INTERNATIONAL MONETARY FUND
FACTSHEET

The Policy Coordination Instrument

The Policy Coordination Instrument (PCI) is a non-financing tool open to all members of the International Monetary Fund (IMF). It enables them to signal commitment to reforms and catalyze financing from other sources. The establishment of the PCI is part of the Fund's broader effort to strengthen the global financial safety net—a network of insurance and loan instruments that countries can draw on if confronted with a crisis.

Strengthening the global financial safety net

The PCI is available to all IMF members that do not need 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. The PCI aims to help countries better coordinate their access to multiple layers of the global financial safety net, particularly regional financing arrangements.

Maintaining a high standard for policies

The PCI enables a close policy dialogue between the IMF and a member country, regular monitoring of economic developments and policies, and the endorsement of those policies by the IMF's Executive Board. The PCI aims to help countries formulate and implement a macroeconomic policy agenda to:

- i) prevent crises and build buffers against external shocks;
- ii) enhance macroeconomic stability; and
- iii) address macroeconomic imbalances.

Although the PCI involves no use of Fund resources, policies supported under the instrument would be required to meet the same standard as those required under a standard IMF loan.

Key features

Eligibility. The PCI is available for all IMF members that do not require Fund financing at the time of PCI approval and do not have overdue financial obligations to the IMF.

Duration and repeated use. The PCI is generally meant to have a duration of two to three years, but could be approved for a minimum of six months and up to four years. This ensures sufficient flexibility to meet the varying needs of countries' reform agendas. There is no limit on the number of successor PCIs.

Program reviews. Reviews occur on a fixed schedule, normally every six months, to provide regular feedback on program performance. Delays in the completion of reviews under the PCI are possible for a three-month buffer period to allow the authorities to implement overdue policies, take corrective actions, or mobilize necessary financing to close the financing gap. If a review is delayed beyond the three-month buffer period, it can no longer be completed by the Executive Board, and Fund staff would provide an interim performance update to the Board for information. Non-completion of a review for a twelve-month period would result in an automatic termination of the PCI. In addition, the PCI has a review-based

THIS INFORMATION IS CURRENT AS OF JULY 2017 approach to monitoring program targets, which eliminates the need to request waivers for missed targets.

Use with financial instruments. An on-track PCI could facilitate access to Fund resources should the member experience a balance of payments need.

Charging. The PCI is a form of technical assistance and as such its costs are aligned with Fund TA policy, which currently requires only advanced economies to pay for the associated administrative costs.