

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, Policy Development and Review,
and Area Departments)

Approved by Eduard Brau

March 20, 2003

I. OVERVIEW

1. **This paper provides the regular six-monthly update on the financing of the Fund's concessional operations and the adequacy of balances in the Reserve Account of the PRGF Trust.**¹ Key points of the report are:

- **Uncommitted loan resources under the PRGF Trust amounted to SDR 3.4 billion** as of end-February 2003, which will allow PRGF lending of about SDR 1.1 billion per year for 2003–05, in line with the projections for the interim PRGF. Based on information provided by area departments, new PRGF loan commitments are currently projected to amount to SDR 1.2 billion in 2003.
- **The conflict in the Middle East, with sustained higher oil prices, combined with a prolonged slowdown in export market growth, could raise demand for PRGF loans in 2003 by up to SDR 0.4 billion.** Additional loan demand of this magnitude could be accommodated within the available resource envelope, but would reduce the average annual lending capacity for the subsequent two years to about SDR 0.9 billion. To the extent that higher demand from an adverse economic environment would persist beyond 2003, consideration might need to be given to mobilizing additional bilateral loan and subsidy resources for continuing PRGF operations, reducing access levels for new arrangements, or launching the self-sustained PRGF prior to 2006.

¹ The previous update report was issued in August 2002 (SM/02/273, 8/21/02).

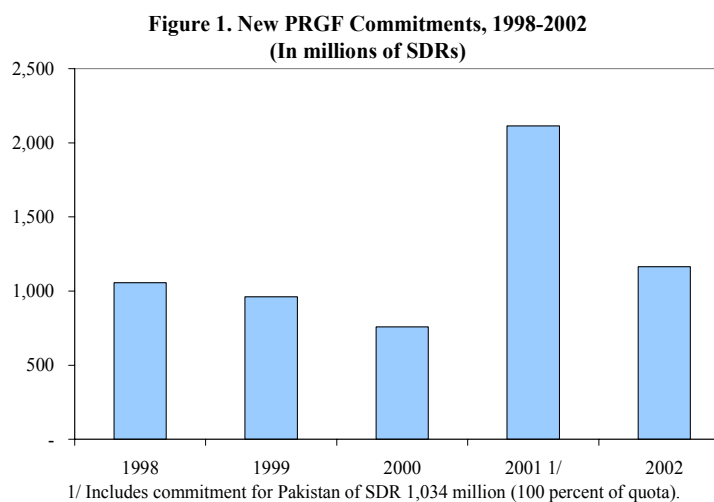
- **Balances in the Reserve Account of the PRGF Trust exceed repayments due to PRGF lenders through September 2003.** A draft decision concerning the adequacy of Reserve Account balances is proposed for adoption by the Executive Board.
 - **Subsidy and grant resources in the PRGF and PRGF-HIPC Trusts are estimated to exceed, by a small margin, the cost of new PRGF lending through 2005 and of the Fund's participation in the enhanced HIPC Initiative,** including very limited topping-up assistance at completion points. It remains important that all pending bilateral contributions be made effective soon.
 - **Beyond 2005, the continuation of the Fund's concessional lending could be financed from the resources accumulated in the Reserve Account of the PRGF Trust—the so called self-sustained PRGF—at an annual commitment capacity of about SDR 650 million in perpetuity.**
 - **Progress is being made in ongoing peace negotiations in Sudan, the successful conclusion of which would allow work to accelerate toward clearance of Sudan's arrears to the Fund.** The additional PRGF loan and subsidy resources (including HIPC grant assistance) that would eventually be required for Sudan are tentatively estimated at about SDR 1.1 billion and SDR 0.8 billion, respectively. These resources have not been provided for under the PRGF and PRGF-HIPC Trusts, and intensive efforts would be needed to mobilize contributions for this purpose.
 - **Contributions to the administered account for the subsidization of post-conflict emergency assistance are estimated to be adequate** for subsidizing charges on such assistance over the next two years.
2. **The staff proposes that this paper be made public on the Fund's external website,** as was the case with the three previous reports.

