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## PROPOSAL TO ENHANCE FUND SUPPORT FOR LOW-INCOME COUNTRIES HIT BY PUBLIC HEALTH DISASTERS—DECISIONS

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

- The **Decisions** on the Proposal to Enhance Fund Support for Low-Income Countries Hit by Public Health Disasters titled Proposed Decisions, Revised Proposed Decisions, and Decisions.

The documents listed below have also been issued:

- The **Policy Paper** titled Proposal to Enhance Fund Support for Low-Income Countries Hit by Public Health Disasters and Proposed Modifications to the Proposal prepared by IMF staff and completed on January 22, 2015 and February 2, 2015 respectively for the Executive Board's consideration on February 4, 2015.
- A **Press Release** summarizing the views of the Executive Board as expressed during its February 4, 2015 consideration of the policy paper.

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## PROPOSAL TO ENHANCE FUND SUPPORT FOR LOW - INCOME COUNTRIES HIT BY PUBLIC HEALTH DISASTERS—PROPOSED DECISIONS

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### CONTENTS

<b>INTRODUCTION</b>	2
<b>SUMMARY OF DECISIONS</b>	3
A. Transformation of the PCDR Trust into the CCR Trust	3
B. Liquidation of MDRI-I Trust	7
C. Amendment to the MDRI-II Trust	8
Proposed Decisions	9
Decision A. Transformation of the Post-Catastrophe Debt Relief (PCDR) Trust into the Catastrophe Containment and Relief (CCR) Trust	9
Attachment A. Instrument to Establish the Catastrophe Containment and Relief Trust	10
Attachment B. Catastrophe Containment and Relief Trust—Terms and Conditions for Administration of Umbrella Account	29
Decision B. Liquidation of the MDRI-I Trust and Transfer of the Remaining Balances to the CCR Trust	34
Decision C. Amendment to the MDRI-II Trust	35
<b>ANNEXES</b>	
I. Instrument to Establish the Catastrophe Containment and Relief Trust	36
II. Catastrophe Containment and Relief Trust—Terms and Conditions for Administration of Umbrella Account	50

## INTRODUCTION

*This paper sets forth the proposed decisions and related legal instruments that are needed to implement the transformation of the Post-Catastrophe Debt Relief Trust (the “PCDR Trust”) into the Catastrophe Containment and Relief Trust (the “CCR Trust” or “Trust”), as described in the Proposal to Enhance Fund Support for Low-Income Countries Hit by Public Health Disasters and as presented in an informal session to brief Executive Directors on January 28, 2015. The paper summarizes key aspects of the proposed decisions and related instruments, in particular the new CCR Trust Instrument.*

*The proposed reforms envisage the transformation of the PCDR Trust into the CCR Trust through an amendment of the PCDR Trust Instrument.*

- 1. The new CCR Trust would have two windows:** (i) the Post-Catastrophe Relief (PCR) window; and (ii) the Catastrophe Containment (CC) window.<sup>1</sup>
- 2. Eligibility for access to the resources of the CCR Trust,** under both windows, would be limited to the poorest and most vulnerable member countries, just as under the existing PCDR Trust.
- 3. The qualification criteria for access,** the amount and modalities of debt relief under the PCR window would remain unchanged from the current PCDR.
- 4. Qualification criteria and modalities for debt relief under the CC window** to countries with a qualifying public health disaster are specified in greater detail below.
- 5. The financing of the CCR Trust** would consist of the existing balances in the PCDR Trust, the remaining balances in the MDRI-I Trust following its liquidation, and new bilateral contributions, including remaining contributor balances in the MDRI-II Trust following its liquidation.
- 6. The CCR Trust would remain separate from the Poverty Reduction and Growth Trust (PRGT),** and no changes are proposed to the PRGT’s concessional facilities architecture. CCR Trust debt relief would provide exceptional balance of payments support complementing the Fund’s lending under the PRGT.

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<sup>1</sup> A similar transformation of an existing trust was effected in 2009 with the transformation of the PRGF-ESF Trust into the newly renamed “Poverty Reduction and Growth Trust” with new established facilities. While the establishment of a new trust under Article V, Section 2(b) of the Fund’s Articles of Agreement normally requires a request, in circumstances of an amendment of an existing trust, no such request is needed.

Three decisions are proposed for adoption by the Executive Board:

- **Decision A amends the PCDR Trust Instrument to transform the PCDR Trust into the CCR Trust.** The specific proposed amendments to the PCDR Trust are attached to Decision A and incorporated by reference in the decision (proposed Decision A, paragraph 2 and Attachment A); Decision A also makes conforming amendments to the terms and conditions of the Umbrella Account that would be used to effect disbursements to members from the CCR Trust (Attachment B to the decision). Redlined texts showing revisions against the current PCDR Trust Instrument and the current Terms and Conditions of the Umbrella Account are set forth in Annex I and Annex II to this paper for the convenience of Executive Directors. In addition, Decision A provides for an expectation that future reviews of the financing and operations of the expanded CCR Trust will take place every five years from the date of adoption of Decision A or earlier if needed.<sup>2</sup>
- **Decision B liquidates the MDRI-I Trust, provides for the reimbursement to the General Resources Account (GRA) for the cost of administering Special Disbursement Account (SDA) resources in the MDRI-I Trust, and provides for the transfer (through the SDA) of the remaining SDA balances in the MDRI –I Trust to the CCR Trust.**
- **Decision C amends the liquidation provision of the MDRI-II Trust to allow for the transfer of remaining bilateral contributor balances upon its liquidation to the CCR Trust.** This amendment requires the consent of the MDRI-II Trust contributors to become effective.

## SUMMARY OF DECISIONS

### A. Transformation of the PCDR Trust into the CCR Trust

7. **Decision A renames the PCDR Trust as the “Catastrophe Containment Relief Trust” (“CCR Trust”) and amends the PCDR Trust Instrument to establish the CCR Trust.** The CCR Trust Instrument attached to Decision A contains the key features, terms and conditions for the modified Trust which, as noted earlier, are consistent with the proposals set out in *Proposal to Enhance Fund Support for Low-Income Countries Hit by Public Health Disasters* and are discussed in more detail in that paper. Key aspects may be summarized as follows:

<sup>2</sup> Under Decision No. 14649-(10/64), adopted June 25, 2010 a review of the PCDR Trust was expected at least every five years. With the proposed transformation of the PCDR Trust into the CCR Trust, it is now proposed that a review of the financing and operations of the CCR Trust take place in 5 years or earlier if needed.

- **Overall Structure:** There are two windows for the provision of debt relief: the first window is available in the wake of a Qualifying Catastrophic Disaster (replicating the features of the current PCDR); and the second window provides relief to eligible members that experience a Qualifying Public Health Disaster. The structure of the instrument remains largely the same as the PCDR Trust Instrument, with modifications reflecting the proposed addition of a new window.
- **Eligibility for Debt Relief:** As discussed above, the provisions on eligibility (Section III, paragraph 1) specify that members must both be on the PRGT eligibility list and meet the income criteria for entry onto that list (including the higher income thresholds for small states); that is, the member has an annual per capita gross national income, that is below the International Development Association operational cut-off or, for a member qualifying as a “small country,” is less than twice the IDA operational cut-off.<sup>3</sup>
- **Eligible Debt:** Each window of the CCR Trust (that is, the PCR window and the CC window) has a distinct definition of eligible debt. For PCR window purposes, Eligible Debt includes (i) all outstanding debt to the Fund as of the date of the catastrophe in respect of which the member had made regular scheduled debt service payments (interest and amortization) before the disaster, plus (ii) any disbursements made normally within four months following the catastrophe.
- **Under the CC window:** eligible debt means all of the member’s debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the determination by the Fund that the member qualifies to receive grant assistance under this window, and in respect of which the member had made regular scheduled debt service payments (principal and interest) before the determination. The concept of eligible debt under the CCR Trust also excludes debt that is covered by assistance under other Fund debt relief trusts or another window within the CCR Trust.
- **Treatment of Arrears:** The limitation of coverage for relief to debt on which regular scheduled payments were made pre-catastrophe or pre-decision to provide grant relief, as the case may be, is justified by the purpose of CCR Trust financing, which is to free up resources for recovery related needs or for containment efforts by relieving the debt service the member would otherwise have paid to the Fund.<sup>4</sup>
- **Qualification for Relief:** Relief under the PCR window, as under the current PCDR, is available to a member that has suffered a Qualifying Catastrophic Disaster (QCD). The definition of a QCD is the same as under the PCDR and now appears in Section III, paragraph 2(a)(i) of the Instrument. CC window relief is available, subject to specified conditions, where the Board makes a finding

<sup>3</sup> See Executive Board Decision No. 14521-(10/3), 01/11/2010, as amended.

<sup>4</sup> While not covered by CCR debt relief, debt in protracted arrears owed by members hit by a qualifying catastrophe or health disaster would be expected to be addressed by the application of flexibility in accepting significantly reduced payments to sustain cooperation in the context of the Fund’s strategy on overdue financial obligations.

that a member is experiencing balance of payments difficulties as a result of a Qualifying Public Health Disaster (QPHD) within its territory and that the member's macroeconomic policy framework and policy response to address the difficulties are appropriate. QPHD is defined in Section III, paragraph 3(a)(ii) of the Instrument. A qualifying member seeking grant assistance under the CC window is required to describe in a letter of intent the nature of the QPHD, the balance of payments need the member is experiencing, the member's macroeconomic policies to address these needs, and the measures being taken to contain the disaster.

- **Debt Relief under the PCR Window:** The provisions governing debt flow and debt stock relief under the PCR window remain unchanged from those set out in the existing PCDR Trust. Debt flow relief is disbursed once the Fund concludes that the member has a balance of payments need resulting from a Qualifying Catastrophic Disaster (Section III, paragraph 2(b)(i)). It covers all payments falling due on the member's eligible debt from the date of the debt flow relief decision to the second anniversary of the Qualifying Catastrophic Disaster (Section III, paragraph 2(b)(i)). Debt stock relief is provided under the PCR window to enable the early repayment of eligible debt held by the member on the second anniversary of the catastrophe or the date the Fund determines that the requirements for disbursement of debt stock relief have been met, whichever is later (Section III, paragraph 2(b)(ii)). Certain specific requirements must be met both for a member to qualify for debt stock relief, and for the subsequent delivery of that relief.
- **Debt Relief under the CC window:** Whenever the Board determines that a requesting member meets the qualifications for CC window, subject to the availability of Trust resources, Trust grants are approved in the amount necessary to immediately pay off future debt service falling due to the Fund on the member's eligible debt, subject to a limit of 20 percent of the member's quota.<sup>5</sup> Grant assistance would be applied to repay the obligations of the member to the Fund (*i.e.*, to the PRGT or the GRA as applicable (Section III, paragraph 3(c)(i)) in the order in which they mature until the 20 percent access limit is reached. Under three circumstances, as set forth in Section III, paragraph 3(c)(ii), the Trustee may approve trust grants exceeding 20 percent of the member's quota. Specifically, the amount of debt relief under the CC window could be increased, if the Trustee determines any of the following:
  - i. That debt service obligations on the member's eligible debt to the Fund constitute an exceptional burden on the near-term external payments position of the requesting member. In this case, the Trustee will approve grant assistance in an amount necessary to eliminate the exceptional burden. In making the determination of the exceptional burden, the Trustee shall take into account, *inter alia*, the member's overall

<sup>5</sup> Unlike "debt flow" relief under the PCR window, which is disbursed over time as the member's debt service obligations fall due, CC window relief would be disbursed upfront to repay a portion of the member's debt obligations equivalent to the amount of the approved grant. Also, unlike the debt "stock" relief under the PCR window, the CC window relief is not intended to clear all outstanding eligible debt (unless such debt is at or below 20 percent of the member's quota) but would clear only the member's debt up to the amount of the approved grant.

external position, the projected drain of Fund debt service payments on the level of the member's reserves and the share of Fund debt service (net of grant support) in the member's total official debt service payments. The amount of grant assistance shall not exceed the total amount of eligible debt falling due to the Fund during the relevant two-year period;

ii. That there is a broad-based international effort to provide debt service flow relief to the member to ease near-term balance of payments pressures, and a strong expectation that additional assistance from the Fund would help catalyze support to the member from a significant majority of official bilateral creditors on similar terms. In such circumstances, the Trustee will approve grants in the amount that is necessary to repay the full amount of the member's eligible debt falling due to the Fund within the period during which bilateral official creditors are expected to provide debt relief, up to a maximum of two years from the date of the decision approving grant assistance; or

iii. That, in the circumstance of a member rated at high risk of debt distress, or in debt distress under the joint Bank-Fund Debt Sustainability Framework for Low-Income Countries, additional grant assistance is warranted to prevent a significant deterioration of debt indicators (relative to pre-epidemic projections) resulting from the country taking on new debt to respond to the epidemic. In these circumstances, such additional grant support would be provided in the amount that is needed to ensure that eligible debt to the Fund that has been incurred in response to the Qualifying Public Health Disaster has a grant element of 80 percent. For this purpose, eligible debt that has been incurred in response to the Qualifying Public Health Disaster would consist of amounts committed and disbursed under the Poverty Reduction and Growth Trust or from the General Resources Account after the onset of the epidemic in the requesting member country, which were made available to address the balance of payments needs created by the Qualifying Public Health Disaster, and before the Fund's determination that the member qualifies for grant assistance under the CC window.

- **Modalities for Debt Relief:** While the amount necessary to effect debt flow relief under the PCR window is disbursed into an umbrella account and is paid out as amounts fall due to the Fund, debt relief under the CC window would be (as is the case with debt stock relief under the PCDR) disbursed into the umbrella account and then used to effect the immediate repayment of all amounts covered by the debt relief before they fall due.
- **Administration of the Trust:** Under the amended Trust Instrument, many of the existing provisions governing the administration of the Trust would remain unchanged. Resources may be provided to the Trust in any currency, and contributions to the Trust may be made in or exchanged for SDRs (Section I, paragraph 4). In addition, resources held in the Trust pending use would be invested in the same instruments in which resources of the PRG-HIPC and MDRI Trusts

may be invested (Section IV, paragraph 3). The provisions on PCDR Trust reimbursement of the GRA for the costs of administering the PCDR Trust would remain in place under the new Trust.<sup>6</sup> The standard SDR “prescription” provision under Decision 14649-(10/64), adopted June 25, 2010, upon the establishment of the PCDR Trust also remains in place, which is intended to facilitate the use of SDRs by the CCR Trust

- **Amendment of the Trust Instrument:** The Executive Board would be authorized to amend the Trust Instrument by a majority of votes cast, but amendment of certain provisions could be effected only with the consent of contributors (Section VI). As under the existing debt relief trusts, these “protected” provisions requiring contributors’ consent are generally those that affect the interests of contributors, and relate to the purposes of the Trust and the rules for its administration and liquidation.

## B. Liquidation of MDRI-I Trust

**8. Decision B liquidates the MDRI-I Trust in accordance with Section V, paragraph 3 of the MDRI-I Trust Instrument and provides for the transfer of the remaining SDA balances to the General Account of the CCR Trust.** There is no more eligible debt left outstanding that could benefit from debt relief under the MDRI-I Trust and all remaining balances in the MDRI I Trust originate from the SDA. The MDRI-I Trust instrument provides that upon liquidation remaining resources will be transferred to the SDA.<sup>7</sup> It is proposed to transfer these balances to the General Account of the CCR Trust (through the SDA).<sup>8</sup> The liquidation of the MDRI-I Trust requires an Executive Board decision with a majority of the votes cast, while the decision to place the remaining SDA balances in the MDRI-I Trust into the CCR Trust following its liquidation requires an 85 percent majority of total voting power (Article V, Section 12(f)(ii)).<sup>9</sup> Since these decisions are proposed for adoption in a single Executive Board decision, the higher majority requirement for the adoption of the decision would apply, *i.e.*, an 85 percent majority of total voting power.

<sup>6</sup> This approach is consistent with Article V, Section 12(i) and the approach followed in other cases involving trusts that are initially funded with SDA-only resources (*e.g.*, MDRI-I Trust). Consistent with precedent, this provision would exclude expenses already attributed to other accounts or trusts administered by the Fund.

<sup>7</sup> Under Section V, paragraph 3 of the MDRI-I Trust instrument, upon liquidation of the trust, the remaining resources after the discharge of any liabilities of the trust, shall be distributed to the Fund and contributors that have provided resources to the Trust and the resources representing the Fund’s share in the distribution shall be transferred to the SDA.

<sup>8</sup> The MDRI-I trust, as the MDRI-II Trust, provides debt relief to low-income qualifying members to help these countries address their protracted balance of payments problems and reach the Millennium Development Goals.

<sup>9</sup> The use of SDA resources to provide grants under the CCR Trust would be pursuant to Article V, Section 12(f)(ii) which authorizes the use of SDA resources to provide balance of payments assistance on special terms to low-income developing countries.

## C. Amendment to the MDRI-II Trust

**9. A two-step process is envisaged for the liquidation of the MDRI-II Trust and the potential use of any remaining contributor balances for the benefit of the CCR Trust.** As a first step, the liquidation rules of the MDRI-II Trust would be amended to allow for the transfer of any remaining balances upon liquidation of the MDRI-II Trust to the CCR Trust as the “default” destination. In a second step, once the amendment to the liquidation provisions has become effective following contributor consent, the MDRI-II Trust would be liquidated.

**10. Decision C implements the first step of this two-step process by amending Section V, paragraph 2 of the MDRI-II Trust Instrument (liquidation provision).** Under the current terms of the MDRI-II Trust, upon liquidation of the MDRI-II Trust, the amounts in the trust shall be used first to discharge all the liabilities of the trust and any remaining amounts shall be transferred to the PRGT for use in subsidy operations under this trust (Section V, paragraph 2 of the MDRI-II Trust Instrument) unless a contributor request distribution of its pro rata share. The amendment proposed under Decision C would revise the liquidation provision of the MDRI-II Trust to specify that upon liquidation of the trust, remaining amounts after discharge of any existing liabilities would be transferred to the General Account of the CCR Trust, except where a contributor requests that its pro rata share of the resources be transferred to the PRGT for subsidy operations or be distributed to the contributor. Thus, MDRI-II Trust contributors retain the same options currently available to them for the disposition of the balances of their contributions.

**11. Decision C can be adopted with a majority of the votes cast but for the amendment to become effective, the consent of all MDRI-II Trust contributors is required (Section VI of MDRI-II Trust Instrument).** Following the Executive Board approval of Decision C, staff will encourage all individual contributors to communicate their consent to the proposed amendment of the MDRI-II Trust Instrument expeditiously.

**12. An Executive Board decision to implement the second step (i.e., the liquidation of the MDRI-II Trust) would be proposed for adoption on a lapse-of-time basis once the amendment of the liquidation regime has become effective.** The liquidation could be combined with the establishment of a temporary administered account that would allow contributors at the time of the liquidation of the MDRI-II Trust to temporarily place their pro rata share pending final decision by the relevant contributor on the use of these resources.

## Proposed Decisions

Accordingly, the following decisions are proposed for adoption by the Executive Board. Decisions A and B may be adopted by an 85 percent majority of the total voting power. Decision C may be adopted by a majority of the votes cast. As noted in the text of Decision C, the amendment set forth in paragraph 1 of the decision will become effective when all contributors to the MDRI-II Trust have consented to the amendment.

