April 2025

2025 HANDBOOK OF IMF FACILITIES FOR LOW-INCOME COUNTRIES

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The Report prepared by IMF staff and completed on April 11, 2025, has been released.

The staff report was issued to the Executive Board for information. The report was prepared by IMF staff. The views expressed in this paper are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board.

The IMF’s transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities’ policy intentions in published staff reports and other documents.

Electronic copies of IMF Policy Papers
are available to the public from
http://www.imf.org/external/pp/ppindex.aspx

International Monetary Fund
Washington, D.C.

April 11, 2025

2025 HANDBOOK OF IMF FACILITIES FOR LOW-INCOME COUNTRIES

EXECUTIVE SUMMARY

This Handbook provides guidance to staff on the IMF's facilities available to low-income countries (LICs), defined here as all countries eligible to obtain concessional financing from the Fund under the PRGT.

It updates the previous version of the Handbook that was published in March 2023 (IMF, 2023i) by incorporating modifications resulting from the 2024 Review of the Poverty Reduction and Growth Trust (PRGT) Facilities and Financing (IMF-2024e); and a number of other recent Board papers.[1]

Designed as a comprehensive reference tool for program work in LICs, this Handbook also refers, in summary form, to a range of relevant policies that apply more generally to IMF members. As with all guidance notes, the relevant IMF Executive Board decisions, including the terms of the various LIC Trust Instruments that have been adopted by the Board, remain the primary legal authority on the matters covered in this Handbook.

[1] These include the June 2023 Board papers *Review of The Cumulative Access Limits Under The Rapid Financing Instrument and The Rapid Credit Facility* (IMF, 2023c), *Review of Experience with The Food Shock Window Under The Rapid Financing Instrument and The Rapid Credit Facility* (IMF, 2023d), *Interim Review of Access Limits Under the Poverty Reduction and Growth Trust and Initial Considerations for Access Limits under the General Resource Account* (IMF, 2023e), *Review of the Policy Coordination Instrument and Proposal to Eliminate the Policy Support Instrument (IMF, 2023h), Review of the Policy on Staff-Monitored Program With Executive Board Involvement (IMF, 2024a), and 2024 Comprehensive Review of GRA Access Limits (IMF, 2024h), Operational Guidance Note for IMF Engagement on Social Spending Issues (IMF, 2024f), Supplement to the 2018 Guidance Note on the Bank-Fund Sustainability Framework for Low Income Countries (IMF, 2024g), 2024 Comprehensive Review of GRA Access Limits, (IMF, 2024h), Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings, (IMF, 2024i), Review Of The Fund's Transparency Policy And Open Archives Policy, (IMF, 2024j), Poverty Reduction and Growth Trust – Guidance Note on the Strengthened Policy Safeguards (IMF, 2025)*.

Approved By
Guillaume Chabert (SPR)

The 2025 edition of the Handbook was prepared by a team led by Mamadou Barry under the guidance of Bjoern Rother, and Gaëlle Pierre, with contributions from John-Paul Fanning, Rachidi Kotchoni, Alexei Miksjuk, Ayah Said, Marta Spinella, Alexander Zaborovskiy, João Capella-Ramos (all SPR) and a team led by Linda Kaltani, Joseph Thornton, and Nelson Sobrinho under the guidance of Dalia Hakura with contributions from David Stenzel, Lennart Erickson, Phil Johnston, Oliver Basdevant, Helen Wagner, Randa Sab, Natalia Aivazova, (all FIN) and a team led by Gabriela Rosenberg, with contributions from Gomiluk Otokwala, Egbiri Egbiri, Nouria El Mehdi, Sherif Ayoub, Stephanie Fontana-Raina, and Kenneth Okwor (all LEG). Administrative assistance provided by Linda Bisman, Emelie Stewart, and Katarina Varga (all SPR).

CONTENTS

APPENDICES

Acronyms and Abbreviations

ACs	Assessment Criteria
APR	Annual Progress Report
BoP	Balance of Payments
BTO	Back-to-Office Report
CCRT	Catastrophe Containment and Relief Trust
CF	Common Framework
COM	Communications Department
CSO	Civil Society Organization
CtR	Capacity to Repay
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
ECF	Extended Credit Facility
EDD	Economic Development Document
EFF	Extended Fund Facility
EPA	Ex Post Assessment
FCL	Flexible Credit Line
FCS	Fragile and Conflict-affected States
FfD	Financing for Development
FIN	Finance Department
FSAP	Financial Sector Assessment Program
FSW	Food Shock Window
GRA	General Resource Account
GRQ	General Review of Quotas
HCC	High Combined Credit
HIPC	Heavily Indebted Poor Country
IDA	International Development Association
IFIs	International Financial Institutions
IMF	International Monetary Fund
I-PRSP	Interim-Poverty Reduction Strategy Paper
JMAP	Joint Management Action Plan
JSAN	Joint Staff Advisory Note
LEG	Legal Department
LIA	Lending into Arrears
LICs	Low-Income Countries
LIOA	Lending into Official Arrears
LOI	Letter of Intent
LOT	Lapse of Time
LTPE	Longer-Term Program Engagement
MAC	Market-Access Countries
MD	Managing Director

MDBs	Multilateral Development Banks
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEFP	Memorandum of Economic and Financial Policies
MPCC	Monetary Policy Consultation Clause
NAB	New Arrangements to Borrow
NDA	Net Domestic Asset
NIR	Net International Reserves
NPV	Net Present Value
PCs	Performance Criteria
NTP	Non-Toleration Policy
PCDR	Post-Catastrophe Debt Relief
PCI	Policy Coordination Instrument
PCR	Post Catastrophe Relief
PCM	Policy Consultation Meeting
PFA	Post Financing Assessment
PN	Policy Note
PIR	Poverty Implementation Review
PLL	Precautionary and Liquidity Line
PMB	Program Monitoring with Executive Board Involvement
PPM	Post-Program Monitoring
PRA	Peer-Reviewed Assessment
PRGF	Poverty Reduction and Growth Facility
PRGT	Poverty Reduction and Growth Trust
PRGS	Poverty Reduction and Growth Strategy
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PS-HCC	Policy Safeguards for High Combined Credit
PSI	Policy Support Instrument
PV	Present Value
RAC	Rapid Access Component
RAP	Rights Accumulation Program
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
RSF	Resilience and Sustainability Facility
RST	Resilience and Sustainability Trust
SBA	Stand-By Arrangement
SCF	Standby-Credit Facility
SDR	Special Drawing Right
SEC	Secretary’s Department
SMP	Staff-Monitored Program
SPR	Strategy, Policy, & Review Department

SPS	Strengthened Policy Safeguards
TIM	Trade Integration Mechanism
TMU	Technical Memorandum of Understanding
UCT	Upper Credit Tranche
UFR	Use of Fund Resources
WB	World Bank

CONTENTS

CHAPTER I: FACILITIES ARCHITECTURE OVERVIEW

The Fund's concessional facilities are aimed at providing flexible and tailored support to low-income countries (LICs) in their efforts to achieve, maintain, or restore a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

A. Background

1. The Poverty Reduction and Growth Trust (PRGT) is the Fund's main vehicle for providing concessional financing to eligible LICs. While all Fund members have access to the General Resources Account (GRA) under the Articles of Agreement, since the mid-1970s the Fund has also lent on more concessional terms to countries meeting certain criteria, adapting its concessional lending framework over time. In July 2009, the Fund's Executive Board adopted a comprehensive overhaul of the Fund's concessional facilities' architecture, with the objective of making the Fund's support to LICs more flexible and tailored to their increasingly diverse needs and heightened exposure to global volatility.[2] As a result, the Poverty Reduction and Growth Facility - Exogenous Shocks Facility Trust was transformed into the Poverty Reduction and Growth Trust (PRGT) effective on January 7, 2010.[3]

2. PRGT-eligible members have the right to access concessional financing but can also opt to use GRA resources. The Fund has noted that for PRGT-eligible members with weak capacity to service non-concessional debt, GRA financing may not be suitable relative to concessional financing under the PRGT.[4] Given the financial advantages of concessional financing, staff should continue to advise PRGT-eligible members to seek financing under the PRGT facilities up to any applicable access limits.[5] For LICs not eligible for exceptional access, if the size of the balance of payments need exceeds the normal access limits of the PRGT, or for a member that prefers to access GRA resources, consideration of a request for support from the GRA would be based on the relevant policies governing access to the GRA, including those that pertain to program strength, capacity to repay the Fund (CtR), and debt sustainability.

---

[2] See *A New Architecture of Facilities for Low-Income Countries* (IMF, 2009e and 2009f). The analytical basis for the new facilities is discussed in *The Fund's Facilities and Financing Framework for Low-Income Countries* (IMF, 2009b).

[3] Based on the last review of members' eligibility for PRGT support, concluded on October 15, 2024, as part of the 2024 PRGT Facilities and Financing Review, 70 IMF member countries are currently PRGT-eligible (previous reviews took place on February 17, 2012, April 8, 2013, July 17, 2015, May 15, 2017, and February 19, 2020). See Appendix VI and Annex IX of the 2024 Review of the PRGT Facilities and Financing (IMF, 2024e).

[4] See *The Acting Chair's Summing up on the Fund's Role in Low-Income Member Countries: Considerations on Instruments and Financing* and *Strengthening the Fund's Ability to Assist Low-Income Countries Meet Balance of Payments Needs Arising from Sudden and Exogenous Shocks* (June 10, 2005).

[5] See *Financing for Development: Enhancing the Financial Safety Net for Developing Countries, Further Considerations* (IMF, 2016c). For LICs which qualify for exceptional access under the PRGT, there are no limits on access.

3. The architecture of PRGT facilities for LICs introduced in 2010 includes three concessional financing facilities.[6] The architecture of PRGT facilities is broadly aligned with that under the GRA, making the blending of concessional and non-concessional resources, where appropriate, operationally more seamless. Specifically, the three financing facilities are:

- The **Extended Credit Facility (ECF)** is currently the Fund's main tool for providing medium-term support to LICs with protracted balance of payments problems.
- The **Standby Credit Facility (SCF)** provides financing to LICs with short-term balance of payments needs.
- The **Rapid Credit Facility (RCF)** provides rapid low-access financing with limited conditionality to meet urgent balance of payments needs.

4. In addition, the Fund has two non-financing instruments—the Policy Coordination Instrument (PCI) and the Staff Monitored Program (SMP). LICs (and all other Fund members) have access to the PCI.[7,8] The PCI enables closer cooperation with the Fund in cases where countries commit to UCT-quality policies and more intensive monitoring. However, at the time of requesting a PCI, such countries must not be seeking financial assistance from the General Resources Account (GRA) or PRGT.[9] LICs that need to establish a track-record of policy implementation to pave the way for a UCT quality program or repeat Fund emergency assistance can request an SMP, which is an informal agreement between national authorities and Fund staff to monitor the implementation of the authorities' economic program. Program Monitoring with Board Involvement (PMBs), which are SMPs with limited Executive Board involvement, are also available in specific cases.[10]

[6] Beyond these LIC-specific facilities, in some cases it may be appropriate to blend financial assistance under the PRGT with facilities in the GRA. In addition, the Resilience and Sustainability Facility (RSF) can be used along the LIC instruments in certain circumstances. The RSF was established under the Resilience and Sustainability Trust (RST), approved by the Board in April 2022 (*see* *Proposal to Establish A Resilience and Sustainability Trust,* IMF, 2022g, and *Resilience and Sustainability Facility – Operational Guidance Note*, IMF, 2023f). The RST provides affordable, long-term financing, tied to a set of reform measures aiming to address qualifying longer-term challenges that affect prospective balance of payments stability.

[7] The Policy Support Instrument (PSI), which was a non-financial instrument only available to PRGT-eligible members, was eliminated in 2023. The PCI shares many features with the PSI while offering more flexibility. See *Review of the Policy Coordination Instrument and Proposal to Eliminate the Policy Support Instrument* (IMF, 2023h),

[8] The Policy Coordination Instrument (PCI), a non-financial instrument, is available to all IMF members, including PRGT-eligible members, that do not need and are not seeking Fund financial resources at the time of approval. It is designed for countries seeking to demonstrate commitment to a reform agenda or to unlock and coordinate financing from other official creditors or private investors. See IMF, 2017c.

[9] For more details on operational issues on the PCI, see *Policy Coordination Instrument - Updated Operational Guidance Note* (IMF, 2024d).

[10] See Appendix III, the *Proposal for a Staff-Monitored Program with Executive Board Involvement* (IMF, 2022f), and *Review of the Policy on Staff-Monitored Program With Executive Board Involvement* (IMF, 2024a).

5. All PRGT facilities aim to assist LICs in achieving, maintaining, restoring, or making progress (as the case may be) toward a *stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth*. Such a position would be characterized by the absence of a present or prospective balance of payments need and by the domestic and external stability that is necessary to support strong and durable poverty reduction and growth. It would typically be associated with sustainable fiscal and current account balances, limited debt vulnerabilities, adequate international reserves, and sufficient policy and institutional capacity to implement appropriate macroeconomic policies. This position might still involve significant levels of donor assistance, though aid dependence would be expected to decline over time.[11]

6. Successive reviews of LIC facilities have kept this architecture essentially intact, while introducing reforms to improve the flexibility and targeting of the facilities and ensure that access levels remain in line with the magnitude and nature of LICs' evolving financing needs, and the availability of PRGT resources.[12] Significant changes between 2012–17 included modifications to the Fund's policy on Poverty Reduction Strategies (PRS),[13] changes to interest rate policies, and the increase in PRGT access limits in 2015. The latter were further revised in 2019, 2021 and 2024.

7. In September 2012, the Fund's Executive Board adopted a three-pillar strategy to make the PRGT financially sustainable, consisting of (i) a base envelope (initially SDR 1¼ billion and increased in 2024 to SDR 2.7 billion in annual lending capacity); (ii) contingent measures that can be put in place if average financing needs exceed the base envelope by a substantial margin for an extended period;[14] and (iii) a principle of self-sustainability under which future modifications to

---

[11] See IMF, 2009e, paragraph 7.

[12] See *Review of Facilities for Low-Income Countries* (IMF, 2012d) and *Review of Facilities for Low-Income Countries— Proposals for Implementation* (IMF, 2013d); *Reform of the Fund's Policy on Poverty Reduction Strategies in Fund Engagement with Low-Income Countries— Proposals* (IMF, 2015b) and (IMF, 2015c); *Financing for Development: Enhancing the Financial Safety Net for Developing Countries (IMF, 2015c); 2018-19 Review of Facilities for Low-Income Countries and Review of the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries* (IMF, 2019a, b); and *Fund Concessional Financial Support for Low-Income Countries—Responding to the Pandemic* (IMF, 2021a).

[13] See Appendices IV and V.

[14] If the Board considers that the self-sustaining capacity would decline substantially below base envelope, it could decide to activate a range of contingent measures including (i) reaching additional understandings on bilateral fundraising efforts to be supported by a broad range of the membership, with contributions from traditional and non-traditional donors to the PRGT; (ii) the suspension for a limited period of time of the reimbursement of the General Resources Account (GRA) for PRGT administrative expenses; and (iii) modifications of access, blending, and interest rate and eligibility policies to reduce the need for subsidy resources.

LIC facilities would be expected to ensure that demand can be met with the available resources under the first and second pillar under a plausible range of scenarios.[15,16,17]

8. The 2024 Review of the PRGT Facilities and Financing[18] approved a reform package designed to bolster the Fund's capacity to support LICs and catalyze additional financing.[19] The reforms also aimed to restore the self-sustainability of the PRGT. The approved policy reforms included: (i) a long-term self-sustained annual lending envelope of SDR 2.7 billion, more than twice the pre-COVID-19 annual lending capacity; (ii) a new interest rate mechanism that maintains interest-free PRGT lending to the poorest LICs while charging a positive, but still concessional, interest rate to others, to account for the increasing heterogeneity among LICs and further enhance the targeting of the PRGT's scarce resources to the poorest; (iii) maintaining the PRGT normal annual and cumulative access limits of 200 and 600 percent of quota, respectively, initially approved in December 2023 on a temporary basis, but reverting the access norm to 145 percent of quota to anchor future demand and provide flexibility in calibrating access for countries that may face higher needs in a shock-prone world;[20] and (iv) strengthening and streamlining the PRGT safeguards to help mitigate risks without overburdening the Fund's policy framework. Triggers and thresholds expressed as a percentage of quota will be automatically adjusted down when the general effectiveness conditions for the 16th General Review of Quotas (GRQ) increase have been met.[21]

---

[15] See Proposal to Distribute Remaining Windfall Gold Sales Profits and Strategy to Make the Poverty Reduction and Growth Trust Sustainable (IMF, 2012f).

[16] Any modification of access, financing terms, blending, eligibility and other relevant policies would be expected to be designed in a way that average demand in normal periods would be covered through the resources available under the first pillar, and that periods of high financing needs, e.g., as a result of significant shocks, could be covered through the contingent mechanisms (IMF, 2012f).

[17] The 2024 PRGT Review indicates that in the event of indications that demand could exceed a corridor around the self-sustained long-term annual lending capacity of SDR 2.5-3.0 billion for a protracted period, or if available resources fall short of what is needed to sustain this level of lending, an ad-hoc review would consider a range of policy options and contingency measures under the three-pillar PRGT framework.

[18] See 2024 Review of the PRGT Facilities and Financing—Reforms Proposals (IMF, 2024e).

[19] When assessing the catalytic role of IMF financing, staff should consider only external support that fills the external financing gap without generating additional foreign exchange (FX) needs. This includes financing provided as budget support, (i.e., in support of broader policy goals) and which does not entail expenditure obligations and, therefore, does not generate FX requirements. In the case of World Bank financing, this includes financing provided under the Development Policy Financing (DPF) instrument and some Program for Results (PforR) Instruments and Investment Projects Financing (IPF) that fall within the following categories: retroactive financing; projects without expenditure obligations; financing of previously budgeted expenditures; and pre-payment for future expenditures.

[20] The Review also approved an adjustment to the annual and cumulative access limits, the access norm and other quota-based thresholds when the general effectiveness conditions for the Sixteenth General Review of Quotas (16th GRQ) increase have been met.

[21] Specifically, as approved by the Executive Board, the downward adjustments to access norms, access limits, and other triggers expressed as a share of quota, will come into effect when the Executive Board determines that the following two general conditions have been met: (i) members holding not less than 85 percent of the total quotas as of November 7, 2023, have provided written consent to the increases in their quotas, and (ii) the necessary consents from new arrangement to borrow (NAB) participants for the effectiveness of the rollback of NAB credit arrangements

(continued)

9. The 2024 Review also introduced several targeted reforms. These include: (i) the extension until end-2025 of the temporarily higher RCF access limits, (ii) the alignment of the PS-HCC debt sustainability requirement to that of the GRA EA for LICs meeting the GRA-EA market access criterion, (iii) the reinstatement of the requirement to conduct an assessment of absence of Serious Short-Term Vulnerabilities in all cases for graduation from PRGT eligibility, and (iv) updates of the PRGT-eligibility list to reflect application of the eligibility criteria. Finally, in the context of a robust financial outlook for the Fund, the 2024 Review addressed a gap in PRGT subsidy resources caused by the high lending volume against the backdrop of high SDRi funding costs in recent years through a further five-year suspension of the reimbursement of PRGT administrative expenses to the GRA and a framework to distribute GRA net income and/or reserves to members to facilitate the generation of PRGT subsidy resources.

B. Choosing the Appropriate Instrument or Facility

10. The choice of the appropriate instrument depends in general on three main factors: (i) the expected time needed to establish a stable and sustainable macroeconomic position as defined above, i.e., the duration of adjustment and balance of payments needs; (ii) the conditionality standard of Fund support; and (iii) the nature of the balance of payments need.

- **Duration of adjustment and balance of payments needs:** The time needed to achieve, through a combination of economic adjustment and external financing, a stable and sustainable macroeconomic position as defined above varies across LICs. A country that has already achieved a stable and sustainable macroeconomic position would, by definition, not need to adjust its macroeconomic policy mix or seek additional external financing. At the other end of the spectrum, in a country with a so-called **protracted balance of payments problem,** the resolution of underlying macroeconomic imbalances needed to establish a stable and sustainable macroeconomic position would be expected to extend over normally three years or more.[22] In a country with a so-called **short-term balance of payments need,**[23] the resolution of macroeconomic imbalances needed to establish a stable and sustainable macroeconomic position would be expected to extend over normally two years or less, and in any case not more than three years.[24]

have been received. These limits will apply to all countries, including those members that have not yet consented to their quota increase or do not fulfill their payment obligations for their quota. However, in the case of the quota-based thresholds for market access for entry onto, and for graduation from, the PRGT-eligibility list, and the threshold for de minimis market borrowing, the adjusted thresholds will apply only if the member's individual quota increase under the 16h General Quota Review has become effective.

[22] See IMF, 2009e, paragraph 8.

[23] See IMF, 2009e, footnote 8.

[24] In borderline cases, where establishing a stable and sustainable macroeconomic position is expected to require more than two but less than three years, judgment is required on the nature of the balance of payments need, and consequently on the choice of the appropriate facility. In this respect, substantial structural reform or capacity

(continued)

- **Conditionality standard:** The standard of Fund support is distinguished by whether or not it meets the **upper credit tranche (UCT)** quality, i.e., the UCT-quality standard is understood to refer to a member's policies that are designed to provide a substantial justification that the member's balance of payments problems are being addressed and resolved, and adequate confidence to the Fund that the improvements in resolving such balance of payments difficulties will allow the member to repay Fund resources by the time repayments fall due.[25]

- **Nature of the balance of payments need:** A balance of payments need can arise because of a member's balance of payments deficit, reserve position, and developments in reserves.[26] The need can be **present** (i.e., a need that exists in the current period), **prospective** (i.e., a need that is expected/projected to arise in the future, including during the implementation of a Fund-supported program), or **potential** (i.e., a need that may arise under an alternative, typically downside, macroeconomic scenario, but is not expected to arise based on baseline/program projections). A present need may also be **urgent**, specifically when not addressing the external financing gap would result in an immediate and severe economic disruption. Distinct from the concept of balance of payments need, a **protracted balance of payments problem,** discussed above, is a related but broader concept that examines the components of the balance of payments need (rather than focusing on the overall balance of payments position), as well as a variety of other indicators. Countries with a protracted balance of payments problem may experience a combination of present, prospective, and potential balance of payments needs.

11. To determine the appropriate PRGT facility or other instrument for a particular country case, the following rules of thumb can be a useful guide:[27]

- **If a country faces a protracted balance of payments problem,** it could be supported under the ECF, but not under the SCF. In these cases, the ECF would be the appropriate instrument for supporting a UCT-quality economic program. However, if the country is not in a position to implement such a program (i.e., when institutional and policy capacity is constrained or more time is needed to design a Fund-supported program), it can build a track record through an SMP and, in case it also has urgent financing needs, it can have access to the RCF that could be

building needs, or frequently recurring financing needs would indicate the presence of a protracted balance of payment problem and thus argue for support under an ECF arrangement, whereas needs for a relatively front-loaded adjustment aimed at a speedy restoration of macroeconomic stability would argue for an SCF arrangement. See IMF, 2009e, footnotes 20 and 21.

[25] See *Signaling by the Fund—A Historical Review (IMF, 2004d),* paragraph 13.

[26] For elaboration on these three indicators, see for example paragraph 5 of the *Staff Guidance Note on the Use of Fund Resources for Budget Support* (IMF, 2010f). As discussed in the guidance note, these criteria for identifying a balance of payments need are relevant for financing under the SCF and RCF. For financing under the ECF, Fund support is intended to address a "protracted balance of payments problem."

[27] These rules of thumb should be used for the purposes of assessing qualification for new financing arrangements, and do not necessarily imply the need to cancel an existing program instrument. More detailed qualification requirements are described in Chapters II–IV of the Handbook.

used concurrently with an SMP if a clear and explicit policy framework is needed to build a track record for a UCT-quality arrangement.[28]

- **If a country does not have a protracted balance of payments problem but faces short-term (present) balance of payments needs,** it could be supported under the SCF, but not under the ECF. In such cases, the SCF would generally be appropriate if a UCT-quality economic program can be implemented. An RCF could be used as an alternative if such a program is not deemed necessary or feasible and the need is urgent. This may be the case when the balance of payments need is considered transitory (e.g., due to a temporary shock), in particular, when the balance of payments need is expected to be resolved within one year and no major policy adjustments are necessary to address the underlying balance of payments difficulties. If the country is not in a position to implement a UCT-quality program (i.e., when institutional and policy capacity is constrained or more time is needed to design a Fund-supported program), it can build a track record through an SMP or, in case it also has urgent balance of payments needs, it can have access to the RCF (which could be used concurrently with an SMP as mentioned above).

- **Countries that have neither a protracted balance of payments problem nor a present balance of payments need** may still face short-term prospective or potential balance of payments needs. In such cases, the SCF could be used on a precautionary basis, with actual disbursements possible if and when a present balance of payments need arises.

- **If a country neither requires nor is seeking PRGT or GRA financing,** it could be supported under the PCI, which is a non-financial instrument available to all member countries designed to promote a close policy dialogue between the Fund and member. In the event that short-term balance of payments needs arise over the course of the PCI, the country can request SBA/SCF financing or, if the balance of payments need is urgent, RFI/RCF financing. In case of potential balance of payments needs, precautionary support under the SBA/SCF is possible in conjunction with the PCI, which may be useful in periods of increased uncertainty or risk. The PCI is also a qualifying UCT-quality instrument for the purposes of requesting an RSF arrangement.

[28] On September 30, 2022, the Executive Board amended the SMP policy to allow for limited Executive Board involvement in particular SMPs in certain, ring-fenced situations (i) an ongoing concerted international effort by creditors or donors to provide substantial new financing or debt relief to the member or (ii) significant outstanding Fund credit under emergency financing instruments at the time new emergency financing is received) to opine on the robustness of a members' policies to meet their stated objectives under the SMP and to monitoring its implementation (see IMF, 2022f). Such SMPs are called "Program Monitoring with Board Involvement" or "PMBs".

Table 1. Choice of Program Support for Low-Income Countries—Key Factors

Facility or instrument 1/	Duration of adjustment and balance of payments (BoP) needs 2/	UCT quality standard 3/	Size and nature of BoP need 4/	Other aspects
Extended Credit Facility (ECF)	Protracted BoP problem. Time needed to make significant progress toward stable and sustainable macroeconomic position ≧ 3 years.	Required.	Present or prospective BoP needs exist (even if minimal) over the course of 3-year arrangement, but a present need is not necessary for each disbursement.	3 to 5-year duration. 5/ Poverty Reduction and Growth Strategy (PRGS) required by 2nd review. 6/ Consecutive ECF arrangements are allowed.
Standby Credit Facility (SCF)	Short-term BoP needs. Time needed to achieve stable and sustainable macro position ≦ 2 years (in any case not > 3 years).	Required.	SCF can be approved based on present, prospective, or potential short-term BoP needs. Precautionary use possible. Disbursements require present BoP needs.	1 to 3-year duration. Consecutive SCF arrangements possible provided that no SCF arrangement shall be approved resulting in a member having SCF arrangements in place >3 years out of any 6-year period (excl. precautionary use). 7/ PRGS required by 2nd review if initial duration is more than 2 years.
Rapid Credit Facility (RCF)	Urgent BoP needs.	UCT-quality program not needed or not feasible. No ex post conditionality or reviews. Can help build track record.	Urgent (present) BoP needs must exist.	One-off disbursements. Repeated use possible based on sudden exogenous shocks or 6-monthly track records. However, no more than two disbursements in any 12-month period are permitted.
Policy Coordination Instrument (PCI)	Non-financial monitoring instrument available to all member countries not seeking Fund financing	Required.	At the time of approval, BoP needs may exist, but would be expected to be met through financing from non-Fund sources.	6-month to 4-year duration. PRGS encouraged if poverty reduction is considered critical to program success. Successive PCIs are allowed.

Table 1. Choice of Program Support for Low-Income Countries—Key Factors (concluded)

Facility or instrument 1/	Duration of adjustment and BoP needs 2/	UCT quality standard 3/	Size and nature of balance of payments need 4/	Other aspects
Staff-Monitored Program (SMP)	Could be short term or protracted.	Not required. SMP's purpose is to build or rebuild a track record toward a UCT-quality program.	Any type or size of BoP needs may exist.	Duration normally 6-18 months. No Board endorsement. 8/

1/ For PRGT-eligible countries that are presumed to blend, any concessional financial support should be blended with GRA financing, normally resulting in ECF-EFF, SCF-SBA, and RCF-RFI blends. Purchases under the RFI count towards the applicable RCF annual and cumulative sub-ceilings. Members that are not presumed to blend may receive financing exclusively on concessional terms up to applicable limits. Provided they meet the policies on access to the GRA, they may also request access to GRA resources in a blend with concessional resources, typically in cases when financing needs exceed the applicable PRGT access limits, or on a standalone basis. However, given the financial benefits from borrowing on concessional terms, staff should continue to advise PRGT-eligible members considering Fund financial support to borrow from the PRGT up to the applicable limits before seeking GRA resources.

2/ Time needed to establish a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

3/ UCT-quality standard implies that the authorities have the commitment and capacity to implement a set of policies that is adequate to correct external imbalances and enable repayment to the Fund.

4/ Balance of payments (financing) needs can be present, prospective (i.e., needs that are expected/projected to arise in the future, including during the implementation of Fund program), or potential (i.e., needs that may arise under an alternative, typically downside, macroeconomic scenario, but is not expected to arise based on baseline/program projections).

5/ A longer ECF arrangement (i.e., up to five years) may be appropriate when program success depends critically on longer-term reform efforts and could be preferred when there are strong merits in anchoring the government's program on a specific medium-term strategy such as a five-year plan.

6/ Following the 2018-19 review of LIC facilities, the Board decisions renamed the Economic Development Document (EDD) as the Poverty Reduction and Growth Strategy (PRGS) to provide it with a title more closely linked to its objectives. Deadlines for meeting the PRS requirements may be extended beyond the 2nd ECF Review under certain circumstances (see Appendix [V] for details).

7/ Both the SCF and ECF can accommodate a 3-year duration of adjustment, however these two facilities remain legally and substantively distinct: the SCF is available for countries with short-term BoP needs that are expected to be resolved within two years but in any case not more than three years, while the ECF is for use by countries with protracted BoP problems, who are expected only to make significant progress toward a stable and sustainable macroeconomic position during the program period.

8/ On September 30, 2022, an amendment to the SMP policy was approved allowing in certain cases for limited Executive Board involvement in opining on the robustness of a member's policies to meet its stated objectives under an SMP and monitoring its implementation. An SMP of this nature is referred to as "Program Monitoring with Board Involvement" or PMB.

C. Access Norms and Access Limits

12. Access norms are a distinctive feature of the PRGT, reflecting the necessity to use scarce concessional resources efficiently. Access norms play a crucial role in guiding access decisions but are not floors, ceilings, nor entitlements.[29,30] They are particularly useful in the context of protracted balance of payments (BoP) problems, where accurately assessing BoP needs and calibrating program access can be challenging. Access norms also play an important role in ensuring consistency of lending with the PRGT's long-term self-sustained lending capacity. Access norms are defined per arrangement and based on the type and length of the arrangement. Starting January 1, 2025, the access norm is set at 145 percent of quota (100 percent of quota when the general

[29] Access to IMF resources is determined on a case-by-case basis, using standard criteria: (i) the size of the balance of payments need; (ii) the strength of the adjustment program and the capacity to repay the Fund; and (iii) IMF credit outstanding and track record of past use (see for instance IMF, 2009e).

[30] For presumed blenders, a per arrangement cap on access to PRGT resources, set at the norm, is applicable to ECF and SCF arrangements (See Section D on blending).

effectiveness conditions for the 16th GRQ increase have been met)[31] for a three-year ECF arrangement and a under eighteen-month SCF arrangement. The access norm for ECF arrangements longer than 3 years would be prorated upwards to maintain the norm at 145/3 per year[32] and the access norm for longer SCF arrangements would be adjusted proportionally, up to a limit of 193.3 percent quota[33] for SCF arrangements (the prorated norm of a 24-month SCF). Additionally, the norm for annual access under the RCF regular window is set at 25 percent of quota (17.5 percent of quota when the general effectiveness conditions for the 16th GRQ increase have been met). There are no norms for access under the RCF "exogenous shocks" and "large natural disaster" windows.

13. Access limits are important elements of the Fund's risk management framework. Access limits seek to balance the need to provide members and financial markets with confidence regarding the scale of possible Fund financing with the need to preserve Fund liquidity and the revolving character of Fund resources. Access limits also support the Fund's catalytic role, given that a large build-up of senior non-restructurable debt can adversely affect future access to private capital markets. Furthermore, access limits reduce the risk that members become unable to repay the Fund, thereby safeguarding Fund resources. All PRGT-eligible members can access concessional resources up to the normal access limits. Exceptional access above these limits is available only to the poorest LICs (i.e., those that do not meet the income criterion for blending).

14. A member's total access under all concessional facilities is subject to "global" annual and cumulative limits. This includes credit outstanding and disbursements under the ECF, SCF, and RCF.

- **Normal annual access limit.** Unless a PRGT-eligible country qualifies for exceptional access, annual access to financing under the PRGT cannot exceed 200 percent of quota (135 percent of quota when the general effectiveness conditions for the 16th GRQ increase have been met) across all concessional facilities.[34] The application of the annual access limit requires consideration of the member's access to the Fund's resources in any 12-month period on a backward- and forward-looking basis. The annual access limit applies to the sum of

[31] As an illustration, for a country with a current quota equal to SDR 100 million, the access norm is equivalent to SDR 145 million. After the general effectiveness conditions for the 16th GRQ have been met, the access norm will be reduced to 100 percent of quota. If the member has consented to the GRQ and fulfilled its quota payment to SDR 150 million, its access norm will adjust to SDR 150 million. However, if the member fails to consent and/or does not increase its quota, its access norm will be SDR 100 million.

[32] 100/3 year when the general effectiveness conditions for the 16th GRQ increase have been met.

[33] 133.33 when the general effectiveness conditions for the 16th GRQ increase have been met.

[34] The annual access limit under the PRGT, which was temporarily increased from 145 percent of quota to 200 percent of quota in December 2023 until the end of 2024, has now been established at 200 percent of quota with effect from January 1, 2025. If the PRGT access limits are reduced following the effectiveness of the 16th GRQ, members that were not subject to the exceptional access framework as of the effective date would not be subject to the application of the exceptional access framework triggered by the lower limits for existing arrangements. However, additional access from a new arrangement, outright disbursements, or an augmentation of access under an existing arrangement in an amount that would exceed the lower access limits would trigger the application of the exceptional access framework.

disbursements on a gross basis within any 12-month period (e.g., June 15, 2023 to June 14, 2024).[35] The calculation of annual access computes the amount of disbursements at the availability dates under the phasing provision of any Fund facility under the PRGT approved by the Executive Board: (i) for current arrangements, the availability date—the date specified under the (latest) phasing provision of the arrangement approved by the Executive Board—is used; past scheduled amounts are counted whether they were drawn or not; (ii) for past (expired or canceled) arrangements, only actual disbursements are counted. As with current arrangements, the availability date should be used in the annual access calculation; (iii) for past RCF approvals, the date of approval of the outright loan disbursement should be used irrespective of whether the approved amount was drawn or not.[36]

- **Normal cumulative access limit.** Unless qualified for exceptional access, cumulative access to financing under the PRGT cannot exceed 600 percent of quota (405 percent of quota when the general effectiveness conditions for the 16th GRQ increase have been met), net of scheduled repayments. Specifically, cumulative access is the sum of all disbursed and committed financing under the PRGT on a net basis. Thus, the cumulative access limit requires that total outstanding Fund concessional credit (including disbursements that were made available but not drawn in the context of the current arrangement) cannot exceed 600 percent of quota (405 percent of quota when the general effectiveness conditions for the 16th GRQ increase have been met) at any point in time based on projected disbursements and repayments.[37]

D. Blending

15. To ensure that scarce concessional resources are targeted towards the Fund's poorest and most vulnerable members, there is a presumption that better-off PRGT-eligible countries will receive PRGT-financing only in a blend with GRA resources, rather than relying fully on concessional Fund financing.[38] Countries that fall in this category are referred to as "presumed blenders". When financing is blended under a PRGT arrangement and a GRA arrangement, total cumulative access is determined based on the standard criteria, implying that total access should be comparable across country cases with similar balance of payments needs, program strength, and outstanding Fund

[35] More precisely, 12 months refers to 12 calendar months, e.g., from June 15, 2023, to June 14, 2024. In this illustrative example, a disbursement on June 15, 2023, would be 12 months plus one day on June 15, 2024, and would thus not be included in the same 12-month rolling period as June 15, 2024.

[36] See *Enhancing the Emergency Financing Toolkit—Responding to the Covid-19 Pandemic, July 2020* (IMF 2020b), Box 1a.

[37] The cumulative limit on access to PRGT resources was raised from 300 to 435 percent of quota, the same threshold for normal cumulative access in the GRA, in March 2021 (see IMF, 2021b) and maintained there in July 2021 (see IMF, 2021a). The cumulative access limit was further temporarily increased in December 2023, from 435 percent of quota to 600 percent of quota, effective until end-2024 (see IMF, 2023e). The 2024 Review of the PRGT Facilities and Financing maintained the cumulative access limit at 600 percent of quota effective from January 1, 2025 (see IMF, 2024e).

[38] See IMF, 2009e, paragraphs 91–92. The framework for presumed blending has been modified, most recently in July 2021: see *Fund Concessional Financial Support for Low-Income Countries—Responding to the Pandemic* (IMF, 2021a).

credit, irrespective of whether the Fund's financial assistance comes in the form of blended or PRGT-only resources.[39] Blending can provide a signal that the borrower is moving toward middle-income or emerging market status.

16. Blending of PRGT and GRA resources is subject to the following presumptions and limitations:

- Blending is presumed for PRGT-eligible countries that (i) meet the income criterion for blending **and** (ii) do not have debt vulnerabilities that limit their access to international financial markets. Specifically:

  - A country is deemed to **meet the income criterion** for blending when its annual GNI per capita has exceeded the prevailing International Development Association (IDA) operational cutoff by at least 5 percent for two consecutive years. However, if a member does not meet the income criterion for presumed blending and its GNI per capita does not exceed the IDA operational cutoff by at least 5 percent as of the year before a new rebased GDP is published, it shall not be deemed to have met the income criterion until the member's annual GNI per capita has exceeded the prevailing IDA operational cutoff by at least 5 percent for two consecutive years, not including the year in which the official rebased GDP data is released.[40] Having met the income threshold, the country is deemed to continue to meet it unless its annual GNI per capita falls below 95 percent of the IDA operational cutoff. Should the GNI per capita fall below this level, the country no longer meets the income threshold for blending and would no longer be a presumed blender (until it re-qualifies).

  - A country is deemed to **have debt vulnerabilities** that limit its access to international financial markets if (i) it is assessed to be in debt distress; or (ii) it is assessed to be at high risk of debt distress (based on the assessment of the most recent joint Bank-Fund LIC Debt Sustainability Analysis-DSA) and either a) has had limited past access to international financial markets or b) is a small state (population below 1.5 million) or microstate (population below 200,000). Countries are assessed to have had limited past access to markets if they do not meet the criterion of "capacity to access international financial markets on a substantial and durable basis" as defined in the first test of market access under the PRGT eligibility decision.[41]

[39] See footnote 30.

[40] For a transitional period, if a member completes its GDP rebasing after March 11, 2020, and no later than April 30, 2025, the income criterion will be met when the member's annual GNI per capita exceeds the prevailing IDA operational cutoff by at least 5 percent for two consecutive years following, and not including, 2025.

[41] See Annex IX, under the *2024 Review of the PRGT Facilities and Financing* (IMF, 2024e). This criterion is met if the country has issued or guaranteed eligible external debt in at least three of the past five years in a cumulative amount equivalent to at least 50 percent of its quota (35 percent of quota when the general effectiveness conditions for the 16th GRQ increase have been met). The second test (if there were convincing evidence that the sovereign could have tapped international financial markets on a durable and substantial basis) does not apply to blenders. Please refer to Annex IX of the 2024 PRGT Review for a detailed discussion of the methodology to assess market access.

- PRGT-eligible countries that meet the above requirements (presumed blenders) can access PRGT resources *only* in a blend with GRA resources.

- PRGT-eligible countries that do not meet the above requirements may access PRGT resources as follows:

    - countries that meet the income criterion for blending are subject to hard caps set at the normal annual and cumulative access limits (i.e., they are not eligible for PRGT EA).

    - countries that do not meet the income criterion for blending are not subject to a cap (i.e., they are eligible for the PRGT EA).

17. The blending rules stipulate a 1:2 mix of PRGT and GRA resources. Within the PRGT access limits, the presumed blenders can access PRGT resources only in a 1:2 mix with GRA resources. Their overall access to PRGT financing is hard capped at the normal annual and cumulative PRGT access limits, and a per arrangement cap at the access norm. Access needs above these levels must be met from the GRA. It is worth noting that the access limits applicable to RCFs differ depending on the window (See Table 4). Therefore, the RCF portion in blended RCF/RFI cases is limited by the applicable RCF sub-limits in addition to overall PRGT access policies. Further information on high access safeguards in blended arrangements can be found under Section F.

E. Financing Terms

Interest Rate

18. From May 1, 2025, a new interest rate mechanism approved by the Board under the 2024 Review will become effective and apply to all new PRGT arrangements (under the ECF and SCF) and emergency financing (RCF) approved on or after May 1, 2025. While the interest rate mechanism adopted in 2009 allowed for a positive interest rate, in practice the Fund Executive Board repeatedly waived its application, and rates were consistently set at zero until the 2024 Review. In keeping with the concessionality principle, the new mechanism maintains PRGT interest rates below the rate applicable to GRA financing and market rates. The interest rate will remain zero for PRGT arrangements and RCF disbursements approved up to April 30, 2025 (including all future disbursements, even those resulting from augmentations of access or extensions of such arrangements). Interest will be paid by PRGT borrowers after the end of each IMF financial quarter, in line with the schedule of interest payments to PRGT lenders and with the billing cycle of the GRA and SDR Department.

19. The new mechanism consists in a differentiated interest rate structure based on the SDRi and the blending policy.[42] Differentiated interest rates are applicable to country groups (tiers), which are determined using the criteria under the blending policy (see Table 2):[43]

- **Tier 1 ("the lowest income").** For PRGT-eligible members that do not meet the income criterion for presumed blending, the applicable interest on PRGT loans remains at zero percent.

- **Tier 2 ("the higher income")**. For PRGT-eligible members that meet the income criterion for blending, the applicable interest rate on PRGT loans is a fraction of the SDRi depending on debt vulnerabilities and market access:

    - **Tier 2A ("higher-income, presumed blenders")**. For higher income PRGT-eligible members that do not face elevated debt vulnerabilities that limit their access to international financial markets, the applicable interest rate on PRGT loans is set at 70 percent of the prevailing SDRi.

    - **Tier 2B ("higher-income, non-presumed blenders")**. For higher income PRGT-eligible members that face debt vulnerabilities that limit their access to international financial markets and tend to face higher economic vulnerabilities than Tier 2A, the applicable interest rate on PRGT loans is set at 40 percent of the prevailing SDRi.

[42] Differentiating interest rates in line with the blending policy further strengthens the efficient use of PRGT resources. The PRGT tiered interest rate structure (price approach) is aligned with the existing tiered PRGT access structure (volume approach), thereby ensuring a coherent framework where PRGT resources and the most favorable lending terms are focused on the poorest LICs. All PRGT-eligible countries continue to be supported through differentiated levels of concessionality until they are no-longer PRGT-eligible.

[43] As with the blending status, a country's tier at the time of approval of an arrangement or RCF financing would determine the interest rate terms applied to all disbursements under that particular arrangement or the RCF disbursement, including any extension or augmentation of access under the arrangement.

Table 2. Country Tiering Criteria, PRGT Access, and PRGT Interest Rates 1/

	Income Criterion 2/	**Market access criterion** 3/	**Access to PRGT**	**Interest rate on new post-reform PRGT arrangements**
Tier 1 (lowest income)	Do not meet *Generally, GNI p.c.is at or below the IDA Cutoff*1.05*	Not applicable	Uncapped, non-presumed blenders	0 percent
Tier 2 (higher income)	Meet *GNI p.c. exceed the IDA Cutoff*1.05 for two consecutive years, and after meeting the first condition, the GNI p.c. remains above IDA Cutoff*0.95*	**Tier 2A**: Meet	Presumed blenders (1:2 PRGT:GRA) with PRGT access capped per arrangement at the norm; and at the normal AAL/CAL	70 percent of SDRi
		Tier 2B: Do not meet	Non-presumed blenders with PRGT access capped at the normal AAL/CAL	40 percent of SDRi

1/ Criteria set by the Fund's (unchanged) blending policy governing access to PRGT resources.
2/ The current operational IDA cutoff, as published in July 2024, is set at $1,335 for FY 2025.
3/ The market access criterion is met when a member does not face significant debt vulnerabilities that limit its access to international financial market. A country is deemed to have debt vulnerabilities that limit its access to international financial markets if it is assessed to be (i) in debt distress or (ii) at high risk of debt distress and either (a) has had limited past market access as specified under the blending policy or (b) is a small/micro state.

Repayment

20. The maturity for the repayment of PRGT credit is based on the PRGT facility:[44] (i) repayments of RCF credit and ECF are made in 10 equal semi-annual installments, subject to a 5 1/2-year grace period from the date of the first disbursement and 10-year final maturity; and (ii) repayments of SCF credit are made in 9 equal semiannual installments, subject to a four-year grace period from the date of the first disbursement and eight-year final maturity. The authorities may decide to make early repayments at any time.

Availability Fees

21. A small availability fee applies to the precautionary use of SCF financial resources. Specifically, a fee at 0.15 percent per annum is levied on the undrawn portion of the amount available for drawing after each six-month period under an SCF arrangement if no disbursement is requested. If the funds are drawn, the availability fee is reimbursed for the amounts drawn.

[44] Repayment terms for the GRA component (SBA, EFF or RFI) of blended arrangements is that applicable to the GRA instruments.

F. Safeguards Policy

22. The 2024 Review of the PRGT Facilities and Financing introduced a single framework—the "Strengthened Policy Safeguards (SPS)"— by consolidating the HAP and ES (Box 1a).[45] The Review simplified the flow triggers and linked these to the access norm per arrangement (see Box 1b). It also refined the information requirements for the informal Board consultation to better align these with PS-HCC information requirements (see Box 2). The SPS apply to new PRGT financing requests—i.e., under a new arrangement, an emergency financing, or augmentation of access under an existing arrangement. The SPS include three categories of scrutiny: SPS1, SPS2, and SPS3 (see Table 3) that activate two or more of the SPS requirements (see Box 1a and Table 3):

- **SPS1** is triggered when: (i) the proposed access under a new PRGT financing request would exceed 125 percent of access norm for that arrangement ("flow" trigger) or (ii) the proposed access under the financing request, including augmentation, would cause the cumulative PRGT access (i.e., credit outstanding to the PRGT) to exceed 300 percent of quota (200 percent of quota when the general effectiveness conditions for the 16th GRQ increase have been met) at any point over the lifetime of the existing or proposed arrangement ("stock" trigger).[46] They entail a granular discussion of the composition and evolution of debt and an enhanced analysis of the member CtR in the country documents.

- **SPS2** is triggered when (i) the proposed access under a new PRGT financing request would exceed 150 percent of access norm for that arrangement ("flow" trigger) or (ii) the proposed access under the financing request, including augmentation, would cause the cumulative PRGT access (i.e., credit outstanding to the PRGT) exceeds 300 percent of quota (200 percent of quota when the general effectiveness conditions for the 16th GRQ increase have been met) at any point over the lifetime of the existing or proposed arrangement ("stock" trigger). SPS2 entails SPS1 requirements as well as an early engagement with the Board through an informal Board meeting once Management agrees that the request, augmentation, or rephasing associated with the access could be appropriate (see Box 1a for the information required for the informal Board).

[45] The PRGT relies on safeguards to preserve scarce concessional resources and mitigate credit risks to the Fund. The PRGT safeguards have been expanded and adjusted over the years as the Fund increased its financial support to LICs. The policy for Exceptional Access was introduced prior to the overhaul of the concessional lending framework in 2009, with the aim of safeguarding Fund resources. The High Access Procedures (HAP) safeguards were introduced in 2009, initially limited to requiring a DSA and an informal board meeting when the projected access level exceeded a certain threshold during a defined period (flow trigger). In 2019 the HAP was strengthened to introduce a stock trigger. In 2020, the Policy Safeguards for High Combined Credit (PS-HCC) were introduced to cover the situation of high combined access under the GRA and PRGT. Finally, as high demand for Fund financing led to increases in access limits following the COVID-19 pandemic, the policy on Enhanced Safeguards (ES) for Debt Sustainability and Capacity to Repay was introduced in March 2021 and further elaborated and endorsed by the Board in July 2021 to address heightened concerns over debt vulnerability and capacity to repay the Fund associated with higher access compared with the pre-pandemic period.

[46] SPS2 would also be triggered in this case since the stock trigger is the same for SPS1 and SPS2.

- **SPS3** is triggered when new PRGT financing is requested by a member that is assessed to be at high risk of, or in, overall debt distress. SPS3 entails SPS1 and an explicit program objective to reduce debt vulnerabilities.

Box 1a. PRGT Facilities Framework: Strengthened Policy Safeguards—Requirements

The 2024 Review of the PRGT Facilities and Financing introduced the Strengthened Policy Safeguards (SPS) that consolidated the requirements under the Enhanced Safeguards for debt sustainability and capacity to repay the Fund (ES) and the procedural requirement under the High Access Procedures safeguards (HAP) into a single framework with three categories of scrutiny—SPS1, SPS2, and SPS3 (See Poverty Reduction and Growth Trust—Guidance Note on the Strengthened Policy Safeguards (2025). A combination of two or more of the four requirements below will be implemented under each category of scrutiny. The first three requirements, derived from ES, should be included in country documents (policy notes and staff reports), while the fourth requirement, derived from HAP, establishes a procedure for early board engagement. The requirements are:

- A granular discussion of the composition and evolution of debt, with a particular focus on external debt that is more difficult to restructure. This should include the structure of public external debt and its projected evolution over time, informed by tables showing two distinct breakdowns of public external debt:
  i) the composition of external debt by main creditor category (multilateral, bilateral, private), domestic debt, and other debt, and
  ii) de facto senior debt (debt to the IMF, the World Bank and other multilateral creditors) and known collateralized debt that may be more difficult to restructure.

- An enhanced CtR analysis informed by cross-country comparisons of metrics of Fund exposure (i.e. CtR dashboard). This should include the evolution of projected IMF debt and debt service relative to key economic metrics over the course of the repayment period as compared with other PRGT programs, supported by a set of standardized charts provided by the Finance Department (see below). Where financing requests would result in comparatively elevated levels of key CtR indicators, the staff report would examine the severity of the implied risks and explain how program design—including access, phasing, and conditionality—seeks to mitigate these risks.

- A discussion of the explicit program objective to reduce debt vulnerabilities. Reducing debt vulnerabilities would typically involve reducing breaches of thresholds for the four key indicators in the LIC-DSF over the program period under the baseline scenario.

- An early engagement with the Board through an early informal Board meeting. The informal Board meeting allows teams to present to Executive Directors an initial assessment of the member's BoP need, macroeconomic situation, and potential fiscal and debt vulnerabilities, as well as information on the proposed program and related impact on concessional resources. To ensure Executive Directors' views on access levels are appropriately reflected in the discussions with the member's authorities, the informal Board meeting should take place as soon as management determines that a new request involving exceptional or high access (that triggers SPS2) could be appropriate (see Box 2 for specific information required for the Board meeting).

The granular discussion of the composition and evolution of debt and the discussion of the explicit program objective to reduce debt vulnerabilities can be presented in a separate Annex (with a brief reference in the staff report discussion of program risks) while the enhanced CtR analysis should be included in the program modalities section of the policy note and staff report.

Box 1b. PRGT Facilities Framework: Strengthened Policy Safeguards—Calculations of Flow and Stock Triggers

The calculation of the SPS "flow" triggers differs from the calculation used under the previous HAP and ES, whilst the stock trigger remains the same.

Flow trigger: The SPS flow trigger is based on the size of the arrangement, rather than total PRGT flows over a defined period, and is based on a multiple of the applicable access norm, rather than as a fix percentage of quota. It can be calculated in two steps:

> _Step 1_: Calculate the applicable access norm. As of January 1, 2025, the access norm is set at 145 percent of quota for a 3-year ECF and an 18-month SCF. This should be prorated for shorter or longer arrangements, following the formula set out below. A 42-month ECF arrangement and a 12-month SCF are shown as examples in the table below. Note that the maximum applicable access norm for an SCF is 193 percent of quota (equating to the pro-rated norm of a 24-month SCF)—this maximum norm applies to all SCF with a duration between 24 and 36 months.

	a	*b*	*c*	*d*	**Triggers**	
Arrangement	Access norm	Standard length of arrangement	Proposed length of arrangement	Applicable norm	**SPS1** 125% of norm	**SPS2** 150% of norm
ECF	145	36	42	= a / b x c = 169	= d * 1.25 = **211**	= d * 1.5 = **254**
SCF	145	18	12	= a / b x c = 97	= d * 1.25 = **121**	= d * 1.5 = **145**

> _Step 2_: Compare the proposed access (for a new request or an existing arrangement plus augmentation) to the applicable norm and SPS1 and SPS2 triggers. In the example above, if a 42-month ECF request or an augmentation within a 42-month ECF brings access under an arrangement above 211 percent of quota, SPS1 would be triggered. SPS2 would be triggered for a 12-month SCF with access/augmentation above 145 percent of quota.

Note: The ECF and SCF access norm will be reduced from 145 to 100 percent of quota when the general effectiveness conditions for the 16th GRQ increase have been met.

Stock trigger: Staff can assess whether the stock trigger is met by using the SPR Access Tool. If the projected outstanding IMF credit exceeds 300 percent of quota (200 percent of quota after the general effectiveness conditions for the 16th GRQ increase have been met) upon approval or at any point in time over the lifetime of the existing or requested arrangement (including projected disbursements under the proposed RCF or the proposed arrangement/augmentation and repayments), SPS1 and SPS2 will be triggered.

Notes: Currently, the stock trigger would not apply to a request for financing under the RCF regular window since it is subject to a 25 percent of quota per disbursement access cap, (17.5 percent of quota after the general effectiveness conditions for the 16th GRQ increase have been met), which is currently the de-minimis threshold that exempts a financing request from the application of SPS. After the general conditions for effectiveness of the 16th GRQ increase become effective, new requests for financing under the RCF regular window could trigger SPS if the requested access is above the adjusted de-minimis threshold of 15 percent of quota.

23. A de-minimis threshold for the application of the SPS is set at 25 percent of quota per financing request. If the access level of a new PRGT financing request is at, or below, 25 percent of quota (15 percent of quota when the general effectiveness conditions for the 16th GRQ increase becomes effective), a member at low or moderate risk of overall debt distress would not be subject to the SPS. For members at high risk of, or in, overall debt distress, SPS3 would be triggered regardless of the requested level of access.