II. LOAN RESOURCES AND RESERVE ACCOUNT COVERAGE

PRGF Loan Resources for 2002–05 (the interim period)

3. **Sufficient loan resources are available to support PRGF lending at an annual average level of about SDR 1.1 billion in 2003–05, broadly in line with average annual commitments under new PRGF arrangements over the past five years (Figure 1).** In 2002, new commitments amounted to SDR 1.2 billion, including SDR 0.6 billion for the Democratic Republic of Congo following its clearance of arrears to the Fund in June 2002.

Looking ahead, based on the information provided by area departments, commitments under possible new arrangements in 2003 are currently projected at SDR 1.2 billion. On this basis, the remaining uncommitted loan resources of SDR 3.4 billion² should be sufficient to cover the projected commitments for 2003 and new annual commitments averaging SDR 1.1 billion for 2004–05.



These projected commitments for 2003, however, do not take into account any potential impact from a prolongation of adverse global economic conditions (see Section V).

Reserve Account of the PRGF Trust

4. **Balances in the Reserve Account of the PRGF Trust exceed repayments to PRGF lenders in the six-month period to end-September 2003.** At end-February 2003, balances in the Reserve Account amounted to SDR 3.1 billion, exceeding by a factor of seven the scheduled repayments to PRGF Trust lenders of SDR 0.4 billion through September 2003 (Box 1). A draft decision confirming the adequacy of Reserve Account balances is proposed for adoption by the Executive Board below (see Section VII).

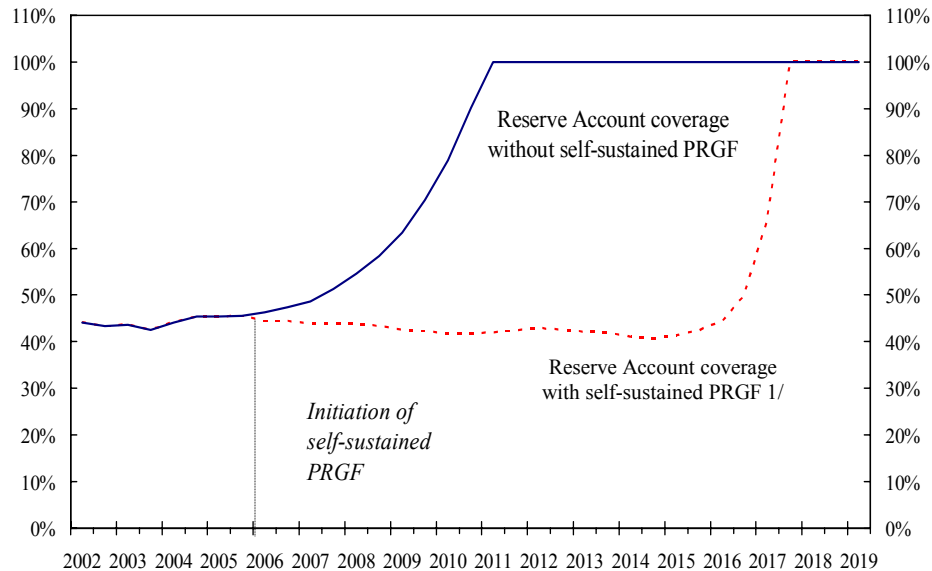
5. **Zimbabwe has been in arrears to the PRGF Trust since mid-February 2001 and represents the only case of protracted arrears to the Trust.** At end-February 2003, Zimbabwe's arrears (principal and interest) to the PRGF Trust amounted to SDR 68 million. Principal arrears have required payments to PRGF lenders from the Reserve Account to the tune of SDR 66 million. The Reserve Account will be replenished when Zimbabwe settles its arrears to the PRGF Trust.

² Includes an undisbursed amount of SDR 0.2 billion under expired PRGF arrangements.

Box 1. The Reserve Account of the PRGF Trust

A key purpose of the Reserve Account is to provide security to lenders to the PRGF Trust in the event of delays in payment or defaults by PRGF borrowers. The Account is also used to cover mismatches between repayments from borrowers and repayments to lenders. Historically, Reserve Account balances have averaged 40–45 percent of outstanding claims on the PRGF Trust, and current balances are consistent with this level, as illustrated below. The Executive Board is required to review the adequacy of balances in the Reserve Account every six months as long as PRGF loans related to the encashment of rights under rights accumulation programs remain outstanding; such loans remain outstanding to Sierra Leone and Zambia.

