



International Monetary Fund

FINANCIAL STATEMENTS

**Quarter Ended
July 31, 2001**

CONTENTS

PART ONE FINANCIAL STATEMENTS OF THE INTERNATIONAL MONETARY FUND

	Page
I. FINANCIAL STATEMENTS OF THE GENERAL DEPARTMENT	
Balance Sheets	5
Income Statements	6
Statements of Changes in Resources	7
Statements of Cash Flows.....	8
Notes to the Financial Statements.....	9
Schedule 1—Quotas, Fund's Holdings of Currencies, Reserve Tranche Positions, and Members' Use of Resources	25
Schedule 2—Financial Resources and Liquidity Position in the General Resources Account.....	30
Schedule 3—Status of Arrangements	31
II. FINANCIAL STATEMENTS OF THE SDR DEPARTMENT	
Balance Sheets	35
Income Statements	36
Statements of Cash Flows.....	37
Notes to the Financial Statements.....	38
Schedule 1—Statement of Changes in SDR Holdings	43
Schedule 2—Allocations and Holdings of Participants.....	45

PART TWO FINANCIAL STATEMENTS OF THE ACCOUNTS ADMINISTERED BY THE INTERNATIONAL MONETARY FUND

I. FINANCIAL STATEMENTS OF THE POVERTY REDUCTION AND GROWTH FACILITY TRUST	
Combined Balance Sheets.....	55
Combined Income Statements and Changes in Resources	56
Notes to the Financial Statements.....	57
Schedule 1—Schedule of Outstanding Loans.....	66
Schedule 2—Contributions to and Resources of the Subsidy Account	68
Schedule 3—Schedule of Borrowing Agreements	70
Schedule 4—Status of Loan Arrangements	72

CONTENTS

**II. FINANCIAL STATEMENTS OF THE POVERTY REDUCTION AND GROWTH
FACILITY ADMINISTERED ACCOUNTS**

Balance Sheets	75
Income Statements and Changes in Resources	76
Notes to the Financial Statements.....	77

**III. FINANCIAL STATEMENTS OF THE PRGF-HIPC TRUST AND RELATED
ACCOUNTS**

Combined Balance Sheets.....	85
Combined Income Statements and Changes in Resources	86
Notes to the Financial Statements.....	87
Schedule 1—Schedule of Holdings, Interest, and Transfers.....	95
Schedule 2—Contributions and Transfers	96
Schedule 3—Schedule of Borrowings	97
Schedule 4—Grants, Interest, and Disbursements	99
Schedule 5—Cumulative Contributions and Transfers	100

**IV. FINANCIAL STATEMENTS OF ADMINISTERED ACCOUNTS
ESTABLISHED AT THE REQUEST OF MEMBERS**

Balance Sheets	105
Income Statements and Changes in Resources	106
Notes to the Financial Statements.....	107

**V. FINANCIAL STATEMENTS OF THE RETIRED STAFF
BENEFITS INVESTMENT ACCOUNT**

Balance Sheets	119
Income Statement and Changes in Resources.....	120
Notes to the Financial Statements.....	121

PART ONE

Financial Statements

of the

International Monetary Fund

I. General Department

II. SDR Department

**I. Financial Statements
of the
General Department**

General Department

Balance Sheets as at July 31, 2001 and 2000 *(In thousands of SDRs)*

	2001	2000		2001	2000
Assets			Liabilities and Resources		
Credit outstanding	46,399,572	42,745,219	Liabilities:		
Usable currencies	106,336,773	107,313,849	Remuneration payable	359,899	443,478
Other currencies	<u>56,035,477</u>	<u>55,552,474</u>	Other liabilities	182,588	176,196
Total currencies (Notes 3 and 4)	<u>208,771,822</u>	<u>205,611,542</u>	Special Contingent Account (Note 10)	<u>1,236,519</u>	<u>1,142,519</u>
SDR holdings	1,582,974	2,458,266	Total Liabilities	1,779,006	1,762,193
Gold holdings (Note 5)	5,851,771	5,851,771	Members' Resources:		
Receivables (Note 6)	539,864	648,044	Quotas, represented by:		
Other assets (Note 7 and 14)	786,519	591,450	Reserve tranche positions (Notes 2 and 4)	50,043,210	47,384,691
Assets of the Special Disbursement Account			Subscription payments: Usable	106,336,773	107,313,849
Investments (Note 8)	2,446,331	2,280,220	Other	<u>56,034,917</u>	<u>55,552,860</u>
Structural Adjustment Facility loans (Note 3)	394,571	483,581	Total quotas	212,414,900	210,251,400
Total Assets	<u>220,373,852</u>	<u>217,924,874</u>	Reserves of the General Resources Account	3,339,044	3,147,480
			Accumulated resources of the Special Disbursement Account	2,840,902	2,763,801
			Total Liabilities and Resources	<u>220,373,852</u>	<u>217,924,874</u>

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

General Department
Income Statements
for the Three Months Ended July 31, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Operational Income		
Interest and charges (Note 6)	525,016	565,140
Interest on SDR holdings	14,055	27,287
Other charges and income	35,689	6,121
	574,760	598,548
Operational Expenses		
Remuneration and financing costs (Note 9)	360,345	443,512
Allocations to the Special Contingent Account	23,500	23,500
	383,845	467,012
Administrative Expenses (Note 13)	132,370	89,090
Net Income of the General Resources Account	58,545	42,446
Income of the Special Disbursement Account		
Investment income	40,403	23,918
Interest on SAF loans	326	434
Net Income of the Special Disbursement Account	40,729	24,352

The accompanying notes are an integral part of these financial statements.

General Department
Statements of Changes in Resources
for the Three Months Ended July 31, 2001 and 2000
(In thousands of SDRs)

	General Resources Account		Special Disbursement Account
	Quotas	Reserves	Accumulated Resources
Balance at April 30, 2000	<u>210,251,400</u>	<u>3,105,034</u>	<u>2,767,727</u>
Quota subscriptions	--	--	--
Net income of General Resources Account			
transferred to reserves	--	42,446	--
Net income of the Special Disbursement Account	--	--	24,352
Transfers from the Trust Fund	--	--	76
Transfers from SFF Subsidy Account	--	--	104
Transfers to the PRGF Trust	--	--	(16,458)
Transfers to the PRGF-HIPC Trust	--	--	(12,000)
Balance at July 31, 2000	<u>210,251,400</u>	<u>3,147,480</u>	<u>2,763,801</u>
Balance at April 30, 2001	<u>212,414,900</u>	<u>3,280,499</u>	<u>2,838,454</u>
Quota subscriptions	--	--	--
Net income of General Resources Account			
transferred to reserves	--	58,545	--
Net income of the Special Disbursement Account	--	--	40,729
Transfers from the SFF subsidy account	--	--	102
Transfers to the PRGF Trust	--	--	(23,108)
Transfers to the PRGF-HIPC Trust	--	--	(15,275)
Balance at July 31, 2001	<u>212,414,900</u>	<u>3,339,044</u>	<u>2,840,902</u>

The accompanying notes are an integral part of these financial statements.

General Department
Statements of Cash Flows
for the Three Months Ended July 31, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Usable currencies and SDRs from operating activities		
Net income of the General Resources Account	58,545	42,446
Net income of the Special Disbursement Account	40,729	24,352
Adjustments to reconcile net income to usable resources generated by operations		
Changes in receivables and other assets	(68,778)	13,063
Changes in remuneration payable and other liabilities	323	(21,766)
Allocation to the Special Contingent Account	23,500	23,500
Net usable currencies and SDRs provided by operating activities	54,319	81,595
Usable currencies and SDRs from investment activities		
Net acquisition of investments by the Special Disbursement Account	(40,403)	(24,131)
Net usable currencies and SDRs provided/(used) by investment activities	(40,403)	(24,131)
Usable currencies and SDRs generated/(absorbed) in providing credit to members		
Purchases in currencies and SDRs, including reserve tranche purchases	(7,043,910)	(920,340)
Repurchases in currencies and SDRs	2,857,900	2,046,813
Repayments of Structural Adjustment Facility loans	37,955	28,057
Net usable currencies and SDRs generated/(absorbed) in providing credit to members	(4,148,055)	1,154,530
Usable currencies and SDRs from financing activities		
Changes in composition of usable currencies	1,097	364,227
Transfers to the PRGF Trust, PRGF-HIPC Trust, and other accounts	(38,383)	(28,278)
Net usable currencies and SDRs provided by financing activities	(37,286)	335,949
Net increase in usable currencies and SDRs	(4,171,425)	1,547,943
Usable currencies and SDRs, beginning of period	112,091,172	108,224,172
Usable currencies and SDRs, end of period	107,919,747	109,772,115

The accompanying notes are an integral part of these financial statements.

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

1. Purpose and Organization

The IMF is an international organization of 183 member countries. It was established, among other purposes, to promote international monetary cooperation and exchange stability and to maintain orderly exchange arrangements among members; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries under adequate safeguards to help ease balance of payments adjustment. The IMF conducts its operations and transactions through the General Department and the Special Drawing Rights Department (the SDR Department). The General Department consists of the General Resources Account (GRA), the Special Disbursement Account (SDA), and the Investment Account. The latter has never been activated. The IMF also administers trusts and accounts established to perform financial and technical services and financial operations consistent with the purposes of the IMF. The resources of these trusts and accounts are contributed by members and the IMF. The financial statements of the SDR Department and these trusts and accounts are presented separately.

General Resources Account

The GRA holds the general resources of the IMF. Its resources reflect the receipt of quota subscriptions, use and repayment of IMF credit, collection of charges on the use of credit, payment of remuneration on creditor positions, borrowings, and payment of interest and repayment of borrowings.

Special Disbursement Account

The assets and resources of the SDA are held separately from other accounts of the General Department. Resources of the SDA include transfers received from the Trust Fund, an account administered by the IMF, and part of the proceeds from the sales of the IMF's gold. Income from the investment of gold profits in the SDA is to be transferred, as needed, to the Poverty Reduction and Growth Facility—Heavily Indebted Poor Countries Trust (PRGF-HIPC Trust), in accordance with decisions of the IMF. The SDA also holds outstanding loans extended under the Structural Adjustment Facility (SAF), which was established in March 1986 to provide balance of payments assistance on concessional terms to qualifying low-income developing country members.

Assets that exceed the financing needs of the SDA, excluding investments arising from the sales of gold, are transferred to the Reserve Account of the Poverty Reduction and Growth Facility Trust (PRGF Trust), which is administered separately by the IMF as trustee.

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

2. *Summary of Significant Accounting Policies*

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the IMF's financial statements.

Revenue and Expense Recognition

The financial statements are prepared on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000, and the new composition of the SDR valuation basket became effective on January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket were as follows:

Currency	Amount	
	To December 31, 2000	From January 1, 2001
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

As of July 31, 2001, one SDR was equal to 1.25874 U.S. dollars (one SDR was equal to 1.31335 U.S. dollars as of July 31, 2000).

Credit Outstanding

The IMF provides balance of payments assistance in accordance with established policies by selling to members, in exchange for their own currencies, SDRs or currencies of other members. When members make purchases, they incur obligations to repurchase the IMF's holdings of their currencies within specified periods by payments in SDRs or other currencies, as determined by the IMF. The IMF's policies on the use of its general resources are intended to ensure that their use is temporary and will be reversed within agreed-upon repurchase periods.

A member is entitled to repurchase, at any time, the IMF's holdings of its currency on which charges are levied and is expected to make repurchases as and when its balance of payments and reserve position improve.

Overdue Obligations and Special Contingent Account

It is the policy of the IMF to exclude from current income charges due by members that are six months or more overdue in meeting payments to the IMF, unless these members are current in the payment of charges.

Debtor and creditor members share equally the financial consequences of overdue obligations under a mechanism referred to as burden sharing. The IMF generates compensating income equal to unpaid and deferred charges, excluding special charges, by adjustments to the rates of charge and remuneration. Members that have borne the financial consequences of overdue charges will receive refunds only to the extent that overdue charges that had given rise to burden sharing adjustments are settled, and these amounts are therefore not presented as liabilities. In view of protracted overdue repurchase obligations, the IMF also accumulates precautionary balances in the first Special Contingent Account (SCA-1). Allocations to the SCA-1 are financed by further adjustments to the rates of charge and remuneration (see Note 10).

Currencies

Currencies consist of members' currencies and securities held by the IMF. Each member has the option to substitute nonnegotiable and non-interest-bearing securities for the IMF's holdings of its currency that exceeds $\frac{1}{4}$ of 1 percent of the member's quota. These securities are encashable by the IMF on demand.

Each member is required to pay to the IMF its initial quota and subsequent quota increases partly in its own currency, with the remainder to be paid in usable currencies and SDRs. One exception was the quota increase of 1978, which was paid entirely in members' own currencies.

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

Usable Currencies

Usable currencies consist of currencies of members considered by the IMF to have strong balance of payment and reserve positions. These currencies are included in the IMF's financial transactions plan to finance purchases and other transfers of the IMF. Participation in the financial transactions plan is reviewed on a quarterly basis.

Valuation of Currencies

Currencies and securities are valued in terms of the SDR on the basis of the currency/SDR exchange rate determined for each currency. Securities are not marketable, but can be converted into cash on demand. Each member is obligated to maintain, in terms of the SDR, the SDR value of the balances of its currency, including securities, held by the IMF in the GRA. This requirement is referred to as the maintenance-of-value obligation. Whenever the IMF revalues its holdings of a member's currency, a receivable or a payable is established for the amount required to maintain the SDR value of the IMF's holdings of that currency. The currency balances in the balance sheet include these receivables and payables. All currencies are revalued in terms of the SDR at the end of the IMF's financial year.

SDR Holdings

Although SDRs are not allocated to the IMF, the IMF may acquire, hold, and dispose of SDRs through the GRA. The IMF receives SDRs from members in the settlement of their financial obligations to the IMF and uses SDRs in transactions and operations with members. The IMF earns interest on its SDR holdings at the same rate as all other holders of SDRs.

SDR Interest Rate

The SDR interest rate is determined weekly by reference to a combined market interest rate, which is a weighted average of yields on short-term instruments in the capital markets of France, Germany, Japan, the United Kingdom, and the United States.

Gold Holdings

The Articles of Agreement limit the use of gold in the IMF's operations and transactions. Any use provided for in the Articles requires a decision supported by an 85 percent majority of the total voting power. In accordance with the provisions of the Articles, whenever the IMF sells gold held on the date of the Second Amendment of the IMF's Articles of Agreement, the portion of the proceeds equivalent at the time of sale to one SDR per 0.888671 gram of fine gold, which is equal to SDR 35 per fine troy ounce, must be placed in the GRA. Any excess over this value will be held in the SDA or transferred to the Investment Account. The IMF may also sell gold held on the date of the Second Amendment to those members that were members

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

on August 31, 1975, in proportion to their quotas on that date, in exchange for their own currencies, at a price equivalent at the time of sale to one SDR per 0.888671 gram of fine gold.

The IMF values its gold holdings at historical cost on the specific identification method (see Note 5).

SAF Loans in the Special Disbursement Account

SAF loans in the SDA are valued at historical cost. Allowances for loan losses would be established if and when the IMF expected to incur a loss; no losses have been incurred in the past, and it is the current expectation that no losses will be incurred in the future.

Investments in the Special Disbursement Account

The resources of the SDA are invested pending their use. Investments are made in debt securities, medium-term instruments, which are fixed-income securities, and fixed-term deposits, either directly or by participation in an investment pool. Investments are marked to fair value on the last business day of the accounting period. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations. Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments, and currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR valuation basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR valuation basket.

Fixed Assets

Fixed assets with a cost in excess of a threshold amount are capitalized at cost. Buildings and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 years for equipment to 30 years for buildings.

Quotas

Each member is assigned a quota that forms the basis of its financial and organizational relationship with the IMF. A member's quota is related to, but not strictly determined by, economic factors such as national income, the value of external trade and payments, and the level of official reserves. Quotas determine members' subscriptions to the IMF, their relative voting power, access to financing, and their share in SDR allocations.

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

Reserve Tranche Position

A member has a reserve tranche in the IMF when the IMF's holdings of its currency, excluding holdings that reflect the member's use of IMF credit, are less than the member's quota. A member's reserve tranche is considered a part of the member's external reserves and it may draw on the reserve tranche at any time when it represents that it has a need. Reserve tranche purchases are not considered a use of IMF credit and are not subject to repurchase obligations or charges.

Reserves

The IMF determines annually what part of its net income will be retained and placed in the General Reserve or the Special Reserve, and what part, if any, will be distributed. The Articles of Agreement permit the IMF to use the Special Reserve for any purpose for which it may use the General Reserve, except distribution. The IMF has decided that for financial year 2002, net operational income generated by the surcharges on purchases under the Supplemental Reserve Facility (SRF) and the Contingent Credit Lines (CCL) and the surcharges on purchases in the credit tranches and under the Extended Fund Facility, after meeting the expenses of conducting the PRGF Trust, would be transferred to the General Reserve.

Charges

The IMF levies periodic charges on members' use of IMF credit. The rate of charge is set as a proportion of the SDR interest rate. For financial year 2002, the basic rate of charge was 117.6 percent of the SDR interest rate. The basic rate of charge is increased to offset the effect on the IMF's income of the deferral of unpaid charges and to finance the additions to the SCA-1. The average adjusted rate of charge before applicable surcharges for the three months ended July 31, 2001 was 4.36 percent (for the three months ended July 31, 2000 the average rate was 5.29 percent). A surcharge progressing from 300 to 500 basis points above the rate of charge applies to use of credit under the SRF (150 to 350 basis points under the Contingent Credit Lines (CCL)). In addition, credit outstanding in excess of 200 percent of quota, resulting from purchases after November 28, 2000 (other than the use under the SRF and CCL), is subject to a surcharge of 100-200 basis points. Special charges are levied on members' currency holdings that are not repurchased when due and on overdue charges. Special charges do not apply to obligations that are six months or more overdue to the IMF. A service charge is levied by the IMF on all purchases, except reserve tranche purchases. A refundable commitment fee is charged on Stand-By and Extended Arrangements. At the expiration or cancellation of an arrangement, the unrefunded portion of the commitment fee is taken into income.

Remuneration

The IMF pays interest, referred to as remuneration, on a member's reserve tranche position. The rate of remuneration is equal to the SDR interest rate, adjusted downward to finance a

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

share of the nonpayment of charges and additions to the SCA-1. The average adjusted rate of remuneration for the three months ended July 31, 2001 was 3.42 percent (4.26 percent for the three months ended July 31, 2000). A portion of the reserve tranche is unremunerated. This portion is equal to 25 percent of the member's quota on April 1, 1978—that part of the quota that was paid in gold prior to the Second Amendment of the Fund's Articles. For a member that joined the Fund after that date, the unremunerated reserve tranche is the same percentage of its initial quota as the average unremunerated reserve tranche was as a percentage of the quotas of all other members when the new member joined the Fund. The unremunerated reserve tranche remains fixed for each member in nominal terms, but because of subsequent quota increases, it is now significantly lower when expressed as a percentage of quota. The average is equal to 3.8 percent of quota at July 31, 2001 and 2000, but the actual percentage is different for each member.

Pension and Other Post-Retirement Obligations

The IMF operates two defined-benefit pension plans and provides post-retirement benefits to retired staff. In financial year 2000, the IMF adopted International Accounting Standard 19 on employee benefits.

The pension plans are funded by payments from the staff and the IMF, taking into account the recommendations of independent actuaries. Assets of the plans are held in separate trustee-managed funds and are measured at fair value as of the balance sheet date. Pension obligations are measured using the Projected Unit Credit Method, which measures the present value of the estimated future cash outflows, using interest rates of government securities that have maturities approximating the terms of the pension liabilities.

The assets set aside for the provision of post-retirement benefits are held in an investment account administered by the IMF. This account is funded by contributions from the IMF. The expected costs of the post-retirement medical and life insurance benefits are accrued over the period of employment using the Projected Unit Credit Method. Valuations of these obligations are carried out by independent actuaries.

Comparatives

When necessary, comparative figures have been reclassified to conform with changes in the presentation of the current year.

3. Credit Outstanding

Changes in the outstanding use of IMF credit under the various facilities of the GRA during the three months ended July 31, 2001 were as follows:

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

	April 30, 2001	Purchases	Repurchases	July 31, 2001
<i>In millions of SDRs</i>				
Regular facilities	16,706	4,750	2,410	19,046
Extended Fund Facility	15,957	52	269	15,740
Supplemental Reserve Facility	4,085	2,236	0	6,321
Systemic Transformation				
Facility	1,933	0	145	1,788
Enlarged Access	430	0	17	413
Compensatory and Contingency				
Financing Facility	2,992	0	11	2,981
Supplementary Financing				
Facility	116	0	5	111
Total credit outstanding	<u>42,219</u>	<u>7,038</u>	<u>2,857</u>	<u>46,400</u>

As of July 31, 2001 and 2000, SDA loans and interest receivable, computed at 0.5 percent per annum, consisted of the following:

	2001	2000
<i>In millions of SDRs</i>		
Structural Adjustment		
Facility loans	394	484
Interest accrued	8	7
Less: interest deferred	(8)	(7)
	<u>394</u>	<u>484</u>

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

Scheduled repurchase obligations in the GRA and repayments of SAF loans in the SDA as of July 31, 2001 are summarized below:

Financial Year Ending April 30	General Resources Account	Special Disbursement Account
<i>In millions of SDRs</i>		
2002	7,560	53
2003	12,536	62
2004	9,384	51
2005	7,600	40
2006	3,299	36
2007 and beyond	5,162	0
Overdue	<u>859</u>	<u>152</u>
Total	<u>46,400</u>	<u>394</u>

As of July 31, 2001 and 2000, use of credit in the GRA by the largest users was as follows:

	2001		2000	
	<i>In millions of SDRs and as a percent of total GRA credit outstanding</i>			
Largest user of credit	8,496	18.3%	9,665	22.6%
Three largest users of credit	24,661	53.2%	22,135	51.7%
Five largest users of credit	34,127	73.6%	27,319	63.8%

Overdue Obligations

At July 31, 2001, six members (as of July 31, 2000, six members and the Federal Republic of Yugoslavia (Serbia/Montenegro)) were six months or more overdue in settling their financial obligations to the IMF. Four of these members were overdue to the General Department.

