

INTERNATIONAL MONETARY FUND

Review of PRGF-HIPC Financing, the Adequacy of the Reserve Account of the PRGF Trust, and Subsidization of Emergency Assistance

Prepared by the Finance Department

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

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March 23, 2005

I. INTRODUCTION

- 1. This paper assesses the adequacy of the Reserve Account of the PRGF Trust, reviews the financing of PRGF operations and the HIPC Initiative, and updates the status of bilateral contributions to the subsidization of emergency assistance.** The previous update was issued in August 2004 (SM/04/309, 8/31/04). Detailed information on PRGF loan, subsidy, and grant contributions for the HIPC Initiative, as well as the balance in the PRGF Trust Reserve Account, is provided in appendix tables. A draft decision on the adequacy of the Reserve Account is proposed in Section V for adoption by the Executive Board.¹
- 2. This paper focuses on immediate PRGF and HIPC financing issues and does not discuss projections of the demand for, and supply of, resources for financing PRGF operations over the medium term.** The latter issue will need to be revisited in the light of discussions on proposals for further debt relief and the Fund's future financial role in low-income countries.
3. As with previous updates, staff proposes that this paper be made available on the Fund's external website following approval of the proposed decision.

¹ The Executive Board is required to review the adequacy of the Reserve Account of the PRGF Trust every six months as long as PRGF loans related to the encashment of "rights" under rights accumulation programs following arrears clearance remain outstanding (Decision No. 10286-(93/23), adopted February 2, 1993, as amended). One such loan remains outstanding to Zambia through December 2005.

II. RESERVE ACCOUNT OF THE PRGF TRUST

4. **The Reserve Account of the PRGF Trust is designed primarily to provide security to the lenders of the PRGF Trust in the event of a delay or nonpayment by PRGF borrowers.**² The Reserve Account has been financed by reflows of Structural Adjustment Facility (SAF) and Trust Fund repayments and investment returns on balances held in the Account. In September 2001, both the PRGF and PRGF-HIPC Trusts were amended to allow PRGF lending in 2002–05 (the so-called interim PRGF) to be committed through the PRGF Trust and to facilitate the use of the Reserve Account to secure interim PRGF loan resources.

5. **At end-December 2004, the balance in the Reserve Account amounted to SDR 3.2 billion.** The Reserve Account balance has been affected by Zimbabwe's arrears, which have necessitated net repayments from the Reserve Account to PRGF Trust lenders (about SDR 77 million since February 2001).³ The Reserve Account will be replenished when Zimbabwe settles its arrears to the PRGF Trust.

6. **Resources currently available in the Reserve Account provide sufficient protection to PRGF Trust lenders.** The balance in the Reserve Account is consistent with the historical average of 40 percent of outstanding claims on the PRGF Trust, and exceeds by a factor of seven the projected repayment obligations of about SDR 432 million falling due to PRGF Trust lenders in the six months through September 2005.

III. STATUS OF PRGF-HIPC FINANCING

7. **Staff's updated estimates indicate that available PRGF loan, subsidy, and HIPC grant resources are likely sufficient to cover currently projected needs under the PRGF and PRGF-HIPC Trusts.**⁴ This section provides an assessment of the adequacy of these resources.

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

³ Zimbabwe has been in continuous arrears to the PRGF Trust since mid-February 2001. At end-February 2005, Zimbabwe's total arrears to the PRGF Trust (including interest arrears and special charges) amounted to SDR 80.9 million (out of its total arrears to the Fund of SDR 205 million).

⁴ However, no provision has been made under the PRGF and PRGF-HIPC Trusts to cover the Fund's share of HIPC Initiative assistance (estimated at about SDR 1½ billion) to Liberia, Somalia, and Sudan, which have been in arrears to the Fund since the mid-1980s.

PRGF loan and subsidy resources

8. **At end-February 2005, available PRGF loan resources amounted to SDR 2.4 billion.** Total loan resources provided by PRGF creditors amounted to SDR 15.8 billion, of which SDR 13.3 billion have already been committed to PRGF-eligible member countries, leaving a remaining unused balance of SDR 2.4 billion (Table 1). This is somewhat higher than previously expected, as PRGF commitments in 2004 amounted to only about SDR 0.5 billion (under seven new arrangements), less than half of the average level observed in the previous two years.

