
IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following document has been released and is included in this package:

- The **Staff Report** was prepared by IMF staff and completed on September 30, 2022

The staff report was issued to the Executive Board for information. The report was prepared by IMF staff. The views expressed in this paper are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board.

The IMF’s transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities’ policy intentions in published staff reports and other documents.


**International Monetary Fund**
**Washington, D.C.**
INTRODUCTION

1. This paper presents to the Executive Board for information two new borrowing agreements and two augmentations of existing borrowing agreements for the General Loan Account of the Poverty Reduction and Growth Trust (PRGT). All four agreements use SDRs in the context of SDR channeling pledges and have been finalized as part of the loan mobilization round launched in July 2021 under the package of PRGT reforms to facilitate the Fund’s support of low-income countries. Pursuant to Section III, paragraph 2 of the Instrument to establish the PRGT, the Managing Director is authorized to enter into borrowing agreements and agree to their terms and conditions with PRGT lenders. On July 14, 2021, the Executive Board approved a two-stage funding strategy to cover the cost of pandemic-related lending and support the PRGT’s self-sustainability. The first stage aims to secure SDR 12.6 billion in PRGT loan resources and SDR 2.8 billion in new subsidy resources, with SDR 2.3 billion sought from the Fund’s economically strongest members, and SDR 0.5 billion in internal resources coming from the suspension of the PRGT’s reimbursement to the General Resources Account (GRA) through FY2026 (which will also strengthen PRGT reserve coverage).²

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¹ For ease of reference, this paper refers to both loan agreements and note purchase agreements (NPAs) as “borrowing agreements” or “agreements”.

² The SDR 12.6 billion for PRGT loan resources are in addition to the SDR 16.9 billion in effective loan agreements that have been secured through a fast-track loan mobilization campaign launched in April 2020. In July 2021, the Executive Board also approved an increase in the PRGT cumulative borrowing limit to accommodate new loan agreements under the first stage.
At the same time, the Executive Board also approved an increase in the PRGT cumulative borrowing limit from SDR 55.5 billion to SDR 68 billion.3

2. **The Agreements with the four lenders are all effective and together provide SDR 2.85 billion in new PRGT loan resources.** Agreements were concluded as follows:

- a borrowing agreement with the Government of Canada (Canada 2022 Borrowing Agreement), which is also accompanied by amendments to the previous borrowing agreement with the Fund as Trustee of the PRGT (the 2017 Borrowing Agreement) to enable Canada to participate in the PRGT’s encashment regime;

- a borrowing agreement with the Bank of Italy (Italy Borrowing Agreement);

- an amendment to the existing 2010 Note Purchase Agreement (2010 NPA) with the Government of Japan to augment the amount by an additional SDR 1 billion and to remove a notification requirement regarding the activation of the SDR 1.8 billion tranche agreed in May 2020; 4,5 and

- an amendment to the existing 2009 Borrowing Agreement with the Bank of Spain to augment the amount by an additional SDR 350 million, to extend the drawdown period by five years through end-2029, and to eliminate annual drawing limits. 5,6,7

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5 See [Poverty Reduction and Growth Trust—2020 Borrowing Agreements with the National Bank of Belgium, Banco Central Do Brasil, Banque De France, the Government of Japan, De Nederlandsche Bank Nv, the Norwegian Ministry of Finance Representing the Kingdom of Norway, the Bank of Spain, the Sveriges Riksbank, and the Government of the United Kingdom (10/7/20)](https://www.imf.org/external/np/exr/facts/povertyreduct.shtml).