### Decision A. Transformation of the Post-Catastrophe Debt Relief (PCDR)

#### Trust into the Catastrophe Containment and Relief (CCR) Trust

1. The name of the Trust established pursuant to Decision No. 14649-(10/64), adopted June 25, 2010, shall be changed to the Catastrophe Containment and Relief (CCR) Trust. Accordingly, Decision No. 14649-(10/64) and the title of the Attachment to that Decision shall be amended by replacing references to the "Post-Catastrophe Debt Relief Trust" ("PCDR Trust") with "Catastrophe Containment and Relief Trust" ("CCR Trust").
2. The Instrument to Establish the CCR Trust ("CCR Instrument"), annexed to Decision No. 14649-(10/64), shall be amended to read as set forth in Attachment A to this decision.
3. The terms and conditions for the administration of the PCDR Trust Umbrella Account set forth in Attachment A to Decision No. 14650-(10/64) PCDR Umbrella Account, adopted June 25, 2010 shall be amended to read as set forth in Attachment B to this decision.
4. Except as otherwise specifically provided or where the context otherwise requires, references in other Fund decisions, instruments, agreements or documents to the Post-Catastrophe Debt Relief Trust and Post-Catastrophe Debt Relief Trust Instrument shall be

understood to be, respectively, references to the “Catastrophe Containment and Relief Trust” (“CCR Trust”) and “Catastrophe Containment and Relief Trust Instrument”.

5. The review of the of the PCDR Trust set forth in paragraph 1 of Decision No. 14649- (10/64), adopted June 25, 2010 is no longer required. It is expected that the Fund will review the financing and operations of the CCR Trust every five years or earlier if needed.

### **Attachment A. Instrument to Establish the Catastrophe Containment and Relief Trust**

To help fulfill its purposes, the International Monetary Fund (the “Fund”), pursuant to Article V, Section 2(b) of the Fund’s Articles of Agreement, has adopted this Instrument to Establish the Catastrophe Containment and Relief Trust (the “CCR Trust” or “Trust”), which shall be administered by the Fund as Trustee (the “Trustee”). The Trust shall be governed by, and administered in accordance with, the following provisions:

#### *Section I. General Provisions*

##### Paragraph 1. Purposes

The Trust shall assist in fulfilling the purposes of the Fund by providing balance of payments assistance in the form of grants (“Trust grants”) to eligible low-income members that qualify for assistance as set forth in Section III of this Instrument. Such members may request balance of payments assistance in accordance with the terms of this Instrument under either:

(a) the Post-Catastrophe Relief Window (PCR window), in the form of grants that shall be used to deliver temporary relief of debt service payments (interest and principal) on such members' eligible debt ("debt flow relief") and, in appropriate cases, permanent debt relief on such debt ("debt stock relief"), where the member experienced a Qualifying Catastrophic Disaster, subject to the terms of this Instrument ; or

(b) the Catastrophe Containment Window (CC window), in the form of grants that shall be used to provide immediate debt relief on eligible debt ("immediate debt relief"), where the member experienced a Qualifying Public Health Disaster subject to the terms of this Instrument

#### Paragraph 2. Trust Accounts and Resources

(a) For its operations and transactions the Trust shall have a General Account, a PCR Window Account and a CC Window Account, collectively referred to as "the Accounts". Within each Account, the Trustee may establish such sub-accounts as it deems necessary for the administration of the resources of the Trust.

(b) The resources held in the General Account shall consist of:

- (i) transfers from the Special Disbursement Account in accordance with Section V, paragraph 2 of the Multilateral Debt Relief Initiative-I Trust established pursuant to Decision No. 13588-(05/99) MDRI, as amended by Decision No. 14649-(10/64);

- (ii) transfers from the Special Disbursement Account in accordance with paragraph 3 of the Decision No. .... [decision on the liquidation of the MDRI-I Trust];
  - (iii) grant contributions made to the Trust for the General Account ;
  - (iv) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the General Account; and
  - (v) net earnings from investment of resources held in the General Account.
- (c) The resources held in the PCR Window Account shall consist of:
- (i) grant contributions made to the Trust for the purposes of the PCR Window Account;
  - (ii) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the PCR Window Account; and
  - (iii) net earnings from investment of resources held in that Account.
- (d) The resources held in the CC Window Account shall consist of:
- (i) grant contributions made to the Trust for the CC Window Account;
  - (ii) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the CC Window Account; and
  - (iii) net earnings from investment of resources held in that Account.
- (e) For the purpose of grant disbursements as set forth in Section III, paragraph 4 of this Instrument, the Trustee may draw upon resources in the General Account for purposes of providing

relief under the PCR window and the CC window, provided that it shall draw first (i) under the PCR Window Account for purposes of PCR window grant assistance, and (ii) under the CC Window Account for purposes of CC window grant assistance.

Paragraph 3. Unit of Account

The SDR shall be the unit of account for commitments and all other operations and transactions of the Trust, provided that commitments for contributions may also be made in currency.

Paragraph 4. Media of payment of contributions and exchange of resources

- (a) Resources provided to the Accounts shall be in any currency.
- (b) Payments by the Trust shall be made in U.S. dollars or such other media as may be agreed between the Trustee and the payee.
- (c) Contributions to the Trust may also be made in or exchanged for SDRs in accordance with such arrangements as may be made by the Trust for the holding and use of SDRs.
- (d) The Trustee may exchange any of the resources of the Trust for other resources.

*Section II. Contributions to the Trust*

The Trustee may accept contributions of resources for the Accounts of the Trust on such terms and conditions as may be agreed between the Trustee and the respective contributors, subject to the provisions of this Instrument. For this purpose, the Managing Director of the Trustee is authorized to

accept grants and enter into loan, deposit, or other types of investment agreements with the contributors to the Trust.

*Section III. Trust Grants*

Paragraph 1. Eligibility for assistance

In order to be eligible for relief under the PCR window or the CC window of the Trust, a member shall meet the following requirements:

(a) the member is PRGT-eligible (*i.e.*, is included in the list of members annexed to Decision No. 8240-(86/56) SAF, as amended); and

(b) the member has an annual per capita gross national income, as assessed by the Trustee in accordance with paragraph 1(E) of Decision No. 14521-(10/3), that is below the International Development Association operational cut-off or, for a member qualifying as a “small country” under the definition set forth in paragraph 1(D) of that decision, is less than twice the International Development Association operational cut-off.

Paragraph 2. Post-Catastrophe Relief Window (PCR Window)

(a) Qualification for Assistance

The Trustee shall determine whether an eligible member requesting assistance under the PCR Window qualifies under this Instrument for debt flow relief and, in appropriate cases, for debt stock relief, in accordance with the respective criteria set forth below:

(i) Debt Flow Relief

An eligible member shall qualify for debt flow relief under this window when the Trustee determines that the member is experiencing a balance of payments need that arises from a Qualifying Catastrophic Disaster. For purposes of this Instrument, a Qualifying Catastrophic Disaster shall mean an exceptional natural disaster occurring any time after January 1, 2010 that the Trustee determines, based on available information, including preliminary estimates, has had the following effects on the member: (I) a large portion of the member's population has been directly affected (*i.e.*, deceased, injured, and/or displaced), such portion normally being at least one third of the population; and (II) a large portion of the member's economy has been directly affected, as evidenced by either (a) the destruction of more than a quarter of the member's productive capacity measured by destroyed structures, impact on key economic sectors and public institutions, and other relevant early indicators, or (b) damage in an amount exceeding 100 percent of the member's GDP prior to the Qualifying Catastrophic Disaster.

(ii) Debt Stock Relief

An eligible member that qualifies for debt flow relief under this window shall also qualify for debt stock relief when the Trustee determines, based on available information, that: (I) the member has substantial balance of payments needs that have been created or exacerbated by the Qualifying Catastrophic Disaster and the subsequent economic recovery efforts and are expected to persist beyond the period covered by debt flow relief; and (II) the resources that would be freed up by the debt stock relief would be critical for meeting these needs. For purposes of (II), resources would normally be considered critical for meeting the member's needs only if, based on an updated debt sustainability analysis conducted after the Qualifying Catastrophic Disaster, the member has a high level of debt in relation to GDP or exports prior to the delivery of any debt relief after the Qualifying Catastrophic Disaster, typically resulting in an assessment that the member is in debt distress or has a high risk of debt distress. Decisions on a member's qualification for debt stock relief will normally be adopted by the Trustee in the period beginning six months after the occurrence of the Qualifying Catastrophic Disaster and ending in all cases no later than twenty-four months after such disaster.

(b) Amount and Delivery of Assistance

The Trustee shall deliver assistance to eligible members that it has determined qualify for debt flow or debt stock relief in accordance with the following terms:

(i) Debt Flow Relief

Upon a determination that a member qualifies for debt flow relief pursuant to paragraph 2(a)(i) of this Section, the Trustee shall disburse to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in an amount equivalent to all payments on the member's eligible debt falling due within the period beginning on the date of the debt flow relief decision and ending two years after the occurrence of the Qualifying Catastrophic Disaster. For the purposes of this paragraph, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the Qualifying Catastrophic Disaster and in respect of which the member had made regular scheduled debt service payments (interest and principal) before the Qualifying Catastrophic Disaster, plus any disbursements by the Fund (including by the Fund as Trustee) to the member made normally within four months following such disaster, but shall exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 3 of this Section.

(ii) Debt Stock Relief

- I. Upon a determination that a member qualifies for debt stock relief pursuant to paragraph 2(a)(ii) of this Section, the Trustee shall commit an amount up to which the Trust will disburse a Trust grant for debt stock relief to the member pursuant to subparagraph 2(b)(ii)(II) below. The amount committed shall be the amount needed

to effect the early repayment of the member’s eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster.

The amount actually disbursed pursuant to subparagraph 2(b)(ii)(II) below shall be the amount needed to effect the early repayment of the member’s eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster or on the date of the Trustee’s decision to disburse debt stock relief, whichever is later.

- II. The Trustee shall disburse debt stock relief in the amount specified in subparagraph 2(b)(ii)(I) above to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below as of the date the Trustee determines that: (a) a concerted effort exists within the international community to provide similar debt relief to the member, which shall be evidenced by satisfactory assurances regarding the debt relief to be provided by the member’s other official sector creditors whose debts together account for at least eighty percent of the member’s total sovereign external debt outstanding to official creditors (less amounts due to the Fund) at the time of the Qualifying Catastrophic Disaster, (b) the member has provided assurances that it will cooperate with the Trustee in an effort to find solutions to its balance of payments problems and will refrain from any

inappropriate policies that could compound these problems, and (c) taking into account the member's implementation capacity after the Qualifying Catastrophic Disaster, the member has established a track record of adequate macroeconomic policies, normally for a period of at least six months immediately preceding the Trustee's decision to disburse debt stock relief.

### Paragraph 3. Catastrophe Containment Window (CC Window)

#### (a) Qualification for Assistance

(i) An eligible member shall qualify for immediate debt relief under the CC window when the Trustee determines, that (I) the member is experiencing a balance of payments need arising from a Qualifying Public Health Disaster that has occurred in the member's territory; and (II) the macroeconomic policy framework put in place by the member to address the balance of payments need created by the public health disaster and the ensuing policy response is appropriate.

(ii) For purposes of this Instrument, a Qualifying Public Health Disaster arises where:

(I) a life-threatening epidemic has a sustained presence and has spread across several areas of the member's territory, causing significant economic disruption and creating a balance of payments need. Based on available information (which may take the form of preliminary estimates) and for the purposes of this subparagraph (I), the magnitude of economic disruption that has occurred and is projected to occur in the future would normally be

characterized by at least: (a) a cumulative loss of real GDP of 10 percent; or (b) a cumulative loss of revenue and increase of expenditures equivalent to at least 10 percent of GDP. Such economic disruption will be measured relative to staff estimates made prior to the onset of the public health disaster and would reflect, *inter alia*, sharp curtailments, for disease containment purposes, on the movement of people and products within the country and related declines in production, exports, tax revenues, and international visitors, and also surges in government outlays on relief and containment efforts; and

(II) the epidemic has the capacity to spread, or is already spreading, rapidly both within and across countries, producing or threatening, significant economic disruption and loss of life.

(iii) In making a determination of the occurrence of a Qualifying Public Health Disaster, the Fund may be guided by assessments of the health situation and outlook made by national authorities, the World Health Organization, the World Bank, and other relevant agencies.

(b) Request for CC Window Assistance

A member requesting assistance under the CC window shall describe in a letter the nature of the public health disaster and the balance of payments needs arising from it, the measures being taken to contain the disaster, including budgetary reallocations, and the macroeconomic policies it is pursuing or plans to pursue to address its balance of payment difficulties.

(c) Amount and Delivery of Assistance

(i) Subject to subparagraph 3(c)(ii) below, upon a determination that a member qualifies for assistance pursuant to paragraph 3(a) of this Section, the Trustee shall disburse to a subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in the amount, up to a limit of 20 percent of the member’s quota in the Fund, that is necessary to repay the member’s eligible debt to the Fund. For the purposes of this paragraph, eligible debt shall be defined as all of the member’s debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the determination by the Fund that the member is qualified to receive grant assistance under this window, and in respect of which the member had made regular scheduled debt service payments (principal and interest) before such determination, but shall exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 2 of this Section.

(ii) The Trustee will approve grant assistance beyond the limit set in subparagraph (i) of paragraph 3(c) above upon the Trustee’s determination of any of the following circumstances:

- I. That debt service obligations on the member’s eligible debt to the Fund constitute an exceptional burden on the near-term external payments position of the requesting member. In this case, the Trustee will approve grant assistance in an amount necessary to eliminate the exceptional burden. In making the determination

of the exceptional burden, the Trustee shall take into account, *inter alia*, the member's overall external position, the projected drain of Fund debt service payments on the level of the member's reserves and the share of Fund debt service (net of grant support) in the member's total official debt service payments. The amount of grant assistance provided under this sub-paragraph shall not exceed the total amount of eligible debt falling due to the Fund during the relevant two-year period.

- II. That there is a broad-based international effort to provide debt service flow relief to the member to ease near-term balance of payments pressures, and a strong expectation that additional assistance from the Fund would help catalyze support to the member from a significant majority of official bilateral creditors on similar terms. In such circumstances, the Trustee will approve grants in an amount that is necessary to repay the full amount of the member's eligible debt falling due to the Fund within the period during which bilateral official creditors are expected to provide debt relief, up to a maximum of two years from the date of the decision approving grant assistance; or
- III. That, in the circumstance of a member rated at high risk of debt distress, or in debt distress under the joint Bank-Fund Debt Sustainability Framework for Low-Income

Countries, additional grant assistance is warranted to prevent a significant deterioration of debt indicators (relative to pre-epidemic projections) resulting from the country taking on new debt to respond to the epidemic. In these circumstances, such additional grant support will be provided in the amount that is needed to ensure that eligible debt to the Fund that has been incurred in response to the Qualifying Public Health Disaster has a grant element of 80 percent. For the purposes of this sub-paragraph, eligible debt that has been incurred in response to the Qualifying Public Health Disaster shall consist of amounts committed and disbursed under the Poverty Reduction and Growth Trust or from the General Resources Account after the onset of the epidemic in the requesting member country, which were made available to address the balance of payments needs created by the Qualifying Public Health Disaster, and before the Fund's determination under paragraph 3(a) of this Section.

#### Paragraph 4. Disbursements

- (a) All disbursements of Trust grants shall be subject to the availability of resources to the Trust.
- (b) The proceeds of Trust grants approved under the CCR Trust shall be paid into a subaccount for the benefit of the relevant member that is maintained within a separate account (the "Umbrella Account") established and administered by the Trustee pursuant to this subparagraph, as follows:

(i) The Trustee shall use the proceeds disbursed as debt flow relief under the PCR window (including any income from investments of such proceeds) to make payments on the member's eligible debt as they fall due within the period specified in paragraph 2(b)(i) above. The Trustee shall use the proceeds disbursed as debt stock relief under the PCR window as set forth in paragraph 2(b)(ii) promptly after such disbursement to effect the early repayment of the member's eligible debt as of the date specified in the last sentence of paragraph 2(b)(ii)(I) above. If the amounts disbursed by the Trustee to the subaccount exceed the amounts needed to effect payments falling due on, and early repayment of, the member's eligible debt pursuant to the terms of this Instrument, then the Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(ii) The Trustee shall use the proceeds disbursed for CC Window grant assistance under paragraph 3(c) promptly after such disbursement to effect the early repayment of an equivalent amount of the member's eligible debt, with the repayments being attributed to the obligations in the order in which they fall due. If the amounts disbursed by the Trustee to the subaccount exceed the amounts needed to effect early repayment of the member's eligible debt pursuant to the terms of the CC Window, then the Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(iii) The terms and conditions for the operation of the Umbrella Account shall be determined by the Trustee.

#### Paragraph 5. Modifications

Any modification of the provisions of this Section will affect only Trust grants made after the effective date of the modification.

### *Section IV. Administration of the Trust*

#### Paragraph 1. Trustee

(a) The Trust shall be administered by the Fund as Trustee. Decisions and other actions taken by the Fund as Trustee shall be identified as taken in that capacity.

(b) Subject to the provisions of this Instrument, the Fund in administering the Trust shall apply the same rules as apply to the operation of the General Resources Account of the Fund.

(c) The Trustee, acting through its Managing Director, is authorized:

(i) to make all arrangements, including establishment of accounts in the name of the

International Monetary Fund, which shall be accounts of the Fund as Trustee, with such depositories of the Fund as the Trustee deems necessary; and

(ii) to take all other administrative measures that the Trustee deems necessary to implement the provisions of this Instrument.

Paragraph 2. Separation of assets and accounts, audits and reports

- (a) The resources of the Trust shall be kept separate from the property and assets of all other accounts of the Fund, including other administered accounts, and shall be used only for the purposes of the Trust in accordance with this Instrument.
- (b) The property and assets held in the other accounts of the Fund shall not be used to discharge liabilities or to meet losses arising out of the administration of the Trust. The resources of the Trust shall not be used to discharge liabilities or to meet losses arising out of the administration of the other accounts of the Fund.
- (c) The Fund shall maintain separate financial records and prepare separate financial statements for the Trust in accordance with International Financial Reporting Standards.
- (d) The external audit firm selected under Section 20 of the Fund's By-Laws shall audit the financial transactions and records of the Trust. The audit shall relate to the financial year of the Fund.
- (e) The Fund shall report on the resources and operations of the Trust in the Annual Report of the Executive Board to the Board of Governors and shall include in the Annual Report the report of the external audit firm on the Trust

Paragraph 3. Investment of resources

- (a) Any balance held by the Trust and not immediately needed in operations shall be invested.

(b) Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member.

#### *Section V. Period of Operation and Liquidation*

##### Paragraph 1. Period of Operation

The Trust established by this Instrument shall remain in effect for as long as is necessary, in the judgment of the Fund, to conduct and to wind up the business of the Trust.

##### Paragraph 2. Liquidation of the Trust

If the Trustee decides to wind up the operations of the Trust, the resources in the Accounts shall be used first to discharge all the liabilities of the Trust. Any amount remaining in the Accounts after the discharge of all the liabilities of the Trust shall be transferred to the General Subsidy Account of the Poverty Reduction and Growth Trust established pursuant to Decision No. 8759-(87/176) ESAF, as amended, ("PRGT") for use in accordance with the provisions of the PRGT Instrument; provided that, at the request of a contributor that has provided resources to the Trust, its pro rata share of any

such remaining resources in the Trust, or any portion of such share, shall be distributed to the contributor.

