**FOR AGENDA**



EBS/91/152

CONFIDENTIAL

September 9, 1991

To: Members of the Executive Board

From: The Secretary

Subject: Review of Access Policy and Limits in Connection with Quota Increases - Preliminary Considerations

Attached for consideration by the Executive Directors is a paper for preliminary discussions on the review of access policy and limits in connection with quota increases. This subject, together with a paper on the review of the Fund's liquidity and financing needs (EBS/91/139, 8/20/91), is tentatively scheduled for discussion on Wednesday, September 25, 1991.

Mr. Shadman-Valavi (ext. 4532) or Mr. Zavoico (ext. 7626) is available to answer technical or factual questions relating to this paper prior to the Board discussion.

Att: (1)

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

# Review of Access Policy and Limits in Connection With the Quota Increases--Preliminary Considerations

Prepared by the Exchange and Trade Relations Department
and the Treasurer's Department

(In consultation with other Departments)

Approved by J.T. Boorman and David Williams

September 6, 1991

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## I. Introduction

At the time of its consideration of access policy on June 25, 1990, the Executive Board agreed to extend the enlarged access policy (EAP) and to retain the prevailing access limits thereunder until the requirements for the effectiveness of the increases in quotas under the Ninth Review have been fulfilled. 1/ At the same time, the Executive Board agreed that the future of the EAP would be considered in light of all relevant factors, including the magnitude of members' payments problems and developments in the Fund's liquidity position. This review would be undertaken at the time the increases in quotas are about to come into effect but in any event not later than December 31, 1991.

In the expectation that quota increases could become effective within the next few months, and as a basis for preliminary discussions prior to the Annual Meetings, this paper presents alternative approaches for access limits in terms of new quotas and examines their liquidity implications. It takes as a starting point the discussions by Executive Directors in the context of the Ninth General Review during which the view emerged that maximum potential access available under the present EAP should be maintained at least for an interim period following the quota increase, as long as the Fund's liquidity position was not a binding constraint. Although two definitions of the maintenance of the "maximum potential access" were referred to by Executive Directors, the interpretation to be given to this concept for access policy will need to be clarified for operational purposes. The paper also discusses other issues related to access limits that arise as a consequence of the quota increases, in particular under the special facilities and the SAF/ESAF. 2/

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1/ Decision No. 9476-(90/101), adopted June 25, 1990. The requirements for the effectiveness of the quota increases are specified in paragraph 3 of the proposed resolution of the Board of Governors on the Ninth General Review of Quotas attached to Decision No. 9436-(90/79), adopted May 21, 1990.

2/ This paper does not address issues that are or may be related to the Fund's access policies more generally, for example, prolonged use, capacity to repay and arrears to the Fund and access under the various tranches of the CCFF. These matters have been discussed extensively in other contexts and will continue to receive attention in the course of periodic reviews of the arrears situation, the CCFF and the like. In addition, as requested at the recent conditionality review the staff is preparing a paper on the floating of the CCFF and the EFF in relation to the first credit tranche, which will be available for consideration at a later stage of the current access review.

This paper is organized as follows. Section II summarizes the main elements of the EAP, including the current access limits thereunder, and the guidelines on access in individual cases. Section III discusses the main factors bearing on the international financial environment in the early 1990s and the potential demand for Fund resources in the period ahead. Section IV presents alternative approaches for consideration of access limits to the Fund's general resources under arrangements in terms of new quotas under a "new access policy" (NAP), taking into account the views expressed by Executive Directors in the context of discussions on the Ninth General Review of Quotas. It also discusses the impact of particular alternatives on potential access by different groups of members. Section V discusses alternatives for new access limits under the special facilities. Section VI discusses the implications of the potential use of Fund resources for the Fund's liquidity position through end-1995. Section VII proposes repurchase terms and charges to be applied in the context of the NAP. Section VIII considers a number of associated operational issues relating to access limits, including the dual limit structure and the limits under the SAF and the ESAF. Finally, Section IX provides a summary and issues for Executive Board consideration. Further background on access will be issued shortly as a supplement to this paper.

## II. The Enlarged Access Policy and Access Within the Limits

### 1. The enlarged access policy (EAP)

Given the prospective exhaustion of resources under the supplementary financing facility (SFF), the EAP was adopted in 1981 to enable the Fund to continue to provide balance of payments assistance to members facing external imbalances that were large relative to their quotas. 1/ This policy was established to enable the Fund to provide resources under stand-by or extended arrangements in amounts larger than would be available under other policies on the use of general resources and for longer periods than under the tranche policies. 2/ Access to resources under the EAP was to be financed through borrowing by the Fund in conjunction with the use of ordinary resources. To underscore the policy's temporary nature, the Executive Board decided in 1984 that the future of the EAP should be reviewed annually, in light of all relevant factors including the magnitude of members' payments problems and developments in the Fund's liquidity. 3/ The EAP has been extended on the occasion of each annual review mainly because of the projected continued large financing needs of many members in relation to their quotas.

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1/ Decision No. 6783-(81/40), adopted March 11, 1981.

2/ For the purposes of the EAP decision the Fund has been prepared to grant a waiver of the 200 percent of quota limitation on the Fund's holdings of the purchasing member's currency under Article V, Section 3(b)(iii).

3/ Decision No. 7599-(84/3), adopted January 6, 1984, as amended.

In 1984, the Executive Board introduced a system of dual access limits under the EAP taking into account the non-uniform increases in quotas under the Eighth General Review. 1/ While maintaining the structure of dual limits, access limits were reduced for calendar years 1985 and 1986, partly in response to projected improvements in the external imbalances of many members, but also to underscore the temporary nature of this policy. Since 1986, the lower and upper annual, triennial, and cumulative access limits have remained unchanged (Table 1). On November 15, 1990, in response to the growing external financing needs of many members arising from the Middle East crisis, the Executive Board decided to suspend temporarily the lower of the dual limits through December 31, 1991. 2/

Faced with an expected full utilization of resources borrowed to finance the EAP, the absence of new borrowings, and in light of the prospective increase in resources when new quotas under the Ninth Review become effective, the Executive Board agreed on September 17, 1990 that ordinary resources would be substituted to meet commitments of borrowed resources in financing purchases under arrangements approved under the EAP once existing credit lines were fully utilized. This decision applies only to arrangements that are approved not later than the date on which the requirement for the effectiveness of the increases in quotas under the Ninth General Review has been fulfilled, or December 31, 1991, whichever is earlier. 3/ The Fund is to review the decision at the same time as it reviews the decision on enlarged access.

2. Access within the limits

The guidelines on access in individual cases were established in December 1983. 4/ Under these guidelines, access to Fund resources is determined in a flexible manner and on a case-by-case basis. Access limits are not to be regarded as targets or entitlements and the amount of access varies with the circumstances of the individual member. The two main criteria for the determination of access in individual cases are the member's balance of payments need and the strength of its adjustment program. 5/ To ensure the revolving character of Fund resources, the guidelines specify that adjustment policies in support of which the Fund's resources are to be used must lead to a sufficient strengthening of the

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1/ Decision No. 7600-(84/3), adopted January 6, 1984. The upper and lower limits were set in order to ensure that maximum potential access would not be reduced for members with the smallest percentage increase in quotas and for the membership as a whole, respectively.

2/ Decision No. 9584-(90/161), adopted November 15, 1990.

3/ See "Substitution of Ordinary For Borrowed Resources Under the Enlarged Access Policy, and Amendment of Rule I-6(4)," EBS/90/155, Supplement 2 (10/12/90).

4/ Selected Decisions, Sixteenth Issue, pp. 120-126.

5/ Decision No. 7600-(84/3), adopted January 6, 1984, as amended; also Selected Decisions, Sixteenth Issue, pp. 117-118.

Table 1. Access Limits Under the Policy on Enlarged Access 1/

(In percent of quotas)

| | Annual | Triennial | Cumulative |
|---|---|---|---|
| 1981-1983 2/ | 150 | 450 | 600 |
| 1984 | 102-125 | 306-375 | 408-500 |
| 1985 | 95-115 | 280-345 | 408-450 |
| 1986 | 90-110 | 270-330 | 400-440 |
| 1987 | 90-110 | 270-330 | 400-440 |
| 1988 | 90-110 | 270-330 | 400-440 |
| 1989 | 90-110 | 270-330 | 400-440 |
| 1990-91 3/ 4/ | 90-110 | 270-330 | 400-440 |

1/ The limits prevailing in 1981-83 were endorsed by the Executive Board on 12/19/80 (EBM/80/188). Afterward, limits were revised by Decision No. 7600-(84/3), adopted January 6, 1984, as amended by Decision Nos. 7841-(84/165), adopted November 16, 1984, 8147-(85/177), adopted December 9, 1985, 8459-(86/189), adopted December 1, 1986, 8744-(87/166), adopted December 4, 1987, 9028-(88/171), adopted November 23, 1988, 9362-(89/167), adopted December 20, 1989, 9476-(90/101), adopted June 25, 1990, and 9584-(90/161), adopted November 15, 1990, Selected Decisions, 16th Issue, pp.117-18. While annual and triennial limits are set on gross purchases, the cumulative limit is net of repurchases. The limits under the policy on enlarged access cover all purchases under the tranche policies (including purchases in connection with the Debt Strategy and the Emergency Assistance for Natural Disasters) and the extended facility. However, purchases under the compensatory and contingency financing facility and the buffer stock facility are excluded. Drawings under the structural and enhanced structural adjustment facilities (SAF and ESAF) are also not covered by the limits since they are not financed from general resources of the Fund.

2/ The figures for 1981-83 are in percent of the quotas that were in place before the Eighth General Review of Quotas became effective.

3/ These limits will remain in effect until the date on which the requirement for the effectiveness of increases in quotas specified in paragraph 3 of the Board of Governor's resolution on the Ninth General Review of Quotas has been fulfilled. The policy on enlarged access and the access limits thereunder will be reviewed not later than December 31, 1991.

4/ A temporary suspension until December 31, 1991 of the lower access limits under the enlarged access policy was approved on November 15, 1990, Decision No. 9584-(90/161).

member's balance of payments by the time repurchases begin to fall due, to allow the countries to make repurchases without strain. In determining the level of access in each case, consideration is also to be given to the member's past record of policy implementation and the level of Fund credit outstanding. Access in the range between the lower and upper limits is to be provided only in those cases where the member had a very large need for financing from the Fund in relation to its quota, and where--based on all relevant information--the strength of the adjustment effort was such that the balance of payments improvement would be quick, sufficient, and durable. The Fund can approve stand-by or extended arrangements for amounts in excess of the upper limits in exceptional circumstances. 1/

The Fund has played an important catalytic role in financing members' adjustment programs during the last decade. Commitments of Fund resources amounted to an average of about 8 percent of the projected gross financing needs of members under arrangements approved since 1984; this ratio ranged from 2 percent to 51 percent in individual cases. 2/ 3/ During this period, resources committed under stand-by and extended arrangements in individual cases averaged slightly under 50 percent of quota on an annual basis, substantially below the lower annual access limit. Average annual access over the life of individual arrangements varied significantly, ranging from 15 percent to 101 percent of the members' quotas.

Since the adoption of the dual limits, the upper annual limit was exceeded in only one case, under the exceptional circumstances clause, in connection with the augmentation of an arrangement in support of debt and debt-service reduction operations. Moreover, in only one case did annual access fall in the range between the lower and upper annual limits, and in no case did the triennial and cumulative limits actually constrain access under individual arrangements.

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1/ Selected Decisions, Sixteenth Issue, pp. 118 and 121.

2/ Calculated on the basis of the balance of payments projections presented in the Executive Board documents on requests for use of resources under arrangements. Gross financing need is defined on an ex-ante basis as the sum of the current account deficit (including grants) and amortization payments on medium- and long-term debt (including Fund repurchases), the targeted reduction in arrears, and the targeted accumulation of gross reserves during the arrangement period. In contrast, ex-post, actual use of resources under Fund arrangements has, on an aggregate basis, been lower than commitments, and has averaged approximately 5 percent of the actual aggregate gross financing requirements of developing member countries in the 1980s.

3/ Of this range, commitments of Fund resources were between 2-9 percent of the projected gross financing need in 51 percent of the arrangements, between 10-20 percent in 36 percent, and between 21-51 percent in 13 percent.

During the annual reviews of the EAP, the Executive Board has considered that the guidelines on access in individual cases have enabled the Fund to respond to members' requests for use of its resources in a flexible but prudent manner. In the staff's view, the guidelines embody principles that are relevant in determining the appropriate amounts of financing that could be provided under almost any system of access limits and therefore need not be revised at this time, subject to minor modifications that might be needed should the Executive Board endorse certain changes suggested below in the structure of the limits (Sections IV and VIII).

3. Future of the EAP and access policy

The EAP decision encompasses a policy on enlarged access to the Fund's general resources at specified financial terms based on the use of borrowed resources to finance this enlarged access. However, all borrowing agreements to finance access under the EAP will soon be fully utilized. As new borrowing by the Fund is not currently anticipated, it is reasonable to conclude that the EAP in its present form should come to an end with the effectiveness of new quotas under the Ninth General Review. Nonetheless, in view of the uncertainties in the international economic environment and a large prospective need for Fund resources by many members, further consideration of the future policy on access to the Fund's resources is needed. 1/

Under the arrangements suggested in this paper, a new access policy (NAP) following the quota increase would permit access beyond the traditional norms, as under the present enlarged access policy. However, the new policy would not rely on borrowed resources and would simplify financial terms (charges and repurchase maturities) that now apply under the enlarged access policy. The decisions required could be taken by a majority of the votes cast.

In discussing the level of access in the context of the size of the increase in quotas under the Ninth General Review, Directors considered that maximum potential access provided under the EAP could be maintained for at least an interim period following the quota increase. In these discussions, most Directors were concerned that an early return to the traditional limits could create significant difficulties because, despite adjustment efforts, the external financing requirements of many member countries were expected to be large in the period ahead, and potential needs for the Fund's resources could continue to be substantial. The World Economic Outlook (WEO) projections discussed below confirm that this may indeed be the case. In addition, outstanding use of Fund credit by many members already either

1/ In the absence of a new policy on access, use of Fund resources would be subject to the 100 percent of quota limit in the credit tranches; the 140 percent of quota limit established under the extended facility; or other limits established under other decisions on special policies of the Fund.

exceeds or is close to the traditional limits under the tranche policies. Some Directors were, however, of the view that an early return to the traditional limits, or at least a process of reduction in potential maximum access, was feasible and desirable.

## III. World Economic Prospects and Potential Use of Fund Resources

As background for the Executive Board's preliminary consideration of future access limits, this section reviews the world economic setting and potential demands for Fund resources over the next few years. The staff has examined the potential commitment and use of Fund resources in the period 1991-95 against the background of projected global developments and on the basis of country-by-country projections for the latest review of the Fund's liquidity 1/ through December 1992, extended for 1993-95 on the basis of WEO projections. As usual, these projections are subject to considerable uncertainties, particularly for later years, but may well indicate the likely orders of magnitude of potential need.

### 1. World economic setting

The most recent WEO suggested that near-term prospects for the growth of world economic activity and trade remains difficult. While the cumulative current account positions of some Middle Eastern countries and newly industrialized economies are projected to be in surplus in the period 1991-95, the large majority of developing countries are likely to require substantial external inflows to finance their current account deficits and meet principal payments on external debt, although the size of these requirements is projected to decline during the period. For the 99 members that have used resources provided by the Fund under arrangements and the CFF/CCFF since 1980, aggregate current account deficits are projected to widen sharply in 1991, essentially because of a deterioration in the positions of certain middle-income countries in this group. Thereafter, these deficits are projected to decline annually through 1995, reflecting in part the adjustment programs that are assumed to be implemented by many members. The outlook for gross financing needs is somewhat different, however, as the projected improvement in the current account positions of these members after 1992 is largely offset by increases in scheduled amortization payments, reflecting the increased payments obligations--partly related to earlier debt restructurings--for the middle-income group. Low-income countries, many of which are undergoing structural adjustments supported by the Fund, are projected in the aggregate to have broadly unchanged financing needs over this period.

