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March 28, 1994

To: Members of the Executive Board

From: The Secretary

Subject: The Fund's Liquidity and Financing Needs - Review

Attached for consideration by the Executive Directors is a paper reviewing the Fund's liquidity position and its financing needs through the end of 1995, which is tentatively scheduled for discussion on Monday, April 11, 1994. 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 prior to the Board discussion.

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INTERNATIONAL MONETARY FUND

The Fund's Liquidity and Financing Needs - Review

Prepared by the Treasurer's Department

(In consultation with the Area Departments)

Approved by David Williams

March 28, 1994

I. Introduction

This paper reviews the Fund's liquidity position and its financing needs through end-1995 on the basis of present Ninth Review quotas, and the access limits to Fund resources under existing Fund facilities that were agreed in November 1992 consequent upon the coming into effect of the increase in quotas under the Ninth General Review. ^{1/} 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-1995; Section IV presents the projected developments in the Fund's liquidity ratios, and Section V provides some concluding remarks. The Appendix contains tables relating to the Fund's usable resources and presents relevant balance sheet data and selected ratios.

II. The Supply of the Fund's Usable Resources

At the beginning of March 1994, the Fund's stock of usable resources amounted to SDR 69.5 billion, of which SDR 62.6 billion represented the currencies of members considered sufficiently strong to be included for transfers in the operational budget for March-May 1994 (EBS/94/23, February 15, 1994), and the balance of SDR 6.9 billion represented SDRs held in the General Resources Account (Table 2 and Appendix, Table 2). The March 1994 level of usable resources is higher by SDR 0.4 billion than the end-August 1993 level presented in the previous review of the Fund's liquidity in September 1993 ^{2/} due to the net effect of the inclusion of Ireland,

^{1/} See Decision No. 10181-(92/132), November 3, 1992. The access limits were reviewed in October 1993 (Decision No. 10500-(93/148), October 27, 1993), and there were no changes to the limits agreed in November 1992.

^{2/} "The Fund's Liquidity and Financing Needs - Review", EBS/93/155, September 15, 1993.

and after the exclusion of Oman, from the list of members considered sufficiently strong for transfers in the operational budget. 1/

The stock of the Fund's usable resources has been adjusted downward, as in the past, by a factor of 20 percent, to take into account the need to maintain minimum working balances in particular currencies and the possibility that the currencies of some members may become unusable as their balance of payments positions weaken. The staff considers that this adjustment factor--which amounts to SDR 12.5 billion--remains appropriate as the situation of members whose currencies are currently considered usable has not changed markedly, with continued relatively weak balance of payments positions of some large developing countries and some industrial countries included in the operational budget. The adjustment factor is aimed at smoothing the Fund's liquidity position over time, compared with the large shifts that would result without such an adjustment when members with relatively large quotas may have to be excluded from the operational budget. 2/

In addition to the adjustment described above, undrawn balances already committed under existing arrangements were subtracted from the stock of usable resources. However, undrawn balances under three inoperative arrangements and a portion of previously committed resources that are considered unlikely to be drawn, which in total amount to SDR 1.0 billion (compared to SDR 0.8 billion at the time of the last review) have been included in the stock of usable resources. After these adjustments, the Fund's adjusted and uncommitted resources totaled SDR 54.7 billion at the beginning of March 1994 compared with SDR 54.5 billion at the beginning of September 1993. 3/

1/ Ireland was added to the list at the time of the budget for December 1993-February 1994 (EBS/93/179, November 16, 1993). The operational budget for March-May 1994 (EBS/94/23, February 15, 1994) added Mexico to and deleted Oman from the list of members considered sufficiently strong. However, Mexico has outstanding indebtedness to the Fund and would be subject to the guidelines for early repurchases. Fund's holdings of Mexico's currency are not included in the Fund's usable resources.

