

## **Borrowing Agreement Between the Government of Australia and the International Monetary Fund as Trustee of the Poverty Reduction and Growth Trust**

The Government of Australia (the "Lender") agrees to lend to the International Monetary Fund (the "Fund"), acting in its capacity as Trustee (the "Trustee") of the Poverty Reduction and Growth Trust (the "Trust"), for the purposes of providing loan resources to the Trust. Such loan resources shall be provided in accordance with the terms of the Instrument establishing the Trust adopted by the Executive Board of the Fund by Decision No. 8759-(87/176) ESAF, as amended (the "PRGT Instrument"), and on the further terms and conditions set out below. This agreement is based on Section III, paragraph 2 of the PRGT Instrument, which authorizes the Managing Director to enter into borrowing agreements with creditors to the Loan Accounts of the Trust.

1. The amount of the loan shall be the equivalent of up to SDR 500 million.
2. (a) The Trustee may make drawings under this agreement at any time during the period from the effective date of this agreement through December 31, 2029. Unless otherwise agreed between the Lender and the Trustee, the Trustee shall give the Lender at least five (5) business days' (both Canberra and Sydney) notice of its intention to draw, and shall provide payment instructions at least two (2) business days (Fund) prior to the value date of the transaction by SWIFT.  
  
(b) If any installment of principal or interest is not paid to the Lender within a period of ten (10) days after its due date, the Trustee shall not make further drawings under this agreement pending consultations with the Lender on the matter. However, the Trustee may resume drawings under this agreement once arrears to the Lender have been discharged.
3. The Trustee may make drawings under this agreement to finance (i) loan disbursements by the Trustee under the General Loan Account, and (ii) the early repayment pursuant to Section III, paragraph 4(b) of the PRGT Instrument of the Trustee's outstanding indebtedness under other borrowing agreements pertaining to any of the Loan Accounts of the Trust.
4. (a) The amount of each drawing shall be denominated in SDRs. Unless otherwise agreed between the Trustee and the Lender, the amount shall be paid by the Lender on the value date specified in the Trustee's notice by transfer of SDRs or, if requested by the Trustee and agreed by the Lender, the equivalent amount in United States Dollars, to an account specified by the Trustee.  
  
(b) Upon request, the Trustee shall issue to the Lender a non-negotiable certificate evidencing its claim on the Trust resulting from a drawing outstanding under this agreement.
5. (a) Each drawing shall be repaid in accordance with the repayment schedule for loan disbursements under the facility of the Trust for which it was drawn. At the time of each drawing, the Trustee shall provide information on the specific repayment schedule for the amount drawn. Repayments by the Trust shall be made on the relevant maturity dates.

(b) By agreement between the Lender and the Trustee, any drawing or part thereof may be repaid by the Trustee at any time in advance of maturity. Unless otherwise agreed between the Lender and the Trustee, a request for agreement on early repayment shall be made by the Trustee with at least five (5) business days (both Canberra and Sydney) notice.

(c) If the relevant maturity date is not a business day of the Fund, the repayment date shall be on the first succeeding business day.

6. (a) Each drawing bears interest at the SDR interest rate established by the Fund pursuant to Article XX, Section 3 of its Articles of Agreement.

(b) The amount of interest payable in respect of each drawing shall be calculated on an actual day basis and shall be paid on all outstanding drawings under this agreement promptly after July 31, October 31, January 31, and April 30 of each year.

7. (a) Repayments of principal and payment of interest by the Trustee shall be made in SDRs or in a freely usable currency as may be agreed between the Trustee and the Lender; provided however that repayments by the Trustee of principal pursuant to paragraph 9 shall be made in SDRs or a freely usable currency as determined by the Trustee after consultation with the Lender.

(b) Repayments or payments in SDRs by the Trustee shall be made by crediting Australia's holdings account in the Special Drawing Rights Department. Repayments or payments by the Trustee in currencies shall be made to an account as agreed between the Trustee and the Lender.

8. (a) The Lender 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 of the Fund's Articles of Agreement, 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 acquire all the rights of the Lender under this agreement with respect to repayment of and interest on the transferred claim, except that the transferee shall acquire the right to request early repayment under paragraph 9 of this agreement only if it is a member or the central bank or other fiscal agency of a member and, at the time of transfer, the member's balance of payments and reserve position was considered sufficiently strong in the opinion of the Fund for its currency to be usable in transfers under the Financial Transactions Plan.

9. The Lender shall have the right to seek early repayment of all or part of the principal amount of its outstanding claims on the Trust pursuant to Section III, paragraph 4(b) of the PRGT Instrument if the Lender represents that the balance of payments and reserve position of Australia justify the early repayment, and the Trustee, having given this representation the overwhelming benefit of any doubt, agrees. Early repayment is in all cases subject to the availability of resources under borrowing agreements to the Loan Accounts of the Trust that authorize drawings for such early repayments.

10. At the request of the Lender, calls on its commitment to meet drawings may be suspended temporarily at any time prior to June 30, 2029, subject to the provisions of Section III, paragraph 4(c)

and (d) of the PRGT Instrument.

11. Unless otherwise agreed between the Trustee and the Lender, all transfers, exchanges, and payments of principal and interest in currencies shall be made at the exchange rates for the relevant currencies in terms of the SDR established by the Fund pursuant to Article XIX, Section 7(a) of the Fund's Articles of Agreement and the rules and regulations of the Fund thereunder for the second (Fund) business day before the value date of the transfer, exchange or payment.

12. If the Fund changes the currency composition or currency weights of the SDR basket, all transfers, exchanges, and payments of principal and interest made two or more (Fund) business days after the effective date of the change shall be made on the basis of the new SDR basket.

13. Any question arising hereunder shall be settled by mutual agreement between the Lender and the Trustee.

14. (a) This agreement may be executed in duplicate counterparts, each of which shall be deemed an original and both of which together shall constitute but one and the same instrument.

(b) This agreement shall become effective on the last date written below.

*[Remainder of Page Intentionally Left Blank; Signature Page to Follow]*

IN WITNESS WHEREOF, the Government of Australia and the Trustee have executed this Agreement.

For the Government of Australia:

\_\_\_\_\_  
Josh Frydenberg  
Treasurer of the Commonwealth of Australia

\_\_\_\_\_  
Date

For the INTERNATIONAL MONETARY FUND as Trustee of the Poverty Reduction and Growth Trust:

\_\_\_\_\_  
Kristalina Georgieva  
Managing Director

\_\_\_\_\_  
Date