

# INTERNATIONAL MONETARY FUND

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The International Monetary Fund has approved a purchase equivalent to SDR 58.2 million by the Government of Ghana under the compensatory financing facility related both to a shortfall in merchandise exports and to an excess in the cost of cereal imports for the 12 months ended May 1984.

Ghana's export earnings for the shortfall year were 17 percent below the average for the two preceding years. The decline for the most part was the result of three successive years of drought conditions that curtailed both agricultural and industrial production. During the shortfall year, the cost of cereal imports was 66 percent above the average for the two preceding years.

Under its compensatory financing facility created in 1963, the Fund has been providing temporary financial assistance to member countries encountering balance of payments problems caused by shortfalls in their export proceeds due to factors largely beyond their control. In 1981 the facility was extended to provide temporary credit for excess cereal import costs. The compensation available to a member is determined by adding the cereal import excess to the shortfall (or excess) in exports. Drawings to compensate for excess costs of cereal imports and drawings to compensate for export shortfalls each are subject to a limit of 83 percent of quota. However, there is an overall limit of 105 percent of quota on compensation by the Fund in respect of both cereal import costs and export shortfalls.

Ghana's quota in the Fund is SDR 204.5 million and its outstanding financial obligations to the Fund resulting from past operations and transactions currently total the equivalent of SDR 419 million.