2/ Considerations bearing on the size of the adjustment factor, and the continued usefulness of using such a factor were explained in "Methodology Used in Projections of the Fund's Liquidity Position and Financing Needs," (EBS/90/60, 3/27/90) which was discussed in the Executive Board in April 1990. It is also worth noting that if a few large countries were excluded from the transfers side of the operational budget, that exclusion alone would eliminate most of the amount of usable currencies represented by the adjustment factor.

3/ Overdue repurchases amounted to SDR 1.7 billion at February 1994, which is SDR 0.1 billion less than the level at end-August 1993. The total of overdue repurchases is equivalent to 3 percent of the stock of adjusted usable ordinary resources and 7 percent of total credit outstanding in the GRA (Appendix, Table 3).

III. The Demand for Fund Resources

This section presents projections of demand for the Fund's resources through end-1995 based on the latest country-by-country estimates, after probability adjustments. Demand in 1994, consisting of projections of commitments under stand-by and extended arrangements, and purchases under the Systemic Transformation Facility (STF) and the Compensatory and Contingency Financing Facility (CCFF) amount to SDR 9.2 billion (including actual commitments and purchases in the first two months of 1994). The comparable projection of demand made in September 1993 (EBS/93/155) amounted to SDR 11.2 billion. The current projection is lower by SDR 2.0 billion, due to the delays in proceeding with a number of large arrangements that had been projected earlier and the expected shift from arrangements in the General Resources Account (GRA) to arrangements under ESAF as explained below; current projections of purchases under the STF (SDR 2.2 billion) and the CCFF (SDR 1.4 billion) are both above those made in September.

Projections of demand for Fund resources in 1995 amount to SDR 6.9 billion, consisting of SDR 5.5 billion for commitments under arrangements, and SDR 1.4 billion for purchases under the CCFF; purchases under the STF are projected to be virtually nil in 1995. Projections for both 1994 and 1995 are subject to substantial uncertainties at this time because of the relatively low probabilities which are attached to some large arrangements, and also the possibly precautionary nature of two other large arrangements. The low probabilities reflect the fact that, in most instances, these arrangements are predicated on policies being put in place following completion of STF purchases and the timing of such actions is not certain. Despite these uncertainties, the projected level of demand for Fund resources over the two year period is broadly in line with the past average level of demand.

a. Commitments under Stand-by and Extended Arrangements in 1994 and 1995

Commitments under stand-by and extended arrangements--projected on a country-by-country basis--are now expected to amount to SDR 5.6 billion in 1994, SDR 3.4 billion less than the amount projected in September 1993 for the same period. ^{1/} The projection of SDR 9.0 billion made in September 1993 included an amount of SDR 1.6 billion for commitments to ESAF eligible countries under stand-by and extended arrangements in the GRA, in the absence of an ESAF successor. With the entering into effect of the enlarged and extended ESAF Trust on February 23, 1994, those countries are now projected to enter into ESAF arrangements and use ESAF Trust resources, and projections of demand for GRA resources are commensurately reduced. Furthermore, it seems less likely now that one very large arrangement will be concluded in 1994, and another large arrangement is likely to be

^{1/} Commitments under projected arrangements, before adjustments for probability, are expected to total SDR 9.2 billion in the remainder of 1994, and SDR 9.8 billion in 1995.

postponed to 1995. The effect of these two factors is to reduce the projected demand for Fund resources under arrangements in 1994 by SDR 4.7 billion, offset to some extent by shifts in the timing of several arrangements from 1993 into 1994 (SDR 1.3 billion), leading to a net reduction of SDR 3.4 billion.

During the first two months of 1994, one new stand-by arrangement and one extended arrangement were approved for total commitments of SDR 0.5 billion (see Table 1 below and Appendix, Table 1). For the remainder of 1994, it is projected that up to 18 additional arrangements could be agreed upon, including 16 stand-by arrangements (for a total of SDR 4.7 billion) and 2 extended arrangements (for a total of SDR 0.4 billion). ^{1/} Three-fifths of the total amount now projected under arrangements is for commitments to economies in transition, and the timing of each of these arrangements is subject to great uncertainty. Another large arrangement that is projected for 1994 is likely to be precautionary in nature.

