

**IMMEDIATE  
ATTENTION**

SM/10/249

September 21, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Update on the Financing of the Fund's Concessional Assistance  
and Debt Relief to Low-Income Member Countries**

Attached for consideration by the Executive Directors is an update on the financing of the Fund's concessional assistance and debt relief to low-income member countries. A proposed decision appears on page 18.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by **noon on Tuesday, September 28, 2010**. In the absence of such a request, the draft decision that appears on page 18 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting.

It is intended that this paper will be published on the Fund's external website after noon on Tuesday, October 5, 2010.

Questions may be referred to Mr. Powell (ext. 36932), Ms. Yang (ext. 38123), and Ms. Sun-Wang (ext. 36091) in FIN.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

**Update on the Financing of the Fund's Concessional Assistance  
and Debt Relief to Low-Income Member Countries**

Prepared by the Finance Department

(In consultation with the Legal and Strategy, Policy, and Review Departments)

Approved by Andrew Tweedie

September 20, 2010

Contents	Page
Executive Summary .....	3
I. Introduction .....	4
II. LIC Facilities and Financing Framework.....	4
III. Financing of PRGT Operations .....	6
A. Projected Financing Needs.....	6
B. Loan Resources .....	8
C. Subsidy Resources.....	10
D. PRGT Reserve Account .....	12
IV. Subsidization of Emergency Assistance.....	13
V. The Post-Catastrophe Debt Relief Trust .....	13
VI. Financing of HIPC and MDRI Debt Relief .....	14
A. Remaining HIPCs .....	15
B. Protracted Arrears Cases .....	17
VII. Proposed Decision.....	18
Figures	
1. Current Concessional Financing Framework.....	5
2. PRGT Commitments to LICs, 1988–2010.....	7
Tables	
1. New PRGT Commitments to LICs in 2010 .....	7
2. Projections of Concessional Lending to LICs through 2014 .....	8
3. New Commitments of Loan Resources to the PRGT .....	9
4. PRGT Loan Resources Mobilization .....	10
5. ESF Subsidy Contributions .....	11
6. PRG-HIPC Trust—Pending Contributions .....	11
7. New Subsidy Commitments to the PRGT .....	12

8.	Financing of Debt Relief to the Remaining HIPC's .....	15
9.	Pending Disbursements to Finance Debt Relief to Liberia.....	16

#### Appendix Tables

1.	Summary of Bilateral Commitments to the PRGF-ESF and PRGF-HIPC Trusts .....	19
2.	PRGT—Borrowing Agreements .....	22
3.	PRGT—Subsidy Agreements .....	23
4.	PRGT—Reserve Account Coverage .....	24
5.	Subsidy Contributions for Emergency Assistance .....	25
6.	Implementation of the HIPC Initiative .....	26
7.	Debt Relief Following Implementation of the MDRI .....	27
8.	Information on Pending Bilateral Contributions to the PRG-HIPC Trust .....	28

## EXECUTIVE SUMMARY

**A new framework to facilitate mobilization of loan resources for the PRGT became effective in June 2010.** It includes a voluntary encashment regime allowing claims of participating creditors to qualify as reserve assets; the issuance of PRGT notes; and a revised framework for borrowing in SDRs.

**Members have responded positively to the Managing Director's fund-raising request.** Thirteen members have pledged about SDR 9.3 billion in additional loan resources, compared to the target of SDR 10.8 billion (including provision for a liquidity buffer to facilitate encashment). New loan and note purchase agreements totaling SDR 7.2 billion have been signed so far with nine lenders. Five of these borrowing agreements provide loan resources in SDRs. It remains important to mobilize additional loan resources to complete the financing package.

**Projected demand for new PRGT loans from 2009 through 2014 remains broadly in line with the earlier projection of SDR 11.3 billion.** Demand is projected to be about SDR 2 billion a year in 2010 and 2011 and about SDR 1.5–1.7 billion annually in the medium term.

**The package approved by the Executive Board in July 2009 for securing needed subsidies remains adequate to finance the potential PRGT demand through 2014.** Twenty members have committed additional subsidies totaling SDR 131.7 million, compared to the target for bilateral contributions of SDR 200–400 million. Additional bilateral subsidy contributions are urgently needed to complete this important element of the agreed financial package.

**The Post-Catastrophe Debt Relief (PCDR) Trust was established by the Executive Board in June 2010.** The Board also approved a transfer of SDR 280 million from the MDRI-I Trust (through the Special Disbursement Account) to the PCDR Trust. Available resources in the HIPC and MDRI Trusts are projected to be sufficient to cover debt relief to the remaining HIPCs and MDRI cases, except for the cost of debt relief for the protracted arrears cases of Somalia and Sudan. The projection also does not include possible debt relief for Zimbabwe, which is in protracted arrears to the PRGT and currently not PRGT-eligible.

**Liberia reached the HIPC completion point on June 30, 2010.** HIPC and beyond-HIPC debt relief of SDR 549 million was provided using resources from the Liberia Administered Account and the PRG-HIPC Trust. Those members that have not yet disbursed their pledged contributions should do so as soon as possible.

## I. INTRODUCTION<sup>1</sup>

1. **This paper reviews the status of financing for the Fund’s concessional lending and debt relief for low-income countries (LICs).** It is based on the latest available data and projections, and it takes into account the pledges made so far in response to the Managing Director’s fund-raising request of August 2009.

2. **The paper is organized as follows.** Section II describes progress with implementing the recent reform of the Fund’s concessional lending instruments and the associated financing framework, adopted in July 2009 and March 2010. Section III on the financing of PRGT operations begins by reviewing the projected financing needs established in July 2009 in light of recent commitments under the PRGT, and then considers the status of loan and subsidy resources, before discussing developments in the PRGT Reserve Account. Section IV provides updates on the subsidization of emergency assistance, while Section V describes the financing and operations of the recently established Post-Catastrophe Debt Relief Trust. Section VI presents the developments on the financing of debt relief under the HIPC and MDRI. The paper concludes with a proposed decision completing the financing reviews of the PRG-HIPC and MDRI Trusts.<sup>2</sup>

## II. LIC FACILITIES AND FINANCING FRAMEWORK

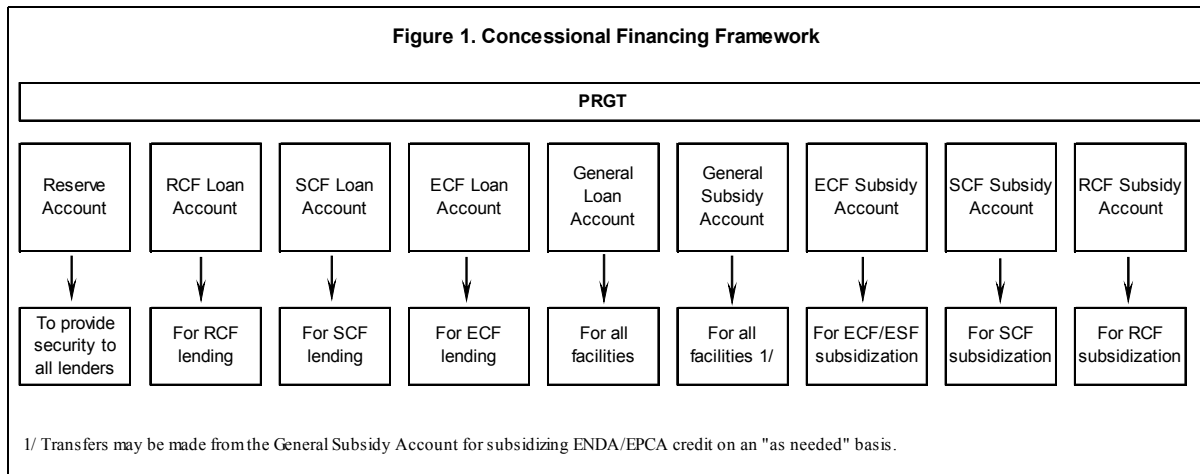
3. **The reform of the IMF’s LIC facilities adopted in July 2009 became effective in early-January 2010.**<sup>3</sup> A temporary waiver of interest payments on the Fund’s concessional lending is in effect through end-2011. Since January, lending commitments to LICs have been approved under all three PRGT facilities—the Extended Credit Facility (ECF), the Standby Credit Facility (SCF), and the Rapid Credit Facility (RCF). Loan resources have also been made available through all loan accounts of the PRGT, while subsidy resources—including those earmarked in the Special Subsidy Accounts—are available for PRGT lending (Figure 1). In addition, the earmarked resources in the ESF Subsidy Account were depleted fully and this Account was subsequently closed on May 1, 2010. Resources in the ECF Subsidy Account can be used to meet the subsidy needs of the existing ESF loans.

---

<sup>1</sup> This paper was prepared by a staff team led by Robert Powell and comprising Patrick Njoroge, Fang Yang, Yan Sun, Sandra Marcelino, and Eugen Tereanu (all FIN).

<sup>2</sup> The decisions adopting both the PRG-HIPC Trust and MDRI Trust Instruments require that the Executive Board conduct semi-annual reviews of the financing of these Trusts (Decision No. 11436-(97/10), February 4, 1997, as amended; and Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, and effective on January 5, 2006). A decision to complete the current semi-annual reviews is proposed in Section VII. Starting in 2002, staff has updated the Board regularly on the mobilization of resources for the subsidization of emergency assistance.

<sup>3</sup> See *A New Architecture of Facilities for Low-Income Countries—Notification of Effectiveness of Executive Board Decision and Update on Fund-Raising* (EBS/10/5, 1/8/10).



