



**SUPPLEMENT**

# **SELECTED DECISIONS**

and Selected Documents  
of the International Monetary Fund

January 31, 2021

**41ST**  
**ISSUE**  
**SUPPLEMENT**





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## PREFACE

The Fund's Legal Department has produced this Supplement to Selected Decisions and Selected Documents of the IMF, 41th Issue, with the aim of making available in convenient form selected policy decisions and documents issued after the publication of the 41th Issue but before the issuance of the forthcoming 42nd Issue. The Supplement will be published in PDF format on the external website of the Fund ([www.imf.org](http://www.imf.org)).

In this Supplement, stand-alone policy decisions and documents are reproduced in full. In the case of decisions amending other decisions, amendments generally are incorporated in the amended decisions. However, where a relatively short amendment pertains to a relatively long document, the amending decision is included as a stand-alone document. The order of documents in the Supplement follows the order of the Articles in the Fund's Articles of Agreement.

RHODA WEEKS-BROWN  
*The General Counsel*  
*Director of the Legal Department*



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## Article IV

### Exchange Arrangements and Surveillance

#### Surveillance Over Monetary Unions

##### EXTENSION OF CONSULTATION CYCLES DUE TO COVID-19 PANDEMIC—REGIONAL INSTITUTIONS RESPONSIBLE FOR COMMON POLICIES IN CURRENCY UNIONS

1. Staff hold annual discussions with the regional institutions responsible for common policies of each of: (i) the Central African Economic and Monetary Union; (ii) the Eastern Caribbean Currency Union; and (iii) the West African Economic and Monetary Union pursuant to Decision No. 13654-(06/1), Decision No. 13655-(06/1), and Decision No. 13656-(06/1), as amended, respectively. Further, there is an annual staff report and Board discussion on common policies of each of the currency unions. The next Board discussion with the regional institutions of each of the currency unions will take place within **twelve** months following the expected deadline established at the time of the last Board discussion for the respective currency union.

2. Pursuant to Decision No. 12899-(02/119), as amended, staff holds twice-yearly staff discussions with EU institutions responsible for common policies in the euro area, in the context of Article IV consultations with member countries. Further, there is an annual staff report and Board discussion on Euro Area Policies in the context of Article IV consultations with member countries. The next Board discussion on Euro Area Policies will be held within **twelve** months following the expected deadline established at the time of the last Board discussion on Euro Area Policies. **(SM/20/103, 07/07/20)**

*Decision No. 16768-(20/49),  
April 22, 2020,  
as amended by Decision No. 16848-(20/77),  
July 14, 2020*

## Surveillance Procedures

### EXTENSION OF CONSULTATION CYCLES DUE TO COVID-19 PANDEMIC—MEMBER ARTICLE IV CONSULTATIONS

Notwithstanding the provisions of Decision No. 14747-(10/96), adopted on September 28, 2010, as amended, the Article IV consultation cycle for each member shall be extended by **twelve** months. This extension shall apply only to the consultation cycle for the upcoming Article IV consultation for each member. (SM/20/103, 07/07/20)

*Decision No. 16767-(20/49),  
April 22, 2020,  
as amended by **Decision No. 16847-(20/77),  
July 14, 2020***

### FURTHER EXTENSION OF CONSULTATION CYCLES DUE TO COVID-19 PANDEMIC—TEMPORARY SUSPENSION OF FRAMEWORK TO ADDRESS EXCESSIVE DELAYS IN THE COMPLETION OF ARTICLE IV CONSULTATIONS

The Fund hereby suspends until April 22, 2021 the application of Decision No. 15106-(12/21), as amended, on the Proposed Steps to Address Excessive Delays in the Completion of Article IV Consultations. (SM/20/103, 07/07/20)

*Decision No. 16850-(20/77),  
July 14, 2020*

### FURTHER EXTENSION OF CONSULTATION CYCLES DUE TO COVID-19 PANDEMIC—TEMPORARY SUSPENSION OF ANNUAL REPORT ON FRAMEWORK TO ADDRESS EXCESSIVE DELAYS IN THE COMPLETION OF ARTICLE IV CONSULTATIONS

The Fund hereby suspends for 2020 the issuance of the Annual Report on Delayed Article IV consultations mandated by Decision No. 15765-(15/39). (SM/20/103, 07/07/20)

*Decision No. 16851-(20/77),  
July 14, 2020*

### *Capital Flows*

*The Chair's Summing Up—  
Toward an Integrated Policy Framework,  
Executive Board Meeting 20/96, September 28, 2020*

Executive Directors welcomed the opportunity to discuss the takeaways from the Integrated Policy Framework (IPF) analytical work stream. They noted that policymakers often face difficult tradeoffs in pursuing domestic and external stabilization objectives in the presence of volatile capital flows. In this context, they recognized the importance of jointly considering, under certain circumstances, the role of monetary, exchange rate (including foreign exchange intervention), macroprudential and capital flow management policies, and their interactions with each other and other policies. They noted that having a systematic framework can also help central banks employing multiple tools communicate policy decisions and enhance credibility.

Directors agreed that the IPF offers valuable analytical insights into how country characteristics, initial conditions, and the nature of shocks affect whether the use of multiple policy tools is warranted. They appreciated the breadth and depth of the analysis, including advances in modeling, extensive empirical work, and informative case studies. Directors agreed that the paper highlights the main tradeoffs in the use of multiple tools, although many Directors also stressed the importance of other considerations, including integrating fiscal policy more fully into the analysis, exploring more deeply multilateral implications or spillovers of IPF policies, extending the analysis of intertemporal tradeoffs, and deriving lessons from the COVID-19 crisis. Some Directors also suggested other potential extensions of the framework.

Directors agreed that optimal policy combinations depend on the nature of shocks, country characteristics, and initial conditions. They noted the IPF finding that in countries with flexible exchange rates, deep foreign exchange markets, and continuous market access, allowing full exchange rate adjustment to economic and financial shocks is typically optimal. A few Directors emphasized that in such cases, the findings indicate no rationale for capital flow management measures. On the other hand, Directors noted that in the presence of frictions and vulnerabilities common in emerging market and developing economies, while flexible exchange rates continue to provide

significant benefits, other tools can play a useful role for certain shocks. In particular, Directors took note of the analytical finding that macroprudential measures, foreign exchange intervention, and capital flow management measures can, under certain circumstances, help enhance monetary autonomy, improve financial and price stability, and reduce output volatility in countries with financial frictions and/or balance sheet vulnerabilities. A number of Directors highlighted the finding that the use of precautionary capital flow management measures can lower risks to financial stability under certain conditions, although a few Directors pointed out that such measures tend to become “sticky” and that policymakers’ ability to adjust them over the financial cycle needs to be taken into account.

Directors agreed that the deployment of policy tools should be guided by a clear framework and an assessment of costs and benefits. The macroeconomic and financial stabilization benefits of IPF policies need to be balanced against potential costs in terms of market development and other possible unintended consequences. The persistent use of IPF tools may perpetuate the very vulnerabilities that rationalize their deployment. Directors noted that the use of IPF tools is not a substitute for deep markets, healthy balance sheets, and strong institutions. The tools should not be used to support misaligned exchange rates or substitute for warranted macroeconomic adjustment. In this context, Directors highlighted the Fund’s role in assisting members in fostering deeper markets, strengthening institutions, and addressing underlying vulnerabilities. Directors also underscored that while models provide a useful guide, the complexity of real-life situations and tradeoffs (particularly intertemporal ones), as well as other practical challenges (such as endogeneity of policy and country conditions and determining the nature and source of shocks) suggest a need for caution and judgment in the application of IPF tools and the importance of communicating clearly the actions and objectives. Similarly, country experiences should be assessed in detail and carefully integrated in the framework.

Directors emphasized that the analysis does not support indiscriminate use of IPF tools and that the operationalization of the findings should include safeguards to minimize the risk of inappropriate use of IPF policies. Directors noted that ensuring robustness and developing metrics to assess country characteristics will be essential for translating

the framework's findings into implementable policy advice. Directors cautioned against the mechanical application of safeguards and emphasized the need for judgment when the framework is operationalized.

Directors affirmed that Fund policy advice remains guided by the Institutional View on the Liberalization and Management of Capital Flows and other existing Fund policies. In this context, they emphasized the importance of careful communication of the IPF's analytical findings, acknowledging its assumptions, limitations, and qualifications. Directors welcomed the intention to use the IPF's analytical findings as an input for the upcoming review of the Institutional View, along with the report by the Independent Evaluation Office on IMF Advice on Capital Flows.

SU/20/148  
October 1, 2020

*The Acting Chair's Summing Up—  
Review of the Debt Sustainability Framework for  
Market Access Countries,  
Executive Board Meeting 21/5, January 14, 2021*

Executive Directors welcomed the wide-ranging and comprehensive review of the Debt Sustainability Framework for Market Access Countries (MAC DSA), to be renamed "Sovereign Risk and Debt Sustainability Framework for Market Access Countries" (MAC SRDSF) to capture the full range of its analysis. Against the backdrop of rising vulnerabilities related to the pandemic, they broadly supported the proposed reforms aimed at improving the framework's capacity to predict sovereign stress, enhancing transparency and communication of its results, and aligning it with the three-zone sustainability assessment required under the exceptional access framework. Directors recognized that the framework would require some further technical fine-tuning in the run up to the preparation of the Staff Guidance Note and implementation.

Directors supported the continued application of the existing definition of debt sustainability, and most concurred that General Government (GG) debt, defined per GFSM 2014 classification, should be the default institutional coverage. A few Directors suggested that the expansion of debt coverage to GG be implemented in a phased manner,

as two-fifths of EMs currently report data for the central government only. Directors welcomed the incorporation of public sector liquid financial assets as a mitigating factor, and most Directors supported the risk-based approach under which central bank liabilities and/or SOE contingent liabilities would need to be included in the debt perimeter. However, a few Directors advised the incorporation of a broader range of public sector assets and wider adoption of net public debt concepts in the framework. Directors stressed that capacity-development support would be needed to bring country data coverage to adequate levels. A few Directors preferred the continuation of the existing 5-year time horizon in certain cases in view of large uncertainties regarding public debt projections.

Directors welcomed the expanded realism toolkit for baseline projections and tools to assess sovereign risks at three horizons: short, medium, and long term. They supported the use of the proposed new tools, with slight adjustments, to produce the probabilistic debt sustainability assessments required in Fund-supported programs and evaluate the consistency of restructuring targets with restoring sustainability in debt restructuring cases. A number of Directors emphasized the need to adequately account for the impact of climate change on sovereign risk and debt sustainability. A few Directors questioned the expansion of the existing realism toolkit to cover exchange rate analysis, especially for pegged regimes. A number of Directors expressed concern about the use of perceptions-based third-party indicators to build the institutional quality variable used in the short- and medium-term models. In addition, these Directors asked to leave adequate room for judgment and, as a cross-check, compare results using alternative indicators of institutional quality that are not perceptions-based.

