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September 29, 1994

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: The Fund's Liquidity and Financing Needs - Review

Attached for the information of the Executive Directors is a paper reviewing the Fund's liquidity position and its financing needs through the end of 1996. Concluding remarks appear on pages 9-11.

Mr. Decarli (ext. 37627) or Mrs. Ecevit (ext. 37582) is available to answer technical or factual questions relating to this paper.

Att: (1)

\* Issued at Headquarters and in Madrid.

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Department Heads

INTERNATIONAL MONETARY FUND

The Fund's Liquidity and Financing Needs - Review

Prepared by the Treasurer's Department

(In consultation with other Departments)

Approved by David Williams

September 29, 1994

I. Introduction

This paper reviews the Fund's liquidity position and its financing needs through end-1996 on the basis of the access limits to Fund resources under existing Fund facilities that were agreed in November 1992 following the last quota increase and on the basis of the 1993 decision establishing the Systemic Transformation Facility. <sup>1/</sup> In view of the ongoing discussions on modifications to current access policies and limits under arrangements and under the STF, simulations are also shown in the paper in order to measure the possible impact on the Fund's liquidity of increases in the demand for Fund resources above those projected on a country-by-country basis under current access policies and limits.

The paper is organized as follows: Section II reports on the evolution of the Fund's usable resources; Section III deals with the prospective demand for Fund resources over the period to end-1996 under the current access policies and limits; Section IV presents the projected developments in the Fund's liquidity ratios; Section V sets out the simulations referred to above; and Section VI provides some concluding remarks. The Appendix contains tables relating to the Fund's usable resources and presenting relevant balance sheet data and selected ratios, as well as a table on the regional distribution of Fund credit.

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<sup>1/</sup> See Decision No. 10181-(92/132), November 3, 1992. The rules for access under the Systemic Transformation Facility were determined at the time of the facility's establishment in April 1993. See Decision No. 10348-(93/61) STF, April 23, 1993.

## II. The Supply of the Fund's Usable Resources

At the end of August 1994, the Fund's stock of usable resources amounted to SDR 68.9 billion, of which SDR 62.9 billion represented the Fund's holdings of currencies of members considered sufficiently strong to be included for transfers in the operational budget for September-November 1994 (EBS/94/163, August 17, 1994), and the balance of SDR 6.0 billion represented SDRs held in the General Resources Account (Table 2 and Appendix, Table 2). The end-August level of usable resources is lower than that presented in the last liquidity review for end-February 1994 1/ by SDR 0.6 billion on account of the relatively large amount of purchases that took place during the period between end-February and end-August 1994 and the exclusion of Mauritius from the list of members considered sufficiently strong for transfers in the operational budget, which together exceeded the impact of a relatively large advance repurchase by India in April 1994. 2/

The stock of the Fund's currency holdings has been adjusted downward, as in the past, by a factor of 20 percent (amounting to SDR 12.6 billion), to take into account (i) the need to maintain minimum balances in particular currencies for operational purposes, and (ii) the possibility that the currencies of some members may become unusable as their balance of payments position weakens. The staff considers that there have been no major changes in these factors in the last six months and that the adjustment factor of 20 percent continues to be appropriate in view of relative, or in some cases increasing, weaknesses in the balance of payments positions of a number of members whose currencies are included in the operational budget, including some relatively large developing and industrial countries. 3/ The adjustment factor also helps smooth the impact of changes in the total of usable currencies on the Fund's liquidity position over time, compared to large shifts that would result without such an adjustment when members with relatively large quotas may have to be excluded from the operational budget. 4/ The appropriateness of the size of the adjustment factor is

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1/ "The Fund's Liquidity and Financing Needs - Review", EBS/94/66, March 28, 1994.

2/ On April 22, 1994, India made an advance repurchase, amounting to SDR 0.8 billion, of repurchases scheduled for later in 1994 and in 1995, thus adding to the amount of usable resources. Later, on September 1, 1994, the Czech Republic made an advance repurchase of SDR 0.3 billion, the impact of which is included in the projections.

3/ It is also worth noting that if one or two large countries were excluded from the transfers side of the operational budget, such an exclusion alone would eliminate most of the amount of usable currencies represented by the adjustment factor.

4/ Considerations bearing on the size of the adjustment factor, and the continued usefulness of such a factor were discussed in "Methodology Used in Projections of the Fund's Liquidity Position and Financing Needs," (EBS/90/60, 3/27/90) which was considered by the Executive Board in April 1990.

monitored on a regular basis, in particular so as to avoid overestimating or underestimating the Fund's liquidity position.

