997.

Enhanced Structural Adjustment Facility Trust
Contributions to and Resources of the Subsidy Account
as at April 30, 1997

(In thousands of SDRs)

Contributor ¹	Amount
Direct Contributions to the Subsidy Account	
Argentina	6,800
Bangladesh	136
Canada	63,398
China	3,000
Czech Republic	3,000
Denmark	37,718
Egypt	3,000
Finland	22,684
Germany	101,624
Iceland	2,000
India	1,970
Italy	122,575
Japan	356,935
Korea	28,364
Luxembourg	3,013
Morocco	2,043
Netherlands	60,463
Norway	23,212
Sweden	95,890
Switzerland	8,240
United Kingdom	218,994
United States	53,721
Total direct contributions to the Subsidy Account	<u>1,218,780</u>
Net Income Transferred from Administered Accounts	
Austria	27,971
Belgium	53,768
Botswana	484
Chile	1,215
Greece	18,554
Indonesia	1,571
Iran, Islamic Republic of	192
Portugal	480
Total net income transferred from Administered Accounts	<u>104,235</u>
Total contributions received	1,323,015
Transfers from Special Disbursement Account	<u>400,000</u>
Total contributions received and transfers from Special Disbursement Account	1,723,015
Cumulative net income of the Subsidy Account	375,230
Resources disbursed to subsidize Trust lending	<u>(538,947)</u>
Total resources of the Subsidy Account	<u><u>1,559,298</u></u>

¹In 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, 1997

(In thousands of SDRs)

Member	Interest Rate (in percent)	Amount of Agreement	Amount Drawn	Outstanding Balance
Loan Account				
Prior to enlargement of ESAF				
Canada	Fixed ¹	300,000	300,000	284,074
France	0.50 ²	800,000	800,000	708,199
Germany	Variable ³	700,000	691,329	667,806
Italy	Variable ³	370,000	370,000	364,289
Japan	Variable ³	2,200,000	2,200,000	2,067,863
Korea	Variable ³	65,000	65,000	61,785
Norway	Variable ³	90,000	90,000	83,838
Spain	Variable ³	220,000	216,429 ⁴	198,142
Switzerland	—	200,000	200,000	96,205
Total prior to enlargement of ESAF		<u>4,945,000</u>	<u>4,932,758</u>	<u>4,532,201</u>
For enlargement of ESAF				
Canada	Variable ³	200,000	243	243
China	Variable ³	100,000	—	—
Egypt	Variable ³	100,000	—	—
France	0.50 ²	750,000	—	—
Germany	Variable ³	700,000	—	—
Japan	Variable ³	2,150,000	—	—
Korea	Variable ³	27,700	—	—
Norway	Variable ³	60,000	—	—
OPEC Fund for International Development	Variable ³	36,616 ⁵	—	—
Spain	0.50	67,000	—	—
Switzerland	Variable ³	151,700	—	—
Total for enlargement of ESAF		<u>4,343,016</u>	<u>243</u>	<u>243</u>
Resources held pending repayment	—	—	—	132,137 ⁶
Total—Loan Account		<u>9,288,016</u>	<u>4,933,001</u>	<u>4,664,581</u>
Subsidy Account				
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	2,668	2,668
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 ⁷	7,200	7,200	7,200
Total—Subsidy Account		<u>243,481</u>	<u>236,149</u>	<u>236,149</u>

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

²The 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.

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

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

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

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

⁷The 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, 1997

(In thousands of SDRs)

Periods of Repayment, Financial Year Ending April 30 ¹	Loan Account ¹	Subsidy Account
1998	200,570	—
1999	310,314	60,000
2000	393,078	20,000
2001	466,532	10,000
2002	494,968	10,000
2003	494,899	1,365
2004	478,546	40,000
2005	455,719	90,751
2006	1,013,034	—
2007	356,921	—
2008	—	1,365
2010	—	2,668
Total	<u>4,664,581</u>	<u>236,149</u>

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

Enhanced Structural Adjustment Facility Trust
Status of Loan Arrangements¹
as at April 30, 1997

(In thousands of SDRs)

