INTERNATIONAL MONETARY FUND

Minutes of the Executive Board Meeting 20/65

June 1, 2020

1. **Honduras - Second Reviews Under the Stand-By Arrangement and Arrangement Under the Standby Credit Facility, Requests for Augmentation and Rephasing of Access, and Modification of Performance Criteria**
2. **Solomon Islands - Request for Purchase Under the Rapid Financing Instrument and Disbursement Under the Rapid Credit Facility**
3. **The Bahamas - Request for Purchase Under the Rapid Financing Instrument**

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4. Comprehensive Compensation and Benefits Review—Elaboration on Transition Measures and Further Policy Simplification
5. Principality of Andorra - Establishment of a Membership Committee to Consider Application for Admission to Fund Membership
6. Approval of Minutes

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DECISIONS ADOPTED AT EBM/20/65 (6/1/2020)

Any decisions adopted in formal meetings of the Executive Board are recorded below.

1. Honduras - Second Review Under the Stand-By Arrangement, Requests for Augmentation and Rephasing of Access, and Modification of Performance Criteria

1. Honduras has consulted with the Fund in accordance with paragraph 3(c) of the Stand-By Arrangement for Honduras (EBS/19/62, the “Stand-By Arrangement”) in order to review program implementation.

2. The letter dated May 21, 2020 from the President of the Central Bank of Honduras and the Secretary of the Treasury (the “May 2020 letter”), together with its attached Memorandum of Economic and Financial Policies (the “May 2020 MEFP”) and Technical Memorandum of Understanding (the “May 2020 TMU”), shall be attached to the Stand-By Arrangement and the letter dated June 20, 2019, together with attachments, shall be read as supplemented and modified by the May 2020 letter and its attachments.

3. Accordingly, the Stand-By Arrangement shall be amended as follows:

(a) In paragraph 1 of the Stand-By Arrangement, “SDR 149.880 million” shall be replaced with “SDR 258.127 million”.

(b) Paragraph 2(a) of the Stand-By Arrangement shall be amended to read as follows:

"Purchases under this Stand-By Arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 62.450 million until December 1, 2019, the equivalent of SDR 79.936 million until April 1, 2020, the equivalent of SDR 180.689 million until November 1, 2020, the equivalent of SDR 223.155 million until March 1, 2021, and the equivalent of SDR 240.641 million until June 20, 2021."

(c) In paragraph 3(a)(iii) of the Stand-By Arrangement, the word "floor" shall be replaced by the word "ceiling".

(d) The floor for the June 30, 2020 and December 31, 2020 performance criterion on the net borrowing of the nonfinancial public sector of Honduras; the floor for the December 31, 2020 performance criterion on the net borrowing by ENEE; the ceiling for the June 30, 2020 and December 31, 2020 performance criterion on the lending minus repayments from public pension funds; the ceiling for the June 30, 2020 performance criterion on the accumulation of domestic arrears by ENEE; the floor for the June 30, 2020 and December 31, 2020 performance criterion on the stock of non-borrowed net international reserves of the Central Bank of Honduras; the ceiling on the June 30, 2020 and December 31, 2020 performance criterion on the stock of net domestic assets of the Central Bank of Honduras, referred to in paragraphs 3(a)(i)-(vi) of the Stand-By Arrangement respectively, shall be as specified in Table AI.2 to the May 2020 MEFP and as further specified in the May 2020 TMU.

(e) The continuous performance criterion set forth in paragraph 3(b)(i) of the Stand-By Arrangement shall be as specified in Table AI.2 to the May 2020 MEFP and as further specified in the May 2020 TMU.

(f) Paragraph 3(c) of the Stand-By Arrangement shall be amended to read as follows:

"(c) On or after November 30, 2019, March 31, 2020, October 31, 2020, February 28, 2021 and June 19, 2021, respectively, until the reviews contemplated in paragraph 40 of the May 2020 MEFP are completed."

4. The Fund decides that the second review contemplated in paragraph 3(c) of the Stand-By Arrangement is completed and that Honduras may make purchases in accordance with the terms of the Stand-By Arrangement.

