

INTERNATIONAL MONETARY FUND

**Update on the Financing of PRGF and HIPC Operations and
the Subsidization of Post-Conflict Emergency Assistance**

Prepared by the Treasurer's Department

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

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| | Page |
|---|------|
| Executive Summary | 3 |
| I. Introduction..... | 4 |
| II. PRGF Loan Resources and Reserve Account Coverage | 4 |
| PRGF Loan Resources | 4 |
| Reserve Account Coverage | 5 |
| Self-Sustained PRGF..... | 5 |
| III. PRGF Subsidies and HIPC Initiative Grants..... | 6 |
| IV. Subsidization of Post-Conflict Emergency Assistance..... | 10 |
| V. Proposed Decisions | 12 |
| Text Tables | |
| 1. New PRGF Loan Resources..... | 4 |
| 2. Financing of PRGF Subsidies and HIPC Initiative Grants | 7 |
| 3. Pending Subsidy contributions to the PRGF-HIPC Trust..... | 8 |
| 4. Interest Rate Sensitivity of Subsidy and Grant Resources..... | 9 |
| 5. Commitments and Disbursements of the Fund's HIPC Initiative Assistance | 10 |
| 6. Contributions to Post-Conflict Emergency Assistance Subsidies..... | 11 |

Text Figure

1. Reserve Account Coverage 6

Appendix Tables

7. Summary of Bilateral Subsidy and Loan Contributions to the PRGF
and PRGF-HIPC Trusts..... 13

8. PRGF Trust—Subsidy Agreements 16

9. PRGF Trust—Loan Agreements..... 17

10. PRGF Trust—Reserve Account Coverage..... 18

11. Information on Pending Bilateral Contributions to the PRGF-HIPC Trust..... 19

Executive Summary

PRGF Loan Resources

- New loan resources of SDR 0.3 billion from Spain became effective in May 2002. Altogether ten countries have provided SDR 4.4 billion in loan resources for the period 2002–05.
- Balances in the PRGF Trust Reserve Account far exceed repayments falling due to Trust lenders during the six-month period ending March 2003. A proposed decision to this effect is attached for Board consideration.

PRGF lending

- New commitments under PRGF arrangements are expected to amount to SDR 1.3 billion in 2002 and SDR 1 billion in 2003, respectively, slightly lower than previously projected. Remaining loan resources would be sufficient to cover new commitments of about SDR 1 billion a year in 2004–05.

Subsidy and Grant Resources

- The estimated cost of financing PRGF and HIPC operations has declined by about SDR 0.2 billion on a cash basis since the last update, partly reflecting lower-than-assumed interest rates.
- Total available subsidy and grant resources in the PRGF and PRGF-HIPC Trusts are projected to exceed financing needs by a small margin. It is important that all pending bilateral contributions be made effective soon.
- Revised estimates of potential HIPC Initiative debt relief at completion points (topping up) remain broadly unchanged from the March update, and the projected additional cost to the Fund could be fully accommodated with available financial resources.

Subsidizing Post-Conflict Emergency Assistance

- Adequate resources have been secured for the subsidization of post-conflict emergency assistance through 2004. Since the last update, Norway has pledged a grant contribution of SDR 3 million and Canada and the Netherlands have each pledged about SDR 1.5 million. In total, seven countries have pledged SDR 11.5 million in grant contributions.
- It is proposed to amend the Instrument establishing the Administered Account to subsidize the Fund's post-conflict emergency assistance so that countries in arrears to the Fund are not eligible for the subsidization of the rate of charge on such assistance. A draft decision to this effect is included for the consideration of the Board.

I. INTRODUCTION

1. **This paper provides a semi-annual update of the financing of PRGF and HIPC operations, the adequacy of the Reserve Account of the PRGF Trust, and the mobilization of subsidy contributions for post-conflict emergency assistance.**¹ The paper indicates that available subsidy and grant resources in the PRGF and PRGF-HIPC Trusts appear sufficient to fully subsidize new PRGF lending of about SDR 1.1 billion a year through 2005 and to meet the Fund's cost of HIPC Initiative assistance. Available and pledged grant contributions to the Administered Account for post-conflict emergency assistance are also estimated to be adequate to subsidize interest charges falling due in the next several years.
2. **The staff proposes that this paper be published on the Fund's website,** as was done with the two previous reports.

II. PRGF LOAN RESOURCES AND RESERVE ACCOUNT COVERAGE

PRGF Loan Resources

3. **The mobilization of loan resources for the continuation of PRGF lending during 2002–05 was completed in May 2002,** when Spain's pledged new loan resources of SDR 300 million became effective. Including Spain, ten countries have provided SDR 4.4 billion in additional loan resources (Table 1), sufficient to allow the Fund to extend new PRGF commitments at an average rate of about SDR 1.1 billion per year through 2005.²

Table 1. New PRGF Loan Resources
(In millions of SDRs)

| | |
|--------------|--------------|
| Total | 4,390 |
| Belgium | 150 |
| China | 100 |
| Egypt | 56 |
| France | 1,000 |
| Germany | 1,000 |
| Italy | 550 |
| Japan | 785 |
| Netherlands | 200 |
| Spain | 300 |
| Switzerland | 250 |

¹ For a detailed description of the origin and financial structure of the PRGF and PRGF-HIPC Trusts, see Section IV in *Financial Organization and Operations of the IMF*, Pamphlet No. 45, Sixth Edition, 2001.