4. **A new framework to facilitate the mobilization of loan resources was endorsed by the Executive Board in March 2010, and became effective on June 1, 2010.**<sup>4</sup> It includes: a voluntary encashment regime allowing claims of participating creditors under loan and note purchase agreements to qualify as reserve assets; the mobilization of loan resources through the issuance of PRGT notes; the option to lend to the PRGT at shorter maturities than under traditional loan agreements, provided that the Fund has the discretion to unilaterally extend the maturities for additional periods up to the maturity dates for the corresponding PRGT loan disbursements; and a differentiated approach to interest rates on borrowing in SDRs and borrowing in currencies. This new framework accommodates the willingness of some creditors to lend to the PRGT in SDRs. The framework became effective when consents were received from all current lenders to the Loan Accounts of the PRGT.<sup>5</sup>

5. **A framework for updating the list of PRGT-eligible members, adopted by the Executive Board in January 2010, became effective in April 2010.**<sup>6</sup> Based on the new criteria, Albania, Angola, Azerbaijan, India, Sri Lanka and Pakistan graduated from PRGT-eligibility. These changes to the list of PRGT-eligible countries do not have a significant impact on the projected demand for the Fund's concessional resources, as the graduating countries had not previously been expected to request concessional resources.

<sup>4</sup> See *The Acting Chair's Summing Up Facilitating Mobilization of Loan Resources for Concessional Lending to Low-Income Countries* (BUFF/10/29, 3/19/10); *Facilitating Mobilization of Loan Resources for Concessional Lending to Low-Income Countries—Proposed Decision* (SM/10/46, Supplement 1, 4/15/10); and Decision No. 14593-(10/41), adopted April 21, 2010.

<sup>5</sup> *Poverty Reduction and Growth Trust (PRGT)—Notification of Receipt of Consents and Effectiveness of Amendments of the PRGT Instrument* (EBS/10/108, 6/3/10).

<sup>6</sup> See *Eligibility to Use the Fund's Facilities for Concessional Financing* (SM/09/288, Rev. 1, Sup. 1, 1/11/10) (SM/09/288, 12/11/09), and Decision No. 14522-(10/3), adopted January 11, 2010.

6. **An essential element of the 2009 LIC reforms is the financing package that was approved to boost the Fund’s concessional lending to SDR 11.3 billion through 2014.** This package envisaged new loan contributions of SDR 9 billion to meet projected demand. Following the Board’s endorsement of the creation of a voluntary encashment regime that requires a liquidity buffer of 20 percent, the target for the mobilization of new loan resources was raised to SDR 10.8 billion. The financing package also included new subsidy resources of SDR 1.5 billion (end-2008 NPV terms). Most of the additional subsidies are to be financed from the Fund’s internal resources—including transfers from the PRGT Reserve Account, delaying reimbursement of the General Resources Account (GRA) for PRGT administrative costs, and use of resources linked to gold sales. New bilateral subsidy contributions of SDR 200–400 million (end-2008 NPV terms) are also required to complete the financing package.<sup>7</sup> In August 2009, the Managing Director approached a wide spectrum of the membership to mobilize the necessary loan and subsidy resources.

### III. FINANCING OF PRGT OPERATIONS

#### A. Projected Financing Needs

7. **New commitments in 2010 are projected to be about SDR 2.0 billion, down from SDR 2.5 billion in 2009.** However, significant uncertainties surround this projection—in particular, it is highly sensitive to the timing of prospective requests from members with large quotas and of the recovery following the global financial crisis. New PRGT commitments during the first eight months of 2010 amounted to SDR 1.1 billion (Table 1 and Figure 2). This included: (i) SDR 956.5 million for twelve new ECF arrangements; (ii) augmentations totaling SDR 107.3 million under four existing ECF arrangements; (iii) RCF financing of SDR 28.5 million for one member; and (iv) SDR 12.5 million for one SCF arrangement.

---

<sup>7</sup> Additional background information for these estimates was provided in *Financing the Fund’s Concessional Lending to Low-Income Countries—Further Considerations* (SM/09/158, 6/26/09).



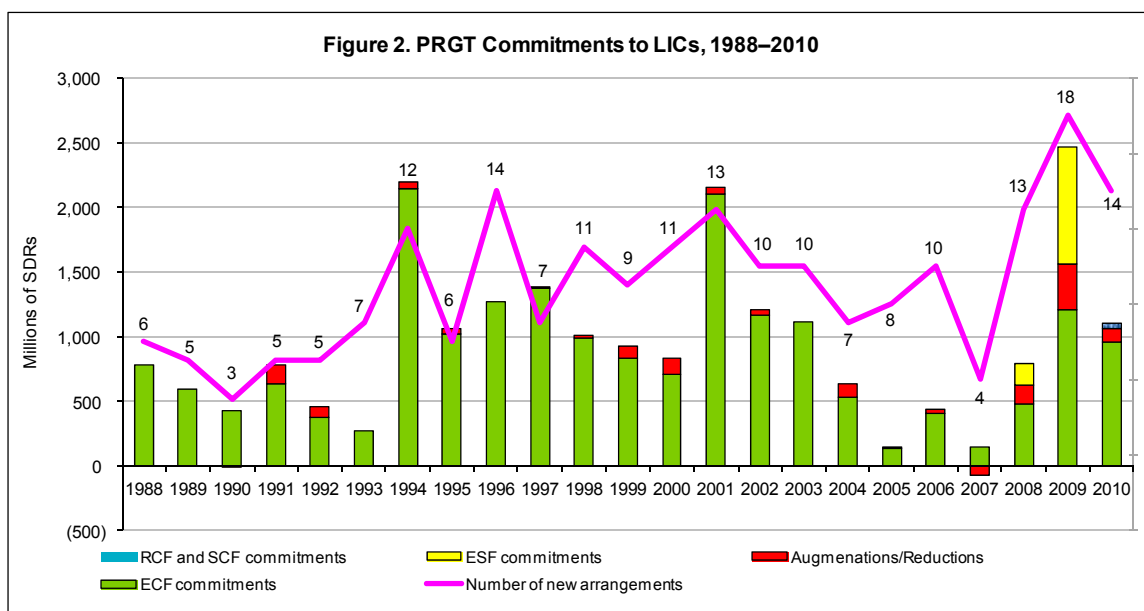


Table 1. New PRGT Commitments to LICs in 2010  
(In millions of SDRs, as of end-August, 2010)

Country	Board approval	Amount	Country	Board approval	Amount
<b>New ECF arrangements</b>		<b>956.5</b>	<b>ECF augmentations</b>		<b>107.3</b>
Moldova	Jan-10	184.8	Haiti	Jan-10	65.5
Malawi	Feb-10	52.1	The Gambia	Feb-10	4.7
Mauritania	Mar-10	77.3	Tajikistan	Jun-10	26.1
Grenada	Apr-10	8.8	Togo	Jun-10	11.0
Guinea-Bissau	May-10	22.4			
Lesotho	Jun-10	41.9			
Burkina Faso	Jun-10	46.2	<b>RCF disbursements</b>		<b>28.5</b>
Benin	Jun-10	74.3	Nepal	May-10	28.5
Armenia	Jun-10	133.4			
Sierra Leone	Jul-10	31.1	<b>New SCF arrangements</b>		<b>12.5</b>
Haiti	Jul-10	41.0	Solomon Islands	Jun-10	12.5
Yemen	Jul-10	243.5			
<b>Total</b>					<b>1,104.8</b>

8. **Overall medium term demand projections through 2014 remain unchanged.** It is now projected that commitments in 2011 could amount to SDR 2.0 billion, slightly higher than previous estimates. This is based on the country-by-country information provided by area departments, which indicate that some requests that were expected previously in 2010 are now likely to be received in 2011. Over the medium term, staff continues to project an annual average demand of about SDR 1.5–1.7 billion, double the long-term historical average of

SDR 0.7 billion. On this basis, the overall financing needs for 2009–14 would remain at about SDR 11.3 billion, in line with the approved financing package (Table 2).<sup>8</sup>

Table 2. Projections of Concessional Lending to LICs through 2014

Commitments	Actual annual average 2000-08 1/	Actual 2009	2010	2011	2012-14	Total 2009-14
In billions of SDR	0.7	2.5	2.0	2.0	4.9	<b>11.3</b>
In billions of US\$ 2/	1.0	3.7	3.0	3.0	7.4	<b>17.0</b>
<i>Memorandum item: Projections in SM/10/94</i>				2011-14		
In billions of SDR	0.7	2.5	2.5	6.4		<b>11.3</b>
In billions of US\$ 2/	1.0	3.7	3.7	9.6		<b>17.0</b>

1/ Excluding the very high level of lending committed to Pakistan in the aftermath of 9/11, and to Liberia in 2008 following arrears clearance.

2/ Assuming exchange rate of US\$1.5 per SDR.

## B. Loan Resources

9. **Members have responded positively to the Managing Director’s fund-raising request.** Thirteen members have pledged about SDR 9.3 billion in additional loan resources, of which SDR 7.2 billion have so far been secured through borrowing agreements with nine members (Table 3). Of the secured loan resources, SDR 3.2 billion was through traditional Loan Agreements, and SDR 3.9 billion through Note Purchase Agreements (NPAs) under the recently established framework. The bulk of these resources were made available to the General Loan Account (GLA) and the ECF Loan Account—SDR 4.7 billion and SDR 2.1 billion, respectively, while the SCF and RCF Loan Accounts each received SDR 0.15 billion.