5. This Decision shall become effective only upon the adoption of Decision No. 16819 by the Executive Board. (EBS/20/102, 05/26/20)

Decision No. 16818-(20/65), adopted
June 1, 2020

1. Honduras - Second Review Under the Arrangement Under the Standby Credit Facility, Requests for Augmentation and Rephasing of Access, and Modification of Performance Criteria

1. Honduras has consulted with the Fund in accordance with paragraph 3(c) of the arrangement for Honduras under the Standby Credit Facility (EBS/19/62, the "SCF Arrangement") in order to review program implementation.

2. The letter dated May 21, 2020 from the President of the Central Bank of Honduras and the Secretary of the Treasury (the "May 2020 letter"), together with its attached Memorandum of Economic and Financial Policies (the "May 2020 MEFP") and Technical Memorandum of Understanding (the "May 2020 TMU"), shall be attached to the SCF Arrangement and the letter dated June 20, 2019, together with its attachments, shall be read as supplemented and modified by the May 2020 letter and its attachments.

3. Accordingly, the SCF Arrangement shall be amended as follows:

(a) In paragraph 1 of the SCF Arrangement, "SDR 74.790 million" shall be replaced with "SDR 129.063 million".

(b) In paragraph 2(c) of the SCF Arrangement, "SDR 12.490 million" shall be replaced with "SDR 69.111 million".

(c) In paragraph 2(d) of the SCF Arrangement, "SDR 12.490 million" shall be replaced with "SDR 19.984 million" and "October 1, 2020" shall be replaced with "November 1, 2020".

(d) In paragraph 2(e) of the SCF Arrangement, "SDR 12.490 million" shall be replaced with "SDR 7.494 million".

(e) In paragraph 3(a)(iii) of the SCF Arrangement, the word "floor" shall be replaced with "ceiling".

(f) The reference in paragraph 3(a) of the SCF Arrangement to "Table AI.2 to the November 2019 MEFP and as further specified in the November 2020 TMU" shall be replaced with a reference to "Table AI.2 to the May 2020 MEFP and as further specified in the May 2020 TMU".

(g) In paragraphs 3(b) and 5 of the SCF Arrangement, "September 30, 2020" shall be replaced by "October 31, 2020".

(h) The reference in paragraph 4(a) of the SCF Arrangement to "Table AI.2 to the November 2019 MEFP and as further specified in the November 2019 TMU" shall be replaced with a reference to "Table AI.2 to the May 2020 MEFP and as further specified in the May 2020 TMU".

4. The Fund decides that the second review contemplated in paragraph 3(c) of the SCF Arrangement is completed and that Honduras may request the third disbursement specified in paragraph 2(c) of the SCF Arrangement. (EBS/20/102, 05/26/20)

Decision No. 16819-(20/65), adopted
June 1, 2020

1. Honduras - Multiple Currency Practices Subject to Approval Under Article VIII, Section 3

1. Honduras maintains two multiple currency practices subject to Fund approval under Article VIII, Section 3. These arise (i) from the lack of a mechanism to prevent spreads in excess of 2 percent between the official exchange rate (TCR) of the day and the exchange rates at which foreign exchange is sold at the foreign exchange auction on that day; and (ii) from the use of previous days' official exchange rates (TCR) in certain FX transactions, which rates may differ by more than two percent from the TCR in force and the interbank market rate on a given day.

2. In the circumstances of Honduras, the Fund grants approval for the retention of the multiple currency practices until May 31, 2021 or the conclusion of the next Article IV consultation with Honduras, whichever is earlier. (EBS/20/102, 05/26/20)

Decision No. 16820-(20/65), adopted
June 1, 2020

2. Solomon Islands - Request for Purchase Under the Rapid Financing Instrument

1. Solomon Islands has requested a purchase in an amount equivalent to SDR 13.87 million (66.7 percent of quota) under the Rapid Financing Instrument.