The projection of commitments for 1995 is particularly tentative at this time. Although projections provided by area departments indicate that a large number of arrangements could be concluded, the probabilities attached to several large arrangements in 1995 are relatively low, especially because of the uncertainties regarding the economies in transition. Current projections indicate a level of demand in 1995 which is roughly of the same order of magnitude as in 1994. Commitments under arrangements are projected to total SDR 5.5 billion of which about one-third represents potential commitments under stand-by arrangements and two-thirds under extended arrangements. Nearly one-half of the amount projected is on account of several arrangements that have relatively low probabilities attached to them, and one additional large arrangement is projected to be precautionary in nature.

b. Projected Use of Fund Resources

Taking into account commitments under existing stand-by and extended arrangements, as well as commitments under arrangements expected to be approved in the two-year period, purchases under arrangements are projected at SDR 3.3 billion in 1994 and SDR 4.8 billion in 1995. Purchases of amounts set aside for debt and debt-service reduction operations under current and projected arrangements are estimated at about SDR 0.2 billion over the period 1994-1995. These amounts are included as part of the total for projected purchases under arrangements (Table 1, line 2.a(i)). Projections of purchases under additional resources made available for debt and debt-service reduction (DDSR) amount to SDR 0.2 billion each for 1994 and 1995. So far in 1994, no purchase has been made for this purpose.

^{1/} The number of arrangements reflects the aggregate of individual arrangements weighted by their probabilities in order to obtain total numbers of arrangements that better correspond to the projected commitment amounts. The unadjusted numbers would be 21 stand-by and 3 extended arrangements.

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

	Actual 1993	Actual Jan-Feb 1994	Projected Mar-Dec 1994	Projected Total 1994	Projected Total 1995
1. Gross New Commitments <u>1/</u>	<u>3.3</u>	<u>1.1</u>	<u>7.2</u>	<u>8.3</u>	<u>7.5</u>
a. Under Stand-by and Extended Arrangements	3.0	0.5	5.1	5.6	5.5
b. Under the SAF and ESAF	0.3	0.6	2.1	2.7	2.0
2. Purchases and Disbursements					
a. Purchases <u>2/</u>	<u>5.0</u>	<u>0.3</u>	<u>6.8</u>	<u>7.1</u>	<u>6.4</u>
(i) Under Stand-by and Extended Arrangements	2.5	0.2	3.1	3.3	4.8
(ii) Additional for debt and debt-service reduction (DDSR)	0.4	--	0.2	0.2	0.2
(iii) Under the CCFF	0.7	--	1.4	1.4	1.4
(iv) Under the STF	1.4	0.1	2.1	2.2	--
b. SAF and ESAF disbursements	0.3	0.1	1.1	1.2	2.0
Total purchases and disbursements	5.3	0.4	7.9	8.3	8.4
3. Repurchases and Repayments					
a. Repurchases	3.8	0.5	3.6	4.1	4.5
b. Trust Fund/SAF Repayments	0.1	0.0	0.2	0.2	0.4
4. Change in Fund Credit Outstanding (GRA) (2.a. - 3.a.)	1.2	-0.2	3.2	3.0	1.9
5. Change in Credit Provided by the Fund (4 + 2.b. - 3.b.)	1.4	-0.1	4.1	4.0	3.5
<u>Memorandum item:</u>					
Demand for Fund credit (GRA) (1.a. + 2.a.iii. + 2.a.iv.)	5.1	0.6	8.6	9.2	6.9

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

2/ Excludes reserve tranche purchases.

Since the establishment in April 1993 of the Systemic Transformation Facility (STF), twelve members have made purchases under the facility for a total of SDR 1.5 billion. Current projections indicate that purchases will amount to SDR 2.1 billion in the remainder of 1994, but will be virtually nil in 1995. 1/ Total access under the facility by about 21 countries is thus expected to reach SDR 3.6 billion, somewhat above the lower end of the range of estimates made at the time of the establishment of the STF. 2/ The current projection for 1994 is higher than the projection made in September 1993 by SDR 0.8 billion, due to the higher probability attached to one large purchase, and to a shift in purchases from 1993 to 1994 by a few Eastern European countries.