*Section VI. Amendment of the Instrument*

The Fund may amend the provisions of the Instrument, except that any amendment of Section I, paragraph 1, Section IV, Section V, and this Section shall require the consent of all contributors to the Trust.

**Attachment B. Catastrophe Containment and Relief Trust—Terms and Conditions for****Administration of Umbrella Account**

Pursuant to Section III, paragraph 4 (b) of the Instrument to Establish the Catastrophe Containment and Relief Trust (CCR Trust), the Fund, as Trustee of the CCR Trust, establishes the following terms and conditions for the administration of the Umbrella Account provided for under that provision:

1. The resources of the Umbrella Account shall consist of (i) the proceeds of grants paid into the Umbrella Account for the benefit of a member by the CCR Trust, (ii) contributions by other donors to finance debt relief on a member's eligible debt to the Fund, and (iii) net earnings from the investment of resources held in the Umbrella Account.
2. Within the Umbrella Account, the Trustee shall establish a separate subaccount for the administration of the resources paid into the Umbrella Account for the benefit of each member for which the resources have been paid. The Trustee shall establish a subaccount within the Umbrella Account, at the latest, whenever the Fund as Trustee of the CCR Trust grants final approval of the disbursement of a Trust grant under the CCR Trust.
3. Following the establishment of a subaccount, the Fund, as Trustee, shall be authorized to use the resources of the subaccount (including any net income from the investment of such resources) to make payments for the benefit of the member as specified in Section III, paragraph 4(b) of the Instrument to Establish the CCR Trust.

4. (a) Resources held in a subaccount of the Umbrella Account and not immediately needed for operations shall be invested.

(b) Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member. Earnings, net of any transactions costs, shall accrue to the subaccount and shall be available for the purposes of the subaccount.

(c) The Managing Director of the Trustee is authorized (i) to make all arrangements, including the establishment of accounts in the name of the Trustee, with such depositories as may be necessary to carry out the operations of the Umbrella Account, and (ii) to take all measures necessary to implement the provisions of this decision.

5. The SDR shall be the unit of account.

(a) Resources received into a subaccount may be in U.S. dollars or such other media as may be determined by the Trustee.

(b) Resources held in a subaccount may be currencies or currencies exchanged for SDRs in accordance with such arrangements as may be made by the Trustee for the holding and use of SDRs.

(c) The Trustee may exchange any of the resources held in a subaccount for other resources.

(d) Payments made from a subaccount shall be made in U.S. dollars or such other media as may be determined by the Trustee.

6. Assets held in the Umbrella Account shall be kept separate from the assets and property of all other accounts of, or administered by, the Trustee. The assets of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses incurred by the Trustee in the administration of such other accounts. Except as expressly authorized in the CCR Trust Instrument and this decision, the assets and property held in a subaccount of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses of the Trustee in the administration of any other subaccount of the Umbrella Account.

7. Subject to the provisions of this decision, the Trustee, in administering the Umbrella Account, shall apply, *mutatis mutandis*, the same rules and procedures as apply to the operations of the General Resources Account of the Fund.

8. No charge shall be levied for the services rendered by the Trustee in the administration, operation, and termination of the Umbrella Account.

(a) The Trustee shall maintain separate financial records and prepare separate financial statements for the Umbrella Account in accordance with International Financial Reporting Standards.

The financial statements for the Umbrella Account shall be expressed in SDRs.

(b) The external audit firm selected under Section 20 of the Trustee's By-Laws shall audit the operations and transactions conducted through the Umbrella Account. The audit shall relate to the financial year of the Trustee.

(c) The Trustee shall report on the resources and operations of the Umbrella Account in the Annual Report of the Executive Board to the Board of Governors and shall include in that Annual Report the report of the external audit firm on the Umbrella Account.

9. (a) The Umbrella Account shall remain in effect for as long as is necessary, in the judgment of the Trustee, to conduct and to wind up the business of the Umbrella Account. A subaccount for a particular member would be wound up when the resources of that subaccount have been exhausted in providing debt relief to the member according to the terms of the CCR Trust Instrument.

(b) Any balance remaining in a subaccount upon termination and after the discharge of all obligations of that subaccount shall be transferred promptly to the specific CCR Trust account

from which the resources were drawn; provided that, at the request of a donor that has contributed directly to a subaccount pursuant to paragraph 1(ii) above, its pro rata share of any such resources remaining in the subaccount, shall be distributed to the donor.

## **Decision B. Liquidation of the MDRI-I Trust and Transfer of the Remaining**

### **Balances to the CCR Trust**

1. Pursuant to Section V, Paragraph 3 of the Instrument to Establish the Multilateral Debt Relief Initiative-I Trust (the "Trust"), annexed to Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, as amended, the Fund, as Trustee of the MDRI-I Trust, decides to liquidate the MDRI-I Trust.
2. In accordance with paragraph 6 of Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, effective January 5, 2006, the General Resources Account shall be reimbursed the equivalent of SDR [----] million by the MDRI-I Trust in respect of the expenses of administering SDA resources in the MDRI-I Trust during FY 2015.
3. The SDA resources in the Trust, after discharge of all liabilities of the Trust and after the reimbursement set forth in paragraph 2 above, shall be transferred (through the Special Disbursement Account), to the General account of the Catastrophe Containment and Relief Trust established pursuant to Decision No. [-----] (15/---), adopted -----, 2015.

## Decision C. Amendment to the MDRI-II Trust

1. The Fund, as Trustee of the Multilateral Debt Relief Initiative-II Trust (the “MDRI-II Trust”) decides to amend Section V, paragraph 2 of the Instrument to establish the MDRI-II Trust, annexed to Decision No. 13588-(05/99), adopted November 23, 2005, to read as follows:

### Paragraph 2. Liquidation of the Trust

If the Trustee decides to wind up the operations of the Trust, the resources in the Account shall be used first to discharge all the liabilities of the Trust. Any amount remaining in the Account after the discharge of all the liabilities of the Trust shall be transferred to the Catastrophe Containment and Relief Trust established pursuant to Decision No. [-----] (15/---), adopted -----, 2015 except that, at the request of a contributor, its pro rata share in any unused resources shall be transferred to the Poverty Reduction and Growth Trust for use in any current or future subsidy operations authorized for that Trust or shall be distributed to the contributor.”

2. The amendment set forth in paragraph 1 of this decision shall become effective when all contributors to the MDRI-II Trust have consented to the amendment.

## Annex I.

### Instrument to Establish the **Post-Catastrophe Containment and Debt Relief Trust**

To help fulfill its purposes, the International Monetary Fund (the “Fund”), pursuant to Article V, Section 2(b) of the Fund’s Articles of Agreement, has adopted this Instrument to Establish the **Post-Catastrophe Containment and Debt Relief Trust** (the “CCR Trust” or “Trust”), which shall be administered by the Fund as Trustee (the “Trustee”). The Trust shall be governed by, and administered in accordance with, the following —provisions:

#### Section I. General Provisions

##### Paragraph 1. Purposes

The Trust shall assist in fulfilling the purposes of the Fund by providing balance of payments

assistance in the form of grants (“Trust grants”) to eligible low-income members that qualify for

assistance as set forth in Section III of this Instrument. Such members may request balance of

payments assistance in accordance with ~~under~~ the terms of this Instrument under either:

(a) the Post-Catastrophe Relief Window (PCR window), in the form of ~~Trust~~ grants that shall be used to deliver temporary relief of debt service payments (interest and principal) on such members’ eligible debt (“debt flow relief”) and, in appropriate cases, permanent debt relief on such debt (“debt stock relief”), where the member experienced a Qualifying Catastrophic Disaster, subject to the terms of this Instrument ; ~~or, including the requirements set forth in Section III of this Instrument.~~

(b) the Catastrophe Containment Window (CC window), in the form of grants that shall be used to provide immediate debt relief on eligible debt (“immediate debt relief”), where the member experienced a Qualifying Public Health Disaster subject to the terms of this Instrument

##### Paragraph 2. ~~Trust~~ Accounts ~~Account~~ and Resources ~~resources~~

(a) ~~For its~~ ~~The~~ operations and transactions ~~of~~ the Trust shall have a General Account, a PCR Window ~~be conducted through an account (“the Account and a CC Window Account, collectively referred to as “the Accounts.”).~~ Within ~~each~~ the Account, the Trustee may establish such sub-accounts as it deems necessary for the administration of the resources ~~of~~ ~~held in~~ the Trust Account.

(b) ~~The~~ resources held in the General Account shall consist of:

- (i) \_\_\_\_\_-transfers from the ~~Special Disbursement Account~~ Special Disbursement Account in accordance with Section V, paragraph 2 of the Multilateral Debt Relief Initiative-I Trust established pursuant to Decision No. 13588-(05/99) MDRI, as amended by Decision No. 14649-(10/64);
- (ii) \_\_\_\_\_ transfers from the Special Disbursement Account in accordance with paragraph 3 of the Decision No. .... [decision on the liquidation of the MDRI-I Trust];
- (iii) \_\_\_\_\_-grant contributions made to the Trust for the General Account ;
- ~~(iv) \_\_\_\_\_ the proceeds of purposes set forth in Section I, paragraph 1; (iii) loans, deposits and other types of investments made by contributors with the Trust to generate income for the General Account; and to be used for the purposes set forth in Section I, paragraph 1; and (iv) net earnings from investment of resources held in the Account.~~
- (v) \_\_\_\_\_ net earnings from investment of resources held in the General Account.
- (c) \_\_\_\_\_ The resources held in the PCR Window Account shall consist of:
- (i) \_\_\_\_\_ grant contributions made to the Trust for the purposes of the PCR Window Account;
- (ii) \_\_\_\_\_ the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the PCR Window Account; and
- (iii) \_\_\_\_\_ net earnings from investment of resources held in that Account.
- (d) \_\_\_\_\_ The resources held in the CC Window Account shall consist of:
- (i) \_\_\_\_\_ grant contributions made to the Trust for the CC Window Account;

(ii) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the CC Window Account; and

(iii) net earnings from investment of resources held in that Account.

(e) For the purpose of grant disbursements as set forth in Section III, paragraph 4 of this Instrument, the Trustee may draw upon resources in the General Account for purposes of providing relief under the PCR window and the CC window, provided that it shall draw first (i) under the PCR Window Account for purposes of PCR window grant assistance, and (ii) under the CC Window Account for purposes of CC window grant assistance.

### Paragraph 3. *Unit of Account*

The SDR shall be the unit of account for commitments and all other operations and transactions of the Trust, provided that commitments for contributions may also be made in currency.

### Paragraph 4. *Media of payment of contributions and exchange of ~~resources~~*

(a) ~~Resources provided to the AccountsAccount~~ shall be in any currency.

(b) ~~Payments by the Trust shall be made in U.S. dollars or such other media as may be agreed between the Trustee and the payee.~~

(c) ~~Contributions to the Trust may also be made in or exchanged for SDRs in accordance with such arrangements as may be made by the Trust for the holding and use of SDRs.~~

(d) ~~The Trustee may exchange any of the resources of the Trust for other resources.~~

### Section II. *Contributions to the Trust*

The Trustee may accept contributions of resources for the ~~Accounts of the TrustAccount~~ on such terms and conditions as may be agreed between the Trustee and the respective contributors, subject to the provisions of this Instrument. For this purpose, the Managing Director of the Trustee is authorized to accept grants and enter into loan, deposit, or other types of investment agreements with the contributors to the Trust.

Section III. *Trust Grants*Paragraph 1. *Eligibility for assistance*

In order to be eligible for ~~either debt flow relief under the PCR window or the CC window of debt stock relief from~~ the Trust, a member shall meet the following requirements:

(a) \_\_\_\_\_-the member is PRGT-eligible (i.e., is included in the list of members annexed to Decision No. 8240-(86/56) SAF, as amended); and

(b) \_\_\_\_\_-the member has an annual per capita gross national income, as assessed by the Trustee in accordance with paragraph 1(E) of Decision No. 14521-(10/3), that is below the International Development Association operational cut-off or, for a member qualifying as a “small country” under the definition set forth in paragraph 1(D) of that decision, is less than twice the International Development Association operational cut-off.

Paragraph 2. Post-Catastrophe Relief Window (PCR Window)(a) \_\_\_\_\_ Qualification for Assistance~~assistance~~

The Trustee shall determine whether an eligible member requesting assistance under the PCR Window qualifies under this Instrument for debt flow relief and, in appropriate cases, for debt stock relief, in accordance with the respective criteria set forth below:

## (i) \_\_\_\_\_

~~(a)~~ Debt Flow Relief

An eligible member shall qualify for debt flow relief under this window~~debt flow relief~~ when the Trustee determines that the member is experiencing a balance of payments need that arises from a Qualifying Catastrophic Disaster. For purposes of this Instrument, a Qualifying Catastrophic Disaster shall mean an exceptional natural disaster occurring any time after January 1, 2010 that the Trustee determines, based on available information, including preliminary estimates, has had the following effects on the member: (I

~~(i)~~ a large portion of the member’s population has been directly affected (i.e., deceased, injured, and/or displaced), such portion normally being at least one third of the population; and ~~(II)~~ a large portion of the member’s economy has been directly affected, as evidenced by either ~~(a)~~ the destruction of more than a quarter of the member’s productive capacity measured by destroyed structures, impact on key economic sectors and public institutions, and other relevant early indicators, or ~~(b)~~ damage in an amount exceeding 100 percent of the member’s GDP prior to the Qualifying Catastrophic Disaster.

## (ii) \_\_\_\_\_

~~(b)~~ *Debt Stock Relief*

~~(i)~~ An eligible member that qualifies for debt flow relief under this window shall also qualify for debt stock relief when the Trustee determines, based on available information, that: (I) the member has substantial balance of payments needs that have been created or exacerbated by the Qualifying Catastrophic Disaster and the subsequent economic recovery efforts and are expected to persist beyond the period covered by debt flow relief; and (II) the resources that would be freed up by the debt stock relief would be critical for meeting these needs. For purposes of (II), resources would normally be considered critical for meeting the member's needs only if, based on an updated debt sustainability analysis conducted after the Qualifying Catastrophic Disaster, the member has a high level of debt in relation to GDP or exports prior to the delivery of any debt relief after the Qualifying Catastrophic Disaster, typically resulting in an assessment that the member is in debt distress or has a high risk of debt distress.

~~(ii)~~ Decisions on a member's qualification for debt stock relief will normally be adopted by the Trustee in the period beginning six months after the occurrence of the Qualifying Catastrophic Disaster and ending in all cases no later than twenty-four months after such disaster.

~~(b)~~ Paragraph 3. Amount and Delivery ~~delivery~~ of Assistance ~~assistance~~

The Trustee shall deliver assistance to eligible members that it has determined qualify for debt flow relief or debt stock relief in accordance with the following terms:

~~(i)~~ \_\_\_\_\_~~(a)~~ *Debt Flow Relief*

~~(i)~~ Upon a determination that a member qualifies for debt flow relief pursuant to paragraph 2(a)(i) of this Section ~~above~~, the Trustee shall disburse to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in an amount equivalent to all payments on the member's eligible debt falling due within the period beginning on the date of the debt flow relief decision and ending two years after the occurrence of the Qualifying Catastrophic Disaster. For the purposes of this paragraph ~~3~~, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the Qualifying Catastrophic Disaster and in respect of which the member had made regular scheduled debt service payments (interest and principal) before the Qualifying Catastrophic Disaster, plus any disbursements by the Fund (including by the Fund as Trustee) to the member made normally within four months following such disaster, but shall exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 3 of this Section.

~~(ii)~~ \_\_\_\_\_~~(b)~~ *Debt Stock Relief*

~~(i)~~ Upon a determination that a member qualifies for debt stock relief pursuant to paragraph 2(a)(ii) of this Section ~~above~~, the Trustee shall commit an amount up to which the Trust will disburse a

Trust grant for debt stock relief to the member pursuant to subparagraph ~~23~~(b)(ii)(III) below. The amount committed shall be the amount needed to effect the early repayment of the member's eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster. The amount actually disbursed pursuant to subparagraph ~~23~~(b)(ii)(III) below shall be the amount needed to effect the early repayment of the member's eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster or on the date of the Trustee's decision to disburse debt stock relief, —whichever is later.

~~(ii)~~ The Trustee shall disburse debt stock relief in the amount specified in ~~subparagraph 2~~paragraph ~~3(b)(ii)(I)(ii)~~ above to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below as of the date the Trustee determines that: ~~(a)~~ a concerted effort exists within the international community to provide similar debt relief to the member, which shall be evidenced by satisfactory assurances regarding the debt relief to be provided by the member's other official sector creditors whose debts together account for at least eighty percent of the member's total sovereign external debt outstanding to official creditors (less amounts due to the Fund) at the time of the Qualifying Catastrophic Disaster, ~~(b)~~ the member has provided assurances that it will cooperate with the Trustee in an effort to find solutions to its balance of payments problems and will refrain from any inappropriate policies that could compound these problems, and ~~(c)~~ taking into account the member's implementation capacity after the Qualifying Catastrophic Disaster, the member has established a track record of adequate macroeconomic policies, normally for a period of at least six months immediately preceding the Trustee's decision to disburse debt stock relief.

### Paragraph 3. Catastrophe Containment Window (CC Window)

#### (a) Qualification for Assistance

(i) An eligible member shall qualify for immediate debt relief under the CC window when the

Trustee determines, that (I) the member is experiencing a balance of payments need arising from a

Qualifying Public Health Disaster that has occurred in the member's territory; and (II) the

macroeconomic policy framework put in place by the member to address the balance of payments

need created by the public health disaster and the ensuing policy response is appropriate.

(ii) For purposes of this Instrument, a Qualifying Public Health Disaster arises where:

(I) a life-threatening epidemic has a sustained presence and has spread across several areas of the member’s territory, causing significant economic disruption and creating a balance of payments need. Based on available information (which may take the form of preliminary estimates) and for the purposes of this subparagraph (I), the magnitude of economic disruption that has occurred and is projected to occur in the future would normally be characterized by at least: (a) a cumulative loss of real GDP of 10 percent; or (b) a cumulative loss of revenue and increase of expenditures equivalent to at least 10 percent of GDP. Such economic disruption will be measured relative to staff estimates made prior to the onset of the public health disaster and would reflect, *inter alia*, sharp curtailments, for disease containment purposes, on the movement of people and products within the country and related declines in production, exports, tax revenues, and international visitors, and also surges in government outlays on relief and containment efforts; and

(II) the epidemic has the capacity to spread, or is already spreading, rapidly both within and across countries, producing or threatening, significant economic disruption and loss of life.

(iii) In making a determination of the occurrence of a Qualifying Public Health Disaster, the Fund may be guided by assessments of the health situation and outlook made by national authorities, the World Health Organization, the World Bank, and other relevant agencies.

(b) Request for CC Window Assistance

A member requesting assistance under the CC window shall describe in a letter the nature of the public health disaster and the balance of payments needs arising from it, the measures being taken to contain the disaster, including budgetary reallocations, and the macroeconomic policies it is pursuing or plans to pursue to address its balance of payment difficulties.

