

Annex

Debt Service Suspension Initiative for the Poorest Countries Addendum to the April 2020 Term Sheet

With the view to extend the debt service suspension initiative (DSSI) beyond 2020, the DSSI Term-Sheet of April 15, 2020, is complemented as set forth below. All other elements of the April 2020 DSSI Term Sheet remain applicable.

Duration of, and eligibility to the DSSI extension:

All countries that were eligible to participate in the DSSI on the basis of the April 2020 DSSI Term Sheet remain eligible to participate in the DSSI extension, except those who failed to comply with the requirements set forth in the April 2020 Term Sheet. We will extend the DSSI to June 30, 2021 for these eligible countries. We will also examine by the time of the 2021 IMF/WBG Spring meetings if the economic and financial situation requires to extend further the DSSI by another 6 months.

Modalities of repayment of the maturities falling due during the DSSI extension:

The repayment period will be 5 years, with a one-year grace period (6 years total).

Other complements to the April 2020 Term Sheet

Under the DSSI and its extension, each beneficiary country is required to commit to fully comply with the limits on non-concessional debt agreed under the IMF Debt Limit Policy (DLP) or the WBG Sustainable Development Financing Policy, but not more.

Each creditor country intends to apply the suspension of debt service from the date each beneficiary country sends a formal request to its creditor(s), in anticipation of implementation of the extension and consistent with the goals of the DSSI to avoid any penalty, late interest, or additional fee. A formal agreement will be signed between the beneficiary country and each creditor country as soon as all the internal procedures are fulfilled. If a beneficiary country has made a payment on any debts which are DSSI-eligible, the official bilateral creditor may offer a return of that payment, under DSSI terms.

Beneficiary countries must request the DSSI from all their official bilateral creditors and not only a subset of them.

Without affecting third parties, the debt service to be suspended under the DSSI also includes payments due where official bilateral creditors are participants on syndicated loans.

The repayment of arrears can be required only after the end of the suspension period and according to a repayment schedule to be decided on a bilateral basis between each creditor and the beneficiary country, taking into consideration the need to avoid bunching effects in the debt service.

While protecting their current ratings and low cost of funding, MDBs are encouraged to go further on their collective efforts in supporting the DSSI, including through providing net-positive flows to DSSI-eligible countries during the suspension period, including the extension period. We ask the MDBs to provide further details on the new resources provided to each eligible country.