Total loan resources	15.8
Cumulative commitments, net	13.3
Of which: Cumulative disbursements	11.7
Uncommitted loan resources	2.4

9. **Demand for PRGF resources in 2005 is projected at SDR 0.9 billion,** which is based on updated country-by-country information provided by area departments. While this projection is tentative and depends crucially on the timing of new PRGF arrangements for a few large cases, it now appears likely that available loan resources will be sufficient to finance interim PRGF operations well into 2006, before a self-sustained PRGF could begin its operation.

10. **The pace at which the available loan resources will be committed depends in part on the timing for arrears clearance by the three protracted arrears cases—Liberia, Somalia, and Sudan and their readiness to embark on successor Fund financial arrangements thereafter.** For instance, if Liberia and Sudan were ready to clear arrears by 2006, followed by new Fund arrangements, including use of PRGF resources up to the exceptional limit of 185 percent of quota, the need for PRGF loan resources would amount to SDR 0.8 billion for both cases⁵ (Table 2). Based on staff's current estimates, existing PRGF loan resources would likely be sufficient to cover these financing needs. If, however, these countries were not ready for arrears clearance by 2006, then the current PRGF could continue operations into 2007, delaying the start of the self-sustained PRGF.

⁵ Clearance of Somalia's arrears, amounting to SDR 223 million (273 percent of quota under the 12th Review) as of end-February 2005, would require further PRGF resources.

Table 2. PRGF Loan Resources
(In millions of SDRs)

Uncommitted PRGF loan resources (as of end-Feb 2005)	2.4
Projected demand for PRGF loan resources	1.7
2005	0.9
Possible need by Sudan and Liberia	0.8
Sudan (185 percent of quota)	0.6
Liberia (185 percent of quota)	0.2
Remaining uncommitted balance	
At end-2005 (excluding Liberia and Sudan)	1.5
At end-2005 (including Liberia and Sudan)	0.7

11. **Available PRGF subsidy resources are also estimated to be sufficient.** As of end-February 2005, all subsidy contributions to the PRGF Trust as well as 98 percent of contributions to the PRGF-HIPC Trust had been made effective. However, pledged contributions by ten countries, amounting to SDR 32.2 million under the PRGF-HIPC Trust, are still pending (Table 3). It is important that these pledges be made effective as soon as possible so as to ensure full funding of PRGF-HIPC operations.

Table 3. Pending Contributions to the PRGF-HIPC Trust
(In millions of SDRs "as needed"; as of end-February 2005) 1/

Venezuela	20.4	Dominican Republic	0.5
Argentina 2/	6.4	Lebanon	0.4
Gabon 2/	1.9	Grenada	0.1
Trinidad & Tobago	1.6	Vanuatu	0.1
Bahrain	0.9	Maldives	0.01
		Total	32.2

1/ "As needed" is defined in Appendix Table 5, footnote 1.

2/ This is the remaining balance for Argentina and Gabon, which have already contributed SDR 16.2 million and SDR 2.5 million "as needed", respectively, to the PRGF-HIPC Trust.

HIPC Initiative assistance

12. **The financing available in the PRGF-HIPC Trust for HIPC Initiative assistance remains constrained.**⁶ This reflects, in part, a slow pace of accumulation of investment income from the gold proceeds held in the SDA as a result of the current low rate of return on investment.⁷ The Trust has sufficient resources to meet the currently estimated financing needs for HIPC Initiative assistance, with the important exception, however, that the Trust has no funding for the three protracted arrears cases. Moreover, the provision of additional topping-up assistance, as well as the extension of the sunset clause for two more years, could require additional resources. While it is possible that the Fund could make temporary transfers of resources from the PRGF Reserve Account to provide liquidity for financing its HIPC Initiative debt relief,⁸ doing so would imply a reduced concessional lending capacity over the medium term.

Future concessional operations

13. **Going forward, the Fund has long envisaged that, once currently available PRGF loan resources have been fully committed, the continuation of the Fund's PRGF lending could be financed on a revolving basis from the resources accumulated in the Reserve Account of the PRGF Trust—the so called self-sustained PRGF.** This issue was last discussed by the Board in March 2004,⁹ and will be considered again in the context of discussions on possible further debt relief beyond the HIPC Initiative and the Fund's future financial role in low-income countries.

⁶ Staff's current estimates indicate that the Fund's share of HIPC Initiative assistance for the 34 HIPCs (excluding Liberia, Somalia, and Sudan and potential topping-up assistance) will amount to US\$3.1 billion (2003 NPV terms), or SDR 2.2 billion on a cash basis.