7 On May 24, 2019, the Executive Board approved amendments to the PRGT Instrument to extend the commitment period for PRGT borrowing until December 31, 2024 and the drawdown period for the Loan Accounts of the PRGT until December 31, 2029.
Table 1. New PRGT Loan Resources

<table>
<thead>
<tr>
<th>Country</th>
<th>Effective Date</th>
<th>Amount (SDR million)</th>
<th>Modality</th>
<th>Currency</th>
<th>Type of Agreement</th>
<th>Encashment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1/12/2022</td>
<td>1,000</td>
<td>Augmentation</td>
<td>SDR, USD, other</td>
<td>NPA</td>
<td>Yes</td>
</tr>
<tr>
<td>Italy</td>
<td>3/3/2022</td>
<td>1,000</td>
<td>New agreement</td>
<td>SDR</td>
<td>Loan Agreement</td>
<td>Yes</td>
</tr>
<tr>
<td>Spain</td>
<td>3/3/2022</td>
<td>350</td>
<td>Augmentation</td>
<td>SDR</td>
<td>Loan Agreement</td>
<td>Yes</td>
</tr>
<tr>
<td>Canada</td>
<td>6/1/2022</td>
<td>500</td>
<td>New agreement</td>
<td>SDR</td>
<td>Loan Agreement</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,850</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Finance Department.

1 All agreements are for the benefit of the General Loan Account, remunerated at the SDRI rate and expire on December 31, 2029.

2 Other represents other freely usable currency as may be agreed upon between the Trustee and Japan.

3 The new agreement with the Bank of Italy may be extended through December 31, 2034 with the consent of the Ministry of Economy and Finance of Italy.

KEY SUBSTANTIVE TERMS OF THE BORROWING AGREEMENTS

3. **Amounts.** The two new borrowing agreements have the following maximum amounts: Canada 2022 Borrowing Agreement provides for SDR 500 million and the Italy Borrowing Agreement provides for SDR 1 billion. The amounts under the two augmented agreements are as follows: Japan agreed to further augment its 2010 NPA by an additional SDR 1 billion (for a new total of SDR 8.2 billion)

4. **Account designations.** All four agreements are for the benefit of the General Loan Account (GLA) which can be used to finance disbursements under any of the PRGT facilities.

5. **Drawings under commitments.** Drawings under all new and amended agreements can be made through December 31, 2029. The notification period of the intention to draw is five business days (based on creditor’s location) for both new agreements by Canada and Italy and remains the same for the amended 2009 Borrowing Agreement with Spain. In the case of Japan, the notification period of the intention to draw under its 2010 NPA has not changed, which is seven (Tokyo) business days, and its amendment included removal of the provision that required a written notice from the

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8 Japan’s amendment also included removing the provision that required a written notice from Japan to activate the SDR 1.8 billion tranche of resources agreed in May 2020.
Government of Japan for activating the entire amount of Notes issuable under the 2010 NPA. The new agreements with Canada and Italy do not set annual drawdown limits per period. Spain consented to remove the limit of five drawings per year in the amendment to its 2009 Borrowing Agreement.

6. **Denomination and media.** Loan commitments and operations are denominated in SDRs. Unless otherwise agreed between the Trustee and the creditors, disbursements are to be made by the transfer of (i) SDRs to an account specified by the Trustee for Canada, Italy, and Spain (paragraphs 5(a), 4(a) and 4(a) of agreements, respectively) and (ii) SDRs, U.S. dollars, or any other freely usable currency as may be agreed for Japan (paragraph 5(a)). Payments of principal and interest by the Trustee are to be made in (i) SDRs, or in a freely usable currency as may be agreed between the Trustee and the creditor, for Canada and Italy (paragraphs 8(a) and 7(a) of agreements, respectively) and (ii) SDRs, or in other media as may be agreed between the Trustee and the Bank of Spain (paragraph 7(a)). For Japan, principal repayments are to be made in the same media originally used to purchase each note (paragraph 7(a) of the General Terms and Conditions (GTC)) or in other media as may be agreed between the Trustee and Japan. Payments of interest by the PRGT are to be made in SDRs to the SDR holdings account of the relevant member for all the four lenders under their new and amended agreements.

