

EBS/92/222

CONFIDENTIAL

December 23, 1992

To: Members of the Executive Board
From: The Acting Secretary
Subject: Enhanced Structural Adjustment Facility (ESAF) -
Update on Status of Operations

Attached for the information of the Executive Directors a paper updating the status of operations of the enhanced structural adjustment facility (ESAF).

Mrs. Lurie (ext. 37639), Ms. Puckahtikom (ext. 38780), or Mr. Elizalde (ext. 37796) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Enhanced Structural Adjustment Facility (ESAF)
Update on Status of Operations

Prepared by the Treasurer's, Policy Development and Review,
and Legal Departments

Approved by John T. Boorman, François Gianviti, and David Williams

December 22, 1992

A report updating the information relating to ESAF Trust operations through May 31, 1992 was circulated to the Executive Board in June, 1992 (EBS/92/106 and Supplement 1). This paper provides background information on the availability and use of ESAF Trust resources for financing ESAF arrangements and updates the position of the ESAF Trust Loan, Subsidy, and Reserve Accounts through November 30, 1992. 1/

1. Commitments and disbursements of ESAF Trust resources

As of November 30, 1992, cumulative commitments under the 23 ESAF arrangements approved thus far totaled SDR 2,985.1 million, of which SDR 2,589.6 million represents commitments of ESAF Trust resources and the balance of SDR 395.5 million represents commitments of Special Disbursement Account (SDA) resources (Table 1). 2/ Since May 31, 1992, the date through which ESAF operations were last updated, four new ESAF arrangements have been approved amounting to total commitments of SDR 335.8 million, comprising arrangements for Honduras (SDR 40.7 million), Mali (SDR 61.0 million), 3/ Nepal (SDR 33.6 million), and Zimbabwe (SDR 200.6 million). The Executive Board also approved on June 10, 1992 an increase in access of SDR 15.3 million under the second annual arrangement for Mozambique.

1/ Papers reviewing the progress under ESAF arrangements and with options for and operational modalities of an ESAF successor facility will be issued for discussion by the Board in early 1993.

2/ The third-year annual arrangements for The Gambia, Ghana, Madagascar, Niger, and Senegal have expired. The ESAF arrangement for Mauritania expired on May 23, 1992; however, in accordance with amendments to the ESAF Trust Instrument approved at the latest review of the operations of the ESAF Trust on July 23, 1992, the Board approved on December 9, 1992 a two-year arrangement in an amount equivalent to SDR 33.9 million, which represents the undrawn balance under the expired three-year arrangement.

3/ Of this amount, SDR 10.2 million is being disbursed from SDA resources.

Moreover, an additional arrangement has been approved for Bolivia (SDR 27.2 million) and Uganda (SDR 39.8 million). 1/

As of November 30, 1992, cumulative disbursements under ESAF arrangements amounted to SDR 2,077.1 million, of which SDR 1,680.4 million corresponded to disbursements from ESAF Trust resources, SDR 19.5 million corresponded to disbursements under the agreements with the Saudi Fund for Development (SFD) to lend in association with the ESAF Trust, and SDR 377.2 million corresponded to disbursements from SDA resources (Tables 1 and 2).

Since end-November 1992, an additional SDR 78.7 million has been disbursed from ESAF Trust resources and SDR 3.4 million from SDA resources under ESAF arrangements for Burundi, Mauritania, Mozambique, Tanzania, and Uganda. In addition, disbursements of SDR 3.9 million from ESAF Trust resources and SDR 4.9 million from SDA resources are expected on December 30, 1992, under an ESAF arrangement for Guyana.

