INTERNATIONAL MONETARY FUND

The Extended Fund Facility (EFF)

The Extended Fund Facility (EFF) provides financial assistance to countries facing serious medium-term balance of payments problems because of structural weaknesses that require time to address. To help countries implement medium-term structural reforms, the EFF offers longer program engagement and a longer repayment period.

Purpose	Provide assistance to countries experiencing serious payment imbalances because of structural impediments or slow growth and an inherently weak balance-of-payments position.
	Support comprehensive programs with a focus on policies needed to correct structural imbalances over an extended period.
Eligibility	All member countries facing actual or potential external financing needs. Most often used by advanced and emerging market countries, but low-income countries sometimes use the EFF together with the Extended Credit Facility (ECF).
Conditionality	Countries' policy commitments expected to focus on structural reforms to address institutional or economic weaknesses, in addition to policies to maintain macroeconomic stability.
	Disbursements conditional on the observance of quantitative performance criteria. Progress in implementing structural measures that are critical to achieving the objectives of the program is assessed in a holistic way, including via benchmarks. See more on conditionality.
Review modalities	Periodic reviews of policies and program implementation, as access to IMF resources occurs in tranches (phasing). The IMF's Executive Board regularly assesses program performance and can adjust the program to adapt to economic developments.

<table>
<tr><td rowspan="5">Terms</td><td>Duration</td><td>Typically approved for periods of 3 years but may be approved for periods as long as 4 years to implement deep and sustained structural reforms.</td></tr>
<tr><td>Repayment</td><td>Over 4½–10 years in 12 equal semiannual installments.</td></tr>
<tr><td rowspan="3">Interest rate</td><td>The lending rate comprises:
• The market-determined Special Drawing Rights (SDR) interest rate—which has a minimum floor of 5 basis points—and a margin (currently 60 basis points), together known as the basic rate of charge.
• Surcharges, which depend on the amount and time that credit is outstanding. A surcharge of 200 basis points is paid on the amount of credit outstanding above 300 percent of quota. If credit remains above 300 percent of quota after three years, this surcharge rises to 275 basis points. Surcharges are designed to discourage large and prolonged use of IMF resources.</td></tr>
<tr><td>Resources are subject to a commitment fee levied at the beginning of each 12-month period on amounts that could be drawn in the period (15 basis points for committed amounts up to 200 percent of quota, 30 basis points on committed amounts above 200 percent and up to 600 percent of quota and 60 basis points on amounts exceeding 600 percent of quota). Fees are refunded pro rata if amounts are drawn during the course of the relevant period. If a country borrows the entire amount, the fee is fully refunded.</td></tr>
<tr><td>A service charge of 50 basis points is applied on each amount drawn.</td></tr>
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	Access	Two types: • Normal access. 200 percent of quota for any 12-month period and a cumulative limit over the life of the arrangement net of repayments of 600 percent of quota. • Exceptional access. Decided on a case-by- case basis under the Exceptional Access Policy.
		EFFs generally are not formulated on a precautionary basis in anticipation of a future balance of payments problem.