

Update on the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries

INTERNATIONAL MONETARY FUND

**Update on the Financing of the Fund's Concessional Assistance
and Debt Relief to Low-Income Member Countries**

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I. INTRODUCTION

1. **This paper provides a semi-annual review of the status of financing for PRGF-ESF lending, HIPC and MDRI debt relief, and an update on the mobilization of resources for the subsidization of emergency assistance to PRGF-eligible countries.¹** The last review was completed by the Executive Board on September 26, 2007.

2. **The main points of the paper are as follows:**

PRGF-ESF financing

- **Available loan resources provided by bilateral lenders are likely sufficient to meet demand for new PRGF-ESF arrangements through 2010.** As of end-2007, loan resources stood at SDR 2.6 billion, a slight reduction from the last update.
- **Available PRGF subsidy resources are projected to be adequate to subsidize almost all of the available loan resources.** Projected subsidy needs are now slightly lower as a result of lower SDR interest rates and savings from early repayments of PRGF loans.
- **ESF subsidy contributions remain largely unchanged from the last update.** Including a new contribution from Iceland, total commitments from eleven countries amounted to the equivalent of SDR 218 million in cash terms.² Of this amount, SDR 59 million has been received. No country has yet requested assistance under the ESF.
- **Following the exhaustion of currently available PRGF subsidy resources, the Fund's PRGF/ESF lending could be subsidized by the Reserve Account of the PRGF-ESF Trust on a "self-sustained" basis.** It is expected that such operations

¹ The decisions adopting both the PRGF-HIPC and MDRI Trust Instruments require that the Executive Board conduct semi-annual reviews of the financing of these Trusts (Decision No. 11436-(97/10), February 4, 1997, as amended; and Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, which became effective on January 5, 2006). A decision to complete the current semi-annual review is proposed in Section V. Starting in 2002, staff has updated the Board regularly on the mobilization of resources for the subsidization of emergency assistance.

² Pledges of subsidy contributions to the ESF were converted into SDRs based on the respective exchange rates at end-February 2008.

could commence in 2011. Updated projections indicate that the Reserve Account could subsidize new PRGF/ESF loan commitments of about SDR 0.8 billion per annum.

Financing of debt relief

- **Available resources are estimated to be sufficient to cover the costs of debt relief under the HIPC Initiative and the MDRI**, except for the remaining protracted arrears cases of Somalia, Sudan, and potentially Zimbabwe.³ While the resources available for HIPC debt relief remain broadly unchanged from the last update, the projected surplus in the MDRI Trusts increased by about SDR 0.1 billion, mainly reflecting the Democratic Republic of the Congo's delay in reaching its HIPC completion point.
- **Bilateral contributions, amounting to SDR 547 million from 102 countries, were secured to finance the cost of the Fund's debt relief to Liberia.** Following Liberia's clearance of its long-standing arrears to the Fund on March 14, 2008, the Executive Board approved Liberia's decision point under the enhanced HIPC Initiative and its request for interim assistance. Liberia will receive full debt relief on its outstanding eligible debt when it reaches the HIPC Initiative completion point.

Subsidization of emergency assistance

- **As a result of new requests, which were not anticipated at the time of the last update paper, currently available subsidy resources for emergency assistance now fall short of financing needs.** Additional subsidy contributions are, therefore, urgently needed to enable the Fund to continue providing emergency assistance to eligible countries on concessional terms.
- **Management has recently approached member countries, including advanced countries and selected emerging economies and major oil producers, to seek additional contributions.** The aim of the fund-raising effort is to mobilize SDR 100 million in additional contributions to cover the estimated financing needs to

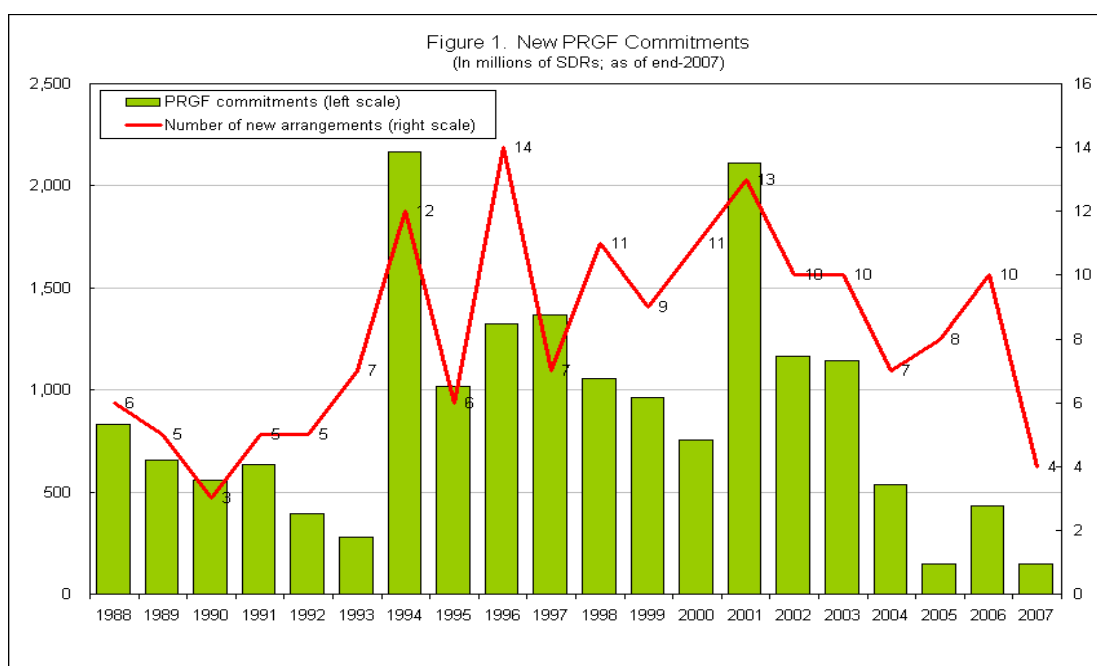
³ The cost to the Fund of providing debt relief to these countries was not included in the original financing framework for the HIPC Initiative and the MDRI. Additional resources would, therefore, need to be identified and secured when these countries are ready to embark on the HIPC Initiative. Zimbabwe is in protracted arrears to the PRGF-ESF Trust. It is currently neither PRGF-eligible nor on the list of HIPC Initiative "ring-fenced" countries. However, once Zimbabwe is ready to clear its arrears to the Trust, an assessment would need to be made of whether Zimbabwe is eligible for the HIPC Initiative based on relevant criteria. On that basis, it would be determined whether and, if so, to what extent, additional resources would need to be mobilized.

subsidize emergency assistance through 2014. It is important that member countries provide timely support for this effort.

II. FINANCING OF PRGF-ESF OPERATIONS

A. Loan Resources

3. **Available loan resources for PRGF/ESF lending provided by bilateral lenders stood at SDR 2.6 billion at end-2007, a slight reduction from the last update.** Over the second half of 2007, the Executive Board approved two new PRGF arrangements totaling SDR 120 million for Guinea and Nicaragua. For 2007 as a whole, four new PRGF arrangements, amounting to SDR 140 million, were approved. This represents the lowest level of annual commitments since the inception of the PRGF (formerly ESAF) in 1987 (Figure 1). Improved external positions of low-income countries, partly as a result of debt relief under the HIPC Initiative and the MDRI, have contributed to low demand for PRGF loans in recent years. To date, no country has requested assistance under the ESF.



4. **Based on current projections, available loan resources are likely sufficient to meet demand for new PRGF/ESF arrangements in 2008–10** (Table 1). Country-specific projections suggest that demand for new PRGF loans could amount to SDR 0.7 billion in 2008, including the recently approved three-year PRGF arrangement with Liberia in an amount of SDR 0.2 billion (185 percent of quota). Demand for PRGF loans in 2009–10 is projected at about SDR 1.2 billion, assuming that requests for PRGF arrangements by several large quota countries are forthcoming. The projected total demand of SDR 1.9 billion for the next three years does not include the remaining protracted arrears cases of Somalia, Sudan,

and Zimbabwe.⁴ Although the projections entail a significant increase in demand for PRGF resources, it is possible that, in light of the ongoing turmoil in global financial markets, weaker growth prospects, and the surge in food and fuel prices, additional requests for PRGF resources, including augmentations of existing arrangements, could be higher than projected.

Table 1. PRGF-ESF Trust – Loan Resources
(In billions of SDRs; as of end-2007)

Available resources	2.6
Total available	15.8
Cumulative commitments to borrowers	13.2
Projected demand 1/	1.9
2008	0.7
Of which: Liberia	0.2
2009-10	1.2
Remaining resources	0.7
Potential demand 2/	0.7
Somalia	0.2
Sudan	0.6
<i>Memorandum item:</i>	
New loan resources 3/	0.6

1/ Do not include potential augmentation under existing PRGF arrangements.

