INTERNATIONAL MONETARY FUND

Review of Access Policy in the Credit Tranches and Under the Extended Fund Facility and the Poverty Reduction and Growth Facility, and Exceptional Access Policy

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In consultation with the other departments

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I. INTRODUCTION[1]

1. **This paper reviews the Fund's access policy under its main financing facilities in the General Resources Account (GRA) and under the Poverty Reduction and Growth Facility (PRGF).** It responds to the Board's request for a periodic review of the access policy, that is, the rules and practices that govern the amount of financing the Fund makes available to its members.[2] At the last review of the policy in 2005, Directors considered that the criteria for access remained appropriate and saw no strong basis for changing access limits or norms. They were also of the view that the exceptional access framework was broadly appropriate and supported staff proposals to improve program documents by including a discussion of exit strategies and a critical analysis of alternative forecast scenarios.[3]

2. **This review is conducted against the backdrop of a changing international financial system and the evolving needs of the membership.**

- Several members have transitioned from a financial to a surveillance relationship with the Fund over the past few years, reflecting their improved macroeconomic conditions and ready access to private capital. The number of new programs, particularly under the GRA, as well as Fund credit outstanding are now at historically low levels.

- Members' need for Fund resources will continue to be shaped by global economic conditions and individual members' circumstances. Economic and financial globalization offers members new opportunities for higher investment and economic growth. However, cross border flows and rising financial linkages have the potential to change the profile of risks that members face, including by deepening vulnerabilities, amplifying the effects of various shocks, and transmitting them quickly across national borders.

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[1] This report was prepared by Thanos Arvanitis and Bhaswar Mukhopadhyay with contributions from Bjoern Rother, Guillermo Tolosa, Claudio Visconti, and Fabiana Papaianni under the guidance of Alan MacArthur and Ydahlia Metzgen.

[2] The review cycle of the access policy was recently lengthened to 5-yearly. However, as a transitional arrangement this review is expected to be completed by end-March 2008.

[3] Access policy was last reviewed by the Executive Board on April 1, 2005. See "*Review of Access Policy in the Credit Tranches, the Extended Fund Facility and the Poverty Reduction and Growth Facility, and Exceptional Access Policy*" (www.imf.org/external/np/pp/ eng/ 2005/031405.htm) and the Executive Board Assessment (Public Information Notice (PIN) No. 05/58, http://www.imf.org/external/np/sec/pn/2005/pn0558.htm).

3. **This review is part of a broader discussion on issues that have a bearing on the Fund's access policy and its financing operations**. Related work underway includes the establishment of a possible new liquidity support instrument for market access countries, the review of the size of the Fund in the context of the 13th review of quotas, the review of charges and maturities for Fund financing, and the quota and voice reform.

4. **The current paper focuses on two key questions:** (i) are the current access limits and criteria (detailed in Box 1) appropriate to meet the needs of the membership for concessional and nonconcessional financing; and (ii) in the rare cases that access beyond the normal limits is deemed necessary, is the exceptional access framework appropriate to support members' adjustment efforts?

5. **The paper is structured as follows:** The paper begins by reviewing recent economic and financial developments, and discusses their implications for access decisions under the GRA and the PRGF-ESF Trust and the prospective financing needs of the membership (Section II). In light of the Fund's satisfactory level of liquidity, and the uncertainty about potential need for Fund resources (discussed in Section III), Section IV suggests that the access policy remains appropriate to meet members' need for concessional and non-concessional financing within the normal access limits. Regarding the exceptional access framework, the paper argues that it remains broadly appropriate, but notes that decisions to provide exceptional financing have not met all four of the criteria for exceptional access. Section V suggests issues for discussion.

II. The Economic Environment and Use of Fund Financing, 2005–07

6. **Five years of broad-based global growth and buoyant financial market conditions have been reflected in improved economic conditions in many countries.** Financial innovations and new instruments that disperse risks more broadly have facilitated cross border flows to individual countries and regions that are increasingly between private sector counterparties (banks, corporates, and households).

A. Access in the Credit Tranches

7. **For middle-income members, the major borrowers in the credit tranches, the need for Fund financing has been modest.** These members have generally continued to take advantage of the favorable global environment and cover most or all of their financing needs through market borrowing at historically low risk premia. In many cases, this has been supported by strengthened policy and institutional frameworks. Public finances have been put on a sounder footing, including stronger fiscal positions, lower debt levels, and improved debt structures. External debt burdens have also declined, although not uniformly across the membership, particularly in emerging Europe. Several middle income members, mainly in

Box 1. Summary of Access Policies

Limits and Criteria for Use of GRA Financing

Limits: Access by a member to resources in the credit tranches and under the Extended Fund Facility (EFF) is subject to limits of 100 percent of quota annually, and 300 percent of quota cumulatively (net of scheduled repurchases). In addition, there are also separate limits of 100 percent of quota annually, and 300 percent of quota cumulatively (net of scheduled repurchases) on overall access by a member to the Fund's GRA. These overall limits apply across the credit tranches, the EFF, and special facilities and policies (e.g., a member that uses Fund resources under a special facility or policy would have a lower effective limit in the credit tranches and under the EFF). For lending in excess of both sets of limits, the exceptional access framework applies (see below).

Criteria for access in individual cases include: (i) actual or potential balance of payments need; (ii) capacity to repay the Fund, including the strength of the adjustment program; and (iii) a member's outstanding use of Fund credit and record in the use of Fund resources.

Exceptional Access

Exceptional circumstances: In exceptional circumstances, a member's access could exceed the above credit tranche/EFF or overall GRA limits. The exceptional access framework applies in such cases.

Substantive criteria for exceptional access in capital account crises: (i) balance of payments pressures on the capital account resulting in a need for Fund financing that cannot be met within the limits; (ii) a high probability that debt will remain sustainable established on the basis of a rigorous and systematic analysis; (iii) good prospects for the member to regain access to private capital markets within the time Fund resources would be outstanding; and (iv) a strong adjustment program adopted by the member that 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.

Exceptional access in non-capital account cases: In the rare instances where a need for exceptional access could arise in circumstances outside a capital account crisis, Directors noted the flexibility to grant access under the exceptional circumstances clause. In such cases the procedures for exceptional access (see below) would continue to apply, and the request would be judged "in light of the four substantive criteria," but the approval of the request would not necessarily be conditioned on meeting those criteria.

Procedural strengthening: (i) When management considers that exceptional access may be needed, there will be an early consultation with the Board; (ii) for such informal Board meetings, a concise note will be prepared including a diagnosis of the problem, outlines of the needed policy measures, analysis of why exceptional access may be necessary and appropriate, and the likely timetable for discussions; (iii) a separate staff paper evaluating the case for exceptional access based on the above-mentioned criteria will be prepared; (iv) an ex-post evaluation of all programs with exceptional access within one year after the end of the arrangement; (v) considerations of requests for exceptional access should involve explicit discussions of exit strategies; and (vi) considerations of requests for exceptional access should also involve discussion of alternative forecast scenarios.

Presumption to use the Supplemental Reserve Facility: There is a strong presumption that exceptional access in capital account crises will be provided using resources of the SRF where the conditions for the SRF apply.

Transparency: In general, management will not recommend Board approval of requests for exceptional access unless the member consents to the publication of the associated staff report.

Poverty Reduction and Growth Facility

Access Limits: The access limit for a three-year PRGF arrangement is 140 percent of quota, with the possibility of access up to 185 percent of quota in exceptional circumstances.

Criteria: The general criteria for access under the PRGF are the same as those under the credit tranches and the EFF, but access considerations under the PRGF are also subject to the following access norms.

Access Norms: (i) 90 percent of quota for first time users; (ii) 65 percent of quota for second time users; (iii) 55 percent of quota for third time users; (iv) 45 percent of quota for fourth time users; (v) 35 percent of quota for fifth time users; (vi) 25 percent of quota for sixth and subsequent users; (vii) 10 percent of quota for low access PRGF arrangements.

Presumption to use PRGF/EFF blended resources: For countries with per capita GDP in excess of 75 percent of the IDA cutoff limit or with significant non-concessional borrowing, the Board established a presumption to use blended PRGF/EFF resources.

Asia, but also in Latin America, have built up significant reserve positions which serve as additional confidence-enhancing buffers against short-term funding disruptions. Overall, output volatility has declined significantly in recent years and private capital flows to many emerging market members have displayed a remarkable stability relative to the past.

8. **These developments have reshaped the pattern of Fund access under the GRA (Tables 1–3 and Figure 1).** In particular:

- The number of stand-by and extended arrangements approved during 2005–2007 has dropped sharply to the lowest level since 1954. Overall, 11 new arrangements were approved during the period under review; six of which were approved in 2005, two in 2006, and three in 2007.