24. An RCF request cannot trigger the SPS through the flow trigger. This is because the RCF exogenous shock window and the large natural disasters window are not subject to access norms. In addition, the RCF regular window is subject to a per disbursement access cap set at 25 percent of quota, which is the de minimis threshold for the application of the SPS. An RCF request under the exogenous shock window or the large natural disasters window could, however, trigger the SPS through the stock trigger.

25. The SPS requirements must be discussed in the policy note and staff report for new PRGT financing requests. They apply when a new arrangement or emergency financing is requested or at a program review for an existing arrangement where an augmentation is requested.[47] The SPS do not apply at program reviews that do not request an augmentation, and they do not apply to non-disbursing instruments.

26. The Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries (IMF, 2018b) discusses the criteria for DSA preparation. A new DSA is required to accompany policy notes and staff reports for Article IV consultations and any request for IMF financing (i.e., under a new arrangement, an emergency financing, or augmentation of access under an existing arrangement), IMF-supported programs where there is a proposed modification related to, or a waiver for non-observance of, a performance criterion related to debt limits, and when there are significant changes in economic circumstances and borrowing assumptions. The 2024 PRGT Review eliminated a specific DSA-update-related trigger.[48]

27. The 2024 Review also strengthened Executive Board oversight. The SPS framework requires the inclusion of granular analysis of the composition and evolution of a country's debt and an enhanced capacity to repay the Fund analysis in the informational requirements for informal Board discussions when SPS2 is triggered.[49]

28. Exceptional Access. In exceptional circumstances, access above the normal limits (i.e., exceptional access) can be made available to PRGT-eligible countries:

- that experience or have the potential to experience exceptional balance of payments pressures on the current account or capital account, resulting in a need for Fund financing that cannot be met within the normal limits;
- where risks to the sustainability of public debt are adequately contained— i.e. a rigorous and systematic analysis indicates that there is a high probability that the member's public debt is sustainable in the medium term. This is generally considered to be met for countries that are

[47] Although the ES did not apply to emergency financing, the SPS, which combines the HAP and the ES, are applicable to emergency financing.

[48] Prior to the *2024 PRGT Review*, a DSA update was required anytime access to PRGT resources in any 24-month period exceeded 80 percent of quota.

[49] See the Guidance Note on the Strengthened Policy Safeguards (2025).

assessed under the Bank-Fund Debt Sustainability Framework for Low Income Countries (LIC-DSF) as having low or moderate overall risk of public debt distress; or countries, where the combination of the member's policies and financing from sources other than the Fund, which may include debt restructuring, restores public debt sustainability with high probability, i.e., restores to a point where application of the LIC-DSF would yield the rating of low or moderate overall risk of public debt distress (a) within 36 months from Board approval of the financing request or within the period of a newly approved arrangement (whichever is longer) or (b) within the remaining period of an arrangement, in cases where the Board approves an augmentation or rephasing request;

- that do not meet the income criterion for presumed blending when a new financing request (including augmentation/rephasing) is made; and
- where the policy program of the member provides a reasonably strong prospect of success, including with respect to the member's adjustment plans and its institutional and political capacity to deliver that adjustment.

29. As of July 14, 2021, there are no longer hard limits on exceptional access to PRGT resources for PRGT-eligible countries that meet the aforementioned criteria. Therefore, a financing request may be approved in amounts exceeding the normal access limits if these criteria are satisfied. Procedural safeguards, similar to those that apply when SPS2 is triggered, are applicable to exceptional access (see below). Staff reports should explicitly justify, as relevant, the member's qualification for exceptional access at the time of program requests, augmentations, and in all subsequent reviews.

30. Exceptional Access Procedures. The PRGT lending framework includes procedural safeguards for exceptional access to concessional financing (in the case of a new financing request). The objective of these procedures is to ensure enhanced Board oversight of lending proposals involving levels of access to PRGT resources above PRGT normal access limits (for eligible countries). This is achieved via an early informal staff consultation with the Executive Board on a country case that should occur once management agrees that a new or augmented financing request involving exceptional access could be appropriate and before the negotiation mission. In advance of the informal Board meeting, staff should provide the Board with a short note that includes information on BoP needs, key measures under the program, debt sustainability and capacity to repay, impact on PRGT finances, and timeframe for program discussions (see Box 2 for a more complete list of requirements). An additional consultation with Executive Directors will normally be expected to occur between the initial informal meeting and the Board's consideration of the staff report. The briefings will aim to keep the Board abreast of program-financing parameters, including assumed rollover rates, economic developments, progress in negotiations, any substantial changes in understandings, and any changes to the initially envisaged timetable for Board consultation.

Table 3. PRGT Facilities Framework: Safeguards Policy

<table>
<tr><th></th><th>Triggers</th><th>Requirements</th></tr>
<tr><td>SPS 1</td><td>Flow: PRGT access per arrangement exceeds 125 percent of the access norm, or
Stock: PRGT credit outstanding exceeds 300 percent of quota (200 percent of quota when the general conditions for effectiveness of the 16th GRQ increase have been met). The same stock trigger as for SPS2.</td><td>Granular discussion of the composition and evolution of debt; and Enhanced CtR analysis informed by cross-country comparisons of metrics of Fund exposure</td></tr>
<tr><td>SPS 2</td><td>Flow: PRGT access per arrangement exceeds 150 percent of the access norm, or
Stock: PRGT credit outstanding exceeds 300 percent of quota (200 percent of quota when the general conditions for effectiveness of the 16th GRQ increase have been met).</td><td>SPS1 + Early engagement with the Board through an informal Board meeting once Management agrees that the new financing request, or proposed augmentation, or rephasing associated with the access could be appropriate</td></tr>
<tr><td>SPS 3</td><td>Being at high risk, or in, overall debt distress</td><td>SPS1+ Explicit program objective to reduce debt vulnerabilities</td></tr>
<tr><td>PRGT-EA</td><td>Annual PRGT access above the PRGT normal annual access limit of 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ increase have been met), or
Cumulative PRGT credit outstanding above the PRGT normal cumulative access limit of 600 percent of quota (405 percent of quota when the general conditions for effectiveness of the 16th GRQ increase have been met).</td><td rowspan="2">Early engagement with the Board through an informal Board meeting once Management agrees that the request, augmentation, or rephasing associated with the access could be appropriate. An additional consultation with Executive Directors will normally be expected to occur between the initial informal meeting and the Board's consideration of the staff report. The briefings will aim to keep the Board abreast of program-financing parameters, including assumed rollover rates, economic developments, progress in negotiations, any substantial changes in understandings, and any changes to the initially envisaged timetable for Board consultation. Staff reports should explicitly justify, as relevant, the member's eligibility to exceptional access at the time of program requests, augmentations, and all subsequent reviews.</td></tr>
<tr><td>PS-HCC</td><td>Annual PRGT+GRA access above the GRA annual access limit of 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ increase have been met), or
Cumulative PRGT+GRA credit outstanding above the GRA cumulative access limit 600 percent of quota (405 percent of quota when the general conditions for effectiveness of the 16th GRQ increase have been met).</td></tr>
</table>

Box 2. PRGT Exceptional Access and Strengthened Policy Safeguards Procedures for Early Informal Board Engagement

The procedures applicable to PRGT-EA and SPS2 require early engagement with the Board through an informal Board meeting where the Board would be presented with an initial assessment of the member's BoP need, macroeconomic situation, and potential fiscal and debt vulnerabilities, as well as information on the proposed program and related impact on concessional resources. Specific informational requirements would include:

- The factors underlying the large/exceptional BoP need, after accounting for financing from donors.
- A brief summary of the main policy measures and macroeconomic framework.
- For SPS2 the expected strength of the program; for PRGT-EA the assessment of a reasonably strong prospect of success, including the member's adjustment plans and its institutional and political capacity to deliver that adjustment.
- An assessment of capacity to repay the Fund including a capacity to repay table.
- A reference to the impact on the Fund's concessional resources.
- An analysis of debt vulnerabilities, including a preliminary DSA assessment and the standard DSA charts. The discussion should include the results from the "realism" tools in the LIC DSF. In SPS2 cases where a member is in high risk, or in, debt distress, the program must have an explicit objective to reduce debt vulnerabilities (as required under SPS).

Box 2. PRGT Exceptional Access and Strengthened Policy Safeguards Procedures for Early Informal Board Engagement (concluded)

- A discussion of any deficiencies in the quality/transparency of public debt data
- The likely timetable for discussion with the authorities.
- A Selected Economic Indicator (SEI) table.
- *Optional in the case of EA, unless SPS1 or SPS2 is also triggered*[1/]—An enhanced CtR analysis informed by cross-country comparisons of metrics of Fund exposure.
- *Optional in the case of EA, unless SPS1 or SPS2 is also triggered*—A more granular discussion of the composition and evolution of debt, with a particular focus on external debt that is more difficult to restructure.

To ensure Executive Directors' views on access levels are appropriately reflected in the negotiations, the informal Board meeting should take place as soon as management concurs that a new request involving exceptional or high access (SPS2 triggered) could be appropriate.

1/ Cases where a member triggers the PRGT EA but does not trigger the SPS are rare, but they can occur. Consider a country with no outstanding credit to the IMF that obtains a precautionary SCF for 18 months at 120 percent of its quota. At the end of the arrangement, the country faces a shock that leads to the disbursement of the entire amount. Within less than 12 months, due to continued shocks, the country requests a new 18-month SCF for 150 percent of quota, with a frontloaded disbursement of 90 percent of quota at program approval. This new disbursement will cause the annual access limit (200 percent of quota) to be exceeded, thereby triggering the PRGT EA. However, since the access under the new arrangement is less than 125 percent of the norm (i.e., less than 181.25 percent of the quota), the SPS flow trigger will not be activated. Furthermore, with the cumulative access at the end of the new arrangement being 270 percent of the quota, which is less than 300 percent of the quota, the stock SPS trigger will not be activated either.

31. High Combined PRGT and GRA Credit Exposure. Policy safeguards also apply when countries seek access to Fund financial support that would lead to high levels of combined GRA-PRGT exposure. Specifically, financing requests and subsequent reviews that entail levels of combined access to GRA and PRGT resources in excess of GRA normal access limits are subject to the Policy Safeguards for High Combined GRA and PRGT Credit (PS-HCC).[50] The safeguards are broadly aligned with the criteria and procedures applied in the GRA exceptional access framework (Box 3a).[51] Financing requests involving high combined PRGT and GRA credit exposure—like exceptional access—are expected to be exceptional.

[50] The 2024 Comprehensive Review of GRA Access Limits (IMF, 2014i) maintained the GRA access limits at 200/600 percent of quota annually/cumulatively.

[51] See *Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure* (IMF, 2020d), as amended by the 2024 Review of Facilities and Financing.

Box 3a. PRGT Facilities Framework: Policy Safeguards for High Combined Credit (PS-HCC)

Until 2020, PRGT-eligible countries could request access to a mix of resources from the GRA and PRGT at levels that, on a combined basis, exceeded the levels that constituted exceptional access in the GRA and the PRGT, yet taken separately would not trigger the higher safeguards under the EA respective policies. Such requests, though large in scale, would not be subject to the scrutiny of either GRA or PRGT exceptional access frameworks. To address this gap, in September 2020 the IMF Executive Board approved the PS-HCC, which applies to requests and subsequent reviews that entail combined access to GRA and PRGT resources above PS-HCC thresholds.

The 2020 PS-HCC framework was introduced with the objective to provide the same quality of safeguards to Fund resources that is provided by meeting the GRA EA criteria. Hence, when the financing request triggers both GRA EA policy and the PS-HCC, the latter does not apply because meeting the former is deemed to be a sufficient safeguard. On the other hand, when the financing request triggers both the PRGT EA policy and the PS-HCC, both sets of safeguards apply: the PRGT EA criteria have to be met for access to PRGT resources in excess of the applicable PRGT access limits, while the PS-HCC would need to be met when combined access to GRA and PRGT resources would exceed the thresholds. When the financing request triggers both the PRGT and GRA EA policies and the PS-HCC, both the GRA EA and PRGT EA policies would apply, while the PS-HCC would be deemed to be met.

The 2024 PRGT review has introduced a targeted refinement to align the debt sustainability criterion under the PS-HCC with that under the GRA EA for the LICs that meet the GRA EA market access criterion.

Financing requests or subsequent reviews at which the PS-HCC is triggered must satisfy the following criteria:

Criterion 1. The member is experiencing or has the potential to experience exceptional balance of payments pressures on the current account or capital account, resulting in a need for Fund financing that cannot be met without giving rise to access in excess of the HCC thresholds.

Criterion 2. Risks to the sustainability of public debt are adequately contained. This is evidenced by

- **For members for whom use of the Bank-Fund Debt Sustainability Framework for Low Income Countries (the "LIC-DSF") is warranted:**
    - A rigorous and systematic analysis that indicates there is a high probability that the member's public debt is sustainable in the medium term. This is generally considered to be met for countries that are assessed under the LIC-DSF as having low or moderate overall risk of public debt distress; <u>or,</u>
    - Where the member's public debt is not assessed to be sustainable with high probability, combined access above the specified thresholds will only be made available if the combination of the member's policies and financing from sources other than the Fund, which may include debt restructuring, restores public debt sustainability with high probability (i.e., to a point where application of the LIC-DSF would yield a rating of low or moderate overall risk of public debt distress) (i) within 36 months from Board approval of the financing request or within the period of a newly approved arrangement (whichever is longer) or (ii) within the remaining period of an arrangement, in cases where the Board approves an augmentation or rephasing request.

Box 3a. PRGT Facilities Framework: Policy Safeguards for High Combined Credit (PS-HCC) (concluded)

  - Provided that in cases where the member's public debt is assessed to be sustainable but not with high probability and the member has prospects of gaining or regaining access to private capital markets within a timeframe and on a scale that would enable the member to meet its obligations falling due to the Fund (including the PRGT) combined access above the proposed thresholds will be made available if the combination of the member's policies and financing from sources other than the Fund, which may include debt restructuring, although it may not restore sustainability with high probability, improves debt sustainability and sufficiently enhances the safeguards for Fund resources (including PRGT resources).[1] In applying the more flexible standard where debt is sustainable but not with high probability, BUFF/16/9 Corr. 1 would apply (see the 2024 Review of the PRGT Facilities and Financing (IMF, 2024e), Annex X).

- **For members for whom use of the Sovereign Risk and Debt Sustainability Framework (SRDSF) is warranted: the debt sustainability requirements for providing exceptional access to GRA resources are met.**

Criterion 3. The policy program of the member provides a reasonably strong prospect of success, including not only the member's adjustment plans but also its institutional and political capacity to deliver that adjustment.

The PS-HCC applies to a new arrangement in the GRA or under the PRGT; a purchase under the RFI or a loan under the RCF; an augmentation of access under an arrangement in the GRA or under the PRGT; or a rephasing of scheduled purchases or disbursements under an arrangement approved after September 9, 2020, when access under the arrangement has not previously exceeded the HCC thresholds. PS-HCC also applies to subsequent reviews in the context of arrangements, where the PS-HCC thresholds are exceeded.

The procedural requirements for the PS-HCC are similar to PRGT (and GRA) exceptional access procedures (see Box 3b).

[1] For the application of this criterion, financing provided from sources other than the Fund may include, inter alia, financing obtained through any intended debt restructuring. This criterion applies only to public debt. However, the analysis of such public debt sustainability would incorporate any potential contingent liabilities of the government, including those potentially arising from private external indebtedness.

Box 3b. Procedural Requirements for High Levels of Combined GRA-PRGT Exposure Cases

Details of the procedural requirements applicable to the policy safeguards are given below:

- **Early Board engagement.** As soon as management determines that new or augmented access to resources in the GRA and/or in the PRGT (i.e., under a new arrangement, new RCF or RFI emergency financing, or an augmentation) exceeding the thresholds for high combined credit exposures may be appropriate, an informal Board meeting will be required. An informal Board meeting will also be required for a rephasing of approved access that would cause the thresholds to be exceeded in circumstances where neither the annual nor the cumulative threshold for combined credit exposures have been previously exceeded. In advance of the meeting, staff will circulate a note to the Board that sets out the preliminary evaluation of the three substantive criteria applying under the policy safeguards. Strict confidentiality requirements will be maintained. The note will include the following elements:
  - The factors underlying the exceptional balance of payments need in the current or capital account, taking into account financing from other development partners.
  - A brief summary of main policy measures and the macroeconomic framework.
  - The assessment of a reasonably strong prospect of success under the third criterion will require, in addition to the specifications under the criterion, an assessment of capacity to repay including a CtR table.
  - The impact on Fund resources, including the impact on the Fund's concessional resources.
  - An analysis of debt vulnerabilities, including a preliminary DSA assessment and the standard DSA charts. The discussion should include the results from the "realism" tools in the LIC DSF.
  - A discussion of any deficiencies in the quality/transparency of public debt data.
  - The likely timetable for discussion with authorities.
  - A Selected Economic Indicators table.
  - *Optional unless SPS1 or SPS2 is also triggered* - An enhanced CtR analysis informed by cross-country comparisons of metrics of Fund exposure.
  - *Optional unless SPS1 or SPS2 is also triggered* - A more granular discussion of the composition and evolution of debt, with a particular focus on external debt that is more difficult to restructure.
- **Consultation with Executive Directors.** Additional consultations with Executive Directors will normally be expected to occur between the initial informal meeting and the Board's consideration of the staff report. The briefings will aim to keep the Board abreast of program-financing parameters, including assumed rollover rates, economic developments, progress in negotiations, any substantial changes in understandings, and any changes to the initially envisaged timetable for Board consultation.

Box 3b. Procedural Requirements for High Levels of Combined GRA-PRGT Exposure Cases (concluded)

- **Staff reports.** The case for Fund financing at levels above the thresholds for high combined PRGT and GRA credit exposures based on the three substantive criteria will also be discussed in the staff reports at approval of the new financing request, and at each program review, where the financing request, if approved, would result in credit exceeding the specified thresholds. The staff report would be expected to discuss the impact of the financing request on Fund resources, including the impact on concessional resources, and credit risk exposure to the Fund where warranted, unless a separate supplement is already prepared on this.
- **Ex post Evaluation.** An ex-post evaluation (EPE) by the staff of arrangements that entail combined access exceeding the specified thresholds will be expected within a year after the end of the arrangement.
- **Concurrence.** In cases where the envisaged use of Fund resources also entails PRGT high access (SPS2) or PRGT EA, the SPS2/EA procedures under the PRGT (the informational requirements as set forth in Box 2 and the procedures under the PS-HCC will both apply. In cases where the envisaged use of Fund resources also entails GRA EA, the EA procedures under the GRA (set forth in IMF (2002c), IMF (2003) and IMF (2005b)) and the procedures under the PS-HCC will both apply. In cases that entail both SPS2 or PRGT EA and GRA EA, only the EA procedures under the PRGT and GRA will apply. In all these concurrent cases, the early Board consultation will involve one informal Board meeting and there will be a single concise note that meets the substantive informational requirements under the applicable policies.

Table 4. Summary Support Access Limits, Norms, Safeguards, and Market Access Thresholds

Access Limits (in percent of quota)	Old Policy 1/	Current Policy 1/	Policy after the 16th GRQ becomes effective 7/
Annual/cumulative access limits			
All PRGT-facilities-normal	200/600	200/600	135/405
ALL GRA-Facilities	200/600	200/600	135/405
RCF (regular window) 2/	50/100	50/100	35/70
RFI (regular Window)	50/150	50/150	35/105
RCF (exogenous shock window) 2/	50/150	50/150	35/105
RCF (large natural disasters window) 2/	80/183.3	80/183.3	55/125
RFI (large natural disasters window)	80/183.3	80/183.3	55/125
Per disbursement limit			
RCF (regular window)	25	25	17.5
Norms			
3-year ECF 3/	200	145	100
18-month SCF 4/	200	145	100
RCF (annual access under the regular window)	25	25	17.5
***Triggers for PRGT* Exceptional Access**	Total access during 12-month to exceed 200 percent of quota, **or** credit outstanding, net of scheduled repayments, to exceed 600 percent of quota at any point during the program	Unchanged	Total access during 12-month to exceed 135 percent of quota, **or** credit outstanding to exceed 405 percent of quota at any point during the program
Blending proportions applicable to members presumed to blend (PRGT:GRA) 5/			
	1:2 with concessional access capped at 200 percent of quota per arrangement (all GRA thereafter)	1:2 with concessional access capped at 145 percent of quota per arrangement (all GRA thereafter)	1:2 with concessional access capped at 100 percent of quota per arrangement (all GRA thereafter)
Triggers for procedural safeguards on high access procedures (HAP)/strengthened policy safeguards (SPS)			
Total access in any 24-month period—for DSA (update) 5/	80	N/A	N/A
An informal Board Meeting as soon as management agrees that a new or augmented high access arrangement could be appropriate: HAP/SPS2 6/	Total access in any 36-month period in excess of 240 percent of quota, **or** total PRGT credit outstanding to exceed 300 percent of quota at any point during the program period	Total access per arrangement (at program approval or augmentation) exceeds 150 percent of the applicable norm, **or** total PRGT credit outstanding to exceed 300 percent of quota at any point during the program period	Total access per arrangement (at program approval or augmentation) exceeding 150 percent of the applicable norm, **or** total PRGT credit outstanding to exceed 200 percent of quota at any point during the program period
De minimis threshold for triggering HAP and SPS	15	25	15

Table 4. Summary Support Access Limits, Norms, Safeguards, and Market Access Thresholds (concluded)

Access Limits (in percent of quota)	Old Policy 1/	Current Policy 1/	Policy after the 16th GRQ becomes effective
ES1a (granular discussion of the composition and evolution of the debt) and ES1b (Enhanced CtR analysis informed by cross-country comparisons of metrics of Fund exposure)/ SPS1 (ES1a+ES1b)	Annual access in excess of 100 percent of quota, **or** cumulative access in excess of 300 percent of quota at any point during the program period **or** at high risk of debt distress or in debt distress	Total access per arrangement (at program approval or augmentation) exceeding 125 percent of the applicable norm, **or** total PRGT credit outstanding to exceed 300 percent of quota at any point during the program period **or** at high risk of debt distress or in debt distress	Total access per arrangement (at program approval or augmentation) exceeding 125 percent of the applicable norm, **or** total PRGT credit outstanding to exceed 200 percent of quota at any point during the program period **or** at high risk of debt distress or in debt distress.
ES2 (Explicit program objective to reduce debt vulnerabilities*) and (ES1a and ES1b) /SPS3	High risk of debt distress or in debt distress	High risk of debt distress or in debt distress	High risk of debt distress or in debt distress
Market access metrics			
PRGT eligibility entry market access criterion: Minimum 5-year cumulative issuance/disbursement of commercial loans during at least two out of the five years	25	25	20
PRGT eligibility graduation market access criterion: Minimum 5-year cumulative issuance/disbursement of commercial loans during at least three out of the five years	50	50	35
Minimum issuance for a year to count	2	2	1.5

*Reducing debt vulnerabilities would typically involve reducing breaches of thresholds for the four key indicators in the LIC-DSF over the program period under the baseline scenario.

1/ PRGT annual and cumulative access limits were temporarily increased to 200 and 600 percent of quota, respectively, on December 7, 2023, until end-2024. The 2024 PRGT Review maintained these higher access limits. The reduction of the cap on access to PRGT resources per arrangement under the blending policy from 200 percent of quota to 145 percent will not affect any approved PRGT commitments under existing arrangements where the PRGT portion exceeds 145 percent of quota. However, new requests by presumed blenders (including under existing arrangements) will be subject to the new cap as of January 1, 2025. The GRA annual and cumulative access limits were temporarily increased to 200 and 600 percent of quota, respectively, in March 2023 for 12 months and then extended in March 2024 until end-2024. The December 2024 comprehensive review of the GRA access limits maintained these higher access limits.

2/ Access limits under the exogenous shock window and large natural disaster window were temporarily increased in response to the Covid-19-related financing needs of the members. The CALs of these two windows under the RCF will remain at 150 and 183.33 percent of quota until the end of 2025 (105 and 125 percent of quota when the 16th GRQ becomes effective). Any RFI (a GRA instrument) access in the case of blending would also count towards these limits. The CAL for the RCF exogenous shock window would be adjusted upwards by 25 percent of quota (17.5 percent of quota when the 16th GRQ becomes effective) until 2026 for countries that benefited from the expired Food Shock Window.

3/ The access norm for ECF arrangements longer than 3 years would be prorated upwards to maintain the norm at 145/3 per year (100/3 when the 16th GRQ becomes effective).

4/ The norm for access under an 18-month SCF arrangement is set equal to that of the 3-year ECF arrangement, varying proportionately with the length of the SCF arrangement, up to the amount allowable under a 2-year SCF arrangement (266.67 percent of quota under the old norm, 193.33 percent of quota currently, and 133.33 percent of quota when the 16th GRQ becomes effective).

5/ To streamline the safeguards, this requirement will no longer apply because a DSA is required in all program requests and when there is significant change in circumstances.

6/ An early informal meeting is also required if the financial request involves exceptional access to concessional financing.

7/ This column reflects the access limits and thresholds that apply when the Executive Board determines that the two general conditions for the effectiveness of quota increases under the 16th General Quota Review have been met (and for the RCF limits to the extent that this takes place prior to December 31, 2025). The market access metrics specified in this column shall become effective if the member's quota increase under the 16th GRQ has become effective—i.e. the member has consented to its quota increase and fulfilled the payment obligations for its quota.

CONTENTS

CHAPTER II: EXTENDED CREDIT FACILITY

The Extended Credit Facility (ECF) is the Fund's main tool for providing medium-term support to LICs with protracted balance of payments problems.[52]

A. Objectives and Qualification

Purpose and Objective

32. The ECF provides medium- and longer-term concessional financing to LICs with protracted balance of payments problems. The purpose of an ECF arrangement is to assist PRGT-eligible member countries with a protracted balance of payments problem in implementing economic programs aimed at making significant progress toward a **stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth**. Such a position would be characterized by the absence of a present or prospective balance of payments need and by the domestic and external stability that is necessary to support strong and durable poverty reduction and growth. It would typically be associated with sustainable fiscal and current account balances, limited debt vulnerabilities, adequate international reserves, and sufficient policy and institutional capacity to implement appropriate macroeconomic policies. This position might still involve significant levels of donor assistance, though aid dependence would be expected to decline over time. Use of the ECF is appropriate in cases where the resolution of the entrenched macroeconomic imbalances that underlie the balance of payments problem is expected to extend over the medium or longer term and repeat use of the ECF has been common.

33. ECF arrangements assist countries in addressing their balance of payments difficulties by providing temporary financial support on a concessional basis to smooth economic adjustment and avoid excess volatility. ECF disbursements can be used to strengthen the country's international reserves position and loosen financing constraints for both the public and private sectors, in the context of a policy framework aimed at moving toward a stable and sustainable macroeconomic position. The ECF is also expected to catalyze additional financing from donors.

Qualification

34. Assistance under the ECF is available to all PRGT-eligible member countries[53] that face a protracted balance of payments problem. In this context, a protracted balance of payments

[52] The ECF became effective on January 7, 2010, as part of a comprehensive reform of the IMF's facilities for LICs. See IMF, 2009e and 2009f, and Executive Board Decision No. 14354-(09/79). Access norms and limits were raised in (i) 2015 (see IMF, 2015c); and Decision No. 15818-(15/66), July 1, 2015; (ii) 2019 (see IMF, 2019a); (iii) 2021 (see IMF, 2021a); in 2023 (see IMF, 2023e), and 2024 (see IMF, 2024e).

[53] The PRGT eligibility framework is discussed in *Eligibility to Use the Fund's Facilities for Concessional Financing* (IMF, 2009k, 2012b, 2013c, and 2015d, 2020a, and 2024e). See IMF, 2024e Appendix VI for a list of PRGT-eligible countries as of October 2024.

problem exists when the resolution of macroeconomic imbalances needed to establish a stable and sustainable macroeconomic position (as defined above) is expected to extend over normally three years or more. If, by contrast, a stable and sustainable macroeconomic position is expected to be established within a timeframe of two years or less, but in any case, not exceeding three years, and the member has a short-term balance of payments need, the SCF would be the appropriate instrument to support UCT-quality programs. In cases where a stable and sustainable macroeconomic position is expected to be established in more than two but less than three years, the choice between the two facilities should be determined on a case-by-case basis, keeping in mind that the minimum length for an ECF arrangement is three years and use of the SCF is limited to three years out of any six-year period assessed on a rolling basis (except for precautionary SCF arrangements). For this assessment, substantial structural reform or capacity building needs, or frequently recurring financing needs would indicate the presence of a protracted balance of payments problem and thus argue for support under an ECF arrangement, whereas needs for a relatively front-loaded adjustment process aimed at a speedy restoration of macroeconomic stability would argue for an SCF arrangement.

35. The existence of a protracted balance of payments problem implies that balance of payments needs[54] are expected to arise over the course of the arrangement but may not be present at the time of approval or when individual disbursements are made. Although approval of an ECF arrangement is possible in the absence of present balance of payments needs, the precautionary use of the ECF is not envisaged, in contrast to the SCF. While a member is not legally required to make drawings under an ECF arrangement, the ECF is not intended to provide contingent financial support, and members have routinely drawn available amounts irrespective of present balance of payments needs. For countries that have minimal (present and/or prospective) balance of payments needs at the beginning of their program but have nonetheless medium- or longer-term adjustment needs to address a protracted balance of payments problem (e.g., due to a high debt burden or a current account deficit that is not sustainable over the longer run), a low-access ECF arrangement would be an appropriate instrument. For countries with immediate balance of payments needs (e.g., resulting from a shock) that also have medium- or longer-term adjustment needs to address a protracted balance of payments problem, an ECF (rather than SCF) arrangement should be used.

36. Qualification also requires a finding by the Board that the member is making an effort to strengthen substantially and in a sustainable manner the country's balance of payments position, in the context of a policy program that meets **UCT**-quality standards and supports significant progress

[54] A balance of payments need can arise because of a member's balance of payments deficit, reserve position, and developments in reserves. The need can be **present** (a need that exists in the current period), **prospective** (i.e., a need that is expected/projected to arise in the future, including during the implementation of a Fund-supported program), or **potential** (i.e., a need that may arise under an alternative, typically downside, macroeconomic scenario, but is not expected to arise based on baseline/program projections). Distinct from the concept of balance of payments need, a **protracted balance of payments problem,** as defined above, is a related but broader concept that examines the components of the balance of payments need (rather than focusing on the overall balance of payments position), as well as a variety of other indicators. Countries with a protracted balance of payments problem may experience a combination of present, prospective, and potential needs.

toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. This requires the commitment and capacity by the authorities to implement a set of policies that is adequate to correct external imbalances and enable repayment to the Fund within the specified maturity period. Apart from the elaboration of a UCT-quality program in the Letter of Intent (LOI), Memorandum of Economic and Financial Policies (MEFP), and Technical Memorandum of Understanding (TMU), qualification requires assurances that the authorities have the capacity and commitment to implement their program, as evidenced by recent policy performance (including under a recent Fund-supported program), institutional capacity, and any other circumstances that may affect macroeconomic performance. Other requirements for the approval, extension, and implementation of an ECF arrangement are discussed further below.

37. Countries that experience a protracted balance of payments problem but are not currently in a position to meet the ECF qualification requirements, in particular, the capacity to implement a three-year UCT-quality program, can build a track record for moving to an ECF arrangement through an SMP or, in case of urgent financing needs, the RCF (assuming the applicable policy commitments are in place) or concurrent use of an SMP and RCF (See Chapter IV).

B. Duration, Extensions, Cancellations, and Repeated Use

38. Assistance under an ECF arrangement is available for an initial term of three to five years from the date of the Board decision approving the arrangement. Normally, ECF arrangements would be expected to be approved for an initial three-year term. However, an initial duration of up to five years could be considered where warranted, such as: when needed to align more closely with the members' Poverty Reduction and Growth Strategy (PRGS) cycle, or when blending with Extended Fund Facility (EFF) arrangements (see below); or (for five-year arrangements) where longer-term structural reform efforts are critical to the success of the program and a well-sequenced reform program with strong ownership is in place.[55] The presumption would remain that the length of an ECF arrangement would normally be three years; staff would need to make the case for a longer-term ECF arrangement when it is proposed. An ECF arrangement may be extended (including multiple times), subject to an overall five-year limit on the total duration of any ECF arrangement. After the expiration or cancellation of an ECF arrangement, additional ECF arrangements may be approved if the relevant qualification criteria are met. There is no limit on the number of successor-ECF arrangements that can be approved.

39. ECF arrangements can be extended at the request of the member to allow for the disbursement of rephased amounts[56] or to provide additional resources (i.e., augmentation) in light

[55] Following the *2018–19 review of LIC facilities* (IMF, 2019a), the Economic Development Document (EDD) was renamed as the Poverty Reduction and Growth Strategy (PRGS) to provide it with a title more closely linked to its objectives. Key features of the EDD from the 2015 Board decision were preserved. The minimum standards and good practice guidelines for EDD content, as well as the approach of seeking World Bank staffs' views through an assessment letter, approved in 2015 (see IMF, 2015m), will apply to the PRGS.

[56] Throughout the Handbook, "rephasing" refers to changes in the timing and/or level of programmed disbursements.

of projected developments in the member's balance of payments position, subject to appropriate conditions consistent with the terms of assistance under the ECF. Such extensions involving rephasing of access may be appropriate in a variety of circumstances, including when (i) more time is needed to implement envisaged policies or reforms warranting a rephasing of access, (ii) to provide an augmentation such as when a shock has led to additional financing and adjustment needs, (iii) more time is needed to design a successor ECF-supported program, or (iv) the protracted balance of payments problem is expected to be resolved within the remaining maximum period of the ECF arrangement. Extensions may involve the establishment of additional reviews and can be combined with augmentations of access if warranted based on the criteria for augmentations discussed in Section D.

40. Extensions must be requested by the member and approved by the Board before the expiration of the arrangement period. Extensions are only possible if they are needed to allow for the disbursement of amounts under the arrangement. It is thus not possible to extend arrangements when all scheduled amounts have already been disbursed.[57] Extensions are not automatic and are subject to appropriate conditions consistent with the terms of assistance under the ECF.

41. Extensions that involve rephasing and/or augmentations of access would normally be approved by the Board on the basis of a request in an LOI and in the context of a program review (where the completion of the review demonstrates that the program is on track). In exceptional circumstances (e.g., when a severe natural disaster prevents conducting the final review in a timely manner), extensions that involve rephasing may be approved by the Board outside the context of a scheduled program review, provided the authorities and staff have understandings on appropriate policies to be implemented through the next review, as documented by a letter from the authorities. Board approval would require a staff report that discusses the reasons for the extension, including why it is proposed outside the context of a review, the status of the program, and relevant policy understandings. With respect to augmentations in an ad-hoc review, please see below.

42. In cases that do not involve rephasing (or changes in access or establishment of additional reviews) and where some additional time is needed to complete the final review(s) and make the final disbursement available before the expiration of the arrangement, ECF arrangements can also be extended for a short period (a few weeks or months). Such short-term extensions (sometimes referred to as "technical" extensions) can be granted outside the context of a review, provided that the authorities and staff have reached (or are expected to reach in the very near term) understandings on appropriate policies to complete the review. Board approval of these short-term extensions generally takes place in the context of a very short staff paper with a decision proposed for lapse-of-time (LOT) Board approval. The staff paper is subject to the regular departmental review process and should explain the status of the discussions and document preparation and any relevant policy understandings.

[57] Arrangements automatically expire once all available amounts have been disbursed.

43. ECF arrangements may also be cancelled by the authorities at any time, which may be appropriate for instance when the underlying macroeconomic imbalances have been resolved, when the authorities no longer have the capacity or commitment to implement the program, or when the objectives or modalities of the authorities' economic policies have changed substantially.

44. ECF arrangements will automatically terminate before their scheduled terms if no program review has been completed over an 18-month period. The Board may, at the authorities' request, delay the termination of the ECF arrangement for up to three additional months—provided that this extension does not fall outside the existing period of the arrangement—if an understanding between the authorities and staff on targets and measures to put the ECF-supported program back on track appears imminent. The arrangement automatically expires at the end of that extended period unless a program review is completed within this period.

C. Concurrent Use and Blending

Concurrent Use

45. The ECF cannot be used concurrently with the SCF or PCI. Hence, any pre-existing SCF arrangement or PCI would need to be cancelled before an ECF arrangement can be approved, and vice-versa. Moreover, a member cannot obtain RCF financing if an ECF arrangement is in place and on track. Should additional balance of payments needs arise during an ECF arrangement, an augmentation of access under this arrangement would typically be the appropriate response. RCF financing during an ECF arrangement can only be provided when (i) ECF disbursements are not possible, for instance due to policy slippages or delays in program discussions, (ii) qualification requirements for the RCF are met, including the existence of an urgent balance of payments need and relevant policy commitments, and (iii) the balance of payments need is primarily caused by a sudden exogenous shock.[58] Implementation of policy commitments made in the LOI for the RCF request could serve as a track record to bring the ECF-supported program back on track. Similarly, in the absence of an urgent financing need, a track record could be built through an SMP. The ECF can be used concurrently with GRA financing under certain circumstances (see below).

Blending

46. Please see Chapter I, Section D for a complete discussion of blending policies under the PRGT. When providing financial assistance with blended resources, ECF resources will normally be provided together with GRA resources under the EFF. Concurrent financial assistance under an ECF arrangement and a Stand-By Arrangement (SBA) would only be expected in cases where pre-existing ECF support is supplemented by SBA financing at a later stage. This may include cases where an ECF arrangement that was initially blended with EFF financing is extended beyond four years, as arrangements under the EFF are limited to a four-year period. Financing through the RFI

[58] PRGT Instrument (Decision No. 8759-(87/176), Section II, paragraph 1 (e). Please also refer to Chapter IV—Rapid Credit Facility, for further details on the eligibility and qualification requirements and access limits for RCF financing.

under the GRA during an ECF arrangement would be expected only if the ECF-supported program is off track, in which case RFI purchases would typically be combined with RCF disbursements.

47. The modalities of blended financial assistance under ECF and EFF arrangements would be broadly the same as under a stand-alone ECF arrangement. In particular, it would support a three-to five-year economic program for countries with protracted balance of payments problems, based on a single set of program conditions, schedule of disbursements and reviews, and other requirements that largely mirror stand-alone ECF arrangements described in this Chapter. However, there are also a number of differences, including that in cases involving blended financial assistance:

- As a practical matter, disbursements would involve both PRGT and GRA resources (see Section D on access under blended financial assistance), implying lower average concessionality of the Fund's financial support than under a stand-alone ECF arrangement;

- EFF qualification requirements must be met—for instance, the EFF requires a clearly articulated structural reform agenda (although this would also be expected in virtually all ECF cases), and to the extent that access under the EFF were to be above GRA normal access limits, the member would also need to meet the GRA Exceptional Access criteria;[59]

- Each disbursement under an ECF arrangement is linked to a specific test date, whereas for EFF arrangements, purchases are conditioned upon observance of the Performance Criteria (PCs) related to the most recent test date ("controlling" PCs). As a result:

    - In contrast to the practice under ECF arrangements, reviews under the EFF arrangement of the blended financial assistance may require waivers of applicability under certain circumstances (see Section H); and

    - There could also be situations where resources relating to the ECF component of the blend are disbursed based on an earlier test date, while resources relating to the EFF component are made available against a later test date.

D. Access

48. When considering access for a new ECF arrangement, or possible augmentation under an existing arrangement, area departments may wish to consult with the Strategy, Policy, & Review Department (SPR) and Finance Department (FIN) at an early stage, i.e., before a policy note (PN) is circulated for formal review. Furthermore, staff reports for a new arrangement (or subsequent reports requesting a change in access) should explicitly discuss the basis on which access was determined (or explain the reasons for requesting a change in access), with reference to the main criteria below, as well as to access norms and limits as applicable (see below).

[59] See Decision No. 4377-(74/114), as amended; *Summing Up by the Acting Chair—Access Policy in Capital Account Crises* (IMF, 2002c); and Decision No. 14064-(08/18), as amended.

Determination of Access—Main Criteria

49. Access is determined on a case-by-case basis based on the following standard criteria: (i) the member's (present and prospective) balance of payments need (taking into account all projected balance of payments flows, including reserve accumulation and financing from other sources);[60] (ii) the strength of its program and capacity to repay the Fund (taking into account the member's policy plans, adjustment effort, commitment to implement the program, institutional capacity, track record of policy implementation, and country circumstances such as vulnerabilities, imbalances, and debt sustainability);[61] and (iii) the amount of outstanding Fund credit and the member's record of past use. All else being equal, higher access would generally be associated with a stronger program, stronger track record, and stronger capacity to repay.

50. Access may generally not exceed the member's present and prospective balance of payments needs during the program period, and would typically be less than total financing needs, keeping in mind that ECF-supported programs are expected to catalyze financing from donors and creditors.[62] However, in contrast to GRA financing (and the SCF and RCF financing), an ECF arrangement can be approved and individual disbursements can be made even in the absence of a present balance of payments need, provided that the IMF's Executive Board has made a finding that the member is experiencing a protracted balance of payments problem at the time of approval of the ECF arrangement. Accordingly, members do not need to make a representation that they are experiencing a balance of payments need at the time they request individual disbursements.

Access Norms[63]

51. Access norms apply to access to financing under stand-alone ECF arrangements. As part of the 2024 PRGT Review, the access norm for a three-year ECF arrangement has been set at 145 percent of quota (it will be reduced to 100 percent of quota when the general conditions for effectiveness of the 16th GRQ increase have been met). For ECF arrangements longer than 3 years, the access norm is scaled up proportionally to the length of the arrangement.[64]

52. Access norms provide general guidance and do not represent ceilings, floors or entitlements. Access can deviate from the norms if warranted by standard criteria for determining access (see above). For instance, access may be above the norm in cases where balance of payments needs are noticeably larger than in most other cases of ECF use; e.g., due to a large shock. Access

---

[60] See Section A for definitions of balance of payments needs.

[61] Sufficient recovery in the balance of payments must be in prospect to provide appropriate assurance that loans can be repaid on schedule without strain. See Appendix VIII for details on norms.

[62] IMF-supported programs are designed to play a catalytic role in attracting financing and, in the case of PRGT-supported programs, outside official support has been typically larger than IMF support (IMF 2019e, 2021c).

[63] See Appendix VIII for details on norms.

[64] The Executive Board on December 7, 2023, approved a temporary increase of the access norm to 200 percent of quota until end-2024, which was reverted to 145 percent of quota from January 1, 2025 following the 2024 PRGT Review completed on October 15, 2024.

can also be below the norm, for example when the balance of payments need is limited, policy capacity is constrained, or debt vulnerabilities are high.

53. A special case of access below the norm concerns members with a protracted balance of payments problem but minimal present or prospective balance of payments needs over the course of the ECF arrangement. This may be the case for countries where baseline balance of payments projections do not indicate substantial financing gaps, but where external conditions are subject to significant downside risks and current trends are not considered sustainable over the longer run (e.g., unusually favorable terms of trade or aid inflows). In these cases, the practice has been to set access at a standardized level of 10 percent of quota per arrangement.[65] This low level of access would be appropriate even when *potential* balance of payments needs are considered substantial (e.g., due to a risk of large adverse shocks), as the ECF arrangement can be quickly augmented once such potential needs materialize. In contrast to the SCF, the precautionary use of the ECF is not envisaged, and members have routinely drawn amounts as they become available under the ECF arrangement irrespective of present balance of payments needs.

Access Limits

54. A member's total access under all concessional facilities in the PRGT is subject to "global" annual and cumulative limits. This includes credit outstanding and disbursements under the ECF, SCF, and RCF. Specifically, total access to financing under the PRGT should normally not exceed 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ increase have been met) per year across all concessional facilities. Furthermore, total access to financing under the PRGT should normally not exceed 600 percent (405 percent of quota when the general conditions for effectiveness of the 16th GRQ have been met) of quota cumulatively, net of scheduled repayments (see Chapter I, Section C for how to calculate annual and cumulative access consistent with PRGT access limits).[66]

55. Exceptional access: in exceptional circumstances, access above the normal access limits (i.e., exceptional access) can be made available to PRGT-eligible countries that meet the exceptional access criteria (see Chapter I, Section F).

[65] See IMF, 2004a, paragraph 33.

[66] The normal annual and cumulative access limits under the PRGT were temporarily increased in December 2023, from 145 and 435 percent of quota to 200 and 600 percent of quota, respectively, effective until end-2024. See *Interim Review of Access Limits Under the Poverty Reduction and Growth Trust and Initial Considerations for Access Limits under the General Resource Account* (IMF, 2023e).If the PRGT access limits are reduced following the satisfaction of the general conditions for effectiveness of the 16th GRQ increase, members that were not subject to the exceptional access framework as of the effective date would not be subject to the application of the exceptional access framework triggered by the lower limits for existing arrangements. However, additional access from a new arrangement, outright disbursements, or an augmentation of access under an existing arrangement in an amount that would exceed the lower access limits would trigger the application of the exceptional access framework.

The Phasing of Access

56. The phasing of ECF access, determined at the time of approval of the arrangement, must take into account the applicable annual access limits, but does not have to mirror the projected evolution of balance of payments needs over the course of the arrangement. Access should normally be phased smoothly over the program period but could be front-loaded (or backloaded) if warranted based on the strength of the program, timing of key reforms, and/or the time profile of balance of payments needs. A significant degree of front-loading has been applied in exceptional cases involving the repayment of emergency assistance to the Fund, or arrangements approved following the clearance of overdue obligations to the Fund as part of a broader arrears clearance strategy.

57. It is standard practice for staff reports to present the balance of payments in a way that, in any given period, scheduled IMF disbursements, together with other exceptional financing items, do not exceed the overall balance of payments deficit (resulting from "autonomous transactions") and the programmed level of reserve accumulation. In this presentation, the balance of payments would be fully financed, at least in the near term, at the time of ECF approval and completion of each review, while residual financing gaps may show in the outer years (see also Section F on financing assurances).

58. The PRGT instrument requires availability dates for disbursements to not be phased more than 6 months apart. This rule does not apply to the interval between approval of the ECF arrangement and the first review, which may be spaced more than 6 months apart if circumstances so warrant. Further, availability dates for disbursements should normally be phased at regular intervals not more than six months apart, but there is some flexibility in this regard (e.g., to align with a member's budgetary cycles, reviews may be spaced 4 rather than 6 months apart).

Access Under Blended Financial Assistance

59. When financing is blended under an ECF arrangement and an arrangement under the GRA for a presumed blender (see Section C on the criteria that create a presumption for blending), the standard PRGT access norm does not apply, and access under blended financial assistance is subject to specific rules discussed below.[67] However, total access is determined based on the standard criteria (see above), implying that total access should be comparable across country cases with similar balance of payments needs, program strengths, and outstanding Fund credit, irrespective of whether the Fund's financial assistance comes in the form of blended or PRGT-only resources.

- Access to the concessional (ECF) component of blended financial assistance for presumed blenders is in a 1:2 ratio of PRGT to GRA resources, with access to the concessional component

[67] These rules apply "ex ante." In cases where GRA financing is added to support under a pre-existing ECF arrangement, the same presumptions apply as for augmentations of ECF/EFF blends, see below.

capped at the access norm per arrangement, and subject to the overall limits on access to the PRGT. Any additional needs would be met through GRA financing.[68]

- At the time of approval of a new ECF arrangement that involves blended financial assistance from a GRA arrangement, each scheduled disbursement should generally involve both ECF and GRA resources. For GRA resources, phasing and PCs would only apply to purchases above the first credit tranche.[69] While the shares of ECF and GRA financing at each disbursement can be determined individually, the general principle is that they would reflect the 1:2 blending mix ratio unless there is a reason to deviate.

Augmentations and Reductions of Access

60. Access under an ECF arrangement can be augmented to help meet a larger balance of payments need or to support a strengthening of the program. In particular, augmentation of access would often be an appropriate response to increased balance of payments needs in the context of shocks, unless the ECF-supported program is off track, in which case RCF financing may be appropriate (see Section C on concurrent use). Also, when an ECF arrangement period is extended, it would often be the case that the extension period involves balance of payments needs that were not originally included in the determination of access for the arrangement, which can provide a justification for augmentation of access. Augmentations based on the strengthening of the program could occur, for example, if access was initially constrained by a high risk of debt distress, which later subsided. Under the Trade Integration Mechanism (TIM), augmented access not exceeding 10 percent of quota will be available to a country to compensate balance of payments shortfalls arising from trade liberalization measures implemented by other countries.[70] Augmentation requests will be treated in line with the blending status of the member at the time of the original program approval. This will apply even if there are changes in blending status mid-arrangement.

61. Determination of access for an augmentation is based on the standard access criteria, including balance of payments need and strength of the program (see above). There are no norms applicable to the size of an augmentation, but augmentations under PRGT-supported programs have been in the range of 15–60 percent of quota for arrangements approved from 2010-2024, with a few cases well above this range. Staff reports in support of requests for augmentations should explicitly discuss the basis for the augmentation and its size, with reference to the main criteria for determining access above, as well as to access norms and limits as applicable.

68 For presumed blenders, the PRGT portion would be capped at the access norm per arrangement and would be further capped by the normal annual and cumulative PRGT access limits (presumed blenders would not be eligible for PRGT EA as such exceptional access is not available to countries that meet the income criterion for presumed blending).

69 In cases where the first credit tranche, equivalent to 25 percent of quota, is undrawn at the time of program approval, the first disbursement under the blended arrangements would need to draw this amount in entirety.

70 See Decision No. 13229-(04/33) and *Factsheet: The IMF's Trade Integration Mechanism (TIM)*.

Augmentations would normally be approved at the time of a scheduled review under the arrangement.

62. However, when the increase in the underlying balance of payments problems is so acute that the augmentation cannot await the next scheduled review, an augmentation can be requested outside of scheduled reviews.[71] Approval of such augmentations at an ad hoc review outside of scheduled reviews requires an assessment by the Board that the program is on track to achieve its objectives at the time of the augmentation (otherwise access under the RCF can be requested). In making this finding, the Fund as Trustee, will consider the member's observance of the continuous performance criteria or whether a waiver for non-observance is justified, that prior actions (if applicable to the augmentation request) have been met, and that the member's policies are suitable to address its balance of payments problems and, more generally, are consistent with program objectives. The Board also takes into account any other relevant considerations, including exogenous developments and data on periodic PCs linked to future disbursements. The following modalities apply to augmentations at ad hoc reviews:

- If the scheduled review associated with the most recent availability date preceding the augmentation request has not been completed, an augmentation request cannot be approved at an ad hoc review.

- Requests are expected to be supported by a short staff report and an LOI from the member that describes the nature and size of the problem, the policies being undertaken by the authorities to address its balance of payments difficulties, and any information relevant to program implementation, including exogenous developments.[72] As such, requests are expected to typically follow soon after a completed review, updating developments and policies along the lines described above could suffice, with a more comprehensive assessment of policies undertaken at the time of the following scheduled review.

- Augmentations of access approved in ad hoc reviews are only available to the member in a single disbursement following approval by the Board. There is no limit on the amount of such a disbursement subject to the overall access limits and norms (see above). Moreover, the augmentation is subject to the rules on blending and may be supplemented by a corresponding augmentation of the arrangement under the GRA. In any event, the amount of the disbursement is limited to what is immediately needed by the member in light of its balance of payments difficulties; to the extent that additional amounts may be necessary at later stages of the member's program, requests for such amounts can be considered in the context of a regularly scheduled program review.

- The new disbursement approved at the ad hoc review is subject to observance of the continuous PCs under the arrangement, including the accuracy of information on the implementation of

[71] See the PRGT Instrument, Section II, paragraphs 2(g)-(h) *and* *Review of Facilities for Low-income Countries-Proposals for implementation* (2013d).

[72] The staff paper is subject to the regular review process.

such PCs and of any prior actions established for that disbursement, as well as any other conditions as determined by the Board. It is not subject to periodic PCs and other conditions linked to the remaining disbursements under the arrangement.

- The augmented access is available upon the Executive Board's approval of such augmentation at an ad hoc review, and the member may request to draw such disbursement at any time until the availability date of the next scheduled disbursement under the arrangement.
- Augmentation requests at ad hoc reviews that do not exceed 15 percent of quota (10 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) are eligible for approval on a LOT basis. A scheduled review following an ad-hoc review to consider an augmentation request is expected to undertake a comprehensive review of policies under the program. In order to allow the Board to undertake such a comprehensive assessment of the member's policies, this review cannot be completed on LOT basis.

63. For augmentations of access under arrangements that are presumed to involve blended PRGT and GRA resources, access should be set such that the total financing mix over the full course of the respective arrangement is guided by the specific rules on access under blended arrangements (see above), including that total access (post-augmentation) to concessional financing would be one-third of total overall access to Fund resources, subject to a cap on the concessional component set at the access norm per arrangement. For augmentations that result in combined access to PRGT and GRA resources above GRA access limits, the PS-HCC apply (see Chapter I, Section F).

64. Access under an ECF arrangement could in principle also be reduced rather than augmented. The Fund will not unilaterally reduce access because of developments in the member's balance of payments, unless such developments are substantially more favorable than envisaged at the time of approval of the arrangement and the improvement for the member derives in particular from improvements in the external environment.[73]

Procedural Safeguards on High Access Requests—DSAs and Informal Board Meetings

65. Financing requests are subject to procedural safeguards that apply uniformly across all concessional facilities. These safeguards are aimed at protecting PRGT-eligible members' debt sustainability and the Fund's concessional resources.[74] Specifically, the staff report for any arrangement request or augmentation should provide an up-to-date assessment of the debt

[73] In addition, as set forth in the PRGT Instrument, commitments of PRGT resources and any disbursement of such resources are subject to the availability of resources in the PRGT, and hence, could result in access reductions in those very specific circumstances. See PRGT Instrument, Section II, paragraph 2(g) and (i) and paragraph 3(a).

[74] Endorsing the procedural safeguards for high-access financing set forth in paragraph 87 of IMF, 2009e. This paragraph updates the procedural safeguards that apply to all concessional financing instruments, elaborated in IMF, 2009d, and subsequently revised to be consistent with changes to access norms and limits in 2015 and 2019 (see Annex II in IMF, 2015c and IMF, 2019a) as well as recent changes approved in 2021 and 2024 (see IMF, 2021a, IMF, 2024e).

vulnerabilities, with an explicit reference to the impact of new borrowing from all sources, including prospective IMF disbursements. In addition:

- A new DSA is required for any financing request under the PRGT, and for IMF-supported programs that propose modifications to, or a waiver for non-observance of, a performance criterion related to debt limits, and where there are significant changes in economic circumstances and borrowing assumptions (IMF, 2018b). For financing requests that: (i) involve exceptional access to PRGT; (ii) trigger SPS2; or (iii) involve a member country with a high risk of debt distress or in debt distress, a DSA is required to support the access level.

- The SPS1 and SPS3 (derived from the enhanced safeguards (ES) introduced in 2021) require greater scrutiny of debt and capacity to repay (CtR) risks in requests for new PRGT arrangements or augmentations where access is above certain thresholds or debt vulnerabilities are high.[75] For a complete discussion of the SPS, please see Chapter I, Section F and Box 1a.