2. Availability of ESAF Trust and associated resources to finance ESAF arrangements

a. ESAF Trust Loan Account and associated loans

Loan contributions to the ESAF Trust (including the amounts to be provided under the associated loan agreements with the Saudi Fund for Development (SFD)) amount to SDR 5,145 million under loan agreements approved by the Executive Board (Table 2). 2/

Drawdowns on ESAF Trust loan agreements (and under the associated loan agreements with the SFD) that were used to finance disbursements under ESAF Trust commitments are also shown in Table 2, as indicated above. As of November 30, 1992, SDR 1,699.9 million had been drawn down under ESAF loan agreements (including under the associated loan agreements), compared with

1/ The commitment under the original three-year arrangement for Bolivia was for SDR 136.1 million; the third annual arrangement for Bolivia expired on July 2, 1992 and an additional annual arrangement was approved on September 11, 1992. The commitment under the original three-year arrangement for Uganda was for SDR 179.3 million. The third annual arrangement for Uganda expired on June 15, 1992 and the additional annual arrangement was approved on November 25, 1992.

2/ As reported in earlier reviews, very preliminary discussions have been held with five other lenders for loans totaling about SDR 170 million. Furthermore, an additional contribution could be provided by Japan of SDR 0.3 billion, in the event that further contributions to the Subsidy Account become available to subsidize the additional funds down to an effective interest rate of 0.5 percent (and to the extent that total contributions by members do not thereby exceed 6 billion). See notes to Table 7 for further details.

SDR 1,281.3 million as of April 30, 1992. Drawdowns on ESAF Trust loan agreements to be made in December 1992 are expected to amount to SDR 82.6 million.

On July 23, 1992, the Executive Board approved a one-year extension of the commitment period for ESAF Trust loans, from November 30, 1992 to November 30, 1993. The Managing Director was authorized by the Executive Board to conclude corresponding extensions (from November 30, 1995 1/ to November 30, 1996) with the lenders (and the associated lender) to the ESAF Trust Loan Account. All the lenders to the ESAF Trust Loan Account, with the exception of the Bank of Spain, have agreed to the requested extension of the commitment and disbursement periods and the respective agreements have been amended accordingly. 2/ As the drawdown period under the arrangement with the Bank of Spain expires on June 30, 1993, it is intended to draw down relatively rapidly under that agreement so as to utilize the entire amount available (SDR 220 million) by end June 1993.

b. ESAF Subsidy Resources

(i) ESAF Subsidy Operations

In the period from May 1, 1992 through November 30, 1992, the ESAF Subsidy Account experienced a net increase in available resources of SDR 81.6 million (Table 3). This increase was made up of inflows of SDR 118.2 million comprising further contributions in the form of grants totaling SDR 87.1 million from Canada, Germany, Iceland, Japan, Luxembourg, the Netherlands, the United Kingdom, and the United States; net income of SDR 24.6 million from the investment of grants and from concessional loans to and investments with the Subsidy Account; 3/ and SDR 6.5 million of transfers of net earnings on placements with administered accounts for the benefit of the Subsidy Account, less outflows of SDR 36.6 million to subsidize the rate of interest paid by Trust beneficiaries. As a result, the resources available to the Subsidy Account increased from 506.0 million at April 30, 1992 to SDR 587.6 at November 30, 1992. 4/

(ii) Total Subsidy Contributions and Requirements

The projection of overall ESAF subsidy requirements is established in light of the objective of reducing the effective rate of interest charged on Trust loans to 0.5 percent per annum. The projection of subsidy

1/ The Bank of Spain did not agree to the earlier extension of the commitment and disbursement periods; therefore, the disbursement period under its loan agreement with the ESAF Trust expires on June 30, 1993.

2/ The Fund is still awaiting a reply from the associated lender (SFD) to the proposed extension of the commitment and drawdown periods.

3/ See Table 4 and the notes to Table 7.