- For most middle-income members seeking a Fund arrangement, signaling was an important objective of their engagement with the Fund. Specifically, seven of the approved arrangements were treated as precautionary either at the time of approval (Colombia, Gabon, Iraq (2005, 2007), Paraguay, and Peru) or soon thereafter (Macedonia, FYR). Precautionary arrangements can assist members by signaling a commitment to credible policies, and helping to smooth access to private capital markets.

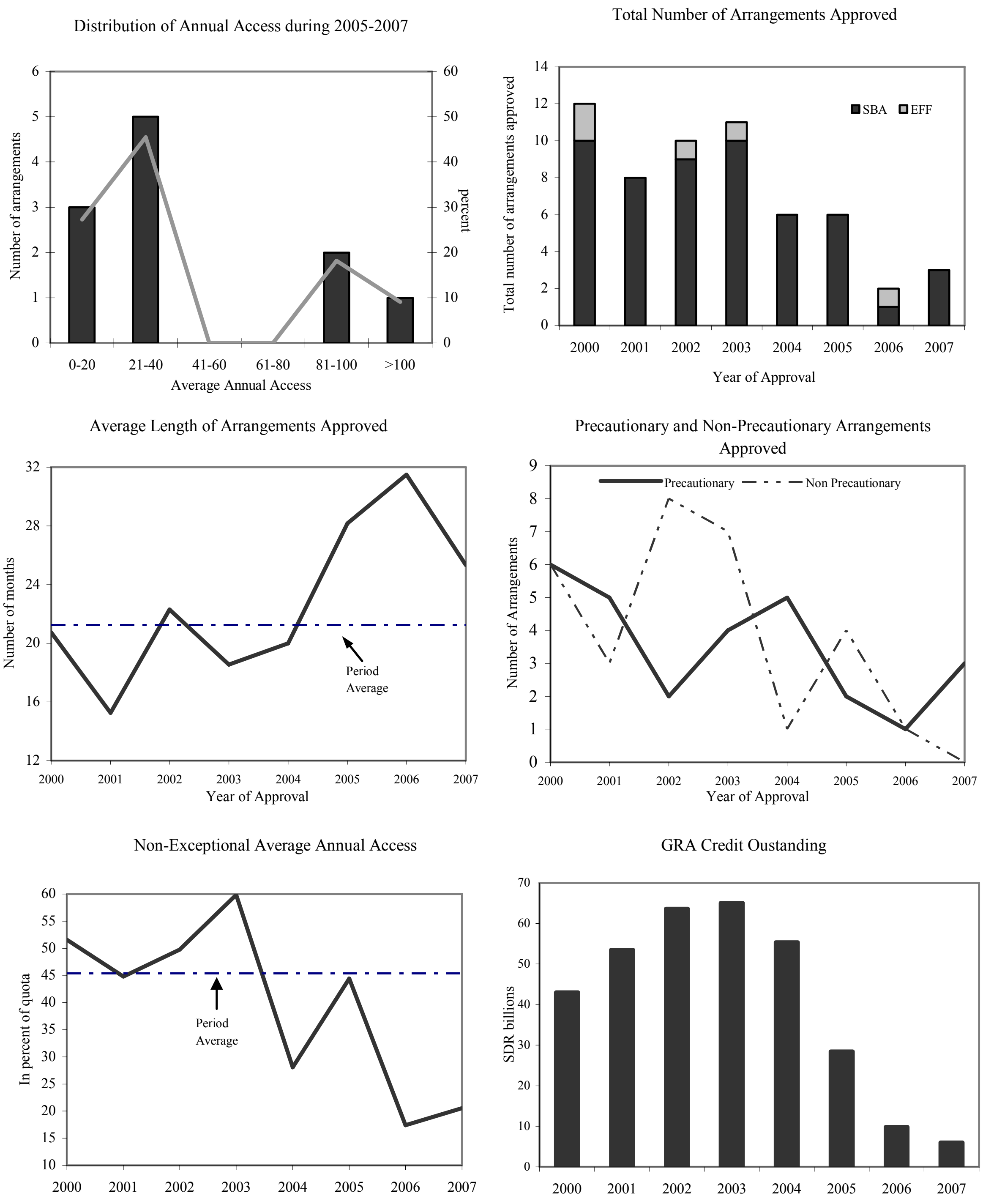
- There continued to be little need for extended arrangements. One such arrangement was approved during this period, a blend with a PRGF arrangement (Albania).

- No arrangements with exceptional access were requested in 2006–07. Two members sought exceptional access stand-by arrangements in 2005 (Turkey and Uruguay). Both requests, which were approved, involved successor arrangements and were related to pre-existing high exposure to the Fund, rather than immediate pressures in their capital account. Several members that had exceptional access arrangements have repaid the Fund early. The Supplementary Reserve Facility has not been used since 2002.

- Average annual access, as a share of quota, was below historical averages. For those members not requesting exceptional access, access has been concentrated at low levels, averaging 30 percent of quota per annum, compared with an annual average of 41 percent of quota in 1995–2004.[4] Above the limits, access also declined relative to the arrangements that preceded them (in absolute levels and as a share of these

[4] This includes the relatively high access for Dominican Republic (annual access of 89 percent of quota), the only arrangement within the normal limits that was not precautionary.

Figure 1. Recent Developments in Fund Financing
(Stand-By and Extended Arrangements)



Source: Fund staff

members' quotas and gross financing needs), and relative to the average annual exceptional access in 1995–2004.

- Reflecting the low number of new arrangements and the graduation of many members from the use of GRA resources, only eight arrangements in the credit tranches were in effect as at end-2007.

B. Access in PRGF arrangements

9. **Low-income countries (LICs) have also benefited from the favorable global environment, the strong demand for commodities, and the more consistent implementation of policies**. Many low-income countries are experiencing a period of robust and sustained growth. Improved macroeconomic policies together with the benefits of stepped-up aid inflows and debt relief under the enhanced HIPC Initiative and MDRI have strengthened low-income members' external positions. Reflecting these developments and the favorable global economic conditions, including high demand for LICs commodity exports, FDI inflows are on the rise, and a growing number of countries have begun to attract interest from private portfolio investors.[5]

10. **While the overall need for Fund financing is reduced, the demand for PRGF-arrangements continues to remain strong.** PRGF arrangements play a key role in supporting low-income members' efforts to strengthen their policy and institutional frameworks, enhance their capacity to absorb productively larger amounts of aid and private inflows, and provide signals to donors and creditors about the members' reform efforts.

- The number of PRGF arrangements approved since the last review remained broadly steady in 2005–06, but declined in 2007 reflecting, in part, use of the Policy Support Instrument (PSI). In 2005 and 2006, 8 and 10 arrangements were approved, respectively, in line with an annual average of 10 arrangements during the 1995–2004 period. In 2007, four new PRGF arrangements and three PSIs were approved. Most of the new arrangements in 2005–07 were for members accessing PRGF resources for the third or fourth time, while two PRGF arrangements involved new users (Table 4 and Figure 2). A total of 24 members were supported by PRGF arrangements, and five PSIs were in place at end-December 2007.[6]