² In September 2001, the PRGF and PRGF-HIPC Trust Instruments were amended to establish the legal framework for conducting new PRGF lending in 2002–05 through the existing Loan Account of the PRGF Trust and for using the Reserve Account to secure additional loan resources. The amendments also raised the maximum borrowing limit of the PRGF Trust from SDR 11.5 billion to SDR 16 billion. Previously available loan resources to the PRGF Trust of SDR 11.4 billion were fully committed toward the end of 2001.

4. **Commitments under new PRGF arrangements during 2002 and 2003 are estimated to be about SDR 1.3 billion and SDR 1 billion, respectively, slightly lower than previously projected.** New commitments during the first half of 2002 amounted to SDR 0.9 billion, including SDR 0.6 billion for the Democratic Republic of the Congo (DRC), following the clearance of its arrears to the Fund. Preliminary estimates indicate that additional commitments during the remainder of 2002 could amount to SDR 0.4 billion. Remaining loan resources would then be adequate to finance new commitments of about SDR 1 billion a year over the next three years.

Reserve Account Coverage³

5. **Resources accumulating in the Reserve Account of the PRGF Trust are projected to far exceed repayment obligations falling due to PRGF Trust lenders in the six-month period ending March 2003.**⁴ At end-July 2002, balances in the Reserve Account reached SDR 3.1 billion, up from SDR 2.9 billion reported in March, owing in large measure to the clearance of the DRC's arrears of SDR 150 million to the Structural Adjustment Facility (SAF). These balances currently exceed by a factor of about eight projected repayments to PRGF Trust lenders of SDR 0.4 billion through end-March 2003. A decision on the adequacy of the Reserve Account coverage is proposed for adoption by the Executive Board below.

6. **Zimbabwe, which has been in arrears to the PRGF Trust since mid-February 2001, represents the only case of protracted arrears to the PRGF Trust.** As of end-July 2002, Zimbabwe's arrears to the PRGF Trust amounted to SDR 45 million, an increase of SDR 8 million since the March update. Principal arrears of SDR 44 million have necessitated repayments to PRGF Trust lenders from the Reserve Account. The Reserve Account will be replenished when Zimbabwe settles its arrears to the PRGF Trust.

Self-Sustained PRGF

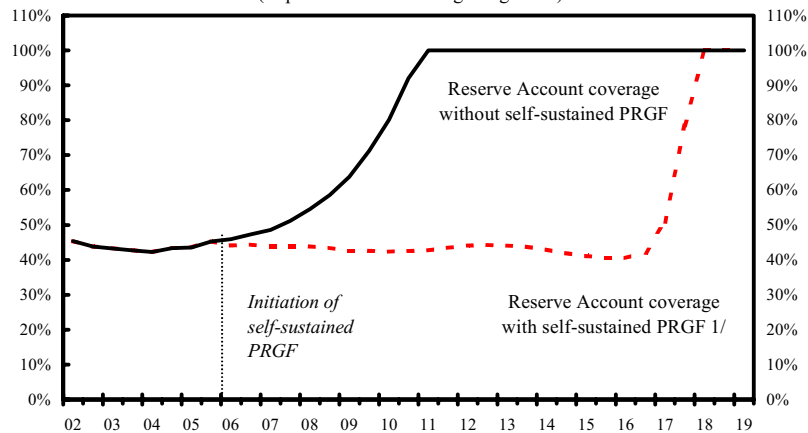
7. **It is envisaged that, once the new PRGF loan and subsidy resources have been exhausted, concessional lending will be financed on a revolving basis through the resources accumulated in the Reserve Account (the so-called self-sustained PRGF operations).** Based on an assumed rate of return on investment of 5 percent per annum and

³ The Reserve Account is intended primarily to provide security to lenders to the PRGF Trust. The Account also smoothes mismatches between repayments from borrowers and repayments to lenders, and covers the Fund's cost of administering the PRGF. The Account has been funded from Trust Fund and SAF repayments and investment income.

⁴ The Board is required to review the adequacy of the PRGF Trust Reserve Account every six months as long as PRGF loans related to the encashment of rights under rights accumulation programs remain outstanding (Decision No. 10286-(93/23) ESAF, February 22, 1993, as amended). Such loans remain outstanding to Sierra Leone and Zambia.

assuming that self-sustained PRGF lending begins in 2006, accumulated balances in the Reserve Account would be sufficient to support PRGF commitments at an annual rate of about SDR 650 million, while also allowing the Reserve Account to provide security equal to 40–45 percent of outstanding claims on the PRGF Trust, which is in line with the historical average (Figure 1).⁵ However, the projected level of self-sustained PRGF lending is dependent on the timing of the initiation of such operations and the rate of return on Reserve Account balances. For example, a one-year delay in the launch of self-sustained PRGF lending would, all other things being equal, raise the annual commitment capacity by about SDR 30 million, while a decline in the rate of return on Reserve Account balances of ½ percentage point below the assumed 5 percent per annum would lower the annual commitment capacity by about SDR 30 million.

Figure 1. Reserve Account Coverage
(In percent of outstanding obligations)



1/ Based on current projections, outstanding PRGF Trust obligations will decline sharply starting in 2017, resulting in an increase in the Reserve Account coverage.

III. PRGF SUBSIDIES AND HIPC INITIATIVE GRANTS

8. **Subsidy and grant resources in the PRGF and PRGF-HIPC Trusts are currently projected to exceed the cost of PRGF subsidies and the Fund's share of HIPC Initiative assistance by a small margin (Table 2).**⁶ Based on an assumed interest rate of 5 percent per

⁵ These projections assume that protracted arrears to the Trust Fund (SDR 116 million) and the SAF (SDR 10 million) will be settled by 2005. In the absence of self-sustained PRGF operations, projected Reserve Account balances would cover all claims on the PRGF Trust by 2011.

