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## POVERTY REDUCTION AND GROWTH TRUST— 2020-21 BORROWING AGREEMENTS WITH THE GOVERNMENT OF AUSTRALIA, DANMARKS NATIONALBANK, THE BANK OF ITALY, THE GERMAN FEDERAL MINISTRY OF FINANCE ON BEHALF OF THE FEDERAL REPUBLIC OF GERMANY, AND THE SWISS NATIONAL BANK

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- The **Staff Report** was prepared by IMF staff and completed on March 19, 2021.

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



March 18, 2021

## POVERTY REDUCTION AND GROWTH TRUST—2020-21 BORROWING AGREEMENTS WITH THE GOVERNMENT OF AUSTRALIA, DANMARKS NATIONALBANK, THE BANK OF ITALY, THE GERMAN FEDERAL MINISTRY OF FINANCE ON BEHALF OF THE FEDERAL REPUBLIC OF GERMANY, AND THE SWISS NATIONAL BANK

Approved By  
**Christian Mumssen**  
and **Bernhard Steinki**

Prepared by the Finance and Legal departments. The staff team was led by Charleen Gust (FIN) and Anjum Rosha (LEG) and comprised Elena Budras, Lawrence Chan, Cassandro Joseney, Jane Mburu, Chris Monasterski, Hoang Pham, Mark Racic, Wasima Rahman-Garrett, Izabela Rutkowska; production assistance by Vera Lochan and Amy Miranda (FIN).

## INTRODUCTION

1. **This paper presents to the Executive Board for information the second set of new borrowing agreements for the Poverty Reduction and Growth Trust (PRGT).** These agreements have been finalized as part of the resource mobilization effort in response to the unprecedented demand for concessional financing driven by the COVID-19 pandemic and ensuing economic shocks.<sup>1</sup> Pursuant to Section III, paragraph 2 of the Instrument to establish the PRGT, the Managing Director is authorized to enter into borrowing agreements and agree to their terms and conditions with PRGT lenders. On April 14, 2020 the Executive Board endorsed a policy decision to mobilize SDR 12.5 billion in additional PRGT loan resources and approved an increase in the PRGT cumulative borrowing limit from SDR 38 billion to SDR 50.5 billion. The limit was further increased by SDR 5 billion on January 6, 2021 to SDR 55.5 billion to accommodate all pledges from lenders in excess of the amount initially targeted.

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<sup>1</sup> See [Review of Enhanced Access Limits Under the Rapid Credit Facility and Rapid Financing Instrument](#), October 5, 2020.

**2. The fast-track loan mobilization round has been instrumental in allowing the Fund, as Trustee of the PRGT, to increase access limits and scale up emergency financing to low-income countries (LICs).** To date, ten new agreements and the augmentation of four existing agreements have been finalized with fourteen lenders. Together, they provide SDR 15.4 billion in new loan resources, of which SDR 13.6 billion is immediately available.<sup>2</sup>

**Table 1. New PRGT Loan Resources<sup>1</sup>**

Country	Effective Date	Amount (SDR million)	Modality	Currency	Type of Agreement	Encashment
Japan <sup>2</sup>	5/15/2020	3,600	Augmentation	SDR	NPA	Yes
Germany <sup>3</sup>	1/11/2021	2,534	New agreement	EUR	Loan Agreement	No
France	5/18/2020	2,000	New agreement	SDR	Loan Agreement	Yes
United Kingdom	5/12/2020	2,000	Augmentation	SDR	NPA	Yes
Italy	1/26/2021	1,000	New agreement	SDR	Loan Agreement	Yes
Spain	7/1/2020	750	Augmentation	EUR	Loan Agreement	Yes
Australia	10/26/2020	500	New agreement	SDR	Loan Agreement	Yes
Brazil	8/27/2020	500	Augmentation	USD	NPA	Yes
Netherlands	7/24/2020	500	New agreement	SDR	Loan Agreement	No
Sweden	7/24/2020	500	New agreement	USD	Loan Agreement	Yes
Switzerland	1/1/2021	500	New agreement	EUR	Loan Agreement	No
Norway	7/1/2020	400	New agreement	USD	Loan Agreement	Yes
Belgium	7/29/2020	350	New agreement	EUR	Loan Agreement	No
Denmark	2/11/2021	300	New agreement	EUR	Loan Agreement	No
<b>Total</b>		<b>15,434</b>				

Source: Finance Department.