7. **Maturity.** Under the agreements with Canada and Italy (paragraphs 6(a) and 5(a) of agreements, respectively) and the amended agreement with Spain (paragraph 5(a)), each drawing is to be repaid in accordance with the repayment schedule for loan disbursements under the facility of the PRGT for which it was drawn. Under the 2010 NPA with Japan, each note shall have an initial maturity date of six months. The Trustee may at its sole discretion elect to extend the maturity date for each note by additional periods of up to six months. This extension shall automatically be deemed to have been elected by the Trustee unless it notifies Japan otherwise. The maximum extension period for notes is the maturity date for the loan disbursement under the facility of the PRGT for which a note was issued or the agreement was drawn (paragraph 3(a) of the GTC).

8. **Interest.** All new and amended borrowing agreements provide for outstanding drawings to earn interest at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of the Fund’s Articles of Agreement. Interest in respect of each drawing/note will be calculated on an actual day basis and will be payable on all outstanding drawings under each agreement on a quarterly basis promptly after January 31, April 30, July 31, and October 31 of each year.

9. **Suspension of drawings.** If principal or interest is not paid by the Trustee under the agreements within a period of ten days after its due date, the agreements provide for the suspension of further drawings pending consultations on this matter with the respective creditor (paragraphs 3(b) and 2(b) of the new agreements with Canada and Italy, respectively, and paragraphs 2(d) and 2(b) of amended agreements with Japan and Spain, respectively). The Trustee may, however, resume drawings under each of the borrowing agreements once arrears to that creditor have been discharged.

10. **Transfer of claims.** The agreements allow for the voluntary transfer of claims on the PRGT to any member of the Fund or a limited group of official-sector entities (paragraphs 9(a) and 8(a) for the new agreements with Canada and Italy, respectively, and paragraphs 7 and 8(a) for the amended agreements).
agreements with Japan and Spain, respectively) and for the temporary suspension of disbursements at any time prior to June 30, 2029, in the event of a liquidity need by the creditor (paragraphs 11 and 10 for the new agreements with Canada and Italy, respectively, and paragraphs 6 and 10 for the amended agreements with Japan and Spain, respectively).

11. **Encashment.** The agreements include the right for the contributors to seek early repayment of outstanding claims on the PRGT, pursuant to Section III, paragraph 4(b) of the PRGT Instrument, in case of balance of payments and reserve needs (“encashment”), and authorize drawings by the Trustee to fund such encashment requests of other participating creditors to any of the Loan Accounts of the PRGT. The right to encashment under the agreements is in all cases subject to the availability of resources under the borrowing agreements of other participating creditors (paragraphs 10 of the Canada 2022 Borrowing Agreement, paragraph 9 of the Italy Borrowing Agreement and the agreement with Spain, and paragraph 6 of the GTC under the 2010 NPA with Japan). Amendments to Canada’s 2017 Borrowing Agreement enable Canada to participate in the PRGT’s encashment regime (revisions to paragraphs 3 and 8(b) and insertion of a new paragraph 9).

CONCLUSION

12. **The agreements deliver on early pledges of loan resources by these contributors under the 2021 PRGT loan resources mobilization round, use SDRs in the context of SDR channeling, and represent an important step towards meeting the SDR 12.6 billion target.** Additional contributions, including from new lenders, are still needed to ensure that the PRGT remains in a position to meet PRGT-eligible members’ needs over the near and medium-term. Discussions with other lenders are ongoing and staff will keep the Executive Board informed of new developments.
Attachment I. Borrowing Agreement
Between Her Majesty in Right of Canada and the
International Monetary Fund as Trustee of the
Poverty Reduction and Growth Trust

WHEREAS, under the fast-track loan mobilization effort launched in 2020 in response to unprecedented demand for concessional financing driven by the COVID-19 pandemic and ensuing economic shocks, Her Majesty in Right of Canada represented by the Minister of Finance ("Canada") agreed to provide SDR 0.5 billion to the International Monetary Fund (the "Fund") as Trustee (the "Trustee") of the Poverty Reduction and Growth Trust (the "Trust") under the amendment to the 2017 borrowing agreement between Canada and the Fund, as Trustee of the Trust, that became effective on May 13, 2021 (the "2017 Borrowing Agreement");