⁶ The projection of the adequacy of subsidy and grant resources of the PRGF Trust and the PRGF-HIPC Trust has been integrated following the amendments to the Trust Instruments in
(continued)

Table 2. Financing of PRGF Subsidies and HIPC Initiative Grants
(In billions of SDRs on a cash basis)

| | Actual receipts and uses (as of June 2002) | Projected receipts and uses (July 2002–2019) 1/ | Total |
|---|--|---|------------|
| Uses of subsidy and grant resources | 2.6 | 4.7 | 7.3 |
| PRGF subsidies | 1.7 | 3.4 | 5.2 |
| <i>Of which:</i> Interim PRGF | - | 1.5 | 1.5 |
| Fund's cost of the HIPC Initiative 2/ | 0.8 | 1.3 | 2.1 |
| Sources of subsidy and grant resources | 4.7 | 2.9 | 7.6 |
| Bilateral contributions | 3.1 | 0.7 | 3.8 |
| PRGF Trust | 2.3 | 0.3 | 2.6 |
| PRGF-HIPC Trust | 0.7 | 0.4 | 1.2 |
| Fund contributions | 0.8 | 1.8 | 2.6 |
| PRGF Trust | 0.4 | - | 0.4 |
| PRGF-HIPC Trust | 0.4 | 1.8 | 2.2 |
| Investment income from gold proceeds | - | 1.8 | 1.8 |
| Other contributions | 0.4 | 0.1 | 0.4 |
| Interest income on balances in the PRGF and PRGF-HIPC Trusts | 0.9 | 0.3 | 1.2 |

1/ Projections are based on the assumed annual interest rate of 5 percent, unchanged from the interest rate assumption used in the March 2002 update.

2/ Equivalent to US\$2.7 billion in 2001 NPV terms. Based on current projections, the HIPC Initiative grants will be fully disbursed by 2006.

annum on investments through the life of the Trusts,⁷ the combined subsidy and grant resources available to the PRGF and PRGF-HIPC Trusts are projected at SDR 7.6 billion on a cash basis, broadly unchanged from the previous estimate.⁸ Since the last update, Indonesia's remaining pledged contribution to the PRGF-HIPC Trust, estimated at about SDR 4.5 million, has become effective, and Botswana has agreed to renew its investment agreement with the PRGF-HIPC Trust with an additional contribution, estimated at about SDR 2.5 million. Pledged contributions to the PRGF-HIPC Trust from 14 countries—

September 2001 (see EBS/01/132, 8/8/01). With these amendments, resources available in the Subsidy Account of the PRGF Trust can be used first to subsidize PRGF lending in 2002–05 and that subsidy resources of the PRGF-HIPC Trust be transferred to the PRGF Trust once resources in the PRGF Trust Subsidy Account are exhausted.

⁷ Both the PRGF and PRGF-HIPC Trusts are expected to operate through 2019.

⁸ The sources of subsidy and grant contributions to the PRGF and PRGF-HIPC Trust were described in the previous update paper. See “*Update on the Financing of PRGF and HIPC Operations and the Subsidization of Post-Conflict Emergency Assistance*” (SM/02/96, 3/26/02).

amounting to about SDR 55 million, or 3 percent of the total—have not yet been made effective (Table 3).

| | | | |
|---|------|--------------------|-------------|
| Venezuela | 20.4 | Dominican Republic | 0.5 |
| Brazil | 15.0 | Lebanon | 0.4 |
| Libya | 7.3 | Fiji | 0.1 |
| Argentina 2/ | 6.4 | Grenada | 0.1 |
| Gabon 2/ | 1.9 | Vanuatu | 0.1 |
| Trinidad & Tobago | 1.6 | Tonga | 0.01 |
| Bahrain | 0.9 | Maldives | 0.01 |
| | | Total | 54.6 |
| 1/ "As needed" is defined in Table 7, footnote 3. | | | |
| 2/ Remaining balance. | | | |

9. **The total cost of subsidizing PRGF lending (through 2019) and financing the Fund's share of HIPC Initiative assistance (through 2006) is currently projected at SDR 7.3 billion on a cash basis, or about SDR 0.2 billion lower than previously estimated.**⁹ The cost of subsidies for PRGF lending is now estimated at SDR 5.2 billion, a decline of about SDR 0.1 billion from the previous update, owing to lower-than-expected interest paid to PRGF Trust lenders in the intervening period.¹⁰ The estimated cost of the Fund's HIPC Initiative assistance, excluding potential topping up at completion points that has not already been committed, is also about SDR 0.1 billion lower than before, at SDR 2.1 billion. This mainly reflects a change in the estimated cost of Fund's HIPC

⁹ These estimates do not take account of possible use of PRGF resources and HIPC Initiative assistance by Liberia, Somalia, and Sudan, which have combined arrears to the Fund of SDR 1.8 billion. In addition to the needed PRGF loan resources, preliminary estimates suggest that additional subsidy and grant resources of SDR 1.2–1.4 billion would be required in order to facilitate arrears clearance and provide HIPC Initiative assistance for these three countries. See "*Sudan—Fundamental Issues in Resolving External Debt Problems and Achieving Debt Sustainability*" (EBS/02/96, 6/5/02).

¹⁰ Under both the previous and current projections, the availability of subsidy and grant resources and financing needs are based on the assumption that the annual investment return on available resources and the interest rate paid to PRGF Trust lenders would remain constant at 5 percent throughout the life of the PRGF and PRGF-HIPC Trusts. However, since the March update, the annualized rate of return on the investment of available resources has averaged 3.3 percent, higher than the interest rate (of about 2.6 percent) paid to PRGF Trust lenders, generating a net gain for the two Trusts.