Purchases under the compensatory element of the CCFF are projected at SDR 1.3 billion each for 1994 and 1995, and purchases under the contingency element of the CCFF are projected at SDR 0.1 billion each for 1994 and 1995. These projections reflect country-by-country projections for the immediate future, as well as estimates based on past experience with due consideration given to the recent weaknesses in prices of primary commodities. The current projection for purchases in 1994 under both elements of the CCFF (totaling SDR 1.4 billion) is higher than the projection of SDR 1.0 billion made in September 1993. In the first two months of 1994, there were no purchases 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 0.5 billion each in 1994 and 1995. Repayments to lenders during the remainder of 1994 and in 1995 will total SDR 2.0 billion, while repurchases with respect to purchases financed with borrowed resources during the period through end-1995 are scheduled to amount to SDR 1.8 billion, resulting in a slight increase in the cumulative mismatch from SDR 1.1 billion at present to SDR 1.3 billion by end-1995. The increase in the mismatch is on account of repayments associated with the 1986 borrowing agreement with Japan. 3/

c. SAF and ESAF Commitments and Disbursements

Operations under the enlarged and extended ESAF Trust commenced on February 23, 1994 when the Executive Board determined that sufficient

1/ The facility will be in effect through end-1994, but a second purchase may be made through end-1995, provided a first purchase is made before end-1994 (Decision No. 10348-(93/61), adopted April 23, 1993).

2/ "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 (SDR 3.0-6.0 billion) were for a range of potentially eligible countries; the present projections are probability-adjusted estimates.

3/ 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.

contributions to the Loan and Subsidy Accounts of the ESAF Trust had been committed or were in firm prospect. Including a shift from stand-by and extended arrangements to ESAF arrangements as explained above, commitments under the enlarged and extended ESAF (after probability adjustments) are projected to amount to SDR 2.7 billion in 1994 and SDR 2.0 billion in 1995. These amounts also include some commitments originally expected to be made under the ESAF in 1993. No SAF arrangements are projected. 1/ In the period January-February 1994, SDR 0.6 billion was committed under the ESAF.

Disbursements under SAF and ESAF arrangements are expected to amount to SDR 1.2 billion in 1994 and SDR 2.0 billion in 1995. Loans outstanding under both facilities are projected to reach SDR 6.4 billion by end-1995.

d. Projected Changes in Fund Credit

Total purchases, including those under existing and projected arrangements and under special facilities, are projected to amount to SDR 7.1 billion in 1994 and SDR 6.4 billion in 1995. Repurchases are expected to total SDR 4.1 billion in 1994 and SDR 4.5 billion in 1995. 2/ Outstanding Fund credit in the GRA is therefore projected to increase on a net basis by SDR 3.0 billion in 1994 and by SDR 1.9 billion in 1995 and to reach SDR 30.1 billion by end-1995.

While the outstanding use of Fund credit has grown each year since 1990, the distribution of outstanding Fund credit under the GRA has changed

1/ Although the SAF has not been terminated, no SDA resources remain to fund the facility following the transfer of SDA resources to the Subsidy Account of the ESAF Trust on February 23, 1994 in line with the decision to initiate operations under the enlarged and extended ESAF Trust (Decision No. 10597-(94/14), adopted February 23, 1994), except for resources set aside for existing arrangements and to finance SAF arrangements for Sierra Leone^{lv} and Zambia, following completion of their rights accumulation programs.

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, except in the case of three members that are expected to be in a position to clear their arrears because of an improvement in their external positions, and adopt Fund arrangements. In these cases, the same probability as applied to the arrangement is applied to the payment of overdue repurchases by the member.

substantially among the main regions. 1/ Latin America accounted for some 60 percent of the total in 1990--and Africa for another 20 percent--but the share for Latin America has since declined, and credit extended to the transition economies in Europe has risen sharply (Appendix, Table 4). The projections indicate that by the end of 1995, the share of Latin America may be reduced to about 30 percent of total outstanding credit, and the transition economies in Europe may account for about one-third of the SDR 30.1 billion of credit that is projected to be outstanding at that time. The remainder would be distributed among the developing countries in Africa, Asia and the Middle East, in descending order.