- An early informal Board meeting is required if a financing request (augmentation or a new arrangement) involves (i) exceptional access or (ii) triggers SPS2. Chapter I, Section F provides more details on PRGT exceptional access and SPS2, and Box 2 specifies the information required at such a meeting.

- In addition, staff would provide early notice to the Board, for instance in an informal country matters session, of upcoming arrangement requests or augmentations where the envisaged financing commitment, in absolute terms, would have a large impact on the Fund's overall concessional resources.

- As an exception to these procedures, the requirement for an informal Board meeting in SPS2 cases does not apply to new financing requests less than 25 percent of quota (15 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met).

- High combined credit. Requests for Fund support that result in combined PRGT and GRA access in excess of the GRA normal access limits are subject to the PS-HCC.[76] The PS-HCC comprise criteria and procedural requirements and apply at the financing request and at subsequent reviews in the context of the arrangement. The criteria are substantively the same as those of the PRGT exceptional access framework, with the notable exception that the PS-HCC do not include an income threshold for application. The procedural requirements are similar to PRGT and GRA exceptional access procedures (see Chapter I, Section F and Box 3a and 3b).

[75] See IMF, 2021, Annex VI, and IMF, 2022.

[76] The PS-HCC can be triggered by a new arrangement, emergency financing, augmentations, or a rephasing of prior access, and criteria that need to be fulfilled apply to requests as well as reviews in the context of these arrangements.

E. Financing Terms

66. Repayments of ECF credit are made in 10 equal semi-annual installments, subject to a 51/2-year grace period from the date of the first disbursement and 10-year final maturity. The authorities may decide to make early repayments at any time but would not be expected to do so.

67. Interest will be assessed and paid quarterly, beginning on May 1, 2025.[77] The applicable interest rates will be determined based on the country's tier status at the time of the Board approval of a new ECF arrangement, as described in Chapter I section E. ECF credit will remain interest-free for the poorest PRGT-eligible members (Tier 1). Other PRGT-eligible countries will be subject to interest rates: 70 percent of the prevailing SDRi for the presumed blenders (Tier2A) and 40 percent of the prevailing SDRi for the non-presumed blenders (Tier2B). These interest rates will apply to all outstanding credit under new PRGT arrangements (including under the ECF) approved on or after May 1, 2025.

F. Financing Assurances, Arrears, and Safeguards

Financing Assurances

68. As with any other Fund arrangement, the Fund's policy on financing assurances requires that ECF arrangements can only be approved (and reviews can only be completed) when the program is fully financed. This means that staff have judged that donors and creditors (both official and private) will provide the necessary support (through new financing and/or refinancing) to meet the program financing requirements on terms consistent with the member's return to external viability (please see footnote for information regarding financing assurances in the context of unsustainable debt and restructuring, which is not covered here).[78] Assumptions regarding financing from the private sector do not need to be supported by assurances but must reflect reasonable expectations based on the evolving conditions. For the official sector, staff needs

[77] Based on the application of the PRGT interest rate mechanism, the interest rate on the ECF has been set at zero for the period July 2021–July 2023; See *Fund Concessional Financial Support for Low-Income Countries—Responding to the Pandemic* (IMF, 2021a). In May 2023, the review of the PRGT interest rate structure was postponed to end-July 2025 and kept the interest rates at zero pending the completion of the review. See *Poverty Reduction and Growth Trust—Review of Interest Rate Structure—Postponement* (IMF, 2023g). In October 2024, the Review of PRGT Facilities and Financing introduced a new tiered interest rate mechanism effective on May 1, 2025. See *Poverty Reduction and Growth Trust—Review of PRGT Facilities and Financing* (IMF, 2024e). The new tiered interest rate mechanism does not apply to credit arising from disbursements made under arrangements in place before May 1, 2025, nor to any credit disbursed in the future under such arrangements (including as they may be augmented). It is also not applicable to the amounts of overdue interest on, or overdue repayments of, PRGT loans, which is charged at a rate equal to the SDR interest rate.

[78] For more details on financing assurances required in the context of unsustainable debt and restructuring, please see *the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i). For additional background materials see *Reviews of the Fund's Sovereign Arrears Policies and Perimeter* (IMF, 2022b), (the Arrears Paper) paragraphs 8-10. See also *Changes to the Fund's Financing Assurances Policy in the Context of Fund Upper Credit Tranche (UCT) Financing Under Exceptionally High Uncertainty* (IMF, 2023b).

to confirm that "firm commitments"[79] are in place over the next 12 months (or the remaining period of the program if less than 12 months) immediately following the approval of the arrangement and the completion of each review, and there are "good prospects" that financing will be adequate for the remaining program period beyond the upcoming 12 months. With respect to the post-program period, staff need to also assess that the member country has the capacity to repay the Fund based on medium-term projections of the balance of payments and, in the case of new arrangements or augmentations, the standardized table on indicators of the capacity to repay the Fund as well as an enhanced CtR analysis informed by cross-country comparisons of metrics of Fund exposure whenever applicable. In this regard, staff must assess whether the member's prospective policies deliver projected post-program macroeconomic performance that adequately safeguards repayments to the Fund consistent with a sustainable debt path.[80]

Arrears

69. When a member is in arrears to external creditors, the Fund's arrears policies must be satisfied for the Fund to lend. The Fund has three arrears policies: (i) the Non-Toleration Policy (NTP) and (ii) the Lending Into Official Arrears (LIOA) policy, which usually apply to claims held by official creditors, and (iii) the Lending Into Arrears (LIA) policy, which usually applies to claims held by private creditors.

- **International Financial Institutions:[81]** The determination of whether the NTP or the LIOA policy applies depends on an assessment of (i) whether official sector involvement ("OSI") is required (i.e., when the claim is covered by a past restructuring or when a debt restructuring including participation from official bilateral creditors is required under the current program parameters) and (ii) the nature of the institution and its treatment by other creditors in the restructuring, which is determined on the basis of five criteria (see the Arrears Paper). If the NTP applies, a credible plan for arrears clearance is required unless it is the World Bank which requires an agreed plan. In all cases, country teams should seek guidance from LEG and SPR on the application of the arrears policies including with respect to specific IFIs (which may vary across OSI cases). In any event, the macroeconomic program assumptions under the arrangement should be consistent with the expected resolution of existing arrears to IFIs,

[79] There is no precise definition of the term "firm commitments". In practice, the manner in which such commitments are provided varies, and whether they are characterized as "firm" is a matter of judgement. Also, while such commitments do not have to be in writing, they must be considered credible by management; creditors providing such assurances should be willing to have their commitments reflected in program documents, which will be eventually published. See *Reviews of the Fund's Sovereign Arrears Policies and Perimeter* (IMF, 2022b) and *the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i).

[80] For ECF arrangements, where the member's protracted BOP problem does not need to be resolved within the program period, any post-program financing gaps must be such that, even if sources to fill them have not yet been identified, the Fund is assured of member's repayment capacity (irrespective of a successor arrangement), and that any gaps are consistent with a sustainable debt path.

[81] For the purposes of Fund policies, IFIs are defined as financial institutions with at least two sovereign members and no non-sovereign members. See paragraph 37 of the *Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i) for more detail.

whichever category these may belong to (OSI vs non-OSI), such that the authorities and staff have common understandings on the timing and modalities of arrears clearance. The assumptions on arrears clearance do not prejudge eventual agreements between the member and IFIs.

- **Official bilateral creditors:** The treatment of direct bilateral claims falls into two categories.[82] **First**, if arrears arise in a program where the economic parameters do not require a restructuring of the underlying claim (i.e., payment in full is anticipated) and it is not covered by a past restructuring (non-OSI cases), the Fund's NTP applies. In practice, this requires tacit approval of an official bilateral creditor's Executive Director (i.e., non-objection at the Board meeting).[83] **Second**, if arrears arise in a program where a restructuring of such claims is required under the program parameters or the underlying claim is covered by a past restructuring (OSI cases), the direct bilateral claim is subject to the LIOA policy and the Fund may provide financing notwithstanding those arrears only under carefully circumscribed circumstances.[84] Country teams should seek guidance from LEG and SPR on which of these two categories (non-OSI or OSI) is applicable to a particular case, as well as on how to apply the LIOA given the circumstances. As long as arrears are outstanding, the LIOA requires the financing assurances review to be completed at every program review.

- **Private creditors:** Arrears to private external creditors are covered by the Fund's LIA policy.[85] The LIA policy applies to both sovereign arrears to external private creditors and non-sovereign arrears that arise by virtue of the imposition of exchange controls. Generally, speaking, the Fund can lend, on a case-by-case basis, in a situation of sovereign arrears to private external creditors only where: (i) prompt Fund support is considered essential for the successful implementation of the member's adjustment program; and (ii) the member is pursuing appropriate policies and is making a good faith effort to reach a collaborative agreement with its private creditors. In preemptive restructuring cases (where arrears have not yet materialized but a restructuring is needed to achieve debt sustainability on a forward-looking basis) the Fund may provide financing only if it has adequate assurances that such a restructuring will be successful. Such

[82] See paragraphs 33-35 of the *Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* for a detailed description of which claims are considered "direct bilateral claims" for Fund policy purposes.

[83] See: *Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i). However, to ensure the policy will be met, Area Department staff should reach out to creditor Executive Directors in advance to ensure there will be no objection. Where an Executive Director signals that a creditor will object, the policy will not be met, and the staff report cannot be issued to the Board until the arrears to that creditor are either cleared or until the creditor changes its mind.

[84] For a detailed description of the policy, see *The Chairman's Summing Up—Reforming the Fund's Policy on Non-Toleration of Arrears to Official Creditors* (IMF, 2015k), *Reviews of the Fund's Sovereign Arrears Policies and Perimeter* (IMF, 2022b, Box 2) and Policy Reform Proposals To Promote The Fund's Capacity To Support Countries Undertaking Debt Restructuring (IMF 2024), and Section IV.B of *the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i).

[85] See *Summing Up by the Acting Chairman: Fund Policy on Arrears to Private Creditors—Further Considerations* (IMF, 1999a), *Reviews of the Fund's Sovereign Arrears Policies and Perimeter* (IMF, 2022b), and Section IV.D of *the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i)

assurances are obtained by a judgment that a credible process for restructuring is underway and will result in sufficient creditor participation to restore debt sustainability and close financing gaps within the macroeconomic parameters of the program, taking into account official sector commitments. Please consult with SPR and LEG as to the determination of "credible process" in a particular case. Whenever arrears are outstanding to private creditors, the approval of an arrangement and each Fund disbursement under an arrangement is subject to a financing assurances review in which the Board considers, *inter alia*, whether adequate safeguards remain in place for further use of the Fund's resources and whether the member's adjustment efforts are undermined by developments in creditor-debtor relations.

70. ECF-supported programs should also address domestic arrears as part of the overall program design. The specification of policies related to domestic arrears will depend on the country context, in particular, the fiscal framework (see Appendix II).

Overdue Obligations to the Fund

71. Where a member is in arrears to the Fund in the GRA, the Special Disbursement Account, or the SDR Department, or to the Fund as Trustee (including the PRGT and RST), a request for IMF financing, including under the ECF, will not be approved and disbursements under an existing arrangement will be suspended (PRGT Instrument, Section II, paragraph 1(e)(3) and 3(g)) until the arrears are cleared.[86] One month after a financial obligation has become overdue, the Managing Director (MD) will notify the Executive Board that an obligation is overdue. A report by the MD to the Executive Board will be issued two months after a financial obligation has become overdue, and will be given substantive consideration by the Executive Board one month later. The report will request that the Executive Board limit the member's use of Trust resources. A factual statement noting the existence and amount of arrears outstanding for more than three months will be also posted on the member's country-specific page on the Fund's external website. Once the Executive Board adopts a decision to limit the member's use of the Trust resources, a press release will be issued. The MD may recommend advancing the Executive Board's consideration of the reports regarding overdue obligations but the MD may also recommend postponing for up to one-year periods the Executive Board's consideration of a report regarding a member's overdue obligations in exceptional circumstances where the MD judges that there is no basis for an earlier evaluation of the member's cooperation with the Fund. While a member is in arrears to the Fund, policy support can only be provided through surveillance, technical assistance, and, under certain circumstances, SMPs.[87] Remedial measures for dealing with PRGT arrears include removal from the list of PRGT-eligible countries, declaration of noncooperation with the PRGT, and suspension of technical assistance. Annual reports and financial statements will identify those members with overdue obligations to the Trust outstanding for more than six months.

---

[86] For a complete and detailed description of the policy on overdue obligations, see Appendix II of the PRGT Instrument on the Procedures for Addressing Overdue Financial Obligations to the PRGT and Appendix II of the RST Instrument on the Procedures for Addressing Overdue Financial Obligations to the RST.

[87] See *Review of the Fund's Strategy on Overdue Financial Obligations*, Annexes I and II (IMF, 2012e).

Safeguards Assessments Policy

72. As a general principle, staff should aim to complete a safeguards assessment prior to Executive Board approval of a new ECF arrangement but no later than the first review under the arrangement.[88] Once the first review under the program has passed, subsequent staff reports should highlight the status of the assessment and, if not completed, reasons for its delay. In general, safeguards assessments are conducted for each new arrangement; however, an update assessment would not be required for (i) successor arrangements where an assessment was completed no more than 18 months prior to the approval of the successor arrangement; or (ii) central banks with a strong track record, if a previous assessment was completed within four years and no substantial issues were identified in the prior assessment or subsequent monitoring.[89] Safeguards assessments relate to the borrowing members' central banks; a separate fiscal safeguards review may be required in some cases involving budget financing as discussed below.

73. A summary of safeguards issues should be reflected in the main body of staff reports for as long as Fund credit remains outstanding. The safeguards process involves a continuous analysis of information obtained primarily through the collection of documents, and discussions with the authorities and the central bank's external auditors. It entails an evaluation of the central bank's safeguards framework covering governance, auditing, financial reporting, control systems, autonomy, mandate and legal framework over the life of an arrangement and for as long as Fund credit remains outstanding.[90] Staff reports should discuss the status of safeguards assessments, any significant recommendations on legislative amendments, and highlight problems in obtaining access to data and deviations from commitments relating to safeguards recommendations. Safeguards assessments recommendations may be incorporated into conditionality or structural measures under the member's program. Close cooperation and coordination between FIN, other functional departments, and area departments is essential for the effective conduct of the safeguards process. It is important for FIN to be kept informed by area departments of safeguards issues, including logistical issues such as the timing of new arrangements and reviews.

[88] See *Safeguards Assessments Policy— Review of Experience* (IMF, 2015g), *Safeguards Assessments Policy—External Expert Panel's Advisory Report* (IMF, 2015h), and *The Acting Chair's Summing Up on Safeguards Assessments—Review of Experience* (IMF, 2010g and 2015i). The Fund's safeguards policy is subject to periodic reviews, with the last review completed in the second half of 2022. See *Safeguards Assessments - 2022 Review of Experience* (IMF, 2022i).

[89] In this case, staff would only conduct safeguards procedures based on a review of external audit arrangements and audit results. Safeguard assessment for regional central banks is conducted every four years.

[90] Monitoring procedures are streamlined to follow Post Financing Assessment (PFA) (formerly known as Post-Program Monitoring (PPM)) practices, as follows: once a member's credit outstanding falls below the PFA threshold, the monitoring intensity is limited to only a review of the annual external audit results, unless a country continues to be subject to PFA.

G. Program Objectives and Design

Program Objectives

74. All ECF-supported programs are aimed at making significant progress toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth (see definition in Section A). This would involve addressing, though not necessarily resolving, the country's entrenched macroeconomic imbalances over the course of the arrangement. Specifically, ECF-supported programs should aim to maintain or move toward (i) strong and durable poverty reduction and growth, (ii) low or moderate inflation, (iii) sustainable fiscal and current account balances, (iv) limited debt vulnerabilities, (v) adequate international reserves, and (vi) sufficient policy and institutional capacity to implement appropriate macroeconomic policies.

75. The design of an ECF-supported program should be aligned with the country's own poverty reduction and growth objectives (see further below). Specific policy objectives should be clearly articulated in the LOI/MEFP and associated staff report for a new ECF arrangement and would typically include:[91]

- **Fiscal policies,** where (i) the fiscal stance is well anchored to help ensure macroeconomic stability and fiscal/debt sustainability, (ii) revenue and spending policies take due account of the country's growth and social objectives, and (iii) budgets are guided by medium-term fiscal frameworks to the extent possible;

- **Monetary policies** that are consistent with inflation, exchange rate, and reserve objectives, while taking due account of cyclical considerations;

- **Exchange rate policies** that ensure a unified exchange rate and a real exchange rate level that is broadly in line with fundamentals, ensuring a stable and sustainable external position consistent with adequate growth;

- **Financial sector policies** geared toward financial stability and deepening with a view to fostering investment and forestalling financial crises;

- **Public financial management** reforms aimed at ensuring that resources are tracked, reported, and targeted appropriately (including by providing adequate resources for social and other priority spending), public debt management aimed at supporting debt sustainability, and revenue reforms aimed at broadening the revenue base, and enhancing tax efficiencies; and

[91] For further discussion of Fund program design in LICs, see *The Role of the Fund in Low-Income Countries* (IMF, 2008b) and *Aid Inflows—The Role of the Fund and Operational Issues for Program Design* (IMF, 2007a). For broader guidance on the key principles and considerations underlying the design of Fund-supported programs, see *Operational Guidance Note On Program Design and Conditionality* (IMF, 2024c).

- **Other structural reforms** that are critical for achieving the program's macroeconomic objectives.

76. For fragile and conflict-affected states (FCS) emerging from conflict and/or facing substantial domestic instability or uncertainties, the design of ECF-supported programs should make full use of flexibility under the ECF to focus on critical near-term objectives, while meeting UCT standards and maintaining consistency with the provisions of the ECF. In such cases, the ECF can be used to support a program with conditionality tailored to the unique circumstances of each FCS, and with an initial focus on near-term stabilization needs, guided by credible broad medium-term objectives. Such medium-term objectives should enable the member to make significant progress toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. At approval, the program should describe broad objectives for the full program period supported by a medium-term macroeconomic framework and DSA and include a detailed statement of the critical policies and measures the member intends to pursue for the first 12 months of the arrangement. The structural reform agenda and related conditionality would reflect capacity constraints and prioritization of immediate stabilization objectives. It would be understood that the medium-term framework is subject to higher uncertainty and that medium-term objectives may have to be adapted as circumstances evolve. Specific policies and measures after the first 12 months would be defined in the context of future reviews, in line with the current provisions of the ECF.[92]

Role of ECF Financial Support

77. The balance of payments support under ECF arrangements can assist countries in smoothing the adjustment process toward a more stable and sustainable macroeconomic position.[93] The Fund's financial support can be used both to strengthen the international reserve position of the member country and to provide liquidity for making external payments. By relaxing external financing constraints, the Fund's balance of payments support in effect also loosens domestic liquidity constraints of both the public and private sector. Specifically, Fund financing reduces the need for retrenchment in the public and private savings-investment balances, thus enhancing policy options (allowing less contractionary fiscal, monetary, and exchange rate policies) and cushioning private sector adjustment (e.g., investment and import declines). The appropriate mix of financing and public/private adjustment is determined on a case-by-case basis.

[92] For further discussion on the Fund's financial engagement with FCS, see *Staff Guidance Note on the Implementation of the IMF Strategy for Fragile and Conflict Affected States* (IMF, 2023a)

[93] Consistent with the Fund's unique role in LICs, it can provide moderate levels of liquidity support to help address macroeconomic imbalances, while the bulk of financial assistance is normally expected to come from donors. Fund financial support, while concessional and aimed at similar long-term goals, is distinct from development assistance provided by others (often on more concessional terms) as it provides inter-temporal smoothing of adjustment rather than a permanent resource transfer. Fund lending to LICs is generally expected to catalyze such donor support, leveraging the Fund's scarce subsidy resources. See *A New Architecture of Facilities for Low-Income Countries* (IMF, 2009e and IMF, 2009b).

78. A member may use the domestic counterpart of resources received under an ECF arrangement to finance, directly or indirectly, the budget deficit of the government.[94] Such budget financing is consistent with the Fund's legal framework to the extent that the member has balance of payments problems and is implementing a program that will assist it in resolving such problems. Direct budget support[95] may be appropriate when (i) the program is designed in a manner that envisages that the entire amount of the Fund's financial support is used to meet a present or prospective balance of payments need, (ii) loosening fiscal financing constraints is an important macroeconomic objective under the program, and (iii) the central bank cannot or should not (for legal or institutional reasons) lend to the government while the domestic financial sector is too shallow (or not stable enough) to provide the necessary budget financing (or the central bank plays a largely passive domestic policy role, for instance under a currency board or in a fully dollarized economy). In these cases, staff reports should justify the use of the domestic counterpart of resources obtained from an ECF arrangement for budget financing where relevant and discuss safeguards implications. Under the safeguards policy, a fiscal safeguards review of the state treasury should in principle be conducted before the first program review for all arrangements where a member requests exceptional access to Fund resources, and if the member expects, at the time of program approval, that at least 25 percent of the funds will be directed to financing the state budget. This requirement also applies to HCC cases with at least 25 percent of resources directed to budget financing, and to cases where a member requests exceptional access through an augmentation during an arrangement, unless a fiscal safeguards review was completed within the previous 18 months.[96]

[94] See generally *Staff Guidance Note on the Use of Fund Resources for Budget Support* (IMF, 2010f).

[95] Direct budget support refers to cases where disbursements of Fund resources are channeled to the member through the country's treasury at the request of the member. By contrast, indirect budget support can be provided when the Fund makes disbursements available to the member but channeled through the central bank and these help relax domestic financing constraints for the public sector as part of the broader macroeconomic program. A special case of budget financing is Fund financial support to members of a monetary union. For example, in the CFA franc zone, the regional central bank unconditionally provides credit in the (domestic currency equivalent) amount of Fund support to the relevant government. See IMF (2010f). In cases involving budget financing, the respective roles and responsibilities for the related financial obligations to the Fund should be clarified in a framework agreement between the government and the central bank (e.g., through a Memorandum of Understanding).

[96] See IMF, 2015g, 2015h, 2015i, 2010k and 2022i. A fiscal safeguards review will also be required when the above applicability criteria are met during an arrangement, as a result of (i) a decision to direct the Fund's resources to budget financing taken at subsequent reviews, or (ii) member's request for exceptional access (e.g., due to RCF/RFI financing). Such cases will be treated on a case-by-case basis with respect to the timing for completion of the fiscal safeguards review. However, an updated fiscal safeguards review would not need to be conducted if one was completed not more than 18 months prior (IMF, 2015g).

Links to Poverty Reduction Strategies (PRS) and Social Spending

79. ECF-supported programs should be aligned with the country's own poverty reduction and growth objectives. The following specific guidance applies to PRS linkages:[97]

- Any financing request or program review under the ECF must be accompanied by a statement, normally in the LOI or MEFP, of how the program advances the country's poverty reduction and growth objectives. In cases where a relevant PRS document exists, this description in the LOI/MEFP could cross-reference the PRS document, and the ECF-supported program should be consistent with the objectives of the PRS in the context of making significant progress toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. It is expected that the description would be more detailed at the time of the initial arrangement request or when a new Poverty Reduction and Growth Strategy (PRGS) is produced by the member country. The PRGS (previously known as the Economic Development Document (EDD)) is a PRS document that meets the requirements defined below and in Appendix V.

- The PRGS may take two forms: (i) an existing national development plan or strategy document on the country's PRS; or (ii) a newly prepared document on the country's PRS. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

- A PRS issued to the Executive Board on or after May 24, 2019, shall be named a PRGS and a PRS that has been issued to the Board as an EDD shall be deemed a PRGS.

- The PRGS would need to meet minimum standards and countries would be encouraged to follow good practice guidelines.[98]

- Whenever an ECF-supported program is under consideration (including cases where support is currently provided under an SMP or RCF), staff should inform the authorities at an early stage about the relevant Definitions and Timelines for PRGS requirements (Appendix V) to ensure adequate time for the PRS process.

- While a PRGS is not required at the time of initial Board consideration of the ECF arrangement, the second (and every subsequent) review can be completed only if (i) a member has a PRS that has been developed and made publicly available normally within the previous five years, but no more than six years,[99] and covers the period leading up to and covering the date of completion of the relevant review; and (ii) the PRS has been issued to the Executive Board and has been the

[97] See Appendix V for detailed guidance on poverty reduction objectives and related documents.

[98] See Appendix V for a definition of an PRGS, minimum standards and good practice guidelines.

[99] See Appendix V for description of the features of the PRGS.

subject of staff analysis in the staff report on a request for an ECF arrangement or a review under an ECF arrangement.

- In cases where a country has limited institutional capacity for meeting PRGS requirements by the second review, it may request Board approval of an extension of the deadline for meeting such PRGS requirements up to the fourth review. Any request for an extension shall be made no later than the time of the request for completion of the second review. A member may request approval of a further extension of the deadline for issuance of the PRGS up until the sixth review under the ECF arrangement, provided that (i) the member can provide adequate justifications based on persistent limited institutional capacity for meeting the PRGS requirement and other urgent priorities and (ii) the arrangement has a duration of at least four years, or an extension of the arrangement to at least four years is requested. Any request for such additional extension of the deadline for issuance of the PRGS shall be made no later than the time of the request for completion of the review corresponding to the extended deadline for the PRGS requirement.

- Staff views on the PRGS are to be provided in program documentation. In particular, the staff report should discuss how policies pursued under the ECF arrangement contribute to the member's PRGS.

- A letter of assessment of the authorities' PRGS should be requested from the World Bank to help inform Fund staff and the Board about the PRGS, which would complement the analysis provided by Fund staff in the program documentation. The letter of assessment is circulated to the Board at the same time as the PRGS.

- Staff would report to the Board on the implementation of the PRGS by including a discussion of relevant developments in the implementation of policies supporting the member's PRGS. Staff assessment of the PRGS implementation is done in the context of a PRGS Implementation Review (PIR). When the PRGS requirements are met by the second review, the good practice on the PIR would be for it to take place by the fifth review. In the event of extensions of the PRGS requirements, the PIR is not an expected practice. PRS implementation following its launch would also be tracked in the member's LOI/MEFP.

80. Social and other priority spending should be safeguarded and, whenever appropriate, increased under ECF-supported programs.[100] This should be monitored through explicit program targets, typically an indicative floor on social and other priority spending, whenever possible. The definition of what constitutes social, or other priority spending should be established by the member, in accordance with the authorities' poverty reduction and growth strategy. In cases where tracking of such expenditures is not feasible, the program documentation should report on what measures are envisaged to develop an adequate tracking system. Staff should monitor progress in establishing these tracking systems, and the program may include relevant structural benchmarks if appropriate.

[100] See *the Operational Guidance Note for IMF Engagement on Social Spending Issues* (IMF, 2024f)

Debt Sustainability Analysis (DSA)

81. ECF-supported programs should be underpinned by a thorough DSA to inform the elaboration of medium-term debt strategies and fiscal frameworks. Country teams should engage with the authorities in the preparation of DSAs, discuss the results, and share the final files with the relevant officials. DSAs for all LICs should be prepared jointly with the World Bank, and country teams should also involve other relevant Multilateral Development Banks (MDBs). Joint DSAs are required for all PRGT-eligible countries that also have access to IDA resources.

82. A full DSA should generally be produced at least once every calendar year. A new DSA should be produced for any new request for IMF financing (even when an annual DSA has already been completed).[101] For program countries, a new DSA is also needed where there is a proposed modification to a performance criterion related to debt limits, or request for a waiver for non-observance of a performance criterion related to debt limits. The purpose of the DSA is to assess the impact of the modification or waiver on debt sustainability. A new DSA is also needed when the country experiences significant changes in economic circumstances and borrowing assumptions (including due to conflict and natural disasters).

83. DSAs for LICs should be presented as self-contained documents (see Appendix IX). They should normally be prepared using the LIC Debt Sustainability Framework (DSF)[102]. The LIC DSF analysis includes three components:[103]

- A forward-looking analysis (20-year projection) of debt and debt-service dynamics under a baseline scenario, alternative scenarios, and standardized stress tests;
- An explicit rating of the risk of external debt distress (low, moderate, high, or in debt distress) based on indicative country-specific debt-burden thresholds that depend on the quality of policies and institutions in the country; and an assessment of the overall risk of debt distress; and
- Recommendations on a borrowing (and lending) strategy and other crucial macro policies to limit the risk of debt distress, while maximizing the resource envelope to achieve the country's development objectives.

[101] Article IV Consultations should be accompanied by a DSA. See *Guidance Note for Surveillance Under Article IV Consultations* (IMF, 2022h).

[102] DSAs using the LIC-DSF template should be used for all PRGT-eligible countries that also have access to IDA resources.

[103] For details on the use of the DSF, see the *Guidance Note on the Bank-Fund Debt Sustainability Framework for Low-Income Countries* (IMF, 2018b), and the *Supplement to the 2018 Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries* (IMF, 2024g)

Collaboration with the World Bank and Other Development Partners

84. Fund staff should consult closely with all major development partners active in the country when designing and monitoring an ECF-supported program. In addition to this routine collaboration, the Joint Management Action Plan (JMAP)[104] approved by the Boards of the World Bank and IMF calls on Bank and Fund country teams to consult with each other at least once a year in order to identify the country's key macroeconomic and structural reform challenges and coordinate work plans in support of addressing these challenges (see Appendix IX).

H. Conditionality

Conditionality Principles

85. Conditionality, i.e., the set of program-related conditions, under an ECF arrangement is intended to ensure that Fund resources are provided to assist members in resolving their balance of payments problems in a manner that is consistent with the Fund's Articles and that establishes adequate safeguards to the Fund's resources. Consistent with the Fund's Guidelines on Conditionality,[105] conditions will normally consist of macroeconomic variables and structural measures that are reasonably within the member's direct or indirect control and that are, generally, either (i) of critical importance for achieving the goals of the program (or for monitoring program implementation); or (ii) necessary for the implementation of specific provisions of the IMF Articles of Agreement or policies adopted under them. In some cases, conditions may be outside the Fund's core areas of expertise, in which case a more detailed explanation of their critical importance is required.

86. ECF-supported programs must meet the UCT-quality standard, which requires the commitment and capacity by the authorities to implement a set of policies that is adequate to correct external imbalances and enable repayment to the Fund. The appropriate adjustment path would be determined on the basis of the country's economic circumstances and objectives, policy constraints, and the severity of the balance of payments needs. The adjustment effort required to attain full sustainability would often extend beyond the duration of the ECF arrangement. In such circumstances, conditionality would be limited to those policies that are critical to achieving the part of the overall adjustment process that is covered by the arrangement. Given its medium- to longer-term focus, the ECF will generally permit more flexibility than the SCF in the timing of these measures. For instance, if a far-reaching structural reform in a specific area is deemed critical for achieving a stable and sustainable macroeconomic position but is considered too ambitious to

---

[104] See *Enhancing Collaboration—Joint Management Action Plan* (IMF, 2007c) and *Implementation of the Joint Management Action Plan on Bank-Fund Collaboration* (IMF, 2010d).

[105] See *Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines, Revised January 25, 2010* (IMF, 2010b) and *Revised July 23, 2014* (IMF, 2014b), and *Revised Staff Statement on Principles Underlying the Guidelines on Conditionality, and Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines* (IMF, 2006a). See also *Operational Guidance Note on Program Design and Conditionality* (IMF, 2024c).

complete in the near term, an ECF-supported program may include certain steps that mark progress on this reform effort, without necessarily completing the entire reform.

87. For fragile and conflict-affected states emerging from conflict and/or facing substantial domestic instability or uncertainties, the design of ECF-supported programs should make full use of flexibility under the ECF to focus on critical near-term objectives, while meeting UCT standards and maintaining consistency with the provisions of the ECF (see above).

Specification of Program Conditions

88. Program conditionality will include quantitative periodic and continuous PCs (including standard continuous PCs), and typically also structural benchmarks, as well as prior actions, if necessary (see Appendix II for detailed guidance on quantitative conditions). Conditionality is set at the time of approval of the arrangement and updated at the time of program reviews. Conditionality should normally be set (or modified) by the Board before the test date. For the establishment (or modification) of post-dated PCs (i.e., PCs for which the test date would already have passed at the time of Board consideration of the review in which the establishment or modification is proposed), the program documents would have to be signed and circulated to the Board along with the staff report before the test date, and no information on implementation of the so established conditionality would be available at the time of the Board meeting.

89. Prior actions are measures that a member is expected to adopt prior to the Fund's approval of an ECF arrangement, completion of a review, or the granting of a waiver with respect to a PC, when it is critical for the successful implementation of the program that such actions be taken to underpin the upfront implementation of important measures. Prior actions are set by management, and are to be applied parsimoniously, must be justified in terms of their criticality to program objectives, and specified in clear, objective, and unambiguous terms. Prior actions should in principle be implemented at least five working days before the Board discussion. They should be defined in the LOI/MEFP and cross-referenced in the relevant Board Decision. There should be no "silent" or "hidden" prior actions, and all prior actions should be transparently set out in the Staff Report.

90. Quantitative PCs would normally be set on a semi-annual basis and tied to semi-annual program reviews, while indicative targets would normally be specified on a quarterly basis. Where closer monitoring or more flexibility in tailoring of reviews to country circumstances is needed, quantitative PCs and reviews could be set flexibly with the condition that they be scheduled no more than six months apart and that each scheduled review be associated with a set of performance criteria and a disbursement.[106] This flexibility in setting the specific test dates within the six-monthly

[106] A program with more frequent reviews than six-monthly could be considered in cases with exceptionally high uncertainty and risks to program implementation. In such cases, it is important to confirm the member's capacity to provide accurate data at the frequency needed to monitor program implementation, also due to concerns regarding possible misreporting. For Fund-supported programs for LICs, semi-annual reviews are typically more appropriate, due to the time required to implement reforms, longer lags in data provisioning and limited capacity of staff and authorities.

cycle could, for example, be used to align monitoring with national budget/reporting cycles. Moreover, the requirement that availability dates for disbursements be spaced no more than 6 months apart does not apply to the time lag between approval of an ECF arrangement and the first review under the ECF arrangement. Conditionality should cover the 12 months following the Board meeting (initial approval or review). Under semi-annual monitoring, PCs would therefore normally be established for two future test dates at the time of approval of the arrangement and at each review (except for the penultimate and final reviews) under semiannual monitoring. Similarly, under quarterly monitoring, PCs should normally be set for four future test dates, and in any case not less than for two future test dates. If there is substantial uncertainty, the second set of PCs under a semi-annual monitoring or the third and fourth set of PCs under quarterly monitoring could initially be established as ITs. In addition, indicative targets should extend through the end of the calendar year (or fiscal year) for which policies are being discussed.

91. **Quantitative periodic PCs** typically include measures of net international reserves, central bank domestic assets, domestic and fiscal balances or financing, and any other macro-critical indicators. Public debt conditionality would normally be required when a member faces significant debt vulnerabilities, or when there are merits to using debt limits instead of, or as a complement to, "above-the line" fiscal conditionality (see Appendix II, Section E for details on specification of debt conditionality).[107] PCs are usually subject to program adjustors that reflect deviations from projected external flows. Indicative targets should include a floor on social and other priority spending where possible and may include other indicators such as reserve money and domestic revenue mobilization.

92. **Continuous PCs** always include, *inter alia*, commitments related to non-introduction or intensification of exchange restrictions and on non-introduction or modification of multiple currency practices; as well as concluding bilateral payment agreements that are inconsistent with Article VIII, and the non-introduction or intensification of import restrictions for balance of payments reasons. These continuous PCs are always included in the text of all Fund arrangements, and, given their nonquantitative nature, are usually not listed in the PC table. Other continuous PCs typically include the non-accumulation of external payments arrears. See Appendix II, Section G, for details.

93. **ECF arrangements should include an agenda for macro-critical structural reforms**, with appropriate flexibility on the timing of the measures. Structural benchmarks are critical measures that are intended to serve as clear markers in the assessment of progress in the implementation of critical structural reforms in the context of a program review. Structural benchmarks should be used

[107] Borrowing plans would also have a role in the assessment of the circumstances leading to a non-observance of debt conditionality in program reviews (i.e., whether there was a change in the projected financing mix, or the level of new borrowing accommodated under the debt limit). To this end, depending on the circumstances, the assessment of implementation of the components of the borrowing plan would help in determining the cause of the non-observance and point to modifications needed to the program. Therefore, program documents should include a borrowing plan used as a basis to derive quantitative debt limits. A non-observance of debt conditionality would require an assessment of the circumstances leading to it (see Annex II, Section E). Also see the IMF's policy on the use of quantitative debt limits on public debt in the context of IMF-supported programs, *Reform of the Policy on Public Debt Limits in IMF-Supported Programs* (IMF, 2020e).

parsimoniously, and their macro-criticality explicitly justified in program documents, ideally in the structural benchmark table. PNs for a new Fund arrangement request and at each review should indicate for each structural benchmark its depth and rationale in the table (the column setting out the assessed depth of structural benchmarks should not be included in staff reports).[108] Reviews are the primary tool for monitoring performance on the structural elements of the program, by judging progress relative to the relevant objectives.[109] The program should identify the overarching objectives of the structural reform agenda for the arrangement period as a whole, with more specific objectives defined for periods covered by individual reviews, and with related structural benchmarks that are critical for achieving the program's objectives. The appropriate number of structural benchmarks depends on a variety of country-specific factors, including the centrality of structural reforms for achieving the program's objectives and country capacity. The use of structural PCs was discontinued in 2009.[110] Under the ECF, structural benchmarks may be targeted for implementation either by a specific test date or by the time of a specific program review. A member's failure to meet a structural benchmark does not by itself automatically interrupt a disbursement under an ECF arrangement. Rather, deviations serve as indicators that the Fund-supported program may be off-track. Completion of the review would then require a judgment by the Board that there are factors giving confidence that program objectives are being achieved.

94. Any structural benchmark that is not met by the relevant test date or relevant review is deemed not to be met but the measure constituting the benchmark may be established by the Board as a new benchmark with a new date and linked to the next program review, if the benchmark remains critical for the success of the program. If it seems that implementing a structural benchmark is no longer possible as defined under the program (say, due to a change in the authorities' reform plans or other changes in circumstances), a new benchmark or a modified version of the original one may be appropriate and proposed to be set by the Board as long as it is critical to achieve program goals.

Waivers and Modifications

95. A waiver for non-observance of a PC may be granted if the Fund is satisfied that the program will nevertheless be successfully implemented—i.e., that it will achieve its goals—either because of the minor[111] or temporary nature of the non-observance or because of remedial actions taken by the authorities to preserve program objectives. Upon verification that a PC was not met, a request for a waiver for its non-observance must be made by the member in the LOI. If staff

[108] Staff is also encouraged to use an evaluation matrix to assess the structural benchmarks in broad range of criteria to determine the prioritization, debt, packaging and sequencing. For a detailed discussion, see (IMF, 2024c).

[109] See paragraph 36 of *A New Architecture of Facilities for Low-Income Countries* (IMF, 2009e) and *GRA Lending Toolkit and Conditionality–Reform Proposals* (IMF, 2009c).

[110] See Decision No. 14280-(09/29). The discontinuation of structural PC in 2009 seeks to ensure that an excessively narrow or rigid focus on specific criteria is avoided.

[111] Waivers for non-observance of the standard continuous PCs on the introduction (or intensification/modification) of exchange restrictions and/or multiple currency practices cannot be supported on the grounds that it is minor, given that these relate to a breach of the Articles (Article VIII, Section 2(a) or 3) of the Fund).

supports the granting of the waiver, relevant justification would be provided in the staff report, which will also include a proposed decision on the waiver. Waivers for non-observance are only required for quantitative PCs that are tied to the specific disbursement and to the review that is being completed (and for any standard continuous PC that has not been observed). Waivers for PCs that are tied to subsequent disbursements and reviews are not required even if information on non-observance already exists. In these cases, however, the staff report and LOI/MEFP would need to provide assurances that understandings on appropriate policies have been reached to complete the subsequent review, even though relevant PCs will need to be waived when that review is concluded.

96. **Waivers of applicability** could in principle be granted if the Fund is satisfied that, notwithstanding the unavailability of the information necessary to assess observance of a PC, the program will be successfully implemented and there is no clear evidence that the PC has not been met. However, in the case of the ECF, waivers of applicability would be highly unusual. Unlike purchases under the SBA and EFF, each ECF disbursement is linked to specific PC test dates and to a specific review, and thus the disbursement is not blocked—and there is consequently no need for a waiver of applicability—when a new test date passes and information on performance under it is unavailable, because such test date is linked to a future disbursement and review. While in theory a waiver of applicability could be granted for a PC at a test date linked to the current review, this would raise serious questions about the country's capacity to provide timely data, as reviews under the ECF should generally be scheduled with sufficient time to monitor the data relevant for the applicable test dates. In arrangements with blended financing, waivers of applicability would be required for the GRA-financed arrangement if the review is being conducted after the most recent test date has passed and data are not yet available. Additionally, with respect to the GRA financial arrangement, the member may purchase any amount available based on earlier completed reviews if the purchase is requested within 45 days of the most recent test date and all the conditions specified in paragraph 2 of the Reduction of Blackout Periods in GRA arrangements decision (Decision No. 14407-(09/105)).

97. **Modifications** to program conditionality that has already been set by the Board may be appropriate when departures from PCs are expected to occur, for instance when basic program assumptions have not been realized or significant developments have occurred that had not been anticipated when the PCs were set, provided that the targets remain macro-critical. Requests for such modifications must be made by the authorities and supported by staff in the Staff Report submitted to the Board before the relevant test date has been passed and must be approved by the Board before information on the observance of the PC is available, normally in the context of a program review. In exceptional cases, modifications of conditionality can be approved by the Board outside the context of a program review[112], provided the authorities and staff have common understandings on appropriate policies through the next review, as documented in a revised or new LOI with an updated PC table and, where relevant, an updated TMU. This could be appropriate if the original targets are no longer appropriate due to developments beyond the authorities' control

[112] This could be done through a "stand-alone" (ad-hoc) Board document, which can be considered on a LOT basis. It can also be combined with other Board documents, such as a RCF Request. In the GRA context, PCs have been established outside a program review in the context of an Article IV Report.

(including staff errors). It could also be appropriate in exceptional cases where understandings on modifications of PCs have been reached by Staff and the authorities, but a Board date before the relevant test date of the PCs is not available (e.g., due to delays in preparing other portions of the Staff Report, or due to a full Board calendar). Board approval would require a staff report that discusses the reasons for the modification, including why it is proposed outside the review context, the status of the program, and relevant policy understandings.

Misreporting[113]

98. Misreporting occurs when members with a Fund-supported program obtain resources on the basis of inaccurate information regarding observance of quantitative or continuous PCs or prior actions (a "noncomplying disbursement"). Under the ECF arrangement, a noncomplying disbursement occurs when (i) the Fund makes a disbursement on the basis of a finding that applicable conditions established for that disbursement (which include the accuracy of the information on PCs for which waivers have been requested) have been observed; and (ii) that finding later proves to be incorrect. Upon evidence that a member may have received a noncomplying disbursement, the MD shall inform the member promptly. After consultation with the member, if the MD determines that the member did receive a noncomplying disbursement, the MD shall promptly notify the member and submit a report to the Executive Board with recommendations. The Board may decide either (a) that the member shall be expected to repay the disbursed amount, or (b) that the non-observance will be waived. Waivers will normally be granted only when the deviation from the relevant PC or other condition was minor or temporary, or if the member had adopted additional measures appropriate to achieve the objectives supported by the relevant decision on the disbursement. Relevant information on misreporting should be made public by including it in the documents to be published after the Board discussion, such as a press release containing the Chairman's Statement or summing up, with prior Board review of the text for publication.

99. Whenever the Executive Board finds that the noncomplying disbursement has been made but that the non-observance of the relevant PC or other specified condition was also *de minimis;* i.e., when a deviation from a PC would be so small as to be trivial with no impact on the assessment of performance under the relevant member's program, a waiver for non-observance shall be granted by the Executive Board.[114] The discussion of *de minimis* misreporting will be included in a staff report on the member that deals with other issues but the discussion should be deleted if such a report is published.

I. Reviews and Disbursements

Purpose of Program Reviews

[113] Misreporting in the context of financial assistance under the PRGT does not trigger the application of Article VIII, Section 5 regarding members' obligations on data provision for Fund's activities.

[114] For more details on misreporting, see Appendix I of the PRGT Instrument and Decision No. 14354-(09/79). Also, see *Making the Misreporting Policies Less Onerous in De Minimis Cases* (IMF, 2006e).

100. Program reviews evaluate whether the program is on track to achieve its objectives. This evaluation is based on a backward-looking assessment—taking into account performance against quantitative PCs, structural and quantitative benchmarks, and prior actions—and a forward-looking assessment of the prospects for successful program implementation, in particular whether policy capacity and commitments are adequate to achieve the program's objectives. The second (and every subsequent) review can only be completed if (i) a PRS has been developed and made publicly available normally within the five previous years, but no more than six years, and covers the period leading up to and covering the date of the completion of the relevant review (see paragraph 77 for conditions under which an extension of the PRS deadline may be granted); and (ii) the PRS has been issued to the Executive Board as a PRGS that has been the subject of staff analysis in the staff report of a request for an ECF arrangement or a review under an ECF arrangement.[115] At the time of the consideration of the final review under an ECF arrangement, and assuming that the protracted balance of payments problem has been resolved and no further program support from the Fund is expected, the scope of the forward-looking assessment could be more limited than for previous reviews.

101. Reviews also update the program design, in particular by specifying forward-looking policies and conditionality, and are the main vehicle for any potential modifications to program design—such as changes in access, phasing, and conditionality—as may be necessary to achieve the program's objectives in changing circumstances. At the time of approval and for each review, the authorities' LOI presents or updates their policy program, and a staff report provides an overall assessment of performance and policy commitments.

Timing of Reviews, Test Dates, and Disbursements

102. The timing of all reviews, test dates, and disbursements should be summarized in a staff report table at the time of approval of an ECF arrangement and updated as needed at the time of reviews. Moreover, the Arrangement text attached to the staff report for the initial ECF request specifies the test dates, reviews, availability dates, and disbursements for the first year of the arrangement. The quantitative indicator table ("PC table") attached to the LOI/MEFP should clearly identify PCs, indicative targets, and adjustors for at least a 12-month period from the Board date of the arrangement approval or review as indicated above. Similarly, the structural benchmark table should cover measures over at least a 12-month period, clearly indicating the reviews that individual benchmarks are linked to and/or the dates for their implementation. The arrangement text attached to the staff report should specify all PCs and review/availability dates, normally over the next 12 months from the Board date of the arrangement approval/program review. The first disbursement is made available upon approval of the arrangement, and subsequent disbursements will be conditional on observance of the PCs and a program review that confirms satisfactory progress in implementing the economic program.

[115] See Appendix V for transitional arrangements.

103. Disbursements and reviews under a standard three-year ECF arrangement are normally both semi-annual, implying typically seven scheduled disbursements and six reviews (and thus six test dates with PCs). When designing the schedule of test dates, careful consideration should be given to alignment with the country's budget cycle and the requirement that reviews and their associated availability dates be scheduled no more than six months apart (however, the interval between arrangement approval and the first availability date could be longer than six months if needed, e.g., to harmonize test dates with key dates in the budget cycle). Beyond this requirement, there is flexibility in setting the specific review dates and test dates if warranted by country specific circumstances. Deviations from the six-monthly schedule (i.e., more frequent reviews) can be considered, for example, to align monitoring with national budget/reporting cycles. In cases where the arrangement is approved well before the first test date, e.g., four months or earlier, there may be only six disbursements and five reviews, given the time lag involved in monitoring performance criteria and preparing documentation for reviews. In principle, reviews and disbursements could be both more frequent, for instance in the context of significant short-term volatility and/or uncertainty. It is also possible to shift between semi-annual and higher frequencies of phasing during the course of an arrangement, for example, following changes in volatility and/or uncertainty. Such shifts could also be scheduled at the time of approval of a new ECF arrangement if warranted based on the projected risk profile over time or other country circumstances.

104. The test dates for PCs must be set such that all scheduled disbursements can take place before the end of the arrangement, taking into account reporting lags and preparation and circulation periods for staff reports. Similarly, the availability dates for disbursements should be set such that all data needed to confirm observance of PCs at the related test dates would have become available. Availability dates are specified in the Arrangement text and subsequent Decisions and are summarized in the staff report table on the schedule of disbursements. Reviews cannot be completed prior to the applicable availability date.[116]

105. The program period supported by an ECF arrangement would typically start somewhat before the Board approves the ECF arrangement, and three to six months before the first test date under semiannual monitoring. The program period should normally not start more than three months prior to the Board meeting, and in any case not before the authorities and staff have discussed the parameters of the program.

106. In contrast to SBAs or EFF Arrangements, the design of an ECF arrangement avoids "blackout periods" because each disbursement is linked to the completion of a specific review and to the observance of specific periodic performance criteria, and thus a disbursement is not blocked—and there is consequently no need for a waiver of applicability upon data

[116] As provided in the PRGT Instrument, reviews under an arrangement shall not be completed unless and until all other conditions for the disbursement of the loan have been met or waived. This applies, inter alia, with regard to the condition on the availability of the disbursement. See PRGT Instrument, Section II, paragraph 1(e)(4).

unavailability—when a new test date passes, because such new test date applies to a future disbursement subject to completion of a future scheduled review.[117]

Addressing Interruptions in Program Implementation: Track Records, Combined Reviews, and Rephasing

107. ECF-supported programs may encounter interruptions and delays. If these are caused by substantial policy slippages, it is often appropriate to establish a track record before completing the next review.[118] As discussed in more detail in Appendix III, a track record could be informal (based on informally agreed time-bound policy actions and targets) or monitored more formally under an SMP, or, in case of urgent financing needs caused by an exogenous shock, the RCF (assuming the applicable policy commitments are in place). In some cases, bringing the program back on track may also require modification to the planned timing of disbursements and reviews. Such delays and interruptions can sometimes be addressed through extensions of the arrangement (see above), combining reviews, rephasing of access, or some combination of the three.

108. Under certain circumstances, two reviews can be combined when delays in program implementation have occurred, and performance can be assessed against two test dates that were linked to successive reviews. Combining three or more reviews, while theoretically possible, would be very unusual as PCs are typically not defined for more than two future test dates under semiannual monitoring, because long-lasting deviations from program objectives would often justify cancellation of the arrangement, and the ECF arrangement is automatically terminated if no review is completed over an 18-month period. Combining reviews is only possible if: (i) the conditionality has been fully defined, including through applicable PCs, for these reviews and approved by the Board; (ii) data are available for measuring observance of conditionality for the reviews; and (iii) the dates specified as the earliest dates for conclusion of the reviews in the text of the arrangement have all passed. Typically, reviews are combined when the program is on track with respect to the most recent review and sufficient corrective action had been taken to offset any problems with observance of the conditions for earlier reviews. By contrast, where slippages relative to the objectives and conditionality for the most recent review are significant, it would not be appropriate to combine reviews. In such circumstances, the authorities could request cancellation of the arrangement and discussion of support under a new instrument once conditions for such support

[117] The broader policy is described in *Reduction of Blackout Periods in GRA Arrangements* (IMF, 2009h) and *Blackout Periods in GRA Arrangements and the Extended Rights to Purchase Policy—A Review* (IMF, 2013a). It applies to all SBAs and EFF arrangements, including those that involve blending with ECF financing. Access to accumulated but undrawn disbursements can be interrupted because the deadline for a new review date has been reached and there is a delay in completing the review but as noted above, since the precautionary use of the ECF is not generally envisaged, previously scheduled and undrawn disbursements under an ECF arrangement are unlikely to occur.

[118] On September 30, 2022, the Executive Board amended the SMP policy to allow for limited Executive Board involvement in particular SMPs in certain, ring-fenced situations (i) an ongoing concerted international effort by creditors or donors to provide substantial new financing or debt relief to the member or (ii) significant outstanding Fund credit under emergency financing instruments at the time new emergency financing is received) to opine on the robustness of a members' policies to meet their stated objectives under the SMP and to monitoring its implementation (see IMF, 2022f). Such SMPs are called "Program Monitoring with Board Involvement" or "PMBs" and can also be used to establish a track-record.

are appropriate. Alternatively, in cases where performance relative to the objectives and conditionality for the earlier review was broadly satisfactory (or slippages have been addressed through sufficient corrective action) and program objectives can still be obtained through modifications of the program, this past review could be completed, while a new, future test date and conditionality should be established for the next review, typically combined with rephasing of access over the remainder of the arrangement.

109. Under certain circumstances, disbursements under an ECF arrangement may be rephased to change the amounts of financing provided under individual disbursements associated with specified reviews and/or change the number or timing of disbursements and reviews. For example, if there are delays in program implementation, combining reviews and rephasing could be appropriate where program objectives can still be achieved, including through corrective actions. In such cases, rephasing would usually involve spreading access associated with the specific (and subsequent) review(s) across future reviews, consistent with the period of the current arrangement. In other cases, a rephasing may be combined with an extension of the arrangement when there are only a few reviews left to allow for the completion of reviews before the arrangement expires. There can also be short-term extensions of a program (i.e., technical extensions) that do not involve rephasing if additional time (typically not more than three months) is needed to complete the final review(s) and make the final disbursement available before the expiration of the arrangement. Access should never be rephased in a manner that would make it impossible for the member to get the full, undisbursed amount under the arrangement. If delays in program implementation have been substantial and rephasing would involve compressing a very large amount of access into a short period of time (even with a potential extension of the arrangement period), it would normally be appropriate to let the current arrangement expire, or for the member to cancel it, and to proceed to a new ECF arrangement, unless there has been a very sharp turnaround in performance.

J. Other Relevant Policies

110. A number of additional modalities and policy requirements apply to the ECF, including the following:

- **Ex Post Peer Reviewed Assessments (PRAs).** As of July 2015, Ex Post Assessments (EPAs) have been discontinued and replaced by Ex Post Peer Reviewed Assessments (PRAs).[119] Staff reports for new arrangement requests are required to contain a succinct, peer-reviewed assessment for countries with longer term program engagement (LTPE), defined as having in place a Fund-supported financial arrangement for at least seven of the past 10 years, and for whom a PRA has

[119] See Section C, paragraphs 29 – 32 of the Staff Paper, *Selected Streamlining Proposals under the FY16–18 Medium-Term Budget – Implementation Issues* (IMF, 2015l).

not been prepared in the past five years.[120, 121] Access to resources under ECF arrangements counts toward the policy on LTPE.

- **Post Financing Assessments (PFAs).**[122] Outstanding ECF credit is subject to a PFA (formerly PPM).[123] Members with outstanding credit from the Fund in the GRA and/or PRGT and/or the RST exceeding 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) or SDR 0.38 billion from the PRGT (and/or SDR 1.5 billion from the GRA and/or SDR 0.38 billion from the RST) after the expiry of their arrangements are expected upon the recommendation of the MD to engage with the Fund in a PFA of their economic developments and policies. Normally, one stand-alone PFA paper is expected to be issued for Executive Board consideration within a twelve-month period.