WHEREAS, Canada and the Fund, as Trustee of the Trust, have reached understandings on further amendments to the 2017 Borrowing Agreement;

WHEREAS, a subsequent loan mobilization round was launched in July 2021 (the "2021 Loan Mobilization") to further facilitate the Fund’s support of the recovery of low-income countries from the COVID-19 crisis;

WHEREAS, further to the 2021 Loan Mobilization, Canada and the Fund, as Trustee of the Trust, have reached understandings on a new borrowing agreement (the "2022 Borrowing Agreement");

WHEREAS, Section III, paragraph 2 of the Instrument establishing the Trust adopted by the Executive Board of the Fund by Decision No. 8759-(87/176) ESAF, as amended (the "PRGT Instrument"), authorizes the Fund, as Trustee of the Trust, to borrow resources for the General Loan Account, the ECF Loan Account, the SCF Loan Account, and the RCF Loan Account of the Trust as specified in Section I, paragraph 2 of the PRGT Instrument (collectively, the "Loan Accounts"), subject to the provisions under the PRGT Instrument, and authorizes the Managing Director of the Fund, as Trustee of the Trust, to enter into borrowing agreements with creditors to the Loan Accounts of the Trust;

NOW, THEREFORE, Canada and the Fund, as Trustee of the Trust, agree as set out in Sections I and II below:

I. 2022 Borrowing Agreement

1. Canada agrees to lend to the Fund, as Trustee of the Trust, for the purposes of providing loan resources to the Trust in accordance with the terms of the PRGT Instrument and on the terms and conditions set out under this 2022 Borrowing Agreement.

2. The amount of the loan will be the equivalent of up to SDR 500 million.

3. (a) The Trustee may make drawings under this 2022 Borrowing Agreement at any time during the period from the effective date of this 2022 Borrowing Agreement through December 31, 2029. Unless otherwise agreed between Canada and the Trustee, the Trustee will give Canada at least five
(Ottawa) business days’ notice of its intention to draw and will provide payment instructions at least two (Fund) business days prior to the value date of the transaction by SWIFT.

(b) If any installment of principal or interest is not fully paid to Canada within a period of ten days after its due date, the Trustee will not make further drawings under this 2022 Borrowing Agreement pending consultations with Canada on the matter. However, the Trustee may resume drawings under this 2022 Borrowing Agreement once arrears to Canada have been discharged.

4. The Trustee may make drawings under this 2022 Borrowing Agreement to finance (i) loan disbursements by the Trustee under the General Loan Account of the Trust and (ii) the early repayment pursuant to Section III, paragraph 4(b) of the PRGT Instrument of the Trustee’s outstanding indebtedness under other borrowing agreements to any of the Loan Accounts of the Trust.

5. (a) The amount of each drawing will be denominated in SDRs. Unless otherwise agreed between Canada and the Trustee, the amount will be paid by Canada on the value date specified in the Trustee’s notice by transfer of SDRs to an account specified by the Trustee.

(b) At the request of Canada, the Trustee will issue to Canada a nonnegotiable certificate evidencing its claim on the Trust resulting from a drawing outstanding under this 2022 Borrowing Agreement.

6. (a) Each drawing will be repaid in accordance with the repayment schedule for loan disbursements under the facility of the Trust for which it was drawn. At the time of each drawing, the Trustee will indicate in the notice requesting the drawing the specific repayment schedule for the amount drawn. Repayments by the Trust will be made on the relevant maturity dates.

(b) By agreement between Canada and the Trustee, any drawing or part thereof may be repaid by the Trustee at any time in advance of maturity. Unless otherwise agreed between Canada and the Trustee, a request for agreement on early repayment will be made by the Trustee with at least five (Ottawa) business days’ notice.

(c) If the relevant maturity date is not a business day of the Fund, the repayment date will be on the first succeeding business day of the Fund.