Including projected disbursements and repayments under the enlarged and extended ESAF, total credit provided by the Fund is projected to increase by SDR 4.0 billion in 1994 and SDR 3.5 billion in 1995 to reach SDR 36.7 billion by end-1995 (Appendix, Table 2, line 7).

IV. Fund's Liquidity Ratio

At the beginning of March 1994, the Fund's liquidity ratio was 168 percent, an historical peak, and was 4 percentage points higher than at end-August 1993 (164 percent). This increase mainly reflects (i) the higher level of adjusted and uncommitted usable resources owing to the inclusion of an additional member in the operational budget (while one relatively small member was excluded), (ii) a further reduction in the mismatch as ordinary resources used earlier for repayment of borrowing are now being replenished through repurchases, 2/ and (iii) resources released by arrangements which became inoperative and balances which were unlikely to be drawn under arrangements. In addition, the use of the Fund's holdings of SDRs in purchases implies that the reserve tranche positions of members is lower than if those purchases had been financed from currencies, thereby decreasing the Fund's liquid liabilities and causing the liquidity ratio to rise.

1/ Demand for Fund resources in the first half of the 1980's averaged nearly SDR 10 billion per year, fueled particularly by demand from countries in Latin America and Asia, in the aftermath of the debt crisis. This led to a large increase in outstanding Fund credit. The demand was virtually halved in the second half of the 1980's to about SDR 5 billion per year, as the large debtors adjusted, and as the purchases from the previous period were repurchased, resulting in a sizable contraction in Fund credit outstanding. In 1991-92, demand increased again to an average of around SDR 9 billion per year due to the large imbalances of several Eastern and Central European countries as earlier ties with the Soviet Union were severed, and also the increased balance of payments needs of some Asian and Latin American countries.

2/ The mismatch is projected to decline further during the remainder of 1994, but will increase in 1995 (see Section III.b).

On the basis of the projections of demand for Fund resources presented above and the existing list of members whose currencies are usable by the Fund, the liquidity ratio is estimated to decline to about 147 percent by end-1994, and to 133 percent by end-1995 (see Table 2). These projections indicate a more comfortable liquidity position than the projection of 129 percent for end-1994 made in September 1993. This is mainly because of (i) the commencement of the extended and enlarged ESAF which had the effect of shifting commitments from the GRA to the ESAF Trust; (ii) the reduced probability associated with arrangements projected for a number of large economies in transition, as well as a few other large countries; and (iii) advance and early repurchases by some members, such as India and Mexico.

Table 2. Summary of Projections of Fund Liquidity through end-1995
(In billions of SDRs unless otherwise indicated)

	End- 1993	End- Feb 1994	<u>Projected</u>	
			End- 1994	End- 1995
Holdings of usable resources	69.3	69.5	...	...
Adjusted and uncommitted usable resources	53.9	54.7	48.8	43.9
Liquid liabilities	32.8	32.5	33.2	33.1
Liquidity ratio (in percent) <u>1/</u>	164.3	168.3	147.0	132.6

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

V. Concluding Remarks

1.¹⁰ The Fund's stock of usable resources has increased from SDR 69.1 billion at end-August 1993 to SDR 69.5 billion at end-February 1994, owing mainly to the inclusion of Ireland (while Oman has been excluded) in the list of members whose currencies are considered sufficiently strong for their use for transfers in the operational budget. Of the total stock of resources, SDR 62.6 billion represents usable currencies and SDR 6.9 billion represents SDRs held in the General Resources Account. After taking into account the adjustment factor and balances already committed but not yet drawn under operative stand-by and extended arrangements, the stock of adjusted and uncommitted usable resources amounts to SDR 54.7 billion as of end-February 1994--or SDR 0.2 billion above that reported last September.