PRGF Trust 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

6. **The total cost of subsidizing PRGF loans and financing the Fund's share of debt relief under the enhanced HIPC Initiative is currently estimated at SDR 7.2 billion, broadly unchanged since the last update** (Table 1). The estimated cost of subsidizing PRGF loans remains at SDR 5.1 billion,³ while the Fund's share of HIPC Initiative assistance, excluding any topping-up at completion points, is estimated at SDR 2.1 billion. As of end-February 2003, the Fund had committed HIPC Initiative assistance of SDR 1.6 billion to 26 countries, of which about SDR 1 billion had been disbursed. Staff

³ Loan disbursements from the PRGF Trust could continue until 2009, and the last repayments of principal would take place in 2019.

estimates that the Fund’s share of potential topping-up assistance at completion points could be on the order of SDR 40–70 million.⁴

Table 1. Financing of PRGF Subsidies and HIPC Initiative Grants
(In billions of SDRs on a cash basis)

	Actual receipts and uses (as of Dec. 2002)	Projected receipts and uses (2003–2019) 1/	Total
Uses of subsidy and grant resources	2.8	4.5	7.2
PRGF subsidies	1.8	3.3	5.1
<i>Of which:</i> Interim PRGF	0.0	1.5	1.5
Fund’s cost of the HIPC Initiative 2/	1.0	1.2	2.1
Sources of subsidy and grant resources	5.2	2.4	7.5
Bilateral contributions	3.1	0.6	3.7
PRGF Trust	2.3	0.2	2.6
PRGF-HIPC Trust	0.8	0.4	1.2
Fund contributions	1.1	1.4	2.6
PRGF Trust	0.4	-	0.4
PRGF-HIPC Trust	0.7	1.4	2.2
Investment income from gold proceeds	0.3	1.4	1.8
Other contributions	0.4	0.0	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 September 2002 update.

2/ Equivalent to US\$2.9 billion in 2002 NPV terms. Based on current projections, the HIPC Initiative grants will be fully disbursed by 2007.

7. **The combined subsidy and grant resources of the PRGF and PRGF-HIPC Trusts are projected to amount to about SDR 7.5 billion on a cash basis through 2019, also broadly unchanged since the last update.**⁵ Since the last update, Brazil and Libya have made effective their contributions to the PRGF-HIPC Trust of SDR 15 million and SDR 7.3 million “as needed,” respectively. Pledged contributions of SDR 32 million (2 percent of the total) from 12 countries have not yet been made effective (Table 2).

⁴ This very limited topping-up assistance could be covered by available financing.

⁵ The sources of subsidy and grant contributions to the PRGF and PRGF-HIPC Trusts were described in an earlier 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).

Venezuela	20.4	Lebanon	0.4
Argentina 2/	6.4	Fiji	0.1
Gabon 2/	1.9	Grenada	0.1
Trinidad & Tobago	1.6	Vanuatu	0.1
Bahrain	0.9	Tonga	0.02
Dominican Republic	0.5	Maldives	0.01
		Total	32.4

1/ "As needed" is defined in Appendix Table 5, footnote 3.
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. See Appendix Table 5 for additional information.

8. **Overall, subsidy and grant resources available to the PRGF and PRGF-HIPC Trusts are projected to exceed the cost of PRGF subsidies and the Fund's share of HIPC Initiative assistance (including limited topping-up projected at completion points) by a small margin.** Current projections indicate that available resources would likely exceed financing requirements by about SDR 300 million. The projected surplus of available grant and subsidy resources is based on an assumed interest rate of 5 percent per annum for investment returns and on interest obligations due to PRGF Trust lenders over the remaining life of the PRGF Trust (around 2019). The projected surplus would be eliminated if the rate were to exceed 5.4 percent, as financing needs are more sensitive to interest rate changes than available resources are (Table 3).⁶ Furthermore, a higher level of PRGF lending, larger frontloading of loan disbursements, or a higher-than-expected cost of HIPC Initiative assistance would require additional subsidy and grant resources.