⁷ For a fuller discussion of the SDA, see Box 2 in SM/04/53.

⁸ As specified in Section V, Paragraph 5 (b) of the PRGF Trust Instrument (Annex to Decision No. 8759-(87/176) ESAF), the PRGF Trust can make up to SDR 250 million in transfers from the Reserve Account to the SDA for use in HIPC operations under the PRGF-HIPC Trust, when and to the extent that there are no other resources immediately available for this purpose. As of end-February 2005, transfers amounting to SDR 43 million had already been made.

⁹ *The Fund's Support of Low-Income Member Countries—Considerations on Instruments and Financing* (SM/04/53, 2/24/04) and *The Acting Chair's Summing Up* (BUFF/04/69, 4/7/04).

IV. SUBSIDIZATION OF EMERGENCY ASSISTANCE

14. **On January 21, 2005, the Executive Board decided to extend the subsidization of emergency post-conflict assistance (EPCA) to emergency assistance for natural disasters (ENDA) for PRGF-eligible member countries.**¹⁰ For this purpose, three sub-accounts were set up to mobilize contributions from members wishing to contribute to the subsidization of: (i) EPCA only; (ii) ENDA only; and (iii) both types of emergency assistance. Unless a member decided otherwise, existing contributions for the subsidization of EPCA would be retained in the first sub-account.

15. **The Fund has so far received firm pledges of new subsidy contributions totaling SDR 19 million from ten member countries**—Canada, France, India, Luxembourg, the Netherlands, Norway, Russia, Sweden, Switzerland, and the United Kingdom (Table 4). Of these, contributions from Canada, India, Luxembourg, Russia, and Switzerland are available for the subsidization of ENDA only, while the other five new contributions are available for the subsidization of both EPCA and ENDA. The Netherlands has also made its existing contribution (earmarked for EPCA) available for the subsidization of both types of emergency assistance. In addition, four other countries have pledged to contribute, but have not yet announced specific amounts, while a number of other countries have indicated that they are still considering contributions.

16. **Assuming full disbursement of all firm pledges, available resources for the subsidization of both types of emergency assistance would amount to SDR 27.9 million (total contributions minus the amount already disbursed to borrowing member countries).** Of this amount, SDR 7.5 million would be available for the subsidization of EPCA only, SDR 7.5 million for the subsidization of ENDA only, and SDR 12.9 million for the subsidization of both types of emergency assistance.

17. **As of end-February 2005, eleven member countries have benefited from the subsidization of emergency assistance.** The Central African Republic, Republic of Congo, and Haiti have continued to benefit from the subsidization of EPCA,¹¹ and two PRGF-eligible countries with outstanding purchases under ENDA—Grenada and Malawi—

¹⁰ *Subsidization of the Fund's Emergency Assistance for Natural Disasters to PRGF-Eligible Members* (EBS/05/4, 1/10/05).

¹¹ The Central African Republic made a purchase under EPCA of SDR 5.6 million on July 23, 2004, the Republic of Congo made a purchase of SDR 10.6 million on November 17, 2000, and Haiti made a purchase of SDR 10.2 million on January 10, 2005.

Table 4. Subsidy Contributions for Emergency Assistance
(In millions; as of March 2, 2005)

Contributor	Contribution pledge	Date of pledge	SDR equivalent	Contribution received	Subsidy disbursed
Sub-Account 1: EPCA subsidization only					
Belgium	SDR 0.63	Mar. 2002	0.6 ^{1/}	0.6	0.3
Canada	Can\$ 3.25	Oct. 2002	1.7	1.7	--
Norway	SDR 3.0	Jun. 2002	3.0	3.0	--
Sweden	SDR 0.8	Jan. 2002	0.8	0.8	0.8
Switzerland	US\$ 1.0	Mar. 2002	0.8	0.8	--
United Kingdom	£ 2.5	Oct. 2001	2.9	2.8	1.1
Sub Total			9.7	9.7	2.2
Sub-Account 2: ENDA subsidization only					
			--	--	--
Canada	Can\$ 5.0	Feb. 2005	2.6	--	--
India	SDR 1.5	Feb. 2005	1.5	--	--
Luxembourg	Euro 1.25	Feb. 2005	1.1	--	--
Russia	US\$ 1.5	Feb. 2005	1.0	--	--
Switzerland	US\$2.0	Feb. 2005	1.3	--	--
Sub Total			7.5	0.0	0.0
Sub-Account 3: Subsidization of EPCA and ENDA					
France	Euro 1.5	Jan. 2005	1.3	--	--
Netherlands	US\$ 2.0	Mar. 2002	1.5	1.5	--
Netherlands	US\$ 2.0	Mar. 2005	1.3	--	--
Norway	NKr 10.0	Feb. 2005	1.0	--	--
Sweden	US\$ 10.0	Feb. 2005	6.6	6.6	--
United Kingdom	£ 1.0	Feb. 2005	1.3	0.1	0.1
Sub Total			13.0	8.2	0.1
Total			30.2	17.9	2.3