Member	Date of Arrangement	Expiration	Amount Agreed	Undrawn Balance
Armenia	Feb. 14, 1996	Feb. 13, 1999	101,250	67,500
Azerbaijan	Dec. 20, 1996	Dec. 19, 1999	93,600	73,120
Benin	Aug. 28, 1996	Aug. 27, 1999	27,180	22,650
Bolivia	Dec. 19, 1994	Dec. 18, 1997	100,960	33,650
Burkina Faso	June 14, 1996	June 13, 1999	39,780	26,520
Cambodia	May 6, 1994	Aug. 31, 1997	84,000	42,000
Chad	Sep. 1, 1995	Aug. 31, 1998	49,560	24,780
Congo, Republic of	June 28, 1996	June 27, 1999	69,480	55,584
Côte d'Ivoire	Mar. 11, 1994	June 13, 1997	333,480	—
Ethiopia	Oct. 11, 1996	Oct. 10, 1999	88,470	73,725
Georgia	Feb. 28, 1996	Feb. 27, 1999	166,500	83,250
Ghana	June 30, 1995	June 29, 1998	164,400	109,600
Guinea	Jan. 13, 1997	Jan. 12, 2000	70,800	59,000
Guinea-Bissau	Jan. 18, 1995	Jan. 17, 1998	9,450	3,675
Guyana	July 20, 1994	Apr. 17, 1998	53,760	8,960
Haiti	Oct. 18, 1996	Oct. 17, 1999	91,050	75,875
Honduras	July 24, 1992	July 24, 1997	47,460	13,560
Kenya	Apr. 26, 1996	Apr. 25, 1999	149,550	124,625
Kyrgyz Republic	July 20, 1994	Mar. 31, 1998	88,150	16,125
Lao People's Democratic Republic	June 4, 1993	May 7, 1997	35,190	—
Macedonia, former Yugoslav Republic of	Apr. 11, 1997	Apr. 10, 2000	54,560	45,466
Madagascar	Nov. 27, 1996	Nov. 26, 1999	81,360	67,800
Malawi	Oct. 18, 1995	Oct. 17, 1998	45,810	22,905
Mali	Apr. 10, 1996	Apr. 9, 1999	62,010	41,340
Mauritania	Jan. 25, 1995	Jan. 24, 1998	42,750	14,250
Mozambique	June 21, 1996	June 20, 1999	75,600	50,400
Nicaragua	June 24, 1994	June 23, 1997	120,120	100,100
Niger	June 12, 1996	June 11, 1999	57,960	38,640
Senegal	Aug. 29, 1994	Jan. 12, 1998	130,790	17,835
Sierra Leone	Mar. 28, 1994	Dec. 31, 1997	101,904	10,112
Tanzania	Nov. 8, 1996	Nov. 7, 1999	161,590	135,883
Togo	Sep. 16, 1994	Sep. 15, 1997	65,160	32,580
Uganda	Sep. 6, 1994	Nov. 17, 1997	120,510	23,433
Vietnam	Nov. 11, 1994	Nov. 10, 1997	362,400	120,800
Zambia	Dec. 6, 1995	Dec. 5, 1998	701,682	40,000
			4,048,276	1,675,743

¹The 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, 1997, SDR 49.5 million of such associated loans had been disbursed.

Enhanced Structural Adjustment Facility Trust
Schedule of Repayments of Loans Receivable
as at April 30, 1997

(In thousands of SDRs)

Periods of Repayment, Financial Year Ending April 30	Loan Account
1998	293,549
1999	375,767
2000	463,331
2001	511,686
2002	680,726
2003	693,050
2004	609,368
2005	482,735
2006	371,224
2007	109,138
Total	<u>4,590,574</u>

Enhanced Structural Adjustment Facility Administered Accounts

Balance Sheets as at April 30, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1997	1996	1997	1996	1997	1996	1997	1996
Assets								
Investments (Note 2)	74,000	86,000	180,000	180,000	6,894	6,894	15,000	15,000
Interest receivable	740	515	872	531	66	66	370	21
Advance payments to ESAF Subsidy Account	—	—	—	—	49	50	—	22
Total Assets	<u>74,740</u>	<u>86,515</u>	<u>180,872</u>	<u>180,531</u>	<u>7,009</u>	<u>7,010</u>	<u>15,370</u>	<u>15,043</u>
Resources and Liabilities								
Resources	491	232	717	378	—	—	327	—
Deposits (Note 3)	74,000	86,000	180,000	180,000	6,894	6,894	15,000	15,000
Interest payable	249	283	155	153	115	116	43	43
Total Resources and Liabilities	<u>74,740</u>	<u>86,515</u>	<u>180,872</u>	<u>180,531</u>	<u>7,009</u>	<u>7,010</u>	<u>15,370</u>	<u>15,043</u>
<hr/>								
	Greece		Indonesia		Iran, I. R. of		Portugal	
	1997	1996	1997	1996	1997	1996	1997	1996
Assets								
Investments (Note 2)	49,000	56,000	25,000	25,000	3,000	2,000	6,573	4,382
Interest receivable	551	70	281	32	29	19	29	20
Advance payments to ESAF Subsidy Account	—	—	139	477	—	—	2	1
Total Assets	<u>49,551</u>	<u>56,070</u>	<u>25,420</u>	<u>25,509</u>	<u>3,029</u>	<u>2,019</u>	<u>6,604</u>	<u>4,403</u>
Resources and Liabilities								
Resources	498	5	—	—	15	10	—	—
Deposits (Note 3)	49,000	56,000	25,000	25,000	3,000	2,000	6,573	4,382
Interest payable	53	65	420	509	14	9	31	21
Total Resources and Liabilities	<u>49,551</u>	<u>56,070</u>	<u>25,420</u>	<u>25,509</u>	<u>3,029</u>	<u>2,019</u>	<u>6,604</u>	<u>4,403</u>