7. (a) Each drawing bears interest at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of the Fund’s Articles of Agreement.

(b) The amount of interest payable in respect of each drawing will be calculated on an actual day basis and will be paid on all outstanding drawings under this 2022 Borrowing Agreement promptly after January 31, April 30, July 31 and October 31, of each year.

8. (a) Repayments of principal and payments of interest by the Trustee will be made in SDRs, or in a freely usable currency as may be agreed between the Trustee and Canada; repayments by the Trustee of principal pursuant to paragraph 10 will be made in SDRs, or in freely usable currency as may be agreed between the Trustee and Canada.
(b) Repayments and payments in SDRs by the Trustee will be made by crediting Canada’s holdings account in the Special Drawing Rights Department. Repayments and payments by the Trustee in currencies will be made to an account as agreed between the Trustee and Canada.

9. (a) Canada will have the right to transfer at any time all or part of any claim to any member of the Fund, to the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Fund’s Articles of Agreement, or to any official entity that has been prescribed as a holder of SDRs pursuant to Article XVII, Section 3 of the Fund’s Articles of Agreement.

(b) The transferee will acquire all the rights of Canada under this 2022 Borrowing Agreement with respect to repayments of principal and payments of interest on the transferred claim, except that the transferee will acquire the right to request early repayment under paragraph 10 of this 2022 Borrowing Agreement only if it is a member or the central bank or other fiscal agency of a member and, at the time of transfer, the member’s balance of payments and reserve position was considered sufficiently strong in the opinion of the Fund for its currency to be usable in transfers under the Financial Transactions Plan.

10. Canada will have the right to seek early repayment of all or part of the principal amount of its outstanding claims on the Trust pursuant to Section III, paragraph 4(b) of the PRGT Instrument if Canada represents that the balance of payments and reserve position of Canada justify the early repayment, and the Trustee, having given this representation the overwhelming benefit of any doubt, agrees. Early repayment is in all cases subject to the availability of resources under borrowing agreements to the Loan Accounts of the Trust that authorize drawings for such early repayments.

11. At the request of Canada, calls on its commitment to meet drawings may be suspended temporarily at any time prior to June 30, 2029, subject to the provisions of Section III, paragraph 4(c) and (d) of the PRGT Instrument.

12. Unless otherwise agreed between Canada and the Trustee, all transfers, exchanges, repayments of principal and payments of interest in currencies will be made at the exchange rates for the relevant currencies in terms of the SDR established by the Fund pursuant to Article XIX, Section 7(a) of the Fund’s Articles of Agreement and the rules and regulations of the Fund thereunder for the second (Fund) business day before the value date of the transfer, exchange, repayment or payment.

13. If the Fund changes the currency composition or currency weights of the SDR basket, all transfers, exchanges, repayments of principal and payments of interest made two or more (Fund) business days after the effective date of the change will be made on the basis of the new SDR basket.

14. This 2022 Borrowing Agreement is of an operational and financial nature. Any question arising hereunder will be settled by mutual agreement between Canada and the Trustee.

II. Further Amendments to the 2017 Borrowing Agreement

Canada and the Trustee agree that the 2017 Borrowing Agreement will be further amended as follows:

1. Paragraph 3 will be revised to read:
“The Trustee may make drawings under this agreement to finance (i) loan disbursements by the Trustee under the General Loan Account and (ii) the early repayment pursuant to Section III, paragraph 4(b) of the PRGT Instrument of the Trustee’s outstanding indebtedness under other borrowing agreements to any of the Loan Accounts of the Trust.

2. Paragraph 8(b) will be revised to read:

“The transferee will acquire all the rights of Canada under this agreement with respect to repayment of and interest on the transferred claim, except that the transferee will acquire the right to request early repayment under paragraph 9 of this agreement only if it is a member or the central bank or other fiscal agency of a member and, at the time of transfer, the member’s balance of payments and reserve position was considered sufficiently strong in the opinion of the Fund for its currency to be usable in transfers under the Financial Transactions Plan.”

