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CONFIDENTIAL

December 26, 1989

To: Members of the Executive Board

From: The Acting Secretary

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

Attached for the information of the Executive Directors is an update through November 30, 1989, of the operations of the enhanced structural adjustment facility (ESAF), issued in connection with the forthcoming interest period January-June 1990.

Mr. Munzberg (ext. 6675), Ms. Puckahtikom (ext. 8780), or Mr. Zavoico (ext. 7626) is available to answer technical or factual questions relating to this paper.

Att: (1)

INTERNATIONAL MONETARY FUND

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

Prepared by the Treasurer's, Exchange and Trade Relations,
and Legal Departments

Approved by Gerhard Laske, L.A. Whittome and Reinhard Münzberg

December 22, 1989

The staff has indicated in EBS/88/74 (March 31, 1988) that it would report to the Executive Board on the status of Trust operations on a six-monthly basis before the beginning of each new interest period for Trust loans to ESAF beneficiaries. 1/ This paper updates the information relating to ESAF Trust operations provided to Executive Directors in EBS/89/127 (June 26, 1989) in connection with the forthcoming interest period January - June 1990. 2/ The staff will reexamine all financial aspects of the ESAF Trust in connection with the next review of ESAF operations that must be completed by June 1990.

I. Use of ESAF Trust Resources

As of November 30, 1989, there were 11 ESAF arrangements in effect; commitments under these arrangements totaled SDR 1,370.2 million, of which SDR 1,028.2 million represented a commitment of ESAF Trust resources and the balance of SDR 342.0 million represented a commitment of SDA resources (Table 1). There has been no change in the number of ESAF arrangements or in total ESAF commitments since May 31, 1989, the date through which ESAF operations were last updated (EBS/89/127). The staff is currently conducting discussions with a number of eligible members on possible growth-oriented adjustment programs that could be supported by ESAF arrangements.

Drawdowns on ESAF Trust loan agreements used to finance disbursements under ESAF Trust commitments, which amounted to SDR 320.5 million as at November 30, 1989, are detailed in Table 2. This compares with a total of SDR 196.7 million that had been drawn down as at May 31, 1989.

In the six months since the last review of ESAF operations (i.e., June 1, 1989 to November 30, 1989), the ESAF Trust has made interest

1/ "Enhanced Structural Adjustment Facility (ESAF) -- Access Limit and Interest Rate on Loans by the ESAF Trust", EBS/88/74, March 31, 1988.

2/ "Enhanced Structural Adjustment Facility (ESAF) - Update on Status of Operations", EBS/89/127, June 26, 1989.

payments to lenders amounting to SDR 4.5 million, of which SDR 0.4 million were financed by payments of interest made by borrowers and the balance of SDR 4.1 million was drawn from the resources of the Subsidy Account. It is anticipated that further drawings on the Subsidy Account amounting to SDR 2.5 million will be made in December 1989 to finance interest payments due to lenders. Based on projected loan disbursements and present interest rates, further use of resources held in the Subsidy Account in the order of about SDR 10-15 million may be made during the first half of 1990.

1. Availability of ESAF Trust and Associated Resources

a. ESAF Trust Loan Account and associated loans

Loan contributions to the ESAF Trust remained unchanged at the same level, about SDR 5.3 billion (and potentially SDR 5.6 billion), as reported in EBS/89/127 (Appendix Table). 1/ Of this amount, agreements amounting to SDR 5,145 million have been approved by the Executive Board. 2/ Discussions in respect of an agreement with the Government of Spain for SDR 40 million are expected to be concluded shortly, while discussions with four lenders who have indicated that they would be willing to commit loans for a total of up to SDR 131 million are still at a preliminary stage.

