



INTERNATIONAL MONETARY FUND FACTSHEET

The IMF's Extended Credit Facility (ECF)

The Extended Credit Facility (ECF) provides financial assistance to countries with protracted balance of payments problems. The ECF was created under the Poverty Reduction and Growth Trust (PRGT) as part of a broader reform to make the Fund's financial support more flexible and better tailored to the diverse needs of low-income countries (LICs), including in times of crisis. The ECF is the Fund's main tool for providing medium-term support to LICs.

Financial assistance tailored to country needs

Purpose. The ECF supports countries' economic programs aimed at moving toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. The ECF can also help catalyze additional foreign aid.

Eligibility. The ECF is available to all PRGT-eligible member countries that face a protracted balance of payments problem, i.e., when the resolution of the underlying macroeconomic imbalances would be expected to extend over the medium or longer term.

Duration and repeated use. Assistance under an ECF arrangement is provided for an initial duration from three to up to four years, with an overall maximum duration of five years. Following the expiration, cancellation, or termination of an ECF arrangement, additional ECF arrangements may be approved.

Access. Access to ECF financing is determined on a case-by-case basis, taking into account the country's balance of payments need, the strength of its economic program and capacity to repay the Fund, the amount of outstanding Fund credit and the member's record of past use of Fund credit, and is guided by access norms.¹ Total access to concessional financing under the PRGT is limited to 75 percent of [quota](#) per year, and total outstanding concessional credit of 225 percent of quota. These limits can be exceeded in exceptional circumstances. Access may be augmented during an arrangement if needed.

Streamlined and focused conditionality

Under the ECF, member countries agree to implement a set of policies that will help them support significant progress toward a stable and sustainable macroeconomic position over the medium term. These commitments, including specific conditions, are described in the country's letter of intent.

The IMF's program conditionality is streamlined and focused on policy actions that are critical for achieving the program's objectives. ECF-supported programs should be based on the country's own development strategy and aim to safeguard social objectives. Related documentation requirements have been made more flexible, by allowing the first and subsequent program reviews to be completed as long as there is a valid poverty reduction strategy document covering the date of completion of the program review in question.

¹ Access norms provide general guidance and are used flexibly, representing neither ceilings nor entitlements. Norms are set at 90 percent of quota per three-year arrangement, or 56.25 percent of quota if the country's total concessional credit outstanding is 75 percent of quota or above. For countries whose outstanding concessional credit is above 150 percent of quota, the norms do not apply, and access is guided by consideration of the cumulative access limit of 225 percent of quota, the expectation of future need for Fund support, and the repayment schedule.

Quantitative conditions are used to monitor macroeconomic policy variables such as monetary aggregates, international reserves, fiscal balances, and external borrowing, based on the country's program objectives. ECF-supported programs aim to safeguard social and other priority spending, including through explicit quantitative targets where possible.

Structural benchmarks help monitor macro-critical reforms to achieve program goals; progress against these benchmarks is assessed in the context of program reviews. These measures vary across programs but could, for example, include measures to improve financial sector operations, build up social safety nets, or strengthen public financial management.

Program reviews by the IMF's Executive Board play a critical role in assessing performance under the program and allowing the program to adapt to economic developments. Reviews are scheduled at most six months apart.

Highly concessional lending terms

Financing under the ECF carries a zero interest rate through end-2016, with a grace period of 5½ years, and a final maturity of 10 years. The Fund reviews the level of interest rates for concessional facilities under the PRGT every two years, with the next review expected to take place by end-2016.