Source: Finance Department.

1/ Belgium has fulfilled its pledge to subsidize Burundi's post-conflict emergency assistance in full, as Burundi made early repurchase in February 2004.

benefited from ENDA subsidization in early February 2005.¹² Moreover, on March 4, 2005, the Executive Board approved requests for ENDA by the Maldives and Sri Lanka in response to the recent devastating tsunami, and this assistance will also be provided on concessional terms, all subject to the availability of subsidy resources.¹³

18. **Staff's current projections indicate that resources needed for the subsidization of ENDA would be in the range of SDR 45–65 million over the next five years,** depending on the demand for such assistance and the path of future interest rates. While the initial response to the call for contributions to the subsidization of ENDA has been encouraging, it is important that all pending pledges be made effective as soon as possible and that new pledges are forthcoming to make this initiative fully effective.

V. PROPOSED DECISION ON THE ADEQUACY OF THE RESERVE ACCOUNT

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

Pursuant to Decision No. 10286-(93/23) ESAF, adopted on February 22, 1993, as amended, the Fund has reviewed the adequacy of the balances in the Reserve Account of the PRGF Trust, and determines that they are sufficient to meet all obligations that could give rise to payments from the Account to lenders to the Loan Account of the PRGF Trust in the six months from April 1, 2005 to September 30, 2005.

¹² Grenada made two purchases under ENDA of SDR 2.9 million each on January 27, 2003 and November 15, 2004, respectively, and Malawi made a purchase of SDR 17.4 million on September 3, 2002. All of these purchases remain outstanding.

¹³ The Maldives and Sri Lanka made purchases under ENDA of SDR 4.1 million (50 percent of quota) and SDR 103.35 million (25 percent of quota), respectively.

Table 5. Summary of Bilateral Contributions to the PRGF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-January 2005)

	PRGF Trust		PRGF-HIPC Trust	
	Subsidy contributions "as needed" 1/	Loan commitments	Subsidies and HIPC grant contributions "as needed" 1/	Of which: Pending "as needed" 1/
TOTAL	3,514.7	15,759.7	1,561.6	32.2
Major industrial countries	2,314.1	12,864.8	880.5	--
Canada	206.0	700.0	48.8	--
France	468.8	2,900.0	82.2	--
Germany	201.4	2,750.0	127.2	--
Italy	153.6	1,380.0	63.6	--
Japan	731.4	5,134.8	144.0	--
United Kingdom	371.7	--	82.2	--
United States	181.3	--	332.6	--
Other advanced countries	983.9	2,452.8	299.7	--
Australia	17.0	--	24.8	--
Austria	62.6	--	14.3	--
Belgium	119.4	350.0	35.3	--
Denmark	67.9	100.0	18.5	--
Finland	42.7	--	8.0	--
Greece	39.9	--	6.3	--
Iceland	4.7	--	0.9	--
Ireland	8.7	--	5.9	--
Israel	--	--	1.8	--
Korea	60.7	92.7	15.9	--
Luxembourg	14.5	--	0.7	--
Netherlands	145.7	450.0	45.4	--
New Zealand	--	--	1.7	--
Norway	46.2	150.0	18.5	--
Portugal	4.9	--	6.6	--
San Marino	--	--	0.05	--
Singapore	31.1	--	16.5	--
Spain	17.4	708.4	23.3	--
Sweden	189.3	--	18.3	--
Switzerland	111.1	601.7	37.0	--
Fuel exporting countries	16.5	49.5	114.3	23.2
Algeria	--	--	5.5	--
Bahrain	--	--	0.9	0.9
Brunei Darussalam	--	--	0.1	--
Gabon	--	--	2.5	1.9
Iran, Islamic Republic of	1.8	--	2.2	--
Kuwait	--	--	3.1	--
Libya	--	--	7.3	--
Nigeria	--	--	13.9	--
Oman	--	--	0.8	--
Qatar	--	--	0.5	--
Saudi Arabia	14.7	49.5	53.5	--
United Arab Emirates	--	--	3.8	--
República Bolivariana de Venezuela	--	--	20.4	20.4

