



SUPPLEMENT

SELECTED DECISIONS

and Selected Documents
of the International Monetary Fund

November 30, 2019

40TH
ISSUE
SUPPLEMENT



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PREFACE

The Fund's Legal Department has produced this *Supplement to Selected Decisions and Selected Documents of the IMF, 40th Issue*, with the aim of making available in convenient form selected policy decisions and documents issued after the publication of the *40th Issue* but before the issuance of the forthcoming *41st Issue*. The Supplement will be published in PDF format on the external website of the Fund (www.imf.org).

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

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

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Technical Services

Policy Support and Policy Coordination Instruments

POLICY SUPPORT INSTRUMENT—FRAMEWORK

General

1. Upon request, the Fund will be prepared to provide the technical services described in this Decision to members that are eligible for assistance under the Poverty Reduction and Growth Trust (PRGT), i.e., included in the list of members annexed to Decision No. 8240-(85/56), as amended, and that: (a) have a policy framework focused on consolidating macroeconomic stability and debt sustainability, while deepening structural reforms in key areas in which growth and poverty reduction are constrained; and (b) seek to maintain a close policy dialogue with the Fund, through the Fund's endorsement and assessment of their economic and financial policies under a Policy Support Instrument (PSI).

2. A PSI is a decision of the Executive Board setting forth a framework for the Fund's assessment and endorsement of a member's economic and financial policies. A PSI may be approved for a duration of one to four years, and may be extended up to an overall maximum period of five years.

3. Members with overdue financial obligations to either the Fund's General Resources Account (GRA) or to the PRGF Trust are not eligible for a PSI.

The Member's Documents

4. Program Documents. The member's program of economic and financial policies for the period of a PSI will be described in a letter and/or memorandum that may be accompanied by a technical memorandum ("Program Documents"). The initial Program Documents will include: (a) a macroeconomic policy framework,

including a quantified framework for at least the first 12 months under the PSI, with quantitative targets set at regular intervals, and proposed assessment criteria for the first twelve months, and (b) key structural measures that are needed to meet the objectives of the program. The Program Documents will be updated from time to time, as appropriate, in the context of reviews under the PSI.

5. **Poverty Reduction Strategy (PRS) Documents.** The member's program will be based on the member's poverty reduction strategy, which will be set forth in a Poverty Reduction and Growth Strategy (PRGS).

Approval

6. A member's request for a PSI may be approved only if the Fund is satisfied that: (a) the policies set forth in the member's Program Documents meet the standards of upper credit tranche conditionality; and (b) the member's program will be carried out, and in particular, that the member is sufficiently committed to implement the program.

7. A member may be expected to adopt measures prior to the Executive Board's approval of a PSI when it is critical for the successful implementation of the program that such actions be taken.

Program Reviews

8. (i) The implementation of the member's program under a PSI will be assessed through program reviews, scheduled normally at regular intervals no more than six months apart. A review can be completed only if the Executive Board is satisfied that the member's program is on track and that the conditions for the approval of a PSI, noted in paragraph 6, above, continue to be met. Having conducted, but not completed, a scheduled review, the Executive Board may subsequently return to that review, unless the previous scheduled review was not completed. Documentation supporting a return to the uncompleted review must be issued to the Executive Board prior to the earliest test date of the periodic quantitative assessment criteria linked to the next scheduled review, except for the

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staff report which may be issued up to one month after the earliest test date of the periodic quantitative assessment criteria linked to the next scheduled review.

(ii) The Trustee shall not complete the second or any subsequent review under a PSI with an initial duration exceeding two years unless it finds that (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for a PSI or a review under a PSI. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) as set forth in paragraph 5 above and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

(iii) With respect to PSIs that are in existence as of June 22, 2015 or will be approved from June 22, 2015 to December 31, 2015, the Trustee shall not complete the second or any subsequent review unless it finds that the member concerned has a poverty reduction strategy set out in: (A) an EDD as defined in paragraph 8(ii) above; or (B) an I-PRSP, PRSP preparation status report or APR that has been issued to the Executive Board normally within the previous 18 months and in any event not after December 31, 2015, and has been the subject of a staff analysis in the staff report on a request for a PSI or a review under a PSI.

(iv) For purposes of this Instrument, subject to the terms of paragraphs 8(ii)-(iii) above, the terms I-PRSP, PRSP, PRSP

preparation status report and APR shall have the meaning given to each of them in Section I, paragraph 1 of the PRG-HIPC Trust Instrument (Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended).

9. Implementation of the program will be monitored, in particular, on the basis of assessment criteria, indicative targets, structural benchmarks¹ and prior actions:

(a) Assessment criteria.

(i) For the purposes of each review, the Fund shall establish assessment criteria, which may include: (a) assessment criteria linked to that review; and (b) assessment criteria that will apply on a continuous basis. Assessment criteria will apply to clearly-specified quantitative variables or structural measures that can be objectively monitored and are critical for the achievement of program goals or for monitoring implementation and whose nonobservance would normally signify that the program is off-track. Documentation with respect to the conduct of a scheduled review would normally be issued to the Executive Board within 4 months of the earliest test date for the periodic quantitative assessment criteria linked to that review and shall in any event be issued before the earliest test date of the periodic quantitative assessment criteria linked to the next scheduled review, except for the staff report which may be issued up to one month after the earliest test date of the periodic quantitative assessment criteria linked to the next scheduled review.

(ii) A review will not be completed unless each assessment criterion related to that review is observed or a waiver for the non-observance is granted. A review will not be completed where the member does not provide information necessary for the Fund to conclude that: (a) an assessment criterion related to that review is observed, or (b) a waiver of nonobservance is warranted. The Fund will grant a waiver for the nonobservance of an assessment criterion

¹ Ed. Note: Pursuant to Decision No. 14317-(09/41), April 21, 2009, the Fund decided that, effective May 1, 2009, it shall no longer establish structural assessment criteria as a modality for monitoring performance under a Policy Support Instrument. (SM/09/91, 4/14/09) (SM/09/91, 04/14/09)

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only if it is satisfied that, notwithstanding the nonobservance, the program will be successfully implemented, either because of the minor or temporary nature of the nonobservance or because of corrective actions taken by the authorities.

(iii) In order to complete a review, assessment criteria must be established for the shorter of: (a) the next two scheduled reviews, or (b) the remaining period of the PSI.

(b) Indicative targets and structural benchmarks. Variables and measures may also be established as quantitative indicative targets or structural benchmarks that will be examined in a review's assessment of program performance.

(c) Prior actions. A member may be expected to adopt measures prior to the Executive Board's completion of a review.

10. Notwithstanding paragraphs 8 and 9, and subject to paragraph 20, following the approval of an arrangement under the Exogenous Shocks Facility ("ESF arrangement") or the Standby Credit Facility ("SCF arrangement") for a member implementing a program under a PSI, and for as long as the ESF arrangement or SCF arrangement remains in effect:

(a) reviews of the implementation of the member's program under the PSI may be scheduled at such time as reviews of the member's ESF-supported program or SCF-supported program are scheduled;

(b) assessment criteria under the PSI shall normally be established for the same test dates and shall apply to the same variables and measures as performance criteria under the ESF arrangement or SCF arrangement;

(c) documentation with respect to the conduct of a scheduled review under the PSI shall normally be issued to the Board at such time as documentation for a review under the ESF-supported program or SCF-supported program is issued;

(d) in order to complete a review under the PSI, assessment criteria would be required to be established only for the next scheduled PSI review; and

(e) no reviews under the PSI could be conducted but not completed.

Misreporting

11. Any decision approving a PSI or completing a review will be made conditional upon the accuracy of information provided by the member regarding implementation of prior actions or performance under related assessment criteria.

12. Whenever evidence comes to the attention of the staff indicating that the member's reporting of information noted in paragraph 11 above was inaccurate, the Managing Director shall promptly inform the member concerned.

13. If after consultation with the member, the Managing Director finds that, in fact, the member had reported such inaccurate information to the Fund, the Managing Director shall promptly notify the member of this finding.

14. In any case where a PSI was approved, or a review was completed, no more than three years prior to the date on which the Managing Director informs the member, as provided for in paragraph 12 above, the Executive Board shall decide whether misreporting has occurred and shall reassess program performance in the light of that determination.

15. The Fund shall proceed to make relevant information public in every case following an Executive Board decision under paragraph 14 above that misreporting has occurred, with prior Executive Board review of the text for publication.

16. For the purposes of this decision:

(a) whenever the Managing Director considers there is evidence that the member's reporting of information noted in paragraph 11 above was inaccurate, but the nonobservance of the relevant assessment criterion or other specified condition was de minimis in nature, as defined in paragraph 1 of Decision No. 13849, the communication referred to in paragraph 12 may be made by a representative of the relevant Area Department;

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(b) if the Managing Director determines that, in fact, a member has reported such inaccurate information to the Fund, but the nonobservance was de minimis in nature, as defined in paragraph 1 of Decision No. 13849, the notification referred to in paragraph 13 may be made by a representative of the relevant Area Department, and the Executive Board shall be informed of the misreporting in a staff report on a review under the relevant PSI or, if no such review is provided for, a staff report which deals with issues other than the misreporting, and shall include a recommendation that the Executive Board find that the misreporting was de minimis in nature and had no effect on program performance under the PSI. In those rare cases in which no review is provided for, and no other such staff report on the member is to be issued to the Board promptly after the Managing Director concludes that misreporting has taken place, the Managing Director shall consult Executive Directors and, if deemed appropriate by the Managing Director, a stand-alone report on the misreporting will be prepared for consideration by the Executive Board normally on a lapse-of-time basis; and

(c) whenever the Executive Board finds that a member has misreported information referred to in paragraph 11, but that the nonobservance of the relevant assessment criterion or other specified condition was de minimis in nature as defined in paragraph 1 of Decision No. 13849: (i) the Executive Board shall also find that the misreporting had no effect on program performance; and (ii) the fact of misreporting shall not be published by the Fund.

Applicability of Certain UFR Policies

17. The Guidelines on Conditionality (Decision No. 12864-(02/102), September 25, 2002) shall apply where relevant and except where this Decision sets forth different or more specific provisions.

18. In addition, the Fund's policies on the following subjects shall apply by analogy to PSIs: (a) requirement of full program financing; (b) arrears to official sector and external private creditors; (c) use of side letters; and (d) Guidelines on Public Debt Conditionality in Fund Arrangements.

Termination of a PSI

19. A member may cancel a PSI at any time by notifying the Fund of such cancellation.

20. A PSI for a member will terminate upon: (a) the relevant member incurring overdue financial obligations to the GRA or PRGT; or (b) noncompletion of two consecutive PSI scheduled reviews; provided that, in lieu of the circumstance specified in clause (b), the PSI for a member whose program reviews are scheduled at the same time as reviews of the member's ESF-supported program or SCF-supported program are scheduled will terminate if no scheduled review is completed within twelve months of the completion of the last scheduled review; or (c) the approval for the relevant member of an arrangement under the Extended Credit Facility of the PRGT.

Periodic Review

21. The Fund will review application of this Decision at intervals of five years.¹

*Decision No. 13561-(05/85),
October 5, 2005,
as amended by Decision Nos. 13814-(06/98), November 15, 2006,
13849-(06/108), December 20, 2006,
14153-(08/82), September 19, 2008, effective November 24, 2008,
14253-(09/8), January 27, 2009,
14354-(09/79), July 23, 2009, effective January 7, 2010, and
15354-(13/32), April 8, 2013,
15688-(14/107), December 5, 2014, and
15804-(15/62), June 22, 2015, and
16518-(19/42),
May 24, 2019*

¹ Ed. Note: Pursuant to Decision No. 13814-(06/98), November 15, 2006, the frequency interval of reviews is extended from three years to five years after 2008. Decision No. 14235-(09/1), December 31, 2008, provided that a review of the Policy Support Instrument shall be completed by March 31, 2009.

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Financial Services

Poverty Reduction and Growth Trust

POVERTY REDUCTION AND GROWTH TRUST

1. The Fund adopts the Instrument to Establish the Poverty Reduction and Growth Trust (PRGT) that is annexed to this decision.

2. The Fund is committed, if it appeared that any delay in payment by the Trust to lenders would be protracted, to consider fully and in good faith all such initiatives as might be necessary to assure full and expeditious payment to lenders.

*Decision No. 8759-(87/176) ESAF,
December 18, 1987,
as amended by Decision Nos. 9115-(89/40) ESAF, March 29, 1989,
9488-(90/106) ESAF, July 2, 1990,
9555-(90/146) ESAF, September 24, 1990,
9585-(90/161) ESAF, November 15, 1990,
10092-(92/94) ESAF, July 23, 1992,
10287-(93/23) ESAF, February 22, 1993,
10515-(93/162) ESAF, November 29, 1993,
10530-(93/170) ESAF, December 15, 1993,
10532-(93/170) ESAF, December 15, 1993,
11114-(95/110) ESAF, November 20, 1995,
11395-(96/110) ESAF, December 9, 1996,
11434-(97/10), February 4, 1997,
11435-(97/10), February 4, 1997,
11533-(97/67) ESAF, July 2, 1997,
11610-(97/113), December 19, 1997,
11832-(98/119) ESAF, November 20, 1998,
12087-(99/118) PRGF, October 21, 1999,
effective November 22, 1999,
12206-(00/55) PRGF, May 31, 2000,
12228-(00/66) PRGF, June 30, 2000,
12252-(00/77) PRGF, July 27, 2000,*

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12279-(00/86), August 25, 2000,
12326-(00/111) PRGF, November 10, 2000,
12344-(00/117) PRGF, November 28, 2000,
12545-(01/84) PRGF, August 22, 2001,
12560-(01/85) PRGF, August 23, 2001, effective September 19, 2001,
13374-(04/105) PRGF, November 9, 2004,
13588-(05/99) MDRI, November 23, 2005, effective January 5, 2006,
13590-(05/99) ESF, November 23, 2005, effective January 5, 2006,
13689-(06/24) ESF, March 10, 2006,
13774-(06/78), August 30, 2006, effective December 8, 2006,
13849-(06/108), December 20, 2006,
14153-(08/82), September 19, 2008, effective November 24, 2008,
14253-(09/08), January 27, 2009,
14287-(09/29), March 24, 2009, effective April 1, 2009,
14354-(09/79), July 23, 2009, effective January 7, 2010,
14593-(10/41), April 28, 2010, effective June 1, 2010,
15035-(11/116), December 1, 2011,
15226-(12/83), August 27, 2012,
15303-(13/1), December 21, 2012,
15352-(13/32), April 8, 2013,
15481-(13/103), November 11, 2013,
15482-(13/103), November 11, 2013,
15576-(14/36), April 24, 2014,
15692-(14/109), December 10, 2014,
15803-(15/62), June 22, 2015,
15818-(15/66), July 1, 2015,
15819-(15/66), July 1, 2015,
16051-(16/86), September 20, 2016,
16059-(16/91), October 3, 2016,
16152-(17/20), March 22, 2017,
16182-(17/35), July 17, 2017,
16448-(18/103), December 4, 2018,
16515-(19/42), May 24, 2019,
16516-(19/42), May 24, 2019, and
16521-(19/42),
May 24, 2019

ANNEX

Instrument to Establish the Poverty Reduction and Growth Trust

Introductory Section

To help fulfill its purposes, the International Monetary Fund (hereinafter called the “Fund”) has adopted this Instrument establishing the Poverty Reduction and Growth Trust (hereinafter called the “Trust”), which shall be administered by the Fund as Trustee (hereinafter called the “Trustee”). The Trust shall be governed by and administered in accordance with the provisions of this Instrument.

Section I. *General Provisions*

Paragraph 1. *Purposes*

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

(a) loans on concessional terms (hereinafter called “Trust loans”) to low-income developing members that qualify for assistance under this Instrument, in order to:

(i) support programs under the Extended Credit Facility (hereinafter called the “ECF”) that enable members with a protracted balance of payments problem to make significant progress toward stable and sustainable macroeconomic positions consistent with strong and durable poverty reduction and growth;

(ii) support programs under the Standby Credit Facility (hereinafter called the “SCF”) that enable members with actual or potential short-term balance of payments needs to achieve, maintain or restore stable and sustainable macroeconomic positions consistent with strong and durable poverty reduction and growth;

(iii) support policies under the Rapid Credit Facility (hereinafter called the “RCF”) of members facing urgent balance of

payments needs so as to enable them to make progress towards achieving or restoring stable and sustainable macroeconomic positions consistent with strong and durable poverty reduction and growth; and (iv) for a transitional period, support programs under the Exogenous Shocks Facility that help members to resolve their balance of payments difficulties whose primary source is a sudden and exogenous shock in a manner consistent with strong and durable poverty reduction and growth; and

(b) grants, for a transitional period, to subsidize post-conflict and/or natural disaster emergency assistance purchases under Decision No. 12341-(00/117) made by low-income developing members as of January 7, 2010, through transfers to the Post-Conflict and Natural Disaster Emergency Assistance Subsidy Account for PRGT Eligible members annexed to Decision No. 12481-(01/45) (“the ENDA/EPCA Subsidy Account”).

Paragraph 2. *Accounts of the Trust*

The operations and transactions of the Trust shall be conducted through a General Loan Account, an ECF Loan Account, a SCF Loan Account, and a RCF Loan Account (the latter four accounts collectively referred to herein as the “Loan Accounts”), a Reserve Account, a General Subsidy Account, an ECF Subsidy Account, a SCF Subsidy Account, a RCF Subsidy Account and an ESF Subsidy Account (the latter five accounts collectively referred to herein as the “Subsidy Accounts”). The resources of the Trust shall be held separately in these Accounts.

Paragraph 3. *Unit of Account*

The SDR shall be the unit of account for commitments, loans, and all other operations and transactions of the Trust, provided that commitments of resources to the Subsidy Accounts may be made in currency.

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

(a) Resources provided under borrowing agreements or donated to the Trust shall be received in a freely usable currency, subject to

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the provisions of (c) below, and provided that resources may be received by the Subsidy Accounts in other currencies.

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

(c) Resources provided under borrowing agreements or donated to the Trust may also be made available 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, provided that any balance of a currency held in the Trust may be exchanged only with the consent of the issuers of such currencies.

Section II. Trust Loans

Paragraph 1. *Eligibility and Conditions for Assistance*

(a) The members on the list annexed to Decision No. 8240-(86/56) SAF, as amended, shall be eligible for assistance from the Trust.