3. A new paragraph 9 will be inserted and the following paragraphs will be renumbered accordingly:

“The Lender will have the right to seek early repayment of all or part of the principal amount of its outstanding claims on the Trust pursuant to Section III, paragraph 4(b) of the PRGT Instrument provided that (i) the Lender represents that the balance of payments and reserve position of Canada justify the early repayment, and the Trustee, having given this representation the overwhelming benefit of any doubt, agrees, and (ii) the Lender’s right under this paragraph 9 will be limited only to requesting early repayment of any outstanding loan amount drawn on or after the effective date of this agreement. Early repayment is in all cases subject to the availability of resources under borrowing agreements to the Loan Accounts of the Trust that authorize drawings for such early repayments.”

III. Effectiveness

1. This agreement may be executed in one or more duplicate counterparts, each of which will be deemed an original and both of which together will constitute but one and the same instrument.

2. The 2022 Borrowing Agreement and the further amendments to the 2017 Borrowing Agreement will become effective on June 1, 2022.
IN WITNESS WHEREOF, Canada and the International Monetary Fund, as Trustee of the Poverty Reduction and Growth Trust, have executed this agreement.

For HER MAJESTY IN RIGHT OF CANADA REPRESENTED BY THE MINISTER OF FINANCE:

______________________________
Chrystia Freeland /s
Minister of Finance

May 20, 2022
Date

For the INTERNATIONAL MONETARY FUND as Trustee:

______________________________
Kristalina Georgieva /s
Managing Director

May 26, 2022
Date
Attachment II. Borrowing Agreement
Between the Bank of Italy and
the International Monetary Fund as Trustee of the
Poverty Reduction and Growth Trust

WHEREAS, under the fast-track loan mobilization effort launched in 2020 in response to
unprecedented demand for concessional financing driven by the COVID-19 pandemic and ensuing
economic shocks, the Bank of Italy (the “Bank”) agreed to provide SDR 1 billion to the International
Monetary Fund (the “Fund”) as Trustee (the “Trustee”) of the Poverty Reduction and Growth Trust (the
“Trust”) under the borrowing agreement that became effective on January 26, 2021;

WHEREAS, a subsequent loan mobilization round was launched in July 2021 to further facilitate the
Fund’s support of the recovery of low-income countries from the COVID-19 crisis;

NOW, THEREFORE, the Bank and the Fund, as Trustee to the Trust, agree as follows:

The Bank agrees to lend to the Fund, as Trustee of the Trust, for the purposes of providing loan
resources to the Trust. Such loan resources shall be provided in accordance with the terms of the
Instrument establishing the Trust adopted by the Executive Board of the Fund by Decision No. 8759-
(87/176) ESAF, as amended (the “PRGT Instrument”), and on the terms and conditions set out below.
This agreement is based on Section III, paragraph 2 of the PRGT Instrument, which authorizes the
Managing Director to enter into borrowing agreements with creditors to the Loan Accounts of the
Trust.

1. The amount of the loan shall be the equivalent of up to SDR 1.0 billion.

2. (a) The Trustee may make drawings under this agreement at any time during the period from
the effective date of this agreement through December 31, 2029. The Trustee and the Bank, with the
consent of the Ministry of Economy and Finance of Italy, may agree to extend this agreement
through December 31, 2034. Unless otherwise agreed between the Bank and the Trustee, the Trustee
shall give the Bank at least five (Rome) business days’ notice of its intention to draw and shall provide
payment instructions at least two (Fund) business days prior to the value date of the transaction by
SWIFT.

(b) If any installment of principal or interest is not paid to the Bank within a period of ten
days after its due date, the Trustee shall not make further drawings under this agreement pending
consultations with the Bank on the matter. However, the Trustee may resume drawings under this
agreement once arrears to the Bank have been discharged.

