

EBS/12/114

September 5, 2012

To: Members of the Executive Board

From: The Secretary

Subject: **Update on Resources Pledged in Support of the 2009 Low-Income Countries Financing Package**

Attached for the **information** of Executive Directors is an update on resources pledged in support of the 2009 Low-Income Countries financing package.

It is intended to publish this paper on the Fund's external website after Wednesday, September 12, 2012.

Questions may be referred to Mr. Powell (ext. 36932) and Mr. Erasmus (ext. 35938) in FIN.

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

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Department Heads



INTERNATIONAL MONETARY FUND

**Update on Resources Pledged in Support of the  
2009 Low-Income Countries Financing Package**

Prepared by the Finance Department

(In consultation with the Legal Department)

Approved by Andrew Tweedie

September 5, 2012

1. The Managing Director's Statement on the Work Program of the Executive Board (BUFF/12/51, Rev. 1, 06/06/12) indicated that a bi-monthly report would track progress towards completing the 2009 financing package to support the Fund's concessional lending to low-income countries (LICs).<sup>1</sup> This note provides the second such report.
2. The 2009 LIC financing package aims to increase the Fund's concessional lending capacity to SDR 11.3 billion for the period 2009–14. It requires the mobilization of new loan resources of SDR 10.8 billion (including a liquidity buffer of SDR 1.8 billion to enable a voluntary encashment regime) and new subsidy resources of SDR 1.5 billion (end-2008 NPV terms). Most of the additional subsidies are financed from the Fund's internal resources—including transfers from the PRGT Reserve Account, delaying until FY 2013 the resumption of reimbursement of the 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 an important component of the financing package. The Managing Director approached a wide spectrum of the membership in 2009 to mobilize the required loan and subsidy resources, and staff continues to follow up on these requests.
3. On February 24, 2012, the Fund approved a partial distribution of the general reserve equivalent to SDR 700 million attributed to part of the gold sales windfall profits to all

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<sup>1</sup> The first report covered progress through end-June. See *Update on Resources Pledged in Support of the 2009 LIC Financing Package* (EBS/12/94, 7/6/12).

members in proportion to their quota shares. The distribution will be effected once satisfactory assurances have been received from members of new PRGT subsidy contributions equivalent to at least 90 percent of the amount to be distributed, i.e., SDR 630 million.

4. As of September 4, 2012, 116 members representing 84.56 percent (SDR 591.95 million) of the proposed distribution have confirmed they intend to contribute their shares of the distribution, or equivalent amounts, to the PRGT (Table 1).<sup>2</sup> It is important that the remaining assurances required to reach the 90 percent threshold for the distribution be received as soon as possible. To this end, the Managing Director has recently sent out additional letters reminding the remaining members of the importance of contributing to this initiative, and staff is following up on these letters with the authorities and the relevant Executive Director's offices.

5. On loan and subsidy resources, there has been no change since the last update. As of September 4, 2012, 14 members had pledged SDR 9.8 billion in new loan resources, and new borrowing agreements amounting to SDR 9.5 billion have been signed with 13 lenders (Table 2). Additional pledges of about SDR 1 billion are still needed to complete the loan package.

6. A total of 26 members have committed SDR 214 million in subsidy resources, slightly above the lower end of the target range of SDR 0.2–0.4 billion (end-2008 NPV terms) (Table 3). Contributors include traditional and new donors, including several emerging market countries.<sup>3</sup> The staff continues to explore possible bilateral contributions with other donors, and these contributions remain an important part of the multilateral effort to strengthen the Fund's concessional lending capacity.

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<sup>2</sup> See *Partial Distribution of the General Reserve Attributed to Windfall Gold Sale Profits*, Decision No. 15092-(12/19), adopted February 24, 2012. An up to date list of the countries that have pledged is available on the Fund's external website at: <http://www.imf.org/external/np/fin/prgt/index.htm>.

<sup>3</sup> See *Update on the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries* (SM/12/86, 4/18/2012). The next semi-annual update paper is scheduled for issuance to the Executive Board in mid-September.