2. The demand for Fund resources over the two-year period 1994 and 1995--defined to include projected commitments under stand-by and extended arrangements as well as expected purchases under special facilities--is projected at SDR 16.1 billion. This amount consists of projected commitments of SDR 11.1 billion under arrangements, and projected purchases of SDR 2.2 billion under the STF and of SDR 2.8 billion under the CCFF, over the two-year period. These projections are subject to great uncertainty regarding both their timing and amounts, reflected in low probabilities attached to several arrangements--particularly a few very large ones--and the mostly precautionary nature of two large arrangements.

Earlier projections of demand for Fund resources in 1994 had included a portion of demand from certain ESAF eligible countries, under the assumption that no further commitments under the ESAF would be made after end-November 1993, and that these countries would resort to using the GRA resources. With the commencement of operations under the enlarged and extended ESAF on February 23, 1994, these commitments have now shifted to ESAF Trust resources. Including these amounts, commitments under the enlarged and extended ESAF amount to a total of SDR 4.7 billion over the period 1994-95. Disbursements under SAF and ESAF arrangements are projected to amount to SDR 3.2 billion over the same period.

3. Total purchases (excluding reserve tranche purchases) are projected to amount to SDR 7.1 billion in 1994 and SDR 6.4 billion in 1995. Total repurchases are expected to amount to SDR 4.1 billion in 1994 and SDR 4.5 billion in 1995. On the basis of these projections, outstanding credit from the General Resources Account is expected to increase on a net basis by SDR 3.0 billion in 1994 and SDR 1.9 billion in 1995, reaching SDR 30.1 billion by the end of 1995. Including projected SAF and ESAF loan disbursements, total net credit provided by the Fund is projected to increase by SDR 4.0 billion in 1994 and SDR 3.5 billion in 1995.

4. The Fund's liquidity position is strong at present and is projected to remain strong over the next few years. The liquidity ratio, at 168 percent as of end-February 1994, is projected to decline gradually to about 147 percent by the end of 1994, and to 133 percent by the end of 1995. However, the projections are subject to considerable uncertainty, both with respect to the supply of Fund resources as well as to the demand for Fund resources. The supply of resources is sensitive to possible weaknesses in the balance of payments situation of a relatively small number of countries with relatively large quotas, industrial as well as developing. Changes in the external position of such large countries can have a major impact on the Fund's liquidity position - both from the supply as well as the demand side. On the demand side, projections include a number of large arrangements with relatively low probabilities, and a sharp change in these probabilities would cause a significant revision in the level of demand and the outlook for the Fund's liquidity. In this regard, it must also be noted that no provision has been made in the projections for (i) any new Fund facilities, such as a short-term facility, (ii) use of Fund resources by any industrial country, or (iii) any exceptional access to the Fund's resources beyond the current access limits. Developments that could cause a reduction in the

supply of usable resources or an increase in the demand for Fund resources will be kept under review and brought to the early attention of the Executive Board.

Table 1. Commitments and Changes in Use and Receipts of the Fund's Resources
1993 to 1995

(In billions of SDRs)