Compared with an annual average of SDR 117 billion during the 1986-90 period, the aggregate gross financing needs of past users of Fund resources

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1/ "Review of the Fund's Liquidity and Financing Needs," EBS/91/139 (8/20/91).

are expected to average about SDR 132 billion per annum during 1991-95. The increase is accounted for by a handful of members and reflects mainly financing needs associated with systemic transformations, the after-effects of the Middle East crisis, and greater economic liberalization in Asia. If the gross financing needs of these specific members were assumed instead to approximate the annual average for 1986-90, the annual average gross financing need for the group of past users of Fund resources would exhibit a nominal decline of some 8 percent during the period 1991-95 relative to the previous half-decade.

Within these aggregates, trends vary by groups of members. For the group of 15 heavily-indebted countries (WEO classification), the average annual gross financing need is expected to decline by SDR 4 billion during the period 1991-95 compared with the 1986-90 period, notwithstanding some widening of current account deficits (especially in 1991-92), as scheduled amortization payments decline by some SDR 10 billion. External financing needs are projected to remain large for members in Africa and to widen sharply for Central and Eastern European (CEE) and Middle Eastern countries, reflecting a projected weakening of current accounts related to systemic changes in Eastern Europe and prospective reconstruction efforts of members most affected by the Middle East war. For the Asian countries as a group, a widening of gross financing needs is expected, reflecting a projected sharp deterioration in the external position of a few members implementing significant economic liberalization programs. In the Western Hemisphere, gross financing needs are expected to decline, reflecting a decline in contractual debt payments.

The WEO projections thus indicate that, notwithstanding the implementation of adjustment programs by many members and significantly stronger external position in a few cases, external financing requirements of developing and CEE countries as a group seem likely to remain large. This reflects in part the emergence of new problems (e.g., the Middle East crisis, the collapse in CMEA trade) and the adoption of programs of major structural transformation in a number of countries. Moreover, with a few important exceptions, voluntary capital market financing for developing countries as a group is projected to remain relatively limited, notwithstanding the success of some countries with recent debt-servicing difficulties in gradually restoring access to such financing. This underscores the need for implementation of strong adjustment policies that will engender confidence and prospects for economic growth and stability.

While a return to a sustainable external financing position which mainly relies on spontaneous flows must remain a key objective of the adjustment process, it is evident that for the period immediately ahead the implementation of determined adjustment policies, supplemented importantly by official financing, will be required to ensure an orderly transition in many cases. Current proposals for alleviation of bilateral debt-service burdens could substantially improve the external situation of many indebted countries; such proposals call for close links to strong adjustment programs endorsed by the Fund. For low-income developing countries, continued provision of concessional official resources remains essential in light of their limited debt-servicing capacity. In fact, after growing at an average annual rate of about 14 percent during the 1980s, official transfers to developing countries are expected to remain by and large unchanged during the next five years. As for middle-income countries, officially supported export credits can be expected to provide substantial financing for investment, but the needs of such countries, particularly those that are recovering from severe debt difficulties, will necessarily be large.

On balance, then, in overall terms and though the composition of countries likely to use Fund resources is changing, the various sources of balance of payments financing outside the Fund are not in general likely to be of an order that would reasonably be expected to lead to a reduction in the potential need for the Fund's resources. In some cases, a successful transition to reduced needs and improved access to other sources of financing can reasonably be contemplated. But, in some other cases, an increased role for the Fund may need to be envisaged, at least initially, until adjustment programs take effect and spontaneous financial flows begin or resume. In these somewhat uncertain circumstances, and given the possibility that the general international financial environment may be less favorable than suggested by the WEO, it would seem prudent that, at least for the immediate future, the Fund maintain access limits that would provide sufficient scope for the Fund to address members' needs on a case-by-case basis; that would provide an important degree of confidence to members that the Fund could respond quickly to any unforeseen deterioration in their external position; and that would also provide a signal to markets and official creditors and donors that the Fund stands ready to maintain its central role in supporting members' adjustment program and catalyzing other sources of financing. In present circumstances, any material reduction in potential access would add to existing uncertainties and could adversely affect the role of the Fund in the international financial system.

2. Potential demand for Fund resources

The staff has attempted to project demands for the Fund's resources on a case-by-case basis for the period through end-1995. Such exercises are fraught with difficulties. The evolution of individual member's balance of payments needs is uncertain; their willingness to adopt appropriate adjustment policies cannot be determined in advance; and the amount of financing that could reasonably be provided by the Fund is dependent, inter alia, on the availability of alternative sources of financing. The projections presented below cover those countries that at this time seem most likely to seek Fund assistance. They are based partly on information reported by area departments on possible new commitments under stand-by and extended arrangements for the period September 1991-December 1992 and incorporated in the latest liquidity review, and partly on the staff's estimates for the period beyond. As already reported, new commitments under stand-by and extended arrangements are expected to total approximately SDR 9.6 billion in 1991 and SDR 5 billion in 1992 (SDR 11.1 billion and SDR 6.3 billion, respectively, when commitments of SAF and ESAF are taken into account). For the subsequent period (1993-95), the WEO projections were used to provide a broad indication of the likely demand for Fund credit, on a country-by-country basis. 1/ This exercise yielded indicative annual commitments in 1993-95 that, on average, were somewhat above the level now envisaged for 1992.

As shown in Table 2, projected commitments under stand-by and extended arrangements are estimated in the range of about SDR 22-25 billion for 1992-1995 under the range of access limits discussed in Section IV (which encompass the alternatives discussed by Executive Directors in the context of the Ninth General Review). For purpose of these simulations, the developing countries have been divided into three groups. 2/ Group I includes developing countries in a constrained position in the Fund. These countries account for SDR 11.2 billion of present quotas and SDR 16.2 billion of new quotas and are assumed to make substantial use of such remaining access as may be permitted by revised access limits and the guidelines on access in individual cases, although only a few of them are projected to reach maximum potential access. Group II includes developing countries with less pressing financial needs for whom outstanding use of Fund resources is not projected to exceed 100 percent of new quotas on a cumulative basis. These countries account for SDR 9.4 billion of present quotas and SDR 13.9 billion of new quotas; their annual access could range between 6 percent and 35 percent of new quotas. Group III covers members whose use of Fund resources is assumed to be modest on the average.

The variation in projected demand across the range of annual/cumulative access limits from 60/267 percent to 83/333 percent of new quotas (discussed in Section IV below) results mainly from changes in access projected for certain countries in Group I for whom access may be close to the limits. Some modest adjustments have also been made to projected access within the limits for other countries, reflecting an assumed scaling down of general access under the alternatives. In sum, the staff's country-by-country examination of potential demand suggests that, following the large expansion already projected for 1991, the potential commitment of Fund resources under

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1/ More specifically, indicative figures for the use of Fund credit were derived by taking the projections of commitments in the latest liquidity review and adding to them possible Fund financing for 1993-95, on the basis of WEO projections of financing flows. A concept of financing gaps was developed by adding scheduled amortization payments to external current account deficits, and subtracting from this aggregate any financing resulting from the use of international reserves, asset transactions, nondebt-creating inflows, and projected official borrowing. Likely Fund financing was estimated at levels comparable to the Fund's participation during the course of 1990 and 1991, or at 10 percent of the financing gap as defined for most members; and at about 15 percent in a few cases of acute balance of payments problems. Clearly, it is assumed that Fund financing would only be provided in support of strong adjustment programs.

2/ Criteria for classification are defined in footnote 1 of Table 4.

Table 2. Demand for Fund Resources Under Arrangements by Countries Likely to Seek Access to Fund Resources

(In billions of SDRs)

| Fund Members Classified According to Estimated Use of Fund Credit in Relation to New Quota 1/ | Present Quotas | Ninth Review Quotas | Estimated Use of Fund Credit as of end-December 1991 2/ | Estimated Undrawn Balances as of end-December 1991 3/ | Estimated New Commitments, Jan. 1992 through Dec. 1995 Under Alternative Annual/Cumulative Access Limits 4/ — Range of access limits as percent of new quota | |
|---|---|---|---|---|---|---|
| | | | | | 60/267 | 83/333 |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Total | 31.0 | 45.5 | 19.1 | 7.4 | 22.0 | 24.7 |
| I. Members in constrained position in the Fund | 11.2 | 16.2 | 12.6 | 6.4 | 11.8 | 14.3 |
| II. Members with relatively high potential need for use of Fund resources | 9.4 | 13.9 | 3.1 | 0.8 | 7.2 | 7.4 |
| III. Other developing countries (excluding arrears cases) | 9.6 | 14.3 | 2.1 | 0.1 | 3.0 | 3.0 |
| IV. Members ineligible for use of Fund resources 5/ | 0.8 | 1.1 | 1.3 | -- | -- | -- |

1/ The criteria for classification is the expected level of use of Fund credit in relation to new quotas, as of end-1995. See footnote 1 to Table 4.

2/ General resources only, and excluding use under the special facilities and emergency assistance.

3/ Under existing arrangements as of end-July 1991 and arrangements expected to be approved before end-December 1991.

4/ Projected new commitments are those in the current liquidity exercise through 1992 plus new commitments for 1993-95 estimated by the staff on the basis of WEO projections. The range of new commitments was estimated by assuming (1) full proportional response to changes in access limits for members with estimated annual commitments above 80 percent of present quota; (2) a fifty percent response for members with estimated annual commitments in the range of 50 to 80 percent of present quota; and (3) no response for other members.

5/ Members considered likely to eliminate arrears to the Fund and enter into an arrangement before end-1992 are included in Category I.

arrangements (excluding special facilities) could average about SDR 6 billion per year in the period 1992-95.

As an alternative approach, the staff has also made a projection of possible use of the Fund's resources on an aggregate basis, on the assumption that, in line with the experience since 1984, the Fund would continue to meet some 5-8 percent of projected gross financing needs during the next few years. 1/ For the group of developing members (including the Central and Eastern European countries) identified through the country-by-country analysis as being most likely to require Fund assistance in the period ahead, these global indicators suggest that use of Fund financing could average some SDR 7-12 billion annually during 1992-95. After allowing for the use of the SAF/ESAF, demands on the Fund's general resources (excluding special facilities) could be in the range of SDR 6-11 billion.

These indicators, based on past experience, and the results of the country-by-country projections are broadly in line with each other. They are, of course, subject to important qualifications beyond the underlying uncertainties on financing needs. First, they are based on historical averages, which may not accurately predict experience to be expected in the first half of the 1990s. Second, as Directors have noted in earlier discussions, the Fund may in some cases be called upon to play a relatively more important transitional financing role in the period ahead in light of uncertainty about the availability of financing from other sources. At the same time, not all developing countries will seek use of Fund resources, and it should be expected that the need for Fund financial support will diminish or end after a period of adjustment by countries that have used Fund resources in the past. Finally, the indicators make no allowance for use of Fund resources by industrial countries or possible new members, nor for demands that could arise for exceptional financing in the event of major disturbances in the international monetary system. Requests for use of Fund resources by countries other than those included for the purposes of the projections could significantly alter the outlook.

## IV. Approaches to Access Limits After the Effectiveness of the Ninth General Review

Although general support was expressed by Executive Directors in the quota discussions for the idea of maintaining maximum potential access for a time after quota increases, the meaning to be given to this concept remains to be clarified for operational purposes. As discussed by Directors when considering the size of the quota increase, at least two possible approaches

1/ Fund commitments averaged about 8 percent of the projected gross financing requirements of members under arrangements approved since 1984, calculated ex-ante. Actual use of Fund resources amounted to about 5 percent of gross financing requirements.

suggested themselves. 1/ Under one approach, limits in terms of new quotas could be set so as to preserve maximum potential access for the country with the smallest increase in quotas (Equatorial Guinea). 2/ Alternatively, new limits could be set in a way that would preserve access in absolute terms for the membership on average. Executive Directors did not at that time come to a conclusion as to which approach should be followed. It might be noted that the different results produced by these two approaches led the Executive Board in 1984 to adopt the present system of dual access limits as a compromise solution after the quota increases under the Eighth General Review became effective. 3/

The existence of the dual limits poses a further complication, however, as it is necessary to determine which set of present limits is to serve as the base for setting new access limits. The higher limit could be viewed as the relevant one in a formal sense, as it cannot be exceeded in the absence of a finding of exceptional circumstances; however, as noted above, the lower limit has been operational in practice and has been exceeded in only two instances, both having exceptional characteristics.

This section discusses issues related to new access limits, including their relation to possible need for Fund resources.

1. Access limits

a. Adjusting the annual limit

Under the first approach noted above, the present annual limits expressed as a percent of quota would be reduced by about 24.3 percent in order to preserve the maximum potential access for Equatorial Guinea, whose quota will increase by 32.1 percent. Depending on which of the annual and cumulative limits were used as a base (110/440 or 90/400 percent of current

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1/ See "Statement by the Staff Representative in Response to Questions Raised by Executive Directors," Committee of the Whole on Review of Quotas, Meeting 89/16 (Buff 89/240, (12/22/89); EBM/90/11 (1/31/90) and EBM/90/46 (3/26/90).

2/ Excluding Cambodia and the United Kingdom.

3/ EBM/83/111 (7/25/83).

quota), 1/ the new access limits would be set at 83/330 percent or 68/303 percent of new quotas, respectively (Alternatives 2 and 4 in Table 3). Under these new limits, maximum potential annual access would increase for all members other than Equatorial Guinea 2/--by an average of about 14 percent for the membership as a whole, 12 percent for the developing countries, and 10 percent for the net debtor countries. (The maximum potential annual access under these alternatives for each member is shown in Appendix Table 9)

Under the second approach, the present access limits in terms of quota would be reduced by 33.3 percent--to adjust for the 50 percent increase in the Fund's size--so that the new access limits in terms of new quotas would preserve the maximum potential access on average for the membership as a whole. This would imply that new limits would be set at 73/293 percent or 60/267 percent of new quotas (Alternatives 1 and 3 in Table 3), depending on whether the upper or lower limits are chosen as the base. A reduction of the annual limits to these levels would mean that 112 members, of which 102 are developing countries, 3/ would have a lower maximum potential annual access to Fund resources than at present, although for the developing countries (including Central and Eastern Europe) as a group, the decline would amount to about only 1 percent. Within this group, countries in Africa and the Western Hemisphere would experience a decline of 4-5 percent in maximum potential annual access. 4/ The reduction in the maximum potential access for net debtor countries, countries with debt-servicing difficulties, the 15 most heavily-indebted countries, and the Central and Eastern European countries would be approximately 3-4 percent. Maximum potential access would increase for the Middle Eastern, industrial, and net

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1/ For the upper limits of 110/440 percent of quota, the choice of annual or cumulative limits as the base will imply the same percentage change in the maximum potential access of each member under both upper and lower limits because the cumulative limit is exactly four times the annual limit. However, the percentage variations would be somewhat different for the lower limits of 90/400 percent of quota because the ratio of the cumulative to the annual limit is somewhat larger (4.4:1). Given that the Executive Board's decision has explicitly determined both the lower annual and cumulative limits and since the lower annual limit would be more binding, the alternatives presented in Table 3 have used the annual limits as the basis for comparison.

2/ Excluding Cambodia and the United Kingdom.

3/ The changes are invariant to the choice of the upper or lower annual access limit as the base.

4/ Some of these members are eligible for the use of SAF/ESAF resources.

