

EBS/12/114

Correction 1

September 20, 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**

The attached correction to EBS/12/114 (9/5/12) has been provided by the staff:

**Evident Ambiguity**

**Page 2, paragraph 4, lines 1–3:** for “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).”  
read “As of September 4, 2012, 116 members representing 84.56 percent (SDR 591.95 million) of the proposed distribution have confirmed that their shares of the distribution should be made available to the PRGT, or that they will provide equivalent amounts to the PRGT (Table 1).”

Questions may be referred to Mr. Powell (ext. 36932), Mr. Njoroge (ext. 38785), 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.

Att: (1)

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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 that~~ their shares of the distribution, ~~or equivalent amounts,~~ should be made available to the PRGT, or that they will provide 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.