GRA repurchases, GRA charges, SAF loan repayments, and SAF interest that are overdue to the General Department were as follows:

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

	Repurchases and SAF Loans		Charges and SAF Interest	
	2001	2000	2001	2000
<i>In millions of SDRs</i>				
Total overdue	998	1,100	1,027	1,000
Overdue for six months or more	998	1,100	1,004	977
Overdue for three years or more	981	1,065	898	865

The type and duration of financial obligations due from members that are six or more months overdue to the General Department as of July 31, 2001, were as follows:

	Repurchases and SAF Loans	Charges and SAF Interest	Total Obligation	Longest Overdue Obligation
<i>In millions of SDRs</i>				
Congo, Democratic Republic of	300	78	378	May 1991
Liberia	201	234	435	April 1985
Somalia	106	89	195	July 1987
Sudan	<u>391</u>	<u>626</u>	<u>1,017</u>	July 1985
Total	<u>998</u>	<u>1,027</u>	<u>2,025</u>	

4. Currencies

Changes in the IMF's holdings of members' currencies for the three months ended July 31, 2001 were as follows:

	April 30, 2001	Net Change	July 31, 2001
<i>In millions of SDRs</i>			
Members' quotas	212,415	0	212,415
Members' outstanding use of IMF credit in the GRA	42,219	4,181	46,400
Members' reserve tranche positions in the GRA	(46,733)	(3,310)	(50,043)
Administrative currency balances	3	(3)	
 Currencies	 <u>207,904</u>	 <u>868</u>	 <u>208,772</u>

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

Receivables and payables arising from valuation adjustments at July 31, 2001, amounted to SDR 6,979 million and SDR 827 million, respectively (SDR 6,782 million and SDR 1,896 million, respectively, at July 31, 2000). Settlements of these receivables or payables are required to be made promptly.

Other currency holdings, other than those resulting from the use of credit or usable currencies, amounted to SDR 56,036 million (SDR 55,552 million as of July 31, 2000); of this amount SDR 32,862 million (SDR 35,424 million as of July 31, 2000) represents currencies of members that use IMF credit.

5. Gold Holdings

During the financial year ended April 30, 2000, the IMF sold 12,944,253 fine ounces of gold at market prices to members with repurchase obligations falling due to the IMF. The same amount of gold, also valued at market price, was accepted in repurchase obligations. Proceeds in excess of the carrying value of gold, amounting to SDR 2,226 million, were placed in the SDA and subsequently invested. Income from investments will be transferred on an "as needed" basis to a separate subaccount of the PRGF-HIPC Trust to finance the HIPC initiative.

At July 31, 2001 and July 31, 2000, the IMF held 3,217,341 kilograms of gold, equal to 103,439,916 fine ounces of gold, at designated depositories. As of July 31, 2001, the value of the IMF's holdings of gold calculated at the market price was SDR 21.9 billion (SDR 21.8 billion at July 31, 2000).

6. Interest and Charges

As of July 31, 2001, the total holdings on which the IMF levies charges amounted to SDR 46,400 million (SDR 42,801 million as of July 31, 2000). Charges and other receivables due to the IMF as of July 31, 2001 and July 31, 2000 were as follows:

	2001	2000
<i>In millions of SDRs</i>		
Periodic charges due	1,555	1,572
<i>Less: deferred income</i>	<u>(1,029)</u>	<u>(1,006)</u>
	526	566
Other receivables	<u>14</u>	<u>82</u>
Receivables	<u>540</u>	<u>648</u>

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

Periodic charges for the months ended July 31, 2001 and 2000 consisted of the following:

	2001	2000
<i>In millions of SDRs</i>		
Periodic charges	517	559
<i>Add:</i> adjustments for deferred charges, net of refunds, and for contributions to the SCA-1	16	19
<i>Less:</i> income deferred, net of settlements	(8)	(13)
Total periodic charges	<u>525</u>	<u>565</u>

7. Fixed Assets

Other assets include capital assets, which at July 31, 2001 and 2000 amounted to SDR 222 million and SDR 221 million, respectively, and consisted of:

	2001	2000
<i>In millions of SDRs</i>		
Land and buildings	309	302
Equipment	<u>47</u>	<u>40</u>
Total fixed assets	356	342
<i>Less:</i> accumulated depreciation	(134)	(121)
Net fixed assets	<u>222</u>	<u>221</u>

8. Investments of the Special Disbursement Account

As of July 31, the investments consisted of the following:

	2001	2000
<i>In millions of SDRs</i>		
Medium-term instruments	2,442	1,524
Debt securities		752
Fixed-term deposits	<u>4</u>	<u>4</u>
Total	<u>2,446</u>	<u>2,280</u>

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

As of July 31, the maturity profile of the investments, which were all in fixed income instruments, is summarized below:

	2001	2000
<i>In millions of SDRs</i>		
Less than 1 year	16	72
1-3 years	2,275	2,123
3-5 years	155	80
Over 5 years	--	5
Total	<u>2,446</u>	<u>2,280</u>

Investment income for the three months ended July 31, 2001 included the following:

	2001	2000
<i>In millions of SDRs</i>		
Interest income	27	24
Realized and unrealized gains (losses)	13	--
Net investment income	<u>40</u>	<u>24</u>

9. Remuneration and Financing Costs

At July 31, 2001, total creditor positions on which the IMF paid remuneration amounted to SDR 43,487 million (SDR 40,874 million at July 31, 2000). Remuneration and financing costs for the three months ended July 31, 2001 and 2000 consisted of the following:

	2001	2000
<i>In millions of SDRs</i>		
Remuneration	376	461
Less: adjustments for deferred charges net of refunds, and for contributions to the SCA-1	<u>(16)</u>	<u>(18)</u>
	<u>360</u>	<u>443</u>

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

10. Deferred Income and the First Special Contingent Account

The SCA-1 is financed by quarterly adjustments to the rate of charge and the rate of remuneration. Balances in the SCA-1 are to be distributed to the members that shared the cost of its financing when there are no outstanding overdue charges and repurchases, or at such earlier time as the IMF may decide. At July 31, 2001, the balances held in the SCA-1 amounted to SDR 1,237 million (SDR 1,143 million at July 31, 2000).

The cumulative charges, net of settlements, that have been deferred since May 1, 1986 and have resulted in adjustments to charges and remuneration, amounted to SDR 840 million at July 31, 2001 (SDR 818 million at July 31, 2000). The cumulative refunds for the same period, resulting from the settlements of deferred charges for which burden-sharing adjustments have been made, amounted to SDR 994 million (SDR 971 million at July 31, 2000).

11. Borrowings

Under the General Arrangements to Borrow (GAB), the IMF may borrow up to SDR 18.5 billion when supplementary resources are needed, in particular, to forestall or to cope with an impairment of the international monetary system. The GAB became effective on October 24, 1962, and has been extended through December 25, 2003. Interest on borrowings under the GAB is calculated at the SDR interest rate.

Under the New Arrangements to Borrow (NAB), the IMF may borrow up to SDR 34 billion of supplementary resources. The NAB is the facility of first and principal recourse, but it does not replace the GAB, which will remain in force. Outstanding drawings and commitments under these two borrowing arrangements are limited to a combined total of SDR 34 billion. The NAB became effective for a five-year period on November 17, 1998 and was activated on December 2, 1998.

12. Arrangements and Commitments in the General Department

An arrangement is a decision of the IMF that gives a member the assurance that the IMF stands ready to provide SDRs or usable currencies during a specified period and up to a specified amount, in accordance with the terms of the arrangement. At July 31, 2001, the undrawn balances under the 24 arrangements that were in effect in the GRA amounted to SDR 24,383 million (SDR 24,374 million under 26 arrangements at July 31, 2000).

The IMF has committed to lease commercial office space through 2005. Expenditures totaling SDR 45 million will be incurred over this four-year period.

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

13. Administrative Expenses

The administrative expenses for the three months ended July 31, 2001 and 2000 were as follows:

	2001	2000
<i>In millions of SDRs</i>		
Personnel	86	83
Travel	18	16
Other	29	21
Less: reimbursement for the administration of the SDR department	<u>(1)</u>	<u>(1)</u>
Total administrative expenses, net of reimbursements	<u>132</u>	<u>119</u>

The majority of these expenses are incurred in U.S. dollars; exchange gains and losses incurred in the normal course of business are reflected in administrative expenses and are not significant.

The GRA is reimbursed for the cost of administering the SDR Department.

The GRA is to be reimbursed annually for expenses incurred in administering the SDA and the PRGF Trust. Following the establishment of the SRF and CCL and the consequent increase in net operational income, the Executive Board decided to forgo reimbursement of the expenses incurred in administering the PRGF Trust and to transfer the amounts that would otherwise have been reimbursed to the GRA from the PRGF Trust Reserve Account, through the SDA, to the PRGF-HIPC Trust.

14. Pension and Other Post-Retirement Benefits

The IMF has established a defined-benefit Staff Retirement Plan (SRP) that covers substantially all eligible staff and a Supplemental Retirement Benefits Plan (SRBP) for selected participants of the SRP. Participants contribute a fixed percentage of their pensionable remuneration. The IMF contributes the remainder of the cost of funding the plans and pays certain administrative costs of the plans. In addition, the IMF provides other employment and post-retirement benefits, including medical and life insurance benefits. The IMF established a separate account, the Retired Staff Benefits Investment Account (RSBIA), where resources are held and invested to fund part of the cost of these other post-retirement benefits.

On March 23, 2001, the RSBIA was amended to include the funding and administration of all existing long-term benefits, other than pension benefits for regular staff, including separation and repatriation benefits, accrued annual leave up to 60 days, payments in lieu of pension for contractual employees, and associated tax allowances.

General Department

Notes to the Financial Statements as at July 31, 2001 and 2000

The obligations of the SRP, SRBP, and RSBIA are valued by independent actuaries every year using the Projected Unit Credit Method. The latest actuarial valuations were carried out as at April 30, 2001. The key assumptions used are as disclosed below. The present value of the defined benefit obligation and current service cost was calculated using the Projected Unit Credit Method.

The amounts recognized in the income statements for the three months ended July 31 are as follows:

	2001	2000
	<i>(in millions of SDRs)</i>	
Current service cost	29	21
Interest cost	46	45
Expected return on assets	(74)	(78)
Amortization of actual (gain)/loss	--	(10)
Total (gain)/loss recognized in income statement	1	(22)

Principal actuarial assumptions used:

	2001	2000
	<i>(Percentage)</i>	
Discount rate	7.5	8.0
Expected return on plan assets	9.3	9.3
Future salary increases	6.6-11.0	6.6-11.0
Health care growth rates		
End of financial year	8.5	8.5

General Department
Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions,
and Members' Use of Resources
as at July 31, 2001
(In thousands of SDRs)

Member	Quota	General Resources Account			Use of Resources					
		IMF's holdings of currencies 1/		Reserve tranche position	GRA		PRGF		Total 4/ (D)	
		Total	Percent of quota		Amount (A)	Percent (B)	SDA 2/ (C)	Trust 3/ -		
Afghanistan, Islamic State of	120,400	115,488	95.9	4,928	—	—	—	—	—	
Albania	48,700	51,969	106.7	3,355	6,619	0.01	—	64,100	70,719	
Algeria	1,254,700	2,425,870	193.3	85,082	1,256,247	2.71	—	—	1,256,247	
Angola	286,300	286,445	100.1	—	—	—	—	—	—	
Antigua and Barbuda	13,500	13,499	100.0	1	—	—	—	—	—	
Argentina	2,117,100	8,624,264	407.4	—	6,507,135	14.02	—	—	6,507,135	
Armenia, Republic of	92,000	113,098	122.9	—	21,094	0.05	—	119,350	140,444	
Australia	3,236,400	2,241,172	69.2	995,291	—	—	—	—	—	
Austria	1,872,300	1,311,982	70.1	560,317	—	—	—	—	—	
Azerbaijan	160,900	316,109	196.5	10	155,209	0.33	—	89,950	245,159	
Bahamas, The	130,300	124,065	95.2	6,239	—	—	—	—	—	
Bahrain	135,000	68,847	51.0	66,162	—	—	—	—	—	
Bangladesh	533,300	631,244	118.4	186	98,125	0.21	—	38,750	136,875	
Barbados	67,500	62,827	93.1	4,675	—	—	—	—	—	
Belarus, Republic of	386,400	450,658	116.6	20	64,258	0.14	—	—	64,258	
Belgium	4,605,200	3,107,834	67.5	1,497,369	—	—	—	—	—	
Belize	18,800	14,562	77.5	4,239	—	—	—	—	—	
Benin	.61,900	59,721	96.5	2,188	—	—	2,800	58,694	61,494	
Bhutan	6,300	5,280	83.8	1,020	—	—	—	—	—	
Bolivia	171,500	162,638	94.8	8,875	—	—	—	174,873	174,873	
Bosnia and Herzegovina	169,100	263,525	155.8	—	94,420	0.20	—	—	94,420	
Botswana	63,000	45,083	71.6	17,927	—	—	—	—	—	
Brazil	3,036,100	5,995,137	197.5	—	2,958,350	6.38	—	—	2,958,350	
Brunei Darussalam	150,000	114,727	76.5	35,285	—	—	—	—	—	
Bulgaria	640,200	1,585,728	247.7	32,742	978,257	2.11	—	—	978,257	
Burkina Faso	60,200	52,980	88.0	7,221	—	—	9,480	82,716	92,196	
Burundi	77,000	76,641	99.5	360	—	—	—	3,655	3,655	
Cambodia	87,500	90,105	103.0	—	2,604	0.01	—	65,628	68,232	
Cameroon	185,700	185,173	99.7	532	—	—	—	193,960	193,960	
Canada	6,369,200	4,560,256	71.6	1,808,967	—	—	—	—	—	
Cape Verde	9,600	9,598	100.0	2	—	—	—	—	—	
Central African Republic	55,700	55,595	99.8	111	—	—	—	24,480	24,480	
Chad	56,000	55,719	99.5	282	—	—	—	69,934	69,934	
Chile	856,100	599,999	70.1	256,101	—	—	—	—	—	
China	6,369,200	4,608,503	72.4	1,760,743	—	—	—	—	—	
Colombia	774,000	488,202	63.1	285,803	—	—	—	—	—	
Comoros	8,900	8,362	93.9	540	—	—	810	—	810	
Congo, Democratic Republic of	291,000	448,109	154.0	—	157,109	0.34	142,910	—	300,019	
Congo, Republic of	84,600	101,893	120.4	536	17,815	0.04	—	13,896	31,711	
Costa Rica	164,100	144,113	87.8	20,000	—	—	—	—	—	

General Department
Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions,
and Members' Use of Resources
as at July 31, 2001
(In thousands of SDRs)

Member	General Resources Account				Use of Resources					
	Quota	IMF's holdings of currencies 1/		Reserve tranche position	GRA		PRGF			
		Total	Percent		(A)	Amount	Percent	SDA 2/	Trust 3/	Total 4/
Côte d'Ivoire	325,200	324,902	99.9	303	—	—	—	—	397,794	397,794
Croatia, Republic of	365,100	475,473	130.2	159	110,530	0.24	—	—	—	110,530
Cyprus	139,600	104,238	74.7	35,369	—	—	—	—	—	—
Czech Republic	819,300	750,458	91.6	68,851	—	—	—	—	—	—
Denmark	1,642,800	1,121,624	68.3	521,179	—	—	—	—	—	—
Djibouti	15,900	18,647	117.3	1,100	3,847	0.01	—	5,452	—	9,299
Dominica	8,200	8,192	99.9	9	—	—	—	—	—	—
Dominican Republic	218,900	258,599	118.1	3	39,700	0.09	—	—	—	39,700
Ecuador	302,300	436,295	144.3	17,153	151,146	0.33	—	—	—	151,146
Egypt	943,700	823,642	87.3	120,075	—	—	—	—	—	—
El Salvador	171,300	171,303	100.0	—	—	—	—	—	—	—
Equatorial Guinea	32,600	32,609	100.0	—	—	—	2,027	733	—	2,760
Eritrea	15,900	15,900	100.0	5	—	—	—	—	—	—
Estonia, Republic of	65,200	76,820	117.8	6	11,625	0.03	—	—	—	11,625
Ethiopia	133,700	126,587	94.7	7,123	—	—	24,710	46,871	—	71,581
Fiji	70,300	55,332	78.7	14,983	—	—	—	—	—	—
Finland	1,263,800	859,025	68.0	404,830	—	—	—	—	—	—
France	10,738,500	7,338,605	68.3	3,399,895	—	—	—	—	—	—
Gabon	154,300	218,835	141.8	169	64,698	0.14	—	—	—	64,698
Gambia, The	31,100	29,618	95.2	1,485	—	—	—	17,175	—	17,175
Georgia	150,300	184,988	123.1	10	34,688	0.07	—	190,050	—	224,738
Germany	13,008,200	8,828,611	67.9	4,179,597	—	—	—	—	—	—
Ghana	369,000	369,004	100.0	—	—	—	—	246,205	—	246,205
Greece	823,000	563,092	68.4	259,910	—	—	—	—	—	—
Grenada	11,700	11,701	100.0	—	—	—	—	—	—	—
Guatemala	210,200	210,206	100.0	—	—	—	—	—	—	—
Guinea	107,100	107,026	99.9	75	—	—	—	102,716	—	102,716
Guinea-Bissau	14,200	17,750	125.0	— 5/	3,550	0.01	—	15,107	—	18,657
Guyana	90,900	90,902	100.0	—	—	—	6,150	77,752	—	83,902
Haiti	60,700	75,821	124.9	56	15,175	0.03	—	15,175	—	30,350
Honduras	129,500	168,374	130.0	8,627	47,500	0.10	—	113,507	—	161,007
Hungary	1,038,400	782,447	75.4	255,954	—	—	—	—	—	—
Iceland	117,600	99,023	84.2	18,580	—	—	—	—	—	—
India	4,158,200	3,669,511	88.2	488,776	—	—	—	—	—	—
Indonesia	2,079,300	9,701,424	466.6	145,479	7,767,602	16.74	—	—	7,767,602	—
Iran, Islamic Republic of	1,497,200	1,497,204	100.0	—	—	—	—	—	—	—
Iraq	504,000	504,013	100.0	—	—	—	—	—	—	—
Ireland	838,400	578,239	69.0	260,178	—	—	—	—	—	—
Israel	928,200	795,848	85.7	132,359	—	—	—	—	—	—
Italy	7,055,500	4,887,932	69.3	2,167,568	—	—	—	—	—	—

General Department
Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions,
and Members' Use of Resources
as at July 31, 2001
(In thousands of SDRs)

Member	General Resources Account				Use of Resources					
	Quota	IMF's holdings of currencies 1/		Reserve tranche position	GRA		PRGF		Total 4/ (D)	
		Total	Percent of quota		(A)	Percent	SDA 2/	Trust 3/		
Jamaica	273,500	312,644	114.3	—	39,094	0.08	—	—	39,094	
Japan	13,312,800	9,098,831	68.3	4,214,453	—	—	—	—	—	
Jordan	170,500	507,020	297.4	52	336,569	0.73	—	—	336,569	
Kazakhstan, Republic of	365,700	365,700	100.0	5	—	—	—	—	—	
Kenya	271,400	258,910	95.4	12,496	—	—	—	89,186	89,186	
Kiribati	5,600	5,601	100.0	—	—	—	—	—	—	
Korea	1,633,600	1,774,119	108.6	208,661	349,180	0.75	—	—	349,180	
Kuwait	1,381,100	929,691	67.3	451,409	—	—	—	—	—	
Kyrgyz Republic	88,800	100,894	113.6	5	12,094	0.03	—	125,551	137,645	
Lao People's Democratic Republic	52,900	52,900	100.0	—	—	—	1,172	31,509	32,681	
Latvia, Republic of	126,800	147,734	116.5	55	20,969	0.05	—	—	20,969	
Lebanon	203,000	184,168	90.7	18,833	—	—	—	—	—	
Lesotho	34,900	31,365	89.9	3,539	—	—	—	13,418	13,418	
Liberia	71,300	272,424	382.1	28	201,143	0.43	—	—	224,224	
Libya	1,123,700	728,206	64.8	395,505	—	—	—	—	—	
Lithuania, Republic of	144,200	277,443	192.4	16	133,256	0.29	—	—	133,256	
Luxembourg	279,100	200,181	71.7	78,946	—	—	—	—	—	
Macedonia, former Yugoslav Republic of	68,900	98,297	142.7	—	29,395	0.06	—	29,003	58,398	
Madagascar	122,200	122,174	100.0	27	—	—	—	90,027	90,027	
Malawi	69,400	67,166	96.8	2,236	—	—	—	60,543	60,543	
Malaysia	1,486,600	878,450	59.1	608,156	—	—	—	—	—	
Maldives	8,200	6,646	81.1	1,554	—	—	—	—	—	
Mali	93,300	84,468	90.5	8,835	—	—	3,556	123,252	126,808	
Malta	102,000	61,746	60.5	40,260	—	—	—	—	—	
Marshall Islands	2,500	2,500	100.0	1	—	—	—	—	—	
Mauritania	64,400	64,406	100.0	—	—	—	1,023	79,260	80,283	
Mauritius	101,600	87,138	85.8	14,474	—	—	—	—	—	
Mexico	2,585,800	2,585,453	100.0	358	—	—	—	—	—	
Micronesia, Federated States of	5,100	5,100	100.0	1	—	—	—	—	—	
Moldova, Republic of	123,200	226,638	184.0	5	103,438	0.22	—	18,480	121,918	
Mongolia	51,100	51,049	99.9	56	—	—	—	36,173	36,173	
Morocco	588,200	517,761	88.0	70,441	—	—	—	—	—	
Mozambique	113,600	113,600	100.0	7	—	—	—	157,845	157,845	
Myanmar	258,400	258,402	100.0	—	—	—	—	—	—	
Namibia	136,500	136,463	100.0	38	—	—	—	—	—	
Nepal	71,300	65,557	91.9	5,746	—	—	—	7,833	7,833	
Netherlands	5,162,400	3,541,048	68.6	1,621,361	—	—	—	—	—	
New Zealand	894,600	601,139	67.2	293,465	—	—	—	—	—	
Nicaragua	130,000	130,010	100.0	—	—	—	—	127,332	127,332	
Niger	65,800	57,240	87.0	8,561	—	—	—	56,760	56,760	