b. ESAF Subsidy Resources

(i) ESAF Subsidy Operations

In the period from May 31, 1989 (the date of the last ESAF update) to November 30, 1989, the resources of the ESAF Subsidy Account increased by a total of SDR 82.1 million (Table 3), comprising further contributions in the form of grants amounting to SDR 62.0 million from 5 members, net income from the investment of grants of SDR 14.9 million, and net income from concessional loans to or investments with the Subsidy Account or transfers of net earnings on placements with administered accounts for the benefit of the Subsidy Account of SDR 5.2 million. Drawings on the Subsidy Account amounting to SDR 4.1 million

1/ On March 29, 1989 the Executive Board approved a one year extension of the commitment period for ESAF Trust loans, from November 30, 1989 to November 30, 1990, and authorized the Managing Director to conclude corresponding extensions of the commitment and disbursement periods with lenders (and associated lenders) to the ESAF Trust Loan Account. As reported to Directors in EBS/89/35, Supplement 2 (dated August 16, 1989), all relevant lenders have agreed to the requested extensions and the applicable provisions of the agreements have been amended accordingly.

2/ Of these, all agreements, with the exception of the agreement with the Ufficio Italiano dei Cambi (UIC), are currently effective.

were made during this period to subsidize the rate of interest paid by Trust beneficiaries. As a result, the resources available to the Subsidy Account increased from SDR 125.0 million at end-May 1989 to SDR 203.0 million at end-November 1989, or by a net amount of SDR 78.0 million. Taking account of the relatively low level of ESAF Trust disbursements made during the early period of ESAF operations, the staff judges that available balances in the Subsidy Account are more than adequate to meet projected disbursement needs in the period immediately ahead.

(ii) Total Subsidy Contributions and Requirements

The projection of overall ESAF subsidy requirements is established in light of the objective of reducing the effective rate of interest charged on Trust loans down to 0.5 percent per annum. The projection of subsidy requirements, as well as the calculation of the value of the subsidy contributions on an "as needed" basis, depend importantly on assumptions relating to the level of interest rates projected to prevail over the ESAF Trust lending program and, to a lesser extent, on the pattern of Trust loan disbursements.

The six-month combined domestic SDR interest rate, which is the rate used for most lending to the Trust as well as the rate that reasonably approximates the return on the Trust's investments, increased in mid-December to a level of about 8.9 percent, or about 40 basis points higher than that prevailing in June 1989 when EBS/89/127 was issued. Notwithstanding the general increase in the level of interest rates relevant for ESAF Trust borrowings in recent months, the staff continues to regard a figure of 6.5 percent as a reasonable central assumption for the purposes of this update. As indicated in earlier papers (including EBS/89/127), the average level of the six-month combined domestic SDR rate over recent years has remained close to the level of 6.5 percent. As lending under the ESAF is relatively long-term, it does not appear inappropriate to continue to use an average of interest rates that has prevailed over a period of years for the purpose of making projections for the borrowing cost of the ESAF Trust. This may help to avoid frequent and possibly large adjustments to the projections of the Trust's subsidy resources that would result from making use of current interest rates at the time of each review. However, as interest rates have continued to rise almost continuously since the ESAF Trust started operations in early 1988, a comprehensive review of the assumptions will need to be made in the context of the review of ESAF operations to be concluded by June 30, 1990.

The assumption regarding the rate at which ESAF Trust resources are disbursed has been modified to reflect actual ESAF disbursements as well as current projections regarding the future pace of disbursements. These projections suggest that cumulative ESAF Trust disbursements will amount to SDR 0.4 billion by end-December 1989 and SDR 1.3 billion by end-1990, which represents a delay in disbursements relative to the

projections in EBS/89/127. This delay has contributed to the enhancement by SDR 16 million of the value of subsidy contributions (due to greater effective front-loading of contributions already received).

