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ATTENTION**

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CONFIDENTIAL

December 13, 2000

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of Yemen—Poverty Reduction and Growth Facility—Request
for Extension of Commitment Period**

Attached for consideration by the Executive Directors is a paper on the Republic of Yemen's request for an extension of the commitment period under the Poverty Reduction and Growth Facility.

It is not proposed to bring the attached paper to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Wednesday, December 20, 2000. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Questions may be referred to Mr. Enders (ext. 38361).

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

REPUBLIC OF YEMEN

**Poverty Reduction and Growth Facility Arrangement—Request for Extension of
Commitment Period**

Prepared by Middle Eastern and Policy Development and Review Departments

Approved by Paul Chabrier and Jesús Seade

December 12, 2000

1. In the attached letter dated December 6, 2000, the Yemeni authorities are requesting a further extension to March 1, 2001, of the PRGF commitment period for the Republic of Yemen which is due to expire on December 31, 2000 (EBS/00/205, 10/12/00). The EFF commitment period was already extended to March 1, 2001 in the context of the second review (EBS/99/25).
2. The extension is needed to enable consideration of a request for a third annual arrangement under the PRGF. This request had been delayed in part by disagreements over the pace and scope of diesel price increases. Consideration of the request is now contingent on finalization of a program for 2001. Parliamentary approval of a GST Law, and agreement on procedures to ensure the 2001 budget recently approved by parliament is executed consistent with the parameters of the program, are prior actions for Executive Board consideration of the request. When making the request for the third annual arrangement, the authorities also intend to request a further extension of the commitment period to October 28, 2001.
3. The staff supports the authorities' request for an extension of the PRGF commitment period to March 1, 2001.

Accordingly, the following decision is being proposed for adoption by the Executive Board:

Proposed Decision

The Republic of Yemen has requested an extension to March 1, 2001 of the PRGF commitment period set forth in EBS/97/172, Supplement 3 (10/31/97).

The PRGF commitment period for Yemen is extended to March 1, 2001.