(b) Assistance under the ECF

(1) Assistance under the ECF shall be committed and made available to a qualifying member under a single arrangement of no less than three years and **up to five years** (hereinafter called an “ECF arrangement”) in support of a macroeconomic and structural adjustment program presented by the member. It would be expected that ECF arrangements would normally be approved for a period of three years, although arrangements for **up to five years** may also be approved, where appropriate, and if the member so requests. The member shall also present a detailed statement of the policies and measures it intends to pursue for the first twelve months of the arrangement, and indicate how the program advances the member’s poverty reduction and growth objectives, in line with the objectives and policies of the program. The ECF arrangement will prescribe the total amount of resources

committed to the member, the amount to be made available during the first year of the arrangement, the phasing of disbursements during that year, and the overall amounts to be made available during the subsequent years of the arrangement. Disbursements shall be phased at regular intervals no more than six months apart (one upon approval and at normally regular intervals thereafter) with performance criteria applicable specifically to each disbursement and appropriate monitoring of key financial variables in the form of quantitative benchmarks and structural benchmarks for critical structural reforms. Structural benchmarks may be targeted for implementation either by a specific date or by the time of a specific review under the ECF arrangement. The ECF arrangement shall also provide for reviews by the Trustee of the member's program scheduled at intervals that are the same as those applicable to disbursements to evaluate the macroeconomic and structural reform policies of the member and the implementation of its program and reach new understandings if necessary. The determination of the phasing of, and the conditions applying to, disbursements after the first year of the ECF arrangement will be made by the Trustee in the context of reviews of the program with the member. At each review, the member will present a detailed statement describing progress made under the program, the policies it will follow during the next 12 months or up to the remaining period of the arrangement to further the realization of the objectives of the program, and how the program advances the country's poverty reduction and growth objectives, with such modifications as may be necessary to assist it to achieve its objectives in changing circumstances.

(2) Before approving an ECF arrangement, the Trustee shall be satisfied that the member has a protracted balance of payments problem and is making an effort to strengthen substantially and in a sustainable manner its balance of payments position under a policy program that supports significant progress toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

(3)(i) Subject to subparagraph (ii) below, the Trustee shall not complete the second or any subsequent review under an ECF

arrangement unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for an ECF arrangement or a review under an ECF arrangement. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

(ii) In cases where a member has limited institutional capacity for meeting the PRGS requirement specified in subparagraph (i) above, the member may request approval by the Executive Board of an extension of the deadline for issuance of the PRGS up until the fourth review under the ECF arrangement. Any request for an extension shall be made no later than the time of the request for completion of the second review. A member may request approval of a further extension of the deadline for issuance of the PRGS up until the sixth review under the ECF arrangement, provided that: (A) the member can provide adequate justifications based on persistent limited institutional capacity for meeting the PRGS requirement and other urgent priorities; and (B) the member's arrangement has a duration of at least four years, or an extension of the arrangement to at least four years is requested. Any request for such additional extension of the deadline for issuance of the PRGS shall be made no later than the time of the request for completion

of the review corresponding to the extended deadline for the PRGS requirement.

(iii) For purposes of this Instrument, subject to the terms of Section II, paragraphs 1(b)(3)(i)-(ii) above, the terms I-PRSP, PRSP, PRSP preparation status report and APR shall have the meaning given to each of them in Section I, paragraph 1 of the PRG-HIPC Trust Instrument (Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended).

(4) A member may cancel an ECF arrangement at any time by notifying the Fund of such cancellation. An ECF arrangement for a member approved after the date of adoption of this decision will automatically terminate before its term if no program review under the arrangement has been completed over a period of eighteen months. The Trustee, at the authorities' request, may decide to delay the termination of the arrangement by up to three months in cases where the reaching of understandings between the authorities and the Trustee on targets and measures to put the ECF-supported program back on track within the term of the arrangement, appears imminent. The ECF arrangement will automatically terminate at the end of the extended period unless a program review under the arrangement is completed within this period. After the expiration of an ECF arrangement for a member, the cancellation of the ECF arrangement by the member, or the automatic termination of the ECF arrangement, the Trustee may approve additional ECF arrangements for an eligible member in accordance with this Instrument.

(c) Assistance under the SCF

(1) Assistance under the SCF shall be committed and made available to a qualifying member under an arrangement (hereinafter called an "SCF arrangement") in support of a macroeconomic and structural adjustment program presented by the member. The period for an SCF arrangement shall range from **one to three years**. The member shall present a detailed statement of the policies and measures it intends to pursue during the first year of the arrangement, and how the program advances the member's poverty reduction and growth objectives. In addition, the member will make an

explicit statement, where applicable, about its intention to treat the SCF arrangement as precautionary. The SCF arrangement will prescribe the total amount of resources committed to the member and the phasing of disbursements during the period of the arrangement; provided that in cases where the period of a SCF arrangement exceeds one year, the arrangement may prescribe the amount to be made available during the first year of the arrangement and the phasing of disbursements during that year. Disbursements shall be phased at regular intervals no more than six months apart (one upon approval and at approximately regular intervals thereafter) with performance criteria applicable specifically to each disbursement and appropriate monitoring of key financial variables in the form of quantitative benchmarks and structural benchmarks for critical structural reforms. The SCF arrangement shall also provide for reviews by the Trustee of the member's program scheduled at intervals that are the same as those applicable to disbursements to evaluate the macroeconomic and structural reform policies of the member and the implementation of its program and reach new understandings if necessary. In cases where the period of a SCF arrangement exceeds one year, the determination of the phasing of, and the conditions applying to, disbursements during the period of the arrangement following the first year may be made by the Trustee in the context of reviews of the program with the member. At the time of each review, the member will present a detailed statement describing progress made under the program, the policies it will follow during the next twelve months or up to the remaining period of the arrangement to further the realization of the objectives of the program, and how the program advances the country's poverty reduction and growth objectives, with such modifications as may be necessary to assist it to achieve its objectives in changing circumstances. The member may request at any time any previously scheduled and undrawn disbursement under an SCF arrangement, provided that the most recently scheduled review under the arrangement prior to the request has been completed. After the expiration of an SCF arrangement for a member, or the cancellation of the SCF arrangement by the member, or the automatic termination of the SCF arrangement, the Trustee may approve additional SCF arrangements for that member in accordance with the Instrument provided that, normally, no SCF arrangement shall be approved that

could result in a member having had SCF arrangements in place for more than **three years out of any six-year period**, assessed on a rolling basis. In applying this limitation, the Trustee shall not include previously approved SCF arrangements that have expired with no disbursement having taken place or new SCF arrangements whose approval the member has requested and for which the Trustee, at the time of consideration of the request, assesses that the member does not have an actual balance of payments need.

(2) Before approving a SCF arrangement, the Trustee shall be satisfied (a) that the member does not have a protracted balance of payments problem, and has an actual or potential short-term balance of payment need that is expected (or in the case of a potential balance of payments need, would be expected) to be resolved within two years and in any event not later than three years; (b) that the member's balance of payments difficulties are not predominantly caused by a withdrawal of financial support by donors; and (c) that the member is implementing, or is committed to implement, policies aimed at resolving the balance of payments difficulties it is encountering or could encounter, and at achieving, maintaining or restoring a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction.

(3) Notwithstanding subparagraph 2 above, no SCF arrangement shall be approved before January 1, 2010, based solely on the existence of a potential balance of payments need.

(4) **The Trustee shall not complete the second or any subsequent review under an SCF arrangement with an initial duration exceeding two years unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for an SCF arrangement or a review under an SCF arrangement. A poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy**

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(PRGS) and shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

(5) A member may cancel an SCF arrangement at any time by notifying the Fund of such cancellation. An SCF arrangement for a member approved after the date of adoption of this decision, which has an initial duration of more than 24 months or is extended to more than 24 months, will automatically terminate before its term if no program review under the arrangement has been completed over a period of eighteen months. The Trustee, at the authorities' request, may decide to delay the termination of the arrangement by up to three months in cases where the reaching of understandings between the authorities and the Trustee on targets and measures to put the SCF-supported program back on track within the term of the arrangement, appears imminent. The SCF arrangement will automatically terminate at the end of the extended period unless a program review under the arrangement is completed within this period.

(d) Assistance under the RCF

(1) Assistance under the RCF shall be made available to a qualifying member through outright loan disbursements. A member requesting assistance under the RCF shall describe in a letter the general policies it plans to pursue to address its balance of payment difficulties, how its policies advance its poverty reduction and growth objectives, and its intention not to introduce measures or policies that would compound its balance of payments difficulties. The member shall also commit to undergoing a safeguard assessment, provide staff with access to its central bank's most recently completed external audit reports and authorize its external auditors to hold discussions with staff. The Trustee will approve support

under the RCF only where it is satisfied that the member will cooperate with the Trustee in an effort to find, where appropriate, solutions for its balance of payments difficulties. In exceptional cases, the Managing Director may request that the member implement upfront measures before recommending that the Trustee approve a disbursement under the RCF.

(2) Before approving a disbursement under the RCF, the Trustee shall be satisfied (a) that the member is experiencing an urgent balance of payments need characterized by a financing gap that, if not addressed, would result in an immediate and severe economic disruption; (b) that the member's balance of payments difficulties are not predominantly caused by a withdrawal of financial support by donors; and (c) normally, that the member either (i) has a balance of payments need that is expected to be resolved within one year with no major policy adjustments being necessary, or (ii) lacks capacity to implement an upper credit tranche-quality economic program owing to its limited policy implementation capacity or the urgent nature of its balance of payments need. If a member has received a disbursement under the RCF within the preceding three years, then any additional disbursements under the RCF may be approved only where the Trustee is satisfied that: (i) the member's balance of payments need was caused primarily by a sudden and exogenous shock, or (ii) the member has established a track record of adequate macroeconomic policies for a period of normally about six-months prior to the request; provided that a member may not in any case receive more than two disbursements under the RCF during any 12-month period.

(e) General Provisions

(1) A member may not obtain assistance from the Trust under the ECF, SCF or ESF at the same time. So long as the requirements under the Instrument for approval of such assistance have been met, a member may obtain assistance under the RCF when it has an ECF, ESF, or SCF arrangement in place, if (a) disbursements under the relevant arrangement are delayed due to delays in program implementation, the nonobservance of conditions attached to such disbursements or delays in reaching new understandings when

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necessary, and (b) the member's balance of payments need giving rise to the request for assistance under the RCF is caused primarily by a sudden and exogenous shock.

(2) Commitments under arrangements under this Instrument may be made for the period through **December 31, 2024**.

(3) The Managing Director shall not recommend for approval, and the Trustee shall not approve, a request for a disbursement under the RCF or an arrangement under this Instrument whenever the member has an overdue financial obligation to the Fund in the General Resources Account, the Special Disbursement Account, or the SDR Department, or to the Fund as Trustee, or while the member is failing to meet a repurchase expectation to the Fund pursuant to Decision No. 7842-(84/165) on the Guidelines on Corrective Action, or is failing to meet a repayment expectation pursuant to Section II, paragraph 3(c) or the provisions of Appendix I to this Instrument.

(4) The Trustee shall not complete a review under an arrangement under this Instrument unless and until all other conditions for the disbursement of the corresponding loan have been met or waived.

Paragraph 2. Amount of Assistance

(a) **The overall access of each eligible member to the resources of the Trust under all facilities of the Trust as specified in Section I, Paragraph 1(a) shall be subject to (i) an annual limit of 100 percent of quota; and (ii) a cumulative limit of 300 percent of quota, net of scheduled repayments. The Fund may approve access in excess of these limits in cases where the member is experiencing an exceptionally large balance of payments need, has a comparatively strong adjustment program and ability to repay the Fund, does not have sustained past access to international financial markets, and has income at or below the prevailing operational cutoff for assistance from the International Development Association (IDA); provided that access shall in no case exceed (i) a maximum annual limit of 133.33 percent of quota, and (ii) a maximum cumulative limit of 400 percent of quota, net of scheduled repayments. For the purpose of this sub-paragraph, a member is deemed to have sustained past**

access to international financial markets if, in addition to having income above 80 percent of the IDA operational cutoff, the public debtor has issued or guaranteed external bonds or has received disbursements under external commercial loans contracted or guaranteed by the public debtor, as defined in Executive Board Decision No. 14521-(10/3), as amended, during at least two of the past five years in a cumulative amount equivalent to at least 25 percent of the member's quota.

(b) The access of each eligible member under the RCF shall be subject to an annual limit of 50 percent of quota, and a cumulative limit of 100 percent of quota, net of scheduled repayments, subject to the following provisions:

(i) each disbursement shall not exceed 25 percent of quota except where the member requests assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock (including a large natural disaster under (ii) below) and the member's existing and prospective policies are sufficiently strong to address the shock;

(ii) the annual and cumulative access limits under the RCF shall be 80 percent of quota and 133.33 percent of quota, net of scheduled repayments, respectively, where (a) the member requests assistance under the RCF to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP), and (b) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock; and

(iii) outstanding credit by a member under the rapid-access component of the ESF or outstanding purchases from the General Resources Account under emergency post conflict/natural disaster assistance covered by Decision No. 12341-(00/117), shall count towards the annual and cumulative limits applicable to access under the RCF. With effect from July 1, 2015, any purchases from the General Resources Account under the Rapid Financing Instrument shall count towards the annual and cumulative limits applicable to access under the RCF.

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(c) [Ed. Note: The sub-limit on precautionary use of the SCF was repealed by Decision No. 16516-(19/42), May 24, 2019].

(d) These access limits shall be subject to review from time to time by the Trustee.

(e) To the extent that a member has notified the Trustee that it does not intend to make use of the resources available from the Trust, the member shall not be included in the calculations of the access limits on Trust loans.

(f) The access for each member that qualifies for assistance from the Trust under the ECF, SCF, RCF or ESF shall be determined on the basis of an assessment by the Trustee of the actual or potential balance of payments need of the member, the strength of its adjustment program and capacity to repay the Fund, the amount of the member's outstanding use of credit extended by the Fund, and its record in using Fund credit in the past. The access for each member that qualifies for assistance under the RCF and ESF shall also take into account the size and likely persistence of the shock (where applicable, in the case of the RCF).

(g) The amount of resources committed to a qualifying member under an ECF, SCF or ESF arrangement may be increased at the time of any review contemplated under the arrangement, to help meet a larger balance of payments need or in the case of an ECF or SCF arrangement, to support a strengthening of the program. The amount committed to a member under an ECF arrangement shall not be reduced because of developments in its balance of payments, unless such developments are substantially more favorable than envisaged at the time of approval of the arrangement and the improvement for the member derives in particular from improvements in the external environment.

(h) The amount of resources committed to a qualifying member under an ECF or SCF arrangement may also be increased by the Trustee in an ad-hoc review between scheduled reviews under the arrangement to address an increase in the underlying balance of payments problems of the qualifying member where the problem is so acute that the augmentation cannot await the next

scheduled review under the arrangement. The Trustee, however, shall not approve requests for augmentation at an ad hoc review if the scheduled review associated with the most recent availability date preceding the augmentation request has not been completed. In support of a request for augmentation between scheduled reviews under an ECF or SCF arrangement, the member will describe in a letter of intent the nature and size of its balance of payment difficulties, and any information relevant to program implementation, including exogenous developments. Before approving such augmentation, the Trustee shall be satisfied that the program remains on track to achieve its objectives at the time of the augmentation, based on the information provided by the member, and, in particular, that the member is in compliance with any continuous performance criteria or that a waiver of nonobservance is justified and that all prior actions have been met. Requests for augmentation of access that do not exceed 15 percent of quota would be considered for approval on a lapse-of-time basis as provided for in Decision/A/13207, as amended. Following its approval by the Trustee, the augmentation of access under the arrangement will not exceed the amount immediately needed by the member in light of its balance of payments difficulties and will become available to the member in a single disbursement, which the member may request at any time until the availability date of the next scheduled disbursement under the ECF or SCF arrangement. A program review following an augmentation of access under the arrangement between scheduled reviews would be expected to include a comprehensive review of policies under the program. In order to allow the Trustee to undertake such a comprehensive assessment of the member's policies, this review may not be completed on a lapse of time basis.

(i) Any commitment shall be subject to the availability of resources to the Trust.

Paragraph 3. Disbursements

(a) Any disbursement shall be subject to the availability of the resources to the Trust.

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(b) Disbursements under an arrangement under this Instrument must precede the expiration of the arrangement period. If phased amounts under an arrangement do not become available as scheduled due to delays in program implementation, nonobservance of conditions attached to such disbursements or delays in reaching new understandings when necessary, the Trustee may rephase those amounts over the remaining period of the arrangement. The Trustee may also extend the original period of (i) an ECF arrangement to allow for the disbursement of rephased amounts or to provide additional resources in light of projected developments in the member's balance of payments position, subject to appropriate conditions consistent with the terms of assistance under the ECF, provided that the total period of the arrangement shall not exceed five years overall, and (ii) an SCF or ESF arrangement for up to the overall maximum two-year period referred to in Section II, paragraph 1 (c)(1) and Appendix III, respectively, to allow for the disbursement of rephased amounts or to provide additional resources subject to appropriate conditions consistent with the terms of assistance under the ESF or SCF.

(c) When requesting a disbursement under the SCF, RCF or ESF, the member shall represent that it has a need because of its balance of payments or its reserve position or developments in its reserves. The Trustee shall not challenge this representation of need prior to providing the member with the requested disbursement. If, after a disbursement is made, the Trustee determines that the disbursement took place in the absence of a need, the Trustee may decide that the member shall be expected to repay an amount equivalent to the disbursement, together with any interest accrued thereon, normally within a period of 30 days from the date of the Executive Board decision establishing that the member is expected to make an early repayment. If the member fails to meet a repayment expectation within the period established by the Trustee, (i) the Managing Director shall promptly submit a report to the Executive Board together with a proposal on how to deal with the matter, and (ii) interest shall be charged on the amount subject to the repayment expectation at the rate applicable to overdue amounts under paragraph 4 of this Section.

(d) Following a member's qualification for a disbursement, the disbursement shall be made on the soonest value date for which the necessary notifications and payment instructions can be issued by the Trustee.

(e) No disbursement to a member shall be made after the expiration of the period referred to in Section III, paragraph 3.

(f) In cases of misreporting and noncomplying disbursements of Trust loans, the provisions of Appendix I, which is incorporated at the end of this Instrument, shall apply.

(g) Disbursements under an arrangement to a qualifying member shall be suspended in all the cases specified in Paragraph 1(e)(3) of this Section.

Paragraph 4. *Terms of Loans*

(a) Effective July 1, 2019, and subject to the provisions of Section IV, paragraph 5, interest on the outstanding balance of Trust loans shall be charged at the rate of zero percent per annum on loans under the ECF, the SCF, the ESF, and the RCF.

(b) The interest rates for loans outstanding under the ECF and the SCF as specified under paragraph (a) shall be subject to periodic reviews to take account of developments in world interest rates, with such first review to be completed by June 30, 2021, and subsequent reviews every two years thereafter. In the context of such reviews, and subject to the provisions of Section IV, paragraph 5, the interest rate on the outstanding balances of loans under the ECF and SCF shall normally be determined by the Trustee as follows:

(i) If the SDR interest rate (average rate over the most recently observed 12-month period) is less than 2 percent, the interest rate shall be established or maintained, as the case may be, at zero percent per annum for ECF and SCF loans;

(ii) If the SDR interest rate (average rate over the most recently observed 12-month period) is between 2 percent and 5 percent, the

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interest rate shall be established or maintained, as the case may be, at 0.25 percent per annum for ECF and SCF loans;

(iii) If the SDR interest rate (average rate over the most recently observed 12-month period) is greater than 5 percent, the interest rate shall be established or maintained, as the case may be, at 0.5 percent per annum for ECF and SCF loans.