- **Article IV consultation cycle.** The 24-month cycle for Article IV consultations applies to members with an ECF arrangement.[124] Specifically, Article IV consultations with members that have an on-track ECF arrangement in place would be expected to be completed within 24 months after the completion of the previous Article IV consultation. In cases where a program review is not completed by the date for completion specified in the arrangement, the next Article IV consultation would be expected to be completed by the later of (i) six months after the scheduled review date and (ii) 12 months, plus a grace period of three months after the previous Article IV consultation, unless the program review has been completed prior to the later of these

[120] Fund financial arrangements that qualify for the definition of LTPE are those drawing on upper credit tranche GRA or PRGT resources, or any blend of the two. Non-financial instruments, e.g. PCI are not taken into account for LTPE. An outright disbursement/purchase under the RCF or RFI does not count towards LTPE. Usage of precautionary arrangements, including the precautionary use of the GRA or PRGT resources that remain undrawn throughout the arrangement, does not count towards LTPE. If a member ultimately draws upon an arrangement that had been considered precautionary at the time of approval, the entire length of the arrangement would count towards LTPE. For canceled arrangements, only the time until their cancellation is counted. For a complete discussion of LTPE, see *The Acting Chair's Summing Up Review of Ex Post Assessments and Issues Related to the Policy on Longer-Term Program Engagement* (IMF, 2006c); *Review of Ex Post Assessments and Issues Relating to the Policy on Longer-Term Program Engagement* (IMF, 2006b); *Ex Post Assessments of Members with a Longer-Term Program Engagement—Revised Guidance Note* (IMF, 2010c); and IMF, 2015l.

[121] See *Staff Guidance Note for the Conduct of Ex Post Peer Reviewed Assessments of Members with Longer-Term Program Engagement* (IMF, 2016a).

[122] On May 7, 2021, the Board changed what was previously referred to as Post Program Monitoring (PPM) to Post Financing Assessment (PFA) to better reflect its coverage, which includes not only outstanding credit from IMF-supported programs but also credit from outright purchases from the General Resources Account or disbursements from the Poverty Reduction and Growth Trust under emergency financing instruments. See IMF, 2021d. Following the establishment of the Resilience and Sustainability Trust in 2022, PFA also covers outstanding credit from this Trust.

[123] See *Extension of Post-Program Monitoring to Cover the Use of PRGF Resources (IMF, 2005a)*, *Guidance Note on Post Program Monitoring* (IMF, 2017d), and Decision No. 13454-(05/26), as amended. The latter also discusses circumstances where the MD may propose PFA (formerly PPM) even where outstanding credit falls below the 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) or the SDR 0.38 billion from the PRGT (and/or SDR 1.5 billion from the GRA and/or SDR 0.38 billion from the RST) threshold, as well as circumstances where the PFA (formerly PPM) criteria are met but where the MD may consider it not warranted (e.g., given strength of policies, its external position, or a successor arrangement, PCI or SMP expected within six months).

[124] See Decision No. 14747-(10/96), as amended.

two dates, in which case the 24-month cycle continues to apply. A member that has completed an ECF arrangement by drawing all amounts may remain on the 24-month cycle, if it does not meet any of the criteria specified in paragraph 2 of Decision No. 14747-(10/96): (i) the member is of systemic or regional importance; (ii) the member is perceived to be at risk because of policy imbalances or particular threats from exogenous developments, or is facing pressing policy issues of broad interest to the Fund membership; or (iii) the member has outstanding Fund credit exceeding 150 percent of quota (100 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) .. At the time of the final review under the arrangement, staff should assess whether the consultation cycle should be shortened back to 12 months, based on the criteria mentioned above. When this is the case, the staff report for the final review should seek the Board's approval of such shortening of the cycle.[125] Where the arrangement is cancelled by the member or expires with undrawn amounts, the member will remain on the existing cycle, unless the Executive Board determines, based on the above criteria, that a different cycle will apply.

- **Exchange System obligations under Articles VIII and XIV and Data Provision under** Article VIII, Section 5. Requirements under Article VIII Sections 2, 3, and 4, and Article XIV are discussed in Article VIII Acceptance by IMF Members—Recent Trends and Implications for the Fund (IMF, 2006d) and the new policy on Multiple Currency Practices (MCPs), effective February 1, 2004, is discussed in Guidance for the Fund's policy on Multiple Currency Practices. A standard continuous PC applies, inter alia, to the non-introduction or intensification of exchange restrictions and on the non-introduction or modification of multiple currency practices (see Appendix II, Section G). Article VIII, Section 5 of the Fund's Articles of Agreement does not apply to the provision of information that is required for the purposes of Fund financial assistance under the ECF.[126]

- **Heavily Indebted Poor Country (HIPC).** Performance under an ECF arrangement can count toward a track record of strong policy performance under Fund-supported programs required for the HIPC decision point and completion point. The minimum required track record for the decision point is six months. For the completion point, there is no minimum duration for the track record (except where Fund-supported programs have been off track for more than six months); instead, the Fund assesses a member based on the member's performance on

[125] See IMF, 2022h or refer Decision No. 14747-(10/96), as amended.

[126] PRGT resources are held in an administered account and the obligations of a member using such resources are not governed by the Fund's Articles (Article V, Section 2(b)). The obligations of a member using PRGT resources are governed exclusively by the terms of the PRG Trust Instrument, which are incorporated by an explicit reference into the terms of each ECF arrangement. Accordingly, for the purposes of an ECF arrangement, the Fund cannot require a member to provide the Fund with information for the purposes of Article VIII, Section 5, and the failure of a member to provide information for the purposes of an ECF arrangement cannot give rise to the application of sanctions under Article XXVI, Section 2, as it is not a breach of obligation under the Articles of Agreement." [83] See Appendix IV for details on the HIPC Initiative.

particular outcomes and met applicable requirements for completion point under the HIPC initiative. [127]

- **Side letters.** The use of side letters in ECF arrangements has been extremely rare. Side letters may be used when release of information on policy understandings at the time of a program request or review would cause adverse market reaction or undermine the authorities' efforts to prepare the domestic groundwork for a measure.[128]

[127] See IMF (1999c) for the Board's approval of "floating completion points." The HIPC Trust Instrument also requires that for completion point, the member has a stable macroeconomic position, has kept on track with its Fund-supported program, and has prepared a PRSP and implemented satisfactorily the strategy therein described for at least one year as evidenced by an APR that has been issued to the Executive Board normally within the previous 12 months but in any case within the previous 18 months and has been subject to a staff analysis in a JSAN issued to the Executive Board.

[128] For the Fund's policy on side letters, see Decision No. 12067-(99/108).

CONTENTS

CHAPTER III: STANDBY CREDIT FACILITY

The SCF provides financing to LICs with short-term balance of payments needs, similar to the SBA, however on concessional terms.[129]

A. Objectives and Qualification

Purpose and Objective

111. The SCF provides concessional financing to LICs with actual or potential short-term balance of payments needs. The purpose of an SCF arrangement is to assist eligible member countries in implementing economic programs aimed at achieving, maintaining, or restoring a **stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.** Such a position would be characterized by the absence of a present or prospective balance of payments need and by the domestic and external stability that is necessary to support strong and durable poverty reduction and growth. It would typically be associated with sustainable fiscal and current account balances, limited debt vulnerabilities, adequate international reserves, and sufficient policy and institutional capacity to implement appropriate macroeconomic policies. This position might still involve significant levels of donor assistance, though aid dependence would be expected to decline over time. Use of the SCF is appropriate in cases where a country may experience episodic, short-term financing and adjustment needs, but these needs are not expected to persist over the medium or longer term. Member countries facing potential balance of payments needs, but not presently facing a need, may request an SCF arrangement on a precautionary basis.

112. Similar to other Fund instruments, SCF arrangements assist countries in addressing their balance of payments difficulties by providing temporary financial support (in this case, on a concessional basis) to smooth economic adjustment and avoid excess volatility. SCF disbursements can be used to strengthen the country's international reserves position and loosen financing constraints for both the public and private sectors in the context of a policy framework aimed at achieving a stable and sustainable macroeconomic position. Assistance under the SCF can also catalyze additional financing from donors.

Qualification

113. Assistance under the SCF is available to all PRGT-eligible member countries[130] that experience actual or potential short-term balance of payments needs, **unless** (i) the predominant

[129] The SCF became effective on January 7, 2010, as part of a comprehensive reform of the IMF's facilities for LICs and was updated on April 8, 2013 in the context of the review of these facilities. See IMF, 2009e and 2009f, Decision No. 14354-(09/79), and IMF, 2013d. Access norms and limits were raised in: (i) 2015 (see IMF, 2015c), and Decision No. 15818(15/66), July 1, 2015; (ii) 2019 (see IMF, 2019a); (iii) 2021 (see IMF, 2021a); and (iv) 2024 (see IMF, 2024e).

[130] The PRGT eligibility framework is discussed in IMF (2009k, 2012b, 2013c, 2015d, 2017a, 2020a, and 2024e), and Decision No. 14521-(10/3). See Appendix VI for a list of PRGT-eligible countries as of October 2024.

cause of the balance of payments difficulties that underlie the financing need is a withdrawal in financial support by donors or (ii) the country faces a protracted balance of payments problem; specifically, to qualify for the SCF, there should be an expectation that the member **will achieve a stable and sustainable macroeconomic position (as defined above) in normally two years and in any event not more than three**. If, by contrast, a country has a protracted balance of payments problem where the resolution of macroeconomic imbalances needed to establish a stable and sustainable macroeconomic position is expected to persist for three years or more, an ECF arrangement would be the appropriate instrument to support UCT-quality programs. In cases where a stable and sustainable macroeconomic position is expected to be established within three years, the choice between the two facilities should be determined on a case-by-case basis, keeping in mind that the minimum length for an ECF arrangement is three years and use of the SCF is normally limited to three out of any six-year period assessed on a rolling basis. For this assessment, substantial structural reform or capacity building needs, or frequently recurring financing needs would indicate the presence of a protracted balance of payments problem and thus argue for support under an ECF arrangement, whereas needs for a relatively front-loaded adjustment process aimed at a speedy restoration of macroeconomic stability would argue for an SCF arrangement.

114. SCF arrangements can provide support to members experiencing actual (i.e., present or prospective) or potential balance of payments needs,[131] as long as the balance of payments need is short-term rather than protracted. If at the time of approval of the SCF arrangement, a member does not presently face balance of payments needs, but such needs are expected to arise in the future (or there is a significant risk that such needs could arise in the future), the country authorities would treat the arrangement, at least initially, as precautionary. If balance of payments needs are purely potential (i.e., not present or prospective) and risks to the outlook are moderate or low, a PCI could be more appropriate. In these cases, by foregoing the Fund financing extended under a SCF arrangement treated as precautionary and focusing on medium-term policy support and endorsement, the PCI would tend to send a stronger signal about the quality of the member's policies and the soundness of its macroeconomic position. Individual disbursements can only be made based on the representation by the member of the existence of an actual (in this case, present) balance of payments need.

115. Qualification also requires a finding by the Board that the member is implementing, or is committed to implement, policies aimed at resolving the balance of payments difficulties it is encountering or could encounter, in the context of a policy program that meets **UCT-quality policy** standards and aims to achieve, maintain, or restore a stable and sustainable macroeconomic

[131] A balance of payments need can arise because of a member's balance of payments deficit, reserve position, and developments in reserves. The need can be *present* (a need that exists in the current period), **prospective** (i.e., a need that is expected/projected to arise in the future, including during the implementation of a Fund-supported program), or **potential** (i.e., a need that may arise under an alternative, typically downside, macroeconomic scenario, but is not expected to arise based on baseline/program projections). Distinct from the concept of balance of payments need, a **protracted balance of payments problem**, as defined above, is a related but broader concept that examines the components of the balance of payments need (rather than focusing on the overall balance of payments position), as well as a variety of other indicators. Countries with a protracted balance of payments problem may experience a combination of present, prospective, and potential needs.

position consistent with strong and durable poverty reduction and growth. This requires the commitment and capacity by the authorities to implement a set of policies that is adequate to correct external imbalances and enable repayment to the Fund within the specified maturity period. Apart from the elaboration of such a program in the LOI and MEFP, qualification would thus require assurances that the authorities have the capacity and commitment to implement their program, as evidenced by recent policy performance (including under a recent Fund-supported program), institutional capacity, and any other circumstances that may affect macroeconomic performance. In this context, qualification is presumed (but still would have to be established) for countries with an on-track PCI that experience or may experience a balance of payments need. Other requirements for the approval, extension, or implementation of an SCF arrangement are discussed further below.

116. Countries that are not currently in a position to meet the SCF qualification requirements, in particular, the capacity to implement a UCT-quality program, can build a track record for moving to an SCF arrangement through an SMP or, in case of urgent financing needs, the RCF (assuming the applicable policy commitments are in place), or concurrent use of both above instruments (see Appendix III).[132] Countries that have the **capacity** to implement a UCT-quality program, but such a program is **not needed** because the balance of payments need is expected to be resolved within one year and no major policy adjustments are necessary to address underlying balance of payments difficulties, have the option to request RCF financing to meet an urgent balance of payments need.

B. Duration, Extensions, Cancellations, and Repeat Use

117. Assistance under an SCF arrangement is available for a minimum of 12 months and a maximum of 36 months from the date of the Board decision approving the arrangement. As the SCF is intended to address episodic short-term needs, its use is limited to three years out of any six-year period, assessed on a rolling basis. Past SCF arrangements that were treated in their entirety as precautionary (i.e., not a single disbursement was made) and new SCF arrangements for which the Fund assesses that the member does not have an actual balance of payments need at the time of approval are *not* counted towards the limit of three years out of any six-year period.[133] SCF arrangements may be extended (including multiple times) subject to a 36-month maximum total duration. After the expiration, cancellation or automatic termination of an SCF arrangement,

---

[132] On September 30, 2022, the Executive Board amended the SMP policy to allow for limited Executive Board involvement in particular SMPs in certain, ring-fenced situations (i) an ongoing concerted international effort by creditors or donors to provide substantial new financing or debt relief to the member or (ii) significant outstanding Fund credit under emergency financing instruments at the time new emergency financing is received) to opine on the robustness of a members' policies to meet their stated objectives under the SMP and to monitoring its implementation (see IMF, 2022f). Such SMPs are called "Program Monitoring with Board Involvement" or "PMBs" and can also be used to establish a track-record.

[133] In any case, if present or prospective balance of payments needs persist beyond the short term, continued support would normally be provided under an ECF arrangement. In case of repeat use of the SCF (exceeding three years out of any six-year period), staff reports and LOIs are required to make an explicit case that the member country does not have a protracted balance of payments problem. See PRGT Instrument, Section II, paragraph 1(c)(1).

additional SCF arrangements may be approved if the relevant qualification criteria are met, including the overall time limit on use of the SCF specified above.

118. SCF arrangements can be extended at the request of the member to allow for the disbursement of rephased amounts[134] or to provide additional resources (i.e., augmentation) in light of projected developments in the member's balance of payments position, subject to appropriate conditions consistent with the terms of assistance under the SCF. Such extensions involving rephasing or augmentation of access may be appropriate in a variety of circumstances, including when more time is needed to implement envisaged policies or reforms(rephasing), or when the duration of balance of payments needs is longer than originally envisaged, for instance due to a shock that has led to additional financing and adjustment needs, or due to heightened risks that warranted further precautionary support (augmentation). Extensions may involve the establishment of additional reviews (in cases where amounts are being rephased) and can be combined with augmentations of access if warranted based on the criteria for augmentations discussed in Section D.

119. Extensions must be requested by the member and approved by the Board before the expiration of the arrangement period. Extensions are only possible if they are needed to allow for the disbursement of amounts under the arrangement. It is thus not possible to extend arrangements when all scheduled amounts have already been disbursed.[135] Extensions are not automatic and are subject to appropriate conditions consistent with the terms of assistance under the SCF.

120. Extensions that involve rephasing and/or augmentations of access would normally be approved by the Board on the basis of an LOI and in the context of a program review (where the conclusion of the review demonstrates that the program is on track). In exceptional circumstances (e.g., when a severe natural disaster prevents conducting the final review in a timely manner), extensions that involve rephasing may be approved by the Board outside the context of a scheduled program review, provided the authorities and staff have understandings on appropriate policies to be implemented through the next review, as documented by a letter from the authorities. Board approval would require a staff report that discusses the reasons for the extension, including why it is proposed outside the review context, the status of the program, and relevant policy understandings. With respect to augmentations in an ad-hoc review, please see below.

121. In cases that do not involve rephasing or augmentation but where some additional time is needed to complete the final review(s) and make the final disbursement available before the expiration of the arrangement, SCF arrangements can also be extended for a short period (a few weeks or months). Such short-term extensions (sometimes referred to as "technical") can be granted outside the context of a review, provided that the authorities and staff have reached (or are expected to reach in the very near term) understandings on appropriate policies to complete the review. Board approval of these short-term extensions generally takes place in the context of a very

[134] Throughout the *Handbook*, "rephasing" refers to changes in the timing and level of programmed disbursements.

[135] Arrangements automatically expire once all available amounts have been disbursed.

short staff paper with a decision proposed for LOT Board approval. The staff paper is subject to the regular review process and should explain the status of the discussions and document preparation and any relevant policy understandings.

122. An SCF arrangement that has an initial duration of more than 24 months or is extended to more than 24 months, will automatically terminate before its scheduled term if no program review under the arrangement has been completed over a period of eighteen months. The Board may, at the authorities' request, delay the termination of the SCF arrangement by up to three months in cases where the reaching of understandings between the authorities and staff on targets and measures to put the SCF-supported program back on track within the term of the arrangement appear imminent. The SCF arrangement will automatically terminate at the end of the extended period unless a program review under the arrangement is completed within this period.

123. SCF arrangements may also be cancelled by the authorities at any time, which may be appropriate for instance when the underlying macroeconomic imbalances have been resolved, when the authorities no longer have the capacity or commitment to implement the program, or when the objectives or modalities of the authorities' economic policies have changed substantially.

C. Concurrent Use and Blending

Concurrent Use

124. The SCF cannot be used concurrently with the ECF. Hence, any pre-existing ECF arrangement would need to be cancelled before an SCF arrangement can be approved and vice-versa. Moreover, a member cannot obtain RCF financing (or start an SMP) if an SCF arrangement is in place and on track. Should additional balance of payments needs arise during an SCF arrangement, an augmentation of access would typically be the appropriate response. RCF financing during an SCF arrangement can only be provided when (i) SCF disbursements are not possible, for instance due to policy slippages or delays in program discussions; (ii) qualification requirements for the RCF are met, including the existence of an urgent balance of payments need and relevant policy commitments; and (iii) the balance of payments need is primarily caused by a sudden exogenous shock.[136] In addition, policy commitments made in the context of a disbursement under the RCF (such as an RCF concurrently with an SMP to provide a clear and explicit macroeconomic framework) could serve as a track record to bring the SCF-supported program back on track. Similarly, in the absence of an urgent financing need, a track record could be built through an SMP. The SCF can be used concurrently with GRA financing under certain circumstances (see below).

125. The SCF can be used flexibly in conjunction with a PCI. While a PCI does not provide automatic access to SCF financing, qualification for the SCF would be presumed for countries with an on-track PCI that experience or may experience a balance of payments need (which could be present, prospective, or potential). An on-track PCI would also reduce the time normally required to

[136] Please also refer to Chapter IV – Rapid Credit Facility, for further details on the eligibility and qualification requirements and access limits for RCF financing.

design an SCF-supported program. There would be no need to cancel the PCI, and an SCF could run concurrently with a PCI. PCI users can also request concurrent precautionary support under the SCF, which may be useful in periods of increased uncertainty or risk. Modification of the PCI-supported program may be warranted in some cases, in particular when the changed circumstances are likely to affect a country's ability to meet the program objectives. In case the PCI is off track, SCF approval would typically only occur when appropriate corrective actions have been taken.

126. The modalities for the concurrent use of the PCI with an SCF arrangement normally represent a hybrid between the modalities of the two instruments.[137] For all practical purposes, for the duration of the concurrent use, the engagement will be identical to an SCF in conjunction with the PCI's fixed review schedule, which is required to ensure the PCI delivers on its signaling/coordination function.[138] Specifically:

- The choice of duration of the SCF arrangement would depend on the length of financing and adjustment needs and would not necessarily be tied to the PCI period. Concurrent use of the PCI with the SCF could be considered in cases where the BoP need is assessed to be short-term, i.e., spanning 6-12 months, although longer durations are not precluded.

- For countries with a PCI in place, the staff report requesting the SCF arrangement would be required to explain the rationale for retaining the PCI, weighing the associated benefits and limitations. When the duration of the concurrent SCF arrangement exceeds 12 months, all subsequent staff reports for reviews under the PCI would also be required to explain the continued appropriateness of concurrent use.

- Reviews under the SCF arrangement must coincide with the PCI's fixed review schedule.

- Requests from PCI users for an exceptional access financing arrangement are in general discouraged.

- Countries meeting the criteria that create a presumption for blending and experience a BoP need during a PCI-supported program are expected to receive financial assistance from the PRGT only in combination with GRA financing; that is, not exclusively from the PRGT.

- Quantitative performance criteria (QPCs) under the SCF are established for the PCI test dates and apply to the same variables and measures as quantitative targets (QTs) under the PCI.

- Similarly, structural benchmarks (SBs) under the SCF and reform targets (RTs) under the PCI are established for the same test dates and apply to the same measures. Similar to the PCI, prior actions (PAs) could also be established for the SCF. If structural measures are tied to reviews, rather than test dates, the established PCI review dates must be used.

[137] The PCI could also be used concurrently with an SBA, see forthcoming *PCI Guidance Note*.

[138] For more details and comprehensive discussion, see forthcoming *PCI Guidance Note*.

- While the inclusion of indicative targets under an SCF arrangement approved concurrently with the PCI is not legally disallowed, such inclusion is strongly discouraged to avoid situations where the program is on track under one instrument but off track under the other, with resulting conflicting signals.

Blending

127. Please see Chapter I for a complete discussion of blending policies under the PRGT. When providing financial assistance with blended resources, SCF resources will normally be provided together with GRA resources under the SBA. Financing through the RFI under the GRA during an SCF arrangement would be expected only if the SCF-supported program is off track, in which case RFI purchases would typically be blended with disbursements under the RCF.

128. The modalities of blended financial assistance under SCF arrangements and SBAs would be broadly the same as those applicable under a stand-alone SCF arrangement. In particular, the blended arrangements would support up to three-year economic programs for countries with short-term balance of payments needs, based on a single set of program conditions, schedule of disbursements and reviews, and other requirements that largely mirror stand-alone SCF arrangements described in this Chapter. However, there are also a number of differences, including that in cases involving blended financial assistance:

- As a practical matter, disbursements would involve both SCF and SBA resources (see Section D on access under blended financial assistance), implying lower average concessionality of the Fund's financial support than under a stand-alone SCF arrangement;
- SBA qualification requirements must be met—for instance, to the extent that the blended arrangement pushes (annual or cumulative) access above GRA normal limits, the member would also need to meet the Exceptional Access criteria;[139]
- Each disbursement under an SCF arrangement is linked to a specific test date, whereas for GRA arrangements, purchases are conditioned upon observance of the PCs relating to the most recent test date (the "controlling" PCs). As a result:
    - In contrast to SCF arrangements, reviews under the SBA component of the blended financial assistance may require waivers of applicability under certain circumstances (see Section H); and
    - There could also be situations where resources relating to the SCF component of the blend are disbursed based on an earlier test date, while resources relating to the SBA component are made available against a later test date.

[139] See Decision No. 12865-(02/102), as amended; Decision No. 14064, as amended by Decisions No. 14184, 14284 and 14716; and IMF, 2002c.

D. Access

129. When considering access for a new SCF arrangement, or possible augmentation under an existing arrangement, area departments may wish to consult with SPR and FIN at an early stage, i.e., before a PN is circulated for formal review. Furthermore, staff reports for a new arrangement (or subsequent reports requesting a change in access) should explicitly discuss the basis on which access was determined (or explain the reasons for requesting a change in access), with reference to the main criteria below, as well as to access norms and limits as applicable (see below).[140]

Determination of Access—Main Criteria

130. Access is determined on a case-by-case basis based on the following standard criteria: (i) the member's (present, prospective, and potential) balance of payments needs (taking into account all projected balance of payments flows, including reserve accumulation and financing from other sources);[141] (ii) the strength of its program and capacity to repay the Fund (taking into account the member's policy plans, adjustment effort, commitment to implement the program, institutional capacity, track record of policy implementation, and country circumstances such as vulnerabilities, imbalances, and debt sustainability);[142] and (iii) the amount of outstanding Fund credit and the member's record of past use. All else being equal, higher access would generally be associated with a stronger program, stronger track record, and stronger capacity to repay. In the case of precautionary arrangements, the baseline scenario should be presented showing no Fund financing. The potential need that might emerge could be highlighted, for example, by discussing how the most volatile external flows may be affected by exogenous shocks, and/or by presenting alternative scenarios showing the possible sources of need.

131. Access may generally not exceed the member's present, prospective, and potential balance of payments needs during the program period, and would typically be less than total financing needs, keeping in mind that SCF-supported programs can catalyze financing from donors and creditors. Analogous to an SBA, while an SCF arrangement may be approved on the basis of present, prospective, or potential balance of payments needs (and members may choose to treat the SCF arrangement as precautionary at the time of approval), each individual disbursement requires a representation by the member of the existence of a present balance of payments need, and members will need to make a representation, normally in an LOI, that they are experiencing an actual balance of payments need at the time they request a disbursement under an SCF arrangement. As in the GRA, the Fund will not challenge this representation prior to the disbursement, but will be able to impose a prepayment expectation and take other remedial

[140] See Appendix VIII for detail on norms.

[141] See the Section A for definitions of balance of payments needs.

[142] Sufficient recovery in the balance of payments must be in prospect to provide appropriate assurance that loans can be repaid on schedule without strain.

measures after the disbursement if it were to determine that the disbursement took place in the absence of a present need.[143]

132. When an SCF arrangement is treated as precautionary, members retain and accumulate the rights to request disbursements during the period of the arrangement, provided that the most recent scheduled review (associated with the corresponding availability date) was completed. In contrast to SBAs, the design of an SCF arrangement avoids "blackout periods" by allowing disbursements based on completed reviews, without the need to verify observance of performance criteria whose test dates have passed while the date for the related scheduled review has not yet passed.[144] However, while the design of the SCF allows disbursements based on completed reviews, without the need to verify observance of PC whose test dates have passed while the date for the related scheduled review has not yet passed, access to accumulated but undrawn disbursements can be interrupted because the deadline for a new review date has been reached and there is a delay in completing the review. The delay in completing a review beyond its scheduled date blocks access to both the accumulated disbursement rights and the incremental amount of access associated with the latest test date. The member may request any previously scheduled and undrawn disbursements under an SCF arrangement, provided that the most recently scheduled review under the arrangement prior to the request has been completed.[145]

Access Norms[146]

133. Access norms apply to access to financing under SCF arrangements (though not in cases of blended financial assistance, see Section D). The norm for access under a 18-month SCF arrangement is set equal to that of the 3-year ECF arrangement at 145 percent of quota (100 percent of quota when the general conditions for effectiveness of the 16th GRQ increases are met), varying proportionately with the length of the SCF arrangement, up to the amount associated with a 2-year SCF arrangement (193.33 percent of quota, 133.33 percent of quota when the general conditions for effectiveness of the 16th GRQ increases are met).

134. Access norms provide general guidance and do not represent ceilings, floors or entitlements. Access can deviate from the norms if warranted under the standard criteria for determining access (see above). For instance, access may be above the norm in cases where balance of payments needs are noticeably larger than in most other cases of SCF use, e.g., due to a large shock. Access can also be below the norm, for example when the balance of payments need is limited, policy capacity is constrained, or when debt vulnerabilities are high.

---

[143] See Appendix I, Section E for the procedural steps to follow in case a disbursement is requested outside of scheduled reviews.

[144] The broader policy is described in IMF, 2009, Decision No. 14407-(09/105), as amended, and IMF, 2013a. It applies to all SBA arrangements, including those that are part of a blended SCF-SBA arrangement.

[145] See Section II, paragraph 1(c)(1) of the PRGT Instrument.

[146] See Appendix XIII for details on norms.

Access Limits

135. A member's total access under all concessional facilities in the PRGT is subject to "global" annual and cumulative limits. This includes credit outstanding and disbursements under the ECF, SCF and RCF. Specifically, total access to financing under the PRGT should normally not exceed 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ increases are met) per year across all concessional facilities.[147] Furthermore, total access to financing under the PRGT should normally not exceed 600 percent of quota (405 percent of quota when the general conditions for effectiveness of the 16th GRQ increases are met) cumulatively, net of scheduled repayments (see Chapter I, Section C for how to calculate annual and cumulative access consistent with PRGT normal access limits).[148]

136. In exceptional circumstances, access above the normal limits can be made available to PRGT-eligible countries that meet the exceptional access criteria (see Chapter I, Section F).

The Phasing of Access

137. The phasing of SCF access, determined at the time of approval of the arrangement, should mirror the projected evolution of balance of payments needs over the course of the arrangement and must take into account the applicable annual access limits. Access could be front-loaded (or back-loaded) if warranted based on the strength of the program, timing of key reforms, and/or the time profile of the balance of payments needs. A significant degree of frontloading could be appropriate in exceptional cases involving the repayment of emergency assistance to the Fund or arrangements approved following clearance of overdue obligations to the Fund as part of a broader arrears clearance strategy. Some degree of frontloading could also be appropriate for SCF arrangements that are treated as precautionary.

138. It is standard practice for staff reports to present the balance of payments in a way that, in any given period, scheduled IMF disbursements, together with other exceptional financing items, do not exceed the overall balance of payments deficit (resulting from "autonomous transactions") and the programmed level of reserve accumulation. In this presentation, the balance of payments would be fully financed, at least in the near term, at the time of SCF approval and

---

[147] SCF arrangements that are treated as precautionary are no longer subject to lower access limits, as a result of changes approved by the Board in May 2019.

[148] The normal annual and cumulative access limit under the PRGT were temporarily increased in December 2023, from 145 and 435 percent of quota to 200 and 600 percent of quota, respectively, effective until end-2024. See *Interim Review of Access Limits Under the Poverty Reduction and Growth Trust.* . These limits were maintained at the 2024 Review of PRGT Facilities and Financing. If these access limits are reduced following the satisfaction of the general conditions for effectiveness of the 16th GRQ increase, members that were not subject to the exceptional access framework as of the effective date would not be subject to the application of the exceptional access framework triggered by the lower limits for existing arrangements. However, additional access from a new arrangement, outright disbursements, or an augmentation of access under an existing arrangement in an amount that would exceed the lower access limits would trigger the application of the exceptional access framework. See 2024 Review of PRGT facilities and Financing.

completion of each review, while residual financing gaps may show in the outer years (see also Section F on financing assurances).

139. The PRGT instrument requires availability dates for disbursements to not be phased more than six months apart. This rule does not apply to the interval between approval of the SCF arrangement and the first review, which may be spaced more than 6 months apart if circumstances so warrant. Further, availability dates for disbursements should normally be phased at regular intervals, but there is some flexibility in this regard (e.g. to align with a member's budgetary cycles, reviews may be spaced 4 rather than 6 months apart).

Access Under Blended Financial Assistance

140. When financing is blended under an SCF arrangement and an arrangement under the GRA by a presumed blender (see Chapter I on the criteria that create a presumption for blending), total access is determined based on the standard criteria (see above), implying that total access should be comparable across country cases with similar balance of payments needs, program strengths, and outstanding Fund credit, irrespective of whether the Fund's financial assistance comes in the form of blended or PRGT-only resources. Moreover, access norms do not apply, and access under blended financial assistance is subject to specific rules:[149]

- Access to the concessional (SCF) component of blended financial assistance for presumed blenders is in a 1:2 ratio of PRGT to GRA resources, with access to the concessional component capped at the access norm. Any additional needs would need to be met through GRA financing;
- At the time of approval of a new SCF arrangement that involves blended financial assistance from a GRA arrangement, each scheduled disbursement should generally involve both SCF and GRA resources. For GRA resources phasing and performance criteria would only apply to purchases above the first credit tranche. While the shares of SCF and GRA financing at each disbursement can be determined individually, the general principle is that they would reflect the 1:2 blending mix ratio unless there is a reason to deviate.

Augmentations and Reductions of Access

141. Access under an SCF arrangement can be augmented to help meet a larger balance of payments need or to support a strengthening of the program. In particular, augmentation of access would often be an appropriate response to increased balance of payments needs in the context of shocks, unless the SCF-supported program is off track, in which case RCF financing could be appropriate (see Section D on concurrent use). Augmentations based on the strengthening of the program could occur, for example, if access was initially constrained by a high risk of debt distress, which has later subsided. Also, when an SCF arrangement period is extended, it could be the case that the extension period involves balance of payments needs that were not originally included in

[149] These rules apply "ex ante." In cases where GRA financing is added to support under a pre-existing SCF arrangement, the same presumptions apply as for augmentations of SCF/SBA blends, see below.

the determination of access for the arrangement, which may provide a justification for augmentation of access. Under the TIM, augmented access not exceeding 10 percent of quota will be available to a member country to compensate for balance of payments shortfalls arising from trade liberalization measures implemented by other countries.[150] Augmentation requests will be treated in line with the blending status of the member at the time of the original program approval. This will apply even if there are changes in blending status mid-arrangement.

142. Determination of access for an augmentation is based on the standard access criteria, including balance of payments need and strength of the program (see above). There are no norms applicable to the size of an augmentation, but augmentations under PRGT-supported programs have been in the range of 15–60 percent of quota for arrangements approved from 2010–2021, with a few cases well above this range. Staff reports in support of requests for augmentations should explicitly discuss the basis for the augmentation and its size, with reference to the main criteria for determining access above, as well as to access norms and limits as applicable.

143. For augmentations of access under arrangements that are presumed to involve blended PRGT and GRA resources, access should be set such that the total financing mix over the full course of the respective arrangements is guided by the specific rules on access under blended arrangements (see above), including that total access (post-augmentation) to concessional financing would be one-third of total overall access to Fund resources with a cap at the access norm. While the shares of PRGT and GRA financing at each disbursement can be determined individually, the general principle is that they would reflect the 1:2 blending mix ratio unless there is a reason to deviate.

144. Augmentations would normally be approved at the time of a scheduled review under the arrangement. However, when the increase in the underlying balance of payments problems is so acute that the augmentation cannot await the next scheduled review, an augmentation can be requested outside of scheduled reviews. Approval of such augmentations at ad hoc reviews outside of scheduled reviews requires an assessment by the Fund as Trustee that the program is on track to achieve its objectives at the time of the augmentation (otherwise access under the RCF can be requested). In making this finding the Board assesses the member's observance of the continuous performance criteria or whether a waiver for non-observance is justified, that prior actions (if applicable to the augmentation request) have been met, and that the member's policies are suitable to address its balance of payments problems and, more generally, are consistent with program objectives. The Board also takes into account any other relevant considerations, including exogenous developments and data on periodic performance criteria linked to future disbursements. The following modalities apply to augmentations at ad hoc reviews:

- If the scheduled review associated with the most recent availability date preceding the augmentation request has not been completed, an augmentation request cannot be approved at an ad hoc review.

[150] See Decision No. 13229-(04/33) and *Factsheet: The IMF's Trade Integration Mechanism (TIM)*.

- Requests are expected to be supported by a short staff report and an LOI from the member that describes the nature and size of the problem, the policies being undertaken by the authorities to address its balance of payments difficulties and any information relevant to program implementation, including exogenous developments.[151] As such, requests are expected to typically follow soon after a completed review, updating developments and policies along the lines described above, with a more comprehensive assessment of policies undertaken at the time of the following scheduled review.

- Ad hoc augmentations of access are only available to the member in a single disbursement following approval by the Board. There is no limit on the amount of such a disbursement subject to the overall access limits and norms (see above). Moreover, the augmentation is subject to the rules on blending and may be supplemented by a corresponding augmentation of access under the arrangement under the GRA. In any event, the amount of the disbursement is limited to what is immediately needed by the member in light of its balance of payments difficulties; to the extent that additional amounts may be necessary at later stages of the member's program, requests for such amounts can be considered in the context of a regular program review.

- The new disbursement approved at the ad hoc review is subject to observance of the continuous PCs under the arrangement, including the accuracy of information on the implementation of such PCs and of any prior actions established for that disbursement, as well as any other conditions as determined by the Executive Board. It is not subject to periodic performance criteria and other conditions linked to the remaining disbursements under the arrangement.

- The augmented access is available upon the Board's approval of such augmentation at an ad hoc review, and the member may request to draw such disbursement at any time until the availability date of the next scheduled disbursement under the arrangement.

- Augmentation requests at ad hoc reviews that do not exceed 15 percent of quota (10 percent of quota when the general conditions for effectiveness of the 16th GRQ increase are met) are eligible for approval on a LOT basis. A scheduled review following an ad hoc review to consider an augmentation request is expected to undertake a comprehensive review of policies under the program. In order to allow the Board to undertake such a comprehensive assessment of the member's policies, this review cannot be completed on a LOT basis.

145. The Fund cannot unilaterally reduce access under the SCF. However, although not envisaged, the authorities could request it, for instance, in case of a marked and unexpected improvement in the balance of payments resulting from changes in the external environment.[152]

---

[151] The staff paper is subject to the regular review process.

[152] In addition, as set forth in the PRGT Instrument, commitments of PRGT resources and any disbursement of such resources are subject to the availability of resources in the PRGT, and hence, could result in access reductions in those very specific circumstances (PRGT Instrument, Section II, paragraphs 2 (i) and (3)(a)).

Procedural Safeguards on High Access Requests—DSAs and Informal Board Meetings

146. Financing requests are subject to procedural safeguards that apply uniformly across all concessional facilities. These safeguards are aimed at protecting PRGT-eligible members' debt sustainability and the Fund's concessional resources.[153] Specifically, the staff report for any arrangement request or augmentation should provide an up-to-date assessment of the debt vulnerabilities, with an explicit reference to the impact of new borrowing from all sources, including prospective IMF disbursements. In addition:

- A new DSA is required for any financing request under the PRGT, for IMF-supported program documents that propose modification to, or a waiver for non-observance of, a performance criterion related to debt limits, and when there are significant changes in economic circumstances and borrowing assumptions (IMF, 2018b). For financing requests that: (i) involve exceptional access to PRGT; (ii) trigger SPS2; or (iii) involve a member country with a high risk of debt distress or in debt distress, a DSA is required to support the access level.

- The SPS1 and SPS3 derived from the enhanced safeguards (ES) introduced in 2021 call for greater scrutiny of debt and capacity to repay (CtR) risks in requests for new PRGT arrangements or augmentations where access is above certain thresholds, or debt vulnerabilities are high.[154] For a complete discussion of the SPS and the ES, please see Chapter I, Section F and Box 1a.

- An early informal Board meeting is required if a financing request under the PRGT (augmentation or a new arrangement) involves (i) exceptional access or (ii) triggers SPS2. Chapter I, Section F provides more details on PRGT exceptional access and SPS2, and Box 2 specifies the information required at such a meeting.

- In addition, staff would provide early notice to the Board, for instance in an informal country matters session, of upcoming arrangement requests or augmentations where the envisaged financing commitment, in absolute terms, would have a large impact on the Fund's overall concessional resources.

- As an exception to these procedures, the requirement for an informal Board meeting in SPS2 does not apply for new financing requests of less than 25 percent of quota (15 percent of quota when the general conditions for the effectiveness of the 16th GRQ increases are met).

147. High combined credit. Requests for Fund support that result in combined PRGT and GRA access in excess of the GRA access limits are subject to the PS-HCC.[155] The PS-HCC comprise criteria

[153] Endorsing the procedural safeguards for high-access financing set forth in paragraph 87 of IMF, 2009e. This paragraph updates the procedural safeguards that apply to all concessional financing instruments, elaborated in IMF, 2009d, and subsequently revised to be consistent with changes to access norms and limits in 2015 and 2019 (see Annex II in IMF, 2015c, and IMF, 2019a) and most recently in 2021 (IMF, 2021a), and 2024 (IMF, 2024e).

[154] See IMF, 2021a, Annex VI, and IMF, 2022a.

[155] The PS-HCC were approved in September 2020. See Policy Safeguards for Countries Seeking Access to Fund financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure (IMF, 2020d).

and procedural requirements and apply at the financing request and at subsequent reviews in the context of an arrangement. The criteria are substantively the same as those of the PRGT exceptional access framework, with the notable exception that they do not include an income threshold. The procedural requirements are similar to those of the PRGT and GRA exceptional access procedures (see Chapter I, Section F and Box 3a and 3b).

E. Financing Terms

148. **Repayments** of SCF credit are made in nine equal semiannual installments, subject to a four-year grace period from the date of the first disbursement and eight-year final maturity. The authorities may decide to make early repayments at any time but would not be expected to do so.

149. **Interest** will be assessed and paid quarterly, beginning May 1, 2025. The applicable interest rates will be determined based on the country's tier status at the time of the Board approval of a new SCF arrangement, as described in Chapter I section E.[156, 157] Under the new interest mechanism, SCF credit will remain interest-free for the poorest PRGT-eligible members (Tier 1). Other PRGT-eligible members will be subject to interest rates: 70 percent of the SDRi for the presumed blenders (Tier 2A) and 40 percent of the SDRi for the non-presumed blenders (Tier 2B). These interest rates will apply to all outstanding PRGT credit under arrangements (including SCF arrangements) approved on or after May 1, 2025.

150. A small **availability fee** applies to the precautionary use of SCF financial resources. Specifically, a fee at 0.15 percent per annum is levied on the undrawn portion of the amount available for drawing after each six-month period under an SCF arrangement if no disbursement is requested. If the funds are drawn, the availability fee is reimbursed for the amounts drawn.

F. Financing Assurances, Arrears, and Safeguards

Financing Assurances

151. As with any other Fund arrangement, the Fund's policy on financing assurances requires that SCF arrangements can only be approved (and reviews can only be completed) when the program is fully financed. This means that staff have judged that donors and creditors (both official and private) will provide the necessary support (through new financing and/or refinancing) to meet the program

[156] This does not apply to amounts of any overdue interest on overdue repayments of PRGT loans, which is charged at a rate equal to the SDR interest rate.

[157] As of May 24, 2019, the interest rate structure of the SCF was aligned with that of the ECF, with the SCF rate set at (i) zero when the SDR rate is below 2 percent (ii) 0.25 when the SDR rate is above 2 percent but less than 5 percent; (iii) 0.50 when the SDR rate is above 5 percent. These changes make SCF more concessional; see *Poverty Reduction and Growth Trust—Review of Interest Rate Structure* (IMF, 2019d). Based on the application of the PRGT interest rate mechanism, the interest rate on the SCF was set at zero for July 2021–July 2023. See IMF, 2021a. In May 2023, the review of the PRGT interest rate structure was postponed to end-July 2025 and the interest rates were kept at zero pending the review.. See *Poverty Reduction and Growth Trust—Review of Interest Rate Structure—Postponement* (IMF, 2023g). In October 2024, the PRGT Review introduced a new tiered interest rate mechanism effective May 1, 2025. See *Poverty Reduction and Growth Trust—Review of PRGT Facilities and Financing* (IMF, 2024e)

financing requirements on terms consistent with the member's return to external viability (please see footnote for information regarding financing assurances in the context of unsustainable debt and restructuring, which is not covered here).[158] Assumptions regarding financing from the private sector do not need to be supported by assurances but must reflect reasonable expectations based on the evolving conditions. For the official sector, staff needs to confirm that "firm commitments"[159] are in place over the next 12 months (or the remaining period of the program if less than 12 months) immediately following the approval of the arrangement and the completion of each review, and there are "good prospects" that financing will be adequate for the remaining program period beyond the upcoming 12 months. With respect to the post-program period, staff need to also assess that the member country has the capacity to repay the Fund based on medium-term projections of the balance of payments and, in the case of new arrangements or augmentations, the standardized table on indicators of the capacity to repay the Fund as well as an enhanced CtR analysis informed by cross-country comparisons of metrics of Fund exposure whenever applicable. In this regard, staff must assess whether the member's prospective policies deliver projected post-program macroeconomic performance that adequately safeguards repayments to the Fund consistent with a sustainable debt path.[160]

Arrears and Safeguards

152. Please refer to Section F of Chapter II.

G. Program Objectives and Design

Program Objectives

153. SCF-supported programs are aimed at achieving, maintaining, or restoring a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth (see definition in Section A). This would involve addressing and typically aiming to resolve the country's macroeconomic imbalances over the course of the arrangement. Specifically, SCF-supported programs should aim to maintain or achieve (i) low or moderate

---

[158] For more details on financing assurances required in the context of unsustainable debt and restructuring, please see *the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i). For additional background materials see *Reviews of the Fund's Sovereign Arrears Policies and Perimeter* (IMF, 2022b), (the Arrears Paper) paragraphs 8-10. See also *Changes to the Fund's Financing Assurances Policy in the Context of Fund Upper Credit Tranche (UCT) Financing Under Exceptionally High Uncertainty* (IMF, 2023b).

[159] There is no precise definition of the term "firm commitments". In practice, the manner in which such commitments are provided varies, and whether they are characterized as "firm" is a matter of judgement. Also, while such commitments do not have to be in writing, they must be considered credible by management; creditors providing such assurances should be willing to have their commitments reflected in program documents, which will be eventually published. See *Reviews of the Fund's Sovereign Arrears Policies and Perimeter* (IMF, 2022b) and *the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i).

[160] For SCF arrangements, which are designed to restore the member to medium-term external viability and resolve the BOP problems, staff needs to judge that no financing gaps exist in the post-program period both at arrangement approval and in each subsequent program review, as long as obligations to the Fund are outstanding.

inflation, (ii) sustainable fiscal and current account balances, (iii) limited debt vulnerabilities, (iv) adequate international reserves, and (v) sufficient policy and institutional capacity to implement appropriate macroeconomic policies, while creating the conditions for strong and durable poverty reduction and growth.

154. The design of an SCF-supported program should be aligned with the country's own poverty reduction and growth objectives (see further below). Specific policy objectives should be clearly articulated in the LOI/MEFP and associated staff report for a new SCF arrangement, and would typically include:[161]

- **Fiscal policies,** where (i) the fiscal stance is well anchored to help ensure macroeconomic stability and fiscal/debt sustainability, (ii) revenue and spending policies take due account of the country's growth and social objectives, and (iii) budgets are guided by medium-term fiscal frameworks to the extent possible;

- **Monetary policies** that are consistent with inflation, exchange rate, and international reserves objectives, while taking due account of cyclical considerations;

- **Exchange rate policies** that ensure a unified exchange rate and a real exchange rate level that is broadly in line with fundamentals, ensuring a stable and sustainable external position consistent with adequate growth;

- **Financial sector policies** geared toward financial stability and deepening with a view to fostering investment and forestalling financial crises;

- **Public financial management** reforms aimed at ensuring that resources are tracked, reported, and targeted appropriately (including by providing adequate resources for social and other priority spending), public debt management aimed at supporting debt sustainability, and revenue reforms aimed at broadening the revenue base, and enhancing tax efficiencies; and

- **Other structural reforms** that are critical for achieving the program's macroeconomic objectives.

Role of SCF Financial Support

155. The balance of payments support under SCF arrangements can assist countries in smoothing the adjustment process toward a stable and sustainable macroeconomic position.[162] The

[161] For further discussion of Fund program design in LICs, see IMF, 2008b and 2007a. For broader guidance on the key principles and considerations underlying the design of Fund-supported programs, see IMF, 2024c.

[162] Consistent with the Fund's unique role in LICs, it can provide moderate levels of liquidity support to help address macroeconomic imbalances, while the bulk of financial assistance is normally expected to come from donors. Fund financial support, while concessional and aimed at similar long-term goals, is distinct from development assistance provided by others (often on more concessional terms) as it provides inter-temporal smoothing of adjustment rather than a permanent resource transfer. Fund lending to LICs is generally expected to catalyze such donor support, leveraging the Fund's scarce subsidy resources. See IMF, 2009e and 2009b.

Fund's financial support can be used both to strengthen the international reserves position of the member country and to provide liquidity for making external payments. By relaxing external financing constraints, the SCF's balance of payments support in effect also loosens domestic liquidity constraints of both the public and private sectors. Specifically, Fund financing reduces the need for retrenchment in the public and private savings-investment balances, thus enhancing policy options (allowing less contractionary fiscal, monetary, and exchange rate policies) and cushioning private sector adjustment (e.g., investment and import declines). The appropriate mix of financing and public/private adjustment is determined on a case-by-case basis.

156. A member may use the domestic counterpart of resources received under an SCF arrangement to finance, directly or indirectly, the budget deficit of the government. Such budget financing is consistent with the Fund's legal framework to the extent that the member has balance of payment problems and is implementing a program that will assist in resolving these problems. Direct budget support[163] may be appropriate when (i) the program is designed in a manner that envisages that the entire amount of the Fund's financial support is used to meet a present or prospective balance of payments need, (ii) loosening fiscal financing constraints is an important macroeconomic objective under the program, and (iii) the central bank cannot or should not (for legal or institutional reasons) lend to the government while the domestic financial sector is too shallow (or not stable enough) to provide the necessary budget financing (or the central bank plays a largely passive domestic policy role, for instance under a currency board or in a fully dollarized economy). In these cases, staff reports should justify the use of the domestic counterpart of resources for budget financing where relevant and discuss safeguards implications. Under the safeguards policy, a fiscal safeguards review of state treasury should be conducted before the first program review for all arrangements where a member requests exceptional access to Fund resources, and if the member expects, at the time of program approval that at least 25 percent of the funds will be directed to financing the state budget. This requirement also applies to HCC cases with at least 25 percent of resources directed to budget financing, and to cases where a member requests exceptional access through an augmentation during an arrangement, unless a fiscal safeguards review was completed within the previous 18 months.[164]

[163] Direct budget support refers to cases where disbursements of Fund resources are channeled to the member through the country's treasury at the request of the member. By contrast, indirect budget support can be provided when the Fund makes disbursements available to the member but channeled through the central bank and these help relax domestic financing constraints for the public sector as part of the broader macroeconomic program. A special case of budget financing is Fund financial support to members of a monetary union. For example, in the CFA franc zone, the regional central bank unconditionally provides credit in the (domestic currency equivalent) amount of Fund support to the relevant government. See IMF, 2010f. In cases involving budget financing, the respective roles and responsibilities for the related financial obligations to the Fund should be clarified in a framework agreement between the government and the central bank (e.g., through a Memorandum of Understanding.

[164] See IMF, 2015g, 2015h, 2015i, 2010k and 2022i. A fiscal safeguards review will also be required when the above applicability criteria are met during an arrangement, as a result of (i) a decision to direct the Fund's resources to budget financing taken at subsequent reviews, or (ii) member's request for exceptional access (e.g., due to RCF/RFI financing). Such cases will be treated on a case-by-case basis with respect to the timing for completion of the fiscal safeguards review. However, an update fiscal safeguards review would not need to be conducted if one was completed not more than 18 months prior (IMF, 2015g).

Links to Poverty Reduction Strategies (PRS) and Social Spending

157. SCF-supported programs should be aligned with the country's own poverty reduction and growth objectives. The following specific guidance applies to PRS linkages:[165]

- Any financing request or program review under the SCF must be accompanied by a statement, normally in the LOI or MEFP, of how the program advances the country's poverty reduction and growth objectives. In cases where a relevant PRS document exists, this description in the LOI/MEFP could cross-reference the PRS document, and the SCF-supported program should be consistent with the objectives of the PRS in the context of promoting a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. It is expected that the description would be more detailed at the time of the initial program request or when a new PRGS is produced by the member.

- PRS documents are not required for the approval or review of an SCF arrangement with a duration of two years or less, consistent with its short-term focus. Nonetheless, whenever a future ECF-supported program is under consideration, staff should inform the authorities at an early stage about the relevant definitions and timelines for PRGS requirements (Appendix V) to ensure adequate time for the PRS process.

- For SCF arrangements with an initial duration exceeding two years, a PRS document is required. The PRGS is a PRS document that meets the necessary requirements defined here and in Appendix V.[166] The PRGS may take two forms: (i) an existing national development plan or strategy document on the country's PRS; or (ii) a newly prepared document on the country's PRS. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

- A PRS issued to the Executive Board on or after May 24, 2019, shall be named a PRGS and a PRS document that has been issued to the Board as an EDD shall be deemed a PRGS.

- The PRGS would need to meet minimum standards and countries would be encouraged to follow good practice guidelines.[167]

- For SCF arrangements with an initial duration exceeding two years, while a PRGS is not required at the time of initial Board consideration of the arrangement, the second (and every subsequent) review can be completed only if (i) a member has a PRS that has been developed and made

[165] See Appendix IV for detailed guidance on poverty reduction objectives and related documents.

[166] Following the 2018–19 review of LIC facilities, the Board decisions renamed the EDD (Economic Development Document) as the Poverty Reduction and Growth Strategy (PRGS) to provide it with a title more closely linked to its objectives. Key features of the EDD from the 2015 Board decision were preserved. The minimum standards and good practice guidelines for EDD content, as well as the approach of seeking World Bank staffs' views through an assessment letter, approved in 2015 (see IMF, 2015m), will apply to the PRGS.

[167] See Appendix V for a definition of the PRGS, minimum standards and good practice guidelines.

publicly available normally within the previous five years, but no more than six years, and covers the period leading up to and covering the date of completion of the relevant review; and (ii) the PRS has been issued to the Executive Board as a PRGS that has been the subject of staff analysis in the staff report for a request for or a review under an SCF arrangement. Requests for extensions beyond the second review of the deadline to produce the PRGS will not be permitted under SCF arrangements, given that countries with limited capacity to prepare a PRGS would not normally be expected to request support under the SCF.

- Staff views on the PRGS are to be provided in program documentation. In particular, the staff report should discuss how policies pursued under the SCF arrangement contribute to the member's PRGS.
- A letter of assessment of the authorities' PRGS should be requested from the World Bank to help inform Fund staff and the Board about the PRGS, which would complement the analysis provided by Fund staff in the program documentation. The letter of assessment is circulated to the Board at the same time as the PRGS.

158. Staff would report to the Board on the implementation of the PRGS by including a discussion of relevant developments in the implementation of policies supporting the member's PRGS. Staff assessment of the PRS implementation is done in the context of a PRGS Implementation Review (PIR), by the time of the fifth review. PRGS implementation following its launch would also be tracked in the member's LOI/MEFP.

159. Social and other priority spending should be safeguarded and, whenever appropriate, increased under SCF-supported programs. This should be monitored through explicit program targets, typically an indicative floor on social and other priority spending, whenever possible. The definition of what constitutes social or other priority spending should be consistent with the authorities' poverty reduction and growth objectives. In cases where tracking of such expenditures is not feasible, the program documentation should report on which measures are envisaged to develop an adequate tracking system. Staff should monitor progress in establishing these tracking systems, and the program may include relevant structural benchmarks if appropriate.

Debt Sustainability Analysis

160. SCF-supported programs should be underpinned by a thorough DSA to inform the elaboration of medium-term debt strategies and fiscal frameworks. Country teams should engage with the authorities in the preparation of DSAs, discuss the results, and share the final files with the relevant officials. DSAs for LICs (full DSAs and updates) should be prepared jointly with the World Bank, and country teams should also involve other relevant MDBs in the preparation of DSAs. Joint DSAs are required for PRGT-eligible countries that also have access to IDA resources.