Table 5. Summary of Bilateral Contributions to the PRGF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-January 2005)

	PRGF Trust		PRGF-HIPC Trust	
	Subsidy contributions "as needed" 1/	Loan commitments	Subsidies and HIPC grant contributions "as needed" 1/	Of which: Pending "as needed" 1/
Other developing countries	186.4	355.6	224.1	9.1
Argentina	36.3	--	16.2	6.4
Bangladesh	0.9	--	1.7	--
Barbados	--	--	0.4	--
Belize	--	--	0.3	--
Botswana	1.9	--	5.7	--
Brazil	--	--	15.0	--
Cambodia	--	--	0.04	--
Chile	4.1	--	4.4	--
China	15.6	200.0	19.7	--
Colombia	--	--	0.9	--
Cyprus	--	--	0.8	--
Dominican Republic	--	--	0.5	0.5
Egypt	13.7	155.6	1.3	--
Fiji	--	--	0.1	--
Ghana	--	--	0.5	--
Grenada	--	--	0.1	0.1
India	13.5	--	22.9	--
Indonesia	6.7	--	8.2	--
Jamaica	--	--	2.7	--
Lebanon	--	--	0.4	0.4
Malaysia	44.4	--	12.7	--
Maldives	--	--	0.01	0.01
Malta	2.0	--	1.1	--
Mauritius	--	--	0.1	--
Mexico	--	--	54.5	--
Micronesia, F. S.	--	--	0.00*	--
Morocco	9.9	--	1.6	--
Pakistan	3.6	--	3.4	--
Paraguay	--	--	0.1	--
Peru	--	--	2.5	--
Philippines	--	--	6.7	--
Samoa	--	--	0.00*	--
South Africa	--	--	28.6	--
Sri Lanka	--	--	0.6	--
St. Lucia	--	--	0.1	--
St. Vincent and the Grenadines	--	--	0.1	--
Swaziland	--	--	0.01	--
Thailand	17.5	--	4.5	--
Tonga	--	--	0.02	--
Trinidad and Tobago	--	--	1.6	1.6
Tunisia	1.6	--	1.5	--
Turkey	12.2	--	--	--
Uruguay	2.4	--	2.2	--
Vanuatu	--	--	0.1	0.1
Vietnam	--	--	0.4	--

Table 5. Summary of Bilateral Contributions to the PRGF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-January 2005)

	PRGF Trust		PRGF-HIPC Trust	
	Subsidy contributions "as needed" 1/	Loan commitments	Subsidies and HIPC grant contributions "as needed" 1/	Of which: Pending "as needed" 1/
Countries in transition	13.7	--	42.9	--
Croatia	--	--	0.4	--
Czech Republic	13.7	--	4.1	--
Estonia	--	--	0.5	--
Hungary	--	--	6.0	--
Latvia	--	--	1.0	--
Poland	--	--	12.0	--
Russian Federation	--	--	14.6	--
Slovak Republic	--	--	4.0	--
Slovenia	--	--	0.4	--
<i>Memorandum Item:</i>				
OPEC Fund for International Development	--	37.0	--	--

* Less than SDR 5,000.

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

Table 6. PRGF Trust—Subsidy Agreements 1/
(In millions of SDRs, unless otherwise noted; as of end-January 2005)