Table 3. Quotas by Various Categories of Fund Members and
Implications of Different Annual Access Limits on Potential Maximum Annual Access

| Categories of Fund Membership | Proposed Quotas Ninth Review | Percentage Change from Eighth Review | Max. Annual Access In Terms of Present Quotas | | Alternative 1 Adjust 110 Percent for Average Increase in Quotas | | Alternative 2 Adjust 110 Percent to Maintain Potential Access for Member With Smallest Increase in Quota 1/ | | Alternative 3 Adjust 110 Percent for Average Increase in Quotas | | Alternative 4 Adjust 90 Percent to Maintain Potential Access for Member With Smallest Increase in Quota | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | At 110 percent | At 90 percent | to 73% of New Quota | Difference (5)/(3) Percentage Change | to 83% of New Quota | Difference (7)/(3) Percentage Change | to 60% of New Quota | Difference (9)/(4) Percentage Change | to 68% of New Quota | Difference (12)/(4) Percentage Change |
| | SDR bn | | SDR bn | SDR bn | SDR bn | | SDR bn | | SDR bn | | SDR bn | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| All members | 136.7 | 50.0 | 100.2 | 82.0 | 100.2 | 0.0 | 113.8 | 13.6 | 82.0 | 0.0 | 93.1 | 13.6 |
| Industrial | 85.9 | 51.1 | 62.6 | 51.2 | 63.0 | 0.8 | 71.6 | 14.4 | 51.6 | 0.8 | 58.6 | 14.4 |
| Developing | 50.7 | 48.0 | 37.7 | 30.8 | 37.2 | -1.3 | 42.2 | 12.1 | 30.4 | -1.3 | 35.6 | 12.1 |
| Africa | 8.6 | 43.1 | 6.6 | 5.4 | 6.3 | -4.6 | 7.1 | 8.4 | 5.1 | -4.6 | 5.8 | 7.1 |
| Asia | 13.5 | 45.8 | 10.2 | 8.3 | 9.9 | -2.8 | 11.2 | 10.4 | 8.1 | -2.8 | 9.2 | 10.4 |
| Europe | 5.5 | 46.1 | 4.2 | 3.4 | 4.1 | -2.6 | 4.6 | 10.6 | 3.3 | -2.6 | 3.8 | 10.6 |
| East Europe | 4.7 | 45.6 | 3.6 | 2.9 | 3.5 | -2.9 | 3.9 | 10.2 | 2.8 | -2.9 | 3.2 | 10.2 |
| Middle East | 11.7 | 60.5 | 8.0 | 6.5 | 8.6 | 7.1 | 9.7 | 21.6 | 7.0 | 7.1 | 7.9 | 21.6 |
| W. Hemisphere | 11.4 | 43.8 | 8.8 | 7.2 | 8.4 | -4.1 | 9.5 | 8.9 | 6.9 | -4.1 | 7.8 | 8.9 |
| Miscellaneous WEO groupings | | | | | | | | | | | | |
| Net creditor | 8.7 | 61.7 | 5.9 | 4.9 | 6.4 | 7.8 | 7.3 | 22.5 | 5.2 | 7.8 | 5.9 | 22.5 |
| Net debtor | 41.8 | 45.5 | 31.6 | 25.9 | 30.7 | -3.0 | 34.8 | 10.2 | 25.1 | -3.0 | 28.5 | 10.2 |
| o/w with debt servicing difficulties | 23.4 | 44.9 | 17.8 | 14.5 | 17.2 | -3.4 | 19.5 | 9.7 | 14.0 | -3.4 | 15.9 | 9.7 |
| 15 heavily indebted | 13.1 | 45.0 | 10.0 | 8.2 | 9.6 | -3.3 | 10.9 | 9.8 | 7.8 | -3.3 | 8.9 | 9.8 |
| Fuel exporters | 20.0 | 55.0 | 12.7 | 10.4 | 13.2 | 3.4 | 15.0 | 17.4 | 10.8 | 3.4 | 12.2 | 17.4 |
| Non-fuel exporters | 32.7 | 44.5 | 24.9 | 20.3 | 24.0 | -3.6 | 27.3 | 9.4 | 19.6 | -3.6 | 22.3 | 9.4 |
| Manufacturers | 16.6 | 47.3 | 12.4 | 10.1 | 12.2 | -1.8 | 13.8 | 11.5 | 10.0 | -1.8 | 11.3 | 11.5 |
| Primary products | 8.3 | 38.9 | 6.6 | 5.4 | 6.1 | -7.4 | 6.9 | 5.2 | 5.0 | -7.4 | 5.7 | 5.2 |
| SAF/ESAF eligible 2/ | 5.8 | 37.3 | 4.6 | 3.8 | 4.2 | -8.5 | 4.8 | 3.9 | 3.5 | -8.5 | 3.9 | 3.9 |
| Past Fund users | 38.6 | 44.0 | 29.5 | 24.1 | 28.3 | -4.0 | 32.1 | 9.1 | 23.2 | -4.0 | 26.3 | 9.1 |
| O/w past CCFF users | 30.3 | 44.2 | 23.1 | 18.9 | 22.2 | -3.8 | 25.2 | 9.2 | 18.2 | -3.8 | 20.6 | 9.2 |

1/ Excluding Cambodia and United Kingdom.
2/ Excluding China and India.

creditor developing countries because their quotas will rise by more than the average. 1/

b. Implications of changes in the cumulative limits

In contrast to the annual limits, cumulative limits on use of the general resources under arrangements are defined on a net basis, i.e., net of repurchase obligations. The cumulative limits under the EAP have given an indication to members of the maximum amount of the Fund's general resources (net of repurchases) that could potentially be available to them on appropriate conditions under arrangements in support of their adjustment programs, although the cumulative limits have not been reached since the establishment of the EAP. 2/

Each of the four alternatives outlined above has different implications for remaining cumulative access. For the set of new access limits that would preserve maximum annual access in SDR terms for Equatorial Guinea (68/303 percent or 83/333 percent of new quotas depending on the base), changes in the cumulative limits imply that, adjusted for repurchase obligations, the remaining amounts that could be made available to members would increase significantly relative to what would currently be available under the 90/400 and 110/440 percent limits, respectively (Table 4). The increase would amount to about 18-19 percent for members that could be considered to be in constrained positions 3/ and about 14 percent for members in other categories, in relation to the corresponding base. In contrast, the set of new access limits that would preserve maximum annual access for the membership as a whole (60/267 percent or 73/293 percent of new quotas depending on the base) would lead to cumulative limits that imply a reduction in remaining cumulative access (from the present position resulting from the 90/400 and 110/440 limits) for all of the categories listed, with the largest reduction (7-8 percent) projected for members in "constrained" positions.

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1/ Since the upper annual access limit of 110 percent of quota is 22 percent larger than the lower annual limit of 90 percent of quota, the maximum potential annual access would be 22 percent higher on average for the membership as a whole if the upper limit were to be chosen as the base instead of the lower limit.

2/ Cumulative limits under the EAP cover all use of general resources other than purchases under the CCFF and the buffer stock facility. Access under the SAF and ESAF is not financed from the general resources of the Fund and thus is not affected by these limits. Such use needs to be taken into account, however, in the evaluation of the member's capacity to repay the Fund.

3/ As indicated in Table 4, countries in constrained positions are defined as those that are likely to have used Fund credit in excess of 100 percent of their quotas by end-1995. This definition, therefore, captures countries with high level of use at present as well as those that are expected to use Fund resources heavily in the next few years.

Table 4. Illustrative New Maximum Access Under
Stand-by or Extended Arrangements

(In billions of SDRs)

| | Members in constrained position in the Fund 1/ | | Members with relatively high financing needs 1/ | | Other members with financing needs 1/ | |
|---|---|---|---|---|---|---|
| | Annual | Cumulative | Annual | Cumulative | Annual | Cumulative |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1. Present access limits 90/400 2/ | 10.1 | 44.9 | 8.4 | 37.4 | 8.6 | 38.2 |
| Present access limits 110/440 | 12.4 | 49.4 | 10.3 | 41.2 | 10.5 | 42.0 |
| *Less*: Outstanding use as of end-June 1991 | | 11.2 | | 3.0 | | 2.3 |
| Projected commitments in the period July 1991-Dec 1992 3/ | | 11.7 | | 3.0 | | -0.6 |
| *Equals*: Remaining cumulative access 90/400 | | 22.0 | | 31.4 | | 36.5 |
| Remaining cumulative access 110/440 | | 26.5 | | 35.2 | | 40.3 |
| 2. New annual access limits and remaining cumulative access | | | | | | |
| a. Access corresponding to 90/400 percent of existing quotas | | | | | | |
| Limit at 60/267 percent of new quota | 9.7 | 20.3 | 8.3 | 30.7 | 8.6 | 36.3 |
| *(Percent change)* | *(-3.6)* | *(-7.9)* | *(-1.7)* | *(-2.3)* | *(-0.2)* | *(-0.4)* |
| Limit at 68/303 percent of new quota | 11.0 | 26.1 | 9.4 | 35.7 | 9.7 | 41.4 |
| *(Percent change)* | *(9.2)* | *(18.7)* | *(11.4)* | *(13.5)* | *(13.1)* | *(13.7)* |
| b. Access corresponding to 110/440 percent of existing quotas | | | | | | |
| Limit at 73/293 percent of new quota | 11.8 | 24.7 | 10.1 | 34.4 | 10.4 | 40.2 |
| (Percent change) | *(-4.1)* | *(-7.0)* | *(-2.1)* | *(-2.1)* | *(-0.6)* | *(-0.3)* |
| Limit at 83/333 percent of new quota | 13.5 | 31.1 | 11.5 | 40.0 | 11.9 | 45.9 |
| *(Percent change)* | *(9.1)* | *(17.5)* | *(11.3)* | *(13.6)* | *(13.0)* | *(13.9)* |
| 3. Memorandum item | | | | | | |
| Present quota | 11.2 | | 9.4 | | 9.6 | |
| New quota | 16.2 | | 13.9 | | 14.3 | |

1/ The criteria for classification is the expected level of use of Fund credit in relation to new quotas, as of end-1995. Countries are considered to be in a very constrained external position if such level is expected to exceed 100 percent of new quotas; and to have relatively high financing needs if such level is expected to exceed 50 percent of new quotas but to be less than 100 percent of new quotas.

2/ 90 or 110 percent of quota (annual) and 400 or 440 percent of quota (cumulative), as applicable.

3/ "Review of the Fund's Liquidity and Financing Needs", EBS/91/139, August 20, 1991. Undrawn balances under existing arrangements and new commitments, net of repurchases and before adjustment by the probability factor associated with projected arrangements.

c. Access limits and need for Fund resources

Average access to Fund resources by members has been significantly below the access limits. The indicators for possible use of Fund resources presented in Section III suggest that, over the next five years, average annual access to Fund resources would likely continue to remain below new access limits for most members, under any of the four alternatives discussed above. Thus, annual limits established under any of these alternatives would not be expected to constrain access to Fund resources in most individual cases, if the dispersion of access under individual arrangements is similar to the experience since 1984. This is an important caveat, however, as it is possible that the Fund might be called upon to finance a larger part of the needs of certain member countries than indicated by past experience.

To determine whether cumulative limits under the four alternatives discussed above could become binding in the period through 1995, the staff has made hypothetical simulations under which each member with outstanding use of Fund credit at end-May 1991 would make annual purchases equivalent to the maximum amounts permissible under each of the four alternatives for the annual access limits. Even under this assumption, which is extreme, cumulative limits under the four alternatives would be operationally binding for only a few members at the most (excluding members currently ineligible to use Fund resources), mainly in the Western Hemisphere and Central and Eastern Europe. 1/

The following points do, however, need to be kept in mind in considering new access limits in connection with the quota increases. The need for Fund financing is expected to remain strong in the period ahead. In addition, the liquidity of the Fund will improve substantially following the increase in quotas, and on the basis of the staff's current projections (as discussed in Section VI) seems likely to remain at reasonably satisfactory levels. While there may not be many countries for which the limits discussed above would be binding, and there has been progress in certain cases with respect to current account positions, debt restructuring and resumption of private capital flows, the world economy continues to face significant problems and uncertainties. The country composition of users of Fund resources is evolving, and a reduction in access--even if significant for only a part of the membership--could give wrong signals to the financial community at this time of uncertainty and change, by implying that the Fund might be turning away from an active role in overseeing the adjustment process. Furthermore, a perception of reduced Fund access could affect the Fund's ability to catalyze resources from other lenders on the required scale. On this basis, and in view of the uncertainties regarding the role that the Fund might be called upon to play in financing the structural and systemic transformation of certain member countries, it would appear prudent

1/ Depending on the alternative chosen, the cumulative limit could be binding for 4 to 8 members.

for the Fund to retain adequate scope to respond to members' potential requirements under its access policy.

Among the alternatives discussed, the limits of 68/303 percent of new quota may be seen to have certain advantages. They would be based on the present 90/400 percent lower limits, which have in practice been the operational limits under the existing enlarged access policy; they would not result in an immediate reduction in potential maximum access--from that base--for any member pending decisions on a phase-down, thus retaining scope for the Fund to continue to respond in individual cases; and they would be compatible with continued prudent management of the Fund's liquidity, which in any event will continue to be kept under close review. Access in individual cases--managed prudently as in the past--would continue to be the ruling factor and would suggest actual use significantly below these limits.

In addition, some Executive Directors have indicated that the access limits should be reduced gradually over time. 1/ In their view, a phasing-down of the access limits would not only underscore the temporary nature of the enlarged access policy, but would be consistent with the aim of the Ninth Review that the Fund should finance members' use of its resources from ordinary resources rather than through borrowing. The question of a phase-down and its possible timing could depend importantly on the new access limits established by the Executive Board, the period for which they might be established, and the evolution of the Fund's liquidity and the members' need for Fund resources. The staff would propose to return to the question of a phase-down in light of the Board's guidance in its preliminary discussions.

2. Exceptional circumstances

Many policies of the Fund have, in effect, included an "exceptional circumstances" clause in some form, which expressed the intent of the Executive Board to retain sufficient flexibility to respond to individual members' needs for use of its resources in highly exceptional circumstances. 2/ As noted above, since the adoption of the guidelines on access in individual cases, the exceptional circumstances clause under the EAP has been used very cautiously and has been invoked on only one occasion, involving an augmentation of the amount of an arrangement in support of debt and debt-reduction operations. In the staff's view, it is important that the Fund retain this flexibility to respond to a member's need for access to Fund resources in amounts that exceed access limits in terms of new quotas that the Executive Board eventually may adopt.

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1/ See, in particular, Executive Board Meeting 89/14 (12/8/89) and 90/11-12 (1/31/90) of the Committee of the Whole on the Ninth Review.

2/ The Executive Board has preferred not to characterize the exceptional circumstances that might entail use of Fund resources beyond the upper limits.

## V. Access Limits Under the Special Facilities 1/

In the 1983 discussion of new access limits for the CFF after the Eighth Quota Review, two basic alternatives were considered: (i) the maintenance of limits (as a percent of quota) already in effect, and (ii) the reduction of CFF limits in line with the proposed reduction in annual access limits under the enlarged access policy. 2/ The latter approach was agreed after the Eighth Review in view of the desirability of maintaining an appropriate balance in the use of Fund resources under special facilities in relation to the credit tranches and the extended arrangements. In current circumstances, an approach similar to that followed in connection with the Eighth Review would be to adjust the various limits under the CCFF in line with such adjustments to the annual access limits under the EAP as may be decided by the Executive Board. This would imply that--with reference to the alternatives discussed above for the NAP--the CCFF access limit of 122 percent of present quotas would be reduced to 92 percent of new quotas (if absolute access to the facility were maintained for the member with the smallest quota increase) 3/ or to 81 percent (if absolute access were maintained on average for the membership). Access to the various elements of the facility could be adjusted proportionately.

To assess the adequacy of such access limits in terms of new quotas, the staff has projected potential use of resources under the compensatory element of the CCFF during 1992-96 on the basis of the May 1991 WEO projections for trend export growth and an assumption of unchanged export volatility relative to that trend. 4/ Annual shortfalls for all developing countries on this basis are calculated to average SDR 20 billion during 1992-96, or equivalent to 40 percent of new quotas, compared with an average of 43 percent of historical quotas during 1980-1990. During the earlier period, compensatory financing purchases compensated for about 8.5 percent of shortfalls for all developing countries, evaluated ex post. However, it should be noted that in 40 percent of the purchases, the drawings reached the limits on access under this facility. If the Fund were to provide CCFF purchases in the future equivalent to the compensation rate during 1980-1990 and the above projections were realized, then total compensatory purchases by all developing countries in 1992-96 could amount

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1/ Use of Fund resources under the CCFF and the BSFF is reviewed in the forthcoming background paper.

2/ The first alternative would in present circumstances lead to the retention of the overall limit of 122 percent of quota and the sublimits thereunder, which would imply an average increase in potential access of 50 percent in absolute terms.

3/ Excluding Cambodia and the United Kingdom.

