

Table 2.3

Concessional lending facilities

Three concessional lending facilities for low-income countries are available.

	Extended Credit Facility (ECF)	Standby Credit Facility (SCF)	Rapid Credit Facility (RCF)
Objective	Help low-income countries achieve and maintain a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth	Very strong ex ante macroeconomic fundamentals, economic policy framework, and policy track record	Approved access available up front throughout the arrangement period, subject to a midterm review after 1 year
Purpose	Address protracted balance-of-payments problems	Resolve short-term balance of payments needs	Low-access financing to meet urgent balance-of-payments needs
Supersedes	Poverty Reduction and Growth Facility (PRGF)	Exogenous Shocks Facility–High- Access Component (ESF-HAC)	Exogenous Shocks Facility–Rapid Access Component (ESF-RAC), subsidized Emergency Post-Conflict Assistance (EPCA), and Emergency Natural Disaster Assistance (ENDA)
Eligibility	Countries eligible under the Poverty Reduction and Growth Trust (PRGT)	Efforts to solve balance-of-payments difficulties (may include prior actions)	Outright purchases without the need for full-fledged program or reviews
Qualification	Protracted balance of payments problem; actual financing need over the course of the arrangement, though not necessarily when lending is approved or disbursed	Potential (precautionary use) or actual short-term balance-of-payments need at the time of approval; actual need required for each disbursement	Urgent balance-of-payments need when upper- credit-tranche (UCT) program is either not feasible or not needed ¹
Poverty Reduction and Growth Strategy	IMF-supported program should be aligned with country-owned poverty-reduction and growth objectives and should aim to support policies that safeguard social and other priority spending		
	Submission of Poverty Reduction Strategy (PRS) document by second review	Submission of PRS document not required; if financing need persists, SCF user would request an ECF with associated PRS documentation requirements	Submission of PRS document not required; move to ECF facilitated in cases of repeated use by preparation of a Poverty Reduction Strategy Paper (PRSP)
Conditionality	UCT; flexibility on adjustment path and timing	UCT; aim to resolve balance-of-payments need in the short term	No UCT and no conditionality based on ex post review; track record used to qualify for repeat use (except under shocks window)

	Extended Credit Facility (ECF)	Standby Credit Facility (SCF)	Rapid Credit Facility (RCF)
Access policies	Annual limit of 100% of quota; cumulative limit (net of scheduled repayments) of 300% of quota. Exceptional access: annual limit of 150% of quota; cumulative limit (net of scheduled repayments) of 450% of quota		
	Norms: access declines with total outstanding credit; 120% of quota if outstanding credit is less than 100% of quota; 75% of quota if outstanding credit is greater than or equal to 100% of quota; SCFs treated as precautionary annual access limit 75% of quota, average annual access limit 50% of quota ²	Sublimits (given lack of UCT conditionality): annual 25% of quota; 100% of quota cumulative (net of scheduled repayments); under the shocks window: 50% annual and 125% cumulative (net of scheduled repayments)	
Financing terms³	Interest rate: Zero Repayment terms: 5½–10 years	Interest rate: 0.25% Repayment terms: 4–8 years Availability fee: 0.15% on available but undrawn amounts under precautionary arrangement	Interest rate: Zero Repayment terms: 5½–10 years
Blending	Based on income per capita and market access; linked to debt vulnerability		
Precautionary use	No	Yes, with annual access limit of 75% of quota and average annual access limit 50% of quota	No
Length and repeated use	3–4 years (extendable to 5); can be used repeatedly	12–24 months; use limited to 2½ of any 5 years ⁴	Outright disbursements; repeated use possible subject to access limits and other requirements
Concurrent use	General Resources Account (Extended Fund Facility/ Stand-By Arrangement)	General Resources Account (Extended Fund Facility/Stand-By Arrangement) and Policy Support Instrument	General Resources Account (Rapid Financing Instrument and Policy Support Instrument)

Source: IMF Finance Department.

¹ UCT standard conditionality is the set of program-related conditions intended to ensure that IMF resources support the program's objectives, with adequate safeguards to the IMF resources.

² Access norms do not apply when outstanding concessional credit is above 200% of quota. In those cases, access is guided by consideration of the access limit of 300% of quota, expectation of future need for IMF support, and the repayment schedule.

³ The IMF reviews interest rates for all concessional facilities under the PRGT every 2 years; the next review was expected at the end of 2014. The Executive Board has approved a temporary interest waiver on concessional loans through the end of December 2014 in view of the global economic crisis (Box 2.4).

⁴ SCFs treated as precautionary do not count toward the time limits.