On the basis of these assumptions regarding interest rates and disbursements of ESAF Trust resources, the value of subsidy contributions in all forms (on an "as-needed" basis) has been calculated to total SDR 2,288 million as at November 30, 1989, or SDR 5 million greater than the total of SDR 2,283 million indicated in EBS/89/127. This increase in the calculated value of contributions since the last ESAF update has been due to (i) a net increase in SDR 16 million due to a change in the assumptions relating to the pattern and amounts of subsidy contributions and disbursements, (ii) new contributions valued at about SDR 4 million, and (iii) a net reduction in SDR 15 million reflecting the impact on subsidy commitments of exchange rate changes. The staff estimates, using these same assumptions of interest rates and disbursements, that present subsidy contributions of SDR 2,288 million are sufficient to support ESAF Trust lending of about SDR 4.9 billion, or about the same total amount reported in EBS/89/127, at an interest rate to borrowers of 0.5 percent. Additional subsidy contributions, valued on an "as-needed" basis, in the order of about SDR 500 million would be needed to support fully ESAF Trust lending at the target level of SDR 6 billion at 0.5 per cent per annum. 1/

c. ESAF Trust Reserve Account

Resources available to the Reserve Account amounted to SDR 259.8 million as of November 30, 1989 (Table 5), comprising actual and accrued income through November 30, 1989 from the investment of resources in the Special Disbursement Account (SDR 230.3 million), actual and accrued interest on SAF loans (SDR 6.8 million), net earnings from investment of the resources of the Loan Account (SDR 4.9 million), and net earnings from investment of resources of the Reserve Account (SDR 17.9 million). Current projections suggest that the balance in the Reserve Account at end-2003 would amount to about SDR 5.5 billion in comparison to a total of SDR 5.2 billion projected for the same date in EBS/89/127. This increase of SDR 0.3 billion relative to earlier projections is due to slower than anticipated disbursements from the SDA over the past year as well as a higher

1/ Since there has been only a minor change in the value of subsidy contributions, the estimates of subsidy requirements on the assumption of different interest rates as set out in Table 7 of EBS/89/35 (page 35) remain valid. These estimates indicate that at a level of interest rates over the life of the ESAF Trust of 8 percent, the total subsidy requirement of total lending amounting to SDR 6 billion at 0.5 percent per annum is SDR 3.5 billion and the calculated value of existing subsidy commitments is SDR 2.6 billion; thus, the shortfall in subsidy commitments would increase to about SDR 900 million.

actual yield so far on investments in the SDA and the Reserve Account than projected earlier resulting in greater interest earnings available to the Reserve Account.

2. Summary

As at November 30, 1989, loan contributions to the ESAF Trust remained unchanged at about SDR 5.3 billion (and potentially SDR 5.6 billion) from the figure reported in the last ESAF update (EBS/89/127). Of this amount, loans totalling SDR 5.15 billion have been approved by the Executive Board (though a loan for SDR 370 million is not yet effective). Of this amount, SDR 1,028 million of ESAF Trust resources have been committed under 11 ESAF arrangements through end-November 1989 and SDR 321 million have been disbursed.

Subsidy contributions total about SDR 2.3 billion as calculated on the basis of assumptions described above. A balance of SDR 203.0 million was available in the Subsidy Account at end-November 1989, after taking account of cumulative subsidy payments of SDR 6.4 million with respect to ESAF financing from loans that are not fully subsidized to 0.5 percent per annum. Balances in the Reserve Account (including accrued interest) amounted to SDR 260 million at end-November 1989 and projections of accumulation of resources in the Reserve Account suggest somewhat larger balances would be available at end-2003 than projected in EBS/89/127.

On the basis of the assumptions discussed above regarding the central interest rate of 6.5 percent on the Trust's borrowings and investments, as well as the pattern of future Trust disbursements, at this time available subsidy resources appear sufficient, in the staff's judgement, to permit ESAF Trust and associated lending of about SDR 4.9 billion at the fully subsidized interest rate of 0.5 percent. Additional subsidies of SDR 500 million, on an "as-needed" basis, would be required to support Trust lending at the target level of SDR 6 billion at 0.5 percent per annum.