4/ In addition, the final contribution from Norway, amounting to SDR 5.5 million, was received in December 1992.

requirements, as well as the calculation of the value of the subsidy contributions on an "as needed" basis, depend on assumptions relating to the level of interest rates projected to prevail over the life of the ESAF Trust and, to a lesser extent, on the pattern of Trust loan disbursements. 1/

Interest Rate - As discussed in Supplement 1 to EBS/92/106 (June 17, 1992), the "central" interest rate assumption for the purposes of projections of ESAF Trust operations is the average of the six-month combined domestic SDR interest rate prevailing over the period from the establishment of the ESAF Trust at the end of 1987 through the date of the review of operations. This is because the six-month combined domestic SDR interest rate is the rate used for most lending to the Trust as well as the rate that reasonably approximates returns on the Trust's investments. The average interest rate over the period December 1987 through November 1992 was 7.6 percent. 2/ The staff has continued to use this rate for the current projections of overall ESAF subsidy requirements.

Disbursement Pattern - The disbursement pattern takes into account the decision approved by the Executive Board to extend the commitment period of ESAF Trust loans to November 30, 1993. Disbursements are assumed to take place at a pace consistent with full utilization of approved loan contributions of SDR 5,145 million. On this basis, and given cumulative commitments of ESAF Trust resources of about SDR 2,590 million as of end-November 1992, the balance of commitments amounting to about SDR 2,555 million is assumed for this purpose to be made in the period December 1, 1992 through November 30, 1993.

Subsidy Requirement - On the basis of these assumptions regarding interest rates and the pace of disbursements of ESAF Trust resources, and on the assumption that lending is subsidized down to an effective rate of 0.5 percent, the value of subsidy contributions in all forms (on an "as needed" basis) is about SDR 2,569 million as of November 30, 1992 (Table 7), i.e., about SDR 97 million less than the value calculated in the June 1992 update (SDR 2,666 million as of April 30, 1992). This decrease in the calculated value of contributions is due to: (i) the lower interest rate used for the "central assumption" (7.6 percent) in the projections of overall subsidy requirements; (ii) the amount of total lending (SDR 5.145

1/ The assumed pattern of ESAF disbursements has an impact on the calculation of subsidy contributions since it governs the rate of drawdown of resources in the Subsidy Account. A delay in projected disbursements, other things being equal, results in a corresponding delay in the requirement to subsidize the underlying loans, and permits available subsidy balances to earn interest for longer periods.

2/ During this period the six-month combined domestic SDR interest rate has fluctuated widely; it started at 6.1 percent in December 1987, reached its peak at 9.4 percent in March 1990, and decreased steadily thereafter. The corresponding interest rate in November 1992 was 5.8 percent.

billion) assumed to be utilized during the commitment period ending November 1993 (instead of SDR 5.3 billion assumed to be utilized during the commitment period ending November 1992 in Supplement 1 of EBS/92/106); and (iii) the net effect on the value of subsidy commitments of exchange rate changes. Using the same assumptions of interest rates and the disbursement pattern, the staff estimates that present subsidy contributions are sufficient to support ESAF Trust lending of about SDR 4.7 billion at a fully subsidized rate of 0.5 percent and that the shortfall in the subsidy required to cover fully ESAF Trust lending of SDR 5.145 billion is about SDR 0.262 billion. 1/

Sensitivity Analysis of Subsidy Requirement - Although the interest rate used for the "central assumption", i.e., 7.6 percent, represents a reasonable basis upon which to project subsidy disbursements and requirements, interest rates could fluctuate below and above this level for sustained periods during the remaining life of the ESAF Trust. For example, if the current six-month rate were to continue over the next twelve months, the interest rate used for the central assumption would fall to 7.3 percent. To illustrate the sensitivity of the subsidy calculations to changes in interest rate assumptions, the staff has projected subsidy requirements on the alternative assumptions that average interest rates on loans to the Trust over the period of ESAF operations would be 1 percentage point higher (8.6 percent) and 1 percentage point lower (6.6 percent) than the central assumption, as shown in Table 5. These projections indicate that: (i) total subsidy requirements would range from SDR 2.4 billion to SDR 3.2 billion (on an "as needed" basis), for lending totaling SDR 5.145 billion during the commitment period ending November 1993 and (ii) the total amount of lending that could be supported at the fully subsidized rate of 0.5 percent by existing subsidy commitments ranges from SDR 5.0 billion at 6.6 percent to SDR 4.4 billion at 8.6 percent.