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

/s/ David Williams
Treasurer

/s/ M. Camdessus
Managing Director

Enhanced Structural Adjustment Facility Administered Accounts
Income Statements
for the Years Ended April 30, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1997	1996	1997	1996	1997	1996	1997	1996
Investment income	3,080	3,253	7,235	7,729	269	292	594	699
Interest expense on deposits	395	426	900	902	138	138	75	75
Net Income	2,685	2,827	6,335	6,827	131	154	519	624

	Greece		Indonesia		Iran, I. R. of		Portugal	
	1997	1996	1997	1996	1997	1996	1997	1996
Investment income	2,050	2,624	989	1,156	113	81	259	187
Interest expense on deposits	258	319	503	645	14	10	32	21
Net Income	1,792	2,305	486	511	99	71	227	166

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, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	Austria		Belgium		Botswana		Chile	
	1997	1996	1997	1996	1997	1996	1997	1996
Balance, beginning of the year	232	312	378	4	—	—	—	377
Net income	2,685	2,827	6,335	6,827	131	154	519	624
Transfers to Enhanced Structural Adjustment Facility Trust Subsidy Account	(2,426)	(2,907)	(5,996)	(6,453)	(131)	(154)	(192)	(1,001)
Balance, end of the year	491	232	717	378	—	—	327	—

	Greece		Indonesia		Iran, I. R. of		Portugal	
	1997	1996	1997	1996	1997	1996	1997	1996
Balance, beginning of the year	5	999	—	149	10	7	—	11
Net income	1,792	2,305	486	511	99	71	227	166
Transfers to Enhanced Structural Adjustment Facility Trust Subsidy Account	(1,299)	(3,299)	(486)	(660)	(94)	(68)	(227)	(177)
Balance, end of the year	498	5	—	—	15	10	—	—

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, 1997 and 1996**

(In thousands of SDRs)
(Note 1)

	1997	1996
Receipts of Resources		
Cumulative transfers from Saudi Fund for Development	49,500	49,500
Cumulative repayments of associated loans	1,750	—
Cumulative receipts of interest on associated loans	843	595
Accrued interest on associated loans	81	82
	<u>52,174</u>	<u>50,177</u>
Uses of Resources		
Associated loans (Note 4)	49,500	49,500
Cumulative repayments to Saudi Fund for Development	1,750	—
Cumulative payments of interest on loans	843	595
Accrued interest on transfers	81	82
	<u>52,174</u>	<u>50,177</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, 1997 and 1996**

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 were made simultaneously with ESAF disbursements, and payments of interest and repayments of principal due to the SFD under associated loans are to be transferred to the SFD. The 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 last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

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

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

2. Investments

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

3. Deposits

The Administered Account Austria was established on December 27, 1988 for the administration of resources

deposited in the account by the Austrian National Bank. Two deposits (one of SDR 60.0 million made on December 30, 1988, and one of SDR 50.0 million made on August 10, 1995) are to be repaid in ten equal semiannual installments beginning 5½ years after the date of each deposit and ending at the end of the tenth year after the date of each deposit. The deposits bear interest at a rate of ½ of 1 percent a year.

The Administered Account Belgium was established on July 27, 1988 for the administration of resources deposited in the account by the National Bank of Belgium. Four deposits (one of SDR 30.0 million made on July 29, 1988; one of SDR 35.0 million made on December 30, 1988; one of SDR 35.0 million made on June 30, 1989; and one of SDR 80.0 million made on April 29, 1994) have an initial maturity of six months and are renewable, at the option of the 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 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.

ESAF-HIPC Trust

Balance Sheet as at April 30, 1997

(In thousands of SDRs)
(Note 1)

	1997
Assets	
Investment (Note 2)	16,884
Resources and Liabilities	
Resources	2,277
Deposit (Note 4)	14,607
	16,884

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

/s/ David Williams
Treasurer

/s/ M. Camdessus
Managing Director

ESAF-HIPC Trust

Income Statement and Changes in Resources for the Period February 4, 1997 through April 30, 1997

(In thousands of SDRs)
(Note 1)

	1997
Contribution received (Note 3)	2,261
Income earned on investments (Note 2)	16
Balance, end of the period	2,277

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

ESAF-HIPC Trust

Notes to the Financial Statements as at April 30, 1997

Purpose

The Trust for Special ESAF Operations for the Heavily Indebted Poor Countries and for Interim ESAF Subsidy Operations ("the ESAF-HIPC Trust"), for which the Fund is Trustee, was established on February 4, 1997 to make grants and loans to eligible members for the purpose of reducing their external debt burden and for interim ESAF subsidy purposes. The resources of the Trust are separate from the assets of all other accounts of, or administered by, the Fund and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

The resources of the Trust consist of grant contributions made to the Trust; deposits, loans, and other types of investments made by contributors to the Trust; amounts transferred

by the Fund from the Special Disbursement Account; and net earnings from investment of resources held in the Trust.