Table 1. ESAF Arrangements Approved
(as of November 30, 1989)

(In millions of SDRs)

| Member | Date Arrangement Approved | Three-year ESAF Commitments | | | | Disbursements through 11/30/89 | | |
|-------------|---------------------------------|-----------------------------|---------------------|------------------|-------------------|--------------------------------|----------------------------|-------------------------|
| | | Total | Percent of Quota | Of which: | | Total | Of which: | |
| | | | | SDA Resources | ESAF Trust | | SDA <u>1/</u> Resources | ESAF <u>1/</u> Trust |
| Bolivia | Jul. 27, 1988 | 136.1 | 150 | 45.4 | 90.7 | 45.4 | 27.2 | 18.1 |
| Gambia, The | Nov. 23, 1988 | 20.5 | 120 | 3.4 | 17.1 | 10.3 | 3.4 | 6.8 |
| Ghana | Nov. 9, 1988 | 368.1 | 180 | 102.3 | 265.9 | 224.1 | 81.8 | 142.3 |
| Kenya | May 15, 1989 | 241.4 | 170 | 71.0 | 170.4 | 80.5 | 42.6 | 37.9 |
| Madagascar | May 15, 1989 | 76.9 | 116 | 33.2 | 43.7 | 12.8 | 10.0 | 2.9 |
| Malawi | Jul. 15, 1988 | 55.8 | 150 | 26.0 | 29.8 | 27.9 | 13.0 | 14.9 |
| Mauritania | May 24, 1989 | 50.9 | 150 | 3.4 | 47.5 | 8.5 | 3.4 | 5.1 |
| Niger | Dec. 12, 1988 | 50.6 | 150 | 6.7 | 43.8 | 16.9 | 6.7 | 10.1 |
| Senegal | Nov. 21, 1988 | 144.7 | 170 | 11.5 | 133.2 | 59.6 | 11.5 | 48.1 |
| Togo | May 31, 1989 | 46.1 | 120 | 19.2 | 26.9 | 7.7 | 5.8 | 1.9 |
| Uganda | Apr. 17, 1989 | <u>179.3</u> | 180 | <u>19.9</u> | <u>159.4</u> | <u>42.3</u> | <u>10.0</u> | <u>32.4</u> |
| Total | | 1,370.2 | 161 <u>2/</u> | 342.0 <u>3/</u> | 1,028.2 <u>4/</u> | 535.8 | 215.4 | 320.5 |

Note: Totals may not add due to rounding.

1/ The following additional disbursements were made in the period through December 15, 1989:

a. December 14, 1989

i. Bolivia--a first disbursement (2nd annual arrangement) of SDR 22.68 million comprising SDR 9.07 million of SDA resources and SDR 13.61 million of ESAF Trust resources.

b. December 15, 1989

i. Madagascar--a second disbursement of SDR 12.82 million comprising SDR 9.96 million of SDA resources and SDR 2.86 million of ESAF Trust resources.

ii. Senegal--a first disbursement (2nd annual arrangement) of SDR 21.28 million comprised of ESAF Trust resources.

iii. Togo--a second disbursement of SDR 7.68 million comprising SDR 5.76 million of SDA resources and SDR 1.92 million of ESAF Trust resources.

2/ Weighted average.

3/ Includes undisbursed commitments of SDA resources under prior SAF arrangements of SDR 315.96 million for those members for which SAF arrangements were replaced with ESAF arrangements.

4/ This figure differs marginally from that shown in EBS/89/127 because ESAF Trust resources had to be substituted for SDA resources in several cases where the three year SAF commitment had expired.