c. ESAF Trust Reserve Account

Resources available to the Reserve Account amounted to SDR 618.1 million as of November 30, 1992 (Table 6), representing an increase of SDR 69.8 million relative to the total of SDR 548.3 million as of April 30, 1992 that was reported in Supplement 1 of EBS/92/106. The balance as of November 30, 1992 comprised actual and accrued income from the investment of resources in the SDA (SDR 425.7 million), SAF loan repayments (SDR 18.5 million), interest received on SAF loans (SDR 28.1 million), 2/ net earnings from investment of the resources of the Reserve Account (SDR 113.6

1/ Every one percentage point decline in the average interest rate would reduce by around SDR 0.2 billion the shortfall in the subsidy required to cover fully ESAF Trust lending of SDR 5.145 billion (see Table 5).

2/ This income is included in the figure given for transfers from the SDA in Table 6.

million), and investment income (SDR 32.2 million) transferred from the Loan Account. 1/

The projected availability of resources in the Reserve Account, with investment earnings based on an assumed interest rate of 7.6 percent, is not materially different from that presented in Supplement 1 of EBS/92/106 (Table 6). On the basis of current assumptions regarding interest rates (7.6 percent) and the timing of SAF loans repayments, it is projected that the balance in the Reserve Account will increase to more than SDR 0.8 billion by the end of 1993 and to about SDR 2.1 billion by the end of 1996. Based on these same assumptions, it is projected that the assets of the Reserve Account will first exceed outstanding Trust obligations in the year 1999. Due to the one-year extension of the commitment and disbursement periods, ESAF Trust obligations will remain outstanding until the year 2006 (instead of 2005 as shown in Supplement 1 of EBS/92/106).

1/ This income arises from the net earnings of the temporary investment of the proceeds of the drawing of the Swiss loan pending use in financing loan disbursements. As described in EBS/88/70 (3/28/88), under Section V, paragraph 1 of the ESAF Trust Instrument, these net earnings represent an addition to the Trust's Reserve.

Table 1. ESAF Arrangements Approved
(as of November 30, 1992)

(In millions of SDRs)

Member	Date Arrangement Approved	ESAF Commitments 1/			Disbursements through 11/30/92		
		Total	of which:		Total	of which:	
			SDA Resources	ESAF Trust		SDA Resources	ESAF Trust 2/
Bangladesh	Aug. 10, 1990	345.0	--	345.0	316.3	--	316.3
Bolivia 3/	Jul. 27, 1988	163.3	45.4	117.9	149.7	45.4	104.3
Burundi	Nov. 13, 1991	42.7	--	42.7	12.8	--	12.8
Gambia, The 4/	Nov. 23, 1988	20.5	3.4	17.1	20.5	3.4	17.1
Ghana 4/	Nov. 9, 1988	388.6	102.3	286.3	388.6	102.3	286.3
Guinea	Nov. 6, 1991	57.9	--	57.9	17.4	--	17.4
Guyana	Jul. 13, 1990	81.5	34.4	47.1	63.8	24.6	39.2
Honduras	Jul. 24, 1992	40.7	--	40.7	6.8	--	6.8
Kenya	May 15, 1989	261.4	71.0	190.4	216.2	71.0	145.2
Lesotho	May 22, 1991	18.1	--	18.1	7.6	--	7.6
Madagascar 4/	May 15, 1989	76.9	33.2	43.7	51.3	33.2	18.1
Malawi 5/	Jul. 15, 1988	67.0	26.0	40.9	61.4	26.0	35.3
Mali	Aug. 28, 1992	61.0	10.2	50.8	10.2	5.1	5.1
Mauritania 6/	May 24, 1989	50.9	6.8	44.1	17.0	3.4	13.6
Mozambique 7/	Jun. 1, 1990	100.7	--	100.7	70.2	--	70.2
Nepal	Oct. 5, 1992	33.6	--	33.6	5.6	--	5.6
Niger 4/	Dec. 12, 1988	47.2	6.7	40.4	23.6	6.7	16.9
Senegal 4/	Nov. 21, 1988	144.7	17.0	127.7	144.7	17.0	127.7
Sri Lanka	Sep. 13, 1991	336.0	--	336.0	168.0	--	168.0
Tanzania	Jul. 29, 1991	181.9	--	181.9	53.5	--	53.5
Togo	May 31, 1989	46.1	19.2	26.9	38.4	19.2	19.2
Uganda 8/	Apr. 17, 1989	219.1	19.9	199.2	179.3	19.9	159.4
Zimbabwe	Sep. 11, 1992	200.6	--	200.6	54.7	--	54.7
Total		2,985.1	395.5	2,589.6	2,077.1	377.2	1,699.9

