



# IMF POLICY PAPER

## REVIEW OF TEMPORARY MODIFICATIONS TO THE FUND'S ACCESS LIMITS IN RESPONSE TO THE COVID- 19 PANDEMIC

December 2021

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report**, prepared by IMF staff and completed on November 29, 2021 for the Executive Board's consideration on December 20, 2021.

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**International Monetary Fund**  
**Washington, D.C.**



## IMF Executive Board Approves Temporary Extension of Cumulative Access Limits in the Fund's Emergency Financing Instruments

FOR IMMEDIATE RELEASE

**Washington, DC – December 23, 2021:** On December 20, 2021, the IMF's Executive Board approved 18-month extensions (through end-June 2023) of the temporary increases to the cumulative access limits under its emergency financing instruments, i.e., the Rapid Financing Instrument (RFI) regular window, the Rapid Credit Facility (RCF) Exogenous Shock window, and the RFI's and RCF's Large Natural Disaster (LND) windows and allowed all other access limits that had been temporarily increased to return to their pre-pandemic levels from January 1, 2022 as scheduled.<sup>1</sup> This decision reflects the expected and ongoing gradual shift to upper-credit-tranche (UCT) quality arrangements from emergency financing triggered by urgent, pandemic-related balance of payment (BoP) needs. At the same time, the decision ensures continued access by member countries to the Fund's emergency financing, should urgent BoP needs arise when a UCT-quality arrangement is either not necessary or not feasible.

The temporary increases in access limits for the RFI regular window and the RCF Exogenous Shock window were first introduced in April 2020 and extended in September 2020, and again in March 2021. For the RFI's and RCF's LND windows, the temporary increases were introduced in June 2021.

The Executive Board reinstated the limit on the number of disbursements under the RCF within a 12-month period and endorsed staff's proposal to prepare an exit strategy from the temporary increase in cumulative access limits under emergency financing instruments by end-June 2023.

### Executive Board Assessment<sup>2</sup>

Executive Directors noted that the temporarily-high access limits ensured that the Fund was able to swiftly provide adequate support to its members during the pandemic. They stressed that access limits are a key element of the Fund's risk management framework, providing safeguards to Fund resources and preserving the revolving nature and catalytic role of Fund financing. Returning annual access limits to lower levels while extending the cumulative access limits for emergency financing balances the need to preserve member countries' borrowing space with safeguarding Fund resources.

Directors agreed with the proposal to extend the temporarily-higher cumulative access limits under the Fund's emergency financing instruments for 18 months, while allowing all other

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<sup>1</sup> For the PRGT, the annual/cumulative normal access limits approved in July 2021 of 145/435 percent of quota, respectively, will apply.

<sup>2</sup> At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

temporarily-increased access limits to expire and return on January 1, 2022 to pre-pandemic levels, except for the PRGT normal annual access limit, which will become 145 percent of quota as approved in July 2021. They also noted that the PRGT normal cumulative access limit was increased on a non-transitory basis to 435 percent of quota in July 2021. A few Directors thought that the extension of the cumulative limits under the emergency financing instruments could have been shorter.

Directors agreed that the respective cumulative access limits for the regular window of the Rapid Financing Instrument (RFI) and the exogenous shocks window of the Rapid Credit Facility (RCF) will remain at 150 percent of quota through end-June 2023. They also agreed that cumulative access limits for the RFI's and RCF's Large Natural Disaster (LND) windows will remain at 183.33 percent of quota through end-June 2023. Directors noted that the further temporary extension of the higher cumulative access limits for emergency financing instruments would have a limited impact on GRA and PRGT resources.

Directors also agreed to reinstate from January 1, 2022 the temporarily-suspended two-disbursement limit under the RCF within a 12-month period. They took note that no member requested RCF disbursements in excess of such limit despite its relaxation during the pandemic period.

Directors noted that the extensions of the temporarily-higher cumulative access limits would leave adequate borrowing room to support urgent balance of payments needs under the emergency financing instruments for most Fund members when upper credit tranche (UCT)-quality programs are either not feasible or not necessary. Some Directors urged careful monitoring to ensure that affected countries are not unduly constrained by the return to lower annual access limits. Many Directors emphasized the need for a rigorous and transparent application of the qualification requirements for emergency financing, including a convincing justification in case a UCT-quality program is assessed to be not feasible, and some highlighted the importance of strong governance and robust safeguards for the use of emergency financing. Directors underscored that members should be encouraged to transition to tailored, UCT-quality programs when appropriate and feasible to support structural reforms to address underlying vulnerabilities and larger financing needs. In this context, Directors welcomed the fact that members have been increasingly seeking financial assistance under Fund arrangements that meet UCT-quality standards rather than through emergency financing instruments.