Table 1. PRGT Subsidy Pledges based on the Partial Distribution 1/  
(As of September 4, 2012)

	Member	Pledge	
		(Millions of SDRs)	(Percent of total quota)
1	Argentina	6.23	0.89
2	Armenia	0.27	0.04
3	Australia	9.52	1.36
4	Bangladesh	1.57	0.22
5	Belarus	1.14	0.16
6	Benin	0.18	0.03
7	Bosnia and Herzegovina	0.50	0.07
8	Botswana <sup>2</sup>	0.23	0.03
9	Brazil	12.50	1.79
10	Brunei Darussalam	0.63	0.09
11	Burkina Faso	0.18	0.03
12	Burundi <sup>2</sup>	0.20	0.03
13	Cambodia	0.26	0.04
14	Cameroon	0.55	0.08
15	Canada	18.73	2.68
16	Cape Verde	0.03	0.00
17	Central African Republic	0.16	0.02
18	Chad	0.20	0.03
19	China	28.02	4.00
20	Comoros	0.03	0.00
21	Congo, Democratic Republic of the	1.57	0.22
22	Costa Rica	0.48	0.07
23	Côte d'Ivoire	0.96	0.14
24	Denmark	5.56	0.79
25	Djibouti	0.05	0.01
26	Dominica	0.02	0.00
27	Egypt	2.78	0.40
28	Estonia	0.28	0.04
29	Ethiopia	0.39	0.06
30	Fiji, Republic of	0.21	0.03
31	Finland	3.72	0.53
32	France	31.58	4.51
33	Gabon	0.45	0.06
34	Gambia, The	0.09	0.01
35	Georgia	0.44	0.06
36	Germany	42.84	6.12
37	Greece	3.24	0.46
38	Grenada	0.03	0.00
39	Guinea	0.32	0.05
40	Guinea-Bissau	0.04	0.01
41	Haiti	0.24	0.03
42	Honduras	0.38	0.05
43	Hungary	3.05	0.44
44	India	17.12	2.45
45	Iraq	3.50	0.50
46	Ireland	3.70	0.53
47	Italy	23.18	3.31
48	Japan	45.97	6.57
49	Kenya	0.80	0.11
50	Korea	9.90	1.41
51	Kuwait	4.06	0.58
52	Kyrgyz Republic	0.26	0.04
53	Lao People's Democratic Republic	0.16	0.02

Table 1 (continued). PRGT Subsidy Pledges based on the Partial Distribution 1/  
(As of September 4, 2012)

	Member	Pledge	
		(Millions of SDRs)	(Percent of total quota)
54	Lebanon	0.78	0.11
55	Lesotho <sup>2</sup>	0.05	0.01
56	Libya	3.31	0.47
57	Lithuania	0.54	0.08
58	Luxembourg	1.23	0.18
59	Macedonia, Former Yugoslav Republic of	0.20	0.03
60	Malawi <sup>2</sup>	0.18	0.03
61	Malaysia	5.22	0.75
62	Maldives <sup>2</sup>	0.03	0.00
63	Mali	0.27	0.04
64	Malta	0.30	0.04
65	Mauritania	0.19	0.03
66	Mauritius	0.30	0.04
67	Moldova	0.36	0.05
68	Morocco	1.73	0.25
69	Mozambique	0.33	0.05
70	Myanmar	0.76	0.11
71	Namibia	0.40	0.06
72	Nepal	0.21	0.03
73	Netherlands	15.18	2.17
74	New Zealand	2.63	0.38
75	Nicaragua	0.38	0.05
76	Niger	0.19	0.03
77	Nigeria	5.16	0.74
78	Norway	5.54	0.79
79	Pakistan	3.04	0.43
80	Panama	0.61	0.09
81	Papua New Guinea	0.39	0.06
82	Paraguay	0.29	0.04
83	Philippines	3.00	0.43
84	Poland	4.97	0.71
85	Portugal	3.03	0.43
86	Qatar	0.89	0.13
87	Russian Federation	17.49	2.50
88	Rwanda	0.24	0.03
89	San Marino	0.07	0.01
90	São Tomé and Príncipe	0.02	0.00
91	Saudi Arabia	20.55	2.94
92	Senegal	0.48	0.07
93	Serbia, Republic of	1.38	0.20
94	Seychelles	0.03	0.00
95	Sierra Leone	0.31	0.04
96	Singapore	4.14	0.59
97	Slovenia <sup>2</sup>	0.40	0.06
98	South Africa	5.50	0.79
99	Spain	11.83	1.69
100	Sri Lanka	1.22	0.17
101	Sweden	7.05	1.01
102	Thailand	4.24	0.61
103	Tajikistan	0.26	0.04
104	Tanzania	0.59	0.08
105	Togo	0.22	0.03
106	Tonga	0.02	0.00
107	Trinidad and Tobago	0.99	0.14
108	Tunisia	0.84	0.12
109	Turkmenistan	0.22	0.03
110	Ukraine	4.04	0.58

