The Policy Coordination Instrument (PCI)

The Policy Coordination Instrument (PCI) is a non-financing instrument open to all IMF member countries. It enables a closer dialogue with countries and the endorsement of policies by the IMF, which allows them to signal commitment to reforms and to catalyze financing from other sources.

Purpose	The PCI is a type of IMF-supported program designed to assist countries in formulating and implementing a macroeconomic policy program to: • Prevent crises and build buffers against external shocks • Enhance macroeconomic stability • Address macroeconomic imbalances The PCI signals a commitment to an economic reform agenda, facilitating access to financing from official creditors or private investors. It requires approval by the IMF's Executive Board, unlike the Staff Monitored Program which is only an informal agreement between an IMF member country and IMF staff to monitor the member country's economic program.
Eligibility	All IMF member countries that do not require IMF financing to cover present or prospective balance of payments needs at the time of PCI approval and do not have overdue financial obligations to the IMF.
Conditionality	Policies must meet the same standard as those under a financing IMF program.
Review modalities	Reviews take place on a fixed schedule, normally every six months, to provide regular feedback on program performance.
	Delays in the completion of reviews are possible for a three-month period to allow the authorities to implement overdue policies, take corrective actions, or mobilize necessary financing to close the financing gap.

	If a review is delayed beyond the three-month buffer period, it can no longer be completed and staff would provide an interim performance update to the IMF's Executive Board for information.	
	Non-completion of a review for a 12-month period results in an automatic termination of the instrument.	
	The PCI has a review-based approach to monitoring program targets, which eliminates the need to request waivers for missed targets.	
Use with financial instruments	An on-track PCI should facilitate quick access to IMF resources should the member experience a balance- of-payments need, subject to normal policies on the use of IMF resources. A PCI can be used concurrently with emergency financing under the RFI, RCF or with a financial arrangement under the SBA, SCF or RSF. Concurrent use with the ECF or EFF is not possible.	
Terms	**Duration**	2-3 years, but can be approved for a minimum of six months and up to four years. No limit on the number of successor PCIs.
	Cost	The PCI is a form of IMF technical assistance. Only advanced economies are required to pay for the associated administrative costs.