(c) Notwithstanding the provisions of paragraph (a) or any interest rate determined in terms of the provisions of paragraph (b), interest at a rate equal to the SDR interest rate shall be charged on the amounts of any overdue interest on or overdue repayments of Trust loans.

(d) Trust loans shall be disbursed in a freely usable currency as decided by the Trustee. They shall be repaid, and interest paid, in U.S. dollars or other freely usable currency as decided by the Trustee. The Managing Director is authorized to make arrangements under which, at the request of a member, SDRs may be used for disbursements to the member or for payment of interest or repayments of loans by the member to the Trust.

(e) The Trustee may not reschedule the repayment of loans from the Trust.

(f) Trust loans under the ECF, RCF and ESF shall be repaid in ten equal semi-annual installments beginning not later than five and a half years from the date of each disbursement and completed at the end of the tenth year after that date. Trust loans under the SCF shall be repaid in nine equal semi-annual installments beginning not later than four years from the date of each disbursement and completed at the end of the eighth year after that date.

Paragraph 5. *Availability Fee*

A charge in the amount of 0.15 percent per annum shall be payable on the full amount of disbursements available during each six-month period under an SCF arrangement, or any shorter period that is remaining under an SCF arrangement, to the extent that such available disbursements were not drawn by the member. The charge shall be paid

to the SCF Subsidy Account five days after the end of each relevant period. Payment of the availability fee shall normally be made in SDRs but can also be made in a freely usable currency as decided by the Trustee. The Managing Director shall make the necessary arrangements for the use of SDRs for payment of the availability fee.

Paragraph 6. *Modifications*

Any modification of these provisions will affect only loans made after the effective date of the modification, provided that modification of the interest rate shall apply to interest accruing after the effective date of the modification.

Section III. Borrowing for the Loan Account

Paragraph 1. *Resources*

(a) For purposes of this Section III, the term “borrowing agreements” shall comprise loan and note purchase agreements, and the term “Trust borrowing” shall comprise loans made to the Trust and notes issued by the Trust, including loans made and notes issued for the purposes set forth in Section III, paragraph 4(b) of this Instrument.

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

(i) the proceeds of Trust borrowing for the General Loan Account; and

(ii) payments of principal and interest on Trust loans funded with drawings under borrowing agreements to the General Loan Account, subject to the provisions of Section V, paragraph 3 of this Instrument.

(c) The resources held in the ECF Loan Account shall consist of:

(i) the proceeds of loans made to the Trust for the Loan Account of the Trust as of January 7, 2010, unless a lender notifies the Trustee by January 22, 2010, that it wishes to transfer the proceeds

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of its share in the amounts not yet committed under PRGF and ESF arrangements to another Loan Account.

(ii) the proceeds of Trust borrowing for the ECF Loan Account;
and

(iii) payments of principal and interest on Trust loans funded with drawings under borrowing agreements to the ECF Loan Account, subject to the provisions of Section V, paragraph 3 of this Instrument.

(d) The resources held in the SCF Loan Account shall consist of:

(i) the proceeds of Trust borrowing for the SCF Loan Account;
and

(ii) payments of principal and interest on Trust loans funded with drawings under borrowing agreements to the SCF Loan Account, subject to the provisions of Section V, paragraph 3 of this Instrument.

(e) The resources held in the RCF Loan Account shall consist of:

(i) the proceeds of Trust borrowing for the RCF Loan Account;
and

(ii) payments of principal and interest on Trust loans funded with drawings under borrowing agreements to the RCF Loan Account, subject to the provisions of Section V, paragraph 3 of this Instrument.

Paragraph 2. *Borrowing Authority*

The Trustee may borrow resources for the Loan Accounts on such terms and conditions as may be agreed between the Trustee and the respective creditors, subject to the provisions of this Instrument. For this purpose the Managing Director of the Trustee is authorized to enter into borrowing agreements and agree to their terms and conditions with creditors to the Loan Accounts of the Trust.

Paragraph 3. *Commitments*

Commitments for drawings under borrowing agreements to the Loan Accounts of the Trust that were entered into before November 30, 1993, shall extend through December 31, 1997, and under borrowing agreements that are entered into after November 30, 1993, shall extend through December 31, 1999. The drawdown period under borrowing agreements to the Loan Accounts of the Trust entered into or amended after September 19, 2001, shall normally extend through December 31, 2018. The drawdown period under borrowing agreements to the Loan Accounts of the Trust entered into or amended after May 31, 2014, shall normally extend through **December 31, 2029**. The drawdown period may be extended by mutual agreement between the Trustee and the creditor. The Managing Director is authorized to conclude such agreements on behalf of the Trustee.

Paragraph 4. *Drawings under Borrowing Agreements*

(a) The Trustee may draw under borrowing agreements to the General Loan Account for purposes of loan disbursements under any of the facilities of the Trust, provided that it shall draw first (i) under borrowing agreements to the ECF Loan Account for purposes of ECF and ESF loan disbursements, (ii) under borrowing agreements to the SCF Loan Account for purposes of SCF loan disbursements, and (iii) under borrowing agreements to the RCF Loan Account for purposes of RCF loan disbursements, and provided further that before calling on commitments made under new borrowing agreements entered into, or augmented under existing borrowing agreements amended, after May 31, 2014, for disbursements under a facility of the Trust, the Trustee shall aim to first draw resources available for that facility under borrowing agreements entered into before that date, including from the General Loan Account if, and to the extent that, commitments of loan resources for all facilities are considered adequate by the Managing Director. Drawings on the commitments of individual creditors over time shall be made so as to maintain broad proportionality of these drawings relative to commitments to each Loan Account, provided that commitments under borrowing agreements entered into or augmented after May 31,

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2014, shall only be taken into account after borrowing agreements entered into before that date have been fully drawn. Drawings under paragraph 4(b) below will not be taken into account for purposes of the proportionality requirement set forth in this paragraph 4(a).

(b) Notwithstanding subparagraph (a) above, the Trustee may draw under one or more borrowing agreements to any Loan Account of the Trust to fund the early repayment of outstanding Trust borrowing under another borrowing agreement to any Loan Account of the Trust (“encashment”), where (i) the terms of all such borrowing agreements permit the Trustee to make drawings to fund such early repayments, and (ii) the creditor requesting early repayment represents that its balance of payments and reserve position (the balance of payments and reserve position of the relevant member if the creditor is the central bank or other official institution of a member) justify the early repayment, and the Trustee, having given this representation the overwhelming benefit of any doubt, agrees. As from the effective date of such early repayment, the creditor or creditors whose borrowing agreements have been drawn to fund the early repayment shall have the same rights to repayment as the creditor receiving the early repayment had with respect to the encashed claim, including all rights to payments of principal and interest pursuant to paragraph 5 of this Section III. For purposes of Section IV of this Instrument, drawings under this paragraph 4(b) shall be considered resources borrowed for the Trust loans for which the disbursements related to the encashed claims were made. Borrowing agreements allowing for encashment shall provide for the same effective maturity dates for drawings under this paragraph 4(b) as apply to encashed claims. Drawings on the commitments of individual creditors under this paragraph 4(b) shall be made with the aim of maintaining broad proportionality of these drawings relative to the commitments of these creditors.

(c) Calls on commitments under borrowing agreements shall be suspended temporarily if, at any time prior to June 30, 1997, in case of a commitment under a borrowing agreement entered into before November 30, 1993, or prior to June 30, 1999, in case of a commitment under a borrowing agreement entered into after November 30, 1993, or prior to June 30, 2018, in case of a commitment under a borrowing agreement entered into after August 31, 2001, or prior to

June 30, 2024, in case of a commitment under a loan agreement entered into after May 31, 2014, the creditor represents to the Trustee that it has a liquidity need for such suspension and the Trustee, having given this representation the overwhelming benefit of any doubt, agrees. The suspension shall not exceed three months, provided that it may be extended for further periods of three months by agreement between the creditor and the Trustee. No extension shall be agreed which, in the judgment of the Trustee, would prevent drawing of the full amount of the commitment.

(d) Following any suspension of calls with respect to the commitment of a creditor, calls will be made on that commitment thereafter so as to restore as soon as practicable the proportionality of drawings contemplated pursuant to this paragraph 4.

Paragraph 5. *Payments of Principal and Interest*

(a) The Trust shall make payments of principal and interest on its borrowing for the Loan Accounts from the payments into these accounts of principal and interest made by borrowers under Trust loans. Payments of the authorized subsidy shall be made from the Subsidy Accounts in accordance with Section IV of this Instrument, and, as required, payments shall be made from the Reserve Account in accordance with Section V of this Instrument.

(b) The Trust shall pay interest on outstanding borrowing for Trust loans promptly after June 30 and December 31 of each year, unless the particular modalities of a borrowing agreement make it necessary for the Trustee to agree with the creditor on interest payments at other times; provided however that interest on outstanding drawings under borrowing agreements that provide for disbursements in SDRs will normally be paid promptly after April 30, July 31, October 31, and January 31 of each year.

Section IV. Subsidy Accounts

Paragraph 1. *Resources*

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

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(i) the proceeds of donations made to the Trust for the General Subsidy Account;

(ii) the proceeds of loans made to the Trust for the General Subsidy Account;

(iii) transfers from the Special Disbursement Account in accordance with Section F of Decision No. 14354-(09/79);

(iv) transfers from the Reserve Account in accordance with Section V, Paragraph 5(b)(ii) of this Instrument.

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

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

(i) the proceeds of donations made to the Trust for the PRGF-ESF Subsidy Account and the PRGF Subsidy Account as of January 7, 2010, unless a donor notifies the Trustee that it wishes to transfer the proceeds of its outstanding donation to another Subsidy Account by January 22, 2010;

(ii) the proceeds of loans made to the Trust for the PRGF-ESF Subsidy Account and the PRGF Subsidy Account as of January 7, 2010, unless a lender notifies the Trustee that it wishes to transfer the proceeds of its outstanding loan to another Subsidy Account by January 22, 2010;

(iii) the proceeds of donations made to the Trust for the ECF Subsidy Account;

(iv) the proceeds of loans made to the Trust for the ECF Subsidy Account;

(v) transfers from the Special Disbursement Account in accordance with Decision No. 10531-(93/170);

(vi) transfers from the Special Disbursement Account in accordance with paragraph 5(c) of Decision No. 13588-(05/99) MDRI;

(vii) transfers from the Trust for Special Poverty Reduction and Growth Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations (PRG-HIPC Trust), in accordance with Section III bis of the Instrument establishing that Trust; and

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

(c) The resources held in the SCF Subsidy Account shall consist of:

(i) the proceeds of donations made to the Trust for the SCF Subsidy Account;

(ii) the proceeds of loans made to the Trust for the SCF Subsidy Account;

(iii) proceeds from availability fees in accordance with Section II, paragraph 5 of this Instrument; and

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

(d) The resources held in the RCF Subsidy Account shall consist of:

(i) the proceeds of donations made to the Trust for the RCF Subsidy Account;

(ii) the proceeds of loans made to the Trust for the RCF Subsidy Account; and

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

(e) The resources held in the ESF Subsidy Account shall consist of:

(i) the proceeds of donations made to the Trust for the ESF Subsidy Account as of January 7, 2010, unless a donor notifies the Trustee that it wishes to transfer the proceeds of its outstanding donation to another Subsidy Account by January 22, 2010;

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(ii) the proceeds of loans made to the Trust for the ESF Subsidy Account as of January 7, 2010, unless a lender notifies the Trustee that it wishes to transfer the proceeds of its outstanding loan to another Subsidy Account by January 22, 2010; and

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

Paragraph 2. *Donations*

The Trustee may accept donations of resources for any of the Subsidy Accounts on such terms and conditions as may be agreed between the Trustee and the respective donors, subject to the provisions of this Instrument. To the extent possible, annual contributions should be made before April 30 of each year. For this purpose the Managing Director of the Trustee is authorized to accept donations of resources and agree to their terms and conditions with donors to the Subsidy Accounts of the Trust.

Paragraph 3. *Borrowing*

The Trustee may, in exceptional circumstances, borrow resources for any of the Subsidy Accounts from official lenders on such terms and conditions as may be agreed between the Trustee and the lenders, in order:

(a) to prefinance an amount that is firmly committed to be donated to the Trust for the relevant Subsidy Account; repayment of principal and any payments of interest on such borrowing shall be contingent upon the receipt by the relevant Subsidy Account of the donation that has been prefunded; and

(b) that the relevant Subsidy Account may benefit from net investment earnings on the proceeds of a loan extended at a concessional interest rate; repayment of principal and any payment of interest on such borrowing shall be made exclusively from the proceeds of liquidation of the investment and the earnings thereon. For this purpose the Managing Director of the Trustee is authorized to enter into borrowing agreements and agree to their terms and conditions with lenders to the Subsidy Accounts of the Trust.

Paragraph 4. *Authorized Use of Subsidy Accounts*

(a) The Trustee shall draw upon the resources available in the General Subsidy Account to pay the difference, with respect to each interest period, between the interest due by the borrowers and the interest due on resources borrowed for loans under the facilities of the Trust specified in Section I, Paragraph 1 of the Instrument, provided that resources available in the General Subsidy Account shall be drawn upon for these purposes only if there are no other resources immediately available in the ECF Subsidy Account, SCF Subsidy Account, RCF Subsidy Account or ESF Subsidy Account, as the case may be, for these purposes. For purposes of the preceding sentence, resources in the PRG-HIPC Trust that are transferable to the ECF Subsidy Account shall not be considered resources immediately available in the ECF Subsidy Account. The Trustee may also draw upon resources available in the General Subsidy Account for transfer to the ENDA/EPCA Subsidy Account, if there are no other resources immediately available in the ENDA/EPCA Subsidy Account for purposes of the subsidies of post-conflict and/or natural disaster emergency assistance purchases provided by that Account. Any such transfers shall be limited to the amounts needed for subsidy payments.

(b) The Trustee shall draw upon the resources available in the ECF Subsidy Account to pay the difference, with respect to each interest period, between the interest due by the borrowers and the interest due on resources borrowed for loans under the ECF and ESF, provided that resources in the ESF Subsidy Account shall be drawn first, with respect to the interest on ESF loans, before resources in the ECF Subsidy Account are drawn to subsidize ESF loans.

(c) The Trustee shall draw upon the resources available in the SCF Subsidy Account to pay the difference, with respect to each interest period, between the interest due by the borrowers and the interest due on resources borrowed for loans under the SCF.

(d) The Trustee shall draw upon the resources available in the RCF Subsidy Account to pay the difference, with respect to each interest period, between the interest due by the borrowers and the interest due on resources borrowed for loans under the RCF.

(e) The Trustee shall draw upon the resources available in the ESF Subsidy Account to pay the difference, with respect to each interest period, between the interest due by the borrowers and the interest due on resources borrowed for loans under the ESF.

Paragraph 5. *Calculation of Subsidy*

(a) The amount of the subsidy shall be determined by the Trustee in the light of (i) the objective of ensuring that the facilities of the Trust are highly concessional facilities and, to the extent possible, of reducing the rate of interest charged on Trust loans in accordance with Section II, paragraphs 4(a), (b), and (c), as well as the objective of subsidizing, as needed, the rate of charge on purchases from the General Resources Account (“GRA”) in accordance with the terms of the ENDA/EPCA Subsidy Account; (ii) the rate of interest on resources available to the Loan Accounts and the rate of charge on GRA purchases covered by the ENDA/EPCA Subsidy Account; and (iii) the availability and prospective availability of resources to the Subsidy Accounts of the Trust and the ENDA/EPCA Subsidy Account.

(b) The Trustee shall keep the operation of the Subsidy Accounts under review. If at any time it determines that resources available or committed are likely to be insufficient to reduce the rate of interest on Trust loans in accordance with Section II, paragraphs 4(a), (b), and (c) throughout the operation of the Trust, and to fund needed transfers to the ENDA/EPCA Subsidy Account to subsidize the rate of charge on GRA purchases in accordance with the terms of that Account, then the Trustee shall seek such additional resources as may be necessary to achieve this objective.

(c) Should adequate additional resources not be forthcoming to reduce the rate of interest on Trust loans in accordance with Section II, paragraphs 4(a), (b), and (c), or to fund needed transfers to the ENDA/EPCA Subsidy Account to subsidize the rate of charge on GRA purchases in accordance with the terms of that Account, then the Trustee shall recalculate the subsidy with a view to reducing those interest rates to the lowest feasible rates and funding those transfers to the maximum extent that could be applied throughout

the remaining life of the Trust. The rate of interest charged on all outstanding loans by the Trust under the relevant facility shall be adjusted accordingly in the succeeding interest periods, and the level of transfers to the ENDA/EPCA Subsidy Account shall be calculated to achieve the new level of subsidization. Borrowers shall be notified promptly of such adjustments. Further recalculations and adjustments shall be made in subsequent interest periods, as necessary in light of relevant developments, including the rate of interest on resources available to the Loan Accounts, the rate of charge on purchases covered by the ENDA/EPCA Subsidy Account and the availability of resources to the Subsidy Accounts and the ENDA/EPCA Subsidy Account.

(d) If the interest due to creditors for an interest period has exceeded the interest due by borrowers under the relevant facility, together with the authorized subsidy under paragraph 4 of this Section for that period, and payment to creditors of that difference has been made from the Reserve Account in accordance with Section V, paragraph 2, then an amount equivalent to that difference shall be added to the interest due by the relevant borrowers for the succeeding interest period. Payment of that amount shall be made to the Reserve Account in accordance with Section V, paragraph 3. The additional interest due shall not be taken into account in the calculation of the authorized subsidy for that same interest period.

Paragraph 6. *Termination arrangements*

(a) The ESF Subsidy Account shall be terminated after its resources as of January 7, 2010 have been used for subsidy operations in accordance with paragraphs 4(b) and 4(e) of this Section or transferred to other Subsidy Account in accordance with paragraph 1(e) of this Section.

(b) Upon completion of the subsidy operations authorized by this Instrument, the Fund shall wind up the affairs of the Subsidy Accounts. The Fund may also wind up the affairs of any Subsidy Account other than the General Subsidy Account prior to the completion of the overall subsidy operations authorized by this Instrument, if the Fund deems this to be appropriate. In case of termination of a

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Subsidy Account in accordance with this subparagraph, the remaining resources shall be used as follows:

(i) Any resources remaining in the General Subsidy Account shall be used in a manner consistent with paragraph 4(a) of this Section (i) to reduce to the fullest extent possible the interest rate paid by borrowers in accordance with Section II, paragraphs 4(a), (b), and (c) on loans from the PRGT, by means of payments to such borrowers, and (ii) to fund transfers to the ENDA/EPCA Subsidy Account needed to subsidize the rate of charge on any remaining outstanding GRA purchases in accordance with the terms of the ENDA/EPCA Subsidy Account. Any resources remaining after that subsidization and transfer shall be distributed to the Fund, donors, and creditors that have contributed to the General Subsidy Account, in proportion to their contributions, including donors and creditors of resources transferred from other Subsidy Accounts upon their termination. The resources representing the Fund's share in such distribution shall be transferred to the Special Disbursement Account.