3. The Trustee may make drawings wider this agreement to finance (i) loan disbursements by
the Trustee under the General Loan Account and (ii) the early repayment pursuant to Section III,
paragraph 4(b) of the PRGT Instrument of the Trustee’s outstanding indebtedness under other
borrowing agreements to any of the Loan Accounts of the Trust.

4. (a) The amount of each drawing shall be denominated in SDRs. Unless otherwise agreed
between the Trustee and the Bank, the amount shall be paid by the Bank on the value date specified
in the Trustee’s notice by transfer of SDRs to an account specified by the Trustee.
(b) At the request of the Bank, the Trustee shall issue to the Bank a nonnegotiable certificate evidencing its claim on the Trust resulting from a drawing outstanding under this agreement.

5. (a) Each drawing shall be repaid in accordance with the repayment schedule for loan disbursements under the facility of the Trust for which it was drawn. At the time of each drawing, the Trustee shall provide information on the specific repayment schedule for the amount drawn. Repayments by the Trust shall be made on the relevant maturity dates.

(b) By agreement between the Bank and the Trustee, any drawing or part thereof may be repaid by the Trustee at any time in advance of maturity. Unless otherwise agreed between the Bank and the Trustee, a request for agreement on early repayment shall be made by the Trustee with at least five (Rome) business days’ notice.

(c) If the relevant maturity date is not a business day of the Fund, the repayment date shall be on the first succeeding business day.

6. (a) Each drawing bears interest at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of the Fund’s Articles of Agreement.

(b) The amount of interest payable in respect of each drawing shall be calculated on an actual day basis and shall be paid on all outstanding drawings under this agreement promptly after July 31, October 31, January 31, and April 30 of each year.

7. (a) Repayments of principal and payments of interest by the Trustee shall be made in SDRs, or in a freely usable currency as may be agreed between the Trustee and the Bank; repayments by the Trustee of principal pursuant to paragraph 9 shall be made in SDRs, or in freely usable currency as may be agreed between the Trustee and the Bank.

(b) Repayments in SDRs by the Trustee shall be made by crediting Italy’s holdings account in the Special Drawing Rights Department. Repayments by the Trustee in currencies shall be made to an account as agreed between the Trustee and the Bank.

8. (a) The Bank shall have the right to transfer at any time all or part of any claim to any member of the Fund, to the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Fund’s Articles of Agreement, or to any official entity that has been prescribed as a holder of SDRs pursuant to Article XVII, Section 3 of the Fund’s Articles of Agreement.

(b) The transferee shall acquire all the rights of the Bank under this agreement with respect to repayment of and interest on the transferred claim, except that the transferee shall acquire the right to request early repayment under paragraph 9 of this agreement only if it is a member or the central bank or other fiscal agency of a member and, at the time of transfer, the member’s balance of payments and reserve position was considered sufficiently strong in the opinion of the Fund for its currency to be usable in transfers under the Financial Transactions Plan.
9. The Bank shall have the right to seek early repayment of all or part of the principal amount of its outstanding claims on the Trust pursuant to Section III, paragraph 4(b) of the PRGT Instrument if the Bank represents that the balance of payments and reserve position of Italy justify the early repayment, and the Trustee, having given this representation the overwhelming benefit of any doubt, agrees. Early repayment is in all cases subject to the availability of resources under borrowing agreements to the Loan Accounts of the Trust that authorize drawings for such early repayments.

10. At the request of the Bank, calls on its commitment to meet drawings may be suspended temporarily at any time prior to June 30, 2029, subject to the provisions of Section III, paragraph 4(c) and (d) of the PRGT Instrument.

11. Unless otherwise agreed between the Trustee and the Bank, all transfers, exchanges, and payments of principal and interest in currencies shall be made at the exchange rates for the relevant currencies in terms of the SDR established by the Fund pursuant to Article XIX, Section 7(a) of the Fund’s Articles of Agreement and the rules and regulations of the Fund thereunder for the second (Fund) business day before the value date of the transfer, exchange or payment.

12. If the Fund changes the currency composition or currency weights of the SDR basket, all transfers, exchanges, and payments of principal and interest made two or more (Fund) business days after the effective date of the change shall be made on the basis of the new SDR basket.