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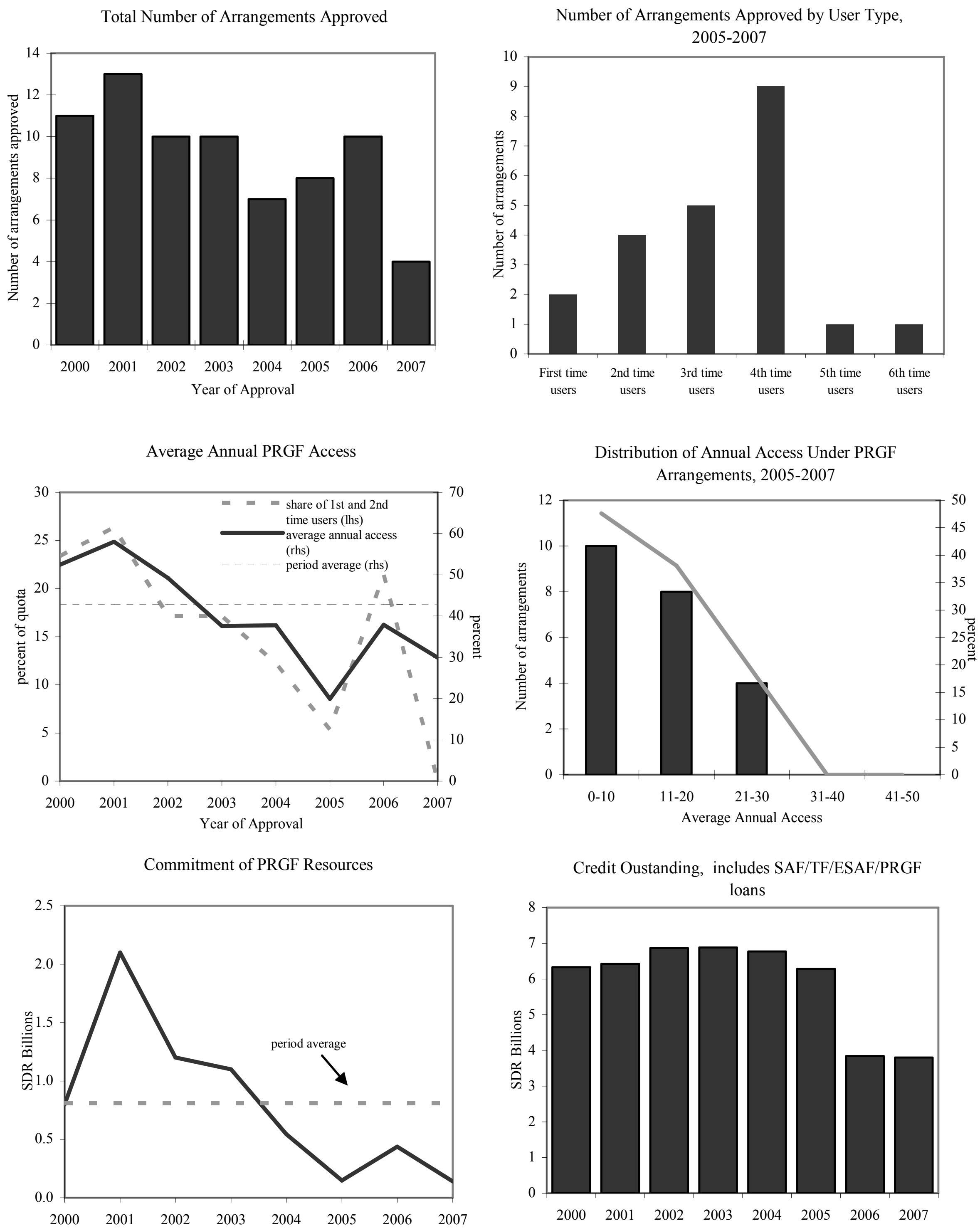
[5] In September, Ghana became the first sub-Saharan country (other than South Africa) to issue external bonds; the issue was several times oversubscribed. Increased foreign investor interest has also focused on locally-issued government paper, as for example in the cases of Kenya, Malawi, Nigeria, and Zambia.

[6] A total of seven PSIs have been approved as of end-2007 (covering six members).

Figure 2. Recent Developments in Fund Financing
(Poverty Reduction Growth Facility)



Source: Fund staff

- Access under PRGF arrangements has declined in recent years. Reflecting both the limited needs for Fund resources and the tapered PRGF access norms endorsed by the Board in 2004, average three-year access fell to 39 percent of quota in 2005–07 from an average of 78 percent of quota in 1995–2004.

- Total borrowing of PRGF resources also fell sharply. Total PRGF loans outstanding stood at SDR 3.7 billion at end-December 2007, the lowest level since 1995, owing to debt relief provided under the MDRI. To date, no member has made use of the Exogenous Shocks Facility.

III. Global Prospects and Implications for Fund Financing

A. Global Prospects

11. **The global economy grew at a rapid pace in 2007, but the ongoing turmoil in financial markets has increased downside risks.** While the financial turbulence triggered by the distress in the U.S. subprime mortgage market continues to unfold, emerging market and developing countries have remained less affected.[7] The global economy is expected to continue to expand in 2008, although at a more moderate pace. Nonetheless, with the balance of economic risks on the downside centered around the concern that financial market strains could deepen and trigger a more pronounced slowdown, the recent turbulence serves as a cautionary note of the possible risks facing the membership.[8]

12. **Over a longer perspective, the forces of financial and economic globalization are likely to persist, although they may be interrupted temporarily by periods of adverse economic and financial conditions**. Emerging markets' growing weight, both as drivers of global growth and recipients and sources of financial flows, add impetus and resilience to the world economy.[9] Expansions are likely to be more broadly shared across countries and there are indications that their durations have lengthened.[10] However, business cycles have not disappeared and, as in the past, expansions may end for a variety of reasons. At a global level, divergent patterns of savings and investment across countries could give rise to systemic imbalances. At an individual country level, large capital flows and rising debt

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[7] While some members with more integrated financial markets or with high external vulnerabilities have felt the ripple effects of the turbulence, most countries have not experienced major problems. Interest rates on bonds and credit default instruments remain low by historical standards.

[8] See World Economic Outlook (WEO), October 2007.

[9] In 2006, these accounted for over 40 percent of GDP, two-thirds of global growth, and one-third of global trade.

[10] See WEO, October 2007.

leverage could deepen sectoral balance sheet vulnerabilities. Irrespective of the reasons that trigger abrupt changes in investors' risk appetite or market sentiment, globalization and financial deepening have broadened the range of channels through which real and financial shocks could affect individual economies and spill over to other countries.

B. The Demand for Fund Resources—Empirical Assessments

13. **Historically, global economic and financial developments influenced significantly members' demand for Fund resources (Box 2).** The demand for GRA financing has varied widely in the past, dominated by systemic developments including the oil crises in 1973 and 1979, the debt crisis of the 1980s, the new transition economies in the early 1990s and the Asian crisis of the late 1990s. The recent trend decline in the demand for Fund resources raises the question about whether it is a temporary phenomenon, reflecting the favorable global environment, or a permanent shift in members' use of Fund financing.

14. **Modeling and forecasting the demand for GRA resources is subject to large uncertainties.** A number of studies have sought to isolate the key determinants of the demand for Fund financing. Some recent models of Fund financing estimate long-run demand for Fund resources at about SDR 8 billion, much lower than in recent years because of middle-income countries' improved macroeconomic performance and increased resilience to shocks (Box 3). Alternative scenarios with worse underlying conditions point to only moderately higher GRA financing. While useful to understand better the reasons that explain actual demand and, generally, consistent with the view that global expansions have become more durable, these models have been particularly weak at forecasting.[11] Moreover, Fund financing for capital account crises has accounted for a large portion of Fund credit over the last decade, but this is particularly difficult to forecast. All in all, it is not possible to draw firm conclusions from these studies about the demand for Fund financing, including because of the uncertainty surrounding the nature of future crises and the role that the Fund will be called to play.

15. **Scenario analysis suggests that the Fund's ability to meet its commitments should remain manageable under reasonable assumptions.** Recent illustrative estimates indicate that while the potential demand for Fund financing ranges widely, depending on the strength of the shock and the extent of contagion, the Fund's liquidity position appears sufficiently strong to respond to a range of foreseeable shocks. Nonetheless, there are conceivable circumstances in which the Fund could be called upon to commit a substantial

[11] See "*The Changing Dynamics of the Global Business Cycle*", Chapter 5, WEO October 2007.

Box 2. Demand for GRA Resources—A Historical Perspective

Since the 1970s, middle income members have been the major users of GRA resources. In the post-Bretton Woods era, access from the Fund has been instrumental in helping middle income country members adjust their balance of payments. By contrast, advanced economies have seldom made use of Fund resources, even during periods characterized by severe macroeconomic imbalances.

In the majority of the cases, members' balance of payments difficulties originated in the current account. Typically, imbalances in the current account developed gradually and, in most instances, modest access from the Fund, often in concert with assistance from other donors, was sufficient in assisting members resolve their balance of payments difficulties. In this setting, the limits and criteria for access played a critical role in ensuring that access decisions remained consistent with the broad objectives of access policy, and instances of access beyond the limits were rare.

Global macroeconomic developments influenced significantly members' demand for Fund resources. A number of econometric analyses have confirmed that historically, the demand for Fund resources increased as global macroeconomic conditions deteriorated. Beyond general macroeconomic conditions, a number of major economic events since the collapse of the Bretton Woods system also helped define Fund credit. In particular, access was significantly influenced in the 1970s by the two oil price hikes, in the 1980s by the Latin American debt crisis, and in the 1990s by the collapse of the former Soviet Union. While the foregoing events placed large demands on Fund resources in the aggregate, access in individual cases was, as noted above, guided by the access limits.

Fund programs have been instrumental in unlocking balance of payments assistance from bilateral donors. While this has been especially important for low-income members, Paris Club debt rescheduling operations, which can only take place in the context of a Fund program, have been requested by low- and middle-income members. The major shocks since the 1970s left many members with elevated levels of debt, and their efforts to resolve this problems, including through a rescheduling of their Paris Club debts, generated a significant demand for Fund programs. In such programs, access was generally within the limits.

