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Supplement 1

CONFIDENTIAL

April 1, 1993

To: Members of the Executive Board

From: The Secretary

Subject: Peru - Termination of Ineligibility to Use the
General Resources of the Fund - Communications

Attached for the information of Executive Directors are the texts of communications dated March 26, 1993, from the Managing Director to the Governor of the Fund for Peru, and to all Fund Governors, except Peru.

Att: (2)

Other Distribution:
Department Heads



ATTACHMENT I

Honorable German Suarez Chavez
Governor of the Fund for Peru and President
Banco Central de Reserva del Peru
Lima (Peru)

Dear Mr. Governor:

Following the decision by the Executive Board to restore Peru'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, informing them of the clearance of Peru's arrears to the Fund, of the decision to restore eligibility, and of the Fund's subsequent approval of an extended arrangement for Peru.

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 Peru.

Best regards,
Michel Camdessus
Managing Director
Interfund

Sent: March 26, 1993

ATTACHMENT II

To all Fund Governors except Peru

Dear Governor:

I am pleased to inform you that effective March 18, 1993, the Executive Board of the International Monetary Fund terminated Peru's ineligibility to use the general resources of the Fund. This decision was taken following a payment by Peru equivalent to SDR 621.0 million which fully settled its overdue financial obligations to the Fund.

The restoration of Peru'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, and the first case of such a settlement under the Fund's rights approach.

In light of Peru's successful completion of a rights accumulation program that was endorsed by the Executive Board on September 12, 1991, its settlement of overdue obligations to the Fund, and the efforts of the support group for Peru under the co-chairmanship of the United States and Japan, the Executive Board also approved an extended arrangement to support Peru's economic program for the period January 1, 1993 through December 31, 1995 and a first purchase under that arrangement, which included the encashment of Peru's accumulated rights.

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 Peru 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,
Michel Camdessus
Managing Director
Interfund

Sent: March 26, 1993