Table 2. ESAF--Loan Agreements Approved
(as of November 30, 1989)

(In millions of SDRs)

| | Date of Board approval | Loan Commitment | Amount Disbursed |
|--|------------------------|-----------------|------------------|
| Caisse Centrale de Cooperation Economique (France) | Apr. 4, 1988 | 800 | 90.3 |
| The Export-Import Bank of Japan | Apr. 4, 1988 | 2,200 | 154.6 |
| Bank of Norway | Apr. 4, 1988 | 90 | 5.6 |
| Swiss Confederation | Apr. 4, 1988 | 200 | 38.0 <u>1/</u> |
| Government of Canada | Jun. 3, 1988 | 300 | 9.1 |
| Bank of Spain | Jun. 8, 1988 | 220 | 18.1 |
| Ufficio Italiano dei Cambi <u>2/</u> | Jun. 27, 1988 | 370 | -- |
| Kreditanstalt für Wiederaufbau (Germany) | Jan. 11, 1989 | 700 | -- |
| Bank of Korea | Mar. 29, 1989 | <u>65</u> | <u>4.0</u> |
| Subtotal | | 4,945 | 320.5 |
| Associated Agreement - Saudi Fund for Development | Jan. 18. 1989 | <u>200</u> | <u>--</u> |
| Total | | 5,145 | 320.5 |

1/ The full loan commitment of SDR 200 million was drawn down in January 1989 of which SDR 38.0 million has been used to finance ESAF disbursements. A further amount of SDR 12.05 million was utilized to finance disbursements on December 15, 1989, bringing total use to SDR 50.0 million. The balance of SDR 150.0 million remains invested until use in further disbursements. See EBS/88/70 (March 28, 1988) for details.

2/ Not yet effective, awaiting completion of legislative procedures and other formalities.

Table 3 - ESAF Trust Subsidy Account
Availability of Resources
As at November 30, 1989

(In millions of SDRs)

| Contributor | Cumulative to May 31, 1989 | May 31- Nov. 30, 1989 | Cumulative to Nov. 30, 1989 |
|---|-------------------------------|--------------------------|--------------------------------|
| A. Resources Available to Subsidy Account | | | |
| 1. Grants Received <u>1/</u> | | | |
| Canada | 1.3 | -- | 1.3 |
| Denmark | 18.0 | -- | 18.0 |
| Finland | 5.4 | 8.4 | 13.8 |
| Japan | 15.1 | 22.4 | 37.5 |
| Korea | 27.7 | -- | 27.7 |
| Luxembourg | 1.0 | -- | 1.0 |
| Netherlands | 0.8 | 2.7 | 3.5 |
| Norway | 6.9 | -- | 6.9 <u>2/</u> |
| Sweden | 18.4 | 18.2 | 36.6 |
| United Kingdom | <u>22.1</u> | <u>10.3</u> | <u>32.4</u> |
| Subtotal | 116.7 | 62.0 | 178.7 |
| 2. Income from Investment <u>3/</u> <u>4/</u> | | | |
| | 3.0 | 14.9 | 17.9 |
| 3. Income from Administered Accounts <u>3/</u> | | | |
| | 7.6 | 5.2 | 12.8 |
| 4. Total | | | |
| | 127.3 | 82.1 | 209.4 |
| B. Resources Disbursed to Subsidize Trust Lending | | | |
| | 2.3 | 4.1 | 6.4 |
| C. Net Subsidy Resources Available | | | |
| | 125.0 | 78.0 | 203.0 |

Note: Totals may not add due to rounding.

1/ A contribution of SDR 4.5 million was received from Germany on December 20, 1989.

2/ A further SDR 2.3 million was received from Norway on December 6, 1989.

3/ Includes income accrued through November 30, 1989.

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

Table 4. Subsidy Contributions in Other Forms

(As of November 30, 1989)

| Vehicle | | Loan/Investment <u>1/</u> Amount (SDR millions) | | Interest Rate (percent) | Maturity |
|---------------------------------------|------------------------------|---|--------------------|-------------------------------|-------------------|
| | | Approved | Received <u>2/</u> | | |
| Austrian National Bank | Adminis- tered Account | 60 | 60 | 0.5 | 5 1/2-10 years |
| National Bank of Belgium | Adminis- tered Account | 100 | 100 | 0.5 | 10 years |
| Bank of Greece | Adminis- tered Account | 35 | 35 | 0.5 | 5 1/2-10 years |
| Bank Negara Malaysia | Subsidy Account | 40 | 40 | 0.5 | 10 years |
| Monetary Authority of Singapore | Subsidy Account | 40 | 20 | 2.0 | 10 years |
| Bank of Thailand | Subsidy Account | 20 | 20 | 2.0 | 10 years |
| | | 295 | 275 | | |