Initiative assistance to the DRC to take into account the concessionality of the PRGF arrangement approved after the DRC cleared its arrears to the Fund.¹¹

10. **The staff’s revised projection of potential HIPC Initiative debt relief at the completion points (topping-up) remains broadly unchanged from March, and the projected additional cost to the Fund could be fully accommodated with available financial resources.** Based on current projections, total topping-up assistance (including for Burkina Faso that has already been committed) by all creditors would amount to US\$0.5–0.9 billion, marginally lower than estimated in March.¹² The Fund’s share of this additional cost is estimated at less than 10 percent, or US\$90 million (equivalent to SDR 70 million). These are tentative estimates and subject to revision as countries approach their completion points.

11. **The projection of subsidy and grant availability and financing needs is sensitive to changes in interest rates, the level of PRGF lending, and the Fund’s cost of the HIPC Initiative.** The projected small surplus of available subsidy and grant resources over financing needs would be eliminated at an interest rate of around 5.3 percent, as the amount of financing required is more sensitive to changes in interest rates than the amount of financing available (Table 4).¹³ By the same token, a higher level of PRGF lending, greater frontloading of PRGF disbursements, or a significantly higher cost of HIPC Initiative assistance than currently estimated, might require additional subsidy and grant resources.

Table 4. Interest Rate Sensitivity of PRGF Subsidy and Grant Resources
(In billions of SDRs on a cash basis)

| | (Interest rate in percent per annum) | | | | |
|---------------------|--------------------------------------|------------|------------|------------|-------------|
| | 4.0 | 4.5 | 5.0 | 5.3 | 5.5 |
| Financing required | 6.5 | 6.9 | 7.3 | 7.6 | 7.7 |
| Financing available | 7.5 | 7.5 | 7.6 | 7.6 | 7.6 |
| Balance | 1.0 | 0.6 | 0.3 | 0.0 | -0.1 |

¹¹ Based on agreement among multilateral financial institutions, concessionality in financing related to arrears clearance around HIPC Initiative decision points is to be counted as HIPC Initiative assistance. See “*HIPC Initiative—Meeting with Multilateral Development Banks on March 2–3*” (SM/98/68, 3/10/98).

¹² See “*Heavily Indebted Poor Countries Initiative—Status of Implementation*” (SM/02/264, 8/16/02).

¹³ The *financing required* consists of PRGF subsidies, which are sensitive to changes in interest rates, and HIPC Initiative grants, which are broadly independent of interest rates. The *financing available* comprises grants and investment income earned on grants and deposits, with only the latter sensitive to changes in interest rates. In nominal terms, the interest sensitive component of the *financing required* is considerably larger than the corresponding component of the *financing available*.

12. **Continued progress has been made under the HIPC Initiative.** As of end-July 2002, the Fund had committed HIPC assistance of SDR 1.6 billion to 26 countries, broadly unchanged from the previous update paper (Table 5). Of these commitments, SDR 0.8 billion had been disbursed as either interim assistance or at completion points. Since the last update, Burkina Faso and Mauritania reached their completion points. Topping-up assistance of about SDR 11 million was committed to Burkina Faso to address a fundamental change in its economic circumstances due to exogenous developments.¹⁴

Table 5. Commitments and Disbursements of the Fund's HIPC Initiative Assistance
(In millions of SDRs; as of end-July, 2002)

| Member | Amount | | | Amount | |
|---|-----------|-----------|------------------------|-----------|-----------|
| | Committed | Disbursed | | Committed | Disbursed |
| Benin | 18.4 | 11.0 | Malawi | 23.1 | 2.3 |
| Bolivia 1/ | 65.5 | 65.5 | Mali 1/ | 44.4 | 17.2 |
| Burkina Faso 1/ | 45.3 | 34.4 | Mauritania | 34.8 | 34.8 |
| Cameroon | 28.5 | 2.5 | Mozambique 1/ | 108.0 | 108.0 |
| Chad | 14.3 | 4.3 | Nicaragua | 63.0 | -- |
| Côte d'Ivoire 2/ | 16.7 | -- | Niger | 21.6 | 1.5 |
| Ethiopia | 26.9 | 4.0 | Rwanda | 33.8 | 9.1 |
| Gambia | 1.8 | 0.1 | São Tomé & Príncipe 3/ | -- | -- |
| Ghana | 90.1 | 9.9 | Senegal | 33.8 | 8.2 |
| Guinea | 24.2 | 5.2 | Sierra Leone | 98.5 | 23.6 |
| Guinea Bissau | 9.2 | 0.5 | Tanzania | 96.4 | 96.4 |
| Guyana 1/ | 56.2 | 31.7 | Uganda 1/ | 121.7 | 121.7 |
| Honduras | 22.7 | 4.5 | Zambia | 468.8 | 234.4 |
| Madagascar | 16.6 | 2.1 | | | |
| 27 Members, of which 26 under the enhanced HIPC framework | | | | 1,584.2 | 833.1 |

1/ Under the original and enhanced HIPC frameworks.

2/ Under the original HIPC framework.

3/ At the time of the decision point, there was no debt to the Fund eligible for HIPC Initiative assistance.

