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Supplement 1

CONFIDENTIAL

October 14, 1993

To: Members of the Executive Board

From: The Secretary

Subject: Viet Nam - Termination of Ineligibility to Use the
General Resources of the Fund

Attached for the information of Executive Directors are the texts of two communications dated October 8, 1993 from the Acting Managing Director (i) to the Governor of the Fund for Viet Nam and (ii) to all Fund Governors except the Governor for Viet Nam.

Att: (1)

Other Distribution:
Department Heads

ATTACHMENT I

Honorable Cao Si Kiem
Governor of the Fund for Viet Nam
Hanoi (Viet Nam)

Dear Mr. Governor:

Following the decision by the Executive Board to restore Viet Nam's eligibility to use Fund resources, I am pleased to inform you that I sent the communication set out below to all Governors of the Fund.

Quote

(See Attachment II)

Unquote

The Fund management and staff look forward to continued collaboration with your authorities in the effort to continue the process of economic stabilization and structural reform and to promote economic growth for Viet Nam.

Best regards,
Richard d. Erb
Acting Managing Director
Interfund

Sent: October 8, 1993

To all Fund Governors except Viet Nam

Dear Governor:

I am pleased to inform you that effective October 6, 1993, the Executive Board of the International Monetary Fund terminated Viet Nam's ineligibility to use the general resources of the Fund. This decision was taken following a payment by Viet Nam on October 5, 1993 equivalent to SDR 100.2 million which fully settled its overdue financial obligations to the Fund. Settlement of Viet Nam's arrears was facilitated through a combination of grants provided by the Support Group for Viet Nam under the co-chairmanship of France and Japan and bridge finance from commercial institutions.

The restoration of Viet Nam's eligibility to use the Fund's general resources represents a further case of settlement of protracted arrears under the cooperative strategy on overdue obligations to the Fund.

Also on October 6, 1993, the Executive Board approved a stand-by arrangement and a first purchase under the Systemic Transformation Facility to support Viet Nam's economic program for the period October [6], 1993 through October [5], 1994.

The Fund is continuing to work with other members with protracted arrears and with donors and creditors within the framework of the cooperative strategy. The successful outcome in the case of Viet Nam and with respect to Cambodia, on which I am writing to you separately, is further evidence of the effectiveness of this strategy, and I am confident that there will be other such successes to report to you in the period ahead.

Best regards,
Richard D. Erb
Acting Managing Director
Interfund

Sent: October 8, 1993