13. Any question arising hereunder shall be settled by mutual agreement between the Bank and the Trustee.

14. This agreement may be executed in one or more duplicate counterparts, each of which shall be deemed an original and both of which together shall constitute but one and the same instrument.

15. This agreement shall become effective on the last date written below.

[Signature Page Follows]
IN WITNESS WHEREOF, the Bank of Italy and the International Monetary Fund, as Trustee of the Poverty Reduction and Growth Trust, have executed this Agreement.

For the BANK OF ITALY:

__________________________________________  __________________________
Ignazio Visco /s  February 15, 2022
Governor  Date

For the INTERNATIONAL MONETARY FUND as Trustee:

__________________________________________  __________________________
Kristalina Georgieva /s  March 3, 2022
Managing Director  Date
Attachment III. Amendment to the Note Purchase Agreement between the Government of Japan and the Fund as Trustee of the Poverty Reduction and Growth Trust

On behalf of the Trustee of the Poverty Reduction and Growth Trust (the “PRGT”), it is proposed that the Note Purchase Agreement between the Government of Japan and the Fund, as Trustee of the PRGT, dated September 3, 2010, as amended, (the “Agreement”) be further amended as follows:

In paragraph 2 (a) of the Agreement, the total principal amount of Notes issuable under the Agreement shall be increased to the equivalent of up to SDR 8.2 billion and the reference to the requirement of a written notice from the Government of Japan for activating all of this amount shall be deleted. Accordingly, paragraph 2(a) of the Agreement shall read as follows:

“Notes in a total principal amount of up to the equivalent of SDR 8.2 billion may be issued under this Agreement.”

For the Government of Japan:

______________________________ December 24, 2021
Shunichi Suzuki /s
Minister of Finance

For the INTERNATIONAL MONETARY FUND as Trustee:

______________________________ January 12, 2022
Kristalina Georgieva /s
Managing Director

1 The signatures to effect the amendment were provided through an exchange of letters, rather than in the agreement itself.
Attachment IV. Amendment to Borrowing Agreement between the Bank of Spain and the International Monetary Fund as Trustee of the Poverty Reduction and Growth Trust

On behalf of the International Monetary Fund (the Fund), as trustee (the Trustee) of the Poverty Reduction and Growth Trust (PRGT), it is proposed that the borrowing agreement between the Bank of Spain and the Fund, as Trustee of the PRGT, dated December 17, 2009, as amended, be further amended as follows:

1. In paragraph 1, “SDR 405 million” shall be deleted and replaced with “SDR 755 million” so that the paragraph reads as follows:

   “1. The amount of the loan shall be the equivalent of SDR 755 million.”

2. In paragraph 2(a), “December 31, 2024” shall be deleted and replaced with “December 31, 2029”, and “The Trustee shall endeavor to make no more than five drawings per twelve-month period” shall be deleted so that the paragraph reads as follows:

   “2. (a) The Trustee may make drawings under this agreement at any time during the period from the effective date of this agreement through December 31, 2029. Unless otherwise agreed between Bank and the Trustee, the Trustee shall give the Bank at least five business days (Madrid) notice of its intention to draw, and shall provide payment instructions at least two Fund business days prior to the value date of the transaction by SWIFT.”

3. In paragraph 10, “June 30, 2024” shall be deleted and replaced with “June 30, 2029” so that the paragraph reads as follows:

   “10. At the request of the Bank, calls on its commitment to meet drawings may be suspended temporarily at any time prior to June 30, 2029, subject to the provisions of Section III, paragraph 4(b) and (c) of the Instrument.”
For the Bank of Spain:

______________________________   ________________________________
Pablo Hernández de Cos /s   February 22, 2022
Governor                          Date

For the INTERNATIONAL MONETARY FUND as Trustee:

______________________________   ________________________________
Kristalina Georgieva /s   March 3, 2022
Managing Director                          Date