The stock of usable resources has been reduced further by subtracting undrawn balances already committed under existing arrangements and which are considered likely to be drawn under the arrangements. Such undrawn balances amounted to SDR 3.3 billion at the end of August 1994, compared with a total SDR 2.3 billion at the end of February, reflecting mainly the approval of several new arrangements since that time. 1/ Consequently, the Fund's adjusted and uncommitted resources totaled SDR 53.0 billion as of the end of August 1994 compared with SDR 54.7 billion at the end of February 1994. 2/

### III. The Demand for Fund Resources

This section presents projections of demand for the Fund's resources through end-1996 based on the latest country-by-country estimates by area departments and after probability adjustments. Under current access policy and limits, demand in 1994 and 1995 taken together, consisting of projections of commitments under stand-by and extended arrangements, and of purchases under the systemic transformation facility (STF) and the compensatory and contingency financing facility (CCFF), is projected to amount to SDR 15.5 billion--including actual commitments and purchases during January-August 1994 (see Table 1). Projected demand for 1994-95 together is SDR 0.6 billion less than projected in the last review six months ago, on account of lower projections for CCFF purchases (by SDR 1.1 billion) that are only partly offset by higher projections of commitments under arrangements (by SDR 0.4 billion) and of STF purchases (by SDR 0.1 billion).

As can be expected, projections of demand for 1996 are only of a broad order of magnitude, and in particular are likely to be underestimated for some countries, especially for those countries for which discussion on future use of the Fund's resources has been highly tentative or has not arisen with the staff. With this caveat, the projected level of demand for 1996 amounts to SDR 6.8 billion under present policies regarding access.

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1/ Fourteen new stand-by and two extended arrangements were approved from the end of February 1994 to the end of August, while only five arrangements were canceled or expired. Undrawn balances amounted to SDR 4.5 billion as of the end of August 1994, compared to SDR 3.3 billion last February. Currently, undrawn balances considered likely to be drawn exclude balances under three inoperative arrangements and an allowance for resources that will not be drawn for other reasons, amounting in total to SDR 1.2 billion (compared to SDR 1.0 billion at the time of the last review).

2/ Overdue repurchases amounted to SDR 1.7 billion at end-August 1994, about the same level as at end-February 1994. The total of overdue repurchases is equivalent to 3.0 percent of the stock of adjusted usable ordinary resources and 6.7 percent of total credit outstanding in the GRA (Appendix, Table 3).

Table 1. Summary Statistics on Commitments and  
Changes in Fund Credit  
(in billions of SDRs)

	1993	Jan-Aug 1994	Sep-Dec 1994	Projected		
				Total 1994	1995	1996
1. Gross New Commitments 1/	3.3	4.8	3.4	8.2	8.1	8.3
a. Under Stand-by and Extended Arrangements	3.0	3.3	2.5	5.8	5.7	5.8
b. Under the SAF and ESAF	0.3	1.5	0.9	2.4	2.4	2.5
2. Purchases and Disbursements						
a. Purchases 2/	5.0	3.4	2.5	5.9	6.3	5.8
(i) Under Stand-by and Extended Arrangements	2.5	1.5	1.5	3.0	4.7	4.6
(ii) Additional for DDSR	0.4	—	0.3	0.3	0.2	0.2
(iii) Under the CCFF	0.7	0.3	0.4	0.7	1.0	1.0
(iv) Under the STF	1.4	1.6	0.3	1.9	0.4	0.0
b. SAF and ESAF disbursements	0.3	0.5	0.4	0.9	2.1	2.1
Total purchases and disbursements	5.3	3.9	2.9	6.8	8.4	7.9
3. Repurchases and Repayments						
a. Repurchases	3.8	3.3	1.3	4.6	4.2	4.4
b. Trust Fund/SAF Repayments	0.1	0.1	0.1	0.2	0.4	0.5
4. Change in Fund Credit Outstanding (GRA) (2.a. - 3.a.)	1.2	0.1	1.2	1.3	2.1	1.4
5. Change in Total Credit Provided by the Fund (4 + 2.b. - 3.b.)	1.4	0.5	1.5	2.0	3.8	3.0
<u>Memorandum item:</u>						
Demand for Fund Credit (GRA) (1.a. + 2.a.iii + 2.a.iv.)	5.1	5.2	3.2	8.4	7.1	6.8

1/ Excludes additional resources that may be committed for debt and debt-service reduction (DDSR).