(ii) Any resources remaining in the ECF Subsidy Account shall be used to reduce to the fullest extent possible the interest rate paid by borrowers on ECF and ESF loans in accordance with Section II, paragraphs 4(a), (b), and (c), by means of payments to such borrowers. Any resources remaining after that subsidization shall be transferred to the General Subsidy Account, provided that a contributor may request that its share in any remaining resources be returned to it.

(iii) Any resources remaining in the SCF Subsidy Account shall be used to reduce to the fullest extent possible the interest rate paid by borrowers on SCF loans in accordance with Section II, paragraphs 4(a), (b), and (c), by means of payments to such borrowers. Any resources remaining after that subsidization shall be transferred to the General Subsidy Account, provided that a contributor may request that its share in any remaining resources be returned to it.

(iv) Any resources remaining in the RCF Subsidy Account shall be used to reduce to the fullest extent possible the interest rate paid by borrowers on RCF loans in accordance with Section II, paragraphs

4(a), (b), and (c), by means of payments to such borrowers. Any resources remaining after that subsidization shall be transferred to the General Subsidy Account, provided that a contributor may request that its share in any remaining resources be returned to it.

(v) Any resources remaining in the ESF Subsidy Account shall be used to reduce to the fullest extent possible, in accordance with Section II, paragraphs 4(a), (b), and (c), the interest rate paid by borrowers on ESF loans, by means of payments to such borrowers. Any resources remaining after that subsidization shall be transferred to the General Subsidy Account, provided that a contributor may request that its share in any remaining resources be returned to it.

(vi) For the purposes of the distributions provided for in this paragraph 6, account will be taken of donations, the net earnings from investment of the proceeds of concessional loans extended to the Subsidy Accounts under paragraph 3(b) above, and the subsidy element of concessional loans extended to the Trust under Section III; the subsidy element associated with such loans shall be calculated as the difference, if positive, between the SDR rate of interest and the interest on such loans, applied to the amount of the loans during the period they were outstanding.

Section V. Reserve Account

Paragraph 1. *Resources*

The resources held in the Reserve Account shall consist of:

(a) transfers by the Fund from the Special Disbursement Account in accordance with Decision No. 8760-(87/176), adopted December 18, 1987, as amended by Decision No. 10531-(93/170), adopted December 15, 1993;

(b) net earnings from investment of resources held in the Reserve Account;

(c) net earnings from investment of any resources held in the Loan Accounts pending the use of these resources in operations;

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(d) payments of overdue principal or interest or interest thereon under Trust loans, and payments of interest under Trust loans to the extent that payment has been made to a creditor from the Reserve Account;

(e) transfers by the Fund from the Special Disbursement Account in accordance with Decision No. 10286-(93/23) ESAF, adopted February 22, 1993; and

(f) repayments of the principal under Trust loans, to the extent that resources in the Reserve Account have been used to make payments to a creditor due to a difference in timing between scheduled principal repayments to the creditor and principal repayments under Trust loans.

Paragraph 2. *Use of resources*

(a) The resources held in the Reserve Account shall be used by the Trustee to make payments of principal and interest on its borrowing for Trust loans, to the extent that the amounts available from receipts of repayments and interest from borrowers under Trust loans, together with the authorized subsidy under Section IV, paragraph 4, are insufficient to cover the payments to creditors as they become due and payable.

(b) The Trustee may decide to use income from the investment of the resources in the Reserve Account for subsidy purposes by transferring such income to the General Subsidy Account if the Trustee determines that additional subsidy resources are required for the subsidization of outstanding PRGT lending or new lending commitments. The amount of any transfers shall be decided by the Trustee following consultations with all creditors to the Loan Accounts on the adequacy of the Reserve Account to protect claims of the creditors to the PRGT Loan Accounts.

Paragraph 3. *Payments to the Reserve Account*

Any repayment of principal under Trust loans, to the extent that repayment to a creditor has been made from the Reserve Account

due to differences in timing between scheduled principal repayments to the creditor and principal repayments under Trust loans, any payments of overdue principal or interest or interest thereon under Trust loans, and any payments of interest under Trust loans to the extent that payment has been made to a creditor from the Reserve Account, shall be made to the Reserve Account.

Paragraph 4. *Review of resources*

If resources in the Reserve Account are, or are determined by the Trustee likely to become, insufficient to meet the obligations of the Trust that may be discharged from the Reserve Account as they become due and payable, the Trustee shall review the situation in a timely manner.

Paragraph 5. *Reduction of resources and liquidation*

(a) Whenever the Trustee determines that amounts in the Reserve Account of the Trust exceed the amount that may be needed to cover the total liabilities of the Trust to creditors that are authorized to be discharged by the Reserve Account, the Trustee shall retransfer such excess amount to the Fund's Special Disbursement Account.

(b) Notwithstanding (a) above, the equivalent of up to SDR 250 million may be transferred from the Reserve Account to the Special Disbursement Account to be used to provide Trust Grants or Trust loans, as defined in the Instrument to Establish a Trust for Special PRG Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations. These transfers will be made only when and to the extent that the Trustee of the Trust established by that Instrument determines that there are no other resources immediately available for this purpose.

(c) Upon liquidation of the Trust, all amounts in the Reserve Account remaining after discharge of liabilities authorized to be discharged by the Reserve Account shall be transferred to the Special Disbursement Account.

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Section VI. Transfer of Claims

Paragraph 1. *Transfers by creditors*

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

(b) The transferee shall, as a condition of the transfer, notify the Trustee prior to the transfer that it accepts all the obligations of the transferor relating to the transferred claim with respect to renewal and new drawings, and shall acquire all the rights of the transferor with respect to repayment of and interest on the transferred claim, except that any right to encashment pursuant to Section III, paragraph 4(b) of this Instrument shall be acquired only if the transferee is a member or the central bank or other fiscal agency of a member and, at the time of transfer, the balance of payments and reserve position of the member is considered sufficiently strong in the opinion of the Fund for its currency to be usable in transfers under the Fund’s Financial Transactions Plan.

Paragraph 2. *Transfers among electing creditors*

(a) Any creditor to one of the Loan Accounts (“electing creditors”) may inform the Trustee that it stands ready, upon request by the Trustee, to purchase claims on the Trust from any other electing creditor, provided that the holdings of claims so acquired shall at no time exceed the amount communicated to the Trustee and subject to the other provisions of this section. A list of electing creditors and the amounts communicated by them shall be established separately by the Trustee. This list may be extended and the amounts therein increased in accordance with communications received subsequently.

(b) An electing creditor shall have the right to transfer temporarily to other electing creditors part or all of any claim arising from its

loans to the Trust or note purchases under Section III, if the electing creditor represents to the Trustee that it has a liquidity need to make such transfer and the Trustee, having given this representation the overwhelming benefit of any doubt, agrees.

(c) The Trustee shall allocate each transfer by an electing creditor under this provision to all other electing creditors in proportion to the amounts by which the respective maximum holdings listed in the attachment exceed actual holdings of claims acquired under this provision; provided, however, that no allocation shall be made to an electing creditor if it represents to the Trustee that it has a liquidity need for exclusion from an allocation and the Trustee agrees, in which case allocations to the remaining electing creditors shall be adjusted accordingly.

(d) The purchaser of any claim transferred under this provision shall assume, as a condition of the transfer, any obligation of the transferor, relating to the transferred claim, with respect to the renewal of drawing on Trust borrowing and to new drawings in the event a renewal, having been requested, is not agreed by the transferor.

(e) Transfers of claims under this provision shall be made in exchange for freely usable currency and shall be reversed in the same media within three months, provided that such transfers may be renewed, by agreement between the transferor and the Trustee, for further periods of three months up to a total of one year. Notwithstanding the above, the transferor shall reverse a transfer under this provision not later than the date on which the transferred claim is due to be repaid by the Trust.

(f) Interest on claims transferred under this Section shall be paid by the Trust to the transferor in accordance with the provisions of the transferor's borrowing agreement with the Trust. The transferor shall pay interest to the transferee(s) on the amount transferred, so long as the transfer remains outstanding, at a daily rate equal to that set out in Rule T-1 of the Fund's Rules and Regulations; such interest shall be payable three months after the date of a transfer or of its renewal, or on the date the transfer is reversed, whichever is earlier.

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Section VII. 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, audit 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.

(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 that Annual Report the report of the external audit firm on the Trust.

Paragraph 3. *Investment of resources*

(a) Any balances held by the Trust and not immediately needed in operations shall be invested. Investments shall be made as determined by the Trustee in accordance with guidelines adopted by the Trustee from time to time.

Section VIII. 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*

(a) Termination and liquidation of the Subsidy Accounts shall be made in accordance with the provisions of Section IV, paragraph 6.

(b) All other resources, if any, shall be used to discharge any liabilities of the Trust, other than those incurred under Section IV, and any remainder shall be transferred to the Special Disbursement Account of the Fund.

Section IX. *Amendment of the Instrument*

The Fund may amend the provisions of the Instrument, except this Section and Section I, paragraphs 1 and 2; Section III, paragraphs 4 and 5; Section IV, paragraphs 4 and 6; Section V; Section VI; Section VII, paragraph 2(a) and (b); and Section VIII, paragraph 2(b).

APPENDIX I

Misreporting and Noncomplying Disbursements Under Poverty Reduction and Growth Facility and Poverty Reduction and Growth Trust Facilities—Provisions on Corrective Action

- a. A noncomplying disbursement occurs when (i) the Trustee makes a disbursement to a member in accordance with the Instrument on the basis of a finding by the Trustee or the Managing Director that all applicable conditions established for that disbursement under the terms of the decisions on the disbursement have been observed, and (ii) that finding later proves to be incorrect. For the purposes of these provisions, a condition established under the terms of a decision on a disbursement means a condition specified in the arrangement for the relevant disbursement; in a decision approving the arrangement or approving an outright disbursement; in a decision approving an augmentation of access under an ECF or SCF arrangement during an ad-hoc review, or in a decision completing a scheduled review, or granting a waiver of applicability or for the nonobservance of a performance criterion under the arrangement.
- b. Whenever evidence comes to the attention of the staff of the Trustee indicating that a member may have received a noncomplying disbursement, the Managing Director shall promptly inform the member concerned.
- c. If, after consultation with the member, the Managing Director determines that the member did receive a noncomplying disbursement, the Managing Director shall promptly notify the member and submit a report to the Executive Board together with recommendations.
- d. In any case where the noncomplying disbursement was made no more than four years prior to the date on which the Managing Director informed the member, as provided for in paragraph (b), the Executive Board may decide either (i) that the member will be called upon to make an early repayment, or (ii) that the nonobservance will be waived.
- e. If the decision of the Executive Board is to call upon the member to make an early repayment as provided for in paragraph (d)

(i), the member will be expected to repay an amount equivalent to the noncomplying disbursement, together with any interest accrued thereon, normally within a period of 30 days from the date of the Executive Board decision.

f. A waiver under paragraph (d)(ii) will normally be granted only if the deviation from the relevant performance criterion or other condition was minor or temporary, or if, subsequent to the disbursement, the member had adopted additional measures appropriate to achieve the objectives supported by the relevant decision on the disbursement.

g. If a member fails to meet a repayment expectation under these guidelines within the period established by the Executive Board, (i) the Managing Director shall promptly submit a report to the Executive Board together with a proposal on how to deal with the matter, and (ii) interest shall be charged on the amount subject to the repayment expectation at the rate applicable to overdue amounts under Section II, Paragraph 4 of the Instrument.

h. For the purposes of this decision:

(i) whenever the Managing Director considers there is evidence indicating that a member may have received a noncomplying disbursement, but the nonobservance of the relevant performance criterion or other specified condition was *de minimis* in nature, as defined in paragraph 1 of Decision No. 13849, the communication referred to in paragraph (b) may be made by a representative of the relevant Area Department;

(ii) if the Managing Director determines that a member has received a noncomplying disbursement and considers that the nonobservance of the relevant performance criterion or other specified condition was *de minimis* in nature, as defined in paragraph 1 of Decision No. 13849, the notification referred to in paragraph (c) may be made by a representative of the relevant Area Department, and the report of the Managing Director contemplated in paragraph (c) shall, wherever possible, be included in a staff report on the relevant member that deals with issues other than the noncomplying

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disbursement and shall include a recommendation that the related nonobservance be considered to be de minimis in nature, and that a waiver for nonobservance be granted. In those rare cases when such a staff report cannot be issued to the Board promptly after the Managing Director concludes that a noncomplying disbursement has been made, the Managing Director shall consult Executive Directors and, if deemed appropriate by the Managing Director, a stand-alone report on the noncomplying disbursement will be prepared for consideration by the Executive Board, normally on a lapse-of-time basis; and

(iii) whenever the Executive Board finds that a noncomplying disbursement has been made but that the nonobservance of the relevant performance criterion or other specified condition was de minimis in nature as defined in paragraph 1 of Decision No. 13849, a waiver for nonobservance shall be granted by the Executive Board.

APPENDIX II

Procedures for Addressing Overdue Financial Obligations to the Poverty Reduction and Growth Trust

The following procedures aim at preventing the emergence or accumulation of overdue financial obligations to the Poverty Reduction and Growth Trust (the “Trust”) and at eliminating existing overdue obligations. These procedures will be implemented whenever a member has failed to make a repayment of principal or payment of interest to the Trust (“financial obligation”).

1. Whenever a member fails to settle a financial obligation on time, the staff will immediately send a cable urging the member to make the payment promptly; this communication will be followed up through the office of the Executive Director concerned. At this stage, the member’s access to the Fund’s resources, including Poverty Reduction and Growth Trust and HIPC resources, will have been suspended.

2. When a financial obligation has been outstanding for two weeks, management will send a communication to the Governor for that

member stressing the seriousness of the failure to meet obligations to the Trust and urging full and prompt settlement.

3. The Managing Director will notify the Executive Board normally one month after a financial obligation has become overdue, and will inform the Executive Board of the nature and level of the arrears and the steps being taken to secure payment.

4. When a member's longest overdue financial obligation has been outstanding for six weeks, the Managing Director will inform the member concerned that, unless all overdue obligations are settled, a report concerning the arrears to the Trust will be issued to the Executive Board within two weeks. The Managing Director will in each case recommend to the Executive Board whether a written communication should be sent to a selected set of Fund Governors, or to all Fund Governors. If it were considered that it should be sent to a selected set of Fund Governors, an informal meeting of Executive Directors will be held to consider the thrust of the communication. Alternatively, if it were considered that the communication should be sent to all Fund Governors, a formal Board meeting will be held to consider a draft text and preferred timing.

5. A report by the Managing Director to the Executive Board will be issued two months after a financial obligation has become overdue, and will be given substantive consideration by the Executive Board one month later. The report will request that the Executive Board limit the member's use of Trust resources. A brief factual statement noting the existence and amount of arrears outstanding for more than three months will be posted on the member's country-specific page on the Fund's external website. This statement will also indicate that the member's access to the Fund's resources, including Poverty Reduction and Growth Trust and HIPC resources, has been and will remain suspended for as long as such arrears remain outstanding. A press release will be issued following the Executive Board decision to limit the member's use of the Trust resources. A similar press release will be issued following a decision to lift such limitation. Periods between subsequent reviews of reports on the member's arrears by the Executive Board will normally not exceed six months. The Managing Director may recommend advancing the

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Executive Board's consideration of the reports regarding overdue obligations. The Managing Director may also recommend postponing for up to one-year periods the Executive Board's consideration of a report regarding a member's overdue obligations in exceptional circumstances where the Managing Director judges that there is no basis for an earlier evaluation of the member's cooperation with the Fund.

6. The Annual Report and the financial statements will identify those members with overdue obligations to the Trust outstanding for more than six months.

Removal from the list of PRGT-eligible countries

7. When a member's longest overdue financial obligation has been outstanding for six months, the Executive Board will review the situation of the member and may remove the member from the list of PRGT eligible countries. Any reinstatement of the member on the list of PRGT eligible countries will require a new decision of the Executive Board. The Fund shall issue a press release upon the decision to remove a member from the list of PRGT eligible countries. A similar press release shall be issued upon reinstatement of the member on the list. The information contained in such press releases, where pertinent, shall be included in the Annual Report for the year concerned.

Declaration of noncooperation with the Trust

8. A declaration of noncooperation with the Trust may be issued by the Executive Board whenever a member's longest overdue financial obligation has been outstanding for twelve months. The decision as to whether to issue such a declaration would be based on an assessment of the member's performance in the settlement of its arrears to the Trust and of its efforts, in consultation with the Fund, to follow appropriate policies for the settlement of its arrears. Three related tests would be germane to this decision regarding (i) the member's performance in meeting its financial obligations to the Trust, taking account of exogenous factors that may have affected the member's performance; (ii) whether the member had

made payments to creditors other than the Fund while continuing to be in arrears to the Trust; and (iii) the preparedness of the member to adopt comprehensive adjustment policies. The Executive Board may at any time terminate the declaration of noncooperation in view of the member's progress in the implementation of adjustment policies and its cooperation with the Fund in the discharge of its financial obligations. Upon a declaration of noncooperation, the Fund could also decide to suspend the provision of technical assistance. The Managing Director may also limit technical assistance provided to a member, if in his judgment that assistance was not contributing adequately to the resolution of the problems associated with overdues to the Trust. The Fund shall issue a press release upon the declaration of noncooperation and upon the termination of the declaration. The information contained in such press releases shall be included in the Annual Report(s) for the year(s) concerned.

*The Acting Chair's Summing Up—2018–19 Review of Facilities for Low-Income Countries—Reform Proposals; Review of the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Countries
Executive Board Meeting 19/42, May 24, 2019*

Executive Directors welcomed the opportunity to discuss reforms proposed in the Review of Facilities for Low-Income Countries (LICs) (the Facilities Review) and to review the financing of the Fund's concessional facilities and debt relief to LICs (the Financing Review). They were encouraged that the Fund has remained actively engaged in supporting LICs during the challenging period since the 2013 review of facilities for LICs. Directors emphasized that the Fund has a key role in supporting LICs, through policy advice, financing, capacity development, and catalyzing donor support.

Directors supported the proposals to increase access to concessional financing and enhance the flexibility and tailoring of the Fund's toolkit to country-specific needs, subject to maintaining the self-sustainability of the PRGT. To this end, Directors endorsed the package of proposals in the Facilities Review and Financing Review.