10. **The new PRGT borrowing agreements have elements of the recently approved modified framework for mobilizing bilateral loan resources.**<sup>9</sup> Four members—China, France, Japan, and the United Kingdom—have included in their borrowing agreements participation in the encashment regime of the PRGT, which will enable their claims to be readily repayable in case of balance of payments need. In addition, these four borrowing agreements have shorter maturities than under traditional loan agreements. In all cases, the Fund, at its sole discretion, can

<sup>8</sup> These projections do not take into account the three protracted arrears cases (Somalia, Sudan, and Zimbabwe). Zimbabwe has protracted arrears to the PRGT and was removed from the list of PRGT-eligible countries by Executive Board Decision No. 12582-(01/99), adopted September 24, 2001.

<sup>9</sup> See *Facilitating Mobilization of Loan Resources for Concessional Lending to Low-Income Countries* (SM/10/46, 2/26/10); *Facilitating Mobilization of Loan Resources for Concessional Lending to Low-Income Countries—Proposed Decision* (SM/10/46, Supplement 1, 4/15/10); and Decision No. 14593-(10/41), adopted April 21, 2010.

Table 3. New Contributions of Loan Resources to the PRGT  
(In millions of SDRs; as of September 3, 2010)

	Amount	Effective Date	Media	Type	Account	Encashment	Shorter Maturity
<b>Effective</b>	<b>7,161</b>						
Canada	500	3/5/2010	USD	Loan	GLA	No	No
China	800	9/3/2010	SDR	NPA	ECF	Yes	Yes
Denmark	200	1/28/2010	USD	Loan	GLA	No	No
France	1,328	9/3/2010	SDR	Loan	ECF	Yes	Yes
Japan	1,800	9/3/2010	SDR	NPA	GLA	Yes	Yes
Norway	300	6/25/2010	USD	Loan	SCF, RCF	No	No
Netherlands	500	7/27/2010	EUR	Loan	GLA	No	No
Spain	405	12/17/2009	SDR	Loan	GLA	No	No
U.K.	1,328	9/3/2010	SDR	NPA	GLA	Yes	Yes
<b>Pledged</b>	<b>2,150</b>						
Belgium	350						
Italy	800						
Korea	500						
Switzerland	500						
<b>Total</b>	<b>9,311</b>						

extend the maturities for additional periods up to the maturity dates for the corresponding loan disbursements under the facility of the Trust. The borrowing agreements with China, Japan, and the United Kingdom were in the form of NPAs. In total, five of the new borrowing agreements provide loan resources in SDRs and all these contributors have voluntary SDR trading arrangements. As of September 3, 2010, no drawings have been made under these new SDR borrowing arrangements.<sup>10</sup>

11. **Uncommitted PRGT loan resources, including the recently secured resources, stood at about SDR 6.2 billion as of September 3, 2010.** Specifically, available uncommitted resources of the GLA and the Special Loan Accounts (SLA) for the ECF, RCF and SCF amounted to SDR 3.8 billion, SDR 2.1 billion, SDR 0.15 billion, and SDR 0.14 billion, respectively. These loan resources will be sufficient to cover projected demand beyond 2012. Regarding the sequencing of disbursements from the various loan accounts, the PRGT Instrument provides that resources of the SLAs will be drawn first for disbursements under the respective facilities, and the resources in the GLA will be used for a facility only when resources in the relevant SLA are exhausted. In addition, staff will manage disbursements under borrowing agreements of contributors participating in the encashment regime in a manner that preserves a sufficient liquidity buffer for the encashment regime to be operational.

<sup>10</sup> New borrowing agreements that will provide resources in SDRs are with the following creditors: the Bank of Spain; Banque de France; the People's Bank of China; the Government of Japan; and the Government of the United Kingdom.

12. **It is important that existing pledges of new loans be finalized and new pledges be made to complete the loan package.** In order to support the projected concessional lending of SDR 11.3 billion through 2014 and also provide a liquidity buffer for new loan contributions under the voluntary encashment regime, new loan contributions are targeted at SDR 10.8 billion. It is therefore imperative that the remaining pledged resources of SDR 2.2 billion be secured, and that further pledges of about SDR 1.5 billion be mobilized quickly to complete the package (Table 4).

Table 4. PRGT Loan Resources Mobilization  
(In billions of SDRs; as of September 3, 2010)

<b>Target for loan resource mobilization</b>	<b>10.8</b>
of which: initial target	9.0
liquidity buffer needed	1.8
<b>Loan Resources Secured</b> 1/	<b>7.2</b>
<b>Additional resources required</b>	<b>3.6</b>
<i>Memorandum items:</i>	
Loan resources pledged but not yet available	2.2

1/ Secured through Loan Agreements with Canada, Denmark, France, the Netherlands, Norway and Spain and through Note Purchase Agreements with China, Japan and the U.K..

### C. Subsidy Resources

13. **At end-June 2010, available PRGT subsidy resources amounted to SDR 1.4 billion, excluding contributions received or committed in the context of the current fund-raising effort.**<sup>11</sup> This amount includes all contributions pledged during the 2005 ESF fund-raising exercise, including pending amounts of SDR 66 million that are expected to be received (Table 5). However, it excludes SDR 32 million pledged during earlier fund-raising that donors have not yet provided (Table 6). On this basis, since it is estimated that about SDR 0.9 billion will be needed to subsidize existing PRGT commitments, SDR 0.5 billion is currently available to subsidize new lending.

<sup>11</sup> This amount also excludes the internal resources approved as part of the financing package of July 2009, under which it was agreed that: (i) the equivalent of SDR 0.62 billion (end-2008 NPV terms) may be transferred from the Reserve Account to the General Subsidy Account for the subsidization of the Fund's lending under the PRGT; (ii) for the financial years 2010 to 2012, no reimbursement shall be made to the General Resources Account from the Reserve Account of the PRGT for the cost of administering the PRGT. The estimated cost of administering the PRGT shall be transferred after the end of each such financial year from the PRGT Reserve Account (through the Special Disbursement Account) to the General Subsidy Account of the PRGT; and (iii) the use of SDR 0.5–0.6 billion (end-2008 NPV terms) linked to gold sales. See *The Chairman's Summing Up—Financing the Fund's Concessional Lending to Low-Income Countries-Further Considerations; A New Architecture of Facilities for Low-Income Countries and Reform of the Fund's Concessional Financing Framework—Supplementary Information and Revised Proposed Decision* (BUFF/09/131, 07/28/09).

Table 5. ESF Subsidy Contributions  
(In millions of currency units; end-July 2010)

	Form of contribution	Contribution pledged		Contribution received
		(Amount)	(SDR equivalent) 1/	(SDR equivalent)
Canada	Grant	CAN\$ 25.0	14.3	15.0
France	Concessional loan	SDR 20.0 2/	20.0 2/	0.0
Iceland	Grant	ISK 10.2	0.1	0.1
Japan	Grant	SDR 20.0	20.0	17.0
Norway	Grant	SDR 24.7	24.7	16.3
Oman	Grant	SDR 3.0	3.0	3.0
Russian Federation	Grant	SDR 30.0	30.0	30.0
Saudi Arabia	Investment agreement	SDR 40.0 3/	40.0 3/	5.1
Spain	Grant	SDR 5.3	5.3	5.3
Trinidad and Tobago	Deposit agreement	SDR 0.8 3/	0.8 3/	0.2
United Kingdom	Grant	£ 50.0	53.1	53.1
<b>Total</b>			<b>211.3</b>	<b>145.1</b>

1/ Calculated using the exchange rates as of end-July 2010.

2/ To be generated from the concessional loan as an implicit subsidy.

3/ Reflecting net investment income (in end-2005 NPV terms) to be generated from investment/deposit agreements.

Table 6. PRG-HIPC Trust – Pending Contributions  
(In millions of SDRs "as needed"; end-June 2010)

Venezuela	20.4	Dominican Republic	0.5
Argentina 1/	6.4	Lebanon	0.4
Gabon 1/	1.9	Grenada	0.1
Trinidad & Tobago	1.6	Vanuatu	0.1
Bahrain	0.9	Maldives	0.01
<b>Total</b>			<b>32.2</b>

1/ Remaining balances.

14. **The financing package approved in July 2009 remains adequate to ensure the availability of resources to subsidize the projected new lending through 2014.** As envisaged in SM/09/158, this package would secure additional subsidy resources of SDR 1.5 billion (end-2008 NPV terms), needed to meet demand of SDR 11.3 billion through 2014 and also allow the self-sustained subsidization capacity of PRGT lending by the Reserve Account beyond 2014 to remain at about SDR 0.7 billion.

15. **Members have responded positively to the Managing Director's request for subsidy resources, but significant additional bilateral pledges are still needed.** So far, 20 members have agreed to contribute a total of SDR 131.7 million in subsidy resources (Table 7). They include traditional as well as nontraditional donors, and several are emerging market countries. It is urgent that additional pledges of subsidy resources be forthcoming to reach the target for bilateral contributions and complete the financing package as approved by the Board in July 2009.