IV. SUBSIDIZATION OF POST-CONFLICT EMERGENCY ASSISTANCE

13. **Adequate resources have been secured for the subsidization of post-conflict emergency assistance through 2004.** An Administered Account was established on May 4, 2001 to subsidize the rate of charge on post-conflict emergency assistance to PRGF-

¹⁴ This amount has, however, not been disbursed, owing to the lack of adequate financing assurances from other creditors.

eligible members to 0.5 percent annually.¹⁵ Since the last update, Norway has pledged a grant contribution of SDR 3 million and Canada and the Netherlands have each pledged about SDR 1.5 million. As of end-July 2002, total contributions pledged by seven countries amounted to the equivalent of SDR 11.5 million (Table 6), compared to an estimated need for subsidy resources for this purpose of SDR 7–12 million through 2004. Of the total contributions pledged, SDR 4.8 million have been received, and SDR 1 million has been disbursed to six member countries.¹⁶

Table 6. Contributions to Post-Conflict Emergency Assistance Subsidies
(In millions, as of end-July 2002)

| Contributor | Contribution pledged | SDR equivalent | Contribution received | Subsidy disbursed |
|----------------|----------------------|----------------|-----------------------|-------------------|
| Belgium | SDR 1.0 | 1.0 | -- | -- |
| Canada | Can\$ 3.25 | 1.6 | -- | -- |
| Netherlands | US\$ 2.0 | 1.5 | 1.5 | -- |
| Norway | SDR 3.0 | 3.0 | -- | -- |
| Sweden | SDR 0.8 | 0.8 | 0.8 | 0.4 |
| Switzerland | US\$ 1.0 | 0.8 | 0.8 | -- |
| United Kingdom | £ 2.5 | 2.8 | 1.7 | 0.6 |
| Total | | 11.5 | 4.8 | 1.0 |

14. **It is proposed to amend the Instrument establishing the Administered Account so that countries in arrears to the Fund are not eligible for the subsidization of the rate of charge on post-conflict emergency assistance.** The Instrument establishing the Administered Account does not limit the subsidization of the rate of charge on post-conflict emergency purchases to those eligible members that are current in their obligations to the Fund in the General Resources Account, the Special Disbursement Account, the SDR Department, or to a Trust administered to the Fund as Trustee. It is proposed to introduce such a requirement to bring the provision of this subsidy more in line with the Fund’s general policy of providing for automatic suspension of access to the Fund’s resources, including resources administered by the Fund, when a member is in arrears to the Fund, including as Trustee. Eligibility will resume once the eligible member becomes current on its obligations to the Fund. However, only charges payable after the clearance of arrears will be eligible for subsidization. A draft decision giving effect to this amendment is proposed for adoption by the Executive Board below.

¹⁵ See “*Establishment of an Administered Account to Subsidize the Fund’s Post-Conflict Emergency Assistance to Poverty Reduction and Growth Facility-Eligible Members*” (EBS/01/63, 4/27/01).

¹⁶ These countries are Albania, the Republic of Congo, Guinea-Bissau, Rwanda, Sierra Leone, and Tajikistan.

V. PROPOSED DECISIONS

15. The following draft decisions, which can be adopted by the majority of votes cast, are proposed for adoption by the Executive Board:

Decision No. 1

“Pursuant to Decision No. 10286-(93/23) ESAF, adopted on February 22, 1993, as amended, the Fund has reviewed the adequacy of balances in the Reserve Account of the PRGF Trust, and determines that they are sufficient to meet all obligations that could give rise to payments from the Account to lenders to the Loan Account of the PRGF Trust in the six months from October 1, 2002 to March 31, 2003.

Decision No. 2

Paragraph 6(a) of the Instrument to Establish the Post-Conflict Emergency Assistance Subsidy Account for PRGF-Eligible Members, Annexed to Decision No. 12481-(01/45), adopted May 4, 2001, shall be amended by adding the following two new sentences at the end:

“An otherwise eligible recipient will not be eligible for grants under this provision while in arrears to the General Resources Account, the Special Disbursement Account, the SDR Department, or to a Trust administered by the Fund as Trustee. Once arrears are cleared, only charges payable after such clearance will be eligible for subsidization.”

Table 7. Summary of Bilateral Contributions to
the PRGF and PRGF-HIPC Trusts

(In millions of SDRs; as of end-July 2002)