General Department
Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions,
and Members' Use of Resources
as at July 31, 2001
(In thousands of SDRs)

Member	General Resources Account				Use of Resources					
	Quota	IMF's holdings of currencies 1/		Reserve tranche position	GRA		PRGF			Total 4/
		Total	Percent		(A)	Amount	Percent	SDA 2/	Trust 3/	
Member	Quota	Total	Percent	Reserve tranche position	(A)	(B)	(C)	(D)	(E)	(F)
Nigeria	1,753,200	1,753,122	100.0	143	—	—	—	—	—	—
Norway	1,671,700	1,133,860	67.8	537,866	—	—	—	—	—	—
Oman	194,000	134,536	69.3	59,531	—	—	—	—	—	—
Pakistan	1,033,700	1,951,972	188.8	114	918,384	1.98	10,926	375,800	1,305,110	—
Palau	3,100	3,100	100.0	1	—	—	—	—	—	—
Panama	206,600	244,927	118.6	11,860	50,175	0.11	—	—	—	50,175
Papua New Guinea	131,600	198,487	150.8	269	67,155	0.14	—	—	—	67,155
Paraguay	99,900	78,428	78.5	21,475	—	—	—	—	—	—
Peru	638,400	1,013,162	158.7	—	374,729	0.81	—	—	—	374,729
Philippines	879,900	2,348,901	267.0	87,182	1,556,180	3.33	—	—	—	1,556,180
Poland, Republic of	1,369,000	1,082,164	79.0	286,836	—	—	—	—	—	—
Portugal	867,400	593,702	68.4	273,700	—	—	—	—	—	—
Qatar	263,800	199,673	75.7	64,127	—	—	—	—	—	—
Romania	1,030,200	1,324,518	128.6	—	294,312	0.63	—	—	—	294,312
Russian Federation	5,945,400	14,342,021	241.2	1,007	8,397,609	18.10	—	—	—	8,397,609
Rwanda	80,100	87,923	109.8	—	7,809	0.02	—	52,360	—	60,169
St. Kitts and Nevis	8,900	10,445	117.4	89	1,625	—	—	—	—	1,625
St. Lucia	15,300	15,300	100.0	1	—	—	—	—	—	—
St. Vincent and the Grenadines	8,300	7,800	94.0	500	—	—	—	—	—	—
Samoa	11,600	10,918	94.1	683	—	—	—	—	—	—
San Marino, Republic of	17,000	12,900	75.9	4,101	—	—	—	—	—	—
São Tomé and Príncipe	7,400	7,403	100.0	—	—	—	—	—	1,902	1,902
Saudi Arabia	6,985,500	5,518,921	79.0	1,466,583	—	—	—	—	—	—
Senegal	161,800	160,393	99.1	1,410	—	—	277	197,985	—	198,262
Seychelles	8,800	8,800	100.0	1	—	—	—	—	—	—
Sierra Leone	103,700	141,190	136.2	24	37,505	0.08	16,212	68,626	—	122,343
Singapore	862,500	580,436	67.3	282,078	—	—	—	—	—	—
Slovak Republic	357,500	357,505	100.0	—	—	—	—	—	—	—
Slovenia, Republic of	231,700	167,544	72.3	64,162	—	—	—	—	—	—
Solomon Islands	10,400	9,867	94.9	543	—	—	—	—	—	—
Somalia	44,200	140,907	318.8	—	96,701	0.21	8,840	—	—	112,004
South Africa	1,868,500	1,868,173	100.0	329	—	—	—	—	—	—
Spain	3,048,900	2,049,957	67.2	998,958	—	—	—	—	—	—
Sri Lanka	413,400	469,012	113.5	47,741	103,350	0.22	—	89,600	—	192,950
Sudan	169,700	561,072	330.6	11	391,352	0.85	—	—	—	450,579
Suriname	92,100	85,975	93.4	6,125	—	—	—	—	—	—
Swaziland	50,700	44,154	87.1	6,552	—	—	—	—	—	—
Sweden	2,395,500	1,626,163	67.9	769,347	—	—	—	—	—	—
Switzerland	3,458,500	2,350,425	68.0	1,108,129	—	—	—	—	—	—
Syrian Arab Republic	293,600	293,603	100.0	5	—	—	—	—	—	—

General Department
Quotas, IMF's Holdings of Currencies, Reserve Tranche Positions,
and Members' Use of Resources
as at July 31, 2001
(In thousands of SDRs)

Member	Quota	General Resources Account			Use of Resources					
		IMF's holdings of currencies 1/		Reserve tranche position	GRA		PRGF		SDA 2/	Trust 3/
		Total	Percent		Amount	Percent	(B)	(C)		
Tajikistan, Republic of	87,000	99,188	114.0	2	12,188	0.03	—	78,280	90,468	
Tanzania	198,900	188,932	95.0	9,975	—	—	—	259,780	259,780	
Thailand	1,081,900	2,956,895	273.3	20	1,875,000	4.04	—	—	—	1,875,000
Togo	73,400	73,113	99.6	290	—	—	—	49,320	49,320	
Tonga	6,900	5,197	75.3	1,710	—	—	—	—	—	—
Trinidad and Tobago	335,600	315,236	93.9	20,366	—	—	—	—	—	
Tunisia	286,500	266,338	93.0	20,167	—	—	—	—	—	
Turkey	964,000	9,347,308	969.6	112,775	8,496,080	18.31	—	—	—	8,496,080
Turkmenistan, Republic of	75,200	75,200	100.0	5	—	—	—	—	—	
Uganda	180,500	180,507	100.0	—	—	—	—	232,470	232,470	
Ukraine	1,372,000	2,736,515	199.5	3	1,364,515	2.94	—	—	—	1,364,515
United Arab Emirates	611,700	434,710	71.1	176,991	—	—	—	—	—	
United Kingdom	10,738,500	7,424,971	69.1	3,313,653	—	—	—	—	—	
United States	37,149,300	25,258,147	68.0	11,888,773	—	—	—	—	—	
Uruguay	306,500	385,032	125.6	35,675	114,200	0.25	—	—	—	114,200
Uzbekistan, Republic of	275,600	345,803	125.5	5	70,203	0.15	—	—	—	70,203
Vanuatu	17,000	14,506	85.3	2,496	—	—	—	—	—	
Venezuela, Repùblica Bolivariana de	2,659,100	2,349,368	88.4	321,900	12,167	0.03	—	—	—	12,167
Vietnam	329,100	340,173	103.4	5	11,073	0.02	—	258,840	269,913	
Yemen, Republic of	243,500	312,428	128.3	13	68,938	0.15	—	170,000	238,938	
Yugoslavia, Federal Republic of (Serbia/Montenegro)	467,700	634,639	135.7	—	166,925	0.36	—	—	—	166,925
Zambia	489,100	489,101	100.0	18	—	—	163,575	651,453	815,028	
Zimbabwe	353,400	472,032	133.6	327	118,956	0.26	—	90,520	209,476	
Total	212,414,900	208,771,822		50,043,210	46,399,572	100.00	394,468	5,851,631	52,734,443	

1/ Includes nonnegotiable, non-interest-bearing notes that members are entitled to issue in substitution for currencies, and outstanding currency valuation adjustments.

2/ The Special Disbursement Account (SDA) of the General Department had financed loans under Structural Adjustment Facility (SAF) and Poverty Reduction Growth Facility (PRGF) arrangements.

3/ For information purposes only. The PRGF Trust provides financing under PRGF arrangements and is not a part of the General Department.

4/ Includes outstanding Trust Fund loans to Liberia (SDR 23.1 million), Somalia (SDR 6.5 million), and Sudan (SDR 59.2 million).

5/ Less than SDR 500.

General Department
Financial Resources and Liquidity Position
in the General Resources Account
as at July 31, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Total Resources		
Currencies	208,771,822	205,611,542
SDR holdings	1,582,974	2,458,266
Gold holdings	5,851,771	5,851,771
Sundry assets, net of sundry liabilities ^{1/}	783,896	590,852
Total resources	216,990,463	214,512,431
Less: Non-Usable Resources ^{2/}	109,070,716	104,740,315
Equals: Usable Resources ^{3/}	107,919,746	109,772,116
Resources Committed and Working Balances		
Undrawn balances under arrangements ^{4/}	18,748,760	16,873,682
Minimum working balances ^{4/}	15,289,110	15,120,910
Resources committed and working balances	34,037,870	31,994,592
Net Uncommitted Usable Resources ^{5/}	73,881,876	77,777,524
Liquid Liabilities		
Reserve tranche positions ^{6/}	<u>50,043,210</u>	<u>47,384,691</u>
Liquidity Ratio ^{7/}	147.6%	164.1%
Memorandum Item		
Resources available under borrowing arrangements	34,000,000	34,000,000

^{1/} Sundry assets, net of sundry liabilities, reflect current assets (charges, interest, and other receivables) and other assets (which include capital assets such as land, buildings, and equipment), net of sundry liabilities (remuneration payable and other liabilities).

^{2/} Resources regarded as non-usable in the financing of the IMF's ongoing operations and transactions are (1) gold holdings, (2) currencies of members that are using IMF credit, (3) currencies of other members with relatively weak external positions, and (4) sundry assets, net of sundry liabilities.

^{3/} Usable resources consist of (1) holdings of currencies of members considered by the IMF as having balance of payments and reserve positions sufficiently strong for their currencies to be used in transfers, (2) SDR holdings, and (3) any unused amounts under credit lines that have been activated.

^{4/} Amounts committed under arrangements, which reflect undrawn balances committed under operative Stand-By and Extended Arrangements, other than precautionary arrangements, are deducted from the total of usable resources, as are one-half of the amounts committed under precautionary arrangements. The Executive Board has decided that the minimum working balances be set at 10 percent of the quotas of members deemed sufficiently strong for their currencies to be used in operations and transactions.

^{5/} Net uncommitted usable resources are defined as usable resources less resources committed under arrangements and minimum working balances, as described above. The amount represents the resources available to meet requests for use of IMF credit under new credit arrangements and for members' use of their reserve positions in the IMF.

^{6/} Liquid liabilities consist of (1) members' reserve tranche positions, and (2) the amount of any outstanding borrowing by the IMF under the GAB or NAB. Both reserve tranche positions and outstanding lending under the GAB and NAB (together called members' reserve positions in the IMF) are part of members' international reserves. The IMF cannot challenge a request by a member to draw on its reserve position, and the IMF must therefore at all times be in a position to meet such requests.

^{7/} The liquidity ratio is a measure of the IMF's liquidity position, represented by the ratio of its net uncommitted usable resources to its liquid liabilities.

General Department
Status of Arrangements
as at July 31, 2001

(In thousands of SDRs)

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
General Resources Account				
Stand-By Arrangements				
Argentina	March 10, 2000	March 9, 2003	10,585,500	1/ 5,774,970
Brazil	December 2, 1998	December 1, 2001	13,024,800	2/ 3,554,050
Croatia, Republic of	March 19, 2001	May 18, 2002	200,000	200,000
Ecuador	April 19, 2000	December 31, 2001	226,730	75,584
Estonia, Republic of	March 1, 2000	August 31, 2001	29,340	29,340
Gabon	October 23, 2000	April 22, 2002	92,580	79,360
Latvia, Republic of	April 20, 2001	December 19, 2002	33,000	33,000
Nigeria	August 4, 2000	October 31, 2001	788,940	788,940
Pakistan	November 29, 2000	September 30, 2001	465,000	105,000
Panama	June 30, 2000	March 29, 2002	64,000	64,000
Papua New Guinea	March 29, 2000	September 28, 2001	85,540	18,885
Peru	March 12, 2001	March 11, 2002	128,000	128,000
Sri Lanka	April 20, 2001	June 19, 2002	200,000	96,650
Turkey	December 22, 1999	December 21, 2002	15,038,400	3/ 6,903,820
Uruguay	May 31, 2000	March 31, 2002	150,000	150,000
Yugoslavia, Federal Repu	June 11, 2001	March 31, 2002	200,000	150,000
Total Stand-By Arrangements			41,311,830	18,151,599
Extended Arrangements				
Bulgaria	September 25, 1998	September 24, 2001	627,620	--
Colombia	December 20, 1999	December 19, 2002	1,957,000	1,957,000
Indonesia	February 4, 2000	December 31, 2002	3,638,000	2,786,850
Jordan	April 15, 1999	April 14, 2002	127,880	91,340
Kazakhstan, Republic of	December 13, 1999	December 12, 2002	329,100	329,100
Macedonia, former Yugo	November 29, 2000	November 28, 2003	24,115	22,967
Ukraine	September 4, 1998	August 15, 2002	1,919,950	1,017,730
Yemen, Republic of	October 29, 1997	October 28, 2001	72,900	26,400
Total Extended Arrangements			8,696,565	6,231,387
Total General Resources Account			50,008,395	24,382,986

1/ Includes SDR 2.1 billion available until January 11, 2002 under the Supplemental Reserve Facility.

2/ Amount agreed and undrawn balance include SDR 9.1 billion and 2.6 billion, respectively, under the Supplemental Reserve Facility which expired on December 1, 1999.

3/ Includes SDR 5.8 billion available until December 20, 2001 under the Supplemental Reserve Facility.

**II. Financial Statements
of the
SDR Department**

SDR Department
Balance Sheets
as at July 31, 2001 and 2000
(In thousands of SDRs)

	2001	2000		2001	2000
Assets			Liabilities		
Charges receivable	194,756	240,531	Interest payable	195,229	241,054
Overdue assessments and charges (Note 3)	101,385	109,483			
Participants with holdings below allocations (Note 2)			Participants with holdings above allocations (Note 2)		
Allocations	12,022,830	12,256,045	SDR holdings	16,066,899	15,284,482
<i>Less : SDR holdings</i>	3,519,118	3,221,864	<i>Less: allocations</i>	9,410,500	9,177,285
Allocations in excess of holdings	8,503,712	9,034,181	Holdings in excess of allocations	6,656,399	6,107,197
			Holdings by the General Resources Account	1,582,974	2,458,266
			Holdings of SDRs by prescribed holders	365,251	577,678
Total Assets	8,799,853	9,384,195	Total Liabilities	8,799,853	9,384,195

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

SDR Department
Income Statements
for the Three Months Ended July 31, 2001 and 2000
(In thousands of SDRs)

	2001	2000
Revenue		
Net charges from participants with holdings below allocations	78,354	104,268
Assessment on SDR allocations	575	875
	<hr/> 78,929	<hr/> 105,143
Expenses		
Interest on SDR holdings		
Net interest to participants with holdings above allocations	59,904	69,683
General Resources Account	14,055	27,287
Prescribed holders	4,395	7,298
	<hr/> 78,354	<hr/> 104,268
Administrative expenses	575	875
	<hr/> 78,929	<hr/> 105,143
Net Income	<hr/> <hr/> --	<hr/> <hr/> --

The accompanying notes are an integral part of these financial statements.

SDR Department

Statements of Cash Flows as at July 31, 2001 and 2000

(*In thousands of SDRs*)

	2001	2000
Cash flows from operating activities		
Receipts of SDRs		
Transfers among participants and prescribed holders	2,355,482	2,179,568
Transfers from participants to the General Resources Account	1,097,932	1,386,223
Transfers from the General Resources Account to participants and prescribed holders	1,951,702	1,651,849
Total Receipts of SDRs	<u>5,405,116</u>	<u>5,217,640</u>
Uses of SDRs		
Transfers among participants and prescribed holders	2,289,288	2,109,289
Transfers from participants to the General Resources Account	1,075,651	1,358,925
Transfers from the General Resources Account to participants and prescribed holders	1,951,702	1,651,849
Charges paid in the SDR Department	85,335	93,695
Other	3,140	3,882
Total Uses of SDRs	<u>5,405,116</u>	<u>5,217,640</u>

The accompanying notes are an integral part of these financial statements.

SDR Department

Notes to the Financial Statements as at July 31, 2001 and 2000

1. Nature of Operations

The SDR is an international interest-bearing reserve asset created by the IMF following the First Amendment of the Articles of Agreement in 1969. All transactions and operations involving SDRs are conducted through the SDR Department. The SDR was created as a supplement to existing reserve assets and is allocated by the IMF to members participating in the SDR Department. Its value as a reserve asset derives, essentially, from the commitments of participants to hold and accept SDRs and to honor various obligations connected with its proper functioning as a reserve asset.

At July 31, 2001, all members of the IMF were participants in the SDR Department. SDRs have been allocated by the IMF to members that are participants in the SDR Department at the time of the allocation in proportion to their quotas in the IMF. Six allocations have been made (in 1970, 1971, 1972, 1979, 1980, and 1981) for a total of SDR 21.4 billion. A proposed amendment of the IMF's Articles of Agreement was approved by the Executive Board in January 1998 to allow for a special one-time allocation of SDRs equal to 21.4 billion. The amendment will enter into force after three-fifths of the members, having 85 percent of the total voting power, have accepted it. Upon termination of participation or liquidation of the SDR Department, the IMF will provide to holders the currencies received from the participants in settlement of their obligations. The IMF is empowered to prescribe certain official entities as holders of SDRs; at July 31, 2001, 16 institutions (15 at July 31, 2000) were prescribed as holders. Prescribed holders do not receive allocations.

The SDR is also used by a number of international and regional organizations as a unit of account or as the basis for their units of account. Several international conventions also use the SDR as a unit of account, notably those expressing liability limits for the international transport of goods and services.

Uses of SDRs

Participants and prescribed holders can use and receive SDRs in transactions and operations by agreement among themselves. Participants can also use SDRs in operations and transactions involving the General Resources Account, such as the payment of charges and repurchases. The IMF ensures, by designating participants to provide freely usable currency in exchange for SDRs, that a participant can use its SDRs to obtain an equivalent amount of currency if it has a need because of its balance of payments, or its reserve position, or developments in its reserves.

General Allocations and Cancellations of SDRs

The IMF has the authority to create unconditional liquidity through general allocations of SDRs to participants in the SDR Department in proportion to their quotas in the IMF. The IMF cannot allocate SDRs to itself or to other holders it prescribes. The Articles also provide for the cancellation of SDRs, although to date there have been no cancellations. In its decisions on general allocations of SDRs, the IMF, as prescribed under its Articles, has sought to meet the long-term global need to supplement existing reserve assets in such a manner as will promote the attainment of the IMF's purposes and will avoid economic stagnation and deflation, as well as excess demand and inflation.

SDR Department

Notes to the Financial Statements as at July 31, 2001 and 2000

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the SDR Department's financial statements.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket were as follows:

Currency	Amount	
	To December 31, 2000	From January 1, 2001
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of July 31, 2001, one SDR was equal to 1.25874 U.S. dollars (one SDR was equal to 1.31335 U.S. dollars as of July 31, 2000).

SDR Department

Notes to the Financial Statements as at July 31, 2001 and 2000

Allocations and Holdings

At July 31, 2001 and 2000, IMF net cumulative allocations to participants totaled SDR 21.4 billion. Participants with holdings in excess of their allocations have established a net claim on the SDR Department, which is represented on the balance sheet as a liability. Participants with holdings below their allocations have used part of their allocations, which results in a net obligation to the SDR Department and is presented as an asset of the SDR Department. Participants' net SDR positions as of July 31, 2001 and 2000 were as follows:

	2001			2000		
	Total	Below <u>Allocations</u>	Above <u>Allocations</u>	Total	Below <u>Allocations</u>	Above <u>Allocations</u>
	<i>In millions of SDRs</i>					
Cumulative allocations	21,433.3	12,022.8	9,410.5	21,433.3	12,256.0	9,177.3
Holdings of SDRs by participants	<u>19,586.0</u>	<u>3,519.1</u>	<u>16,066.9</u>	<u>18,506.3</u>	<u>3,221.8</u>	<u>15,284.5</u>
Net SDR positions	<u>1,847.3</u>	<u>8,503.7</u>	<u>(6,656.4)</u>	<u>2,927.0</u>	<u>9,034.2</u>	<u>(6,107.2)</u>

A summary of SDR holdings is provided below:

	2001	2000
	<i>In millions of SDRs</i>	
Participants	19,586.0	18,506.3
General Resources Account	1,583.0	2,458.3
Prescribed holders	<u>365.2</u>	<u>577.7</u>
	21,534.2	21,542.3
Less: Overdue charges receivable	<u>100.9</u>	<u>109.0</u>
Total holdings	<u>21,433.3</u>	<u>21,433.3</u>

Administrative Expenses

The expenses of conducting the business of the SDR Department are paid by the IMF from the General Resources Account, which is reimbursed in SDRs by the SDR Department at the end of each financial year. For this purpose, the SDR Department levies an assessment on all participants in proportion to their net cumulative allocations.