2/ Assuming access of 185 percent of quota (exceptional limit) based on quota under the 11th General Review.

3/ France pledged a new loan of US\$ 1 billion in the context of the ESF.

B. PRGF Subsidy Resources

5. **Available subsidy resources amounted to SDR 1.2 billion at end-2007, broadly unchanged from the last update** (Table 2). These resources include subsidies currently held in the PRGF-ESF and PRGF-HIPC Trusts and projected additional inflows to both Trusts. As noted in the previous update, most subsidy contributions provided in the context of the fund-raising effort following the establishment of the ESF (see Section C below) have been made to the PRGF-ESF Subsidy Account and can, therefore, be used both for PRGF and ESF operations. However, for analytical and presentational purposes, the discussion in this section

⁴ As noted earlier, Zimbabwe has protracted arrears to the PRGF-ESF Trust and was removed from the list of PRGF-eligible countries by Executive Board Decision No. 12582-(01/99), adopted September 24, 2001. It is, therefore, currently not included in demand projections for PRGF-ESF resources.

does not include these contributions. The financing structure of the Fund's concessional operations is shown in Figure 2.

Table 2. PRGF Subsidy Requirements and Availability
(In billions of SDRs; as of end-2007)

Subsidy requirements	1.23
Available resources 1/	1.18
PRGF-ESF Trust	1.00
PRGF-HIPC Trust 2/	0.13
Projected additional inflows 3/	0.05
Projected balance/(shortfall)	(0.05)

1/ Excludes subsidy contributions pledged for the ESF.

2/ Excludes the HIPC sub-account balance earmarked for HIPC assistance.

3/ In end-2007 NPV terms; mainly reflects interest income on bilateral deposit agreements.

6. **Staff's current projections indicate that available subsidy resources would be sufficient to subsidize almost all of the available PRGF loan resources.**⁵ Since the last update, projected subsidy needs have been reduced by: (i) lower SDR interest rates assumed for the projection period;⁶ and (ii) projected subsidy savings from Liberia's early repayment of PRGF loans when it reaches the HIPC completion point. These estimates, however, do not take into account the pledges made by 10 countries in the 1999–2000 fund-raising exercise that have not yet been received, amounting to SDR 32 million (Table 3). It is important that these countries make efforts to disburse their pledges as soon as possible to ensure that PRGF-HIPC operations are fully funded.

Table 3. PRGF-HIPC Trust – Pending Contributions
(In millions of SDRs "as needed"; as of end-2007)

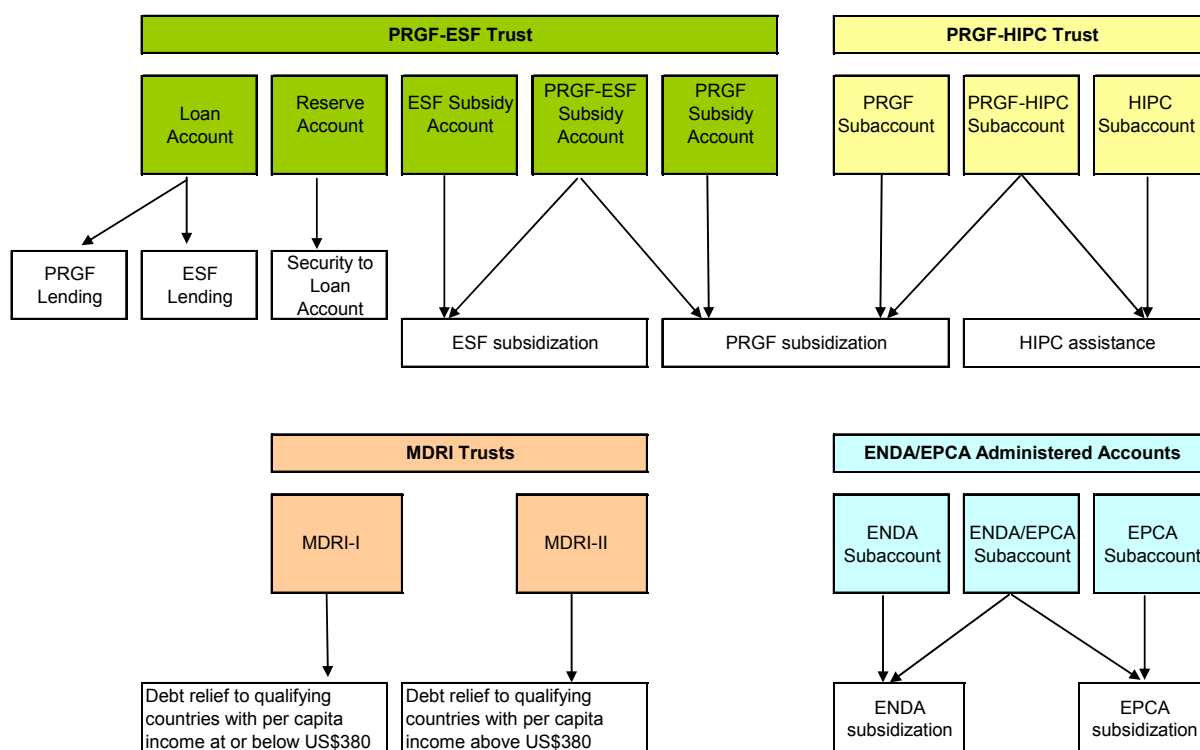
Venezuela	20.4	Dominican Republic	0.5
Argentina 1/	6.4	Lebanon	0.4
Gabon 1/	1.9	Grenada	0.1
Trinidad & Tobago	1.6	Vanuatu	0.1
Bahrain	0.9	Maldives	0.0
Total		32.2	

1/ Remaining balances.

⁵ The availability of subsidy resources under the PRGF-ESF Trust would not be affected by a resumption of the reimbursement of the GRA for PRGF administrative expenses. The latter would be financed by the balances accumulated in the Reserve Account of the Trust. However, the Trust is expected to benefit from additional investment income after the expanded investment of the Special Disbursement Account (SDA) under the proposed amendment of the Articles of Agreement on the expanded investment authority of the Fund enters into force as Trust resources originating from the SDA are managed in accordance with the SDA investment authority.

⁶ The projections assume that the SDR interest rate would increase gradually from 4 percent in 2008 to 5 percent per annum in 2013 and thereafter.

Figure 2. Financial Structure of the Fund's Concessional Operations



C. ESF Subsidy Contributions

7. Since the last update, the Fund has received a new pledged contribution to the ESF from Iceland in an amount of SDR 0.1 million. As Table 4 indicates, total pledges from 11 countries have amounted to SDR 218 million in cash terms,⁷ representing about half of the target initially sought by the Fund.⁸ Of the pledged amount, SDR 59 million has been received. While no country has yet requested assistance under the ESF, demand for ESF loans could materialize in the event that global economic conditions deteriorate further.

⁷ These contributions have been, or will be, placed in the PRGF-ESF Subsidy Account at the request of contributors to subsidize both PRGF and ESF loans, with the exception of the contributions from Canada and Norway which, at the request of their respective authorities, have been placed in the ESF Subsidy Account to subsidize exclusively ESF lending.

⁸ When the ESF was established, it was considered appropriate to initially secure financing sufficient to cover the projected demand for ESF loans of SDR 2 billion and subsidy resources of SDR 0.5 billion (in end-2005 NPV terms) for a five-year period. See *Establishment of an Exogenous Shocks Facility under the Poverty Reduction and Growth Facility Trust* (10/4/05).

Table 4. ESF Subsidy Contributions
(In millions of currency units; as of end-February 2008)

	Date of pledge	Form of contribution	Contribution pledged	
			(Amount)	(SDR equivalent) 1/
Canada	11/28/05	Grant	CAN\$ 25.0	14.3
France	12/16/05	Concessional Loan	US\$ 30.0	18.6
Iceland	1/31/08	Grant	ISK 10.2	0.1
Japan	11/28/05	Grant	SDR 20.0	20.0
Norway	2/22/06	Grant	SDR 24.7	24.7
Oman	3/19/06	Grant	SDR 3.0	3.0
Russian Federation	1/30/06	Grant	SDR 30.0	30.0
Saudi Arabia	3/7/06	Investment Agreement	SDR 40.0 2/	40.0 2/
Spain	4/24/06	Grant	SDR 5.3	5.3
Trinidad and Tobago	8/25/06	Deposit Agreement	SDR 0.8 2/	0.8 2/
United Kingdom	11/23/05	Grant	£ 50.0	61.6
Total				218.4

1/ Calculated using the exchange rates of end-February 2008.

2/ Reflecting net investment income (in end-2005 NPV terms) to be generated from investment/deposit agreements.