<sup>1</sup> All agreements are for the benefit of the General Loan Account, remunerated at the SDRi rate (with the exception of the UK loan capped at 0.05%) and expire at end-2029.

<sup>2</sup> The augmentation of SDR 3.6 billion consists of two equal tranches of SDR 1.8 billion, the second of which will become available upon written notification by the authorities.

<sup>3</sup> SDR equivalent of Euro 3 billion at January 11, 2021 exchange rate. The actual SDR value of the loan will be calculated at the exchange rate at the time of drawings and net of operational expenses incurred by Germany.

<sup>2</sup> SDR 3.6 billion under the augmented note purchase agreement with Japan consists of two tranches. The first tranche of SDR 1.8 billion is already available while the second tranche of SDR 1.8 billion will be available upon written notification by the authorities.

**3. Since the first update under the current loan mobilization campaign that was provided to the Executive Board in October 2020, five more agreements have become effective.**<sup>3</sup> These new agreements are as follows:

- an agreement with the Government of Australia (Australia), which entered into its first borrowing agreement with the PRGT;
- an agreement with Danmarks Nationalbank (Denmark), which also includes amendments to a previous loan agreement with the PRGT (2010) to allow for the change to the SDR interest rate given the forthcoming termination of LIBOR rates;
- an agreement with German Federal Ministry of Finance (Germany), which involves a loan funded from the federal budget;
- an agreement with the Bank of Italy (Italy); and
- an agreement with the Swiss National Bank (Switzerland), which also includes amendments to previous loan agreements with the PRGT (1995, 2011, and 2017) to allow for the change to the SDR interest rate given the forthcoming termination of LIBOR rates.

## PRINCIPAL ELEMENTS OF THE BORROWING AGREEMENTS

*The five new agreements for the most part follow the standard templates for PRGT borrowing agreements with the specific features highlighted below.*

**4. Amounts.** The new borrowing agreements are for the following loan amounts: Australia: SDR 500 million; Denmark: SDR 300 million; Germany: an SDR-denominated amount up to the equivalent of EUR 3 billion; Italy: SDR 1 billion; and Switzerland: SDR 500 million.

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

**6. Drawings under commitments.** Drawings under agreements with Australia, Denmark, Italy, and Switzerland can be made through December 31, 2029 and the notification period of the intention to draw is five days (creditor's location). In the case of Germany: (i) drawings may not be made beyond 2024, (ii) drawings will be subject to annual limits to be mutually agreed between the parties, the limit for 2021 being EUR 1.226 billion, (iii) any undrawn amounts in a given calendar year

<sup>3</sup> See [Poverty Reduction And Growth Trust—2020 Borrowing Agreements With the National Bank of Belgium, Banco Central do Brasil, Banque de France, the Government of Japan, De Nederlandsche Bank NV, the Norwegian Ministry of Finance Representing the Kingdom of Norway, the Bank of Spain, the Sveriges Riksbank and the Government of the United Kingdom](#), October 20, 2020.

will expire unless otherwise agreed between the parties, and (iv) the notification period for drawings is also five days (creditor's location).<sup>4</sup>

**7. Denomination and media.** Loan commitments and operations are denominated in SDRs under the agreements with Australia, Denmark, Italy, and Switzerland. For Germany, the maximum loan commitment is expressed as the SDR equivalent of EUR 3 billion, and as with the other loan agreements, loan drawings, payments of interest and repayments of principal are denominated in SDRs. Unless otherwise agreed between the Trustee and the creditors, disbursements are to be made by the transfer SDRs for Australia and Italy (paragraph 4(a)) of their respective agreements), and Euros for Denmark (paragraph 4(a)), Germany (paragraph 5(a)) and Switzerland (paragraph 3(a)). Repayments of principal by the Trust are to be made in SDRs (or in a freely usable currency as may be agreed between the Trustee and the Lender) for Australia and Italy (paragraph 7(a) of their respective agreements), and Euros for Denmark (paragraph 7(a)), Germany (paragraph 8(a)) and Switzerland (paragraph 6(a)). Payments of interest by the Trust are to be made in SDRs to the members' SDR holdings account under paragraph 7(b) of the agreements with Australia, Denmark and Italy, and paragraph 6(c) of the agreement with Switzerland. Under the agreement with Germany payments of interest are to be made in Euros (paragraph 8(b)).

