FOR AGENDA

0451

EBS/91/60
Correction 1

CONFIDENTIAL

April 17, 1991

To: Members of the Executive Board

From: The Secretary

Subject: Republic of Poland - Staff Report for the 1991 Article IV Consultation, Request for an Extended Arrangement and External Contingency Mechanism, and Purchase Under the Oil Element of the Compensatory and Contingency Financing Facility

The following corrections have been made in EBS/91/60 (4/4/91):

Add new page 40 which was inadvertently omitted and renumber previous page "40" to read "40a."

New pages are attached.

Att: (2)

c. The Fund notes the intention of the Polish authorities to request augmentation of the amount of the extended arrangement as set forth in paragraph 1 above by an amount up to the equivalent of 40 percent of Poland's quota. The Fund will be prepared to consider such augmentation in the event that the arrangements for the financing of Poland's program provide for appropriate debt service reduction and upon determination by the Fund that such arrangements are consistent with the objectives of the program.

d. The Fund waives the limitation in Article V, Section 3(b)(iii).

Compensatory financing

1. The Fund has received a request by the Government of Poland for a purchase equivalent to SDR 162.6 million for the compensation of an excess in the cost of Poland's net imports of oil, petroleum products, and natural gas under Section V of the Decision on the Compensatory and Contingency Financing Facility (Decision No. 8955-(88/126), adopted August 23, 1988, as amended).

2. The Fund approves the purchase in accordance with the request.

External Contingency Financing

I. For duration of extended arrangement

1.	External contingencies to be taken into account:	Effects of changes in prices of imports of crude petroleum and natural gas, and net trade in petroleum products.
2.	Maximum amount of external contingency financing in case of unfavorable external contingent deviations:	SDR 442.0 million (65 percent of quota).
3.	Minimum threshold to be exceeded by net sum of deviations before financing is provided:	SDR 136 million (20 percent of quota).
4.	Proportion of financing of net sum of deviations (NSD):	In first quarter in which the NSD is exceeded in respect of each baseline period: 80 percent of the NSD, after deduction of the threshold. In subsequent quarters: 50 percent of the part of the NSD that does not exceed the NSD in the previous quarter and 80 percent of the part that exceeds it.
5.	Maximum amount of adjustment in case of favorable external contingent deviations:	SDR 442.0 million.

II. For duration of initial baseline period

1.	Duration of baseline period:	January 1, 1991-December 31, 1991.
2.	Maximum amount of external contingency financing:	SDR 170.0 million (25 percent of quota).
3.	Maximum amount of adjustment in case of favorable external deviations:	SDR 170.0 million.

Table 1. Poland: Fund Position 1990-1994 Q1

	1990 Year	1991 1/ 2/ I	II	III	IV	1992 1/ I	II	III	IV	1993 1/ I	II	III	IV	1994 1/ I
							(In millions of SDRs)							
Purchases	357.5	—	239.1	164.1	229.5	76.5	76.5	76.5	102.0	102.0	102.0	102.0	102.0	102.0
(a) Tranche policies	357.5	—	76.5	76.5	229.5	76.5	76.5	76.5	102.0	102.0	102.0	102.0	102.0	102.0
Ordinary resources	357.5	—	76.5	76.5	229.5	76.5	76.5	76.5	102.0	50.5	—	—	—	—
Borrowed resources	—	—	—	—	—	—	—	—	—	51.5	102.0	102.0	102.0	102.0
(b) Special facilities 3/	—	—	162.6	87.6	—	—	—	—	—	—	—	—	—	—
Repurchases	—	—	—	—	—	—	—	—	—	—	21.2	33.0	44.7	44.7
Tranche policies	—	—	—	—	—	—	—	—	—	—	21.2	33.0	47.7	47.7
Special facilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net purchases	357.5	—	239.1	164.1	229.5	76.5	76.5	76.5	102.0	102.0	80.8	69.0	57.3	57.3
Total Fund credit outstanding (end-period)	357.5	357.5	596.6	760.7	990.2	1,066.7	1,143.2	1,219.7	1,321.7	1,423.7	1,504.5	1,573.5	1,630.8	1,688.1
Tranche policies	357.5	357.5	434.0	510.5	740.0	816.5	893.0	969.5	1,071.5	1,173.5	1,254.3	1,323.3	1,380.6	1,437.9
Special facilities 3/	—	357.5	162.6	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2
							(In percent of quota) 4/							
Total Fund credit outstanding (end-period)	52.6	52.6	87.7	111.9	149.4	160.6	171.9	183.1	194.4	209.4	221.3	231.4	239.8	248.3
Tranche policies	52.6	52.6	63.8	75.1	112.6	123.8	135.1	146.3	157.6	172.6	184.5	194.6	203.0	211.5
Special facilities 3/	—	—	23.9	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8	36.8

1/ Projections; exclude any augmentation of the extended arrangement for interest support in connection with debt and debt service reduction.

2/ It is assumed, for illustrative purposes, that a debt reduction operation with the commercial banks is approved in the fourth quarter of 1991 and that in that quarter Poland purchases its accumulated set-asides under the extended arrangement plus the set-aside portion of the first three purchases projected for 1992.

3/ Oil element of CCFF.

4/ Poland's quota is SDR 680 million.