| | PRGF Trust | | PRGF-HIPC Trust | |
|------------------------------------|--|------------------------|---|--|
| | Subsidy contributions "as needed" 1/ | Loan commitments 2/ | Subsidies and HIPC grant contributions "as needed" 3/ | Of which: Pending "as needed" 3/ |
| TOTAL | 3,496.1 | 15,722.7 | 1,561.6 | 54.6 |
| Major industrial countries | 2,304.9 | 12,864.8 | 880.5 | -- |
| Canada | 204.1 | 700.0 | 48.8 | -- |
| France | 479.9 | 2,900.0 | 82.2 | -- |
| Germany | 197.9 | 2,750.0 | 127.2 | -- |
| Italy | 162.1 | 1,380.0 | 63.6 | -- |
| Japan | 723.8 | 5,134.8 | 144.0 | -- |
| United Kingdom | 359.1 | -- | 82.2 | -- |
| United States | 178.0 | -- | 332.6 | -- |
| Other advanced countries | 984.7 | 2,452.8 | 299.7 | -- |
| Australia | 14.1 | -- | 24.8 | -- |
| Austria | 63.6 | -- | 14.3 | -- |
| Belgium | 123.1 | 350.0 | 35.3 | -- |
| Denmark | 67.0 | 100.0 | 18.5 | -- |
| Finland | 42.1 | -- | 8.0 | -- |
| Greece | 40.0 | -- | 6.3 | -- |
| Iceland | 4.6 | -- | 0.9 | -- |
| Ireland | 7.7 | -- | 5.9 | -- |
| Israel | -- | -- | 1.8 | -- |
| Korea | 60.0 | 92.7 | 15.9 | -- |
| Luxembourg | 14.4 | -- | 0.7 | -- |
| Netherlands | 140.0 | 450.0 | 45.4 | -- |
| New Zealand | -- | -- | 1.7 | -- |
| Norway | 45.5 | 150.0 | 18.5 | -- |
| Portugal | 5.6 | -- | 6.6 | -- |
| San Marino | -- | -- | 0.05 | -- |
| Singapore | 33.9 | -- | 16.5 | -- |
| Spain | 27.0 | 708.4 | 23.3 | -- |
| Sweden | 186.6 | -- | 18.3 | -- |
| Switzerland | 109.3 | 601.7 | 37.0 | -- |
| Fuel exporting countries | 17.9 | 49.5 | 108.7 | 24.7 |
| Algeria | -- | -- | 5.5 | -- |
| Bahrain | -- | -- | 0.9 | 0.9 |
| Brunei Darussalam | -- | -- | 0.1 | -- |
| Gabon | -- | -- | 2.5 | 1.9 |
| Iran, Islamic Republic of | 2.1 | -- | 2.2 | -- |
| Kuwait | -- | -- | 3.1 | -- |
| Nigeria | -- | -- | 13.9 | -- |
| Oman | -- | -- | 0.8 | -- |
| Qatar | -- | -- | 0.5 | -- |
| Saudi Arabia | 15.7 | 49.5 | 53.5 | -- |
| Trinidad and Tobago | -- | -- | 1.6 | 1.6 |
| United Arab Emirates | -- | -- | 3.8 | -- |
| República Bolivariana de Venezuela | -- | -- | 20.4 | 20.4 |

Table 7. Summary of Bilateral Contributions to
the PRGF and PRGF-HIPC Trusts

(In millions of SDRs; as of end-July 2002)

| | PRGF Trust | | PRGF-HIPC Trust | |
|-----------------------------------|--|------------------------|---|--|
| | Subsidy contributions "as needed" 1/ | Loan commitments 2/ | Subsidies and HIPC grant contributions "as needed" 3/ | Of which: Pending "as needed" 3/ |
| Other developing countries | 175.4 | 355.6 | 229.7 | 29.9 |
| Argentina | 35.0 | -- | 16.2 | 6.4 |
| Bangladesh | 0.9 | -- | 1.7 | -- |
| Barbados | -- | -- | 0.4 | -- |
| Belize | -- | -- | 0.3 | -- |
| Botswana | 2.4 | -- | 5.7 | -- |
| Brazil | -- | -- | 15.0 | 15.0 |
| Cambodia | -- | -- | 0.04 | -- |
| Chile | 4.0 | -- | 4.4 | -- |
| China | 14.8 | 200.0 | 19.7 | -- |
| Colombia | -- | -- | 0.9 | -- |
| Cyprus | -- | -- | 0.8 | -- |
| Dominican Republic | -- | -- | 0.5 | 0.5 |
| Egypt | 13.3 | 155.6 | 1.3 | -- |
| Fiji | -- | -- | 0.1 | 0.1 |
| Ghana | -- | -- | 0.5 | -- |
| Grenada | -- | -- | 0.1 | 0.1 |
| India | 13.6 | -- | 22.9 | -- |
| Indonesia | 6.2 | -- | 8.2 | -- |
| Jamaica | -- | -- | 2.7 | -- |
| Lebanon | -- | -- | 0.4 | 0.4 |
| Libya | -- | -- | 7.3 | 7.3 |
| Malaysia | 47.1 | -- | 12.7 | -- |
| Maldives | -- | -- | 0.01 | 0.01 |
| Malta | 2.2 | -- | 1.1 | -- |
| Mauritius | -- | -- | 0.1 | -- |
| Mexico | -- | -- | 54.5 | -- |
| Micronesia, F. S. | -- | -- | 0.00* | -- |
| Morocco | 9.8 | -- | 1.6 | -- |
| Pakistan | 4.1 | -- | 3.4 | -- |
| Paraguay | -- | -- | 0.1 | -- |
| Peru | -- | -- | 2.5 | -- |
| Philippines | -- | -- | 6.7 | -- |
| Samoa | -- | -- | 0.00* | -- |
| South Africa | -- | -- | 28.6 | -- |
| Sri Lanka | -- | -- | 0.6 | -- |
| St. Lucia | -- | -- | 0.1 | -- |
| St. Vincent and the Grenadines | -- | -- | 0.1 | -- |
| Swaziland | -- | -- | 0.01 | -- |
| Thailand | 17.3 | -- | 4.5 | -- |
| Tonga | -- | -- | 0.02 | 0.01 |
| Tunisia | 1.9 | -- | 1.5 | -- |
| Turkey | 11.4 | -- | -- | -- |
| Uruguay | 2.6 | -- | 2.2 | -- |
| Vanuatu | -- | -- | 0.1 | 0.1 |
| Vietnam | -- | -- | 0.4 | -- |

Table 7. Summary of Bilateral Contributions to
the PRGF and PRGF-HIPC Trusts

(In millions of SDRs; as of end-July 2002)

| | PRGF Trust | | PRGF-HIPC Trust | |
|--------------------------------|--|------------------------|---|--|
| | Subsidy contributions "as needed" 1/ | Loan commitments 2/ | Subsidies and HIPC grant contributions "as needed" 3/ | Of which: Pending "as needed" 3/ |
| Countries in transition | 13.3 | -- | 42.9 | -- |
| Croatia | -- | -- | 0.4 | -- |
| Czech Republic | 13.3 | -- | 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 | -- |

* Less than SDR 5,000.