	(Interest rate in percent per annum)				
	4.0	4.5	5.0	5.4	5.6
Financing required	6.5	6.9	7.2	7.5	7.7
Financing available	7.5	7.5	7.5	7.6	7.6
Balance	1.0	0.7	0.3	0.0	-0.1

⁶ 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 thus considerably larger than the corresponding component of the *financing available*.

IV. SELF-SUSTAINED PRGF

9. **It is envisaged that, when currently available PRGF loan resources have been fully committed, the continuation of the Fund's concessional lending will be financed, on a revolving basis, from the resources accumulated in the Reserve Account of the PRGF Trust—the so called self-sustained PRGF.** It is estimated that the accumulated balances in the Reserve Account could sustain annual PRGF loan commitments of about SDR 650 million in perpetuity, while maintaining Reserve Account coverage of claims on the PRGF Trust at the historical level of about 40–45 percent through the life of the Trust.

10. **The projected level of self-sustained PRGF lending is sensitive to a number of assumptions, including the timing of the commencement of self-sustained operations and the rate of return on Reserve Account balances.** The above projections assume that self-sustained PRGF operations will commence in 2006 and that a rate of return on investment of 5 percent per annum is maintained. A one-year advance in the launch of self-sustained PRGF lending would, all other things being equal, permanently lower 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 would lower the annual commitment capacity by about the same amount.

V. POTENTIAL ADDITIONAL DEMAND FOR CONCESSIONAL RESOURCES

11. **The adverse global economic environment and the conflict in the Middle East add uncertainty to the assessment of the adequacy of PRGF-HIPC resources.** As a point of comparison, the loan resources currently available for PRGF lending through 2005 are on par with the resources available at the start of the 1990–91 Gulf War. Those resources proved adequate then as there was no marked increase in new concessional arrangements in the wake of the Gulf War. It is, of course, unclear at this stage whether the impact of the conflict in the Middle East would be similar to the fallout of the earlier Gulf War.

12. **Based on area departments' updated projections, should the current lackluster export market growth and high oil prices persist, the additional need for PRGF loans could amount to up to SDR 0.4 billion.** This would be on top of the SDR 1.2 billion in new PRGF commitments already projected for 2003. Additional demand for PRGF loans of this magnitude could be accommodated within the existing resource envelope, but would reduce the average annual lending capacity for the subsequent two years to SDR 0.9 billion. To the extent that this higher demand would persist beyond 2003, consideration might also need to be given to mobilizing additional bilateral loan and subsidy resources for continuing PRGF operations, reducing access levels for new arrangements, or launching the self-sustained PRGF prior to 2006. Staff will continue to closely monitor developments in this area in the period ahead.

13. **Another important consideration regarding potential demand for concessional resources is that the financing required to address the arrears and debt problems of**

Liberia, Somalia, and Sudan—the three countries with the longest outstanding arrears to the Fund—has not been secured. In the funding of the PRGF and PRGF-HIPC Trusts, no allowance was made for the loan, subsidy, and HIPC Initiative grant resources that would be needed to clear these countries' arrears to the Fund, which currently stand at close to SDR 1.8 billion. No progress has been made by Liberia and Somalia in settling their arrears to the Fund. However, if the ongoing peace negotiations in Sudan are successfully concluded in the not too distant future, the effort to clear Sudan's arrears to the Fund would rapidly pick up pace. In addition to loan resources of SDR 1.1 billion (corresponding to Sudan's arrears to the Fund), preliminary estimates indicate that PRGF subsidy and HIPC grant resources of about SDR 0.8 billion would eventually be required to address Sudan's arrears and debt problems.⁷ A comprehensive effort would be required to mobilize the additional loan and grant resources for this purpose.