161. A full DSA should generally be produced at least once every calendar year. A new DSA should be produced for any new request for IMF financing (even when an annual DSA has already been completed).[168] For program countries, a new DSA is also needed where there is a proposed modification to a performance criterion related to debt limits, or request for a waiver for non-observance of a performance criterion related to debt limits. The purpose of the DSA is to assess the impact of the modification or waiver on debt sustainability. A new DSA is also needed when the country experiences significant changes in economic circumstances and borrowing assumptions (including due to conflict and natural disasters).

162. DSAs for LICs should be presented as self-contained documents (see Appendix IX). They should normally be prepared using the LIC DSF. [169] The LIC DSF analysis includes three components:

- A forward-looking analysis (20-year projection) of debt and debt-service dynamics under a baseline scenario, alternative scenarios, and standardized stress tests;
- An explicit rating of the risk of external debt distress (low, moderate, high, or in debt distress) based on indicative country-specific debt-burden thresholds that depend on the quality of policies and institutions in the country; and an assessment of the overall risk of debt distress; and
- Recommendations on a borrowing (and lending) strategy and other crucial macro policies to limit the risk of debt distress, while maximizing the resource envelope to achieve the country's development objectives.

Collaboration with the World Bank and Other Development Partners

163. Fund staff should consult closely with all major development partners active in the country when designing and monitoring a SCF-supported program. In addition to this routine collaboration, the JMAP[170] approved by the Boards of the World Bank and IMF calls on Bank and Fund country teams to consult with each other at least once a year in order to identify the country's key macroeconomic and structural reform challenges and coordinate work plans in support of addressing these challenges (see Appendix IX).

H. Conditionality

Conditionality Principles

164. Conditionality, i.e., the set of program-related conditions, under an SCF arrangement is intended to ensure that Fund resources are provided in support of meeting the program's objectives, with adequate safeguards to the Fund's resources. Consistent with the Fund's Guidelines

[168] Article IV Consultations should be accompanied by a DSA. See IMF, 2022h.

[169] DSAs using the LIC-DSF template should be used for all PRGT-eligible countries that also have access to IDA resources. See IMF, 2018b; and IMF, 2024g.

[170] See IMF, 2007c and 2010d.

on Conditionality,[171] conditions will normally consist of macroeconomic variables and structural measures that are reasonably within the member's direct or indirect control and that are, generally, either (i) of critical importance for achieving the goals of the program or for monitoring program implementation, or (ii) necessary for the implementation of specific provisions of the IMF Articles of Agreement or policies adopted under them. In some cases, conditions may be outside the Fund's core areas of expertise, in which case a more detailed explanation of their critical importance is required.

165. SCF-supported programs must meet the UCT-quality standard, which requires the commitment and capacity by the authorities to implement a set of policies that is adequate to correct external imbalances and enable repayment to the Fund. The appropriate adjustment path would be determined on the basis of the country's economic circumstances and objectives, policy constraints, and the severity of the balance of payments needs. The adjustment effort required to attain full sustainability would not be expected to extend much beyond the expiration date of the SCF arrangement, and would often fall fully within the arrangement period. In any case, conditionality should be limited to those policies that are critical to achieving the part of the overall adjustment process that is covered by the arrangement. Given its focus on restoring sustainability in the short term, the SCF will generally permit less flexibility than the ECF in the timing of these measures.

Specification of Program Conditions

166. Program conditionality will include quantitative periodic and continuous PCs (including standard continuous PCs), and typically also structural benchmarks, as well as prior actions, if necessary (see Appendix II for detailed guidance on quantitative conditions). Conditionality is set at the time of approval of the arrangement and updated at the time of program reviews. Conditionality should normally be set (or modified) by the Board before the test date. For the establishment (or modification) of post-dated PCs, (i.e., PCs for which the test date would already have passed at the time of Board consideration of the review in which the establishment or modification is proposed), the program documents would have to be signed and circulated to the Board along with the staff report before the test date, and no information on implementation of the so established conditionality would be available at the time of the Board meeting.

167. Prior actions are measures that a member is expected to adopt prior to the Fund's approval of an SCF arrangement, completion of a review, or the granting of a waiver with respect to a PC, when it is critical for the successful implementation of the program that such actions be taken to underpin the upfront implementation of important measures. Prior actions are set by management and are to be applied parsimoniously and specified in clear, objective, and unambiguous terms. Prior actions should in principle be implemented at least five working days before the Board discussion. They should be defined in the LOI/MEFP and cross-referenced in the relevant Board Decision. There

[171] See IMF, 2010b, 2006a, 2014b and 2024c.

should be no "silent" or "hidden" prior actions, and all prior actions should be transparently set out in the Staff Report.

168. Quantitative PCs would normally be set on a semi-annual basis and tied to semi-annual program reviews, while indicative targets, would normally be specified on a quarterly basis. Where closer monitoring or more flexibility in tailoring of reviews to country circumstances is needed, quantitative PCs and reviews could be set flexibly with the condition that they be scheduled with availability dates for disbursements no more than six months apart (see below) and that each review is associated with a set of PCs and a disbursement. This flexibility in setting the specific test dates within six-monthly cycles could, for example, be used to align monitoring with national budget/reporting cycles. Moreover, the requirement that availability dates for disbursements be spaced no more than 6 months apart has not been applied to the time lag between approval of an SCF arrangement. It is expected that the overwhelming majority of cases will follow the standard semi-annual or quarterly review schedule. Conditionality should cover the 12 months following the Board meeting (initial approval or review). PCs would therefore normally be established for two future test dates at the time of approval of the arrangement and at each review (except for the penultimate and final reviews) under semiannual monitoring. Similarly, under quarterly monitoring, PCs should normally be set for four future test dates, and in any case not less than for two future test dates.[172] In addition, indicative targets should extend through the end of the calendar year (or fiscal year) for which policies are being discussed.

169. Quantitative periodic PCs typically include measures of net international reserves, central bank domestic assets, domestic and fiscal balances or financing, and any other macro-critical indicators. Public debt conditionality would normally be required when a member faces significant debt vulnerabilities, or when there are merits to using debt limits instead of, or as a complement to, "above-the line" fiscal conditionality[173] (see Appendix II Section E for details on specification of debt conditionality). PCs are usually subject to program adjustors that reflect deviations from projected external flows. Indicative targets should include a floor on social and other priority spending where possible, and may include other indicators such as reserve money.

170. Continuous PCs always include, inter alia, commitments related to non-introduction or intensification of certain exchange restrictions and on non-introduction or modification of multiple currency practices; as well as concluding bilateral payment agreements that are inconsistent with

[172] When designing a program with more frequent reviews than six-monthly, it is important to confirm the member's capacity to provide accurate data at the frequency needed to monitor program implementation, also due to concerns regarding possible misreporting. For Fund-supported programs for LICs, semi-annual reviews are typically more appropriate, due to the time required to implement reforms, longer lags in data provisioning and limited capacity of staff and authorities.

[173] Borrowing plans would also have a role in the assessment of the circumstances leading to a non-observance of debt conditionality in program reviews (i.e., whether there was a change in the projected financing mix or the level of new borrowing accommodated under the debt limit). To this end, depending on the circumstances, the assessment of implementation of the components of the borrowing plan would help in determining the cause of the non-observance and point to modifications needed to the program. Therefore, program documents should include a borrowing plan used as a basis to derive quantitative debt limits (see Annex II Section E). Also see the IMF, 2020d.

Article VIII, and the non-introduction or intensification of import restrictions for balance of payments reasons. These continuous PCs are always included in the text of all Fund arrangements, and, given their non-quantitative nature, are usually not listed in the PC table. Other continuous PCs typically include the non-accumulation of external payments arrears. See Appendix II, Section G, for details.

171. SCF arrangements should cover structural reforms that are deemed to be critical for achieving a stable and sustainable macroeconomic position in the short term. Structural benchmarks are critical measures that are intended to serve as clear markers in the assessment of progress in the implementation of critical structural reforms in the context of a program review. Structural benchmarks should be used as parsimoniously as possible, and their macro-criticality explicitly justified in program documents, ideally in the structural benchmark table. PNs for a new Fund arrangement request and at each review should indicate for each structural benchmark its depth and rationale in the table (the column setting out the assessed depth of structural benchmarks should not be included in staff reports).[174] Reviews are the primary tool for monitoring performance on the structural elements of the program, by judging progress relative to the relevant objectives.[175] Specific objectives should be defined for periods covered by individual reviews, with related structural benchmarks that are critical for achieving the program's objectives. The appropriate number of structural benchmarks depends on a variety of country-specific factors, including the centrality of structural reforms for achieving the program's objectives and country capacity; SCF arrangements would typically contain less than five structural benchmarks per semiannual review. The use of structural PCs was discontinued in 2009.

172. Any structural benchmark that is not met by the relevant test date will be deemed not to be met but the measure constituting the benchmark should be established by the Board as a new structural benchmark with a new date and linked to the next program review, if the benchmark remains macro-critical to the program. If it seems that implementing a structural benchmark is no longer possible as defined under the program (say, due to a change in the authorities' reform plans or other changes in circumstances), a new benchmark or a modified version of the original one may be appropriate and proposed to be established by the Board as long as it is critical to achieve program goals. A member's failure to meet a structural benchmark does not by itself automatically interrupt a disbursement under an ECF arrangement. Rather, deviations serve as indicators that the Fund-supported program may be off-track. Completion of the review would then require a judgment by the Board that there are factors giving confidence that program objectives are being achieved.

Waivers and Modifications

173. A waiver for non-observance of a PC may be granted if the Fund is satisfied that the program will nevertheless be successfully implemented—i.e., that it will achieve its goals— either

174 Staff is also encouraged to use an evaluation matrix to assess the structural benchmarks in broad range of criteria to determine the prioritization, debt, packaging and sequencing. For a detailed discussion, see IMF, 2024c.

175 See Decision No. 14280-(09/29) and IMF, 2009c.

because of the minor[176] or temporary nature of the non-observance or because of remedial actions taken by the authorities to preserve program objectives. Upon verification that a PC was not met, a request for a waiver for its non-observance must be made by the member in the LOI. If staff supports the granting of the waiver, relevant justification would be provided in the staff report, which will also include a proposed decision on the waiver. Waivers for non-observance are only required for quantitative PCs that are tied to the specific disbursement and to the review that is being completed (and for any standard continuous PC that has been missed). Waivers for PCs that are tied to subsequent disbursements and reviews are not required even if information on non-observance already exists. In these cases, however, the staff report and LOI/MEFP would need to provide assurances that understandings on appropriate policies have been reached to complete the subsequent review, even though relevant PCs will need to be waived when that review is concluded.

174. Waivers of applicability could in principle be granted if the Fund is satisfied that, notwithstanding the unavailability of the information necessary to assess observance of a PC, the program will be successfully implemented and there is no clear evidence that the PC has not been met. However, in the case of the SCF, waivers of applicability would be highly unusual. Unlike purchases under the SBA, each SCF disbursement is linked to specific PC test dates and to a specific review, and thus the disbursement is not blocked—and there is consequently no need for a waiver of applicability—when a new test date passes and information on performance under it is unavailable, because such test date is linked to a future disbursement and review. While in theory a waiver of applicability could be granted for a PC at a test date linked to the current review, this would raise serious questions about the country's capacity to provide timely data as reviews under the SCF should generally be scheduled with sufficient time to monitor the data relevant for the applicable test dates. In arrangements with blended financing, waivers of applicability will be required for the GRA-financed arrangement if the review is being conducted after the most recent test date has passed and data are not yet available. Additionally, with respect to the GRA financial arrangement, the member may purchase any amount available based on earlier completed reviews if the purchase is requested within 45 days of the most recent test date and all the conditions specified in paragraph 2 of the Reduction of Blackout Periods in GRA arrangements decision (Decision No. 14407-(09/105).

175. Modifications to program conditionality that has already been set by the Board may be appropriate when departures from PCs are expected to occur, for instance when basic program assumptions have not been realized or significant developments have occurred that had not been anticipated when the PCs were set, provided that the targets remain macro-critical. Requests for such modifications must be made by the authorities and supported by staff in the Staff Report submitted to the Board before the relevant test date has been passed and must be approved by the Board before information on the observance of the PC is available, normally in the context of a program review. In exceptional cases, modifications of conditionality can be approved by the Board

[176] Waivers for non-observance of the standard continuous PCs on the introduction (or intensification/modification) of exchange restrictions and/or multiple currency practices cannot be supported on the grounds that it is minor, given that these relate to a breach of the Articles (Article VIII, Section 2(a) or 3) of the Fund.

outside the context of a program review,[177] provided the authorities and staff have common understandings on appropriate policies through the next review, as documented in a revised or new LOI with an updated PC table and, where relevant, TMU. This could be appropriate if the original targets are no longer appropriate due to developments beyond the authorities' control (including staff errors). There may also be exceptional cases where understandings on modifications of PCs have been reached by Staff and the authorities, but a Board date before the relevant test date of the PCs is not available (e.g., due to delays in preparing other portions of the Staff Report, or due to a full Board calendar). Board approval would require a staff report that discusses the reasons for the modification, including why it is proposed outside the review context, the status of the program, and relevant policy understandings.

Misreporting[178]

176. Misreporting occurs when members with a Fund-supported program obtain resources on the basis of inaccurate information regarding observance of quantitative or continuous PCs or prior actions (a "noncomplying disbursement"). Under the SCF arrangement, a noncomplying disbursement occurs when (i) the Fund makes a disbursement on the basis of a finding that applicable conditions established for that disbursement (which include the accuracy of the information on PCs for which waivers have been requested) have been observed and (ii) that finding later proves to be incorrect. Upon evidence that a member may have received a noncomplying disbursement, the MD shall inform the member promptly. After consultation with the member, if the MD determines that the member did receive a noncomplying disbursement, the MD shall promptly notify the member and submit a report to the Executive Board with recommendations. The Board may decide either (a) that the member shall be expected to repurchase/repay the disbursed amount, or (b) that the non-observance will be waived. Waivers will normally be granted only when the deviation from the relevant PC or other condition was minor or temporary, or if the member had adopted additional measures appropriate to achieve the objectives supported by the relevant decision on the disbursement. Relevant information on misreporting should be made public by including it in the documents to be published after the Board discussion, such as a press release containing the Chairman's Statement or summing up, with prior Board review of the text for publication.

177. Whenever the Executive Board finds that the noncomplying disbursement has been made but that the non-observance of the relevant PC or other specified condition was also *de minimis* misreporting; i.e., when a deviation from a PC would be so small as to be trivial with no impact on the assessment of performance under the relevant member's program, a waiver for non-

[177] This could be done through a "stand-alone" (ad-hoc) Board document, which can be considered on a LOT basis. It can also be combined with other Board documents, such as a RCF Request. In the GRA context, PCs have been *established* outside a program review, in the context of an Article IV Report.

[178] Misreporting in the context of financial assistance under the PRGT does not trigger the application of Article VIII, Section 5 regarding members' obligations on data provision for Fund's activities.

observance shall be granted by the Executive Board.[179] The discussion of *de minimis* misreporting will be included in a staff report on the member that deals with other issues but the discussion should be deleted if such a report is published..

I. Reviews and Disbursements

Purpose of Program Reviews

178. Program reviews evaluate whether the program is on track to achieve its objectives. This evaluation is based on a backward-looking assessment—taking into account performance against quantitative PCs, structural and quantitative benchmarks, and prior actions—and a forward-looking assessment of the prospects for successful program implementation, in particular whether policy capacity and commitments are adequate to achieve the program's objectives. At the time of the consideration of the final review under an SCF arrangement, and assuming no further program support from the Fund is expected, the scope of the forward-looking assessment could be more limited than for previous reviews.

179. Reviews also update the program design, in particular by specifying forward-looking policies and conditionality, and are the main vehicle for any potential modifications to program design— such as changes in access, phasing, and conditionality—as may be necessary to achieve the program's objectives in changing circumstances. At the time of approval and for each review, the authorities' LOI presents or updates their policy program, and a staff report provides an overall assessment of performance and policy commitments.

Timing of Reviews, Test Dates, and Disbursements

180. The timing of all reviews, test dates, and disbursements is summarized in a staff report table at the time of approval of an SCF arrangement and updated as needed at the time of reviews. Moreover, the Arrangement text attached to the staff report for the initial SCF request specifies the test dates, reviews, availability dates, and disbursements for the first year of the arrangement. The quantitative indicator table ("PC table") attached to the LOI/MEFP should clearly identify PCs, indicative targets, and adjustors for at least a 12-month period from the Board date of the program approval or review, as indicated above. Similarly, the structural benchmark table should cover measures over at least a 12-month period, clearly indicating the reviews that individual benchmarks are linked to. The text of the arrangement attached to the staff report should specify all PCs and review/availability dates normally over the next 12 months from the Board date of the program approval/review. The first disbursement is made available upon approval of the arrangement, and subsequent disbursements will be conditional on observance of PCs and a program review that confirms satisfactory progress in implementing the economic program and adequate safeguards continue to be in place.

[179] For more details on misreporting, see Appendix I of the PRGT Instrument and (Decision No. 14354-(09/79)). Also, see IMF, 2006e.

181. Disbursements and reviews under an SCF arrangement are expected to normally be semiannual, or quarterly in cases where closer monitoring is needed, for instance in the context of significant volatility and/or uncertainty. When designing the schedule of test dates, careful consideration should be given to alignment with the country's budget cycle and the requirement that reviews and their associated availability dates be scheduled no more than six months apart (however, the interval between program approval and the first availability date could be longer than six months if needed, e.g., to harmonize test dates with key dates in the budget cycle). Beyond this requirement, there is flexibility in setting the specific review dates and test dates if warranted by country specific circumstances. Deviations from the six-monthly schedule (i.e., more frequent reviews) can be considered, for example, to align monitoring with national budget/reporting cycles. It is also possible to shift between semiannual reviews and higher frequencies of phasing during the course of an arrangement, for example, if deemed useful in the context changes in the external environment other country-specific circumstances. Such shifts could also be scheduled at the time of approval of a new SCF arrangement if warranted based on the projected risk profile over time.

182. The test dates for PCs must be set such that all scheduled disbursements can take place before the end of the SCF arrangement, taking into account reporting lags and preparation and circulation periods for staff reports. Similarly, the availability dates for disbursements should be set such that all data needed to confirm observance of PCs at the related test dates would have become available. Availability dates are specified in the Arrangement text and subsequent Decisions and are summarized in the staff report table on the schedule of disbursements. Reviews cannot be completed prior to the applicable availability date.

183. The program period supported by an SCF arrangement would typically start somewhat before the Board approves the SCF arrangement, and three to six months before the first test date under semi-annual monitoring. The program period should normally not start more than three months prior to the Board meeting, and in any case not before the authorities and staff have discussed the parameters of the program.

184. In contrast to SBAs, the design of an SCF arrangement typically avoids "blackout periods" because each disbursement is linked to the completion of a specific review and to the observance of specific periodic performance criteria, and thus a disbursement is not blocked—and there is consequently no need for a waiver of applicability upon data unavailability—when a new test date passes, because such new test date applies to a future disbursement subject to completion of a future scheduled review.[180] However, as noted above, previously approved disbursements may still be blocked once a scheduled review date has passed (or if a continuous PC has not been met).

[180] The broader policy is described in IMF, 2009h and 2013a. It applies to all SBAs, including those that involve blending with SCF financing.

Addressing Interruptions in Program Implementation: Track Records, Combined Reviews, and Rephasing

185. SCF-supported programs may encounter interruptions and delays. If these are caused by substantial policy slippages, it is often appropriate to establish a **track record** before completing the review. As discussed in more detail in Appendix III, a track record could be informal (based on informally agreed time-bound policy actions and targets) or monitored more formally under an SMP, or, in case of urgent financing needs caused by an exogenous shock, the RCF (assuming the applicable policy commitments are in place), or concurrent use of the above instruments. In some cases, bringing the program back on track may also require modification to the planned timing of disbursements and reviews. Such delays and interruptions can sometimes be addressed through extensions of the arrangement (see above), combining reviews, rephasing of access, or some combination of the three.

186. Under certain circumstances, two reviews can be combined when delays in program implementation have occurred, and performance can be assessed against two test dates that were linked to successive reviews. Combining three or more reviews, while theoretically possible, would be very unusual as PCs are typically not defined for more than two future test dates under semiannual monitoring and because long-lasting deviations from program objectives would often justify cancellation of the arrangement. Combining reviews is only possible if: (i) the conditionality has been fully defined, including through applicable PCs, for these reviews and approved by the Board; (ii) data are available for measuring observance of conditionality for the reviews; and (iii) the anticipated dates for conclusion of the reviews in the text of the arrangement have all passed. Typically, reviews are combined when the program is on track with respect to the most recent review and sufficient corrective action had been taken to offset any problems with observance of the conditions for earlier reviews. By contrast, where slippages relative to the objectives and conditionality for the most recent review are significant, it would not be appropriate to combine reviews. In such circumstances, the authorities could request cancellation of the arrangement and discussion of a support under a new instrument once conditions for such support are appropriate. Alternatively, in cases where performance relative to the objectives and conditionality for the earlier review was broadly satisfactory (or slippage has been addressed through sufficient corrective action) and program objectives can still be obtained through modifications of the program, this past review could be completed, while a new, future test date and conditionality should be established for the next review, typically combined with rephasing of access over the remainder of the arrangement.

187. Under certain circumstances, disbursements under an SCF arrangement may be rephased to change the amounts of financing provided under individual disbursements associated with specified reviews and/or change the number or timing of disbursements and reviews. For example, if there are delays in program implementation, combining reviews and rephasing could be appropriate where program objectives can still be achieved, including through corrective actions. In such cases, rephasing would usually involve spreading access associated with the specific (and subsequent) review(s) across future reviews, consistent with the period of the current arrangement. In other cases, a rephasing may be combined with an extension of the arrangement when there are only a few reviews left to allow for the completion of reviews before the arrangement expires. There can also be short-term extensions of a program (i.e., technical extensions) that do not involve rephasing if additional time (typically not more than three months) is needed to complete the final review(s) and make the final disbursement available before the expiration of the arrangement. Access should never be rephased in a manner that would make it impossible for the member to get the full, undisbursed amount under the arrangement. If delays in program implementation have been substantial and rephasing would involve compressing a very large amount of access into a short period of time (even with a potential extension of the arrangement period), it would normally be appropriate to let the current arrangement expire, or for the member to cancel it, and to proceed to a new SCF arrangement, unless there has been a very sharp turnaround in performance.

188. Disbursements outside of scheduled reviews of available but undrawn amounts under SCF arrangements: A country is within its rights to draw outside of scheduled reviews previously approved but undrawn amounts under the SCF if (i) its representation of a balance of payments need meets the requirements of the PRGT instrument; (ii) the most recently scheduled review under the arrangement prior to the request has been completed; and (iii) available information indicates that its continuous PCs are being met. The PRGT Instrument precludes staff from challenging a member's representation of a balance of payments need prior to providing the requested disbursement. However, the PRGT Instrument indicates that if subsequently the Board decided that the disbursement took place in the absence of a balance of payment need, it could seek early repayment with interest normally within 30 days of the Board's decision establishing that an early repayment is required. For a country to draw outside of scheduled reviews, it must send a letter to the MD communicating and explaining the decision. Staff will then circulate a short note for information to the Board, attaching the letter of the authorities. A press release is issued shortly afterwards.

J. Other Relevant Policies

189. Additional modalities and policy requirements apply to the SCF, including the following:

- **Ex-Post Peer Review Assessments (PRAs).** Access to resources under SCF arrangements counts toward the policy on LTPE, except if the arrangement was treated in its entirety as precautionary and no disbursements were made.[181, 182] Members that have had a UCT arrangement in place for at least seven out of the past 10 years, and for whom a PRA has not

[181] Fund financial arrangements that qualify for the definition of LTPE are those drawing on upper credit tranche GRA or PRGT resources, or any blend of the two. An outright purchase under the RCF or RFI does not count towards LTPE. Usage of the PCI and precautionary arrangements, including the precautionary use of arrangements under the Flexible Credit Line (FCL) and the Precautionary and Liquidity Line (PLL) or the precautionary use of the GRA or PRGT resources that remain undrawn throughout the arrangement, does not count towards LTPE. If a member ultimately draws upon an arrangement that had been considered precautionary at the time of approval, the entire length of the arrangement would count towards LTPE. For canceled arrangements, only the time until their cancellation is counted. For a complete discussion of LTPE, see IMF, 2006c, 2006b, 2010c, and 2015l.

[182] See IMF, 2016a.

been prepared in the past five years, an ex post peer review assessment should be prepared in time to be considered by the Board at the time of a request for a new Fund arrangement.

- **Post-Financing Assessments (PFAs).** Outstanding SCF credit is subject to PFA (formerly PPM).[183] Members with outstanding credit from the Fund in the GRA and/or PRGT and/or the RST exceeding 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) or SDR 0.38 billion from the PRGT (and/or SDR 1.5 billion from the GRA and/or SDR 0.38 billion from the RST) after the expiry of their arrangements are expected, upon the recommendation of the MD, to engage with the Fund in PFA of their economic developments and policies. Normally one stand-alone PFA paper is expected to be issued for Executive Board consideration within a 12-month period.

- **Article IV consultation cycle.** The 24-month cycle for Article IV consultations applies to members with an SCF arrangement.[184] Specifically, Article IV consultations with members that have an on-track SCF arrangement in place would be expected to be completed within 24 months after the completion of the previous Article IV consultation. In cases where a program review is not completed by the date for completion specified in the arrangement, the next Article IV consultation would be expected to be completed by the later of (i) six months after the scheduled review date and (ii) 12 months, plus a grace period of three months after the previous Article IV consultation, unless the program review has been completed prior to the later of these two dates, in which case the 24-month cycle continues to apply. A member that has completed an SCF arrangement by drawing all amounts may remain on the 24-month cycle, if it does not meet any of the criteria specified in paragraph 2 of Decision No. 14747-(10/96), as amended: (i) the member is of systemic or regional importance; (ii) the member is perceived to be at risk, or is facing pressing policy issues of broad interest to the Fund membership; or (iii) the member has outstanding Fund credit exceeding 150 percent of quota (100 percent of quota when the general conditions for effectiveness of the 16th GRQ increases are met) percent of quota. At the time of the final review under the arrangement, staff should assess whether the consultation cycle should be shortened back to 12 months, based on the criteria mentioned above. When this is the case, the staff report for the final review should seek the Board's approval of such shortening.[185] Where the arrangement is cancelled by the member or expires with undrawn amounts, the member will remain on the existing cycle, unless the Executive Board determines, based on the above criteria that a different cycle will apply.

- **Exchange System** obligations under Articles VIII and XIV and Data Provision under Article VIII, Section 5. Requirements under Article VIII Sections 2, 3, 4, and Article XIV are discussed in

- **Article VIII Acceptance by IMF Members—Recent Trends and Implications for the Fund (IMF, 2006d)** and the new policy on Multiple Currency Practices (MCPs), effective February 1,

[183] See IMF, 2005a and 2010e, and Decision No. 13454-(05/26), as amended.

[184] See Decision No. 14747-(10/96), as amended.

[185] For the rules governing Article IV Cycles, see *Decision No. 14747-(10/96),* as amended.

2024, is discussed in Guidance for the Fund's policy on Multiple Currency Practices. A standard continuous PC applies, inter alia, to the non-introduction or intensification of exchange restrictions and on the non-introduction or modification of multiple currency practices (see Appendix II, Section G). Article VIII, Section 5 of the Fund's Articles of Agreement does not apply to the provision of information that is required for the purposes of Fund financial assistance under the SCF.[186]

- **HIPC. Performance under an SCF arrangement** can count toward a track record of strong policy performance under Fund-supported programs required for the HIPC decision point and completion point.[187] The minimum required track record for the decision point is six months. For the completion point, there is no minimum duration for the track record (except where Fund-supported programs have been off track for more than six months); instead, the Fund assesses a member based on the member's performance on particular outcomes.[188]

- **Side letters.** The use of side letters in SCF arrangements has been extremely rare. Side letters may be used when release of information on policy understandings at the time of a program request or review would cause adverse market reaction or undermine the authorities' efforts to prepare the domestic groundwork for a measure.[189]

---

[186] PRGT resources are held in an administered account and the obligations of a member using such resources are not governed by the Fund's Articles (Article V, Section 2(b)). The obligations of a member using PRGT resources are governed exclusively by the terms of the PRGT Instrument, which are incorporated by an explicit reference into the terms of each SCF arrangement. Accordingly, for the purposes of an SCF arrangement, the Fund cannot require a member to provide the Fund with information for the purposes of Article VIII, Section 5, and the failure of a member to provide information for the purposes of an SCF arrangement cannot give rise to the application of sanctions under Article XXVI, Section 2, as it is not a breach of obligation under the Articles of Agreement.

[187] See Appendix IV for details on the HIPC Initiative.

[188] See (IMF, 1999c) for the Board's approval of "floating completion points."

[189] For the Fund's policy on side letters, see Decision No. 12067-(99/108).

CONTENTS

CHAPTER IV: RAPID CREDIT FACILITY

The RCF provides low-access concessional financing with limited conditionality to LICs facing urgent balance of payments needs.[190]

A. Objectives and Qualification

Purpose and Objective

190. The RCF provides rapid concessional financial assistance as outright disbursements to LICs facing urgent balance of payments needs. These financing needs include those caused by exogenous shocks, natural disasters, and emergence from conflict, as well as other factors such as domestic instability, emergencies, and fragility. The RCF is designed for situations where a multi-year UCT-quality Fund-supported program is either not necessary (e.g., due to the transitory nature of the adjustment need and the financing) or not feasible (e.g., due to the member's limited capacity, including in post-conflict, disaster, or other fragile situations or when more time is needed to design a multiyear program). In the latter case, the member country would typically be expected to make efforts to move to a UCT-quality program (typically supported under the ECF), in which case repeated use of the RCF may be warranted under certain circumstances and subject to certain limitations (see below) under the legal framework of the PRGT Instrument.

191. The purpose of RCF support is to help members address their urgent balance of payments needs and assist them in implementing economic policies that enable them to make progress towards achieving or restoring a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. Such a position would be characterized by the absence of a present, prospective balance of payments need and by the domestic and external stability that is necessary to support strong and durable poverty reduction and growth. It would typically be associated with sustainable fiscal and current account balances, limited debt vulnerabilities, adequate international reserves, and sufficient policy and institutional capacity to implement appropriate macroeconomic policies. This position might still involve significant levels of donor assistance, though aid dependence would be expected to decline over time.

192. Similar to other Fund instruments, RCF financing assists countries in helping to address their balance of payments difficulties by providing temporary financial support (in this case, on a concessional basis) to smooth economic adjustment and avoid excess volatility. By meeting urgent balance of payments needs, RCF support can help replenish international

[190] The RCF was created on January 7, 2010, as part of a comprehensive reform of the IMF's facilities for LICs. See IMF, 2009e and 2009f, and Decision No. 14354-(09/79). Access norms and limits were raised in: (i) 2015 (see IMF, 2015c), and Decision No. *15818-(15/66*); (ii) 2019 (see IMF, 2019b); and (iii) 2021 (see IMF, 2021a). Access limits for emergency financing were also temporarily increased in 2020–21 in response to the COVID-19 pandemic (see IMF, 2020b and 2021b). The 2024 PRGT Review extended the higher RCF cumulative access limits until end-December 2025 (see IMF, 2024e).

reserves and loosen financing constraints for both the public and private sectors as the country aims to address its balance of payments difficulties. The RCF is also expected to provide policy support and catalyze additional financing from donors.

193. RCF support is available under different windows, based on different types of shocks leading to the urgent balance of payments needs. In addition to the *regular window,* which is not linked to a specific type of shock, an *exogeneous shock window* is available for qualifying countries where urgent balance of payments needs result primarily from a sudden and exogenous shock. A *large natural disaster window* is available to qualifying countries that experience urgent balance of payments needs due to a large natural disaster and where the resulting damages are equivalent to at least 20 percent of GDP.[191] Access limits and conditions under each of these windows vary and are discussed below.

Qualification

194. Assistance under the RCF is available to PRGT-eligible member countries that face urgent balance of payments needs unless (i) the balance of payments difficulties that underlie the financing need are predominantly caused by a withdrawal in financial support by donors or (ii) a UCT-quality program is both feasible and necessary. In this context:

- An urgent balance of payments need is characterized by a present balance of payments need that, if not addressed, would result in immediate and severe economic disruption. Nonurgent financing needs could be met by the ECF or SCF, assuming relevant requirements are met, including the commitment and capacity to implement a UCT-quality program (see below).

- The RCF can only be used if it is either not feasible or not necessary to implement a Fund-supported program with a UCT-quality standard; i.e., a program with the commitment and capacity by the authorities to implement a set of policies that is adequate to correct external imbalances and enable repayment to the Fund within the specified maturity period. Specifically, a member would normally only qualify for the RCF if either (i) the balance of payments need is expected to be resolved within one year and no major policy adjustments are necessary to address underlying balance of payments difficulties (as may be the case with some temporary shocks, but not for a country also facing a protracted balance of payments problem); or (ii) a UCT-quality Fund-supported program cannot be put in place owing to limited policy implementation capacity or when the urgency of the balance of payments need calls for financial assistance before a UCT-quality program can be put in place (or, where relevant, be brought back on track). For countries receiving support under the RCF that are also seeking to build a track record toward an UCT-quality program, the use of an SMP to build such a track record would normally be the preferred option. However, policy commitments in the context of

[191] A temporary *food shock window* (FSW) was available under the RCF from September 30, 2022 to end-March 2024, to qualifying countries that experienced urgent balance of payments needs associated with the global food shock (see IMF, 2022e and IMF, 2023d).

a recent RCF disbursement can be used to build the policy track record required to support a repeat RCF disbursement.

195. Qualification also requires several ex-ante policy undertakings. The member would need to outline, in a LOI, the policies it plans to pursue, and set out any additional understandings to provide assurance that it will not introduce measures or policies that would compound its balance of payments difficulties. This would typically encompass, inter alia, a commitment not to introduce or intensify exchange and trade restrictions. Moreover, sufficient policy capacity and commitment to implement the policies must exist to safeguard Fund resources, and the Fund would need to assess that the member will cooperate with the Fund in an effort to find, where appropriate, solutions for its balance of payments difficulties. Other requirements for the approval, repeated use, and implementation of RCF support are discussed further below.

B. Repeated Use

196. RCF resources are provided as outright loan disbursements and not phased under an arrangement. Support under the RCF can either be on a one-off basis (e.g., in case of shocks) or can be provided under repeated RCF disbursements over a (limited) period in case of recurring or ongoing urgent financing needs, although each disbursement would be requested and approved separately. In the latter case, the policy commitments under the RCF should typically be used (similar to an SMP) to facilitate an eventual transition to a UCT-quality program, normally to be supported under an ECF arrangement. The use of the RCF in post-conflict and similar situations of instability and limited capacity would be similar to the use of the RFI (previously Emergency Post-Conflict Assistance).[192] In cases where a country seeks to build a track record for a UCT-quality program and faces urgent financing needs, use of an SMP to build such a track record concurrently with the RCF would normally be the preferred option. However, the RCF, with appropriate policy understandings can also be used to build the policy track record. (see Appendix III).

197. To help ensure that the RCF does not support continued weak policies or create moral hazard, RCF financing is subject to limitations on repeat use. As discussed below, there are also sub-ceilings on access to avoid supporting weak policies or moral hazard. Specifically, a member may not receive more than two RCF disbursements in any 12-month period and can only receive more than one RCF disbursement in any three-year period if:

- the balance of payments need was caused primarily by a sudden, exogenous shock, in which case a member qualifies under the "exogenous shocks" window or under the "large natural disaster" window for natural disasters where damage is assessed to be equivalent to or exceed 20 percent of the member's GDP[193] (see below); or

[192] See IMF, 2022c, and 2023 guidance note on FCS.

[193] See IMF, 2017b, and Decision No. 16182-(17/35).

- the member country has established a track record of adequate macroeconomic policies for a period of at least six months prior to the request (see below).

C. Concurrent Use and Blending

Concurrent Use

198. A member will generally not obtain RCF financing if a UCT-quality Fund supported program (e.g., under the ECF or SCF) is in place, on track, and remains feasible. Should additional balance of payments needs arise during an ECF or SCF arrangement, an augmentation of access under this arrangement would typically be the appropriate response. RCF financing during an ECF or SCF arrangement can be provided only when (i) disbursements under the ECF or SCF arrangement are not possible, for instance due to policy slippages or delays in program discussions, (ii) qualification requirements for the RCF are met, including the existence of an urgent balance of payments need and relevant policy commitments, and (iii) the balance of payments need giving rise to the request for financing under the RCF is primarily caused by a sudden exogenous shock. When access under the RCF exceeds 25 percent of quota by using the "exogenous shocks" window or the "large natural disasters" window, existing and prospective policies should be sufficiently strong to address the shock. In addition, RCF-supported polices could serve as a track record to bring the ECF- or SCF-supported program back on track. The RCF can be used concurrently with GRA financing under certain circumstances (see below).

199. Support under the RCF can be combined with a PCI or an SMP. Satisfactory performance under a PCI or SMP for at least six months would normally satisfy the track record requirement for repeated use of the RCF, if relevant, and would facilitate rapid disbursement of RCF support. A short LOI together with a short staff paper would normally suffice for requesting an RCF loan disbursement when an urgent balance of payments need arises during an on-track PCI or SMP.

Blending

200. Please see Chapter I for a complete discussion of blending policies under the PRGT. When providing financial assistance with blended resources, RCF resources will normally be provided together with GRA resources under the RFI. Use of the RCF in conjunction with financing under GRA arrangements would only be expected in cases where the programs financed under the pre-existing SBA or extended arrangements (typically in the context of blended financial support) are off track. In this case, RCF financing would normally be blended together with RFI financing.

201. The modalities (and documentation) of blended RCF-GRA financing would be broadly the same as those applicable under a stand-alone RCF disbursement. In particular, the financing would aim to meet urgent balance of payments needs for countries where a UCT-quality program is either not needed or not feasible. The main difference is that Fund financial assistance would typically involve both RCF and GRA resources (see Section D), implying lower average concessionality of the Fund's financial support than under stand-alone RCF support. Additionally, RFI qualification requirements would have to be met when applicable.[194]

D. Access

202. When considering access under the RCF, area departments may wish to consult with SPR and FIN at an early stage; i.e., before a PN is circulated for formal review. Furthermore, staff reports for RCF assistance should explicitly discuss the basis on which access was determined, with reference to the main criteria and access limits discussed below.

Determination of Access—Main Criteria

203. Access under the RCF is determined on a case-by-case basis based on the following standard criteria: (i) the member's urgent balance of payments need (taking into account all balance of payments flows, including reserve accumulation and financing from other sources);[195] (ii) the strength of its policies and capacity to repay the Fund (taking into account the member's policy plans, adjustment effort, commitment to implement its policy plans, institutional capacity, track record of policy implementation, and country circumstances such as vulnerabilities, imbalances, and debt sustainability);[196] and (iii) the amount of outstanding Fund credit and the member's record of past use. All else being equal, higher access would generally be associated with a stronger set of policies, stronger track record, and stronger capacity to repay. In addition, access under the RCF shall also take into account the size and likely persistence of the shock where applicable.

204. The amount of any RCF disbursement may not exceed the member's balance of payments need, and would typically be less than total financing needs, keeping in mind that RCF support is expected to catalyze financing from donors and creditors. When requesting assistance under the RCF, the member will need to make a representation, normally in an LOI, that it is experiencing an urgent balance of payments need.

205. In case of repeated RCF disbursements, the timing and amounts of access[197] would not be expected to mirror the projected evolution of financing needs. In particular, given the limits on the number of disbursements available in any 12-month period and the sub-ceilings on RCF access (see below), disbursements would often cover only a small part of total financing needs, with the remainder being mobilized from other sources, including development partners.

[194] See IMF, 2011b.

[195] See Section A for definitions of balance of payments need.

[196] Sufficient recovery in the balance of payments must be in prospect to provide appropriate assurance that loans can be repaid on schedule without strain.

[197] In the RCF context, there is no ex-ante "phasing" of disbursements, in contrast to the ECF and SCF where the amounts and timing of access are predetermined through an arrangement. Each RCF disbursement requires a separate decision of the Executive Board, evaluated on its own merits against the requirements for assistance under the RCF.

206. When urgent financing needs are projected to persist or reoccur for some time, and transition to a UCT-quality arrangement is not expected in the near term, it is important to set access such that successive disbursements could be accommodated under the applicable RCF access sub-ceilings (see below).

Access Limits

207. A member's total access under all concessional facilities in the PRGT is subject to "global" annual and cumulative limits. This includes credit outstanding and disbursements under the ECF, SCF, and RCF. Specifically, total access to financing under the PRGT should normally not exceed 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) per year across all concessional facilities. Furthermore, total access to financing under the PRGT should normally not exceed 600 percent of quota (405 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) cumulatively, net of scheduled repayments (see Chapter I, Section C for how to calculate annual and cumulative access consistent with PRGT normal access limits).[198]

208. In exceptional circumstances, access above the normal global limits can be made available to PRGT-eligible countries that meet the PRGT exceptional access criteria (see Chapter I, Section F).

209. In addition to these global limits on access under all facilities under the PRGT, access to the RCF under the regular window (i.e., not the "exogenous shocks" or "large natural disasters" windows) is subject to sub-ceilings, set at 50 percent of quota (35 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) per year (i.e., over any 12-month period) and 100 percent of quota (70 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) when on a cumulative basis (i.e., total stock of RCF credit outstanding at any point in time). Furthermore, access to the RCF under the regular window is also subject to a "per disbursement limit" of 25 percent of quota (17.5 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met). Therefore, annual access in excess of 25 percent of quota (17.5 percent of quota when the 16th GRQ increases have been met) under the regular window would require an additional RCF disbursement within the year and would, absent an exogenous shock or large natural disaster, have to be linked to a track

[198] The normal annual and cumulative access limits under the PRGT were temporarily increased in December 2023, from 145 and 435 percent of quota to 200 and 600 percent of quota, respectively, effective until end-2024. See *Interim Review of Access Limits Under the Poverty Reduction and Growth Trust and Initial Considerations for Access Limits under the General Resource Account* (IMF, 2023e). If the PRGT access limits are reduced following the effectiveness of the 16th GRQ, members that were not subject to the exceptional access framework as of the end-2024 would not be subject to the application of the exceptional access framework triggered by the lower limits for existing arrangements. However, additional access from a new arrangement, outright disbursements, or an augmentation of access under an existing arrangement in an amount that would exceed the lower access limits would trigger the application of the exceptional access framework. See *Interim Review of Access Limits Under the Poverty Reduction and Growth Trust and Initial Considerations for Access Limits under the General Resource Account* (IMF, 2023e).

record of adequate macroeconomic policies (e.g., through an SMP), consistent with the requirements for repeat use mentioned above.

210. Access to the RCF under the exogenous shock window is subject to a sub-ceiling of 50 percent of quota per year. On a cumulative basis, the limit is normally 100 percent of quota (70 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) but, in response to the Covid-19 pandemic, was increased to 150 percent of quota (105 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met), which will stay applicable until end-December 2025.[199] Purchases under the RFI made after July 1, 2015 count towards the applicable RCF annual and cumulative sub-ceilings.[200]

211. These sub-ceilings can be exceeded under the "large natural disasters" window of the RCF, which allows access of up to 80 percent of quota (55 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) per year for natural disasters where damage is assessed to be equivalent to or exceed 20 percent of the member's GDP,[201] and up to 183.33 percent of quota (125 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) on a cumulative basis, increased on account of the Covid-19 pandemic, and which will stay applicable until end-December 2025.

212. RCF financing through the "exogenous shock" and "large natural disasters" windows could be made available provided that: (i) the primary cause of the balance of payments need is a sudden exogenous shock, other than a withdrawal in financial assistance by donors, or in the latter case, a natural disaster; and (ii) existing and prospective policies are sufficiently strong to address the shock. The concept of a sudden and exogenous shock mirrors that used in the past for the Exogenous Shocks Facility. In particular, an exogenous shock may include both economic (e.g., terms of trade) and non-economic shocks (e.g., natural disasters) that are sudden and not related to members' policies. The amount of access provided under the "exogenous shocks" window or "large natural disasters" window cannot exceed the size of the financing need created by the shock.

213. Access under the regular window of the RCF is also subject to an annual access norm set at 25 percent of quota, or one-half of the annual access limit (17.5 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met). As with the ECF and

[199] Access limits for emergency financing instruments (i.e., exogenous shock and large natural disaster windows of RCF and regular and large natural disaster windows of RFI) were temporarily increased in 2020-21 in response to the Covid-19 pandemic. In November 2021, the Board decided to extend these temporarily high cumulative access limits for RCF and RFI until end-June 2023. In June 2023, the Board decided to extend these temporarily higher cumulative access limits until end-June 2024 for the RFI, and until the date of the completion of the 2024 comprehensive PRGT facilities review for the RCF. See *Review of The Cumulative Access Limits Under The Rapid Financing Instrument and The Rapid Credit Facility* (IMF, 2023c). In October 2024, the PRGT Review extended the higher cumulative access limits until end-December 2025. See *2024 PRGT—Review of PRGT Facilities and Financing* (IMF, 2024e)

[200] Access limits for RFI assistance are set at 50 percent of quota over any 12-month period and 150 percent of quota on a cumulative basis, net of scheduled repurchases (see IMF, 2024h). Access under the RFI counts toward the overall annual and cumulative GRA access limits (see Decision No. 15820-(15/66)).

[201] See IMF, 2017b, and Decision No. 16182-(17/35).

SCF, the norm is neither a floor nor a ceiling.[202] There are no norms for access under the RCF "exogenous shocks" and "large natural disaster" windows, and the above sub-ceilings on RCF access through these windows should not be considered norms;[203] individual disbursements would in most cases be below the applicable annual sub-ceilings. For instance, a disbursement of 50 percent of quota (35 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) under the "exogenous shocks" window or of 80 percent of quota (55 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met) under the "large natural disasters" window would only be expected in cases where the financing need is very large and the economic policy context is relatively strong (including limited debt vulnerabilities).[204]

Access Under Blended Financial Assistance

214. When RCF disbursements are blended with concurrent GRA disbursements (see Chapter I, Section D on the criteria that create a presumption for blending), total access to financial assistance (e.g., RCF together with RFI) is determined based on the standard criteria (see above), implying that total access should be comparable across countries with similar balance of payments needs, strength of policies, and outstanding Fund credit, irrespective of whether the Fund's financial assistance comes in the form of blended or PRGT-only resources.

215. Analogous to financial arrangements involving blended financial assistance, access to the concessional (RCF) financing component of blended financial assistance for presumed blenders would be in a 1:2 ratio of PRGT to GRA resources, with the remainder met by GRA financing. It is important to note that any RFI access is counted towards the annual and cumulative RCF access limits, irrespective of the RCF window. Access to concessional financing for presumed blenders is capped at the limits on normal annual and cumulative access to the PRGT.

Procedural Safeguards on High Access Requests—DSAs and Informal Board Meetings

216. Financing requests are subject to procedural safeguards that apply uniformly across all concessional facilities. These safeguards are aimed at protecting PRGT-eligible members' debt sustainability and the Fund's concessional resources.[205] Specifically, the staff report for any RCF disbursement should provide an up-to-date assessment of the debt vulnerabilities, with an explicit

[202] Approved by Board as of May 24, 2019 (see IMF, 2019a, and IMF, 2019b).

[203] See Appendix VIII for detail on norms.

[204] In addition, as set forth in the PRGT Instrument, commitments of PRGT resources and any disbursement of such resources are subject to the availability of resources in the PRG Trust, and hence, could result in access reductions in those very specific circumstances (PRGT Instrument, Section II, paragraph 2(g) and paragraph 3(a)).

[205] Endorsing the procedural safeguards for high-access financing set forth in paragraph 87 of IMF, 2009e. This paragraph updates the procedural safeguards that apply to all concessional financing instruments, elaborated in IMF, 2009d, and subsequently revised to be consistent with changes to access norms and limits in 2015, 2019, 2021 and 2024 (see Annex II in IMF, 2015c, IMF, 2019a, IMF 2021a, and IMF, 2024e).

reference to the impact of new borrowing from all sources, including prospective IMF disbursements. In addition:

- A new DSA is required for any new financing request under the PRGT, for IMF country documents that propose modification to, or a waiver for non-observance of, a performance criterion related to debt limits, and when there are significant changes in economic circumstances and borrowing assumptions (IMF, 2018b). For financing requests that: (i) involve exceptional access to PRGT; (ii) trigger SPS2; or (iii) involve a member country with a high risk of debt distress or in debt distress, a DSA is required to support the access level.

- An early informal Board meeting is required if a financing request under the PRGT would involve (i) exceptional access or (ii) SPS2. Chapter I Section F provides more details on PRGT exceptional access and SPS2, and Box 2 specifies the information required at such a meeting.

- In addition, staff would provide early notice to the Board, for instance in an informal country matters session, of upcoming financing requests where the envisaged financing commitment, in absolute terms, would have a large impact on the Fund's overall concessional resources.

- As an exception to these procedures, the requirement for an informal Board meeting in SPS2 does not apply for new financing requests less than 25 percent of quota (15 percent of quota when the general conditions for effectiveness of the 16th GRQ increases have been met).

217. High combined credit. Requests for Fund support that result in combined PRGT and GRA access in excess of the GRA access limits are subject to the Policy Safeguards on High Combined Credit Exposure (PS-HCC).[206] The PS-HCC comprise criteria and procedural requirements and apply at the financing request and at subsequent reviews in the context of arrangement. The criteria are substantively the same as those of the PRGT exceptional access framework, with the notable exception that they do not include an income threshold. The procedural requirements are similar to those of the PRGT and GRA exceptional access criteria (see Chapter I: Section F and Box 1a).

E. Financing Terms

218. Repayments of RCF credit are made in 10 equal semiannual installments, subject to a 5.5-year grace period from the date of the disbursement and 10-year final maturity.[207]

219. Interest will be assessed and paid quarterly, beginning May 1, 2025. The applicable interest rates will be determined based on the country's tier status at the time of the Board approval of a new RCF loan, as in Chapter I section E.[208] RCF credit will remain interest-free for the poorest PRGT-eligible members (Tier 1). Other PRGT-eligible members will be subject to interest rates: 70 percent

[206] The PS-HCC were approved in September 2020. See *Policy Safeguards for Countries Seeking Access to Fund financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure* (IMF, 2020d).
[207] See IMF, 2015c.

[208] This does not apply to amounts of any overdue interest on overdue repayments of PRGT loans, which is charged at a rate equal to the SDR interest rate.

of the SDRi for the presumed blenders (Tier2A) and 40 percent of the SDRi the non-presumed blenders (Tier2B). These interest rates will apply to all outstanding credit under RCFs approved on or after May 1, 2025.

F. Financing Assurances, Arrears, and Safeguards

220. The Fund's policy on financing assurances[209] requires that financial arrangements can only be approved (and reviews can only be completed) when the program is fully financed. In contrast to arrangements under the ECF and SCF, such financing assurances are not required for RCF disbursements with no debt restructuring (see footnote for information on financing assurances in the context of unsustainable debt and restructuring, which is not covered here),[210] given that there is no underlying economic program. However, financing assurances to restore debt sustainability are required for RCF financing requests when a debt restructuring is pursued to restore debt sustainability in the context of that stand-alone emergency financing request. In addition, staff reports for RCF requests should provide information on projected financing gaps. Moreover, to the extent that the RCF may be used to build a track record for a UCT-quality Fund-supported program, the staff report should discuss the prospects for financing assurances that would be required for such an arrangement. Assurances should also be given that the member country has the capacity to repay the Fund based on medium-term projections of the balance of payments and the standardized table on indicators of the capacity to repay the Fund.

Arrears

221. In cases where a member has arrears to an IFI, the Fund will apply either the NTP policy or the LIOA policy, including for emergency financing under the RCF. Please see Section F in Chapter II for detailed information. With respect to emergency financing, in OSI cases, Fund policy provides for flexibility in extraordinary circumstances consistent with the Fund's LIOA policy, and as discussed in the next paragraph. Country teams should seek guidance from LEG and SPR on the application of the policy to specific creditors.

222. The Fund's policy on arrears to official bilateral creditors also remains generally applicable in the context of RCF support. Generally, the treatment of direct bilateral claim falls into two categories.[211] **First,** if arrears do not require a restructuring of the underlying claim (i.e., payment in full is anticipated) and it is not covered by a past restructuring (non-OSI cases),[212] the

---

[209] Article V, Section 3(a) of the *Fund's Articles of Agreement*.

[210] For more details on financing assurances required in the context of unsustainable debt and restructuring, please see Section II of *the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i).

[211] See paragraphs 33-35 of the *Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* for a detailed description of which claims are considered "direct bilateral claims" for Fund policy purposes.

[212] For example, outside the restructuring context, arrears might arise because of technical problems with payments, diplomatic disagreements, or difficulties in establishing the appropriate counterparts for payment. See *the Guidance*

(continued)

Fund maintains a policy of non-toleration. In practice, tacit approval of an official bilateral creditor's Executive Director (i.e., non-objection at the Board meeting) has been deemed sufficient to satisfy this policy.[213] **Second,** if a restructuring of the arrears is required under the program parameters or the underlying claim is covered by a past restructuring (OSI cases), the direct bilateral claim is subject to the LIOA policy, and the Fund may provide financing notwithstanding those arrears only under carefully circumscribed circumstances. Country teams should seek guidance from LEG and SPR on which of these two categories are applicable to particular cases. In a small subset of emergency situations, such as in the aftermath of a natural disaster, where the urgent BOP need arose from exogenous shocks and the extraordinary demands on the affected government are such that there is insufficient time for the debtor to undertake good faith efforts to reach agreement with its creditors, the Fund may provide financing under the RCF despite arrears on direct bilateral and some IFI claims without meeting the requirements set forth in the LIOA unless it is a case of long-standing arrears.[214] However, it would be expected that the Fund's support provided to the debtor in such cases would help advance normalization of debtor-creditor relations and debtor authorities must commit to make good-faith efforts toward the resolution of arrears. Again, it would be important for country teams to consult with LEG and SPR as soon as possible in such cases.

223. The LIA policy also applies to emergency financing requests under the RCF with scope for flexibility when exceptional circumstances exist. The LIA policy covers sovereign arrears to private external creditors and non-sovereign arrears that arise by virtue of the imposition of exchange controls.[215] Under this policy, the Fund can lend, on a case-by-case basis, in a situation of sovereign arrears to private external creditors and only where: (i) prompt Fund support is considered essential for the successful implementation of the member's adjustment program; and (ii) the member is pursuing appropriate policies and is making a good faith effort to reach a collaborative agreement with its creditors (or to facilitate a collaborative agreement between private debtors and their creditors and good prospects exist for the removal of exchange controls). As with the LIOA policy, in a small subset of emergency situations, such as in the wake of a conflict or natural catastrophe, where the urgent BOP need arises from exogenous shocks and the extraordinary demands on the affected government are such that there is insufficient time for the debtor to

Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings (IMF, 2024i)

[213] See the *Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i). However, to ensure the policy will be met, Area Department staff should reach out to creditor Executive Directors in advance to ensure there will be no objection. Where an Executive Director signals that a creditor will object, the policy will not be met, and the staff report cannot be issued to the Board until the arrears to that creditor are either cleared or until the creditor changes its mind.