Note: Totals may not add due to rounding.

1/ Three year arrangements, except as noted in other footnotes.

2/ Includes disbursements under the associated loan agreement with the Saudi Fund for Development.

3/ Includes a fourth annual arrangement for SDR 27.2 million, approved on September 11, 1992.

4/ The third-year annual arrangement has expired.

5/ Includes a fourth annual arrangement for SDR 11.2 million, approved on September 30, 1991.

6/ The three-year arrangement with Mauritania expired on May 23, 1992; an additional two-year arrangement for SDR 33.9 million was approved on December 9, 1992.

7/ Includes an increase in access of SDR 15.3 million under the second annual arrangement, approved on June 10, 1992.

8/ Includes a fourth annual arrangement for SDR 39.8 million, approved on November 25, 1992.

Table 2. ESAF--Loan Agreements Approved
(as of end-November 1992)

(In millions of SDRs)

	Effective Date of Agreement	Loan Commitment	Amount Disbursed	
			Amount	As proportion of total available (in percent)
Caisse Française de Développement <u>1/</u>	Apr. 5, 1988	800	374.0	46.7
The Export-Import Bank of Japan	Apr. 12, 1988	2,200	556.7	25.3
Bank of Norway	Apr. 14, 1988	90	17.8	19.7
Swiss Confederation	Dec. 23, 1988	200	171.9 <u>2/</u>	85.9
Government of Canada	Feb. 22, 1989	300	62.1	20.7
Bank of Spain	Jun. 20, 1988	220	109.1	49.6
Ufficio Italiano dei Cambi	Oct. 4, 1990	370	84.0	22.7
Kreditanstalt für Wiederaufbau (Germany)	Mar. 31, 1989	700	290.5	41.5
Bank of Korea	Apr. 20, 1989	<u>65</u>	<u>14.4</u>	<u>22.1</u>
Subtotal		4,945	1,680.4	32.7
Associated Agreement - Saudi Fund for Development	Feb. 27, 1989	<u>200</u>	<u>19.5</u>	<u>9.8</u>
Total		5,145	1,699.9	33.0

1/ The Caisse Central de Cooperation Economique in France has been renamed as Caisse Française de Développement.

2/ The full loan commitment of SDR 200 million was drawn down in January 1989 of which SDR 171.9 million has been used to finance ESAF disbursements. The balance of SDR 28.1 million remains invested until use in further disbursements. See EBS/88/70 (March 28, 1988) for details.

Table 3. ESAF Trust Subsidy Account
Availability of Resources
As at November 30, 1992

(In millions of SDRs)

Contributor	Cumulative to April 30, 1992	May 1, 1992 to November 30, 1992	Cumulative to November 30, 1992
A. Resources Available to the Subsidy Account			
1. Grants Received			
Canada	12.2	1.5	13.7
Denmark	27.0	0.0	27.0
Finland	22.7	0.0	22.7
Germany	17.7	13.3	31.0
Iceland	0.4	0.3	0.7
Italy	83.0	0.0	83.0
Japan	113.2	46.0	159.2
Korea	27.7	0.0	27.7
Luxembourg	2.0	0.5	2.5
Netherlands	17.5	7.9	25.4
Norway <u>1/</u>	11.5	0.0	11.5
Sweden	73.3	0.0	73.3
United Kingdom	36.3	12.0	48.3
United States	6.0	5.6	11.6
Subtotal	450.5	87.1	537.6
2. Income from Investments <u>2/</u> <u>3/</u>	100.7	24.6	125.3
3. Income from Administered Accounts <u>2/</u>	49.7	6.5	56.2
4. Total	600.9	118.2	719.1
B. Resources Disbursed to Subsidize Trust Lending	94.9	36.6	131.5
C. Net Subsidy Resources Available	506.0	81.6	587.6

