Overview of IMF lending Facilities to Low Income Countries

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IMF Support for Low-Income Countries (LICs)

Include three <u>concessional</u> lending and two <u>nonfinancial</u> instruments:

- Extended Credit Facility (ECF)
- Standby Credit Facility (SCF)
- Rapid Credit Facility (RCF)
- Policy Support Instrument (PSI)
- Staff-Monitored Program (SMP)

Access is determined on a case-by-case basis, taking into account the country's BOP need, quota, the strength of its economic program and capacity to repay the Fund, and record of past use of Fund credit.

The Extended Credit Facility (ECF)

- Supports countries' economic programs aimed at moving toward a stable and sustainable macroeconomic position consistent with durable poverty reduction and growth.

- Available to all PRGT-eligible countries that face a protracted BOP problem.

- An initial duration from 3 to 4 years, with a maximum duration of five years.

- Financing limited to 75 percent of quota per year, and total outstanding concessional credit to 225 percent of quota.

The Standby Credit Facility (SCF)

- Supports LICs that have reached broadly sustainable macroeconomic positions, but may experience episodic, short-term financing and adjustment needs, including those caused by shocks.

- Available to PRGT-eligible countries facing an immediate or potential BOP need, where the country's financing needs are normally expected to be resolved within two years.

- Can range from 12–24 months.

- Financing limited to 75 percent of quota per year, and total outstanding concessional credit to 225 percent of quota.

The Rapid Credit Facility (RCF)

- Provides low-access and rapid financial assistance to LICs facing an urgent BOP need, without ex-post conditionality. Applicable to many situations, including natural disasters and emergencies resulting from fragility.

- Available to countries that face an urgent BOP need, where a full-fledged economic program is either not necessary or not feasible.

- One-off disbursement. A repeat use is possible within any three-year period if the BOP need is caused primarily by an exogenous shock or the country has established a track record of adequate macroeconomic policies.

- Access normally limited to 18.75 percent of quota per year and 75 percent of quota on a cumulative basis.

The Policy Support Instrument (PSI)

- Enables countries to secure Fund advice without a borrowing arrangement. Signals the strength of the country's economic policies.

- Available to countries that have no current or prospective BOP need, but that may still benefit from structural reforms, and that have institutions of sufficient quality to support good performance.

- An initial duration of 1 to 4 years, and extendable to up to 5 years. Successive PSIs may be requested if the country continues to qualify.

- Cannot be used concurrently with the ECF, but can be used in conjunction with the RCF or SCF.

Staff-Monitored Program (SMP)

- Purpose is to build a track record toward a Upper Credit Tranche quality program.
- Available to countries with any type or size of BOP need.
- Duration is normally 6-18 months. No Board endorsement.
- Current SMP countries: Somalia (2018), Haiti (2018), Zimbabwe (2014), Chad (2014), Myanmar (2013), DR of Congo (2008), etc..

Thank you