4/ The methodology and assumptions used in deriving these estimates are outlined in the Annex.

to SDR 1.7 billion a year compared with SDR 1.1 billion during 1980-1990. 1/

It should be emphasized, however, that the methodology used is subject to certain caveats, and the estimates must be treated with caution (see Annex). In particular, the 12 percent trend growth of exports projected in the WEO for 1992-96 contrasts sharply with the 2 1/2 percent trend experienced during 1980-1990. Moreover, under the CCFF Decision exports in the two post-shortfall years are constrained to be no more than 20 percent higher than in the two pre-shortfall years. Accordingly, annual trend export growth rates above 6 1/4 percent do not increase compensable shortfalls. Use of lower trend export growth projections that are more in line with the CCFF decision (and past experience) of about 6 percent per annum would produce projected compensable shortfalls of SDR 16.4 billion per year, and combined with the same compensation rate as realized during 1980-1990, would yield projected compensatory financing purchases of SDR 1.4 billion per year. This would imply a CCFF access limit of 105 percent of new quotas if historical relationships between purchases and access limits were to prevail. A reduction in CCFF access limit to 92 percent, or 81 percent, of new quotas would imply projected CCFF purchases of SDR 1.2 billion and SDR 1.1 billion per year, respectively--i.e., at about the same absolute levels as over the past decade. These lower access limits would be consistent with compensation rates of 7.5 percent, and 6.6 percent, respectively, with unchanged export volatility relative to trend exports, or with largely unchanged compensation rates should export volatility remain constant in absolute terms. Comparable simulations based on export growth still closer to the experience of the 1980s would raise the implied compensation ratio yielded by the access limits of 92 percent and 81 percent under any given assumption about volatility.

In view of the uncertainties associated with these projections, and the desirability of maintaining an appropriate balance between use of resources under the CCFF and the credit tranches and extended arrangements, Executive Directors might wish to consider, as in 1983, adjusting access limits under the CCFF in line with the adjustments decided for the annual access limits under the NAP.

With regard to the buffer stock financing facility (BSFF), the access limit in terms of quota has never constrained the size of any purchase, and the maximum amount outstanding under this facility to an individual country has been 36 percent of quota. In 1984, access limits were reduced from 50 percent of quota to 45 percent of quota in conjunction with the reduction in limits under other policies. Present indications are that there is likely to be little demand for use of Fund resources under the BSFF over the

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1/ Annual purchases of SDR 1.7 billion would require that CF access limits be broadly maintained at 122 percent of quota in terms of new quotas, which would imply a significant expansion of potential access in SDR terms.

next few years, and it would seem reasonable to adjust BSFF access relative to quota by the same proportion as is decided for the NAP annual access limits.

## VI. Potential Impact on Fund Liquidity

The most recent review of the Fund's liquidity position and financing needs indicates that by end-1991 the Fund's holdings of adjusted and uncommitted usable resources will have declined, in the absence of quota increases, to SDR 20 billion and the Fund's liquidity ratio will be reduced to just above 70 percent--the long-term average that is considered adequate in light of the large liquid claims held on the Fund. 1/ The likely evolution of Fund liquidity through 1995 is examined in this section, taking into account the effect of the increase in quotas and assuming that the Fund does not enter into new borrowing agreements in the period under consideration. It is, therefore, assumed that (apart from use of SAF/ESAF resources) demands for Fund credit will be financed out of its ordinary resources unless there were reasons for activating the GAB. 2/

Table 5 shows the impact on the Fund's liquidity position that is projected to result from the demand for Fund resources illustrated in Table 2. The main assumptions underlying these projections, which take as a starting point the liquidity position projected as of end-December 1991, are that: (i) the new quotas come into effect at the end of 1991 or in early 1992; (ii) the Fund finances its transactions and will repay by end-1995 SDR 3 billion of its outstanding borrowing of SDR 4.1 billion (according to schedule) from its ordinary resources, without recourse to new borrowing; (iii) CCFF purchases amount to around SDR 4.8 billion in the period 1992-95; 3/ and (iv) reserve tranche purchases amount to SDR 0.4 billion during the period, equivalent to about one third of the projected reserve tranche positions for the members not considered sufficiently strong for inclusion in the operational budget at the start of

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1/ "Review of the Fund's Liquidity Position and Financing Needs," EBS/91/139 (8/20/91).

2/ The Fund can use the GAB "when supplementary resources are needed to forestall or cope with an impairment of the international monetary system." Considerations of Fund liquidity as well as systemic threats must be taken into account when calls under the GAB credit lines are proposed for drawings by nonparticipants. Thus, the Managing Director must also be satisfied that "the Fund faces an inadequacy of resources to meet actual and expected requests for financing that reflect the existence of an exceptional situation associated with balance of payments problems of members of a character or aggregate size that could threaten the stability of the international monetary system." Decision No. 8337-(83/37), adopted February 24, 1983.

3/ Average annual purchases of about SDR 1.2 billion were assumed; see Section V.

Table 5. Estimates of the Fund's Liquidity Position
December 1991 to December 1995

(In billions of SDRs unless otherwise indicated)

| | Range of Annual/Cumulative Limits as percent of new quotas | | |
|---|---|---|---|
| | 60/267 | | 83/333 |
| Adjusted and uncommitted ordinary resources as of end-December 1991 | | 20.0 1/ | |
| Plus: Resources from quota payments 2/ | | 24.7 | |
| Repurchases | | 16.3 | |
| Less: Repayment to lenders | | -2.9 3/ | |
| New commitments | -22.0 | | -24.7 |
| CCFF purchases | | -4.8 | |
| Reserve tranche purchases 4/ | | -0.4 | |
| Adjusted and uncommitted ordinary resources as of end-December 1995 | 30.9 | | 28.2 |
| Liquid liabilities at end-December 1991 | | 28.5 | |
| Plus: Reserve asset payments | | 7.3 | |
| Plus: Purchases in currencies 5/ | 19.5 | | 22.2 |
| Less: Repurchases | | -16.3 | |
| Liquid liabilities as of end-December 1995 | 39.0 | | 41.7 |
| Liquidity Ratio, in percent | 79 | | 68 |

1/ As projected in the latest review of liquidity (EBS/91/139, August 20, 1991).

2/ Quota payments are assumed for illustrative purposes to become effective by end-1991 or early 1992. The quota increase for members on the transfer side of the September-November 1991 operational budget is estimated at SDR 29 billion. To calculate the impact on adjusted resources, the portion of this increase paid in currency has been reduced by a factor of 20 percent to reflect the adjustment to usable currencies normally made in evaluating the Fund's liquidity.

3/ Outstanding loan claims of SDR 1.1 billion are projected at end-1995.

4/ Reserve tranche purchases included here are estimates for countries not currently included on the transfer side of the operational budget and exclude reserve tranche purchases made to reverse the impact on external positions of the reserve asset portion of subscription payments. For illustrative purposes, all countries not included on the transfer side of the operational budget are assumed to make immediate use of reserve positions resulting from the reserve asset portion of their subscription payments.

5/ In the period after the quota increase, it is assumed that SDRs will be given preference in financing purchases so as to reduce the level of SDRs, estimated for illustrative purposes at SDR 8.3 billion at end-1991 or early 1992, to SDR 1 billion at end-December 1995.

1992, and excluding reserve tranche purchases made in connection with reserve asset payments for quota increases under the Ninth General Review.

With the payment of increases in quotas in late 1991 or early 1992, the stock of adjusted and uncommitted ordinary resources would be expected to more than double the level of SDR 20 billion currently projected for end-1991 (before payment of the quota increase). This large increase would result from the payments of quota increases by the members considered sufficiently strong for inclusion in the operational budget. Thereafter, the stock of adjusted and uncommitted ordinary resources would reflect the commitment and use of resources (under arrangements, reserve tranche and outright purchases, CCFF purchases, and repayment of existing borrowings) as well as the reflow of resources from repurchases. Since the commitment and use of resources is expected to exceed the reflow from repurchases, the stock of ordinary resources is projected to decline to a range of around SDR 28-31 billion by end-1995 (see Table 5).

By end-1991 the Fund's liquid liabilities (including reserve tranche positions and a balance of SDR 4 billion under borrowing agreements) are projected to reach some SDR 28.5 billion, assuming payment of the quota increase has not been made by then. Thereafter, the Fund's liquid liabilities would reflect the increase in reserve tranche positions resulting from the reserve asset payment of the increase in quotas (25 percent of the increase to be paid in SDRs or currencies acceptable to the Fund), as well as changes resulting from purchases, repurchases, and the repayment of borrowings. As a consequence of these transactions, by end-1995 the Fund's liquid liabilities would have risen to a range of SDR 39-42 billion.

Because of the increase in usable ordinary resources resulting from the payment of the increase in quotas, the Fund's liquidity position is expected to improve substantially by early 1992, with the liquidity ratio rising to about 120 percent. The liquidity ratio would decline thereafter, as new stand-by and extended arrangements are approved and purchases made. On the basis of the projections above and assuming that there are no major changes in the list of members whose currencies are usable, the liquidity ratio is projected to remain at broadly satisfactory levels through end-1995 under any of the alternative access limits discussed, declining to within a range of 68-79 percent at the end of the period.

These simulations do not make direct allowance for use of Fund resources by industrial countries. However, the possibility of exceptional demand for Fund resources by one or several large industrial countries cannot be precluded.

## VII. Financial Terms of Purchases Under the New Access Policy

Access beyond the customary limits that is financed by ordinary resources following the termination of the EAP in its present form, as is proposed in this paper, raises the question of the financial terms that should be applicable to such purchases (i.e., the rate of charge and repurchase period). Currently, purchases that are made within the "traditional" access limits of 100 percent of quota under the credit tranches and 140 percent of quota under the extended facility are financed entirely with ordinary resources and incur the same rate of charge. The repurchase terms applying to purchases under these arrangements are designed both to safeguard the revolving character of the Fund's resources and to provide sufficient time for the member to implement its adjustment program and to reduce its external sector imbalances without undue strain. Accordingly, repurchase maturities under the credit tranches and the special facilities (3 1/4-5 years for an average of 4.125 years) are shorter than under the extended Fund facility (4 1/2-10 years for an average of 7.25 years), reflecting the emphasis on structural adjustment associated with the latter. Purchases financed with borrowed resources under the present EAP, however, have entailed financial terms different from those financed with ordinary resources, reflecting the terms of borrowing by the Fund. Purchases of borrowed resources under the EAP bear charges that are based on the cost of borrowed funds and are to be repurchased within 3 1/2-7 years (for an average of 5.25 years). 1/ The repurchase maturities for the use of borrowed resources under the EAP are the same as the maturities of purchases financed with borrowed resources under the 1974 and 1975 oil facilities and the SFF, and are also tailored to correspond to the maturities of the bulk of the Fund's borrowing that financed these purchases. 2/ Repurchases terms that apply to borrowed resources are thus independent of whether the purchases are made under stand-by or extended arrangements, and are somewhat longer than apply to ordinary resources under stand-by arrangements and shorter than apply under the EFF.

In May 1989, commitments of borrowed resources approached the amounts available under existing credit lines and were expected to exceed these amounts shortly thereafter. 3/ To enable the Fund to continue to make new commitments under the EAP in the absence of additional borrowed resources, the Executive Board decided to maintain unchanged the principal elements of that policy until the requirement for the effectiveness of

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1/ At the time burden sharing was adopted, the cost of using borrowed resources substantially exceeded that of ordinary resources. Adjustments for burden sharing, therefore, were confined to the rate of charge on the use of ordinary resources.

2/ A number of shorter-term borrowing arrangements were also agreed with maturities in the range of 2-3 years.

3/ "The Fund's Liquidity and Financing Needs - Update," EBS/89/100 (5/17/89).

increases in quotas under the Ninth Review of Quotas had been fulfilled, which would, inter alia, help maintain continuity of both access and general financial terms until the policy had been further reviewed. 1/ Modalities for financing commitments in excess of available borrowed resources were considered by the Executive Board in September 1990, and it was decided that, upon the full utilization of available credit lines, ordinary resources would be substituted for purchases under the EAP that otherwise would have required the use of borrowed resources, provided that it would apply only to arrangements approved not later than the date on which the requirement for the effectiveness of increases in quotas under the Ninth General Review has been fulfilled; or December 31, 1991 whichever is earlier. As regards repurchase periods, the distinction between ordinary and borrowed resources would continue to be observed during this interim period, i.e., ordinary resources substituted for borrowed resources would be provided on the same repurchase terms as had hitherto applied to borrowed resources (repurchases over 3 1/2 to 7 years). However, the substituted resources would bear the same rate of charge as would apply to ordinary resources (including the adjustment for burden sharing).

As mentioned earlier, it is proposed that all purchases be financed from ordinary resources after the quota increases under the Ninth General Review come into effect, independent of the scale of access. The rationale for separate charges and repurchase terms in respect of holdings of members' currency above the traditional limits under the EAP would then no longer apply. Thus, the same rate of charge (including adjustments under the decisions on burden sharing) would apply to all purchases under arrangements. As regards repurchases, the same maturities that now apply to purchases of ordinary resources under stand-by arrangements and the extended facility would apply to all purchases under these facilities, irrespective of the scale of access. This would imply that for use of resources in excess of the traditional limits, in comparison with the EAP, the average repurchase terms would be somewhat shorter under stand-by arrangements and somewhat longer under extended arrangements.

1/ See "Review of the Fund's Liquidity - Financing Needs and Modalities for Financing Enlarged Access," EBS/90/155 (8/27/90); and the Communique of the Interim Committee dated May 8, 1990.

## VIII. Other Issues Related to Access Limits 1/

### 1. Access in support of debt-reduction operations

The limit of 40 percent of quota on augmentation of the amount of stand-by and extended arrangements in support of debt-reduction operations is a sublimit under the EAP. It would, therefore, seem reasonable to adjust this limit in terms of new quotas by the same mechanism that Executive Directors might wish to adopt for adjusting the general limits on access to resources under the underlying arrangement. More specifically, it would be proposed to adjust the 40 percent of present quota limit in proportion to the adjustment of the annual access limit. No changes in the set-aside limits appear necessary, since these are expressed as a percentage of the amount of the underlying arrangement rather than as a percentage of quota.

### 2. Triennial limits

Triennial limits have not been operationally significant over the last decade. The concept of triennial limits was introduced with the adoption of the EFF decision in order to provide ex-ante assurances regarding the amount of financial support that the Fund would be prepared to commit under a multiyear arrangement. This concept was later formalized in 1980. However, any assurance that might be provided to members by the existence of triennial limits is of little practical value, given that: (i) commitments under each annual segment of multiyear arrangements would remain subject to the annual limits; (ii) the total amount of resources committed to a member under a multiyear arrangement is clearly specified in the decision at the time of approval of the arrangement; and (iii) triennial limits have always been set (on a gross basis) at three times the annual limits. Under these circumstances, the triennial limits have little, if any, operational significance, and their elimination could serve to simplify the existing structure of limits.

### 3. Dual limit structure

As mentioned earlier, the non-uniform increases in quotas under the Eighth General Review led to the establishment of the dual limit structure in 1984, reflecting a compromise reached by the Executive Board. As noted in Section II, experience in the 1980s indicates that the upper or the lower

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1/ At the recent review of conditionality, the staff was asked to address the issues related to the floating of purchases under the EFF and special facilities with respect to the first credit tranche. Depending upon how the NAP is implemented, there may be consequential changes in the relationship between access to the Fund's resources under various facilities and arrangements, including the floating of holdings of currency with respect to the first credit tranche. No changes in these relationships are proposed at this time. However, these issues will be discussed in a separate paper that is being prepared for Board consideration at a later date.

annual (except in one case each), triennial, and/or cumulative limits were never exceeded. Moreover, the existence of dual limits has created a degree of confusion for the membership, and the readoption of a single limit structure, as prevailed before 1984, could represent a considerable simplification. Should the Executive Board agree on such an approach, the guidelines on access in individual cases would need to be modified to reflect this change. Specific modifications to the guidelines would, if necessary, be presented for Executive Board consideration at a later stage.

4. Limits under the SAF and the ESAF

The revision of access levels and limits under the SAF and the ESAF must be guided by different considerations than those applied to access in terms of quotas for the use of general resources, since resources available to finance SAF and ESAF operations are not affected by the quota increases. The need for updating access levels and limits in this connection arises from the fact that for legal reasons they must be expressed in terms of prevailing quotas.