[214] Policy Reform Proposals To Promote The Fund's Capacity To Support Countries Undertaking Debt Restructuring (IMF 2024).

[215] See IMF, 1999a, *Reviews of the Fund's Sovereign Arrears Policies and Perimeter* (IMF, 2022b), and *the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (IMF, 2024i). This covers arrears to non-sovereign creditors – i.e., private external creditors and public-sector entities that are not part of the budgetary process of the government in the creditor country or acting on behalf of the creditor country government. See paragraph 42 of the Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings (IMF, 2024i).

undertake good faith efforts to reach agreement with its creditors, the Fund may provide financing under the RCF despite arrears owed to private creditors without assessing whether the good-faith criterion has been met. However, it would be expected that the Fund's support provided to the debtor in such cases would help advance normalization of relations with private creditors and the resolution of arrears, so that the approval of any subsequent Fund arrangement for the member would again be subject to the LIA policy on lending into sovereign arrears to private creditors. Moreover, staff reports should in any event provide information on arrears to private external creditors.

Overdue Obligations to the Fund

224. Where a member is in arrears to the Fund in the GRA, the Special Disbursement Account, or the SDR Department, or to the Fund as Trustee (including the PRGT and RST), a request for IMF financing, including under the RCF, will not be approved and disbursements under an existing arrangement would be suspended.[216] One month after a financial obligation has become overdue, the MD will notify the Executive Board that an obligation is overdue. A report by the MD to the Executive Board will be issued two months after a financial obligation has become overdue, and will be given substantive consideration by the Executive Board one month later. The report will request that the Executive Board limit the member's use of Trust resources. A factual statement noting the existence and amount of arrears outstanding for more than three months will be also posted on the member's country-specific page on the Fund's external website. Once the Executive Board adopts a decision to limit the member's use of the Trust resources, a press release will be issued. The MD may recommend advancing the Executive Board's consideration of the reports regarding overdue obligations but the MD may also recommend postponing for up to one-year periods the Executive Board's consideration of a report regarding a member's overdue obligations in exceptional circumstances where the MD judges that there is no basis for an earlier evaluation of the member's cooperation with the Fund. While a member is in arrears to the Fund, policy support can only be provided through surveillance, technical assistance, and, under certain circumstances, SMPs.[217] Remedial measures for dealing with PRGT arrears include removal from the list of PRGT-eligible countries, declaration of noncooperation with the PRGT Trust, and suspension of technical assistance. Annual reports and financial statements will identify those members with overdue obligations to the Trust outstanding for more than six months.

Safeguards Assessments Policy

225. Under the RCF, a member's request for assistance will require a commitment to undergo a safeguards assessment and to provide Fund staff access to the central bank's most recently completed external audit reports (whether or not the audit is published); the member shall authorize its external auditors to hold discussions with staff. The commitment and authorization is to be provided at the time when the member makes a formal written request for RCF resources. The

[216] See also Appendix II of the PRGT Instrument on *the Procedures for Addressing Overdue Financial obligations to the PRGT*; and RST Instrument, Section II, paragraph 2(e) and 3(e).

[217] See *Review of the Fund's Strategy on Overdue Financial Obligations*, Annexes I and II (IMF, 2012e).

timing and modalities of the assessment will be determined on a case-by-case basis depending on the institutional and administrative capacity of the central bank. It is presumed, however, that the safeguards assessment would have been completed before Board approval of any subsequent arrangement to which the Fund's safeguards policy applies.[218] The safeguards process involves a continuous analysis of information obtained primarily through the collection of documents, and discussions with the authorities and the central bank's external auditors. It entails an evaluation of the central bank's safeguards framework covering governance, auditing, financial reporting, control systems, autonomy, mandate and legal framework over the life of an arrangement and for as long as Fund credit remains outstanding. Close cooperation and coordination between FIN, other functional departments, and area departments is essential for the effective conduct of the safeguards process. It is important for FIN to be kept informed by area departments of safeguards issues, including logistical issues such as the timing of new arrangements.

G. Policy Objectives and Design

Policy Objectives

226. While the policy standard for RCF support is considerably more flexible than for UCT-quality arrangements supported under the ECF and SCF, the member's policies should not compound existing balance of payments difficulties and should in general be aimed at making progress toward achieving or restoring a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth (see definition in Section A). This would involve steps to address, though not necessarily resolve, the country's macroeconomic imbalances and maintain or move toward (i) strong and durable poverty reduction and growth, (ii) low or moderate inflation, (iii) sustainable fiscal and current account balances, (iv) limited debt vulnerabilities, (v) adequate international reserves, and (vi) sufficient policy and institutional capacity to implement appropriate macroeconomic policies.

227. RCF-supported policies should, to the extent possible, be aligned with the country's own poverty reduction and growth objectives (see further below). The LOI and staff report for an RCF request should discuss the current situation, including the cause of the urgent balance of payments need, and macroeconomic prospects. Near-term RCF-supported policies should be clearly articulated in the LOI and MEFP (optional) and associated staff report, and should be consistent with the country's medium- and longer-term policy objectives, which would typically include:[219]

- **Fiscal policies,** where (i) the fiscal stance is well anchored to help ensure macroeconomic stability and fiscal/debt sustainability, (ii) revenue and spending policies take due account of the country's growth and social objectives, and (iii) budgets are guided by medium-term fiscal frameworks to the extent possible.

[218] See IMF, 2015g, 2015h, 2015i, and 2010h.

[219] For further discussion of Fund program design in LICs, see IMF, 2008b and 2007a.

- **Monetary policies** that are consistent with inflation, exchange rate, and reserve objectives, while taking due account of cyclical considerations.

- **Exchange rate policies** that ensure a unified exchange rate and a real exchange rate level that is broadly in line with fundamentals, ensuring a stable and sustainable external position consistent with adequate growth.

- **Financial sector policies** geared toward financial stability and deepening with a view to fostering investment and forestalling financial crises.

- **Public financial management** reforms aimed at ensuring that resources are tracked, reported, and targeted appropriately (including by providing adequate resources for social and other priority spending), public debt management aimed at supporting debt sustainability, and revenue reforms aimed at broadening the revenue base, and enhancing tax efficiencies.

- **Other structural reforms** that are critical for achieving the member's macroeconomic objectives.

Role of RCF Financial Support

228. The balance of payments support through the RCF can assist countries in smoothing the adjustment process toward a more stable and sustainable macroeconomic position.[220] The Fund's financial support can be used both to replenish international reserves of the member country and to provide liquidity for making external payments. By relaxing external financing constraints, the Fund's balance of payments support in effect also loosens domestic liquidity constraints for both the public and private sector. Specifically, Fund financing reduces the need for retrenchment in the public and private savings-investment balances, thus enhancing policy options (allowing less contractionary fiscal, monetary, and exchange rate policies) and cushioning private sector adjustment (e.g., investment and import declines). The appropriate mix of financing and public/private adjustment is determined on a case-by-case basis.

229. A member may choose to use the domestic counterpart of resources received under an RCF to finance, directly or indirectly, the budget deficit of the government. Such budget financing is consistent with the Fund's legal framework to the extent that the member has balance of payments problems and is implementing a program that will assist it in resolving such problems. Direct budget financing[221] may be appropriate when (i) the policies are designed in a manner that

[220] Consistent with the Fund's unique role in LICs, it can provide moderate levels of liquidity support to help address macroeconomic imbalances, while the bulk of financial assistance is normally expected to come from donors. Fund financial support, while concessional and aimed at similar long-term goals, is distinct from development assistance provided by others (often on more concessional terms) as it provides inter-temporal smoothing of adjustment rather than a permanent resource transfer. Fund lending to LICs is generally expected to catalyze such donor support, leveraging the Fund's scarce subsidy resources. See IMF, 2009e and 2009b.

[221] Direct budget financing (also known as direct budget support) refers to cases where disbursements of Fund resources are made directly to the country's treasury at the request of the member. By contrast, indirect budget

(continued)

envisages that the entire amount of the Fund's financial support is used to meet a present or prospective balance of payments need, (ii) loosening fiscal financing constraints is an important macroeconomic objective under the policies, and (iii) the central bank cannot or should not (for legal or institutional reasons) lend to the government while the domestic financial sector is too shallow (or not stable enough) to provide the necessary budget financing (or the central bank plays a largely passive domestic policy role, for instance under a currency board or in a fully dollarized economy). In these cases, staff reports should justify the use of the domestic counterpart of resources obtained from RCF support for budget financing where relevant and discuss safeguards implications, including referring to the conclusion of a memorandum of understanding between the central bank and fiscal authorities.[222]

Links to Poverty Reduction Strategies and Social Spending

230. RCF-supported policies should generally be aligned with the country's own poverty reduction and growth objectives. The following specific guidance applies to PRS linkages:[223]

- Any financing request under the RCF must be accompanied by a statement, normally in the LOI or MEFP, of how the RCF-supported policies advance the country's poverty reduction and growth objectives—given the focus of RCF support on urgent balance of payments needs, this linkage may be indirect; e.g., primarily through efforts to bolster macroeconomic stability, which is needed to underpin poverty reduction and growth.[224] In cases where a relevant PRS document exists, this description in the LOI/MEFP could cross-reference to the PRS document, and the RCF-supported policies should take into account—and to the extent possible, generally be consistent with—the objectives of the PRS in the context of promoting a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

- PRS documents are not required for RCF disbursements, consistent with the RCF's focus on urgent balance of payments needs. Nonetheless, whenever a future ECF-, or SCF-supported program is under consideration, staff should inform the authorities at an early stage about the relevant definitions and timelines for PRGS requirements (Appendix V) to ensure adequate time for the PRS process.

---

financing can be provided when the Fund makes disbursements to the central bank and these help relax domestic financing constraints for the public sector as part of the broader macroeconomic program. A special case of budget financing is Fund financial support to members of a monetary union. For example, in the CFA franc zone, the regional central bank unconditionally provides credit in the (domestic currency equivalent) amount of Fund support to the relevant government. See IMF, 2010f. In cases involving budget financing, the respective roles and responsibilities for the related financial obligations to the Fund should be clarified in a framework agreement between the government and the central bank (e.g., through a Memorandum of Understanding.

[222] See IMF, 2015g, 2015h, 2015i, and 2010h. A fiscal safeguards review is required if, as a result of an RCF disbursement, the criteria for conducting fiscal safeguards reviews are met during an arrangement.

[223] See Appendix V for detailed guidance on poverty reduction objectives and related documents.

[224] See Appendix V for a definition of an I-PRSP.

231. Social and other priority spending should be safeguarded and, whenever appropriate, increased under RCF-supported policies.[225] Whenever the LOI/MEFP for RCF support includes indicative targets (e.g., when the authorities seek to establish a track record, including for repeated use of the RCF), these should include a floor on social and other priority spending, whenever possible. The definition of what constitutes social, or other priority spending should be consistent with the authorities' poverty reduction and growth objectives. In cases where tracking of such expenditures is not feasible, the RCF documentation should report on which measures are envisaged to develop an adequate tracking system. Staff should monitor progress in establishing these tracking systems, and the program may include relevant structural measures, if appropriate.

Debt Sustainability Analysis

232. RCF-supported policies should be underpinned by a thorough DSA to inform the elaboration of medium-term debt strategies and fiscal frameworks. Country teams should engage with the authorities in the preparation of DSAs, discuss the results, and share the final files with the relevant officials. DSAs for LICs should be prepared jointly with the World Bank, and country teams should also involve other relevant MDBs in the preparation of DSAs. Joint DSAs are required for all PRGT-eligible I countries that also have access to IDA resources.

233. A full DSA should generally be produced at least once every calendar year. A new DSA should be produced for any new request for IMF financing (even when an annual DSA has already been completed).[226]

234. DSAs for LICs should be presented as self-contained documents (see Appendix IX). They should normally be prepared using the LIC DSF.[227] The LIC DSF analysis includes three components:[228]

- A forward-looking analysis (20-year projection) of debt and debt-service dynamics under a baseline scenario, alternative scenarios, and standardized stress tests;

- An explicit rating of the risk of external debt distress (low, moderate, high, or in debt distress) based on indicative country-specific debt-burden thresholds that depend on the quality of policies and institutions in the country; and an assessment of the overall risk of debt distress; and

[225] See *the Operational Guidance Note for IMF Engagement on Social Spending Issues* (IMF, 2024f)

[226] Article IV Consultations should be accompanied by a DSA. See (IMF, 2022h).

[227] DSAs using the LIC-DSF template should be used for all PRGT-eligible countries that also have access to IDA resources.

[228] For the details on the use of the DSF, please see IMF, 2018b; and IMF, 2024g.

- Recommendations on a borrowing (and lending) strategy and other crucial macro policies to limit the risk of debt distress, while maximizing the resource envelope to achieve the country's development objectives.

Collaboration with the World Bank and Other Development Partners

235. Fund staff should consult closely with all major development partners active in the country when designing and monitoring RCF-supported policies. In addition to this routine collaboration, the JMAP[229] approved by the Boards of the World Bank and IMF calls on Bank and Fund country teams to consult with each other at least once a year in order to identify the country's key macroeconomic and structural reform challenges and coordinate work plans in support of addressing these challenges (see Appendix IX).

H. Conditionality

236. The RCF does not require a UCT-quality economic program, and does not involve ex post conditionality (i.e., quantitative or continuous performance criteria), a time-bound arrangement, or formal program reviews. Instead, the RCF provides for outright disbursements based on a number of ex ante policy undertakings (see Section A on Eligibility and Qualification).

Prior Actions

237. Prior actions could be specified, if necessary, but this would be expected only in exceptional circumstances, specifically when it is critical for addressing the urgent balance of payments need effectively that a measure be taken prior to the financial assistance provided under the RCF. Prior actions could be appropriate, for example, if the RCF is used (including to support building a policy track record) after severe policy slippages that could call into question the authorities' capacity and commitment to implement policies that would not compound the balance of payments difficulties (see Section A on ex ante policy undertakings). Prior actions should be implemented no later than five working days before the Board discussion. They should be defined in the LOI/MEFP and cross-referenced in the Board Decision approving the disbursements.

Monitoring Policies

238. There is considerable flexibility on how the RCF can be used to support forward-looking economic policies. In contrast to UCT-quality arrangements, RCF disbursements do not require understandings on a program of economic policies other than general ex ante policy undertakings by the authorities described in Section A, including the commitment to cooperate with the Fund and not to introduce measures that would compound the country's balance of payments difficulties. However, the policy commitments under the RCF *can* be used to provide general policy support, establish a track record of economic performance (similar to an SMP), and even help monitor the implementation of UCT-quality economic policies. The latter may occur, for example,

[229] See IMF, 2007c and 2010d.

when a country with a set of well-specified and sound economic policies experiences a temporary shock that creates a balance of payments need that is expected to be resolved within one year and without the need for major policy adjustments. By contrast, shocks that create more substantial or prolonged adjustment or financing needs should generally be addressed through a financial arrangement. To this end, RCF support can be provided together with staff recommendations on macroeconomic policies, monitoring of economic performance, specific policy commitments and indicative targets, or any combination of these.

239. In cases where the RCF supports a track record of policy performance, the LOI/MEFP for a disbursement request would typically set out agreed monitorable quantitative and structural indicators (which could be called indicative targets or benchmarks), based on specific test dates and deadlines. The design of monitoring could mirror that of SMPs or past practice under EPCAs, but is in general very flexible, and would not require specification of a time-bound program period. The specification of policy objectives and indicators should be aimed at supporting adequate policies to address the urgent balance of payments need and, if relevant, facilitating the member's transition to a UCT-quality program. As the targets do not have the status of PCs, waivers are not required if they are missed. Similarly, program adjustors would not be needed.

- Quantitative periodic indicative targets could include measures of net international reserves, central bank domestic assets, domestic and fiscal balances or financing, external debt, social and other priority spending where possible, and any other relevant macro-critical indicators. Continuous measures could include commitments related to non-introduction of certain exchange restrictions and multiple currency practices, and non-accumulation of external arrears.

- RCF-supported policy track records could include an agenda for macro-critical structural reforms, with flexibility on the timing of the measures. Structural benchmarks could be identified and should be critical measures that are intended to serve as clear markers in the assessment of progress in the implementation of critical structural reforms in the context of the track record. Structural benchmarks should be used as parsimoniously as possible, and their macro-criticality explicitly justified in program documents, ideally in a structural benchmark table. Structural benchmarks do not require a specific target date but should give an indication of the envisaged time frame.

Misreporting[230]

240. Misreporting occurs when members with a Fund-supported program obtain resources on the basis of inaccurate information regarding observance of quantitative or continuous PCs or prior actions (a "noncomplying disbursement"). As there are no PCs under the RCF, a noncomplying disbursement can only occur with respect to misreporting of prior actions (if applicable), in particular when (i) the Fund makes a disbursement on the basis of a finding that all prior actions established for that disbursement have been observed and (ii) that finding later proves

[230] Misreporting is distinct from members' obligations on data provision to the Fund under Article VIII, Section 5. See next footnote below for references.

to be incorrect. Upon evidence that a member may have received a noncomplying disbursement, the MD shall inform the member promptly. After consultation with the member, if the MD determines that the member did receive a noncomplying disbursement, the MD shall promptly notify the member and submit a report to the Executive Board with recommendations. The Board may decide either (a) that the member shall be expected to repurchase/repay the disbursed amount, or (b) that the non-observance will be waived. Waivers will normally be granted only when the deviation from the relevant condition was minor or temporary, or if, subsequent to the disbursement, the member had adopted additional measures appropriate to achieve the objectives supported by the relevant decision on the disbursement. Relevant information on misreporting should be made public by including it in the documents to be published after the Board discussion, such as a press release containing the Chairman's Statement or summing up, with prior Board review of the text for publication.

241. Whenever the Executive Board finds that a noncomplying disbursement has been made but that the non-observance of the relevant specified condition was also *de minimis* misreporting, a waiver for non-observance shall be granted by the Executive Board.[231] The discussion of *de minimis* misreporting will be included in a staff report on the member that deals with other issues but the discussion should be deleted if such a report is published.

I. Track Records

242. The RCF can be used to build a track record of policy performance to enable repeated disbursements under the RCF or to support a transition to a UCT-quality program. As the RCF involves outright disbursements without program reviews, there is no phasing of disbursements or test dates for indicative targets. As discussed in Section H, RCF-supported track records would typically include agreed monitorable quantitative and structural indicators (which could be called indicative targets or benchmarks). Test dates for quantitative targets can be set on a monthly, quarterly, semi-annual, or annual basis, including a combination thereof. Test dates should generally be set such that they provide useful information for the purpose of assessing performance in advance of potential future possible Fund support through the RCF. If a clear and explicit policy framework is needed to establish a track record for a UCT-quality program, an RCF could be used concurrently with an SMP. See Appendix III for a discussion of different types of track records.

243. A track record of adequate macroeconomic policies is required for an RCF disbursement when the member has already received RCF financing in the past three years and does not qualify under the "exogenous shocks" window or the "large natural disasters" window. Such a track record would normally cover at least six months immediately prior to the disbursement, and the staff report should provide an assessment of past policy performance against any previously specified policy objectives and targets. This is also good practice if the repeated disbursement is motivated by an exogenous shock, even though a track record is not required for

[231] For more details on misreporting, see Appendix I of the PRGT Instrument and (Decision No. 14354-(09/79)). *Guidance Note on the Fund's Transparency Policy* (IMF, 2013h). Also, see IMF, 2006e.

the subsequent disbursement. The track record period would normally start around the time the relevant track record objectives and policies become clear. Specifically, the track record period should start no earlier than the first-time substantive policy discussions on near-term macroeconomic targets started between the country team and the authorities, and no later than the time *ad referendum* understandings were reached on such targets. Approval of a repeated disbursement would be based on a finding that the member's overall policy performance was adequate, taking into consideration the severity of the economic situation and the member's capacity. In exceptional cases, where no relevant pre-determined monitorable objectives exist at the time a successive RCF disbursement is requested in response to an urgent financing need (for instance because of the passage of time since the preceding disbursement), the track record could be based on the Fund's assessment that macroeconomic policies have been adequate at least over the most recent six-month period.

J. Other Relevant Policies

244. Additional modalities and policy requirements apply to the RCF, including the following:

- **Ex-Post Peer Review Assessments (PRAs).** Access to resources under the RCF does not count toward the policy on LTPE or the requirement to conduct an Ex-Post Peer Reviewed assessment.

- **Post Financing Assessments (PFAs).** Outstanding RCF credit will be subject to PFA.[232] Normally, members with outstanding credit from the Fund in the GRA and/or PRGT and/or the RST exceeding 200 percent of quota (135 percent of quota when the general conditions for effectiveness of the 16th GRQ have been met) or SDR 0.38 billion from the PRGT (and/or SDR 1.5 billion from the GRA and/or 0.38 billion from the RST) after the expiry of their arrangements, are expected, upon the recommendation of the MD, to engage with the Fund in PFA of their economic developments and policies. Normally one standalone PFA paper is expected to be issued for Executive Board consideration in a 12-month period.

- **Article IV consultation cycle.** RCF support does not alter the regular (typically 12-month) cycle for Article IV consultations. The pre-existing consultation cycle is preserved (12 or 24 month), at the time of RCF approval, subject to other conditions/criteria as specified in the Decision No. 14747-(10/96).

- **Exchange System obligations under Articles VIII and XIV and Data Provision under Article VIII, Section 5**. Requirements under Article VIII Sections 2, 3, 4 and Article XIV are discussed in IMF (2006d) and the new policy on Multiple Currency Practices (MCPs), effective February 1, 2024, is discussed in Guidance for the Fund's policy on Multiple Currency Practices. The Fund may require members to furnish it with such information as it deems necessary for its activities, including program monitoring.

[232] See IMF, 2005a and 2010e, and Decision No. 13454-(05/26), as amended.

- **HIPC.** A period of performance under a monitorable track record supported by the RCF can count toward a track record of strong policy performance required for the HIPC decision point where the SMP has been endorsed by the Executive Board as being of UCT-quality.[233] The minimum required track record for the decision point is six months.

- **Side letters.** The use of side letters in LIC programs and financing requests has been extremely rare. Side letters may be used when release of information on policy understandings at the time of a RCF request would cause adverse market reaction or undermine the authorities' efforts to prepare the domestic groundwork for a measure.[234]

[233] See Appendix IV for details on the HIPC Initiative.

[234] For the Fund's policy on side letters, see Decision No. 12067-(99/108).

Appendix I. Historical Evolution of the Fund's Concessional Lending

The Fund began lending on concessional terms in the mid-1970s and has adapted its concessional lending framework since then making it into a modern architecture of concessional facilities available to low-income members.

1. The Subsidy Account was established in 1975 to reduce borrowing costs from the Oil Facility for the Fund's most seriously affected members facing BoP needs exacerbated by the oil price shock. This gave birth to the Fund's concessional lending.

2. The Trust Fund, using the proceeds of sales of 1/6 of the Fund's pre-Second amendment gold, was established in 1976 to provide additional concessional assistance on "first credit tranche" conditions to support BoP adjustment efforts of LICs. The use of a trust structure—apart from the GRA—has allowed greater flexibility in providing different lending terms to members and in mobilizing resources.[1]

3. The Structural Adjustment Facility (SAF) created in 1986 and funded with the repayments of Trust Fund loans into the newly created Special Disbursement Account (SDA) explicitly recognized that LICs may face protracted BoP problems that are distinct from BoP needs in the context of GRA financing. The SAF envisaged the adoption of a comprehensive three-year policy framework of structural reforms that anchored annual loan disbursements.

4. The Enhanced Structural Adjustment Facility (ESAF) Trust was established in 1987 to channel additional concessional resources made available mostly from a broad range of contributors in the form of loans and grants to support LICs facing protracted BoP problems and undertaking structural adjustment programs.[2] The ESAF became the main vehicle of the Fund's concessional financing with quantitative conditionality, differentiated access rules, and enhanced performance monitoring in comparison to the SAF.

5. The Poverty Reduction and Growth Facility (PRGF) Trust was created by reforming the ESAF Trust in 1999 in a broad revamp of the international LIC financing architecture that put country ownership and poverty reduction squarely at the center. Conditionality became more selective and focused on actions that were critical to achieving the program's macroeconomic objectives. The PRGF, like its predecessors the SAF and ESAF, was geared towards helping countries' resolve protracted BoP problems. In the mid-2000s, the Exogenous Shock Facility (ESF) within the PRGF Trust (then renamed PRGF-ESF Trust) was established to strengthen the Fund's concessional emergency assistance to LICs hit by sudden and exogenous shocks.

---

[1] The Trust Fund provided loans at a lower interest rate (0.5 percent per year) and a longer maturity (10 years) compared with financing under the GRA.

[2] The repayments of Trust Fund loans and SAF loans were used to fund a reserve account and subsidy resources while relying on borrowed resources to fund the principal of loan disbursements and bilateral subsidy contributions.

6. The PRGT was established in 2009 as the successor of the PRGF-ESF Trust and as part of a sweeping reform of the architecture of concessional lending facilities designed to cover all types of BoP needs. Three lending facilities were created: the ECF as the Fund's main upper credit tranche (UCT)-quality tool for providing medium-term support to LICs with protracted BoP problems; the SCF as a UCT-quality financing tool for LICs with short-term BoP needs; and the RCF to provide LICs with rapid financing with limited conditionality to meet urgent BoP needs. The facilities were broadly aligned with those under the GRA, making blending of concessional and non-concessional resources operationally more seamless. The 2009 reform also enhanced the financial structure of the PRGT.[3]

7. Since the 2009 reform, two comprehensive reviews were completed, along with several other reforms, but the basic PRGT architecture has remained unchanged. The reviews/reforms were aimed at providing more flexible and tailored support to evolving LICs' financing needs, while ensuring that the PRGT remains financially sustainable. Significant changes between 2012–17 included modifications to the Fund's policy on Poverty Reduction Strategies (PRS), interest rate policies, and the increase in PRGT access limits. Moreover, three critical sets of reforms have been introduced to the PRGT facilities architecture in the context of the 2018–19 Review of LIC Facilities, the July 2021 reforms in response to the COVID-19 pandemic, and the October 2024 Review of the PRGT Facilities and Financing:

- The 2012-13 *comprehensive review* refined the lending toolkit and streamlined operational procedures. In parallel, the Fund adopted a three-pillar strategy to ensure that the PRGT has sufficient resources to meet projected demand. This consisted of: (i) a base envelope (initially SDR 1¼ billion in annual lending capacity); (ii) contingent measures that can be put in place if average financing needs exceed the base envelope by a substantial margin for an extended period;[4] and (iii) a principle of self-sustainability under which future modifications to LIC facilities would be expected to ensure that demand can be met with the available resources under the first and second pillar under a plausible range of scenarios.

- The 2015 *targeted reforms* increased access limits of Emergency Financing instruments, set the interest rate on RCF to zero, and adjusted the blend of PRGT and GRA financing from 1:1 to 1:2 in the context of the work on Financing for Development.

---

[3] In particular by introducing dedicated subsidy accounts for each facility in addition to the General Subsidy Account to accommodate donor preferences.

[4] If the Board considers that the self-sustaining capacity would decline substantially below base envelope, it could decide to activate a range of contingent measures including (i) reaching additional understandings on bilateral fundraising efforts to be supported by a broad range of the membership, with contributions from traditional and non-traditional donors to the PRGT; (ii) the suspension for a limited period of time of the reimbursement of the General Resources Account (GRA) for PRGT administrative expenses; and (iii) modifications of access, blending, and interest rate and eligibility policies to reduce the need for subsidy resources.

- The *2018-19 comprehensive review* was part of a wider policy work agenda relating to the Fund's support to LICs,[5] and took place on the back of an erosion of the limits on access to concessional financing relative to LICs' GDP levels and external financing needs, greater demand for emergency financing due to the increasing frequency of natural disasters, and a rise in debt vulnerabilities in many LICs, while fragility and institutional weaknesses continued to present a formidable challenge to economic progress in a wide range of countries. Reforms introduced to counter these challenges included: (i) a generalized one-third increase in access limits and norms; (ii) an additional increase in access to the RCF (and RFI) to better cater to the needs of fragile and conflict-affected states (FCS) and states vulnerable to natural disasters; (iii) blending policy reform to enhance the targeting of PRGT resources to the poorest and most vulnerable states; (iv) a strengthening of safeguards for high access and exceptional access cases; and (v) an increase in flexibility of PRGT instruments through reforms to the SCF and ECF.

- *In the context of the July 2021 ad-hoc PRGT review,*[6]. the Executive Board approved a further set of policy reforms to PRGT facilities together with an associated funding strategy, to ensure adequate support for LICs during the COVID-19 pandemic and its aftermath, while continuing to provide concessional loans at zero interest rates. Fund lending to LICs saw an eightfold increase in 2020 relative to average lending levels in 2017–19 as countries braced their economies and health sectors against the impact of the global pandemic, with elevated lending to LICs expected to continue for several years as countries struggle to recover from the unprecedented crisis. The centerpiece of the 2021 reforms was a 45 percent increase in the normal limits on access to concessional financing, coupled with the elimination of hard limits on exceptional access for the poorest countries and modifications to access norms. In addition, the reforms introduced changes to the framework for blending concessional and non-concessional resources to make it more robust and less complex, modifications to the exceptional access criteria, and stronger safeguards to address concerns regarding debt sustainability and capacity to repay the Fund given the heightened debt vulnerabilities and increasing Fund credit exposure in the majority of LICs. In order to cover the cost of these reforms while ensuring the self-sustainability of the PRGT, the Executive Board also approved a two-stage funding strategy: the first stage would aim to secure SDR 2.8 billion in subsidy resources (to support zero interest rates), and an additional SDR 12.6 billion in loan resources, as soon as feasible; the second stage, set for 2024–25, would seek a more lasting solution to the financing of the Fund concessional lending model in the context of a full review of LIC facilities

---

[5] The work agenda included the *2018 Review of Program Design and Conditionality* (IMF, 2019e), the *2018 IEO report on The IMF and Fragile States* (IMF, 2018a), and the *2019 Poverty Reduction and Growth Trust—Review of Interest Rate Structure* (IMF, 2019d). The work agenda included the *2018 Review of Program Design and Conditionality* (IMF, 2019e), the *2018 IEO report on The IMF and Fragile States* (IMF, 2018a), and the *2019 Poverty Reduction and Growth Trust—Review of Interest Rate Structure* (IMF, 2019d).

[6] See *Fund Concessional Financial Support for Low-Income Countries—Responding to the Pandemic* (IMF, 2021a)

- The 2023 *targeted interim review of access limits* under the PRGT[7] raised the PRGT access limits to 200/600, in line with the temporarily increased access limits under the GRA. These changes were motivated by the need to support LICs in a particularly challenging and uncertain global economic environment, allowing more flexibility to access concessional resources under normal access limits.

- The 2024 *Review of the PRGT Facilities and Financing*[8] *notably aimed to identify a comprehensive reform package to maintain adequate financial support for LICs in the years ahead while restoring the Trust's self-sustainable lending capacity* it focused in three main areas: (i) estimating a long-term self-sustained annual lending envelope for PRGT; (ii) proposing policy changes to support this level of lending, mitigate risk without overburdening the Fund's policy framework and further prioritize concessional resources to the poorest LICs; and (iii) securing funding to address the PRGT subsidy needs (see Chapter I Section A).

[7] See *Interim Review of Access Limits Under the Poverty Reduction and Growth Trust and Initial Considerations for Access Limits under the General Resource Account* (IMF 2023e).

[8] See *2024 Review of the PRGT Facilities and Financing—Reforms Proposals* (IMF, 2024e)

Appendix II. Quantitative Conditionality

This Appendix discusses the specific issues concerning the selection, definition, and monitoring of quantitative (periodic and continuous) conditions under Fund-supported programs for LICs.[1]

A. Periodicity and Definitions

1. Under Fund-supported programs for LICs, quantitative PCs—or QTs in the case of the PCI—shall be phased no more than six months apart. In practice, PCs are usually set on a semiannual basis and tied to semiannual program reviews, while indicative targets referred to as quantitative benchmarks are normally specified for the intervening quarters. When closer monitoring is considered helpful for program implementation, PCs and reviews could be at quarterly intervals, for instance in the context of significant short-term volatility and/or uncertainty. There is scope for some flexibility in setting the specific availability/test dates relative to strict adherence to six-monthly cycles, for example when there is a need to align monitoring with national budget/reporting cycles, as long as deviations are minor.

2. Quantitative periodic conditionality should normally cover all test dates that fall within the 12 months after the Board meeting (initial approval or review). Under semiannual monitoring, PCs would therefore normally be established for two future test dates at the time of approval of the arrangement and at each review (except for the penultimate and final reviews). In circumstances where there is uncertainty relating to the PCs for the second test date, the targets may initially be set as indicative targets at the time of arrangement approval or review, and subsequently converted into PCs at the time of the next review. Specifically, the table of quantitative conditionality (the "PC table") attached to the LOI/MEFP should clearly identify PCs, indicative targets, and adjustors for at least a 12-month period from the Board date of the arrangement approval or review. Indicative targets should extend through the end of the calendar year (or fiscal year) for which policies are being discussed.

3. The precise definitions of PCs should be set out in a TMU attached to the LOI. PCs and indicative targets should relate to economic and financial variables that are critical for achieving the goals of the program. They should be defined simply and clearly, and in a manner that makes it easy for staff to objectively monitor and assess performance.

4. Quantitative periodic conditionality is normally set as cumulative flows or changes in stocks from a single reference date (normally, the beginning of a calendar or fiscal year) through each test date. The first such reference date, set at the time of approval of a new financial arrangement, would have to coincide with or predate the start of the program period. The reference

[1] The *Fund's Guidelines on Conditionality* (IMF, 2002d) apply to all Fund members. Principles and modalities of conditionality under the ECF, SCF, and RCF are discussed in the sections on "Conditionality" in Chapters II–IV of this *Handbook*, including discussion of prior actions, structural conditionality, waivers, modifications, and misreporting. See also *Operational Guidance Note on Program Design and Conditionality* (IMF, 2024c) for further guidance.

date would usually be moved ahead by one year on an annual basis. If it is considered appropriate, certain indicative targets (for instance on monetary aggregates or international reserves) may be set as period averages (e.g., over a number of days before or after the end-quarter date).

5. Quantitative PCs typically include measures of net international reserves, central bank net domestic assets, domestic and fiscal balances or financing, limits on external debt, where applicable (see Section E), non-accumulation of external payments arrears, and any other macro-critical indicators. PCs are often subject to program adjustors that reflect deviations from projected external flows. Indicative targets should include a floor on social and other priority spending where possible.

B. Fiscal Targets

6. Programs should have fiscal PCs and indicative targets that are based on appropriate analytical fiscal indicators and have the desired institutional coverage. Fiscal targets should also aim to cover all relevant government entities and transactions. Most targets are specified at the level of the central government or the general government, with the general government being the appropriate choice where sub-national governments have major fiscal responsibilities and relevant data are available. The fiscal PCs should generally cover both budgetary and extra-budgetary activities of the government. In all cases, the TMU should provide a clear definition of what is included in the term "government" (e.g., central, central and local, or including non-financial public organizations) for purposes of fiscal PCs.

7. Fiscal conditionality should be set on the indicator(s) that are most crucial for achieving program goals. The general stance of fiscal policy, i.e., the program's near-term fiscal anchor, is normally monitored through a PC on either a credit aggregate (e.g., net domestic financing of the government or net banking system credit to the government) or a deficit measure, (e.g., the overall deficit or the primary deficit of the government) or some combination of the above. Where a program is designed to address broad macroeconomic concerns, a deficit measure is a more appropriate basis for a PC. In particular, the overall deficit excluding grants will often be a good summary guide to the impact of fiscal policy on aggregate demand and inflation, while the overall deficit including grants will contain the governments' borrowing requirement and debt accumulation. In many LICs, the near-term fiscal anchor focuses on domestic revenues and spending (excluding more volatile receipts and outlays related to donor support), whereas countries with relatively high capacity may focus on the overall fiscal deficit. Oil exporters may focus on non-oil balances. Adjustors may be used to correct for volatile or one-off flows, as discussed below. Where debt sustainability is a concern, the primary fiscal balance is sometimes used as an alternative to the overall balance. It may also be appropriate to set (typically indicative) fiscal targets on domestic revenue, domestic arrears, or on social and other priority spending (see below). The quality, accuracy, and timeliness of data will be important factors determining the precise definition of the fiscal targets, and whether certain targets should be monitored as PCs or indicative targets.

8. The PC measuring the general stance of fiscal policy is often measured using "below-the-line" financing data. While targets measured from "above-the-line" have advantages from an ownership and transparency standpoint—because national budgets focus on revenue, expenditure, and the fiscal deficit, and not on the financing of the deficit—financing data are usually available more frequently, are more timely, and are of better quality. Revenue and expenditure data should be monitored to establish an above-the-line fiscal deficit that can be reconciled with below-the-line financing data, which can provide some reassurance that the data on the fiscal PC is accurate.

9. Exceptional receipts to the budget, such as proceeds from privatization or from a petroleum fund, should normally be defined as a financing item for the purposes of the program, though provisions may be made to allow some or all of these resources to be spent, where appropriate. In any case, the underlying economics of such exceptional expenditure items should guide program treatment (e.g., one-off receipts should not be used to finance permanent expenditure increases, even if such receipts are treated as revenue in statistical manuals).

10. Social and other priority spending should generally be safeguarded in Fund-supported programs in LICs[2]. This should be monitored through explicit program targets, typically an indicative floor on social and other priority spending, whenever possible. The definition of what constitutes social, or other priority spending should be consistent with the authorities' poverty reduction and growth objectives. In cases where tracking of such expenditures is not feasible, the program documentation should report on which measures are envisaged to develop an adequate tracking system. Staff should monitor progress in establishing these tracking systems, and the program may include relevant structural benchmarks if appropriate.

C. Monetary Targets

11. Monetary developments are normally monitored by setting a PC on net domestic assets, either of the central bank or the banking system (for reasons of data availability and quality, the former is more likely than the latter in many LICs). For purposes of monitoring, net domestic assets of the central bank may be defined as reserve money minus net international reserves or reserve money minus net foreign assets. In some cases, it may be appropriate to also include an indicative target on reserve money, banking sector credit, or broad money, in particular, when money or credit growth are of significant concern for inflation or banking system stability. A few Fund arrangements have set a PC on reserve money instead of net domestic assets. Which of the two is preferable depends on the priorities and risks of the program, the monetary regime, and the importance placed on protecting/increasing net international reserves relative to that placed on controlling inflation.[3] Money targets that are set as PCs should include an adjustor for changes in the reserve requirement, if applicable.

12. To provide flexibility and incentives for the development of a coherent framework for monetary analysis and monitoring, a review-based monetary policy consultation clause (MPCC)

[2] For a further discussion, see *the Operational Guidance Note for IMF Engagement on Social Spending Issues* (IMF, 2024f).

[3] For a further discussion, see IMF, 2007a, paragraph 40.

could be used in Fund-supported programs. Such option may be used by countries with evolving monetary policy frameworks that have minimal fiscal dominance, relatively low and stable inflation, and a good track record of monetary policy implementation supported by central bank technical and institutional development (especially the capacity to analyze monetary conditions) or are committed to a substantial strengthening of the policy framework. Consideration of country-specific circumstances relative to this "standard" would be undertaken flexibly on a case-by-case basis, with the benefit of lessons learned from previous programs. Under the MPCC, monetary conditionally would include a quantified macroeconomic framework with a set of quarterly or semiannual monetary aggregate or inflation targets set normally within a single tolerance band, which would be assessed during relevant program reviews. Deviations from the band will trigger a consultation with the Executive Board as part of the general review process, which would focus on: (i) a broad-based assessment of the stance of monetary policy and whether the Fund-supported program is still on track; (ii) the reasons for program deviations, taking into account compensating factors; and (iii) proposed remedial actions if deemed necessary. When the consultation with the Executive Board is triggered, access to Fund resources would be interrupted until it takes place and the relevant program review is completed Indicative targets related to monetary policy (e.g., on Net Domestic Asset (NDA) or credit to the government) could also be included to address country-specific risks, such as external stability or fiscal dominance concerns. If the MPCC regime selects inflation as the central target variable, a narrower inner band could be used as an early warning mechanism that would trigger an informal consultation with Fund staff.[4] Monetary ceilings are not required in programs that incorporate a currency board arrangement, or when the country is a member of a monetary union. However, where the rules of the currency board or monetary union give the member country some degree of control over credit growth, a monetary ceiling may be included in program conditionality.

D. Targets for International Reserves

13. Developments in international reserves are normally monitored by setting a floor on official (i.e., the central bank's) net international reserves (NIR) as a PC designed to ensure external sustainability and safeguard Fund resources. The definition of the PC should specify the precise coverage of the monetary authority, particularly where this differs from, or is broader than, the net foreign assets on the balance sheet of the central bank.

14. In programs involving disbursements of Fund resources made directly to an account of the member's Treasury in the central bank or monetary authority (i.e., direct budget financing) a composite central bank-Treasury aggregate should be used. In this case, the NIR (and NDA) measure used as a PC, should combine the central bank and Treasury positions. For instance, where Fund disbursements are deposited to the account of the member's Treasury at the central bank, while central bank NIR increases, composite NIR remains unchanged (central bank

[4] For a further discussion, see *Conditionality in Evolving Monetary Policy Regimes* (IMF, 2014a). See also *Revised Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines* (IMF, 2014b) for a further discussion of the review-based approach to monetary policy conditionality in Fund-supported programs (paragraphs 21-22).

gross reserves increase, while Treasury liabilities to the Fund increase). Similarly, while central bank NDA declines, composite NDA remains unchanged (with increased government deposits at the central bank lowering central bank NDA and increasing Treasury NDA).

15. Because international reserves must be usable, they should be defined to include only convertible, liquid, and unpledged (unencumbered) assets that constitute claims on nonresidents, net of short-term foreign liabilities that are public or publicly guaranteed; the outstanding stock of Fund credit is also netted out in order to ensure that the member cannot meet (miss) a performance criterion by purchasing/requesting loans (not purchasing/ not requesting loans) from the Fund. Assets that are the counterpart to foreign currency reserve requirement liabilities (i.e., foreign currency liabilities of the central bank to domestic commercial banks) are often excluded from the definition of NIR since these are not usable for balance of payments purposes (e.g., foreign exchange interventions) or under the control of the authorities (as they would need to be refunded to the extent that foreign currency deposits of commercial banks are withdrawn). Foreign liabilities are defined as loan, deposit, swap, and forward liabilities to residents and nonresidents whose value is guaranteed in foreign currency terms (denominated or indexed). The TMU should specify if liabilities to the participants to the SDR department are included.

16. Valuation effects arising from changes in the exchange rate or the price of gold should be excluded when defining the floors for net international reserves. To this end, the set of exchange rates and gold valuation that will be used for the purpose of calculating net international reserves should be specified in the TMU. Monetary authorities' NIR typically comprise assets denominated in a number of different currencies. The TMU should specify the exchange rate at which each of these components of NIR will be valued for the purposes of program monitoring. To avoid any suggestion that these accounting rates are forecasts, constant values should be used. NDAs and net credit to the government should also be calculated using accounting exchange rates where foreign currency items are important in the domestic banking system and where these can be monitored. Accounting exchange rates should be based on those prevailing at some recent, easily-checked date (e.g., the end of the previous year) and may be updated periodically during the life of an arrangement.

17. In cases in which the member maintains a currency board arrangement, the monetary authority ensures the maintenance of full foreign reserve backing for the currency board's liabilities for the duration of the Fund-supported program. The definition of this PC should specify the exact coverage of the foreign reserve backing. As with monetary limits, floors on international reserves are not required for a country that is a member of a monetary union.

E. Public Debt Limits

18. Public debt limits in Fund-supported programs seek to prevent the build-up of unsustainable debt, while providing countries with flexibility to raise needed financing for productive investments. Public debt conditionality should normally be included in Fund-supported programs when a member faces significant debt vulnerabilities, or when there are merits to using debt limits instead of, or as a complement to, "above-the line" fiscal conditionality. The policy on public debt limits was last reformed in 2020 and the new guidelines became effective in June 2021.[5]

19. The appropriate form of debt conditionality differs between countries that use the LIC-DSF for debt sustainability analysis and those that use the SRDSF.

- For countries that are eligible for the Fund's PRGT facilities, a debt sustainability analysis is typically undertaken using the LIC-DSF, conducted jointly by World Bank and Fund staff. The assessment of public debt vulnerabilities is informed by the risk of external debt distress and, where relevant, the overall risk of debt distress.

- In special cases, some PRGT-eligible countries that have substantial and durable access to markets may use the SRDSF for debt sustainability assessments.[6, 7] Public debt limits for these countries would typically be established in nominal terms and could take the form of limits on total public debt or limits on sub-categories of total public debt.

F. Payments Arrears

20. In cases where there are external or domestic payments arrears, indicative targets or performance criteria may be set for their phased elimination. For these purposes, the concept of government should be clearly defined (for example, whether state-owned enterprises or the social security and pension funds are included), as should the method for measuring arrears. Particularly in the case of domestic arrears, there may be significant measurement and controllability problems that preclude the use of such limits as performance criteria. Judgment as to whether limits on domestic arrears should be PCs or indicative targets should take into account the commitment control, measurements systems, and data quality of individual countries.

G. Continuous PCs

21. Continuous PCs always include, inter alia, commitments related to non-introduction of exchange restrictions and multiple currency practices. Specifically, continuous conditionality covers (i) imposition or intensification of restrictions on the making of payments and transfers for current international transactions; (ii) introduction or modification of multiple currency practices;

---

[5] See *Reform of the Policy on Public Debt Limits in IMF-Supported Programs* (IMF, 2020e) and *Proposed Decision and Proposed New Guidelines* (IMF, 2021g).

[6] Specifically, PRGT-eligible countries are eligible to use the SRDSF when they (i) have graduated from being IDA-only, as the LIC-DSF is required for the World Bank's operations and (ii) demonstrate substantial and durable market access based on one of the tests used for the purposes of assessing eligibility to use the Fund's concessional resources.

[7] For more details, see *Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for Market Access Countries* (IMF, 2022d). The SRDSF replaces the former Debt Sustainability Analysis for Market Access Countries (MAC DSA) framework following the comprehensive review of the MAC DSA (see the *Review of the Debt Sustainability Framework for Market Access Countries* (IMF, 2021)).

(iii) conclusion of bilateral payments agreements that are inconsistent with Article VIII; and (iv) imposition or intensification of import restrictions for balance of payments reasons. These continuous PCs are always included in the text of all Fund arrangements, and, given their nonquantitative nature, are usually not listed in the PC table. Other continuous PCs typically include the non-accumulation of external payments arrears. Where external debt ceilings are set at zero, these should also be specified as continuous PC. In monitoring continuous PCs, staff should ascertain continuous compliance with the PC, based on data provided by the authorities.

H. Wage Bill Ceilings

22. The use of wage bill ceilings over extended periods of time should be avoided, while ensuring flexibility in their application and requiring a clear justification in program documents. Wage bill ceilings should be used selectively, and their use limited to circumstances when they are designed as short-term measures when first-best options are not available.[8] The use of medium-term expenditure frameworks and strengthened budget and payroll systems is preferable and expected to obviate the need for wage ceilings over time. When countries might need substantial technical assistance to develop such systems, wage ceilings may be needed in exceptional cases based on macroeconomic considerations. However, their need and rationale must be reassessed and justified at the time of each program review.[9]

I. Adjustors

23. The purpose of adjustors is to protect the program from foreseeable shocks/developments beyond the authorities' immediate control. Adjustors allow the program to pre-specify the policy response to deviations from program assumptions in a manner that does not compromise the objective and predetermined nature of PCs applying to the disbursement of Fund resources. The automatic nature of adjustors distinguishes them from alternative ways of dealing with unanticipated developments, namely waivers, modifications of PCs, and adjustments during program reviews. Adjustors can be only used with PCs.

24. The following main principles should guide the design of adjustors.

- They should be used sparingly, with the aim of limiting the need for major policy adjustments in the face of uncertainty and volatility of key economic variables, such as export prices, foreign financing,[10] privatization receipts, or certain policy actions (such as bank recapitalization or changes in reserve requirements).

---

[8] See *IMF Executive Board Discusses Operational Implications of Aid Inflows for IMF Advice and Program Design in Low-Income Countries* (PIN 07/83), *2011 Review of Conditionality—Content and Application of Conditionality* (IMF, 2011a), and IMF, 2007a.

[9] See IMF, Fiscal Policy Response to Scaled-Up Aid (2007), para. 26.

[10] See also IMF, 2007a, paragraphs 49-51.

- They should be simple and clearly defined, including in the TMU and PC table.
- They are generally used for temporary deviations or foreseeable events outside the authorities' control. Lasting or large deviations (which are likely to require changes in the policy thrust) should be addressed in the context of program reviews.
- They should be based on realistic projections. For instance, in programs that consistently overestimate external financing, an adjustor that allows domestic bank financing to compensate for any shortfalls, may result in a program that is, de facto, overly relaxed.

25. Several technical points apply to the design of adjustors: (i) by convention, adjustors are applied to ceilings/floors set for the PCs rather than to actual outturns; (ii) if several adjustors are applied to the same PC (e.g., for deviations in foreign financing, privatization receipts, and oil prices), they should apply to the net cumulative sum of deviations from the program assumptions for these variables; (iii) unless the potential shock affects money demand, an adjustor on net international reserves should have a symmetric adjustor (with the opposite sign) on net domestic assets; and (iv) it is important to make a distinction between project and program financing.

26. Adjustors are frequently used such that (i) deviations from projected external program grants and lending (budget/balance of payments support) lead to adjustment of the NIR floor, the NDA ceiling, and the net domestic financing of the government ceiling, (ii) deviations from projected external project lending lead to adjustment of the overall fiscal balance floor if applicable (whereas no adjustor is needed if the fiscal deficit concepts excludes project financing and expenditures), and (iii) deviations from projected fiscal revenues lead to (usually partial) adjustment in the overall fiscal balance floor or net domestic financing of the government ceiling. In all cases, it is often useful to apply adjustors symmetrically and apply symmetric caps.

27. Finally, in the same way that the TMU defines the components of PCs, it should also define the adjustors, including specification of the variables subject to adjustment, explicit adjustment formulas, trigger events, caps, and thresholds. The baseline projection for the economic indicator that gives rise to potential adjustment of PCs should be included in the PC table and a footnote should indicate the adjustor mechanism.

Appendix III. Staff-Monitored Programs and Other Track Records

This Appendix discusses the use of Staff-Monitored Programs and other track records in the low-income country (LIC) context. For complete information, please see 2022 SMP Guidance Note (IMF, 2022j) and the 2022 PMB Policy Paper.

A. Staff-Monitored Programs

1. Purpose. Staff-monitored programs are informal agreements between national authorities and Fund staff to monitor the implementation of the authorities' economic program, for the purpose of establishing a track record of policy implementation which could pave the way for a new Fund financial arrangement or repeat Fund emergency assistance, or for the resumption of an existing arrangement that has gone off track. A track record is normally understood to demonstrate a member's commitment and adequate capacity to implement economic policies, including credible data submission, that are consistent with the stated objectives of the member's economic program as assessed by staff, and thereby provide a good basis to progress to a Fund financial arrangement. In general, staff-monitored programs are not endorsed by the Fund's Executive Board and do not need to meet UCT-quality standards.

2. Limited Executive Board Involvement in some SMPs. A "Staff Monitored Program with Board Involvement" or "PMB", allows for limited Executive Board involvement in opining on the robustness of a member's policies to meet their stated objectives under an SMP and monitoring its implementation.[1] Their use is only available to those (requesting) members who, in addition to seeking to build or rebuild a track record for Upper Credit Tranche (UCT) Use of Fund Resources (UFR), would benefit from targeted Executive Board involvement because of either (i) an ongoing concerted international effort by creditors or donors to provide substantial new financing or debt relief to the member[2] or (ii) significant outstanding Fund credit under emergency financing instruments at the time new emergency financing is received.[3] As a subset of SMPs, program design and modalities of the PMB are guided by the SMP policy outlined in the 2022 SMP Guidance Note

[1] See *Proposal for a Staff-Monitored Program with Executive Board Involvement* (IMF, 2022f) and *Review of the Policy on Staff-Monitored Program With Executive Board Involvement* (IMF, 2024a). To clarify the limited role of management and the Executive Board in PMBs, press releases accompanying PMB approvals or reviews should detail the use criteria and nature of the PMB. See more details and an example in paragraph 14 of the 2024 PMB review paper (IMF, 2024a). Moreover, the explicit element of Executive Board involvement in the PMB suggests that lapse-of-time (LOT) procedure should not be used for the PMB, whether at the time of management's approval of PMB requests or at the time of completion of reviews.

[2] This criterion is subject to judgment by staff and management. In exercising this judgment, consideration should be given to factors such as (i) the extent to which Fund members have expressed their commitment to provide financing/debt relief to a member; and (ii) whether the amount of such financing/debt relief, in total, is likely to restore debt sustainability and close financing gaps in the context of a future Fund-supported program.

[3] Such criterion would be met if a member receives new emergency financing under the RCF or the RFI, which brings total credit exposure outstanding from emergency financing at or above 100 percent of quota.

(IMF, 2022j). Standard SMPs remain the IMF's workhorse instrument to build or rebuild a track-record for UCT-UFR.[4]

3. As with the regular SMP, the PMB is approved by management and monitored by staff for purposes of building or rebuilding a track record. It allows the Executive Board to opine on whether the policies under the PMB approved by management are robust to meet the program's objectives, and monitor its implementation. This entails Executive Board discussion of the PMB at the time of management's approval of the PMB and in the context of periodic reviews. At PMB approval, the Executive Board, in a summing up, indicates its assessment of the robustness of the member's policy program to meet the stated objectives of the PMB and achieve the purpose of building or rebuilding a track record toward UCT-UFR. In the context of reviews, it opines on, in a summing up, whether it agrees with staff that the member is on track to achieve the objectives of the PMB.

4. UCT-quality SMP for HIPC debt relief. In the context of a member reaching HIPC Decision Point, the Board could also make a finding that an SMP is of UCT-quality. This "UCT-quality" SMP could then count toward the track record of policy performance requirement under the HIPC Initiative. For such a case, staff's assessment that macroeconomic and structural reform policies under the SMP meet the policy standards associated with programs supported by arrangements in the upper credit tranches or under the ECF must be supported by the Board. Reaching the HIPC decision point using an SMP requires an assessment by the Board that the member's performance under the SMP has been satisfactory for a sufficient period of time (in practice, a minimum of six months) since the Board's initial determination that the SMP meets UCT-quality policy standards.[5]

5. Design. The design of an SMP should be consistent with its goal to build a track record: i.e., policies should be sufficiently ambitious to provide a good basis for proceeding to a Fund financial arrangement. For a PRGT-eligible member country, this would imply progressing toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. The SMP design and operation would generally closely resemble that of a Fund-supported program, as an SMP should strive to provide for a smooth transition to UFR. At the same time, the scope of an SMP could vary: it could be targeted towards key macroeconomic or financial issues, or it could entail a broader program of macroeconomic and financial reforms across sectors. The SMP design should draw on the CD-CSN and a PRGS, if available, and for FCS, design should be guided by the 2023 FCS GN and the Strategy Board paper, and could benefit from a country engagement strategy (CES), if available. The member's objectives and main policies over the SMP period are specified in an LOI and further elaborated in an MEFP (while a TMU should provide necessary

[4] As indicated in the *2022 SMP Updated Guidance Note* (IMF, 2022j), technical extensions of a PMB for three months or less to complete reforms and establish a track record, not to exceed six months cumulatively, could be requested informally by the authorities and are transmitted to management through a short memorandum or email from staff. If such requests are approved by management, to ensure that the Executive Board is informed, area departments should notify SEC of management's approval of the extension. SEC would subsequently inform Executive Directors. This practice does not affect SMP extensions.