SDR Department

Notes to the Financial Statements as at July 31, 2001 and 2000

Interest and Charges

Interest is paid on holdings of SDRs. Charges are levied on each participant's cumulative allocations plus any allocations in excess of holdings of the participant and unpaid charges. Interest on SDR holdings is paid quarterly. Charges on net cumulative allocations are also collected quarterly. Interest and charges are levied at the same rate and are settled by crediting and debiting individual holdings accounts on the first day of the subsequent quarter. The SDR Department is required to pay interest to each holder, whether or not sufficient SDRs are received to meet the payment of interest. If sufficient SDRs are not received because charges are overdue, additional SDRs are temporarily created.

The rate of interest on the SDR is determined by reference to a combined market interest rate, which is a weighted average of yields or rates on short-term instruments in the capital markets of France, Germany, Japan, the United Kingdom, and the United States. The combined market interest rate used to determine the SDR interest rate is calculated each Friday, using the yields or rates of that day. The SDR interest rate, which is set equal to the combined market interest rate, enters into effect on the following Monday and applies through the following Sunday.

Overdue Obligations

An allowance for losses resulting from overdue SDR obligations would be created if and when the IMF were to expect a loss to be incurred; no losses have been incurred in the past, and it is the current expectation that no losses will be incurred in the future, and consequently no allowance account has been established.

3. Overdue Assessments and Charges

At July 31, 2001, assessments and charges amounting to SDR 101.4 million were overdue to the SDR Department (SDR 109.5 million at July 31, 2000). At July 31, 2001 and 2000, six members were six months or more overdue in meeting their financial obligations to the SDR Department. The Federal Republic of Yugoslavia (Serbia/Montenegro) notified the IMF in January 1993 that it agreed to its share in the assets and liabilities of the former Socialist Federal Republic of Yugoslavia (SFRY) in the IMF. On December 20, 2000, the IMF's Executive Board made a finding that the Federal Republic of Yugoslavia (Serbia/Montenegro) is able to fulfill its obligations under the Articles of Agreement and therefore succeeds to the membership in the IMF effective December 14, 1992. On December 20, 2000, the Federal Republic of Yugoslavia (Serbia/Montenegro) settled its overdue charges and assessments.

Assessments and charges due from members that are six months or more overdue to the SDR Department were as follows:

SDR Department

Notes to the Financial Statements as at July 31, 2001 and 2000

	2001	2000
<i>In millions of SDRs</i>		
Total	101.4	109.5
Overdue for six months or more	94.6	102.0
Overdue for three years or more	65.6	68.2

The amount and duration of arrears as of July 31, 2001 were as follows:

	Total	Longest Overdue Obligation
<i>In millions of SDRs</i>		
Afghanistan, Islamic State of	6.6	February 1996
Congo, Democratic Republic of	17.1	April 1992
Iraq	47.1	November 1990
Liberia	21.6	April 1986
Somalia	8.9	February 1991
Sudan	<u>0.1</u>	April 1991
Total	<u>101.4</u>	

SDR Department
Statements of Changes in SDR Holdings
for the Three Months Ended July 31, 2001 and 2000
(In thousands of SDRs)

	Participants	General Resources Account	Prescribed Holders	Total	
				2001	2000
Total holdings, beginning of the year	18,556,379	2,436,744	537,978	21,531,101	21,538,408
Receipts of SDRs					
Transfers among participants and prescribed holders					
Transactions by agreement	1,888,278	--	56,452	1,944,730	1,833,244
Operations					
Settlement of financial obligations	--	--	63,364	63,364	43,279
IMF-related operations					
SAF and PRGF loans	87,258	--	--	87,258	11,725
SAF repayments and interest	--	--	6,823	6,823	773
PRGF contributions and payments	35,514	--	21,022	56,536	62,791
PRGF repayments and interest	--	--	94,589	94,589	82,258
HIPC payments	1,519	--	--	1,519	--
PRGF-HIPC contributions	120	--	33,167	33,287	74,020
SCA-2 refunds	--	--	1,182	1,182	1,199
Net interest on SDRs	60,968	--	5,226	66,194	70,279
Transfers from participants to the General Resources Account					
Repurchases	--	497,212	--	497,212	743,564
Charges	--	578,439	--	578,439	615,361
Interest on SDRs	--	22,281	--	22,281	27,298
Transfers from the General Resources Account to participants and prescribed holders					
Purchases	1,379,735	--	--	1,379,735	905,120
In exchange for currencies of other members					
Acquisitions to pay charges	124,083	--	--	124,083	290,254
Remuneration	392,086	--	--	392,086	450,884
Other					
Refunds and adjustments	55,798	--	--	55,798	5,591
Total receipts	4,025,359	1,097,932	281,825	5,405,116	5,217,640

SDR Department

Statements of Changes in SDR Holdings for the Three Months Ended July 31, 2001 and 2000 *(In thousands of SDRs)*

	Participants	General Resources Account	Prescribed Holders	Total	
				2001	2000
Uses of SDRs					
Transfers among participants and prescribed holders					
Transactions by agreement	1,646,734	--	297,996	1,944,730	1,833,244
Operations					
Settlement of financial obligations	63,364	--	--	63,364	43,279
IMF-related operations					
SAF and PRGF loans	--	--	87,258	87,258	11,725
SAF repayments and interest	6,823	--	--	6,823	773
PRGF contributions and payments	21,022	--	35,514	56,536	62,791
PRGF repayments and interest	94,589	--	--	94,589	82,258
HIPC payments	--	--	1,519	1,519	--
PRGF-HIPC contributions	1,022	--	32,265	33,287	74,020
SCA-2 refunds	1,182	--	--	1,182	1,199
Transfers from participants to the General Resources Account					
Repurchases	497,212	--	--	497,212	743,564
Charges	578,439	--	--	578,439	615,361
Transfers from the General Resources Account to participants and prescribed holders					
Purchases	--	1,379,735	--	1,379,735	905,120
In exchange for currencies of other members					
Acquisitions to pay charges	--	124,083	--	124,083	290,254
Remuneration	--	392,086	--	392,086	450,884
Other					
Refunds and adjustments	--	55,798	--	55,798	5,591
Charges paid in the SDR department					
Net charges due	88,475	--	--	88,475	97,577
Total uses	2,998,862	1,951,702	454,552	5,405,116	5,217,640
Charges not paid when due	(3,761)	--	--	(3,761)	(4,533)
Settlement of unpaid charges	620	--	--	620	651
Total holdings, July 31	19,586,017	1,582,974	365,251	21,534,242	21,542,290

SDR Department
Allocations and Holdings of Participants
as at July 31, 2001
(In thousands of SDRs)

PARTICIPANT	NET CUMULATIVE ALLOCATIONS	TOTAL	HOLDINGS		(+). ABOVE (-) BELOW ALLOCATIONS
			PERCENT OF CUMULATIVE ALLOCATIONS	(+) ABOVE (-) BELOW ALLOCATIONS	
Afghanistan, Islamic State of	26,703	--	--	--	(26,703)
Albania	--	65,584	--	--	65,584
Algeria	128,640	19,042	14.8	(109,598)	
Angola	--	136	--	--	136
Antigua and Barbuda	--	5	--	--	5
Argentina	318,370	134,792	42.3	(183,578)	
Armenia, Republic of	--	11,782	--	--	11,782
Australia	470,545	80,125	17.0	(390,420)	
Austria	179,045	204,901	114.4	25,856	
Azerbaijan	--	3,591	--	--	3,591
Bahamas, The	10,230	159	1.6	(10,071)	
Bahrain	6,200	929	15.0	(5,271)	
Bangladesh	47,120	2,375	5.0	(44,745)	
Barbados	8,039	99	1.2	(7,940)	
Belarus, Republic of	--	1,237	--	--	1,237
Belgium	485,246	356,913	73.6	(128,333)	
Belize	--	1,295	--	--	1,295
Benin	9,409	151	1.6	(9,258)	
Bhutan	--	195	--	--	195
Bolivia	26,703	27,306	102.3	603	
Bosnia and Herzegovina	20,481	12,943	63.2	(7,538)	
Botswana	4,359	30,802	706.6	26,443	
Brazil	358,670	29,215	8.1	(329,455)	
Brunei Darussalam	--	5,719	--	--	5,719
Bulgaria	--	65,714	--	--	65,714
Burkina Faso	9,409	501	5.3	(8,908)	
Burundi	13,697	150	1.1	(13,547)	
Cambodia	15,417	1,064	6.9	(14,353)	
Cameroon	24,463	237	1.0	(24,226)	
Canada	779,290	466,838	59.9	(312,452)	
Cape Verde	620	25	4.0	(595)	
Central African Republic	9,325	87	0.9	(9,238)	
Chad	9,409	90	1.0	(9,319)	
Chile	121,924	21,181	17.4	(100,744)	
China	236,800	643,624	271.8	406,824	
Colombia	114,271	107,113	93.7	(7,158)	
Comoros	716	15	2.1	(701)	
Congo, Democratic Republic of	86,309	--	--	(86,309)	
Congo, Republic of	9,719	320	3.3	(9,399)	
Costa Rica	23,726	277	1.2	(23,449)	

SDR Department
Allocations and Holdings of Participants
as at July 31, 2001
(In thousands of SDRs)

PARTICIPANT	NET CUMULATIVE ALLOCATIONS	TOTAL	HOLDINGS		
			PERCENT OF CUMULATIVE ALLOCATIONS	(+) ABOVE (-) BELOW ALLOCATIONS	
Côte d'Ivoire	37,828	1,194	3.2	(36,634)	
Croatia, Republic of	44,205	100,098	226.4	55,893	
Cyprus	19,438	975	5.0	(18,463)	
Czech Republic	--	245	--	245	
Denmark	178,864	263,192	147.1	84,328	
Djibouti	1,178	203	17.2	(975)	
Dominica	592	6	1.1	(586)	
Dominican Republic	31,585	1,000	3.2	(30,585)	
Ecuador	32,929	2,673	8.1	(30,256)	
Egypt	135,924	29,193	21.5	(106,731)	
El Salvador	24,985	24,985	100.0	--	
Equatorial Guinea	5,812	1,089	18.7	(4,723)	
Eritrea	--	--	--	--	
Estonia, Republic of	--	21	--	21	
Ethiopia	11,160	129	1.2	(11,031)	
Fiji	6,958	4,661	67.0	(2,297)	
Finland	142,690	165,239	115.8	22,549	
France	1,079,870	354,096	32.8	(725,774)	
Gabon	14,091	873	6.2	(13,218)	
Gambia, The	5,121	53	1.0	(5,068)	
Georgia	--	932	--	932	
Germany	1,210,760	1,370,589	113.2	159,829	
Ghana	62,983	554	0.9	(62,429)	
Greece	103,544	5,881	5.7	(97,663)	
Grenada	930	10	1.1	(920)	
Guatemala	27,678	7,077	25.6	(20,601)	
Guinea	17,604	2,781	15.8	(14,823)	
Guinea-Bissau	1,212	219	18.1	(993)	
Guyana	14,530	5,392	37.1	(9,138)	
Haiti	13,697	381	2.8	(13,316)	
Honduras	19,057	844	4.4	(18,213)	
Hungary	--	12,954	--	12,954	
Iceland	16,409	162	1.0	(16,247)	
India	681,170	7,397	1.1	(673,773)	
Indonesia	238,956	17,530	7.3	(221,426)	
Iran, Islamic Republic of	244,056	267,017	109.4	22,961	
Iraq	68,464	--	--	(68,464)	
Ireland	87,263	40,604	46.5	(46,659)	
Israel	106,360	1,749	1.6	(104,611)	
Italy	702,400	239,140	34.0	(463,260)	

SDR Department
Allocations and Holdings of Participants
as at July 31, 2001
(In thousands of SDRs)

PARTICIPANT	NET CUMULATIVE ALLOCATIONS	HOLDINGS		
		TOTAL	PERCENT OF CUMULATIVE ALLOCATIONS	(+) ABOVE (-) BELOW ALLOCATIONS
Jamaica	40,613	1,170	2.9	(39,443)
Japan	891,690	1,883,469	211.2	991,779
Jordan	16,887	4,938	29.2	(11,949)
Kazakhstan, Republic of	--	94	--	94
Kenya	36,990	4,120	11.1	(32,870)
Kiribati	--	9	--	9
Korea	72,911	13,534	18.6	(59,377)
Kuwait	26,744	78,555	293.7	51,810
Kyrgyz Republic	--	2,243	--	2,243
Lao People's Democratic Republic	9,409	2,832	30.1	(6,577)
Latvia, Republic of	--	374	--	374
Lebanon	4,393	18,863	429.4	14,470
Lesotho	3,739	483	12.9	(3,256)
Liberia	21,007	--	--	(21,007)
Libya	58,771	428,790	729.6	370,019
Lithuania, Republic of	--	2,074	--	2,074
Luxembourg	16,955	4,076	24.0	(12,879)
Macedonia, former Yugoslav Republic of	8,379	133	1.6	(8,246)
Madagascar	19,270	212	1.1	(19,058)
Malawi	10,975	129	1.2	(10,846)
Malaysia	139,048	91,424	65.7	(47,624)
Maldives	282	228	80.7	(54)
Mali	15,912	208	1.3	(15,704)
Malta	11,288	25,569	226.5	14,281
Marshall Islands	--	--	--	--
Mauritania	9,719	167	1.7	(9,552)
Mauritius	15,744	16,656	105.8	912
Mexico	290,020	283,576	97.8	(6,444)
Micronesia, Federated States of	--	1,131	--	1,131
Moldova, Republic of	--	434	--	434
Mongolia	--	15	--	15
Morocco	85,689	80,014	93.4	(5,675)
Mozambique	--	50	--	50
Myanmar	43,474	486	1.1	(42,988)
Namibia	--	16	--	16
Nepal	8,105	93	1.1	(8,012)
Netherlands	530,340	667,013	125.8	136,673
New Zealand	141,322	11,358	8.0	(129,964)
Nicaragua	19,483	247	1.3	(19,236)
Niger	9,409	1,001	10.6	(8,408)

SDR Department
Allocations and Holdings of Participants
as at July 31, 2001
(In thousands of SDRs)

PARTICIPANT	NET CUMULATIVE ALLOCATIONS	TOTAL	HOLDINGS		
			PERCENT OF CUMULATIVE ALLOCATIONS	(+) ABOVE (-) BELOW ALLOCATIONS	(-) BELOW ALLOCATIONS
Nigeria	157,155	1,337	0.9	(155,818)	
Norway	167,770	273,674	163.1	105,904	
Oman	6,262	4,127	65.9	(2,135)	
Pakistan	169,989	13,253	7.8	(156,736)	
Palau	--	--	--	--	--
Panama	26,322	1,788	6.8	(24,534)	
Papua New Guinea	9,300	8,414	90.5	(886)	
Paraguay	13,697	80,257	585.9	66,560	
Peru	91,319	1,399	1.5	(89,920)	
Philippines	116,595	3,828	3.3	(112,767)	
Poland, Republic of	--	16,897	--	16,897	
Portugal	53,320	45,778	85.9	(7,542)	
Qatar	12,822	16,847	131.4	4,026	
Romania	75,950	1,800	2.4	(74,150)	
Russian Federation	--	13,197	--	13,197	
Rwanda	13,697	573	4.2	(13,124)	
St. Kitts and Nevis	--	4	--	4	
St. Lucia	742	1,449	195.4	707	
St. Vincent and the Grenadines	354	35	9.9	(319)	
Samoa	1,142	2,322	203.3	1,180	
San Marino, Republic of	--	277	--	277	
São Tomé & Príncipe	620	7	1.1	(613)	
Saudi Arabia	195,527	168,428	86.1	(27,099)	
Senegal	24,462	686	2.8	(23,776)	
Seychelles	406	25	6.1	(382)	
Sierra Leone	17,455	848	4.9	(16,607)	
Singapore	16,475	113,045	686.1	96,569	
Slovak Republic	--	519	--	519	
Slovenia, Republic of	25,431	3,476	13.7	(21,954)	
Solomon Islands	654	8	1.2	(646)	
Somalia	13,697	--	--	(13,697)	
South Africa	220,360	222,525	101.0	2,165	
Spain	298,805	266,233	89.1	(32,572)	
Sri Lanka	70,868	2,609	3.7	(68,259)	
Sudan	52,192	--	--	(52,192)	
Suriname	7,750	1,650	21.3	(6,100)	
Swaziland	6,432	2,447	38.0	(3,985)	
Sweden	246,525	271,219	110.0	24,694	
Switzerland	--	242,057	--	242,057	
Syrian Arab Republic	36,564	341	0.9	(36,223)	

SDR Department
Allocations and Holdings of Participants
as at July 31, 2001
(In thousands of SDRs)

PARTICIPANT	NET CUMULATIVE ALLOCATIONS	TOTAL	HOLDINGS		
			PERCENT OF CUMULATIVE ALLOCATIONS	(+) ABOVE (-) BELOW ALLOCATIONS	
Tajikistan, Republic of	--	6,958	--	6,958	
Tanzania	31,372	405	1.3	(30,967)	
Thailand	84,652	20,632	24.4	(64,020)	
Togo	10,975	165	1.5	(10,810)	
Tonga	--	128	--	128	
Trinidad and Tobago	46,231	475	1.0	(45,756)	
Tunisia	34,243	9,093	26.6	(25,150)	
Turkey	112,307	107,690	95.9	(4,617)	
Turkmenistan, Republic of	--	--	--	--	
Uganda	29,396	1,734	5.9	(27,662)	
Ukraine	--	55,189	--	55,189	
United Arab Emirates	38,737	2,365	6.1	(36,372)	
United Kingdom	1,913,070	298,135	15.6	(1,614,935)	
United States	4,899,530	8,356,167	170.6	3,456,637	
Uruguay	49,977	2,118	4.2	(47,859)	
Uzbekistan, Republic of	--	902	--	902	
Vanuatu	--	750	--	750	
Venezuela	316,890	21,899	6.9	(294,991)	
Vietnam	47,658	6,779	14.2	(40,879)	
Yemen, Republic of	28,743	15,747	54.8	(12,996)	
Yugoslavia, Federal Republic of (Serbia/Montenegro)	56,665	11,020	19.4	(45,644)	
Zambia	68,298	30,839	45.2	(37,459)	
Zimbabwe	10,200	--	--	(10,200)	
ABOVE ALLOCATIONS	9,410,500	16,066,899	170.7	6,656,399	
BELLOW ALLOCATIONS	12,022,830	3,519,118	29.3	(8,503,712)	
TOTAL PARTICIPANTS	21,433,330	19,586,017			
GENERAL RESOURCES ACCOUNT		1,582,974			
PRESCRIBED HOLDERS		365,251			
OVERDUE CHARGES	100,912				
	21,534,242	21,534,242			

PART TWO

Financial Statements

of the

Accounts Administered

by the

International Monetary Fund

**I. Financial Statements
of the
Poverty Reduction and Growth
Facility Trust**

Poverty Reduction and Growth Facility Trust

Combined Balance Sheets as at July 31, 2001 and 2000

	<i>(In thousands of SDRs)</i>	
	2001	2000
Assets		
Cash and cash equivalents	779,638	989,480
Investments (Note 3)	4,370,047	3,817,226
Loans receivable (Note 4)	5,851,631	5,765,751
Interest receivable	9,341	10,708
Total Assets	11,010,657	10,583,165
Liabilities and Resources		
Borrowings (Note 5)	6,375,343	6,163,250
Interest payable	41,568	48,222
Other liabilities	--	198
Total Liabilities	6,416,911	6,211,670
Resources	4,593,746	4,371,495
Total Liabilities and Resources	11,010,657	10,583,165

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

Poverty Reduction and Growth Facility Trust

Combined Income Statements and Changes in Resources for the Three Months Ended July 31, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Balance, beginning of the year	4,518,775	4,305,726
Investment income (Note 3)	73,199	51,304
Interest on loans	7,496	7,213
Interest expense	(53,569)	(57,317)
Other expenses	(375)	(25)
Operational income	26,751	1,175
Contributions (Note 6)	25,112	48,136
	51,863	49,311
Transfers from the Special Disbursement Account	38,383	28,458
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust (Note 8)	(15,275)	(12,000)
Net changes in resources	74,971	65,769
Balance, end of the period	<u>4,593,746</u>	<u>4,371,495</u>

The accompanying notes are an integral part of these financial statements.

Poverty Reduction and Growth Facility Trust

Notes to the Financial Statements as at July 31, 2001 and 2000

1. Nature of Operations

The name of the Enhanced Structural Adjustment Facility Trust was changed to the Poverty Reduction and Growth Facility Trust ("the Trust" or "PRGF Trust") on November 22, 1999. The PRGF Trust, for which the IMF is Trustee, was established in December 1987 and was extended and enlarged in February 1994 to provide loans on concessional terms to qualifying low-income developing country members. The resources of the Trust are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

The operations of the Trust are conducted through a Loan Account, a Reserve Account, and a Subsidy Account. Combining balance sheets and income statements and statements of changes in resources for each of these accounts are provided in Note 9 to these financial statements.

Loan Account

The resources of the Loan Account consist of the proceeds from borrowings, repayments of principal, and interest payments on loans extended by the Trust. At July 31, 2001, loans totaling SDR 5,851.6 million were outstanding (SDR 5,765.8 million at July 31, 2000).