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

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 last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

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

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

The accounts of the Trust are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred. The expenses of conducting the business of the Trust that are paid by the General Resources Account of the Fund will be reimbursed on an annual basis by the Special Disbursement Account.

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 on such terms and conditions as agreed between the Trust and the contributor. At April 30, 1997, one contribution amounting to SDR 2.3 million had been received from Finland. This amount was transferred to the Trust from the Temporary Administered Account for ESAF-HIPC Operations on February 12, 1997.

4. Deposits

The Trustee accepts deposits, loans, and other types of investments made by contributors to the Trust on such terms and conditions as agreed between the Trust and the contributor. At April 30, 1997, one deposit amounting to SDR 14.6 million had been received. The deposit is to be repaid in one installment five years after the date of deposit, made on April 30, 1997. The deposit bears interest at a rate of 2 percent a year.

5. Disbursements

The proceeds of grants and loans made on behalf of eligible members will be paid in a single disbursement to a separate administered account for the benefit of members and administered by the Trustee. Resources needed for interim ESAF subsidy operations will be drawn by the Trustee on an as-needed basis. No disbursements had been made as at April 30, 1997.

Administered Accounts Established at the Request of Members
Balance Sheets
as at April 30, 1997 and 1996

(Note 1)

	Administered Account Japan		Administered Technical Assistance Account Japan		Framework Administered Account for Technical Assistance Activities		Administered Account for Rwanda	
	1997	1996	1997	1996	1997	1996	1997	1996
	<i>In thousands of U.S. dollars</i>				<i>In thousands of SDRs</i>			
Assets								
Investments (Note 2)	91,500	71,100	14,996	11,742	3,029	970	1,118	1,419
Currency deposit	61	2	—	—	—	—	—	—
Interest receivable	—	—	—	—	—	—	11	13
Total Assets	<u>91,561</u>	<u>71,102</u>	<u>14,996</u>	<u>11,742</u>	<u>3,029</u>	<u>970</u>	<u>1,129</u>	<u>1,432</u>
Resources								
Total Resources	<u>91,561</u>	<u>71,102</u>	<u>14,996</u>	<u>11,742</u>	<u>3,029</u>	<u>970</u>	<u>1,129</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, 1997 and 1996

(Note 1)

	Administered Account Japan		Administered Technical Assistance Account Japan		Framework Administered Account for Technical Assistance Activities		Administered Account for Rwanda		Temporary Administered Account for ESAF-HIPC Operations from Dec. 18, 1996 through Feb. 12, 1997
	1997	1996	1997	1996	1997	1996	1997	1996 ¹	
	<i>In thousands of U.S. dollars</i>				<i>In thousands of SDRs</i>				
Balance, beginning of the year/period	71,102	46,874	11,742	9,023	970	—	1,432	—	—
Contributions received	16,495	21,306	20,950	18,723	2,985	1,105	—	1,538	2,251
Income earned on investments (Note 2)	<u>3,964</u>	<u>2,922</u>	<u>788</u>	<u>773</u>	<u>97</u>	<u>19</u>	<u>49</u>	<u>29</u>	<u>10</u>
	<u>91,561</u>	<u>71,102</u>	<u>33,480</u>	<u>28,519</u>	<u>4,052</u>	<u>1,124</u>	<u>1,481</u>	<u>1,567</u>	<u>2,261</u>
Payments to beneficiaries and transfer	—	—	18,484	16,777	1,023	154	352	135	2,261
Balance, end of the year/period	<u>91,561</u>	<u>71,102</u>	<u>14,996</u>	<u>11,742</u>	<u>3,029</u>	<u>970</u>	<u>1,129</u>	<u>1,432</u>	<u>—</u>

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

¹From inception (November 9, 1995) through April 30, 1996.

Administered Accounts Established at the Request of Members

Notes to the Financial Statements as at April 30, 1997 and 1996

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, 1997, cumulative resources received amounted to \$135.2 million, of which \$72.5 million had been disbursed (\$118.7 million and \$72.5 million, respectively, at April 30, 1996).

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 strengthening their administrative capacity and their ability to formulate, implement, and maintain macroeconomic and structural adjustment programs. 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, 1997, cumulative contributions received by the account amounted to \$80.6 million, of which \$68.0 million had been disbursed (\$59.6 million and \$49.6 million, respectively, at April 30, 1996). Cumulative contributions include \$3.5 million earmarked for scholarships, of which \$3.3 million had been disbursed at April 30, 1997 (\$2.3 million and \$2.2 million, respectively, at April 30, 1996).

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 Framework 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, 1997, cumulative contributions received by the account amounted to \$4.1 million, of which \$1.2 million had been disbursed (\$1.1 million and \$0.2 million, respectively, at April 30, 1996).