**8. Maturity.** Under all five agreements, each drawing is to be repaid in accordance with the repayment schedule for loan disbursements under the facility of the Trust for which it was drawn (paragraph 5(a) of the agreements with Australia, Denmark, Italy, paragraph 6(a) of the agreement with Germany, and paragraph 4(a) of the agreement with Switzerland).

**9. Interest.** All five loan agreements provide for outstanding drawings to earn interest at the SDR interest rate established by the Fund. Additionally, amendments of the 2010 agreement with Denmark and 1995, 2011 and 2017 agreements with Switzerland change the remuneration rate from the previously used 6-month PRGT rate to the SDR interest rate.

**10. Suspension of drawings.** In the event that any installment of principal or interest is not paid by the Trust under the agreements within a period of ten days after its due date, all five agreements provide for the suspension of further drawings pending consultations on this matter with the respective creditor (paragraph 2(b) of the agreements with Australia, Denmark, Italy, and Switzerland, and paragraph 3(c) of the agreement with Germany).

**11. Transfer of claims.** The agreements with Australia, Denmark, Italy, and Switzerland allow for the voluntary transfer of claims on the Trust to a limited group of official-sector entities and for the temporary suspension of disbursements at any time prior to June 30, 2029, in the event of a liquidity

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<sup>4</sup> The borrowing agreement with Germany includes a number of features that reflect Germany's funding of this agreement through its budget, and the involvement of the Bank of International Settlements as a temporary depository of undrawn Euro amounts that will be placed in SDR-denominated deposits pending use by the Fund. Moreover, any administrative costs, including those related to negative interest rates and exchange rate losses in the drawing process, could marginally lower the amount available for drawings by the Fund as they have to be covered from the overall appropriated amount of Euro 3 billion. To optimize utilization of the resources committed by Germany, an accelerated drawdown under this loan agreement will be required.

need by the creditor (paragraphs 8(a) and 10 of the agreements with Australia, Denmark and Italy, and paragraphs 7(a) and 8 of the agreement with Switzerland). Such transfers are not envisioned under the agreement with Germany.

**12. Encashment.** The agreements with Australia and Italy include the right to seek early repayment of outstanding claims on the Trust in case of balance of payments and reserve needs (“encashment”), and authorize drawings by the Trustee to fund such encashment requests of other participating creditors to any of the Loan Accounts of the Trust (paragraph 9 of the respective agreements). The right to encashment under the respective agreements is subject to the availability of resources under the borrowing agreements of other participating creditors. The loan agreements with Denmark, Germany and Switzerland are not participating in the encashment regime.

## CONCLUSION

**13. The new agreements with Australia, Denmark, Germany, Italy, and Switzerland represent an important step towards securing needed loan resources for the PRGT.** Discussions with other lenders are ongoing and staff will keep the Board informed of new developments.

## **Attachment I. Borrowing Agreement Between the Government of Australia and the International Monetary Fund as Trustee of the Poverty Reduction and Growth Trust**

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

1. The amount of the loan shall be the equivalent of up to SDR 500 million.

2. (a) The Trustee may make drawings under this agreement at any time during the period from the effective date of this agreement through December 31, 2029. Unless otherwise agreed between the Lender and the Trustee, the Trustee shall give the Lender at least five (5) business days' (both Canberra and Sydney) notice of its intention to draw, and shall provide payment instructions at least two (2) business days (Fund) prior to the value date of the transaction by SWIFT.

(b) If any installment of principal or interest is not paid to the Lender within a period of ten (10) days after its due date, the Trustee shall not make further drawings under this agreement pending consultations with the Lender on the matter. However, the Trustee may resume drawings under this agreement once arrears to the Lender have been discharged.

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

4. (a) The amount of each drawing shall be denominated in SDRs. Unless otherwise agreed between the Trustee and the Lender, the amount shall be paid by the Lender on the value date specified in the Trustee's notice by transfer of SDRs or, if requested by the Trustee and agreed by the Lender, the equivalent amount in United States Dollars, to an account specified by the Trustee.

(b) Upon request, the Trustee shall issue to the Lender a non-negotiable certificate evidencing its claim on the Trust resulting from a drawing outstanding under this agreement.

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

(b) By agreement between the Lender and the Trustee, any drawing or part thereof may be repaid by the Trustee at any time in advance of maturity. Unless otherwise agreed between the Lender and the Trustee, a request for agreement on early repayment shall be made by the Trustee with at least five (5) business days (both Canberra and Sydney) notice.