(c) Amount and Delivery of Assistance

(i) Subject to subparagraph 3(c)(ii) below, upon a determination that a member qualifies for assistance pursuant to paragraph 3(a) of this Section, the Trustee shall disburse to a subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in the amount, up to a limit of 20 percent of the member's quota in the Fund, that is necessary to repay the member's eligible debt to the Fund. For the purposes of this paragraph, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the determination by the Fund that the member is qualified to receive grant assistance under this window, and in respect of which the member had made regular scheduled debt service payments (principal and interest) before such determination, but shall exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 2 of this Section.

(ii) The Trustee will approve grant assistance beyond the limit set in subparagraph (i) of paragraph 3(c) above upon the Trustee's determination of any of the following circumstances:

- I. That debt service obligations on the member's eligible debt to the Fund constitute an exceptional burden on the near-term external payments position of the requesting member. In this case, the Trustee will approve grant assistance in an amount necessary to eliminate the exceptional burden. In making the determination of the exceptional burden, the Trustee shall take into account, *inter alia*, the member's overall external position, the projected drain of Fund debt service payments on the level of the member's reserves and the share of Fund debt service (net of grant support) in the member's total official debt service payments. The amount of grant assistance provided under this sub-paragraph shall not exceed the total amount of eligible debt falling due to the Fund during the relevant two-year period.
- II. That there is a broad-based international effort to provide debt service flow relief to the member to ease near-term balance of payments pressures, and a strong expectation that additional assistance from the Fund would help catalyze support to the member from a significant majority of official bilateral creditors on similar terms. In such circumstances, the Trustee will approve grants in an amount that is necessary to repay the full amount of the member's eligible debt falling due to the Fund within the period during which bilateral official creditors are expected to provide debt

relief, up to a maximum of two years from the date of the decision approving grant assistance; or

III. That, in the circumstance of a member rated at high risk of debt distress, or in debt distress under the joint Bank-Fund Debt Sustainability Framework for Low-Income Countries, additional grant assistance is warranted to prevent a significant deterioration of debt indicators (relative to pre-epidemic projections) resulting from the country taking on new debt to respond to the epidemic. In these circumstances, such additional grant support will be provided in the amount that is needed to ensure that eligible debt to the Fund that has been incurred in response to the Qualifying Public Health Disaster has a grant element of 80 percent. For the purposes of this sub-paragraph, eligible debt that has been incurred in response to the Qualifying Public Health Disaster shall consist of amounts committed and disbursed under the Poverty Reduction and Growth Trust or from the General Resources Account after the onset of the epidemic in the requesting member country, which were made available to address the balance of payments needs created by the Qualifying Public Health Disaster, and before the Fund's determination under paragraph 3(a) of this Section.

Paragraph 4. *Disbursements*

(a) \_\_\_\_-All disbursements of Trust grants shall be subject to the availability of resources to the Trust.

(b) \_\_\_\_-The proceeds of Trust grants approved under the CCR Trust shall be paid into a subaccount for the benefit of the relevant member that is maintained within a separate account (the “Umbrella Account”) established and administered by the Trustee pursuant to this subparagraph, as follows:

(i)- The Trustee shall use the proceeds disbursed as debt flow relief under the PCR window (including any income from investments of such proceeds) to make payments on the member’s eligible debt as they fall due within the period specified in paragraph 2(b3(a)(i)) above. The Trustee shall use the proceeds disbursed as debt stock relief under the PCR window as set forth in paragraph 2(b)(ii)

promptly after such disbursement to effect the early repayment of the member’s eligible debt as of the date specified in the last sentence of paragraph 23(b)(ii)(i) above. If the amounts disbursed by the Trustee to the subaccount exceed the amounts needed to effect payments falling due on, and early repayment of, the member’s eligible debt pursuant to the terms of this Instrument, then the

Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(ii) \_\_\_\_ The Trustee shall use the proceeds disbursed for CC Window grant assistance under paragraph 3(c) promptly after such disbursement to effect the early repayment of an equivalent amount of the member’s eligible debt, with the repayments being attributed to the obligations in

the order in which they fall due. If the amounts disbursed by the Trustee to the subaccount exceed the amounts needed to effect early repayment of the member’s eligible debt pursuant to the terms of the CC Window, then the Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(iii) The terms and conditions for the operation of the Umbrella Account shall be determined by the Trustee.

Paragraph 5. *Modifications*

Any modification of ~~these~~ provisions of this Section will affect only Trust grants made after the effective date of the modification.

Section IV. *Administration of the Trust*

Paragraph 1. *Trustee*

(a) The Trust shall be administered by the Fund as Trustee. Decisions and other actions taken by the Fund as Trustee shall be identified as taken in that capacity.

(b) Subject to the provisions of this Instrument, the Fund in administering the Trust shall apply the same rules as apply to the operation of the General Resources Account of the Fund.

(c) The Trustee, acting through its Managing Director, is authorized:

(i) to make all arrangements, including establishment of accounts in the name of the International Monetary Fund, which shall be accounts of the Fund as Trustee, with such depositories of the Fund as the Trustee deems necessary; and

(ii) to take all other administrative measures that the Trustee deems necessary to implement the provisions of this Instrument.

Paragraph 2. *Separation of assets and accounts, audits and reports*

(a) \_\_\_\_-The resources of the Trust shall be kept separate from the property and assets of all other accounts of the Fund, including other administered accounts, and shall be used only for the purposes of the Trust in accordance with this Instrument.

(b) \_\_\_\_-The property and assets held in the other accounts of the Fund shall not be used to discharge liabilities or to meet losses arising out of the administration of the Trust. The resources of the Trust shall not be used to discharge liabilities or to meet losses arising out of the administration of the other accounts of the Fund.

(c) \_\_\_\_-The Fund shall maintain separate financial records and prepare separate financial statements for the Trust in accordance with International Financial Reporting Standards.

(d) \_\_\_\_-The external audit firm selected under Section 20 of the Fund's By-Laws shall audit the financial transactions and records of the Trust. The audit shall relate to the financial year of the Fund.

(e) \_\_\_\_-The Fund shall report on the resources and operations of the Trust in the Annual Report of the Executive Board to the Board of Governors and shall include in the Annual Report the report of the external audit firm on the Trust.

### Paragraph 3. *Investment of resources*

(a) \_\_\_\_-Any balance held by the Trust and not immediately needed in operations shall be invested.

(b) \_\_\_\_-Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member.

## Section V. *Period of Operation and Liquidation*

### Paragraph 1. *Period of ~~Operation~~operation*

The Trust established by this Instrument shall remain in effect for as long as is necessary, in the judgment of the Fund, to conduct and to wind up the business of the Trust.

### Paragraph 2. *Liquidation of the Trust*

If the Trustee decides to wind up the operations of the Trust, the resources in the ~~Accounts~~Account shall be used first to discharge all the liabilities of the Trust. Any amount remaining in the ~~Accounts~~Account after the discharge of all the liabilities of the Trust shall be transferred to the General Subsidy Account of the Poverty Reduction and Growth Trust established pursuant to

Decision No. 8759-(87/176) ESAF, as amended, (“PRGT”) for use in accordance with the provisions of the PRGT Instrument; provided that, at the request of a contributor that has provided resources to the Trust, its pro rata share of any such remaining resources in the Trust, or any portion of such share, shall be distributed to the contributor.

*Section VI. Amendment of the Instrument*

The Fund may amend the provisions of the Instrument, except that any amendment of Section I, paragraph 1, Section IV, Section V, and this Section shall require the consent of all contributors to the Trust.

## Annex II.

### **~~A. Post-Catastrophe Containment and Debt Relief Trust—~~ Terms and Conditions for Administration of Umbrella Account ~~Provided For Under Section III, Paragraph 4(b) of the~~ Trust Instrument**

Pursuant to Section III, paragraph 4(b) of the Instrument to Establish ~~the Post-~~ Catastrophe ~~Containment and Debt~~ Relief Trust (CCRPCDR Trust), the Fund, as Trustee of the CCRPCDR Trust, establishes the following terms and conditions for the administration of the Umbrella Account provided for under that provision:

- ~~1.~~ The resources of the Umbrella Account shall consist of (i) the proceeds of grants paid into the ~~Umbrella~~ Account for the benefit of a member by the CCRPCDR Trust, (ii) contributions by other donors to finance debt relief on a member's eligible debt to the Fund, and (iii) net earnings from the investment of resources held in the Umbrella Account.
- ~~2.~~ Within the Umbrella Account, the Trustee shall establish a separate subaccount for the administration of the resources paid into the Umbrella Account for the benefit of each member for which the resources have been paid. The Trustee shall establish a subaccount within the Umbrella Account, at the latest, ~~whenever the Fund as Trustee of the CCRPCDR Trust grants final approval of the disbursement of a Trust grant under the CCRPCDR Trust.~~
- ~~3.~~ Following the establishment of a subaccount, the Fund, as Trustee, shall be authorized to use the resources of the subaccount (including any net income from the investment of such resources) to make payments for the benefit of the member as specified in Section III, paragraph 4(b) of the Instrument to Establish the CCRPCDR Trust.
- ~~4.~~ (a) ~~Resources held in a subaccount of the Umbrella Account and not immediately needed for operations shall be invested.~~  
 (b) ~~Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member. Earnings, net of any transactions costs, shall accrue to the subaccount and shall be available for the purposes of the subaccount.~~
- (c) ~~The Managing Director of the Trustee is authorized (i) to make all arrangements, including the establishment of accounts in the name of the Trustee, with such depositories as may be~~

necessary to carry out the operations of the Umbrella Account, and (ii) to take all measures necessary to implement the provisions of this decision.

~~5.~~The SDR shall be the unit of account.

~~6.~~(a)\_\_\_-Resources received into a subaccount may be in U.S. dollars or such other media as may be determined by the Trustee.

(b)\_\_\_-Resources held in a subaccount may be currencies or currencies exchanged for SDRs in accordance with such arrangements as may be made by the Trustee for the holding and use of SDRs.

(c)\_\_\_-The Trustee may exchange any of the resources held in a subaccount for other resources.

(d)\_\_\_-Payments made from a subaccount shall be made in U.S. dollars or such other media as may be determined by the Trustee.

~~7.~~ Assets held in the Umbrella Account shall be kept separate from the assets and property of all other accounts of, or administered by, the Trustee. The assets of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses incurred by the Trustee in the administration of such other accounts. Except as expressly authorized in the ~~CCRPCDR~~ Trust Instrument and this decision, the assets and property held in a subaccount of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses of the Trustee in the administration of any other subaccount of the Umbrella Account.

~~8.~~ Subject to the provisions of this decision, the Trustee, in administering the Umbrella Account, shall apply, mutatis mutandis, the same rules and procedures as apply to the operations of the General Resources Account of the Fund.

~~9.~~ No charge shall be levied for the services rendered by the Trustee in the administration, operation, and termination of the Umbrella Account.

~~10.~~(a)\_\_\_-The Trustee shall maintain separate financial records and prepare separate financial statements for the Umbrella Account in accordance with International Financial Reporting Standards. The financial statements for the Umbrella Account shall be expressed in SDRs.

(b)\_\_\_-The external audit firm selected under Section 20 of the Trustee's By-Laws shall audit the operations and transactions conducted through the Umbrella Account. The audit shall relate to the financial year of the Trustee.

(c)\_\_\_-The Trustee shall report on the resources and operations of the Umbrella Account in the Annual Report of the Executive Board to the Board of Governors and shall include in that Annual Report the report of the external audit firm on the Umbrella Account.

~~11.~~(a)\_\_\_-The Umbrella Account shall remain in effect for as long as is necessary, in the judgment of the Trustee, to conduct and to wind up the business of the Umbrella Account. A subaccount for a

particular member would be wound up when the resources of that subaccount have been exhausted in providing debt relief to the member according to the terms of the CCRPCDR Trust Instrument.

(b) \_\_\_\_-Any balance remaining in a subaccount upon termination and after the discharge of all obligations of that subaccount shall be transferred promptly to the specific CCRPCDR Trust account from which for use in accordance with the resources were drawn purposes of that Trust; provided that, at the request of a donor that has contributed directly to a subaccount pursuant to paragraph 1(ii) above, its pro rata share of any such resources remaining in the subaccount, shall be distributed to the donor.



February 3, 2015

## PROPOSAL TO ENHANCE FUND SUPPORT FOR LOW-INCOME COUNTRIES HIT BY PUBLIC HEALTH DISASTERS-REVISED PROPOSED DECISIONS

Approved By  
**Sean Hagan,**  
**Siddharth Tiwari, and**  
**Andrew Tweedie**

Prepared by Legal, Strategy, Policy and Review, and Finance Departments

This supplement includes revised Executive Board decisions to implement the revised staff proposals set forth in *Proposed Modifications*. In addition, it includes several other revisions to the proposed decisions set forth in *Proposed Decisions*. The revisions to the decisions are briefly described below. In all other respects, the decisions issued in *Proposed Decisions* remain unchanged.

A complete set of revised decisions is set out below. A revised redlined text showing the revisions against the current PCDR Trust Instrument is included as Annex 1 to this paper. For the convenience of Executive Directors, this supplement also includes the redlined text showing the revisions against the current Terms and Conditions of the Umbrella Account (unchanged from that included in Annex 2 of *Proposed Decisions*) as Annex 2 to this Supplement.

- **Decisions A and B set out in *Proposed Decisions* have been merged into a single decision (now Decision A),** This approach has been adopted because the transformed CCR Trust cannot effectively begin operations without the transfer of the MDRI I balances that were previously effected in a separate Decision B. Secondly, the attachment to Decision A has been revised to reflect the modifications discussed in *Proposed Modifications* to the first and third exceptions that would allow the Fund to provide grant assistance under the CC window of the CCR Trust in excess of 20 percent of quota. Finally, the revised decision now includes the specific SDR amount that corresponds to the reimbursement of the GRA for the expenses of administering SDA resources in the MDRI-I Trust during FY 2015.
- **Decision C** set out in *Proposed Decisions* has now been presented as a new Decision B and has been revised to propose that the “default” destination for the

transfer of the remaining balances in the MDRI-II Trust be the *General Account* of the CCR Trust.<sup>1</sup> As discussed in *Proposal to Enhance Fund Support for Low-Income Countries Hit by Public Health Disasters*, Decision B will become effective when all MDRI-II Trust contributors have consented to the proposed modification.

## Revised Proposed Decisions

Accordingly, the following decisions are proposed for adoption by the Executive Board. Decision A may be adopted by an 85 percent majority of the total voting power. Decision B may be adopted by a majority of the votes cast. As noted in the text of Decision B, the amendment set forth in paragraph 1 of the decision will become effective when all contributors to the MDRI-II Trust have consented to the amendment.

### Decision A. Transformation of the Post-Catastrophe Debt Relief (PCDR)

#### Trust into the Catastrophe Containment and Relief (CCR) Trust and

#### Liquidation of the MDRI-I Trust

#### Part I – Transformation of the PCDR Trust

1. The name of the Trust established pursuant to Decision No. 14649-(10/64), adopted June 25, 2010, shall be changed to the Catastrophe Containment and Relief (CCR) Trust. Accordingly, Decision No. 14649-(10/64) and the title of the Attachment to that Decision shall be amended by replacing references to the “Post-Catastrophe Debt Relief Trust” (“PCDR Trust”) with “Catastrophe Containment and Relief Trust” (“CCR Trust”).
2. The Instrument to Establish the CCR Trust (“CCR Trust Instrument”), annexed to Decision No. 14649-(10/64), shall be amended to read as set forth in Attachment A to this decision.
3. The terms and conditions for the administration of the PCDR Trust Umbrella Account set forth in Attachment A to Decision No. 14650-(10/64) PCDR Umbrella Account, adopted June 25, 2010 shall be amended to read as set forth in Attachment B to this decision.
4. Except as otherwise specifically provided or where the context otherwise requires, references in other Fund decisions, instruments, agreements or documents to the Post-Catastrophe Debt Relief

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<sup>1</sup> The effectiveness of the new Decision A is not conditional upon the effectiveness of the new Decision B. This approach allows the transformed CCR Trust to begin operations before the resources contained in the MDRI II Trust are available for transfer.

Trust and Post-Catastrophe Debt Relief Trust Instrument shall be understood to be, respectively, references to the “Catastrophe Containment and Relief Trust” (“CCR Trust”) and “Catastrophe Containment and Relief Trust Instrument”.

5. The review of the of the PCDR Trust set forth in paragraph 1 of Decision No. 14649-(10/64), adopted June 25, 2010 is no longer required. It is expected that the Fund will review the financing and operations of the CCR Trust every five years or earlier if needed.

## **Part II - Liquidation of the MDRI-I Trust and Transfer of the Remaining Balances to the CCR Trust**

6. Pursuant to Section V, Paragraph 3 of the Instrument to Establish the Multilateral Debt Relief Initiative-I Trust (the “Trust”), annexed to Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, as amended, the Fund, as Trustee of the MDRI-I Trust, decides to liquidate the MDRI-I Trust.

7. In accordance with paragraph 6 of Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, effective January 5, 2006, the General Resources Account shall be reimbursed the equivalent of SDR 10,348 by the MDRI-I Trust in respect of the expenses of administering SDA resources in the MDRI-I Trust during FY 2015.

8. The SDA resources in the Trust, after discharge of all liabilities of the Trust and after the reimbursement set forth in paragraph 2 above, shall be transferred (through the Special Disbursement Account), to the General account of the Catastrophe Containment and Relief Trust established pursuant to Decision No. [-----] (15/---), adopted -----, 2015.

## **Attachment A. Instrument to Establish the Catastrophe Containment and Relief Trust**

To help fulfill its purposes, the International Monetary Fund (the “Fund”), pursuant to Article V, Section 2(b) of the Fund’s Articles of Agreement, has adopted this Instrument to Establish the Catastrophe Containment and Relief Trust (the “CCR Trust” or “Trust”), which shall be administered by the Fund as Trustee (the “Trustee”). The Trust shall be governed by, and administered in accordance with, the following provisions:

### *Section I. General Provisions*

#### Paragraph 1. Purposes

The Trust shall assist in fulfilling the purposes of the Fund by providing balance of payments assistance in the form of grants (“Trust grants”) to eligible low-income members that qualify for assistance as set forth in Section III of this Instrument. Such members may request balance of payments assistance in accordance with the terms of this Instrument under either:

- (a) the Post-Catastrophe Relief Window (PCR window), in the form of grants that shall be used to deliver temporary relief of debt service payments (interest and principal) on such members’ eligible debt (“debt flow relief”) and, in appropriate cases, permanent debt relief on such debt (“debt stock relief”), where the member experienced a Qualifying Catastrophic Disaster, subject to the terms of this Instrument ; or

(b) the Catastrophe Containment Window (CC window), in the form of grants that shall be used to provide immediate debt relief on eligible debt (“immediate debt relief”), where the member experienced a Qualifying Public Health Disaster subject to the terms of this Instrument

#### Paragraph 2. Trust Accounts and Resources

(a) For its operations and transactions the Trust shall have a General Account, a PCR Window Account and a CC Window Account, collectively referred to as “the Accounts”. Within each Account, the Trustee may establish such sub-accounts as it deems necessary for the administration of the resources of the Trust.