2. The Fund notes the intentions of Solomon Islands as set forth in the letter from the Minister of Finance and Treasury and the Governor of the Central Bank of Solomon Islands, dated May 18, 2020, and approves the purchase in accordance with the request.

3. This Decision shall become effective only upon the adoption of Decision No. 16822 by the Executive Board. (EBS/20/104, 05/26/20)

Decision No. 16821-(20/65), adopted
June 1, 2020

2. Solomon Islands - Request for Disbursement Under the Rapid Credit Facility

1. Solomon Islands has requested a loan disbursement in an amount equivalent to SDR 6.93 million (33.3 percent quota) under the Rapid Credit Facility of the Poverty Reduction and Growth Trust.

2. The Fund notes the intentions of Solomon Islands as set forth in the letter from the Minister of Finance and Treasury and the Governor of the Central Bank, dated May 18, 2020, and approves the disbursement in accordance with the request. (EBS/20/104, 05/26/20)

Decision No. 16822-(20/65), adopted
June 1, 2020

3. The Bahamas - Request for Purchase Under the Rapid Financing Instrument

1. The Bahamas has requested a purchase in an amount equivalent to SDR 182.4 million (100 percent of quota) under the Rapid Financing Instrument.

2. The Fund notes the intentions of The Bahamas as set forth in the letter from the Deputy Prime Minister and Minister of Finance of The Bahamas, and the Governor of the Central Bank of The Bahamas, dated May 22, 2020, and approves the purchase in accordance with the request. (EBS/20/103, 05/26/20)

Decision No. 16823-(20/65), adopted
June 1, 2020

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DECISIONS ADOPTED SINCE PREVIOUS BOARD MEETING

Any decisions adopted by the Executive Board without meeting in the period between EBM/20/64 (5/29/2020) and EBM/20/65 (6/1/2020) are recorded below.

4. Comprehensive Compensation and Benefits Review—Elaboration on Transition Measures and Further Policy Simplification

1. With respect to the phase-out of Home Leave:

The Executive Board approves the proposals regarding the payment of final Home Leave entitlements as set out in paragraphs 5–7 of EBAP/20/42.

2. With respect to the Expatriate Allowance:

The Executive Board approves the proposals regarding the payment of the Expatriate Allowance as set out in paragraphs 8–10 of EBAP/20/42.

3. With respect to the Childcare Allowance:

The Executive Board approves the proposals regarding the payment of the Child Care Allowance as set out in paragraphs 11–13 of EBAP/20/42.

4. With respect to the Education Allowance:

The Executive Board approves the proposals regarding the Education Allowance ceilings as set out in paragraphs 14–16 of EBAP/20/42.

5. With respect to appointment and separation benefits:

The Executive Board approves the proposals regarding the appointment and separation benefits as set out in paragraphs 17–21 of EBAP/20/42.

6. With respect to the modernizing the Spouse and Child Allowance:

The Executive Board approves the proposals regarding the Spouse and Child Allowance as set out in paragraphs 22–23 of EBAP/20/42. (EBAP/20/42, 05/21/20)

Decision No. A/14271-(20/65), adopted
May 29, 2020

5. Principality of Andorra - Establishment of a Membership Committee to Consider Application for Admission to Fund Membership

The Executive Board, under Rule D-1, decides to establish an ad hoc committee to proceed with a formal investigation of the Principality of Andorra's application for admission to Fund membership, including the proposed quota and other terms and conditions of its membership, and to report to the Executive Board in due course. The committee shall consist of Ms. Mahasandana (Chair), Mr. Bevilaqua, Mr. De Lannoy, Mr. Mouminah, Mr. Poso, Mr. Raghani, and Mr. Rosen. (EBD/20/14, 05/27/20)

Decision No. A/14272-(20/65), adopted
May 29, 2020

6. Approval of Minutes

The minutes of Executive Board Meetings 19/64-2, 19/71-1, 19/82-1, 19/97-1, 19/99-3, 19/102-2, 20/8-1, 20/38-1 are approved.

Decision No. A/14273-(20/65), adopted
June 1, 2020