

Table 2.4

Resilience and Sustainability Facility

On April 13, 2022, the Executive Board approved the creation of the Resilience and Sustainability Trust (RST), effective May 1, 2022, to finance lending under the Resilience and Sustainability Facility (RSF). The International Monetary and Financial Committee encouraged the creation of the new IMF-administered trust to provide affordable long-term financing to support countries undertaking macro-critical reforms to reduce risks to prospective balance of payments stability. The RST is a loan-based trust, broadly similar in financial architecture to the Poverty Reduction and Growth Trust (PRGT). It complements the IMF's lending toolkit by focusing on longer-term structural challenges that entail significant macroeconomic risks. The IMF Executive Board decided that RST-financed loans would initially support measures addressing climate change and enhancing pandemic preparedness, given their global-public-good nature. IMF members eligible to request RST support include low-income and vulnerable middle-income countries and small states. The Board also agreed to an interim review to take stock of the initial experience and revisit the set of qualifying structural challenges about 18 months after the RST's operationalization.

Objective	Enhance economic resilience and sustainability of low-income and vulnerable middle-income countries and small states
Purpose	Support policy reforms that reduce macro-critical risks associated with selected long-term structural challenges
Eligibility	Countries eligible for assistance under the PRGT, all small states with populations less than 1.5 million with per capita gross national income (GNI) less than 25 times the International Development Association (IDA) operational cutoff, and all middle-income countries with per capita GNI less than 10 times the IDA operational cutoff
Qualification	A package of high-quality policy measures consistent with the purpose of the RST, a concurrent financing or nonfinancing program with upper-credit-tranche (UCT)-quality policies, and sustainable debt and adequate capacity to repay the IMF
Conditionality	Reform measures linked to addressing qualifying longer-term structural challenges—typically separate from conditionality of the concurrent UCT program; close coordination with the World Bank and other relevant multilateral development banks and international financial institutions is envisioned to leverage comparative expertise and institutional knowledge
Access Policies	Access based on the reforms' strength, debt sustainability, and capacity to repay the IMF and capped at the lower of 150 percent of quota or SDR 1 billion
Financing Terms	Tiered interest rate: Group A countries—SDR interest rate + 55 basis points; Group B countries—SDR interest rate + 75 basis points and a 25-basis-point one-time service fee; Group C countries—SDR interest rate + 95 basis points and a 50-basis-point one-time service fee Repayment terms: 10½–20 years
Precautionary Use Available	No
Length and Repeated Use	The duration of the RSF arrangement is generally expected to coincide with the duration of a new UCT program (when the two are requested together) or the remaining duration of an existing UCT program (when the RSF request occurs at a review of the UCT program); minimum duration 18 months (12 months for RSF arrangements approved within the first six months of the RST's operationalization), to allow adequate time for implementation of RSF reform measures, including any necessary technical assistance; repeated use possible subject to access limits
Concurrent Use	Must have concurrent UCT-quality program

Source: IMF, Finance Department.

Note: To qualify for a loan under the RSF, a member will need (1) a package of high-quality policy measures consistent with the purpose of the Trust, (2) a concurrent financing or nonfinancing program with UCT-quality policies, and (3) sustainable debt and adequate capacity to repay the IMF.