Table 1 (concluded). PRGT Subsidy Pledges based on the Partial Distribution 1/  
(As of September 4, 2012)

Member	Pledge	
	(Millions of SDRs)	(Percent of total quota)
111 United Kingdom	31.58	4.51
112 United States	123.89	17.70
113 Uruguay	0.90	0.13
114 Uzbekistan	0.81	0.12
115 Zambia	1.44	0.21
116 Zimbabwe	1.04	0.15
<b>Total</b>	<b>591.95</b>	<b>84.56</b>

1/ Based on quota shares in effect on February 24, 2012. Pledges may be subject to domestic processes to enable members to make PRGT subsidy contributions. The exact amount of the distribution will depend on the quota shares as of the time of the distribution. Assurances for new subsidy contributions of at least SDR 630 million are required before the distribution is effected.

2/ Botswana, Burundi, Malawi, and Maldives pledged 90 percent of their share of the proposed distribution; Lesotho and Slovenia pledged 50 percent.

Table 2. New Commitments of Loan Resources to the PRGT 1/  
(In millions of SDRs; as of September 4, 2012)

	Amount	Effective Date	Media	Type	Account	Encashment	Shorter Maturity
<b>Effective</b>	<b>9,461</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
Italy	800	4/18/2011	SDR	Loan	ECF	Yes	No
Japan	1,800	9/3/2010	SDR	NPA	GLA	Yes	Yes
Korea	500	1/7/2011	SDR	Loan	GLA	Yes	No
Netherlands	500	7/27/2010	EUR	Loan	GLA	No	No
Norway	300	6/25/2010	USD	Loan	SCF, RCF	No	No
Saudi Arabia	500	5/13/2011	SDR	Loan	GLA	Yes	Yes
Spain	405	12/17/2009	SDR	Loan	GLA	No	No
Switzerland	500	4/21/2011	EUR	Loan	GLA	No	No
U.K.	1,328	9/3/2010	SDR	NPA	GLA	Yes	Yes
<b>Pledged</b>	<b>350</b>						
Belgium	350						
<b>Total</b>	<b>9,811</b>						

1/ Germany (KfW) made a pledge of SDR 1.53 billion. As mutually acceptable lending terms could not be agreed, it is excluded from the total.

Table 3. New Subsidy Commitments to the PRGT  
(In millions of currency units; as of September 4, 2012)

		Contributions pledged	
		Amount	SDR equivalent
1	Algeria	SDR 2.3	2.3
2	Argentina	SDR 3.9	3.9
3	Australia	A\$30.0	17.6
4	Austria	SDR 3.9	3.9
5	Botswana	SDR 0.2	0.2 1/
6	Canada	CAN\$40 and SDR 2.8	28.0
7	China	SDR 17.5	17.5 1/
8	Denmark	DKK 30.0	3.6
9	Italy	SDR 22.1	22.1
10	Japan	SDR 28.8	28.8
11	Korea	SDR 8.8	8.8
12	Kuwait	US\$3.9	2.6
13	Malta	SDR 0.2	0.2
14	Morocco	SDR 1.1	1.1 1/
15	Netherlands	SDR 9.5	9.5
16	Peru	SDR 1.2	1.2 1/
17	Philippines	SDR 1.9	1.9
18	Qatar	SDR 0.6	0.6
19	Saudi Arabia	SDR 11.0	11.0 2/
20	South Africa	SDR 3.4	3.4
21	Spain	SDR 9.0	9.0
22	Sweden	SEK 50.0	4.8 3/
23	Switzerland	CHF 16.0	10.9 3/
24	Trinidad and Tobago	SDR 0.6	0.6
25	United Kingdom	SDR 19.8	19.8
26	Uruguay	SDR 0.6	0.6 1/
<b>Total</b>			<b>213.9</b>

1/ Reflecting net investment income (in end-2008 NPV terms) to be generated from investment agreements.

2/ A pledge of SDR 16,709,643 is to be received following expiry of existing investment agreement with the PRGT on 12/31/2021; estimated as SDR 11 million in end 2008 NPV terms, based on current interest rate assumptions.

3/ Calculated using the exchange rates as of September 4, 2012.