References to quotas are understood as being to current quotas to observe the principle of uniformity of treatment. Although the Fund may provide balance of payments assistance on special terms to developing members in difficult circumstances from resources in the Special Disbursement Account under Article V, Section 12(f)(ii) (i.e., on a non-uniform basis with respect to members outside that category, as defined by the Fund), the "special terms" must be applied uniformly to all members within the category. Moreover, although the principle of uniformity would not normally apply to the use of resources contributed by members to a trust established under Article V, Section 2(b), it applies to the use of ESAF Trust resources because resources from the Special Disbursement Account are being used for the Reserve Account of the ESAF Trust.

a. SAF access

Potential access under the SAF is currently set at a uniform limit of 70 percent of quotas established under the Eighth General Review. 1/ This level of access has been set under the assumption that countries representing 90 percent of the quotas of the eligible members would make use of SAF resources and that at this level of access the SAF resources would be exhausted. The staff's current projections indicate that this assumption is likely to be realized and, as indicated in EBS/91/109, no change in SAF access limits is required at this time apart from the adjustment in percentage of new quotas. 2/

1/ See Decision No. 8240-(86/56) SAF as amended by Decision Nos. 8651-(87/105) SAF; 8935-(88/118); SAF and 9117-(89/40) SAF.

2/ See "Structural Adjustment Facility (SAF), Enhanced Structural Adjustment Facility (ESAF), and Enhanced Structural Adjustment Facility Trust (ESAF Trust) - Review of Operations," EBS/91/109 (7/2/91).

As the availability of SAF resources remains unchanged while quotas are being increased, SAF access when expressed in terms of the new quotas needs to be adjusted downward. Moreover, it must be adjusted downward by a factor related to the average percentage increase in quotas (rather than maintaining the access of the member with the smallest quota increase) in order to keep total access in line with available resources. Accordingly, it is proposed to adjust access in terms of new quotas by the average increase in quotas of the group of current SAF-eligible members (other than China and India). 1/ The average increase in quotas for this group is 37 percent, and new SAF access limits would thus be set at 51 percent of the new quotas (Appendix Table 10). The effect on SAF access in SDR terms in individual cases would differ, depending on the specific increase in quota relative to the average increase for the group. Twelve members with a lower-than-average increase in their quotas have not made full use of SAF resources, and for them there would be a slight reduction in access in SDR terms. However, no country (with the exception of Cambodia) would face a decline in nominal access by more than 4 percent under the revised potential access limits. 2/

Since access under annual SAF arrangements is expressed in terms of quotas, adjustment to the limits could imply that access under arrangements that are operative when new quotas become effective might need to be augmented or reduced depending on whether the member's quota increase is larger or smaller than the 37 percent average increase in the quotas of these members. 3/ If SAF access were to be fixed at 51 percent of new quotas, of the eight existing SAF arrangements, the amount of the arrangement in SDR terms would be increased in 5 cases (by 0.2 percent to 5.4 percent) and reduced in the case of 3 others (by 1 percent to 3.8 percent). These augmentations and reductions would be made on a pro rata basis over remaining disbursements due to these members. There would be no retroactive augmentation or reduction for a member whose three-year SAF commitment periods had already expired. The Executive Board may, however, wish to consider amending the SAF decision to ensure that for arrangements that are operative when new quotas become effective, the amount available in SDR terms is not reduced. The amounts involved are likely to be small and not to have a significant impact on SAF resources.

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1/ These two countries are SAF-eligible but at the establishment of the SAF the authorities had indicated that they did not intend to use SAF resources.

2/ Among the countries with the lowest increase in quotas, virtually all have either used SAF resources fully under the SAF or have proceeded with an ESAF arrangement (e.g., Burundi, The Gambia, Ghana, and Uganda) or the SAF arrangement will soon expire (e.g., Equatorial Guinea). Some others with remaining potential SAF access have overdue obligations to the Fund (e.g., Sierra Leone, and Zambia).

3/ See Decision No. 8238-(86/56) SAF, adopted March 26, 1986, as amended, Selected Decisions, Sixteenth Issue, p. 260.

b. ESAF access

There are two access limits under the ESAF: (i) the normal limit of 250 percent of quota; and (ii) the limit of 350 percent in exceptional circumstances. The Fund reviews these limits regularly in light of available resources and the prospective use of resources. The expected average access level of 150 percent of quota is not specified in a decision but was discussed by the Board at the establishment of the ESAF and incorporated in the ESAF Operational Guidelines (SM/88/148). As indicated in the paper for the 1991 ESAF review (EBS/91/109), the staff is of the view that the current access limits have provided sufficient scope for addressing the circumstances of individual members and that it would be appropriate to retain the current ESAF access guidelines. Since the factors guiding access in individual cases (i.e., the strength of the program and the balance of payments need) would remain unaffected by the quota increase, there would be no need for changing ESAF access limits expressed in terms of SDRs.

However, as in the case of the SAF, since quotas will increase, the access limits in terms of quotas will need to be adjusted correspondingly and the same considerations regarding the nature of the adjustment in relation to the average of quota increases apply. If the limits are adjusted by the average increase in quotas for the group of eligible members (37 percent), the maximum limits of 250 percent and 350 percent of quota would be reduced to 182 percent and 255 percent, respectively, of the new quota. Similarly, the average access level under the ESAF would be reduced to 109 percent of the new quota. This approach would imply that some countries would have potential maximum access to somewhat larger or smaller ESAF resources in SDR terms than under the present limits, unless offsetting adjustments were made in individual cases to take account of the differential increase in quotas. However, the implications are likely to be quite limited in practice, and total access under existing arrangements would not be affected, in contrast to the case under the SAF. 1/ For the 23 eligible countries with percentage increases in quotas below the average increase of 37 percent, none (except for Cambodia) would face a reduction in the maximum potential access in SDR terms of more than 4 percent, and about one-half would face a reduction in the maximum limit of under 2 percent (Appendix Table 2). Among these countries, seven have already used ESAF resources. Finally, the practical effect on most members may be limited since access in individual cases will continue to be determined in light of need and program strength; the limit is a maximum that has been approached in no case and, as indicated earlier, is well above the average access of members thus far.

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1/ The change in potential access to the SAF would, however, affect the mix of SAF and ESAF Trust resources used to finance ESAF arrangements.

## IX. Summary and Issues for Discussion

1. The EAP and the guidelines on access in individual cases have enabled the Fund to provide financial assistance in support of strong adjustment programs on a case-by-case basis, in amounts that were large in relation to members' quotas. They have also enabled the Fund to play an important role in mobilizing other sources of finance for its members. Since the quota increases under the Eighth General Review became effective in 1983, the Executive Board has reviewed and extended the EAP annually notwithstanding its temporary nature, owing in part to the continued need of many members for the Fund's financial assistance in amounts that were large relative to their quotas, but also reflecting the fact that the Fund's liquidity position was not expected to be a constraining factor. Directors have also reviewed annually the guidelines on access in individual cases and endorsed the continued flexible but prudent application of these guidelines.

2. At the time of the last review, in June 1990, the Executive Board extended the EAP and retained the access limits thereunder until the requirement for the effectiveness of quota increases under the Ninth General Review has been fulfilled. It also decided to consider the future of the EAP at the time the increases in quotas were about to come into effect, but in any event not later than December 31, 1991. It is now necessary to consider the nature of a new access policy that would guide the prospective use of Fund resources after the effectiveness of quotas under the Ninth General Review. In the context of its conclusions on the quota increase, Executive Directors were of the general view that maximum potential access would be maintained for some time following the quota increases, and the specific interpretation to be given to this understanding will need to be decided. In this consideration, all relevant factors will need to be taken into account, including members' need for Fund resources and the Fund's current and prospective liquidity position.

3. The EAP decision presupposes that borrowed resources will be utilized to finance enlarged access to the Fund's general resources. The existing credit lines for borrowed resources under the EAP have been fully committed and soon will be fully utilized. In September 1990 the Executive Board agreed that ordinary resources would be substituted to meet commitments of borrowed resources under the EAP arrangements once existing credit lines were exhausted. The Fund needs to review this decision at the same time as it reviews the EAP decision. As new borrowings are not anticipated, this paper recommends that the financing of access beyond the historical limits by borrowed resources be ended with the effectiveness of new quotas and that in the future such purchases, under a new access policy (NAP), be financed entirely from the Fund's ordinary resources.

4. Projections of potential commitments for the Fund's resources based on country-by-country indications collected in the context of the most recent review of the Fund's liquidity, and extended through 1995 on the basis of WEO balance of payments projections, indicate commitments of GRA resources of about SDR 10 billion and 5 billion in 1991 and 1992, respectively, and

annual commitments for the period 1993-95 somewhat above the level for 1992, totaling about SDR 23-25 billion for the four years ending 1995. Projections based on WEO-derived aggregate financing needs and the Fund's contribution during the 1980s to meeting such needs suggest potential Fund financing under stand-by and extended arrangements of SDR 6-11 billion a year and thus may be seen to broadly support the country-by-country analysis.

5. In light of the discussions on access in the context of the Ninth General Review of Quotas, the paper presents the implications of four possible alternatives for new annual and cumulative access limits in terms of new quotas for Executive Board consideration, and Executive Directors' views on the alternatives are requested. Although the staff's current projections suggest that the Fund's liquidity position would not be expected to be a constraining factor over the next few years under any of the alternatives proposed, the outlook for the Fund's financial role in the period ahead remains quite uncertain and it may be necessary for the Fund to play a significant role in financing the strong adjustment programs of certain members. All of the projections are subject to considerable uncertainty, and developments in the Fund's liquidity position and prospects will in any event continue to be monitored closely.

6. In considering new limits, Executive Directors will wish to bear in mind the current prospects for the world economy and members' financing needs, uncertainties underlying the availability of financing, and signals that may be given, in establishing new limits, regarding the Fund's future role in the adjustment process and in catalyzing other sources of financing. Among the alternative access limits considered, those based on the present 90/400 percent limits, adjusted to maintain the access of the member with the smallest percentage quota increase (i.e., new limits of 68/303 percent of quota), may be seen to have certain advantages in terms of its relationship to the present operative limits, its avoidance of an immediate reduction of potential access (in relation to this base) for any member, and its compatibility with prudent management of the Fund's liquidity. The question of a phasedown of access limits will depend importantly on the new limits established by the Board, their duration, and developments related to members' need for resources and to the Fund's liquidity. The staff will return to this matter in light of Executive Directors' guidance.

7. As it has been proposed that in the future all purchases under stand-by and extended arrangements be financed by the Fund's ordinary resources, independent of the scale of access, the rationale for separate repurchase terms and charges for use of borrowed resources under the EAP would no longer apply. Accordingly, it is suggested that all purchases be subject to uniform repurchase terms of 3 1/4-5 years and 4 1/2-10 years under stand-by and extended arrangements, respectively, and that all Fund holdings of members' currency be subject to the same rate of charge as determined by a Rule I-6(4).

8. The Executive Board may also wish to consider (i) adjusting the limit of 40 percent of current quotas on augmentation of stand-by and extended arrangements in support of debt and debt-service reduction operations in line with the adjustment in the annual limit and (ii) simplifications of current access policy by eliminating the present structure of the dual and triennial limits.

9. The guidelines on access in individual cases have enabled the Fund to determine access to Fund resources in a flexible but prudent manner. In the staff's view, the principal criteria outlined in these guidelines remain valid and can be used in future considerations for determining the level of access to resources under individual arrangements. However, should the Executive Board agree with the proposed elimination of the dual limits structure, minor modifications of the wording of the guidelines would be necessary and would be presented to the Board at a later stage. In any event, in the staff's view, it is important to retain the exceptional circumstances clause in order to ensure that the Fund has sufficient flexibility to respond adequately to the member's request for use of resources beyond these limits when appropriate.

10. Limits on access to special facilities will also need to be established, taking into account the Fund's liquidity position, the prospective need for use of these facilities, and the preservation of an appropriate balance between the use of Fund resources under these facilities and under other policies on use of the Fund's general resources. In view of the uncertainties involved in forecasting demand, the broadly favorable implications of strong export performance as indicated by the WEO projections, and the desirability of maintaining an appropriate balance between different facilities, the paper suggests that access limits for the CCFF be adjusted proportionately in line with the Board's decisions on adjustments to the annual access limits applicable to the Fund's general resources under the tranche policies and the EFF. Sublimits associated with the various elements of the CCFF and the limit under the buffer stock financing facility could also be adjusted in a similar manner.

11. There will also be a need to adjust access levels and limits under the SAF and the ESAF since they must be expressed in terms of prevailing quotas. The adjustments need to be made in relation to the average of quota increases for eligible members in order to keep access in line with available resources. Given that the average increase in the quotas for the group of SAF/ESAF eligible members is 37 percent, it is proposed to reduce the limits in terms of new quotas in line with this increase. Accordingly, the overall SAF access limit would be set at 51 percent of new quotas, and the annual limits could be adjusted accordingly. The paper notes that, as access under the SAF is specified in terms of quotas, an adjustment to the limit as proposed would imply that access under arrangements that are operative when new quotas become effective might need to be augmented or reduced depending on the size of the increase in quotas of individual members relative to the average. Executive Directors may wish to consider whether the SAF decision should be amended to ensure that the amount in SDR

terms under existing arrangements is not reduced. In the case of access limits under the ESAF, comparable adjustments would imply that the maximum access limits of 250 percent and 350 percent of current quotas would be reduced to 182 percent and 255 percent of new quotas, respectively, and that average access under the ESAF would be reduced from 150 percent of current quotas to 109 percent of new quotas.

## Projections of Compensatory Purchases

This Annex describes the methodology employed to project export shortfalls and possible purchases under the CCFF in the period 1992-96, summarizes the results, and discusses some shortcomings of the methodology.

### 1. Methodology

Potential demand for CCFF resources during 1992-96 was estimated employing a method broadly similar to that utilized during the discussion on CFF access limits in 1983. 1/ As in the earlier study, the present approach focuses on potential demand by developing countries, and excludes industrial countries, which have made very few requests in recent years. 2/ However, contrary to the 1983 analysis, which treated fuel exporters separately from the "core" group of developing countries, the present analysis includes fuel exporters, given that since 1983 about one third of fuel exporters have made CCFF purchases compared with only 8 percent prior to 1983.

The analysis focuses on potential demand for CF drawings to compensate export shortfalls. Calculations were made separately for merchandise exports and for merchandise exports plus nonfactor services. It was assumed that the oil import element of the CCFF would lapse as scheduled at end-1991 and that the cereals element will continue to be used far less extensively than the export earnings element. 3/ In making the projections, the staff has assumed that the historical ratio between drawings on account of cereal import excesses and drawings on account of export shortfalls is maintained; this was the same approach as that adopted in 1983. Accordingly, cereal drawings for 1992-96 have been folded in the projections for CF drawings discussed below.

For historical data, export shortfalls were calculated for each country--consistent with the CCFF decision--as the deviation in exports (if negative) from the five-year geometric average of ex post exports. Shortfalls were derived by imposing the restriction, again consistent with

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1/ "Compensatory Financing Facility and Buffer Stock Financing Facility--Review of Experience and Financing of Fluctuations in the Cost of Cereal Imports and Selected Policy Issues," SM/83/131 (6/16/83), Section III.

2/ Iceland is the only country that has made a drawing under the CCFF since 1980 while being classified as an industrial country. Amongst the developing countries, Angola and Namibia have been excluded from the analysis because of limited availability of data for the base period 1980-1990.

3/ Since 1983 there have been 10 drawings under the cereals decision (or under the cereals element of the CCFF decision) by eight members for a total of SDR 0.4 million, or about 5-1/2 percent of the total CFF/CCFF purchases made during 1984-1990; the average drawing (under the cereals component) was 13 percent of quota during this period.

the CCFF decision, that exports in the two post-shortfall years be no more than 20 percent higher than in the two pre-shortfall years.

For the period 1992-96, exports (in terms of SDRs) of developing countries were based on the May 1991 WEO projections. Trend values of export earnings were calculated using five-year geometric means centered on the middle year. Projections for future export shortfalls were then obtained on the assumption that the volatility of exports experienced over the period 1980-1990 would be a reasonable guide to volatility in 1992-96. Accordingly, the average ratio of export shortfalls to trend exports for each member in the period 1980-1990 was utilized to project export shortfalls for these members over the period 1992-96. Finally, the average ratio of CF purchases to export shortfalls--the compensation rate--in the period 1980-1990 for all developing countries was applied to the projected export shortfalls to estimate the potential compensatory purchases. 1/

2. Experience: 1980-1990

Merchandise export earnings of developing countries increased by an average of only 2 ½ percent a year in 1980-1990, and by about 6 percent a year for developing countries excluding fuel exporters. Earnings stabilized in the early 1980s, fell over a 3-year period 1984-86, and then rebounded (Annex Table 6). While movements in export earnings of developing countries as a group were strongly influenced by developments with respect to earnings from petroleum exports, the same pattern is evident for most country groupings, including the group of 78 countries that have made compensatory purchases since 1980.