Note: Totals may not add due to rounding.

1/ The final contribution from Norway amounting to SDR 5.5 million was received in December 1992.

2/ Includes income accrued through November 30, 1992.

3/ Includes income from concessional loans to and investments by contributors with the Subsidy Account.

Table 4. Subsidy Contributions in Other Forms 1/

(As of November 30, 1992)

	Vehicle	Loan/Investment Amount (SDR millions)	Interest Rate (percent)	Maturity
Austrian National Bank	Administered Account	60	0.5	5 1/2-10 years
National Bank of Belgium	Administered Account	100	0.5	10 years
Bank of Greece	Administered Account	35	0.5	5 1/2-10 years
Central Bank of Malta	Subsidy Account	1.4	0.5	13 years
Bank Negara Malaysia	Subsidy Account	40	0.5	10 years
Monetary Authority of Singapore	Subsidy Account	40	2.0	10 years
Bank of Thailand	Subsidy Account	20	2.0	10 years
		296.4		

1/ The subsidy contribution to the ESAF Trust results from the difference between the interest obtained from the investment of the proceeds of the loan and the interest paid for the loan at below market rates.

Table 5. Sensitivity of Subsidy Requirements to Interest Rates
As at November 30, 1992

(In billions of SDRs)

Assumed interest rate on Trust borrowing and investment (percent)	Calculated value of existing subsidy contributions	Sufficient to subsidize Trust lending of	Total subsidy required for lending of SDR 5.145 billion	Additional subsidy contributions needed <u>1/</u>
6.6	2.4	5.0	2.4	0.080
7.6	2.6	4.7	2.8	0.262
8.6	2.8	4.4	3.2	0.439

1/ On an "as needed" basis.

Table 6. Projections of Trust Reserve Account
and Obligations of the Trust
(as of November 30, 1992)

(In SDR millions)

	Transfers from SDA <u>1/</u>	Investment earnings <u>1/</u>	Cumulative total (end of period)	Trust obligations <u>2/</u> (end of period)	Annual Loan Repayments to the Trust
1. Actual					
1988	165	4	169 <u>3/</u>	103	0
1989	79	24	272 <u>3/</u>	360	0
1990	81	42	395 <u>3/</u>	674	0
1991	77	41	513 <u>3/</u>	1,262 <u>4/</u>	0
1/1/92 - 11/30/92	72	33	618 <u>3/ 5/</u>	1,680 <u>4/</u>	0
2. Projected <u>6/</u>					
1992	84 <u>5/</u>	37	634	1,787	0
1993	163	55	851	2,900	0
1994	229	73	1,153	3,930	33
1995	333	100	1,586	4,720	85
1996	353	134	2,073	4,867	160
1997	352	171	2,597	4,587	280
1998	298	209	3,104	4,183	405
1999	270	247	3,621	3,580	602
2000	199	283	4,103	2,824	757
2001	200	320	4,623	1,986	838
2002	172	358	5,153	1,236	749
2003	148	398	5,699	612	624
2004	86	437	6,222	218	394
2005	41	475	6,738	31	187
2006	7	513	7,258	0	31

Note: Details may not add to totals due to rounding.

1/ Projections of income are at an assumed interest rate of 7.6 percent. Actual investment returns may differ.

2/ Repayment of obligations outstanding.

3/ Includes accrued interest through end of period, but not yet received.