Capital account crises marked a major change in the character of Fund lending. Increasing financial market integration in the 1990s ushered in an era of large capital account inflows to emerging markets. However, sharp shifts in market confidence and abrupt reversal of such flows triggered massive pressures on members' balance of payments. Since arresting pressures on the exchange rate and limiting the impact of crises depended critically on the member rapidly regaining market confidence, the Fund had to make available large volumes of its resources, in the context of a suitably ambitious adjustment program. Fund access provided in the context of these programs was far in excess of the limits.

In recent years members are using Fund programs to signal their policy intentions. Reflecting the prevailing benign global financial conditions, members have not needed to utilize the Fund's financial resources but, instead, chosen to signal their policy intentions to markets through precautionary stand-by arrangements with the Fund. Access in precautionary arrangements has generally tended to be modest, and in many recent primarily signaling precautionary arrangements access levels have been lower still.

Box 3. Recent Empirical Studies of the Demand for Fund Resources

A number of studies in recent years have focused on the factors explaining members' use of Fund resources. A consistent finding is that a few economic and political variables have emerged as statistically significant to explain the demand for Fund financial support (including total external and short-term debt, international reserves, and changes in the current account balance). However, econometric models have not been capable of producing reliable forecasts.

Forecasting Fund credit is subject to a number of difficulties due to the Fund's unique nature. First, Fund credit depends not only on economic considerations, but also on the willingness of authorities to undertake a program that the IMF can support, which is challenging to forecast empirically. Second, the higher concentration of Fund credit in recent years and the domination of its portfolio by a few but financially larger arrangements undermines the stability of econometric models as the process underlying the use of Fund resources may have changed over time. Also, the limited number of exceptional access arrangements makes them especially hard to model. Finally, model forecasts depend critically on the quality of projections for the explanatory variables. These, however, might not be reliable particularly as the forecast horizon lengthens.

Two recent studies by Fund staff have tried to address some of these shortcomings and quantify future demand for Fund resources. Ghosh et. al. (2006) use two alternative approaches to model Fund credit: the first, estimates the co-integrating relationship between the aggregate demand for Fund credit and selected global and country-specific variables, and studies the short-run dynamics around the long-run relationship. The second, a "bottom-up approach", models individual members use of IMF resources and then aggregates across membership. Elekdağ (2006) seeks to quantify the relationship between global economic and financial conditions (interest rates, oil prices and world GDP growth) and the number of SBAs.[1]

According to these studies, the current low level of Fund credit is likely to persist. Ghosh et. al. find that there has been a fundamental downward shift in demand for Fund resources, estimated to average SDR 8 billion over the next five years. Alternative scenarios do not affect this outcome significantly. Elekdag makes the case that the current moderate number of SBAs is likely to persist. Only under the worst historical circumstances in some key external variables could the demand for Fund resources increase to the 2000–04 average. In both studies, these results are the outcome of the interaction between a benign international environment and stronger country fundamentals.

Caution, however, is needed from drawing firm conclusions. The process that generates Fund lending remains not yet well understood, and the Fund's portfolio will probably continue to be determined by unique and unpredictable developments in both individual countries and the world economy.

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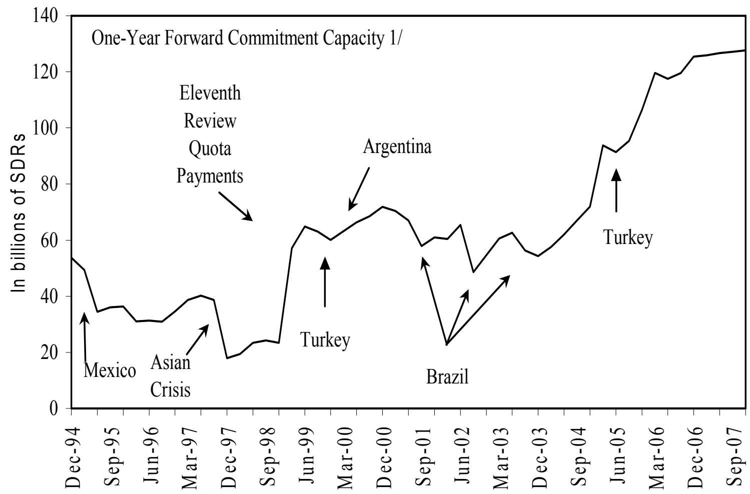
[1] Elekdağ, S., 2006, "*How Does the Global Economic Environment Influence the Demand for IMF Resources*" WP/06/239, and Ghosh, A., M. Goretti, B. Joshi, A. Thomas, and J. Zalduendo, 2006, "*Modeling Aggregate Use of Fund Resources—Analytical Approaches and Medium-Term Projections*", WP/07/70.

amount of its usable resources. While these results are informative, they should be interpreted with caution as their predictive power is limited when tail events are considered and the strength of countries' resilience to shocks varies across the membership, and should be viewed as a complement to other methods used to forecast the demand for Fund financing.

16. **Existing analysis does not explicitly include estimates of potential demand for Fund resources from a possible new liquidity support instrument for market access countries.** Work continues on the potential establishment of a new instrument aiming to reinforce members' own crisis prevention efforts. To the extent that such an instrument becomes part of the Fund's financing toolkit, and generates demand, it would involve additional commitments of Fund resources, but its effect on actual drawings is ambiguous. If it were successful in preventing crises, a new instrument could reduce the need for Fund financing.

C. The Fund's Liquidity

17. **Liquidity in the Fund's general resources account is satisfactory at present.** Reflecting the current low-credit environment and the large advance repurchases made since the last review by several large borrowers, the Fund's one-year forward commitment capacity reached an all-time high of SDR 127.7 billion as of end- 2007.[12] This is more than double the level prevailing at the time of the last review.[13] An additional SDR 34 billion in liquidity is also available to be borrowed under the New Arrangements to Borrow (NAB) and the General Arrangements to Borrow (GAB), providing further strength to the Fund's liquidity should the need arise. Against this,



Source: Finance Department.

1/ Arrows indicate date of approval of major arrangements.

[12] Including advance repurchases made by Brazil (SDR 14.2 billion), Argentina (SDR 6.7 billion), Indonesia (SDR 4.7 billion), and Uruguay (SDR 1.9 billion).

[13] GRA credit outstanding stood at SDR 50 billion at end-March 2005, when the last review of access policy was discussed by the Board.

GRA credit outstanding stood at SDR 6.0 billion at end-2007 (Table 5).

18. **Regarding concessional financing, staff's current projections indicate that available loan and subsidy resources are likely sufficient to cover demand for PRGF arrangements over the next two to three years**. The Board earlier also considered the modalities of the Fund's concessional operations involving the use of the Reserve Account of the PRGF-ESF Trust over the medium term. These issues were discussed in greater detail in SM/07/324.[14]

IV. Recommendations for Access Policy

19. **Access policy aims to provide members with adequate financing in support of their balance of payments adjustment efforts, while treating members uniformly and safeguarding Fund resources**. Within these broader objectives, the structure of annual and cumulative limits seeks to meet the overall needs of the membership within the Fund's limited resources. In individual arrangements, access decisions are guided by the member's need for financing, its capacity to repay its obligations to the Fund, including the strength of its adjustment program and the amount of its outstanding use of Fund resources and record of such use in the past.

A. The Access Limits

20. **The current limits on access in the credit tranches and under the Extended Fund Facility (EFF) of 100 percent of quota annually and 300 percent cumulatively were established in 1994.**[15] The access limits serve several purposes. They provide confidence to members about the degree of financial support that the Fund is normally prepared to provide, and encourage an appropriate balance with the member's adjustment policies, and other sources of financing. The annual limit helps to ensure that members do not exhaust their total potential access to the Fund more rapidly than would be warranted by the nature and size of shocks, while the cumulative limit reduces the risk that the Fund's resources would be exhausted, so that members are not treated on a first-come-first-served basis. The access limits also reduce the risk that members become unable to repay the Fund, thereby safeguarding Fund resources.

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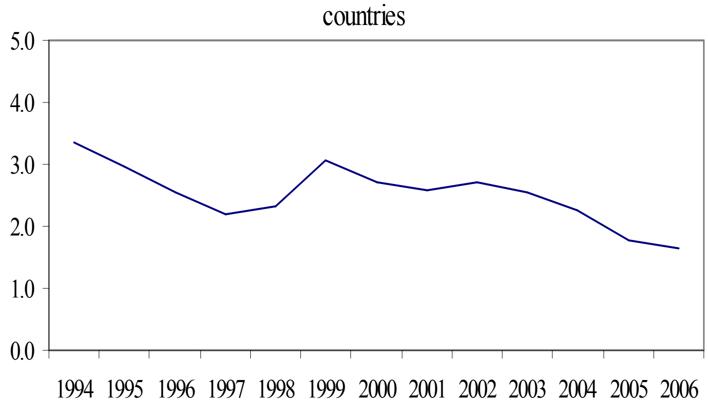
[14] *Update on the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries* (9/13/07).