VI. SUBSIDIZATION OF POST-CONFLICT EMERGENCY ASSISTANCE

14. **Contributions to the subsidization of post-conflict emergency assistance are estimated to be adequate through at least 2004.** In May 2001, an administered account was established to subsidize the rate of charge on post-conflict emergency assistance to PRGF-eligible countries to 0.5 percent per annum. At end-February 2003, total pledged contributions to this account from seven countries amounted to almost SDR 12 million (Table 4), whereas estimates of the potential need for subsidy resources through 2004 are in the range SDR 7–12 million. Thus far, subsidy grants of SDR 1.4 million have been disbursed to seven members.⁸

Contributor	Contribution pledged	SDR equivalent	Contribution received	Subsidy disbursed
Belgium	SDR 1.0	1.0	0.2	0.1
Canada	Can\$ 3.25	1.6	0.4	--
Netherlands	US\$ 2.0	1.5	1.5	--
Norway	SDR 3.0	3.0	1.0	--
Sweden	SDR 0.8	0.8	0.8	0.8
Switzerland	US\$ 1.0	0.8	0.8	--
United Kingdom	£ 2.5	2.8	1.7	0.6
Total		11.5	6.3	1.4

⁷ See *Sudan—Fundamental Issues in Resolving External Debt Problems and Achieving Debt Sustainability* (EBS/02/96, 6/5/02).

⁸ Albania, Burundi, Guinea-Bissau, the Republic of Congo, Rwanda, Sierra Leone, and Tajikistan.

VII. PROPOSED DECISION (ON THE ADEQUACY OF RESERVE ACCOUNT BALANCES)

15. **The following draft decision, which can be adopted by the majority of 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 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, 2003 to September 30, 2003.

Table 5. Summary of Bilateral Contributions to
the PRGF and PRGF-HIPC Trusts

(In millions of SDRs; as of end-January 2003)

	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	3,490.2	15,722.7	1,561.6	32.4
Major industrial countries	2,294.0	12,864.8	880.5	--
Canada	204.3	700.0	48.8	--
France	474.4	2,900.0	82.2	--
Germany	197.7	2,750.0	127.2	--
Italy	157.8	1,380.0	63.6	--
Japan	723.1	5,134.8	144.0	--
United Kingdom	358.9	--	82.2	--
United States	177.7	--	332.6	--
Other advanced countries	980.8	2,452.8	299.7	--
Australia	14.8	--	24.8	--
Austria	62.8	--	14.3	--
Belgium	120.8	350.0	35.3	--
Denmark	66.9	100.0	18.5	--
Finland	42.1	--	8.0	--
Greece	39.6	--	6.3	--
Iceland	4.6	--	0.9	--
Ireland	8.1	--	5.9	--
Israel	--	--	1.8	--
Korea	60.0	92.7	15.9	--
Luxembourg	14.1	--	0.7	--
Netherlands	141.6	450.0	45.4	--
New Zealand	--	--	1.7	--
Norway	45.5	150.0	18.5	--
Portugal	5.3	--	6.6	--
San Marino	--	--	0.05	--
Singapore	32.7	--	16.5	--
Spain	26.2	708.4	23.3	--
Sweden	186.3	--	18.3	--
Switzerland	109.5	601.7	37.0	--
Fuel exporting countries	17.2	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	2.0	--	2.2	--
Kuwait	--	--	3.1	--
Libya	--	--	7.3	--
Nigeria	--	--	13.9	--
Oman	--	--	0.8	--
Qatar	--	--	0.5	--
Saudi Arabia	15.1	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 2003)

	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	184.9	355.6	224.1	9.2
Argentina	35.1	--	16.2	6.4
Bangladesh	0.9	--	1.7	--
Barbados	--	--	0.4	--
Belize	--	--	0.3	--
Botswana	2.3	--	5.7	--
Brazil	--	--	15.0	--
Cambodia	--	--	0.04	--
Chile	4.0	--	4.4	--
China	14.9	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	13.2	--	22.9	--
Indonesia	6.1	--	8.2	--
Jamaica	--	--	2.7	--
Lebanon	--	--	0.4	0.4
Malaysia	46.0	--	12.7	--
Maldives	--	--	0.01	0.01
Malta	2.1	--	1.1	--
Mauritius	--	--	0.1	--
Mexico	--	--	54.5	--
Micronesia, F. S.	--	--	0.00*	--
Morocco	9.7	--	1.6	--
Pakistan	4.0	--	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	17.2	--	4.5	--
Tonga	--	--	0.02	0.02
Trinidad and Tobago	--	--	1.6	1.6
Tunisia	1.8	--	1.5	--
Turkey	11.6	--	--	--
Uruguay	2.6	--	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 2003)