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Directors broadly supported a generalized increase of one-third in access limits and norms to ensure that the Fund can provide adequate financial support to LICs as needed, while maintaining PRGT self-sustainability.

To strengthen safeguards for PRGT resources alongside the generalized access increase, Directors supported, first, the introduction of an additional trigger for applying high access (HA) procedures, and second, a strengthening of informational and timing requirements for informal HA and exceptional access (EA) Board engagement to enhance the assessment of debt sustainability and capacity to repay (paragraphs 24-26 of the Facilities Review) as well as the modifications to the access threshold trigger for a new DSA. Furthermore, most Directors supported the clarification of the market access criterion for EA under the PRGT.

Most Directors supported removing the exclusion from presumed blending for higher-income LICs at high risk of debt distress, provided they have substantial access to international financial markets on both a past and prospective basis (paragraph 31 of the Facilities Review), including the application of staff judgment in assessing prospective market access when considering blending for such members. While the severity of debt vulnerabilities is an important factor in assessing whether blended financing is appropriate, Directors generally agreed that scarce subsidy resources should be targeted to the poorest and most vulnerable LICs, noting the still favorable terms of blended financing from the GRA and the PRGT. Directors reaffirmed that, where a member accesses Fund resources in the GRA in a blend with PRGT resources, the member would be expected to meet applicable policies governing financing under the respective GRA instrument, including the expectation that the member's policies are implemented in a manner that would lead to a strengthening of the member's balance of payments before repurchases begin.

Directors supported the proposals to make LIC facilities more responsive to the needs of fragile and conflict-affected states (FCS). Therefore, in addition to the generalized one-third increase in access limits, they supported a doubling of the annual RCF access limit under the regular window, together with the safeguards of

introducing an annual RCF access norm at 25 percent of quota and also limiting the maximum size of a single disbursement to 25 percent of quota under the regular window. Directors further endorsed the call for greater flexibility in the design of ECF-supported programs for countries that need to focus attention on near-term objectives, while meeting upper credit tranche standards and maintaining consistency with the provisions of the ECF.

To increase the scope for providing Fund support to members that experience urgent balance of payments needs from large natural disasters, Directors supported a further one-third increase in the cumulative access limits under the RCF for disbursements associated with such disasters, in addition to the generalized access increase.

Directors agreed to increase annual and cumulative access limits under the Rapid Financing Instrument (RFI) by one-third and to increase the cumulative limit by a further one-third for disbursements associated with large natural disasters, which would expand the scope for providing emergency financial support to countries that are not eligible for concessional financing while preserving broad harmonization of access limits across the RFI and RCF.

Most Directors endorsed the proposal to extend the maximum initial duration of ECF arrangements from four to five years, which could be appropriate in cases where longer-term structural reform efforts are critical to the success of the program and a well-sequenced reform plan with strong ownership is in place but noted that shorter back-to-back arrangements could often achieve broadly similar goals. They generally supported the removal of sub-limits on access for SCF arrangements that are approved on a precautionary basis and the extension of the maximum duration of SCF arrangements from two to three years. Directors also supported the proposal on automatic termination of new SCF arrangements of more than 24 months if no program review under the arrangement has been completed over a period of eighteen months.

Directors supported renaming the Economic Development Document as the Poverty Reduction and Growth Strategy (PRGS). They expressed broad support for strengthening program links to poverty reduction, including by requiring a PRGS whenever an SCF

arrangement or PSI has an initial duration exceeding two years. They supported greater flexibility in the timing of PRGS requirements, including extensions for countries that need to focus limited institutional capacity on near-term measures to enhance economic and political stability. Directors welcomed the thorough review of the financing framework to provide concessional financial support to LICs. They concurred with the assessment that the financing capacity of the PRGT has remained intact and that the proposed package of reforms of the LIC facilities can be accommodated within the self-sustained PRGT, with risks evenly balanced over the medium term. Directors stressed that the evolution of the PRGT's lending capacity will need to be monitored carefully, and policies reviewed periodically, to ensure that PRGT self-sustainability is preserved. A number of Directors considered that, going forward, a review of the overall envelope of PRGT resources might be warranted. Directors acknowledged that debt relief initiatives face significant funding challenges. They asked staff to explore options to address the under-funding of the Catastrophe Containment and Relief Trust. They also noted the need to mobilize new resources to finance debt relief for countries with remaining protracted arrears to the Fund once they are ready to clear arrears and participate in the HIPC Initiative. Directors agreed the next review of the Fund's facilities for LICs will take place on the standard five-year cycle, while access norms and limits could be reviewed earlier if warranted. Many Directors underscored that future reviews should consider all aspects of the PRGT's architecture.

SU/19/71
MAY 29, 2019

*The Acting Chair's Summing Up—Poverty Reduction
and Growth Trust—Review of Interest Rate Structure
Executive Board Meeting 19/42, May 24, 2019*

Executive Directors welcomed the opportunity to review the interest rates charged on credits extended from the Poverty Reduction and Growth Trust (PRGT). They agreed to align the mechanism for determining interest rates to be charged on credit provided under the Stand-by Credit Facility (SCF) with the interest rate mechanism applicable to credit provided under the Extended Credit

Facility (ECF), while keeping the latter unchanged. They noted that this change is consistent with the package of reforms adopted in the parallel Review of Facilities for Low-Income Countries.

Directors noted that the change in the interest rate mechanism applicable to SCF credit would simplify the structure of interest rates on concessional lending, making it more like the structure of interest rates charged on non-concessional loans, financed through the General Resources Account (GRA). Directors agreed that the proposed changes are consistent with preserving the fundamental logic of the PRGT interest rate mechanism, while modestly increasing the overall degree of concessionality of PRGT financing. They noted that the additional subsidy costs can be financed within the PRGT's self-sustaining financing envelope in the context of the full reform package, as discussed in the Review of the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Countries.

Based on the revised interest rate mechanism and the most recent 12-month average SDR rate, Directors supported staff's proposal to set interest rates on all ECF and SCF credit at zero until June 2021 in the context of a persistently low global interest rate environment. The interest rate on credit provided under the Rapid Credit Facility (RCF) was set at zero on a permanent basis in 2015. Directors also supported the staff's proposal to waive interest rate charges on the outstanding legacy credit under the Exogenous Shocks Facility (ESF) until November 2020, by which time all the credit previously extended under the ESF is scheduled to be fully repaid, or until the time of the next review. The next review of the PRGT interest rate mechanism is scheduled to take place no later than June 2021.

SU/19/74
MAY 30, 2019

*The Chairman's Summing Up—
Building Resilience in Developing Countries
Vulnerable to Large Natural Disasters
Executive Board Meeting 19/33, May 1, 2019*

Executive Directors welcomed the opportunity to take stock of ongoing staff work on building resilience to natural disasters in

vulnerable countries, including the efforts being made to incorporate disaster risks into macroeconomic frameworks and into Fund surveillance more generally.

Directors agreed that natural disasters can have significant and long-lasting effects on economic well-being in many developing countries, particularly small, fragile, and low-income states, and that the frequency and intensity of weather-related shocks are expected to further increase as climate change evolves. They underscored that the social and economic impact of natural disasters can be mitigated through policies to build resilience, including targeted investments in infrastructure and the effective use of available financial instruments.

Directors agreed that incorporating disaster risk is an important component of sound macroeconomic management in countries where risks of large-scale natural disasters are significant. They agreed that the Fund, in collaboration with the World Bank and other development partners, can help vulnerable countries assess the trade-offs between development needs, rising debt vulnerabilities, and the benefits of ex ante resilience building. Most Directors agreed that the Fund's approach to resilience building should extend to slower-onset disasters, which can also have a detrimental impact on countries.

Directors welcomed the suggested three-pillar approach to resilience-building as a useful framework for analyzing policy options in a systematic fashion and for identifying key priorities. They noted that the approach was informed by the Sendai Framework for Disaster Risk Reduction and the work of the World Bank on disaster risk management and insurance strategies. They agreed that many small, fragile, and low-income countries face significant capacity constraints in developing a full strategy for building resilience, which can severely impair the ability of governments to make effective use of external support, and noted that the Fund and the World Bank are well placed to assist countries in overcoming these capacity gaps. While noting the important role of development partners in supporting national efforts, Directors emphasized that government ownership is crucial in building resilience to natural disasters.

Directors saw merit in governments in vulnerable countries developing a national disaster resilience strategy (DRS), drawing on support from the international financial institutions. The Fund could take a lead role in helping countries develop a macroeconomic policy framework that adequately reflects both disaster costs and returns from resilient investment and that identifies the fiscal actions to support the policy framework. The World Bank and other development banks could take a lead role in helping countries identify and assess disaster vulnerabilities and in prioritizing investment needs. Directors highlighted the need for Fund staff to collaborate closely with the World Bank in supporting country efforts, with a few Directors underscoring the core expertise of the Bank in key areas where support would be needed.

Overall, a DRS would provide a roadmap for policy design and sequencing, and facilitate coordination of donor support for national plans. Directors remarked that the DRS would focus national attention on active preparation for disasters while providing an anchor for support from development partners. Directors noted scope for further clarifying the details of coordination, sequencing, and responsibilities of different stakeholders in developing an effective country-owned DRS. They also highlighted that the development of a DRS would benefit from peer learning and experience-sharing among countries and agencies. Directors agreed that a credible DRS could help catalyze higher levels of financial support from bilateral donors, climate funds, and other sources, and welcomed the interest expressed by some Caribbean authorities in developing such strategies.

Directors emphasized that the use of risk-transfer instruments should figure more prominently in government measures to improve financial resilience to disasters, while recognizing the challenges involved in developing insurance markets that provide reasonable premium levels relative to expected annual payouts. They welcomed the efforts of donor countries to support insurance market development and strengthen risk pooling. Directors broadly supported additional work by the Fund, in collaboration with the World Bank, to analyze the role and potential contribution of state-contingent debt instruments in helping countries build resilience to natural disasters.

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Directors noted that the Fund has a valuable role to play in supporting country efforts to build resilience to natural disasters, as part of its surveillance and capacity building activities. A coherent resilience strategy should fit within a medium-term macroeconomic policy framework that is consistent with maintaining debt sustainability, including under adverse shocks—an area of core Fund expertise. Staff could also contribute through analysis of the economic impact of disasters and of trade-offs between public investment and debt accumulation. Directors agreed that the Fund’s lending toolkit was sufficiently flexible to provide support for disaster-vulnerable countries that face a BoP need, but most saw scope to increase access limits as well as to use the toolkit in non-traditional ways to support resilience-building. Directors encouraged giving special attention to countries prone to natural disasters in the upcoming FSAP Review and Comprehensive Surveillance Review.

Directors agreed that disaster resilience strategies need to be based on a robust diagnostic of risks and vulnerabilities and encouraged a pragmatic approach, in coordination with the World Bank. They asked for a full assessment of the Climate Change Policy Assessments being piloted in a handful of small countries, in collaboration with the World Bank, which could provide a valuable diagnostic for national authorities.

Directors noted that building resilience to natural disasters extends to areas in which the Fund does not have relevant in-house expertise. They underscored that providing effective support to governments would require close collaboration and coordination with other institutions that have the relevant expertise, including in developing disaster resilience strategies, and called for a clear division of labor, based on respective mandates, between the Fund, the multilateral development banks, and other agencies.

SU/19/60
MAY 14, 2019

PARTIAL DISTRIBUTION OF THE GENERAL RESERVE ATTRIBUTED TO WINDFALL GOLD SALE PROFITS

1. Pursuant to Article V, Section 2(b), the Fund adopts the Instrument to Establish the Interim Administered Account for Windfall

Gold Sales Profits (the “Administered Account”) that is attached to this decision.

2. In accordance with Article XVII, Section 3, the Fund prescribes that:

(a) an SDR Department participant or prescribed holder, by agreement with an SDR Department participant or prescribed holder and at the instruction of the Fund, may transfer SDRs to that participant or prescribed holder in effecting a transfer to or from the Administered Account or in effecting a payment due to or by the Fund in connection with financial operations under the Administered Account.

(b) Operations pursuant to these prescriptions shall be recorded in accordance with Rule P-9.

3. Pursuant to Article XII, Section 6(d), an amount equivalent to SDR 0.7 billion of the general reserve shall be distributed to all members in proportion to their quotas. The payment of the distribution shall be made in SDRs or, if the Fund or a member so decides, in the member’s own currency, provided that payment to a member with overdue repurchase obligations in the General Resources Account shall be made in the member’s own currency.

4. In accordance with Article XII, Section 6(f)(vi) and Article XII, Section 6(f)(ix), the Fund decides to reduce the amount of investment in the Investment Account by an amount equivalent to SDR 0.7 billion and to transfer the proceeds from this reduction to the General Resources Account for immediate use in the Fund’s operations and transactions.

5. Paragraphs 1 through 4 above shall become effective when the Managing Director has notified the Executive Board that, in her assessment, satisfactory financing assurances exist regarding the availability of at least SDR 630 million for new subsidy contributions to the Poverty Reduction and Growth Trust based upon: (a) the amount that members have requested in writing be transferred as subsidy contributions to the PRGT from their share in the

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partial distribution of the general reserve provided for in paragraph 3 of this decision; (b) the amount of other new contributions that members have provided as subsidy contributions to the PRGT in light of this decision; and (c) the amount of other subsidy contributions that members have given written assurances that they will provide to the PRGT in light of this decision.

6. Paragraph 1(b) of the decision on Attribution of Reductions in Fund's Holdings of Currencies, Decision No. 6831-(81/65), adopted April 22, 1981 and effective May 1, 1981, as amended, shall be amended to read as follows: "(b) For a member with overdue repurchase obligations, the reduction shall be attributed to any obligation to repurchase." (SM/12/23, 02/03/12)

*Decision No. 15092-(12/19),
February 24, 2012,
as amended by Decision Nos. 15840-(15/77),
July 24, 2015, and
16575-(19/68),
July 23, 2019*

ATTACHMENT

*Instrument to Establish the "Interim Administered Account for
Windfall Gold Sales Profits"*

To help fulfill its purposes, the International Monetary Fund (the "Fund") has adopted this Instrument to establish the Interim Administered Account for Windfall Gold Sales Profits in accordance with Article V, Section 2(b) (the "Account"), which shall be governed and administered by the Fund in accordance with the terms and conditions of this Instrument.

1. The purpose of the Account is to serve as an interim vehicle for the holding and administration of contributions representing all or a portion of members' shares of the partial distribution the general reserve provided for in Decision No. 15092, pending instruction from each such contributing member as to the subsequent disposition of its share of such resources.

2. The SDR shall be the unit of account. Resources provided to the Account shall be in SDRs or currencies as paid to the relevant contributing member by the Fund in the context of the distribution of the general reserve provided for in Decision No. 15092.

3. Upon the instruction of a contributing member, the Fund shall transfer all or part of the resources in the Account that are attributable to that member, including the member's pro rata share of any investment returns, to one or more of the Subsidy Accounts of the Poverty Reduction and Growth Trust (PRGT), or as otherwise specified by the member.

4. The resources held in the Account and not immediately needed for operations of the Account shall be invested at the discretion of the Managing Director. Investments pursuant to this paragraph 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.

5. The assets held in the Account shall be kept separate from the assets and property of all other accounts of, or administered by, the Fund. The assets and property held in such other accounts shall not be used to discharge or meet any liabilities, obligations or losses incurred in the administration of the Account; nor shall the assets of the Account be used to discharge or meet any liabilities, obligations or losses incurred in connection with any such other accounts of, or administered by, the Fund.

6. The Fund shall maintain separate financial records and prepare financial statements for the Account. The financial statements for the Account shall be expressed in SDRs and prepared in accordance with International Financial Reporting Standards.

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7. The external audit firm selected under Section 20 of the Fund's By-Laws shall audit the operations and transactions of the Account. The audit shall relate to the financial year of the Fund.

8. The Fund shall report on the assets and property and on the operations and transactions of the Account in the Annual Report of the Executive Board to the Board of Governors and shall include in that Annual Report the audit report of the external audit firm on the Account.

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

10. The Managing Director is authorized (a) to make all arrangements, including the establishment of accounts in the name of the Fund, with such depositories as she deems necessary to carry out the operations of the Account, and (b) to take all other measures she deems necessary to implement the provisions of this Instrument.

11. No charge shall be levied in respect of the services rendered by the Fund in the administration, operation, and termination of this Account. All investment costs, including but not limited to costs associated with the exchange of currencies, purchase of securities, and hiring of external asset managers and custodian banks, shall be borne by, and deducted from, the Account.

12. The Account shall be terminated (a) on October 11, 2021 or (b) as promptly as practicable following the receipt of instructions from every contributing member regarding the distribution of its resources in the Account, whichever is earlier.¹ In the event of

¹ Ed. Note: Decision No. 16575-(19/68), July 23, 2019, states that this sentence "shall become effective once all remaining contributors have consented to the extension of the Account, provided that if no response is received from a contributor by September 25, 2019, such contributor shall be deemed to have consented to the extension of the Account, and provided further that contributors who are not in a position to consent to the amendment shall so notify the Fund by September 25, 2019 and shall receive their shares in the Account no later than October 10, 2019." (SM/19/193, 07/17/19)

SUPPLEMENT SELECTED DECISIONS AND SELECTED DOCUMENTS

termination pursuant to (a) above, each Participant with resources remaining in the Account at the time of termination shall have paid in full to it the amount of such resources.

13. The provisions of this Instrument may be amended by a decision of the Fund and with the concurrence of each contributing member with resources remaining in the Account at the time of such decision.

14. Any questions arising under this Instrument between a contributing member and the Fund shall be settled by mutual agreement between the contributing member and the Fund.

Article V, Sections 3(a), (b), and (c)

Use of Fund Resources

Conditionality

*The Chairman's Summing Up—
2018 Review of Program Design and Conditionality
Executive Board Meeting 19/35, May 3, 2019*

Executive Directors welcomed the first comprehensive stocktaking of the Fund's lending operations since the 2008 global financial crisis. They noted the finding that three-quarters of Fund-supported programs had achieved success or some success, despite the extremely challenging post-crisis environment. Directors agreed that there is room for improvement, drawing lessons for future program design from success and failure and case studies. They broadly agreed with the findings and, with some caveats, supported the key recommendations, some of which would require further discussions in the upcoming reviews of relevant Fund policies.

Growth optimism

Directors shared the assessment that growth assumptions were often too optimistic, driven largely by global forecasting errors and the underestimation of the impact of policy adjustment and overestimation of structural reform payoffs. Directors thus welcomed the proposals to increase the scrutiny of baseline assumptions, deepen the discussion of risk scenarios, and improve contingency planning in program design. While inflation was not a major issue during the period, Directors supported exploring reforms to modernize the review-based monetary policy conditionality framework.

Quality of fiscal adjustment

Most Directors saw room for more granular fiscal conditionality, particularly capital spending floors or revenue targets, to help improve the quality, composition, and growth orientation of fiscal adjustment.