Subaccount for Japan Advanced Scholarship Program

At the request of Japan, this subaccount was established on June 6, 1995 to finance the cost of studies and training of nationals of member countries in macroeconomics and related subjects at selected universities and institutions. The scholarship program focuses primarily on the training of nationals of Asian member countries, including Japan. At April 30, 1997, cumulative contributions received amounted to \$1.4 million, of which \$0.32 million had been disbursed (\$0.35 million and \$0.04 million, respectively, at April 30, 1996).

Rwanda—Macroeconomic Management Capacity Subaccount

At the request of Rwanda, this subaccount was established on December 20, 1995 to finance technical assistance to rehabilitate and strengthen Rwanda's macroeconomic management capacity. At April 30, 1997, cumulative contributions received amounted to \$1.52 million, of which \$0.62 million had been disbursed (\$0.76 million and \$0.11 million, respectively, at April 30, 1996).

Australia—IMF Scholarship Program for Asia Subaccount

At the request of Australia, this subaccount was established on June 5, 1996 to finance the cost of studies and training of government and central bank officials in macroeconomic management so as to enable them to contribute to their countries' achievement of sustainable economic growth and development. The program focuses primarily on the training of nationals of Asian countries. At April 30, 1997, cumulative contributions received amounted to \$0.47 million, of which \$0.07 million had been disbursed.

Switzerland Technical Assistance Subaccount

At the request of Switzerland, this subaccount was established on August 27, 1996 to finance the costs of technical assistance activities of the Fund that consist of policy advice and training in macroeconomic management. At April 30, 1997, cumulative contributions received amounted to \$0.6 million, of which \$0.08 million had been disbursed.

French Technical Assistance Subaccount

At the request of France, this subaccount was established on September 30, 1996 to cofinance the costs of training in economic fields for nationals of certain member countries. At April 30, 1997, cumulative contributions received amounted to \$0.09 million, all of which 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 0.5 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, 1997, cumulative contributions received by the account amounted to SDR 1.54 million, of which SDR 0.49 million had been disbursed (SDR 1.54 million and SDR 0.13 million, respectively, at April 30, 1996).

Temporary Administered Account for ESAF-HIPC Operations

The account was established by the Fund on December 18, 1996 to administer resources deposited by contributors pending the establishment of a new account in respect of continuing ESAF operations, including the Fund's participation in the Initiative to support the heavily indebted poor countries (the ESAF-HIPC Trust). The account was terminated on February 12, 1997, at which time resources of SDR 2.26 million were transferred to the ESAF-HIPC Trust. During its time of operation the account received a contribution of SDR 2.25 million from Finland.

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 and Temporary Administered Account for ESAF-HIPC Operations

The accounts are expressed in SDRs. 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 last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

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

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

2. Investments

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

3. Accounts Termination

Administered Account Japan

The account can be terminated by the 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 CCFF have been fully discharged or when the resources of the account have been exhausted, whichever is earlier. Any balance in the account at termination shall be transferred promptly to the donor countries, in proportion to their contribution, or to Rwanda, if so instructed.

Temporary Administered Account for ESAF-HIPC Operations

The account was terminated and resources were transferred to the newly established ESAF-HIPC Trust on February 12, 1997.

Trust Fund
Balance Sheets
as at April 30, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	1997	1996
Assets		
Loans receivable (Note 2)	90,444	95,135
Interest and charges receivable and accrued (Note 3)	<u>25,501</u>	<u>25,201</u>
Total Assets	<u>115,945</u>	<u>120,336</u>
Resources and Deferred Income		
Trust resources	90,444	95,135
Deferred income (Note 3)	<u>25,501</u>	<u>25,201</u>
Total Resources and Deferred Income	<u>115,945</u>	<u>120,336</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, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	1997	1996
Income		
Interest and charges on loans (Note 2)	469	496
Deferred income, net of settlements (Note 3)	<u>(300)</u>	<u>394</u>
Net Income	<u>169</u>	<u>890</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, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	1997	1996
Balance, beginning of the year	95,135	101,784
Net income	<u>169</u>	<u>890</u>
Balance before transfers to the Special Disbursement Account	95,304	102,674
Transfers to the Special Disbursement Account (Note 4)	<u>(4,860)</u>	<u>(7,539)</u>
Balance, end of the year	<u>90,444</u>	<u>95,135</u>

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

Trust Fund

Notes to the Financial Statements as at April 30, 1997 and 1996

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 last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

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

The accounts are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred, except that interest income from members that are overdue in settling their obligations to the Trust Fund by six months or more is deferred and is recognized as income only when paid, unless the member has remained current in settling charges when due (see Note 3). Following the termination of the Trust Fund as of April 30, 1981, residual administrative costs have been absorbed by the General Resources Account of the 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 that are more than six months overdue.

