VALID COMMON LINES

4 November, 2021

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COMMON LINE: CL-XCR 02/2020 (WAIVER OF RSU PROVISION)

EFFECTIVE AS OF 7 JANUARY 2021 UNTIL 6 JANUARY 2023

1.	REFERENCE NUMBER:	**CL-XCR 02/2020**
2.	NAME OF IMPORTING COUNTRY:	Latvia (category I country)
3.	NAME OF BUYER/BORROWER:	Rigas Satiksme (full official name: *Rigas pasvaldibas sabiedriba ar ierobezotu atbildibu* "Rigas Satiksme"). It is a municipally-owned (Municipal Limited Liability Company) public transportation and infrastructure company serving the Latvian capital Riga, and the surrounding areas.
4.	DESCRIPTION OF TRANSACTION:	Delivery of the trams (20 sets of trams) to be used in the frame of the public transportation system in Riga (Latvia).
5.	TERMS AND CONDITIONS:	12-years repayment period for category I country with possibility to provide insurance cover of 97%.
6.	COMMON LINE PROPOSAL:	Waiver of the provisions of RSU Chapter II, 2b) 3), first dash.
7.	TENDER/BID PERIOD:	N/A
8.	NATIONALITY AND NAMES ON KNOWN BIDDERS:	N/A, since delivery contract has been already signed.
9.	OTHER INFORMATION:	See below

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ADDITIONAL INFORMATION AND RATIONALE FOR PROPOSAL

Explanation for support and the need to waive the provisions of RSU, Chapter II, 2b) 3), first dash:

- Participant is currently considering the above transaction.
- The buyer is municipally-owned public transportation and infrastructure company, which has as sources of its funding especially revenues from sale of tickets for public transport services and funding provided by Riga Municipality.
- As a municipally-owned company, which relies on public budget it is appropriate to have lower repayment volumes for longer time period, when acquiring new fleet of trams.
- Standard Arrangement/RSU conditions will be applied within this transaction like regular repayment, etc.
- Down-payment is in case of this transaction 24.96%. This volume is by 66.4% higher in comparison with 15% minimum down-payment, which is required by the Arrangement.
- Participant considers that the acceptance of this Common Line proposal would not distort the level playing field: competition will not be threatened as the delivery contract has already been signed.

STATUS:	**EFFECTIVE AS OF 7 JANUARY 2021 UNTIL 6 JANUARY 2023**

COMMON LINE: CL-XCR 01/2021 (CIRR IN ZAR)

EFFECTIVE AS OF 9 AUGUST 2021 UNTIL 8 AUGUST 2023

1.	REFERENCE NUMBER:	**CL-XCR 01/2021**
2.	NAME OF IMPORTING COUNTRY:	Republic of South Africa
3.	NAME OF BUYER/BORROWER:	N/A
4.	DESCRIPTION OF TRANSACTION:	N/A
5.	TERMS AND CONDITIONS:	N/A
6.	COMMON LINE PROPOSAL:	To create a CIRR in ZAR that would be applicable for all Participants for next two years (**see below for details**).
7.	TENDER/BID PERIOD:	N/A
8.	NATIONALITY AND NAMES ON KNOWN BIDDERS:	N/A
9.	OTHER INFORMATION:	The main reason for proposing this common line is that the proposer has encountered demand from buyers in the Republic of South Africa to have a fixed rate in their local currency when buying turbines for windfarms.

ADDITIONAL INFORMATION AND RATIONALE FOR PROPOSAL

The proposer is aiming at creating a common line for CIRR in ZAR by using data on South African government bonds from Bloomberg. Please see the attached Excel file.

The proposer has calculated several of the base rates based on the data from government bonds on residual maturity and bid yield to maturity.

The CIRR will hereby be constructed by adding the correct margins, which can also be seen in the attached file. We have chosen to use the base rate system of three-year government bond yields for a repayment term of up to and including five years; five-year government bond yields for over five and up to and including eight and a half years; and seven-year government bond yields for over eight and a half years.

The proposer has also established the base rates for the construction of CIRRs for transactions under Annex IV of the Arrangement. The construction of this CIRR based on the different margins can also be seen in the attached file.

Terms and conditions foreseen by the initiating country: the proposer expects the financing to be between 10 and 18 years repayment.