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

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

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

7. (a) Repayments of principal and payment of interest by the Trustee shall be made in SDRs or in a freely usable currency as may be agreed between the Trustee and the Lender; provided however that repayments by the Trustee of principal pursuant to paragraph 9 shall be made in SDRs or a freely usable currency as determined by the Trustee after consultation with the Lender.

(b) Repayments or payments in SDRs by the Trustee shall be made by crediting Australia's holdings account in the Special Drawing Rights Department. Repayments or payments by the Trustee in currencies shall be made to an account as agreed between the Trustee and the Lender.

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

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

9. The Lender shall have the right to seek early repayment of all or part of the principal



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

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

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

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

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

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

(b) This agreement shall become effective on the last date written below.

*[Remainder of Page Intentionally Left Blank; Signature Page to Follow]*

IN WITNESS WHEREOF, the Government of Australia and the Trustee have executed this Agreement.

For the Government of Australia:

October 23, 2020

\_\_\_\_\_

\_\_\_\_\_

Josh Frydenberg /s

Date

Treasurer of the Commonwealth of Australia

For the INTERNATIONAL MONETARY FUND as Trustee of the Poverty Reduction and Growth Trust:

October 26, 2020

\_\_\_\_\_

\_\_\_\_\_

Kristalina Georgieva /s

Date

Managing Director

## **Attachment II. Agreement Between Danmarks Nationalbank and the International Monetary Fund as Trustee of the Poverty Reduction and Growth Trust**

Danmarks Nationalbank (the “Bank”) and the International Monetary Fund (the “Fund”) as Trustee (the “Trustee”) of the Poverty Reduction and Growth Trust (the “Trust”) have reached understandings on:

- (i) a new borrowing agreement between the Bank and the Fund as Trustee for the purposes of providing new loan services to the Trust (the “2020 Borrowing Agreement”), and
- (ii) amendments to the borrowing agreement between them dated January 28, 2010 (as amended, the “2010 Borrowing Agreement”),

as set out in Sections I and II below:

### **I. 2020 Borrowing Agreement**

The Bank agrees to lend to the Fund as Trustee of the Trust for the purposes of providing loan resources to the Trust. Such loan resources shall be provided in accordance with the terms of the Instrument establishing the Trust adopted by the Executive Board of the Fund by Decision No. 8759-(87/176) ESAF, as amended (the “PRGT Instrument”), and on the terms and conditions set out below. This 2020 Borrowing Agreement is based on Section III, paragraph 2 of the PRGT Instrument, which authorizes the Managing Director to enter into borrowing agreements with creditors to the Loan Accounts of the Trust.

1. The amount of the loan shall be the equivalent of up to SDR 300 million including accrued interest.
2. (a) The Trustee may make drawings under this 2020 Borrowing Agreement at any time during the period from the effective date of this 2020 Borrowing Agreement through December 31, 2029. Unless otherwise agreed between the Bank and the Trustee, the Trustee shall give the Bank at least five business days (Copenhagen) notice of its intention to draw, and shall provide payment instructions at least two (Fund) business days prior to the value date of the transaction by SWIFT.  
  
(b) If any installment of principal or interest is not paid to the Bank within a period of ten days after its due date, the Trustee shall not make further drawings under this 2020 Borrowing Agreement pending consultations with the Bank on the matter. However, the Trustee may resume drawings under this 2020 Borrowing Agreement once arrears to the Bank have been discharged.

3. The Trustee may make drawings under this 2020 Borrowing Agreement to finance loan disbursements by the Trustee under the General Loan Account.

4. (a) The amount of each drawing shall be denominated in SDRs. Unless otherwise agreed between the Trustee and the Bank, the amount shall be paid by the Bank on the value date specified in the Trustee's notice by transfer of the SDR equivalent amount in Euros, to an account specified by the Trustee.

(b) Upon request, the Trustee shall issue to the Bank a non-negotiable certificate evidencing its claim on the Trust resulting from a drawing outstanding under this 2020 Borrowing Agreement.

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

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

(c) If the relevant maturity date is not a business day of the Fund, the Target system and the domestic markets of the other (non-euro) currencies included in the SDR basket, the repayment date shall be on the first succeeding business day that is a business day for the Fund, the Target system and the domestic markets of the other (non-euro) currencies included in the SDR basket.

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

(b) The amount of interest payable in respect of each drawing shall be calculated on an actual day basis and shall be paid on all outstanding drawings under this 2020 Borrowing Agreement promptly after July 31, October 31, January 31, and April 30 of each year, provided that interest payments shall be made prior to these dates if such early repayment is needed to ensure that outstanding drawings and accrued interest on such drawings do not exceed the limit set forth in Paragraph 1 of this agreement.