Export shortfalls were estimated to average about 3 percent of trend exports for developing countries as a group over 1980-1990, ranging from close to zero in 1984 and 1989 to 12.5 percent in 1986 (Annex Table 6). Fuel exporters experienced the most volatility, while exporters of manufacturers experienced the least volatility. 2/ The group of 78 countries that made CF purchases in this period experienced lower volatility than the developing countries as a group. Over the period 1980-90, export shortfalls averaged 43 percent of quota for the developing countries as a whole, and 33 percent of quota for the 78 CF users.

Compensatory purchases for developing countries as a group averaged SDR 1.1 billion per year over 1980-1990, ranging between SDR 0.1 million and SDR 2.6 million, respectively. Exporters of manufactures and agricultural products have been the largest users in absolute terms, while exporters of

1/ The ratio of CF purchases to export shortfalls was assumed to be equal for all Fund members.

2/ Fuel exporters were the only group to experience a fall in exports during the 1980s, while exporters of manufactures achieved the highest export growth rates of any group of exporters.

Table 6. CF Indicators for Developing Countries, 1980-90

(In billions of SDRs; unless otherwise indicated)

| | Trend Exports 1/ | Short-Falls 2/ | Shortfalls (Percent of exports) 3/ | CF Purchases | CF Purchases (Percent of shortfalls) 3/ |
|---|---|---|---|---|---|
| 1980 | 393.3 | 4.9 | 1.3 | 1.0 | 20.0 |
| 1981 | 436.7 | 8.7 | 2.0 | 1.2 | 14.4 |
| 1982 | 466.0 | 10.9 | 2.3 | 2.6 | 24.0 |
| 1983 | 466.8 | 19.1 | 4.1 | 2.6 | 13.5 |
| 1984 | 439.7 | 0.2 | 0.0 | 0.8 | 359.1 |
| 1985 | 426.1 | 3.6 | 0.8 | 0.9 | 26.1 |
| 1986 | 421.3 | 52.5 | 12.5 | 0.6 | 1.1 |
| 1987 | 422.4 | 21.3 | 5.0 | 1.2 | 5.5 |
| 1988 | 433.7 | 10.8 | 2.5 | 0.7 | 6.7 |
| 1989 | 465.1 | 1.1 | 0.2 | 0.8 | 70.5 |
| 1990 | 507.2 | 13.0 | 2.6 | 0.1 | 0.5 |
| Average 1980-90 | | | | | |
| All developing countries | 443.5 | 13.3 | 3.0 | 1.1 | 8.5 |
| By region: | | | | | |
| Africa 4/ | 57.0 | 2.0 | 3.5 | 0.3 | 15.1 |
| Asia | 136.7 | 2.2 | 1.6 | 0.3 | 14.3 |
| Europe | 60.5 | 1.3 | 2.1 | 0.1 | 4.1 |
| Middle East | 108.0 | 5.0 | 4.6 | 0.0 | 0.2 |
| Western Hemisphere | 81.3 | 2.8 | 3.4 | 0.5 | 16.2 |
| By predominant export: | | | | | |
| Fuel | 166.2 | 7.5 | 4.5 | 0.2 | 2.3 |
| Manufactures | 182.8 | 3.5 | 1.9 | 0.3 | 8.1 |
| Agricultural products | 26.1 | 0.8 | 2.9 | 0.3 | 38.7 |
| Minerals | 12.3 | 0.3 | 2.5 | 0.1 | 40.7 |
| Services 5/ | 11.9 | 0.3 | 2.6 | 0.1 | 21.3 |
| Diversified | 44.2 | 0.9 | 2.1 | 0.2 | 20.6 |
| CF Users 6/ | 256.4 | 6.1 | 2.4 | 1.1 | 18.7 |
| SAF/ESAF eligible countries 7/ | 16.9 | 0.5 | 2.7 | 0.2 | 46.6 |

Sources: WEO estimates and staff calculations.

1/ Sums of trend exports for individual countries calculated as the geometric mean of the five-year moving average centered on the middle year. Merchandise exports only.
2/ Sums of shortfalls for individual countries calculated as the difference between actual exports in a given year and the five-year geometric average of exports centered on that year. In the calculations, average export values in the last two years of the five-year period were constrained to a level no more than 20 percent above the average level in the first two years.
3/ Weighted averages.
4/ Excluding Angola and Namibia.
5/ Countries classified as exporters of services and recipients of private transfers.
6/ Consists of 78 developing countries that drew under the CFF/CCFF between January 1980 and July 1991.
7/ Excluding China and India.

agricultural products and exporters of mineral products have made the largest purchases relative to quota.

The compensation rate averaged 8.5 percent for developing countries as a group over 1980-90, and 18.7 percent for the group of CF users. Exporters of agricultural products and exporters of mineral products obtained the highest relative compensation rate at around 40 percent. High export shortfalls have not necessarily been associated with high CF purchases in any particular calendar year as evidenced by the low level of purchases in 1986. 1/

### 3. Projections: 1992-96

For the period 1992-96, export earnings of all developing countries have been forecast in the May 1991 WEO exercise to grow at an average annual rate of 12 percent. The projection export growth rate for the group of CF users is in line with that of the developing countries as a whole. Projected exports as a ratio of new quotas over 1992-96 for developing countries as a group would be broadly in line with the ratio of exports to quotas that prevailed during the 1980s and at the beginning of the 1990s.

On the assumption of constant volatility relative to exports, export shortfalls are projected to average SDR 19 billion over 1992-96 for the developing countries as a whole, of which SDR 10 billion can be ascribed to the group of CF users (Annex Tables 7 and 8). As a ratio to quota, the export shortfalls for 1992-96 are projected to average 39.2 percent, somewhat lower than the ratio of 42.7 percent which prevailed in the period 1980-1990. Using the ratio of CF purchases to export shortfalls of 8.5 percent experienced in the period 1980-1990, annual CF purchases over 1992-96 are projected to average SDR 1.7 billion. The 12 percent trend growth of exports projected in the WEO for 1992-96 contrasts, however, with the 2 1/2 percent trend experienced during 1980-1990. Moreover, under the CCFF decision exports in the two post-shortfall years are constrained to be no more than 20 percent higher than in the two pre-shortfall years. Accordingly, under the constrained formulation annual trend export growth rates above 6 1/4 percent do not increase compensable shortfalls. Use of lower trend export growth projections that are more in line with the CCFF decision (and past experience) of about 6 percent per annum, would produce projected compensable shortfalls of SDR 16.4 billion per year and combined with the same compensation rate as during 1980-1990 would yield CF purchases of SDR 1.4 billion per year.

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1/ A number of factors affect the ratio of purchases to export shortfalls, including reliance on calendar years in this study which do not necessarily relate closely to shortfall years actually utilized; post-shortfall year exports are based on actual exports rather than projected exports; and access may have been constrained owing to past use or cooperation limits.

Table 7. CF Projections, 1992-96

(Annual Averages in billions of SDRs; unless otherwise indicated)

| | Trend Exports 1/ | Short-falls 2/ | Shortfalls (Percent of exports) 3/ |
|---|---|---|---|
| 1992 | 607.2 | 15.7 | 2.6 |
| 1993 | 670.3 | 17.3 | 2.6 |
| 1994 | 754.2 | 19.6 | 2.6 |
| 1995 | 843.9 | 21.9 | 2.6 |
| 1996 | 944.1 | 24.4 | 2.6 |
| Average 1992-96 | | | |
| All developing countries | 763.9 | 19.8 | 2.6 |
| By region: | | | |
| Africa | 76.8 | 2.4 | 3.2 |
| Asia | 337.2 | 5.1 | 1.5 |
| Europe | 87.9 | 1.8 | 2.1 |
| Middle East | 130.6 | 6.0 | 4.6 |
| Western Hemisphere | 131.4 | 4.4 | 3.4 |
| By predominant export: | | | |
| Fuel | 208.2 | 9.3 | 4.5 |
| Manufactures | 387.7 | 6.6 | 1.7 |
| Agricultural products | 41.4 | 1.2 | 2.8 |
| Minerals | 20.5 | 0.4 | 2.2 |
| Services | 21.6 | 0.5 | 2.3 |
| Diversified | 84.6 | 1.7 | 2.1 |
| CF users | 478.0 | 10.2 | 2.1 |
| SAF/ESAF-eligible countries | 28.8 | 0.7 | 2.3 |

Sources: WEO projections and staff calculations.

1/ Sums of trend exports for individual countries calculated as the geometric mean of the five-year moving average centered on the middle year. Merchandise exports only.

2/ Sums of shortfalls for individual countries calculated using the ratio of constrained shortfalls to trend exports in 1980-90.

3/ Weighted averages.

4/ Excluding Angola and Namibia.

5/ Countries classified as exporters of services and recipients of private transfers.

6/ Consists of the 78 developing countries that drew under the CFF/CCFF between January 1980 and July 1991.

7/ Excluding China and India.

Table 8. Export Shortfalls for Groups of Developing Countries, 1980-96 1/

(In billions of SDRs)

| | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | Average 1980-90 | Provisional 1991 | Projections 1992 | 1993 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Merchandise exports | | | | | | | | | | | | | | | | | | |
| Developing countries | 4.9 | 8.7 | 10.9 | 19.1 | 0.2 | 3.6 | 52.5 | 21.3 | 10.8 | 1.1 | 13.0 | 13.3 | 20.5 | 15.7 | 17.3 | 19.6 | 21.9 | 24.4 |
| By region: | | | | | | | | | | | | | | | | | | |
| Africa 2/ | 0.1 | 0.4 | 4.1 | 3.2 | 0.0 | 1.2 | 5.2 | 3.0 | 3.3 | 0.3 | 1.0 | 2.0 | 2.8 | 2.1 | 2.2 | 2.4 | 2.6 | 2.8 |
| Asia | 0.1 | 0.2 | 1.0 | 2.5 | 0.1 | 1.3 | 13.6 | 2.9 | 0.1 | 0.0 | 2.7 | 2.2 | 1.5 | 4.0 | 4.4 | 5.0 | 5.7 | 6.4 |
| Europe | 0.5 | 1.3 | 0.0 | 0.6 | 0.0 | 0.4 | 3.3 | 1.7 | 0.6 | 0.7 | 4.9 | 1.3 | 3.9 | 1.4 | 1.6 | 1.8 | 2.0 | 2.4 |
| Middle East | 4.1 | 6.4 | 3.8 | 10.5 | 0.1 | 0.4 | 18.5 | 6.1 | 4.2 | 0.1 | 0.8 | 5.0 | 8.9 | 4.7 | 5.1 | 6.0 | 6.8 | 7.6 |
| Western Hemisphere | 0.1 | 0.3 | 1.9 | 2.4 | 0.0 | 0.3 | 12.0 | 7.7 | 2.6 | 0.0 | 3.5 | 2.8 | 3.4 | 3.6 | 4.0 | 4.4 | 4.8 | 5.3 |
| By predominant export: | | | | | | | | | | | | | | | | | | |
| Fuel | 4.1 | 6.4 | 6.6 | 14.4 | 0.0 | 0.2 | 30.7 | 11.7 | 8.0 | 0.0 | 0.5 | 7.5 | 12.6 | 7.5 | 8.1 | 9.3 | 10.4 | 11.5 |
| Manufactures | 0.5 | 1.3 | 0.8 | 2.4 | 0.0 | 1.3 | 14.7 | 4.6 | 0.6 | 0.8 | 11.0 | 3.5 | 5.3 | 5.1 | 5.8 | 6.5 | 7.3 | 8.2 |
| Agricultural products | 0.2 | 0.4 | 1.0 | 1.1 | 0.0 | 0.3 | 1.2 | 2.5 | 1.1 | 0.2 | 0.2 | 0.8 | 0.9 | 1.0 | 1.1 | 1.2 | 1.3 | 1.4 |
| Minerals | 0.0 | 0.3 | 0.3 | 0.2 | 0.0 | 0.1 | 0.8 | 0.9 | 0.5 | 0.0 | 0.3 | 0.3 | 1.0 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 |
| Services 3/ | 0.0 | 0.0 | 0.4 | 0.6 | 0.2 | 0.5 | 0.4 | 0.7 | 0.3 | 0.1 | 0.3 | 0.3 | 0.1 | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 |
| Diversified | 0.0 | 0.1 | 1.8 | 0.4 | 0.0 | 1.1 | 4.6 | 1.0 | 0.2 | 0.1 | 0.8 | 0.9 | 0.5 | 1.4 | 1.5 | 1.7 | 1.9 | 2.2 |
| CF users 4/ | 0.6 | 2.1 | 4.5 | 4.2 | 0.1 | 3.0 | 22.5 | 12.5 | 4.0 | 1.0 | 12.1 | 6.1 | 9.5 | 8.1 | 9.0 | 10.1 | 11.3 | 12.6 |
| SAF/ESAF countries 5/ | 0.2 | 0.3 | 0.7 | 0.5 | 0.1 | 0.4 | 0.8 | 1.1 | 0.6 | 0.1 | 0.3 | 0.5 | 0.5 | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 |
| 2. Merchandise exports plus nonfactor services | | | | | | | | | | | | | | | | | | |
| Developing countries | 6.5 | 9.6 | 10.9 | 20.5 | 0.3 | 5.1 | 56.9 | 25.2 | 13.0 | 1.6 | 14.2 | 14.9 | 21.8 | 17.9 | 19.7 | 22.1 | 24.7 | 27.4 |
| By region: | | | | | | | | | | | | | | | | | | |
| Africa 2/ | 0.1 | 0.4 | 4.0 | 3.2 | 0.1 | 1.6 | 5.6 | 3.1 | 3.7 | 0.5 | 1.2 | 2.1 | 2.5 | 2.3 | 2.4 | 2.7 | 2.9 | 3.1 |
| Asia | 0.1 | 0.0 | 0.9 | 2.1 | 0.1 | 2.4 | 14.5 | 4.6 | 0.2 | 0.0 | 2.6 | 2.5 | 1.2 | 4.5 | 5.0 | 5.6 | 6.3 | 7.1 |
| Europe | 1.7 | 2.1 | 0.1 | 1.1 | 0.0 | 0.4 | 3.9 | 2.0 | 1.1 | 1.0 | 5.7 | 1.7 | 4.2 | 1.9 | 2.1 | 2.4 | 2.7 | 3.1 |
| Middle East | 4.6 | 6.9 | 4.0 | 10.5 | 0.2 | 0.3 | 20.0 | 7.1 | 4.9 | 0.0 | 1.0 | 5.4 | 10.7 | 5.1 | 5.6 | 6.5 | 7.3 | 8.0 |
| Western Hemisphere | 0.1 | 0.1 | 1.9 | 3.7 | 0.0 | 0.5 | 13.0 | 8.5 | 3.2 | 0.0 | 3.8 | 3.2 | 3.1 | 4.2 | 4.6 | 5.0 | 5.5 | 6.0 |
| By predominant export: | | | | | | | | | | | | | | | | | | |
| Fuel | 4.6 | 6.9 | 6.6 | 15.0 | 0.0 | 0.0 | 32.0 | 12.9 | 8.7 | 0.0 | 0.4 | 7.9 | 13.2 | 7.9 | 8.6 | 9.8 | 10.9 | 12.0 |
| Manufactures | 1.7 | 2.1 | 1.2 | 3.0 | 0.0 | 2.6 | 17.0 | 6.2 | 1.1 | 1.0 | 11.9 | 4.4 | 5.4 | 6.4 | 7.1 | 8.0 | 9.0 | 10.1 |
| Agricultural products | 0.3 | 0.4 | 1.0 | 1.6 | 0.0 | 0.4 | 1.3 | 2.8 | 1.3 | 0.2 | 0.2 | 0.9 | 1.0 | 1.1 | 1.2 | 1.3 | 1.4 | 1.6 |
| Minerals | 0.0 | 0.2 | 0.3 | 0.2 | 0.0 | 0.3 | 1.0 | 0.6 | 0.7 | 0.0 | 0.3 | 0.3 | 1.0 | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 |
| Services 3/ | 0.0 | 0.0 | 0.3 | 0.2 | 0.3 | 0.7 | 1.1 | 1.0 | 0.8 | 0.0 | 0.5 | 0.4 | 1.1 | 0.6 | 0.7 | 0.7 | 0.8 | 0.9 |
| Diversified | 0.0 | 0.0 | 1.5 | 0.4 | 0.0 | 1.2 | 4.6 | 1.7 | 0.5 | 0.3 | 0.8 | 1.0 | 0.1 | 1.5 | 1.6 | 1.8 | 2.0 | 2.2 |
| CF users 4/ | 1.8 | 2.6 | 4.6 | 5.7 | 0.1 | 4.2 | 24.6 | 14.9 | 5.3 | 1.6 | 13.1 | 7.1 | 9.7 | 9.6 | 10.6 | 11.8 | 13.2 | 14.7 |
| SAF/ESAF countries 5/ | 0.2 | 0.3 | 0.5 | 0.5 | 0.1 | 0.5 | 0.9 | 1.2 | 0.7 | 0.1 | 0.3 | 0.5 | 0.6 | 0.6 | 0.7 | 0.7 | 0.8 | 0.9 |

1/ Sums of shortfalls for individual countries. Shortfalls for 1980-91 calculated as the difference between exports in a given year and the five-year geometric average of exports centered on that year. In these calculations, average export values in the last two years of the five-year period were constrained to a level no more than 20 percent above the average level in the first two years. Projected export shortfalls for 1992-96 calculated using the ratios of export shortfalls to trend exports for individual countries in 1980-90.
2/ Excluding Angola and Namibia.
3/ Countries classified as exporters of services and recipients of private transfers.
4/ Consists of 78 developing countries that drew under the CFF/CCFF between January 1980 and July 1991.
5/ Excluding China and India.