(b) The resources held in the General Account shall consist of:

- (i) transfers from the Special Disbursement Account in accordance with Section V, paragraph 2 of the Multilateral Debt Relief Initiative-I Trust established pursuant to Decision No. 13588-(05/99) MDRI, as amended by Decision No. 14649-(10/64);
- (ii) transfers from the Special Disbursement Account in accordance with paragraph 8 of the Decision No. .... [decision on the transformation of the PCDR Trust and liquidation of the MDRI-I Trust];
- (iii) grant contributions made to the Trust for the General Account;

- (iv) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the General Account; and
  - (v) net earnings from investment of resources held in the General Account.
- (c) The resources held in the PCR Window Account shall consist of:
  - (i) grant contributions made to the Trust for the purposes of the PCR Window Account;
  - (ii) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the PCR Window Account; and
  - (iii) net earnings from investment of resources held in that Account.
- (d) The resources held in the CC Window Account shall consist of:
  - (i) grant contributions made to the Trust for the CC Window Account;
  - (ii) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the CC Window Account; and
  - (iii) net earnings from investment of resources held in that Account.
- (e) For the purpose of grant disbursements as set forth in Section III, paragraph 4 of this Instrument, the Trustee may draw upon resources in the General Account for purposes of providing relief under the PCR window and the CC window, provided that it shall draw first (i) under the PCR Window Account for purposes of PCR window grant assistance, and (ii) under the CC Window Account for purposes of CC window grant assistance.

Paragraph 3. Unit of Account

The SDR shall be the unit of account for commitments and all other operations and transactions of the Trust, provided that commitments for contributions may also be made in currency.

Paragraph 4. Media of payment of contributions and exchange of resources

- (a) Resources provided to the Accounts shall be in any currency.
- (b) Payments by the Trust shall be made in U.S. dollars or such other media as may be agreed between the Trustee and the payee.
- (c) Contributions to the Trust may also be made in or exchanged for SDRs in accordance with such arrangements as may be made by the Trust for the holding and use of SDRs.
- (d) The Trustee may exchange any of the resources of the Trust for other resources.

*Section II. Contributions to the Trust*

The Trustee may accept contributions of resources for the Accounts of the Trust on such terms and conditions as may be agreed between the Trustee and the respective contributors, subject to the provisions of this Instrument. For this purpose, the Managing Director of the Trustee is authorized to accept grants and enter into loan, deposit, or other types of investment agreements with the contributors to the Trust.

### *Section III. Trust Grants*

#### Paragraph 1. Eligibility for assistance

In order to be eligible for relief under the PCR window or the CC window of the Trust, a member shall meet the following requirements:

- (a) the member is PRGT-eligible (*i.e.*, is included in the list of members annexed to Decision No. 8240-(86/56) SAF, as amended); and
- (b) the member has an annual per capita gross national income, as assessed by the Trustee in accordance with paragraph 1(E) of Decision No. 14521-(10/3), that is below the International Development Association operational cut-off or, for a member qualifying as a “small country” under the definition set forth in paragraph 1(D) of that decision, is less than twice the International Development Association operational cut-off.

#### Paragraph 2. Post-Catastrophe Relief Window (PCR Window)

##### (a) Qualification for Assistance

The Trustee shall determine whether an eligible member requesting assistance under the PCR Window qualifies under this Instrument for debt flow relief and, in appropriate cases, for debt stock relief, in accordance with the respective criteria set forth below:

##### (i) Debt Flow Relief

An eligible member shall qualify for debt flow relief under this window when the Trustee determines that the member is experiencing a balance of payments need that arises from a Qualifying Catastrophic Disaster. For purposes of this Instrument, a Qualifying Catastrophic Disaster shall mean an exceptional natural disaster occurring any time after January 1, 2010 that the Trustee determines, based on available information, including preliminary estimates, has had the following effects on the member: (I) a large portion of the member's population has been directly affected (*i.e.*, deceased, injured, and/or displaced), such portion normally being at least one third of the population; and (II) a large portion of the member's economy has been directly affected, as evidenced by either (a) the destruction of more than a quarter of the member's productive capacity measured by destroyed structures, impact on key economic sectors and public institutions, and other relevant early indicators, or (b) damage in an amount exceeding 100 percent of the member's GDP prior to the Qualifying Catastrophic Disaster.

(ii) Debt Stock Relief

An eligible member that qualifies for debt flow relief under this window shall also qualify for debt stock relief when the Trustee determines, based on available information, that: (I) the member has substantial balance of payments needs that have been created or exacerbated by the Qualifying Catastrophic Disaster and the subsequent economic recovery efforts and are expected to persist

beyond the period covered by debt flow relief; and (II) the resources that would be freed up by the debt stock relief would be critical for meeting these needs. For purposes of (II), resources would normally be considered critical for meeting the member's needs only if, based on an updated debt sustainability analysis conducted after the Qualifying Catastrophic Disaster, the member has a high level of debt in relation to GDP or exports prior to the delivery of any debt relief after the Qualifying Catastrophic Disaster, typically resulting in an assessment that the member is in debt distress or has a high risk of debt distress. Decisions on a member's qualification for debt stock relief will normally be adopted by the Trustee in the period beginning six months after the occurrence of the Qualifying Catastrophic Disaster and ending in all cases no later than twenty-four months after such disaster.

(b) Amount and Delivery of Assistance

The Trustee shall deliver assistance to eligible members that it has determined qualify for debt flow or debt stock relief in accordance with the following terms:

(i) Debt Flow Relief

Upon a determination that a member qualifies for debt flow relief pursuant to paragraph 2(a)(i) of this Section, the Trustee shall disburse to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in an amount equivalent to all payments on the member's eligible debt falling due within the period beginning on the date of the debt flow relief decision and ending two years after the occurrence of the Qualifying Catastrophic Disaster. For the

purposes of this paragraph, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the Qualifying Catastrophic Disaster and in respect of which the member had made regular scheduled debt service payments (interest and principal) before the Qualifying Catastrophic Disaster, plus any disbursements by the Fund (including by the Fund as Trustee) to the member made normally within four months following such disaster, but shall exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 3 of this Section.

(ii) Debt Stock Relief

- I. Upon a determination that a member qualifies for debt stock relief pursuant to paragraph 2(a)(ii) of this Section, the Trustee shall commit an amount up to which the Trust will disburse a Trust grant for debt stock relief to the member pursuant to subparagraph 2(b)(ii)(II) below. The amount committed shall be the amount needed to effect the early repayment of the member's eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster. The amount actually disbursed pursuant to subparagraph 2(b)(ii)(II) below shall be the amount needed to effect the early repayment of the member's eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying

Catastrophic Disaster or on the date of the Trustee’s decision to disburse debt stock relief, whichever is later.

- II. The Trustee shall disburse debt stock relief in the amount specified in subparagraph 2(b)(ii)(I) above to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below as of the date the Trustee determines that: (a) a concerted effort exists within the international community to provide similar debt relief to the member, which shall be evidenced by satisfactory assurances regarding the debt relief to be provided by the member’s other official sector creditors whose debts together account for at least eighty percent of the member’s total sovereign external debt outstanding to official creditors (less amounts due to the Fund) at the time of the Qualifying Catastrophic Disaster, (b) the member has provided assurances that it will cooperate with the Trustee in an effort to find solutions to its balance of payments problems and will refrain from any inappropriate policies that could compound these problems, and (c) taking into account the member’s implementation capacity after the Qualifying Catastrophic Disaster, the member has established a track record of adequate macroeconomic policies, normally for a period of at least six months immediately preceding the Trustee’s decision to disburse debt stock relief.

## Paragraph 3. Catastrophe Containment Window (CC Window)

## (a) Qualification for Assistance

(i) An eligible member shall qualify for immediate debt relief under the CC window when the Trustee determines, that (I) the member is experiencing a balance of payments need arising from a Qualifying Public Health Disaster that has occurred in the member's territory; and (II) the macroeconomic policy framework put in place by the member to address the balance of payments need created by the public health disaster and the ensuing policy response is appropriate.

(ii) For purposes of this Instrument, a Qualifying Public Health Disaster arises where:

(I) a life-threatening epidemic has a sustained presence and has spread across several areas of the member's territory, causing significant economic disruption and creating a balance of payments need. Based on available information (which may take the form of preliminary estimates) and for the purposes of this subparagraph (I), the magnitude of economic disruption that has occurred and is projected to occur in the future would normally be characterized by at least: (a) a cumulative loss of real GDP of 10 percent; or (b) a cumulative loss of revenue and increase of expenditures equivalent to at least 10 percent of GDP. Such economic disruption will be measured relative to staff estimates made prior to the onset of the public health disaster and would reflect, *inter alia*, sharp curtailments, for disease

containment purposes, on the movement of people and products within the country and related declines in production, exports, tax revenues, and international visitors, and also surges in government outlays on relief and containment efforts; and

(II) the epidemic has the capacity to spread, or is already spreading, rapidly both within and across countries, producing or threatening, significant economic disruption and loss of life.

(iii) In making a determination of the occurrence of a Qualifying Public Health Disaster, the Fund may be guided by assessments of the health situation and outlook made by national authorities, the World Health Organization, the World Bank, and other relevant agencies.

(b) Request for CC Window Assistance

A member requesting assistance under the CC window shall describe in a letter the nature of the public health disaster and the balance of payments needs arising from it, the measures being taken to contain the disaster, including budgetary reallocations, and the macroeconomic policies it is pursuing or plans to pursue to address its balance of payment difficulties.

(c) Amount and Delivery of Assistance

(i) Subject to subparagraph 3(c)(ii) below, upon a determination that a member qualifies for assistance pursuant to paragraph 3(a) of this Section, the Trustee shall disburse to a subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in the amount, up to a limit of 20 percent of the member's quota in the Fund, that is necessary to repay

the member's eligible debt to the Fund. For the purposes of this paragraph, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the determination by the Fund that the member is qualified to receive grant assistance under this window, and in respect of which the member had made regular scheduled debt service payments (principal and interest) before such determination, but shall exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 2 of this Section.

(ii) The Trustee will approve grant assistance beyond the limit set in subparagraph (i) of paragraph 3(c) above upon the Trustee's determination of any of the following circumstances:

- I. That debt service obligations on the member's eligible debt to the Fund constitute an exceptional burden on the near-term external payments position of the requesting member. In this case, the Trustee will approve grant assistance in an amount necessary to eliminate the exceptional burden. In making the determination of the exceptional burden, the Trustee shall take into account, *inter alia*, the member's overall external position, the projected drain of Fund debt service payments on the level of the member's reserves, the share of Fund debt service (net of grant support) in the member's total official debt service payments, and the scope

and merits of addressing the exceptional burden through additional concessional lending. The amount of grant assistance provided under this sub-paragraph shall not exceed the total amount of eligible debt falling due to the Fund during the relevant two-year period.

- II. That there is a broad-based international effort to provide debt service flow relief to the member to ease near-term balance of payments pressures, and a strong expectation that additional assistance from the Fund would help catalyze support to the member from a significant majority of official bilateral creditors on similar terms. In such circumstances, the Trustee will approve grants in an amount that is necessary to repay the full amount of the member's eligible debt falling due to the Fund within the period during which bilateral official creditors are expected to provide debt relief, up to a maximum of two years from the date of the decision approving grant assistance; or
- III. That, in the circumstance of a member rated at high risk of debt distress, or in debt distress, under the joint Bank-Fund Debt Sustainability Framework for Low-Income Countries, additional grant assistance is warranted to prevent a significant deterioration of debt indicators (relative to pre-epidemic projections) resulting from the country taking on new debt to respond to the epidemic. In these circumstances,

such additional grant support will be provided in the amount that is needed to ensure that eligible debt to the Fund that has been incurred in response to the Qualifying Public Health Disaster has a grant element of 80 percent. In cases where the Managing Director sees merit in providing such additional support, the Managing Director will consult with the Executive Board meeting in an informal session before making a proposal for consideration by the Executive Board. For the purposes of this sub-paragraph, eligible debt that has been incurred in response to the Qualifying Public Health Disaster shall consist of amounts disbursed under the Poverty Reduction and Growth Trust or from the General Resources Account after the onset of the epidemic in the requesting member country, which were made available to address the balance of payments needs created by the Qualifying Public Health Disaster, and before the Fund's determination under paragraph 3(a) of this Section.

#### Paragraph 4. Disbursements

- (a) All disbursements of Trust grants shall be subject to the availability of resources to the Trust.

(b) The proceeds of Trust grants approved under the CCR Trust shall be paid into a subaccount for the benefit of the relevant member that is maintained within a separate account (the “Umbrella Account”) established and administered by the Trustee pursuant to this subparagraph, as follows:

(i) The Trustee shall use the proceeds disbursed as debt flow relief under the PCR window (including any income from investments of such proceeds) to make payments on the member’s eligible debt as they fall due within the period specified in paragraph 2(b)(i) above. The Trustee shall use the proceeds disbursed as debt stock relief under the PCR window as set forth in paragraph 2(b)(ii) promptly after such disbursement to effect the early repayment of the member’s eligible debt as of the date specified in the last sentence of paragraph 2(b)(ii)(I) above. If the amounts disbursed by the Trustee to the subaccount exceed the amounts needed to effect payments falling due on, and early repayment of, the member’s eligible debt pursuant to the terms of this Instrument, then the Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(ii) The Trustee shall use the proceeds disbursed for CC Window grant assistance under paragraph 3(c) promptly after such disbursement to effect the early repayment of an equivalent amount of the member’s eligible debt, with the repayments being attributed to the obligations in the order in which they fall due. If the amounts disbursed by the Trustee to the subaccount exceed the amounts needed to effect early repayment of the member’s eligible debt pursuant to the terms

of the CC Window, then the Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(iii) The terms and conditions for the operation of the Umbrella Account shall be determined by the Trustee.

#### Paragraph 5. Modifications

Any modification of the provisions of this Section will affect only Trust grants made after the effective date of the modification.

### *Section IV. Administration of the Trust*

#### Paragraph 1. Trustee

(a) The Trust shall be administered by the Fund as Trustee. Decisions and other actions taken by the Fund as Trustee shall be identified as taken in that capacity.

(b) Subject to the provisions of this Instrument, the Fund in administering the Trust shall apply the same rules as apply to the operation of the General Resources Account of the Fund.

- (c) The Trustee, acting through its Managing Director, is authorized:
- (i) to make all arrangements, including establishment of accounts in the name of the International Monetary Fund, which shall be accounts of the Fund as Trustee, with such depositories of the Fund as the Trustee deems necessary; and
  - (ii) to take all other administrative measures that the Trustee deems necessary to implement the provisions of this Instrument.

Paragraph 2. Separation of assets and accounts, audits and reports

- (a) The resources of the Trust shall be kept separate from the property and assets of all other accounts of the Fund, including other administered accounts, and shall be used only for the purposes of the Trust in accordance with this Instrument.
- (b) The property and assets held in the other accounts of the Fund shall not be used to discharge liabilities or to meet losses arising out of the administration of the Trust. The resources of the Trust shall not be used to discharge liabilities or to meet losses arising out of the administration of the other accounts of the Fund.
- (c) The Fund shall maintain separate financial records and prepare separate financial statements for the Trust in accordance with International Financial Reporting Standards.
- (d) The external audit firm selected under Section 20 of the Fund's By-Laws shall audit the financial transactions and records of the Trust. The audit shall relate to the financial year of the Fund.

(e) The Fund shall report on the resources and operations of the Trust in the Annual Report of the Executive Board to the Board of Governors and shall include in the Annual Report the report of the external audit firm on the Trust

Paragraph 3. Investment of resources

(a) Any balance held by the Trust and not immediately needed in operations shall be invested.

(b) Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member.

*Section V. Period of Operation and Liquidation*

Paragraph 1. Period of Operation

The Trust established by this Instrument shall remain in effect for as long as is necessary, in the judgment of the Fund, to conduct and to wind up the business of the Trust.

Paragraph 2. Liquidation of the Trust

If the Trustee decides to wind up the operations of the Trust, the resources in the Accounts shall be used first to discharge all the liabilities of the Trust. Any amount remaining in the Accounts after the discharge of all the liabilities of the Trust shall be transferred to the General Subsidy Account of the Poverty Reduction and Growth Trust established pursuant to Decision No. 8759-(87/176) ESAF, as amended, ("PRGT") for use in accordance with the provisions of the PRGT Instrument; provided that, at the request of a contributor that has provided resources to the Trust, its pro rata share of any such remaining resources in the Trust, or any portion of such share, shall be distributed to the contributor.

*Section VI. Amendment of the Instrument*

The Fund may amend the provisions of the Instrument, except that any amendment of Section I, paragraph 1, Section IV, Section V, and this Section shall require the consent of all contributors to the Trust.

## **Attachment B. Catastrophe Containment and Relief Trust—Terms and Conditions for**

### **Administration of Umbrella Account**

Pursuant to Section III, paragraph 4 (b) of the Instrument to Establish the Catastrophe Containment and Relief Trust (CCR Trust), the Fund, as Trustee of the CCR Trust, establishes the following terms and conditions for the administration of the Umbrella Account provided for under that provision:

1. The resources of the Umbrella Account shall consist of (i) the proceeds of grants paid into the Umbrella Account for the benefit of a member by the CCR Trust, (ii) contributions by other donors to finance debt relief on a member's eligible debt to the Fund, and (iii) net earnings from the investment of resources held in the Umbrella Account.
2. Within the Umbrella Account, the Trustee shall establish a separate subaccount for the administration of the resources paid into the Umbrella Account for the benefit of each member for which the resources have been paid. The Trustee shall establish a subaccount within the Umbrella Account, at the latest, whenever the Fund as Trustee of the CCR Trust grants final approval of the disbursement of a Trust grant under the CCR Trust.
3. Following the establishment of a subaccount, the Fund, as Trustee, shall be authorized to use the resources of the subaccount (including any net income from the investment of such

resources) to make payments for the benefit of the member as specified in Section III, paragraph 4(b) of the Instrument to Establish the CCR Trust.

4. (a) Resources held in a subaccount of the Umbrella Account and not immediately needed for operations shall be invested.

(b) Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member. Earnings, net of any transactions costs, shall accrue to the subaccount and shall be available for the purposes of the subaccount.

(c) The Managing Director of the Trustee is authorized (i) to make all arrangements, including the establishment of accounts in the name of the Trustee, with such depositories as may be necessary to carry out the operations of the Umbrella Account, and (ii) to take all measures necessary to implement the provisions of this decision.

5. The SDR shall be the unit of account.

(a) Resources received into a subaccount may be in U.S. dollars or such other media as may be determined by the Trustee.

(b) Resources held in a subaccount may be currencies or currencies exchanged for SDRs in accordance with such arrangements as may be made by the Trustee for the holding and use of SDRs.

(c) The Trustee may exchange any of the resources held in a subaccount for other resources.

(d) Payments made from a subaccount shall be made in U.S. dollars or such other media as may be determined by the Trustee.

6. Assets held in the Umbrella Account shall be kept separate from the assets and property of all other accounts of, or administered by, the Trustee. The assets of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses incurred by the Trustee in the administration of such other accounts. Except as expressly authorized in the CCR Trust Instrument and this decision, the assets and property held in a subaccount of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses of the Trustee in the administration of any other subaccount of the Umbrella Account.

7. Subject to the provisions of this decision, the Trustee, in administering the Umbrella Account, shall apply, *mutatis mutandis*, the same rules and procedures as apply to the operations of the General Resources Account of the Fund.