Directors agreed that a sovereign risk analysis should generally be prepared in both program and surveillance contexts. In a program context, staff reports should contain the full range of risk-of-sovereign-stress outputs for the medium and long term (but not for the near term), as well as an overall risk assessment. In surveillance and precautionary arrangement cases, most Directors endorsed full disclosure of sovereign risk analysis to the Board but limited disclosure (omitting the near-term risk signal and assessment) to the public for a 12-month period, at which time full disclosure to the public would be reconsidered based on the experience gained with the new framework.

A number of Directors expressed concern about the unintended consequences from potential market sensitivities of full disclosure of sovereign risk. A number of other Directors favored moving to full disclosure of sovereign risk analysis to the public immediately. Directors noted that implementing the limited disclosure options would require a targeted modification to the Transparency Policy, which would be proposed on a lapse-of-time basis.

Directors agreed that sustainability assessments should be required for arrangements involving GRA resources (including precautionary arrangements) as well as for the PCI. While most Directors agreed that sustainability assessments should be optional in surveillance cases, a few Directors favored preparing a sustainability assessment in surveillance cases with high risk of sovereign stress, with the results disclosed to the Board but not to the public, although a few other Directors would favor public disclosure even for such cases. With respect to program cases, a range of views were expressed. Some Directors preferred maintaining the current practice by which a three-zone assessment is included in staff reports in exceptional access cases but not in normal access cases. A few Directors suggested full disclosure (to the Board and the public) of three-zone assessments in both normal and exceptional access cases. In the end, Directors could go along with disclosure to the Board of three-zone assessments in both normal and exceptional access cases, and to the public only in exceptional access cases, with experience assessed at the end of a 12-month period.

In the context of precautionary arrangements, Directors agreed that sovereign risk assessments would be informed by the baseline scenario, while sustainability assessments would be informed both by the baseline and, when appropriate, by an adverse (full drawing) scenario. They agreed that the latter would be appropriate in exceptional access cases (excluding FCL cases), if shocks triggering a drawing are not adequately captured by the medium-term tools, or when review departments have doubts about the realism of the baseline that cannot be resolved through discussions with the country team, although a few Directors stressed that the appropriate use of the new realism tools should resolve any such doubts.

While most Directors supported the proposed timeline, with a carefully planned roll-out expected for Q4 2021 or Q1 2022, some

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Directors favored a more accelerated schedule, and a few others considered the proposed timeline could be ambitious. In this context, the transition between the old and the new framework should be carefully managed to ensure consistency. Directors looked forward to the preparation of a guidance note and new templates underpinning the new framework, accompanied by early engagement with a subset of country teams to test the new tools in parallel with the current framework. They encouraged the provision of appropriate capacity development support and maintaining close engagement with the Board as the framework is implemented, as well as ensuring an effective communication strategy with member-country authorities and external stakeholders during this process.

SU/21/10  
January 22, 2021



Article V, Section 2(b)

**Technical and Financial Services**

**Technical Services**

***Financial Sector Assessment Program***

FURTHER EXTENSION OF CONSULTATION CYCLES DUE TO COVID-19  
PANDEMIC—TEMPORARY EXTENSION OF CYCLE FOR MANDATORY  
FINANCIAL STABILITY ASSESSMENTS UNDER THE FINANCIAL SECTOR  
ASSESSMENT PROGRAM

Notwithstanding the provisions of paragraph 8 of the Annex to Decision No. 15495-(13/111) adopted on December 6, 2013, it is expected that the upcoming FSSA for a member with a systemically important financial sector will be discussed by the Executive Board by no later than the first deadline for completion of an Article IV consultation with that member that follows the sixth anniversary of the date of completion of the previous Executive Board discussion of the FSSA respecting that member or, in the case of the financial sector of a territory of a member, the first deadline for completion of an Article IV consultation discussion with respect to that territory by the Executive Board that follows the sixth anniversary of the date of completion of the previous Executive Board discussion of the FSSA respecting the financial sector of that territory. (SM/20/103, 07/07/20)

*Decision No. 16849-(20/77),  
July 14, 2020*

## Article V, Section 3(a), (b), and (c)

### Use of Fund Resources

#### *Conditionality*

*The Acting Chair's Summing Up—  
Reform of the Policy on Public Debt Limits in IMF-Supported Programs,  
Executive Board Meeting 20/103, October 28, 2020*

Executive Directors welcomed the opportunity to revisit the Debt Limits Policy (DLP), which guides the use of quantitative limits on public debt in Fund-supported programs. They observed that this review is taking place when many countries are experiencing heightened debt vulnerabilities, aggravated by the COVID-19 shock, and a changing creditor landscape, with concessional financing becoming scarcer relative to countries' investment needs.

Directors agreed that, since the last DLP review in 2014, the policy has generally worked well, while noting that there is room to improve its effectiveness. They noted that public debt vulnerabilities have been contained within Fund-supported programs but recognized that challenges to the effectiveness of the policy remain. These include: (i) the migration of debt-related risks off balance sheet and general debt transparency issues; (ii) unwarranted impediments to a broader use of debt limits set in present value (PV) terms by countries normally relying on concessional financing that are at moderate risk of debt distress; (iii) some design weaknesses for countries that normally rely on concessional financing but have recently started accessing international financial markets on a significant scale; and (iv) issues with the definition of concessionality. Directors saw a need for reforms that would provide countries with more flexibility to manage public borrowing to finance development needs, with appropriate safeguards to preserve or restore debt sustainability. In this context, they underscored the important role of capacity development (CD) and encouraged continued collaboration with CD partners, including the World Bank.

Directors concurred with the need to enhance debt data disclosure to the Fund to improve program design, including regarding

the specification of debt limits. They supported the introduction of an explicit expectation that critical debt data disclosure gaps should be addressed in Fund-supported programs upfront, premised on a risk-based approach. Directors agreed that disclosure to Fund staff would only be expected to lead to conditionality if the vulnerability revealed by such disclosure is deemed critical for achieving the goals of the Fund-supported program or for monitoring its implementation. They also noted that information on creditor composition can help strengthen program design and contribute to the broader goal of improving debt transparency. Directors therefore supported the requirement that program documents include a table with a profile of the holders of the country's public debt, calling for the provision of supporting technical assistance where needed. Many Directors called for the table to include debt service in addition to debt stock, wherever feasible. They also requested that debt subject to non-disclosure agreements be included in a special line item in the table. In addition, many Directors called for further work on clarity in defining the distribution of "commercial" and "official" creditors in the context of the upcoming review of the arrears policy. Directors agreed that missing elements would be expected to be filled in, at the latest, by the time of the second review of the program. Nonetheless, publication of such data must be consistent with the Fund's legal framework for the treatment of confidential information as well as the Fund's transparency policy. A few Directors considered that additional debt conditionality could be burdensome and underscored that it should be applied in an evenhanded manner and only if it is deemed critical.

Directors agreed that for countries that normally rely on concessional financing but have access to international financial markets on a significant scale, using a tailored approach and better alignment of conditionality with the country's financing mix and program design is needed. They supported the reform proposal that, where such countries are assessed to be at moderate or high risk or in debt distress, a performance criterion on the accumulation of public and publicly-guaranteed external debt, specified in present value (PV) terms, would be the default choice, with the possibility of alternative formulations where warranted to better address critical vulnerabilities. Directors agreed that, to be eligible for such treatment, countries should meet the requirements specified in SM/20/157 (page 29): having had significant access to international financial markets in recent years or access to these markets

being a key element of the program, and also having a demonstrated capacity to manage significant levels of market borrowing.

Directors agreed that broadening the use of PV limits should be expanded for countries that normally rely on concessional financing and do not have significant access to international financial markets, and that are assessed at moderate risk of debt distress. In their view, most members can be expected to have adequate capacity to monitor conditionality on aggregate debt levels in a manner that allows use of debt limits specified in PV terms. Directors agreed that where the member's capacity to monitor debt conditionality on aggregate debt levels is not assessed to be adequate, the specification of debt conditionality as a limit on non-concessional borrowing (NCB) in nominal terms, and a memo item as a limit on concessional borrowing in nominal terms, should be retained. They agreed that capacity would be assessed in consultation with authorities and where relevant, informed by past experience on the quality of the member's debt monitoring. Directors supported higher scrutiny of borrowing plans for countries at moderate risk of debt distress with limited space as an additional safeguard.

Directors concurred that the presumption of a zero NCB limit should be retained for countries that normally rely on concessional financing without significant access to international financial markets and that are assessed to be at high risk of debt distress or in debt distress. They supported the proposals for providing greater clarity on the circumstances under which exceptions to the zero NCB rule would be accommodated. These include proposals on: (i) use of the signal-based approach for determining when a project is integral to the authorities' national development program and for which concessional financing is not available; (ii) debt management operations; and (iii) repeated NCB exceptions. Directors agreed with the requirement, in these circumstances, to include an indicative target on public external borrowing specified in PV terms to safeguard debt sustainability. Many Directors called for caution in granting exceptions, indicating that these should be limited to projects that credibly generate good social and economic return and contribute to reducing overall debt vulnerabilities.

Directors supported the proposed adjustments to the definitions of concessionality, including to help prevent circumvention of debt limits. They concurred that blended financing arrangements that include the

provision of a financially significant amount of grants-in-kind be treated as non-concessional. A few Directors urged staff to exclude grants-in-kind where fair value has been assessed from this treatment. Directors agreed that financing involving unrelated collateralized debt—e.g., general budgetary borrowing collateralized with future commodity export revenues—should be treated as non-concessional and many Directors encouraged borrowers and creditors to carefully consider the hidden costs inherent in these financing arrangements. They concurred that this reform would address potential circumvention problems that could in turn lead to a build-up of debt vulnerabilities. Directors generally supported the application of a single definition of concessionality (35 percent) to all cases, agreeing that a higher concessionality threshold would still be allowed in cases when this is deemed to be an integral part of restoring debt sustainability.

Directors agreed that the reform proposals would provide incentives to improve debt management capacity. They encouraged the continued use of structural conditionality when significant weaknesses in debt management capacity are identified in consultation with authorities, in a manner consistent with the Fund's Guidelines on Conditionality. Directors noted that, in some cases, timely capacity development support (including through technical assistance provided by Fund staff or through other providers, where available), will be needed to improve debt management capacity.