3. Overdue Obligations

At April 30, 1997 and 1996, three members with obligations to the Trust Fund were six months or more overdue in discharging their obligations to the Trust Fund. The recognition of interest income on the loans outstanding to these members and of special charges due from them is being deferred. At April 30, 1997, total deferred income amounted to SDR 25.5 million (SDR 25.2 million at April 30, 1996). Overdue loan repayments and interest and special charges due from these members were as follows:

	Loans		Interest and Special Charges	
	1997	1996	1997	1996
<i>In millions of SDRs</i>				
Total overdue	90.4	95.1	25.4	25.0
Overdue six months or more	90.4	95.1	25.1	24.8
Overdue three years or more	90.4	95.1	23.9	23.0

The type and duration of the arrears of these members at April 30, 1997 were as follows:

Member	Loans	Interest and Special Charges	Total	Longest Overdue Obligation
<i>In millions of SDRs</i>				
Liberia	24.3	6.6	30.9	January 1985
Somalia	6.4	1.2	7.6	July 1987
Sudan	59.7	17.6	77.3	April 1985
Total	<u>90.4</u>	<u>25.4</u>	<u>115.8</u>	

4. Transfer of Resources

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

Supplementary Financing Facility Subsidy Account

Balance Sheets as at April 30, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	1997	1996
Assets		
Deposits (Note 2)	2,286	2,372
Interest receivable	22	23
Total Assets	<u>2,308</u>	<u>2,395</u>
Resources		
Total Resources	<u>2,308</u>	<u>2,395</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, 1997 and 1996

(In thousands of SDRs)
(Note 1)

	1997	1996
Balance, beginning of the year	2,395	2,295
Investment income	92	100
Balance before transfers	<u>2,487</u>	<u>2,395</u>
Transfers to the Special Disbursement Account (Note 3)	(179)	—
Balance, end of the year	<u>2,308</u>	<u>2,395</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, 1997 and 1996

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 last reviewed in financial year 1996. The currencies in the basket and their amounts are as follows:

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

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

2. Deposits

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

3. Transfer of Resources

Resources in excess of the remaining subsidy payments are to be transferred to the Special Disbursement Account. At April 30, 1997 and 1996, 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, 1997 and 1996***(In thousands of U.S. dollars)
(Note 1)*

	1997	1996
Assets		
Investments (Note 2)		
Cash equivalents	32,010	122,310
Other	115,239	—
	<u>147,249</u>	<u>122,310</u>
Interest Receivable	1,171	—
Total Assets	<u>148,420</u>	<u>122,310</u>
Liabilities and Resources		
Accounts payable	3,572	—
Total Liabilities	<u>3,572</u>	<u>—</u>
Total Resources	<u>144,848</u>	<u>122,310</u>
Total Resources and Liabilities	<u>148,420</u>	<u>122,310</u>

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

/s/ David Williams
Treasurer/s/ M. Camdessus
Managing Director**Retired Staff Benefits Investment Account****Income Statements and Changes in Resources
for the Years Ended April 30, 1997 and 1996***(In thousands of U.S. dollars)
(Note 1)*

	1997	1996
Balance, beginning of the year	122,310	105,324
Contributions received	12,100	10,500
Income earned on investments (Note 2)	6,547	6,486
Net gain in current value of investments (Note 2)	3,891	—
Total income	<u>10,438</u>	<u>6,486</u>
Balance, end of the year	<u>144,848</u>	<u>122,310</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, 1997 and 1996

Purpose

The Retired Staff Benefits Investment Account (“the RSBIA”) was established to hold, administer, and invest resources contributed by the Fund for meeting postretirement 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. Cumulative contributions received by the RSBIA amounted to \$127.5 million at April 30, 1997 (\$115.4 million at April 30, 1996).

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

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 accordance with its investment policy, the RSBIA invests in equity securities, debt securities, short-term investments, and real estate. Investments in securities listed on stock exchanges are valued at the last reported market sales price on the last business day of the accounting period. Over-

the-counter securities are valued at their bid price on the last business day of the accounting period. The valuation of purchases and sales is made on the trade date basis.

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

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

Investment	Amount
	<i>In millions of U.S. dollars</i>
Equity securities	52.4
Debt securities	62.7
Short-term investments	32.2
Real estate	<u>1.1</u>
	148.4

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 amounted to \$180.1 million at April 30, 1997 (\$163.6 million at April 30, 1996). 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 ended April 30, 1997, an amount of \$12.1 million has been transferred to the RSBIA (\$10.5 million during the year ended April 30, 1996).

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 19, 1997

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, 1997.

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, 1997 and of the changes in financial status for the year then ended.