At the same time, they stressed the need to retain sufficient flexibility and take due account of member countries' implementation capacity. Where relevant, Directors also supported focusing on the quality of social spending and prioritizing structural conditions on social issues. They favored taking a case-by-case approach and streamlining conditions to maintain parsimony. Directors emphasized the importance of close collaboration with other international financial institutions, as appropriate, and of early engagement with country authorities, which would also help strengthen ownership.

Public debt

Directors welcomed the comprehensive analysis of debt vulnerabilities, which were a key concern during the review period. In cases of high debt vulnerabilities, the review found that, based on a limited sample, programs that included debt operations tended to be more successful than those without such undertakings, but mainly in small and non-systemic cases. While the positive impact of debt restructuring on program outcomes could not be generalized, Directors saw a need to mitigate bias in judgment on debt sustainability and to carefully evaluate, on a case-by-case basis, the costs and benefits of debt operations. Directors also noted various factors at play in programs that experienced a large overshooting of public debt, most of which went off track. They welcomed ongoing efforts to improve debt transparency, strengthen data reporting capacity, and sharpen debt sustainability analysis (DSA) tools. For PRGT-supported programs, enhancing domestic resource mobilization and the quality of investment is also important, which could help strengthen the Fund's catalytic role in mobilizing external concessional financing. Directors looked forward to further discussion of debt-related issues in the context of the reviews of DSA for market access countries and of the Fund's debt limits policy, including plans to update guidance on the treatment of collateralized debt in the program context.

Structural conditionality

Noting the marked increase in the volume of structural conditions, Directors called for further prioritization of reforms critical

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to specific program objectives to ensure both the parsimony and depth of structural conditionality. They agreed that the selection of conditions should be informed by structural gaps identified in surveillance and technical assistance, and involve collaboration with relevant institutions. A number of Directors called on the Fund to continue building expertise in shared areas of responsibility such as labor, product, and financial market reforms, which are key to competitiveness and private-sector-led growth. Some Directors felt that the Fund should further strengthen cooperation with other international institutions, notably the World Bank, on emerging issues such as governance and anti-corruption.

Given difficulties with implementation of structural conditions, Directors stressed the need for more realistic implementation timetables and estimates of reform payoffs. Most Directors welcomed, or were open to considering, the proposed follow-up paper to explore the case for longer-duration arrangements in the General Resources Account (GRA) for members seeking to address large and persistent structural challenges, along with appropriate measures to safeguard Fund resources. Some Directors expressed concern that longer engagement could increase the risk of reform fatigue and undermine the revolving nature of Fund resources. Directors generally saw merit in greater use of successor Policy Coordination Instruments to support ongoing structural reforms.

Ownership

Reflecting the lessons from case studies, Directors highlighted the benefits of anchoring Fund-supported programs with integrated national reform plans and improving two-way communication to support broad public buy-in. They welcomed plans to strengthen the analysis of institutional and political capacity. Where programs have gone off track, Directors encouraged greater use of staff-monitored programs (SMPs) to ensure monitoring of macroeconomic policies while authorities build support for delayed critical reforms. More broadly, Directors called on staff to consider ways to de-stigmatize SMPs, promoting their use for building policy track record, which would help facilitate access to Fund resources.

Tailoring and uniformity of treatment (evenhandedness)

Directors welcomed the finding that Fund-supported programs were generally well-tailored to country needs and perceived as being consistent with the principle of uniformity of treatment. However, they saw scope for better tailoring and streamlining program objectives and structural conditions, particularly for fragile and small states, in light of their economic circumstances and capacity constraints. Many Directors also encouraged staff to ensure the application of the 2017 Staff Guidance Note on the Fund’s Engagement with Small Developing States, and to integrate critical resilience-building measures into the programs.

Directors noted the concerns among some stakeholders regarding the perceived lack of evenhandedness in program access, both within and between the GRA and PRGT. They acknowledged that differences in access are largely driven by underlying Fund policy frameworks. They were generally open to further discussion on the proposals to increase PRGT access norms and limits, and to promote more blending of GRA and PRGT resources, while maintaining PRGT self-sustainability. They looked forward to further discussion in the context of the forthcoming review of facilities for low-income countries.

Directors welcomed ongoing efforts to improve the Monitoring of Fund Arrangements (MONA) database and looked forward to periodic reports to the Board on program performance. These efforts will enhance transparency, support the monitoring and evaluation of programs on a timely basis, and improve Board oversight including with respect to evenhandedness—an area in which a number of Directors also saw a role for the Independent Evaluation Office. Directors also noted that the observed increase in off-track programs warrants scrutiny, including by the Board. Some Directors called for further consideration of ways to improve the Board’s monitoring of delays in program implementation.

Next steps

Directors recognized the multiple tradeoffs involved in program design and the potential benefits of a shift toward more realism,

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granularity, gradualism, and parsimony. They agreed that the Guidelines on Conditionality remain broadly appropriate, and that most of the recommendations could be implemented through a revised Operational Guidance Note and delivery of related workstreams. Directors considered that successful implementation of the recommendations would require a change in culture, and continued adaptation and learning.

SU/19/62
MAY 15, 2019

Credit Tranche Policies and Facilities

THE FUND'S FINANCING ROLE—REFORM PROPOSALS ON LIQUIDITY AND EMERGENCY ASSISTANCE—RAPID FINANCING INSTRUMENT (RFI)

1. The Fund decides that resources in the credit tranches may be made available under the Rapid Financing Instrument (RFI), in accordance with the terms and conditions specified in this Decision.

2. The Fund will approve a member's request for resources under the RFI only where it is satisfied that:

(a) the member is experiencing an urgent balance of payments need that, if not addressed, would result in an immediate and severe economic disruption;

(b) the member either (i) has a balance of payments need that is expected to be resolved within one year with no major policy adjustments being necessary, or (ii) is unable to design or implement an upper credit tranche-quality economic program given the urgent nature of the balance of payments need or due to its limited policy implementation capacity; and

(c) the member will cooperate with the Fund in an effort to find, where appropriate, solutions for its balance of payments difficulties. Where warranted, the Managing Director may request that the member implement upfront measures before recommending that the Fund approve a purchase under this Decision.

3. If a member has made a purchase under this Decision within the preceding three years, any additional purchases under this Decision

may be approved only if the Fund is satisfied that (a) the member's urgent balance of payments need was caused primarily by an exogenous shock; or (b) the member has established a track record of adequate macroeconomic policies over a period of at least six months immediately prior to the request.

4. A member requesting assistance under this Decision shall describe in a letter the general policies it plans to pursue to address its balance of payments difficulties, including its intention not to introduce or intensify exchange and trade restrictions and other measures or policies that would compound these difficulties. The member shall also commit to undergoing a safeguards assessment, provide staff with access to its central bank's most recently completed external audit reports and authorize its external auditors to hold discussions with Fund staff. The timing and modalities for the safeguards assessment for a member that has received assistance under the RFI would be determined on a case-by-case basis, but normally the safeguards assessment would need to be completed before Executive Board approval for the member of any subsequent arrangement to which the Fund's safeguards assessment policy applies.

5. Assistance under this Decision shall be made available to members in the form of outright purchases. Access by members to resources under this Decision shall be subject to (a) an annual limit of 50 percent of quota, and (b) a cumulative limit of 100 percent of quota, net of scheduled repurchases, provided that the annual access limit shall be 80 percent of quota and the cumulative access limit shall be 133.33 percent of quota, net of scheduled repurchases, where (i) the member requests assistance under the RFI to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP), and (ii) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock.

6. In order to carry out the purposes of this Decision, the Fund will be prepared to grant a waiver of the limitation of 200 percent of quota in Article V, Section 3(b)(iii), whenever necessary to permit purchases under this Decision or to permit other purchases that

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would raise the Fund's holdings of the purchasing member's currency above that limitation because of purchases outstanding under this Decision.

7. Decision No. 12341-(00/117), adopted November 28, 2000, which established the special GRA policy on emergency assistance, is hereby repealed. (SM/11/284, Sup. 3, 11/22/11)

*Decision No. 15015-(11/112),
November 21, 2011,
as amended by Decision Nos. 15595-(14/46),
May 21, 2014,
15820 (15/66), July 1, 2015,
15821 (15/66), July 1, 2015,
16183-(17/35), May 5, 2017, and
16517-(19/42),
May 24, 2019*

Article VII

Borrowing

2016 BORROWING AGREEMENTS—ONE-YEAR EXTENSION OF TERMS

1. Taking into account the Fund’s overall liquidity situation and actual and prospective borrowing requirements, the Executive Board approves a one-year extension through December 31, 2020 of the initial terms of the borrowing agreements concluded following the approval by the Executive Board in August of 2016 of the modalities for a new round of bilateral borrowing (“the 2016 Borrowing Agreements”), in accordance with paragraph 2(a) of each of the 2016 Borrowing Agreements.

2. The Executive Board authorizes the Managing Director to take such actions as necessary to implement this extension of the 2016 Borrowing Agreements on behalf of the Fund. (EBS/19/22, 04/22/19)

*Decision No. 16513-(19/40),
May 20, 2019*

Article VIII and Article IV

Multiple Currency Practices

*The Acting Chair's Summing Up—
Review of the Fund's Policy on Multiple Currency Practices—
Initial Considerations
Executive Board Meeting 19/8, February 1, 2019*

Executive Directors welcomed the opportunity to review the policy on multiple currency practices (MCP). They noted that, since it was last reviewed in 1981, foreign exchange markets have undergone significant changes and some operational issues have arisen in the implementation of the policy. They agreed that these developments warrant a consideration of reforms to the MCP policy, with a view to maintaining its relevance, effectiveness, and traction with members.

Directors agreed that there remain economic and legal reasons to retain the MCP policy as a cornerstone of the Fund's legal and policy framework for exchange rates. They observed that MCPs can be distortionary, create unfair competitive advantage among countries, and hamper trade and investment. Directors noted that, while the existing MCP policy has served the Fund well, some important aspects of the policy have increasingly complicated its implementation in today's realities.

Directors broadly supported the majority of the reform proposals. As a general principle, they concurred that for the policy to be effective, it needs to be based on rules that reflect market realities in member countries, can be applied consistently across the Fund's membership, and are simple and easily understood by stakeholders. Directors also stressed that any revisions to the policy should seek to ensure that the Fund's legal and policy framework continues to facilitate the development of stable foreign exchange systems that are free of restrictions on payments and transfers for current international transactions. A number of Directors also attached importance to refocusing the MCP policy on measures that are deemed material. Overall, Directors considered

that the core principle of the current policy—that official action should not cause unreasonable deviations in foreign exchange spreads compared to normal commercial costs and risks—remains appropriate.

Directors agreed that the scope of official action should be clarified to focus primarily on action that segments foreign exchange markets. They broadly concurred that certain practices currently captured by the MCP policy should be excluded in the future, notably foreign exchange auctions that conform to best practice, illegal parallel markets, and the use of official exchange rates based on the market exchange rates of the previous day. A number of Directors stressed that removing illegal parallel markets from the MCP analysis should be complemented with reasonable efforts by country authorities to eliminate such markets and a stronger emphasis on exchange restrictions in Fund surveillance.

Directors endorsed the proposal to eliminate the practice of finding MCPs due to potentiality. They concurred that an MCP should only arise if official action resulted in an actual exchange rate spread on the member's territory exceeding the permissible margin. This would refocus the policy on economically more meaningful developments and promote a more constructive dialogue with the membership. In a similar vein, Directors supported excluding broken cross-rates, which have almost disappeared, from the remit of the policy.

Most Directors maintained the view that MCPs applying solely to the capital account are not considered a breach of obligation under Article VIII, Section 3 and are not subject to Fund approval. They saw merit in clarifying the specific linkages of the MCP policy and the Institutional View (IV) on the liberalization and management of capital flows as set out in the paper. In particular, they agreed that where MCPs also constitute capital flow management measures, they should be assessed under the IV. Such an assessment would, however, remain within the confines of policy advice without changing the rights and obligations of member countries under the Articles of Agreement. Some Directors were supportive of, or open to considering, the inclusion of MCPs on capital account transactions within the scope of the Fund's jurisdiction

under Article VIII, Section 3, noting the materiality and distortionary effects of such MCPs.

With regard to the permissible spreads for spot transactions, Directors welcomed staff's proposal to replace the current fixed two-percent rule with a country-specific market-based norm that would apply uniformly across the membership. They noted that the range between the most depreciated and most appreciated exchange rates in the wholesale market on a given day would be an appropriate benchmark that is sensitive to the level of market development and market conditions in each member country. Most Directors also agreed that a two-percent tolerance margin around the mid-point of this range would help avoid capturing insignificant deviations from the market norm, although a few Directors would have preferred a higher margin. Directors also supported the proposal to treat non-spot transactions in an analogous manner, using the methodologies proposed by staff. In terms of implementation, most Directors supported retaining the notion that a single breach should constitute an MCP, while a number of Directors called for some flexibility based on materiality considerations.

Many Directors endorsed the proposal to remove the possibility of temporary approval of MCPs maintained for non-balance of payments (BOP) reasons, thereby more closely aligning the policies for approval of MCPs and exchange restrictions. Many other Directors considered that member countries should be allowed to maintain MCPs for non-BOP purposes in certain situations. A number of Directors saw merit in reviewing the policy on exchange restrictions in light of the proposed changes to the MCP policy, with a few Directors noting an opportunity to also revisit the Board decision on payment restrictions imposed for security reasons.

Directors considered the case for developing a formal remedial framework for unapproved MCPs. Most Directors favored preserving the current cooperative approach, under which the Fund, through its surveillance, program conditionality, and technical assistance, would encourage member countries to eliminate such measures. Some of these Directors saw scope for more transparent reporting in respect of unapproved MCPs. While a few Directors would be willing to consider a remedial framework for prolonged

cases of MCPs, some others called for further analysis on the need for, and the modalities of, a remedial framework.

Going forward, Directors supported putting in place transitional arrangements to provide adequate time for member countries to adjust their policies, after which the revised MCP policy would become operational. Directors looked forward to further consultation and a formal proposal for reform that incorporates their views, followed by a guidance note for staff with implementation details. They would also welcome periodic reviews of the new MCP policy and its implementation in the future.

SU/19/13
February 8, 2019

Article XII, Section 6

Reserves, Distribution of Net Income, and Investment

THE INVESTMENT ACCOUNT—INTRODUCING PRIVATE FIXED INCOME IN THE ENDOWMENT SUBACCOUNT

The Rules and Regulations for the Investment Account, adopted under Decision No. 15314-(13/16), January 23, 2013, as amended, are further amended as set forth in the Annex I of SM/19/80. (SM/19/80, 04/10/19)

*Decision No. 16507-(19/38),
May 13, 2019*

Annex I of SM/19/80

Rules and Regulations for the Investment Account

1. GENERAL PROVISIONS

Objective of The Investment Account

1. The objective of the Investment Account (IA) is to provide a vehicle for the investment of a part of the Fund's assets so as to generate income that may be used to meet the expenses of conducting the business of the Fund. Achieving this objective would help diversify the sources and increase the level of the Fund's income, thereby strengthening its finances over time.

Sources of Investment Account Assets

2. The IA may be funded with: (a) currencies transferred from the General Resources Account (GRA) in accordance with Article XII, Section 6(f)(ii) of the Articles; (b) the placement of profits from the sale of pre-Second Amendment gold in accordance with Article V, Section 12(g) of the Articles, in amounts up to the total amount of the Fund's general and special reserves at the time

of any decision authorizing such transfers; (c) the transfer of profits from the sale of post-Second Amendment gold in accordance with Article V, Section 12(k) of the Articles; and (d) income from the IA investment that is not transferred to the General Resources Account to meet the expenses of the Fund (Article XII, Section 6(f)(iv)).

Investment Account Subaccounts

3. The IA shall have a Fixed-Income Subaccount and an Endowment Subaccount, each of which has its own investment objective and shall be managed in accordance with Sections I and II, and I and III, respectively, of these Rules and Regulations (Rules).

4. Transfers of assets between subaccounts may be made with the approval of the Executive Board.

Responsibilities of The Managing Director

5. The Managing Director is responsible for implementing the investment policies set out in these Rules.

6. In carrying out the Managing Director's responsibilities, the Managing Director shall (a) establish effective decision-making and oversight arrangements; (b) take the necessary measures, including the adoption of policies and procedures, that seek to avoid actual or perceived conflicts of interest; and (c) establish specific risk control measures and put in place mechanisms to monitor their observance by asset managers.

7. The Managing Director shall consult with the Executive Board regarding (a) the key conflict of interest policies and arrangements in the Managing Director's responsibility referred to in paragraph 6; and (b) the key aspects of the investment strategy for the actively managed portion of the Endowment Subaccount referred to in paragraph 30 of these Rules.

8. The Managing Director shall provide annual reports to the Executive Board on the investment activities of the IA. Ad hoc reports shall be prepared as warranted by market or other developments.

External Asset Managers

9. All assets of the IA shall be managed by external asset managers, except that the Managing Director is authorized to

manage: (a) investments in obligations of the Bank for International Settlements (BIS) and central bank deposits; and (b) other assets on an interim basis following the termination of an external asset manager and pending the transfer of the assets to another external asset manager.

10. The Managing Director shall only select external asset managers of the highest professional standards and shall take into account their proven skills and track record suitable to achieve the investment objectives and to carry out the investment strategies set out under these Rules.

Custody Arrangements

11. The Managing Director shall establish adequate measures for the safekeeping and custody of the assets of the IA.

Use of Investment Account Income

12. The income from investment shall be invested, retained in the IA or used to meet the expenses of conducting the business of the Fund. The Fund shall decide on the use of the IA's income for each financial year, including whether any portion of such income will be transferred to the GRA for use in meeting the expenses of conducting the business of the Fund.

Termination or Reduction of the Investment Account

13. The IA shall be terminated in the event of a liquidation of the Fund and may be terminated, or the amount of the investment may be reduced, prior to the liquidation of the Fund, by a 70 percent majority of the total voting power. The procedures specified in Article XII, Sections 6(f)(vii), (viii) and (ix) of the Articles will apply in the event of the termination of the IA or a reduction in its assets. The Fund's decision to reduce investments in the IA shall specify the subaccount from which assets shall be used to fund a reduction in investments.

Audit

14. The assets of the IA shall be audited by the Fund's external auditors and included in the Fund's annual financial statements.

Review of the Rules and Conflict of Interest Policies

15. The Executive Board is expected to review these Rules and the Fund's relevant conflict of interest policies every five years.

II. FIXED-INCOME SUBACCOUNT INVESTMENT OBJECTIVE

16. With a view of generating income while protecting the Fund's balance sheet, the investment objective of the Fixed-Income Subaccount is to achieve investment returns in SDR terms that exceed the 3-month SDR interest rate over time while minimizing the frequency and extent of negative returns and underperformance over an investment horizon of three to four years.

