



INTERNATIONAL MONETARY FUND FACTSHEET

The IMF's Extended Fund Facility (EFF)

When a country faces serious medium-term balance of payments problems because of structural weaknesses that require time to address, the IMF can assist with the adjustment process under an Extended Fund Facility (EFF). Compared to assistance provided under the Stand-by Arrangement, assistance under an extended arrangement features longer program engagement—to help countries implement medium-term structural reforms—and a longer repayment period.

What is the EFF designed for?

The EFF was established to provide assistance to countries: (i) experiencing serious payments imbalances because of structural impediments; or (ii) characterized by slow growth and an inherently weak balance of payments position. The EFF provides assistance in support of comprehensive programs that include policies of the scope and character required to correct structural imbalances over an extended period.

Longer engagement and repayment period for adjustment to bear fruit

Given that structural reforms to correct deep-rooted weaknesses often take time to implement and bear fruit, the engagement under an EFF and its repayment period are longer than most Fund arrangements.

Extended arrangements would normally be approved for periods not exceeding three years, with a maximum extension of up to one year where appropriate. However, a maximum duration of up to four years at approval is also allowed, predicated on, inter alia, the existence of a balance of payments need beyond the three-year period—the prolonged nature of the adjustment required to restore macroeconomic stability—and the presence of adequate assurances about the member's ability and willingness to implement deep and sustained structural reforms. There is also a longer repayment period of between 4½–10 years, with repayments in twelve equal semiannual installments. In contrast, the [Stand-by Arrangement \(SBA\)](#) is of shorter duration, with a repayment period of 3¼–5 years.

Strong focus on structural adjustment

When a country borrows from the IMF, it commits to undertake policies to overcome its economic and structural problems. Under an EFF, these commitments, including specific [conditionality](#), are expected to have a strong focus on structural reforms to address institutional or economic weaknesses, in addition to policies that maintain macroeconomic stability. Program performance is assessed regularly by the IMF's Executive Board which also allows the program to adapt to economic developments. The EFF has flexibility in the frequency of reviews based on the strength of the country's policies and the nature of its financing needs.

How much can a country borrow under the EFF and how expensive is it?

As with the SBA, the size of borrowing under the EFF is guided by a country's financing needs, capacity to repay, and track record with use of IMF resources.

- *Normal access.* Borrowing under the EFF is subject to the normal limit of up to 145 percent of a country's [IMF quota](#) annually and a cumulative limit over the life of the program of 435 percent of quota, net of scheduled repayments.

- *Exceptional access.* The Fund may lend amounts above these normal access limits on a case-by-case basis in exceptional circumstances provided that the country satisfies a predetermined set of exceptional access criteria.

In addition, EFFs generally are not formulated on a precautionary basis in anticipation of a future balance of payments problem.

Commitment fee. Resources committed under all EFFs are subject to a commitment fee levied at the beginning of each 12-month period on amounts that could be drawn in the period (15 basis points for committed amounts up to 115 percent of quota, 30 basis points on committed amounts above 115 percent and up to 575 percent of quota and 60 basis points on amounts exceeding 575 percent of quota). These fees are refunded if the amounts are drawn during the course of the relevant period. As a result, if the country borrows the entire amount committed under an EFF, the commitment fee is fully refunded.

Lending rate. The lending rate is tied to the IMF's market-related interest rate, known as the **basic rate of charge**, which is itself linked to the **Special Drawing Rights** (SDR) interest rate. Currently the basic rate of charge amounts to the SDR interest rate plus 100 basis points. Large loans carry a surcharge of 200 basis points, paid on the amount of credit outstanding above 187.5 percent of quota. If credit remains above 187.5 percent of quota after 51 months, this surcharge rises to 300 basis points, and is designed to discourage large and prolonged use of IMF resources.

Service charge. A service charge of 50 basis points is applied on each amount drawn.