Directors underscored the importance of close alignment between the Fund's DLP and the World Bank's Sustainable Development Finance Policy. They agreed that the DLP should take effect following the issuance of a staff guidance note as specified in the proposed decision, with expected effectiveness in March 2021. Directors noted that a review of the experience in implementing this new policy would be conducted no later than five years after the entrance into effect of the new policy, with an update to the Board on the implementation of this policy no later than two years after the date of effectiveness. In addition, they called for an effective outreach strategy to ensure that the reformed policy is clearly understood by stakeholders. Many Directors encouraged all official creditors to engage with Paris Club and to follow responsible and transparent lending practices.

SU/20/157  
November 4, 2020

***Credit Tranche Policies and Facilities***

*The Chair's Summing Up—  
Fund's Pandemic Response—Lending Options to Support Members  
During the Next Stage of the Crisis,  
Executive Board Meeting 20/95, September 25, 2020*

Executive Directors welcomed the opportunity to discuss the Fund's lending options to support members during the next stage of the Covid-19 pandemic crisis. They recognized the unprecedented magnitude of the crisis and the challenges it poses to Fund lending. They agreed that, following the swift temporary enhancement of emergency financing and its wide deployment early in the pandemic, the focus during the stabilization and recovery stages should shift to upper credit tranche-quality programs, tailored to the unique nature of the pandemic and associated uncertainty. While recognizing that higher risk tolerance is inevitable to help address members' balance of payments needs, Directors emphasized the importance of mitigating these risks with additional safeguards.

Directors broadly endorsed a number of considerations and approaches to deliver the necessary flexibility in Fund-supported programs in light of the exceptional uncertainty, while also ensuring evenhandedness in the use of Fund resources by the membership. They noted that such programs are likely to comprise two broad phases: macroeconomic stabilization in the initial phase, focused on supporting domestic demand and key structural reforms; followed by a more comprehensive adjustment to resolve balance of payments difficulties. Directors noted that uncertainty related to the longer-term effects of the pandemic may warrant a gradual broadening of the policy agenda and conditionality under the program, with an appropriate prioritization and sequencing of reforms, while remaining consistent with the guidelines on conditionality. They generally saw merit in greater use of indicative targets and fewer quantitative performance criteria in the initial stages, and a shift to their broader use as uncertainty abates. However, a few Directors cautioned that such a review-centric approach should not lead to a weakening of conditionality. Directors also supported greater use of contingency planning.

Directors underscored the importance of ensuring the catalytic role of Fund financing and safeguarding Fund resources. They called

for close scrutiny of public debt sustainability and broadly supported the focus on debt operations where needed. They also called for securing strong commitment by the member to cooperate with the Fund to find a solution to its balance of payments difficulties, and to broaden the policy and reform agenda as more clarity emerges on the extent of needed adjustments and reforms. Directors also stressed the need to ensure the transparent use of Fund resources.

Directors expressed a variety of views on the role of structural reforms in the design and implementation of Fund-supported programs. They agreed that structural reforms critical to program success should be included from the early stages of the program. Many Directors favored a gradual broadening of structural conditionality given uncertainties and institutional capacity considerations. Other Directors stressed the importance of early structural reforms, including where the pandemic had exposed new weaknesses and amplified pre-existing ones. Many Directors highlighted the need to include governance and anti-corruption reforms early on, where these are critical to the success of the program.

In considering options for carrying out Fund lending during the pandemic crisis, Directors underlined the importance of preserving the coherence of the existing lending toolkit. To that end, they noted that the exceptional flexibility in program design and the additional safeguards necessary to mitigate the related risks should be limited to the duration of the pandemic. They also emphasized the need to choose the instrument appropriate for each country's circumstance. Directors generally viewed that, while emergency financing would remain available for qualifying members, the next phase of the crisis will call for the use of tailored Fund-supported programs with upper credit tranche conditionality.

Directors expressed a range of views on the options involving Fund arrangements, acknowledging their potential advantages and drawbacks. Many Directors favored, or were open to, the establishment of a temporary Pandemic Support Facility (PSF), on grounds of its design tailored to the pandemic-related balance of payments needs, its ability to ringfence the existing lending toolkit, and its scope to mitigate stigma associated with Fund lending. However, many other Directors questioned the potential demand for a new facility, preferring

to avoid even a temporary proliferation of lending instruments, and noted that the existing lending toolkit offers sufficient flexibility to incorporate desirable features and safeguards in current exceptional circumstances. Most Directors were also open to further consideration of creating a temporary pandemic window under the Extended Fund Facility (EFF), with adequate safeguards and a clearly-defined sunset clause. They recognized that such a window would serve members with clear structural adjustment needs, requiring well-prioritized and appropriately sequenced structural reforms to address balance of payments problems over both the short and medium term. Some Directors would not rule out the need for a second round of emergency financing.

On balance, Directors remained open to further engagement, with a view to building sufficient support for possible reforms to the lending toolkit and assessing the potential demand for the temporary facility. Recognizing that time is critical during the synchronized global downturn, Directors generally considered it practical to rely for now on the flexibility under the existing lending toolkit and policies, while work continues on exploring the feasibility of establishing a temporary pandemic window under the EFF or a new PSF that could attract broad support. Directors looked forward to discussing possible options with similar flexibility and safeguards under the PRGT as part of the ongoing review of concessional lending and funding needs.

SU/20/146

September 30, 2020

***Access Policy***

*The Acting Chair's Summing Up—*

*Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined*

*GRA-PRGT Exposure,*

*Executive Board Meeting 20/91, September 9, 2020*

Executive Directors welcomed the opportunity to discuss new policy safeguards to mitigate financial risks to the PRGT and to the GRA, respectively, that arise from a member having high combined credit from these two sources of financing. They generally agreed on the need for appropriate scrutiny for such cases, and on ensuring a more consistent application of policy safeguards in Fund lending.



Directors broadly supported the proposed policy safeguards, which would apply to any Fund member with combined access to GRA and PRGT resources that exceeds quota-based thresholds set at the same level that triggers the exceptional access framework of the GRA, and agreed that the assessment of the three criteria will apply at the time of approval of financing requests as specified in the proposed decision and at reviews in the context of arrangements. They agreed that, by introducing new policy safeguards requiring more scrutiny on requests for high combined access levels not currently covered by the Fund's exceptional access frameworks, the new policy would help to mitigate financial risks to the PRGT and GRA, respectively.

Some Directors highlighted that the Fund should be cautious about lending exceptionally large amounts, in particular, when debt is already at high risk of distress, and particularly without debt restructuring and/or debt relief in place to restore debt sustainability. Many Directors underscored the importance of ensuring that the Fund can adequately support PRGT-eligible members, including through the use of blended concessional and non-concessional financing, and particularly during these exceptional times.

A number of Directors noted that combined high access requests—like exceptional access—are expected to be exceptional, emphasizing the catalytic role of the Fund. They also underscored that, given the financial benefits, staff should continue to advise PRGT-eligible countries to use concessional financing under the PRGT up to the applicable access limits before accessing resources in the GRA.

Many Directors expressed concern that application of the criterion that a member's policy program provides a reasonably strong prospect of success could preclude members with limited institutional capacity from accessing Fund resources in amounts above the thresholds for high combined GRA and PRGT credit. They underscored the importance of giving support and attention, in particular through capacity development, to those countries facing challenges with institutional capacity.

Some Directors emphasized the need for careful communication, which highlights that the new safeguards are not intended to constrain access to Fund resources.

SU/20/142  
September 14, 2020

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### POLICY SAFEGUARDS FOR COUNTRIES SEEKING ACCESS TO FUND FINANCIAL SUPPORT THAT WOULD LEAD TO HIGH LEVELS OF COMBINED GRA—PRGT EXPOSURE

1. Subject to paragraphs 5 and 6 below, and with a view to enhancing safeguards for the use of resources in the General Resources Account (GRA) and the Poverty Reduction and Growth Trust (PRGT), respectively, the Fund will not approve any of the following financing requests in the GRA or under the PRGT in an amount above the High Combined GRA and PRGT Credit Thresholds defined in paragraph 2 below, unless it is satisfied that the criteria set forth in paragraph 3 below and the procedural requirements set forth in paragraph 4 below are met:

- (i) a new arrangement in the GRA or under the PRGT;
- (ii) a purchase under the Rapid Financing Instrument (RFI) or a loan under the Rapid Credit Facility (RCF);
- (iii) an augmentation of access under an arrangement in the GRA or under the PRGT; or
- (iv) a rephasing of scheduled purchases or disbursements under an arrangement approved after September 9, 2020 when access under the arrangement has not previously exceeded the thresholds specified in paragraph 2.

2. For the purpose of this Decision, High Combined GRA and PRGT Credit (hereinafter “HCC”) arises when a member’s annual or cumulative access (net of scheduled repurchases and repayments) to the sum of resources in the GRA and under the PRGT exceeds, in quota terms, the equivalent of the annual or the cumulative limit (net of scheduled repurchases) applicable to the access by members to GRA resources set forth in paragraph 2 of Decision No. 14064-(08/18), adopted February 22, 2008, as amended (hereinafter the “HCC Thresholds”). The HCC Thresholds shall adjust automatically to any changes in the access limits set forth in Decision No. 14064-(08/18), adopted February 22, 2008, as amended (hereinafter, the “GRA Access Decision”).

3. Subject to paragraph 5 below, the criteria that must be satisfied for purposes of paragraph 1 of this Decision are as follows:

## USE OF FUND RESOURCES

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(a) The member is experiencing or has the potential to experience exceptional balance of payments pressures on the current account or capital account, resulting in a need for Fund financing that cannot be met without giving rise to access in excess of the HCC Thresholds.

(b) Risks to the sustainability of public debt are adequately contained, which shall be evidenced by, and subject to, the standards set forth below:

A. For members subject to the Bank-Fund Debt Sustainability Framework for Low-Income Countries (the “LIC-DSF”):

I. A rigorous and systematic analysis indicates that there is a high probability that the member’s public debt is sustainable in the medium term. This is generally considered to be met for countries that are assessed under the LIC-DSF to be at low or moderate overall risk of public debt distress; or

II. Where the member’s public debt is assessed to be sustainable but not with high probability (which includes cases where the member’s overall risk of public debt distress is assessed to be high or in debt distress), or where the member’s debt is assessed to be unsustainable *ex ante*, access to resources in excess of the HCC Thresholds will only be made available if the combination of the member’s policies and financing from sources other than the Fund, which may include debt restructuring, restores public debt sustainability with high probability (generally considered to be met for countries that are assessed under the LIC-DSF to be at low or moderate overall risk of public debt distress) (i) within 36 months from Board approval in the case of a new Fund arrangement, purchase under the RFI or loan under the RCF, or within the period of the new arrangement, whichever is longer, or (ii) within the remaining period of an arrangement, in cases where the Board approves a request for an augmentation or a rephasing of access under the arrangement.