Asset Allocation And Tranches

17. (a) The Fixed-Income Subaccount shall consist of two tranches, a shorter-duration Tranche 1 and a longer-duration Tranche 2.

(b) Tranche 1 assets shall be managed actively against a 0–3 year government bond benchmark index, weighted to reflect the currency composition of the SDR basket. The Managing Director shall establish in the investment management agreements the permitted degree of active management against the benchmark. Eligible asset classes for Tranche 1 are Group 1 and Group 2 asset classes as defined in paragraph 18 below.

(c) Tranche 2 assets shall be managed according to a buy-and-hold investment approach against a 0–5 year government bond benchmark index, weighted to reflect the currency composition of the SDR basket, subject to subparagraph (e) below. Eligible asset classes for Tranche 2 are Group 1 assets as defined in paragraph 18 below.

(d) Asset transfers between Tranche 1 and Tranche 2, and the allocation to Tranche 1 and Tranche 2 of future inflows to, outflows from, the Fixed-Income Subaccount shall be determined by the Managing Director.

(e) The assets in Tranche 2 shall be phased over a five-year period, with the specific modalities of the phasing to be determined

by the Managing Director. The phasing may be suspended or extended up to one year in case of exceptional market conditions.

Eligible Investments

18. (a) “Group 1 asset classes” shall be limited to:
- i. debt obligations issued by national governments of members or their central banks;
 - ii. debt obligations issued by national agencies of the members whose currencies are in the SDR basket;
 - iii. debt obligations issued by international financial institutions; and
 - iv. obligations issued by the BIS, including without limitation deposits with the BIS and MTIs; all of which shall be denominated in SDR or the currencies included in the SDR basket.
- (b) “Group 2 asset classes” shall be limited to:
- i. debt obligations issued by national governments of members or their central banks denominated in non-SDR currencies selected by the Managing Director or, upon the authorization by the Managing Director, by external managers, provided that any currency selection shall be based on ex-ante criteria determined by the Managing Director;
 - ii. debt obligations denominated in SDR or the currencies included in the SDR basket, comprising: (A) securities issued by subnational governments;
 - iii. (B) mortgage-backed and other asset-backed securities; (C) covered bonds; and (D) short-dated unsecured corporate bonds; and
 - iv. cash-equivalent investments with maturities of one year or less, that are denominated in SDR or the currencies included in the SDR basket.

(c) The Managing Director shall establish the parameters for determining the eligible investments within the categories of the asset classes specified in this paragraph.

19. Up to the maximum 35 percent of the total value of the Fixed-Income Subaccount assets may be invested in Group 2

asset classes, and the breach of this limit shall require prompt action to bring the Fixed-Income Subaccount back within the established limit.

20. In addition to investing in Groups 1 and 2 asset classes, the Fixed-Income Subaccount may temporarily hold uninvested cash balances, including in short-term instruments of the custodian(s).

Minimum Credit Rating

21. Except for obligations of the BIS, central bank deposits and uninvested cash balances, all assets in which the Fixed-Income Subaccount invests must have a credit rating equivalent to at least A (based on Standard & Poor's long-term rating scale) by a major credit rating agency at the time of acquisition. The Managing Director may establish higher credit ratings for eligible individual asset classes.

22. In cases where an asset is not directly rated, the Managing Director may determine whether a credit rating may be inferred for such asset in a manner that is consistent with market practice.

Divestment

23. Any eligible investment that ceases to meet the rating threshold under paragraph 21 or otherwise becomes ineligible after acquisition shall be divested within three months, except that corporate bonds which fail to meet the rating threshold under paragraph 21 after acquisition may be divested or continue to be retained in accordance with modalities established by the Managing Director.

Limits On Investment Activities

24. The Managing Director shall establish adequate safeguards against short selling and financial leverage.

25. The exchange rate risk for eligible investments denominated in non-SDR currencies shall be hedged back into SDR basket currencies with the objective to preserve the Fixed-Income Subaccount's SDR basket composition. Currency hedging may be used for SDR basket replication or for achieving overall currency exposure in line with SDR basket.

26. Derivatives may be used for managing interest rate risk, currency hedging, or reducing costs in the context of portfolio balancing, benchmark replication, and market access.

III. ENDOWMENT SUBACCOUNT

Investment Objective

27. The investment objective of the Endowment Subaccount is to achieve a long-term real return target of 3 percent in U.S. dollar terms. This is consistent with the objective of generating investment returns to contribute to the Fund's income, while preserving the long-term real value of these resources. The subaccount's real return shall be calculated by using the deflator that is used for purposes of the Fund's administrative budget, the Global External Deflator (GED), provided that the U.S. consumer price index (U.S. CPI) component of the GED shall be adjusted to use the actual U.S. CPI instead of the projected U.S. CPI.

Strategic Asset Allocation And Investment Strategy

28. No less than 90 percent of the Endowment Subaccount assets shall be managed passively (the "passively managed portion"), with up to 10 percent of the Endowment Subaccount assets managed actively in accordance with paragraph 30 below (the "actively managed portion").

29. The passively managed portion shall be invested pursuant to the following strategic asset allocation (SAA) benchmark: 15 percent in developed market sovereign bonds; 20 percent in U.S. Treasury Inflation-Protected Securities (US TIPs); 15 percent in developed market corporate bonds; 5 percent in emerging market bonds; 25 percent in developed market equities; 10 percent in emerging market equities; 5 percent in infrastructure debt; and 5 percent in real estate investment trusts (REITs). The Managing Director shall establish the parameters for determining eligible investments for the asset classes of the SAA and the modalities for appropriate passive investment approaches.

30. The actively managed portion may be invested only in the same asset classes as the SAA benchmark for the passively

managed portion, with 60 percent in fixed-income instruments and 40 percent in equities (including REITs) and a permitted maximum deviation of ± 15 percentage points for each category, but no specific allocation requirements for each asset class within these two categories. The Managing Director, in consultation with the Executive Board, shall determine the investment strategy and investment arrangements for the actively managed portion of the Endowment Subaccount, including the selection criteria and risk parameters for external managers, benchmark indices, the scope and instruments for currency hedging, the phasing of the actively managed portion of the Endowment Subaccount, policy bands and rebalancing procedures, and additional key measures to avoid actual or perceived conflicts of interest.

31. The asset allocation benchmarks for both the passively and actively managed portions shall not apply to uninvested cash balances, including such balances being held temporarily in short-term instruments of the custodian(s).

Rebalancing of the Passively Managed Portion

32. Based on modalities established by the Managing Director, the passively managed portion shall be rebalanced at least annually to minimize deviation from the SAA benchmark specified in paragraph 29 above, or more frequently in the event of significant deviation.

Minimum Credit Ratings

33. With the exception of obligations of the BIS, fixed-income assets in which the Endowment Subaccount invests are subject to the following minimum credit rating requirements at the time of acquisition by a major credit rating agency (based on Standard & Poor's long-term rating scale): (a) BBB- for corporate bonds and infrastructure debt, provided that the Managing Director may establish modalities for allowing limited investment in infrastructure debt that is rated below BBB- at time of acquisition; and (b) BBB+ for remaining assets.

34. In cases where an asset is not directly rated, the Managing Director may determine whether a credit rating may be inferred for such asset in a manner that is consistent with market practice.

Divestment

35. Any eligible investment that ceases to meet the rating threshold under paragraph 33 or otherwise becomes ineligible after acquisition shall be divested within three months, except that corporate bonds and infrastructure debt which fail to meet the rating threshold under paragraph 33 after acquisition may be divested or continue to be retained in accordance with modalities established by the Managing Director.

Limits On Investment Activities

36. The Managing Director shall establish adequate safeguards against short selling and financial leverage.

37. The exchange rate risk for fixed-income securities denominated in developed market currencies vis-à-vis the U.S. dollar shall be hedged for the passively managed portion of the Endowment Subaccount. Currency hedging is not permitted for other assets of the passively managed portion of the Endowment Subaccount.

38. For the passively managed portion, derivatives may be used for managing interest rate risk, currency hedging operations required under paragraph 37, or reducing costs in the context of portfolio balancing, benchmark replication and market access.

39. For the actively managed portion, currency hedging and derivatives may be used as determined by the Managing Director subject to adequate risk control parameters.

Article XII, Section 7

Publication of Reports

2018–19 REVIEW OF THE FUND’S TRANSPARENCY POLICY

Preamble

Recognizing the importance of transparency, the Fund will strive to disclose documents and information on a timely basis unless strong and specific reasons argue against such disclosure. This overarching principle is reflected in the specific provisions of the Decision set forth below and of other Fund policies on transparency. The principle respects, and will be applied to ensure, the voluntary nature of publication of documents that pertain to member countries consistent with the need for the Fund to safeguard confidential information and with the provisions of Article XII, Section 8 of the Articles of Agreement concerning publication by the Fund of its views with respect to a member.

I. General Provisions on Authorization and Consent

1. The Managing Director shall arrange for publication by the Fund of Country Documents, Fund Policy Documents and Multi-Country Documents in accordance with the principles set forth in the attached Indicative List. Country Documents shall be documents pertaining to individual countries, including documents relating to surveillance, use of Fund resources, the Policy Support Instrument (PSI) and the Policy Coordination Instrument (PCI), and certain reports arising from Fund technical assistance. Documents pertaining to regional surveillance discussions on common policies of a currency union shall be considered to be Country Documents. Fund Policy Documents shall be documents on general policy issues, including but not limited to, surveillance, use of Fund resources, technical assistance and Fund administrative matters. Multi-Country Documents shall be documents covering multiple countries as further defined in paragraph 17.

2. a. The publication of Country Documents is subject to the consent of the member concerned. The publication of Fund Policy Documents requires the approval of the Executive Board. The publication of Multi-Country Documents requires the consents of the members concerned or the approval of the Executive Board, as the case may be, as set forth in paragraphs 20-26. The publication of documents jointly authored by the Fund and the World Bank requires the authorization of the World Bank.

b. Under paragraphs 3(b), 14, 21(b) and 24 of this Decision, prompt publication shall mean that a document is expected to be published no later than (a) fourteen calendar days after the Executive Board has considered the document, or (b) twenty-eight calendar days after the document has been issued to the Executive Board, whichever is later.

II. Country Documents

A. Consent

3. a. A member's consent to Fund publication of Country Documents shall be voluntary but presumed. This presumption shall mean that the Fund encourages each member to consent to the publication by the Fund of such documents. For the purposes of encouraging members and obtaining their consent to publication, the following procedures shall apply.

b. Except as otherwise provided in this Decision, Fund publication of an applicable document will occur, unless, prior to the conclusion of the Executive Board meeting at which that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document relates, the member concerned notifies the Fund that it: (i) objects to the publication of the document; or (ii) requires additional time to decide whether or not to publish; or (iii) consents to publication but subject to reaching agreement with the Fund on deletions to the document. In the absence of a notification referred to in (i), (ii), or (iii) above, Country Documents shall be published by the Fund promptly after the relevant Executive Board meeting or the date of adoption of a decision on

a lapse-of-time basis to which the document relates. Members who notify the Fund as provided for in (ii) or (iii) above are expected to reach a decision on publication of the document in question within twenty-eight calendar days of the Executive Board meeting or decision. Where a member provides the Fund with a notification as provided for in (i), (ii), or (iii) above, the applicable document shall not be published unless the member's explicit consent is received by the Fund.

c. With respect to Documents 3, 5, 10 and 15-16, paragraph 3(b) will only apply if the applicable document has been circulated to the Executive Board in the context of a meeting or a proposal for lapse-of-time approval of a decision. If the document has been circulated for information only, paragraph 28 will apply and the member's explicit consent must be provided to the Fund prior to publication.

d. Paragraph 3(b) will not apply to a Press Release containing a Chairman's Statement for the use of Fund resources (Document 7), a Press Release containing a Chairman's Statement in the context of a PSI (Document 20), a Press Release containing a Chairman's Statement in the context of a PCI (Document 20), or a Press Release for an Article IV consultation, a regional surveillance discussion or a Board consideration of Financial System Stability Assessment (FSSA) report (Document 4). A member's consent to the publication of these documents is governed by paragraphs 11 and 12 of this Decision.

e. In respect of any document that is subject to the procedures set out in paragraph 3(b), the Secretary's cover memorandum will indicate that the document will be published promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis, unless the member concerned notifies the Fund as provided for in paragraph 3(b)(i), (ii), or (iii) above.

4. a. **The Managing Director will not recommend that the Executive Board approve (i) an arrangement under the Poverty Reduction and Growth Trust (PRGT) or completion of a review under such arrangement, or (ii) a Heavily Indebted Poor Countries (HIPC) decision point or completion point decision, or (iii) a member's request for a PSI or the completion of a review under a PSI, if the member**

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concerned does not explicitly consent to the publication of its Interim Poverty Reduction Strategy Paper (I-PRSP), Poverty Reduction Strategy Paper (PRSP), PRSP preparation status report, PRSP annual progress report (APR), Economic Development Document (“EDD”) or Poverty Reduction and Growth Strategy (PRGS) (Document 10 or Document 15, as the case may be).

b. The Managing Director will generally not recommend that the Executive Board approve a request for (i) access to resources in the General Resources Account or the PRGT, or (ii) access to Fund resources under the HIPC Trust, or (iii) assistance through a PSI or a PCI, unless that member explicitly consents to the publication of the associated staff report. For purposes of this paragraph 4(b), approval of the use of the Fund’s resources includes the completion of a review under an arrangement and assistance through a PSI or a PCI includes the completion of a review under the PSI or the PCI. In the case of the PCI, where a member does not provide consent to publication of an interim performance update, the Managing Director may take this into account when determining whether to recommend that the Executive Board approve a subsequent review of the member’s PCI.

5. Except as provided in paragraphs 11 and 12, a member’s explicit consent shall, for the purposes of this Decision, be communicated in writing, normally to the Secretary of the Fund. Such consent may be communicated by the Executive Director elected, appointed, or designated by the member.

B. Member’s Statement Regarding Fund Staff Reports

6. If a Fund staff report (Documents 1, 6, 14 and 19) on a member is to be published under this Decision, the member concerned shall be given the opportunity to provide a statement regarding the staff report and the Executive Board assessment. Such statement shall be communicated to the Fund and published together with the staff report.

C. Deletions and Rephrasing in Country Documents

7. a. For purposes of publication, deletions may be made to Country Documents, except for country policy intention documents on

poverty reduction strategies (Documents 10 and 15), in accordance with paragraph 8 below. Deletions should be limited to: (i) highly market-sensitive material, mainly on the outlook for exchange rates, interest rates, the financial sector, and assessments of sovereign liquidity and solvency; and (ii) material not in the public domain, on a policy the country authorities intend to implement, where premature disclosure of the operational details of the policy would, in itself, seriously undermine the ability of the member to implement those policy intentions. For purposes of this Decision, highly-market sensitive material shall mean material that (a) is not in the public domain, (b) is market relevant within the near term, and (c) is sufficiently specific to create a clear risk of triggering a disruptive market reaction if disclosed. Politically sensitive material shall not be deleted unless the material satisfies (i) or (ii) above. Information relating to any performance criterion or structural benchmark (Documents 1, 6 and 11-12), or to any quantitative or structural benchmark (Documents 13-14), or to any assessment criterion or structural benchmark (Documents 1, and 17-19), may not be deleted, unless the information is of such character that would have enabled it to be communicated to the Fund in a side letter pursuant to Decision No. 12067-(99/108), September 22, 1999.

b. If the Managing Director determines that the proposed deletions satisfy criteria (i) or (ii) in paragraph 7(a), the Managing Director may decide that the deletions shall be accompanied by minor rephrasing of text, whenever such rephrasing would help retain maximum candor or minimize the risks of misinterpretation.

8. a. Requests for deletions to a Country Document, except for country policy intentions documents on poverty reduction strategies (Documents 10 and 15) may be made by the member concerned. Except as otherwise provided in this paragraph 8, other members may also request deletions to Documents 1-3, 6, 14, and 19 if (i) the text to be deleted relates to that other member, (ii) the member to whom the document relates consents to the deletion, and (iii) the criteria set out in paragraph 7 are met. Criterion (ii) in this paragraph 8(a) shall not apply to staff reports for Article IV consultation and regional surveillance discussions (Documents 1 and 2).

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b. Deletions shall be requested in writing. Such requests are expected to be communicated to the Fund no later than two business days before: (i) the Executive Board meeting at which the document is discussed or (ii) the date of adoption of a decision on a lapse-of-time basis to which the document relates. In any event, requests for deletions shall normally be made no later than (a) seven calendar days after the Executive Board has considered the document, or (b) twenty-one calendar days after the document was issued to the Executive Board, whichever is later.

c. Once approved by the Managing Director, deletions and related rephrasing shall be circulated to the Executive Board in redlined form. The modified document circulated to the Executive Board shall include the justification for each modification made.

d. Procedures for resolving disputes arising from requests for deletions are set forth below.

(i) In the case of a serious disagreement between the Managing Director and a member regarding that member's request for deletions, the Managing Director, or the Executive Director elected, appointed, or designated by that member, may refer the matter to the Executive Board.

(ii) In the case of staff reports for Article IV consultation and regional surveillance discussion (Documents 1 and 2), if the Managing Director approves deletions requested by other members, and the member to whom the document relates disagrees with the assessment of the Managing Director, the Managing Director, or the Executive Director elected, appointed, or designated by that member, may refer the matter to the Executive Board.

(iii) If the Managing Director is of the view that the requested deletions would result in a document that, if published, would undermine the overall assessment and credibility of the Fund, the Managing Director shall recommend to the Executive Board that the document not be published.

D. Corrections to Country Documents

9. Corrections to Country Documents covered under this Decision shall be limited to the correction of (i) data and typographical errors,

(ii) factual mistakes, (iii) mischaracterization of views expressed by the authorities concerned, and (iv) evident ambiguity. Corrections shall normally take the form of substitution of text in existing sentences rather than the addition or deletion of entire sentences.

10. Corrections to a Country Document are expected to be requested no later than two business days before the conclusion of the Executive Board's consideration of the document or the adoption of a decision on a lapse-of-time basis to which the document relates. In any event, corrections made after Executive Board consideration shall be limited to (i) cases where the correction is brought to the attention of the Executive Board before the conclusion of the Executive Board's consideration of the document, or (ii) cases where the failure to make the correction would undermine the overall value of publication. Corrections shall be circulated to the Executive Board in redlined form. Those corrections with significant implications for the substance of the document shall be discussed and justified in a supplementary staff report or in a corrections memorandum issued to the Executive Board.