Reserve Account

The resources of the Reserve Account consist of amounts transferred by the IMF from the Special Disbursement Account and net earnings from investment of resources held in the Reserve Account and in the Loan Account.

The resources held in the Reserve Account are to be used by the Trustee, in the event that amounts payable from borrowers' principal repayments and interest, together with the authorized interest subsidy, are insufficient to repay loan principal and interest on borrowings of the Loan Account.

Subsidy Account

The resources held in the Subsidy Account consist of donations to the Trust, including transfers of net earnings from PRGF Administered Accounts (formerly ESAF Administered Accounts), SDR 400 million transferred by the IMF from the Special Disbursement Account, net earnings on loans made to the Trust for the Subsidy Account, and the net earnings from investment of Subsidy Account resources.

The resources available in the Subsidy Account are drawn by the Trustee to pay the difference, with respect to each interest period, between the interest due from the borrowers under the Trust and the interest due on Loan Account borrowings.

Poverty Reduction and Growth Facility Trust

Notes to the Financial Statements as at July 31, 2001 and 2000

2. *Summary of Significant Accounting Policies*

Basis of Presentation

The financial statements of the PRGF Trust are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the PRGF Trust's financial statements.

Revenue and Expense Recognition

The financial statements of the Trust are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket as of July 31, 2001 and 2000 and their amounts were as follows:

Currency	Amount	
	To December 31, 2000	From January 1, 2001
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

Poverty Reduction and Growth Facility Trust

Notes to the Financial Statements as at July 31, 2001 and 2000

As of July 31, 2001, one SDR was equal to 1.25874 U.S. dollars (one SDR was equal to 1.31335 dollars as of July 31, 2000).

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currency and are carried at cost, not exceeding market value. Interest on these instruments varies and is based on prevailing market rates.

Investments

The resources of the Trust are invested pending their use. The Trust invests in debt securities and fixed-term deposits, either directly or by participation in an investment pool. Investments are marked to market on the last business day of the accounting period. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations. Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments, and currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR basket.

Loans

Loans in the Trust are valued at historical cost. Allowances for loan losses would be established if and when the Trust expects to incur a loss; no losses have been incurred in the past, and it is the current expectation that no losses will be incurred in the future.

Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

Transfers

Internal transfers of resources within the Fund are accounted for under the accrual method of accounting.

Poverty Reduction and Growth Facility Trust

Notes to the Financial Statements as at July 31, 2001 and 2000

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising on the settlement of transactions at rates different from those at the originating date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

3. Investments

The maturities of the investments are as follows:

<u>Maturity from July 31</u>	<u>2001</u>	<u>2000</u>
<i>In thousands of SDRs</i>		
Less than 1 year	554,034	540,304
1 – 3 years	3,565,247	3,047,570
3 – 5 years	214,205	197,600
Over 5 years	<u>36,561</u>	<u>31,752</u>
Total	<u>4,370,047</u>	<u>3,817,226</u>

At July 31, the investments consisted of the following:

	<u>2001</u>	<u>2000</u>
<i>In thousands of SDRs</i>		
Debt securities	4,109,066	3,490,374
Fixed-term deposits	<u>260,981</u>	<u>326,852</u>
Total	<u>4,370,047</u>	<u>3,817,226</u>

At July 31, investment income is comprised of:

	<u>2001</u>	<u>2000</u>
<i>In thousands of SDRs</i>		
Interest income	59,224	63,620
Realized losses, net	(887)	(7,299)
Unrealized gains/(losses), net	15,051	(4,712)
Exchange rate losses, net	<u>(189)</u>	<u>(305)</u>
Total	<u>73,199</u>	<u>51,304</u>

Poverty Reduction and Growth Facility Trust

Notes to the Financial Statements as at July 31, 2001 and 2000

4. Loans Receivable

Resources of the Loan Account are committed to qualifying members for a three-year period, upon approval by the Trustee of a three-year arrangement in support of the member's macroeconomic and structural adjustment programs. Interest on the outstanding loan balances is currently set at the rate of $\frac{1}{2}$ of 1 percent a year. Scheduled repayments of loans by borrowers are summarized below:

Period of Repayment, Period Ending July 31	<i>In thousands of SDRs</i>
2002	476,728
2003	722,241
2004	834,998
2005	876,190
2006	857,453
2007 and beyond	2,068,831
Overdue	<u>15,190</u>
Total	<u>5,851,631</u>

The above includes one member that is overdue as of July 31, 2001 for less than six months for an amount of SDR 15.2 million.

As of July 31, 2001 and 2000, use of credit in the Trust by the largest users was as follows:

	2001	2000
	<i>In millions of SDRs and percent of total PRGF credit</i>	
Largest user of credit	651.4	11.1%
	671.7	11.6%
Three largest users of credit	1,425.0	24.4%
	1,521.4	26.5%
Five largest users of credit	1,943.7	33.2%
	1,780.0	35.1%

Poverty Reduction and Growth Facility Trust

Notes to the Financial Statements as at July 31, 2001 and 2000

5. Borrowings

The following summarizes the borrowing agreements concluded as of July 31, 2001 and 2000:

	Amount Undrawn	
	2001	2000
<i>In thousands of SDRs</i>		
Loan Account	3,295,358	3,611,561
Subsidy Account	4,664	5,331

The Trustee has agreed to hold and invest, on behalf of a lender, principal repayments of Trust borrowing in a suspense account within the Loan Account. Principal repayments will be accumulated until the final maturity of the borrowing, when the full proceeds are to be transferred to the lender. Amounts deposited in this account are invested by the Trustee, and payments of interest to the lender are to be made exclusively from the earnings on the amounts invested.

The Trust borrows on such terms and conditions as agreed between the Trust and the lenders. Interest rates on borrowings at July 31, 2001 and July 31, 2000 varied between 3.7 percent and 4.9 percent a year. The principal amounts of the borrowings are repayable in one installment and their maturity dates.

Scheduled repayments of borrowings are summarized below:

Period of Repayment, Period Ending July 31	<i>In thousands of SDRs</i>
2002	383,215
2003	525,455
2004	704,176
2005	953,566
2006	1,504,589
2007 and beyond	<u>2,304,342</u>
Total	<u>6,375,343</u>

Poverty Reduction and Growth Facility Trust

Notes to the Financial Statements as at July 31, 2001 and 2000

6. Contributions

The Trustee accepts contributions for the Subsidy Account on such terms and conditions as agreed between the Trust and the contributor. At July 31, 2001, cumulative contributions received, including transfers from the Special Disbursement Account, amounted to SDR 2,317.5 million (SDR 2,213.5 million at July 31, 2000).

7. Commitments Under Loan Arrangements

An arrangement is a decision of the IMF that gives a member the assurance that the institution stands ready to provide foreign exchange or SDRs during a specified period and up to a specified amount in accordance with the terms of the decision. At July 31, 2001, undrawn balances under 38 loan arrangements amounted to SDR 2,062.6 million (SDR 1,903.0 million under 30 arrangements at July 31, 2000).

8. Transfers Through the Special Disbursement Account

The expenses of conducting the business of the Trust are paid by the General Resources Account of the IMF and reimbursed by the Reserve Account of the Trust through the Special Disbursement Account; corresponding transfers are made from the Reserve Account to the Special Disbursement Account when and to the extent needed. For financial years 2001 and 2000, the Executive Board of the IMF decided to forgo such reimbursement to the General Department and to transfer an equivalent amount from the Reserve Account, through the Special Disbursement Account, to the PRGF-HIPC Trust. The amounts transferred for the periods ending July 31, 2001 and 2000 were SDR 15.3 million and SDR 12.0 million, respectively.

Resources of up to SDR 250 million may be transferred, as needed, from the Reserve Account through the Special Disbursement Account to the PRGF-HIPC Trust to be used to provide grants or loans to eligible members under the HIPC initiative. At July 31, 2001 and 2000, SDR 43.5 million had been transferred for this purpose.

9. Combining Balance Sheets, Income Statements, and Statements of Resources

The balance sheets, income statements and changes in resources for each of the accounts in the PRGF Trust are presented below:

Note 9

**Combining Balance Sheets
as at July 31, 2001 and 2000**

(In thousands of SDRs)

	Loan Account		Reserve Account		Subsidy Account		Combined	
	2001	2000	2001	2000	2001	2000	2001	2000
Assets								
Cash and cash equivalents	215,529	--	356,583	439,564	207,526	549,916	779,638	989,480
Investments (Notes 3)	235,981	326,852	2,417,907	2,122,237	1,716,159	1,368,137	4,370,047	3,817,226
Loans receivable (Note 4)	5,851,631	5,765,751	--	--	--	--	5,851,631	5,765,751
Accrued account transfers	(2,384)	(5,865)	36,815	47,503	(34,431)	(41,638)	--	--
Interest receivable	6,792	6,071	2,157	3,161	392	1,476	9,341	10,708
Total Assets	<u>6,307,549</u>	<u>6,092,809</u>	<u>2,813,462</u>	<u>2,612,465</u>	<u>1,889,646</u>	<u>1,877,891</u>	<u>11,010,657</u>	<u>10,583,165</u>
Liabilities and Resources								
Borrowings (Note 5)	6,266,526	6,045,100	--	--	108,817	118,150	6,375,343	6,163,250
Interest payable	41,023	47,709	--	--	545	513	41,568	48,222
Other liabilities	--	--	--	108	--	90	--	198
Total Liabilities	<u>6,307,549</u>	<u>6,092,809</u>	<u>--</u>	<u>108</u>	<u>109,362</u>	<u>118,753</u>	<u>6,416,911</u>	<u>6,211,670</u>
Resources	--	--	<u>2,813,462</u>	<u>2,612,357</u>	<u>1,780,284</u>	<u>1,759,138</u>	<u>4,593,746</u>	<u>4,371,495</u>
Total Liabilities and Resources	<u>6,307,549</u>	<u>6,092,809</u>	<u>2,813,462</u>	<u>2,612,465</u>	<u>1,889,646</u>	<u>1,877,891</u>	<u>11,010,657</u>	<u>10,583,165</u>

Combining Income Statements of Changes in Resources for the Three Months Ended July 31, 2001 and 2000

	Loan Account				Reserve Account				Subsidy Account				Combined	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Balance, beginning of the year	—	—	2,743,494	2,558,354	1,775,281	1,747,372	4,518,775	4,305,726						
Investment income (Note 3)	115	(58)	42,680	27,586	30,404	23,776	73,199	51,304						
Interest on loans	7,496	7,213	—	—	(501)	(361)	—	—	7,496	7,213				
Interest expense	(53,068)	(56,956)	—	—	—	—	(53,569)	(57,317)						
Other expenses	—	(51)	(375)	26	—	—	(375)	(25)						
Operational (loss) income Contributions (Note 6)	(45,457)	(49,852)	42,305	27,612	29,903	23,415	26,751	1,175						
	—	—	—	—	25,112	48,136	25,112	48,136						
	(45,457)	(49,852)	42,305	27,612	55,015	71,551	51,863	49,311						
Transfers from the Special Disbursement Account	—	—	38,383	28,458	—	—	38,383	28,458						
Transfers through the Special Disbursement Account to the PRGF-HIPC Trust (Note 8)	—	—	(15,275)	(12,000)	—	—	(15,275)	(12,000)						
Transfers between:														
Reserve and Subsidy Accounts	—	—	—	—	1,283	—	(1,283)	—						
Loan and Reserve Accounts	(4,555)	(8,650)	4,555	8,650	—	—	—	—						
Loan and Subsidy Accounts	50,012	58,502	—	—	(50,012)	(58,502)	—	—						
Net changes in resources	—	—	69,968	54,003	5,003	11,766	74,971	65,769						
Balance, end of the period	—	—	2,813,462	2,612,357	1,780,284	1,759,138	4,593,746	4,371,495						

Poverty Reduction and Growth Facility Trust

Schedule of Outstanding Loans as at July 31, 2001

(In thousands of SDRs)

Member	PRGF Loan Account		Structural Adjustment Facility 1/	
	Balance	Percent	Balance	Percent
Albania	64,100	1.10	--	--
Armenia, Republic of	119,350	2.04	--	--
Azerbaijan	89,950	1.54	--	--
Bangladesh	38,750	0.66	--	--
Benin	58,694	1.00	2,800	0.71
Bolivia	174,873	2.99	--	--
Burkina Faso	82,716	1.41	9,480	2.40
Burundi	3,655	0.06	--	--
Cambodia	65,628	1.12	--	--
Cameroon	193,960	3.31	--	--
Central African Republic	24,480	0.42	--	--
Chad	69,934	1.20	--	--
Comoros	--	--	810	0.21
Congo, Democratic Republic of	--	--	142,910	36.23
Congo, Republic of	13,896	0.24	--	--
Côte d'Ivoire	397,794	6.80	--	--
Djibouti	5,452	0.09	--	--
Dominica	--	--	--	--
Equatorial Guinea	733	0.01	2,027	0.51
Ethiopia	46,871	0.80	24,710	6.26
Gambia, The	17,175	0.29	--	--
Georgia	190,050	3.25	--	--
Ghana	246,205	4.21	--	--
Guinea	102,716	1.76	--	--
Guinea-Bissau	15,107	0.26	--	--
Guyana	77,752	1.33	6,150	1.56
Haiti	15,175	0.26	--	--
Honduras	113,507	1.94	--	--
Kenya	89,186	1.52	--	--
Kyrgyz Republic	125,551	2.15	--	--
Lao People's Democratic Republic	31,509	0.54	1,172	0.30
Lesotho	13,418	0.23	--	--
Macedonia, former Yugoslav Republic of	29,003	0.50	--	--
Madagascar	90,027	1.54	--	--
Malawi	60,543	1.03	--	--

Poverty Reduction and Growth Facility Trust

Schedule of Outstanding Loans as at July 31, 2001

(*In thousands of SDRs*)

Member	PRGF Loan Account		Structural Adjustment Facility 1/	
	Balance	Percent	Balance	Percent
Mali	123,252	2.11	3,556	0.90
Mauritania	79,260	1.35	1,023	0.26
Moldova, Republic of	18,480	0.32	--	--
Mongolia	36,173	0.62	--	--
Mozambique	157,845	2.70	--	--
Nepal	7,833	0.13	--	--
Nicaragua	127,332	2.18	--	--
Niger	56,760	0.97	--	--
Pakistan	375,800	6.42	10,926	2.77
Rwanda	52,360	0.89	--	--
São Tomé and Príncipe	1,902	0.03	--	--
Senegal	197,985	3.38	277	0.07
Sierra Leone	68,626	1.17	16,212	4.11
Somalia	--	--	8,840	2.24
Sri Lanka	89,600	1.53	--	--
Tajikistan, Republic of	78,280	1.34	--	--
Tanzania	259,780	4.44	--	--
Togo	49,320	0.84	--	--
Uganda	232,470	3.97	--	--
Vietnam	258,840	4.42	--	--
Yemen, Republic of	170,000	2.91	--	--
Zambia	651,453	11.13	163,575	41.47
Zimbabwe	90,520	1.55	--	--
Total loans outstanding	5,851,631	100.00	394,468	100.00

1/ Since Structural Adjustment Facility (SAF) loans have been disbursed in connection with PRGF arrangements, the above list includes these loans, as well as loans disbursed to members under SAF arrangements. These loans are held by the Special Disbursement Account, and repayments of all SAF loans are transferred to the PRGF Reserve Account when received.

Poverty Reduction and Growth Facility Trust

Contributions to and Resources of the Subsidy Account as at July 31, 2001

(In thousands of SDRs)

Contributor 1/	Amount
Direct contributions to the Subsidy Account	
Argentina	18,133
Australia	4,489
Bangladesh	335
Canada	168,898
China	6,400
Czech Republic	8,000
Denmark	38,299
Egypt	8,000
Finland	22,684
Germany	129,880
Iceland	2,800
India	5,739
Ireland	3,769
Italy	138,589
Japan	506,997
Korea	30,875
Luxembourg	5,975
Morocco	5,805
Netherlands	81,538
Norway	28,073
Sweden	110,887
Switzerland	28,840
Turkey	3,000
United Kingdom	285,182
United States	126,079
Total direct contributions to the Subsidy Account	1,769,266
Net income transferred from Administered Accounts	
Austria	38,422
Belgium	73,457
Botswana	1,204
Chile	2,910
Greece	25,027
Indonesia	3,635
Iran, Islamic Republic of	1,035
Portugal	2,531
Total net income transferred from Administered Accounts	148,221
Total contributions received	1,917,487

Poverty Reduction and Growth Facility Trust

Contributions to and Resources of the Subsidy Account as at July 31, 2001

(*In thousands of SDRs*)

Contributor 1/	Amount
Transfers from Special Disbursement Account	<u>400,000</u>
Total contributions received and transfers from Special Disbursement Account	2,317,487
Cumulative net income of the Subsidy Account	734,959
Resources disbursed to subsidize Trust lending	(<u>1,272,162</u>)
Total resources of the Subsidy Account	<u>1,780,284</u>

1/ In addition to direct contributions, a number of members also make loans available to the Loan Account on concessional terms.
See Schedule 3.

Poverty Reduction and Growth Facility Trust

Schedule of Borrowing Agreements

as at July 31, 2001

(In thousands of SDRs)

Member	Interest Rate (in percent)	Amount of Agreement	Amount Drawn	Outstanding Balance
Loan Account				
Prior to enlargement of PRGF				
Canada	Fixed 1/	300,000	300,000	195,812
France	0.50 2/	800,000	800,000	372,239
Germany	Variable 3/	700,000	700,000	391,523
Italy	Variable 3/	370,000	370,000	229,536
Japan	Variable 3/	2,200,000	2,200,000	1,399,916
Korea	Variable 3/	65,000	65,000	32,490
Norway	Variable 3/	90,000	90,000	49,404
Spain	Variable 3/	220,000	216,429 4/	58,332
Switzerland	--	200,000	200,000	--
Total prior to enlargement of PRGF		<u>4,945,000</u>	<u>4,941,429</u>	<u>2,729,252</u>
For enlargement of PRGF				
Belgium	Variable 3/	200,000	173,586	173,586
Canada	Variable 3/	400,000	237,324	237,324
China	Variable 3/	100,000	100,000	100,000
Denmark	Variable 3/	100,000	11,660	11,660
Egypt	Variable 3/	100,000	100,000	100,000
France	Variable 3/	1,100,000	547,140	547,140
Germany	Variable 3/	1,050,000	351,804	351,804
Italy	Variable 3/	460,000	186,162	186,162
Japan	Variable 3/	2,150,000	1,053,323	1,053,323
Korea	Variable 3/	27,700	27,700	27,700
Netherlands	Variable 3/	250,000	--	--
Norway	Variable 3/	60,000	60,000	60,000
OPEC Fund for International Development	Variable 3/	39,722 5/	36,732	36,732
Spain	0.50	192,000	48,633	48,633
Switzerland	Variable 3/	151,700	151,700	151,700
Total for enlargement of PRGF		<u>6,381,122</u>	<u>3,085,764</u>	<u>3,085,764</u>
Resources held pending repayment	6/	--	--	<u>451,510 6/</u>
Total--Loan Account		<u>11,326,122</u>	<u>8,027,193</u>	<u>6,266,526</u>

Poverty Reduction and Growth Facility Trust

Schedule of Borrowing Agreements as at July 31, 2001

(*In thousands of SDRs*)

Member	Interest Rate (in percent)	Amount of Agreement	Amount Drawn	Outstanding Balance
Subsidy Account				
Malaysia (1994 loans)	2.00	40,000	40,000	40,000
Malaysia (1988 and 1989 loans)	0.50	40,000	40,000	--
Malta	0.50	2,730	2,730	2,730
Pakistan	0.50	10,000	5,336	5,336
Singapore	2.00	80,000	80,000	50,000
Thailand	2.00	60,000	60,000	--
Tunisia	0.50	3,551	3,551	3,551
Uruguay	Variable	8/ 7,200	7,200	7,200
Total--Subsidy Account		243,481	238,817	108,817

1/ The loans under this agreement are made at market-related rates of interest fixed at the time the loan was disbursed.

2/ The agreement with France made before the enlargement of PRGF (SDR 800 million) provides that the interest rate shall be 0.5 percent on the first SDR 700 million drawn, and for variable, market-related rates of interest thereafter. The agreement with France made for the enlargement of the PRGF (SDR 750 million) provides that the interest rate shall be 0.5 percent until the cumulative implicit interest subsidy reaches SDR 250 million, and at variable, market-related rates of interest thereafter.

3/ The loans under these agreements are made at variable, market-related rates of interest.

4/ The agreement expired with an undrawn balance of SDR 3.6 million.

5/ The agreement with the OPEC Fund for International Development is for an amount of \$50 million.

6/ This amount represents principal repayments held and invested on behalf of a lender.

7/ In accordance with the agreement with Thailand, outstanding borrowings were repaid at the request of Thailand on January 30, 1998.

8/ The interest rate payable on the borrowing from Uruguay is equal to the rate on SDR-denominated deposits less 2.6 percent a year.