These results would not be changed significantly by basing the calculations on merchandise exports plus exports of nonfactor services. 1/ Over 1980-1990, receipts of nonfactor services exhibited no trend growth for developing countries as a group, and amounted to about 25 percent of exports of goods on average. Nonfactor services are projected to increase by 9.4 percent per annum over 1992-96, or somewhat slower than merchandise exports. The earnings shortfall over 1980-1990 is raised by 12 percent by including nonfactor services, substantially less than the ratio of nonfactor services to exports, and the ratio of CF purchases to earnings shortfall declines. Earnings shortfalls projected over 1992-96 increase to SDR 22 billion for the developing countries as a group if nonfactor services are included in the base. Projected CF purchases remain broadly unchanged from the calculations that included merchandise exports only because the higher calculated shortfalls are offset by the lower historical ratio of compensatory purchases to shortfalls used in the projections.

4. Shortcomings of the methodology

It should be emphasized that the methodology used to obtain these results is subject to certain caveats. In particular, the results obtained are sensitive to the projection for trend export growth. Use of a lower export growth trend would reduce the projected absolute variations around the trend (maintaining the assumption of a constant ratio of exports shortfall to trend exports), and hence lower estimated shortfalls and CCFF purchases.

Even if the trend export growth of developing countries were to be realized, shortfalls could well be lower than the figures implied by the methodology. If export volatility were to be assumed constant in absolute terms, rather than constant relative to exports, then projected shortfalls would average SDR 13.3 billion per year over 1992-93 compared with SDR 16.4 billion under the constrained formulation. Constant absolute volatility and the same compensation rate as realized for all developing countries during 1980-1990 would yield average annual CF purchases of SDR 1.1 billion or the same average annual level as during 1980-1990.

This analysis has also focused on calculations of average potential shortfalls and CFF purchases. Shortfalls as a percentage of exports have, however, varied significantly from year to year for all developing countries and have also ranged substantially across WEO export classifications. This observation is also valid for the compensation rate and hence for the calculation of potential CF purchases during 1992-96. These points

1/ Since the option to include services was introduced in 1979, 8 countries have used the services component for a total of 14 drawings. During this period, however, the services component of CF drawings accounted for only 2 percent of total CFF/CCFF drawings.

underscore the uncertainty and lack of precision associated with these indicators of possible future demand for CCFF resources and potential CCFF purchases.

Table 9. Implications for Potential Maximum Annual Access Under Various Approaches for Fund Membership

| Region/Member Name | Maximum Annual Access Under Current Quotas 110% (in SDR mn) | 90% (in SDR mn) | Proposed New Quotas (SDR mn) | (Percent change) | Percentage Change in Potential Maximum Access 1/2/ 110% to 83% or 90% to 68% | 110% to 73% or 90% to 60% |
|---|---|---|---|---|---|---|
| All countries | 100,240 | 82,015 | 136,663 | 50 | 13.6 | 0.0 |
| Industrial countries | 62,552 | 51,179 | 85,945 | 51.1 | 14.4 | 0.8 |
| Australia | 1,781 | 1,457 | 2,333 | 44.1 | 9.1 | -3.9 |
| Austria | 853 | 698 | 1,188 | 53.2 | 16.0 | 2.2 |
| Belgium | 2,288 | 1,872 | 3,102 | 49.1 | 12.9 | -0.6 |
| Canada | 3,235 | 2,647 | 4,320 | 46.9 | 11.2 | -2.0 |
| Denmark | 782 | 640 | 1,070 | 50.5 | 13.9 | 0.3 |
| Finland | 632 | 517 | 862 | 49.9 | 13.5 | -- |
| France | 4,931 | 4,035 | 7,415 | 65.4 | 25.2 | 10.3 |
| Germany | 5,944 | 4,863 | 8,242 | 52.5 | 15.5 | 1.7 |
| Greece | 440 | 360 | 588 | 46.9 | 11.3 | -2.0 |
| Iceland | 66 | 54 | 85 | 43.1 | 8.4 | -4.6 |
| Ireland | 378 | 309 | 525 | 52.9 | 15.8 | 1.9 |
| Italy | 3,200 | 2,618 | 4,591 | 57.8 | 19.5 | 5.2 |
| Japan | 4,646 | 3,801 | 8,242 | 95.1 | 47.8 | 30.1 |
| Luxembourg | 85 | 69 | 136 | 76.0 | 33.2 | 17.3 |
| New Zealand | 508 | 415 | 650 | 40.8 | 6.6 | -6.1 |
| Netherlands | 2,491 | 2,038 | 3,444 | 52.1 | 15.2 | 1.4 |
| Norway | 769 | 626 | 1,105 | 58.0 | 19.7 | 5.4 |
| Portugal | 414 | 339 | 558 | 48.1 | 12.1 | -1.3 |
| Spain | 1,415 | 1,157 | 1,935 | 50.5 | 14.0 | 0.4 |
| Sweden | 1,171 | 958 | 1,614 | 51.6 | 14.8 | 1.1 |
| United Kingdom | 6,813 | 5,575 | 7,415 | 19.7 | -9.4 | -20.2 |
| United States | 19,710 | 16,126 | 26,527 | 48.0 | 12.1 | -1.3 |
| Developing countries | 37,688 | 30,836 | 50,719 | 48.0 | 12.1 | -1.3 |
| Africa | 6,592 | 5,394 | 8,578 | 43.1 | 8.4 | -4.6 |
| Algeria | 685 | 561 | 914 | 46.8 | 11.1 | -2.1 |
| Angola | 160 | 131 | 207 | 43.0 | 8.3 | -4.7 |
| Benin | 34 | 28 | 45 | 44.7 | 9.6 | -3.5 |
| Botswana | 24 | 20 | 37 | 65.6 | 25.4 | 10.4 |
| Burkina Faso | 35 | 28 | 44 | 39.9 | 5.9 | -6.7 |
| Burundi | 47 | 38 | 57 | 34.0 | 1.4 | -10.7 |
| Cameroon | 102 | 83 | 135 | 45.7 | 10.4 | -2.8 |
| Cape Verde | 5 | 4 | 7 | 55.6 | 17.8 | 3.7 |
| C.A.R. | 33 | 27 | 41 | 35.5 | 2.6 | -9.6 |
| Chad | 34 | 28 | 41 | 35.0 | 2.2 | -10.0 |
| Comoros | 5 | 4 | 7 | 44.4 | 9.4 | -3.7 |
| Congo | 41 | 34 | 58 | 55.2 | 17.5 | 3.5 |
| Cote d'Ivoire | 182 | 149 | 238 | 43.9 | 9.0 | -4.0 |
| Djibouti | 9 | 7 | 12 | 43.8 | 8.8 | -4.1 |
| Equatorial Guinea | 20 | 17 | 24 | 32.1 | 0.0 | -11.9 3/ |
| Ethiopia | 78 | 64 | 98 | 39.2 | 5.4 | -7.2 |
| Gabon | 80 | 66 | 110 | 50.9 | 14.3 | 0.6 |
| Gambia, The | 19 | 15 | 23 | 33.9 | 1.4 | -10.7 |
| Ghana | 225 | 184 | 274 | 34.0 | 1.5 | -10.7 |
| Guinea | 64 | 52 | 79 | 35.9 | 2.9 | -9.4 |
| Guinea-Bissau | 8 | 7 | 11 | 40.0 | 6.0 | -6.6 |
| Kenya | 156 | 128 | 199 | 40.4 | 6.3 | -6.4 |
| Lesotho | 17 | 14 | 24 | 58.3 | 19.8 | 5.5 |
| Liberia | 78 | 64 | 96 | 34.9 | 2.2 | -10.0 |
| Madagascar | 73 | 60 | 90 | 36.1 | 3.1 | -9.2 |
| Malawi | 41 | 33 | 51 | 36.8 | 3.6 | -8.8 |
| Mali | 56 | 46 | 69 | 35.6 | 2.7 | -9.6 |
| Mauritania | 37 | 31 | 48 | 40.1 | 6.1 | -6.6 |
| Mauritius | 59 | 48 | 73 | 36.8 | 3.6 | -8.8 |
| Morocco | 337 | 276 | 428 | 39.5 | 5.6 | -7.0 |
| Mozambique | 67 | 55 | 84 | 37.7 | 4.3 | -8.2 |
| Namibia | 77 | 63 | 100 | 42.3 | 7.7 | -5.1 |
| Niger | 37 | 30 | 48 | 43.3 | 8.5 | -4.4 |

Table 9 (continued). Implications for Potential Maximum Annual Access Under Various Approaches for Fund Membership

| Region/Member Name | Maximum Annual Access Under Current Quotas (in SDR mn) 110% | 90% | Proposed New Quotas (SDR mn) | (Percent change) | Percentage Change in Potential Maximum Access 1/2/ 110% to 83% or 90% to 68% | 110% to 73% or 90% to 60% |
|---|---|---|---|---|---|---|
| Nigeria | 934 | 765 | 1,282 | 50.9 | 14.2 | 0.6 |
| Rwanda | 48 | 39 | 60 | 35.8 | 2.9 | -9.4 |
| Sao Tome & Principe | 4 | 4 | 6 | 37.5 | 4.1 | -8.3 |
| Senegal | 94 | 77 | 119 | 39.7 | 5.8 | -6.8 |
| Seychelles | 3 | 3 | 6 | 100.0 | 51.4 | 33.4 |
| Sierra Leone | 64 | 52 | 77 | 33.3 | 1.0 | -11.1 |
| Somalia | 49 | 40 | 61 | 37.8 | 4.3 | -8.1 |
| South Africa | 1,007 | 824 | 1,365 | 49.1 | 12.9 | -0.6 |
| Sudan | 187 | 153 | 233 | 37.4 | 4.0 | -8.4 |
| Swaziland | 27 | 22 | 37 | 47.8 | 11.9 | -1.5 |
| Tanzania | 118 | 96 | 147 | 37.3 | 4.0 | -8.5 |
| Togo | 42 | 35 | 54 | 41.4 | 7.1 | -5.7 |
| Tunisia | 152 | 124 | 206 | 49.1 | 12.9 | -0.6 |
| Uganda | 110 | 90 | 134 | 34.4 | 1.8 | -10.4 |
| Zaire | 320 | 262 | 395 | 35.7 | 2.7 | -9.5 |
| Zambia | 297 | 243 | 364 | 34.5 | 1.8 | -10.3 |
| Zimbabwe | 210 | 172 | 261 | 36.8 | 3.6 | -8.8 |
| Asia | 10,173 | 8,323 | 13,484 | 45.8 | 10.4 | -2.8 |
| Afghanistan | 95 | 78 | 120 | 38.9 | 5.2 | -7.4 |
| Bangladesh | 316 | 259 | 393 | 36.5 | 3.4 | -9.0 |
| Bhutan | 3 | 2 | 5 | 80.0 | 36.3 | 20.0 |
| Cambodia | 28 | 23 | 25 | 0.0 | -24.3 | -33.3 |
| China, P. R. | 2,630 | 2,152 | 3,385 | 41.6 | 7.2 | -5.6 |
| Fiji | 40 | 33 | 51 | 40.0 | 6.0 | -6.6 |
| India | 2,428 | 1,987 | 3,056 | 38.4 | 4.8 | -7.7 |
| Indonesia | 1,111 | 909 | 1,498 | 48.3 | 12.3 | -1.1 |
| Kiribati | 3 | 2 | 4 | 60.0 | 21.2 | 6.7 |
| Korea | 509 | 417 | 800 | 72.8 | 30.8 | 15.2 |
| Lao P. D. Rep. | 32 | 26 | 39 | 33.4 | 1.0 | -11.0 |
| Malaysia | 606 | 496 | 833 | 51.2 | 14.5 | 0.8 |
| Maldives | 2 | 2 | 6 | 175.0 | 108.2 | 83.4 |
| Mongolia | 28 | 23 | 37 | 48.4 | 12.4 | -1.0 |
| Myanmar | 151 | 123 | 185 | 35.0 | 2.2 | -10.0 |
| Nepal | 41 | 34 | 52 | 39.4 | 5.6 | -7.0 |
| Pakistan | 601 | 492 | 758 | 38.8 | 5.1 | -7.5 |
| Papua New Guinea | 72 | 59 | 95 | 44.6 | 9.5 | -3.6 |
| Philippines | 484 | 396 | 633 | 43.8 | 8.9 | -4.1 |
| Singapore | 102 | 83 | 358 | 287.0 | 193.0 | 158.1 |
| Solomon Islands | 6 | 5 | 8 | 50.0 | 13.6 | 0.0 3/ |
| Sri Lanka | 245 | 201 | 304 | 36.1 | 3.0 | -9.3 |
| Thailand | 425 | 348 | 574 | 48.4 | 12.4 | -1.0 |
| Tonga | 4 | 3 | 5 | 53.8 | 16.5 | 2.6 |
| Vanuatu | 10 | 8 | 13 | 38.9 | 5.2 | -7.4 |
| Viet Nam | 194 | 159 | 242 | 36.7 | 3.5 | -8.9 |
| Western Samoa | 7 | 5 | 9 | 41.7 | 7.3 | -5.5 |
| Europe | 4,170 | 3,412 | 5,537 | 46.1 | 10.6 | -2.6 |
| Bulgaria | 341 | 279 | 465 | 50.0 | 13.6 | -0.0 |
| Cyprus | 77 | 63 | 100 | 43.5 | 8.6 | -4.3 |
| Czechoslovakia | 649 | 531 | 847 | 43.6 | 8.7 | -4.3 |
| Hungary | 584 | 478 | 755 | 42.2 | 7.7 | -5.2 |
| Malta | 50 | 41 | 68 | 49.7 | 13.3 | -0.2 |
| Poland | 748 | 612 | 989 | 45.4 | 10.1 | -3.1 |
| Romania | 576 | 471 | 754 | 44.1 | 9.1 | -3.9 |
| Turkey | 472 | 386 | 642 | 49.6 | 13.3 | -0.2 |
| Yugoslavia | 674 | 552 | 918 | 49.8 | 13.4 | -0.1 |
| Middle East | 7,996 | 6,542 | 11,670 | 60.5 | 21.6 | 7.1 |
| Bahrain | 54 | 44 | 83 | 69.3 | 28.2 | 12.9 |
| Egypt | 510 | 417 | 678 | 46.4 | 10.9 | -2.4 |
| Iran, Is. Rep. | 726 | 594 | 1,079 | 63.4 | 23.7 | 9.0 |
| Iraq | 554 | 454 | 865 | 71.6 | 29.9 | 14.4 |