Table 7. New Subsidy Commitments to the PRGT  
(In millions of currency units; as of September 3, 2010)

		Contributions pledged	
		Amount	SDR equivalent 1/
1	Algeria	SDR 2.3	2.3
2	Argentina	SDR 3.9	3.9
3	Austria	SDR 3.9	3.9
4	Australia	A\$30	17.6
5	Botswana	SDR 0.2	0.2
6	Canada	CAN\$40 and SDR 2.8	28.5
7	Denmark	DKK 30	3.6
8	Italy	SDR 22.1	22.1
9	Korea	SDR 8.8	8.8
10	Kuwait	US\$3.9	2.6
11	Malta	SDR 0.2	0.2
12	Netherlands	SDR 9.5	9.5
13	Peru	SDR 1.2	1.2 2/
14	Philippines	SDR 1.9	1.9
15	Qatar	SDR 0.6	0.6
16	Spain	SDR 9.0	9.0
17	Sweden	SEK 50	4.6
18	Switzerland	SFr 16	10.0
19	Trinidad and Tobago	SDR 0.6	0.6
20	Uruguay	SDR 0.6	0.6 2/
<b>Total</b>			<b>131.7</b>

1/ Calculated using the exchange rates as of September 3, 2010.

2/ Reflecting net investment income (in end-2008 NPV terms) to be generated from deposit agreements that are already effective.

#### D. PRGT Reserve Account

16. **The PRGT Reserve Account will continue to provide adequate security to PRGT lenders and note purchasers.** The Account has been financed by reflows of Trust Fund and Structural Adjustment Facility (SAF) repayments, and investment returns on the balances held in the Account. The Trust can tap these resources temporarily to meet its obligations in the event of a delayed payment by a borrower under any facility of the Trust. The balance in the Reserve Account stood at SDR 3.9 billion at end-June 2010, representing a substantial multiple of the projected PRGT loan repayments falling due over the next 12 months and about 75 percent of total PRGT obligations (Appendix Table 4).<sup>12</sup> It is estimated that the Reserve Account will continue to provide a loan coverage ratio of about 40 percent in the medium term, in line with the historical average.

17. **It is envisaged that once the available subsidy resources are depleted, the Fund's concessional lending beyond 2014 could be subsidized on a "self-sustained basis" by the**

<sup>12</sup> This balance includes resources expected to be transferred to the PRGT General Subsidy Account. The adequacy of the Reserve Account in providing security of lending to the PRGT was examined in *Facilitating Mobilization of Loan Resources for Concessional Lending to Low-Income Countries* (SM/10/46, 2/26/10), Section V.

**resources in the Reserve Account.** Staff projections indicate that the Reserve Account could subsidize annual lending of about SDR 0.7 billion on a sustained basis starting in 2015, in line with earlier estimates and consistent with the financing package adopted in July 2009. However, these projections, including the expected start date for the self-sustained PRGT, are subject to significant uncertainties, including: PRGT demand through 2014; the rate of investment return on the Reserve Account balance; interest rates paid to lenders; the resumption of the reimbursement of the GRA for PRGT administrative expenses; and repayments of overdue Trust Fund, SAF, and PRGT obligations by the protracted arrears cases. Moreover, the framework for the lending on a “self-sustained basis” will need to be revisited at an appropriate time, to ensure that the lending capacity remains in line with expected demand beyond 2014.

#### IV. SUBSIDIZATION OF EMERGENCY ASSISTANCE

18. **The EPCA/ENDA Administered Subsidy Account is being maintained on an interim basis for the subsidization of EPCA/ENDA credits outstanding on January 7, 2010.** The rate of charge on EPCA/ENDA credits is subsidized to zero percent until end-January 2012, and thereafter to an annual rate of 0.25 percent. Once these outstanding EPCA/ENDA credits are fully repaid (expected by April 2013), the EPCA/ENDA Administered Subsidy Account will be terminated. Contributors will be encouraged at that time to transfer any balances in the account to the PRGT General Subsidy Account (GSA) or one of the special subsidy accounts of the PRGT (Appendix Table 5).

19. **It is estimated that currently available subsidy resources in the EPCA/ENDA Administered Subsidy Account will be sufficient to subsidize the remaining EPCA/ENDA credits.** As of end-June 2010, two PRGT-eligible members had outstanding ENDA credit (Bangladesh and Dominica) amounting to SDR 135 million, and there were no PRGT-eligible members with outstanding EPCA credits. At end-June 2010, available subsidy resources amounted to about SDR 14.2 million. It is estimated that these resources are likely to be sufficient to subsidize the outstanding credits, including providing the additional interest relief through end-January 2012. However, in the event that subsidy resources in the EPCA/ENDA subsidy account were depleted, the PRGT Instrument would allow subsidization of any remaining EPCA/ENDA credits from the PRGT GSA.

#### V. THE POST-CATASTROPHE DEBT RELIEF TRUST

20. **On June 25, 2010, the Executive Board established a Post-Catastrophe Debt Relief (PCDR) Trust that allows the Fund to join international debt relief efforts to very poor**

**countries hit by the most catastrophic of natural disasters.**<sup>13</sup> The PCDR Trust provides exceptional debt relief on eligible debt to help lower income PRGT eligible members meet the exceptional balance of payments needs created by qualifying catastrophic disasters—such as the recent devastating earthquake in Haiti—and the subsequent recovery, complementing fresh donor financing and the Fund’s concessional financing through the PRGT.

**21. Following the establishment of the PCDR Trust, SDR 280 million was transferred to the Trust from the MDRI-I Trust (through the Special Disbursement Account).** The remaining amount in the MDRI-I Trust is expected to be sufficient to cover the debt eligible for assistance from the MDRI-I Trust, while the transferred amount allowed the Fund to join in the international debt relief effort for Haiti and other cases in the future. It is expected that, over time, members will contribute bilateral resources as may be needed to ensure adequate financing of the PCDR Trust for potential future cases.

**22. On July 25, 2010, Haiti received debt relief from the PCDR Trust of SDR 178.1 million to cover its outstanding debt to the Fund (including as Trustee).** Following this operation, available resources in the PCDR Trust amounted to SDR 102 million.

## **VI. FINANCING OF HIPC AND MDRI DEBT RELIEF**

**23. To date, the Fund has provided SDR 5.0 billion of debt relief to eligible countries.** This includes debt relief of SDR 2.5 billion delivered to 36 countries under the HIPC Initiative, SDR 2.3 billion to 29 countries under the MDRI, and SDR 0.1 billion of “beyond-HIPC” debt relief to Liberia (Appendix Tables 6 and 7).<sup>14</sup> Since the last update, Liberia and the Democratic Republic of Congo (DRC) reached the HIPC completion point, one country (Union of the Comoros) reached the HIPC decision point, and two countries (Côte d’Ivoire and Guinea-Bissau) received additional interim HIPC assistance of SDR 6.1 million. As of end-July 2010, a total of 30 countries have reached the completion point. Another six countries have reached the decision point under the enhanced HIPC Initiative and received SDR 30 million of HIPC Initiative interim assistance.

---

<sup>13</sup> *The Chairman’s Summing Up—Proposal for a Post-Catastrophe Debt Relief Trust Fund* (BUFF/10/63, 5/24/10), *Proposal for a Post-Catastrophe Debt Relief Trust Fund—Proposed Decisions* (SM/10/97 Sup. 1, 6/23/10), and Decisions No. 14649-(10/64) and 14650-(10/64), adopted on June 25, 2010.

<sup>14</sup> MDRI and “beyond-HIPC” debt relief have been provided to 28 of the 30 countries that have reached their HIPC completion points, and two non-HIPCs (Cambodia and Tajikistan) with per capita income of US\$380 or less. Afghanistan and Haiti did not receive MDRI debt relief since they did not have MDRI-eligible credits. In the case of the Democratic Republic of Congo, the remaining end-2004 credit that was outstanding at the completion point was fully covered by HIPC Initiative debt relief and, therefore, no resources were used from the MDRI-I Trust.



### A. Remaining HIPC

24. **Following the HIPC completion points of the DRC and Liberia, the Fund's cost of debt relief to the remaining HIPCs (excluding the protracted arrears cases) is estimated at SDR 0.07 billion in end-July 2010 NPV terms** (Table 8).<sup>15</sup> The estimated cost associated with the remaining countries are based on assumptions regarding the timing of HIPC decision and completion points and the future path of interest rates, all of which are subject to uncertainty. Moreover, they do not take into account potential needs for HIPC topping-up assistance.

Table 8. Financing of Debt Relief to  
the Remaining HIPCs  
(Billions of SDRs; as of end-July 2010)

<b>Resources available in</b>	<b>0.05</b>
HIPC sub-account	0.00
MDRI-I Trust	0.01
MDRI-II Trust	0.04
<b>Financing needed from</b>	<b>0.07</b>
HIPC and PRG-HIPC sub-accounts 1/	0.06
MDRI-I Trust	-
MDRI-II Trust	0.01
<b>Remaining balance</b>	<b>0.05</b>
HIPC sub-account	-
MDRI-I Trust	0.01
MDRI-II Trust	0.03

1/ Since the HIPC sub-account is depleted, resources of SDR 0.06 billion are expected to be drawn from the PRG-HIPC sub-account to meet the estimated cost of the remaining HIPCs.