	Effective date of agreement	Vehicle	Deposit/Investment Amount			Interest Rate (percent)	Maturity (years)
			Approved	Received	Outstanding		
Austria							
Austrian National Bank	Jun. 8, 1988	Admin. Account	60.0	60.0	--	0.5	5½–10
Austrian National Bank	Apr. 19, 1994	Admin. Account	50.0	50.0	10.0	0.5	5½–10
Belgium							
National Bank of Belgium	Jun. 30, 1989	Admin. Account	100.0	100.0	--	0.5	10
National Bank of Belgium	Apr. 21, 1994	Admin. Account	80.0	80.0	--	0.5	10
Botswana							
Bank of Botswana 2/ 9/	Jun. 30, 1994	Admin. Account	6.9	6.9	--	2.0	10
Chile							
Banco Central de Chile	Aug. 24, 1994	Admin. Account	15.0	15.0	--	0.5	5
Greece							
Bank of Greece	Nov. 30, 1988	Admin. Account	35.0	35.0	--	0.5	5½–10
Bank of Greece	Apr. 22, 1994	Admin. Account	35.0	35.0	--	0.5	5½–10
Indonesia							
Bank Indonesia 3/	Jun. 23, 1994	Admin. Account	25.0	25.0	--	--	10
Iran, Islamic Republic of							
Central Bank of Iran 4/	May 24, 1994	Admin. Account	5.0	5.0	--	0.5	10
Malaysia							
Bank Negara Malaysia	May 17, 1988	Subsidy Account	40.0	40.0	--	0.5	10
Bank Negara Malaysia 9/	Jun. 30, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Malta							
Central Bank of Malta	Dec. 13, 1989	Subsidy Account	1.4	1.4	--	0.5	13
Central Bank of Malta	May 27, 1994	Subsidy Account	1.4	1.4	1.4	0.5	13
Pakistan							
State Bank of Pakistan 5/	Apr. 21, 1994	Subsidy Account	10.0	7.3	7.3	0.5	16
Portugal							
Banco do Portugal	May 5, 1994	Admin. Account	13.1	13.1	6.6	0.5	6–10
Singapore							
Monetary Authority of Singapore	Nov. 4, 1988	Subsidy Account	40.0	40.0	--	2.0	10
Monetary Authority of Singapore 9/	May 20, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Thailand							
Bank of Thailand 6/	Jun. 14, 1988	Subsidy Account	20.0	20.0	--	2.0	10
Bank of Thailand 6/	Apr. 22, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Tunisia							
Banque Centrale de Tunisie 7/	May 4, 1994	Subsidy Account	3.6	3.6	--	0.5	10
Uruguay							
Banco Central del Uruguay 8/	Jul. 7, 1994	Subsidy Account	7.2	7.2	--	--	10
Total			668.5	665.9	25.3		

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

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

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

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

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

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

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

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

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

Table 7. PRGF Trust—Loan Agreements
(In millions of SDRs; as of end-January 2005)

	Effective date of agreement	Expiration date for drawings	Loan commitments	Amount Disbursed		Amount outstanding
				Amount	In percent of commitment	
Belgium						
National Bank of Belgium 1/	Jul. 2, 1999	Dec. 31, 2009	350.0	242.3	69.2	242.3
Canada						
Government of Canada	Feb. 22, 1989	Dec. 31, 1997	300.0	300.0	100.0	41.9
Government of Canada	May 9, 1995	Dec. 31, 2005	400.0	348.5	87.1	308.3
China						
Government of China 1/	Jul. 05, 1994	Dec. 31, 2009	200.0	153.5	76.7	129.3
Denmark						
National Bank of Denmark	May 3, 2000	Dec. 31, 2003	100.0	100.0	100.0	100.0
Egypt						
Central Bank of Egypt 1/	Jun. 13, 1994	Dec. 31, 2009	155.6	100.0	64.3	77.6
France						
Agence Française de Développement 2/	Apr. 05, 1988	Dec. 31, 1997	800.0	800.0	100.0	65.3
Agence Française de Développement 2/	Jan. 03, 1995	Dec. 31, 2005	750.0	750.0	100.0	632.0
Agence Française de Développement 1/ 2/	Dec. 17, 1999	Dec. 31, 2009	1,350.0	266.3	19.7	266.3
Germany						
Kreditanstalt für Wiederaufbau	Mar. 31, 1989	Dec. 31, 1997	700.0	700.0	100.0	90.4
Kreditanstalt für Wiederaufbau	May 17, 1995	Dec. 31, 2005	700.0	700.0	100.0	629.4
Kreditanstalt für Wiederaufbau 1/	Jun. 19, 2000	Dec. 31, 2009	1,350.0	295.5	21.9	295.5
Italy						
Bank of Italy 3/	Oct. 04, 1990	Dec. 31, 1997	370.0	370.0	100.0	41.7
Bank of Italy 3/	May. 29, 1998	Dec. 31, 2005	210.0	210.0	100.0	192.6
Bank of Italy 1/	Mar. 1, 2000	Dec. 31, 2009	800.0	470.3	58.8	470.3
Japan						
Japan Bank for International Cooperation 4/	Apr. 12, 1988	Dec. 31, 1997	2,200.0	2,200.0	100.0	295.8
Japan Bank for International Cooperation 1/ 4/	Oct. 05, 1994	Dec. 31, 2009	2,934.8	2,291.4	78.1	2,131.0
Korea						
Bank of Korea	Apr. 20 1989	Dec. 31, 1997	65.0	65.0	100.0	2.2
Bank of Korea	Jun. 20, 1994	Dec. 31, 2005	27.7	27.7	100.0	24.1
Netherlands						
Bank of the Netherlands 1/	Sep. 29, 1999	Dec. 31, 2009	450.0	140.4	31.2	140.4
Norway						
Bank of Norway	Apr. 14, 1988	Dec. 31, 1997	90.0	90.0	100.0	7.3
Bank of Norway	Jun. 16, 1994	Dec. 31, 2005	60.0	60.0	100.0	48.6
OPEC Fund for International Development 5/	Dec. 20, 1994	Dec. 31, 2005	37.0	37.0	100.0	33.2
Spain						
Bank of Spain 6/	Jun. 20, 1988	Jun. 30, 1993	216.4	216.4	100.0	--
Government of Spain	Feb. 08, 1995	Dec. 31, 2005	67.0	67.0	100.0	56.4
Bank of Spain 1/	Feb. 14, 2000	Dec. 31, 2009	425.0	123.9	29.2	123.9
Switzerland						
Swiss Confederation 7/	Dec. 23, 1988	Dec. 31, 1997	200.0	200.0	100.0	--
Swiss National Bank 1/	Jun. 22, 1995	Dec. 31, 2009	401.7	194.2	48.3	149.5
Subtotal			15,710.2	11,519.4	73.3	6,595.2
Associated Agreement -						
Saudi Fund for Development (SFD)	Feb. 27, 1989	--- 8/	49.5	49.5	100.0	--
Total Loan and Associated Loan Agreements 9/			15,759.7	11,568.9	73.4	6,595.2

