



IMF POLICY PAPER

POST PROGRAM MONITORING—PROPOSED DECISIONS FOR COUNTRIES

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IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following document has been released and is included in this package:

- The **Board Paper**, prepared by IMF staff and completed on September 26, 2016 for the Executive Board's approval on LOT basis by 28 September 2016.

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International Monetary Fund
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POST-PROGRAM MONITORING—PROPOSED DECISION ON COUNTRIES

September 26, 2016

Approved By
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Prepared by Strategy, Policy, Review in consultation with other departments

- 1. On July 1, 2016 the Executive Board adopted a decision to move to a more risk-based and focused framework for Post-Program Monitoring (PPM).** The revised decision on PPM, which comes into effect on September 30, 2016, specifies absolute size and quota-based thresholds for establishing expectations as to when members would engage in PPM. Under the new framework, members would be expected to engage in PPM if their credit outstanding exceeds at least one of the applicable thresholds, unless the Managing Director considers that, in her view, the member's circumstances are such that the process is unwarranted. Against that backdrop, this paper contains proposals to operationalize the new PPM decision.
- 2. As of June 30, 2016, six members were subject to PPM (Table 1).** The Managing Director recommends that it be continued with Cyprus, Ireland and Portugal, each of which will have credit outstanding above the new applicable thresholds that trigger an expectation of PPM as of End-September, 2016, and also that PPM be continued for a further 12 months with Moldova even though its outstanding credit is below the new thresholds, given the risks.¹ With respect to Antigua and Barbuda, outstanding credit is below the new, applicable thresholds, and the Managing Director does not propose a continuation of PPM, given the limited risks to the Fund. PPM has ceased for Jordan ([IMF Country Report No. 16/295 on Jordan](#)), following Executive Board approval in August of a new Extended Arrangement under the Extended Fund Facility.

¹ PPM began with Moldova in 2013. Discussions are currently underway regarding a possible new Fund-supported program, and PPM would cease in the event of Board approval for such a new arrangement.

3. As of October 1, 2016 four other members will have credit outstanding above the newly applicable thresholds, and have no program relationship.

Management has already recommended that PPM be initiated for Pakistan ([IMF Country Report No. 16/325 on Pakistan](#)), following the completion of the final review of its Extended Arrangement. In the view of the Managing Director, PPM is not warranted for Côte d'Ivoire and Greece at this stage in light of ongoing discussions on possible successor arrangements. Although Bangladesh's outstanding credit from the PRGT exceeds the SDR380 million threshold, it will not be subject to PPM, as its credit outstanding was below the previous quota-based threshold (100 percent of quota) on the date of the adoption of the new PPM decision, and it has been grandfathered under the new decision (see [Strengthening the Framework for Post Program Monitoring](#), Paragraph 31).

Table 1. Selected Countries Subject to PPM or with Credit Above Thresholds, end-September 2016 ^{1/}
(projections in millions of SDR except where specified)

	GRA Credit	PRGT Credit	Total Credit	Total Credit (In percent of quota)	Comments
Members Subject to PPM 2/					
Antigua and Barbuda	28	0	28	139	PPM terminated
Cyprus	792	0	792	261	Continuation of PPM recommended
Ireland	3,773	0	3,773	109	Continuation of PPM recommended
Jordan	1,204	0	1,204	351	PPM terminated upon the approval of an EFF in August 2016
Moldova, Republic of	125	166	291	169	Continuation of PPM recommended; discussions on a possible new arrangement underway
Portugal	14,780	0	14,780	717	Continuation of PPM recommended
Members with Credit Above New Thresholds					
Bangladesh	0	643	643	60	No PPM; grandfathered
Côte d'Ivoire	0	751	751	115	No PPM; discussions on a possible new arrangement underway
Greece	10,348	0	10,348	426	No PPM; discussions on a possible new arrangement underway
Pakistan	4,320	0	4,320	213	Initiation of PPM recommended

Source: IMF staff projections

1/ The new thresholds are (i) 200 percent of quota, (ii) SDR1.5 billion for credit from the GRA, and (iii) SDR380 million for credit from the PRGT.

2/ As of end-June 2016

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

Cyprus, Ireland, Moldova and Portugal are expected to engage in post-program monitoring

with the Fund in accordance with [Decision No. 13454-\(05/26\)](#), as last amended by

[Decision No. 16019-\(16/61\)](#); in the case of Moldova this expectation applies through

September 30, 2017.