2/ Excludes reserve tranche purchases.

a. Commitments under Stand-by and Extended Arrangements

Commitments under stand-by and extended arrangements--projected on a country-by-country basis--are expected to amount to SDR 5.8 billion in 1994 under unchanged policies, marginally above the projection in the March 1994 liquidity review. Fifteen stand-by arrangements and three extended arrangements have been approved in the first eight months of 1994 for total commitments of SDR 3.3 billion. During the remainder of 1994, it is projected that approximately 6 arrangements are likely to be approved by the Fund, including 5 stand-by arrangements and 1 extended arrangement, for a probability adjusted total amounting to SDR 2.5 billion (see Table 1 and Appendix, Table 1); commitments to economies in transition account for more than 90 percent of the projected amount.

Commitments in 1995 are projected to total SDR 5.7 billion, also marginally above the amount projected last March. Commitments in support of 18 stand-by arrangements constitute two-thirds of the total, with the remainder accounted for by commitments under 7 extended arrangements. Partly because of several large commitments projected for other countries, the share of the transition economies is projected to amount to about one-fourth of total commitments in 1995.

For 1996, commitments under 11 stand-by and 3 extended arrangements are projected to total SDR 5.8 billion. About 80 percent of this amount is projected to be committed under extended arrangements and the remainder under stand-by arrangements, with arrangements for transition economies accounting for over 80 percent of the total.

b. Projected Use of Fund Resources

Taking into account commitments under current as well as projected stand-by and extended arrangements, purchases under arrangements during the period 1994-1996 are projected to amount to about SDR 12.3 billion under current access limits.

Projections of purchases under additional resources made available for debt and debt-service reduction (DDSR) amount to SDR 0.3 billion in 1994, and SDR 0.2 billion each for the years 1995 and 1996. The projections for 1994 and 1995 are slightly lower than those made in March 1994. In 1994, there has not yet been a purchase under this provision, however, it is anticipated that two countries will request additional resources for DDSR before end-1994. 1/

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1/ Purchases of amounts set-aside for debt and debt service reduction operations under current and projected arrangements are included as part of the total for projected purchases under arrangements.

Fourteen members have made purchases under the systemic transformation facility (STF) in the period from its establishment in April 1993 through end-August 1994 for a total amount of SDR 3.0 billion; eight of these members have each made two purchases. Under the present policies and limits, further purchases (probability adjusted) amounting to SDR 0.3 billion are projected through end-1994, and SDR 0.4 billion for 1995. On the basis of these projections, a total of some 23 countries will have made use of the STF for a total amount of about SDR 3.7 billion. 1/

Purchases under the CCFF are projected at SDR 0.7 billion for 1994 and at SDR 1.0 billion each for 1995 and 1996. The estimates are based on the average level of compensatory financing purchases for the past six years, and as such, are an allowance rather than a projection. These amounts are lower than those projected last March, largely on account of low levels of activity so far in 1994 and an assumption of no major changes in commodity prices over the next few years. In the first eight months of 1994, SDR 0.3 billion has been purchased under the CCFF.

Reserve tranche purchases by members that are not currently included on the transfer side of the operational budget are projected to amount to SDR 0.2 billion in 1994, and SDR 0.5 billion each in 1995 and 1996. Total repayments to lenders during the remainder of 1994 will total SDR 0.1 billion, followed by SDR 1.8 billion in 1995 and SDR 1.1 billion in 1996. Repurchases with respect to purchases financed with borrowed resources during the period through end-1994 are scheduled to amount to SDR 0.5 billion, resulting in a further reduction in the cumulative mismatch from SDR 0.7 billion at present to SDR 0.3 billion by end-1994, and consequently adding to the total of the Fund's usable resources during this period. The maturity mismatch is projected to increase by SDR 0.9 billion in 1995 and then peak at end-March 1996 when the Fund's current indebtedness of SDR 3.0 billion is fully repaid. 2/ The mismatch will decrease thereafter, to SDR 1.5 billion at end-1996, corresponding to the level of purchases made with borrowed resources that would remain outstanding at that time.

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1/ These projections compare with a range of estimates of SDR 3-6 billion made at the time of the establishment of the STF. See "A Fund Facility to Help Members Respond to Systemic Disruptions in Their Trade and Payments Arrangements," EBS/93/58, 4/9/93, p.12. The amounts estimated at that time were for a range of potentially eligible countries and an access limit of 40-50 percent of quota.