8. No charge shall be levied for the services rendered by the Trustee in the administration, operation, and termination of the Umbrella Account.

(a) The Trustee shall maintain separate financial records and prepare separate financial statements for the Umbrella Account in accordance with International Financial Reporting Standards. The financial statements for the Umbrella Account shall be expressed in SDRs.

(b) The external audit firm selected under Section 20 of the Trustee's By-Laws shall audit the operations and transactions conducted through the Umbrella Account. The audit shall relate to the financial year of the Trustee.

(c) The Trustee shall report on the resources and operations of the Umbrella Account in the Annual Report of the Executive Board to the Board of Governors and shall include in that Annual Report the report of the external audit firm on the Umbrella Account.

9. (a) The Umbrella Account shall remain in effect for as long as is necessary, in the judgment of the Trustee, to conduct and to wind up the business of the Umbrella Account. A subaccount for a particular member would be wound up when the resources of that subaccount

have been exhausted in providing debt relief to the member according to the terms of the CCR

Trust Instrument.

(b) Any balance remaining in a subaccount upon termination and after the discharge of all obligations of that subaccount shall be transferred promptly to the specific CCR Trust account from which the resources were drawn; provided that, at the request of a donor that has contributed directly to a subaccount pursuant to paragraph 1(ii) above, its pro rata share of any such resources remaining in the subaccount, shall be distributed to the donor.

## Decision B. Amendment to the MDRI-II Trust

1. The Fund, as Trustee of the Multilateral Debt Relief Initiative-II Trust (the “MDRI-II Trust”) decides to amend Section V, paragraph 2 of the Instrument to establish the MDRI-II Trust, annexed to Decision No. 13588-(05/99), adopted November 23, 2005, to read as follows:

### Paragraph 2. Liquidation of the Trust

If the Trustee decides to wind up the operations of the Trust, the resources in the Account shall be used first to discharge all the liabilities of the Trust. Any amount remaining in the Account after the discharge of all the liabilities of the Trust shall be transferred to the General Account of the Catastrophe Containment and Relief Trust established pursuant to Decision No. [-----] (15/---), adopted ----, 2015 except that, at the request of a contributor, its pro rata share in any unused resources shall be transferred to the Poverty Reduction and Growth Trust for use in any current or future subsidy operations authorized for that Trust or shall be distributed to the contributor.”

2. The amendment set forth in paragraph 1 of this decision shall become effective when all contributors to the MDRI-II Trust have consented to the amendment.

## Annex I.

### Instrument to Establish the ~~Post-Catastrophe~~ Containment and Debt Relief Trust

To help fulfill its purposes, the International Monetary Fund (the “Fund”), pursuant to Article V, Section 2(b) of the Fund’s Articles of Agreement, has adopted this Instrument to Establish the ~~Post-Catastrophe~~ Containment and Debt Relief Trust (the “CCR Trust” or “Trust”), which shall be administered by the Fund as Trustee (the “Trustee”). The Trust shall be governed by, and administered in accordance with, the following —provisions:

#### Section I. General Provisions

##### Paragraph 1. Purposes

The Trust shall assist in fulfilling the purposes of the Fund by providing balance of payments

assistance in the form of grants (“Trust grants”) to eligible low-income members that qualify for

assistance as set forth in Section III of this Instrument. Such members may request balance of

payments assistance in accordance with ~~under~~ the terms of this Instrument under either:

(a) the Post-Catastrophe Relief Window (PCR window), in the form of ~~Trust~~ grants that shall be used to deliver temporary relief of debt service payments (interest and principal) on such members’ eligible debt (“debt flow relief”) and, in appropriate cases, permanent debt relief on such debt (“debt stock relief”), where the member experienced a Qualifying Catastrophic Disaster, subject to the terms of this Instrument ; ~~or, including the requirements set forth in Section III of this Instrument.~~

(b) the Catastrophe Containment Window (CC window), in the form of grants that shall be used to provide immediate debt relief on eligible debt (“immediate debt relief”), where the member experienced a Qualifying Public Health Disaster subject to the terms of this Instrument

##### Paragraph 2. ~~Trust~~ Accounts ~~Account~~ and Resources ~~resources~~

(a) For its ~~The~~ operations and transactions ~~of~~ the Trust shall have a General Account, a PCR Window ~~be conducted through an account (“the Account and a CC Window Account, collectively referred to as “the Accounts”.)~~. Within ~~each~~ each Account, the Trustee may establish such sub-accounts as it deems necessary for the administration of the resources ~~of held in the~~ Trust Account.

(b) \_\_\_\_\_-The resources held in the General Account shall consist of:

(i) \_\_\_\_\_-transfers from the Special Disbursement Account ~~Special Disbursement Account~~ in

accordance with Section V, paragraph 2 of the Multilateral Debt Relief Initiative-I

Trust established pursuant to Decision No. 13588-(05/99) MDRI, as amended by

Decision No. 14649-(10/64);

(ii) \_\_\_\_\_ transfers from the Special Disbursement Account in accordance with paragraph 83

of the Decision No. .... [decision on the transformation of the PCDR Trust and

liquidation of the MDRI-I Trust];

(iii) \_\_\_\_\_-grant contributions made to the Trust for the General Account ;

(iv) the proceeds of purposes set forth in Section I, paragraph 1; (iii) loans, deposits and other types of investments made by contributors with the Trust to generate income for the General Account; and to be used for the purposes set forth in Section I, paragraph 1; and (iv) net earnings from investment of resources held in the Account.

(v) \_\_\_\_\_ net earnings from investment of resources held in the General Account.

(c) \_\_\_\_\_ The resources held in the PCR Window Account shall consist of:

(i) \_\_\_\_\_ grant contributions made to the Trust for the purposes of the PCR Window Account;

(ii) \_\_\_\_\_ the proceeds of loans, deposits and other types of investments made by contributors

with the Trust to generate income for the PCR Window Account; and

(iii) \_\_\_\_\_ net earnings from investment of resources held in that Account.

(d) \_\_\_\_\_ The resources held in the CC Window Account shall consist of:

(i) grant contributions made to the Trust for the CC Window Account;

(ii) the proceeds of loans, deposits and other types of investments made by contributors

with the Trust to generate income for the CC Window Account; and

(iii) net earnings from investment of resources held in that Account.

(e) For the purpose of grant disbursements as set forth in Section III, paragraph 4 of this

Instrument, the Trustee may draw upon resources in the General Account for purposes of providing

relief under the PCR window and the CC window, provided that it shall draw first (i) under the PCR

Window Account for purposes of PCR window grant assistance, and (ii) under the CC Window

Account for purposes of CC window grant assistance.

### Paragraph 3. *Unit of Account*

The SDR shall be the unit of account for commitments and all other operations and transactions of the Trust, provided that commitments for contributions may also be made in currency.

### Paragraph 4. *Media of payment of contributions and exchange of ~~resources~~*

(a) ~~\_\_\_\_\_~~-Resources provided to the ~~Accounts~~~~Account~~ shall be in any currency.

(b) ~~\_\_\_\_\_~~-Payments by the Trust shall be made in U.S. dollars or such other media as may be agreed between the Trustee and the payee.

(c) ~~\_\_\_\_\_~~-Contributions to the Trust may also be made in or exchanged for SDRs in accordance with such arrangements as may be made by the Trust for the holding and use of SDRs.

(d) ~~\_\_\_\_\_~~-The Trustee may exchange any of the resources of the Trust for other resources.

## Section II. *Contributions to the Trust*

The Trustee may accept contributions of resources for the ~~Accounts of the Trust~~Account on such terms and conditions as may be agreed between the Trustee and the respective contributors, subject to the provisions of this Instrument. For this purpose, the Managing Director of the Trustee is authorized to accept grants and enter into loan, deposit, or other types of investment agreements with the contributors to the Trust.

### Section III. *Trust Grants*

#### Paragraph 1. *Eligibility for assistance*

In order to be eligible for ~~either debt flow~~ relief under the PCR window or the CC window of debt stock relief from the Trust, a member shall meet the following requirements:

- (a)       —the member is PRGT-eligible (i.e., is included in the list of members annexed to Decision No. 8240-(86/56) SAF, as amended); and
- (b)       —the member has an annual per capita gross national income, as assessed by the Trustee in accordance with paragraph 1(E) of Decision No. 14521-(10/3), that is below the International Development Association operational cut-off or, for a member qualifying as a “small country” under the definition set forth in paragraph 1(D) of that decision, is less than twice the International Development Association operational cut-off.

#### Paragraph 2. Post-Catastrophe Relief Window (PCR Window)

##### (a)        *Qualification for ~~Assistance~~assistance*

The Trustee shall determine whether an eligible member requesting assistance under the PCR Window qualifies under this Instrument for debt flow relief and, in appropriate cases, for debt stock relief, in accordance with the respective criteria set forth below:

##### (i)        ~~(a)~~ *Debt Flow Relief*

An eligible member shall qualify for debt flow relief under this window~~debt flow relief~~ when the Trustee determines that the member is experiencing a balance of payments need that arises from a Qualifying Catastrophic Disaster. For purposes of this Instrument, a Qualifying Catastrophic Disaster shall mean an exceptional natural disaster occurring any time after January 1, 2010 that the Trustee determines, based on available information, including preliminary estimates, has had the following effects on the member: I

- ~~(i)~~ a large portion of the member’s population has been directly affected (i.e., deceased, injured, and/or displaced), such portion normally being at least one third of the population; and ~~(ii)~~ a large portion of the member’s economy has been directly affected, as evidenced by either ~~(a)~~ the

destruction of more than a quarter of the member's productive capacity measured by destroyed structures, impact on key economic sectors and public institutions, and other relevant early indicators, or ~~(b#)~~ damage in an amount exceeding 100 percent of the member's GDP prior to the Qualifying Catastrophic Disaster.

~~(ii)~~ \_\_\_\_\_

~~(b)~~ *Debt Stock Relief*

~~(i)~~ An eligible member that qualifies for debt flow relief under this window shall also qualify for debt stock relief when the Trustee determines, based on available information, that: (I) the member has substantial balance of payments needs that have been created or exacerbated by the Qualifying Catastrophic Disaster and the subsequent economic recovery efforts and are expected to persist beyond the period covered by debt flow relief; and (II) the resources that would be freed up by the debt stock relief would be critical for meeting these needs. For purposes of (II), resources would normally be considered critical for meeting the member's needs only if, based on an updated debt sustainability analysis conducted after the Qualifying Catastrophic Disaster, the member has a high level of debt in relation to GDP or exports prior to the delivery of any debt relief after the Qualifying Catastrophic Disaster, typically resulting in an assessment that the member is in debt distress or has a high risk of debt distress.

~~(ii)~~ Decisions on a member's qualification for debt stock relief will normally be adopted by the Trustee in the period beginning six months after the occurrence of the Qualifying Catastrophic Disaster and ending in all cases no later than twenty-four months after such disaster.

~~(b)~~ \_\_\_\_\_ Paragraph 3. Amount and ~~Delivery~~ delivery of ~~Assistance~~ assistance

The Trustee shall deliver assistance to eligible members that it has determined qualify for debt flow ~~relief~~ or debt stock relief in accordance with the following terms:

~~(i)~~ \_\_\_\_\_

~~(a)~~ *Debt Flow Relief*

~~(i)~~ Upon a determination that a member qualifies for debt flow relief pursuant to paragraph 2(a)~~(i) of this Section)~~ above, the Trustee shall disburse to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in an amount equivalent to all payments on the member's eligible debt falling due within the period beginning on the date of the debt flow relief decision and ending two years after the occurrence of the Qualifying Catastrophic Disaster. For the purposes of this paragraph ~~3~~, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the Qualifying Catastrophic Disaster and in respect of which the member had made regular scheduled debt service payments (interest and principal) before the Qualifying Catastrophic Disaster, plus any disbursements by the Fund (including by the Fund as Trustee) to the member made normally within four months following such disaster, but shall exclude any debt to the Fund that is scheduled to be

repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 3 of this Section.

(ii) \_\_\_\_\_

~~(b)~~ *Debt Stock Relief*

~~(i)~~ Upon a determination that a member qualifies for debt stock relief pursuant to paragraph 2(a)(ii) of this Section ~~(b)~~ above, the Trustee shall commit an amount up to which the Trust will disburse a Trust grant for debt stock relief to the member pursuant to subparagraph ~~23~~(b)(ii)(III) below. The amount committed shall be the amount needed to effect the early repayment of the member's eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster. The amount actually disbursed pursuant to subparagraph ~~23~~(b)(ii)(III) below shall be the amount needed to effect the early repayment of the member's eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster or on the date of the Trustee's decision to disburse debt stock relief, ~~—~~whichever is later.

~~(ii)~~ The Trustee shall disburse debt stock relief in the amount specified in subparagraph 2 ~~paragraph 3(b)(ii)(I)~~ ~~(i)~~ above to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below as of the date the Trustee determines that: ~~(a)~~ a concerted effort exists within the international community to provide similar debt relief to the member, which shall be evidenced by satisfactory assurances regarding the debt relief to be provided by the member's other official sector creditors whose debts together account for at least eighty percent of the member's total sovereign external debt outstanding to official creditors (less amounts due to the Fund) at the time of the Qualifying Catastrophic Disaster, ~~(b)~~ the member has provided assurances that it will cooperate with the Trustee in an effort to find solutions to its balance of payments problems and will refrain from any inappropriate policies that could compound these problems, and ~~(c)~~ taking into account the member's implementation capacity after the Qualifying Catastrophic Disaster, the member has established a track record of adequate macroeconomic policies, normally for a period of at least six months immediately preceding the Trustee's decision to disburse debt stock relief.

### Paragraph 3. Catastrophe Containment Window (CC Window)

(a) Qualification for Assistance

(i) An eligible member shall qualify for immediate debt relief under the CC window when the

Trustee determines, that (I) the member is experiencing a balance of payments need arising from a

Qualifying Public Health Disaster that has occurred in the member's territory; and (II) the

macroeconomic policy framework put in place by the member to address the balance of payments

need created by the public health disaster and the ensuing policy response is appropriate.

(ii) For purposes of this Instrument, a Qualifying Public Health Disaster arises where:

(I) a life-threatening epidemic has a sustained presence and has spread across several areas

of the member's territory, causing significant economic disruption and creating a balance of

payments need. Based on available information (which may take the form of preliminary

estimates) and for the purposes of this subparagraph (I), the magnitude of economic

disruption that has occurred and is projected to occur in the future would normally be

characterized by at least: (a) a cumulative loss of real GDP of 10 percent; or (b) a cumulative

loss of revenue and increase of expenditures equivalent to at least 10 percent of GDP. Such

economic disruption will be measured relative to staff estimates made prior to the onset of

the public health disaster and would reflect, *inter alia*, sharp curtailments, for disease

containment purposes, on the movement of people and products within the country and

related declines in production, exports, tax revenues, and international visitors, and also

surges in government outlays on relief and containment efforts; and

(II) the epidemic has the capacity to spread, or is already spreading, rapidly both within and

across countries, producing or threatening, significant economic disruption and loss of life.

(iii) In making a determination of the occurrence of a Qualifying Public Health Disaster, the Fund may be guided by assessments of the health situation and outlook made by national authorities, the World Health Organization, the World Bank, and other relevant agencies.

(b) Request for CC Window Assistance

A member requesting assistance under the CC window shall describe in a letter the nature of the public health disaster and the balance of payments needs arising from it, the measures being taken to contain the disaster, including budgetary reallocations, and the macroeconomic policies it is pursuing or plans to pursue to address its balance of payment difficulties.

(c) Amount and Delivery of Assistance

(i) Subject to subparagraph 3(c)(ii) below, upon a determination that a member qualifies for assistance pursuant to paragraph 3(a) of this Section, the Trustee shall disburse to a subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in the amount, up to a limit of 20 percent of the member's quota in the Fund, that is necessary to repay the member's eligible debt to the Fund. For the purposes of this paragraph, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the determination by the Fund that the member is qualified to receive grant assistance under this window, and in respect of which the member had made regular scheduled debt service payments (principal and interest) before such determination, but shall

exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 2 of this Section.

(ii) The Trustee will approve grant assistance beyond the limit set in subparagraph (i) of paragraph 3(c) above upon the Trustee’s determination of any of the following circumstances:

I. That debt service obligations on the member’s eligible debt to the Fund constitute an exceptional burden on the near-term external payments position of the requesting member. In this case, the Trustee will approve grant assistance in an amount necessary to eliminate the exceptional burden. In making the determination of the exceptional burden, the Trustee shall take into account, *inter alia*, the member’s overall external position, the projected drain of Fund debt service payments on the level of the member’s reserves, the share of Fund debt service (net of grant support) in the member’s total official debt service payments, and the scope and merits of addressing the exceptional burden through additional concessional lending-. The amount of grant assistance provided under this sub-paragraph shall not exceed the total amount of eligible debt falling due to the Fund during the relevant two-year period.

II. That there is a broad-based international effort to provide debt service flow relief to the member to ease near-term balance of payments pressures, and a strong expectation that additional assistance from the Fund would help catalyze support to the member from a significant majority of official bilateral creditors on similar terms. In such circumstances, the Trustee will approve grants in an amount that is necessary to repay the full amount of the member's eligible debt falling due to the Fund within the period during which bilateral official creditors are expected to provide debt relief, up to a maximum of two years from the date of the decision approving grant assistance; or

III. That, in the circumstance of a member rated at high risk of debt distress, or in debt distress, under the joint Bank-Fund Debt Sustainability Framework for Low-Income Countries, additional grant assistance is warranted to prevent a significant deterioration of debt indicators (relative to pre-epidemic projections) resulting from the country taking on new debt to respond to the epidemic. In these circumstances, such additional grant support will be provided in the amount that is needed to ensure that eligible debt to the Fund that has been incurred in response to the Qualifying Public Health Disaster has a grant element of 80 percent. In cases where the Managing Director sees merit in providing such additional support, the

Managing Director will consult with the Executive Board meeting in an informal session before making a proposal for consideration by the Executive Board. For the purposes of this sub-paragraph, eligible debt that has been incurred in response to the Qualifying Public Health Disaster shall consist of amounts disbursed under the Poverty Reduction and Growth Trust or from the General Resources Account after the onset of the epidemic in the requesting member country, which were made available to address the balance of payments needs created by the Qualifying Public Health Disaster, and before the Fund’s determination under paragraph 3(a) of this Section.

Paragraph 4. *Disbursements*

(a) \_\_\_\_-All disbursements of Trust grants shall be subject to the availability of resources to the Trust.

(b) \_\_\_\_-The proceeds of Trust grants approved under the CCR Trust shall be paid into a subaccount for the benefit of the relevant member that is maintained within a separate account (the “Umbrella Account”) established and administered by the Trustee pursuant to this subparagraph, as follows:

(i)- The Trustee shall use the proceeds disbursed as debt flow relief under the PCR window (including any income from investments of such proceeds) to make payments on the member’s eligible debt as they fall due within the period specified in paragraph 2(b3(a))(i) above. The Trustee shall use the

proceeds disbursed as debt stock relief under the PCR window as set forth in paragraph 2(b)(ii)

promptly after such disbursement to effect the early repayment of the member’s eligible debt as of

the date specified in the last sentence of paragraph ~~23~~(b)(ii)(i) above. If the amounts disbursed by

the Trustee to the subaccount exceed the amounts needed to effect payments falling due on, and

early repayment of, the member’s eligible debt pursuant to the terms of this Instrument, then the

Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such

retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(ii) The Trustee shall use the proceeds disbursed for CC Window grant assistance under

paragraph 3(c) promptly after such disbursement to effect the early repayment of an equivalent

amount of the member’s eligible debt, with the repayments being attributed to the obligations in

the order in which they fall due. If the amounts disbursed by the Trustee to the subaccount exceed

the amounts needed to effect early repayment of the member’s eligible debt pursuant to the terms

of the CC Window, then the Trustee shall be authorized to retransfer to the Trust an amount

equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from

which the resources were drawn.