D. Medium-Term Financing Framework

8. **It is envisaged that, once the currently available PRGF-ESF subsidy resources discussed above are exhausted, subsidy resource for the Fund's PRGF-ESF lending could be financed from the Reserve Account of the Trust on a "self-sustained" basis.⁹** Under this approach, which would require an amendment of the PRGF-ESF Trust Instrument, bilateral creditors would continue to provide loan resources that would be on-lent to PRGF/ESF borrowers, while income earned on the balances in the Reserve Account would be used to finance interest subsidies on PRGF and ESF loans. As in the case of current framework, the Reserve Account would also continue to provide security to PRGF-ESF Trust lenders in the event of a delay or non-repayment by PRGF-ESF borrowers (Box 1).

9. **Current projections indicate that "self-sustained" PRGF operations could commence in 2011, with an annual Reserve Account subsidization capacity of about SDR 0.8 billion on a sustained basis.** This projection is based on several important assumptions:¹⁰ (i) currently available PRGF-ESF resources would be exhausted by 2010, as noted above; (ii) both the rate of investment earned on the Reserve Account balances and

⁹ See *Review of Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries* (3/22/06), and *The G-8 Debt Cancellation Proposal and Its Implications for the Fund—Further Considerations* (9/19/05).

¹⁰ In addition, the projection of the Reserve Account balances over the medium term includes assumed repayments of overdue Trust Fund, SAF, and PRGF obligations by the protracted arrears cases.

Box 1. The PRGF-ESF Trust Reserve Account—Purpose and Funding

The Reserve Account is designed to: (i) provide security to lenders of the PRGF-ESF Trust in the event of delay or nonpayment by borrowers; and (ii) meet temporary mismatches between repayments from borrowers and payments to lenders.

It is also envisaged that, after currently available PRGF-ESF subsidy resources are exhausted, the balances accumulated in the Reserve Account be used to subsidize the Fund's future concessional lending. The use of Reserve Account resources for future concessional lending would require an amendment of the PRGF-ESF Trust Instrument adopted by the Executive Board with 85 percent majority of the total voting power and consents from all current Trust lenders.

The Reserve Account was funded by reflows of SAF and Trust Fund loans that had used resources originated from the proceeds of the Fund's 1977-80 gold sales. At end-2007, the Reserve Account held a balance of SDR 3.6 billion, with a reserve-loan coverage ratio of 97 percent.

PRGF-ESF Trust—Reserve Account Coverage
(In millions of SDRs)

	Reserve Account balance (A)	PRGF-ESF Trust obligations (B)	Reserve coverage ratio (In percent) (A)/(B)
1988	169	103	164.1
1989	272	510	53.3
1990	395	795	49.7
1991	513	1,320	38.9
1992	630	1,786	35.3
1993	793	2,005	39.6
1994	1,009	2,786	36.2
1995	1,336	3,919	34.1
1996	1,716	4,446	38.6
1997	2,093	4,892	42.8
1998	2,345	5,421	43.3
1999	2,548	5,820	43.8
2000	2,714	5,773	47.0
2001	2,917	5,971	48.9
2002	3,079	6,636	46.4
2003	3,115	6,703	46.5
2004	3,174	6,632	47.9
2005	3,285	6,185	53.1
2006	3,392	3,656 ^{1/}	92.8
2007	3,557	3,673	96.8
<i>Memorandum item:</i>			
Projected PRGF repayments in 2008			417

^{1/} The decline in total PRGF credit outstanding by about 40 percent from 2005 reflects early repayments arising from the delivery of HIPC and MDRI debt relief.

interest rate paid to Trust lenders would rise gradually from 4 percent in 2008 to 5 percent in 2013 and beyond; (iii) the Reserve Account would earn a premium of 90 basis points per annum from FY 2010 onwards, stemming from the proposed expansion of investment authority; and (iv) reimbursement of the GRA for PRGF-ESF administrative expenses would resume starting in the financial year in which the Board adopts a decision authorizing sales of gold acquired after the Second Amendment. The estimated Reserve Account subsidization

capacity under different assumptions was discussed in the previous papers.

III. FINANCING OF HIPC AND MDRI DEBT RELIEF

10. **To date, 23 countries have reached the completion point and another 10 have reached the decision point under the enhanced HIPC Initiative.** In total, the Fund has committed HIPC Initiative assistance of SDR 2.3 billion. Of this amount, assistance to 23 countries that have reached the completion point amounted to SDR 1.7 billion, while HIPC Initiative interim assistance to the 10 countries that have reached the decision point but not yet the completion point totaled SDR 0.04 billion (Table 5).

11. **Since the last update, one additional country has reached the completion point and two others have reached the decision point.** On December 19, 2007, The Gambia reached its completion point and received HIPC and MDRI debt relief from the Fund, totaling SDR 9.4 million. On September 28, 2007, the Executive Board approved the Central African Republic's decision point and committed HIPC Initiative assistance of SDR 17.3 million. The Board approved Liberia's decision point on March 18, 2008, and committed HIPC assistance of SDR 428.1 million.¹¹

12. **Since the inception of the MDRI in January 2006, 25 countries have received debt relief under the Initiative, totaling SDR 2.3 billion** (Table 6).¹² At the time of the establishment of the MDRI, the cost to the Fund of providing MDRI debt relief was estimated at about SDR 2.6 billion.¹³ Under the established financing framework, qualifying members would receive 100 percent debt relief on the full stock of debt owed to the Fund at end-December 2004 that remains outstanding at the time the member qualifies for such debt relief and is not covered by assistance under the HIPC Initiative. The estimated cost would be

¹¹ In addition, consistent with the approach agreed among multilateral creditors in the context of the HIPC Initiative, some SDR 20 million would be delivered through the concessional element of the PRGF resources associated with arrears clearance operation.

¹² Includes 23 countries that have reached HIPC completion point and two non-HIPCs (Cambodia and Tajikistan) with per capita income of US\$380 or less.

¹³ The overall cost of debt relief for eligible members was estimated at SDR 3.5 billion in end-2005 NPV terms. This would be financed by the resources in the MDRI-I and MDRI-II Trusts, as well as HIPC Initiative resources (estimated at SDR 0.8 billion). Excluding the latter, the net cost of the MDRI would amount to SDR 2.6 billion.

Table 5. Implementation of the HIPC Initiative
(In millions of SDRs; as of end-March 2008)

	Decision point	Completion point	Amount committed	Amount disbursed 1/
Completion point countries (23)			1,559	1,672
1 Benin	Jul. 2000	Mar. 2003	18	20
2 Bolivia	Feb. 2000	Jun. 2001	62 2/	65
3 Burkina Faso	Jul. 2000	Apr. 2002	44 2/	46
4 Cameroon	Oct. 2000	Apr. 2006	29	34
5 Ethiopia	Nov. 2001	Apr. 2004	45	47
6 Gambia, The	Dec. 2000	Dec. 2007	2	2
7 Ghana	Feb. 2002	Jul. 2004	90	94
8 Guyana	Nov. 2000	Dec. 2003	57 2/	60
9 Honduras	Jun. 2000	Apr. 2005	23	26
10 Madagascar	Dec. 2000	Oct. 2004	15	16
11 Malawi	Dec. 2000	Aug. 2006	33	37
12 Mali	Sep. 2000	Mar. 2003	46 2/	49
13 Mauritania	Feb. 2000	Jun. 2002	35	38
14 Mozambique	Apr. 2000	Sep. 2001	107 2/	108
15 Nicaragua	Dec. 2000	Jan. 2004	64	71
16 Niger	Dec. 2000	Apr. 2004	31	34
17 Rwanda	Dec. 2000	Apr. 2005	47	51
18 São Tomé and Príncipe	Dec. 2000	Mar. 2007	0.8	0.9
19 Senegal	Jun. 2000	Apr. 2004	34	38
20 Sierra Leone	Mar. 2002	Dec. 2006	100	107
21 Tanzania	Apr. 2000	Nov. 2001	89	96
22 Uganda	Feb. 2000	May. 2000	120 2/	122
23 Zambia	Dec. 2000	Apr. 2005	469	508
Decision point countries (10)			748	41
24 Afghanistan	Jul. 2007	Floating	--	--
25 Burundi	Aug. 2005	Floating	19	0.3
26 Central African Republic	Sep. 2007	Floating	17	3
27 Chad	May. 2001	Floating	14	9
28 Congo, Dem. Rep. of	Jul. 2003	Floating	228	3
29 Congo, Rep. of	Mar. 2006	Floating	6	--
30 Guinea	Dec. 2000	Floating	24	10
31 Guinea-Bissau	Dec. 2000	Floating	9	1
32 Haiti	Nov. 2006	Floating	2	0.1
33 Liberia	Mar. 2008	Floating	428	15
Pre-decision point countries (6)				
34 Comoros	...	...	...	...
35 Côte d'Ivoire	...	...	...	...
36 Eritrea	...	...	...	...
37 Kyrgyz Republic	...	...	...	...
38 Nepal	...	...	...	...
39 Togo	...	...	...	...
Protracted arrears cases (2)				
40 Somalia	...	...	...	...
41 Sudan	...	...	...	...
Total			2,324 3/	1,713

1/ Includes interest on amounts committed under the enhanced HIPC Initiative.