Poverty Reduction and Growth Facility Trust

Status of Loan Arrangements 1/ as at July 31, 2001

(In thousands of SDRs)

Member	Date of Arrangement	Expiration	Amount Agreed	Undrawn Balance
Armenia, Republic of	May. 23, 2001	May. 22, 2004	69,000	59,000
Azerbaijan	Jul. 6, 2001	Jul. 5, 2004	80,450	72,400
Benin	Jul. 17, 2000	Jul. 16, 2003	27,000	16,160
Bolivia	Sep. 18, 1998	Jun. 7, 2002	100,960	37,097
Burkina Faso	Sep. 10, 1999	Sep. 9, 2002	39,120	16,760
Cambodia	Oct. 22, 1999	Oct. 21, 2002	58,500	25,072
Cameroon	Dec. 21, 2000	Dec. 20, 2003	111,420	79,580
Central African Republic	Jul. 20, 1998	Jan. 19, 2002	49,440	24,960
Chad	Jan. 7, 2000	Jan. 6, 2003	42,000	20,800
Djibouti	Oct. 18, 1999	Oct. 17, 2002	19,082	13,630
Ethiopia	Mar. 22, 2001	Mar. 21, 2004	86,900	69,519
Gambia, The	Jun. 29, 1998	Dec. 31, 2001	20,610	3,435
Georgia	Jan. 12, 2001	Jan. 11, 2004	108,000	90,000
Ghana	May. 3, 1999	May. 2, 2002	228,800	105,165
Guinea	May. 2, 2001	May. 1, 2004	64,260	51,408
Guinea-Bissau	Dec. 15, 2000	Dec. 14, 2003	14,200	9,120
Guyana	Jul. 15, 1998	Dec. 31, 2001	53,760	28,880
Honduras	Mar. 26, 1999	Mar. 25, 2002	156,750	64,600
Kenya	Aug. 4, 2000	Aug. 3, 2003	190,000	156,400
Lao People's Democratic Republic	Apr. 25, 2001	Apr. 24, 2004	31,700	27,170
Lesotho	Mar. 9, 2001	Mar. 8, 2004	24,500	17,500
Macedonia, former Yugoslav Republic of	Dec. 18, 2000	Dec. 17, 2003	10,335	8,613
Madagascar	Mar. 1, 2001	Mar. 28, 2004	79,430	68,083
Malawi	Dec. 21, 2000	Dec. 20, 2003	45,110	38,670
Mali	Aug. 6, 1999	Aug. 5, 2003	51,315	37,815
Mauritania	Jul. 21, 1999	Jul. 20, 2002	42,490	18,210
Moldova, Republic of	Dec. 21, 2000	Dec. 20, 2003	110,880	92,400
Mozambique	Jun. 28, 1999	Jun. 27, 2002	87,200	33,600
Nicaragua	Mar. 18, 1998	Mar. 17, 2002	148,955	33,635
Niger	Dec. 22, 2000	Dec. 21, 2003	59,200	50,740
Rwanda	Jun. 24, 1998	Jan. 31, 2002	71,400	19,040
São Tomé and Príncipe	Apr. 28, 2000	Apr. 27, 2003	6,657	4,755
Senegal	Apr. 20, 1998	Apr. 19, 2002	107,010	28,536
Tajikistan, Republic of	Jun. 24, 1998	Dec. 24, 2001	100,300	22,020
Tanzania	Apr. 4, 2000	Apr. 3, 2003	135,000	75,000
Vietnam	Apr. 13, 2001	Apr. 12, 2004	290,000	248,600
Yemen, Republic of	Oct. 29, 1997	Oct. 28, 2001	264,750	94,750
Zambia	Mar. 25, 1999	Mar. 28, 2003	254,450	199,510
			<u>3,440,934</u>	<u>2,062,633</u>

1/ The Saudi Fund for Development may also provide resources to support arrangements under the PRGF through loans to qualifying members in association with loans under the PRGF. As at July 31, 2001, SDR 49.5 million of such associated loans had been disbursed.

**II. Financial Statements
of the
Poverty Reduction and Growth
Facility Administered Accounts**

Poverty Reduction and Growth Facility Administered Accounts

Balance Sheets as at July 31, 2001 and 2000 (In thousands of SDRs)

	Austria		Belgium		Botswana			
	2001	2000	2001	2000	2001	2000		
Assets								
Cash and cash equivalents	--	--	--	185,581	--	--		
Investments (Note 3)	45,000	50,000	80,000	--	6,894	6,894		
Advance payments to the PRGF Trust Subsidy Account	253	269	--	--	12	12		
Interest receivable	--	--	750	731	--	--		
Total Assets	<u>45,253</u>	<u>50,269</u>	<u>80,750</u>	<u>186,312</u>	<u>6,906</u>	<u>6,906</u>		
Liabilities and Resources								
Deposits (Note 4)	45,000	50,000	80,000	180,000	6,894	6,894		
Interest payable	253	266	102	132	12	12		
Other liabilities	--	3	--	--	--	--		
Total Liabilities	<u>45,253</u>	<u>50,269</u>	<u>80,102</u>	<u>180,132</u>	<u>6,906</u>	<u>6,906</u>		
Resources	--	--	648	6,180	--	--		
Total Liabilities and Resources	<u>45,253</u>	<u>50,269</u>	<u>80,750</u>	<u>186,312</u>	<u>6,906</u>	<u>6,906</u>		
	Greece		Indonesia		Iran, I. R. of		Portugal	
	2001	2000	2001	2000	2001	2000	0	0
Assets								
Cash and cash equivalents	--	--	--	--	--	--		
Investments (Note 3)	21,000	28,000	25,000	25,000	5,000	5,000	11,831	12,708
Advance payments to the PRGF Trust Subsidy Account	41	51	--	44	4	4	12	14
Interest receivable	--	--	74	98	--	--	--	--
Total Assets	<u>21,041</u>	<u>28,051</u>	<u>25,074</u>	<u>25,142</u>	<u>5,004</u>	<u>5,004</u>	<u>11,843</u>	<u>12,722</u>
Liabilities and Resources								
Deposits (Note 4)	21,000	28,000	25,000	25,000	5,000	5,000	11,831	12,708
Interest payable	41	49	42	141	4	4	12	13
Other liabilities	--	2	--	1	--	--	--	1
Total Liabilities	<u>21,041</u>	<u>28,051</u>	<u>25,042</u>	<u>25,142</u>	<u>5,004</u>	<u>5,004</u>	<u>11,843</u>	<u>12,722</u>
Resources	--	--	32	--	--	--	--	--
Total Liabilities and Resources	<u>21,041</u>	<u>28,051</u>	<u>25,074</u>	<u>25,142</u>	<u>5,004</u>	<u>5,004</u>	<u>11,843</u>	<u>12,722</u>

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

Poverty Reduction and Growth Facility Administered Accounts

Income Statements and Changes in Resources for the Three Months Ended July 31, 2001 and 2000

(In thousands of SDRs)

	Austria		Belgium		Botswana	
	2001	2000	2001	2000	2001	2000
Balance, beginning of the year	--	--	10	2,331	--	--
Investment income	736	536	739	2,050	113	74
Other expenses	(7)	(2)	--	--	(1)	--
Interest expense on deposits	(57)	(63)	(101)	(227)	(35)	(34)
Net income	672	471	638	1,823	77	40
Transfers to the PRGF Trust Subsidy Account	(672)	(471)	--	2,026	(77)	(40)
Net changes in resources	--	--	638	3,849	--	--
Balance, July 31	--	--	<u>648</u>	<u>6,180</u>	--	--
	Greece		Indonesia		Iran, I. R. of	
	2001	2000	2001	2000	2001	2000
Balance, beginning of the year	--	361	--	117	--	26
Investment income	343	825	138	644	82	54
Other expenses	(3)	(1)	--	--	(1)	--
Interest expense on deposits	(26)	(35)	(165)	(120)	(6)	(6)
Net Income	314	789	(27)	524	75	48
Transfers to the PRGF Trust Subsidy Account	(314)	(1,150)	59	(641)	(75)	(74)
Net changes in resources	--	(361)	32	(117)	--	(26)
Balance, July 31	--	--	<u>32</u>	<u>--</u>	--	--

The accompanying notes are an integral part of these financial statements.

Poverty Reduction and Growth Facility Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

1. Nature of Operations

The name of the Enhanced Structural Adjustment Facility Administered Accounts was changed to the Poverty Reduction and Growth Facility Administered Accounts ("the Administered Accounts" or "PRGF Administered Accounts") on November 22, 1999. At the request of certain member countries, the IMF established administered accounts for the benefit of the Subsidy Account of the Poverty Reduction and Growth Facility Trust (the PRGF Trust, formerly the Enhanced Structural Adjustment Facility Trust). The Administered Accounts comprise deposits made by contributors. The difference between interest earned by the Administered Accounts and the interest payable on deposits is transferred to the Subsidy Account of the PRGF Trust.

The Saudi Fund for Development (SFD) Special Account was established at the request of the SFD to provide supplementary financing in association with loans under the Poverty Reduction and Growth Facility (PRGF). The IMF acts as the agent of the SFD. Disbursements from the SFD Special Account are made simultaneously with PRGF disbursements. Payments of interest and principal due to the SFD under associated loans are to be transferred to the SFD.

The resources of each administered account are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the PRGF Administered Accounts' financial statements.

Poverty Reduction and Growth Facility Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Revenue and Expense Recognition

The financial statements are maintained on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective on January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket as of July 31, 2001 and 2000 and their amounts were as follows:

Currency	Amount	
	To December 31, 2000	From January 1, 2001
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of July 31, 2001, one SDR was equal to 1.25874 U.S. dollars (1.31335 U.S. dollars as of July 31, 2000).

Cash and Cash Equivalents

Cash and cash equivalents include short term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost not exceeding market value. Interest received on these instruments varies and is based on prevailing market rates.

Investments

The resources of the Administered Accounts are invested pending their use. Investments are made in debt securities, either directly or by participation in an investment pool. Investments are marked to market value on the last business day of the accounting period. Purchases are valued and reflected on the trade basis and sales are based on the actual settlement date.

Poverty Reduction and Growth Facility Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

valuations. Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments and currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR basket. Risk is further minimized by ensuring that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR basket.

Transfers

Internal transfers of resources within the Fund are accounted for under the accrual method of accounting.

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising from the settlement of transactions at rates different from those at the originating date of the transaction, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

Transfers to PRGF Subsidy Account

The difference between the interest earned by the Administered Accounts on the amount invested and the interest payable on the deposits of the Administered Account, net of any cost, is to be transferred to the Subsidy Account of the PRGF Trust.

Administrative Costs

The expenses of conducting the activities of the Administered Accounts are incurred and borne by the General Department of the IMF.

Poverty Reduction and Growth Facility Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

3. Investments

The maturities of the administered accounts' investments are as follows:

Maturity as at July 31	2001	2000
<i>in thousands of SDRs</i>		
Less than 1 year	111,415	7,182
1 – 3 years	79,443	91,315
3 – 5 years	3,311	3,078
Over 5 years	556	1,026
Total	<u>194,725</u>	<u>102,601</u>

At July 31, investments consisted of the following:

	2001	2000
<i>in thousands of SDRs</i>		
Debt securities	89,725	102,601
Fixed-term deposits	<u>105,000</u>	<u>-</u>
Total	<u>194,725</u>	<u>102,601</u>

At July 31, investment income is comprised of:

	2001	2000
<i>in thousands of SDRs</i>		
Interest income	2,052	4,751
Realized gains (losses)	1,245	(317)
Unrealized gains (losses)	(950)	(115)
Total	<u>2,347</u>	<u>4,319</u>

4. Deposits

The Administered Account Austria was established on December 27, 1988 for the administration of resources deposited in the account by the Austrian National Bank. Two deposits (one of SDR 60.0 million made on December 30, 1988 and one of SDR 50.0 million made on August 10, 1995) are to be repaid in ten equal semiannual installments beginning five and a half years after the date of each deposit and ending at the end of the tenth year after the date of each deposit. The deposits bear interest at a rate of $\frac{1}{2}$ of 1 percent a year. The first deposit from Austria had been repaid in full.

The Administered Account Belgium was established on July 27, 1988 for the administration of resources deposited in the account by the National Bank of Belgium. Four deposits (SDR 30.0 million made on July 29, 1988; SDR 35.0 million made on December 30, 1988; SDR 35.0 million made on June 30, 1989; and SDR 80.0 million made on April 29,

Poverty Reduction and Growth Facility Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

1994) have an initial maturity of six months and are renewable by the IMF, on the same basis. The final maturity of each deposit, including renewals, will be ten years from the initial dates of the individual deposits. The deposits bear interest at a rate of $\frac{1}{2}$ of 1 percent a year. In accordance with an addendum to the account, effective on July 24, 1998, the maturities of the first three deposits will be extended by the National Bank of Belgium, for further periods of six months, provided that the total maturity period of each deposit does not exceed five years. The deposits are invested by the IMF, and the IMF pays the National Bank of Belgium interest on each deposit at an annual rate of $\frac{1}{2}$ of 1 percent. The difference between the interest paid to the National Bank of Belgium and the interest earned on the deposits (net of any cost to the IMF) was retained in the account and invested. As of January 31, 2001, the Ministry of Finance of Belgium authorized a transfer of SDR 8.2 million in net earnings to the PRGF-HIPC Trust. The first three deposits, totaling SDR 100 million, had been paid in full.

The Administered Account Botswana was established on July 1, 1994 for the administration of resources deposited in the account by the Bank of Botswana. The deposit, totaling SDR 6.9 million, is to be repaid in one installment ten years after the date of deposit. The deposit bears interest at a rate of 2 percent a year.

The Administered Account Greece was established on November 30, 1988 for the administration of resources deposited in the account by the Bank of Greece. Two deposits of SDR 35.0 million each (December 15, 1988 and April 29, 1994) are to be repaid in ten equal semiannual installments beginning five and a half years after the date of deposit and will be completed at the end of the tenth year after the date of the deposits. The deposits bear interest at a rate of $\frac{1}{2}$ of 1 percent a year. The first deposit from Greece has been repaid in full.

The Administered Account Indonesia was established on June 30, 1994 for the administration of resources deposited in the account by the Bank Indonesia. The deposit, totaling SDR 25.0 million, is to be repaid in one installment ten years after the date the deposit was made. The interest payable on the deposit is equivalent to that obtained for the investment of the deposit less 2 percent a year.

The Administered Account Islamic Republic of Iran was established on June 6, 1994 for the administration of resources deposited in the account by the Central Bank of the Islamic Republic of Iran (CBIRI). The CBIRI has made five annual deposits, each of SDR 1.0 million. All of the deposits will be repaid at the end of ten years after the date of the first deposit. Each deposit bears interest at a rate of $\frac{1}{2}$ of 1 percent a year.

The Administered Account Portugal was established on May 16, 1994 for the administration of resources deposited in the account by the Banco de Portugal (BdP). The BdP has made six annual deposits, each of SDR 2.2 million. Each deposit is to be repaid in five equal annual installments beginning six years after the date of the deposit and will be completed at the end of the tenth year after the date of the deposit. Each deposit bears interest at a rate of $\frac{1}{2}$ of 1 percent a year.

Poverty Reduction and Growth Facility Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

5. Associated Loans

The SFD has provided additional resources to support arrangements under the PRGF. Funds become available under an associated loan after a bilateral agreement between the SFD and the recipient country has been effected. Amounts denominated in SDRs, for disbursement to a recipient country under an associated loan, are placed by the SFD in the Saudi Fund for Development Special Account for disbursement by the IMF simultaneously with disbursements under PRGF arrangement. These loans are repayable in ten equal semiannual installments commencing not later than the end of the first six months of the sixth year, and are to be completed at the end of the tenth year after the date of disbursement. Interest on the outstanding balance is currently set at a rate of $\frac{1}{2}$ of 1 percent a year.

The receipts and uses of resources for the Saudi Fund for Development Special Account as of July 31 were as follows:

	2001	2000
<i>In thousands of SDRs</i>		
Receipts of Resources		
Cumulative transfers from the Saudi Fund for Development	49,500	49,500
Cumulative repayments of associated loans	26,600	16,700
Cumulative receipts of interest on associated loans	1,731	1,591
Accrued interest on associated loans	10	14
	<u>77,841</u>	<u>67,805</u>
Uses of Resources		
Associated loans	49,500	49,500
Cumulative repayments to the Saudi Fund for Development	26,600	16,700
Cumulative payments of interest on transfers	1,731	1,591
Accrued interest on transfers	10	14
	<u>77,841</u>	<u>67,805</u>

**III. Financial Statements
of the
PRGF-HIPC Trust
and
Related Accounts**

PRGF-HIPC Trust and Related Accounts

Combined Balance Sheets as at July 31, 2001 and 2000

(In thousands of SDRs)

	2001	2000
Assets		
Cash and cash equivalents	694,962	1,050,104
Investments (Note 3)	703,126	224,513
Interest receivable	6,244	6,155
	<hr/>	<hr/>
Total Assets	1,404,332	1,280,772
	<hr/>	<hr/>
Liabilities and Resources		
Borrowings (Note 5)	506,099	355,652
Other liabilities	8	13
Interest payable	817	664
	<hr/>	<hr/>
Total Liabilities	506,924	356,329
	<hr/>	<hr/>
Resources	897,408	924,443
	<hr/>	<hr/>
Total Liabilities and Resources	1,404,332	1,280,772
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

PRGF-HIPC Trust and Related Accounts

Combined Income Statements and Changes in Resources for the Three Months Ended July 31, 2001 and 2000

(*In thousands of SDRs*)

	2001	2000
Balance, beginning of the year	975,533	928,927
Investment income (Note 3)	16,093	13,644
Interest expense	(447)	(377)
Other expenses	(53)	(36)
Operational income	15,593	13,231
Contributions received	99,859	90,301
Grants	(70,374)	(26,362)
Disbursements	(107,513)	(24,366)
	(62,435)	52,804
Transfers	(15,690)	(57,288)
Net changes in resources	(78,125)	(4,484)
Balance, end of the period	<u><u>897,408</u></u>	<u><u>924,443</u></u>

The accompanying notes are an integral part of these financial statements.

PRGF-HIPC Trust and Related Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

1. Nature of Operations

The PRGF-HIPC Trust and Related Accounts comprise the PRGF-HIPC Trust Account, the Umbrella Account for HIPC Operations, and the Post-SCA-2 Administered Account. The PRGF-HIPC Trust Account comprises three subaccounts: the PRGF-HIPC, PRGF, and HIPC subaccounts. Combining balance sheets and income statements and changes in resources for each of these accounts are provided in Note 6. Transactions between the above accounts are eliminated on combination in the combined balance sheets and combined income statements and changes in resources.

PRGF-HIPC Trust (formerly the ESAF-HIPC Trust)

The name of the Trust for Special ESAF Operations for the Heavily Indebted Poor Countries and for Interim ESAF Subsidy Operations was changed to the Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and for Interim PRGF Subsidy Operations (the PRGF-HIPC Trust) on November 22, 1999. The PRGF-HIPC Trust, for which the IMF is trustee, was established on February 4, 1997 to provide balance of payments assistance to low-income developing members by making grants or loans to eligible members for the purpose of reducing their external debt burden and for interim PRGF subsidy purposes. The resources of the PRGF-HIPC Trust are held separately from the assets of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

The operations of the PRGF-HIPC Trust are conducted through the PRGF-HIPC Trust Account and the Umbrella Account for HIPC Operations.

PRGF-HIPC Trust Account (formerly the ESAF-HIPC Trust Account)

The resources of the PRGF-HIPC Trust Account consist of grant contributions, borrowings, and other types of investments made by contributors; amounts transferred by the IMF from the Special Disbursement Account and the General Resources Account; and net earnings from investment of resources held in the PRGF-HIPC Trust Account.

The PRGF-HIPC subaccount holds resources that can finance either HIPC operations or interim PRGF subsidy operations; the PRGF subaccount holds resources earmarked for interim PRGF subsidy operations, while the HIPC subaccount holds resources earmarked for HIPC operations. PRGF-HIPC subaccount resources used to finance HIPC operations through the HIPC subaccount are repayable to the PRGF-HIPC subaccount and bear interest at a rate equal to the average return on investments in the Special Disbursement Account.

The resources held in the PRGF-HIPC Trust Account are to be used by the trustee to make grants or loans to eligible members that qualify for assistance under the HIPC Initiative and for subsidizing the interest rate on interim PRGF operations to PRGF-eligible members.

PRGF-HIPC Trust and Related Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Umbrella Account for HIPC Operations

The Umbrella Account for HIPC Operations ("the Umbrella Account") receives and administers the proceeds of grants or loans made to eligible members that qualify for assistance under the terms of the PRGF-HIPC Trust. Within the Umbrella Account, resources received are administered through the establishment of subaccounts for each eligible member upon the approval of disbursements under the PRGF-HIPC Trust.

The resources of a subaccount of the Umbrella Account consist of (1) amounts disbursed from the PRGF-HIPC Trust Account as grants or loans for the benefit of a member, and (2) net earnings from investment of the resources held in the subaccount.

The resources held in a subaccount of the Umbrella Account are to be used to meet the member's debt obligations to the IMF in accordance with the schedule agreed upon by the trustee and the member for the use of the proceeds of the PRGF-HIPC Trust disbursements.

Post-SCA-2 Administered Account

The Post-SCA-2 Administered Account, which is administered by the IMF on behalf of members, was established on December 8, 1999 for the temporary administration of resources transferred by members following the termination of the second Special Contingent Account (SCA-2), prior to the final disposition of those resources.

Resources received from a member's cumulative SCA-2 contributions, together with the member's pro rata share of investment returns, shall be transferred to the PRGF-HIPC Trust or to the member, in accordance with the member's instructions. The assets held in the Post-SCA-2 Administered Account are held separately from the assets and property of all other accounts of, or administered by, the IMF and may not be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the IMF are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below. The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the PRGF-HIPC Trust and Related Accounts' financial statements.

PRGF-HIPC Trust and Related Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Revenue and Expense Recognition

The financial statements are prepared on the accrual basis; accordingly, income is recognized as it is earned, and expenses are recorded as they are incurred.