1/ An investment by the Central Bank of Malta was received on December 15, 1989 the net earnings on which will be available to the Subsidy Account. The investment was for SDR 1.365 million, with a 13 year maturity and carrying an interest rate of 0.5 percent.

2/ Some of these amounts will be paid in installments.

Table 5. Projections of Trust Reserve Account
and Obligations of the Trust
(as at November 30, 1989)

(In SDR millions)

| | Transfers from SDA <u>1/</u> | Investment earnings <u>1/</u> | Cumulative total (end of period) | Trust obligations <u>2/</u> (end of period) |
|----------------------|---------------------------------|----------------------------------|--|---|
| 1. Actual | | | | |
| 1988 | 165 | 4 | 169 | 103 |
| 1/1/89 - 11/30/89 | 68 | 23 | 260 <u>3/</u> | 320 |
| 2. Projected | | | | |
| Dec. 1989 | 6 <u>3/</u> | 2 | 268 <u>3/</u> | 360 |
| 1990 | 62 | 21 | 351 | 1,260 |
| 1991 | 64 | 26 | 436 | 3,260 |
| 1992 | 70 | 32 | 538 | 5,260 |
| 1993 | 213 | 47 | 798 | 6,000 |
| 1994 | 219 | 63 | 1,080 | 5,967 |
| 1995 | 326 | 87 | 1,493 | 5,868 |
| 1996 | 426 | 119 | 2,039 | 5,516 |
| 1997 | 473 | 158 | 2,670 | 4,764 |
| 1998 | 442 | 198 | 3,310 | 3,638 |
| 1999 | 345 | 236 | 3,891 | 2,471 |
| 2000 | 236 | 269 | 4,396 | 1,370 |
| 2001 | 132 | 297 | 4,825 | 522 |
| 2002 | 51 | 321 | 5,198 | 74 |
| 2003 | 3 | 344 | 5,545 | 0 |

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

1/ Projections of income are at an assumed interest rate of 6.5 percent.
Actual investment returns may differ.

2/ Repayment obligations outstanding.

3/ Includes accrued interest through end of period.

Table. 1 Enhanced Structural Adjustment Facility--
Contributions as of November 30, 1989 1/

(In millions of SDRs)

| Contributor | Subsidies | |
|----------------|-----------------------------------|----------|
| | (Grant or Grant Equivalent) 2/ | Loans |
| Austria | (33) | ... |
| Belgium | (67) | ... |
| Canada | (140) | 300 |
| Chile | ... 4/ | 12 |
| Denmark | 41 | ... |
| Finland | 33 | ... |
| France | (326) | 800 |
| Germany | 130 | 700 |
| Greece | (19) | ... |
| Iceland | 2 | ... |
| Italy | (172) | 370 |
| Japan | 322 | 2,200 |
| Korea | (42) | 65 |
| Kuwait | ... | 39 |
| Luxembourg | 4 | ... |
| Malaysia | (27) | ... |
| Malta | 1 | ... |
| Mexico 3/ | (21) | 45 |
| Netherlands | 60 | ... |
| Norway | 24 | 90 |
| Saudi Arabia | (93) | 200 |
| Singapore | (18) | ... |
| Spain | (19) | 260 |
| Sweden | 103 | ... |
| Switzerland | (102) | 200 |
| Thailand | 10 | ... |
| Turkey | ... | 35 |
| United Kingdom | 398 | ... |
| United States | 109 | ... |
| Total | 2,288 5/ | 5,316 6/ |