[15] There is also a separate "global" limit of 100 percent of quota annually and 300 percent of quota cumulatively, which applies to overall access by members to the Fund's general resources (i.e., to aggregate access across all GRA facilities and policies). See Box 1 above as well as the paper on "*Review of Access Policy in the Credit Tranches, the Extended Fund Facility and the Poverty Reduction and Growth Facility, and Exceptional Access Policy*" (www.imf.org/external/np/pp/eng/2005/031405.htm) for a more detailed discussion.

21. **Based on recent experience, members' need for Fund resources is expected to remain concentrated at the two ends of the access spectrum.** With many middle-income countries having larger international reserves and access to private financing, members have in recent years only rarely needed Fund arrangements with annual access in the upper half of the normal range (50–100 percent of quota). Under benign financial market conditions, GRA users should be able to finance moderate balance of payments needs with little or no recourse to Fund financing. While this could change with a worsening of market conditions, it is more likely that members' needs will either be primarily for signaling purposes (with low access), or for much larger crises associated with sudden deterioration in capital market conditions (where the need may be for exceptional access).

22. **Against this backdrop, is there a case to increase the access limits?** Access limits have declined for emerging market countries as a share of GDP, trade, and capital flows (even adjusting for the increase in quotas in 1999). As the globalization of financial flows continues, the limits for non-exceptional access are likely to become increasingly small in comparison to members' potential needs without an increase in quotas. In this situation, maintaining the annual and cumulative limits of 100 percent and 300 percent of quota, respectively, at a time when the Fund's liquidity is at unprecedented levels, could be perceived as signaling that the amounts of financing that the Fund is willing to provide to emerging market members are not relevant to their needs.

Fund Quota as Percent of GDP, 1994-2006
Average for middle-income and non-PRGF eligible developing countries



Source: IFS, WEO, staff calculations

23. **Other arguments, however, support maintaining the present limits.** First, the quota and voice reforms are likely to result in quota increases for many of the Fund's most dynamic members.[16] Second, Fund policy allows for access above the limits in exceptional circumstances. In practice, decisions on the amount of exceptional access are driven by members' needs, their adjustment strategy including as evaluated in the context of the exceptional access criteria, the availability of financing from other sources, and Fund

[16] The recent IMFC Communiqué (http://www.imf.org/external/np/cm/2007/102007a.htm) stated that "the total quota increase should be of the order of ten percent" and that "the reform should enhance the representation of dynamic economies, many of which are emerging market economies, whose weight and role in the global economy have increased."

liquidity. The access limits have little direct impact. The limits do, however, set an important threshold beyond which access decisions are subject to greater scrutiny. Staff sees merit in these arguments and, although it recognizes the erosion of the resources available for some members under the limits for normal access, it considers that there is sufficient flexibility to deal with these cases and sees no strong basis to increase the limits for the whole membership at this stage.[17]

B. Access Under the PRGF

24. **Developments since the 2005 review and the outlook ahead do not suggest a need for changing the policy.** In recent cases, access to PRGF resources generally remained well within the norms and limits set by the Board. In particular, six new PRGF arrangements involved low access, at a standardized level equivalent to 10 percent of quota. For many low-income members facing limited balance of payments needs, Fund engagement continues to be desirable to provide guidance for policy implementation, address potential vulnerabilities, or provide signals to donors and creditors about the quality of policies within the Fund's areas of expertise. The access limits and the norms that provide for declining access over successive arrangements remain important to ensure the efficient use of the limited PRGF resources.

C. Exceptional Access Framework

25. **The exceptional access framework remains a key pillar of the access policy, guiding decisions on financing when members' needs exceed the limits.** Specifically, the framework seeks to enhance the clarity and predictability for both members and markets of the Fund's response in capital account crises, and to strengthen safeguards of the Fund's resources.[18] [19] The framework includes four substantive criteria, procedures for early consultation with the Board when exceptional access is considered, additional information requirements to raise the burden of proof, and ex post evaluations of programs.

26. **While the exceptional access framework was designed with capital account crises in mind, the procedures apply to all requests for access above the limits.** In the 2004 review of the policy, Directors asked that all requests for exceptional access be considered in light of the four substantive criteria of the framework. However, there is an important distinction differentiating capital from non-capital account crises cases:

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[17] In the context of the 13th General Quota Review in 2007, Directors did not see a sufficiently strong case for general quota increase at that time, Press Release No. 08/02.

[18] *See Review of Exceptional Access Policy* (http://www.imf.org/external/np/acc/2004/eng/032304.htm).

[19] The Board has also reiterated that the exceptional access framework is a key element of the Fund's financial risk-mitigating structure. *See Financial Risk in the Fund and the Level of Precautionary Balances* (PIN No. 04/16, March 5, 2004).

- In capital account cases, the Board has established that the four substantive criteria must be met in order for exceptional access to be approved under the exceptional circumstances clause.

- In non-capital account cases, requests for access above the limits need to be justified "in light of the four substantive criteria". The observance of all the criteria is not a requirement, and the Board has flexibility to grant exceptional access under the exceptional circumstances clause.

27. **This differentiation has led to a perception that exceptional access decisions in non-capital account crises are ad hoc.** Recent decisions to grant exceptional access (Argentina (2003), Brazil (2003), Turkey (2005) and Uruguay (2005)) involved members that were not experiencing pressures in their capital account and did not meet the first exceptional access criterion. While the policy permits granting exceptional access where not all of the criteria are met, this does not provide clear guidance on the Fund's actions in such cases. Indeed, the framework provides more guidance and constraints where exceptional access might be considered most appropriate (i.e., for capital account crises), and less clarity in other cases. The Fund's medium-term strategy recognized this problem and called for a review of the policy, noting the need to provide better guidance in the latter cases.

28. **Directors had considered the issue of different treatment of capital and non-capital account cases in 2005 and decided that no changes to the framework were needed in this regard.** While some Directors felt that there was merit in considering changes to the framework, most Directors believed that changes were not needed, particularly considering the flexibility to grant access under the exceptional circumstances clause. While Directors recognized that recent requests for exceptional financing involved members not experiencing capital account crises, most Directors saw no need to develop a separate framework for members with pre-existing high exposure to the Fund.

29. **Analysis of the evidence, which is limited, suggests that requests for exceptional access several years after capital account crisis shocks may not be atypical.** In particular, adjustment programs may need to continue even after the main shock triggering a crisis has subsided. Duration analysis of 18 capital account crises since 1994 shows that members' first time market access took place on average 11 quarters after the onset of a crisis, with wide standard deviation.[20] In five instances the time needed to regain market access exceeded 12 quarters—the maximum length of a stand-by arrangement. For the countries that have graduated from using Fund resources, the average repayment period of their Fund credit was 22 quarters after the beginning of the crisis. The slow restoration of balance of payments viability is reflected in exceptional access decisions since 2003 where successor

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[20] See Mecagni, M., R. Atoyan, S. Hofman, and D. Tzanninis, 2007, "*The Duration of Capital Account Crises—An Empirical Analysis*" (WP/07/258).

arrangements were deemed necessary because members' balance of payments had not improved as quickly as envisaged, and adequate market access had not been achieved.[21] On the other hand, as noted, most of these countries have since repaid the Fund ahead of schedule.

30. **A potential new liquidity instrument would also involve exceptional access outside of a capital account crisis.** Arrangements under a new liquidity instrument would not meet all of the four criteria. In particular, due to the precautionary nature of such an arrangement, a qualifying member would not meet the first criterion requiring that the member be experiencing exceptional balance of payments pressures in the capital account. The member would also not meet the third criterion requiring good prospects for regaining market access, since a qualifying member for the RAL would have market access at the time of the request.

31. **On balance, given the limited recourse to the exceptional access framework since the last review, staff does not propose any changes at this time**. Nonetheless, it will be important to continue to monitor experience closely, given the need to take into account the flexibility of the exceptional access framework to accommodate members' needs, while ensuring that concerns regarding its credibility are minimized, since use of the exceptional circumstances clause to approve non-capital account exceptional access requests has been perceived (incorrectly) as constituting an "exception" to the framework. This would also potentially allow for an assessment of experience with a possible new liquidity instrument before proposing any changes.