2/ Amounts outstanding under the 1986 borrowing agreement with Japan constitute the only remaining Fund indebtedness. Repayments under this agreement are to be made in one installment five years after the drawdown date while the corresponding repurchases are made in ten equal installments beginning 3 1/2 years and ending 7 years after the date of purchase.

c. SAF and ESAF Commitments and Disbursements

In the first eight months of 1994, one SAF arrangement and eight ESAF arrangements were approved for a total of SDR 1.5 billion (Table 1). 1/ Uncommitted resources under ESAF loan agreements approved prior to the enlargement of the ESAF Trust amount to SDR 0.8 billion as of end-August 1994; the amount targeted for the enlargement of the ESAF Trust is SDR 5.0 billion although the full amount has not yet been secured under new loan agreements. Commitments of resources under the ESAF (after probability adjustments) during September-December 1994 are projected to amount to SDR 0.9 billion, bringing the total for the year to SDR 2.4 billion, slightly below the SDR 2.7 billion projected last March, owing to the postponement of nine arrangements into 1995. Commitments in 1995 and 1996 are now projected at SDR 2.4 billion and SDR 2.5 billion, respectively. It is therefore projected that all of the SDR 5.8 billion currently expected to be available under the ESAF Trust would be committed by end-1996.

d. Projected Changes in Fund Credit

Under current access policy and limits, total purchases, including those under existing and projected arrangements and under special facilities, are projected to amount to SDR 5.9 billion in 1994, SDR 6.3 billion in 1995 and SDR 5.8 billion in 1996. Repurchases are projected to total SDR 4.6 billion in 1994, SDR 4.2 billion in 1995 and SDR 4.4 billion in 1996. 2/ Outstanding Fund credit in the General Resources Account is therefore projected to increase on a net basis by SDR 1.3 billion in 1994, and by SDR 2.1 billion in 1995 and SDR 1.4 billion in 1996 to reach SDR 30.0 billion by end-1996.

Taking into account projected SAF and ESAF disbursements and repayments under these facilities, total credit provided by the Fund is projected to increase by SDR 8.9 billion in 1994-96, to reach SDR 38.0 billion by end-1996 (Appendix, Table 2, line 7).

The regional distribution of total outstanding credit provided by the Fund (Appendix Table 4) is projected to change significantly over the

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1/ A SAF arrangement for Sierra Leone was approved following the completion of its rights accumulation program, under the resources set aside for this purpose before the transfer of SDA resources to the Subsidy Account of the ESAF Trust on February 23, 1994, and in line with the decision to initiate operations under the enlarged and extended ESAF Trust (Decision No. 10597-(94/14), adopted February 23, 1994). No further resources are expected to be committed for SAF arrangements, except for an amount set aside for Zambia in connection with its rights accumulation program.

2/ All members are assumed to settle their forthcoming obligations on time, except when known that advance or early repurchases will be made. For the members presently in arrears to the Fund, no allowance is made for the accumulation of further arrears or settlements of any existing overdue repurchases.



projection period in favor of the transition economies, while the share of the Western Hemisphere is projected to decline sharply.

#### IV. The Fund's Liquidity Ratio

At the end of August 1994, the Fund's liquidity ratio was 166 percent, two percentage points below its level of last March. This reflects largely a decline in the level of adjusted and uncommitted resources on account of the relatively large amount of purchases and the exclusion of Mauritius from the list of countries considered sufficiently strong for transfers in the operational budget. 1/

On the basis of the projections of demand for the Fund's resources presented above and the existing list of members whose currencies are usable by the Fund, and under current access limits, the liquidity ratio is estimated to decline to 159 percent at end-1994, then to 141 percent at end-1995 and 127 percent at end-1996 (see Table 2).

Table 2. Summary of Projections of Fund Liquidity through end-1996

(In billions of SDRs unless otherwise indicated)

	1993	Aug. 1994	Projected		
			1994	1995	1996
			(end of period)		
Holdings of usable resources	69.3	68.9	...	...	...
Adjusted and uncommitted usable resources	53.9	53.0	50.4	45.0	40.8
Liquid liabilities	32.8	31.9	31.7	31.8	32.2
Liquidity ratio (in percent) <u>1/</u>	164.3	166.1	159.0	141.5	126.7

1/ The ratio of adjusted and uncommitted usable resources to liquid liabilities.

1/ As mentioned above, the Czech Republic made an advance repurchase of SDR 0.3 billion on September 1, 1994, and the projections incorporate this amount. The advance repurchase had the immediate effect of raising the liquidity ratio by about two percentage points as of September 1, 1994.

V. Implications for the Fund's Liquidity of  
Increased Demand for Fund Resources

Executive Directors are presently discussing the possibility of modifications to the policies and limits on access to Fund resources under stand-by and extended arrangements and under the STF that would increase use of Fund resources in the period ahead. However, these discussions have not yet reached a stage where it would be possible to make projections of the implications for access on a country-by-country basis, particularly for likely commitments under stand-by and extended arrangements. This section provides illustrations on how increased use of Fund resources would affect the Fund's liquidity in relation to the projections above based on current access policy and limits.