(iii) The terms and conditions for the operation of the Umbrella Account shall be determined by the Trustee.

Paragraph 5. *Modifications*

Any modification of ~~the~~these provisions of this Section will affect only Trust grants made after the effective date of the modification.

#### Section IV. *Administration of the Trust*

##### Paragraph 1. *Trustee*

(a)\_\_\_\_-The Trust shall be administered by the Fund as Trustee. Decisions and other actions taken by the Fund as Trustee shall be identified as taken in that capacity.

(b)\_\_\_\_-Subject to the provisions of this Instrument, the Fund in administering the Trust shall apply the same rules as apply to the operation of the General Resources Account of the Fund.

(c)\_\_\_\_-The Trustee, acting through its Managing Director, is authorized:

(i)\_\_\_\_ to make all arrangements, including establishment of accounts in the name of the International Monetary Fund, which shall be accounts of the Fund as Trustee, with such depositories of the Fund as the Trustee deems necessary; and

(ii)\_\_\_\_-to take all other administrative measures that the Trustee deems necessary to implement the provisions of this Instrument.

##### Paragraph 2. *Separation of assets and accounts, audits and reports*

(a)\_\_\_\_-The resources of the Trust shall be kept separate from the property and assets of all other accounts of the Fund, including other administered accounts, and shall be used only for the purposes of the Trust in accordance with this Instrument.

(b)\_\_\_\_-The property and assets held in the other accounts of the Fund shall not be used to discharge liabilities or to meet losses arising out of the administration of the Trust. The resources of the Trust shall not be used to discharge liabilities or to meet losses arising out of the administration of the other accounts of the Fund.

(c)\_\_\_\_-The Fund shall maintain separate financial records and prepare separate financial statements for the Trust in accordance with International Financial Reporting Standards.

(d)\_\_\_\_-The external audit firm selected under Section 20 of the Fund's By-Laws shall audit the financial transactions and records of the Trust. The audit shall relate to the financial year of the Fund.

(e) \_\_\_\_-The Fund shall report on the resources and operations of the Trust in the Annual Report of the Executive Board to the Board of Governors and shall include in the Annual Report the report of the external audit firm on the Trust:

Paragraph 3. *Investment of resources*

(a) \_\_\_\_-Any balance held by the Trust and not immediately needed in operations shall be invested.

(b) \_\_\_\_-Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member.

Section V. *Period of Operation and Liquidation*

Paragraph 1. *Period of ~~Operation~~operation*

The Trust established by this Instrument shall remain in effect for as long as is necessary, in the judgment of the Fund, to conduct and to wind up the business of the Trust.

Paragraph 2. *Liquidation of the Trust*

If the Trustee decides to wind up the operations of the Trust, the resources in the ~~Accounts~~Account shall be used first to discharge all the liabilities of the Trust. Any amount remaining in the ~~Accounts~~Account after the discharge of all the liabilities of the Trust shall be transferred to the General Subsidy Account of the Poverty Reduction and Growth Trust established pursuant to Decision No. 8759-(87/176) ESAF, as amended, ("PRGT") for use in accordance with the provisions of the PRGT Instrument; provided that, at the request of a contributor that has provided resources to the Trust, its pro rata share of any such remaining resources in the Trust, or any portion of such share, shall be distributed to the contributor.

Section VI. *Amendment of the Instrument*

The Fund may amend the provisions of the Instrument, except that any amendment of Section I, paragraph 1, Section IV, Section V, and this Section shall require the consent of all contributors to the Trust.

## Annex II.

### **~~A. Post-Catastrophe Containment and Debt Relief Trust— Terms and Conditions for Administration of Umbrella Account Provided For Under Section III, Paragraph 4(b) of the Trust Instrument~~**

Pursuant to Section III, paragraph 4\_(b) of the Instrument to Establish ~~thea Post-~~ Catastrophe ~~Containment and Debt~~ Relief Trust (~~CCRPCDR~~ Trust), the Fund, as Trustee of the ~~CCRPCDR~~ Trust, establishes the following terms and conditions for the administration of the Umbrella Account provided for under that provision:

~~1.~~ The resources of the Umbrella Account shall consist of (i) the proceeds of grants paid into the ~~Umbrella~~ Account for the benefit of a member by the ~~CCRPCDR~~ Trust, (ii) contributions by other donors to finance debt relief on a member's eligible debt to the Fund, and (iii) net earnings from the investment of resources held in the Umbrella Account.

~~2.~~ Within the Umbrella Account, the Trustee shall establish a separate subaccount for the administration of the resources paid into the Umbrella Account for the benefit of each member for which the resources have been paid. The Trustee shall establish a subaccount within the Umbrella Account, at the latest, whenever the Fund as Trustee of the ~~CCRPCDR~~ Trust grants final approval of the disbursement of a Trust grant under the ~~CCRPCDR~~ Trust.

~~3.~~ Following the establishment of a subaccount, the Fund, as Trustee, shall be authorized to use the resources of the subaccount (including any net income from the investment of such resources) to make payments for the benefit of the member as specified in Section III, paragraph 4(b) of the Instrument to Establish the ~~CCRPCDR~~ Trust.

~~4.~~(a)\_\_\_-Resources held in a subaccount of the Umbrella Account and not immediately needed for operations shall be invested.

\_\_\_\_\_(b)\_\_\_\_\_-Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member. Earnings, net of any transactions costs, shall accrue to the subaccount and shall be available for the purposes of the subaccount.\_\_\_\_

(c) ~~\_\_\_\_\_~~ -The Managing Director of the Trustee is authorized (i) to make all arrangements, including the establishment of accounts in the name of the Trustee, with such depositories as may be necessary to carry out the operations of the Umbrella Account, and (ii) to take all measures necessary to implement the provisions of this decision.

~~5-~~The SDR shall be the unit of account.

~~6-(a)~~ ~~\_\_\_\_\_~~ -Resources received into a subaccount may be in U.S. dollars or such other media as may be determined by the Trustee.

(b) ~~\_\_\_\_\_~~ -Resources held in a subaccount may be currencies or currencies exchanged for SDRs in accordance with such arrangements as may be made by the Trustee for the holding and use of SDRs.

(c) ~~\_\_\_\_\_~~ -The Trustee may exchange any of the resources held in a subaccount for other resources.

(d) ~~\_\_\_\_\_~~ -Payments made from a subaccount shall be made in U.S. dollars or such other media as may be determined by the Trustee.

~~7-~~ Assets held in the Umbrella Account shall be kept separate from the assets and property of all other accounts of, or administered by, the Trustee. The assets of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses incurred by the Trustee in the administration of such other accounts. Except as expressly authorized in the CCRPCDR Trust Instrument and this decision, the assets and property held in a subaccount of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses of the Trustee in the administration of any other subaccount of the Umbrella Account.

~~8-~~ Subject to the provisions of this decision, the Trustee, in administering the Umbrella Account, shall apply, mutatis mutandis, the same rules and procedures as apply to the operations of the General Resources Account of the Fund.

~~9-~~ No charge shall be levied for the services rendered by the Trustee in the administration, operation, and termination of the Umbrella Account.

~~10-(a)~~ ~~\_\_\_\_\_~~ -The Trustee shall maintain separate financial records and prepare separate financial statements for the Umbrella Account in accordance with International Financial Reporting Standards. The financial statements for the Umbrella Account shall be expressed in SDRs.

(b) ~~\_\_\_\_\_~~ -The external audit firm selected under Section 20 of the Trustee's By-Laws shall audit the operations and transactions conducted through the Umbrella Account. The audit shall relate to the financial year of the Trustee.

(c) ~~\_\_\_\_\_~~ -The Trustee shall report on the resources and operations of the Umbrella Account in the Annual Report of the Executive Board to the Board of Governors and shall include in that Annual Report the report of the external audit firm on the Umbrella Account.

~~11.~~(a) The Umbrella Account shall remain in effect for as long as is necessary, in the judgment of the Trustee, to conduct and to wind up the business of the Umbrella Account. A subaccount for a particular member would be wound up when the resources of that subaccount have been exhausted in providing debt relief to the member according to the terms of the ~~CCRPCDR~~ Trust Instrument.

(b) Any balance remaining in a subaccount upon termination and after the discharge of all obligations of that subaccount shall be transferred promptly to the ~~specific CCRPCDR~~ Trust ~~account from which for use in accordance with the resources were drawn purposes of that Trust~~; provided that, at the request of a donor that has contributed directly to a subaccount pursuant to paragraph 1(ii) above, its pro rata share of any such resources remaining in the subaccount, shall be distributed to the donor.

INTERNATIONAL MONETARY FUND

**Proposal to Enhance Fund Support for Low-Income Countries  
Hit by Public Health Disasters—Decisions**

**February 4, 2015**

**Decision A. Transformation of the Post-Catastrophe Debt Relief (PCDR) Trust into the Catastrophe Containment and Relief (CCR) Trust and Liquidation of the MDRI-I Trust**

**Part I – Transformation of the PCDR Trust**

1. The name of the Trust established pursuant to Decision No. 14649-(10/64), adopted June 25, 2010, shall be changed to the Catastrophe Containment and Relief (CCR) Trust. Accordingly, Decision No. 14649-(10/64) and the title of the Attachment to that Decision shall be amended by replacing references to the “Post-Catastrophe Debt Relief Trust” (“PCDR Trust”) with “Catastrophe Containment and Relief Trust” (“CCR Trust”).
2. The Instrument to Establish the CCR Trust (“CCR Trust Instrument”), annexed to Decision No. 14649-(10/64), shall be amended to read as set forth in Attachment A to this decision.
3. The terms and conditions for the administration of the PCDR Trust Umbrella Account set forth in Attachment A to Decision No. 14650-(10/64) PCDR Umbrella Account, adopted June 25, 2010 shall be amended to read as set forth in Attachment B to this decision.
4. Except as otherwise specifically provided or where the context otherwise requires, references in other Fund decisions, instruments, agreements or documents to the Post-Catastrophe Debt Relief Trust and Post-Catastrophe Debt Relief Trust Instrument shall be understood to be, respectively, references to the “Catastrophe Containment and Relief Trust” (“CCR Trust”) and “Catastrophe Containment and Relief Trust Instrument”.
5. The review of the PCDR Trust set forth in paragraph 1 of Decision No. 14649-(10/64), adopted June 25, 2010 is no longer required. It is expected that the Fund will review the financing and operations of the CCR Trust every five years or earlier if needed.

**Part II - Liquidation of the MDRI-I Trust and Transfer of the Remaining Balances to the CCR Trust**

6. Pursuant to Section V, Paragraph 3 of the Instrument to Establish the Multilateral Debt Relief Initiative-I Trust (the "Trust"), annexed to Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, as amended, the Fund, as Trustee of the MDRI-I Trust, decides to liquidate the MDRI-I Trust.

7. In accordance with paragraph 6 of Decision No. 13588-(05/99) MDRI, adopted November 23, 2005, effective January 5, 2006, the General Resources Account shall be reimbursed the equivalent of SDR 10,348 by the MDRI-I Trust in respect of the expenses of administering SDA resources in the MDRI-I Trust during FY 2015.

8. The SDA resources in the Trust, after discharge of all liabilities of the Trust and after the reimbursement set forth in paragraph 2 above, shall be transferred (through the Special Disbursement Account), to the General account of the Catastrophe Containment and Relief Trust established pursuant to Decision No. 14649-(10/64), as amended.

## Attachment A

### Instrument to Establish the Catastrophe Containment and Relief Trust

To help fulfill its purposes, the International Monetary Fund (the “Fund”), pursuant to Article V, Section 2(b) of the Fund’s Articles of Agreement, has adopted this Instrument to Establish the Catastrophe Containment and Relief Trust (the “CCR Trust” or “Trust”), which shall be administered by the Fund as Trustee (the “Trustee”). The Trust shall be governed by, and administered in accordance with, the following provisions:

#### *Section I. General Provisions*

##### Paragraph 1. Purposes

The Trust shall assist in fulfilling the purposes of the Fund by providing balance of payments assistance in the form of grants (“Trust grants”) to eligible low-income members that qualify for assistance as set forth in Section III of this Instrument. Such members may request balance of payments assistance in accordance with the terms of this Instrument under either:

- (a) the Post-Catastrophe Relief Window (PCR window), in the form of grants that shall be used to deliver temporary relief of debt service payments (interest and principal) on such members’ eligible debt (“debt flow relief”) and, in appropriate cases, permanent debt relief on such debt (“debt stock relief”), where the member experienced a Qualifying Catastrophic Disaster, subject to the terms of this Instrument ; or
- (b) the Catastrophe Containment Window (CC window), in the form of grants that shall be used to provide immediate debt relief on eligible debt (“immediate debt relief”), where the member experienced a Qualifying Public Health Disaster subject to the terms of this Instrument

##### Paragraph 2. Trust Accounts and Resources

- (a) For its operations and transactions the Trust shall have a General Account, a PCR Window Account and a CC Window Account, collectively referred to as “the Accounts”. Within each Account, the Trustee may establish such sub-accounts as it deems necessary for the administration of the resources of the Trust.
- (b) The resources held in the General Account shall consist of:
  - (i) transfers from the Special Disbursement Account in accordance with Section V, paragraph 2 of the Multilateral Debt Relief Initiative-I Trust established pursuant to Decision No. 13588-(05/99) MDRI, as amended by Decision No. 14649-(10/64);
  - (ii) transfers from the Special Disbursement Account in accordance with paragraph 8 of Decision No. 15708-(15/12);

- (iii) grant contributions made to the Trust for the General Account;
  - (iv) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the General Account; and
  - (v) net earnings from investment of resources held in the General Account.
- (c) The resources held in the PCR Window Account shall consist of:
- (i) grant contributions made to the Trust for the purposes of the PCR Window Account;
  - (ii) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the PCR Window Account; and
  - (iii) net earnings from investment of resources held in that Account.
- (d) The resources held in the CC Window Account shall consist of:
- (i) grant contributions made to the Trust for the CC Window Account;
  - (ii) the proceeds of loans, deposits and other types of investments made by contributors with the Trust to generate income for the CC Window Account; and
  - (iii) net earnings from investment of resources held in that Account.
- (e) For the purpose of grant disbursements as set forth in Section III, paragraph 4 of this Instrument, the Trustee may draw upon resources in the General Account for purposes of providing relief under the PCR window and the CC window, provided that it shall draw first (i) under the PCR Window Account for purposes of PCR window grant assistance, and (ii) under the CC Window Account for purposes of CC window grant assistance.

#### Paragraph 3. Unit of Account

The SDR shall be the unit of account for commitments and all other operations and transactions of the Trust, provided that commitments for contributions may also be made in currency.

#### Paragraph 4. Media of Payment of Contributions and Exchange of Resources

- (a) Resources provided to the Accounts shall be in any currency.
- (b) Payments by the Trust shall be made in U.S. dollars or such other media as may be agreed between the Trustee and the payee.
- (c) Contributions to the Trust may also be made in or exchanged for SDRs in accordance with such arrangements as may be made by the Trust for the holding and use of SDRs.
- (d) The Trustee may exchange any of the resources of the Trust for other resources.

#### *Section II. Contributions to the Trust*

The Trustee may accept contributions of resources for the Accounts of the Trust on such terms and conditions as may be agreed between the Trustee and the respective contributors, subject to the provisions of this Instrument. For this purpose, the Managing Director of the Trustee is authorized to accept grants and enter into loan, deposit, or other types of investment agreements with the contributors to the Trust.

*Section III. Trust Grants*

## Paragraph 1. Eligibility for Assistance

In order to be eligible for relief under the PCR window or the CC window of the Trust, a member shall meet the following requirements:

- (a) the member is PRGT-eligible (i.e., is included in the list of members annexed to Decision No. 8240-(86/56) SAF, as amended); and
- (b) the member has an annual per capita gross national income, as assessed by the Trustee in accordance with paragraph 1(E) of Decision No. 14521-(10/3), that is below the International Development Association operational cut-off or, for a member qualifying as a “small country” under the definition set forth in paragraph 1(D) of that decision, is less than twice the International Development Association operational cut-off.

## Paragraph 2. Post-Catastrophe Relief Window (PCR Window)

## (a) Qualification for Assistance

The Trustee shall determine whether an eligible member requesting assistance under the PCR Window qualifies under this Instrument for debt flow relief and, in appropriate cases, for debt stock relief, in accordance with the respective criteria set forth below:

## (i) Debt Flow Relief

An eligible member shall qualify for debt flow relief under this window when the Trustee determines that the member is experiencing a balance of payments need that arises from a Qualifying Catastrophic Disaster. For purposes of this Instrument, a Qualifying Catastrophic Disaster shall mean an exceptional natural disaster occurring any time after January 1, 2010 that the Trustee determines, based on available information, including preliminary estimates, has had the following effects on the member: (I) a large portion of the member’s population has been directly affected (i.e., deceased, injured, and/or displaced), such portion normally being at least one third of the population; and (II) a large portion of the member’s economy has been directly affected, as evidenced by either (a) the destruction of more than a quarter of the member’s productive capacity measured by destroyed structures, impact on key economic sectors and public institutions, and other relevant early indicators, or (b) damage in an amount exceeding 100 percent of the member’s GDP prior to the Qualifying Catastrophic Disaster.

## (ii) Debt Stock Relief

An eligible member that qualifies for debt flow relief under this window shall also qualify for debt stock relief when the Trustee determines, based on available information, that: (I) the member has substantial balance of payments needs that have been created or exacerbated by the Qualifying Catastrophic Disaster and the subsequent economic recovery efforts and are expected to persist beyond the period covered by debt flow relief; and (II) the resources that would be freed up by the

debt stock relief would be critical for meeting these needs. For purposes of (II), resources would normally be considered critical for meeting the member's needs only if, based on an updated debt sustainability analysis conducted after the Qualifying Catastrophic Disaster, the member has a high level of debt in relation to GDP or exports prior to the delivery of any debt relief after the Qualifying Catastrophic Disaster, typically resulting in an assessment that the member is in debt distress or has a high risk of debt distress. Decisions on a member's qualification for debt stock relief will normally be adopted by the Trustee in the period beginning six months after the occurrence of the Qualifying Catastrophic Disaster and ending in all cases no later than twenty-four months after such disaster.

(b) Amount and Delivery of Assistance

The Trustee shall deliver assistance to eligible members that it has determined qualify for debt flow or debt stock relief in accordance with the following terms:

(i) Debt Flow Relief

Upon a determination that a member qualifies for debt flow relief pursuant to paragraph 2(a)(i) of this Section, the Trustee shall disburse to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in an amount equivalent to all payments on the member's eligible debt falling due within the period beginning on the date of the debt flow relief decision and ending two years after the occurrence of the Qualifying Catastrophic Disaster. For the purposes of this paragraph, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the Qualifying Catastrophic Disaster and in respect of which the member had made regular scheduled debt service payments (interest and principal) before the Qualifying Catastrophic Disaster, plus any disbursements by the Fund (including by the Fund as Trustee) to the member made normally within four months following such disaster, but shall exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 3 of this Section.