Unit of Account

The financial statements are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the SDR valuation basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the new composition of the SDR valuation basket became effective from January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The currencies in the basket as of July 31, 2001 and 2000 and their amounts were as follows:

Currency	Amount	
	To December 31, 2000	From January 1, 2001
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of July 31, 2001, one SDR was equal to 1.25874 U.S. dollars (one SDR was equal to 1.31335 U.S. dollars as of July 31, 2000).

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost not exceeding market value. Interest received on these instruments varies and is based on prevailing market rates.

Investments

The resources of the Trust are invested pending their use. The Trust invests in debt securities, either directly or by participation in an investment pool. Investments are valued at their market value on the last business day of the accounting period. Purchases are valued and reflected on the trade date basis and sales are based on the actual settlement date valuations.

PRGF-HIPC Trust and Related Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Investment income comprises interest earned on investments, realized and unrealized gains and losses on investments, and currency valuation differences arising from exchange rate movements against the SDR.

Interest rate risk is managed by limiting the investment portfolio to a weighted-average effective duration that does not exceed three years. Currency risk is minimized by investing in securities denominated in SDRs or in the constituent currencies of the SDR basket. Regular portfolio rebalancing to ensure that the currency composition of the investment portfolio matches, as closely as possible, the currency composition of the SDR basket, further minimizes risk.

Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

Transfers

Internal transfers of resources within the Fund are accounted for under the accrual method of accounting.

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising on the settlement of transactions at rates different from those at the originating date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

Administrative Costs

The expenses of conducting activities of the Trust and related accounts are incurred and borne by the General Department of the IMF.

PRGF-HIPC Trust and Related Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

3. Investments

The maturities of the investments in debt securities are as follows:

Maturity as at July 31	2001	2000
<i>In thousands of SDRs</i>		
Less than 1 year	247,851	1,017
1 - 3 years	229,222	217,907
3 - 5 years	8,832	1,791
Over 5 years	814	420
Total	<u>486,719</u>	<u>221,135</u>

At July 31, investments consisted of the following:

	2001	2000
<i>In thousands of SDRs</i>		
Debt securities	241,310	221,135
Fixed-term deposits	<u>245,409</u>	—
Total	<u>486,719</u>	<u>221,135</u>

At July 31, investment income is comprised of:

	2001	2000
<i>In thousands of SDRs</i>		
Interest income	15,138	14,369
Realized gains (losses), net	3,442	(526)
Unrealized losses, net	(2,498)	(181)
Exchange rate gains (losses), net	10	(18)
Total	<u>16,092</u>	<u>13,644</u>

4. Transfers Receivable and Payable

At July 31, 2001, the HIPC subaccount had transfers payable to the PRGF-HIPC subaccount arising from past disbursements to the Umbrella Account under the HIPC initiative in the amount of SDR 263.2 million, including interest (SDR 203.6 million at July 31, 2000). Interest payable between subaccounts is eliminated on combination. At July 31, 2001, there was a transfer due from the Special Disbursement Account amounting to SDR 0.0 million (there was no transfer due at July 31, 2000).

PRGF-HIPC Trust and Related Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

5. Borrowings

The Trust borrows on such terms and conditions as agreed between the Trust and the lenders. Interest rates on borrowings at 2001 and 2000 varied between 0 percent and 2 percent a year. The principal amounts of the borrowings are repayable in one installment at their maturity dates. Scheduled repayments of borrowings are summarized below:

<u>Period Ending July 31</u>	<i>In thousands of SDRs</i>
2002	14,607
2003	-
2004	-
2005	15,000
2006	-
2007 and beyond	<u>328,457</u>
Total	<u>506,099</u>

6. Combining Balance Sheets and Income Statements and Changes in Resources

The balance sheets and income statements and changes in resources for each of the accounts and subaccounts in the PRGF-HIPC Trust and Related Accounts are presented below:

Combining Balance Sheets as at July 31, 2001 and 2000

(In thousands of SDRs)

	2001						2000					
	PRGF-HIPC Trust Account			Umbrella Account			Post-SCA-2 for HIPC Administered Combined Operations Account			PRGF-HIPC Trust Account		
	PRGF	HIPC	subaccount	HIPC	Combined	Operations	HIPC	Combined	Total	HIPC	Operations	Account Total
Assets												
Cash and cash equivalents	513,571	3,606	7	517,184	115,425	62,353	694,962	698,511	163,829	187,764	1,050,104	
Investments	499,367	10,559	--	509,926	193,200	--	703,126	224,513	--	--	224,513	
Transfers to and from subaccounts	263,184	--	(263,184)	--	--	--	--	--	--	--	--	
Interest receivable	4,629	24	2	4,655	956	633	6,244	3,056	619	2,480	6,155	
Total Assets	<u>1,280,751</u>	<u>14,189</u>	<u>(263,175)</u>	<u>1,031,765</u>	<u>309,581</u>	<u>62,986</u>	<u>1,404,332</u>	<u>926,080</u>	<u>164,448</u>	<u>190,244</u>	<u>1,280,772</u>	
 Liabilities and Resources												
Borrowings	506,099	--	--	506,099	--	--	506,099	355,652	--	--	355,652	
Other liabilities	8	--	--	8	--	--	8	13	--	--	13	
Interest payable	817	--	--	817	--	--	817	664	--	--	664	
Total Liabilities	<u>506,924</u>	<u>--</u>	<u>--</u>	<u>506,924</u>	<u>--</u>	<u>--</u>	<u>506,924</u>	<u>356,329</u>	<u>--</u>	<u>--</u>	<u>356,329</u>	
Resources	<u>773,827</u>	<u>14,189</u>	<u>(263,175)</u>	<u>524,841</u>	<u>309,581</u>	<u>62,986</u>	<u>897,408</u>	<u>569,751</u>	<u>164,448</u>	<u>190,244</u>	<u>924,443</u>	
Total Liabilities and Resources	<u>1,280,751</u>	<u>14,189</u>	<u>(263,175)</u>	<u>1,031,765</u>	<u>309,581</u>	<u>62,986</u>	<u>1,404,332</u>	<u>926,080</u>	<u>164,448</u>	<u>190,244</u>	<u>1,280,772</u>	

Note 6 (continued)

**Combining Income Statements and Changes in Resources
for the Three Months Ended July 31, 2001 and 2000**

(In thousands of SDRs)

	2001						2000						
	PRGF-HIPC Trust Account			Umbrella			PRGF-HIPC Trust Account			Umbrella			
	PRGF	HIPC	Subaccount	HIPC	Combined	Operations	Post-SCA-2 for HIPC	Administered	Combined Total	Post-SCA-2 for HIPC	Trust Account	Operations	Post-SCA-2 Account for HIPC Administered Combined Total
Balance, beginning of the year	735,089	14,003	(210,287)	538,805	343,410	93,318	975,533	511,051	160,825	257,051	928,927		
Investment income	14,741	187	50	12,150 ¹	3,310	633	16,093	9,536	1,627	2,481	13,644		
Interest expense	(447)	--	(2,828)	(447) ¹	--	--	(447)	(377)	--	--	(377)		
Other expenses	(49)	(1)	(3)	(53)	--	--	(53)	(36)	--	--	(36)		
Operational income/(loss)	14,245	186	(2,781)	11,650	3,310	633	15,593	9,123	1,627	2,481	13,231		
Contributions received	9,218	--	20,267	29,485	70,374	--	99,859	63,939	26,362	--	90,301		
Grants	--	--	(70,374)	(70,374)	--	--	(70,374)	(26,362)	--	--	(26,362)		
Disbursements	--	--	--	--	(107,513)	--	(107,513)	--	(24,366)	--	(24,366)		
Transfers	23,463	186	(52,888)	(29,239)	(33,829)	633	(62,435)	46,700	3,623	2,481	52,804		
	15,275	--	--	15,275	--	(30,965)	(15,690)	12,000	--	(69,288)	(57,288)		
Net changes in resources	38,738	186	(52,888)	(13,964)	(33,829)	(30,332)	(78,125)	58,700	3,623	(66,807)	(4,484)		
Balance, end of the period	773,827	14,189	(263,175)	524,841	309,581	62,986	897,408	569,751	164,448	190,244	924,443		

¹ Interest payable between subaccounts amounting to SDR 2.8 million (SDR 2.9 million at July 31, 2000) has been eliminated in the combined totals.

Post-SCA-2 Administered Account

Holdings, Interest and Transfers as at July 31, 2001 and 2000

(In thousands of SDRs)

Member	Balance Beginning of Year	Interest Earned	Transfers from Member	Transfers to Member	Transfers to PRGF-HIPC Trust		Balance End of Period
Algeria	412	--	--	--	(412)		--
Argentina	20,794	51	--	--	(15,628)		5,217
Brazil	10,598	96	--	--	--		10,694
Brunei Darussalam	55	1	--	--	--		56
Colombia	--	7	1,182	--	--		1,189
Croatia, Republic of	31	--	--	--	(31)		--
Dominican Republic	957	9	--	--	--		966
Estonia, Republic of	146	1	--	--	--		147
Fiji	206	2	--	--	--		208
Finland	322	--	--	--	(322)		--
Gabon	458	--	--	--	(458)		--
Jordan	1,087	10	--	--	--		1,097
Latvia, Republic of	17	--	--	(2)	(15)		--
Malaysia	7,821	25	--	--	(7,367)		479
Oman	1,123	7	--	--	(1,057)		73
Saudi Arabia	978	--	--	--	(978)		--
Singapore	249	--	--	--	(249)		--
Sweden	11,254	101	--	--			11,355
Thailand	350	--	--	--	(350)		--
Tonga	27	--	--	--	--		27
Trinidad & Tobago	2,334	21	--	--	--		2,355
Tunisia	136	--	--	--	(136)		--
United Arab Emirates	5,450	45	--	--	(5,142)		353
Vanuatu	46	--	--	--	--		46
Venezuela	28,467	257	--	--	--		28,724
Total at July 31, 2001	<u>93,318</u>	<u>633</u>	<u>1,182</u>	<u>(2)</u>	<u>(32,145)</u>		<u>62,986</u>
Total at July 31, 2000	<u>257,051</u>	<u>2,481</u>	<u>--</u>	<u>(47)</u>	<u>(69,241)</u>		<u>190,244</u>

PRGF-HIPC Trust Account

Contributions and Transfers as at July 31, 2001 and 2000 (In thousands of SDRs)

	Subaccount			
	PRGF-HIPC	PRGF	HIPC	Combined
<i>Period ended July 31, 2000</i>				
Australia	--	--	3,910	3,910
India	390	--	--	390
Italy	42,408	--	--	42,408
Mexico	8,000	--	--	8,000
New Zealand	1,158	--	--	1,158
Poland, Republic of	877	--	--	877
South Africa	4,000	--	--	4,000
Sri Lanka	12	--	--	12
Switzerland	3,184	--	--	3,184
	<u>60,029</u>	<u>--</u>	<u>3,910</u>	<u>63,939</u>
Transfers from SDA	<u>12,000</u>	<u>--</u>	<u>--</u>	<u>12,000</u>
	<u><u>72,029</u></u>	<u><u>--</u></u>	<u><u>3,910</u></u>	<u><u>75,939</u></u>
<i>Period ended July 31, 2001</i>				
Algeria	412	--	--	412
Australia	--	--	3,920	3,920
Belgium	3,030	--	--	3,030
Croatia, Republic of	31	--	--	31
Finland	322	--	--	322
Gabon	458	--	--	458
Latvia, Republic of	15	--	--	15
Netherlands	--	--	16,347 ¹	16,347
St. Vincent and the Grenadines	22	--	--	22
Saudi Arabia	978	--	--	978
Singapore	249	--	--	249
Switzerland	3,215	--	--	3,215
Thailand	350	--	--	350
Tunisia	136	--	--	136
	<u>9,218</u>	<u>--</u>	<u>20,267</u>	<u>29,485</u>
Transfers from SDA	<u>15,275</u>	<u>--</u>	<u>--</u>	<u>15,275</u>
	<u><u>24,493</u></u>	<u><u>--</u></u>	<u><u>20,267</u></u>	<u><u>44,760</u></u>

¹ Includes an additional grant contribution by the Netherlands to Zambia in the context of the HIPC Initiative.

PRGF-HIPC Trust Account

Borrowings as at July 31, 2001 and 2000

(In thousands of SDRs)

Date of Arrangement	Maturity¹	Interest Rate (in Percent)	Amount			
			2001	2000		
PRGF-HIPC subaccount						
<i>SDR-denominated</i>						
April 30, 1997	April 29, 2002	2.0	14,607	14,607		
May 30, 1997	May 29, 2007	0.5	1,000	1,000		
May 30, 1998	May 29, 2007	0.5	1,000	1,000		
June 29, 1998	June 28, 2008	2.0	15,000	15,000		
November 20, 1998	November 19, 2008	2.0	10,000	10,000		
May 30, 1999	May 29, 2007	0.5	1,000	1,000		
August 24, 1999	August 23, 2009	2.0	5,000	5,000		
August 30, 1999	August 29, 2009	2.0	10,000	10,000		
October 4, 1999	October 3, 2004	0.5	15,000	15,000		
January 31, 2000	January 30, 2010	1.5	6,144	6,144		
February 24, 2000	February 23, 2020	0.0	5,664	5,664		
March 31, 2000	December 30, 2018	0.0	31,370	31,370		
April 24, 2000	December 23, 2018	0.0	789	789		
May 17, 2000	May 16, 2010	0.5	982	982		
May 24, 2000	December 31, 2018	0.0	523	523		
May 27, 2000	December 31, 2018	0.0	750	750		
May 30, 2000	May 29, 2007	0.5	1,000	1,000		
June 12, 2000	June 11, 2020	0.0	7,074	7,074		
June 16, 2000	December 31, 2018	0.0	1,724	1,724		
June 22, 2000	June 21, 2020	0.0	2,187	2,187		
June 22, 2000	June 21, 2020	0.0	4,659	4,659		
July 18, 2000	December 17, 2018	0.0	4,850	4,850		
July 25, 2000	December 24, 2018	0.0	4,197	4,197		
August 23, 2000	August 22, 2010	0.5	100	--		
August 30, 2000	August 29, 2010	2.0	10,000	--		
December 8, 2000	December 7, 2018	0.0	9,237	--		
February 27, 2001	February 26, 2011	0.0	5,440	--		
February 28, 2001	December 30, 2018	0.0	5,812	--		
March 14, 2001	March 13, 2020	0.0	6,128	--		
March 20, 2001	March 19, 2021	0.5	2,362	--		
March 27, 2001	December 26, 2018	0.0	16,710	--		
March 27, 2001	December 26, 2018	0.5	3,000	--		
March 27, 2001	December 26, 2018	0.5	49,820	--		
March 27, 2001	March 26, 2021	0.0	7,600	--		
April 9, 2001	January 8, 2019	0.0	519	--		
April 13, 2001	January 12, 2019	0.5	1,500	--		

PRGF-HIPC Trust Account

Borrowings
as at July 31, 2001 and 2000

(In thousands of SDRs)

Date of Arrangement	Maturity¹	Interest Rate (in Percent)	Amount	
			2001	2000
April 24, 2001	April 23, 2011	0.0	4,046	--
May 4, 2001	May 3, 2020	0.0	15,628	--
May 29, 2001	December 28, 2018	0.0	7,368	--
May 30, 2001	May 29, 2011	0.5	1,000	--
June 22, 2001	March 21, 2019	0.5	200	--
July 5, 2001	January 4, 2019	0.0	1,057	--
July 24, 2001	December 23, 2018	0.0	5,141	--
July 31, 2001	April 29, 2019	0.5	250	--
			<hr/> 297,438	<hr/> 144,520
<i>Currency-denominated</i>				
February 11, 2000	February 10, 2010	0.0	208,661²	211,132
Total			<hr/> 506,099	<hr/> 355,652

¹ The principal amounts of all the deposits are payable in one installment at their maturity dates.

² The principal amount of the borrowing is for euro 300 million.

Umbrella Account for HIPC Operations
as at July 31, 2001 and 2000

Grants, Interest and Disbursements

(*In thousands of SDRs*)

		Grants from PRGF-HIPC Trust Account	Interest Earned	Disbursements	Balance
<i>Period ended July 31, 2000</i>					
Benin	--	3,700	5	601	3,104
Bolivia	7,906	--	77	2,296	5,687
Burkina Faso	--	16,300	39	--	16,339
Guyana	18,862	--	205	1,289	17,778
Mauritania	--	3,762	2	2,208	1,556
Mozambique	83,423	--	801	7,360	76,864
Tanzania	13,375	--	112	5,008	8,479
Uganda	37,259	2,600	386	5,604	34,641
	160,825	26,362	1,627	24,366	164,448
<i>Period ended July 31, 2001</i>					
Benin	802	3,680	6	1,134	3,354
Bolivia	2,584	44,234	220	1,511	45,527
Burkina Faso	14,696	1,650	145	602	15,889
Cameroon	431	--	4	--	435
Chad	--	2,850	18	--	2,868
Gambia, The	72	--	1	9	64
Guinea	2,235	--	17	990	1,262
Guinea-Bissau	391	--	4	158	237
Guyana	18,640	--	175	2,398	16,417
Madagascar	6	--	--	--	6
Malawi	1,144	--	12	--	1,156
Mali	10,238	--	101	132	10,207
Mauritania	5,009	--	46	2,526	2,529
Mozambique	63,732	--	608	6,045	58,295
Niger	437	--	4	--	441
Rwanda	3,708	--	34	1,519	2,223
Senegal	3,115	--	23	1,546	1,592
Tanzania	13,420	--	102	5,714	7,808
Uganda	83,374	1,585	807	7,869	77,897
Zambia	119,376	16,375 ¹	983	75,360	61,374
	343,410	70,374	3,310	107,513	309,581

¹ Includes an additional grant contribution by the Netherlands to Zambia in the context of the HIPC Initiative.

Schedule 5

PRGF-HIPC Trust Account

Cumulative Contributions and Transfers

as at July 31, 2001
(In thousands of SDRs)

	Subaccount	PRGF-HIPC	PRGF	HIPC	Combined
Algeria		412	--	--	412
Australia		--	--	17,019	17,019
Austria		--	--	9,981	9,981
Bangladesh		1,163	--	--	1,163
Barbados		250	--	--	250
Belgium		15,237	--	--	15,237
Belize		60	--	--	60
Cambodia		27	--	--	27
Canada		32,929	--	--	32,929
China		13,132	--	--	13,132
Croatia, Republic of		31	--	--	31
Cyprus		544	--	--	544
Denmark		8,494	--	--	8,494
Egypt		37	--	--	37
Finland		2,583	--	--	2,583
France		55,892	--	--	55,892
Gabon		458	--	--	458
Greece		2,200	--	--	2,200
Iceland		459	--	--	459
India		390	--	--	390
Indonesia		124	--	--	124
Ireland		3,937	--	--	3,937
Israel		1,189	--	--	1,189
Italy		43,309	--	--	43,309
Jamaica		1,800	--	--	1,800
Japan		82,914	--	--	82,914
Korea		10,625	--	--	10,625
Kuwait		108	--	--	108
Latvia, Republic of		284	--	--	284
Luxembourg		488	--	--	488
Malta		706	--	--	706
Mauritius		40	--	--	40
Mexico		8,000	--	--	8,000
Morocco		49	--	--	49
Netherlands		--	13,092	16,347 ¹	29,439

Schedule 5 (concluded)

PRGF-HIPC Trust Account

Cumulative Contributions and Transfers

as at July 31, 2001
(In thousands of SDRs)

	Subaccount			
	PRGF-HIPC	PRGF	HIPC	Combined
New Zealand	1,158	—	—	1,158
Nigeria	1,102	—	—	1,102
Norway	8,396	—	—	8,396
Pakistan	105	—	—	105
Philippines	4,500	—	—	4,500
Poland, Republic of	877	—	—	877
Portugal	4,430	—	—	4,430
Russian Federation	10,200	—	—	10,200
Samoa	3	—	—	3
San Marino, Republic of	32	—	—	32
Saudi Arabia	978	—	—	978
Singapore	249	—	—	249
Slovak Republic	2,669	—	—	2,669
Slovenia, Republic of	311	—	—	311
South Africa	4,895	—	—	4,895
Spain	16,550	—	—	16,550
Sri Lanka	12	—	—	12
St. Vincent and the Grenadines	22	—	—	22
Swaziland	20	—	—	20
Switzerland	6,399	—	—	6,399
Thailand	350	—	—	350
Tunisia	136	—	—	136
United Kingdom	23,551	—	33,837	57,388
United States	—	—	221,932	221,932
Vietnam	10	—	—	10
	<hr/> 374,826	<hr/> 13,092	<hr/> 299,116	<hr/> 687,034
Transfers from SDA	241,672	—	—	241,672
Transfers from GRA	72,456	—	—	72,456
	<hr/> 314,128	<hr/> —	<hr/> —	<hr/> 314,128
	<hr/> <hr/> 688,954	<hr/> <hr/> 13,092	<hr/> <hr/> 299,116	<hr/> <hr/> 1,001,162

¹ Includes an additional grant contribution by the Netherlands to Zambia in the context of the HIPC Initiative.