B. For members subject to assessments of debt sustainability under the Debt Sustainability Framework for Market Access Countries, this

## SELECTED DECISIONS AND SELECTED DOCUMENTS

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criterion will be met where a rigorous and systematic analysis indicates that the same debt sustainability requirements that apply to exceptional access in the GRA, set forth in paragraph 3(b) of the GRA Access Decision and in BUFF/16/9 (1/27/2016), are met.

(c) The member's policy program provides a reasonably strong prospect of success, including not only the member's adjustment plans but also its institutional and political capacity to deliver that adjustment.

4. Subject to paragraph 5 below, the procedural requirements regarding Board consultations, staff reports and ex post evaluations as set forth in Annex I of SM/20/137 shall apply to cases involving access in excess of the HCC Thresholds.

5. In cases involving access above the HCC Thresholds and exceptional access to GRA resources and/or high access or exceptional access to PRGT resources, the following shall apply:

(a) Where in the context of a financing request specified in paragraph 1, a member's combined access to resources in the GRA and under the PRGT would exceed any of the HCC Thresholds, and the GRA portion of such access would also exceed the annual or cumulative access limit to GRA resources, the criteria set forth in paragraph 3 of this Decision shall not apply and the criteria applicable to exceptional access to GRA resources set forth in paragraph 3 of the GRA Access Decision (the "GRA Criteria") shall apply; the procedural requirements set forth in paragraph 4 of this Decision and the procedural requirements for exceptional access in the GRA shall both apply in such cases.

(b) Where in the context of a financing request specified in paragraph 1, a member's combined access to resources in the GRA and under the PRGT would exceed any of the HCC thresholds and the PRGT portion of such access would also exceed the normal annual or cumulative access limit to PRGT resources, the criteria set forth in paragraph 3 of this Decision shall apply, and the criteria set forth in Section II, Paragraph 2(a) of the PRGT Instrument annexed to Decision No. 8759-(87/176) ESAF, adopted December 18, 1987, as

## USE OF FUND RESOURCES

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amended (the “PRGT Criteria”) shall also apply for access to PRGT resources above the PRGT normal access limits. In such cases, the procedural requirements set forth in paragraph 4 of this Decision and the procedural requirements for exceptional access to PRGT resources shall both apply.

(c) Where in the context of a financing request specified in paragraph 1, a member’s combined access to resources in the GRA and under the PRGT would exceed any of the HCC Thresholds and also the respective annual or cumulative access limits in the GRA and under the PRGT, the criteria set forth in paragraph 3 of this Decision shall not apply, and the GRA criteria shall apply, in addition to the application of the PRGT criteria for access to PRGT resources above the PRGT normal access limit. In such cases, the procedural requirements set forth in paragraph 4 of this Decision shall not apply, and both the procedural requirements for exceptional access in the GRA and for exceptional access to PRGT resources shall apply, respectively.

(d) Where in the context of a financing request specified in paragraph 1, a member’s combined access to resources in the GRA and under the PRGT would exceed any of the HCC Thresholds and also the thresholds that give rise to high access in the PRGT, the criteria set forth in paragraph 3 of this Decision shall apply, and the procedural requirements for high access in the PRGT and the procedural requirements set forth in paragraph 4 of this Decision shall also apply.

6. Access to GRA resources that is limited to the first credit tranche in the GRA shall not be included in calculating the HCC thresholds. Moreover, the framework for HCC set out in this decision shall not apply to financing approved to support the clearance of protracted arrears in the context of the HIPC Initiative for any access equivalent to amounts covered by HIPC Initiative debt relief. (SM/20/137, Sup. 3, 09/08/20)

*Decision No. 16873-(20/91),  
September 9, 2020*

*The Acting Chair's Summing Up—  
Review of Enhanced Access Limits  
Under the Rapid Credit Facility and Rapid Financing Instrument,  
Executive Board Meeting 20/96, September 28, 2020*

Executive Directors welcomed the review of enhanced access limits under the Fund's emergency financing instruments. They supported the proposal for a six-month extension of higher access limits under the regular window of the RFI and the exogenous shocks window of the RCF, with annual and cumulative access limits remaining at 100 percent of quota and 150 percent of quota, respectively, through April 6, 2021. There was broad agreement that the extension was justified to provide the Fund with flexibility to support urgent balance of payments needs, in the context of persistent pandemic-related economic disruptions. Directors also supported the proposal to extend the temporary suspension of the procedures for high access RCF requests through April 6, 2021.

Many Directors emphasized the importance of implementing appropriate governance safeguards to mitigate the misuse of emergency financing, and welcomed staff's guidance encouraging commitments related to audits and procurement.

Most Directors underscored that it will be important for countries to increasingly seek financial assistance under Upper Credit Tranche Fund arrangements rather than emergency financing, in line with discussions of the Lending Strategy and as the immediate economic impact of the pandemic abates.

Directors concurred that the temporary increase in access limits under emergency financing will be assessed as part of the wider review of the temporary changes in annual access limits in the GRA and PRGT introduced since the onset of pandemic, which is expected to be considered by the Executive Board by end-December 2020. Some Directors also called for a review of cumulative access limits.

SU/20/147  
October 1, 2020

## Article VII

### **Borrowing**

#### NEW ARRANGEMENTS TO BORROW

##### *Preamble*

In order to enable the International Monetary Fund (the “Fund”) to fulfill more effectively its role in the international monetary system, a number of countries with the financial capacity to support the international monetary system have agreed to provide resources to the Fund up to specified amounts in accordance with the terms and conditions of this decision. As the Fund is a quota-based institution, the credit arrangements provided for under the terms of this decision shall only be drawn upon when quota resources need to be supplemented in order to forestall or cope with an impairment of the international monetary system. In order to give effect to these intentions, the following terms and conditions are adopted under Article VII, Section 1(i) of the Fund’s Articles of Agreement.

##### Paragraph 1. *Definitions*

(a) As used in this decision the term:

- (i) “amount of a credit arrangement” means the maximum amount expressed in special drawing rights that a participant undertakes to make available to the Fund under a credit arrangement;
- (ii) “Articles” means the Articles of Agreement of the Fund;
- (iii) “available commitment” means a participant’s credit arrangement less any drawn and outstanding balances;
- (iv) “borrowed currency” or “currency borrowed” means currency transferred to the Fund’s account under a credit arrangement;

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- (v) “call” means a notice by the Fund to a participant to make a transfer under its credit arrangement to the Fund’s account;
  - (vi) “credit arrangement” means an undertaking to provide resources to the Fund on the terms and conditions of this decision;
  - (vii) “currency actually convertible” means currency included in the Fund’s financial transactions plan for transfers;
  - (viii) “drawer” means a member that purchases borrowed currency from the General Resources Account of the Fund;
  - (ix) “indebtedness of the Fund” means the amount the Fund is committed to repay under a credit arrangement;
  - (x) “member” means a member of the Fund;
  - (xi) “participant” means a participating member or a participating institution;
  - (xii) “participating institution” means an official institution of a member that has entered into a credit arrangement with the Fund with the consent of the member; and
  - (xiii) “participating member” means a member that has entered into a credit arrangement with the Fund.
- (b) For the purposes of this decision, the Monetary Authority of Hong Kong (the “HKMA”) shall be regarded as an official institution of the member whose territories include Hong Kong, provided that:
- (i) loans by the HKMA and payments by the Fund to the HKMA under this decision shall be made in the currency of the United States of America, unless the currency of another member is agreed between the Fund and the HKMA;
  - (ii) the references to balance of payments and reserve position in paragraphs 5(c), 6(b), 6(c), 7(a), and 11(e) shall be understood



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to refer to the balance of payments and reserve position of Hong Kong. The HKMA shall not be eligible to vote on a proposal for activation under paragraph 5(c), included in a resources mobilization plan under paragraph 6(b), or subject to calls under paragraph 7(a), and shall be excluded from calls in accordance with paragraph 6(c), if, at the time of voting on any such proposal, approval of any such resource mobilization plan, or making of any such call, the HKMA notifies the Fund that Hong Kong's present and prospective balance of payments and reserve position does not allow it to meet calls under its credit arrangement; and

- (iii) the HKMA shall have the right to request early repayment in accordance with paragraph 13(c) with respect to claims transferred to the HKMA if at the time of the transfer the balance of payments position of Hong Kong is, in the opinion of the Fund, sufficiently strong to justify such a right.

### Paragraph 2. *Credit Arrangements*

(a) A member or institution that adheres to this decision undertakes to provide resources to the Fund on the terms and conditions of this decision up to the amount in special drawing rights set forth in Annex I to this decision ("Annex I"), which may be amended from time to time in order to take into account changes in credit arrangements resulting from the application of paragraphs 3(b), 4, 15(b), 16, 17, and 19(b).

(b) Except as set forth in paragraph 1(b)(i) or otherwise agreed with the Fund, resources provided to the Fund under this decision shall be made in the currency of the participant. Agreements under this paragraph for the use of the currency of another member shall be subject to the concurrence of any member whose currency shall be used.

### Paragraph 3. *Adherence*

(a) Any member or institution specified in Annex I as a new participant may adhere to this decision in accordance with paragraph 3(c).

(b) Any member or institution not specified in Annex I, may apply to become a participant at any time. Any such member or institution that wishes to become a participant shall, after consultation with the Fund, give notice of its willingness to adhere to this decision, and, if the Fund and participants representing 85 percent of total credit arrangements shall so agree, the member or institution may adhere in accordance with paragraph 3(c). When giving notice of its willingness to adhere under this paragraph 3(b), a member or institution shall specify the amount, expressed in special drawing rights, of the credit arrangement which it is willing to enter into, provided that the amount shall not be less than the credit arrangement of the participant with the smallest credit arrangement. The admission of a new participant shall lead to a proportional reduction in the credit arrangements of all existing participants whose credit arrangements are above that of the participant with the smallest credit arrangement: such proportional reduction in the credit arrangements of participants shall be in an aggregate amount equal to the amount of the new participant's credit arrangement less any increase in total credit arrangements decided in accordance with paragraph 4(a), provided that no participant's credit arrangement shall be reduced below the minimum amount set out in Annex I.

(c) A member or institution shall adhere to this decision by depositing with the Fund an instrument setting forth that it has adhered in accordance with its law and has taken all steps necessary to enable it to carry out the terms and conditions of this decision. On the deposit of the instrument the member or institution shall be a participant as of the date of the deposit.

Paragraph 4. *Changes in Amounts of Credit Arrangements*

(a) When a member or institution is authorized under paragraph 3(b) to adhere to this decision, the total amount of credit arrangements may be increased by the Fund with the agreement of participants representing 85 percent of total credit arrangements; the increase shall not exceed the amount of the new participant's credit arrangement.