25. **Available resources are estimated to be sufficient to cover the projected costs of future HIPC and MDRI debt relief (excluding financing needs for protracted arrears cases).** Resources in the HIPC sub-account of the PRG-HIPC Trust Account were virtually exhausted at end-July, reflecting: (i) the upward revision by SDR 52 million of the IMF's HIPC commitment to the DRC at the completion point; and (ii) additional use of about SDR 80 million from the HIPC sub-account for Liberia's debt relief, including SDR 74 million relating to the shortfall of contributor resources committed at Liberia's decision point (see paragraph 26 and 27 below). However, the PRG-HIPC Trust instrument allows the use of resources in the PRG-HIPC

<sup>15</sup> Cost estimates as of end-July 2010, including Chad, Comoros, Cote d'Ivoire, Guinea, Guinea-Bissau, Togo and Eritrea, but excluding Somalia and Sudan. Members that are HIPC-eligible based on the ring-fencing exercise but have decided not to avail themselves of debt relief under the HIPC Initiative (Nepal and the Kyrgyz Republic) are excluded from this cost estimate. These members could reconsider their decision at any time, and the cost estimate would need to be revised accordingly. This cost estimate does not include Zimbabwe, which is currently not HIPC-eligible but could become eligible for HIPC debt relief if it is judged to meet the relevant criteria.

sub-account to finance HIPC debt relief. Available resources are expected to be sufficient for the projected HIPC needs of about SDR 0.1 billion. The two MDRI Trusts are estimated to have surpluses totaling about SDR 0.05 billion—a surplus of SDR 0.01 billion is projected in the MDRI-I Trust, following the transfer of SDR 280 million to the PCDR Trust in July 2010.

26. **Liberia reached the HIPC completion point on June 30, 2010.** HIPC and beyond-HIPC debt relief of SDR 549 million (in cash terms) was provided to Liberia using resources from the Liberia Administered Account and the PRG-HIPC Trust. Remaining committed resources for Liberia's debt relief at the completion point amounted to SDR 542 million,<sup>16</sup> slightly lower than the required amount due to lower-than-expected interest rates and a shorter interim period than was assumed at the decision point. To meet the shortfall of SDR 6 million, resources were drawn from the PRG-HIPC Trust.

27. **Contributions pledged for Liberia's debt relief by 10 members totaling SDR 27.7 million (March 2008 NPV terms) have yet to be received, and these members are urged to make these disbursements expeditiously.** At Liberia's HIPC decision point, pledges for debt relief had been received from 102 members. By the completion point, 79 contributors had transferred their contributions to the Liberia Administered Account, while 12 others had placed their contributions in the PRG-HIPC Trust. Contributions made by the remaining 11 members totaling SDR 74 million had not been received by the completion point. Since that time, one member (Germany) has delivered its contribution of SDR 45.6 million, which was placed in the PRG-HIPC Trust. Pledged contributions totaling SDR 27.7 million (March 2008 NPV terms) from the remaining 10 members have yet to be received; it is important that these contributions be disbursed and thereby replenish the PRG-HIPC Trust as soon as possible (Table 9).

Table 9. Pending Disbursements to Finance Debt Relief  
to Liberia as of August 31, 2010  
(millions of SDRs in March 14, 2008 NPV terms)

Argentina	5.2	Guinea-Bissau	0.01
Austria	4.9	Mali	0.19
Brazil	16.9	Rwanda	0.07
Burkina Faso	0.06	Samoa	0.01
Chad	0.05	Sierra Leone	0.38
<b>Total</b>			<b>27.7</b>

<sup>16</sup> This comprised of the pledged amount of SDR 547 million at March 2008 NPV terms from 102 members, plus accumulated interest on these resources, less interim assistance of SDR 19 million that had already been delivered.

## B. Protracted Arrears Cases

28. **Providing debt relief to Somalia and Sudan would require substantial additional resources.** As of end-June 2010, the total stock of arrears of the two countries to the Fund amounted to SDR 1.2 billion. As the costs for providing debt relief to these countries were not included in the original costing estimates for the HIPC Initiative,<sup>17</sup> additional financing would need to be secured when these members are ready to clear their arrears and embark on the HIPC Initiative and possible beyond-HIPC debt relief.<sup>18</sup> The approach developed for Liberia's debt relief, including the financing modalities, could provide a useful framework for Sudan and Somalia at an appropriate time.

29. **Additional resources could potentially also be needed to provide debt relief to Zimbabwe, if it were assessed to be eligible.** Zimbabwe is neither PRGT-eligible nor is it included in the list of "ring-fenced" countries that could benefit from the HIPC Initiative. However, when Zimbabwe's PRGT-eligibility is restored following the arrears clearance to the PRGT (SDR 88.8 million at end-June 2010), an assessment of Zimbabwe's eligibility for the HIPC Initiative would need to be made based on the relevant criteria, including whether the NPV of its debt at end-2004 exceeded the HIPC thresholds. Additional resources may be needed to cover any such HIPC and "beyond-HIPC" debt relief for Zimbabwe.

---

<sup>17</sup> Neither Somalia nor Sudan is eligible for debt relief under the MDRI, as there would be no MDRI-eligible debt following the clearance of their arrears. It is possible, however, that they could be considered for "beyond-HIPC" debt relief, as was done in the case of Liberia.

<sup>18</sup> In the context of the MDRI in 2005, the G-8 committed that donors would provide the extra resources necessary for full debt relief at completion point for the three protracted arrears cases (Liberia, Somalia, and Sudan).

## **VII. PROPOSED DECISION**

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

The Executive Board notes the report entitled “Update on the Financing of the Fund’s Concessional Assistance and Debt Relief to Low-Income Member Countries” (SM/10/249), and decides that (i) the semi-annual reviews of the financing of the MDRI-I and MDRI-II Trusts, contemplated in paragraphs 1 and 2, respectively, of Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, effective January 5, 2006, and (ii) the semi-annual review of the financing of the Trust for Special Poverty Reduction and Growth Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations, contemplated in paragraph 2 of Decision No. 11436-(97/10) adopted February 4, 1997, as amended, are completed.

Appendix Table 1. Summary of Bilateral Commitments to the PRGF-ESF and PRG-HIPC Trusts  
(In millions of SDRs; as of June 30, 2010)

	PRGF-ESF Trust 1/				PRG-HIPC Trust	
	Subsidy contributions "as needed" 2/			Loan commitments	Subsidies and HIPC grant contributions "as needed" 2/	Of which: Pending "as needed" 2/
	For subsidization	For MDRI debt relief	Total			
<b>TOTAL</b>	<b>2,178.7</b>	<b>1,120.0</b>	<b>3,298.7</b>	<b>17,834.7</b>	<b>1,562.3</b>	<b>32.2</b>
<b>Major industrial countries</b>	<b>1,408.1</b>	<b>818.8</b>	<b>2,226.9</b>	<b>14,034.8</b>	<b>880.5</b>	--
Canada	147.1	84.8	231.9	1,200.0 3/	48.8	--
France	231.0	116.4	347.4	3,570.0 4/	82.2	--
Germany	113.2	66.1	179.3	2,750.0	127.2	--
Italy	149.6	84.4	234.0	1,380.0	63.6	--
Japan	401.5	253.4	654.9	5,134.8	144.0	--
United Kingdom	266.0	155.4	421.4	--	82.2	--
United States	99.7	58.3	158.0	--	332.6	--
<b>Other advanced countries</b>	<b>644.6</b>	<b>250.4</b>	<b>895.0</b>	<b>3,357.8</b>	<b>299.7</b>	--
Australia	12.4	3.7	16.1	--	24.8	--
Austria	60.8	--	60.8	--	14.3	--
Belgium	66.1	39.5	105.6	350.0	35.3	--
Denmark	40.4	23.6	64.0	300.0 3/	18.5	--
Finland	25.9	15.1	41.0	--	8.0	--
Greece	22.8	13.3	36.1	--	6.3	--
Iceland	2.6	1.5	4.2	--	0.9	--
Ireland	5.3	2.4	7.7	--	5.9	--
Israel	--	--	--	--	1.8	--
Korea	39.3	21.0	60.3	92.7	15.9	--
Luxembourg	12.9	--	12.9	--	0.7	--
Netherlands	128.5	--	128.5	450.0	45.4	--
New Zealand	--	--	--	--	1.7	--
Norway	26.8	15.7	42.4	450.0 3/	18.5	--
Portugal	2.6	1.4	4.0	--	6.6	--
San Marino	--	--	--	--	0.0*	--
Singapore	11.1	6.5	17.6	--	16.5	--
Spain	13.0	3.1	16.1	1,113.4 3/	23.3	--
Sweden	109.0	65.0	174.0	--	18.3	--
Switzerland	65.0	38.5	103.5	601.7	37.0	--
<b>Fuel exporting countries</b>	<b>10.2</b>	<b>6.1</b>	<b>16.3</b>	<b>49.5</b>	<b>114.3</b>	<b>23.2</b>
Algeria	--	--	--	--	5.5	--
Bahrain	--	--	--	--	0.9	0.9
Brunei Darussalam	--	--	--	--	0.1	--
Gabon	--	--	--	--	2.5	1.9
Iran, Islamic Republic of	1.0	0.6	1.5	--	2.2	--
Kuwait	--	--	--	--	3.1	--
Libya	--	--	--	--	7.3	--
Nigeria	--	--	--	--	13.9	--
Oman	--	--	--	--	0.8	--
Qatar	--	--	--	--	0.5	--
Saudi Arabia	9.2	5.5	14.7	49.5	53.5	--
United Arab Emirates	--	--	--	--	3.8	--
Venezuela	--	--	--	--	20.4	20.4

Appendix Table 1 (continued). Summary of Bilateral Commitments to the PRGF-ESF and PRG-HIPC Trusts  
(In millions of SDRs; as of June 30, 2010)