2/ Includes commitment under the original HIPC Initiative.

3/ Including SDR 17 million committed to Côte d'Ivoire under the original HIPC Initiative.

covered by the resources in the MDRI-I Trust (SDR 1.5 billion) and MDRI-II Trust (SDR 1.12 billion).¹⁴

Table 6. Debt Relief Following Implementation of the MDRI
(In millions of SDRs; as of end-March 2008)

		Delivery date	Fund credit from disbursements prior to end-2004	Financed by HIPC umbrella sub-accounts 1/	Remaining MDRI-eligible credit	Financed by	
						MDRI-I Trust	MDRI-II Trust
			(A)	(B)	(C=A-B=D+E)	(D)	(E)
HIPC countries (23)			2,576	399	2,176	1,093	1,083
1	Benin	Jan. 2006	36	2	34	-	34
2	Bolivia	Jan. 2006	161	6	155	-	155
3	Burkina Faso	Jan. 2006	62	5	57	57	-
4	Cameroon	Apr. 2006	173	24	149	-	149
5	Ethiopia	Jan. 2006	112	32	80	80	-
6	Gambia	Dec. 2007	9	2	7	7	-
7	Ghana	Jan. 2006	265	45	220	220	-
8	Guyana	Jan. 2006	45	13	32	-	32
9	Honduras	Jan. 2006	107	9	98	-	98
10	Madagascar	Jan. 2006	137	9	128	128	-
11	Malawi	Sep. 2006	38	23	15	15	-
12	Mali	Jan. 2006	75	13	62	62	-
13	Mauritania	Jun. 2006	33	3	30	-	30
14	Mozambique	Jan. 2006	107	24	83	83	-
15	Nicaragua	Jan. 2006	140	49	92	-	92
16	Niger	Jan. 2006	78	18	60	60	-
17	Rwanda	Jan. 2006	53	33	20	20	-
18	São Tomé and Príncipe	Mar. 2007	1	0	1	1	-
19	Senegal	Jan. 2006	100	6	95	-	95
20	Sierra Leone	Dec. 2006	117	41	77	77	-
21	Tanzania	Jan. 2006	234	27	207	207	-
22	Uganda	Jan. 2006	88	12	76	76	-
23	Zambia	Jan. 2006	403	4	398	-	398
Non-HIPC countries (2) 2/			126	-	126	126	-
24	Cambodia	Jan. 2006	57	-	57	57	-
25	Tajikistan, Rep. of	Jan. 2006	69	-	69	69	-
Total			2,701.8	399.3	2,302.5	1,219.4	1,083.1

1/ Balances outstanding at the time of MDRI debt relief.

2/ Non-HIPCs but qualified for MDRI debt relief with a per capita income below the US\$380 threshold.

¹⁴ These estimates exclude the protracted arrears cases and the HIPCs that were newly identified during the HIPC Initiative ring-fenced exercise based on end-2004 debt data. The latter group comprises Eritrea, Haiti, Kyrgyz Republic, and Nepal which were identified during the ring-fencing exercise, and Afghanistan, which was added to the list of ring-fenced countries in April 2007.

A. Decision and Pre-Decision Point HIPC

13. **The costs to the Fund of providing debt relief under both the HIPC Initiative and the MDRI to the remaining decision and pre-decision point HIPCs (excluding the protracted arrears cases) is estimated at SDR 0.6 billion (end-2007 NPV terms), or SDR 0.1 billion lower than estimated in the previous update.** While the estimated cost of debt relief under the HIPC Initiative remains broadly unchanged from the last update, the cost of MDRI debt relief is now estimated to be lower by about SDR 0.1 billion (Table 7). This reduction mainly reflects an expected delay in the Democratic Republic of the Congo's (DRC) attainment of the HIPC completion point. The DRC is now expected to reach the completion point in early 2009 as compared to mid-2008 assumed in the last update. As a result, the DRC would need to make payments of principal on debt outstanding at end-2004 before reaching its completion point. This will reduce the stock of DRC's debt to the Fund that would be MDRI-eligible and thus the cost of MDRI debt relief for the Fund. The estimated cost of providing HIPC and MDRI debt relief to the HIPCs identified during the ring-fenced exercise would amount to SDR 12 million, little changed from the last update.¹⁵

14. **Resources currently available in the PRGF-HIPC and MDRI-I and II Trusts for debt relief stood at SDR 0.8 billion at end-2007, sufficient to cover the estimated costs to the remaining HIPCs.** Specifically, available PRGF-HIPC Trust resources are projected to exceed the financing needs by SDR 0.05 billion, unchanged from the last update, while the MDRI Trusts are projected to incur a surplus of over SDR 0.1 billion for the reason described above. It should be noted that the estimated cost of HIPC debt relief does not include potential needs for topping-up assistance, which are inherently difficult to predict.¹⁶ Moreover, these projections are based on assumptions regarding the timing of HIPC decision and completion points and the future path of interest rates, which are subject to change.

15. **It should also be noted that the cost of debt relief to the HIPCs newly identified in the "ring-fencing" exercise was not included in the original HIPC/MDRI financing framework.** While resources in the HIPC and MDRI Trusts are available to qualifying members on a "first-come, first-served" basis and are likely sufficient to cover the projected financing needs of non-arrears cases, additional financing would need to be mobilized in the event of a shortfall in available resources. In this context, the G-8 committed in the lead up to the MDRI at the 2005 Summit in Gleneagles to cover, on a fair burden-sharing basis, the cost of debt relief for countries that may become eligible for the HIPC Initiative under the

¹⁵ The Kyrgyz Republic is excluded from the cost estimates, as the authorities indicated in early 2007 that they did not wish to avail themselves of debt relief under the HIPC Initiative.

¹⁶ To date, the Board has approved topping-up assistance to six countries (Burkina Faso, Ethiopia, Malawi, Niger, Rwanda, and São Tomé and Príncipe) amounting to SDR 63 million.

extended sunset clause. The G-8 also committed that donors would provide the extra resources necessary for full debt relief at completion point for the protracted arrears cases.

Table 7. Financing of Debt Relief to the Remaining HIPC
(In billions of SDRs; end-2007 NPV terms)

Resources available in	0.82
HIPC sub-account 1/	0.48
MDRI-I Trust	0.30
MDRI-II Trust	0.04
Financing needed from	0.63
HIPC sub-account	0.42
MDRI-I Trust	0.19
MDRI-II Trust	0.02
Remaining balance	0.18
HIPC sub-account	0.05
MDRI-I Trust	0.10
MDRI-II Trust	0.02

1/ Including resources in the HIPC Umbrella account.

16. **On March 14, 2008, Liberia cleared its long-standing arrears to the Fund in an amount of SDR 543 million.** Following the normalization of Liberia's financial relations with the Fund, the Executive Board approved new PRGF and EFF arrangements (SDR 239 million and SDR 343 million, respectively) in support of Liberia's medium-term economic reform program. The Board also determined that Liberia reached the decision point under the HIPC Initiative and qualified for interim assistance.^{17 18}

17. **The cost to the Fund of providing HIPC Initiative and beyond-HIPC debt relief to Liberia was estimated at about SDR 530 million (in NPV terms).**¹⁹ On March 11, the Managing Director notified the Executive Board that satisfactory financing assurances had been secured regarding the availability of the resources needed to finance the Fund's debt relief to Liberia.²⁰ The decision on the financing modalities for arrears clearance and debt relief became effective on March 14, 2008 upon Liberia's clearance of its arrears to the Fund. In total, 102 member countries pledged contributions in an amount of SDR 547 million,

¹⁷ *Liberia—Enhanced Initiative for Heavily Indebted Poor Countries—Decision Point Document* (2/28/08).

¹⁸ None of Liberia's debt to the Fund under the new PRGF and EFF arrangements, which is equivalent to the stock of arrears at the time of arrears clearance, will be covered by the MDRI since it was contracted after the end-2004 MDRI cutoff date. Therefore, additional debt relief (referred to as "beyond-HIPC" debt relief) would need to be provided to fully cover Liberia's remaining eligible debt at the completion point.

¹⁹ *Liberia—Financing Modalities for Arrears Clearance and Debt Relief and Related Decision* (8/28/07).

²⁰ *Liberia—Notification of Satisfactory Financing Assurances for the Fund's Debt Relief* (3/11/08).

sufficient to cover the estimated cost. Consistent with contributors' wishes, these contributions have been, or will be, placed in the Liberia Administered Account or the PRGF-HIPC Trust.

B. Remaining Protracted Arrears Cases

18. **Providing debt relief, similar to that extended to Liberia, to Somalia and Sudan would require substantial additional resources.** As of end-February 2008, the total stock of arrears of these countries to the Fund amounted to SDR 1.3 billion. As the costs for providing debt relief to these countries were not included in the original financing framework of the HIPC Initiative and the MDRI, additional financing would need to be identified and secured when these countries are ready to clear their arrears to the Fund and embark on the HIPC Initiative. The approach developed for Liberia's arrears clearance and debt relief, including the necessary financing modalities, could provide a useful framework for Sudan and Somalia at an appropriate time.