(b) The amounts of participants' individual credit arrangements may be reviewed from time to time in the light of developing

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circumstances and changed with the agreement of the Fund and of participants representing 85 percent of total credit arrangements, including each participant whose credit arrangement is changed. This provision may be amended only with the consent of all participants.

### Paragraph 5. *Activation Period*

(a) When the Managing Director considers that the Fund's resources available for the purpose of providing financing to members from the General Resources Account need to be supplemented in order to forestall or cope with an impairment of the international monetary system, and after consultations with Executive Directors and participants, the Managing Director may make a proposal for the establishment of an activation period during which the Fund may (i) make commitments under Fund arrangements for which it may make calls on participants under their credit arrangements, and (ii) fund outright purchases by making calls on participants under their credit arrangements; provided that an activation period shall not exceed 6 months, and provided further that the amount covered by calls to fund such commitments under arrangements and outright purchases shall not exceed the maximum amount specified in the proposal. The proposal for the establishment of an activation period shall include information on (i) the overall size of possible Fund arrangements on which discussions are advanced, (ii) the balance between arrangements that are expected to be drawn upon and arrangements that are expected to be precautionary, (iii) additional financing needs that, in the opinion of the Managing Director, may arise during the proposed activation period, and (iv) the mix of quota and NAB resources for purchases from the General Resources Account in the period following the approval of an activation period. The information will be updated quarterly during an activation period.

(b) If there is not unanimity among the participants, the question whether the participants are prepared to accept the Managing Director's proposal for the establishment of an activation period in accordance with paragraph 5(a) will be decided by a poll of the participants. A favorable decision shall require an 85 percent majority

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of total credit arrangements of participants eligible to vote. The decision shall be notified to the Fund.

(c) A participant shall not be eligible to vote if, based on its present and prospective balance of payments and reserve position, the member is not included in the financial transactions plan for transfers of its currency at the time of the decision on a proposal for an activation period.

(d) An activation period shall become effective only if it is accepted by participants pursuant to paragraph 5(b) and is then approved by the Executive Board.

### Paragraph 6. *Resource Mobilization Plans and Calls*

(a) To fund outright purchases during an activation period and commitments under arrangements approved during an activation period, calls under individual credit arrangements of participants may be made on the basis of resource mobilization plans approved by the Executive Board in conjunction with the financial transactions plan for the General Resources Account, normally on a quarterly basis for periods where the New Arrangements to Borrow is activated and for periods up to six months where the New Arrangements to Borrow is not activated. Such resource mobilization plans shall specify for each participant the maximum amount for which calls may be made during the applicable period. The Executive Board may at any time amend such a plan to change the maximum amounts and period for calls. With respect to the allocation of the maximum amounts among participants, the resource mobilization plan shall normally establish an allocation that would result in the available commitments of participants being of equal proportion relative to their credit arrangements.

(b) A participant shall not be included in the resource mobilization plan when, based on its present and prospective balance of payments and reserve position, the member is not included and is not being proposed by the Managing Director to be included in the list of countries in the financial transactions plan for transfers of its currency.

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(c) Calls during the period of a resource mobilization plan shall be made on participants by the Managing Director with due regard to the objective specified in paragraph 6(a) of achieving available commitments of participants that are of equal proportion relative to their credit arrangements. No call shall be made on a participant that has been included in the resource mobilization plan if, at the time of such call, the member's currency is not being used in transfers under the financial transactions plan because of the member's balance of payments and reserve position.

(d) When the Fund makes a call pursuant to this paragraph 6, the participant shall promptly make the transfer in accordance with the call.

### Paragraph 7. *Procedures for Special Calls*

(a) Calls pursuant to paragraph 11(e) may be made at any time with due regard to the objective specified in paragraph 6(a) of achieving available commitments of participants that are of equal proportion relative to their credit arrangements, provided that no such call shall be made on a participant, when, based on its present and prospective balance of payments and reserve position, the member is not included and is not being proposed by the Managing Director to be included in the list of countries in the financial transactions plan for transfers of its currency or, if the member has been included in the financial transactions plan, when, at the time of such call, the member's currency is not being used in transfers under such plan because of the member's balance of payments and reserve position. Calls under this paragraph 7(a) shall not be subject to the procedures set forth in either paragraph 5 or paragraph 6.

(b) Calls pursuant to paragraph 23 may be made at any time; they shall not be subject to the procedures set forth in either paragraph 5 or paragraph 6.

(c) When the Fund makes a call pursuant to this paragraph 7, the participant shall promptly make the transfer in accordance with the call.

Paragraph 8. *Nature and Evidence of Indebtedness*

(a) A participant's claim on the Fund arising from calls under this decision shall be in the form of a loan to the Fund; provided that, at the request of a participant, the Fund shall issue to the participant and the participant shall purchase, for up to the amount of any call on that participant, one or more promissory notes (each a "Note" or together the "Notes") that have the same substantive terms as loans extended under this decision and are subject to the General Terms and Conditions for NAB Notes set forth in Annex II to this decision (the "GTC"). The GTC may be amended by a decision of the Fund with the agreement of participants representing 85 percent of total credit arrangements, provided that any amendment of the GTC shall be consistent with the terms of this decision. The amended GTC shall apply upon effectiveness to all outstanding Notes issued under this decision.

(b) In cases where a participant's claim on the Fund is in the form of a loan, the Fund shall issue to the participant, at its request, instruments evidencing the Fund's indebtedness. The form of the instruments shall be agreed between the Fund and the participant. Upon repayment of the amount of any such instrument and all accrued interest, the instrument shall be returned to the Fund for cancellation. If less than the amount of any such instrument is repaid, the instrument shall be returned to the Fund and a new instrument for the remainder of the amount shall be substituted with the same maturity date as in the old instrument.

(c) In cases where a participant's claim on the Fund is in the form of Notes, such Notes shall be issued in book entry form. Upon the request of a participant, the Fund shall issue a registered Note substantially in the form as set out in the Appendix to the GTC. Upon repayment of any Note and all accrued interest, the Note shall be returned to the Fund for cancellation. If less than the amount of any such Note is repaid, the Note shall be returned to the Fund and a new Note for the remainder of the amount shall be substituted with the same maturity date as in the old Note.

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### Paragraph 9. *Interest*

(a) The Fund shall pay interest on its indebtedness under this decision at a rate equal to the combined market interest rate computed by the Fund from time to time for the purpose of determining the rate at which it pays interest on holdings of special drawing rights or any such higher rate as may be agreed between the Fund and participants representing 85 percent of the total credit arrangements.

(b) Interest shall accrue daily and shall be paid as soon as possible after each July 31, October 31, January 31, and April 30.

(c) Interest due to a participant shall be paid, as determined by the Fund in consultation with the participant, in special drawing rights, in the participant's currency, in the currency borrowed, in freely usable currencies, or, with the agreement of the participant, in other currencies that are actually convertible.

### Paragraph 10. *Use of Borrowed Currency*

The Fund's policies and practices under Article V, Sections 3 and 7 of the Articles on the use of its general resources, including those relating to the period of use, shall apply to purchases of currency borrowed by the Fund. Nothing in this decision shall affect the authority of the Fund with respect to requests for the use of its resources by individual members, and access to these resources by members shall be determined by the Fund's policies and practices, and shall not depend on whether the Fund can borrow under this decision.

### Paragraph 11. *Repayment by the Fund*

(a) Subject to the other provisions of this paragraph 11, the Fund, ten years after a transfer by a participant in response to a call under this decision, shall repay the participant an amount equivalent to the transfer calculated in accordance with paragraph 12. If a drawer for whose purchase resources were made available under this decision repurchases on a date earlier than ten years after its purchase, the Fund shall repay participants an equivalent amount

during the quarterly period in which the repurchase is made in accordance with paragraph 11(d). Repayment under this paragraph 11(a) or under paragraph 11(c) shall be, as determined by the Fund, in the currency borrowed whenever feasible, in the currency of the participant, in special drawing rights in an amount that does not increase the participant's holdings of special drawing rights above the limit under Article XIX, Section 4 of the Articles unless the participant agrees to accept special drawing rights above that limit in such repayment, in freely usable currencies, or, with the agreement of the participant, in other currencies that are actually convertible.

(b) Before the date prescribed in paragraph 11(a), the Fund, after consultation with participants, may make repayment in part or in full to one or several participants in accordance with paragraph 11(d). The Fund shall have the option to make repayment under this paragraph 11(b) in the participant's currency, in the currency borrowed, in special drawing rights in an amount that does not increase the participant's holdings of special drawing rights above the limit under Article XIX, Section 4 of the Articles unless the participant agrees to accept special drawing rights above that limit in such repayment, in freely usable currencies, or, with the agreement of the participant, in other currencies that are actually convertible.

(c) Whenever a reduction in the Fund's holdings of a drawer's currency is attributed to a purchase of currency borrowed under this decision, the Fund shall promptly repay an equivalent amount to participants. If the Fund has used resources under this decision to finance a reserve tranche purchase by a drawer and the Fund's holdings of the drawer's currency that are not subject to repurchase are reduced as a result of net sales of that currency during a quarterly period, the Fund shall repay at the beginning of the next quarterly period an amount equivalent to that reduction to participants, up to the amount of the reserve tranche purchase. Payments under this paragraph 11(c) shall be allocated among participants in accordance with paragraph 11(d).

(d) Repayments under paragraphs 11(a), second sentence, 11(b), and 11(c) shall be allocated among participants with due regard to



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the objective specified in paragraph 6(a) of achieving available commitments of participants that are of equal proportion relative to their credit arrangements. For each participant, repayments shall be applied first to the longest outstanding claim under its credit arrangement. If repayment is to be made in accordance with this paragraph 11(d) on a claim that has been transferred, the repayment shall be made to the transferee of such claim.

(e) Before the date prescribed in paragraph 11(a), a participant may give notice representing that there is a balance of payments need for repayment of part or all of the Fund's indebtedness and requesting such repayment. The participant seeking such repayment shall consult with the Managing Director and with the other participants before giving notice. The Fund shall give the overwhelming benefit of any doubt to the participant's representation. Repayment shall be made promptly after consultation with the participant in freely usable currencies or in special drawing rights, as determined by the Fund, or, with the agreement of the participant, in the currencies of other members that are actually convertible. If the Fund's holdings of currencies in which repayment should be made are not wholly adequate, the Managing Director shall make calls on individual participants to provide the necessary balances under their credit arrangements subject to the limit of their available commitments. At the time of such call, and if so requested by the participant seeking early repayment, (i) a participant providing balances under its credit arrangement that are not balances of a freely usable currency shall ensure that such balances can be exchanged for a freely usable currency of its choice, and (ii) a participant providing balances under its credit arrangement that are balances of a freely usable currency, shall collaborate with the Fund and other members to enable such balances to be exchanged for another freely usable currency.