As regards use of Fund resources under the STF, it has been assumed for illustrative purposes, that an extension and increase in access could be reflected in increased purchases of the order of SDR 1.6 billion (after probability adjustment). Such additional STF purchases alone would have the impact of reducing the liquidity ratio by some 11 percentage points by end-1996.

An increase of 10 percent in commitments under arrangements relative to projections under current access policy and limits would increase total commitments in the period September 1994-December 1996 by SDR 1.4 billion and would have the effect of lowering the liquidity ratio by about 7 percentage points. Therefore, the higher level of STF purchases in the period, plus a 10 percent increase in commitments under arrangements would together have the impact of lowering the liquidity ratio by 18 percentage points at end-1996 below the level (of 127 percent) reported in section IV above; that is, the combined effect would be to reduce the liquidity ratio at end-1996 to 109 percent.

The effects are broadly similar for each 10 percent increase in commitments (relative to the base projections), i.e. each additional increase of SDR 1.4 billion in commitments beyond the current projections would reduce the liquidity ratio by about 7 percentage points. Thus, if for example, total commitments were 20 percent more than current projections of commitments under arrangements through end-1996, the liquidity ratio would fall to 102 percent at end-1996; and, if illustratively total commitments were 30 or 40 percent more than current projections, the liquidity ratio would be about 95 and 88 percent, respectively, at end-1996.

VI. Concluding Remarks

1. The Fund's stock of usable resources has declined slightly from the historically high levels reached earlier this year. Usable resources currently total SDR 68.9 billion, or SDR 0.6 billion lower than reported for the March review (EBS/94/66) mainly owing to the relatively high level of purchases that took place between end-February and end-August 1994. Of this total stock, SDR 62.9 billion represents usable currencies, and SDR 6.0

billion represents SDRs held in the General Resources Account. After taking into account the adjustment factor and after subtracting amounts committed but not yet drawn under operative stand-by and extended arrangements--which are at present SDR 1.0 billion more than last February--the stock of adjusted and uncommitted usable resources amounts to SDR 53.0 billion, or some SDR 1.7 billion below the level reported for end-February 1994.

2. On the basis of present access policy and limits, the demand for Fund resources--defined to include projected commitments under stand-by and extended arrangements as well as expected purchases under special facilities--is projected to remain relatively strong, amounting to SDR 15.5 billion in 1994 and 1995 taken together; for 1996, projections of SDR 6.8 billion indicate continued strong demand for Fund resources. Over the period from September 1994 through December 1996 total demand is projected to amount to SDR 17.1 billion. Possible commitments to economies in transition represent approximately two thirds of total projected commitments during this period.

It is currently expected that SDR 5.8 billion would be available for commitments under the ESAF in the period September 1994 - December 1996, and that the whole amount would be committed by end-1996.

3. Purchases (excluding reserve tranche purchases) under present access policy and limits are projected to amount to SDR 5.9 billion in 1994, SDR 6.3 billion in 1995, and SDR 5.8 billion in 1996. Total repurchases are expected to amount to SDR 4.6 billion in 1994, SDR 4.2 billion in 1995, and SDR 4.4 billion in 1996. Outstanding credit from the General Resources Account is expected to increase on a net basis by SDR 4.8 billion in 1994-96, reaching SDR 30.0 billion by the end of 1996.

Including projected SAF and ESAF loan disbursements, net credit provided by the Fund is projected to increase by SDR 8.9 billion in 1994-96 and to reach SDR 38.0 billion by end-1996.

The regional distribution of outstanding Fund credit reflects the increasing share of transition economies. The full impact of the projected increases in commitments to the transition economies on outstanding Fund credit is likely to be reflected beyond the projection period.

4. The Fund's liquidity position remains strong at present with a liquidity ratio of 166 percent, only slightly below the level of last March. The ratio is projected to fall to about 127 percent by end-1996 under current access policy and limits. Simulations of the possible effect of increases in the demand for Fund resources above those projected on a country-by-country basis under current access policy and limits have been made under the assumption of (i) an extension and increased access under the STF, and (ii) a 20 (30) (40) percent increase in commitments under arrangements. The simulations show a further decline in the liquidity ratio to about 102 (95) (88) percent by end-1996.