V. Issues for Discussion

- Do Directors' consider that the existing structure of annual and cumulative access limits in the credit tranches and under the EFF, as well as the global limit on overall access to GRA resources provides an appropriate dividing line between normal and exceptional access?
- Do Directors agree that the access ceilings and the declining access norms in PRGF cases remain important to ensure the efficient use of the limited PRGF resources and should continue to be applied?
- Regarding the exceptional access framework, do Directors agree that the existing framework should remain unchanged but continue to be monitored closely in light of experience?

[21] Brazil, Turkey, and Uruguay already had market access at the time their arrangements were approved, though not in volumes sufficient to meet their financing requirements. Argentina had not regained market access at the time its arrangement was approved.

Table 1. Access Under Fund Arrangements Approved during 2005-2007 1/
(As of December 31, 2007)
(In percent of quota, unless otherwise indicated)

	Effective date of arrangement	Duration *(months)*	Amount *(SDR mn.)*	Amount *(% of quota)*	Access 3/ *Average per year 2/*	Access 3/ *Year 1* *(in % of total access)*	Access 3/ *Year 2* *(in % of total access)*	Access 3/ *Year 3* *(in % of total access)*	Fund Credit Outstanding 4/ All GRA Facilities Start of Arrangement	Fund Credit Outstanding 4/ All GRA Facilities End of Arrangement	Fund Credit Outstanding 4/ PRGF Trust Start of Arrangement	Fund Credit Outstanding 4/ PRGF Trust End of Arrangement	GFF/GFR 5/ *(percent)*
Upper credit tranche SBA													
Not precautionary on approval:													
Dominican Republic	1/31/2005	28	438	200	86	45	44	11	60	248	0	0	16
Macedonia, FYR	8/31/2005	36	52	75	25	47	27	27	53	85	0	0	4
Turkey	5/11/2005	36	6,662	691	230	50	33	17	1,259	756	0	0	11
Uruguay	6/8/2005	36	766	250	83	34	40	26	534	370	0	0	18
Total amount			7,918										
Number of SBAs	4												
Average 6/		34		304	106	44	36	20	476	365	0	0	12
Precautionary on approval:													
Colombia	5/2/2005	18	405	52	35	79	21		0	52	0	0	3
Gabon	5/7/2007	36	77	50	17	19	32	48	21	50	0	0	2
Iraq	12/23/2005	15	475	40	32	83	17		25	65	0	0	4
Iraq	12/19/2007	15	475	40	32	83	17		0	40	0	0	1.1
Paraguay	5/31/2006	27	65	65	29	66	26	8	0	65	0	0	13
Peru	1/26/2007	25	172	27	13	95	4	1	2	27	0	0	2
Total amount: Precautionary			1,670										
Number of precautionary SBAs	6												
Average for precautionary 6/		23		46	26	71	19	19	8	50	0	0	4
Total amount: All SBAs			9,588										
Number of SBAs	10												
Average for all SBAs 6/		27		149	58	60	26	37	159	140	0	0	7
EFF arrangements													
Albania	2/1/2006	36	9	18	6	29	43	29	0	18	0	0	1
Total amount			9										
Number of EFFs	1												
SBA and EFF arrangements													
Total amount: SBAs and EFFs			9,596										
Number of SBAs and EFFs	11												
Average 6/		28		137	53	57	28		145	129	0	0	7
PRGF arrangements													
Afghanistan, Islamic Republic of	6/26/2006	36	81	50	17	44	28	28	0	0	0	50	1
Albania	2/1/2006	36	9	18	6	29	43	29	0	18	0	0	1
Armenia, Republic of	5/25/2005	36	23	25	8	43	29	29	0	0	155	179	2
Benin	8/5/2005	36	6	10	3	43	28	29	0	0	61	43	7
Burkina Faso	4/23/2007	36	6	10	3	17	33	50	0	0	39	49	0
Cameroon	10/24/2005	36	19	10	3	43	29	29	0	0	102	52	1
Central African Republic	12/22/2006	36	36	65	22	57	17	26	0	0	28	69	18
Chad	2/16/2005	36	25	45	15	47	27	27	0	0	110	98	6
Gambia, The	2/21/2007	36	14	45	15	43	29	29	0	0	42	59	5
Grenada	4/17/2006	36	11	90	30	44	28	28	0	0	50	99	3
Guinea	12/21/2007	36	48	45	15	43	29	29	0	0	34	52	3.5
Haiti	11/20/2006	36	74	90	30	59	21	21	0	0	0	90	7
Kyrgyz Republic	3/15/2005	36	9	10	3	43	29	29	0	0	147	92	1
Madagascar	7/21/2006	36	55	45	15	43	29	29	0	0	9	54	3
Malawi	8/5/2005	36	38	55	18	40	35	25	0	0	78	74	4
Mauritania	12/18/2006	36	16	25	8	52	24	24	0	0	0	25	3
Moldova, Republic of	5/5/2006	36	80	65	22	28	28	42	27	2	23	101	6
Nicaragua	10/5/2007	36	72	55	18	33	33	33	0	0	32	87	2.9
Niger	1/31/2005	36	7	10	3	29	29	43	0	0	133	128	3
Rwanda	6/12/2006	36	8	10	3	43	28	28	0	0	1	11	1
Sao Tome & Principe	8/1/2005	36	3	40	13	43	29	29	0	0	26	52	3
Sierra Leone	5/10/2006	36	31	30	10	43	28	28	0	0	129	122	7
Total amount			670										
Number of PRGFs	22												
Average 7/		36		39	13	41	29	30	1	1	55	72	4
All arrangements													
Total amount			10,266										
Number of arrangements	33												
Average 6/		33		71	26	47	28	28	60	54	36	48	5
All arrangements (excluding precautionary on approval)													
Total amount			8,596										
Number of arrangements	27												
Average 6/		36		77	26	41	30	28	72	55	44	59	5

Sources: Executive Board documents, and information provided by the Finance Department.

1/ Reflects amounts and duration agreed at the time the arrangements were initially approved; excludes potential access under external contingency mechanisms and other augmentations.
2/ Total access divided by length of arrangement (in years), except where otherwise specified.
3/ Numbers may not sum due to rounding.
4/ PRGF Trust includes remaining credit outstanding under ESAF and SAF facilities; end positions assume full disbursement of committed amounts; in the case of phased drawing under CFF, the entire eligible amount estimated.
5/ Gross Fund Financing/Gross Financing Requirement; GFF includes all use of Fund resources during the period under the arrangement and associated purchases that were anticipated at the time of approval. GFR is defined as the sum of the current account deficit (excluding grants), amortization of maturities in excess of one year including Fund repurchases, the targeted reduction in arrears (in cash as well as through rescheduling) and the targeted buildup in gross reserves. Figures may be estimated based on information available for the period most closely corresponding to the program period.
6/ Simple arithmetic average; excludes Supplemental Reserve Facility (SRF) cases.
7/ Simple arithmetic average.

Table 2. Access Under Fund Arrangements By Year Of Approval, 2000–2007 1/
(In percent of quota, unless otherwise indicated; as of December 31, 2007) 2/

	2000	2001	2002	2003	2004	2005	2006	2007
Number of arrangements approved								
All arrangements	23	21	20	21	13	14	12	7
Non-exceptional arrangements	22	20	18	19	13	12	12	7
Commitments (on approval)								
In percent of total quota	6	7	18	7	1	4	0.2	0.4
In billions of SDRs	12	15	39	15	2	9	0.5	0.9
GRA Resources								
Average annual access								
SBA								
Non-exceptional 3/	46	33	39	55	21	44	29	21
of which Precautionary	40	30	30	55	17	33	29	21
Exceptional and SRF	…	320	510	159	…	157	…	...
EFF								
Non-exceptional	12	…	46	12	…	…	6	…
of which Precautionary	…	…	…	…	…	…	…	...
Exceptional and SRF	60	…	…	…	…	…	…	...
Range of average annual access								
SBA								
Non-exceptional 3/	18 - 85	16 - 51	19 - 97	25 - 100	7 - 42	25 - 86	29	13 - 32
Exceptional and SRF	…	320	456 - 564	141 - 176	…	83 - 230	…	...
EFF								
Non-exceptional	12	…	46	12	…	…	6	…
Exceptional and SRF	60	…	…	…	…	…	…	...
Projected use of Fund credit and loans outstanding at start of arrangement								
SBA	52	47	228	110	47	262	…	8
EFF	224	…	68	53	…	…	…	…
Projected use of Fund credit and loans outstanding at end of arrangement								
SBA	103	113	313	184	64	203	65	39
EFF	237	…	163	118	…	…	18	…
Concessional Resources								
Average annual access								
ESAF/PRGF	22	25	21	16	16	9	16	13
Range of average annual access								
ESAF/PRGF	5 - 33	17 - 42	2 - 36	3 - 31	3 - 30	3 - 18	3 - 30	3-18
Projected use of Fund credit and loans outstanding at start of arrangement								
ESAF/PRGF	78	98	74	71	84	102	52	37
Projected use of Fund credit and loans outstanding at end of arrangement								
ESAF/PRGF	122	123	109	90	85	86	87	62

Sources: Executive Board documents, and information provided by the Finance Department.