STATUS: EFFECTIVE AS OF 9 AUGUST 2021 UNTIL 8 AUGUST 2023

COMMON LINES: CL-XCR 02/2021 (LOWERING DOWN PAYMENT REQUIREMENTS)

EFFECTIVE AS OF 5 NOVEMBER 2021 UNTIL 4 NOVEMBER 2022

1.	REFERENCE NUMBER:	**CL-XCR 02/2021**
2.	NAME OF IMPORTING COUNTRY:	N/A
3.	NAME OF BUYER/BORROWER:	Sovereign or public buyers (in accordance with Annex XII) in category II countries (Art. 10) with a guarantee by the Ministry of Finance or the central bank.
4.	DESCRIPTION OF TRANSACTION:	N/A
5.	TERMS AND CONDITIONS:	In accordance with all other articles of the Arrangement.
6.	COMMON LINE PROPOSAL:	Lowering of the down payment requirement to 5% (Art. 11 a)) and increase of the maximum official support limit to 95 % of the export contract value (Art. 11 c)). The measure will come into effect immediately and remain in force for 12 months after coming into effect. Transactions within the scope of the Arrangement may benefit from the official support under the terms and conditions of this Common Line provided that: 1. The application for export credit support was received by the end of the validity period of this Common Line at the latest, and 2. The date of the final commitment is within 18 months following the end of the validity period of this Common Line.
7.	TENDER/BID PERIOD:	N/A
8.	NATIONALITY AND NAMES ON KNOWN BIDDERS:	N/A
9.	OTHER INFORMATION:	This measure aims at easing fiscal pressure on low and middle-income countries and freeing resources in order to continue with priority projects; in addition it helps mobilising the needed financial means from private sources by addressing market failures caused by the ongoing COVID19-crisis.

COMMON LINES: CL-XCR 02/2021 (LOWERING DOWN PAYMENT REQUIREMENTS)

EFFECTIVE AS OF 5 NOVEMBER 2021 UNTIL 4 NOVEMBER 2022

ADDITIONAL INFORMATION AND RATIONALE FOR PROPOSAL

The Covid-19 crisis is taking its toll around the globe on people's lives and living conditions. A strong factor contributing to the negative impacts is the downturn in the global economy resulting from the sanitary crisis. In this extraordinary situation, governments and international institutions have started to react. A substantial part of their efforts is dealing with measures which are intended to alleviate the negative economic effects. While the industrialised countries usually have more resources and options to tackle the problems, low and middle-income countries are confronted with many limitations, in particular, they often lack adequate financial resources. The proposer has calculated several of the base rates based on the data from government bonds on residual maturity and bid yield to maturity.

Export credit agencies ('ECAs') and their authorities have implemented a series of measures with the goal of maintaining international trade flows and addressing the needs of their industries and of foreign buyers/countries. Though many countries are expected to reduce their investment programmes, there will remain a substantial need for investments in crisis prevention projects and basic infrastructure projects. There are, however, measures which can only be taken jointly as they are subject to internationally agreed rules like the OECD Arrangement on Officially Supported Export Credits.

Against the background of the severe economic situation, both industry associations as well as individual companies have called upon ECAs to relax the current requirement for a down payment as buyer countries are increasingly coming under financial pressure. The bulk of the projects concerned are carried out with sovereign/public buyers in developing countries. Under normal economic circumstances, buyers would have the possibility to finance the down payment with longer repayment terms and the financing banks would seek and usually get cover for this portion of the loan on the private market. Due to the COVID-19 crisis the private sector seems to be very reluctant or even unwilling to provide this cover for developing countries. Without such cover, banks are not ready to finance that portion of a project in countries, which are most in need of such projects. We are therefore in a situation of clear market failure that has to be addressed urgently.

The proposed Common Line would benefit both sides: it would provide immediate financial relief for the buyer country's government and increase its ability to continue with investment projects. It would raise the volume that can be mobilized for priority projects, such as in the health care sector and would provide exporters the possibility to offer flexible solutions in difficult times and stay in business.
Against this background, we propose to lower the requirement of a down payment by sovereign and public buyers in low and middle-income countries to 5 % taking into account that:

- the measure would have an immediate fiscal effect on countries struggling with the crisis;
- the measure would increase the flexibility exporters need now to continue their businesses;
- the measure would address the concerns voiced by the industry;
- the measure would be very narrow and targeted, only covering selected buyer categories;
- the measure would not jeopardise the sustainability of debt, as compliance with the provisions of the OECD Sustainable Lending Recommendation and the obligations under IMF and World Bank programs would remain a precondition for supporting such projects; and
- the measure would be of temporary nature, automatically ceasing to be in force after 12 months.

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