5. (i) On present indications, the Fund would seem to be well positioned to meet a relatively substantial increase in demand for the Fund's resources above those projected on a country-by-country basis under current access policies and limits, while ensuring the liquidity of members' claims on its resources. Nevertheless, a relatively sharp decline in the Fund's liquidity ratio by end 1996 is likely, which could result from increased demand for the Fund's resources. Furthermore, in the projections of the Fund's liquidity, it is assumed that no industrial country will use the Fund's resources, including use of their reserve tranche positions in the Fund; any such use would adversely affect the Fund's liquidity position both from the demand and supply side. It also needs to be noted that projections of the demand for the Fund's resources include a number of large arrangements with relatively low probabilities, and a significant overall increase in these probabilities would cause a sharp upward revision in the level of demand projections and a corresponding downward revision in the outlook for the Fund's liquidity.

(ii) It is to be noted that the projections presented in this review are subject to considerable uncertainty also with respect to the supply of Fund resources, and especially for 1996 and beyond. The supply of the Fund's usable resources can be regarded to continue to be vulnerable to a certain extent, given the relatively heavy concentration on a few large industrial and developing countries whose currencies are currently usable. Any weakness in the external positions of these countries could result in the exclusion of their currencies from future operational budgets. While some countries which at present are included in the operational budget are experiencing some weakening in their external financial positions, it is not at present envisaged that there would be on balance a substantial reduction in the list of countries whose currencies are sufficiently strong to be sold by the Fund on a net basis in the period ahead.

(iii) Developments that could decrease the supply of available usable resources and increase the demand for Fund resources will be kept under review and would be brought to the early attention of the Executive Board. Furthermore, the projected decline in the Fund's liquidity ratio has implications for the need for continued work on quotas in the period ahead. The Executive Board is required to report to the Board of Governors on its work in connection with the Tenth General Review of Quotas by the end of this year and the issue of the adequacy of present quotas and future work on quotas can be taken up at that time.

Table 1. Commitments and Changes in Use and Receipts of the Fund's Resources, 1993-1996

(in billions of SDRs)

	1993	Jan-Aug 1994	Sep-Dec 1994	Projected		
				Total 1994	1995	1996
A. <u>Gross New Commitments</u> 1/	3.3	4.8	3.4	8.2	8.1	8.3
1. Total GRA, of which:	3.0	3.3	2.5	5.8	5.7	5.8
Stand-by	1.6	2.3	2.4	4.7	3.8	1.1
EFF	1.4	1.0	0.1	1.1	1.9	4.7
2. Total SAF/ESAF	0.3	1.5	0.9	2.4	2.4	2.5
B. <u>Use and Receipt</u>						
1. <u>Use and Receipt of Ordinary/Substituted Resources</u>						
a. Purchases	5.0	3.4	2.5	5.9	6.3	5.8
i) Under arrangements 2/	2.5	1.5	1.5	3.0	4.7	4.6
ii) Additional for DDSR	0.4	-	0.3	0.3	0.2	0.2
iii) Under the CCFF 3/	0.7	0.3	0.4	0.7	1.0	1.0
iv) Under the STF	1.4	1.6	0.3	1.9	0.4	0.0
b. Repurchases	2.8	2.6	0.8	3.4	3.3	3.6
i) Under arrangements	2.0	1.4	0.6	2.0	2.1	2.8
ii) Under CCFF and buffer stock	0.8	1.2	0.2	1.4	1.2	0.8
c. Net use of ordinary resources to finance Fund credit (a-b)	2.2	0.8	1.7	2.5	3.0	2.2
d. Net use of ordinary resources to finance:						
i) repayment to EAR lenders 4/	-0.7	-0.5	-0.1	-0.6	1.3	0.8
ii) encashment of reserve tranche 5/	-0.7	-0.5	-0.3	-0.8	0.8	0.3
iii) encashment of reserve tranche 5/	-	-	0.2	0.2	0.5	0.5
e. Net use of ordinary resources (c+d)	1.5	0.3	1.6	1.9	4.3	3.0
2. Receipt of Borrowed Resources in Repurchases	1.1	0.7	0.5	1.2	0.9	0.8
C. <u>Change in Fund Credit Outstanding (GRA)</u>						
1. Total purchases (B.1.a)	5.0	3.4	2.5	5.9	6.3	5.8
2. Total repurchases (B.1.b + B.2)	3.8	3.3	1.3	4.6	4.2	4.4
3. Net change in Fund credit outstanding (C.1-C.2)	1.2	0.1	1.2	1.3	2.1	1.4
D. <u>Change in credit provided by the Fund</u>						
1. SAF and ESAF loan disbursements	0.3	0.5	0.4	0.9	2.1	2.1
2. Trust Fund/SAF/ESAF repayments	0.1	0.1	0.1	0.2	0.4	0.5
3. Net credit provided by the Fund (C.3 + D.1-D.2)	1.4	0.5	1.5	2.0	3.8	3.0

Note: Details may not add due to rounding.