[5] The Board's agreement with the staff assessment that the macroeconomic and structural policies under a given SMP meet the UCT quality standard is recorded in a Summing Up or the Chairman's closing remarks of the Board discussion (see IMF, 1997).

clarifications on the definition of quantitative conditionality and the reporting of information necessary for monitoring observance). Staff should not reach an understanding on an SMP if a consistent policy package is not in place.

6. Monitoring. As SMPs are aimed at establishing or reestablishing a track record for an eventual UCT-quality program, the design and monitoring of an SMP should be similar to a UCT-quality program. Staff is expected to conduct regular assessments of performance, typically on a semi-annual basis, although shorter frequencies are not precluded, provided the authorities have implementation capacity. Each review should be linked to a set of quantitative targets (QTs) and indicative targets (ITs), similar to the approach taken in a PRGT-supported program. These QTs should be clearly defined and monitorable, with their assessment dates ("test dates") specified. Each review would also assess the level of implementation of reforms deemed critical to achieving an SMP's objectives (structural benchmarks, SBs) by the agreed due dates, and implementation of other critical measures (prior actions, PAs) if any.

7. Modalities and duration. An SMP starts with Fund management's approval of the SR requesting the SMP, which also initiates the period for establishing a track record. The end date of an SMP should be set after the final test date and should accommodate sufficient time to complete the final review within the duration of the SMP. In the event more time is needed to build a track record or to complete a review given implementation delays, a request for extension must be approved by Fund management ahead of the original end date of the SMP. Extensions come in two forms: (1) three months or less or (2) longer extensions which generally require staff to outline additional conditionality covering the extended period and a short staff paper. The duration of an SMP is expected to be at least nine months, with at least two reviews and test dates, though a shorter duration is possible. An SMP's duration would not be expected to extend beyond 18 months. For additional operational details please see paragraph 9 of the 2022 SMP GN.

8. Applicability of other IMF policies. Many policies on the use of Fund resources do not fully apply to SMPs. These include IMF policies covering debt sustainability, financing assurances, and other UFR safeguards. While not specifically applicable to the SMP, continuous adherence to exchange system obligations under Article VIII of the Fund's Articles of Agreement is an obligation of all Fund members and compliance should therefore be encouraged at all times. Also, the Fund's UFR misreporting guidelines for non-complying purchases or disbursements do not apply, but credibility of data is critical for monitoring and should be upheld, including for its contribution to assessing a track record toward UFR. Finally, while PRGS documents are not required, SMP-supported policies should be consistent with the member's poverty reduction and growth objectives, normally outlined in the LOI or MEFP. Analogous to Fund financial support under the PRGT, SMPs should also include safeguards on social and other priority spending, such as an indicative floor on social and other priority spending, defined by the authorities, where possible.

B. Choice of Track Record: SMPs, Other Track Records, and RCF Support

9. Purpose. Track records are generally used to provide additional assurances to the Fund about the authorities' capacity and commitment to implement a UCT-quality program, in the context of a member intending to move to UFR or to resuming a Fund-supported program that has gone off-track. Hence, track records are not for signaling purposes.

10. Types of track-records. The SMP (including PMBs) is the preferred modality for building a track-record. However, as discussed in Chapter III of the *Handbook*, a track-record may also be built in the context of the RCF, which would involve time-bound policy commitments specified in the LOI at the time of the request for an RCF disbursement (see footnote 6, 2022 SMP GN). In some cases, the RCF may be used concurrently with an SMP, for instance when an urgent financing need arises while establishing a track record. Since RCFs do not include monitoring and assessments of commitments, the use of an SMP would normally be the preferred option in cases where a clear and explicit policy framework and more comprehensive monitoring are needed to establish a track record toward a UCT-quality arrangement. There have also been limited examples (see Annex III Box 1), where a track-record has been built outside of those modalities. Use of similar approaches should be limited, given more formalized modalities, and first discussed with SPR.

Appendix III. Box 1. Establishing Track Records Outside of an SMP and RCF

This option has been used when broader actions need to be taken for macroeconomic stability or other conditions necessary for a UFR request, but a more comprehensive SMP is not considered necessary, and resuming program reviews does not require taking specific actions, critical to program success, for which PAs would be most appropriate. Corrective actions under this option should be documented, time-bound, near-term policy actions, and communicated to management (e.g., BTO, memorandum to management, PN, SLA or LOI), and resumption of the program or staff support for a new program would require interdepartmental review and agreement that a sufficient track record has been established. This approach is not very prevalent, and examples are somewhat dated but can help illustrate the approach:

- The Gambia (new ECF, May 2012): in the PN, staff outlined several macro policies to "reestablish a track -record" and address macroeconomic risks, that were preconditions to IMF staff supporting the program request;
- Sao Tome Principe (new ECF, July 2012): the PN notes that after a failed ECF, authorities had "tightened fiscal policy in 2010 and 2011, and have brought the fiscal program back on track"; and

Djibouti (2nd review of PRGT, January 2011): in the PN, staff outlined "April-September 2010 track record period targets" to move forward with the combined 2nd and 3rd reviews.

C. Track Record Period

11. Length of track record period.

- A track record period under an SMP can vary as a function of the member's past track record and the measures needed to establish a record of policy implementation. Normally, such monitoring would be expected to cover at least nine months and two reviews and test dates, though the minimum period is normally six months. As mentioned above, for SMPs, the track record period starts at management approval of the SR requesting the SMP.

- The track record period for an RCF or other track record would normally start around the time that associated actions by the authorities have started. Track records under an RCF would normally cover at least six months.

Appendix IV. HIPC and MDRI

This Appendix summarizes key elements of the HIPC Initiative and MDRI.

1. The HIPC Initiative is a major international effort launched in 1996 and led by the IMF and the World Bank to provide debt relief to heavily indebted poor countries. The list of countries potentially eligible for debt relief under the HIPC Initiative was ring-fenced to include PRGT-eligible countries under a program supported by the IMF between October 1, 1996 and December 31, 2006, whose debt ratios after the hypothetical application of traditional debt relief mechanisms, were assessed to have exceeded the HIPC Initiative debt thresholds. [1]

2. Under the HIPC process, which is milestones based and not timebound, a country needs to (i) meet several requirements to qualify for debt relief; (ii) reach HIPC Decision Point (DP), when the amount of assistance will be decided, and finally (iii) reach HIPC Completion Point, when all eligible debt relief will be provided. To reach the HIPC decision point the following conditions must be met:

- The country's debt burden indicators must be above the HIPC Initiative debt sustainability thresholds based on the data for the year immediately prior to the decision point.

- The country must have established a track record of strong policy performance under a UCT-quality standard arrangement for a minimum period immediately preceding the decision point, established by practice of at least six months. An SMP can count toward the track record building if the Fund Executive Board agrees that its macroeconomic and structural policies meet the policy standards associated with programs supported by UCT arrangements. Liberia, Somalia and Sudan built the satisfactory performance under an SMP to reach the decision point.

- A satisfactory poverty reduction strategy set out in a PRSP, I-PRSP, PRSP preparation status report or annual progress report (APR) must be in place and must have been issued to the IMF and WB Boards with a Joint Staff Advisory Note (JSAN) within the previous 12-18 months.

- A Preliminary HIPC Document, stating that the country qualifies for HIPC DP and prepared jointly by the Fund and the WB has been discussed and approved by the Boards of both institutions.

3. After reaching decision point a country may begin receiving interim HIPC assistance subject, inter alia, to (i) the existence of satisfactory participation assurances from creditors (in practice, assurances from creditors jointly holding at least 70 percent of HIPC-eligible debt) and (ii) the requirement that the Fund-supported program remains on track in order for interim assistance to be disbursed.

[1] See *Initiative for Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI)—Status of Implementation and Proposals for the Future of the HIPC Initiative* (IMF, 2011c). As of December 2023, 37 HIPC-eligible countries reached completion point, one has reached decision point in 2021 (Sudan), and the last one (Eritrea) is classified as pre-decision point.

4. There is no minimum duration for the track record required to reach the HIPC completion point, when the remaining undisbursed assistance committed for a qualifying member will be paid out, but the following conditions must be met:[2]

- The member has a stable macroeconomic position and has kept on track with its Fund-supported program.
- A full PRSP must have been adopted and satisfactorily implemented for at least one year preceding the completion point, as evidenced by an APR issued to the Executive Board and subject to a JSAN (see Appendix IV Box 1).
- All floating completion point triggers, the structural conditions set at the decision point, must have been implemented.
- Satisfactory participation assurances from creditors (in practice, assurances from creditors jointly holding at least 80 percent of HIPC-eligible debt) should have been obtained.

5. Progress under the HIPC Initiative by a country should be adequately reflected in program documents, which will contain information on the status of preparation or implementation of an I-PRSP/PRSP, the implementation of the completion points triggers, the expected timing of completion point and any obstacles toward it. Separate documents are also prepared for both the decision point and the completion point.

6. Preparation for the HIPC Initiative decision and completion points requires careful planning. An HIPC debt relief analysis (not to be confused with the annual LIC DSA) based on a loan-by-loan data reconciliation needs to be conducted. This analysis is used to determine the member's current external debt situation, and it is a joint exercise among SPR and World Bank staff and, where appropriate, the relevant regional development bank, which dispatch a mission to the country to perform the data reconciliation.

7. The treatment of prospective debt relief may differ between the macro framework and the HIPC DRA. This is because the former is expected to reflect realistic assumptions, including prospects for debt relief, while the latter should reflect the legal situation regarding debt (and demonstrate the unsustainable debt burden before debt relief).

8. The HIPC Initiative was supplemented in 2005 by the MDRI, to provide additional debt relief up to 100 percent of eligible debt to qualifying countries, including HIPC-eligible countries that have reached the HIPC completion point and whose performance since reaching the completion point has not deteriorated substantially. The MDRI is no longer an active initiative as there is currently no MDRI eligible debt outstanding and the MDRI-I and MDRI-II Trusts were

---

[2] See (IMF 1999c) for the Board's approval of "floating completion points".

accordingly liquidated in 2015. Questions on the HIPC Initiative and the MDRI should be addressed to SPR's Debt Policy Division.

Appendix IV. Box 1. Poverty Reduction Strategy Requirements for HIPC[1/]

At **the decision point,** a member shall have in place a satisfactory Poverty Reduction Strategy (PRS) set out in an Interim Poverty Reduction Strategy Paper, a Poverty Reduction Strategy Paper preparation status report, Poverty Reduction Strategy Paper (PRSP) or an Annual Progress Report (APR) that has been issued to the Board normally within the previous 12 months but in any case, within the previous 18 months, and which has been analyzed in a Joint Staff Advisory Note (JSAN) that has also been issued to the Board.

At **the completion point,** a member shall have in place a PRSP and implemented satisfactorily the strategy therein described for at least one year by the completion point. Evidence of satisfactory implementation of the PRSP should be provided in an APR that has been issued to the Executive Boards normally within the previous 12 months but in any case, within the previous 18 months and analyzed in a JSAN that has also been issued to the Board.

The JSAN is a document prepared jointly by the staffs of the Bank and the Fund containing an analysis of the PRS of the member concerned and identifying priority areas for strengthening the PRS during implementation. JSANs should identify a limited number of priority areas in the PRS that are expected to be addressed, including in the context of existing or possible future ECF-supported programs. A JSAN for an I-PRSP or PRSP, if it is to be discussed, should end with suggested points for discussion by the Executive Boards of the Fund and the Bank. The concluding paragraph should draw on the advice in the main text of the JSAN to highlight the areas for discussion and seek the Boards' views on staffs' conclusions regarding: (i) priority action areas for strengthening the PRS; and (ii) areas where (a) there are inconsistencies between the PRS and its policy framework and the analytical basis that underpins Bank- and Fund-supported programs that reflect existing analysis; or (b) areas in which further analysis is needed or in which adjustments to the strategy are expected. Bank and Fund staffs are expected to contribute to the JSAN in their areas of primary institutional competencies, taking account of overlapping competencies and important linkages among areas.

The PRS documents and the corresponding JSANs are issued to the Executive Board after the PRS documents are officially received. A PRSP or I-PRSP will be issued together with the accompanying JSAN for Board discussion when feasible. If the JSAN is not ready, issuance of the PRS document should not be held up. JSANs can be issued for discussion or information to the IMF Executive Board. APRs and their JSANs are normally issued to the Boards for information but their discussion can be proposed in exceptional cases (e.g., where the related program documents do not clearly signal that progress in implementing the PRS is deemed broadly satisfactory, or where the APR elaborates on a major shift in a country's PRS, or where the APR is being used to document one year of satisfactory implementation of the PRS for purposes of the HIPC completion point).

The Boards will either discuss a PRSP or I-PRSP (and the related JSAN) in the HIPC context or following the receipt of the relevant PRS document and the JSAN. Executive Board discussions at the Bank and the Fund should preferably be scheduled within five working days of each other; the institution taking an operational decision would normally have the later Board date. The Fund's minimum circulation period for PRS documents and JSANs is two weeks, with an additional business day required for document dissemination. In cases in which operational decisions are being made at both institutions, the sequencing of Board meetings will need to be made judgmentally.

The publication of PRS documents and JSANs is voluntary but presumed. A member's consent is required for their publication. The MD will not recommend the approval of (i) an ECF arrangement or an SCF arrangement with an initial duration exceeding two years or completion of a review under such

Appendix IV. Box 1. Poverty Reduction Strategy Requirements for HIPC[1/] (concluded)

arrangement, or (ii) an HIPC decision point or completion point decision, if the member concerned does not explicitly consent to the publication of the PRS-related document (i.e., I-PRSP, PRSP, PRSP preparation status report, PRSP annual progress report, or PRGS). Staff should discuss the authorities' publication intention during the mission and obtain their explicit consent to publication of PRS documents prior to submitting relevant UFR documents to management for clearance. The management clearance note should specifically state that the authorities have consented to publication. When the authorities' consent has been received, the SEC's transmittal memo to the PRS document should indicate this, using standardized wording similar to that for staff reports, and PRSPs, APRs and PRGSs may be published immediately after formal transmission to the Bank and/or the Fund when circulated for information.

[1/] Also see http://www-intranet.imf.org/departments/SPR/Debt/Pages/DRI-HIPC.aspx.

Appendix V. Poverty Reduction Objectives in the Context of Operations Under the Fund's Facilities for Low-Income Countries

A. Background

1. **The Poverty Reduction Strategy (PRS) approach** was introduced in the context of Poverty Reduction and Growth Facility (PRGF) that replaced the Enhanced Structural Adjustment Facility (ESAF) in 1999 as part of a revamp of the LIC financing architecture following the launch of the Heavily Indebted Poor Countries (HIPC) Initiative. At the time, it was envisaged that the overall macroeconomic framework in PRGF arrangements would be drawn from a country's own poverty reduction strategy (PRS), as set out in its Poverty Reduction Strategy Paper (PRSP) developed with the help of the Fund and the World Bank staff. PRS documentation is required to establish that Fund-supported programs support **strong and durable poverty reduction and growth[1].**

2. **The World Bank delinked its concessional financial support from the PRSP process in July 2014.[2]** On June 22, 2015, the Fund Executive Board approved a new policy on PRS to overhaul and streamline the PRS documentation in Fund engagement with LICs. The new policy leaves the PRS process in the context of the HIPC Initiative unchanged, but it supersedes previous policies for Fund engagement in the context of the ECF.[3] On May 24, 2019, the Fund Executive Board approved further amendments to the Fund PRS policy, which extend its coverage to ***include any ECF or SCF arrangement with an initial duration of more than two years,*** extend deadlines for meeting the PRS requirements, and name a PRS issued to the Executive Board on or after May 24, 2019 as a PRGS while deeming a PRS issued to the Board as an Economic Development Document to be a PRGS.[4]

B. Poverty Reduction Strategy in Concessional Facilities

3. **The Fund policy on poverty reduction strategies is centered on a PRGS with the following key features:[5]**

[1] PRS documentation was initially prepared by countries largely for the purposes of qualifying for debt relief under the HIPC Initiative and closely linked with the disbursement of concessional financing. Over time, and as the HIPC process was completed, documentation became increasingly focused on the domestic audience and produced on timelines and scopes guided by national processes and legislation.

[2] The removal of the requirement to transmit PRSPs to the World Bank, acknowledged the burden that preparing a full PRSP imposes on many low-income countries and aimed to avoid the perception of a "Washington sign-off" on country development strategies.

[3] See IMF, 2015b.

[4] See IMF, 2019a.

[5] Following the 2018–19 review of LIC facilities, the Board decisions renamed the Economic Development Document (EDD) as the Poverty Reduction and Growth Strategy (PRGS) to provide it with a title more closely linked to its objectives. Key features of the EDD from the 2015 Board decision were preserved. The minimum standards and good

(continued)

- **Contents of the PRGS:** A member country can produce a PRGS in one of two forms: (i) an existing national development plan or strategy document on the country's PRS; or (ii) a newly prepared PRGS document focused on the elements of the country's PRS that are macro-relevant under a Fund-supported program (around 10-15 pages).[6] Under the newly approved policy, while country circumstances would be taken into account in documenting PRS in PRGSs, countries' PRS documents would need to meet minimum standards and countries would be encouraged to follow good practice guidelines. The content of PRS documentation is streamlined and its length is reduced through a focus on macro-relevant aspects of the PRS.

- **Time requirements for issuance of PRGS:** A PRGS is required to be issued to the Board for completion of the second and subsequent reviews under ECF arrangements and SCF arrangements with an initial duration of more than two years[7]. The PRGS would need to have been developed normally within five years but no more than six years (in exceptional cases) leading up to and covering the date of completion of the relevant review.[8]

- **Extension of the deadline to submit the PRGS to the Board:** In situations where a country seeking support under the ECF has limited institutional capacity for meeting PRGS requirements by the second review, it may request Board approval of an extension of the deadline for meeting such PRGS requirements up to the fourth review; and may make one further request for an extension up to the sixth review where (i) an adequate justification can be provided and (ii) the arrangement (when the second request is made) has a duration of at least four years. Request for extensions beyond the second review will not be permitted under SCF arrangements, given that countries with limited capacity to prepare a PRGS would not normally be expected to request support under the SCF.

- **Assessment of PRS documented in PRGS:** Fund staff's assessment of a member country's PRS, as reflected in the PRGS, should be provided in relevant program documents. An assessment of the country's PRS should also be requested from World Bank staff and circulated to the Fund Executive Board for information.

---

practice guidelines for EDD content, as well as the approach of seeking World Bank staff views through an assessment letter, approved in 2015 (see IMF, 2015m), will apply to the PRGS.

[6] PRSs that have already been issued to the Board at the time of the approval of the current PRS policy (May 24, 2019) and have been subject to a staff analysis in a staff report of an ECF request or review would be deemed to satisfy the requirements for the PRGS. However, these would be subject to the requirements on coverage and expiration of PRGS.

[7] For PCIs, the specific requirements for issuance of PRGS are absent; however, for PRGT-eligible countries, a PRGS is encouraged if poverty reduction is considered critical to program success and would be expected to follow similar processes as PRGT arrangements. See (IMF, 2023h).

[8] The time period covered by the PRGS may also be specified in the authorities' cover letter associated with the PRGS (see below). Where the PRGS exceeds five years (but in any case, is not older than six years), staff would explain in the staff report why the PRS remains relevant for purposes of completing the current review despite the extended period since its launch. This would, in general, require an assessment by staff that the strategy for poverty reduction remains valid, which could be the case where the domestic and external factors relevant to the poverty reduction process have not changed significantly since the launch of the PRS.

- **Modalities for monitoring PRS implementation:** The process for monitoring PRS implementation is streamlined for both countries and Fund staff. Countries should document PRS implementation in their LOI/MEFP. For Fund staff, regular reporting of PRS implementation in program documents and a PRS Implementation Review (PIR) is required, with the latter to be reported to the Board no later than the fifth review under an ECF arrangement or an SCF arrangement with an initial duration exceeding two years.

- **The newly approved policy does not modify PRS requirements under the HIPC Initiative:** Countries under the HIPC Initiative continue to be subject to the same PRS documentation requirements in place before May 24, 2019, for the purposes of reaching decision and completion points.

4. The three concessional facilities established under the PRGT (ECF, SCF, and RCF) are designed to assist LICs in making progress toward, or in achieving, maintaining, or restoring a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. Accordingly, policies supported by Fund concessional financing under all PRGT facilities, and, if considered critical to program success, the PCI[9] should be aligned with the country's poverty reduction and growth objectives.

5. Any financing request under the ECF, SCF, or RCF and program reviews must be accompanied by a statement, normally in the LOI or MEFP, of how the program advances the country's poverty reduction and growth objectives.[10] It is expected that the description would be more detailed at the time of the initial arrangement request or when a new PRGS is produced. In cases where a relevant PRS document exists, this description in the LOI/MEFP could cross-reference the PRS document, and the policies supported by the ECF, SCF, or RCF should be consistent with the objectives of the PRS in the context of promoting a stable and sustainable macroeconomic environment consistent with strong and durable poverty reduction and growth.

6. For ECF arrangements and for SCF arrangements exceeding two years, while a PRGS is not required at the time of initial Board consideration of the arrangement, the second (and every subsequent) review can only be completed if: (i) the member has a PRS document that has been developed and made publicly available normally within the five previous years, but no more than six years, and covers the period leading up to and covering the date of the completion of the relevant review; and (ii) the PRS has been issued to the Executive Board as a PRGS that has been the subject of staff analysis in the staff report of a request for an ECF or SCF arrangement, or a related review. While the PRGS is no longer required to cover the 12-month ahead for the completion of the relevant review, in situations where the PRGS does not cover a 12-month forward-looking period, the member would be expected to document in the LOI/MEFP (i) the procedures underway to establish a successor PRGS and (ii) the relevance of the current PRGS for the coming year.

[9] Footnote 9 in *Review of the Policy Coordination Instrument and Proposal to Eliminate the Policy Support Instrument* (IMF, 2023h).

[10] See PRGT Instrument, Section II, paragraph 1.

7. Whenever an ECF arrangement or an SCF arrangement with an initial duration exceeding two years is under consideration (including cases where support is currently provided under an SMP, or RCF), staff should inform the authorities at an early stage about the relevant PRS and PRGS requirements to ensure adequate time for the PRS process. For PRGT-eligible countries, a PRGS is encouraged under the PCI if poverty reduction is considered critical to program success. The authorities need not produce their PRS for Fund engagement purposes only. The production of the PRS can be aligned with other domestic policy cycles.

8. The PRGS, whether it is based on an existing national PRS document or is newly-prepared, is to be accompanied by a cover letter from the member country concerned to the MD, which will be deemed to be part of the PRGS issued to the Board. The key functions of this cover letter are to: (i) describe the role that the national document issued as a PRGS or a new PRGS plays in guiding the member's PRS and the participatory process that may be reflected in the PRS; and (ii) inform the date when the national document issued as the PRGS was publicly announced and the period it is covering. The cover letter may be used for other purposes. It may be used to update elements of a national development plan or strategy that is issued as a PRGS where parts of such documents are outdated, or to include complementary analysis or information to meet the minimum standards or provide greater alignment with the good practice guidelines for PRGS.

9. A PRGS must meet minimum standards to ensure a clear strategic platform for policies supported under an ECF or SCF arrangement. The minimum standards set forth in Appendix V Box 1 provide guidance on key elements to be addressed in a PRGS. They are also intended to provide clear linkages between policies under Fund-supported programs and the member's PRS. In addition to meeting minimum standards, countries are strongly advised to provide a PRGS that follows the **good practice guidelines** in Appendix V Box 2.

10. Where the member submits a proposed PRGS that falls short of the minimum standards, staff would indicate what additional content would be needed. For a newly-drafted, streamlined PRGS, the document could be modified to cover the missing content ahead of submission to the Executive Board.[11] In the event that the authorities were to submit a national development plan or strategy that failed to meet the minimum standards, staff could indicate that the national PRS document does not meet the standards required of a PRGS, and request that the member provide a newly-prepared PRGS in its place. However, given the adverse impact this could have on national ownership of the PRS process, an alternative approach would be to ask the member to provide those elements that are "missing" from the national PRS document as part of the cover letter to the MD. This cover letter could be expanded to the necessary length to ensure that the PRS documentation, taken together, meets the Fund's PRS requirements. ECF, SCF or, where appropriate, PCI staff reports and LOIs/MEFPs should discuss how significant weaknesses in the poverty reduction strategy, including those identified through the PIR, have been addressed.

[11] Staff could provide good examples of PRGS produced by other members, and could offer comments on the authorities' draft. However, staff should not seek to provide drafts for the authorities, which may be perceived to be detrimental to national ownership.

Appendix V. Box 1. Minimum Standards—Core Elements for Inclusion in a PRGS

A PRGS or the associated cover letter to the Managing Director would include the following core elements:

- **Strategy or plan.** The PRGS should describe an overall strategy or plan for poverty reduction and growth.
- **Specific policy elements.** The PRGS should describe how the strategy would be pursued through specific policies, including macroeconomic and financial policies. These could include specific projects, infrastructure plans, and/or goals for public expenditure prioritization. The relationship between these policy elements and the overall strategy should be clear.
- **Launch date and timeframe for implementation.** The PRGS should define a launch date and implementation period for the overall strategy for poverty reduction and growth. The timing for launch would depend on national practices (e.g., date of parliamentary approval, presidential signature, or publication of a national PRS document). For example, the PRGS could indicate that the strategy or plan became effective on July 1, 2016, and covers the period 2016–2020.
- **Extent of participatory process.** The PRGS should note whether there was a participatory process and if there was one, should also note the nature of such process.

Appendix V. Box 2. Good Practice Guidelines for a PRGS

A comprehensive and operationally relevant PRGS or the associated cover letter to the Managing Director would include the following elements, going beyond the minimum standards covered in Appendix V Box 1. The PRGS could draw on the World Bank's Systematic Country Diagnostic (SCD), where available.

Existing poverty situation and trends. The PRGS would describe the existing poverty situation and recent trends. Reference could be made to direct and indirect measures of poverty, including household income expenditure surveys and indicators of health and social conditions.

Factors influencing poverty. The PRGS would identify any recognized determinants of poverty as well as known bottlenecks to poverty reduction. The identification of factors affecting poverty would help guide the choice of strategies and policies.

Strategy for poverty reduction. The PRGS would describe the member's PRS and focus on its macro-related aspects. Key elements would likely include approaches to foster sustained, strong growth in national incomes, as well as policies to ensure that income growth is inclusive, designed to raise the living standards of the country's poorest citizens (e.g., through safety nets, better targeting of expenditures, etc.). While comprehensive in its intent, the strategic approach would likely be described in broad terms with specific emphasis on relevant macro-critical aspects. Reference could be made to progress in implementing policies under the earlier Fund-supported program(s).

Appendix V. Box 2. Good Practice Guidelines for a PRGS (concluded)

Specific policies. The PRGS would document what policies the member intends to implement under the PRS and their targeted impact on poverty reduction and social development. This could include priorities being given to areas of public spending (health, education, etc.), plans to strengthen financial inclusion for households and small and medium-sized enterprises (SMEs), or steps to reduce bureaucratic impediments to investment and job creation. The document would include appropriate discussion of institutional capacity building and technical assistance needs, as well as an outline of donor expected coordination and contributions in these areas.

Fiscal and debt framework. The PRGS would seek to prioritize development spending needs based on a realistic assessment of fiscal space. The priorities defined in the PRS document would serve as the basis for the definition of priority social spending and the setting of its indicative targets in the LOI/MEFP of ECF -supported program documentation. It would also discuss how financing of the PRS would impact on the country's debt strategy.

Spending effectiveness. Poverty reduction outcomes depend not only on spending levels but also on value for money in public spending programs. Where specific steps are being taken to strengthen the efficiency of public spending, these should be mentioned in the PRGS.

Safety nets and risk mitigation. Many countries adopting poverty reduction strategies are vulnerable to climatic and other exogenous shocks that can jeopardize poverty outcomes. Adjustment policies to restore macroeconomic balances can also have temporary adverse consequences on the poor. A PRGS would discuss any steps being taken by the government to mitigate negative spillovers and risks from adjustment policies and external shocks—such as through establishment of social safety nets, adoption of arrangements to foster food security, etc.

Participatory process. Countries would be strongly encouraged to seek Civil Society Organizations (CSOs) inputs during the preparation of the PRGS. The authorities would be responsible for the level of consultation needed to ensure broad ownership.

11. Participatory processes are strongly encouraged, but not required. While countries should be strongly encouraged to seek CSO inputs during the preparation of the PRGS, such consultation is not required,[12] and countries are responsible for the level of consultation needed to ensure broad ownership. It is however required for the PRGS to clarify the extent of participatory process (i.e., whether a participatory process took place) and the nature of the participatory process, if any.

12. An assessment letter in respect to the authorities' PRS has to be requested from Bank staff. The assessment letter aims at providing Bank staff's perspective on the strengths and weaknesses of the strategy of the member and identifying priority action areas and risks for attention during implementation. It should be requested at the time a PRGS is received by IMF staff,[13] and following clearance by Bank management, it will be circulated to the Fund Board, at the

[12] Participatory processes would still be required in the context of PRSPs prepared for the decision and completion points under the HIPC Initiative.

[13] The Bank would only be asked to provide one assessment within the timeframe of each PRS document, even if the latter is used to meet requirements for completing reviews in more than one ECF arrangement. Where an existing PRSP is deemed to be a PRGS, but a JSAN has not yet been issued, an assessment letter would be sought from the World Bank instead.

same time as the PRGS, to help inform the Board on the quality of the PRS. The assessment letter provided by Bank staff will not be published by the Fund.

13. Under all Fund facilities for LICs, social and other priority spending should be safeguarded and, whenever appropriate, increased. This should be monitored through explicit targets, typically an indicative floor on social or other priority spending, whenever possible. The determination of what constitutes social, or other priority spending should in general be based on the authorities' PRS, or, where that does not exist, the medium-term poverty reduction and growth objectives and policies outlined by the authorities as part of program documentation. In cases where such tracking is not feasible, members will be encouraged to develop adequate expenditure tracking systems, which may require technical assistance, so that social and other priority spending can be monitored.

14. PRGS' are not distributed in paper format.[14] They are registered by SEC as official Board documents and made available to Executive Directors via posting to IMF Connect, with Executive Directors and designated member authorities notified by email of newly posted documents. Posting of PRGS' in this manner will be taken to constitute "issuance" to the IMF Board for purposes of the PRS requirements for ECF and SCF arrangements.

15. The publication of PRS documents is voluntary but presumed.[15] A member's consent is required for their publication. The MD will not recommend the approval of an ECF or SCF arrangement or completion of a review under such arrangement, if the member concerned does not explicitly consent to the publication of the PRS-related document. In this regard, staff should discuss the authorities' publication intention during the mission and obtain their explicit consent to publication of PRS documents prior to submitting relevant UFR documents to management for clearance. Further, the management clearance note should state that the authorities have consented to publication, thus satisfying the Transparency Policy requirements. When the authorities' consent has been received, the SEC's transmittal memo to the PRS document should indicate this, using standardized wording similar to that for staff reports, and PRSPs, APRs and PRGS' may be published immediately after formal transmission to the Bank and/or the Fund when circulated for information.

Poverty Reduction Strategy Implementation Review (PIR)

16. Staff is expected to report to the Board on implementation of the PRS. This involves regular reporting, and a more in-depth analysis conducted on a periodic basis. On a regular basis, staff reports would include a discussion of relevant developments in the implementation of policies supporting the member's PRS. This could include, for example, the prioritization of resources in the annual budget and associated budget outturns, developments in the adoption of social safety nets, and progress in fostering growth-promoting reforms designed to strengthen the business climate.

[14] See Decision No. 13816-(06/98), adopted November 15, 2006, as amended.

[15] Provisions of the *Guidance Note on the Fund's Transparency Policy* (IMF, 2013h), apply.

17. A PRS Implementation Review (PIR) is expected to be conducted by the time of the fifth review under the ECF or under SCF arrangements with an initial duration exceeding two years (i.e., once for any given ECF or SCF arrangement). In the event of extensions beyond the second review to submit the PRGS to the Board (only permitted for ECF arrangements), a PIR is not an expected practice. The PIR is not a mandatory requirement for decisions on ECF and SCF support, but is a good practice based on informal consultations and dialogue with country authorities and relevant stakeholders, including the World Bank.[16] The outcome of the PIR is to be documented in the staff report. The PIR is expected to cover three basic elements: (i) performance relative to PRS benchmarks and monitoring indicators; (ii) observed linkages between the PRS and national systems and processes (e.g., budget monitoring and planning); and (iii) the coming year's policy intentions, particularly, but not exclusively, as reflected in the budget. The PIR should be encouraged as a "good practice" that could be conducted independent of a Fund program relationship, such as in the context of Fund surveillance activities.

C. Poverty Reduction Strategy Under the HIPC Initiative

18. Since the HIPC-Instrument has not been modified, the remaining eligible countries under the HIPC Initiative must continue to document their PRS in line with the PRS documentation requirements under the HIPC Initiative to reach decision and completion points (see Appendix IV Box 1).

[16] The staff review would continue to draw, to the extent possible, on existing in-country mechanisms, such as implementation reviews, other suitable domestic review processes, or annual reviews of budget support groups and consultative groups/round tables.

Appendix VI. Eligibility to Use the Fund's Facilities for Concessional Financing

1. **The policy framework determining countries' eligibility for IMF concessional financing under the PRGT** is set out in IMF (2009k) and Executive Board Decision No. 14521-(10/3), adopted January 11, 2010. The framework has been amended pursuant to the proposals set out in regular reviews of the PRGT eligibility policy (IMF 2012b, 2013c, 2015d, 2017a, 2020a, and 2024e). PRGT eligibility criteria and the eligibility list are normally reviewed by the Executive Board every two years, with the next review scheduled for 2027. However, decisions regarding entry onto the PRGT-eligibility list, or graduation from the list could also be adopted in the interim period between reviews for members that either meet the entry criteria or request graduation and meet the graduation criteria. The key elements of the framework are:

Entry Criteria

2. **A member would be added to the list of PRGT-eligible countries if:**

- its annual per capita gross national income (GNI), based on the latest available qualifying data, is (a) below the operational International Development Association (IDA) cutoff, or (b) less than twice the IDA operational cutoff for small countries (countries with population below 1.5 million but not less than 200,000), or (c) less than five times the IDA operational cutoff for microstates (countries with population below 200,000); and
- the sovereign does not have capacity to access international financial markets on a durable and substantial basis. The market access criterion for entry is assessed using the same tests as for graduation (see below) except that market access under the first alternative test exists where bond issuance or disbursements under commercial loans, during at least two of the last five years, are equivalent to a cumulative amount of at least 25 percent of quota.[1]

Graduation Criteria

3. **A PRGT-eligible country will graduate if it meets either or both the income and market access criteria, and does not face serious short-term vulnerabilities (SSTV), as set out below:**

A. Income Criterion

4. **The country's annual per capita GNI:**

[1] If the member's quota increase under the Fourteenth General Review of Quotas (GRQ) has not become effective, then the cumulative amount is at least 50 percent of quota (Decision No. 14521-(10/3)). The cumulative amount will decrease proportionally to the general increase of quotas under the 16th GRQ, to "at least 20 percent of quota", when the member's quota increase under the 16th GRQ becomes effective.

- has been above the IDA operational cutoff for at least the last five years (for which qualifying data are available); and

- has not been on a declining trend in the same period (comparing the first and final years of the available data); and

- is currently (a) at least twice the operational IDA cutoff, or (b) at least three times the IDA operational cutoff for small countries, or (c) at least six times the IDA operational cutoff for microstates.

Or

B. Market Access Criterion

5. The sovereign has the capacity to access international financial markets on a durable and substantial basis, as measured by one of the following two tests:

- Public sector issuance or guaranteeing of external bonds or by disbursements under public and publicly guaranteed external commercial loans in international markets during **at least three of the last five years** for which data are available, in a cumulative amount over that period equivalent to **at least 50 percent of the country's quota at the Fund at the time of the assessment.**[2] External bonds and commercial loans issued or contracted in markets that are not integrated with broader international markets do not qualify including loans or bonds subsidized or guaranteed (partially or fully) by official external entities (including foreign governments and foreign public sector entities as well as international organizations), and loans from foreign state-owned banks.[3]

- A country would also be deemed to meet the market access criterion if there were convincing evidence that the sovereign could have tapped international markets on a durable and

---

[2] If the amount of issuance or guarantee of external bonds and of disbursements under external commercial loans in a single year for which qualifying data are available totals less than two percent of the member's quota at the time of the assessment, then that year shall not count towards meeting the graduation duration threshold (Decision No. 14521-(10/3) as amended). If the member's quota increase under the Fourteenth General Review of Quotas (GRQ) has not become effective, then the cumulative amount is at least 100 percent of quota (Decision No. 14521-(10/3), as amended). When the member's quota increases under the 16th GRQ becomes effective the cumulative amount of "at least 50 percent of quota" will be reduced to "at least 35 percent of quota" and the de minimis threshold of "less than two percent of the member's quota" will be reduced to "less than 1.5 percent of the member's quota".

[3] Debt issuance data from sources other than IDS for the recent periods not covered by IDS data are included in those cases where such inclusion would imply a revised assessment of the past market access test for entry or graduation, including where past market access would otherwise not be satisfied, due to the lag in the IDS data.

substantial basis, even though the scale or duration of actual public-sector borrowing fell short of the specified thresholds.[4]

6. Both tests of the market access criterion would take into account bonds/loans issued, contracted, or guaranteed by non-sovereign public-sector debtors, where such a debtor's ability to access international markets is assessed to be an indicator of the sovereign's creditworthiness.[5]

7. As a further safeguard, countries would be considered candidates for graduation under the market access criterion only if:

- their annual per capita GNI is above the IDA operational cutoff based on the latest qualifying annual data; and
- their annual per capita GNI has not been on a declining trend during the last five years for which qualifying data are available (comparing the first and last relevant annual data).

And

C. Absence of Serious Short-Term Vulnerabilities[6]

8. In addition to meeting either or both the income and market access criteria, the country should not face serious short-term vulnerabilities. The assessment of these vulnerabilities requires, in particular, the absence of risks of a sharp decline in income or of a loss of market access, as well as limited debt vulnerabilities, as indicated by the latest Debt Sustainability Analysis (DSA), and a confirmation that overall debt vulnerabilities have remained limited since the most recent DSA was conducted.

9. Once the Executive Board takes the decision to graduate a member from the PRGT-eligibility list, the decision becomes effective five months later. Any arrangement in which the country is engaged under the PRGT at the time of the Executive Board decision may continue until its expiration. Moreover, the arrangement may be extended or access under it may be augmented as appropriate under the existing policies and guidance (Decision 14251-(10/3) as amended).

---

[4] This would be a case-specific assessment, considering such relevant factors as the volume and terms of recent actual borrowing in international markets and the sovereign credit rating. For the precise definitions of the public sector, external bonds and external commercial loans, guidance on data sources for market access, and clarification on the definition of what constitutes borrowing on international financial markets see Decision No. 14521-(10/3), as amended, IMF 2020a, and IMF, 2024e.

[5] Borrowing by a public corporation will generally not be assessed as an indicator of the sovereign's creditworthiness where such borrowing is based on the public corporation's own balance sheet (including by collateralizing its own assets) and is not guaranteed by the sovereign.

[6] Decision 14521-(10/3), as amended by Decision No. 15834-(15/73), adopted on July 17, 2015 (see p20, IMF, 2015b), and lastly amended by Decision adopted on October 15, 2024 (see p. 63 IMF, 2024e).

Appendix VI. Table 1. PRGT-Eligible Countries 1/
(Effective October 2024)

PRGT-Eligible Countries	
Afghanistan, I.R. of	Mali
Bangladesh	Marshall Islands
Benin	Mauritania
Bhutan	Micronesia, Fed. States of
Burkina Faso	Moldova
Burundi	Mozambique
Cambodia	Myanmar
Cameroon	Nepal
Cape Verde	Nicaragua
Central African Rep.	Niger
Chad	Papua New Guinea
Comoros	Rwanda
Congo, Republic of	Samoa
Congo, Dem. Rep. of	São Tomé & Príncipe
Côte d'Ivoire	Senegal
Djibouti	Sierra Leone
Dominica	Solomon Islands
Eritrea	Somalia
Ethiopia	South Sudan
Gambia, The	St. Lucia
Ghana	St. Vincent & the Grenadines
Grenada	Sudan
Guinea	Syria, Arab Republic
Guinea-Bissau	Tajikistan
Haiti	Tanzania
Honduras	Timor-Leste
Kenya	Togo
Kiribati	Tonga
Kyrgyz Republic	Tuvalu
Lao P.D.R.	Uganda
Lesotho	Uzbekistan
Liberia	Vanuatu
Madagascar	Yemen, Republic of
Malawi	Zambia
Maldives	Zimbabwe

1/ Based on Eligibility to 2024 Review of the PRGT Facilities and Financing (IMF, 2024/047)

Appendix VII. The Catastrophe Containment and Relief Trust (CCRT)

1. **The CCRT**[1] was established in 2015 to provide grants to pay debt service owed to the IMF for eligible low-income countries that are hit by catastrophic natural disasters (earthquakes) or fast-spreading public health disasters (epidemics or global pandemics) with international spillover potential. In March 2020, the Executive Board approved an important reform which included expanding the qualification criteria to include situations where a life-threatening global pandemic is inflicting severe economic disruptions *across the Fund's membership* and is creating BoP needs on such a scale to warrant a concerted international effort to support the poorest and most vulnerable countries through substantial additional grant support and debt service relief.[2] The CCRT builds on the Post Catastrophe Debt Relief (PCDR) Trust, which was established in 2010 following the devastating earthquake in Haiti.[3, 4] Debt relief under the CCRT frees up budget resources to meet exceptional balance of payments needs created by the disaster, complementing donor financing and the Fund's concessional lending through the PRGT. CCRT grants are meant to ease cash pressures at a time of exceptional need, when it would be highly problematic for countries to divert scarce resources for servicing obligations to the Fund.

2. **Eligibility for assistance through the CCRT** is restricted to PRGT-eligible countries which have either a per capita GNI income below the IDA operational cut-off[5] or, qualify as a small country (i.e., a population below 1.5 million) and a GNI per capita income less than twice the IDA operational cut-off.

3. **The CCRT has two windows:** (i) a Post-Catastrophe Relief (PCR) window, to provide exceptional assistance in the wake of a catastrophic natural disaster; and (ii) a Catastrophe Containment (CC) window, to provide assistance in containing a major public health disaster with international spillover potential. The windows have different purposes, qualification criteria, and assistance terms. Debt relief under any of the two windows is not provided on the debt which is scheduled to be repaid with assistance of other debt relief trusts administered by the IMF or via the other window of the CCRT. Provision of the debt relief is conditional upon the availability of resources in the CCRT at the time of the decision on the relief.

[1] See *Proposal to Enhance Fund Support for Low-Income Countries Hit by Public Health Disasters* (IMF, 2015a).

[2] *Catastrophe Containment and Relief Trust: Policy Proposals and Funding Strategy* (March 23, 2020).

[3] See Proposal for a Post-Catastrophe Debt Relief Trust Fund (IMF, April 22, 2010l).

[4] The PCDR Trust was established in 2010 to provide flow and, in deserving cases, stock debt relief to eligible low-income countries that suffer qualifying catastrophic disasters. The Trust was used to provide assistance to Haiti in July 2010 of SDR 178 million (equivalent to US$268 million), eliminating Haiti's entire outstanding debt to the IMF.

[5] As of July 1, 2024, this cut-off is US$1,355 for GNI per capita. It is revised each year, typically in July.

Post-Catastrophe Relief (PCR) Window

4. Support via the PCR window is limited to eligible low-income member countries that are experiencing an exceptional balance of payments need arising from a catastrophic natural disaster that has (i) directly affected normally at least one-third of the population; and (ii) destroyed more than one-quarter of the country's productive capacity, as estimated by early indications such as destroyed structures and impact on key economic sectors and public institutions, or caused damage deemed to exceed 100 percent of GDP prior to the qualifying catastrophic disaster. The assessment of the impact should be based on available information, including preliminary estimates.

5. Flow relief: An eligible low-income country, that is hit by catastrophic disasters as defined above and is experiencing a balance of payments need due to this disaster, would receive *temporary debt flow relief* on their debt service payments (principal and Interest) to the Fund falling due in the period from the date of the debt relief decision to the second anniversary after the occurrence of the disaster. This relief would be provided on debt outstanding at the time of the disaster (on which regular scheduled debt service payments were made before the disaster) plus any IMF disbursement made normally within four months following the disaster.

6. Stock relief: In even more severe cases, full cancellation of a country's stock of debt to the IMF is also possible as part of a concerted debt relief effort by official creditors. Debt cancellation could be considered when (i) the disaster has created or exacerbated substantial and protracted balance of payments needs arising from the recovery efforts that would be expected to persist beyond the flow relief period, and (ii) where the resources freed up by debt stock relief are critical for meeting these needs. The assessment of criticality of debt stock relief would be normally present where, based on an updated DSA conducted after the disaster, the member has a high level of debt in relation to GDP or exports prior to the delivery of any debt relief, typically resulting in an assessment that the member is in debt distress or has a high risk of debt distress. The decision could be made at any point in the period from six to 24 months following the disaster (subject to the track record requirement discussed below) and be based on assessments of factors such as the catastrophe's long-term impact on infrastructure, human capital, and policy capacity, prospects for GDP, exports and revenues, and the country's debt vulnerabilities as measured by an updated DSA.

7. Debt stock relief also requires (i) a concerted effort within the international community to provide similar debt relief to the member, as evidenced by satisfactory assurances regarding debt relief to be provided by the member's other official sector creditors whose debts account for at least eighty percent of the member's total sovereign external debt outstanding to official creditors (less amounts due to the Fund) at the time of the disaster; (ii) that the member has provided assurances that it will cooperate in an effort to find solutions to its balance of payments problems and will refrain from any inappropriate policies that could compound these problems; and (iii) that the member has established a track record of an adequate macroeconomic policies, normally for at least six months immediately preceding the decision to disburse debt stock relief, taking into account the member's implementation capacity. The eligible debt stock is the debt outstanding on the second anniversary of the disaster or on the date of the IMF decision to disburse debt stock relief, whichever is later.

Catastrophe Containment (CC) Window

8. The CC Window[6] is intended for provision of immediate debt relief for upcoming IMF debt service falling due within a period of up to two years to eligible low-income member countries that the Executive Board determines:

- are experiencing a balance of payments need arising from a *qualifying public health disaster* (QPHD) as defined in (i) or an exceptional balance of payments need arising from a QPHD as defined in (ii) below:
- defined as
    - a life-threatening epidemic that has sustained presence and has spread across several areas of the afflicted country, causing significant economic disruption and creating a balance of payments need, and which has the capacity to spread or is already spreading to other countries. This significant economic disaster that has occurred and is projected to occur in the future (based on available information which may take the form of preliminary estimates) is characterized by at least: (i) a cumulative loss of real GDP of 10 percent; or (ii) a cumulative loss of revenue and increase of expenditures equivalent to at least 10 percent of GDP. This disruption would be measured relative to staff estimates made prior to the disaster. The assessment of the occurrence of a qualifying public health disaster could be guided by assessment of the health situation and outlook made by national authorities, the World Health Organization, the World Bank, and other relevant agencies; or,
    - a life-threatening global pandemic (informed by the World Health Organization's assessment) is inflicting severe economic disruption across the Fund's membership and is creating balance of payments needs on such a scale to warrant a concerted international effort to support the poorest and most vulnerable countries through substantial additional grant support and debt service relief.
- and have in place an appropriate macroeconomic policy framework to address the balance of payments need created by the public health disaster and an appropriate ensuing policy response. Eligible low-income countries hit by such a QPHD would receive immediate debt relief covering eligible debt service falling due to the Fund under an initial tranche not exceeding six months from the date of the qualification decision (with respect to (i)) or from the date of the Executive Board determination that a global pandemic exists (with respect to (ii)).

9. In requesting assistance via the Catastrophe Containment window of the CCRT, the member country shall provide a letter of intent explaining the nature of the public health disaster

[6] Assistance to the three Ebola-affected countries (Guinea, Liberia, and Sierra Leone) via the CC window was provided in February—March 2015 in the total amount of SDR 68 million (equivalent to US$95.5 million).

underway and the balance of payments needs it has created, as well as the measures it is taking to contain the disaster (including the reallocation of budgetary resources for containment purposes) and the macroeconomic policies it is pursuing or plans to pursue to address its balance of payments problems. In cases where there has recently been a disbursement under a current arrangement or under the RCF, the member may update and refer to existing policy undertakings in the letter of intent accompanying that recent request for Fund support.

10. An eligible low-income country that is hit by public health disasters as defined in the CCRT instrument would receive up-front grants to immediately pay off upcoming debt service to the IMF on eligible debt falling due to the IMF within a maximum period of up to two years following the Board qualification decision/determination that a global pandemic exists. Only debt outstanding on the date of the decision, which is not in arrears, is eligible for relief. To avoid the risk of tying up scarce grant resources for just a few countries (on a "first-come, first served" basis) irrespective of the timing of their debt service falling due to the Fund and to allow for fundraising efforts to move in parallel with provision of short-term debt service relief to a larger number of countries, unlike assistance under the PCR window, CC window debt service relief grants will be provided in "tranches" Specifically, grant assistance for debt service relief would be approved for an initial tranche covering the member's eligible debt falling due within a period not exceeding six months from the date of the qualification decision/determination that a global pandemic exists. Approval of additional tranches during the two-year period is subject to availability of adequate resources in the CCRT and the likely need of other potentially qualifying members under the Trust.

Appendix VIII. Access Norms—History and Key Facts

Use of Norm

1. Access norms have emerged as a distinctive feature of the Fund's concessional facilities, reflecting the scarcity of concessional resources and the necessity of using them efficiently. Norms are intended to provide general guidance on access to PRGT Facilities, particularly in the context of protracted BoP problems, which are common in LICs. However, norms should neither automatically restrict nor extend access, which should be determined on a case-by-case basis according to the following factors: i) balance of payments needs, ii) the member's capacity to repay and the strength of the member's adjustment efforts under the program iii) its outstanding use of Fund credit and iv) record of past use. Thus, norms are neither ceilings on nor floors to access and should not be viewed as an entitlement, but play a useful guiding role in the assessment of access levels. They should help to inform assessments of access levels, but should not be misconstrued as access limits nor entitlements.

2. Norms are used to: help guide access and ensure PRGT self-sustainability. In cases where it is difficult to accurately assess the balance of payments need[1], norms can provide a useful guiding role in setting access. Norms also play an important role in the calculations to estimate the self-sustained annual level of concessional lending from PRGT. Specifically, it is important to ensure that average access at the norm will not pose risks to the robustness of PRGT self-sustainability for projected demand (expressed as a percent of eligible members seeking Fund support) under a range of plausible circumstances.

History of the Norm

3. The history of access norms illustrates the need to address LICs' BoP problems while ensuring the sustainability of the Fund's concessional financing. Norms were introduced in the Fund's concessional toolkit in 1987 under the Enhanced Structural Adjustment Facility (ESAF) to provide guidance for access decisions in the context of LICs' protracted BoP problems. The de facto "norm" was set such that the ESAF resources would be exhausted if all eligible members met their residual balance of payments needs with loans not exceeding the limit, and with an average access level of 150 percent of quota.

4. Access norms have been adjusted multiple times to reflect shifts in global economic conditions, the evolving architecture of Fund concessional support to LICs, and outcomes of the General Reviews of Quotas. On three occasions, the changes occurred in the context of a quota increase. Generally, norms (and limits) were adjusted in line with changes in various aggregated metrics of need (GDP, trade) for members eligible for concessional financing. In 1999, tapering norms were introduced for the repeated use of the PRGF as its usage became more

[1] For countries with protracted BoP problems, it can be particularly difficult to accurately assess the size of short- to medium-term BoP needs and calibrate program access accordingly.

frequent[2]. The 2009 reforms streamlined the number of norms to two thresholds depending on the amount of credit outstanding. The 2019 reform increased access norm for (low and high access) by one-third and introduced an annual RCF access norm at 25 percent of quota. The 2021 reform simplified access norms, with a unified access norm set at 145 percent of quota for any three-year ECF arrangement.[3] In December 2023, the access norm was temporarily raised to 200 percent of quota until end-2024. In October 2024, the access norm was reverted to 145 percent of quota (100 percent of quota when the general conditions for effectiveness of the 16th GRQ increases are met) effective January 1, 2025. The access norm for ECF arrangements longer than 3 years would be based on the length of the arrangement and the annual access norm under the three-year ECF arrangement. Consistent with earlier practice, the norm for access under an 18-month SCF would be set equal to that of the 3-year ECF arrangement, again varying proportionately with the length of the SCF arrangement, up to the amount allowable under a 2-year SCF arrangement (193.33 percent of quota and 133.33 percent of quota when the general conditions for effectiveness of the 16th GRQ increases are met).

[2] In 1999, a tiered system of norms was introduced for the first- and second-time users with lower access norms for successive arrangements. In 2004, PRGF access norm tiering was extended for third and subsequent arrangements (up to the sixth one), with further tapering of access. With the creation of the PRGT in 2009 this system was reformed to reduce operational complexity, with only two tiers of norms, based on the credit outstanding (see footnote 3).

[3] Before the 2021 reform, access norms were linked to the initial stock of credit outstanding: 120 percent of quota for a 3-year ECF when credit outstanding is below 100 percent of quota, 75 percent of quota when credit is between 100 and 200 percent of quota, and undefined if outstanding credit exceeds 200 percent of quota.

Appendix IX. Documentation and Review Process

This Appendix summarizes documentation requirements and the chronological steps for a typical mission cycle in a LIC.[1]

A. Introduction

1. The Fund's interdepartmental review process applies to a wide range of internally produced documents, notably those related to country work, including Policy Notes (PN), Policy Note Updates, Staff Notes, Staff Reports, program documents (LOI/MEFP/TMU), Exceptional Access Policy (EAP) related documents, Assessment letters, etc. All staff papers concerning the UFR, other program support (PCI and SMP) and surveillance for a particular country are prepared by area department-led mission teams. The area department and SPR have joint responsibility for clearance prior to submission to management. The review process also involves LEG and FIN. Other functional departments will review these documents according to their own internal rules and will follow the review-on-demand principle (area departments can request from non-reviewing functional departments to review documents on demand).

B. Pre-Mission Work

2. In preparation for policy discussions with country authorities (UFR, surveillance, and other program support), area departments will prepare a Policy Note (PN). The review process for a PN involves several stages including: (i) early consultation to identify the key issues that the PN will address; (ii) the formal interdepartmental review; (iii) the policy consultation meeting; (iv) SPR clearance of the revised PN and cover note to management; and (v) clearance by management.