(f) When a repayment is made on a claim arising from a call under this decision, the amount that can be called for under the credit arrangement of the participant under which the claim arose as a result of a call under this decision shall be restored pro tanto.

(g) Unless otherwise agreed between the Fund and a participating institution, the Fund shall be deemed to have discharged its

obligations to a participating institution to make repayment in accordance with the provisions of this paragraph 11 or to pay interest in accordance with the provisions of paragraph 9 if the Fund transfers an equivalent amount in special drawing rights to the member in which the participating institution is established.

Paragraph 12. *Rates of Exchange*

(a) The value of any transfer shall be calculated as of the date of the dispatch of the instructions for the transfer. The calculation shall be made in terms of the special drawing right in accordance with Article XIX, Section 7(a) of the Articles, and the Fund shall be obliged to repay an equivalent value.

(b) For all of the purposes of this decision, the value of a currency in terms of the special drawing right shall be calculated by the Fund in accordance with Rule O-2 of the Fund's Rules and Regulations.

Paragraph 13. *Transferability*

(a) No participant or non-participant holder may transfer all or any part of its claim to repayment under a credit arrangement except (i) in accordance with this paragraph 13 or (ii) with the prior consent of the Fund and on such terms and conditions as the Fund may approve.

(b) All or part of any claim to repayment under a credit arrangement may be transferred at any time to a participant or to a non-participant that is either (i) a member of the Fund, (ii) the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Articles ("other fiscal agency"), or (iii) an official entity that has been prescribed as a holder of special drawing rights pursuant to Article XVII, Section 3 of the Articles.

(c) As from the value date of the transfer, the transferred claim shall be held by the transferee on the same terms and conditions as claims originating under its credit arrangement (in the case of transferees that are participants) or as the claim was held by the transferor (in the case of transferees that are non-participants), except that (i) the

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transferee shall have the right to request early repayment of the transferred claim on balance of payments grounds pursuant to paragraph 11(e) only if the transferee is a member, or an institution of a member, whose balance of payments and reserve position, at the time of the transfer, is considered sufficiently strong for its currency to be usable in transfers under the Fund's financial transactions plan; (ii) if the transferee is a non-participant, references to the participant's currency shall be deemed to refer (A) if the transferee is a member, to the transferee's currency, (B) if the transferee is an institution of a member, to the currency of that member, and (C) in other cases, to a freely usable currency as determined by the Fund; and (iii) claims transferred in accordance with this paragraph 13 shall be considered drawn balances of the first transferor participant for purposes of determining the available commitment under its credit arrangement, and claims obtained by a participant under a transfer shall not be considered drawn balances of the transferee for purposes of determining the available commitment under its credit arrangement.

(d) The price for the claim transferred shall be as agreed between the transferee and the transferor.

(e) The transferor of a claim shall inform the Fund promptly of the claim that is being transferred, the name of the transferee, the amount of the claim that is being transferred, the agreed price for transfer of the claim, and the value date of the transfer.

(f) The transfer shall be registered by the Fund and the transferee shall become the holder of the claim if the transfer is in accordance with the terms and conditions of this decision. Subject to the foregoing, the transfer shall be effective as of the value date agreed between the transferee and the transferor.

(g) Notice to or by a transferee that is a non-participant shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency designated by the transferee in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund if the transferee is a member, or to or by the transferee directly if the transferee is not a member.

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(h) If all or part of a claim is transferred during a quarterly period as described in paragraph 9(b), the Fund shall pay interest to the transferee on the amount of the claim transferred for the whole of that period.

(i) Unless otherwise agreed between the Fund and a transferee that is either a participating institution or the central bank or other fiscal agency designated by any member for purposes of Article V, Section 1 of the Articles, the Fund shall be deemed to have discharged its obligations to make repayment to such transferee in special drawing rights in accordance with paragraph 11 or to pay interest in special drawing rights in accordance with paragraph 9 if the Fund transfers an equivalent amount in special drawing rights to the account of the member in which the institution is established.

(j) If requested, the Fund shall assist in seeking to arrange transfers.

(k) The transferee of a claim may request at the time of transfer that a claim in the form of a loan be exchanged by the Fund for a Note on the same substantive terms subject to the GTC, or that a claim in the form of a Note be exchanged for a loan claim on the same substantive terms.

(l) Derivative transactions in respect of any claim under this decision, and transfer of participation interests in any claim, are prohibited.

### Paragraph 14. *Notices*

Notice to or by a participating member under this decision shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency of the participating member designated in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund. Notice to or by a participating institution shall be in writing or by rapid means of communication and shall be given to or by the participating institution.

### Paragraph 15. *Amendment*

(a) Except as provided in paragraphs 4(b), 15(b), and 16, this decision may be amended during the period prescribed in paragraph 19(a) and any subsequent renewal periods that may be decided

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pursuant to paragraph 19(b) only by a decision of the Fund and with the concurrence of participants representing 85 percent of total credit arrangements. Such concurrence shall not be necessary for the modification of the decision on its renewal pursuant to paragraph 19(b).

(b) If in its view an amendment materially affects the interest of a participant that voted against the amendment, the participant shall have the right to withdraw its adherence to this decision by giving notice to the Fund and the other participants within 90 days from the date the amendment was adopted. This provision may be amended only with the consent of all participants.

### Paragraph 16. *Withdrawal of Adherence*

Without prejudice to paragraph 15(b), a participant may withdraw its adherence to this decision in accordance with paragraph 19(b) but may not withdraw within the period prescribed in paragraph 19(a) except with the agreement of the Fund and all participants. This provision may be amended only with the consent of all participants.

### Paragraph 17. *Withdrawal from Membership*

If a participating member or a member whose institution is a participant withdraws from membership in the Fund, the participant's credit arrangement shall cease at the same time as the withdrawal takes effect. The Fund's indebtedness under the relevant credit arrangement shall be treated as an amount due from the Fund for the purpose of Article XXVI, Section 3 and Schedule J of the Articles.

### Paragraph 18. *Suspension of Exchange Transactions and Liquidation*

(a) The right of the Fund to make calls under paragraphs 6, 11(e), and 23 and the obligation to make repayments under paragraph 11 shall be suspended during any suspension of exchange transactions under Article XXVII of the Articles.

(b) In the event of liquidation of the Fund, credit arrangements shall cease and the Fund's indebtedness shall constitute liabilities under Schedule K of the Articles. For the purpose of paragraph 1(a) of

Schedule K, the currency in which the liability of the Fund shall be payable shall be first the currency borrowed, then the participant's currency and finally the currency of the drawer for whose purchases transfers were made by the participants in connection with calls under paragraph 6.

Paragraph 19. *Period and Renewal*

(a) This decision shall continue in existence until December 31, 2025. When considering a renewal of this decision for any period following the period referred to in this paragraph 19(a), the Fund and the participants shall review the functioning of this decision and, in particular, (i) the experience with the procedures for activation and (ii) the impact of the Sixteenth General Review of Quotas on the overall size of quotas, and shall consult on any possible modifications.

(b) This decision may be renewed for such period or periods and with such modifications, subject to paragraphs 4(b), 15(b), and 16, as the Fund may decide. The Fund shall adopt a decision on renewal and modification, if any, not later than twelve months before the end of the period prescribed in paragraph 19(a). Any participant may advise the Fund not less than six months before the end of the period prescribed in paragraph 19(a) that it will withdraw its adherence to the decision as renewed. In the absence of such notice, a participant shall be deemed to continue to adhere to the decision as renewed. Withdrawal of adherence in accordance with this paragraph 19(b) by a participant shall not preclude its subsequent adherence in accordance with paragraph 3(b).

(c) If this decision is terminated or not renewed, paragraphs 8 through 14, 17 and 18(b) shall nevertheless continue to apply in connection with any indebtedness of the Fund under credit arrangements in existence at the date of the termination or expiration of the decision until repayment is completed. If a participant withdraws its adherence to this decision in accordance with paragraph 15(b), paragraph 16, or paragraph 19(b), it shall cease to be a participant under the decision, but paragraphs 8 through 14, 17, and 18(b) of the decision as of the date of the withdrawal shall nevertheless continue

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to apply to any indebtedness of the Fund under such former credit arrangement until repayment has been completed.

### Paragraph 20. *Interpretation*

Any question of interpretation raised in connection with this decision (including the GTC) which does not fall within the purview of Article XXIX of the Articles shall be settled to the mutual satisfaction of the Fund, the participant or transferee of a claim raising the question, and all other participants. For the purpose of this paragraph 20 participants shall be deemed to include those former participants to which paragraphs 8 through 14, 17, and 18(b) continue to apply pursuant to paragraph 19(c) to the extent that any such former participant is affected by a question of interpretation that is raised.

### Paragraph 21. *Relationship with Bilateral Borrowing Agreements*

(a) Bilateral borrowing agreements in effect from January 1, 2021 through December 31, 2025 may be activated only after the Managing Director has notified the Executive Board that the Forward Commitment Capacity of the Fund as defined in Decision No. 14906-(11/38), adopted April 20, 2011, taking into account all available uncommitted resources under the New Arrangements to Borrow (the “modified FCC”), is below SDR 100 billion (the “activation threshold”); provided, however, that the Managing Director shall not provide such notification unless the New Arrangements to Borrow are activated as of the time of the notification, or there are no available uncommitted resources under the New Arrangements to Borrow as of that time.

(b) With a view to ensuring the adequacy of Fund resources, paragraph 21(a) of this decision shall not preclude the Managing Director from approaching creditors before the modified FCC is below the activation threshold, if extraordinary circumstances so warrant in order to forestall or cope with an impairment of the international monetary system. Paragraph 21(a) of this decision shall also not prevent the activation of bilateral borrowing agreements in effect from January 1, 2021 through December 31, 2025 if, in a poll of the participants, participants representing 85 percent of total credit arrangements agree that bilateral borrowing can be activated without the requirements of paragraph 21(a) being met.

Paragraph 22. *Other Borrowing Arrangements*

Nothing in this decision shall preclude the Fund from entering into any other types of borrowing arrangements.

Paragraph 23. *Transitional Arrangements for Amendments Adopted Pursuant to **Decision No. 16645-(20/5), adopted January 16, 2020***

At the request of a participant that holds claims, either in the form of loans or notes, on the Fund under bilateral borrowing agreements entered into by the Fund prior to the effectiveness of the amendments to this decision set forth in Decision No. 16645-(20/5), adopted January 16, 2020, and that are related to an activation of such agreements prior to that date, the Managing Director shall make calls under the credit arrangement of such a participant to fund the repayment of such claims. Similarly, at the request of the relevant participant, calls shall be made on a participant that is a participating institution for the repayment of such claims held by the member of which it is an official institution or by the central bank or other fiscal agency designated by the member, or on a participant that is a member for the repayment of such claims held by the central bank or other fiscal agency designated by the member. Notwithstanding paragraph 11(a), the maturity date of claims under credit arrangements arising from such calls shall be the maturity date of the bilateral borrowing agreement claim for whose repayment the call was made.

