



INTERNATIONAL MONETARY FUND FACTSHEET

IMF Standby Credit Facility (SCF)

The Standby Credit Facility (SCF) provides financial assistance to low-income countries (LICs) with short-term balance of payments needs. The SCF was created under the Poverty Reduction and Growth Trust (PRGT) as part of a broader reform to make the Fund's financial support more flexible and better tailored to the diverse needs of LICs, including in times of shocks or crisis.

Financial assistance tailored to country needs

Purpose. The SCF supports LICs that have reached broadly sustainable macroeconomic positions, but may experience episodic, short-term financing and adjustment needs, including those caused by shocks. The SCF supports countries' economic programs aimed at restoring a stable and sustainable macroeconomic position consistent with strong and durable growth and poverty reduction. It also provides policy support and may help catalyze foreign aid.

Eligibility. The SCF is available to PRGT-eligible member countries facing an immediate or potential balance of payments need, where the country's financing and adjustment needs are normally expected to be resolved within two years, thus establishing a sustainable macroeconomic position.

Duration and repeated use. An SCF arrangement can range from 12–24 months. As the SCF is intended to address episodic short-term needs, its use is limited to two and a half out of any five years. Subject to these limits, an SCF arrangement may be extended or cancelled, and consecutive arrangements may be approved.

Access. Access to SCF financing is determined on a case-by-case basis, taking into account the country's balance of payments need, the strength of its economic program and capacity to repay the Fund, the amount of outstanding Fund credit and the member's record of past use of Fund credit, and is guided by access norms.¹ Subject to the applicable access limits, the amount approved at the start of the arrangement may be augmented during an arrangement if needed. Total access to concessional financing under the PRGT is limited to 75 percent of [quota](#) per year, and 225 percent of quota in total. These limits can be exceeded in exceptional circumstances. For precautionary use, the annual limit at approval is 56.25 percent of quota and the average annual limit at approval (over the arrangement) is 37.5 percent of quota. .

Precautionary arrangements. A member country with a potential but not immediate balance of payments need can treat access under the SCF as precautionary, in which case no disbursements will be made. However, countries retain and accumulate the rights to request disbursements under the arrangement if a financing need were to arise at a later

¹ Access norms provide general guidance and are used flexibly, representing neither ceilings nor entitlements. Norms are set at 90 percent of quota per 18-month arrangement, or 56.25 percent of quota if the country's total concessional credit outstanding is 75 percent of quota or above (these norms are prorated for arrangements with duration shorter or longer than 18 months). However, the norms do not apply for outstanding concessional credit above 150 percent of quota and access will then be guided by consideration of the access limit of 225 percent of quota, expectation of future need for Fund support, and the repayment schedule.

stage. SCF arrangements treated as precautionary do not count toward the two and a half out of any five years' time limit on the use of the SCF referred to above.

Streamlined and focused conditionality

Under the SCF, member countries agree to implement a set of policies that will help them achieve a stable and sustainable macroeconomic position in the short term. These commitments, including specific conditions, are described in the country's letter of intent.

The IMF's program conditionality is streamlined and focused on policy actions that are critical to achieving the program's objectives. Use of the SCF does not require a Poverty Reduction Strategy document, but SCF-supported programs should be aligned with the country's poverty reduction and growth objectives.

Quantitative conditions are used to monitor macroeconomic policy variables such as monetary aggregates, international reserves, fiscal balances, or external borrowing, reflecting the country's program objectives. SCF-supported programs aim to safeguard social and other priority spending, including through explicit quantitative targets where possible.

Structural benchmarks help monitor progress with reforms that are macro-critical for program goals. These benchmarks vary across programs but could, for example, include measures to improve financial sector operations, build up social safety nets, or strengthen public financial management.

Program reviews by the IMF's Executive Board play a critical role in assessing performance under the program and allowing the program to adapt to economic developments. Progress of the program, in particular against quantitative conditions and structural benchmarks, is assessed in the context of reviews. Reviews are scheduled at most six months apart.

Concessional lending terms

On October 3, 2016, the Executive Board approved a modification of the mechanism governing interest rate setting of PRGT facilities and set interest rates to zero on all Fund concessional loans under the PRGT for at least the next two years through end-December 2018. Moreover, PRGT interest rates will remain at zero for as long and whenever global market rates are very low. The SCF has a grace period of 4 years, and a final maturity of 8 years. An availability fee is levied at 0.15 percent per annum on the undrawn portion of the amount available for drawing during each six-month period. The Fund reviews the level of interest rates for concessional facilities under the PRGT every two years, with the next review expected to take place before end-2018.