**IV. Financial Statements
of Other
Administered Accounts**

Other Administered Accounts
Balance Sheets
as at July 31, 2001 and 2000

	Administered Account for Selected Fund Activities - Japan	2001	2000	(In thousands of U.S. dollars)				> (In thousands of SDRs)
				Japan	2001	2000	Spain	
Assets								
Cash and cash equivalents	115,321	109,164	10,970	14,832	3,893	4,674	--	2,239
Loans receivable	--	--	--	--	--	--	--	--
Interest receivable	--	--	--	--	--	--	--	26
Total Assets	115,321	109,164	10,970	14,832	3,893	4,674	--	2,260
Resources								
Total Resources	115,321	109,164	10,970	14,832	3,893	4,674	--	2,260
	====	====	====	====	====	====	====	=====

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

Other Administered Accounts

Income Statements and Changes in Resources for the Three Months Ended July 31, 2001 and 2000

	Administered Account for Selected Fund Activities - Japan	Framework Administered Account for Technical Assistance Activities - Japan	Administered Account - Spain	Subsidy Account	
	2001	2000	2001	2000	2001
<i><———— (In thousands of U.S. dollars) —————></i>					
Balance, beginning of the year	114,184	107,439	14,580	18,854	4,539
Income earned on investments	1,137	1,725	125	266	44
Contributions received	--	--	--	634	72
Payments to and on behalf of beneficiaries	--	--	(3,735)	(4,922)	(762)
Transfers to the Special Disbursement Account (Note 5)	1,137	1,725	(3,610)	(4,022)	(646)
Net changes in resources	<u>1,137</u>	<u>1,725</u>	<u>(3,610)</u>	<u>(4,022)</u>	<u>(646)</u>
Balance, end of the period	<u>115,321</u>	<u>109,164</u>	<u>10,970</u>	<u>14,832</u>	<u>3,893</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The accompanying notes are an integral part of these financial statements.

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

1. Nature of Operations

At the request of members, the IMF has established special purpose accounts to administer contributed resources and to perform financial and technical services consistent with the purposes of the IMF. The assets of each account and each subaccount are separate from the assets of all other accounts of, or administered by, the IMF and are not to be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

Administered Account Japan

At the request of Japan, the IMF established an account on March 3, 1989 to administer resources, made available by Japan or other countries with Japan's concurrence, that are to be used to assist certain members with overdue obligations to the IMF. The resources of the account are to be disbursed in amounts specified by Japan and to members designated by Japan.

Administered Account for Selected Fund Activities - Japan

At the request of Japan, the IMF established the Administered Technical Assistance Account - Japan on March 19, 1990 to administer resources contributed by Japan to finance technical assistance to member countries. On July 21, 1997, the account was renamed the Administered Account for Selected Fund Activities - Japan and amended to include the administration of resources contributed by Japan in support of the IMF's Regional Office for Asia and the Pacific (OAP). The resources of the account designated for technical assistance activities are used with the approval of Japan and include the provision of scholarships. The resources designated for the OAP are used as agreed between Japan and the IMF for certain activities of the IMF with respect to Asia and the Pacific through the OAP. Disbursements can also be made from the account to the General Resources Account to reimburse the IMF for qualifying technical assistance projects and OAP expenses.

Framework Administered Account for Technical Assistance Activities

The Framework Administered Account for Technical Assistance Activities ("the Framework Account") was established by the IMF on April 3, 1995 to receive and administer contributed resources that are to be used to finance technical assistance consistent with the purposes of the IMF. The financing of technical assistance activities is implemented through the establishment and operation of subaccounts within the Framework Account.

Resources are to be used in accordance with the written understandings between the contributor and the Managing Director. Disbursements can also be made from the Framework Account to the General Resources Account to reimburse the IMF for its costs incurred on behalf of technical assistance activities financed by resources from the Framework Account.

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Subaccount for Japan Advanced Scholarship Program

At the request of Japan, this subaccount was established on June 6, 1995 to finance the cost of studies and training of nationals of member countries in macroeconomics and related subjects at selected universities and institutions. The scholarship program focuses primarily on the training of nationals of Asian member countries, including Japan.

Rwanda-Macroeconomic Management Capacity Subaccount

At the request of Rwanda, this subaccount was established on December 20, 1995 to finance technical assistance to rehabilitate and strengthen Rwanda's macroeconomic management capacity.

Australia-IMF Scholarship Program for Asia Subaccount

At the request of Australia, this subaccount was established on June 5, 1996 to finance the cost of studies and training of government and central bank officials in macroeconomic management so as to enable them to contribute to their countries' achievement of sustainable economic growth and development. The program focuses primarily on the training of nationals of Asian countries.

Switzerland Technical Assistance Subaccount

At the request of Switzerland, this subaccount was established on August 27, 1996 to finance the costs of technical assistance activities of the IMF that consist of policy advice and training in macroeconomic management.

French Technical Assistance Subaccount

At the request of France, this subaccount was established on September 30, 1996 to cofinance the costs of training in economic fields for nationals of certain member countries.

Denmark Technical Assistance Subaccount

At the request of Denmark, this subaccount was established on August 25, 1998 to finance the costs of technical assistance activities of the IMF that consist of advising on policy and administrative reforms in the fiscal, monetary, and related statistical fields.

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Australia Technical Assistance Subaccount

At the request of Australia, this subaccount was established on March 7, 2000 to finance the costs of technical assistance activities of the IMF that consist of advising on the design of policy and administrative reforms in the fiscal, monetary and related statistical fields, as well as to provide training in the formulation and implementation of macroeconomic and financial policies.

The Netherlands Technical Assistance Subaccount

At the request of the Netherlands, this subaccount was established on July 27, 2000 to finance projects that seek to enhance the capacity of the members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs and projects that strengthen the legal and administrative framework in these core areas.

Administered Account – Spain

At the request of Spain, the IMF established an account on March 20, 2001 to receive and disburse resources up to \$1 billion contributed by Spain for Argentina. The resources of this account are to be used to assist Argentina in the implementation of the adjustment program supported by the IMF under the Stand-By Arrangement for Argentina approved on March 10, 2000 and augmented on January 12, 2001.

Trust Fund

In addition to the aforementioned accounts, the IMF is also the trustee of the Trust Fund, which is in liquidation. The Trust Fund was established in 1976 to provide balance of payments assistance on concessional terms to eligible members that qualify for assistance.

In 1980, the IMF, as trustee, decided that, upon the completion of the final loan disbursements, the Trust Fund would be terminated as of April 30, 1981, and after that date, the activities of the Trust Fund have been confined to the conclusion of its affairs. The final Trust Loan settlement was due on March 31, 1991. As of July 31, 2001 and 2000, the Trust Fund had no assets other than loans receivable of SDR 88.8 million and SDR 88.9 million, respectively. Interest continues to be charged on the outstanding balances, all of which are overdue, and all interest recognition is deferred. Cash receipts on these loans are to be transferred to the Special Disbursement Account.

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Loans

Loans in the Trust Fund are valued at historical cost. Allowances for loan losses would be established if and when the Trust expects to incur a loss; no losses have been incurred in the past, and it is the current expectation that no losses will be incurred in the future.

An overdue member would have to become current in the IMF and in the Trust Fund before access to credit could be restored and consequently no loss is expected on the loans. The member's resources or other resources would be used to reimburse the Trust Fund.

Deferred Income

Interest income and special charges (apply to overdue repurchase and overdue charges that are less than six months) on outstanding Trust Fund loans in arrears for six months or more are being deferred and are recognized as income only when paid.

Overdue Obligations

At July 31, 2001 and 2000, three members with obligations to the Trust Fund were six months or more overdue in discharging their obligations to the Trust Fund. The recognition of interest income on the loans outstanding to these members and of special charges due from them is being deferred. At July 31, 2001, total deferred income amounted to SDR 27.4 million (SDR 27.0 million at July 31, 2000). Overdue loan repayments and interest and special charges due from these members were as follows:

	Loans		Interest and Special Charges	
	2001	2000	2001	2000
<i>In millions of SDRs</i>				
Total overdue	88.8	88.8	27.4	26.9
Overdue six months or more	88.8	88.8	27.1	26.7
Overdue three years or more	88.8	88.8	26.0	25.6

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

The type and duration of the arrears of these members at July 31, 2001 were as follows:

Member	Loans	Interest and Special Charges	Total	Longest Overdue Obligation
<i>In millions of SDRs</i>				
Liberia	23.1	7.1	30.2	April 1985
Somalia	6.5	1.4	7.9	July 1987
Sudan	<u>59.2</u>	<u>18.9</u>	<u>78.1</u>	June 1985
Total	<u>88.8</u>	<u>27.4</u>	<u>116.2</u>	

Transfer of Resources

Since the activities of the Trust are limited to the conclusion of its affairs, the resources of the Trust Fund from the settlement of the overdue obligations will be transferred to the Special Disbursement Account.

Supplementary Financing Facility Subsidy Account

The Supplementary Financing Facility Subsidy Account administered by the IMF, was established in December 1980 to assist low-income developing country members to meet the cost of using resources made available through the IMF's Supplementary Financing Facility and under the policy on exceptional use. All repurchases due under these policies were scheduled for completion by January 31, 1991, and the final subsidy payments were approved in July 1991. However, two members (Liberia and Sudan), overdue in the payment of charges, remain eligible to receive previously approved subsidy payments of \$2.2 million when their overdue charges are settled. Accordingly, the Account remains in operation and has retained amounts for payment to these members after the overdue charges are paid.

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

2. *Summary of Significant Accounting Policies*

Basis of Presentation

The financial statements of the Administered Accounts are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below.

The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

In financial year 2001, the IMF elected early adoption of IAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of IAS 39 had no material effect on the other Administered Accounts' financial statements.

Unit of Account

Administered Account Japan, Administered Account for Selected Fund Activities - Japan, and Framework Administered Account for Technical Assistance Activities, and Administered Account – Spain

These accounts are expressed in U.S. dollars. All transactions and operations of these accounts, including the transfers to and from the accounts, are denominated in U.S. dollars, except for transactions and operations in respect of the OAP, which are denominated in Japanese yen, or transactions in other currencies as agreed between Japan and the IMF. Contributions denominated in other currencies are converted into U.S. dollars upon receipt of the funds.

Trust Fund, and Supplementary Financing Facility Subsidy Account

These accounts are expressed in terms of SDRs. The value of the SDR is determined by the IMF each day by summing the values in U.S. dollars, based on market exchange rates, of the currencies in the basket. The IMF reviews the SDR valuation basket every five years. The latest review was completed in October 2000 and the composition of the SDR valuation basket became effective from January 1, 2001. The value of the SDR in terms of U.S. dollars on the last business day prior to the change (December 29, 2000) was identical under both valuation baskets. The method of valuing the SDR has been revised following the introduction of the euro as the common currency of a number of members. The currencies in the basket as of July 31, 2001 and 2000 and their amounts were as follows:

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Currency	Amount	
	To December 31, 2000	From January 1, 2001
Euro		0.426
Euro (Germany)	0.228	
Euro (France)	0.1239	
Japanese yen	27.2	21.0
Pound sterling	0.105	0.0984
U.S. dollar	0.5821	0.577

As of July 31, 2001, one SDR was equal to 1.25874 U.S. dollars (one SDR was equal to 1.31335 U.S. dollars as of July 31, 2000).

Transactions and operations of the accounts are denominated in SDRs. Contributions denominated in other currencies are converted into SDRs upon receipt of the funds.

Revenue and Expense Recognition

The accounts are maintained on the accrual basis; accordingly, income is recognized as it is earned and expenses are recorded as they are incurred.

Cash and Cash Equivalents

Cash and cash equivalents include short-term deposits with a maturity of less than ninety days. These deposits are denominated in SDRs or other currencies and are carried at cost not exceeding market value. Interest on these instruments varies and is based on prevailing market rates.

Contributions

Bilateral contributions are reflected as increases in resources after the achievement of specified conditions and are subject to bilateral agreements stipulating how the resources are to be used.

Payments to and on behalf of beneficiaries

Payments to and on behalf of beneficiaries are recognized when the specified conditions in the respective agreements are achieved.

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

Transfers

Internal transfers of resources within the IMF are accounted for under the accrual method of accounting.

Foreign Currency Translation

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rates. Exchange differences arising on the settlement of transaction at rates different from those at the date of the transaction and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are included in the determination of net income.

Administrative Costs

The expenses of conducting the activities of the Other Administered Accounts and the Trust Fund are incurred and borne by the General Department of the IMF. Following the termination of the Trust Fund as of April 30, 1981, residual administrative costs have been absorbed by the General Resources Account of the IMF. To help defray the expenses incurred by the IMF in the administration of the Administered Account for Selected Fund Activities – Japan and the Framework Administered Account for Technical Assistance Activities, reimbursement equal to 13 percent of the expenses financed from the accounts is paid to the IMF from these accounts. The Administered Account - Spain pays the IMF, from investment earnings, an annual fee of \$40,000 for administrative costs incurred. As at July 31, 2001 the administrative costs for Administered Account for Selected Fund Activities – Japan amounted to \$0.4 million (\$0.55 million at July 31, 2000), and for Framework Administered Account for Technical Assistance Activities \$0.09 million (\$0.13 million at July 31, 2000). These amounts are included in payments to and on behalf of beneficiaries on the income statements and changes in resources.

Comparatives

When necessary, comparative figures have been reclassified to conform with changes in the presentation of the current year.

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

3. Cumulative Contributions and Disbursements

The cumulative contributions and disbursements from these administered accounts are as follows:

Account	Cumulative Contributions	Cumulative Disbursements ¹	Cumulative Contributions	Cumulative Disbursements ¹
(In millions of U.S. dollars)				
<i>Administered Account Japan</i>	135.2	72.5	135.2	72.5
<i>Administered Account for Selected Fund Activities – Japan</i>	153.6	149.5	139.1	130.6
Technical Assistance	141.2	137.5	128.6	121.3
Scholarships	8.0	7.7	6.6	6.2
Office of Asia and Pacific	4.4	4.3	3.9	3.1
<i>Framework Administered Account for Technical assistance Activities</i>	19.0	16.1	16.6	12.7
Subaccount for Japan Advanced Scholarship Program	7.2	6.0	5.7	4.4
Rwanda - Macroeconomic Management Capacity Subaccount	1.5	1.6	1.5	1.6
Australia - IMF Scholarship Program for Asia Subaccount	1.5	1.5	1.3	1.1
Switzerland Technical Assistance Subaccount	6.8	5.6	6.8	4.9
French Technical Assistance Subaccount	0.68	0.40	0.54	0.32
Denmark Technical Assistance Subaccount	0.47	0.47	0.47	0.45
Australia Technical Assistance Subaccount	0.27	-	0.27	-
The Netherlands Technical Assistance Subaccount	0.60	0.59		
<i>Administered Account Spain</i>	670.8	670.9		

¹ Disbursements had been made from resources contributed to these accounts as well as from interest earned on these resources.

Other Administered Accounts

Notes to the Financial Statements as at July 31, 2001 and 2000

4. Transfer of Resources

Resources of the Supplementary Financing Facility Subsidy Account in excess of the remaining subsidy payments are to be transferred to the Special Disbursement Account. At July 31, 2001 and 2000, subsidy payments totaling SDR 2.2 million had not been made to Liberia and Sudan and were being held pending the payment of overdue charges by these members.

5. Accounts Termination

Administered Account Japan

The account can be terminated by the IMF or by Japan. Any remaining resources in the account at termination are to be returned to Japan.

Administered Account for Selected Fund Activities - Japan

The account can be terminated by the IMF or by Japan. Any resources that may remain in the account at termination, net of accrued liabilities under technical assistance projects or in respect of the OAP, are to be returned to Japan.

Framework Administered Account for Technical Assistance Activities

The Framework Account or any subaccount thereof may be terminated by the IMF at any time. The termination of the Framework Account shall terminate each subaccount thereof. A subaccount may also be terminated by the contributor of the resources to the subaccount. Termination shall be effective on the date that the IMF or the contributor, as the case may be, receives notice of termination. Any balances, net of the continuing liabilities and commitments under the activities financed, that may remain in a subaccount upon its termination are to be returned to the contributor.

Administered Account - Spain

The account will be terminated when Argentina repays all the resources that were distributed, or at an earlier time as agreed between Spain and the IMF. Any remaining resources in the account at termination are to be returned to Spain.

**V. Financial Statements
of the
Retired Staff Benefits
Investment Account**

Retired Staff Benefits Investment Account

Balance Sheets as at July 31, 2001 and 2000

(In thousands of U.S. dollars)

	2001	2000
Assets		
Investments (Note 3)		
Cash equivalents	65,991	18,323
Other	309,174	215,642
Accrued interest receivable	1,757	1,048
Other receivables	--	761
Total assets	<hr/> 376,922	<hr/> 235,774
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Resources		
Accounts payable	25,997	250
Resources	350,925	235,524
Total liabilities and resources	<hr/> 376,922	<hr/> 235,774
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

/s/ Eduard Brau
Treasurer

/s/ Horst Köhler
Managing Director

Retired Staff Benefits Investment Account

Income Statements and Changes in Resources for the Three Months Ended July 31, 2001 and 2000

(In thousands of U.S. dollars)

	2001	2000
Balance, beginning of the year	351,676	236,072
Contributions received	7,500	2,400
Investment income		
Interest and dividends	3,139	2,270
Net realized gain (loss) on investments	(958)	2,340
Net unrealized (loss) gain on investments	(4,774)	(7,132)
Exchange gain (loss)	64	(54)
Less: investment fees	(434)	(372)
Net investment income (loss)	<u>(2,963)</u>	<u>(2,948)</u>
Long-Term Benefits payments	<u>(5,288)</u>	<u>--</u>
Net increase (decrease)	<u>(751)</u>	<u>(548)</u>
Balance, end of the period	<u><u>350,925</u></u>	<u><u>235,524</u></u>

The accompanying notes are an integral part of these financial statements.

Retired Staff Benefits Investment Account

Notes to the Financial Statements as at July 31, 2001 and 2000

1. Purpose

The Retired Staff Benefits Investment Account ("the RSBIA") was established to hold, administer, and invest resources contributed by the IMF for meeting postretirement medical and life insurance benefits to eligible retirees of the IMF and other beneficiaries. The RSBIA accumulates resources to finance benefits of current and future retirees.

The assets of the RSBIA consist of the IMF's contributions and the income earned thereon. Assets are owned solely by the IMF and are to be used to meet the claims of retirees and the administrative costs of the RSBIA. Contributions are made periodically from the General Resources Account to the RSBIA, taking into consideration the actuarial valuation of the IMF's cumulative cost of these benefits. Cumulative contributions received by the RSBIA amounted to \$301.8 million at July 31, 2001 (\$162.3 million at July 31, 2000).

On March 23, 2001, the RSBIA was amended to include the funding and administration of existing long terms benefits, other than pension benefits, including separation and repatriation benefits, accrued annual leave up to 60 days, payments in lieu of pension for contractual employees, and associated tax allowances. These benefits were partially funded with a contribution from the General Resources Account of \$128.2 million on March 29, 2001.

The assets of the RSBIA are kept separate from the assets of all other accounts of, or administered by, the Fund and are not to be used to discharge liabilities or to meet losses incurred in the administration of other accounts.

2. Accounting Policies

Basis of Presentation

The financial statements of the RSBIA are prepared in accordance with International Accounting Standards (IAS). Specific accounting principles and disclosure practices are explained further below.

Use of Estimates

The preparation of financial statements in conformity with IAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Retired Staff Benefits Investment Account

Notes to the Financial Statements as at July 31, 2001 and 2000

Valuation of Investments

Resources placed to the RSBIA have been invested by the IMF. In accordance with its investments policy, the RSBIA invests in short-term investments, debt securities, equity securities, and real estate. Investments in securities listed on stock exchanges are valued at the last reported market sales price on the last business day of the accounting period. Over-the-counter securities are valued at their bid price on the last business day of the accounting period. The valuation of purchases and sales is made on the trade date basis. For investments in real estate, market value is the last reported adjusted appraised value.

Cash and short-term investments with maturities at dates of purchase of three months or less are classified as cash equivalents. Cash equivalents include short-term Treasury securities and other short-term, highly liquid investments and are carried at cost, which approximates market value.

The net gain or loss on investments represents the gains and losses realized during the year from the sale of investments, the unrealized appreciation and depreciation of the market value of investments, and, for investments denominated in currencies other than the U.S. dollar, valuation differences arising from exchange rate changes of other currencies against the dollar market value.

Comparatives

When necessary, comparative figures have been reclassified to conform with changes in the presentation of the current year.

3. Investments

A summary of the RSBIA's investments at market values or fair values as of July 31 is as follows:

Investments	2001	2000
In millions of U.S. dollars		
Short-term investments	66	18
Debt securities	75	44
Equity securities	205	144
Real Estate	31	29
	<u>377</u>	<u>235</u>

In addition to these investments, the RSBIA held commitments in fixed-income futures contracts to minimize interest rate risk. At July 31, 2001, the notional value of these

Retired Staff Benefits Investment Account

Notes to the Financial Statements as at July 31, 2001 and 2000

derivatives amounted to \$3.5 million (\$2.0 million at July 31, 2000) and the unrealized gain was less than \$0.2 million (less than \$0.1 million at July 31, 2000)

4. Actuarial Valuation

The defined benefit obligation for long-term employee benefits other than pension benefits is actuarially determined, based on the data in effect at the beginning of the year. The IMF's actuarially determined cost is estimated at \$570 million at April 30, 2001 (\$561 million at April 30, 2000, including the obligation for benefits due to the March 23, 2001 amendment). Each year the IMF transfers amounts from the General Resources Account to the RSBIA to be held and invested pending their use by the IMF. During the three months ended July 31, 2001, \$7.5 million was transferred to the RSBIA (\$2.4 million during three months ended July 31, 2000).

It is expected that the RSBIA will be a net recipient of resources until its assets meet the estimated cost of benefits to retirees.

5. Account Termination

The RSBIA can be terminated by the IMF at any time. After meeting any existing obligations, the resources remaining in the RSBIA are to be transferred to the General Resources Account of the IMF.