	PRGF-ESF Trust 1/				PRG-HIPC Trust	
	Subsidy contributions "as needed" 2/			Loan commitments	Subsidies and HIPC grant contributions "as needed" 2/	Of which: Pending "as needed" 2/
	For subsidization	For MDRI debt relief	Total committed			
<b>Other developing countries</b>	<b>104.0</b>	<b>44.8</b>	<b>148.8</b>	<b>355.6</b>	<b>224.7</b>	<b>9.1</b>
Argentina	19.8	11.5	31.3	--	16.2	6.4
Bangladesh	0.5	0.2	0.8	--	1.7	--
Barbados	--	--	--	--	0.4	--
Belize	--	--	--	--	0.3	--
Botswana	1.0	0.6	1.6	--	6.4	--
Brazil	--	--	--	--	15.0	--
Cambodia	--	--	--	--	0.0*	--
Chile	2.2	1.3	3.6	--	4.4	--
China	9.7	4.2	13.9	200.0	19.7	--
Colombia	--	--	--	--	0.9	--
Cyprus	--	--	--	--	0.8	--
Dominican Republic	--	--	--	--	0.5	0.5
Egypt	7.4	4.3	11.8	155.6	1.3	--
Fiji	--	--	--	--	0.1	--
Ghana	--	--	--	--	0.5	--
Grenada	--	--	--	--	0.1	0.1
India	11.7	--	11.7	--	22.9	--
Indonesia	3.7	2.1	5.8	--	8.2	--
Jamaica	--	--	--	--	2.7	--
Lebanon	--	--	--	--	0.4	0.4
Malaysia	19.1	11.2	30.3	--	12.7	--
Maldives	--	--	--	--	0.0*	0.0
Malta	0.9	0.5	1.3	--	1.1	--
Mauritius	--	--	--	--	0.1	--
Mexico	--	--	--	--	54.5	--
Micronesia, F. S.	--	--	--	--	0.0*	--
Morocco	5.4	3.2	8.6	--	1.6	--
Pakistan	2.1	0.3	2.4	--	3.4	--
Paraguay	--	--	--	--	0.1	--
Peru	--	--	--	--	2.5	--
Philippines	--	--	--	--	6.7	--
Samoa	--	--	--	--	0.0*	--
South Africa	--	--	--	--	28.6	--
Sri Lanka	--	--	--	--	0.6	--
St. Lucia	--	--	--	--	0.1	--
St. Vincent and the Grenadines	--	--	--	--	0.1	--
Swaziland	--	--	--	--	0.0*	--
Thailand	7.4	4.4	11.9	--	4.5	--
Tonga	--	--	--	--	0.0*	--
Trinidad and Tobago	--	--	--	--	1.6	1.6
Tunisia	0.6	0.3	0.9	--	1.5	--
Turkey	11.6	--	11.6	--	--	--
Uruguay	0.8	0.5	1.3	--	2.2	--
Vanuatu	--	--	--	--	0.1	0.1
Vietnam	--	--	--	--	0.4	--

Appendix Table 1 (concluded). Summary of Bilateral Commitments to the PRGF-ESF and PRG-HIPC Trusts  
(In millions of SDRs; as of June 30, 2010)

	PRGF-ESF Trust 1/				PRG-HIPC Trust	
	Subsidy contributions "as needed" 2/			Loan commitments	Subsidies and HIPC grant contributions "as needed" 2/	Of which: Pending "as needed" 2/
	For subsidization	For MDRI debt relief	Total committed			
<b>Countries in transition</b>	<b>11.8</b>	<b>--</b>	<b>11.8</b>	<b>--</b>	<b>42.9</b>	<b>--</b>
Croatia	--	--	--	--	0.4	--
Czech Republic	11.8	--	11.8	--	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	--
<i>Memorandum Item:</i>						
OPEC Fund for International Development	--	--	--	37.0	--	--

\* Less than SDR 5,000.

1/ These are contributions originally pledged for the PRGF-ESF Trust which are now available for the PRGT. Excludes the G-8 commitment of SDR 100 million in end-2005 NPV terms, new ESF subsidy contributions, and any contribution made in the context of the LIC reform of 2009. Reflects the retention in the Trust of overpayments of past subsidy contributions made by two contributors in the context of the establishment of the ESAF.

2/ Estimated values of total contributions include forthcoming contributions that are not yet received. The term "as needed" refers to the nominal sum of concessional assistance taking into account the profile of subsidy needs associated with PRGF lending and the provision of HIPC assistance, respectively.

3/ Including new borrowing agreement in support of 2009 reform of LIC facilities.

4/ Including a borrowing agreement in support of the establishment of the ESF.

Appendix Table 2. PRGT—Borrowing Agreements  
(In millions of SDRs; as of September 3, 2010)

	Effective date of agreement	Expiration date for drawings	Loan commitments	Amount Disbursed		Early repayment related to the MDRI	Amount outstanding
				Amount	In percent of commitment		
<b>Belgium</b>							
National Bank of Belgium 1/	Jul. 2, 1999	Dec. 31, 2018	350.0	350.0	100.0	163.0	132.5
<b>Canada</b>							
Government of Canada	Feb. 22, 1989	Dec. 31, 1997	300.0	300.0	100.0	16.1	--
Government of Canada	May 9, 1995	Dec. 31, 2005	400.0	400.0	100.0	121.2	105.3
Government of Canada 2/	Mar. 5, 2010	Dec. 31, 2018	500.0	28.5	--	--	28.5
<b>China</b>							
Government of China 1/	Jul. 05, 1994	Dec. 31, 2014	200.0	200.0	100.0	49.0	76.3
People's Bank of China 3/	Sep. 3, 2010	Dec. 31, 2018	800.0	--	--	--	--
<b>Denmark</b>							
National Bank of Denmark	May 3, 2000	Dec. 31, 2003	100.0	100.0	100.0	100.0	--
National Bank of Denmark 2/	Jan. 28, 2010	Dec. 31, 2018	200.0	3.1	--	--	3.1
<b>Egypt</b>							
Central Bank of Egypt 1/	Jun. 13, 1994	Dec. 31, 2018	155.6	155.6	100.0	21.9	57.8
<b>France</b>							
Agence Française de Développement 4/	Apr. 05, 1988	Dec. 31, 1997	800.0	800.0	100.0	--	--
Agence Française de Développement 4/	Jan. 03, 1995	Dec. 31, 2005	750.0	750.0	100.0	--	95.3
Agence Française de Développement 1/ 4/	Dec. 17, 1999	Dec. 31, 2018	1,350.0	1,307.2	96.8	376.1	931.1
Agence Française de Développement 4/ 5/	Aug. 20, 2009	Dec. 31, 2014	670.0	207.8	31.0	--	207.8
Bank of France 3/	Sep. 3, 2010	Dec. 31, 2018	1,328.0	--	--	--	--
<b>Germany</b>							
Kreditanstalt für Wiederaufbau	Mar. 31, 1989	Dec. 31, 1997	700.0	700.0	100.0	19.7	--
Kreditanstalt für Wiederaufbau	May 17, 1995	Dec. 31, 2005	700.0	700.0	100.0	313.0	57.8
Kreditanstalt für Wiederaufbau 1/	Jun. 19, 2000	Dec. 31, 2014	1,350.0	1,161.7	86.1	209.6	885.2
<b>Italy</b>							
Bank of Italy 6/	Oct. 04, 1990	Dec. 31, 1997	370.0	370.0	100.0	11.7	--
Bank of Italy 6/	May. 29, 1998	Dec. 31, 2005	210.0	210.0	100.0	170.9	--
Bank of Italy 1/	Mar. 1, 2000	Dec. 31, 2018	800.0	744.4	93.0	63.5	492.0
<b>Japan</b>							
Japan Bank for International Cooperation 7/	Apr. 12, 1988	Dec. 31, 1997	2,200.0	2,200.0	100.0	--	--
Japan Bank for International Cooperation 1/ 7/	Oct. 05, 1994	Dec. 31, 2018	2,934.8	2,934.8	100.0	--	1,390.1
Government of Japan 2/	Sep. 3, 2010	Dec. 31, 2018	1,800.0	--	--	--	--
<b>Korea</b>							
Bank of Korea	Apr. 20, 1989	Dec. 31, 1997	65.0	65.0	100.0	0.3	--
Bank of Korea	Jun. 20, 1994	Dec. 31, 2005	27.7	27.7	100.0	20.0	--
<b>Netherlands</b>							
Bank of the Netherlands 1/	Sep. 29, 1999	Dec. 31, 2018	450.0	433.5	96.3	55.2	312.4
Bank of the Netherlands 2/	Jul. 27, 2010	Dec. 31, 2018	500.0	--	--	--	--
<b>Norway</b>							
Bank of Norway	Apr. 14, 1988	Dec. 31, 1997	90.0	90.0	100.0	2.7	--
Bank of Norway	Jun. 16, 1994	Dec. 31, 2005	60.0	60.0	100.0	32.5	--
Government of Norway 8/	Jun. 25, 2010	Dec. 31, 2018	300.0	--	--	--	--
<b>OPEC Fund for International Development 9/</b>	Dec. 20, 1994	Dec. 31, 2005	37.0	37.0	100.0	25.7	--
<b>Spain</b>							
Bank of Spain 10/	Jun. 20, 1988	Jun. 30, 1993	216.4	216.4	100.0	--	--
Government of Spain	Feb. 08, 1995	Dec. 31, 2005	67.0	67.0	100.0	--	9.8
Bank of Spain 1/	Feb. 14, 2000	Dec. 31, 2018	425.0	415.8	97.8	41.4	366.2
Bank of Spain 2/	Dec. 17, 2009	Dec. 31, 2018	405.0	--	--	--	--
<b>Switzerland</b>							
Swiss Confederation 11/	Dec. 23, 1988	Dec. 31, 1997	200.0	200.0	100.0	--	--
Swiss National Bank 1/	Jun. 22, 1995	Dec. 31, 2018	401.7	397.1	98.9	64.1	220.0
<b>United Kingdom</b>							
Government of the United Kingdom 2/	Sep. 3, 2010	Dec. 31, 2018	1,328.0	--	--	--	--
<b>Subtotal</b>			23,541.2	15,632.7	66.4	1,877.5	5,371.1
<b>Associated Agreement - Saudi Fund for Development (SFD)</b>	Feb. 27, 1989	-- 12/	49.5	49.5	100.0	--	--
<b>Total Loan and Associated Loan Agreements 13/</b>			23,590.7	15,682.2	66.5	1,877.5	5,371.1

1/ Including additional loan commitments for interim PRGF operations.