*Decision No. 11428-(97/6),  
January 27, 1997,  
as amended by Decision Nos. 12880-(02/113),  
12881-(02/113), November 12, 2002,  
13996-(07/100), November 15, 2007,  
14577-(10/35), April 12, 2010,  
14721-(10/80), August 5, 2010,  
15014-(11/110), November 16, 2011,  
15072-(12/1), December 21, 2011,  
16079-(16/99), November 4, 2016, and  
**16645-(20/5),  
January 16, 2020***



## BORROWING

### Annex I

#### Participants and Amounts of Credit Arrangements (In Millions of SDRs)<sup>1</sup>

<b>Current Participants</b>	<b>Amounts</b>
Australia	4,440.90
Austria	3,636.98
Banco Central de Chile	1,381.94
Banco de Portugal	1,567.00
Bangko Sentral ng Pilipinas	680.00
Bank of Israel	680.00
Belgium	7,988.66
Brazil	8,881.82
Canada	7,747.42
China	31,720.76
Cyprus	680.00
Danmarks Nationalbank	3,259.52
Deutsche Bundesbank	25,780.04
Finland	2,267.76
France	18,958.32
Hong Kong Monetary Authority	680.00
India	8,881.82
Italy	13,797.04
Japan	67,017.00
Korea	6,689.64
Kuwait	341.29
Luxembourg	986.24
Malaysia	680.00
Mexico	5,075.32
National Bank of Poland	2,570.80
Netherlands	9,189.60
New Zealand	680.00
Norway	3,933.38

<sup>1</sup> Current credit arrangements are subject to a minimum of SDR 341.29 million.

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Russian Federation	8,881.82
Saudi Arabia	11,305.48
Singapore	1,297.10
South Africa	680.00
Spain	6,810.28
Sveriges Riksbank	4,511.36
Swiss National Bank	11,081.32
Thailand	680.00
United Kingdom	18,958.32
United States	56,404.94
Total	360,803.87

### **Prospective Participants**

Greece	1,681.20
Ireland	1,915.94
Total after adherence of prospective participants	364,401.01

## BORROWING

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### Annex II

#### *General Terms and Conditions for Notes Issued by the International Monetary Fund under the New Arrangements to Borrow (the “NAB”)*

These are the General Terms and Conditions for the promissory notes (the “Notes”) issued by the International Monetary Fund (the “Fund”) in accordance with paragraphs 8 and 13(k) of Executive Board Decision No. 11428-(97/6), January 27, 1997, on the New Arrangements to Borrow (the “NAB Decision”), as amended. Terms that are not otherwise defined in these General Terms and Conditions shall have the meaning ascribed to them in the NAB Decision.

#### *Paragraph 1. Issuance of Notes to Participants and Other Holders*

(a) At the request of a participant pursuant to paragraph 8(a) of the NAB Decision the Fund will issue to the participant, and the participant shall purchase, Notes in the amount requested, up to the amount of the Fund’s call on the participant under its credit arrangement. At the request of the transferee of a loan claim, the Fund will issue Notes to the transferee in exchange for the loan claim pursuant to paragraph 13(k) of the NAB Decision.

(b) Notes shall be denominated in the special drawing right.

#### *Paragraph 2. Form, Delivery and Custody of Notes.*

(a) Notes will be issued in book entry form. The Fund will establish and maintain in its records a book entry account in the name of each holder recording pertinent details of all Notes issued, including the number, issue date, principal amount, and maturity date. As of the value date of each purchase, or of each exchange or transfer of a Note in accordance with paragraph 13 of the NAB Decision, the Fund will make an appropriate entry in its records regarding details of the Note purchased or transferred. The making of such an entry in the records of the Fund shall constitute a taking of delivery of the Note by the purchaser or transferee, and the person so listed with respect to such Note shall be the holder thereof for all purposes.

## SELECTED DECISIONS AND SELECTED DOCUMENTS

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(b) Upon the request of a holder, the Fund will issue to the holder a registered Note substantially in the form set out in the Appendix to these General Terms and Conditions, including without limitation the legend regarding restrictions on transfer of Notes. Each such registered Note will bear as its issue date the value date of the purchase of the Note or the value date of the loan claim for which it was exchanged pursuant to paragraph 13(k) of the NAB Decision and shall be issued in the name of the relevant holder. Unless otherwise agreed between a holder and the Fund, the Fund will keep such registered Notes in custody for the holder, and acceptance of custody by the Fund shall constitute delivery of such registered Notes to the holder.

### Paragraph 3. *Interest*

(a) The Fund shall pay interest on Notes at a rate equal to the combined market interest rate computed by the Fund from time to time for the purpose of determining the rate at which it pays interest on holdings of special drawing rights or any such higher rate as may be agreed between the Fund and participants representing 85 percent of the total credit arrangements under the NAB Decision.

(b) Interest shall accrue daily and shall be paid as soon as possible after each July 31, October 31, January 31, and April 30.

(c) Interest due to a holder shall be paid, as determined by the Fund in consultation with the holder, in special drawing rights, in the holder's currency if the holder is a member, in the currency borrowed, in freely usable currencies, or, with the agreement of the holder, in other currencies that are actually convertible.

### Paragraph 4. *Maturity; Repayment by the Fund*

(a) Notes shall have a maturity of ten years, provided that a Note issued pursuant to paragraph 13(k) of the NAB Decision shall have the maturity of the loan claim for which it was exchanged. Repayment of the Note principal to a holder is made in accordance with paragraph 11 of the NAB Decision.

(b) Unless otherwise agreed between the Fund and a holder that is either a participating institution or the central bank or other fiscal

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agency designated by a member for purposes of Article V, Section 1 of the Articles, the Fund shall be deemed to have discharged its obligations to such holder to make repayment in special drawing rights in accordance with paragraph 11 of the NAB Decision or to pay interest in special drawing rights in accordance with paragraph 3 of these General Terms and Conditions, if the Fund transfers an equivalent amount in special drawing rights to the account of the member in which the institution is established.

(c) The Fund will cancel a Note (i) upon payment of the principal amount of the Note and all accrued interest, (ii) if a Note is transferred in accordance with paragraph 6 of these General Terms and Conditions, or (iii) if a Note is exchanged for a loan claim in accordance with paragraph 13(k) of the NAB Decision. If the Fund makes early payment of less than the principal amount of a Note, the Fund will cancel the Note and issue a new Note for the remainder of the amount.

(d) Any registered Note to be cancelled by the Fund that is not already in the custody of the Fund shall be surrendered by the holder to the Fund for cancellation.

### Paragraph 5. *Rates of Exchange*

For all of the purposes of these General Terms and Conditions, the value of a currency in terms of the special drawing right shall be calculated by the Fund in accordance with Rule O-2 of the Fund's Rules and Regulations.

### Paragraph 6. *Transferability of Notes*

(a) A holder may not transfer all or any part of its Notes except (i) in accordance with this paragraph 6 or (ii) with the prior consent of the Fund and on such terms and conditions as the Fund may approve. Any other purported transfer by a participant or other holder shall be of no force or effect.

(b) All or part of any Note may be transferred at any time to a participant or to a non-participant that is either (i) a member of the Fund, (ii) the central bank or other fiscal agency designated by any member

for purposes of Article V, Section 1 of the Articles (“other fiscal agency”), or (iii) an official entity that has been prescribed as a holder of special drawing rights pursuant to Article XVII, Section 3 of the Articles.

(c) As from the value date of the transfer, the Note shall be held by the transferee on the same terms and conditions as Notes originating under its credit arrangement (in the case of transferees that are participants in the NAB), or as the Note was held by the transferor (in the case of transferees that are non-participants in the NAB), except that (i) the transferee shall have the right to request early repayment of the transferred Note on balance of payments grounds pursuant to paragraph 11(e) of the NAB Decision only if the transferee is a member, or the institution of a member, whose balance of payment and reserve position, at the time of the transfer, is considered sufficiently strong for its currency to be usable in transfers under the Fund’s financial transactions plan, or, in the case of the HKMA, the balance of payments position of Hong Kong at the time of the transfer is, in the opinion of the Fund, sufficiently strong to justify such a right; (ii) if the transferee is a non-participant, references in paragraph 11 of the NAB Decision to the participant’s currency shall be deemed to refer (A) if the transferee is a member, to the transferee’s currency, (B) if the transferee is an institution of a member, to the currency of that member, and (C) in other cases, to a freely usable currency as determined by the Fund; and (iii) Notes transferred in accordance with this paragraph 6 shall be considered drawn balances of the first transferor participant for purposes of determining the available commitment under its credit arrangement, and Notes obtained by a transferee participant shall not be considered drawn balances of such participant for purposes of determining the available commitment under its credit arrangement.

(d) The price for the Note transferred shall be as agreed between the transferee and the transferor.

(e) The transferor of a Note shall inform the Fund promptly of the Note that is being transferred, the name of the transferee, the amount of the Note that is being transferred, the agreed price for transfer of the Note, and the value date of the transfer.

## BORROWING

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(f) The transfer shall be registered by the Fund and the transferee shall become the holder of the Note only if such transfer is in accordance with the terms and conditions of the NAB Decision and these General Terms and Conditions. Subject to the foregoing, upon registration, the transfer shall be effective as of the value date agreed between the transferee and the transferor.

(g) The transferee of a Note may request at the time of transfer that the Note be exchanged by the Fund for a loan claim pursuant to paragraph 13(k) of the NAB Decision to be held by the transferee on the same substantive terms as the transferred Note.

(h) Notice to or by a transferee that is a non-participant shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency designated by the transferee in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund if the transferee is a member, or to or by the transferee itself if the transferee is not a member.

(i) If all or part of a Note is transferred during a quarterly period as described in paragraph 3(b) of these General Terms and Conditions, the Fund shall pay interest to the transferee holder on the relevant interest payment date on the amount of the Note transferred for the whole of that period.

(j) If requested, the Fund shall assist in seeking to arrange transfers.

(k) For all transfers under this paragraph 6, the Fund will cancel the Note that has been transferred in whole or in part and, if the Note is a registered Note, the transferor shall, as a condition for the transfer, surrender for cancellation any such registered Note that is not already in the custody of the Fund. Upon cancellation of the relevant Note, the Fund will issue a new Note in the name of the transferee for the principal amount transferred and, where appropriate, a new Note in the name of the transferor for any part of the principal amount retained by it. The issue date of each new Note will be the issue date of the cancelled Note, and the new Note will have the same maturity date (including any maturity date resulting from extensions of a previous maturity date) that is

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applicable to the cancelled Note. The form and delivery of each new Note will be as specified in paragraph 2 of these General Terms and Conditions.