7. (a) Repayments of principal by the Trustee shall be made in Euros or in another freely usable currency as may be agreed between the Trustee and the Bank. Payments of interest by the

Trustee shall be in SDRs or in other media as may be agreed between the Trustee and the Bank.

(b) Repayments or payments in SDRs by the Trustee shall be made by crediting Denmark's holdings account in the Special Drawing Rights Department. Repayments or payments by the Trustee in Euros or in other currencies shall be made to an account specified by the Bank.

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

(b) The transferee shall acquire all the rights of the Bank under this 2020 Borrowing Agreement with respect to repayment of and interest on the transferred claim.

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

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

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

12. Any question arising under this 2020 Borrowing Agreement shall be settled by mutual agreement between the Bank and the Trustee.

## **II. Amendments to the 2010 Borrowing Agreement**

The Bank and the Trustee agree that the 2010 Borrowing Agreement shall be further amended as follows:

1. Effective July 1, 2021, drawings under the 2010 Borrowing Agreement shall be subject to the interest rate and interest payment modalities as set out in paragraphs 6, 7 and 11 of the 2020

Borrowing Agreement, which shall supersede and amend the interest rate and interest payment modalities set out in paragraphs 5, 6 and 10 of the 2010 Borrowing Agreement.

**III. Effectiveness**

1. This agreement may be executed in one or more duplicate counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same agreement.
2. The 2020 Borrowing Agreement and the amendments to the 2010 Borrowing Agreement shall become effective on the last date written below.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Danmarks Nationalbank and the International Monetary Fund, as Trustee of the Poverty Reduction and Growth Trust, have executed this agreement.

For the DANMARKS NATIONALBANK:

\_\_\_\_\_  
Lars Rohde /s  
Governor

February 10, 2021

\_\_\_\_\_  
Date

For the INTERNATIONAL MONETARY FUND as Trustee:

\_\_\_\_\_  
Kristalina Georgieva /s  
Managing Director

February 11, 2021

\_\_\_\_\_  
Date

## **Attachment III. Borrowing Agreement Between the German Federal Ministry of Finance, on behalf of the Federal Republic of Germany, and the International Monetary Fund as Trustee of the Poverty Reduction and Growth Trust**

1. The German Federal Ministry of Finance, on behalf of the Federal Republic of Germany ("Germany"), agrees to lend to the International Monetary Fund (the "Fund") acting in its capacity as Trustee (the "Trustee") of the Poverty Reduction and Growth Trust (the "Trust") for the purposes of providing loan resources to the Trust. Such loan resources shall be provided in accordance with the terms of the Instrument establishing the Trust adopted by the Executive Board of the Fund by Decision No. 8759-(87/176) ESAF, as amended (the "PRGT Instrument"), and on the further terms and conditions set out below. This agreement is based on Section III, paragraph 2 of the PRGT Instrument, which authorizes the Managing Director to enter into borrowing agreements with creditors to the Loan Accounts of the Trust.

2. (a) The amount of the loan shall be an SDR-denominated amount up to the equivalent of EUR 3 billion, provided that drawings of up to EUR 1.226 billion may be made in 2021, with annual limits for 2022, 2023, and 2024 to be determined by the mutual agreement of the parties, in each case, less any interest and administrative expenses paid or payable and net foreign exchange rate losses incurred by Germany in the related processes of drawings. Unless otherwise agreed between the parties, undrawn amounts in a given calendar year expire and do not increase the drawable amounts for any subsequent year(s). No drawings shall be permitted after December 31, 2024.

(b) For purposes of applying the limits specified in paragraph (a) above, including the total loan amount limit up to the equivalent of EUR 3 billion, the Euro value of SDR-denominated drawings made by the Trustee during each quarterly period shall be based on the Euro/SDR exchange rate provided in Germany's notification to the Trustee on the date that Germany deposits the relevant Euro amount into SDR-denominated accounts at the Bank for International Settlements to be available for the Trustee's drawings during that quarterly period in connection with this agreement.

3. (a) Germany shall notify the Trustee on a quarterly basis (calendar year basis) of the maximum drawings available in SDR during each quarter (calendar year basis), after any adjustments for interest and administrative expenses and net foreign exchange rate losses incurred by Germany in the related processes of drawings. Unless otherwise agreed between Germany and the Trustee, the Trustee may not, during any such period, make drawings in excess of the notified amount for such period.