EXTERNAL AUDIT COMMITTEE:

/s/ Richard B. Calahan, Chairman (United States)

/s/ Tsuriel Tamam (Israel)

/s/ Amaffe Roger Ako (Côte d'Ivoire)

Staff Retirement Plan
Statements of Accumulated Plan Benefits
and Net Assets Available for Benefits
as at April 30, 1997 and 1996

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

	1997	1996
Accumulated Plan Benefits		
Actuarial present value of accumulated Plan benefits		
Vested benefits		
Retired participants	597,400	547,600
Active participants	516,800	490,100
Nonvested benefits	<u>651,400</u>	<u>606,700</u>
Total actuarial present value of accumulated Plan benefits	<u>1,765,600</u>	<u>1,644,400</u>
Assets Available for Benefits		
Investments (Note 3)	<u>2,613,477</u>	<u>2,413,857</u>
Receivables		
Accrued interest and dividends	12,894	13,069
Contributions	1,862	1,957
Other	<u>66</u>	<u>24</u>
Total assets	<u>14,822</u>	<u>15,050</u>
Total assets	<u>2,628,299</u>	<u>2,428,907</u>
Liabilities		
Accounts payable	<u>4,278</u>	<u>3,232</u>
Net assets available for benefits	<u>2,624,021</u>	<u>2,425,675</u>
Excess of net assets available for benefits over actuarial present value of accumulated Plan benefits (Note 2)	<u>858,421</u>	<u>781,275</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, 1997 and 1996

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

	1997	1996
Actuarial present value of accumulated		
Plan benefits, beginning of the year	<u>1,644,400</u>	<u>1,524,000</u>
Increase (decrease) during the year attributable to		
Benefits accumulated (Note 1)	36,838	40,189
Interest accrued	137,600	127,600
Benefits paid	<u>(53,238)</u>	<u>(47,389)</u>
Net increase	<u>121,200</u>	<u>120,400</u>
Actuarial present value of accumulated		
Plan benefits, end of the year	<u>1,765,600</u>	<u>1,644,400</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, 1997 and 1996

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

	1997	1996
Investment Income		
Net realized/unrealized gain on investments (Note 3)	129,507	245,842
Interest and dividends	<u>84,769</u>	<u>84,850</u>
	<u>214,276</u>	<u>330,692</u>
Contributions (Note 2)		
International Monetary Fund	29,548	38,320
Participants	19,759	18,909
Participants restored to service	275	22
Net transfers from retirement plans of other international organizations	<u>343</u>	<u>1,177</u>
	<u>49,925</u>	<u>58,428</u>
Total additions	<u>264,201</u>	<u>389,120</u>
Benefits		
Pension	41,399	37,771
Commutation	8,183	6,103
Withdrawal	3,383	3,102
Death	<u>273</u>	<u>413</u>
	<u>53,238</u>	<u>47,389</u>
Investment Fees	<u>12,617</u>	<u>9,135</u>
Total payments	<u>65,855</u>	<u>56,524</u>
Net additions	198,346	332,596
Net Assets Available for Benefits		
Beginning of the year	2,425,675	2,093,079
End of the year	<u>2,624,021</u>	<u>2,425,675</u>

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

Staff Retirement Plan

Notes to the Financial Statements as at April 30, 1997 and 1996

Description of the Plan

General

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

Benefits

Annual Pension

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

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

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

Cost of Living Adjustment

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

Withdrawal Benefit

Upon withdrawal from the Plan, a participant with at least three years of eligible service may elect to receive either a withdrawal benefit or a deferred pension to commence after the participant has reached the age of 55 or age 50 if age and

years of service add to at least 75. The withdrawal benefit is a percentage of the participant's highest average gross remuneration.

Commutation

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

Disability Pensions, Death Benefits, and Survivor Benefits

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

Currency of Pension Payments

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

Contributions

Participants

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

Employer

The Employer meets certain administrative costs of the Plan, such as the actuary's fees, and contributes any additional amount not provided by the contribution of participants to pay costs and expenses of the Plan not otherwise covered. In financial year 1997, the administrative costs met by the Employer were approximately \$0.12 million (\$0.15 million in 1996).

Plan Termination

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

1. Accounting Practices

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

Accumulated Plan Benefits

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

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

In contrast to the actuarial valuation for funding purposes, the actuarial valuation used for the financial statements represents the portion of the benefit obligation that had been accumulated by April 30, 1997. It reflects only the service to that date and does not take into account the fact that the value of accumulated benefits, which are the Plan's liabilities, is expected to increase each year. Nor does it take into account the fact that the market value of investments may fluctuate from year to year, which is significant because the Employer's liability is the excess of the present value of accumulated benefits over the value of the assets. Accordingly, the financial statements do not measure the amount that the Employer will be required to fund in the future.

Valuation of Investments

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

Trading Instruments

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

Risk-Management Instruments

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

2. Actuarial Valuation and Funding Policy

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

Funding by the Employer is based on a valuation method, known as the "aggregate cost method," that expresses liabilities and contribution requirements as single consolidated figures that include provision for experience gains and losses and cost of living increases. Required Employer contributions are expressed as a percentage to be applied to the gross remuneration of participants and are based on the valuation completed 12 months previously. For the financial year that began on May 1, 1995, this rate was 14.25 percent and was 10.56 percent for the year that began on May 1, 1996. The rate for the year beginning May 1, 1997 is 5 percent of the new gross remuneration.