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

2/ Where shown in parentheses, the grant element has been calculated on the basis of the loan amount indicated, and was not specified by the contributing country. These grant elements reflect the undiscounted amounts necessary to be paid in over 15 years "as needed" to achieve an effective lending rate of 0.5 percent, assuming an interest rate of 6.50 percent on loans to the Loan Account of the ESAF Trust. The amounts reported for other grant contributions are based on the "as-needed" contribution amount which would have the same present value as the resources committed. Thus, where a grant contribution (or the income derived from a loan or investment in the Subsidy Account) is known to be front-loaded, the figure reported here is increased in proportion to the ratio of its present value to that of grants provided "as-needed" over 15 years. Grants committed in local currency are valued at November 30, 1989 exchange rates.

3/ Subject to participation by other Latin American countries.

4/ Chile will make a subsidy contribution in an amount yet to be determined.

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

6/ With the possibility of an additional loan amount of up to SDR 0.3 billion from Japan, this total could rise to up to SDR 5.6 billion.

ESAF--Notes on Contributions

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

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

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

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

Denmark: Grant contribution of SDR 9 million per year in 1988-90. Size of grant for 1990 depends on maintenance of aid budget.

Finland: Grant contribution of SDR 5.4 million in 1988, of SDR 8.4 million in 1989, and Fmk 46 million in 1990.

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

Germany: Contribution of SDR 700 million to the Loan Account. Grant contribution of SDR 4.5 million received in 1989 with further contributions amounting up to DM 300.31 million between 1990-2000. (See also footnote 5 to Appendix Table)

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

Iceland: Grant contributions of SDR 2 million in 1990-95.

Italy: Contribution of SDR 370 million to Loan Account, with subsidy necessary to achieve an effective lending rate of 0.5 percent.

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

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

Kuwait: Contribution to US\$50 million to Loan Account.

Luxembourg: Annual grant contributions of SDR 500,000 per year in 1988-93.

ESAF--Notes on Contributions--Continued

- Malaysia: Subsidy contribution accruing from net income to Subsidy Account from an investment of SDR 30 million at 0.5 percent in 1988, and a further SDR 10 million in 1989. Investments repayable after 10 years.
- Malta: Subsidy contribution accruing from net income to the Subsidy Account from an investment of SDR 1.365 million at 0.5 percent for 13 years.
- Mexico: Contribution of SDR 45 million to Loan Account, accompanied by subsidy needed to achieve an effective lending rate of 0.5 percent.
- Netherlands: Grant contributions totaling f. 135 million in 1988-97.
- Norway: Contribution of SDR 90 million to Loan Account. Subsidy contribution of SDR 6.9 million in 1988, SDR 2.3 million in 1989, and NKr 70 million between 1990 and 1992.
- Saudi Arabia: Associated lending of SDR 200 million at loan charge of 0.5 percent; this interest rate is subject to review if the Trust loan interest rate is increased.
- Singapore: Subsidy contribution accruing from net income to Subsidy Account from loans or investments of SDR 40 million at 2 percent, repayable after 10 years.
- Spain: Contribution of SDR 220 million to Loan Account at six-month combined domestic rate, and SDR 40 million at 0.5 percent.
- Sweden: Grant contribution of SDR 18.4 million in 1988, SDR 18.1 million in 1989, and SKr 150 million per year in 1990-91.
- Switzerland: Contribution of SDR 200 million at interest rate of zero percent to Loan Account.
- Thailand: Subsidy contribution accruing from net income to Subsidy Account from an investment of SDR 20 million at 2 percent, repayable after 10 years.
- Turkey: Contribution of up to SDR 35 million to Loan Account.
- United Kingdom: Grant contribution equivalent to amounts sufficient, at interest and exchange rates prevailing in early December 1987, to provide necessary subsidy on Trust loans rising to up to SDR 1 billion. Amount calculated on this basis totals 327 million pounds sterling.
- United States: Grant contributions totalling US\$139 million in FY1990-FY2001.