19. **Similarly, additional resources could also potentially be needed to provide debt relief to Zimbabwe.** Currently, Zimbabwe is not PRGF-eligible and is not on the list of "ring-fenced" countries that could benefit from the HIPC Initiative. However, when Zimbabwe is ready to clear its protracted arrears to the PRGF-ESF Trust (SDR 87 million at end-March 2008), an assessment would need to be made of Zimbabwe's eligibility for the HIPC Initiative based on relevant criteria, including whether the NPV of debt at end-2004 exceeded the HIPC thresholds. On that basis, it would be determined whether and, if so, to what extent, additional resources would need to be identified and secured to cover debt relief for Zimbabwe.

IV. SUBSIDIZATION OF EMERGENCY ASSISTANCE

20. **The Fund provides emergency assistance to help member countries in the wake of natural disasters or as they emerge from conflict (ENDA and EPCA).** Since 2001, bilateral contributions have allowed the Fund to provide such assistance to low-income countries at a reduced rate of charge of 0.5 percent per annum. A number of countries have benefited from subsidization of emergency assistance since then. The continued strong demand for such assistance underscores its critical importance in providing timely balance of payments support to the Fund's most vulnerable members.

21. **Providing the subsidized emergency assistance requires substantial resources.** As discussed below, the available resources will not be sufficient to fully cover the costs of subsidizing existing emergency assistance, including the new requests by Bangladesh and

Côte d'Ivoire approved by the Board on April 2 and 4, 2008, respectively.²¹ In the absence of additional contributions, the available resources are expected to be exhausted by the second half of 2009, or sooner should new requests for subsidized emergency assistance be forthcoming. It is, therefore, urgent that additional subsidy contributions be secured to allow the Fund to continue providing emergency assistance on concessional terms in a timely manner.

A. Current Status and Projected Subsidy Needs

22. **Since the inception of subsidization of EPCA in 2001, 18 member countries have provided commitments of SDR 40 million to subsidize the rate of charge on emergency assistance** (Table 8). Of this amount, SDR 11 million was received before the Board decided, in early 2005, to extend subsidization to also cover emergency assistance for natural disasters. At that time, the Board set an initial goal of raising additional contributions of SDR 45–65 million to cover the estimated needs for the five-year period through 2009. Since 2005, 17 countries have committed to provide contributions equivalent to SDR 29 million, with the remaining SDR 15–35 million yet to be mobilized.²²

23. **The Executive Board has approved 28 requests from 16 PRGF-eligible countries for emergency assistance since 2001** (Table 9). Of these requests, 21 were for EPCA and 7 for ENDA, with total credit amounting close to SDR 500 million.²³ As of end-February 2008, resources used for subsidizing the rate of charge on emergency assistance had amounted to about SDR 20 million. As a result, the remaining available subsidy resources, including undisbursed commitments and interest earnings on the balances held in the accounts, are now estimated at SDR 23 million in NPV terms (Table 10).

²¹ See *Bangladesh—Use of Fund Resources—Request for Emergency Assistance* (3/17/08); and *Côte d'Ivoire—Use of Fund Resources—Request for Emergency Post-Conflict Assistance* (3/21/08).

²² Of the SDR 29 million committed, some SDR 22 million has already been received, with the remainder to be received in installments based on schedules agreed with contributors.

²³ Since the last update, the Board approved four new requests: (i) EPCA by Guinea-Bissau in January 2008; (ii) ENDA by Dominica in February 2008; (iii) ENDA by Bangladesh in April 2008; and (iv) EPCA by Côte d'Ivoire, also in April 2008.

Table 8. Subsidy Contributions for Emergency Assistance
(In millions; as of end-February 2008)

Contributor	Date of pledge	Contribution pledged	SDR equivalent 1/	Contribution received
Sub-Account 1: EPCA subsidization only				
Belgium	Mar. 2002	SDR 0.63	0.6	0.6
Canada	Oct. 2002	Can\$ 3.25	1.7	1.7
Norway	Jun. 2002	SDR 3.0	3.0	3.0
Sweden	Jan. 2002	SDR 0.8	0.8	0.8
Switzerland	Mar. 2002	US\$ 1.0	0.8	0.8
United Kingdom	Oct. 2001	£ 2.5	2.9	2.9
Sub Total			9.7	9.7
Sub-Account 2: ENDA subsidization only				
Australia	Jun. 2005	Aus\$ 2.0	1.1	0.9
Austria 2/	Apr. 2005	SDR 1.3	1.2	0.4
Canada	Feb. 2005	Can\$ 5.0	3.0	1.7
China	May 2005	US\$ 2.0	1.4	1.4
Germany 3/	Nov. 2005	Euro 1.65	1.4	1.4
India	Feb. 2005	SDR 1.5	1.5	0.3
Ireland	Nov. 2006	Euro 0.5	0.5	0.2
Japan	Apr. 2005	US\$ 2.5	1.7	1.7
Luxembourg	Feb. 2005	Euro 1.25	1.1	0.6
Russia	Feb. 2005	US\$ 1.5	1.0	0.6
Saudi Arabia	Apr. 2005	US\$ 4.0	2.5	--
Switzerland	Feb. 2005	US\$ 2.0	1.4	1.4
Sub Total			17.7	10.6
Sub-Account 3: Subsidization of EPCA and ENDA				
France	Jan. 2005	Euro 1.5	1.2	1.2
Netherlands 4/	Mar. 2002	US\$ 2.0	1.5	1.5
Netherlands	Mar. 2005	US\$ 2.0	1.4	1.4
Norway	Feb. 2005	NKr 10.0	1.1	1.1
Sweden	Feb. 2005	US\$ 10.0	6.6	6.6
United Kingdom	Feb. 2005	£ 1.0	1.2	1.2
Sub Total			13.0	13.0
Total			40.4	33.3
<i>Memorandum item:</i>				
Pledges made since beginning of 2005			29.1	22.1

1/ For contributions which have been fully received, the SDR equivalent is the actual SDR amount received using the exchange rate on the value date. For contributions that are not yet disbursed, the SDR equivalent is calculated using the exchange rate at end-February 2008.

2/ Reflecting investment income to be generated on a deposit agreement, effective May 2006.

3/ To subsidize the rate of charge on purchases by Sri Lanka and Maldives under ENDA following the 2004 Tsunami.

4/ Existing contribution, previously earmarked for EPCA.

Table 9. List of Countries that Have Benefited from Subsidization of Emergency Assistance 1/

Country	Date approved	Purchases	
		In millions of SDRs	In percent of Quota
1. Natural Disasters (ENDA) (7)		266.0	
Malawi	Sep-02	17.4	25.0
Grenada	Jan-03	2.9	25.0
Grenada	Nov-04	2.9	25.0
Maldives	Mar-05	4.1	50.0
Sri Lanka	Mar-05	103.4	25.0
Dominica	Feb-08	2.1	25.0
Bangladesh	Apr-08	133.3	25.0
2. Post-conflict (EPCA) (21)		232.9	
Rwanda	Apr-97	8.9	15.0
Albania	Nov-97	8.8	25.0
Rwanda	Dec-97	6.0	10.0
Tajikistan	Dec-97	7.5	12.5
Tajikistan	Apr-98	7.5	12.5
Congo, Republic of	Jul-98	7.2	12.5
Sierra Leone	Nov-98	11.6	15.0
Guinea-Bissau	Sep-99	2.1	15.0
Sierra Leone	Dec-99	15.6	15.0
Guinea-Bissau	Jan-00	1.4	10.0
Sierra Leone	Sep-00	10.4	10.0
Congo, Republic of	Nov-00	10.6	12.5
Burundi	Oct-02	9.6	12.5
Burundi	May-03	9.6	12.5
Central African Republic	Jul-04	5.6	10.0
Haiti	Jan-05	10.2	12.5
Haiti	Oct-05	10.2	12.5
Central African Republic	Jan-06	7.0	12.5
Cote d'Ivoire	Aug-07	40.7	12.5
Guinea-Bissau	Jan-08	1.8	12.5
Cote d'Ivoire	Apr-08	40.7	12.5

1/ Subsidization for EPCA and ENDA started in 2001 and 2005, respectively. Countries with requests approved prior to the beginning of subsidization also received interest subsidies on their outstanding credit.