(ii) Debt Stock Relief

- I. Upon a determination that a member qualifies for debt stock relief pursuant to paragraph 2(a)(ii) of this Section, the Trustee shall commit an amount up to which the Trust will disburse a Trust grant for debt stock relief to the member pursuant to subparagraph 2(b)(ii)(II) below. The amount committed shall be the amount needed to effect the early repayment of the member's eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster. The amount actually disbursed pursuant to subparagraph 2(b)(ii)(II) below shall be the amount needed to effect the early repayment of the member's eligible debt that is outstanding as of the second anniversary of the occurrence of the Qualifying Catastrophic Disaster or on the date of the Trustee's decision to disburse debt stock relief, whichever is later.

- II. The Trustee shall disburse debt stock relief in the amount specified in subparagraph 2(b)(ii)(I) above to the subaccount established for the benefit of the member pursuant to paragraph 4(b) below as of the date the Trustee determines that: (a) a concerted effort exists within the international community to provide similar debt relief to the member, which shall be evidenced by satisfactory assurances regarding the debt relief to be provided by the member's other official sector creditors whose debts together account for at least eighty percent of the member's total sovereign external debt outstanding to official creditors (less amounts due to the Fund) at the time of the Qualifying Catastrophic Disaster, (b) the member has provided assurances that it will cooperate with the Trustee in an effort to find solutions to its balance of payments problems and will refrain from any inappropriate policies that could compound these problems, and (c) taking into account the member's implementation capacity after the Qualifying Catastrophic Disaster, the member has established a track record of adequate macroeconomic policies, normally for a period of at least six months immediately preceding the Trustee's decision to disburse debt stock relief.

Paragraph 3. Catastrophe Containment Window (CC Window)

(a) Qualification for Assistance

- (i) An eligible member shall qualify for immediate debt relief under the CC window when the Trustee determines, that (I) the member is experiencing a balance of payments need arising from a Qualifying Public Health Disaster that has occurred in the member's territory; and (II) the macroeconomic policy framework put in place by the member to address the balance of payments need created by the public health disaster and the ensuing policy response is appropriate.
- (ii) For purposes of this Instrument, a Qualifying Public Health Disaster arises where:
- (I) a life-threatening epidemic has a sustained presence and has spread across several areas of the member's territory, causing significant economic disruption and creating a balance of payments need. Based on available information (which may take the form of preliminary estimates) and for the purposes of this subparagraph (I), the magnitude of economic disruption that has occurred and is projected to occur in the future would normally be characterized by at least: (a) a cumulative loss of real GDP of 10 percent; or (b) a cumulative loss of revenue and increase of expenditures equivalent to at least 10 percent of GDP. Such economic disruption will be measured relative to staff estimates made prior to the onset of the public health disaster and would reflect, *inter alia*, sharp curtailments, for disease containment purposes, on the movement of people and products within the country and related declines in production, exports, tax revenues, and international visitors, and also surges in government outlays on relief and containment efforts; and

(II) the epidemic has the capacity to spread, or is already spreading, rapidly both within and across countries, producing or threatening, significant economic disruption and loss of life.

(iii) In making a determination of the occurrence of a Qualifying Public Health Disaster, the Fund may be guided by assessments of the health situation and outlook made by national authorities, the World Health Organization, the World Bank, and other relevant agencies.

(b) Request for CC Window Assistance

A member requesting assistance under the CC window shall describe in a letter the nature of the public health disaster and the balance of payments needs arising from it, the measures being taken to contain the disaster, including budgetary reallocations, and the macroeconomic policies it is pursuing or plans to pursue to address its balance of payment difficulties.

(c) Amount and Delivery of Assistance

(i) Subject to subparagraph 3(c)(ii) below, upon a determination that a member qualifies for assistance pursuant to paragraph 3(a) of this Section, the Trustee shall disburse to a subaccount established for the benefit of the member pursuant to paragraph 4(b) below, a Trust grant in the amount, up to a limit of 20 percent of the member's quota in the Fund, that is necessary to repay the member's eligible debt to the Fund. For the purposes of this paragraph, eligible debt shall be defined as all of the member's debt to the Fund (including to the Fund as Trustee) that was outstanding as of the date of the determination by the Fund that the member is qualified to receive grant assistance under this window, and in respect of which the member had made regular scheduled debt service payments (principal and interest) before such determination, but shall exclude any debt to the Fund that is scheduled to be repaid with assistance under other debt relief trusts administered by the Fund or under paragraph 2 of this Section.

(ii) The Trustee will approve grant assistance beyond the limit set in subparagraph (i) of paragraph 3(c) above upon the Trustee's determination of any of the following circumstances:

- I. That debt service obligations on the member's eligible debt to the Fund constitute an exceptional burden on the near-term external payments position of the requesting member. In this case, the Trustee will approve grant assistance in an amount necessary to eliminate the exceptional burden. In making the determination of the exceptional burden, the Trustee shall take into account, inter alia, the member's overall external position, the projected drain of Fund debt service payments on the level of the member's reserves, the share of Fund debt service (net of grant support) in the member's total official debt service payments, and the scope and merits of addressing the exceptional burden through additional concessional lending. The amount of grant assistance provided under this sub-paragraph shall not exceed the total amount of eligible debt falling due to the Fund during the relevant two-year period.

- II. That there is a broad-based international effort to provide debt service flow relief to the member to ease near-term balance of payments pressures, and a strong expectation that additional assistance from the Fund would help catalyze support to the member from a significant majority of official bilateral creditors on similar terms. In such circumstances, the Trustee will approve grants in an amount that is necessary to repay the full amount of the member's eligible debt falling due to the Fund within the period during which bilateral official creditors are expected to provide debt relief, up to a maximum of two years from the date of the decision approving grant assistance; or
- III. That, in the circumstance of a member rated at high risk of debt distress, or in debt distress, under the joint Bank-Fund Debt Sustainability Framework for Low-Income Countries, additional grant assistance is warranted to prevent a significant deterioration of debt indicators (relative to pre-epidemic projections) resulting from the country taking on new debt to respond to the epidemic. In these circumstances, such additional grant support will be provided in the amount that is needed to ensure that eligible debt to the Fund that has been incurred in response to the Qualifying Public Health Disaster has a grant element of 80 percent. For the purposes of this sub-paragraph, eligible debt that has been incurred in response to the Qualifying Public Health Disaster shall consist of amounts disbursed under the Poverty Reduction and Growth Trust or from the General Resources Account after the onset of the epidemic in the requesting member country, which were made available to address the balance of payments needs created by the Qualifying Public Health Disaster, and before the Fund's determination under paragraph 3(a) of this Section.

For the purposes of this subparagraph, in cases where the Managing Director sees merit in providing such additional support, the Managing Director will consult with the Executive Board meeting in an informal session before making a proposal for consideration by the Executive Board.

#### Paragraph 4. Disbursements

- (a) All disbursements of Trust grants shall be subject to the availability of resources to the Trust.
- (b) The proceeds of Trust grants approved under the CCR Trust shall be paid into a subaccount for the benefit of the relevant member that is maintained within a separate account (the "Umbrella Account") established and administered by the Trustee pursuant to this subparagraph, as follows:
- (i) The Trustee shall use the proceeds disbursed as debt flow relief under the PCR window (including any income from investments of such proceeds) to make payments on the member's eligible debt as they fall due within the period specified in paragraph 2(b)(i) above. The Trustee shall use the proceeds disbursed as debt stock relief under the PCR window as set forth in paragraph 2(b)(ii)

promptly after such disbursement to effect the early repayment of the member’s eligible debt as of the date specified in the last sentence of paragraph 2(b)(ii)(I) above. If the amounts disbursed by the Trustee to the subaccount exceed the amounts needed to effect payments falling due on, and early repayment of, the member’s eligible debt pursuant to the terms of this Instrument, then the Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(ii) The Trustee shall use the proceeds disbursed for CC Window grant assistance under paragraph 3(c) promptly after such disbursement to effect the early repayment of an equivalent amount of the member’s eligible debt, with the repayments being attributed to the obligations in the order in which they fall due. If the amounts disbursed by the Trustee to the subaccount exceed the amounts needed to effect early repayment of the member’s eligible debt pursuant to the terms of the CC Window, then the Trustee shall be authorized to retransfer to the Trust an amount equivalent to such excess. Such retransfers will be made to the specific CCR Trust account from which the resources were drawn.

(iii) The terms and conditions for the operation of the Umbrella Account shall be determined by the Trustee.

#### Paragraph 5. Modifications

Any modification of the provisions of this Section will affect only Trust grants made after the effective date of the modification.

### *Section IV. Administration of the Trust*

#### Paragraph 1. Trustee

(a) The Trust shall be administered by the Fund as Trustee. Decisions and other actions taken by the Fund as Trustee shall be identified as taken in that capacity.

(b) Subject to the provisions of this Instrument, the Fund in administering the Trust shall apply the same rules as apply to the operation of the General Resources Account of the Fund.

(c) The Trustee, acting through its Managing Director, is authorized:

(i) to make all arrangements, including establishment of accounts in the name of the International Monetary Fund, which shall be accounts of the Fund as Trustee, with such depositories of the Fund as the Trustee deems necessary; and

(ii) to take all other administrative measures that the Trustee deems necessary to implement the provisions of this Instrument.

#### Paragraph 2. Separation of Assets and Accounts, Audits and Reports

(a) The resources of the Trust shall be kept separate from the property and assets of all other accounts of the Fund, including other administered accounts, and shall be used only for the purposes of the Trust in accordance with this Instrument.

- (b) The property and assets held in the other accounts of the Fund shall not be used to discharge liabilities or to meet losses arising out of the administration of the Trust. The resources of the Trust shall not be used to discharge liabilities or to meet losses arising out of the administration of the other accounts of the Fund.
- (c) The Fund shall maintain separate financial records and prepare separate financial statements for the Trust in accordance with International Financial Reporting Standards.
- (d) The external audit firm selected under Section 20 of the Fund's By-Laws shall audit the financial transactions and records of the Trust. The audit shall relate to the financial year of the Fund.
- (e) The Fund shall report on the resources and operations of the Trust in the Annual Report of the Executive Board to the Board of Governors and shall include in the Annual Report the report of the external audit firm on the Trust.

#### Paragraph 3. Investment of Resources

- (a) Any balance held by the Trust and not immediately needed in operations shall be invested.
- (b) Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member.

### *Section V. Period of Operation and Liquidation*

#### Paragraph 1. Period of Operation

The Trust established by this Instrument shall remain in effect for as long as is necessary, in the judgment of the Fund, to conduct and to wind up the business of the Trust.

#### Paragraph 2. Liquidation of the Trust

If the Trustee decides to wind up the operations of the Trust, the resources in the Accounts shall be used first to discharge all the liabilities of the Trust. Any amount remaining in the Accounts after the discharge of all the liabilities of the Trust shall be transferred to the General Subsidy Account of the Poverty Reduction and Growth Trust established pursuant to Decision No. 8759-(87/176) ESAF, as amended, ("PRGT") for use in accordance with the provisions of the PRGT Instrument; provided that, at the request of a contributor that has provided resources to the Trust, its pro rata share of any such remaining resources in the Trust, or any portion of such share, shall be distributed to the contributor.

### *Section VI. Amendment of the Instrument*

The Fund may amend the provisions of the Instrument, except that any amendment of Section I, paragraph 1, Section IV, Section V, and this Section shall require the consent of all contributors to the Trust.

## Attachment B

### Catastrophe Containment and Relief Trust—Terms and Conditions for Administration of Umbrella Account

Pursuant to Section III, paragraph 4 (b) of the Instrument to Establish the Catastrophe Containment and Relief Trust (CCR Trust), the Fund, as Trustee of the CCR Trust, establishes the following terms and conditions for the administration of the Umbrella Account provided for under that provision:

1. The resources of the Umbrella Account shall consist of (i) the proceeds of grants paid into the Umbrella Account for the benefit of a member by the CCR Trust, (ii) contributions by other donors to finance debt relief on a member's eligible debt to the Fund, and (iii) net earnings from the investment of resources held in the Umbrella Account.
2. Within the Umbrella Account, the Trustee shall establish a separate subaccount for the administration of the resources paid into the Umbrella Account for the benefit of each member for which the resources have been paid. The Trustee shall establish a subaccount within the Umbrella Account, at the latest, whenever the Fund as Trustee of the CCR Trust grants final approval of the disbursement of a Trust grant under the CCR Trust.
3. Following the establishment of a subaccount, the Fund, as Trustee, shall be authorized to use the resources of the subaccount (including any net income from the investment of such resources) to make payments for the benefit of the member as specified in Section III, paragraph 4(b) of the Instrument to Establish the CCR Trust.
4. (a) Resources held in a subaccount of the Umbrella Account and not immediately needed for operations shall be invested.  
  
(b) Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund; (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member; and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member. Earnings, net of any transactions costs, shall accrue to the subaccount and shall be available for the purposes of the subaccount.

(c) The Managing Director of the Trustee is authorized (i) to make all arrangements, including the establishment of accounts in the name of the Trustee, with such depositories as may be necessary to carry out the operations of the Umbrella Account, and (ii) to take all measures necessary to implement the provisions of this decision.

5. The SDR shall be the unit of account.

(a) Resources received into a subaccount may be in U.S. dollars or such other media as may be determined by the Trustee.

(b) Resources held in a subaccount may be currencies or currencies exchanged for SDRs in accordance with such arrangements as may be made by the Trustee for the holding and use of SDRs.

(c) The Trustee may exchange any of the resources held in a subaccount for other resources.

(d) Payments made from a subaccount shall be made in U.S. dollars or such other media as may be determined by the Trustee.

6. Assets held in the Umbrella Account shall be kept separate from the assets and property of all other accounts of, or administered by, the Trustee. The assets of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses incurred by the Trustee in the administration of such other accounts. Except as expressly authorized in the CCR Trust Instrument and this decision, the assets and property held in a subaccount of the Umbrella Account shall not be used to discharge or meet any liabilities, obligations, or losses of the Trustee in the administration of any other subaccount of the Umbrella Account.

7. Subject to the provisions of this decision, the Trustee, in administering the Umbrella Account, shall apply, *mutatis mutandis*, the same rules and procedures as apply to the operations of the General Resources Account of the Fund.

8. No charge shall be levied for the services rendered by the Trustee in the administration, operation, and termination of the Umbrella Account.

(a) The Trustee shall maintain separate financial records and prepare separate financial statements for the Umbrella Account in accordance with International Financial Reporting Standards. The financial statements for the Umbrella Account shall be expressed in SDRs.

(b) The external audit firm selected under Section 20 of the Trustee's By-Laws shall audit the operations and transactions conducted through the Umbrella Account. The audit shall relate to the financial year of the Trustee.

(c) The Trustee shall report on the resources and operations of the Umbrella Account in the Annual Report of the Executive Board to the Board of Governors and shall include in that Annual Report the report of the external audit firm on the Umbrella Account.

9. (a) The Umbrella Account shall remain in effect for as long as is necessary, in the judgment of the Trustee, to conduct and to wind up the business of the Umbrella Account. A subaccount for a particular member would be wound up when the resources of that subaccount have been exhausted in providing debt relief to the member according to the terms of the CCR Trust Instrument.

(b) Any balance remaining in a subaccount upon termination and after the discharge of all obligations of that subaccount shall be transferred promptly to the specific CCR Trust account from which the resources were drawn; provided that, at the request of a donor that has contributed directly to a subaccount pursuant to paragraph 1(ii) above, its pro rata share of any such resources remaining in the subaccount, shall be distributed to the donor.

## Decision B. Amendment to the MDRI-II Trust

1. The Fund, as Trustee of the Multilateral Debt Relief Initiative-II Trust (the “MDRI-II Trust”) decides to amend Section V, paragraph 2 of the Instrument to establish the MDRI-II Trust, annexed to Decision No. 13588-(05/99), adopted November 23, 2005, to read as follows:

“Paragraph 2. Liquidation of the Trust

If the Trustee decides to wind up the operations of the Trust, the resources in the Account shall be used first to discharge all the liabilities of the Trust. Any amount remaining in the Account after the discharge of all the liabilities of the Trust shall be transferred to the General Account of the Catastrophe Containment and Relief Trust established pursuant to Decision No. 14649-(10/64), as amended, except that, at the request of a contributor, its pro rata share in any unused resources shall be transferred to the Poverty Reduction and Growth Trust for use in any current or future subsidy operations authorized for that Trust or shall be distributed to the contributor.”

2. The amendment set forth in paragraph 1 of this decision shall become effective when all contributors to the MDRI-II Trust have consented to the amendment.

- (ii) The Trustee will approve grant assistance beyond the limit set in subparagraph (i) of paragraph 3(c) above upon the Trustee's determination of any of the following circumstances:
- I. That debt service obligations on the member's eligible debt to the Fund constitute an exceptional burden on the near-term external payments position of the requesting member. In this case, the Trustee will approve grant assistance in an amount necessary to eliminate the exceptional burden. In making the determination of the exceptional burden, the Trustee shall take into account, *inter alia*, the member's overall external position, the projected drain of Fund debt service payments on the level of the member's reserves, the share of Fund debt service (net of grant support) in the member's total official debt service payments, and the scope and merits of addressing the exceptional burden through additional concessional lending. The amount of grant assistance provided under this sub-paragraph shall not exceed the total amount of eligible debt falling due to the Fund during the relevant two-year period.
  - II. That there is a broad-based international effort to provide debt service flow relief to the member to ease near-term balance of payments pressures, and a strong expectation that additional assistance from the Fund would help catalyze support to

the member from a significant majority of official bilateral creditors on similar terms.

In such circumstances, the Trustee will approve grants in an amount that is necessary to repay the full amount of the member's eligible debt falling due to the Fund within the period during which bilateral official creditors are expected to provide debt relief, up to a maximum of two years from the date of the decision approving grant assistance; or

- III. That, in the circumstance of a member rated at high risk of debt distress, or in debt distress, under the joint Bank-Fund Debt Sustainability Framework for Low-Income Countries, additional grant assistance is warranted to prevent a significant deterioration of debt indicators (relative to pre-epidemic projections) resulting from the country taking on new debt to respond to the epidemic. In these circumstances, such additional grant support will be provided in the amount that is needed to ensure that eligible debt to the Fund that has been incurred in response to the Qualifying Public Health Disaster has a grant element of 80 percent. ~~In cases where the Managing Director sees merit in providing such additional support, the Managing Director will consult with the Executive Board meeting in an informal session before making a proposal for consideration by the Executive Board.~~ For the purposes of this sub-paragraph, eligible debt that has been incurred in response to

the Qualifying Public Health Disaster shall consist of amounts disbursed under the Poverty Reduction and Growth Trust or from the General Resources Account after the onset of the epidemic in the requesting member country, which were made available to address the balance of payments needs created by the Qualifying Public Health Disaster, and before the Fund's determination under paragraph 3(a) of this Section.

For the purposes of this subparagraph, in cases where the Managing Director sees merit in providing such additional support, the Managing Director will consult with the Executive Board meeting in an informal session before making a proposal for consideration by the Executive Board.