Table 1 (concluded). Implications for Potential Maximum Annual Access Under Various Approaches for Fund Membership

| Region/Member Name | Maximum Annual Access Under Current Quotas 110% (in SDR mn) | 90% | Proposed New Quotas (SDR mn) | (Percent change) | Percentage Change in Potential Maximum Access 1/2/ 110% to 83% or 90% to 68% | 110% to 73% or 90% to 60% |
|---|---|---|---|---|---|---|
| Israel | 491 | 402 | 666 | 49.2 | 13.0 | -0.5 |
| Jordan | 81 | 67 | 122 | 64.7 | 24.7 | 9.8 |
| Kuwait | 699 | 572 | 995 | 56.7 | 18.6 | 4.5 |
| Lebanon | 87 | 71 | 146 | 85.5 | 40.5 | 23.7 |
| Libya | 567 | 464 | 818 | 58.5 | 20.0 | 5.7 |
| Oman | 69 | 57 | 119 | 89.2 | 43.3 | 26.2 |
| Qatar | 126 | 103 | 191 | 65.8 | 25.5 | 10.6 |
| Saudi Arabia | 3,523 | 2,882 | 5,131 | 60.2 | 21.3 | 6.8 |
| Syrian Ar. Rep. | 153 | 125 | 210 | 50.9 | 14.3 | 0.6 |
| U. Ar. Emirates | 223 | 182 | 392 | 93.5 | 46.5 | 29.0 |
| Yemen, Rep. | 133 | 108 | 177 | 46.5 | 10.9 | -2.3 |
| Western Hemisphere | 8,757 | 7,165 | 11,449 | 43.8 | 8.9 | -4.1 |
| A. and Barbuda | 6 | 5 | 9 | 70.0 | 28.7 | 13.4 |
| Argentina | 1,224 | 1,002 | 1,537 | 38.1 | 4.6 | -7.9 |
| Bahamas, The | 73 | 60 | 95 | 42.9 | 8.2 | -4.7 |
| Barbados | 38 | 31 | 49 | 43.4 | 8.6 | -4.4 |
| Belize | 10 | 9 | 14 | 42.1 | 7.6 | -5.2 |
| Bolivia | 100 | 82 | 126 | 39.1 | 5.4 | -7.2 |
| Brazil | 1,607 | 1,315 | 2,171 | 48.6 | 12.5 | -0.9 |
| Chile | 485 | 396 | 622 | 41.1 | 6.9 | -5.9 |
| Colombia | 434 | 355 | 561 | 42.4 | 7.8 | -5.1 |
| Costa Rica | 93 | 76 | 119 | 41.5 | 7.1 | -5.6 |
| Dominica | 4 | 4 | 6 | 50.0 | 13.6 | 0.0 |
| Dominican Rep. | 123 | 101 | 159 | 41.7 | 7.3 | -5.5 |
| Ecuador | 166 | 136 | 219 | 45.5 | 10.1 | -3.0 |
| El Salvador | 98 | 80 | 126 | 41.1 | 6.9 | -5.9 |
| Grenada | 7 | 5 | 9 | 41.7 | 7.3 | -5.5 |
| Guatemala | 119 | 97 | 154 | 42.4 | 7.8 | -5.0 |
| Guyana | 54 | 44 | 67 | 36.6 | 3.4 | -8.9 |
| Haiti | 49 | 40 | 61 | 37.6 | 4.2 | -8.2 |
| Honduras | 75 | 61 | 95 | 40.1 | 6.1 | -6.6 |
| Jamaica | 160 | 131 | 201 | 38.1 | 4.6 | -7.9 |
| Mexico | 1,282 | 1,049 | 1,753 | 50.4 | 13.9 | 0.3 |
| Nicaragua | 75 | 61 | 96 | 40.9 | 6.7 | -6.0 |
| Panama | 112 | 92 | 150 | 46.4 | 10.8 | -2.4 |
| Paraguay | 53 | 44 | 72 | 49.0 | 12.8 | -0.7 |
| Peru | 364 | 298 | 466 | 40.9 | 6.7 | -6.1 |
| St. Kitts | 5 | 4 | 7 | 44.4 | 9.4 | -3.7 |
| St. Lucia | 8 | 7 | 11 | 46.7 | 11.1 | -2.2 |
| St. Vincent | 4 | 4 | 6 | 50.0 | 13.6 | 0.0 |
| Suriname | 54 | 44 | 68 | 37.1 | 3.8 | -8.6 |
| Trinidad & Tobago | 187 | 153 | 247 | 45.1 | 9.9 | -3.3 |
| Uruguay | 180 | 147 | 225 | 37.5 | 4.1 | -8.3 |
| Venezuela | 1,509 | 1,234 | 1,951 | 42.3 | 7.7 | -5.1 |

1/ If the potential maximum access is reduced in line with the average increase of 50 percent in the size of the Fund, then the annual access limits of 110 and 90 percent of current quota result in new annual access limits of 73 and 60 percent, respectively, of the proposed new quotas. If, on the other hand, annual access limits are reduced so as to maintain the potential annual access of the member (excluding Cambodia and the United Kingdom) with the smallest increase in quota--Equatorial Guinea (32.1 percent)--then the annual access limits of 110 and 90 percent of current quotas would be reduced to 83 and 68 percent, respectively, of the proposed new quotas.

2/ In the case of cumulative access limits, both the limits of 440 and 400 percent of quotas would be reduced in line with the two options indicated here. It should be noted that the analysis for 440 percent of quota is symmetrical to the analysis for 110 percent of quota, the former being a multiple of the latter. However, in the case of the lower limits of 400 and 90 percent of quotas the results obtained for the annual limit of 90 percent of quota are more constrained than those obtained for the cumulative limit of 400 percent of quota.

3/ Equatorial Guinea will not lose potential maximum annual access under the new access limits of 83 and 68 percent of quota because these limits are designed to protect Equatorial Guinea's nominal potential access. Similarly, since Solomon Island's increase in quota of 50 percent equals the increase in the size of the Fund, Solomon Islands will not lose potential maximum access under the new access limits of 73 and 60 percent of quota.

Table 10. Quota Increases by SAF/ESAF Eligible Countries and Implications of Different SAF/ESAF Limits on Potential Access Under the SAF/ESAF

| | | | | Option for SAF | | | Option for ESAF | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Proposed Access | | | Proposed Access | |
| Country | Current Quotas Eighth Review SDR mn (1) | Proposed Quotas Ninth Review SDR mn (2) | Percent Change (2) (1) (3) | Present Access 70% of 8th Rev. Quotas SDR mn (4) | 51% of 9th Rev. Quotas SDR mn (5) | Difference (5)/(4) % chng (6) | Present Access 250% of 8th Rev. Quotas SDR mn (7) | 182% of 9th Rev. Quotas SDR mn (8) | Difference (8)/(7) % chng (9) |
| Total | 4,191.8 | 5,754.3 | 37.3% | 2,934.2 | 2,934.3 | 0.0% | 10,479.4 | 10,479.5 | 0.0% |
| Group I | 2,317.8 | 3,128.8 | 35.0% | 1,622.5 | 1,595.5 | -1.7% | 5,794.5 | 5,698.1 | -1.7% |
| Cambodia | 25.0 | 25.0 | 0.0% | 17.5 | 12.7 | -27.2% | 62.5 | 45.5 | -27.2% |
| Equatorial Guinea | 18.4 | 24.3 | 32.1% | 12.9 | 12.4 | -3.8% | 46.0 | 44.3 | -3.8% |
| Sierra Leone | 57.9 | 77.2 | 33.3% | 40.5 | 39.4 | -2.9% | 144.8 | 140.6 | -2.9% |
| Lao, P.D.Rep. | 29.3 | 39.1 | 33.4% | 20.5 | 19.9 | -2.8% | 73.3 | 71.2 | -2.8% |
| Gambia, The | 17.1 | 22.9 | 33.9% | 12.0 | 11.7 | -2.4% | 42.8 | 41.7 | -2.4% |
| Burundi | 42.7 | 57.2 | 34.0% | 29.9 | 29.2 | -2.4% | 106.8 | 104.2 | -2.4% |
| Ghana | 204.5 | 274.0 | 34.0% | 143.2 | 139.7 | -2.4% | 511.3 | 499.0 | -2.4% |
| Uganda | 99.6 | 133.9 | 34.4% | 69.7 | 68.3 | -2.1% | 249.0 | 243.9 | -2.1% |
| Zambia | 270.3 | 363.5 | 34.5% | 189.2 | 185.4 | -2.0% | 675.8 | 662.0 | -2.0% |
| Liberia | 71.3 | 96.2 | 34.9% | 49.9 | 49.1 | -1.7% | 178.3 | 175.2 | -1.7% |
| Myanmar | 137.0 | 184.9 | 35.0% | 95.9 | 94.3 | -1.7% | 342.5 | 336.7 | -1.7% |
| Chad | 30.6 | 41.3 | 35.0% | 21.4 | 21.1 | -1.7% | 76.5 | 75.2 | -1.7% |
| C.A.R. | 30.4 | 41.2 | 35.5% | 21.3 | 21.0 | -1.3% | 76.0 | 75.0 | -1.3% |
| Mali | 50.8 | 68.9 | 35.6% | 35.6 | 35.1 | -1.2% | 127.0 | 125.5 | -1.2% |
| Zaire | 291.0 | 394.8 | 35.7% | 203.7 | 201.3 | -1.2% | 727.5 | 719.0 | -1.2% |
| Rwanda | 43.8 | 59.5 | 35.8% | 30.7 | 30.3 | -1.0% | 109.5 | 108.4 | -1.0% |
| Guinea | 57.9 | 78.7 | 35.9% | 40.5 | 40.1 | -1.0% | 144.8 | 143.3 | -1.0% |
| Sri Lanka | 223.1 | 303.6 | 36.1% | 156.2 | 154.8 | -0.9% | 557.8 | 552.9 | -0.9% |
| Madagascar | 66.4 | 90.4 | 36.1% | 46.5 | 46.1 | -0.8% | 166.0 | 164.6 | -0.8% |
| Bangladesh | 287.5 | 392.5 | 36.5% | 201.3 | 200.1 | -0.5% | 718.8 | 714.8 | -0.5% |
| Guyana | 49.2 | 67.2 | 36.6% | 34.4 | 34.3 | -0.5% | 123.0 | 122.4 | -0.5% |
| Viet Nam | 176.8 | 241.6 | 36.7% | 123.8 | 123.2 | -0.5% | 442.0 | 440.0 | -0.5% |
| Malawi | 37.2 | 50.9 | 36.8% | 26.0 | 26.0 | -0.3% | 93.0 | 92.7 | -0.3% |
| Tanzania | 107.0 | 146.9 | 37.3% | 74.9 | 74.9 | 0.0% | 267.5 | 267.5 | 0.0% |
| Group II | 1,767.0 | 2,478.6 | 40.3% | 1,236.9 | 1,263.9 | 2.2% | 4,417.4 | 4,513.9 | 2.2% |
| Sudan | 169.7 | 233.1 | 37.4% | 118.8 | 118.9 | 0.1% | 424.3 | 424.5 | 0.1% |
| Sao Tome & Principe | 4.0 | 5.5 | 37.5% | 2.8 | 2.8 | 0.2% | 10.0 | 10.0 | 0.2% |
| Haiti | 44.1 | 60.7 | 37.6% | 30.9 | 31.0 | 0.3% | 110.3 | 110.5 | 0.3% |
| Mozambique | 61.0 | 84.0 | 37.7% | 42.7 | 42.8 | 0.3% | 152.5 | 153.0 | 0.3% |
| Somalia | 44.2 | 60.9 | 37.8% | 30.9 | 31.1 | 0.4% | 110.5 | 110.9 | 0.4% |
| Pakistan | 546.3 | 758.2 | 38.8% | 382.4 | 386.6 | 1.1% | 1,365.8 | 1,380.8 | 1.1% |
| Afghanistan | 86.7 | 120.4 | 38.9% | 60.7 | 61.4 | 1.2% | 216.8 | 219.3 | 1.2% |
| Vanuatu | 9.0 | 12.5 | 38.9% | 6.3 | 6.4 | 1.2% | 22.5 | 22.8 | 1.2% |
| Bolivia | 90.7 | 126.2 | 39.1% | 63.5 | 64.4 | 1.4% | 226.8 | 229.8 | 1.4% |
| Ethiopia | 70.6 | 98.3 | 39.2% | 49.4 | 50.1 | 1.4% | 176.5 | 179.0 | 1.4% |
| Nepal | 37.3 | 52.0 | 39.4% | 26.1 | 26.5 | 1.6% | 93.3 | 94.7 | 1.6% |
| Senegal | 85.1 | 118.9 | 39.7% | 59.6 | 60.6 | 1.8% | 212.8 | 216.5 | 1.8% |
| Burkina Faso | 31.6 | 44.2 | 39.9% | 22.1 | 22.5 | 1.9% | 79.0 | 80.5 | 1.9% |
| Guinea-Bissau | 7.5 | 10.5 | 40.0% | 5.3 | 5.4 | 2.0% | 18.8 | 19.1 | 2.0% |
| Mauritania | 33.9 | 47.5 | 40.1% | 23.7 | 24.2 | 2.1% | 84.8 | 86.5 | 2.1% |
| Kenya | 142.0 | 199.4 | 40.4% | 99.4 | 101.7 | 2.3% | 355.0 | 363.1 | 2.3% |
| Togo | 38.4 | 54.3 | 41.4% | 26.9 | 27.7 | 3.0% | 96.0 | 98.9 | 3.0% |
| Grenada | 6.0 | 8.5 | 41.7% | 4.2 | 4.3 | 3.2% | 15.0 | 15.5 | 3.2% |
| Western Samoa | 6.0 | 8.5 | 41.7% | 4.2 | 4.3 | 3.2% | 15.0 | 15.5 | 3.2% |
| Niger | 33.7 | 48.3 | 43.3% | 23.6 | 24.6 | 4.4% | 84.3 | 88.0 | 4.4% |
| Djibouti | 8.0 | 11.5 | 43.8% | 5.6 | 5.9 | 4.7% | 20.0 | 20.9 | 4.7% |
| Comoros | 4.5 | 6.5 | 44.4% | 3.2 | 3.3 | 5.2% | 11.3 | 11.8 | 5.2% |
| St Kitts | 4.5 | 6.5 | 44.4% | 3.2 | 3.3 | 5.2% | 11.3 | 11.8 | 5.2% |
| Benin | 31.3 | 45.3 | 44.7% | 21.9 | 23.1 | 5.4% | 78.3 | 82.5 | 5.4% |
| Yemen, Rep. | 120.5 | 176.5 | 46.5% | 84.4 | 90.0 | 6.7% | 301.3 | 321.4 | 6.7% |
| St. Lucia | 7.5 | 11.0 | 46.7% | 5.3 | 5.6 | 6.8% | 18.8 | 20.0 | 6.8% |
| Solomon Islands | 5.0 | 7.5 | 50.0% | 3.5 | 3.8 | 9.3% | 12.5 | 13.7 | 9.3% |
| Dominica | 4.0 | 6.0 | 50.0% | 2.8 | 3.1 | 9.3% | 10.0 | 10.9 | 9.3% |
| St. Vincent | 4.0 | 6.0 | 50.0% | 2.8 | 3.1 | 9.3% | 10.0 | 10.9 | 9.3% |
| Tonga | 3.3 | 5.0 | 53.8% | 2.3 | 2.5 | 12.1% | 8.1 | 9.1 | 12.1% |
| Cape Verde | 4.5 | 7.0 | 55.6% | 3.2 | 3.6 | 13.3% | 11.3 | 12.7 | 13.3% |
| Lesotho | 15.1 | 23.9 | 58.3% | 10.6 | 12.2 | 15.3% | 37.8 | 43.5 | 15.3% |
| Kiribati | 2.5 | 4.0 | 60.0% | 1.8 | 2.0 | 16.6% | 6.3 | 7.3 | 16.6% |
| Bhutan | 2.5 | 4.5 | 80.0% | 1.8 | 2.3 | 31.1% | 6.3 | 8.2 | 31.1% |
| Maldives | 2.0 | 5.5 | 175.0% | 1.4 | 2.8 | 100.3% | 5.0 | 10.0 | 100.3% |
| Memorandum items: | | | | | | | | | |
| China | 2,390.9 | 3,385.2 | 41.6% | 1,673.6 | 1,726.2 | 3.1% | 5,977.3 | 6,165.0 | 3.1% |
| India | 2,207.7 | 3,055.5 | 38.4% | 1,545.4 | 1,558.1 | 0.8% | 5,519.3 | 5,564.6 | 0.8% |