24. **Based on current estimates, subsidy resources of about SDR 46 million would be required to fully cover existing credit (including the new requests by Bangladesh and**

Côte d'Ivoire).²⁴ Against the currently available resources, this would leave a financing gap of about SDR 23 million for the existing cases. In the absence of additional contributions, the available subsidy resources would be expected to be fully used to subsidize charges falling due through the second half of 2009. Thereafter, countries with outstanding emergency assistance would need to pay unsubsidized charges, including burden sharing adjustments on their ENDA/EPCA credit.²⁵

Table 10. Subsidy Resources and Projected Needs
for Existing Emergency Assistance
(In millions of SDRs)

	Credit outstanding	Subsidy (in NPV terms)
Available resources		23.3
EPCA account		5.8
ENDA account 1/		7.2
EPCA/ENDA joint account		10.3
Projected needs		46.0
EPCA	83.1	14.6
Côte d'Ivoire-I	40.7	6.8
Côte d'Ivoire-II	40.7	7.4
Guinea-Bissau	1.8	0.3
ENDA	245.4	31.4
Bangladesh	133.3	24.4
Dominica	2.1	0.4
Grenada	2.6	0.1
Maldives	4.1	0.2
Sri Lanka	103.4	6.2
Projected shortfall		(22.7)

1/ Including scheduled disbursements.

²⁴ These projections do not take into account the possibility that some of the countries may consider making earlier repurchases of their outstanding emergency assistance credit. Any such repurchase would reduce the projected subsidy needs.

²⁵ If, in any quarter, the subsidization resources are insufficient to subsidize the rate of charge on all eligible purchases to 0.5 percent for that quarter, the subsidy to each eligible recipient shall be pro-rated to bring the effective rate of charge paid after subsidization to the common percentage closest to 0.5 percent. See *Subsidization of the Fund's Emergency Assistance for Natural Disasters to PRGF-Eligible Members* (1/10/05) and *Instrument to Establish the Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account for PRGF-Eligible Members* (Decision No. 13417-(05/5), adopted January 21, 2005).

25. **Projections of additional subsidies that could be required to cover new requests for emergency assistance through end-2009 and beyond are subject to considerable uncertainty.** For illustrative purposes, assuming that possible new requests for emergency assistance through end-2009 amount to SDR 50–100 million, in line with the annual average level of requests made in the previous three years, additional subsidy resources of about SDR 10–20 million would be required. This would bring total subsidy needs for the five-year period 2005–09 to the top end of the range of SDR 45–65 million that was initially sought. For the next five-year period (2010–14), it is assumed that additional subsidy resources of SDR 65 million would need to be secured. Thus, taking into account the estimated financing gap for the existing cases and assumed additional needs through 2014, total new subsidy resources of not less than SDR 100 million would be required to cover existing and projected subsidy needs over the medium term.

B. Resource Mobilization Efforts

26. **In light of the above, it is urgent that additional subsidy contributions be secured from member countries.** Timely contributions are needed to allow the Fund to continue providing subsidies to reduce the rate of charge on emergency assistance to low-income countries. To this end, the Managing Director has recently written to Fund Governors of a number of member countries, including advanced countries and selected emerging economies and major oil producers, to seek additional contributions. The aim of the fund-raising effort is to mobilize SDR 100 million in additional contributions. Management and staff will follow up with member countries on possible contributions during the Spring Meetings.

V. PROPOSED DECISION

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

The Executive Board notes the report entitled “Update on the Financing of the Fund’s Concessional Assistance and Debt Relief to Low-Income Member Countries”, and decides that (i) the semi-annual reviews of the financing of the MDRI-I and MDRI-II Trusts, contemplated in paragraphs 1 and 2, respectively, of Decision No.13588-(05/99) MDRI, adopted November 23, 2005, effective January 5, 2006, and (ii) the semi-annual review of the financing of the Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations, contemplated in paragraph 2 of Decision No. 11436-(97/10) adopted February 4, 1997, as amended, are completed.

Table 11. Summary of Bilateral Contributions to the PRGF-ESF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-2007)

	PRGF-ESF Trust 1/ 2/				PRGF-HIPC Trust	
	Subsidy contributions "as needed" 3/			Loan commitments	Subsidies and HIPC grant contributions "as needed" 3/	Of which: Pending "as needed" 3/
	For subsidization	For MDRI debt relief	Total			
TOTAL	2,070.9	1,120.0	3,190.9	15,759.7	1,562.3	32.2
Major industrial countries	1,299.9	818.8	2,118.7	12,864.8	880.5	--
Canada	128.2	84.8	213.0	700.0	48.8	--
France	248.6	116.4	365.0	2,900.0	82.2	--
Germany	112.7	66.1	178.8	2,750.0	127.2	--
Italy	46.3	84.4	130.7	1,380.0	63.6	--
Japan	399.8	253.4	653.2	5,134.8	144.0	--
United Kingdom	265.0	155.4	420.4	--	82.2	--
United States	99.3	58.3	157.6	--	332.6	--
Other advanced countries	645.5	250.4	895.8	2,452.8	299.7	--
Australia	12.1	3.7	15.8	--	24.8	--
Austria	60.0	--	60.0	--	14.3	--
Belgium	66.1	39.5	105.6	350.0	35.3	--
Denmark	40.2	23.6	63.8	100.0	18.5	--
Finland	25.8	15.1	40.9	--	8.0	--
Greece	22.7	13.3	36.0	--	6.3	--
Iceland	2.6	1.5	4.1	--	0.9	--
Ireland	5.3	2.4	7.6	--	5.9	--
Israel	--	--	--	--	1.8	--
Korea	39.1	21.0	60.1	92.7	15.9	--
Luxembourg	12.9	--	12.9	--	0.7	--
Netherlands	128.5	--	128.5	450.0	45.4	--
New Zealand	--	--	--	--	1.7	--
Norway	26.7	15.7	42.3	150.0	18.5	--
Portugal	2.6	1.4	4.0	--	6.6	--
San Marino	--	--	--	--	0.0	--
Singapore	11.0	6.5	17.5	--	16.5	--
Spain	15.8	3.1	18.9	708.4	23.3	--
Sweden	109.0	65.0	174.0	--	18.3	--
Switzerland	65.2	38.5	103.6	601.7	37.0	--
Fuel exporting countries	10.2	6.1	16.3	49.5	114.3	23.2
Algeria	--	--	--	--	5.5	--
Bahrain	--	--	--	--	0.9	0.9
Brunei Darussalam	--	--	--	--	0.1	--
Gabon	--	--	--	--	2.5	1.9
Iran, Islamic Republic of	1.0	0.6	1.5	--	2.2	--
Kuwait	--	--	--	--	3.1	--
Libya	--	--	--	--	7.3	--
Nigeria	--	--	--	--	13.9	--
Oman	--	--	--	--	0.8	--
Qatar	--	--	--	--	0.5	--
Saudi Arabia	9.2	5.5	14.7	49.5	53.5	--
United Arab Emirates	--	--	--	--	3.8	--
Venezuela	--	--	--	--	20.4	20.4

Table 11 (continued). Summary of Bilateral Contributions to the PRGF-ESF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-2007)

	PRGF-ESF Trust 1/ 2/				PRGF-HIPC Trust	
	Subsidy contributions "as needed" 3/			Loan commitments	Subsidies and HIPC grant contributions "as needed" 3/	Of which: Pending "as needed" 3/
	For subsidization	For MDRI debt relief	Total committed			
Other developing countries	103.6	44.8	148.3	355.6	224.7	9.1
Argentina	19.6	11.5	31.1	--	16.2	6.4
Bangladesh	0.5	0.2	0.8	--	1.7	--
Barbados	--	--	--	--	0.4	--
Belize	--	--	--	--	0.3	--
Botswana	1.0	0.6	1.6	--	6.4	--
Brazil	--	--	--	--	15.0	--
Cambodia	--	--	--	--	0.0	--
Chile	2.2	1.3	3.6	--	4.4	--
China	9.6	4.2	13.8	200.0	19.7	--
Colombia	--	--	--	--	0.9	--
Cyprus	--	--	--	--	0.8	--
Dominican Republic	--	--	--	--	0.5	0.5
Egypt	7.4	4.3	11.7	155.6	1.3	--
Fiji	--	--	--	--	0.1	--
Ghana	--	--	--	--	0.5	--
Grenada	--	--	--	--	0.1	0.1
India	11.8	--	11.8	--	22.9	--
Indonesia	3.6	2.1	5.8	--	8.2	--
Jamaica	--	--	--	--	2.7	--
Lebanon	--	--	--	--	0.4	0.4
Malaysia	19.1	11.2	30.2	--	12.7	--
Maldives	--	--	--	--	0.0	0.0
Malta	0.9	0.5	1.3	--	1.1	--
Mauritius	--	--	--	--	0.1	--
Mexico	--	--	--	--	54.5	--
Micronesia, F. S.	--	--	--	--	0.0	--
Morocco	5.4	3.2	8.5	--	1.6	--
Pakistan	2.2	0.3	2.6	--	3.4	--
Paraguay	--	--	--	--	0.1	--
Peru	--	--	--	--	2.5	--
Philippines	--	--	--	--	6.7	--
Samoa	--	--	--	--	0.0	--
South Africa	--	--	--	--	28.6	--
Sri Lanka	--	--	--	--	0.6	--
St. Lucia	--	--	--	--	0.1	--
St. Vincent and the Grenadines	--	--	--	--	0.1	--
Swaziland	--	--	--	--	0.0	--
Thailand	7.4	4.4	11.9	--	4.5	--
Tonga	--	--	--	--	0.0	--
Trinidad and Tobago	--	--	--	--	1.6	1.6
Tunisia	0.6	0.3	0.9	--	1.5	--
Turkey	11.4	--	11.4	--	--	--
Uruguay	0.8	0.5	1.3	--	2.2	--
Vanuatu	--	--	--	--	0.1	0.1
Vietnam	--	--	--	--	0.4	--