2/ Committed to the General Loan Account of the PRGT.

3/ Committed to the ECF Loan Account of the PRGT.

4/ Before April 17, 1998, known as Caisse Française de Développement.

5/ The loan commitment, which became effective on August 20, 2009, was made in the context of establishment of the ESF.

6/ In late 1999, the Bank of Italy replaced the Ufficio Italiano dei Cambi as lender to the PRGF Trust.

7/ 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.

8/ Committed to the SCF Loan Account and RCF Loan Account of the PRGT in equal proportion.

9/ The loan commitment is for the SDR equivalent of US\$50 million.

10/ 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.

11/ The full loan commitment of SDR 200 million was drawn in January 1989; this amount was fully disbursed to borrowers by March 1994.

12/ On August 26, 1998, the SFD indicated that it did not intend to make further loans in association with the PRGF.

13/ 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.



Appendix Table 3. PRGT—Subsidy Agreements 1/  
(In millions of SDRs; as of end-June 2010)

	Effective date of agreement	Vehicle 2/	Deposit/Investment Amount			Interest Rate (percent)	Maturity (years)
			Agreed	Received	Outstanding		
<b>Austria</b>							
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	--	0.5	5½–10
<b>Belgium</b>							
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	--	0.5	10
<b>Botswana</b>							
Bank of Botswana 3/ 4/	Jun. 30, 1994	Admin. Account	6.9	6.9	--	2.0	10
<b>Chile</b>							
Banco Central de Chile	Aug. 24, 1994	Admin. Account	15.0	15.0	--	0.5	5
<b>Greece</b>							
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	--	0.5	5½–10
<b>Indonesia</b>							
Bank Indonesia 5/	Jun. 23, 1994	Admin. Account	25.0	25.0	--	--	10
<b>Iran, Islamic Republic of</b>							
Central Bank of Iran	May 24, 1994	Admin. Account	5.0	5.0	--	0.5	10
<b>Malaysia</b>							
Bank Negara Malaysia	May 17, 1988	Subsidy Account	40.0	40.0	--	0.5	10
Bank Negara Malaysia 4/	Jun. 30, 1994	Subsidy Account	40.0	40.0	--	2.0	10
<b>Malta</b>							
Central Bank of Malta	Dec. 13, 1989	Subsidy Account	1.4	1.4	--	0.5	13
Central Bank of Malta	May 27, 1994	PRGF-ESF Subsidy Account	1.4	1.4	--	0.5	13
<b>Pakistan</b>							
State Bank of Pakistan 6/	Apr. 21, 1994	ECF Subsidy Account	10.0	10.0	-	0.5	16
<b>Peru</b>							
Banco Central de Reserva del Peru 7/	Jan. 29, 2010	General Subsidy Account	6.1	6.1	6.1	0.1	7
<b>Portugal</b>							
Banco do Portugal	May 5, 1994	Admin. Account	13.1	13.1	--	0.5	6–10
<b>Saudi Arabia</b>							
The Saudi Fund for Development and the Kingdom of Saudi Arabia 8/	April 11, 2006	General Subsidy Account	132.6	38.2	38.2	0.5	15½
<b>Singapore</b>							
Monetary Authority of Singapore	Nov. 4, 1988	Subsidy Account	40.0	40.0	--	2.0	10
Monetary Authority of Singapore 4/	May 20, 1994	Subsidy Account	40.0	40.0	--	2.0	10
<b>Spain</b>							
Government of Spain 9/	Feb. 8, 1995	General Subsidy Account	60.3	46.3	19.1	0.5	10
<b>Thailand</b>							
Bank of Thailand	Jun. 14, 1988	Subsidy Account	20.0	20.0	--	2.0	10
Bank of Thailand	Apr. 22, 1994	Subsidy Account	40.0	40.0	--	2.0	10
<b>Trinidad and Tobago</b>							
Government of Trinidad and Tobago	Dec. 7, 2006	ECF Subsidy Account	3.0	3.0	3.0	1.0	10
<b>Tunisia</b>							
Banque Centrale de Tunisie 10/	May 4, 1994	Subsidy Account	3.6	3.6	--	0.5	10
<b>Uruguay</b>							
Banco Central del Uruguay 11/	Jul. 7, 1994	Subsidy Account	7.2	7.2	--	--	10
Banco Central del Uruguay	Mar. 11, 2010	General Subsidy Account	2.0	2.0	2.0	--	10
<b>Total</b>			872.5	764.2	68.4		

1/ Subsidy contributions to the PRG Trust result from the difference between the investment income on contributions and the below market rate of interest paid to contributors.

2/ As a result of renaming of the PRG Trust and its subsidy accounts in January 2010, the name of subsidy account shown represents the current name of the account for deposits/investments that have not yet expired, and the old name of the account for deposits/investments that have been repaid.

3/ Equivalent of US\$10 million (at the exchange rate of June 29, 1994).

4/ The Fund made early repayments to Botswana, Malaysia, and Singapore on March 1, 2004.

5/ 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 percent per annum, the deposit shall bear zero interest.

6/ All the deposits will be repaid together at the end of sixteen years after the date of the first deposit.

7/ Interest rate paid is 0.1 percent per annum until a subsidy contribution of SDR 1.2 million (end-2008 NPV) is reached. No interest will be paid if net investment earnings are lower than 0.1 percent per annum.

8/ Including (i) a new investment of SDR 38.2 million; and (ii) a rollover of two investments of SDR 49.8 million and SDR 27.9 million and of the deposit of SDR 16.7 million from the PRG-HIPC Trust upon their maturities in 2011, 2011-14, and 2018, respectively.

9/ The investment coincides with the repayment of each of the first nine (out of ten) semiannual installments of a drawing of the PRGT loan of SDR 67 million from the Government of Spain (the Instituto de Crédito Oficial).

10/ Equivalent of US\$5 million (at the exchange rate of May 11, 1994).

11/ 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.

Appendix Table 4. PRGT—Reserve Account Coverage  
(Millions of SDRs; end-period)

	Reserve Account balance	Outstanding PRGT credit	Reserve coverage ratio (In percent)
	(A)	(B)	(A)/(B)
1988	169	103	164.1
1989	272	510	53.3
1990	395	795	49.7
1991	513	1,320	38.9
1992	630	1,786	35.3
1993	793	2,005	39.6
1994	1,009	2,786	36.2
1995	1,336	3,919	34.1
1996	1,716	4,446	38.6
1997	2,093	4,892	42.8
1998	2,345	5,421	43.3
1999	2,548	5,820	43.8
2000	2,714	5,773	47.0
2001	2,917	5,971	48.9
2002	3,079	6,636	46.4
2003	3,115	6,703	46.5
2004	3,174	6,632	47.9
2005	3,285	6,185	53.1
2006	3,392	3,656 <sup>1/</sup>	92.8
2007	3,557	3,673	96.8
2008	3,818	3,895	98.0
2009	3,926	4,965	79.1
End-June 2010	3,946	5,236	75.4
<i>Memorandum item:</i>			
Projected PRGT repayments through June 2011			547

<sup>1/</sup> The decline in total PRGT credit outstanding by about 40 percent from 2005 reflects early repayments arising from the delivery of HIPC and MDRI debt relief.