1/ The calculations are based on actual interest rates through end-June 2002 and an assumed SDR interest rate of 5 percent per annum thereafter.

2/ The total has increased by SDR 300 million since the last update, reflecting new loan resources provided by Spain. Excludes a loan commitment from OPEC of US\$50 million (equivalent to SDR 37 million).

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

Table 8. PRGF Trust—Subsidy Agreements 1/
As of end-July 2002
(In millions of SDRs, unless otherwise noted)

| | 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 | 35.0 | 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 | 80.0 | 0.5 | 10 |
| Botswana | | | | | | | |
| Bank of Botswana 2/ | Jun. 30, 1994 | Admin. Account | 6.9 | 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 | 14.0 | 0.5 | 5½–10 |
| Indonesia | | | | | | | |
| Bank Indonesia 3/ | Jun. 23, 1994 | Admin. Account | 25.0 | 25.0 | 25.0 | -- | 10 |
| Iran, Islamic Republic of | | | | | | | |
| Central Bank of Iran 4/ | May 24, 1994 | Admin. Account | 5.0 | 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 | Jun. 30, 1994 | Subsidy Account | 40.0 | 40.0 | 40.0 | 2.0 | 10 |
| Malta | | | | | | | |
| Central Bank of Malta | Dec. 13, 1989 | Subsidy Account | 1.4 | 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 | 6.0 | 6.0 | 0.5 | 16 |
| Portugal | | | | | | | |
| Banco do Portugal | May 5, 1994 | Admin. Account | 13.1 | 13.1 | 10.5 | 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 | May 20, 1994 | Subsidy Account | 40.0 | 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 | 3.6 | 0.5 | 10 |
| Uruguay | | | | | | | |
| Banco Central del Uruguay 8/ | Jul. 7, 1994 | Subsidy Account | 7.2 | 7.2 | 7.2 | -- | 10 |
| Total | | | 668.5 | 664.5 | 275.9 | | |

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.

Table 9. PRGF Trust—Loan Agreements

(In millions of SDRs; as of end-July 2002)

| | Effective date of agreement | Expiration date for drawings | Loan commitment | Amount Disbursed | | Amount outstanding |
|---|-----------------------------|------------------------------|-----------------|------------------|--------------------------|--------------------|
| | | | | Amount | In percent of commitment | |
| Belgium | | | | | | |
| National Bank of Belgium 1/ | Jul. 2, 1999 | Dec. 31, 2009 | 350.0 | 198.0 | 56.6 | 198.0 |
| Canada | | | | | | |
| Government of Canada | Feb. 22, 1989 | Dec. 31, 1997 | 300.0 | 300.0 | 100.0 | 152.9 |
| Government of Canada | May 9, 1995 | Dec. 31, 2005 | 400.0 | 271.1 | 67.8 | 271.1 |
| China | | | | | | |
| Government of China 1/ | Jul. 05, 1994 | Dec. 31, 2009 | 200.0 | 100.0 | 50.0 | 100.0 |
| Denmark | | | | | | |
| National Bank of Denmark | May 3, 2000 | Dec. 31, 2003 | 100.0 | 39.7 | 39.7 | 39.7 |
| Egypt | | | | | | |
| Central Bank of Egypt 1/ | Jun. 13, 1994 | Dec. 31, 2009 | 155.6 | 100.0 | 64.3 | 100.0 |
| France | | | | | | |
| Agence Française de Développement 2/ | Apr. 05, 1988 | Dec. 31, 1997 | 800.0 | 800.0 | 100.0 | 273.2 |
| Agence Française de Développement 2/ | Jan. 03, 1995 | Dec. 31, 2005 | 750.0 | 649.9 | 86.7 | 649.9 |
| Agence Française de Développement 1/ 2/ | Dec. 17, 1999 | Dec. 31, 2009 | 1,350.0 | -- | -- | -- |
| Germany | | | | | | |
| Kreditanstalt für Wiederaufbau | Mar. 31, 1989 | Dec. 31, 1997 | 700.0 | 700.0 | 100.0 | 297.2 |
| Kreditanstalt für Wiederaufbau | May 17, 1995 | Dec. 31, 2005 | 700.0 | 700.0 | 100.0 | 700.0 |
| Kreditanstalt für Wiederaufbau 1/ | Jun. 19, 2000 | Dec. 31, 2009 | 1,350.0 | 57.8 | 4.3 | 57.8 |
| Italy | | | | | | |
| Bank of Italy 3/ | Oct. 04, 1990 | Dec. 31, 1997 | 370.0 | 370.0 | 100.0 | 178.6 |
| Bank of Italy 3/ | May. 29, 1998 | Dec. 31, 2005 | 210.0 | 210.0 | 100.0 | 210.0 |
| Bank of Italy 1/ | Mar. 1, 2000 | Dec. 31, 2009 | 800.0 | 244.9 | 30.6 | 244.9 |
| Japan | | | | | | |
| Japan Bank for International Cooperation 4/ | Apr. 12, 1988 | Dec. 31, 1997 | 2,200.0 | 2,200.0 | 100.0 | 1,079.4 |
| Japan Bank for International Cooperation 1/ 4/ | Oct. 05, 1994 | Dec. 31, 2009 | 2,934.8 | 1,369.7 | 46.7 | 1,369.7 |
| Korea | | | | | | |
| Bank of Korea | Apr. 20, 1989 | Dec. 31, 1997 | 65.0 | 65.0 | 100.0 | 22.5 |
| Bank of Korea | Jun. 20, 1994 | Dec. 31, 2005 | 27.7 | 27.7 | 100.0 | 27.7 |
| Netherlands | | | | | | |
| Bank of the Netherlands 1/ | Sep. 29, 1999 | Dec. 31, 2009 | 450.0 | 79.9 | 17.8 | 79.9 |
| Norway | | | | | | |
| Bank of Norway | Apr. 14, 1988 | Dec. 31, 1997 | 90.0 | 90.0 | 100.0 | 35.6 |
| Bank of Norway | Jun. 16, 1994 | Dec. 31, 2005 | 60.0 | 60.0 | 100.0 | 60.0 |
| OPEC Fund for International Development 5/ | Dec. 20, 1994 | Dec. 31, 2005 | 37.0 | 36.7 | 99.2 | 36.7 |
| Spain | | | | | | |
| Bank of Spain 6/ | Jun. 20, 1988 | Jun. 30, 1993 | 216.4 | 216.4 | 100.0 | 24.6 |
| Government of Spain | Feb. 08, 1995 | Dec. 31, 2005 | 67.0 | 48.7 | 72.6 | 48.7 |
| Bank of Spain 7/ | Feb. 14, 2000 | Dec. 31, 2009 | 425.0 | -- | -- | -- |
| Switzerland | | | | | | |
| Swiss Confederation 8/ | Dec. 23, 1988 | Dec. 31, 1997 | 200.0 | 200.0 | 100.0 | -- |
| Swiss National Bank 1/ | Jun. 22, 1995 | Dec. 31, 2009 | 401.7 | 151.7 | 37.8 | 151.7 |
| Subtotal | | | 15,710.2 | 9,287.2 | 59.1 | 6,409.8 |
| Associated Agreement - | | | | | | |
| Saudi Fund for Development (SFD) | Feb. 27, 1989 | --- 9/ | 49.5 | 49.5 | 100.0 | 15.0 |
| Total Loan and Associated Loan Agreements 10/ | | | 15,759.7 | 9,336.7 | 59.2 | 6,424.8 |