1/ Excludes amounts that may be committed for debt and debt service reduction (DDSR) operations.

2/ Includes purchases under the first credit tranche and emergency purchases.

3/ No purchases under the buffer stock financing facility are currently projected in the period through end 1996.

4/ Repayments under EAR borrowing agreements made using ordinary resources net of repurchases corresponding to calls made under these arrangements. Reversal of earlier use of ordinary resources started in 1990 and is represented by negative figures.

5/ Does not include reserve tranche purchases made by members immediately upon payment of their quota subscriptions, as the two transactions have an offsetting effect.

Table 2. Selected Balance Sheet Data, 1990-1996

(in billions of SDRs)

Item	1990	1991	1992	1993	Aug 1994	Projected		
						1994	1995	1996
	(end of period)							
1. Usable Ordinary Resources (unadjusted)	42.0	37.2	68.2	69.3	68.9	...	...	...
of which:								
(a) Adjusted 1/	31.8	30.0	56.2	56.8	56.3	...	...	...
(b) Adjusted and uncommitted 2/ of which: SDR holdings	28.3 (1.0)	23.2 (0.8)	51.0 (8.6)	53.9 (6.7)	53.0 (6.0)	50.4 (4.5)	45.0 (2.5)	40.8 (1.5)
2. Gold at SDR 35 per fine ounce	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
3. Borrowing	4.7	4.0	3.5	3.2	3.0	2.9	1.1	--
(a) Outstanding borrowing								
i) EAR	1.7	1.0	0.5	0.2	--	--	--	--
ii) Japan 1986	1.9	3.0	3.0	3.0	3.0	2.9	1.1	--
Total	3.6	4.0	3.5	3.2	3.0	2.9	1.1	--
(b) Unused credit lines								
Japan 1986	1.1	--	--	--	--	--	--	--
(c) Cumulative mismatch of maturities 3/	3.3	2.6	1.9	1.2	0.7	0.3	1.2	1.5
4. Unused GAB and Associated 4/	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
5. Total Liquid Liabilities	23.8	25.9	33.9	32.8	31.9	31.7	31.8	32.2
(a) Reserve tranche positions	20.2	21.9	30.4	29.6	28.9	28.8	30.7	32.2
(b) Outstanding borrowing	3.6	4.0	3.5	3.2	3.0	2.9	1.1	--
6. Overdue Repurchases	2.2	2.3	2.2	1.7	1.7	...	...	...
7. Total Fund credit outstanding	23.3	26.8	27.8	29.1	29.7	31.2	35.0	38.0
of which:								
(a) General Resources Account	20.7	23.4	24.0	25.2	25.3	26.5	28.6	30.0
(b) SAF and ESAF	2.4	3.2	3.6	3.8	4.3	4.6	6.3	7.9
(c) Trust Fund	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1
9. Number of Stand-by and Extended arrangements	21	27	28	21	30	33	35	25
9. Total Quotas	91.1	91.1	141.4	144.8	144.9	...	...	...

1/ Usable currency holdings that are included in this total are reduced to provide for the possible exclusion of the Fund's holdings of the currencies of creditor members with weakening balance of payments positions and for working balances. The adjustment factor was 0.25 for 1990 and 0.20 for 1991 through end-August 1994.

2/ Undrawn balances of commitments at end-August 1994 have been reduced by SDR 1.2 billion to adjust for: (i) undrawn balances under arrangements that are inoperative and are not likely to be drawn upon; and (ii) the possibility that existing operative arrangements may not be fully utilized.

3/ Repayment of borrowing with ordinary resources.

4/ The amounts shown are as defined in the Guidelines for Borrowing which were in effect through November 15, 1991, and which provided that the amount included would equal outstanding borrowing by the Fund under the GAB and associated borrowing agreements or two thirds of the total under these agreements, whichever is greater. The present total of these agreements is SDR 18.5 billion.