1/ Reflects amounts and duration at the time arrangements were approved; excludes potential access under external contingency mechanisms and other augmentations and reductions.

2/ Access expressed in terms of quotas of: Ninth General Review of Quotas through January 1999; 11th General Review of Quotas through January 2003, and 12th Review of Quotas thereafter. From November 1992 to October 1994, annual access limits were set at 68 percent of Ninth General Review quotas, and since then the access limit of 100 percent of quota has been in effect.

3/ Including first credit tranche and precautionary arrangements.

Table 3. Exceptional Access Under Fund Arrangements, October 1994–Present 1/
(As of December 31, 2007)

(In percent of quota at approval, unless otherwise indicated)

	Circumstances	Type	Effective date 2/	Duration 2/ (months)	Arrangement Amount: Total (SDR mn.)	Arrangement Amount: Total (% of quota)	Arrangement Amount: Total (% of 12th quota)	Arrangement Amount: SRF (SDR mn.)	Arrangement Amount: SRF (% of quota)	Available to Draw 3/: Approved/Undrawn SBA/EFF	Available to Draw 3/: Approved/Undrawn SRF	Available to Draw 3/: Augmentation SBA/EFF	Available to Draw 3/: Augmentation SRF	Annual Access 3/: Average per year 4/	Annual Access 3/: Year 1 (in % of total access)	Annual Access 3/: Year 2 (in % of total access)	Annual Access 3/: Year 3 (in % of total access)	Fund Credit Outstanding: Excluding special facilities 5/: Start of Arrangement	Excluding special facilities 5/: End of Arrangement Projected	Excluding special facilities 5/: End of Arrangement Actual 6/	Including special facilities 5/: Start of Arrangement	Including special facilities 5/: End of Arrangement Projected	Including special facilities 5/: End of Arrangement Actual 6/	GFF/GFR 7/ (percent)
Mexico 8/	New Arrangement	SBA	2/1/1995	18	12,070	688	467	--	--	688	--	--	--	459	73	27		149	768	434	149	768	434	39
Russia 9/	New Arrangement	EFF	3/26/1996	36	6,901	160	116	--	--	160	--	--	--	53	41	34	25	116	238	156	166	279	223	17
Thailand	New Arrangement	SBA	8/20/1997	34	2,900	505	268	--	--	505	--	--	--	178	72	14	14	0	505	231	0	505	231	10
Indonesia	New Arrangement	SBA	11/5/1997	36	7,338	490	353	--	--	490	--	--	--	163	76	14	10	0	490	245	0	490	245	22
Korea 10/	New Arrangement	SBA	12/4/1997	36	15,500	1,938	949	9,950	1,244	694	1,244	--	--	646	91	5	5	0	694	273	0	694	273	32
Indonesia	Augmentation	SBA	7/15/1998	28	8,338	557	401	--	--	294	--	50	--	149	80	13	7	196	540	245	196	540	245	n.a.
Russia 11/	Aug. and Ext.	EFF	7/20/1998	20	15,363	356	258	3,993	93	59	--	104	93	152	91	9		198	245	156	246	346	223	n.a.
Indonesia	New Arrangement	EFF	8/25/1998	26	4,669	312	225	--	--	312	--	--	--	144	82	15	4	245	557	359	245	557	359	11
Brazil	New Arrangement	SBA	12/2/1998	36	13,025	600	429	9,117	420	180	420	--	--	200	87	7	7	0	180	136	0	180	136	8
Indonesia	Augmentation	EFF	3/25/1999	19	5,383	259	259	--	--	91	--	34	--	77	71	29		310	435	359	310	435	359	n.a.
Turkey	New Arrangement	SBA	12/22/1999	36	2,892	300	300	--	--	300	--	--	--	100	38	31	31	46	309	1,165	46	309	1,165	6
Indonesia 9/	New Arrangement	EFF	2/4/2000	35	3,638	175	175	--	--	175	--	--	--	60	43	29	29	359	375	333	359	375	333	8
Turkey	Augmentation	SBA	12/21/2000	24	8,676	900	900	5,784	600	231	--	--	600	416	89	11		107	338	1,165	107	368	1,165	n.a.
Argentina	Augmentation	SBA	1/12/2001	26	10,586	500	500	2,117	100	180	--	145	100	197	58	34	8	180	389	460	180	394	460	n.a.
Turkey	Augmentation	SBA	5/15/2001	19	15,038	1,560	1,560	5,784	600	162	330	660	--	713	94	6		445	1,088	1,165	445	1,088	1,165	n.a.
Argentina	Augmentation	SBA	9/7/2001	18	16,936	800	800	6,087	288	253	--	113	188	368	75	25		307	532	460	307	532	460	n.a.
Brazil 12/	New Arrangement	SBA	9/14/2001	15	12,144	400	400	9,951	328	72	328	--	--	320	97	3		97	436	359	97	436	359	19
Turkey	New Arrangement	SBA	2/4/2002	35	12,821	1,330	1,330	--	--	1,330	--	--	--	456	87	6	6	1,165	1,715	1,423	1,165	1,715	1,423	23
Uruguay	Augmentation	SBA	6/25/2002	21	1,752	572	572	386	126	154	--	252	126	304	76	24		117	531	534	117	531	534	n.a.
Uruguay 13/	Augmentation	SBA	8/8/2002	20	2,128	694	694	129	42	322	84	207	-84	322	73	27		243	701	534	243	701	534	n.a.
Brazil	New Arrangement	SBA	9/6/2002	16	22,821	752	752	7,610	251	501	251	--	--	564	75	25		359	813	506	359	813	506	35
Argentina	New Arrangement	SBA	1/24/2003	7	2,175	103	103	--	--	103	--	--	--	170	100			460	517	418	460	517	418	27
Argentina	New Arrangement	SBA	9/20/2003	36	8,981	424	424	--	--	424	--	--	--	141	60	23	17	418	517	0	418	517	0	20
Brazil 14/	Aug. and Ext.	SBA	12/12/2003	15	27,375	902	902	7,610	251	185	--	150	--	268	82	18		764	866	506	764	866	506	n.a.
Turkey	New Arrangement	SBA	5/11/2005	36	6,662	691	691	--	--	691	--	--	--	230	42	33	25	1,251	748	...	1,251	748	...	11
Uruguay	New Arrangement	SBA	6/8/2005	36	766	250	250	--	--	250	--	--	--	83	34	40	26	534	370	0	534	370	0	18
Total amount 15/					181,244			68,517																
Number of arrangements		26																						
Average 16/				26		624	541		362	339	443	190	170	267	73	20	15	310	573	465	314	580	470	17

Sources: Executive Board documents, and information provided by the Finance Department.

1/ Reflects amounts and duration agreed for an arrangement at the time SRF resources were approved or the exceptional circumstances clause was invoked. Data regarding future augmentations that included SRF resources or exceptional circumstances are reported on separate rows.

2/ In the case of augmentations, the date and duration remaining at the time of approval of the augmentation, not initial approval of the arrangement.

3/ In the case of augmentations, includes previously undrawn amounts from the arrangement, as well as the new augmentation. Amounts drawn prior to augmentation are not included.

4/ Total access divided by length of arrangement (in years), except where otherwise specified.

5/ Special facilities include Emergency Assistance, CCL, CCFF/CFF, PRGF, SAF, and STF. End positions assume full disbursement of committed amounts, and in the case of phased drawing under the CCFF, the entire eligible amount is estimated.

6/ Actual Fund credit outstanding when the arrangement expired or was cancelled. This may reflect augmentations, extensions, reductions, or quota changes which occurred after approval.

7/ Gross Fund Financing/Gross Financing Requirement. GFF includes all use of Fund resources during the period under arrangement and associated purchases that were anticipated at the time of approval. GFR is defined as the sum of the current account deficit (excluding grants), amortization of maturities in excess of one year, including Fund repurchases, the targeted reduction in arrears (in cash as well as through rescheduling) and the targeted buildup in gross reserves. Figures may be estimated based on information available for the period most closely corresponding to the program period. Calculated on approval of a new arrangement so data is not available for cases of augmentations.

8/ Arrangement was approved for an amount of up to SDR 12,070.2 million, of which the initial commitment was SDR 5,259.9 million. Figures here reflect phasing and size of the arrangement as determined at the second (June) review.