(b) Unless otherwise agreed between Germany and the Trustee, the Trustee shall give Germany at least five business days (Frankfurt am Main) notice of its intention to draw, and shall provide payment instructions at least two (Fund) business days prior to the value date of the transaction by SWIFT, it being understood such instructions shall provide notice to Germany of the exact EUR amount at least by 9 am (Frankfurt am Main) on the day before the value date, provided that the value date and the day before the value date are business days for Frankfurt am Main, for the Target system and for the domestic markets of the other (non-euro) currencies included in the SDR basket.

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

4. The Trustee may make drawings under this agreement to finance loan disbursements by the Trustee under the General Loan Account.

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

(b) Upon request, the Trustee shall issue to Germany a non-negotiable certificate evidencing its claim on the Trust resulting from a drawing outstanding under this agreement.

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

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

(c) If the relevant maturity date is not a business day of the Fund, the Target system and the domestic markets of the other (non-euro) currencies included in the SDR basket, the repayment date shall be on the first succeeding business day that is a business day for the Fund, the Target system and the domestic markets of the other (non-euro) currencies included in the SDR basket.

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

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

8. (a) Repayments of principal by the Trustee shall be made in Euro.

(b) Payments of interest by the Trustee shall be made in Euro.

(c) Repayments or payments by the Trustee in Euro shall be made to an account as agreed between the Trustee and Germany.

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

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

11. Germany shall commission Deutsche Bundesbank to act as paying agent for Germany with respect to the financial operations under this agreement, in accordance with operational modalities mutually agreed between the parties of this agreement.

12. Any question arising hereunder shall be settled by mutual agreement between Germany and the Trustee.

13. (a) This agreement may be executed in duplicate counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

(b) This agreement shall become effective on the last date written below.

*[Remainder of Page Intentionally Left Blank; Signature Page to Follow]*

IN WITNESS WHEREOF, Germany and the International Monetary Fund as Trustee of the Poverty Reduction and Growth Trust have executed this Agreement.

FOR GERMANY:

January 4, 2021

\_\_\_\_\_

\_\_\_\_\_

Olaf Scholz

Date

Federal Minister of Finance Germany

For the INTERNATIONAL MONETARY FUND as Trustee of the Poverty Reduction and Growth Trust:

January 11, 2021

\_\_\_\_\_

\_\_\_\_\_

Kristalina Georgieva /s

Date

Managing Director

## **Attachment IV. Borrowing Agreement Between the Bank of Italy and the International Monetary Fund as Trustee of the Poverty Reduction and Growth Trust**

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

1. The amount of the loan shall be the equivalent of up to SDR 1.0 billion.
2. (a) The Trustee may make drawings under this agreement at any time during the period from the effective date of this agreement through December 31, 2029. The Trustee and the Bank, with the consent of the Ministry of Economy and Finance of Italy, may agree to extend the period during which drawings can be made under this agreement through December 31, 2034. Unless otherwise agreed between the Bank and the Trustee, the Trustee shall give the Bank at least five business days' (Rome) notice of its intention to draw, and shall provide payment instructions at least two (Fund) business days prior to the value date of the transaction by SWIFT.  
  
(b) If any installment of principal or interest is not paid to the Bank within a period of ten days after its due date, the Trustee shall not make further drawings under this agreement pending consultations with the Bank on the matter. However, the Trustee may resume drawings under this agreement once arrears to the Bank have been discharged.
3. The Trustee may make drawings under this agreement to finance (i) loan disbursements by the Trustee under the General Loan Account and (ii) the early repayment pursuant to Section III, paragraph 4(b) of the PRGT Instrument of the Trustee's outstanding indebtedness under other borrowing agreements pertaining to any of the Loan Accounts of the Trust.
4. (a) The amount of each drawing shall be denominated in SDRs. Unless otherwise agreed between the Trustee and the Bank, the amount shall be paid by the Bank on the value date specified in the Trustee's notice by transfer of SDRs to an account specified by the Trustee.  
  
(b) At the request of the Bank, the Trustee shall issue to the Bank a nonnegotiable certificate evidencing its claim on the Trust resulting from a drawing outstanding under this agreement.