4/ Does not include the Saudi Fund for Development (SFD) associated loans of SDR 19.5 million whose risk is borne by the SFD.

5/ This figure includes SDR 11.4 million of accrued interest on SDA investments and SAF loans included as part of the Reserve Account's assets as of November 30, 1992, but which will be received by the Reserve Account after November 30, 1992.

6/ It is assumed that one half of the total overdue Trust Fund obligations outstanding as of November 30, 1992 (SDR 187 million) will be paid in late 1993 and the balance will be paid in late 1994.

Table 7. Enhanced Structural Adjustment Facility--
Contributions as of November 30, 1992 1/

(In millions of SDRs)

Contributor	<u>Subsidies</u> (Grant or Grant Equivalent) <u>2/</u>	Approved Loans
Austria	(46)	...
Belgium	(90)	...
Canada	(165)	300
Denmark	47	...
Finland	40	...
France	(385)	800
Germany	152	700
Greece	(27)	...
Iceland	3	...
Italy	(204)	370
Japan	387	2,200
Korea	(50)	65
Luxembourg	5	...
Malaysia	(37)	...
Malta	1	...
Netherlands	72	...
Norway	28	90
Saudi Arabia	(110)	200
Singapore	(26)	...
Spain	...	220
Sweden	125	...
Switzerland	(121)	200
Thailand	15	...
United Kingdom	356	...
United States	109	...
Total	2,569 <u>3/</u>	5,145 <u>4/</u>

1/ Some of the contributions listed are subject to parliamentary approval or completion of other internal procedures.

2/ Where shown in parentheses, the grant element has been calculated on the basis of the loan amount indicated, and was not specified by the contributing country. These grant elements reflect the undiscounted amounts necessary to be paid in over 18 years "as needed" to achieve an effective lending rate of 0.5 percent, assuming an average interest rate of 7.6 percent on loans to the Loan Account of the ESAF Trust. The amounts reported for other grant contributions are based on the "as-needed" contribution amount which would have the same present value as the resources committed. Thus, where a grant contribution (or the income derived from a loan or investment in the Subsidy Account) is known to be front-loaded, the figure reported here is increased in proportion to the ratio of its present value to that of grants provided "as-needed" over 18 years. Grants committed in local currency are valued at November 30, 1992 exchange rates.

3/ Total may not add due to rounding. The sum of individual contributions has been adjusted downward by SDR 32 million to take account of the estimated added cost of the KfW loan, as explained in EBS/88/259 (12/19/88).

4/ Several countries have held preliminary discussions about the possibility of providing additional loan contributions totalling about SDR 170 million. Furthermore, there is the possibility of an additional loan contribution of up to SDR 0.3 billion from Japan. (See notes on contributions.)

ESAF--Notes on Contributions set out in Table 7

Austria: Subsidy contribution accruing from net income on deposit of SDR 60 million in an Administered Account at 0.5 percent, repayable over 5 1/2-10 years.

Belgium: Subsidy contribution accruing from net income on deposits of SDR 100 million in an Administered Account at 0.5 percent, repayable after 10 years.

Canada: Contribution of SDR 300 million to Loan Account with subsidy necessary to achieve an effective lending rate of 0.5 percent per annum. It is presently anticipated that grants to cover interest subsidy for loans in excess of SDR 200 million will be made available starting in 1995.

Chile: Possible contribution of SDR 12 million to Loan Account. Amount of subsidy contribution yet to be determined.

Denmark: Grant contribution of SDR 9 million per year in 1988-89, SDR 4.5 million in 1990, and SDR 4.5 million in 1991.

Finland: Grant contribution of SDR 5.4 million in 1988, SDR 8.4 million in 1989, and SDR 8.9 million in 1990.

France: Contribution of SDR 800 million to Loan Account, of which SDR 700 million is at 0.5 percent; this interest rate is subject to review and possible adjustment if the Trust loan interest rate is raised.

