

**EXECUTIVE
BOARD
MEETING**

EBS/20/77
Supplement 2

April 29, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **The Federal Democratic Republic of Ethiopia—Requests for Purchase Under the Rapid Financing Instrument, Debt Relief Under the Catastrophe Containment and Relief Trust, Rephasing of Access Under the Three-Year Arrangements Under Extended Credit Facility and the Extended Fund Facility, and Reduction of Access Under the Extended Fund Facility Arrangement—Revised Proposed Decisions**

Board Action: Executive Directors' **consideration** (Formal)

Tentative Board Date: **Thursday, April 30, 2020**

Additional Information: Decision 1 is being revised to correct paragraph 2(b) November 15, 2021 and May 15, 2021 SDR amounts, and for paragraph "(d)3." read "3.". Decisions 2-4 are unchanged.

Questions: Ms. Jain-Chandra, AFR (ext. 35881)
Mr. Gupta, IEO (ext. 38872)
Mr. Raman, AFR (ext. 34689)
Mr. Saborowski, AFR (ext. 36436)

Revised Proposed Decisions

The following decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board. Decision 2 is proposed for adoption only if Decision 1 is adopted by the Executive Board. Decision 3 is proposed for adoption only if Decision 1 and Decision 2 are adopted by the Executive Board.

Decision 1. Reduction and Rephrasing of Access under the Extended Arrangement

1. The letter dated April 24, 2020 from the Minister of Finance of The Federal Democratic Republic of Ethiopia and the Governor of the National Bank of Ethiopia (the “April 2020 Letter”) shall be attached to the Extended Arrangement, and the letter dated December 2, 2019 from the Minister of Finance of The Federal Democratic Republic of Ethiopia and the Governor of the National Bank of Ethiopia, together with its attachments, as supplemented and modified, shall be read as further supplemented and modified by the April 2020 Letter.
2. Accordingly, the Extended Arrangement for The Federal Democratic Republic of Ethiopia shall be amended as follows:
 - (a) Paragraph 1 of the Extended Arrangement shall be amended by replacing the reference to “SDR 902.1 million” with “SDR 751.75 million”.
 - (b) Paragraph 2 of the Extended Arrangement shall be amended to read as follows: “Purchases under this extended arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 90.21 million until April 15, 2020, the equivalent of SDR 105.245 million until November 15, 2020, the equivalent of SDR 120.28 million until May 15, 2021, the equivalent of SDR 278.148 million until November 15, 2021, the equivalent of SDR 436.016 million until May 15, 2022, and the equivalent of SDR 593.884 million until November 15, 2022.
 - (c) Paragraph 3(b) of the Extended Arrangement shall be amended to read as follows:
“(b) after April 14, 2020, November 14, 2020, May 14, 2021, November 14, 2021, May 14, 2022 and November 14, 2022 until the respective program reviews contemplated in the April 2020 Letter are completed, or”
3. This Decision shall become effective only upon the adoption of Decision 2 below by the Executive Board.

Decision 2. Rephrasing of Access under the Extended Credit Facility Arrangement

1. The letter dated April 24, 2020 from the Minister of Finance of The Federal Democratic Republic of Ethiopia and the Governor of the National Bank of Ethiopia (the "April 2020 Letter") shall be attached to the Extended Credit Facility Arrangement ("ECF Arrangement"), and the letter dated December 2, 2019 from the Minister of Finance of The Federal Democratic Republic of Ethiopia and the Governor of the National Bank of Ethiopia, together with its attachments, as supplemented and modified, shall be read as further supplemented and modified by the April 2020 Letter.
2. Accordingly, the ECF Arrangement for The Federal Democratic Republic of Ethiopia shall be amended as follows:
 - (a) paragraph 2(c) of the ECF Arrangement shall be amended by replacing the reference to "October 15, 2020" with "November 15, 2020".
 - (b) Paragraph 4.A.(b) of the ECF Arrangement shall be amended to read as follows: "until the Trustee has determined that, with respect to the second disbursement the first program review referred to in the Letter and paragraph 49 of the MEFP, and with respect to the third disbursement the second program review, referred to in the April 2020 Letter have been completed."

Decision 3. Request for Disbursement under the Rapid Financing Instrument

1. The Federal Democratic Republic of Ethiopia has requested a purchase in an amount equivalent to SDR 300.7 million (100 percent of quota) under the Rapid Financing Instrument.
2. The Fund notes the intentions of The Federal Republic of Ethiopia as set forth in the letter dated April 24, 2020 from the Minister of Finance and the Governor of the National Bank of Ethiopia and approves the purchase in accordance with the request.

Decision 4. Request for Debt Relief under the Catastrophe Containment Window of the Catastrophe Containment and Relief Trust

1. The Federal Democratic Republic of Ethiopia has requested that the Fund, as Trustee (the "Trustee") of the Catastrophe Containment and Relief Trust (the "CCR Trust" or "Trust"), established by Decision No. 14649-(10/64), as amended by Decision No. 16684-(20/32), adopted March 26, 2020, provide The Federal Democratic Republic of Ethiopia with grant assistance for immediate debt relief under the Catastrophe Containment Window ("CC Window") of the CCR Trust.
2. Pursuant to the terms of the CCR Trust, the Trustee determines that The Federal Democratic Republic of Ethiopia is eligible and qualifies for grant assistance for immediate debt relief under the CC Window in accordance with Section III, Paragraphs 1 and 3(a)(i) and 3(a)(ii)(II) of the CCR Trust Instrument.
3. Accordingly, the Trustee
 - (a) decides to make available to The Federal Democratic Republic of Ethiopia the amount specified for it in Table 5 of EBS/20/77 from the CCR Trust in the form of a grant to enable the Trustee, on behalf of The Federal Democratic Republic of Ethiopia, to repay The Federal Democratic Republic of Ethiopia's eligible debt (as defined in Paragraph 3 (c)(iv) of the CCR Trust Instrument) to the Fund (including to the Fund as Trustee), falling due in the period from April 30, 2020 to October 13, 2020 and an additional amount for the repayment of related interest and charges as specified in paragraph 3(c)(iv) of the CCR Trust Instrument, as applicable, which shall be determined at the time when such interest or charges are due.
 - (b) will make available to The Federal Democratic Republic of Ethiopia grants in additional tranches pursuant to Section III, paragraph 3(c)(i) to cover eligible debt falling due in the period after October 13, 2020 up to April 13, 2022, subject to the availability of resources in the Trust and to the provisions of the CCR Trust Instrument.
4. The Trustee shall disburse the amount specified in paragraph 3(a) above into a subaccount for the benefit of The Federal Democratic Republic of Ethiopia to effect the repayment of The Federal Democratic Republic of Ethiopia's eligible debt to the Fund in accordance with Section III, paragraph 4(b)(ii) of the CCR Trust Instrument.