9/ With two exceptions, all exceptional circumstances cases required a waiver of the annual and cumulative limits. Russia's new EFF in 1996 required only a waiver of the annual limit while Indonesia's new EFF in 2000 required only a waiver of the cumulative limit.

10/ Total amount approved on December 4, 1997 as an SBA. A portion was then converted to an SRF on December 18, 1997 after creation of the SRF.

11/ EFF amount includes 50 percent of quota approved under the CCFF along with the augmentation.

12/ Brazil's previous SBA was cancelled and replaced with this arrangement, which the authorities did not expect to draw upon; however, they drew on the arrangement two weeks after approval.

13/ The SRF approved at the previous augmentation was cancelled and the SBA augmentation was increased equivalent to the undrawn funds.

14/ Arrangement turned precautionary from this point forward.

15/ In the case of arrangements which are included on the list multiple times, only the most recent total amount is included.

16/ Simple arithmetic average.

17/ Argentina announced on December 15, 2005, its intention to repuchase all outstanding Fund credit and cancel their current SBA. It did not complete this until January 3, 2006.

Table 4. Access to PRGF by Three-Year Arrangements 1/
(in percent of 12th Review of Quota; as of December 31, 2007)

Region	Country	First	Second	Third	Fourth	Fifth	Sixth
Africa	Benin	75.8	43.9	43.6	10.0		
	Burkina Faso	80.8	66.1	65.0	40.0	10.0	
	Burundi	55.5	90.0				
	Cameroon	87.3	60.0	10.0			
	Cape Verde	90.0					
	Central African Republic	88.8	65.0				
	Chad	88.5	65.0	45.0			
	Congo, Democratic Republic of	108.8					
	Congo, Republic of	82.1	65.0				
	Cote d'Ivoire	102.6	87.9	90.0			
	Ethiopia	66.2	65.0				
	Gambia, The	66.0	66.3	65.0	45.0		
	Ghana	99.8	44.6	42.0	50.0		
	Guinea	54.1	66.1	60.0	45.0		
	Guinea-Bissau	66.5	100.0				
	Kenya	88.9	16.7	55.1	55.3	64.5	
	Lesotho	51.9	70.2				
	Madagascar	62.9	66.6	65.0	45.0		
	Malawi	80.4	66.0	65.0	55.0		
	Mali	65.3	66.5	50.0	10.0		
	Mauritania	79.0	52.6	66.4	66.0	10.0	25.0
	Mozambique	75.2	66.5	51.8	10.0		
	Niger	76.8	88.1	90.0	10.0		
	Rwanda	89.1	5.0	10.0			
	Sao Tome & Principe	90.0	40.0				
	Senegal	89.4	80.8	66.1	15.0		
	Sierra Leone	85.6	126.2	30.0			
	Tanzania	91.5	81.2	67.9	9.9		
	Togo	62.8	88.8				
	Uganda	99.3	66.8	55.6	7.5		
	Zambia	143.5	52.0	45.0			
	Zimbabwe	56.7					
Average:		**81.3**	**66.2**	**54.2**	**31.6**	**28.2**	**25.0**
Asia and Pacific	Bangladesh	48.5	65.1				
	Cambodia	96.0	66.9				
	Lao, P.D.R.	66.5	59.9				
	Mongolia	79.8	65.4	55.8			
	Nepal	47.1	70.0				
	Sri Lanka	81.3	65.1				
	Vietnam	110.1	88.1				
Average:		**75.6**	**68.6**	**55.8**			
Europe	Albania	87.1	72.5	57.5	17.5		
	Moldova	90.0	65.0				
Average:		**88.5**	**68.7**	**57.5**	**17.5**		
Middle East and Central Asia	Afghanistan	50.0					
	Armenia	110.1	75.0	25.0			
	Azerbaijan	58.2	50.0				
	Djibouti	120.0					
	Georgia	110.8	71.9	65.2			
	Kyrgyz Republic	79.9	72.6	82.7	10.0		
	Pakistan	58.7	66.0	100.0			
	Tajikistan	110.3	74.7				
	Yemen, Republic of	108.7					
Average:		**89.6**	**68.4**	**68.2**	**10.0**		
Western Hemisphere	Bolivia	79.3	58.9	58.9			
	Dominica	93.8					
	Grenada	90.0					
	Guyana	89.7	59.1	59.1	60.0		
	Haiti	111.2	90.0				
	Honduras	31.4	121.0	55.0			
	Nicaragua	92.4	77.6	75.0	55.0		
Average:		**84.0**	**81.3**	**62.0**	**57.5**		
Overall Average:		**82.5**	**68.4**	**57.2**	**32.4**	**28.2**	**25.0**

Sources: Executive Board Documents
1/ Excludes augmentations.
2/ Access is presented as a share of the twelfth Quota Review to ensure comparability across time and with the access norms. Access limits and norms were lowered proportionately to offset the effect of the quota increase on absolute lending level.

Table 5. Fund Resources Outstanding
(Top 20 countries, as of December 31, 2007)

Country	SDR mn.	Percent of total Fund resources outstanding 1/ Member	Percent of total Fund resources outstanding 1/ Cumulative	Country	Percent of quota
GRA Resources					
Turkey	4,530.0	75.0	75.0	Turkey	380.3
Dominican Republic	346.5	5.7	80.8	Liberia	280.2
Ukraine	272.9	4.5	85.3	Somalia	218.8
Sudan	245.9	4.1	89.4	Dominican Republic	158.3
Liberia	199.8	3.3	92.7	Sudan	144.9
Sri Lanka	120.6	2.0	94.7	Maldives	50.0
Somalia	96.7	1.6	96.3	Jordan	32.5
Jordan	55.4	0.9	97.2	Sri Lanka	29.2
Lebanon	50.8	0.8	98.1	Grenada	28.1
Cote d'Ivoire	40.7	0.7	98.7	Lebanon	25.0
Pakistan	15.8	0.3	99.0	Ukraine	19.9
Gabon	15.6	0.3	99.2	Cote d'Ivoire	12.5
Moldova, Republic of	14.6	0.2	99.5	Moldova, Republic of	11.8
Yemen, Republic of	8.1	0.1	99.6	Gabon	10.1
Azerbaijan	5.9	0.1	99.7	Albania	10.0
Albania	4.9	0.1	99.8	Azerbaijan	3.6
Maldives	4.1	0.1	99.9	Yemen, Republic of	3.3
Panama	3.3	0.1	99.9	Panama	1.6
Grenada	3.3	0.1	100.0	Pakistan	1.5
Bosnia and Herzegovina	1.5	0.0	100.0	Bosnia and Herzegovina	0.9
Total of top 20	*6,036*	*100.0*	*100.0*	***Average***	*71.1*
Total GRA resources outstanding	*6,036*	*100.0*	*100.0*		
PRGF Resources					
Pakistan	858.3	22.6	22.6	Armenia, Republic of	108.6
Congo, Democratic Republic of	511.5	13.5	36.1	Albania	107.0
Bangladesh	316.7	8.3	44.4	Kyrgyz Republic	106.8
Kenya	170.2	4.5	48.9	Georgia	105.9
Georgia	159.2	4.2	53.1	Congo, Democratic Republic of	96.0
Ghana	105.5	2.8	55.9	Dominica	93.8
Vietnam	103.5	2.7	58.6	Cape Verde	88.7
Armenia, Republic of	99.9	2.6	61.2	Pakistan	83.0
Yemen, Republic of	99.0	2.6	63.8	Burundi	80.7
Kyrgyz Republic	94.8	2.5	66.3	Moldova, Republic of	70.1
Moldova, Republic of	86.4	2.3	68.6	Nepal	70.0
Zimbabwe	74.9	2.0	70.6	Lesotho	64.2
Cote d'Ivoire	69.1	1.8	72.4	Djibouti	64.0
Burundi	62.2	1.6	74.0	Chad	63.0
Azerbaijan	59.3	1.6	75.6	Kenya	62.7
Sudan	59.2	1.6	77.2	Bangladesh	59.4
Zambia	55.0	1.4	78.6	Central African Republic	56.1
Nicaragua	53.7	1.4	80.0	Haiti	43.6
Albania	52.1	1.4	81.4	Nicaragua	41.3
Nepal	49.9	1.3	82.7	Guyana	40.8
Total of top 20	*3,140*	*82.7*	*82.7*	***Average***	*75.3*
Total PRGF resources outstanding	*3,797*	*100.0*	*100.0*		

Sources: Information provided by the Finance Department, and Stand-By Operations Division, PDR.

1/ Total Fund resources outstanding were SDR 9,833 million, or 4.5 percent of total quotas.