	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	13.4	--	42.9	--
Croatia	--	--	0.4	--
Czech Republic	13.4	--	4.1	--
Estonia	--	--	0.5	--
Hungary	--	--	6.0	--
Latvia	--	--	1.0	--
Poland	--	--	12.0	--
Russian Federation	--	--	14.6	--
Slovak Republic	--	--	4.0	--
Slovenia	--	--	0.4	--

* 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/ Excludes a loan commitment from the OPEC Fund for International Development 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 6. PRGF Trust—Subsidy Agreements 1/
As of end-January 2003
(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	30.0	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	10.5	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	--	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	266.0		

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 7. PRGF Trust—Loan Agreements

(In millions of SDRs; as of end-January 2003)

	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	125.6
Government of Canada	May 9, 1995	Dec. 31, 2005	400.0	308.6	77.1	308.0
China						
Government of China 1/	Jul. 05, 1994	Dec. 31, 2009	200.0	100.0	50.0	98.2
Denmark						
National Bank of Denmark	May 3, 2000	Dec. 31, 2003	100.0	61.2	61.2	61.2
Egypt						
Central Bank of Egypt 1/	Jun. 13, 1994	Dec. 31, 2009	155.6	100.0	64.3	98.9
France						
Agence Française de Développement 2/	Apr. 05, 1988	Dec. 31, 1997	800.0	800.0	100.0	220.3
Agence Française de Développement 2/	Jan. 03, 1995	Dec. 31, 2005	750.0	741.8	98.9	736.2
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	248.2
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	56.3
Italy						
Bank of Italy 3/	Oct. 04, 1990	Dec. 31, 1997	370.0	370.0	100.0	143.3
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	289.6	36.2	289.6
Japan						
Japan Bank for International Cooperation 4/	Apr. 12, 1988	Dec. 31, 1997	2,200.0	2,200.0	100.0	907.3
Japan Bank for International Cooperation 1/ 4/	Oct. 05, 1994	Dec. 31, 2009	2,934.8	1,603.4	54.6	1,602.2
Korea						
Bank of Korea	Apr. 20, 1989	Dec. 31, 1997	65.0	65.0	100.0	16.6
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	105.2	23.4	105.2
Norway						
Bank of Norway	Apr. 14, 1988	Dec. 31, 1997	90.0	90.0	100.0	27.6
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	8.8
Government of Spain	Feb. 08, 1995	Dec. 31, 2005	67.0	67.0	100.0	67.0
Bank of Spain 1/	Feb. 14, 2000	Dec. 31, 2009	425.0	41.4	9.7	41.4
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	157.8	39.3	152.8
Subtotal			15,710.2	9,807.6	62.4	6,547.2
Associated Agreement - Saudi Fund for Development (SFD)						
	Feb. 27, 1989	--- 8/	49.5	49.5	100.0	12.0
Total Loan and Associated Loan Agreements 9/			15,759.7	9,857.1	62.5	6,559.2

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 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
2002	3,071	6,636	696
2. Projected			
2003	3,235	7,606	781
2004	3,505	7,726	877
2005	3,789	8,192	853
2006	3,917	8,268	710
2007	4,099	7,996	852
2008	4,292	7,357	970
2009	4,496	6,384	1,056
2010	4,713	5,232	1,152
2011	4,943	3,961	1,271
2012	5,187	2,817	1,144
2013	5,446	1,858	959
2014	5,719	1,102	756
2015	6,007	555	548
2016	6,311	240	315
2017	6,630	74	166
2018	6,965	8	66
2019	7,318	0	8
2020	7,689	0	0
Total (including interim PRGF)			15,710
<i>Memorandum items:</i>			
Associated Loan Agreement with the Saudi Fund for Development (SFD)			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 117 million), overdue SAF obligations (SDR 10 million), and overdue PRGF obligations (SDR 68 million) are assumed to be paid in 2005.

**Table 9. Information on Pending Bilateral Contributions to the PRGF-HIPC Trust
Status as of March 2003¹**

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 5.4 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.
Fiji:	Contribution of income on an interest-free deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 0.2 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.
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.
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 29.8 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.