1/ Modification of the agreements for additional loan commitments for interim PRGF operations are all reflected.

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 loan agreement was augmented to include an additional SDR 300 million in May 2002.

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

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

10/ 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 10. PRGF Trust—Reserve Account Coverage 1/

(In millions of SDRs)

| | Reserve Account cumulative balance (end of period) | PRGF Trust obligations 2/ (end of period) | Annual loan repayments to lenders 2/ |
|---|---|---|--|
| 1. Actual | | | |
| 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 |
| 2. Projected | | | |
| 2002 | 3,140 | 7,166 | 696 |
| 2003 | 3,298 | 7,713 | 781 |
| 2004 | 3,480 | 8,026 | 877 |
| 2005 | 3,803 | 8,280 | 853 |
| 2006 | 3,932 | 8,310 | 710 |
| 2007 | 4,115 | 8,036 | 831 |
| 2008 | 4,308 | 7,356 | 995 |
| 2009 | 4,510 | 6,341 | 1,094 |
| 2010 | 4,723 | 5,140 | 1,200 |
| 2011 | 4,946 | 3,852 | 1,289 |
| 2012 | 5,181 | 2,680 | 1,171 |
| 2013 | 5,428 | 1,744 | 937 |
| 2014 | 5,687 | 1,026 | 718 |
| 2015 | 5,959 | 526 | 499 |
| 2016 | 6,246 | 229 | 297 |
| 2017 | 6,546 | 71 | 158 |
| 2018 | 6,862 | 8 | 63 |
| 2019 | 7,209 | 0 | 8 |
| 2020 | 7,574 | 0 | 0 |
| Total (including interim PRGF) | | | 15,710 |
| <i>Memorandum items:</i> | | | |
| Associated Loan Agreement with the Saudi Fund for Development (SFI) | | | 49.5 |
| Total, including SFD | | | 15,759 |

Note: Totals may not add due to rounding.

1/ Projections exclude the impact of the projected initiation of self-sustained PRGF operations in 2006.

2/ Excludes associated loans from the Saudi Fund for Development (SFD), the risk of which is borne by the SFD. Current overdue Trust Fund obligations (SDR 116 million), overdue SAF obligations (SDR 10 million), and overdue PRGF obligations (SDR 45 million) are assumed to be paid in 2005.

Table 11. Information on Pending Bilateral Contributions to the PRGF-HIPC Trust Status as of mid-August 2002¹

| | |
|-----------------------------|---|
| 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 5.3 million. |
| Bahrain: | Contribution of income on an interest-free deposit through 2018. |
| Brazil: | Grant contribution to be financed from its Post-SCA-2 balance of SDR 10.9 million. |
| Dominican Republic: | Contribution of net income on a deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 0.98 million at 1 percent per annum. |
| Fiji: | Contribution of income on an interest-free deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 0.21 million. |
| 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. |
| Libya: | 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. |
| Tonga: | Contribution of income on a deposit of its Post-SCA-2 balance of SDR 0.03 million; terms to be specified. |
| Trinidad and Tobago: | Contribution of income on an interest-free deposit of its Post-SCA-2 balance of SDR 2.4 million. |
| Vanuatu: | Grant contribution of its Post-SCA-2 balance of SDR 0.05 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.

**República
Bolivariana de
Venezuela:**

Prepared to contribute based on its quota-based share. Contribution could be partially financed through use of its Post-SCA-2 balance of SDR 29.2 million.