



INTERNATIONAL MONETARY FUND

The Stand-by Arrangement (SBA)

The Stand-by Arrangement (SBA) provides short-term financial assistance to countries facing balance of payments problems. Historically, it has been the IMF lending instrument most used by advanced and emerging market countries. Through the years, the SBA has been upgraded to be more flexible and responsive to countries' needs, and can also serve as a precautionary arrangement.

Purpose	Respond flexibly to countries' external financing needs by supporting their adjustment policies with short-term financing.	
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 SBA together with the Standby Credit Facility (SCF) .	
Conditionality	Countries' economic policies must address the problems that led the country to seek funding.	
	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 it to adapt to economic developments.	
Terms	Duration	Flexible. Typically covers a period of 12–24 months, but not more than 36 months.
	Repayment	Due within 3¼-5 years of disbursement. Each disbursement is repaid in eight equal quarterly

	Interest rate	installments beginning 3¼ years after the date of each disbursement.
		<p>The lending rate comprises:</p> <ul style="list-style-type: none"> • 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, depending 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 for more than 36 months, an additional time-based surcharge of 75 basis points applies. Surcharges are designed to discourage large and prolonged use of IMF resources.
		<p>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. However, no refund is made when countries do not draw.</p>
		<p>A service charge of 50 basis points is applied on each amount drawn.</p>
	Access	Flexible on amounts to lend and timing of disbursement:

- Normal access. The annual access limit is set at 200 percent of quota for any 12-month period and the cumulative access limit over the life of the arrangement net of repayments is set at 600 percent of quota.
- Exceptional access. Decided on a case- by-case basis under the Exceptional Access Policy.
- Front-loaded access. When warranted by the strength of the country's policies and the nature of its adjustment and financing needs. Case- by-case.
- Rapid access. Approval accelerated under the Emergency Financing Mechanism.

Precautionary access. Precautionary arrangements are used when countries do not intend to draw on approved amounts, but retain the option to do so should they need it.