Table 11 (concluded). Summary of Bilateral Contributions to the PRGF-ESF and PRGF-HIPC Trusts
(In millions of SDRs; as of end-2007)

	PRGF-ESF Trust 1/ 2/				PRGF-HIPC Trust	
	Subsidy contributions "as needed" 3/			Loan commitments	Subsidies and HIPC grant contributions "as needed" 3/	Of which: Pending "as needed" 3/
	For subsidization	For MDRI debt relief	Total committed			
Countries in transition	11.8	--	11.8	--	42.9	--
Croatia	--	--	--	--	0.4	--
Czech Republic	11.8	--	11.8	--	4.1	--
Estonia	--	--	--	--	0.5	--
Hungary	--	--	--	--	6.0	--
Latvia	--	--	--	--	1.0	--
Poland	--	--	--	--	12.0	--
Russian Federation	--	--	--	--	14.6	--
Slovak Republic	--	--	--	--	4.0	--
Slovenia	--	--	--	--	0.4	--
<i>Memorandum Item:</i>						
OPEC Fund for International Development	--	--	--	37.0	--	--

* Less than SDR 5,000.

1/ Subsidy contributions of Bangladesh, Belgium, Czech Republic, India, Luxembourg, Netherlands, Saudi Arabia, Sweden, and Thailand are held in the PRGF Subsidy Account. Tunisia's contribution is held in both PRGF Subsidy Account and ESF Subsidy Account. All other countries' contributions are held in the PRGF-ESF Subsidy Account.

2/ Excludes the G-8 commitment of SDR 100 million in end-2005 NPV terms and new ESF subsidy contributions.

3/ Estimated values of total contributions include forthcoming contributions that are not yet received. The term "as needed" refers to the nominal sum of concessional assistance taking into account the profile of subsidy needs associated with PRGF lending and the provision of HIPC assistance, respectively.

Table 12. PRGF-ESF Trust—Subsidy Agreements 1/
(In millions of SDRs; as of end-December 2007)

	Effective date of agreement	Vehicle 2/	Deposit/Investment Amount			Interest Rate (percent)	Maturity (years)
			Agreed	Received	Outstanding		
Austria							
Austrian National Bank	Jun. 8, 1988	Admin. Account	60.0	60.0	--	0.5	5½–10
Austrian National Bank	Apr. 19, 1994	Admin. Account	50.0	50.0	--	0.5	5½–10
Belgium							
National Bank of Belgium	Jun. 30, 1989	Admin. Account	100.0	100.0	--	0.5	10
National Bank of Belgium	Apr. 21, 1994	Admin. Account	80.0	80.0	--	0.5	10
Botswana							
Bank of Botswana 3/ 4/	Jun. 30, 1994	Admin. Account	6.9	6.9	--	2.0	10
Chile							
Banco Central de Chile	Aug. 24, 1994	Admin. Account	15.0	15.0	--	0.5	5
Greece							
Bank of Greece	Nov. 30, 1988	Admin. Account	35.0	35.0	--	0.5	5½–10
Bank of Greece	Apr. 22, 1994	Admin. Account	35.0	35.0	--	0.5	5½–10
Indonesia							
Bank Indonesia 5/	Jun. 23, 1994	Admin. Account	25.0	25.0	--	--	10
Iran, Islamic Republic of							
Central Bank of Iran	May 24, 1994	Admin. Account	5.0	5.0	--	0.5	10
Malaysia							
Bank Negara Malaysia	May 17, 1988	Subsidy Account	40.0	40.0	--	0.5	10
Bank Negara Malaysia 4/	Jun. 30, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Malta							
Central Bank of Malta	Dec. 13, 1989	Subsidy Account	1.4	1.4	--	0.5	13
Central Bank of Malta	May 27, 1994	PRGF-ESF Subsidy Account	1.4	1.4	--	0.5	13
Pakistan							
State Bank of Pakistan 6/	Apr. 21, 1994	PRGF-ESF Subsidy Account	10.0	9.3	9.3	0.5	16
Portugal							
Banco do Portugal	May 5, 1994	Admin. Account	13.1	13.1	1.3	0.5	6–10
Saudi Arabia							
The Saudi Fund for Development and the Kingdom of Saudi Arabia 7/	April 11, 2006	PRGF-ESF Subsidy Account	132.6	38.2	38.2	0.5	15½
Singapore							
Monetary Authority of Singapore	Nov. 4, 1988	Subsidy Account	40.0	40.0	--	2.0	10
Monetary Authority of Singapore 4/	May 20, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Spain							
Government of Spain 8/	Feb. 8, 1995	PRGF-ESF Subsidy Account	60.3	35.3	22.2	0.5	10
Thailand							
Bank of Thailand	Jun. 14, 1988	Subsidy Account	20.0	20.0	--	2.0	10
Bank of Thailand	Apr. 22, 1994	Subsidy Account	40.0	40.0	--	2.0	10
Trinidad and Tobago							
Government of Trinidad and Tobago	Dec. 7, 2006	PRGF-ESF Subsidy Account	3.0	3.0	3.0	1.0	10
Tunisia							
Banque Centrale de Tunisie 9/	May 4, 1994	Subsidy Account	3.6	3.6	--	0.5	10
Uruguay							
Banco Central del Uruguay 10/	Jul. 7, 1994	Subsidy Account	7.2	7.2	--	--	10
Total			864.4	744.4	74.0		

1/ Subsidy contributions to the PRGF-ESF Trust result from the difference between the investment income on contributions and the below market rate of interest paid to contributors.

2/ In January 2006, the original PRGF Subsidy Account was renamed as the PRGF-ESF Subsidy Account, and two new subsidy accounts, the ESF Subsidy Account and the PRGF Subsidy Account, were established. For deposits/investments that have not yet expired, the current name of the account is presented. For deposits/investments that have been repaid, the old name of Subsidy Account is kept.

3/ Equivalent of US\$10 million (at the exchange rate of June 29, 1994).

4/ The Fund made early repayments to Botswana, Malaysia, and Singapore on March 1, 2004.

5/ Interest rate paid is equivalent to the return on investment by the Fund on this deposit (net of any costs), less 2.0 percent per annum. If the interest rate obtained is less than 2.0 per annum, the deposit shall bear zero interest.

6/ All the deposits will be repaid together at the end of sixteen years after the date of the first deposit.

7/ Including (i) a new investment of SDR 38.2 million; and (ii) a rollover of two investments of SDR 49.8 million and SDR 27.9 million and of the deposit of SDR 16.7 million from the PRGF-HIPC Trust upon their maturities in 2011, 2011-14, and 2018, respectively.

8/ The investment coincides with the repayment of each of the first nine (out of ten) semiannual installments of a drawing of the PRGF-ESF Trust loan of SDR 67 million from the Government of Spain (the Instituto de Crédito Oficial).

9/ Equivalent of US\$5 million (at the exchange rate of May 11, 1994).

10/ Interest rate paid is equivalent to the return on this investment by the Fund (net of any costs), less 2.6 percent per annum. If the interest rate obtained by the Fund is 2.6 percent per annum or less, the investment shall bear zero interest.