- (l) Derivative transactions in respect of any Note, and transfers of participation interests in any Note, are prohibited.

### Paragraph 7. *Notices*

Notice to or by a holder who is a participating member shall be in writing or by rapid means of communication and shall be given to or by the fiscal agency of the participating member designated in accordance with Article V, Section 1 of the Articles and Rule G-1 of the Rules and Regulations of the Fund. Notice to or by a holder who is a participating institution shall be in writing or by rapid means of communication and shall be given to or by the participating institution.

### Paragraph 8. *Interpretation*

Any question of interpretation raised in connection with any Note which does not fall within the purview of Article XXIX of the Articles shall be settled to the mutual satisfaction of the Fund, the holder raising the question, and all participants in the NAB. For the purpose of this paragraph 8, holder shall be deemed to include those former participants in the NAB to which paragraphs 8 through 14, 17 and 18(b) of the NAB Decision continue to apply pursuant to paragraph 19(c) of the NAB Decision to the extent that any such former participant is affected by a question of interpretation that is raised.

### Paragraph 9. *NAB Decision and Changes in the GTC*

Notes subject to these General Terms and Conditions, and any claims thereunder or with respect thereto, are subject to the terms and conditions of the NAB Decision as in effect from time to time. Any amendments to these General Terms and Conditions adopted in accordance with paragraph 8(a) of the NAB Decision shall apply to all outstanding Notes issued under the NAB Decision.



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### Annex II, Appendix

#### Form of Registered NAB Note

Number \_\_\_\_\_ SDR \_\_\_\_\_

INTERNATIONAL MONETARY FUND

REGISTERED NAB NOTE

Issue Date: \_\_\_\_\_

Maturity Date:

The INTERNATIONAL MONETARY FUND (“the Fund”), for value received, hereby promises to pay to \_\_\_\_\_, being the registered holder of this Note, an amount equivalent to \_\_\_\_\_ Special Drawing Rights (SDR \_\_\_\_\_) on the maturity date specified above and to pay interest thereon as set forth below.

This Note is issued in accordance with the New Arrangements to Borrow (the “NAB”) and the General Terms and Conditions for Notes Issued by the International Monetary Fund under the New Arrangements to Borrow (the “General Terms and Conditions”). Each holder of this Note is deemed to have agreed to the General Terms and Conditions and relevant terms of the NAB, as they may be amended in accordance with the NAB Decision, including without limitation the maturity date, the interest rate, the terms and conditions of early payment at the request of the Fund or the holder hereof, and the terms and conditions of transfer of this Note or any part thereof.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY JURISDICTION. IN NO EVENT SHALL ANY HOLDER OF THIS NOTE SELL, ASSIGN, DISPOSE OF OR OTHERWISE TRANSFER THIS NOTE, DIRECTLY OR INDIRECTLY, TO ANY ENTITY THAT IS NOT (I) A MEMBER

OF THE FUND, (II) THE CENTRAL BANK OR OTHER FISCAL AGENCY DESIGNATED BY A MEMBER OF THE FUND FOR PURPOSES OF ARTICLE V, SECTION 1 OF THE FUND'S ARTICLES OF AGREEMENT, (III) AN OFFICIAL ENTITY THAT HAS BEEN PRESCRIBED AS A HOLDER OF SPECIAL DRAWING RIGHTS PURSUANT TO ARTICLE XVII, SECTION 3 OF THE FUND'S ARTICLES OF AGREEMENT, OR (IV) AN ENTITY IN RESPECT OF WHICH THE FUND HAS CONSENTED IN WRITING TO THE TRANSFER PURSUANT TO PARAGRAPH 6(A) OF THE GENERAL TERMS AND CONDITIONS.

ANY DERIVATIVE TRANSACTIONS IN RESPECT OF THIS NOTE, AND TRANSFERS OF PARTICIPATION INTERESTS IN THIS NOTE, ARE PROHIBITED.

The Fund shall pay interest on this Note at a rate equal to the combined market interest rate computed by the Fund from time to time for the purpose of determining the rate at which it pays interest on holdings of special drawing rights or any such higher rate as may be agreed between the Fund and participants representing 85 percent of the total credit arrangements under the NAB. Interest shall accrue daily and shall be paid as soon as possible after each July 31, October 31, January 31, and April 30. Interest due to a holder shall be paid, as determined by the Fund in consultation with the holder, in special drawing rights, in the holder's currency if the holder is a member, in the currency borrowed, or in other currencies that are actually convertible.

[Signatures]

### **Attachment to SM/96/307**

#### *NAB Meetings*

In the course of establishing the new arrangements to borrow (NAB), understandings were reached on procedures and administrative arrangements for meetings of participants. These understandings are intended to complement, but do not supersede or modify, the provisions related to the activation of the new arrangements to borrow, as specified in the Fund decision.

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### *Frequency, timing, subject matter, and level of representation*

Participants agreed that, in addition to any meetings needed for activation, renewal, or amendment of the NAB, it would be appropriate for participants to meet once a year at the time of the annual Fund/Bank meetings to discuss matters pertaining to the NAB. The objective of these meetings would be to review and discuss macroeconomic and financial markets developments, especially those that could have an impact on the stability of the financial system and lead to a possible need for the Fund to seek supplementary resources for the purposes set out in the preamble of the NAB. Participants would be represented by a minister or central bank governor or both. The principal representative could appoint deputies to meet in their stead. The level of the meeting (Ministerial or Deputy) would be determined each year in light of the issues at hand.

### *Chairmanship*

The Chairmanship of the NAB grouping would rotate annually in the English alphabetical order of the participants, as listed in the Annex to the decision, beginning with the first name on that list.<sup>1</sup> The Chair would, in consultation with participants, be responsible for determining the agenda of the meeting, which will be devoted to the matters set out above. These consultations would also serve to determine the level of representation (Ministerial or Deputy) that would be most appropriate for the meeting in question.

### *Support*

IMF headquarters staff would, under the direction of the Chair, provide secretariat support for the group. This would entail providing logistic support and maintaining an archive of documents concerning the deliberations and decisions taken under the new arrangements to borrow.

<sup>1</sup> In the event that the Chair was unable to perform its functions, a substitute would be provided by the participant immediately above the Chair on the list of participants in the Annex, or, if that substitute were not available, by the participant immediately below the Chair in that list.

## Article X

### **Relations with Other International Organizations**

*The Acting Chair's Summing Up—  
Update on the Joint IMF-WB  
Multipronged Approach to Address Debt Vulnerabilities,  
Executive Board Meeting 20/116, December 7, 2020*

Directors welcomed the update on the implementation of the multipronged approach (MPA) to address debt vulnerabilities in low-income and developing countries (LIDCs) and emerging markets (EMs). They continued to support its four mutually-reinforcing pillars, which seek to address debt vulnerabilities through debt transparency, capacity building, analytical tools, and debt policies. Directors agreed that the COVID-19 pandemic had heightened the importance of the MPA while recognizing that its implementation alone may not be sufficient to significantly reduce vulnerabilities.

Directors appreciated the close collaboration between the Fund and the World Bank on MPA implementation and asked for continued strong collaboration to exploit complementarities. They were encouraged by progress achieved so far, including on broader debt coverage in LIC Debt Sustainability Analyses (DSAs); scaled-up capacity development activities in debt recording and reporting; and expanded creditor outreach, in particular through the G20. Directors welcomed implementation of the revised LIC debt sustainability framework, the redesign of IMF and World Bank policies on responsible borrowing and lending in the Bank's newly approved Sustainable Development Finance Policy, and review of the IMF's Debt Limits Policy (DLP) together with recent work on options to reform the architecture for resolving privately-held sovereign debt.

Notwithstanding valuable progress under the MPA, directors stressed the need to further strengthen debt transparency, a prerequisite to accurately monitor and manage debt risks. They endorsed continued Fund and World Bank support to countries for increasing their capacity to record, monitor, and consistently report on public debt, developing

an effective legal framework, and disseminating such data to international databases. Many Directors sought to encourage disclosure of debt subject to confidentiality clauses to the Board. A few Directors emphasized the need to appropriately balance transparency and commercial confidentiality, emphasizing that disclosure by creditors and debtors should be on a voluntary basis. Directors also highlighted the opportunity presented by the upcoming review of Data Provision for Fund Surveillance to expand the minimum data provision obligation to include key public debt data needed to underpin the Fund's capacity to assess fiscal space and analyze debt risks. Noting that creditors also play an important role in debt disclosure, Directors supported continued creditor outreach by the Fund and the World Bank to promote transparency and sustainable financing practices.

Directors appreciated the scaling up and reallocation of capacity development activities in response to the pandemic, to focus on areas key for reducing the incidence and mitigating the effects of debt payments problems, including by adopting innovative methods to deliver technical advice. Further efforts could also be made to strengthen debt management capabilities. Directors emphasized that heightened debt vulnerabilities amid the pandemic underscored the need to leverage Fund surveillance and lending activities to increase traction of staff advice to further strengthen LIDCs' debt management practices.

Directors noted that debt-related analytical tools are critical to help borrowing countries make informed decisions, such as on the scope to raise spending without endangering market access and debt sustainability. The DSA tools also play a central role to inform the implementation of IMF and World Bank policies and help guide the use of resources. At the same time, these tools need to be embedded in the broader framework for debt management and fiscal risk assessment. Directors encouraged further use of the LIC DSA's debt transparency requirements to continue to broaden debt data coverage and refine contingent liability stress tests for all countries. They also stressed that completing as planned the review of the DSA for market access countries, the guidance note, and rolling out of the new template, would be important to strengthen analysis of risks.

Directors commended the recently approved review of the Debt Limits policy aimed at further adapting debt conditionality to the

changes in the creditor landscape facing LICs including by supporting debt transparency. Directors highlighted that the upcoming reviews of the IMF's lending into arrears policies will be important in the context of rising debt sustainability challenges. In this respect, Directors noted that the "Common Framework for Debt Treatments beyond the DSSI" recently adopted by the G20 and the Paris Club is an important step to enable timely and comprehensive sovereign debt resolution. They encouraged staff to coordinate closely with the G20, the Paris Club, and the World Bank to operationalize this Common Framework consistent with Fund policies in the context of requests for IMF-supported programs.

Directors stressed the importance of monitoring MPA implementation progress and supported the proposed indicators. Many Directors called for an interim initial update on MPA progress, while a few Directors agreed with the proposed update in about 12 months.

SU/20/174  
December 11, 2020





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**SUPPLEMENT**

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