Appendix Table 5. Subsidy Contributions for Emergency Assistance  
(In millions; as of end-July 2010)

Contributor	Date of pledge	Contribution pledged	SDR equivalent 1/	Contribution received
<b>Sub-Account 1: EPCA subsidization only</b>				
Belgium	Mar. 2002	SDR 0.63	0.6	0.6
Canada	Oct. 2002	Can\$ 3.25	1.7	1.7
Norway	Jun. 2002	SDR 3.0	3.0	3.0
Sweden	Jan. 2002	SDR 0.8	0.8	0.8
Switzerland	Mar. 2002	US\$ 1.0	0.8	0.8
United Kingdom	Oct. 2002	£ 2.5	2.9	2.9
<b>Sub Total</b>			<b>9.7</b>	<b>9.7</b>
<b>Sub-Account 2: ENDA subsidization only</b>				
Australia	Jun. 2005	Aus\$ 2.0	1.1	1.1
Austria 2/	Apr. 2005	SDR 1.3	0.6	0.6
Canada	Feb. 2005	Can\$ 5.0	2.9	2.9
China	May 2005	US\$ 2.0	1.4	1.4
Germany 3/	Nov. 2005	Euro 1.65	1.4	1.4
India	Feb. 2005	SDR 1.5	1.5	1.5
Ireland	Nov. 2006	Euro 0.5	0.4	0.4
Japan	Apr. 2005	US\$ 2.5	1.7	1.7
Russia	Feb. 2005	US\$ 1.5	1.0	1.0
Saudi Arabia	Apr. 2005	US\$ 4.0	2.6	1.3
Switzerland	Feb. 2005	US\$ 2.0	1.4	1.4
<b>Sub Total</b>			<b>16.0</b>	<b>14.7</b>
<b>Sub-Account 3: Subsidization of EPCA and ENDA</b>				
France	Jan. 2005	Euro 1.5	1.2	1.2
Korea	Jul. 2009	KRW 1,000	0.5	0.5
Luxembourg 4/	Feb. 2005	Euro 1.25	1.1	1.1
Luxembourg	Nov. 2008	Euro 0.5	0.5	0.5
Netherlands 5/	Mar. 2002	US\$ 2.0	1.5	1.5
Netherlands	Mar. 2005	US\$ 2.0	1.4	1.4
Norway	Feb. 2005	NKr 10.0	1.1	1.1
Sweden	Feb. 2005	US\$ 10.0	6.6	6.6
United Kingdom	Feb. 2005	£ 1.0	1.2	1.2
<b>Sub Total</b>			<b>15.1</b>	<b>15.1</b>
<b>Total</b>			<b>40.9</b>	<b>39.5</b>
<i>Memorandum item:</i>				
Pledges made since beginning of 2005			<b>29.6</b>	<b>28.3</b>

1/ For contributions which have been fully received, the SDR equivalent is the actual SDR amount received using the exchange rate on the value date. For contributions that are not yet disbursed, the SDR equivalent is calculated using the exchange rate at end-July 2010.

2/ Reflecting investment income to be generated on a deposit agreement, effective May 2006.

3/ To subsidize the rate of charge on purchases by Sri Lanka and Maldives under ENDA following the 2004 Tsunami.

4/ Existing contribution, previously earmarked for ENDA.

5/ Existing contribution, previously earmarked for EPCA.

Appendix Table 6. Implementation of the HIPC Initiative  
(Millions of SDRs; end-July 2010)

	Decision point	Completion point	Amount committed	Amount disbursed 1/	
Completion point countries (30)			2,324	2,503	
1	Afghanistan 2/	Jul-07	Jan-10	-	-
2	Benin	Jul-00	Mar-03	18	20
3	Bolivia	Feb-00	Jun-01	62 3/	65
4	Burkina Faso	Jul-00	Apr-02	44 3/	46
5	Burundi	Aug-05	Jan-09	19	22
6	Cameroon	Oct-00	Apr-06	29	34
7	Central African Republic	Sep-07	Jun-09	17	18
8	Congo, Dem. Rep. of	Jul-03	Jul-10	280	331
9	Congo, Rep. of	Mar-06	Jan-10	5	6
10	Ethiopia	Nov-01	Apr-04	45	47
11	Gambia, The	Dec-00	Dec-07	2	2
12	Ghana	Feb-02	Jul-04	90	94
13	Guyana	Nov-00	Dec-03	57 3/	60
14	Haiti	Nov-06	Jun-09	2	2
15	Honduras	Jun-00	Apr-05	23	26
16	Liberia	Mar-08	Jun-10	441	452
17	Madagascar	Dec-00	Oct-04	14.7	16
18	Malawi	Dec-00	Aug-06	33	37
19	Mali	Sep-00	Mar-03	46 3/	49
20	Mauritania	Feb-00	Jun-02	35	38
21	Mozambique	Apr-00	Sep-01	107 3/	108
22	Nicaragua	Dec-00	Jan-04	64	71
23	Niger	Dec-00	Apr-04	31	34
24	Rwanda	Dec-00	Apr-05	47	51
25	São Tomé and Príncipe	Dec-00	Mar-07	1	1
26	Senegal	Jun-00	Apr-04	34	38
27	Sierra Leone	Mar-02	Dec-06	100	107
28	Tanzania	Apr-00	Nov-01	89	96
29	Uganda	Feb-00	May-00	120 3/	122
30	Zambia	Dec-00	Apr-05	469	508
Decision point countries (6)			76	30	
31	Chad	May-01	Floating	14	9
32	Comoros	Jul-10	Floating	3	-
33	Côte d'Ivoire	Apr-09	Floating	25	10
34	Guinea	Dec-00	Floating	24	10
35	Guinea-Bissau	Dec-00	Floating	9	2
36	Togo	Nov-08	Floating	0.2	0.1
Pre-decision point countries (2)					
37	Eritrea	...	...	...	...
38	Kyrgyz Republic	...	...	...	...
Protracted arrears cases (2)					
39	Somalia	...	...	...	...
40	Sudan	...	...	...	...
Total			2,416 4/	2,534	

1/ Includes the commitment made in NPV terms plus interest earned on that commitment.

2/ At the time of its decision point, Afghanistan did not have any outstanding eligible debt.

3/ Includes commitment under the original HIPC Initiative.

4/ Including SDR 17 million committed to Côte d'Ivoire under the original HIPC Initiative.

Appendix Table 7. Debt Relief Following Implementation of the MDRI  
(Millions of SDRs; end-July 2010)

		Delivery date	Fund credit from disbursements prior to end-2004	Financed by HIPC umbrella sub-accounts 2/	Remaining MDRI-eligible credit	Financed by	
						MDRI-I Trust	MDRI-II Trust
			(A)	(B)	(C=A-B=D+E)	(D)	(E)
<b>HIPC countries (26) 1/</b>			<b>3,405</b>	<b>1,097</b>	<b>2,308</b>	<b>1,220</b>	<b>1,088</b>
1	Benin	Jan-06	36	2	34	-	34
2	Bolivia	Jan-06	161	6	155	-	155
3	Burkina Faso	Jan-06	62	5	57	57	-
4	Burundi	Feb-09	26	17	9	9	-
5	Cameroon	Apr-06	173	24	149	-	149
6	Central African Rep.	Jul-09	4	2	2	2	-
7	Congo, Dem. Rep. of	Jul-10	248	248	-	-	-
8	Congo, Rep. of	Jan-10	7.9	3	4.8	-	4.8
9	Ethiopia	Jan-06	112	32	80	80	-
10	Gambia	Dec-07	9	2	7	7	-
11	Ghana	Jan-06	265	45	220	220	-
12	Guyana	Jan-06	45	13	32	-	32
13	Honduras	Jan-06	107	9	98	-	98
14	Liberia	Jun-10	543 3/	427	116	116 3/	-
15	Madagascar	Jan-06	137	9	128	128	-
16	Malawi	Sep-06	38	23	15	15	-
17	Mali	Jan-06	75	13	62	62	-
18	Mauritania	Jun-06	33	3	30	-	30
19	Mozambique	Jan-06	107	24	83	83	-
20	Nicaragua	Jan-06	140	49	92	-	92
21	Niger	Jan-06	78	18	60	60	-
22	Rwanda	Jan-06	53	33	20	20	-
23	São Tomé and Príncipe	Mar-07	1	0	1	1	-
24	Senegal	Jan-06	100	6	95	-	95
25	Sierra Leone	Dec-06	117	41	77	77	-
26	Tanzania	Jan-06	234	27	207	207	-
27	Uganda	Jan-06	88	12	76	76	-
28	Zambia	Jan-06	403	4	398	-	398
<b>Non-HIPC countries (2) 4/</b>			<b>126</b>	<b>-</b>	<b>126</b>	<b>126</b>	<b>-</b>
29	Cambodia	Jan-06	57	-	57	57	-
30	Tajikistan, Rep. of	Jan-06	69	-	69	69	-
<b>Total</b>			<b>3,531</b>	<b>1,097</b>	<b>2,434</b>	<b>1,347</b>	<b>1,088</b>

1/ Afghanistan and Haiti did not have MDRI-eligible credit and did not receive MDRI debt relief.

2/ Balances available at the time of MDRI debt relief.

3/ Liberia received MDRI-type (beyond-HIPC) debt relief at end-June 2010, which was financed from the Liberia Administered Account. Its eligible credit outstanding corresponds to the amount of arrears clearance to the IMF in March 2008.

4/ Non-HIPCs but qualified for MDRI debt relief with a per capita income below the US\$380 threshold.

Appendix Table 8. Information on Pending Bilateral Contributions to the PRG-HIPC Trust 1/  
(Status as of end-June 2010)

Country	Status
<b>Argentina:</b>	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 6.4 million.
<b>Bahrain:</b>	Contribution of income on an interest-free deposit through 2018.
<b>Dominican Republic:</b>	Contribution of net income on a deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 1.2 million at 1 percent per annum.
<b>Gabon:</b>	The remaining balance of SDR 1.9 million (as needed) of its pledged contribution to be financed by grants.
<b>Grenada:</b>	Contribution of net income on a deposit for 10 years of SDR 0.20 million at 0.5 percent per annum.
<b>Lebanon:</b>	Contribution of income on an interest-free deposit through 2018.
<b>Maldives:</b>	Contribution of income on an interest-free deposit through 2018.
<b>Trinidad and Tobago:</b>	Contribution of income on an interest-free deposit of its Post-SCA-2 balance of SDR 2.9 million.
<b>Vanuatu:</b>	Grant contribution of its Post-SCA-2 balance of SDR 0.06 million.
<b>República Bolivariana de Venezuela:</b>	Prepared to contribute based on its quota-based share. Contribution could be financed through use of its Post-SCA-2 balance of SDR 35.1 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.