	Actual 1993	Jan-Feb 1994	Projected		1995
			Mar-Dec 1994	Total 1994	
A. Gross New Commitments 1/					
1. Total GRA	3.0	0.5	5.1	5.6	5.5
of which:					
Stand-by	1.6	0.1	4.7	4.8	1.8
EFF	1.4	0.4	0.4	0.8	3.7
2. Total SAF/ESAF	<u>0.3</u>	<u>0.6</u>	<u>2.1</u>	<u>2.7</u>	<u>2.0</u>
3. Total	3.3	1.1	7.2	8.3	7.5
B. Use and Receipt					
1. Use and Receipt of Ordinary/Substituted Resources					
a. Purchases					
i) Under arrangements 2/	2.5	0.2	3.1	3.3	4.8
ii) Additional for debt and debt-service reduction (DDSR)	0.4	--	0.2	0.2	0.2
iii) Under the compensatory element of CCFF 3/	0.7	--	1.3	1.3	1.3
iv) Under the contingency element of CCFF	--	--	0.1	0.1	0.1
v) Under the STF	<u>1.4</u>	<u>0.1</u>	<u>2.1</u>	<u>2.2</u>	<u>--</u>
	5.0	0.3	6.8	7.1	6.4
b. Repurchases					
i) Under arrangements	2.0	0.2	1.7	1.9	2.2
ii) Under CCFF and buffer stock	<u>0.8</u>	<u>0.2</u>	<u>1.1</u>	<u>1.3</u>	<u>1.4</u>
	2.8	0.4	2.8	3.2	3.6
c. Net use of ordinary resources to finance Fund credit (a-b)	<u>2.2</u>	<u>-0.1</u>	<u>4.0</u>	<u>3.9</u>	<u>2.8</u>
d. Net use of ordinary resources to finance:					
i) repayment to EAR lenders 4/	-0.7	-0.1	-0.7	-0.8	0.8
ii) encashment of reserve tranche position 5/	<u>--</u>	<u>--</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
	-0.7	-0.1	-0.2	-0.3	0.3
e. Net use of ordinary resources (c+d)	<u>1.5</u>	<u>-0.2</u>	<u>3.8</u>	<u>3.6</u>	<u>3.1</u>
2. Use and Receipt of Borrowed Resources					
a. Purchases	--	--	--	--	--
b. Repurchases	<u>1.1</u>	<u>0.1</u>	<u>0.9</u>	<u>1.0</u>	<u>0.9</u>
c. Net use of borrowed resources to finance Fund credit (a-b)	-1.1	-0.1	-0.9	-1.0	-0.9
C. Change in Fund Credit Outstanding (GRA)					
1. Total purchases (B.1.a+B.2.a)	5.0	0.3	6.8	7.1	6.4
2. Total repurchases (B.1.b+B.2.b)	<u>3.8</u>	<u>0.5</u>	<u>3.6</u>	<u>4.1</u>	<u>4.5</u>
3. Net change in Fund credit outstanding	1.2	-0.2	3.2	3.0	1.9
D. Change in Credit Provided by Fund					
1. SAF and ESAF loan disbursements	0.3	0.1	1.1	1.2	2.0
2. Trust Fund/SAF Repayments	<u>0.1</u>	<u>0.0</u>	<u>0.2</u>	<u>0.2</u>	<u>0.4</u>
3. Net credit provided by Fund (C.3+D.1-D.2)	1.4	-0.1	4.1	4.0	3.5

Note: Details may not add due to rounding.

1/ Excludes commitments under the contingency element of the CCFF and 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-1995

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

(In billions of SDRs)