Germany: Contribution of SDR 700 million to the Loan Account. Grant contributions of SDR 4.5 million received in both 1989 and 1990, SDR 8.7 million in 1991, and SDR 13.3 million in 1992. Further contributions amounting up to DM 240.31 million have been committed with disbursements between 1993-2000.
(See also footnote 5).

Greece: Subsidy contribution accruing from net income on deposit of SDR 35 million in Administered Account at 0.5 percent, repayable over 5 1/2-10 years.

Iceland: Grant contributions amounting to SDR 2 million in 1990-95. Installments of SDR 200,000 were received in both 1990 and 1991, and SDR 300,000 in 1992.

Italy: Contribution of SDR 370 million to Loan Account, with subsidy necessary to achieve an effective lending rate of 0.5 percent. Grant contributions of SDR 56.0 million received in 1990 and SDR 27.0 million received in 1992.

ESAF--Notes on Contributions set out in Table 7--Continued

Japan: Grant contribution of SDR 300 million, somewhat front-loaded. Contribution to Loan Account of SDR 2.2 billion. Additional loan amount of up to SDR 0.3 billion could be provided, subject to the availability of further grants to subsidize this additional amount down to 0.5 percent (and to the extent that total contributions by members do not thereby exceed SDR 6 billion).

Korea: Contribution of SDR 65 million to Loan Account. Grant contribution of SDR 27.7 million paid in 1989.

Kuwait: Possible contribution of US\$50 million to Loan Account.

Luxembourg: Annual grant contributions of SDR 500,000 per year in 1988-93, of which SDR 2.5 million already received.

Malaysia: Subsidy contribution accruing from net income to Subsidy Account from an investment of SDR 30 million at 0.5 percent in 1988, and a further SDR 10 million in 1989. Investments repayable after 10 years.

Malta: Subsidy contribution accruing from net income to the Subsidy Account from an investment of SDR 1.365 million at 0.5 percent for 13 years.

Mexico: Possible contribution of SDR 45 million to Loan Account, accompanied by subsidy needed to achieve an effective lending rate of 0.5 percent.

Netherlands: Grant contributions of SDR 0.8 million in 1988, SDR 2.7 million in 1989, SDR 7.0 million in each of 1990 and 1991, and SDR 7.9 million in 1992. Further contributions amounting up to f72.0 million have been committed with disbursements between 1993-97.

Norway: Contribution of SDR 90 million to Loan Account. Subsidy contribution of SDR 6.8 million in 1988, SDR 2.3 million in 1989, SDR 2.4 million in 1990, and SDR 5.5 million in December 1992.

Saudi Arabia: Associated lending of SDR 200 million at loan charge of 0.5 percent; interest rate is subject to review if the Trust loan interest rate is increased.

Singapore: Subsidy contribution accruing from net income to Subsidy Account from investments totalling SDR 40 million at 2 percent, repayable after ten years. Investments of SDR 10 million received in 1988, 1989, 1990, and 1991, respectively.

ESAF--Notes on Contributions set out in Table 7--Continued

Spain: Contribution of SDR 220 million to Loan Account at six-month combined domestic rate, and possible loan contribution of SDR 40 million at 0.5 percent.

Sweden: Grant contribution of SDR 18.5 million received in 1988, SDR 18.1 million in 1989, SDR 18.7 million in 1990, and SDR 18.0 million in 1991.

Switzerland: Contribution of SDR 200 million to Loan Account at an interest rate of zero percent.

Thailand: Subsidy contribution accruing from net income to Subsidy Account from an investment of SDR 20 million at 2 percent, repayable after ten years.

Turkey: Possible contribution of up to SDR 35 million to Loan Account.

United Kingdom: Grant contribution equivalent to amounts sufficient, at interest and exchange rates prevailing in early December 1987, to provide subsidy on Trust loans rising to SDR 1 billion. Amount calculated on this basis totals 327 million pounds sterling. Contributions totaled SDR 48.3 million through end-November 1992.

United States: Grant contributions totalling U.S. \$150 million in FY 1990-FY 2001. Contributions totaled SDR 11.6 million through end-November 1992.