

**LAPSE OF
TIME**

EBS/20/187
Correction 1

CONFIDENTIAL

December 16, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **2020 Borrowing Agreements—Status of Commitments and Fifth Set of Agreements**

Board Action:

The attached correction to EBS/20/187 (12/14/20) has been provided by the staff:

**Factual Errors Not
Affecting the
Presentation of Staff's
Analysis or Views**

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Questions:

Mr. Moore, FIN (ext. 39391)
Ms. Jajko, FIN (ext. 36656)

- **Drafting variations not affecting key substantive provisions** that reflect creditor choices permitted under the framework for the 2020 Borrowing Agreements:⁸
 - ✓ The agreements with Bank Negara Malaysia, the Bank of Algeria, the Bank of Finland, and the South African Reserve Bank provide for a revolving line of credit (i.e., repayments restore *pro tanto* the amount that can be drawn under an agreement).
 - ✓ The agreements with Bank Negara Malaysia, the Bank of Algeria, the Bank of Finland, and the South African Reserve Bank include the option of a maximum maturity of up to 15 years (i.e., five years beyond the standard 10-year maximum maturity). The agreements with the Czech National Bank and the Slovak Republic maintain the standard 10-year maximum maturity.
 - ✓ The agreement with the South African Reserve Bank includes the general clause to cooperate with the Fund in the spirit of IMFC/G-20 commitments as needed and appropriate. The Czech National Bank and the Slovak Republic preferred to provide assurances to the Fund that they stand ready to cooperate with the Fund in the spirit of IMFC/G-20 commitments as needed and appropriate in a separate letter to the Managing Director.⁹
 - ✓ In all the agreements, the maximum amount available under the agreements is expressed in currency rather than SDRs.
 - ✓ Other drafting variations not affecting key substantive provisions include the standard variations for cases where the central bank is the creditor rather than the member, and apply in 5 agreements (Bank Negara Malaysia, the Bank of Algeria, the Bank of Finland, the Czech National Bank, and the South African Reserve Bank).

5. Following Executive Board approval, staff will seek to ensure the effectiveness of the agreements by the target date of January 1, 2021, where possible. Consistent with the approach taken under the 2016 Borrowing Agreements, under the proposed decision, the Managing Director would be authorized to take such actions as are necessary to execute the agreements on behalf of the Fund. Completion of domestic approval processes is required prior to signing of the agreement with the Bank of Algeria. If duly signed by both parties, the agreements will become effective on

⁸ All creditors included in this ~~fifth~~ ~~fourth~~ set of 2020 Borrowing Agreements have 2016 Borrowing Agreements and are maintaining the same choices regarding flexible terms as under their 2016 Borrowing Agreements.

⁹ As under the 2016 Borrowing Agreements, with a view to securing longer maximum maturities of 2020 Borrowing Agreement claims in case of exceptional circumstances, creditors under the 2020 Borrowing Agreements are asked to indicate that they stand ready to cooperate with the Fund in the spirit of IMFC/G-20 commitments as needed and appropriate. This expression of support could be conveyed as part of the borrowing agreement itself or separately. In addition, or as an alternative, a creditor may agree to include in its 2020 Borrowing Agreement a clause allowing the Fund, subject to the creditor's consent, to extend the maximum maturity for up to another 5 years (beyond the standard 10-year maximum maturity) in exceptional circumstances. See paragraph 11, 11th bullet on page 13 of *Maintaining Access to Bilateral Borrowing and Review of the Borrowing Guidelines* (SM/20/72, 03/18/20).