Item	December 31						end-Feb 1994	Projected	
	1988	1989	1990	1991	1992	1993		end-Dec 1994	end-Dec 1995
1. Usable Ordinary Resources (unadjusted)	42.3	41.1	42.0	37.2	68.2	69.3	69.5	...	...
of which:									
(a) Adjusted 1/	31.9	31.0	31.8	30.0	56.2	56.8	57.0	...	...
(b) Adjusted and uncommitted 2/	30.4	26.7	28.3	23.2	51.0	53.9	54.7	48.8	43.9
of which: SDR holdings	(0.8)	(0.9)	(1.0)	(0.8)	(8.6)	(6.7)	(6.9)	(4.5)	(2.5)
2. Gold at SDR 35 per fine ounce	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
3. Borrowing	11.5	6.4	4.7	4.0	3.5	3.2	3.1	2.9	1.1
(a) Outstanding borrowing									
1) EAR 3/	5.7	3.2	1.7	1.0	0.5	0.2	0.1	--	--
of which:									
BRS Accounts	(0.3)	--	--	--	--	--	--	--	--
ii) SFF	0.9	0.3	--	--	--	--	--	--	--
iii) Japan 1986	--	0.1	1.9	3.0	3.0	3.0	3.0	2.9	1.1
iv) GAB and associated	--	--	--	--	--	--	--	--	--
Total	6.7	3.5	3.6	4.0	3.5	3.2	3.1	2.9	1.1
(b) Unused credit lines									
1) EAR	1.8	--	--	--	--	--	--	--	--
ii) SFF	--	--	--	--	--	--	--	--	--
iii) Japan 1986	3.0	2.9	1.1	--	--	--	--	--	--
Total	4.8	2.9	1.1	--	--	--	--	--	--
(c) Cumulative mismatch of maturities 4/	3.5	4.0	3.3	2.6	1.9	1.2	1.1	0.4	1.3
4. Unused GAB and Associated 5/	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
5. Total Liquid Liabilities	28.3	25.5	23.8	25.9	33.9	32.8	32.5	33.2	33.1
(a) Reserve tranche positions	21.6	22.0	20.2	21.9	30.4	29.6	29.4	30.3	32.0
(b) Outstanding borrowing	6.7	3.5	3.6	4.0	3.5	3.2	3.1	2.9	1.1
6. Overdue Repurchases	1.9	2.0	2.2	2.3	2.2	1.7	1.7	...	...
7. Total Fund credit outstanding	26.5	24.7	23.3	26.8	27.8	29.1	29.1	33.2	36.7
of which:									
1) General Resources Account	24.8	22.3	20.7	23.4	24.0	25.2	25.0	28.2	30.1
ii) SAF and ESAF	0.9	1.9	2.4	3.2	3.6	3.8	3.9	4.8	6.4
iii) Trust Fund	0.9	0.5	0.2	0.2	0.2	0.1	0.2	0.2	0.2
8. Number of Stand-by and Extended arrangements	18	22	21	27	28	21	20	28	21
9. Total Quotas	90.0	90.1	91.1	91.1	141.4	144.8	144.8	...	...

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 1988-90 and 0.20 for 1991 through end-February 1994, and for projections through end-1995.

2/ Undrawn balances of commitments at end-February 1994 have been reduced by SDR 1.0 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/ Including borrowings temporarily invested in the Borrowed Resources Suspense Account.

4/ Repayment of borrowing with ordinary resources.

5/ 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 arrangements or two-thirds of the total under these arrangements, whichever is greater. The present total of these arrangements is SDR 18.5 billion.

Table 3. Fund Liquidity - Selected Ratios

(In percent)

	December 31						end- Feb	Projected	
	1988	1989	1990	1991	1992	1993	1994	1994	1995
1. Quota ratio <u>1/</u>	26.4	20.8	18.7	17.9	11.2	10.7	10.6	...	...
2. Liquidity ratio <u>2/</u>	108.5	104.7	118.9	89.7	150.4	164.3	168.3	147.0	132.6
3. Cash ratio <u>3/</u>	140.4	121.4	140.1	105.9	167.8	182.1	186.1	161.1	137.2
4. Asset ratio <u>4/</u>									
(i) excluding gold	150.7	161.2	176.5	143.6	201.2	211.3	213.8	...	...
(ii) including gold	163.3	175.3	191.6	157.5	211.8	222.3	224.9	...	...
5. Ratio of overdue repurchases:									
(i) to adjusted usable ordinary resources	6.0	6.5	6.9	7.7	3.9	3.0	3.0	...	...
(ii) to Fund credit outstanding (GRA)	7.7	9.0	10.6	9.8	9.2	6.7	6.8	...	...

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 and temporary investments in the BRS Accounts 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 (i) is the ratio of usable ordinary resources (unadjusted) and temporary investments in the BRS Accounts 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 (GRA) by Region

	1985	1990	1991	1992	1993	<u>Projected</u>	
						1994	1995
	(in percent of total)						
<u>Developing Countries: 1/</u>							
Africa	21	20	17	14	14	15	17
Asia	27	13	17	19	20	15	11
Europe (I & II)	14	4	15	20	25	33	36
Middle East	--	1	1	2	2	3	7
Western Hemisphere	38	61	51	45	40	34	29
Total (in SDR billions)	34.6	20.7	23.4	24.0	25.2	28.2	30.1

1/ Based on IFS regional classification.