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

The results of the April 30, 1996 and 1995 valuations were:

	1996	1995
	<i>In millions of U.S. dollars</i>	
Present value of benefits payable	2,540	2,392
Less: Assets for valuation purposes	2,310	1,903
Required future funding	230	489
Less: Present value of prospective contributions from participants (7 percent of gross remuneration)	203	200
Present value of future funding required from the Employer	<u>27</u>	<u>289</u>

3. Investments

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

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

	1997	1996
	<i>In millions of U.S. dollars</i>	
Equity securities	1,726	1,572
Debt securities	453	401
Real estate	251	194
Short-term investments	183	247
	<u>2,613</u>	<u>2,414</u>

In addition to the above investments, the Plan holds investments in derivatives, which are aimed at optimizing invest-

ment positions, given levels of market, credit, counterparty, and foreign currency risk. These derivative investments are recorded at market value.

At April 30, 1997, the contract value of the Plan's risk-management investments was as follows:

Investment	Amount
	<i>In millions of U.S. dollars</i>
Futures	
Long positions	156
Short positions	69
Forwards	
Purchases	604
Sales	604
Swaps	2

Futures Contracts

Futures contracts are commitments to either purchase or sell a financial instrument at a future date for a specified price and may be settled in cash or through delivery of the underlying financial instrument. The credit risk of futures contracts is limited because of daily cash settlement of the net change in the value of open contracts; therefore, there was no unrealized gain or loss at April 30, 1997.

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

Forward Contracts

Forward contracts are similar in character to futures contracts. However, they have a greater degree of credit risk, depending on the counterparties involved, because daily cash settlements

are not required. To manage this exposure, the Plan deals with counterparties of good credit standing and enters into master netting agreements whenever possible.

The Plan's principal objective in entering into forward foreign currency exchange contracts is to manage foreign currency fluctuations relative to investments in its international portfolio. These contracts generally have terms of no more than three months. At April 30, 1997, the unrealized loss totaled \$1.8 million.

Options

Options can be either exchange traded or directly negotiated. They provide a right to buy or sell a security or an agreed amount of currency at a specified rate within a stated period. These contracts generally have terms of less than one year. At April 30, 1997, the cost of these options totaled \$0.3 million, and the unrealized loss totaled \$0.2 million.

Swaps

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

The Plan's principal objective in entering into equity swap agreements is to facilitate a market-neutral strategy in the United Kingdom. At April 30, 1997, the unrealized loss totaled \$0.6 million.

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

Washington, D.C.
June 19, 1997

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, 1997.

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 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, 1997 and of the changes in financial status for the year then ended.

EXTERNAL AUDIT COMMITTEE:

/s/ Richard B. Calahan, Chairman (United States)

/s/ Tsuriel Tamam (Israel)

/s/ Amaffe Roger Ako (Côte d'Ivoire)

Supplemental Retirement Benefit Plan
Statements of Accumulated Plan Benefits
and Assets Available for Benefits
as at April 30, 1997 and 1996

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

	1997	1996
Accumulated Plan Benefits		
Actuarial present value of accumulated Plan benefits		
Vested benefits	20,800	15,900
Nonvested benefits	<u>100</u>	<u>100</u>
Total actuarial present value of accumulated Plan benefits	<u>20,900</u>	<u>16,000</u>
Assets Available for Benefits		
Cash at bank (Note 3)	72	1
Contributions receivable	<u>4</u>	<u>—</u>
Assets available for benefits	<u>76</u>	<u>1</u>
Excess of actuarial present value of accumulated Plan benefits over assets available for benefits	<u>20,824</u>	<u>15,999</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, 1997 and 1996

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

	1997	1996
Actuarial present value of accumulated Plan benefits, beginning of the year	<u>16,000</u>	<u>9,000</u>
Increase (decrease) during the period attributable to		
Benefits accumulated	4,832	7,231
Interest accrued	1,300	700
Benefits paid	<u>(1,232)</u>	<u>(931)</u>
Net increase	<u>4,900</u>	<u>7,000</u>
Actuarial present value of accumulated Plan benefits, end of the year	<u>20,900</u>	<u>16,000</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 Year Ended April 30, 1997 and 1996

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

	1997	1996
Contributions		
International Monetary Fund	1,277	931
Participants	<u>30</u>	<u>—</u>
Total additions	<u>1,307</u>	<u>931</u>
Benefits		
Pension	1,232	931
Total payments	<u>1,232</u>	<u>931</u>
Net additions	<u>75</u>	<u>—</u>
Assets Available for Benefits		
Beginning of the year	<u>1</u>	<u>1</u>
End of the year	<u>76</u>	<u>1</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, 1997 and 1996

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 1997, 52 pensioners received benefits from the SRBP (40 in financial year 1996).

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, 1997. 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 gender; (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.