Table 13. PRGF-ESF Trust—Loan Agreements
(In millions of SDRs; as of end-December 2007)

	Effective date of agreement	Expiration date for drawings	Loan commitments	Amount Disbursed		Early repayment related to the MDRI	Amount outstanding
				Amount	In percent of commitment		
Belgium							
National Bank of Belgium 1/	Jul. 2, 1999	Dec. 31, 2014	350.0	257.8	73.7	163.0	72.3
Canada							
Government of Canada	Feb. 22, 1989	Dec. 31, 1997	300.0	300.0	100.0	16.1	--
Government of Canada	May 9, 1995	Dec. 31, 2005	400.0	400.0	100.0	110.1	198.2
China							
Government of China 1/	Jul. 05, 1994	Dec. 31, 2014	200.0	189.0	94.5	49.0	85.0
Denmark							
National Bank of Denmark	May 3, 2000	Dec. 31, 2003	100.0	100.0	100.0	100.0	--
Egypt							
Central Bank of Egypt 1/	Jun. 13, 1994	Dec. 31, 2014	155.6	104.1	66.9	21.9	27.5
France							
Agence Française de Développement 2/	Apr. 05, 1988	Dec. 31, 1997	800.0	800.0	100.0	--	--
Agence Française de Développement 2/	Jan. 03, 1995	Dec. 31, 2005	750.0	750.0	100.0	--	329.4
Agence Française de Développement 1/ 2/	Dec. 17, 1999	Dec. 31, 2014	1,350.0	604.9	44.8	376.1	228.7
Germany							
Kreditanstalt für Wiederaufbau	Mar. 31, 1989	Dec. 31, 1997	700.0	700.0	100.0	19.7	--
Kreditanstalt für Wiederaufbau	May 17, 1995	Dec. 31, 2005	700.0	700.0	100.0	313.0	164.3
Kreditanstalt für Wiederaufbau 1/	Jun. 19, 2000	Dec. 31, 2009	1,350.0	377.3	27.9	180.6	190.9
Italy							
Bank of Italy 3/	Oct. 04, 1990	Dec. 31, 1997	370.0	370.0	100.0	11.7	--
Bank of Italy 3/	May. 29, 1998	Dec. 31, 2005	210.0	210.0	100.0	170.9	--
Bank of Italy 1/	Mar. 1, 2000	Dec. 31, 2014	800.0	497.9	62.2	63.5	414.5
Japan							
Japan Bank for International Cooperation 4/	Apr. 12, 1988	Dec. 31, 1997	2,200.0	2,200.0	100.0	--	--
Japan Bank for International Cooperation 1/ 4/	Oct. 05, 1994	Dec. 31, 2014	2,934.8	2,704.5	92.2	--	1,931.2
Korea							
Bank of Korea	Apr. 20, 1989	Dec. 31, 1997	65.0	65.0	100.0	0.3	--
Bank of Korea	Jun. 20, 1994	Dec. 31, 2005	27.7	27.7	100.0	20.0	--
Netherlands							
Bank of the Netherlands 1/	Sep. 29, 1999	Dec. 31, 2014	450.0	217.6	48.4	55.2	157.4
Norway							
Bank of Norway	Apr. 14, 1988	Dec. 31, 1997	90.0	90.0	100.0	2.7	--
Bank of Norway	Jun. 16, 1994	Dec. 31, 2005	60.0	60.0	100.0	32.5	--
OPEC Fund for International Development 5/	Dec. 20, 1994	Dec. 31, 2005	37.0	37.0	100.0	25.7	--
Spain							
Bank of Spain 6/	Jun. 20, 1988	Jun. 30, 1993	216.4	216.4	100.0	--	--
Government of Spain	Feb. 08, 1995	Dec. 31, 2005	67.0	67.0	100.0	--	30.2
Bank of Spain 1/	Feb. 14, 2000	Dec. 31, 2014	425.0	154.9	36.5	41.4	113.5
Switzerland							
Swiss Confederation 7/	Dec. 23, 1988	Dec. 31, 1997	200.0	200.0	100.0	--	--
Swiss National Bank 1/	Jun. 22, 1995	Dec. 31, 2014	401.7	279.5	69.6	44.7	153.3
Subtotal			15,710.2	12,680.6	80.7	1,818.0	4,096.4
Associated Agreement - Saudi Fund for Development (SFD)	Feb. 27, 1989	--- 8/	49.5	49.5	100.0	--	--
Total Loan and Associated Loan Agreements 9/			15,759.7	12,730.1	80.8	1,818.0	4,096.4

1/ Including additional loan commitments for interim PRGF operations.

2/ Before April 17, 1998, known as Caisse Française de Développement.

3/ In late 1999, the Bank of Italy replaced the Ufficio Italiano dei Cambi as lender to the PRGF Trust.

4/ On October 1, 1999, the Export-Import Bank of Japan merged with the Overseas Economic Cooperation Fund and became the Japan Bank for International Cooperation.

5/ The loan commitment is for the SDR equivalent of US\$50 million.

6/ The original loan commitment of the Bank of Spain was SDR 220 million; however, only SDR 216.4 million was drawn and disbursed by the expiration date for drawings.

7/ The full loan commitment of SDR 200 million was drawn in January 1989; this amount was fully disbursed to borrowers by March 1994.

8/ On August 26, 1998, the SFD indicated that it did not intend to make further loans in association with the PRGF.

9/ Any mismatch of outstanding resources between the amount owed by PRGF borrowers and the amount owed to PRGF lenders arises because of mismatches in timing between drawdowns from lenders to the Trust and disbursements of PRGF loans to borrowers.

Table 14. Commitments to Finance the Cost of IMF's Debt Relief to Liberia
(In millions of SDRs)

	Commitments
Total (102)	547.2
G-8 countries (8)	326.7
Canada	11.4
France	26.0
Germany	44.5
Italy	21.4
Japan	47.4
Russian Federation	35.4
United Kingdom	20.8
United States	119.7
Other FTP participants (34)	146.9
Australia	4.1
Austria	4.9
Belgium	7.6
Botswana	0.2
China	12.7
Cyprus	0.2
Czech Republic	2.2
Denmark	3.8
Finland	2.9
Greece	1.3
Hungary	5.6
India	11.2
Ireland	2.1
Israel	1.1
Kazakhstan	1.0
Korea	7.1
Kuwait	2.8
Luxembourg	0.4
Malaysia	3.6
Mauritius	0.2
Mexico	7.7
Netherlands	11.1
New Zealand	1.1
Norway	6.1
Poland	3.7

Table 14 (continued). Commitments to Finance the Cost of IMF's Debt Relief to Liberia
(In millions of SDRs)

	Commitments
Portugal	2.9
Saudi Arabia	11.2
Singapore	2.0
Slovak Republic	1.6
Slovenia	0.5
Spain	10.7
Sweden	5.1
Switzerland	6.3
Thailand	1.8
Non-FTP countries (60)	73.7
Albania	0.1
Algeria	1.9
Angola*	0.0
Argentina	5.2
Armenia*	0.0
Belize	0.1
Brazil	16.9
Bulgaria	1.8
Burkina Faso	0.1
Burundi *	0.0
Cambodia *	0.0
Cameroon	0.6
Central African Republic	0.1
Chad *	0.0
Congo, Dem. Rep. of	2.8
Côte d'Ivoire	1.8
Croatia	0.5
Dominica *	0.0
Egypt	1.2
Estonia	0.2
Gabon	0.6
Gambia	0.1
Ghana	1.3
Guinea	0.1
Guinea-Bissau *	0.0
Iceland	0.1
Indonesia	5.1
Iran *	0.0
Jamaica	2.1
Kenya	0.8

Table 14 (concluded). Commitments to Finance the Cost of IMF's Debt Relief to Liberia
(In millions of SDRs)

	Commitments
Latvia	0.3
Lesotho *	0.0
Liberia	2.1
Libya	4.5
Lithuania	0.7
Macedonia	0.1
Madagascar	0.3
Malawi	0.2
Mali	0.2
Malta	0.4
Mauritania	0.2
Morocco	2.3
Namibia *	0.0
Nepal	0.1
Nicaragua	0.1
Pakistan	6.1
Papua New Guinea	0.4
Philippines	1.6
Romania	1.6
Rwanda	0.1
Samoa *	0.0
Senegal *	0.0
Sierra Leone	0.4
South Africa	1.8
Sri Lanka	1.7
Togo	0.1
Ukraine	2.5
Uruguay	0.7
Yemen, Republic of	0.4
Zambia	1.2
<i>Memorandum item:</i>	
Estimated cost of IMF's debt relief to Liberia (September 2007 NPV terms)	530

* Amounts less than SDR 50,000.

Table 15. Information on Pending Bilateral Contributions to the PRGF-HIPC Trust 1/
(Status as of end-2007)

Country	Status
Argentina:	The remaining balance of SDR 6.4 million (as needed) of its pledged contribution to be financed from its Post-SCA-2 balance of SDR 6.2 million.
Bahrain:	Contribution of income on an interest-free deposit through 2018.
Dominican Republic:	Contribution of net income on a deposit through 2018 to be financed from its Post-SCA-2 balance of SDR 1.1 million at 1 percent per annum.
Gabon:	The remaining balance of SDR 1.9 million (as needed) of its pledged contribution to be financed by grants.
Grenada:	Contribution of net income on a deposit for 10 years of SDR 0.20 million at 0.5 percent per annum.
Lebanon:	Contribution of income on an interest-free deposit through 2018.
Maldives:	Contribution of income on an interest-free deposit through 2018.
Trinidad and Tobago:	Contribution of income on an interest-free deposit of its Post-SCA-2 balance of SDR 2.8 million.
Vanuatu:	Grant contribution of its Post-SCA-2 balance of SDR 0.06 million.
República Bolivariana de Venezuela:	Prepared to contribute based on its quota-based share. Contribution could be financed through use of its Post-SCA-2 balance of SDR 33.9 million.

1/ Reflects pledged contributions which are not yet effective. Post-SCA-2 amounts shown include refunds of SCA-2 resources and accumulated interest income.