1/ Including additional loan commitments for interim PRGF operations.

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

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

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

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

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

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

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

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

Table 8. PRGF Trust—Reserve Account Coverage
(In millions of SDRs; as of end-February 2005)

	Reserve Account cumulative balance (end of period)	PRGF Trust obligations 1/ (end of period)	Annual loan repayments to lenders 1/
1988	169	103	--
1989	272	510	--
1990	395	795	--
1991	513	1,320	--
1992	630	1,786	--
1993	793	2,005	--
1994	1,009	2,786	33
1995	1,336	3,919	114
1996	1,716	4,446	181
1997	2,093	4,892	285
1998	2,345	5,421	366
1999	2,548	5,820	412
2000	2,714	5,773	475
2001	2,917	5,971	665
2002	3,079	6,636	696
2003	3,115	6,703	781
2004	3,174	6,632	862

1/ Excludes associated loans of SDR 49.5 million from the Saudi Fund for Development (SFD), the risk of which is borne by the SFD, and overdue Trust Fund obligations (SDR 117 million), overdue SAF obligations (SDR 10 million), and overdue PRGF obligations (SDR 81 million).

**Table 9. Information on Pending Bilateral Contributions to the PRGF-HIPC Trust
Status as of end-February 2005¹**

Argentina:	The remaining balance of SDR 6.4 million (as needed) of its pledged contribution to be financed from its Post-SCA-2 balance of SDR 5.6 million.
Bahrain:	Contribution of income on an interest-free deposit through 2018.
Dominican Republic:	Contribution of net income on a deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 1.0 million at 1 percent per annum.
Gabon:	The remaining balance of SDR 1.9 million (as needed) of its pledged contribution to be financed by grants.
Grenada:	Contribution of net income on a deposit for 10 years of SDR 0.20 million at 0.5 percent per annum.
Lebanon:	Contribution of income on an interest-free deposit through 2018.
Maldives:	Contribution of income on an interest-free deposit through 2018.
Mauritius:	The authorities are considering an additional contribution.
Trinidad and Tobago:	Contribution of income on an interest-free deposit of its Post-SCA-2 balance of SDR 2.5 million.
Vanuatu:	Grant contribution of its Post-SCA-2 balance of SDR 0.05 million.
República Bolivariana de Venezuela:	Prepared to contribute based on its quota-based share. Contribution could be financed through use of its Post-SCA-2 balance of SDR 30.8 million.

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