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

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

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

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

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

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

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

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

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

9. The Bank shall have the right to seek early repayment of all or part of the principal amount of its outstanding claims on the Trust pursuant to Section III, paragraph 4(b) of the PRGT Instrument if the Bank represents that the balance of payments and reserve position of Italy justify the early repayment, and the Trustee, having given this representation the overwhelming benefit of any

doubt, agrees. Early repayment is in all cases subject to the availability of resources under borrowing agreements to the Loan Accounts of the Trust that authorize drawings for such early repayments.

10. At the request of the Bank, calls on its commitment to meet drawings may be suspended temporarily at any time prior to June 30, 2029, subject to the provisions of Section III, paragraph 4(c) and (d) of the PRGT Instrument.
11. Unless otherwise agreed between the Trustee and the Bank, all transfers, exchanges, and payments of principal and interest in currencies shall be made at the exchange rates for the relevant currencies in terms of the SDR established by the Fund pursuant to Article XIX, Section 7(a) of the Fund's Articles of Agreement and the rules and regulations of the Fund thereunder for the second (Fund) business day before the value date of the transfer, exchange or payment.
12. If the Fund changes the currency composition or currency weights of the SDR basket, all transfers, exchanges, and payments of principal and interest made two or more (Fund) business days after the effective date of the change shall be made on the basis of the new SDR basket.
13. Any question arising hereunder shall be settled by mutual agreement between the Bank and the Trustee.
14. This agreement may be executed in one or more duplicate counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same agreement.
15. This agreement shall become effective on the last date written below

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Bank of Italy and the International Monetary Fund, as Trustee of the Poverty Reduction and Growth Trust, have executed this agreement.

For the BANK OF ITALY:

\_\_\_\_\_  
Ignazio Visco  
Governor

January 18, 2021

\_\_\_\_\_  
Date

For the INTERNATIONAL MONETARY FUND as Trustee:

\_\_\_\_\_  
Kristalina Georgieva  
Managing Director

January 26, 2021

\_\_\_\_\_  
Date

## **Attachment V. Agreement Between the Swiss National Bank and the International Monetary Fund as Trustee of the Poverty Reduction and Growth Trust**

The Swiss National Bank (the “Bank”), acting at the request of the Swiss Federal Council, and the International Monetary Fund (the “Fund”) as Trustee (the “Trustee”) of the Poverty Reduction and Growth Trust (the “Trust”), have reached understandings on:

- (i) a new borrowing agreement between the Bank and the Fund as Trustee for the purposes of providing new loan services to the Trust (the “2020 Borrowing Agreement”),
- (ii) amendment to the borrowing agreement between them dated August 30, 2017 (the “2017 Borrowing Agreement”),
- (iii) amendment to the borrowing agreement between them, dated April 21, 2011 (the “2011 Borrowing Agreement”), and
- (iv) amendment to the borrowing agreement between them, dated June 22, 1995 (the “1995 Borrowing Agreement”),

as set out in Sections I, II, III and IV below:

### **I. 2020 Borrowing Agreement**

The Bank agrees to lend to the Fund as Trustee of the Trust, for the purposes of providing loan resources to the Trust. Such loan resources shall be provided in accordance with the terms of the Instrument establishing the Trust adopted by the Executive Board of the Fund by Decision No. 8759- (87/176) ESAF, as amended (the “PRGT Instrument”), and on the terms and conditions set out below. Loans made pursuant to this 2020 Borrowing Agreement shall be to the General Loan Account of the Trust. This 2020 Borrowing Agreement is based on Section III, paragraph 2 of the PRGT Instrument, which authorizes the Managing Director to enter into borrowing agreements with creditors to the Loan Accounts of the Trust.

1. The amount of the loan shall be the equivalent of up to SDR 500 million.
2. (a) The Trustee may make drawings under this 2020 Borrowing Agreement at any time during the period commencing from the effective date of this Agreement or January 1, 2021, whichever is later, through December 31, 2029 (“drawdown period”). The drawdown period may be extended by agreement between the Bank and the Trustee, provided that the drawdown period may not be extended beyond December 31, 2034. Unless otherwise agreed between the Bank and the Trustee, the Trustee shall give the Bank at least five (Zurich) business days notice of its intention to



draw, and shall provide payment instructions at least two (Fund) business days prior to the value date of the transaction by SWIFT.

(b) If any installment of principal or interest is not fully paid to the Bank within a period of ten days after its due date, the Trustee shall not make further drawings under this 2020 Borrowing Agreement pending consultations with the Bank on the matter. However, the Trustee may resume drawings under this 2020 Borrowing Agreement once arrears to the Bank have been discharged.