Table 3. Fund Liquidity – Selected Ratios

(in percent)

	1990	1991	1992	1993	End Aug 1994	1994	Projected 1995	1996
1. Quota ratio 1/	18.7	17.9	11.2	10.7	10.6	...	...	...
2. Liquidity ratio 2/	118.9	89.6	150.4	164.3	166.1	159.0	141.5	126.7
3. Cash ratio 3/	140.1	105.9	167.8	182.1	183.4	175.0	146.6	126.7
4. Asset ratio 4/								
(i) excluding gold	176.5	143.6	201.2	211.3	216.0	...	...	...
(ii) including gold	191.6	157.5	211.8	222.3	227.3	...	...	...
5. Ratio of overdue repurchases:								
(i) to adjusted usable ordinary resources	6.9	7.7	3.9	3.0	3.0	...	..	...
(ii) to Fund credit outstanding (GRA)	10.6	9.8	9.2	6.7	6.7	...	...	...

1/ The quota ratio, as defined under the decision on guidelines for borrowing which was in effect through November 15, 1991, is the ratio of the total of outstanding borrowing, unused credit lines, and relevant GAB resources, to total quotas.

2/ The liquidity ratio is the ratio of adjusted and uncommitted ordinary resources to the total of outstanding borrowing and reserve tranche positions.

3/ The cash ratio is the ratio of adjusted and uncommitted ordinary resources to reserve tranche positions.

4/ The asset ratio is the ratio of usable ordinary resources (unadjusted) to the total of outstanding borrowing and total reserve tranche positions. The asset ratio (ii) also includes, in the numerator, gold held by the Fund and valued at SDR 35 per fine ounce.

Table 4. Outstanding Fund Credit by Region (end of period)

						Projected		
	1985	1990	1991	1992	1993	1994	1995	1996
	in billions of SDRs (as percent of total)							
<u>Developing Countries: 1/</u>	<u>General Resources Account (GRA)</u>							
Africa	7.3 (21)	4.1 (20)	3.9 (17)	3.5 (14)	3.5 (14)	3.8 (14)	4.8 (17)	5.4 (18)
Asia	8.0 (27)	2.5 (13)	3.6 (17)	4.2 (19)	4.6 (20)	3.7 (14)	3.1 (11)	2.2 (7)
Europe I	4.8 (14)	0.9 (4)	3.5 (15)	3.8 (16)	3.9 (15)	3.7 (14)	4.1 (14)	4.1 (14)
Europe II	-- (0)	-- (0)	-- (0)	0.9 (4)	2.2 (9)	4.7 (18)	6.7 (24)	8.7 (29)
Middle East	1.2 (0)	0.5 (1)	0.5 (1)	0.8 (2)	0.8 (2)	1.2 (4)	1.8 (6)	2.7 (9)
Western Hemisphere	13.2 (38)	12.7 (62)	11.9 (51)	10.8 (45)	10.1 (40)	9.3 (35)	8.1 (28)	6.9 (23)
<b>Total</b>	<b>34.6</b> <b>(100)</b>	<b>20.7</b> <b>(100)</b>	<b>23.4</b> <b>(100)</b>	<b>24.0</b> <b>(100)</b>	<b>25.2</b> <b>(100)</b>	<b>26.5</b> <b>(100)</b>	<b>28.6</b> <b>(100)</b>	<b>30.0</b> <b>(100)</b>
	<u>GRA, Trust Fund, SAF, and ESAF</u>							
Africa	8.0 (22)	5.8 (25)	5.9 (22)	5.7 (21)	5.9 (20)	6.5 (21)	8.5 (24)	10.0 (27)
Asia	9.4 (25)	3.0 (13)	4.3 (16)	5.1 (18)	5.5 (19)	4.8 (15)	4.3 (12)	3.6 (9)
Europe I	4.8 (13)	0.9 (4)	3.5 (13)	3.8 (14)	3.9 (13)	3.8 (12)	4.1 (12)	4.2 (11)
Europe II	-- (0)	-- (0)	-- (0)	0.9 (3)	2.2 (8)	4.7 (15)	6.9 (20)	9.0 (24)
Middle East	1.6 (4)	0.7 (3)	0.9 (3)	1.2 (4)	1.2 (4)	1.7 (6)	2.5 (7)	3.7 (10)
Western Hemisphere	13.3 (36)	12.9 (55)	12.1 (45)	11.0 (40)	10.4 (36)	9.7 (31)	8.5 (24)	7.3 (19)
<b>Total</b>	<b>37.1</b> <b>(100)</b>	<b>23.3</b> <b>(100)</b>	<b>26.8</b> <b>(100)</b>	<b>27.8</b> <b>(100)</b>	<b>29.1</b> <b>(100)</b>	<b>31.2</b> <b>(100)</b>	<b>35.0</b> <b>(100)</b>	<b>38.0</b> <b>(100)</b>

1/ Based on IFS regional classification, except for Europe where a further breakdown is shown, which reflects the country distribution between the two area departments.