E. Press Releases in Respect of Use of Fund Resources, the Policy Coordination Instrument, or the Policy Support Instrument

11. After the Executive Board (i) adopts a decision regarding a member's use of Fund resources (including a decision completing a review under a Fund arrangement), or (ii) adopts a decision approving a PSI or a PCI, or conducts a review under a PSI or a PCI, or (iii) completes a discussion on a member's participation in the HIPC Initiative, or (iv) completes a discussion on a member's I-PRSP, PRSP, PRSP preparation status report, APR, EDD, or PRGS in the context of the use of Fund resources or a PSI, a Press Release, which will contain a Chairman's statement on the discussion, emphasizing the key points made by Executive Directors, will be issued to the public. Where relevant, the Chairman's statement will contain a summary of HIPC Initiative decisions pertaining to the member and the Executive Board's views on the member's I-PRSP, PRSP, PRSP preparation status report, APR, EDD or PRGS in the context of use of Fund resources or a PSI. Waivers for nonobservance, or of applicability, of performance criteria, and any other

matter as may be decided by the Executive Board from time to time (Document 21), and waivers for nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time (Document 22), will be mentioned in the factual statement section of the Press Release or in a factual statement issued in lieu of a Chairman's statement as provided for in paragraph 13(b). Before a Press Release is issued, it will, if any Executive Director so requests, be read by the Chairman to the Executive Board and Executive Directors will have an opportunity to comment at that time. The Executive Director elected, appointed, or designated by the member concerned will have the opportunity to review the Chairman's statement, to propose minor revisions, if any, and to consent to its publication immediately after the Executive Board meeting. Notwithstanding the above, no Press Release published under this paragraph shall contain any reference to a discussion or decision pertaining to a member's overdue financial obligations to the Fund, where a Press Release following an Executive Board decision to limit the member's use of Fund resources because of the overdue financial obligations has not yet been issued. In the case of an Executive Board meeting pertaining solely to a discussion or decision with respect to a member's overdue financial obligations, no Chairman's statement will be published.

F. Press Releases for Article IV Consultations, Regional Surveillance Discussions or Stand-alone Executive Board Consideration of Financial System Stability Assessment Reports

12. Following the completion of an Article IV consultation for a member or a regional surveillance discussion, or a stand-alone Board consideration of an FSSA report, the Fund may issue a Press Release reporting on the results of the consultation or regional surveillance discussion (Document 1), or stand-alone Board consideration of an FSSA report (Document 3). If a member has consented to the publication of Documents 1 and/or 3, such publication will be made along with the publication of a Press Release. A Press Release will be in accordance with the following terms:

a. The Press Release will be brief (normally 3-4 pages) and will consist of two sections:

(i) a background section, a draft of which should be attached to the staff report whenever possible, with (a) in the case of an Article IV consultation or a regional surveillance discussion, factual information on the economy of a member and a table of economic indicators, and (b) in the case of a stand-alone Board consideration of an FSSA report, factual information on the member's financial system; and

(ii) the Fund's assessment of (a) the member's prospects and policies in the case of an Article IV consultation or a regional surveillance discussion, and (b) the stability of the financial system in the case of a stand-alone Board consideration of an FSSA report. This section will correspond closely to the Chairman's summing up of the Executive Board discussion.

b. The Executive Director concerned will have the opportunity to review the draft Press Release prior to its issuance to propose changes, if any, consistent with paragraphs 7 through 10 above.

c. In case of a serious disagreement between the Managing Director and the Executive Director concerned on the draft, either may request the Executive Board to consider the matter.

d. In an Article IV consultation, a regional surveillance discussion or a stand-alone Board consideration of an FSSA report, in a case where a staff report is not expected to be published within seven calendar days of the Board consideration, a Press Release will be issued shortly after the Board consideration, if the member has consented to publication of the staff report. In a case of a combined Board consideration of an Article IV consultation with use of Fund resources, a PCI, or a PSI, as the case may be, a single Press Release covering these matters will normally be issued immediately after the Board consideration. In any event, a Press Release under this paragraph will not be issued before the circulation of the summing up as a Fund document.

e. Issuance of Press Releases shall not affect the summing up process for Article IV consultations, regional surveillance discussions, or FSSA Board discussions. In particular, the Chairman's summing up will continue to be provided to the Executive Director concerned for review following the Executive Board meeting, and the possibility of issuing Press Releases shall not affect in any way

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the staff's reporting to the Executive Board on discussions with members.

G. Non-publication of Press Releases in Selected Cases— Issuance by the Fund of Factual Statements in Lieu

13. A brief factual statement will be issued in the circumstances and within the time frames set forth in this paragraph 13.

a. With respect to the Executive Board's consideration of an Article IV consultation, a regional surveillance discussion, an FSSA report, a post-program monitoring, an ex post assessment or an ex post evaluation:

(i) If, after twenty-eight calendar days from the relevant Board consideration, a member does not consent to the publication of a Press Release pertaining to the Board consideration, a brief factual statement will be issued stating the fact of the Board's consideration of the matter.

(ii) If, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board's consideration of the matter and clarifying the authorities' publication intention with respect to the staff report.

b. With respect to the Executive Board's consideration of use of Fund resources, a PCI, or a PSI, a brief factual statement shall be issued in accordance with the following provisions:

(i) If a member does not consent to the publication of a Press Release containing a Chairman's statement (Documents 7 and 20) under paragraph 11 where one would be applicable, or if no Chairman's statement has been issued because a decision was taken on a lapse-of-time basis, a brief factual statement will be issued immediately after the Board consideration. The factual statement will describe the Executive Board's decision relating to (a) that member's use of Fund resources (including HIPC initiative decisions (Document 8), waivers (Document 21), and consideration of PRSP documents, EDDs and PRGSs (Document 10), when relevant), or (b) the approval of a PSI or a PCI for that member, or the conduct of a review under that member's PSI or PCI (including waivers

(Document 22) and consideration of PRSP documents, EDDs and PRGSs (Document 15), when relevant).

(ii) With respect to the consent provisions set forth in paragraph 4(b), if, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board's consideration of the matter and clarifying the authorities' publication intention with respect to the staff report.

III. Fund Policy Documents

A. Authorization

14. After the Executive Board meets on Fund policy issues in a formal Board meeting or informal session, or adopts a decision on a lapse-of-time basis, it shall be presumed that the staff report under consideration (Document 23) and/or a Press Release (Document 24) pertaining to the consideration will be published. This presumption will, *inter alia*, apply to matters upon which deliberation is ongoing, but it is recognized that the risk of undermining the Fund's decision making process may constitute a reason not to publish immediately in such cases. The presumption will not apply to policy issues dealing with the administrative matters of the Fund, except with respect to matters pertaining to the Fund's income, financing or budget matters that do not involve market sensitive information. Publication of a policy paper or Press Release will require a decision of the Executive Board. Staff is expected to set out a recommendation on publication of a Board policy paper and/or its related Press Release in the cover memorandum of the relevant document and, where publication is not recommended, to explain why. Except as specified in paragraph 15 below, whenever publication is approved, the paper and/or Press Release will normally be published promptly after an Executive Board meeting or an informal session, or date of adoption of a lapse-of-time decision to which the documents relate. Whenever publication is proposed of a paper or Press Release prepared for an informal Executive Board session, publication will be deemed to have been approved by the Board unless an Executive Director objects by the date set forth in the Secretary's cover memorandum.

B. Press Releases on Fund Policy Issues

15. A Press Release pertaining to Board consideration of Fund policy issues will be based on the decision adopted by the Executive Board and/or the Chairman's summing-up, or the Chairman's Concluding Remarks, as the case may be. It will also include a short section setting out background information. In a case where a policy staff report is not expected to be published within seven calendar days of the Board consideration, a Press Release will be issued shortly after the Board consideration.

C. Corrections, Deletions and Related Rephrasing with Respect to Fund Policy Staff Reports

16. Prior to the publication of a Fund policy staff report, the Managing Director may make necessary factual corrections, deletions, and related rephrasing with respect to the report (including of highly market-sensitive material and country-specific references). However, staff's proposals in a report shall not be modified prior to its publication. In cases where confusion might arise from differences between staff's proposals in the report and the Executive Board's conclusions regarding those proposals as reflected in the Press Release pertaining to the Executive Board consideration, it would be clearly indicated in the published version of the report which staff proposals the Executive Board did not endorse.

IV. Multi-Country Documents

17. Multi-Country Documents comprise (i) Multilateral Policy Issues Documents, (ii) Country Background Pages and (iii) Cluster Documents. Multilateral Policy Issues Documents address multilateral global economic issues. Country Background Pages are characterized by specific information pertaining to individual countries and to individual country data but the analysis of respective individual countries and individual country data is not integrated. Cluster Documents are documents that include analysis of issues affecting a group of countries where each individual country analysis is integrated into the broader analysis.

18. Multi-Country Documents pertain to both individual documents and material sections within individual documents. Material sections shall mean whole chapters or appendices. A single Multi-Country Document may comprise (i) a Multilateral Policy Issues Document, (ii) a Country Background Pages, (iii) a Cluster Document, or (iv) some combination of the above.

19. For Multi-Country Documents, the Secretary's cover memorandum will indicate the publication rules governing the document.

A. Multilateral Policy Issues Documents

20. The provisions applicable to the publication of Fund policy staff reports and Press Releases pertaining thereto set forth in paragraphs 14-15 shall apply to Multilateral Policy Issues Documents and Press Releases for Multilateral Policy Issues Documents. Paragraph 16 regarding modification rules for Fund policy staff reports shall apply to all Multilateral Policy Issues Documents, except for the *World Economic Outlook* (WEO), the *Global Financial Stability Report* (GFSR) and the *Fiscal Monitor* (FM). In accordance with established practice, staff may modify the WEO, GFSR and FM prior to publication in order to, inter alia, take into account views expressed at the relevant Executive Board meeting.

B. Country Background Pages

21. For the purpose of publishing Country Background Pages, the following provisions shall apply:

a. The consent of the member to which a document or a material section of a document pertains (the "member concerned") is required to publish such a document or section.

b. Fund publication of a Country Background Pages or material sections within such a document will occur, unless, prior to the conclusion of the Executive Board meeting at which that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document pertains, a member concerned notifies the Fund that it: (i) objects to publication; or (ii) requires

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additional time to decide whether or not to publish; or (iii) consents to publication but subject to reaching agreement with the Fund on deletions. If no member concerned provides a notification referred to in (i), (ii) or (iii) above, the document or section shall be published by the Fund promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis.

c. In a case where one or more members concerned object to publication of information pertaining to it, the Managing Director may (i) decide to publish the Country Background Pages without the information pertaining to the objecting member, or (ii) recommend to the Executive Board not to publish the Country Background Pages and/or, as the case may be, the associated Multilateral Policy Issues Document or Cluster Document, if the non- publication would substantially undermine the overall analysis and substance of the document.

22. For the purpose of deletions and corrections, the member concerned has the right to request deletions or corrections to information pertaining to it in accordance with the criteria and procedures applicable to Country Documents as set forth in paragraphs 7-10 of this Decision.

C. Cluster Documents

23. The consent of each member to which a Cluster Document pertains (the “members Concerned”) is required for publication of the report and a Press Release pertaining to the report. In a case where one or more members concerned object to publication, the document shall not be published. If the members concerned have consented to the publication of the report, such publication will be made along with the publication of a Press Release.

24. Fund publication of a Cluster Document would occur promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis, unless, prior to the conclusion of the Executive Board meeting at which that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document pertains, one or more

members concerned notifies the Fund that it: (i) objects to the publication of the document; or (ii) requires additional time to decide whether or not to publish; or (iii) consents to publication but subject to reaching agreement with the Fund on deletions to the document.

25. For the purpose of deletions and corrections, each member concerned has the right to request deletions or corrections in accordance with the criteria and procedures applicable to Country Documents as set forth in paragraphs 7-10 of this Decision, subject to the following considerations. In the case of serious disagreement amongst the members concerned regarding requests for deletions, the Managing Director shall propose a solution to the members concerned. If a commonly acceptable solution cannot be found, then the Managing Director, or Executive Directors elected, appointed, or designated by the members concerned, may refer the matter to the Executive Board.

26. a. In a case where a Cluster Document is not expected to be published within seven calendar days of the Executive Board consideration, a Press Release will be issued shortly after the Board consideration, if the members concerned consent to issuance of the Press Release. In any event, a Press Release pertaining to a Clustered Document will not be issued before the circulation of the summing up as a Fund document.

b. If, after twenty-eight calendar days from the relevant Board consideration, one or more members concerned do not consent to the publication of a Press Release pertaining to the Board consideration, a brief factual statement will be issued stating the fact of the Board's consideration of the matter.

c. If, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board's consideration of the matter and clarifying the publication intention of the members concerned with respect to the staff report.

V. Other Matters

A. Other Changes to Documents

27. Before a document is published, the following shall be removed: (i) references to unpublished Fund documents, (ii) references to certain internal processes that are not disclosed to the public under existing policies, including inquiries regarding possible misreporting and breaches of members' obligations, and (iii) any discussion of a breach of obligation under Article VIII, Section 5 or misreporting under applicable Fund policies that the Managing Director has proposed be treated as de minimis in nature as defined in paragraph 1 of Decision No. 13849-(06/108), December 20, 2006.

B. Timing and Means of Fund Publication

28. Documents may be published under this decision only after their consideration by the Executive Board, except for documents that are circulated for information only including: (i) I-PRSPs, PRSPs, EDDs and PRGSs; and (ii) Reports on Observance of Standards and Codes (ROSCs) and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports. Documents covered by this paragraph may be published immediately after circulation to the Executive Board.

29. Publication by the Fund under this decision shall normally mean publication on its website but may include publication through other media.

C. Article XII, Section 8

30. Nothing in this decision shall be construed to be inconsistent with the power of the Fund to decide under Article XII, Section 8, by a seventy percent majority of the total voting power, to publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members.

D. Non-Members

31. In the case of a document pertaining to a country which is not a member of the Fund: (i) all references to “member” in this decision shall be taken to mean “country”; and (ii) all references to “Executive Director elected, appointed, or designated by that member” shall be taken to refer to the appropriate authorities of the country concerned.

E. Review

32. This decision is expected to be reviewed in light of experience no later than 2018.

Indicative List of Documents Covered by the Decision

(1) This list is indicative and is not intended to be exhaustive. Country Documents, Fund Policy Documents and Multi-Country Documents that may be created in between reviews of the Transparency Policy will be subject to this Decision, unless the Executive Board decides otherwise on a case-by-case basis.

(2) The publication rules applicable to Multi-Country Documents will be explained in the Secretary’s cover memorandum for the documents.

(3) Country Documents and Fund Policy Documents pertain to individual documents. Multi- Country Documents pertain to both individual documents and material sections within individual Multi-Country Documents. Material sections shall mean whole chapters or appendices.

(4) To the extent that the coverage of any document is not clear, publication of such documents will be guided by the overarching principles set forth in the preamble to the Transparency Policy Decision.

I. Country Documents

A. Surveillance and Combined Documents

1. Staff Reports for Article IV consultations and Combined Article IV consultation/Use of Fund Resources Staff Reports, Combined Article IV consultations/PSI, Combined Article IV consultations/PCI, and regional surveillance discussions.
2. Selected Issues Papers and Statistical Appendices
3. Reports on Observance of Standards and Codes (ROSCs), Financial System Stability Assessment (FSSA) Reports, and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports
4. Press Releases following Article IV consultations, regional surveillance discussions, and stand-alone Board consideration of FSSA reports

B. Use of Fund Resources Documents

5. Joint Fund/World Bank Staff Advisory Notes (JSANs) on Interim Poverty Reduction Strategy Papers (I-PRSPs), Poverty Reduction Strategy Papers (PRSPs), PRSP Preparation Status Reports, and RSP Annual Progress Reports (APRs)
6. Staff Reports for Use of Fund Resources, Post-Program Monitoring, Ex Post Assessment, and Ex Post Evaluation of exceptional access arrangements (excluding staff reports dealing solely with a member's overdue financial obligations to the Fund)
7. Press Releases containing a Chairman's Statement for Use of Fund Resources
8. Preliminary, decision point, and completion point documents under the Heavily Indebted Poor Countries Initiative

9. Press Releases following Executive Board discussions on post-program monitoring, ex post assessments or ex post evaluations

10. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, EDDs and PRGSs

11. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs)

12. Technical Memoranda of Understanding (TMUs) with policy content

C. Staff Monitored Program (SMP) Documents

13. LOIs/MEFPs for SMPs

14. Stand-alone Staff Reports on SMPs

D. Policy Support Instrument (PSI) and Policy Coordination Instrument (PCI) Documents

15. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, EDDs and PRGSs in the context of PSIs

16. Joint Fund/World Bank Staff Advisory Notes (JSANs) on I-PRSPs and PRSPs in the context of PSIs

17. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs) for PSIs and Program Statements for PCIs

18. Technical Memoranda of Understanding (TMUs) with policy content for PSIs and PCIs

19. Staff Reports for PSIs and PCIs

20. Press Releases containing a Chairman's Statement for PSIs and PCIs

21. Statements on Fund decisions on waivers of applicability, or for nonobservance, of performance criteria, and any other matter as may be decided by the Executive Board from time-to time

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22. Statements on Fund decisions on waivers of nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time

II. Fund Policy Documents

23. Fund Policy Issues Papers

24. Press Releases following Executive Board consideration of policy issues

III. Multi-Country Documents

25. Multilateral Policy Issues Documents such as, the *World Economic Outlook*, the *Global Financial Stability Report*, the *Fiscal Monitor*, and Spillover Reports

26. Press Releases following Executive Board consideration of Multilateral Policy Issues

27. Country Background Pages

28. Press Releases following Executive Board consideration of Country Background Pages

29. Cluster Documents

30. Press Releases following Executive Board consideration of Cluster Documents (SM/13/115, Sup. 2, 6/17/13; SM/13/115, Sup. 2, Cor. 1, 6/21/13)

*Decision No. 15420-(13/61), June 24, 2013,
as amended by Decision Nos. 15805-(15/62),
June 22, 2015,
16231-(17/62), July 14, 2017, and
16519-(19/42),
May 24, 2019*

WEB POSTING OF POVERTY REDUCTION STRATEGY PAPERS

Web posting of Poverty Reduction Strategy Papers (PRSPs), Interim PRSPs, Annual Progress Reports of PRSPs, PRSP Preparation Status reports, Economic Development Documents and Poverty Reduction and Growth Strategies in accordance with the procedures outlined in SM/06/359 (10/25/06) shall be taken to constitute issuance of such documents to the Executive Board for the purposes of (1) Section II, paragraph 1(b)(3) and paragraph 1 (c)(4) of the Instrument to Establish the Poverty Reduction and Growth Trust, Annex to Decision No. 8759-(87/176), adopted December 18, 1987, as amended; (2) Section III, paragraph 2(c) of the Instrument to Establish a Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations, Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended; and (3) paragraph 8 of the Policy Support Instrument-Framework, Decision No. 13561-(05/85), adopted October 5, 2005, as amended. (SM/19/100, Sup. 2, 05/21/19)

*Decision No. 13816-(06/98),
November 15, 2006,
as amended by Decision No. 16520-(19/42),
May 24, 2019*



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