3. (a) The amount of each drawing shall be denominated in SDRs. Unless otherwise agreed between the Trustee and the Bank, the amount shall be paid by the Bank on the value date specified in the Trustee's notice by transfer of the equivalent amount in Euros to an account specified by the Trustee.

(b) Upon request, the Trustee shall issue to the Bank a nonnegotiable certificate evidencing its claim on the Trust resulting from a drawing outstanding under this 2020 Borrowing Agreement.

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

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

(c) If the relevant maturity date is not a business day of the Fund, the Target system and the domestic markets of the other (non-euro) currencies included in the SDR basket, the repayment date shall be on the first succeeding business day that is a business day for the Fund, the Target system and the domestic markets of the other (non-euro) currencies included in the SDR basket.

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

(b) The amount of interest payable in respect of each drawing shall be calculated on an actual day basis and shall be paid on all outstanding drawings under this 2020 Borrowing Agreement promptly after January 31, April 30, July 31, and October 31 of each year.

6. (a) Repayments of principal by the Trustee shall be made in Euros or in other media as may be agreed between the Trustee and the Bank.

(b) Payments of interest by the Trustee shall be made in SDRs or in other media as may be agreed between the Trustee and the Bank.

(c) Repayments or payments in Euros or other currencies by the Trustee shall be made to an account of the Bank as agreed between the Trustee and the Bank. Repayments or payments in SDRs by the Trustee shall be made by crediting Switzerland's holdings account in the Special Drawing Rights Department.

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

(b) The Transferee shall acquire all the rights of the Bank under this 2020 Borrowing Agreement with respect to repayment of and interest on the transferred claim.

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

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

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

11. Any dispute arising under this 2020 Borrowing Agreement shall be settled by mutual agreement between the Bank and the Trustee.

## **II. Amendment to 2017 Borrowing Agreement**

The Bank and the Trustee agree that the 2017 Borrowing Agreement shall be amended as follows:

1. Commencing from the effective date of this Agreement or January 1, 2021, whichever is later, drawings under the 2017 Borrowing Agreement shall be subject to the interest rate and interest payment modalities as set out in paragraphs 5, 6 and 10 of the 2020 Borrowing Agreement provided in Section I above, which shall supersede and amend the provisions in paragraphs 5, 6, and 10 of the 2017 Borrowing Agreement.

## **III. Amendment to the 2011 Borrowing Agreement**

The Bank and the Trustee agree that the 2011 Borrowing Agreement shall be amended as follows:

1. Commencing from the effective date of this Agreement or January 1, 2021, whichever is later, drawings under the 2011 Borrowing Agreement shall be subject to the interest rate and interest payment modalities as set out in paragraphs 5, 6 and 10 of the 2020 Borrowing Agreement provided in Section I above, which shall supersede and amend the provisions in paragraphs 5, 6 and 10 of the 2011 Borrowing Agreement.

#### **IV. Amendment to the 1995 Borrowing Agreement**

The Bank and the Trustee agree that the 1995 Borrowing Agreement shall be amended as follows:

1. Commencing from the effective date of this Agreement or January 1, 2021, whichever is later, drawings under the 1995 Borrowing Agreement shall be subject to the interest rate and interest payment modalities as set out in paragraphs 5, 6 and 10 of the 2020 Borrowing Agreement provided in Section I above, which shall supersede and amend the provisions in paragraphs 4, 5 and 9 of the 1995 Borrowing Agreement.

#### **V. Effectiveness**

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

2. The 2020 Borrowing Agreement, the Amendment to the 2017 Borrowing Agreement, the Amendment to the 2011 Borrowing Agreement and the Amendment to the 1995 Borrowing Agreement shall become effective on the last date written below.

*[Signature page follows]*

IN WITNESS WHEREOF, the Swiss National Bank and the International Monetary Fund, as Trustee of the Poverty Reduction and Growth Trust have executed this Agreement.

For the SWISS NATIONAL BANK:

\_\_\_\_\_  
Thomas Jordan /s  
Chairman of the Governing Board

December 16, 2020

\_\_\_\_\_  
Date

\_\_\_\_\_  
Fritz Zurbrügg /s  
Vice Chairman of the Governing Board

December 16, 2020

\_\_\_\_\_  
Date

For the INTERNATIONAL MONETARY FUND as Trustee:

\_\_\_\_\_  
Kristalina Georgieva /s  
Managing Director

January 1, 2021

\_\_\_\_\_  
Date