3. Early consultation: To ensure an efficient process in the production, review, and clearance of country papers, teams are strongly encouraged to maintain an ongoing dialogue and to engage informally with SPR and other relevant departments (notably FIN or LEG) in the early stages of preparing a PN. This would allow for a preliminary exchange of views on any policy lines that the team is considering at that stage and help ensure that all relevant topics and required documentation will be covered in the draft that is sent for review. Early engagement also provides an opportunity to communicate about and agree on expedited deadlines for urgent cases and their justification, on whether expedited procedures for the staff report would be appropriate, and on the use of a Lapse-of Time procedure. In cases where new financing or program support is envisaged, mission teams are encouraged to consult informally with SPR (and if relevant FIN or LEG) at an early stage to get information on relevant Fund policies, in particular on the choice of LIC instrument,

[1] Article IV consultations in LICs need to meet the surveillance requirements as specified in the *Guidance Note for Surveillance Under Article IV Consultations* (IMF, 2022h).

access and phasing[2], PRS and DSA requirements, early Board briefings, Topics of interest for early consultation include the choice of LIC instrument, access and phasing, PRS and DSA requirements, early Board briefings as well as, technical issues related to Heavily Indebted Poor Country/Multilateral Debt Relief Initiative (HIPC/MDRI), safeguards assessments, fiscal safeguards reviews, external arrears, financing assurances (including from the Paris Club), misreporting, exchange restrictions, as applicable. Early consultation is required for complex cases, such as combined program/RSF requests, some exceptional access cases and cases involving debt treatments. The authoring department should provide relevant information for an issues-oriented discussion, at a minimum a list of issues to be covered, a note on key macroeconomic and structural issues, and a set of tables.

4. Content of the Policy Note (PN): In preparation for policy discussions with country authorities (UFR, surveillance, and other program support), area departments will prepare a PN. The PN should include a the line on key policy issues along with sufficient exposition of (i) background diagnostics (including recent developments), (ii) the economic outlook, (iii) the staff's and the authorities' positions on key policy issues, (iv) program objectives and design, including explanations of safeguards and modalities for financing, and tables on program conditionality where relevant, (v) risks and mitigation measures, and (vi) a capacity to repay the Fund (CtR) paragraph with a bottom line assessment and references to metrics in the CtR table and/or to metrics included in cross-country CtR charts when applicable (see previous sections of this Handbook). Supportive charts should be included. The PN should always include the standard set of macroeconomic tables (see below) as well as relevant supportive charts and tables. Divergences of views with reviewing departments, brought up during the Policy Consultation Meeting (see below), should be flagged upfront in the PN. The final PN should be sent to management for clearance. Procedures for management clearance should be decided jointly by the area department and SPR according to the criteria in Table 1.

5. The standard macroeconomic tables of a PN include the following: (i) selected economic indicators; (ii) government accounts (in national currency and percent of GDP); (iii) monetary survey (central bank accounts and commercial bank accounts); and (iv) the balance of payments. Program tables should include: (i) a table with quantitative conditionality (the "PC table") that covers (a) previously established targets and outturns (PCs and indicative targets) over at least the past 12 months, (b) PCs established for the next 12 months (from the expected Board date), and (c) indicative targets through the end of the calendar year (or fiscal year) for which policies are being discussed; (ii) a structural benchmark table covering (a) the implementation status of previously established benchmarks and (b) benchmarks covering the next 12 months, highlighting their timing and criticality; (iii) a table with the approved and proposed schedule of disbursements and reviews; (iv) financing requirements and sources; and, in the case of new financing requests or

[2] While departments are encouraged to consult informally with SPR and FIN on policies and access, country teams are ultimately responsible for making their access calculations and verifying whether their proposed access and phasing trigger any policy safeguards.

augmentations, or if the macroeconomic environment has changed significantly, and (v) the member's capacity to repay the Fund.[3]

6. Area departments should submit with the PN the draft DSA, where required, and are encouraged to attach background material in the form of concise and focused appendices to the PN, including the analytical underpinnings of program design, exchange rate assessment, HIPC/MDRI issues, and others as applicable. In cases where the DSA is required, it should be attached to the PN. Attaching draft staff reports is not encouraged. Area departments can request from functional departments cross-country information and analysis that would be useful for the PN. To do this on a timely basis, area departments should informally contact functional departments about one to two months before the scheduled mission.

7. A full PN (typically three–four pages of text, see Section F)—to be circulated for departmental review—is required for all missions with substantive policy discussions that are not mostly covered in a previously cleared PN. The PN could be shorter for missions whose aim is to continue policy discussions based on a previously cleared (full) PN. Such a shortened PN should include a brief update on recent developments, the status of discussions, and, if relevant, justification for any proposed changes to the previous PN. While a PN is generally not required for staff visits, a full PN may be appropriate for staff visits aimed at holding substantive policy discussions (for example if a formal AIV mission cannot take place).

8. A briefing memorandum ("brief") is normally expected for staff visits. For briefs involving changes in policy lines or economic circumstances, normal interdepartmental review procedures apply. The depth of the review process depends on the scope of the changes. A PCM is optional and at the discretion of the authoring department, but consultation with SPR is encouraged. Briefs that do not involve change in policy lines can be circulated to review departments and management for information only, provided that area departments and SPR agree that there is no change in the policy line or economic circumstances since the last staff report and/or PN. Such briefs need to be reviewed by SPR. If the area department and SPR agree there is no change in policy lines (from the Article IV, a recent UFR SR, or previously cleared PNs), a short brief for Management's *information* set out the staff visit's purpose and repeat, or cross-reference, the key policy lines is sufficient. For virtual fact-finding staff visits where policymakers will not be engaged on policy issues, a brief for information can may be sent to SPR and management on voluntary basis at the discretion of Country teams. The authoring department should communicate early with SPR about the procedures to be followed.

9. Policy Consultation Meetings (PCM): A PCM should be held approximately two to three weeks prior to missions. The PCM should establish a firm idea of what the final PN will look like, discussing issues and ideally reaching agreement, and leaving the fine-tuning for later. Review departments should ensure that the relevant people (i.e., able to speak for their department on the

[3] In the case of SCF arrangements treated as precautionary, the baseline scenario should be presented showing no Fund financing, while an alternative scenario should illustrate the potential balance of payments need, including the potential capacity to repay the Fund indicators.

policy line) attend the meeting. Functional departments may send technical experts, but this status should be made clear. All policy issues should ideally be raised at the PCM (not opened up subsequently). PCM participants are encouraged to check at the end of the PCM that they share the same understanding of what was agreed and to thereafter work interactively toward finalizing the PN. If needed, a follow up meeting may be called. Reviewing departments are encouraged to circulate any cross-country and technical analyses ahead of the PCM and to give the area department an informal heads up of the issues they intend to raise (but avoid extensive written comments).

10. Clearance by SPR. Once area departments have revised the document to incorporate the comments raised at the PCM stage, they should transmit to SPR the revised PN and a "cover memo to management". SPR clears the package for transmission to management. SPR should take a view about the key issues that need to be raised to management attention and ensure that arguments raised by reviewing departments are presented clearly and concisely. SPR may also take a view on issues raised by other departments within the context of overall program strategy, although on technical details SPR may choose to defer to such departments in their areas of technical expertise.

11. Cover memorandum for PN: Once cleared by SPR, the final PN should be sent to management for clearance with a cover memorandum. The cover memorandum should provide concise and candid information on the following: (i) key issues—economic situation, including vulnerabilities to an external or financial crisis; (ii) staff's main recommendations; (iii) main issues raised in the review process, including reconciliation of diverging departmental views as appropriate; and (iv) any controversial aspects. The cover memorandum should also clarify the requested management action. SPR will review the cover memorandum but does not "clear it". An exception is the section detailing the review process, which should fully reflect any departmental disagreements and be cleared by SPR. The protocol for management clearance of the cover memorandum is provided in Table 1 below.

Appendix I. Table 1. Management Clearance

Process	Circumstances
Management review	Systemic, vulnerable, new program, or exceptional access countries
Lapse of Time basis	All other countries
Meeting with management	Major differences of views between area and reviewing departments

12. Management Review and Clearance. Management will provide its clearance and guidance in writing to authoring and reviewing departments. Addressing Management's comments is required even when a paper is cleared. Management clearance comments, questions and concerns should be answered in a reply-to-all email from the authoring department(s), attaching a redlined document as needed. If a document is not cleared, Management will indicate a course of action. In cases where issues arise after Management has provided clearance and a significant update to policy lines is proposed, authoring departments should seek review and clearance from SPR before seeking management clearance. A significant update to PN could include major changes to core macro policy advice, program conditionality (e.g., content, timing), modalities of support (phasing, access), or changes in circumstances that affect debt sustainability or capacity to repay. In these cases, it may be preferable to move to an Update of the Policy Note, which should follow the standard interdepartmental review process.

C. On Mission

13. LOI/MEFP: For new financing/arrangement/instrument (e.g., PCI) requests and for program reviews (including under the PCI), the authorities of the member country will need to sign a statement that sets out the policies and measures they intend to pursue in line with their Fund-supported program. This statement is presented in the form of an LOI and typically includes an accompanying MEFP. Under the standard that has been long applied in the Fund, the LOI must be signed by representatives of those agencies of the member that are responsible for formulating and implementing the policy commitments included in the LOI/MEFP. Accordingly, it is standard practice that both the minister of finance and the governor of the central bank sign the LOI, although the latter may not be appropriate in currency unions. Signature by presidents and prime ministers is also possible. For routine program reviews, a more detailed LOI could in some cases obviate the need for an MEFP. However, this would presume that a previous MEFP discussed the policies applicable to the 12-month period following the review. The LOI/MEFP should draw out specific actions in support of the program and usually contain (i) a table with quantitative performance criteria that cover the next 12 months (from the Board date) and indicative targets that extend through the end of the calendar year (or fiscal year) for which policies are being discussed, and (ii) a structural benchmark table, with benchmarks covering the next 12 months, highlighting their timing and criticality.[4] The LOI should also include the standard consultation clause that authorities will consult with the Fund ahead of any revisions to the measures outlined in the MEFP, in accordance with the Fund's policies on such consultations. For the initial arrangement/financing/instrument request and at each review, the LOI/MEFP should specify how the program advances the country's poverty reduction and growth objectives and policies. It is expected that the description would be more detailed at the time of the initial arrangement/financing/instrument request or when a new PRGS has been transmitted to the Executive Board. In cases where a relevant PRS document exists, this description in the LOI/MEFP could cross-reference the PRS document. In cases where a relevant PRS document does not exist, the program documentation (e.g., in an attachment to the LOI or MEFP) should outline the country's medium-term poverty reduction and growth objectives and policies. Subsequent program documents should refer to this documentation and update it as necessary. A draft LOI/MEFP should be discussed during the mission, and the authorities should be advised that

[4] For more details, see *Revised Operational Guidance Note on Conditionality* (IMF, 2008a) and *Creating Policy Space— Responsive Design and Streamlined Conditionality in Recent Low-Income Country Programs* (IMF, 2009i).

these understandings are reached with staff ad referendum, i.e., subject to Fund management approval. The authorities should therefore not sign the LOI prior to management approval.

14. Technical Memorandum of Understanding (TMU): For new arrangement/financing/instrument requests, the LOI/MEFP must be accompanied by a TMU that clearly and precisely defines the PCs under the program, including the definitions of indicators, the coverage of government and the monetary authorities, exchange rate valuation for program purposes, program adjustors, data submission requirements, etc.[5] Standard language[6] on the definition for external debt should also be included.

15. Side letters: The use of side letters in PRGT programs and financing requests has been extremely rare. Side letters may be used when release of information on policy understandings at the time of an emergency financing request or a request for financing or non-financing arrangement or review would cause adverse market reaction or undermine the authorities' efforts to prepare the domestic groundwork for a measure.[7]

16. Concluding Statement: Mission Concluding Statements summarize the discussions between country authorities and an IMF staff team. While these are not negotiated documents, drafts are typically shared with country authorities as a courtesy. They can be posted on the IMF website with the consent of country authorities. For Article IV missions, it is standard practice for teams to leave a Concluding Statement with the authorities, recapitulating the mission's assessment of the macroeconomic situation and its policy advice. A Concluding Statement is also sometimes useful in missions that do not result in understandings on a new financing/arrangement/instrument request or program review. In case It is important that consultations from the field be conducted in a timely manner. For instance, if the concluding statement would deviate significantly from the PN, consultation should occur before it is issued. If staff wish to deviate significantly from management-approved lines in the Concluding Statement, they should seek a renewed clearance from SPR, whereby SPR would consult with relevant departments as needed. In some cases, an Update of the PN would be required.

17. End-of-mission Press Release: It is often useful for missions to issue a press statement at the end of a mission, especially when understandings on a new arrangement/financing/instrument request or program review are reached. Such press statements can provide an opportunity to focus the attention of the local media and key stakeholders on the main policy issues and build an understanding for the role of the Fund in the country. Staff should inform the authorities of their intention to issue a press statement. Missions are encouraged to inform the COM country press officer or Media Relations of press plans and should clear the written statement before its release. The mission should also give the authorities an opportunity to review the draft press statement.

---

[5] For more details, see IMF, 2008a and 2009i.

[6] See *Guidelines on Performance Criteria with respect to External Debt in Fund Arrangements*, and Decision No. 6230-(79/140), as amended, and *Staff Guidance Note on the Implementation of Public Debt Limits in Fund-Supported Programs* (IMF, 2015e).

[7] For the Fund's policy on side letters, see Decision No. 12067-(99/108).

While it is preferable for mission teams to publish either a concluding statement or a press release at the end of a staff mission, but not both, there are circumstances where a press release may be warranted in addition to the publication of a concluding statement—for example, when the authorities may not have taken a decision on the publication of the concluding statement at the time of the mission ending.

D. Post-Mission Work

18. Back-to-Office Report: The mission chief should send a back-to-office report (BTO) to management within two working days of the mission's return to headquarters. The BTO should be short (up to two pages) and should mention the nature of the mission (with mission members listed in a footnote) and the key issues, with an attached Selected Economic Indicators table.

19. Staff Report: A staff report is required for an Article IV consultation, initial arrangement (financing or non-financing instrument) request, and at the time of each program review and should be submitted for the interdepartmental review. This includes the ECF, SCF, RCF, PCI, and SMP/PMB. Short staff reports to the Board would also be required where program design is modified in between reviews (e.g., modification of PCs, short-term extension of arrangements, augmentation requests at ad hoc reviews, etc.). All such staff reports should include (i) background diagnostics (including recent economic and political developments), (ii) the economic outlook, including downside risks and debt vulnerabilities (referring to the most recent DSA), (iii) the authorities' policy objectives and plans, (iv) capacity to repay with a bottom line assessment and references to metrics in the CtR table and/or to metrics included in cross country CtR charts when applicable (see above), and (v) a staff appraisal of the key policy issues. Article IV reports contain a number of additional elements and requirements.[8] Where applicable staff appraisals should also make recommendations for approvals of requests for (i) waivers for non-observance of PCs, (ii) extension of arrangement, (iii) augmentation, (iv) rephasing, and (v) modification of existing PCs, providing justification that builds on material in the main body of the report to support the recommendation. Any combined UFR and Article IV staff report should meet the same Article IV requirements as for members without Fund-supported programs. It is important that the Article IV coverage remain comprehensive and deal with all the relevant issues, in particular critical medium- or longer-term policy issues. Staff reports for members subject to safeguards assessments and monitoring should include a summary safeguards paragraph in the main body of the report on the status of the safeguards issues, including any significant recommendations on legislative amendments that involve parties external to the central bank, problems in obtaining access to data, and deviations from commitments relating to safeguards recommendations.[9] A Data Issues Annex should be included at least for Article IV Staff Reports.[10]

[8] See the latest version of *Guidance Note for Surveillance Under Article IV Consultations* (IMF, 2022h).

[9] See IMF, 2015i and 2015h.

[10] For details, see *Review of the Framework for Data Adequacy Assessment for Surveillance* (IMF, 2024b).

20. Country documents involving initial requests for ECF, SCF, or RCF support should set out overall program objectives and specific policy understandings. Staff reports should explain the choice of instrument, the determination and phasing of access, and the design of conditionality.[11] All program staff reports, both initial requests and reviews, should discuss key near-term policy goals and commitments (typically over the next 12 months), and program financing.[12] Staff reports for program reviews should also discuss performance relative to program conditionality.

21. Staff reports should contain a full set of macroeconomic tables, including: (i) selected economic indicators; (ii) government accounts (in national currency and percent of GDP), (iii) monetary survey (central bank accounts and commercial bank accounts), and (d) the balance of payments. A standard table on Sustainable Development Goals (SDG) indicators is not a requirement but is encouraged to be included in staff reports if relevant about once a year (normally staff reports covering Article IV consultations and request for new Fund arrangements/instruments/financing).

22. Staff report tables for arrangements/instruments/financing requests or reviews should also include: (i) the approved and proposed schedule of disbursements and reviews, (ii) financing requirements and sources, and, in the case of new financing requests or augmentations, or if the macroeconomic environment has changed significantly, and (ii) the member's capacity to repay the Fund.[13] The staff report should also include staff's qualitative assessment of the member's capacity to repay the Fund.

23. The LOI/MEFP attached to arrangements/instruments/financing requests or reviews should include (i) a table with quantitative conditionality (the "PC table") that covers (a) previously established targets and outturns (PCs and indicative targets) over at least the past 12 months—alternatively, reporting on past performance relative to quantitative targets can be included as a separate table in the staff report, (b) PCs established for the next 12 months (from the expected Board date), and (c) indicative targets through the end of the calendar year (or fiscal year) for which policies are being discussed; and (ii) a structural benchmark table covering (a) the implementation status of previously established benchmarks—alternatively, reporting on the status of previously established structural benchmarks can be included as a separate table in the staff report, and (b) benchmarks covering the next 12 months, highlighting their timing and criticality.

24. Management Clearance Memo: Management clearance of staff reports is based on a clearance note that states the main issues addressed in the report, clearly lays out any differences in

[11] In the case of SCF arrangements treated as precautionary, the baseline scenario should be presented showing no Fund financing. The potential balance of payments need that might emerge could be highlighted, for example, by discussing how the most volatile external flows may be affected by exogenous shocks, and/or by presenting alternative scenarios showing the possible sources of need.

[12] For more details, see the sections on "Financing Assurances, Arrears, and Safeguards" and "Conditionality" in Chapters II–IV of this *Handbook*.

[13] In the case of SCF arrangements treated as precautionary, the baseline scenario should be presented showing no Fund financing, while an alternative scenario should illustrate the potential balance of payments need, including the potential capacity to repay the Fund indicators.

views among reviewing departments, explains clearly any significant deviations from the PN, and highlights potentially controversial issues. A copy of the staff report's Executive Summary should be attached.

25. Joint Bank-Fund Debt Sustainability Framework Analysis (DSF): The Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries (IMF, 2018b) discusses the criteria for DSA preparation and content. A LIC DSA should be prepared once a year for PRGT-eligible countries that also have access to IDA resources. A DSA may also be required to support the proposed level of access level (see Section D of the Handbook Chapters on the ECF, SCF, and RCF). DSAs should be prepared as self-contained documents, normally issued as a supplement to staff reports. In particular, they should include a clear description of macroeconomic assumptions without referring to the Fund staff report to which they are a supplement. The main conclusions of the DSA should be discussed in the body of the staff report. The DSA is subject to the same review process as a staff report and, when finalized, if not published as a stand-alone document, should be included as a supplement to the staff report. The final versions of the DSA files (external and fiscal templates) should be submitted to the SPR review box at the time the DSA (and staff report) is sent to the Board. All DSAs must be prepared jointly by the IMF and World Bank, regardless of whether the DSA is included in a Board document of one institution only, and must be submitted to both the IMF's and World Bank Executive Boards, be it for discussion or for information.

26. Informational Annex: An informational annex should be issued as a supplement to ECF, SCF, RCF, PCI, and SMP requests, and Article IV reports. This annex comprises Relations with the Fund and Bank-Fund Collaboration, including the JMAP matrix (see below), and Relations with other Multilateral Institutions if applicable. The annex is subject to departmental review but does not require management clearance. The annex should be sent for interdepartmental review together with the report for which clearance is sought but is cleared only by the Authoring Department (not SPR). Informational Annexes do not require Management clearance and should be sent to Management *for information* along with the staff report for which clearance is sought. The annex should not be attached to the staff report. Instead, at the time of the issuance of the staff report to the Board, the annex should be sent to Secretary's Department (SEC) and posted on the web as a supplement to the staff report. A Data Issues Annex should be included at least for Article IV Staff Reports. The annex is subject to departmental and management review.[14]

27. Summing Up/ and Chairman's Statement are prepared and cleared by Authoring Departments. Teams are encouraged to share these documents with SPR and other relevant departments for optional comments. All stand-alone UFR discussions and combined UFR with Article IV discussions require both a Summing Up and Chairman's Statement (Appendix I Table 2). Summings Up are read out for directors' comments at the conclusion of the Board meeting and should summarize issues in a readily understandable way and avoid sentences that are overly long or complex, or long lists of topics or measures and acronyms that are not widely known or

[14] For details, see *Review of the Framework for Data Adequacy Assessment for Surveillance* (IMF, 2024b).

previously defined. The key differences between Summing Ups and Chairman's Statements include the following:

- The **Summing Up** is intended to present the Executive Board's formal views on the key issues at stake. It is read out for directors' comments at the conclusion of the Board meeting and should summarize issues in a readily understandable way and avoid sentences that are overly long or complex, or long lists of topics or measures and acronyms that are not widely known or previously defined. For a combined UFR with Article IV discussions, the Summing Up contains a section on key policy issues discussed in the context of the Article IV consultation followed by a separate short section at the end on key program issues. Only the latter section is required for a standalone UFR discussion. The Summing Up should cover certain core areas: recent economic performance or performance under the program, the economic outlook, risks and challenges, and macroeconomic and structural policy issues. The Summing Up should have a clear forward-looking element, and, for a country with a Fund-supported program, include what directors consider the most critical elements for the success of the program. In cases where the Executive Board approves the staff appraisal to shorten the Article IV consultation cycle, the Summing Up should reflect such approval by the Board.

- **Chairman's Statements** are prepared after the Executive Board adopts a decision regarding a country's use of Fund resources or completes a discussion about a country's participation in the HIPC initiative or a country's PRS-related document. The Chairman's Statement is intended to inform the public of the Board's decision on UFR and the Board's overall policy message. The Chairman's Statement should not attempt to cover the discussion as a whole or reflect divergent Directors' views, but rather convey a few (three to four) points on which the Board placed emphasis. It does not attribute statements to directors. Staff should exercise caution when referring to highly market-sensitive issues.

Appendix I. Table 2. Summing Up, Chairman's Statement, and Press Release

Type of discussion	Summing Up	Chairman's Statement	Press Release
Stand-alone UFR	Yes	Yes	No
Combined UFR with Article IV	Yes	Yes	Yes
Combined Ex Post Assessment/UFR	Yes	Yes	Yes
Stand-alone Post-Financing Assessment or Ex Post Assessment	Yes	No	Yes

28. Press Release:[15] COM issues Press Releases for new financing requests and program reviews, containing the Chairman's statements. Area Departments prepare the background section, to be reviewed by SPR upon demand. COM prepares the initial draft, including the Chairman's statement, and requests comments from the area department, LEG, FIN, and the executive director of the country in question.

29. Staff Statements and Supplements: Staff statements should be prepared as needed if new or additional information becomes available after the submission of the staff report to the Board and before the Board meeting. The statement should explicitly mention whether the new information changes the thrust of staff's assessment in the staff report. If there are significant changes, a staff supplement should be issued. The statements and supplements should be sent to SPR for clearance. Staff statements and supplements should be sent to SPR for clearance. Supplements should also be reviewed by LEG and relevant Functional Departments if they require Management clearance. Staff statements and supplements that alter the thrust of the staff appraisal, contain a revised proposed decision, report on whether a PA has been met or not, contain a supplementary or revised LOI, or provide new information critical to the enterprise risk assessment require Management clearance. Authoring Departments should consult with SPR as to whether a statement/supplement should be sent to management for information or clearance. They should be sent to management for their information and to SEC for Board circulation, at least four days before the Board meeting for statements and at least three days before the Board meeting for supplements.

30. Selected Issues Papers (SIPs). An interdepartmental review is not required for SIPs as they generally do not contain policy advice, although it is best practice to include them for information in the package sent to departments for review. Any SIP that contains policy advice that deviates from the staff report or introduces new elements on broader Fund policies should be reviewed by relevant departments. SIPs do not require Management clearance. A near-final draft should be submitted to Management *for information* along with the staff report for which clearance is sought.

31. The Review Process for Staff Reports broadly adheres to the same guidelines for formal inter-departmental review as applicable at the PN stage. In particular: (i) authoring departments need to adhere to the submission of documents as a complete package; and (ii) reviewing departments should not reopen policy positions or other points that were in the previously approved PN, absent new information that warrants a change. In rare cases where issues arise after management has provided clearance but before the paper is issued to the Board, authoring departments should clear any required modifications (aside from typos and minor edits) through the relevant OMD advisor, after having reached agreement (in cases of country papers) with SPR.

[15] Public Information Notices (PINs) ceased on July 2013 and have been consolidated into the Press Releases series.

E. Tailored Review Process for Non-Standard Cases

32. There is a fast-track process for program documents. Fast-track procedures are not available for UFR/RSF/PCI/PMB/SMP requests but can be considered for UFR reviews or RFI/RCF requests. The fast-track allows for a simplified review process and is applicable in specific circumstances. Prior to the mission, the team would submit for the interdepartmental review process and management clearance (i) a short PN (or extended cover note) with a narrative and a summary of the review process and (ii) a draft staff report. Post-mission, a red-lined version of the staff report would be submitted for review. Reviewing departments would then focus their comments on the changes introduced to the draft staff report after the mission. The choice of countries for a fast-track approach is for area departments to make in consultation with SPR and should be exercised judiciously.

33. Certain crisis cases may need to be treated flexibly and handled expeditiously. A crisis is generally understood as involving an extremely time-sensitive need for Fund support, where major or critical enterprise risks are judged to arise. The area department should inform SPR as soon as possible of any crisis that requires shortening the review deadlines. If SPR is of the view that more time is required, then management should be consulted. To ensure quality control and mitigate enterprise risk, area departments should alert all reviewing departments, including ORM and COM, to the use of flexible modalities and initiate a preliminary exchange of views on policy lines ("early engagement") before the formal review process starts.

34. Likewise, the review of exceptionally complex cases may require more flexible application of the guidelines. These cases include requests submitted simultaneously or with high overlap and involving two or more key elements (e.g., combined program/RST requests, some PNs for exceptional access, and some cases involving debt treatments). Early engagement is required in such cases. Some cases involving debt treatments involve considerable guidance about applicable policy provisions and extra attention to the DSA (and the debt targets set) again raising complexity of the review. Reviewing departments should aim to prioritize comments, and keep them constructive, tailored, and consistent. Review times need to be extended for both reviewing departments and management wherever feasible, and allowance should be made for longer PCMs in anticipation of more priority issues to discuss.

F. Other Documents

35. Staff Statements for UFR ('concise note') with Preliminary Evaluation of Exceptional Access. This "EA note" should be submitted as a package with the PN for interdepartmental review. The review should follow the standard process for PNs. The request should be for clearance of the staff statement (for circulation to the Board), with clearance of the Policy Note requested after the informal consultation with the Board.

36. Assessment of the Risks to the Fund and the Fund's Liquidity Position. This paper, prepared by FIN and SPR, should be submitted to the authoring department of the relevant country report for review, and to other departments as needed.

37. Board Briefings in the context of Excessively Delayed Article IVs. Board Briefings that fulfill requirements under the procedure for excessively delayed Article IV consultations are part of the Fund's surveillance policies and as such should be reviewed by SPR and LEG, and FDs, under the standard provisions of the interdepartmental review process, and require Management clearance.

38. Authoring Department Regional Briefings to the Executive Board, are, in general, not subject to the interdepartmental review process and are cleared by the authoring department Director (they do not require Management clearance). Exceptions refer to material included in such Regional Briefings that is otherwise subject to interdepartmental review (e.g., briefing material in the context of excessively delayed Article IVs). Regional Briefings should be shared with reviewing departments and Management for information three days ahead of issuance to the Executive Board.

39. An **Ex-Post Peer Reviewed Assessment** is required for all members considered as having LTPE, defined as having in place a Fund-supported financial arrangement for at least seven of the past 10 years.[16] Time spent under the PCI and arrangements treated as precautionary do not count towards LTPE. For members that have been identified as meeting the LTPE definition and for whom an EPA or ex post peer review assessment has not been prepared in the past five years, ex post peer review assessments should be prepared if a successor arrangement is contemplated and be considered by the Board at the time of a request for a new arrangement.[17] Staff should conduct an ex post peer review assessment at the beginning of the successor program negotiation or during the Article IV consultation, whichever is earlier, and incorporate its lessons in the new program design. Staff should circulate the draft assessment report to departments together with the PN for discussion of a successor arrangement or with the PN for the Article IV consultation, whichever is earlier. Ex post peer review assessments should be presented to the Executive Board for consideration as part of the staff report for request of a new program (i.e., as an annex or in the main text of the report).

40. A **Joint Bank-Fund LIC DSA** should be prepared annually for PRGT-eligible countries with access to IDA resources. The Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries (IMF, 2018b) discusses the criteria for DSA preparation and content. A LIC DSA should be prepared once a year for PRGT-eligible countries that also have access to IDA resources. A DSA may also be required to support the access level (see Section D of the Handbook Chapters on the ECF, SCF, and RCF). DSAs should be prepared as self-contained documents, normally issued as a supplement to staff reports. In particular, they should include a clear description of macroeconomic assumptions without referring to the Fund staff report to which they are a supplement. The main conclusions of the DSA should be discussed in the body of the staff

[16] For a complete discussion of LTPE, see IMF (2006b, 2010c, and 2015l) and *Staff Guidance Note for the Conduct of Ex Post Peer Reviewed Assessments of Members with Longer-Term Program Engagement* (IMF, 2016a).

[17] This timing for the preparation of ex post peer reviewed assessments applies to all new arrangements, including those precautionary upon approval.

report. The DSA is subject to the same review process as a staff report and, when finalized, if not published as a stand-alone document, should be included as a supplement to the staff report. The final versions of the DSA files (external and fiscal templates) should be submitted to the SPR review box at the time the DSA (and staff report) is sent to the Board. All DSAs must be prepared jointly by the IMF and World Bank, regardless of whether the DSA is included in a Board document of one institution only, and must be submitted to both the IMF's and World Bank Executive Boards, be it for discussion or for information.

41. PRS documentation (Poverty Reduction and Growth Strategy—PRGS):[18] For ECF and SCF arrangements with an initial duration exceeding two years, a PRGS is required to be issued to the Board for completion of the second and subsequent reviews. The PRS covered in the PRGS must have been developed normally within five years but no more than six years leading up to and covering the relevant review. An assessment of the country's PRS has also to be requested from World Bank staff and circulated to the Fund Executive Board for information to help inform the Board on the quality of PRS.

42. The Joint Management Action Plan (JMAP):[19] Under the JMAP, Bank and Fund country teams are asked to document the results of an annual consultation in a joint memorandum for files, identifying (i) the key macroeconomic and macro-critical structural challenges facing the country; (ii) policies and reforms to address these challenges and of each institution's priorities for supporting these reforms; (iii) respective work plans and outputs for the next 12 to 24 months, together with tentative mission schedules and delivery dates (summarized in an "action matrix" appended to the memorandum); (iv) information, analytical cross support, and other inputs (e.g., assessment letters) needed from institutional counterparts, including agreed delivery dates; and (v) any substantive disagreement on any of the above issues. In addition, when a Fund team prepares a staff report, it is expected to document Bank-Fund Collaboration in the appendix to the staff report. To avoid duplication, the appendix can simply be an appropriately reformatted version of the memorandum. Procedural detail of little interest to the Board can be deleted.

43. Review of Joint Fund-Bank Documents: Staff of both institutions should communicate at the outset with their counterparts to discuss respective review requirements and agree on a coordinated timetable for all joint documents that require review by both institutions and consideration by the Boards of the institutions.

44. Assessment Letters:[20] Assessment Letters or statements are typically produced in response to requests from multilateral or bilateral donors or creditors, in particular, the World Bank and other multilateral institutions, although in some instances the request may come directly from the member country that is approaching donors for financial assistance. Assessment Letters should contain a clear and candid assessment of the member's macroeconomic conditions and prospects,

[18] For further details, see Appendix V, as well as IMF (2015b).

[19] See IMF, 2007c and 2010d.

[20] For more information, see IMF, 2011d.

and of macroeconomic and related structural policies. Specifically, the assessment should (i) identify existing macroeconomic imbalances and structural distortions; (ii) indicate to what extent current and planned policies are dealing with (or perhaps contributing to) these imbalances and distortions; and (iii) highlight policy areas where there are major outstanding concerns. To the extent possible, Assessment Letters should be derived from and consistent with the most recently available report (PNs, staff reports, etc.). Assessment Letters should also contain an account of the Fund's relations with the member country, including, where relevant, program discussions. They may not include language directly encouraging or discouraging assistance from donors. Assessment Letters are subject to the same SPR review and clearance procedures as program-related documents, and they require management approval. Circulation to the Board for information is required at the time of external dissemination Assessment Letters are reviewed by SPR, with other departments copied for information, following standard review procedures. Although not generally done, Assessment Letters may be published on the IMF's external website or by the recipient institutions, only with the consent of the authorities.

45. HIPC Documents: If a country satisfies all eligibility criteria and decides to request HIPC assistance, a preliminary HIPC document is first required, followed by a decision point document and, finally, a completion point document (see Appendix IV). HIPC documents, including HIPC DSAs, are produced jointly with the Bank and are reviewed by both institutions. Standard procedures apply at the Fund for the review, clearance, and submission to the Board of HIPC documents.

46. Other Country documents to engage with country authorities include Ad hoc Notes, Country Briefs for Management meetings with authorities and Briefing Books for Management Visits. In general, these documents do not require interdepartmental review or SPR clearance. However, Ad hoc Notes shared with authorities to facilitate the dialogue and that contain new policy advice do require interdepartmental review if such advice deviate from previously agreed policy lines. Country Briefs for Management meetings with country authorities and Briefing Books for Management Visits do not require SPR review and clearance, except for policy relevant sections and only where policy lines have changed or are new. The briefs/books should be sent to SPR and other reviewing departments for information when sending to Management.

47. Disbursements outside of scheduled reviews of available but undrawn amounts under SCF arrangements: A country is within its rights to draw outside of scheduled reviews previously approved but undrawn amounts under the SCF if (i) its representation of a balance of payments need meets the requirements of the PRGT instrument; (ii) the most recently scheduled review under the arrangement prior to the request has been completed; and (iii) available information indicates that its continuous PCs are being met. The Trust Instrument precludes staff from challenging a member's representation of a balance of payments need prior to providing the requested disbursement. However, the Trust Instrument indicates that if subsequently the Board decided that the disbursement took place in the absence of a need, it could seek repayment with interest normally within 30 days of its decision that early repayment is required. For a country to draw outside of scheduled reviews, it must send a letter to the MD communicating and explaining the decision. Staff will then circulate a short note for information to the Board, attaching the letter of the authorities. A press release is issued shortly afterwards.

G. Length of Country Documents

48. On July 22, 2014, management approved the below (see table) limits on document length for PNs and staff reports, which apply for all notes/reports sent to management on or after September 1, 2014. In addition, management requested that, to ensure traction, all documents subject to word limits indicate both the actual word count and the applicable limit in the cover note, and that staff indicate the reasons for significant deviation in the cover note. On November 28, 2023, management approved additional length limits related to joint UCT/RSF requests and reviews and for PFA documents.

Appendix I. Box 1. Summary Table. Length Limits for Country Documents [1/]

(In words)

Policy notes	**Limits**
Typical surveillance and on-track programs	2,800
High vulnerability, G20 country and other global financial center, program request, program cases that are off-track, and combined AIV/UFR-PCI-SMP	3,600
Joint RSF request/UCT/A4	5,100
Joint RSF request/UCT; Joint RSF review/UCT/A4	4,600
Joint RSF review/UCT	3,600
Attachments (indicative limit; not for management clearance)	6,000 (or draft staff report, consistent with limits below)
Staff Reports	**Limits (excluding annexes)**
Stand-Alone AIV: regular	6,000
Stand-Alone AIV: G20 and global financial center	9,500
Stand-Alone UFR, PCI, SMP: request	6,000
Stand-Alone UFR, PCI, SMP: review	5,000
Exceptional access UFR	9,500
Combined AIV/UFR-PCI-SMP	9,500
Joint RSF request/UCT/A4	10,500
Joint RSF request/UCT; Joint RSF review/UCT/A4	10,100

Appendix I. Box 1. Summary Table. Length Limits for Country Documents (concluded)

Joint RSF review/UCT	9,500
Post-Financing Arrangements (PFA)	4,500
Annexes (indicative limit; excluding DSA, informational annex, LOI, MEFP, TMU, and proposed decision)	2,000

[1/] The limits would exclude the cover page/memo, (text) tables, (text) figures, the RAM, the ESR country page, and annexes regarding follow up to previous staff AIV advice or FSAP recommendations.

References

International Monetary Fund, 1987, *The Chairman's Summing Up of the Discussion on the Enhancement of the Structural Adjustment Facility—Operational Arrangements* (Washington).

———, 1990, *Summing Up by the Chairman—Operational Modalities of the Rights Approach* (Washington).

———, 1997, *Acting Chair's Summing Up - Instrument to Establish a Trust for Special Poverty and Growth Operations for the Heavily Indebted Poor Countries Initiative and Interim ECF Subsidy Operations* (Washington).

———, 1999a, *Summing Up by the Acting Chairman—Fund Policy on Arrears to Private Creditors—Further Considerations* (Washington).

———, 1999b, *Poverty Reduction Strategy Papers—Operational Issues* (Washington).

———, 1999c, *Summing Up by the Acting Chairman - Modifications to the Initiative for Heavily Indebted Poor Countries Executive Board Meeting 99/89 August 1999* (Washington).

———, 2001, *Guidelines for World Bank and IMF Staffs for Joint Staff Advisory Notes (JSAN) for Poverty Reduction Strategy Papers* (Washington).

———, 2002a, *The Acting Chair's Summing Up on Safeguards Assessments—Review of Experience and Next Steps* (Washington).

———, 2002b, *Review of the Poverty Reduction Strategy Paper Approach—Early Experience with Interim PRSPs and Full PRSPs* (Washington).

———, 2002c, *Summing Up by the Acting Chair—Access Policy in Capital Account Crises* (Washington).

———, 2002d, *Guidelines on Conditionality* (Washington).

———, 2003, *The Acting Chair's Summing Up - Review of Access Policy Under the Credit Tranches and the Extended Fund Facility, and Access Policy in Capital Account Crises-Modifications to the*

Supplemental Reserve Facility and Follow-Up Issues Related to Exceptional Access Policy Executive Board Meeting 03/16-February 26, 2003 (Washington).

———, 2004a, *The Fund's Support of Low-Income Member Countries—Considerations on Instruments and Financing* (Washington).

———, 2004b, *Poverty Reduction Strategy Papers—Progress in Implementation* (Washington).

———, 2004c, *Poverty Reduction Strategy Papers—Proposed Amendments to the PRGF Trust and PRGF-HIPC Trust Instruments* (Washington).

———, 2004d, *Signaling by the Fund—A Historical Review* (Washington).

———, 2005a, *Extension of Post-Program Monitoring to Cover the Use of PRGF Resources* (Washington).

———, 2005b, *The Acting Chair's Summing Up - Review of Access Policy in the Credit Tranches, Under the Extended Fund Facility, and Under the Poverty Reduction and Growth Facility, and Exceptional Access Policy, Executive Board Meeting* 05/32 April 1, 2005 (Washington).

———, 2006a, *Revised IMF Staff Statement on Principles Underlying the Guidelines on Conditionality* and Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines (Washington).

———, 2006b, *Review of Ex Post Assessments and Issues Relating to the Policy on Longer-Term Program Engagement* (Washington).

———, 2006c, *The Acting Chair's Summing—Up Review of Ex Post Assessments and Issues Related to the Policy on Longer-Term Program Engagement* (Washington).

, 2006d, *Article VIII Acceptance by IMF Members—Recent Trends and Implications for the Fund* (Washington).

———, 2006e, *Making the Misreporting Policies Less Onerous in De Minimis Cases* (Washington).

———, 2007a, *Aid Inflows—The Role of the Fund and Operational Issues for Program Design* (Washington).

———, 2007b, *IMF Executive Board Discusses Operational Implications of Aid Inflows for IMF Advice and Program Design in Low-Income Countries*, PIN No. 07/83 (Washington).

———, 2007c, *Enhancing Collaboration—Joint Management Action Plan* (Washington).

———, 2007d, *Proposals to Modify the PRGF-HIPC Trust Instrument—Further Considerations* (Washington).

———, 2008a, *Revised Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines* (Washington).

———, 2008b, *The Role of the Fund in Low-Income Countries*, PIN No. 08/125 (Washington).

———, 2009a, *Joint Staff Advisory Notes (JSANs)—Proposed Amendments to Streamline Modalities* (Washington).

———, 2009b, *The Fund's Facilities and Financing Framework for Low-Income Countries* (Washington).

———, 2009c, *GRA Lending Toolkit and Conditionality—Reform Proposals* (Washington).

———, 2009d, *Modification of Access Policies for the Poverty Reduction and Growth Facility and the Exogenous Shocks Facility* (Washington).

———, 2009e, *A New Architecture of Facilities for Low-Income Countries* (Washington).

———, 2009f, *A New Architecture of Facilities for Low-Income Countries and Reform of the Fund's Concessional Financing Framework—Proposed Decision* (Washington).

———, 2009g, *Debt Limits in Fund-Supported Programs—Proposed New Guidelines*, and *Supplementary Information and Proposed Decision* (Washington).

———, 2009h, *Reduction of Blackout Periods in GRA Arrangements* (Washington).

———, 2009i, *Creating Policy Space—Responsive Design and Streamlined Conditionality in Recent Low-Income Country Programs (Washington)*.

———, 2009j, *Bilateral Surveillance Guidance Note* (Washington).

———, 2009k, *Eligibility to Use the Fund's Facilities for Concessional Financing*, (Washington).

———, 2009l, *Staff Guidance Note on Debt Limits in Fund-Supported Programs,* (Washington).

———, 2010a, *Staff Guidance Note on the Application of the Joint Bank-Fund Debt Sustainability Framework for Low-Income Countries* (Washington).

———, 2010b, *Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines*, Revised January 25, 2010 (Washington).

———, 2010c, *Ex Post Assessments of Members with a Longer-Term Program Engagement—Revised Guidance Note* (Washington).

———, 2010d, *Implementation of the Joint Management Action Plan on Bank-Fund Collaboration* (Washington).

———, 2010e, *Guidance Note on the Implementation of Post-Program Monitoring* (Washington).

———, 2010f, *Staff Guidance Note on the Use of Fund Resources for Budget Support* (Washington).

———, 2010g, *Safeguards Assessments—Review of Experience* (Washington).

———, 2010h, *The Acting Chair's Summing Up Safeguards Assessments—Review of Experience; The Safeguards Policy—Independent Panel's Advisory Report* (Washington).

———, 2010i, *Review of the Fund's Strategy on Overdue Financial Obligations* (Washington).

———, 2010j, *Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI)—Status of Implementation* (Washington).

———, 2010k, *Proposal for a Post-Catastrophe Debt Relief Trust Fund* (Washington).

———, 2010l, *Proposal for a Post-Catastrophe Debt Relief Trust Fund* (Washington).

———, 2011a, *2011 Review of Conditionality—Content and Application of Conditionality* (Washington).

———, 2011b, *The Fund's Financing Role—Reform Proposals on Liquidity and Emergency Assistance* (Washington).

———, 2011c, *Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI)—Status of Implementation and Proposals for the Future of the HIPC Initiative* (Washington).

———, 2011d, *Guidance Note on Letters and Statements Assessing Members' Economic Conditions and Policies* (Washington).

———, 2012a, *Revisiting the Debt Sustainability Framework for Low-Income Countries* (Washington).

———, 2012b. *Eligibility to Use the Fund's Facilities for Concessional Financing* (Washington).

———, 2012c, *Handbook of IMF Facilities for Low-Income Countries* (Washington).

———, 2012d, *Review of Facilities for Low-Income Countries* (Washington).

———, 2012e, *Review of the Fund's Strategy on Overdue Financial Obligations* (Washington).

———, 2012f, *Proposal to Distribute Remaining Windfall Gold Sales Profits and Strategy to Make the Poverty Reduction and Growth Trust Sustainable* (Washington).

———, 2012g, *Staff Guidance Note on the Fund's Engagement with Countries in Fragile Situations* (Washington).

———, 2013a, *Blackout Periods in GRA Arrangements and the Extended Rights to Purchase Policy— A Review* (Washington).

———, 2013b, *Review of the Policy on Debt Limits in Fund-Supported Programs* (Washington).

———, 2013c, *Eligibility to Use the Fund's Facilities for Concessional Financing* (Washington).

———, 2013d, *Review of Facilities for Low-Income Countries—Proposals for Implementation* (Washington).

———, 2013e, *Sovereign Debt Restructuring—Recent Developments and Implications for the Fund's Legal and Policy Framework* (Washington).

———, 2013f, *Unification of Discount Rates Used in External Debt Analysis for Low-Income Countries* (Washington).

———, 2013g, *Staff Guidance Note on the Application of the Joint Bank-Fund Debt Sustainability Framework for Low-Income Countries* (Washington).

———, 2013h, *Guidance Note on the Fund's Transparency Policy* (Washington).

———, 2013i, Staff Guidance Note for Public Debt Sustainability Analysis in Market-Access Countries (Washington).

———, 2014a, *Conditionality in Evolving Monetary Policy Regimes* (Washington).

———, 2014b, *Revised Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines* (Washington).

———, 2014c, *Poverty Reduction and Growth Trust—Review of Interest Rate Structure* (Washington).

———, 2014d, *Reform of the Policy on Public Debt Limits in Fund-Supported Programs* (Washington).

———, 2014e, *Reform of the Policy on Public Debt Limits in Fund-Supported Programs—Proposed Decision and New Proposed Guidelines* (Washington).

———, 2015a, *Proposal to Enhance Fund Support for Low-Income Countries Hit by Public Health Disasters* (Washington).

———, 2015b, *Reform of the Fund's Policy on Poverty Reduction Strategies in Fund Engagement with Low-Income Countries—Proposals* (Washington).

———, 2015c, *Financing for Development—Enhancing the Financial Safety Net for Developing Countries* (Washington).

———, 2015d, *Eligibility to Use the Fund's Facilities for Concessional Financing, 2015* (Washington).

———, 2015e, *Staff Guidance Note on the Implementation of Public Debt Limits in Fund-Supported Programs* (Washington).

———, 2015f, *Reforming the Fund's Policy on Non-Toleration of Arrears to Official Creditors* (Washington).

———, 2015g, *Safeguards Assessments—Review of Experience* (Washington).

———, 2015h, *Safeguards Assessments Policy—External Expert Panel's Advisory Report* (Washington).

———, 2015i, *The Acting Chair's Summing Up Safeguards Assessments—Review of Experience, Executive Board meeting 15/96, October 23, 2015* (Washington).

———, 2015j, *Guidance Note for Surveillance Under Article IV Consultation* (Washington).

———, 2015k, *The Chairman's Summing Up – Reforming the Fund's Policy on Non-Toleration of Arrears to Official Creditors* (Washington).

———, 2015l, *Selected Streamlining Proposals Under the FY16–18 Medium-Term Budget—Implementation Issues* in *FY2016–FY2018 Medium-Term Budget; Selected Streamlining Proposals Under the FY16–FY18 Medium-Term Budget—Implementation Issues* (Washington).

———, 2015m, *The Acting Chair's Summing Up - Reform of the Fund's Policy on Poverty Reduction Strategies in Fund Engagement with Low-Income Countries—Proposals Executive Board Meeting 15/62 June 22, 2015* (Washington).

———, 2016a, *Staff Guidance Note for the Conduct of Ex Post Peer Reviewed Assessments of Members with Longer-Term Program Engagement* (Washington).

———, 2016b, *Poverty Reduction and Growth Trust—Review of Interest Rate Structure* (Washington).

_______, 2016c, *Financing for Development: Enhancing the Financial Safety Net for Developing Countries—Further Considerations* (Washington).

_______, 2016d, 2016 *Handbook of IMF Facilities for Low-Income Countries* (Washington).

_______, 2016e, *Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI)—Statistical Update* (Washington).

———, 2017a, *Eligibility to Use the Fund's Facilities for Concessional Financing, 2017* (Washington).

———, 2017b, *Large Natural Disasters—Enhancing the Financial Safety Net for Developing Countries* (Washington).

———, 2017c, *Adequacy of the Global Financial Safety Net—Proposal for a New Policy Coordination Instrument* (Washington).

———, 2017d, *Guidance Note on Post Program Monitoring* (Washington).

_______, 2017e, *2017 Handbook of IMF Facilities for Low-Income Countries* (Washington).

———, 2018a, IEO Report on *The IMF and Fragile States* (Washington).

———, 2018b, *Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries* (Washington).

———, 2019a, *2018-19 Review of Facilities for Low-Income Countries---Reform Proposals* (Washington).

———, 2019b, *2018-19 Review Of The Financing Of The Fund's Concessional Assistance And Debt Relief To Low-Income Member Countries* (Washington).

———, 2019c, *Building Resilience in Developing Countries Vulnerable to Large Natural Disasters* (Washington).

———, 2019d, *2019 Review of the PRGT Interest Rate Structure* (Washington).

———, 2019e, *2018 Review of Program Design and Conditionality* (Washington).

———, 2019f, *The Acting Chair's Summing Up -2018-19 Review of Facilities for Low-Income Countries—Reform Proposals; Review of the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Countries Executive Board Meeting 19/42 May 24, 2019* (Washington).

———, 2020a, *Eligibility to Use the Fund's Facilities for Concessional Financing* (Washington).

———, 2020b, *Enhancing the Emergency Financing Toolkit—Responding to the Covid-19 Pandemic—Supplementary Proposal on Handling PRGT High-Access Procedures Under Emergency Financing Requests* (Washington).

———, 2020c, *Temporary Modification to the Fund's Annual Access Limits* (Washington).

———, 2020d, *Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure* (Washington).

———, 2020e, *Reform of the Policy on Public Debt Limits in IMF-Supported Programs* (Washington).

———, 2020f, *Catastrophe Containment and Relief Trust: Policy Proposals and Funding Strategy* (Washington)

———, 2021a, *Fund Concessional Financial Support for Low-Income Countries—Responding to the Pandemic* (Washington).

———, 2021b, *Review of the Temporary Modifications to the Fund's Access Limits in Response to COVID-19 Pandemic* (Washington).

———, 2021c, *Temporary Extensions and Modifications of Access Limits in the Fund's Lending Facilities* (Washington).

———, 2021d, *Short Extension of the Temporary Increases in PRGT Access Limits and the Review of the Interest Rate Structure Under the PRGT* (Washington).

———, 2021e, *Macroeconomic Developments and Prospects in Low-Income Countries—2021* (Washington).

———, 2021f, *Post Program Monitoring During the Pandemic: Proposal for Temporary Streamlining of Procedures and Renaming of Policy* (Washington).

———, 2021g, *Guidance Note On Implementing The Debt Limits Policy In Fund Supported Programs* (Washington).

———, 2021h, *Review of the Debt Sustainability Framework for Market Access Countries* (Washington)

———, 2022a, *Poverty Reduction and Growth Trust – Guidance Note on New Enhanced Safeguards for Debt Sustainability and Capacity to Repay* (Washington).

———, 2022b, *Reviews of the Fund's Sovereign Arrears Policies and Perimeter* (Washington).

———, 2022c, *IMF Strategy for Fragile and Conflict-Affected States (FCS)* (Washington).

———, 2022d, *Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for Market Access Countries* (Washington).

———, 2022e, *Proposal for a Food Shock Window under the Rapid Financing Instrument and Rapid Credit Facility* (Washington).

———, 2022f, *Proposal for a Staff-Monitored Program with Executive Board Involvement* (Washington).

———, 2022g, *Proposal to Establish a Resilience and Sustainability Trust* (Washington).

———, 2022h, *Guidance Note for Surveillance Under Article IV Consultations* (Washington).

———, 2022i, *Safeguards Assessments - 2022 Review of Experience* (Washington).

______, 2022j, *Staff-Monitored Programs—Updated Operational Guidance Note* (Washington).

———, 2023a, *Staff Guidance Note on the Implementation of the IMF Strategy for Fragile and Conflict Affected States* (Washington).

———, 2023b, *Changes to the Fund's Financing Assurances Policy in the Context Of Fund Upper Credit Tranche (UCT) Financing Under Exceptionally High Uncertainty* (Washington).

———, 2023c, *Review of The Cumulative Access Limits Under The Rapid Financing Instrument and The Rapid Credit Facility* (Washington).

———, 2023d, *Review of Experience with The Food Shock Window Under The Rapid Financing Instrument and The Rapid Credit Facility* (Washington).

———, 2023e, *Interim Review of Access Limits Under the Poverty Reduction and Growth Trust and Initial Considerations for Access Limits under the General Resource Account* (Washington).

———, 2023f, *Resilience and Sustainability Facility – Operational Guidance Note* (Washington).

———, 2023g, *Poverty Reduction and Growth Trust—Review of Interest Rate Structure—Postponement* (Washington).

———, 2023h, *Review of the Policy Coordination Instrument and Proposal to Eliminate the Policy Support Instrument* (Washington).

———, 2023i, 2023 Handbook of IMF Facilities for Low-Income Countries (Washington)

———, 2023j, *Guidance Note for the Fund's Policy on Multiple Currency Practices* (Washington)

———, 2024a, *Review of the Policy on Staff-Monitored Program With Executive Board Involvement* (Washington).

———, 2024b, *Review of the Framework for Data Adequacy Assessment for Surveillance* (Washington).

———, 2024c, *Operational Guidance Note On Program Design and Conditionality* (Washington).

———, 2024d, *Policy Coordination Instrument – Updated Operational Guidance Note* (Washington).

———, 2024e, *2024 Review of The Poverty Reduction And Growth Trust Facilities And Financing — Reform Proposals* (Washington).

________, 2024f, *Operational Guidance Note for IMF Engagement on Social Spending Issues* (Washington).

———, 2024g, *Supplement to the 2018 Guidance Note on the Bank-Fund Sustainability Framework for Low Income Countries* (Washington)

———, 2024h, *the 2024 Comprehensive Review of GRA Access Limits* (Washington)

———, 2024i, *Guidance Note On The Financing Assurances And Sovereign Arrears Policies And The Fund's Role In Debt Restructurings* (Washington)

———, 2024j, *Review Of The Fund's Transparency Policy And Open Archives Policy* (Washington).

———, 2025, *Poverty Reduction and Growth Trust – Guidance Note on the Strengthened Policy Safeguards* (Washington)