Directors generally welcomed the staff proposal to prepare an exit strategy by end-June 2023 and asked for early Board engagement. Some Directors emphasized that the 18-month extension should be the last, and a few called on staff to prepare an exit strategy much earlier than proposed. A few other Directors recommended having greater flexibility.



November 29, 2021

## REVIEW OF TEMPORARY MODIFICATIONS TO THE FUND'S ACCESS LIMITS IN RESPONSE TO THE COVID-19 PANDEMIC

### EXECUTIVE SUMMARY

Over the course of the pandemic, the Fund has made several modifications to the access limits on the use of Fund's resources to increase the borrowing space under the hard caps on emergency financing and under the annual limits that trigger exceptional access (EA) safeguards under GRA and PRGT. The current temporarily-increased access limits expire at end-December 2021, and absent policy changes, the limits would return to the lower pre-pandemic levels or to the new PRGT annual access limit. Specifically, on January 1, 2022, the GRA and PRGT annual access limits would return to 145 percent of quota from the current level of 245 percent of quota. The annual/cumulative access limits for emergency financing instruments would return to: (i) 50/100 percent of quota, respectively, for the Rapid Financing Instrument (RFI) regular window and Rapid Credit Facility (RCF) Exogenous Shock window; and (ii) 80/133.33 percent of quota, respectively, for Large Natural Disaster (LND) windows of the RCF and RFI. In addition, the temporarily suspended limit on the number of disbursements under the RCF within a 12-month period would expire as of January 1, 2022.

The return of GRA and PRGT access limits to lower levels would not unduly constrain countries' access to future Fund financing. However, because many countries have received emergency financing at the level of 100 percent of quota during the pandemic, reverting the cumulative access limits under the emergency financing instruments to the pre-pandemic levels would restrict these countries from accessing emergency financing for several years, until they start repurchasing/repaying their loans.

Staff proposes to let all access limits return to pre-pandemic levels (or the new PRGT annual access limit), with the exception of the cumulative access limits for emergency financing instruments, which would be extended at the current level for another 18 months. Specifically, the cumulative access limits would remain at 150 percent of quota for RFI regular window and RCF exogenous shock window, and 183.33 percent of quota for the Large Natural Disaster windows of the RFI and RCF until end-June 2023, allowing access of at least 50 percent of quota (cumulative) under the Fund's emergency financing instruments for most countries. In addition, staff proposes to reinstate from January 1, 2022 the limit on the number of disbursements under the RCF within a 12-month period.

Staff's proposal strikes a balance between safeguarding Fund resources and allowing countries some room to access emergency financing instruments in case of an urgent BoP need when an upper credit tranche-quality (UCT) program is either not feasible or not necessary. This proposal also supports the shift from emergency financing towards UCT-quality arrangements. Staff will develop an exit strategy towards a post-pandemic emergency financing access limit policy by end-June 2023.

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## INTRODUCTION

**1. Over the course of the pandemic, the Fund has made several modifications to the limits on access to Fund resources.** At the onset of the COVID-19 pandemic in April 2020, the Executive Board increased, on a temporary basis for 6 months, the annual and cumulative access limits to financing under the emergency financing (EF) instruments, specifically, for the Rapid Financing Instrument (RFI) regular window and Rapid Credit Facility (RCF) exogenous shock (ES) window by 50 percent of quota to 100 and 150 percent of quota, respectively.<sup>1</sup> The EF instruments provide rapid financial assistance as outright disbursements (RCF) or purchases (RFI) to members facing urgent balance of payments needs, when UCT-quality programs are either not feasible or not necessary. These financing needs include those caused by exogenous shocks, such as natural disasters and the pandemic, as well as other factors such as emergency arising from conflict, domestic instability, and fragility. To allow countries to access resources under the follow-up UCT-quality programs without triggering additional scrutiny under the Exceptional Access (EA) framework which was seen as unwarranted in the uniquely severe synchronized shock, in July 2020 the annual access limit (AAL) on the General Resources Account (GRA) was increased from 145 to 245 percent of quota and the normal annual access limit (NAAL) on the Poverty Reduction and Growth Trust (PRGT) was increased from 100 percent to 150 percent of quota.<sup>2,3</sup> The annual access limit (AAL) and the cumulative access limit (CAL) on the access under the Large Natural Disaster (LND) windows of RCF and RFI were increased in June 2021 by 50 percent of quota to 130 and 183.33 percent of quota, respectively (Table 1 and Annex I).

**2. These temporary increases in access limits had been extended several times.** The temporary increase in the limits of the EF instruments (the RFI regular window and the ES window of the RCF) was first approved in April 2020 for 6 months, and was extended twice, in September 2020 and in March 2021, until end-December 2021. The two-disbursement limit on the number of RCF disbursements within a 12-month period was also suspended (initially in July 2020 and later in March 2021) until end-December 2021, allowing for more flexibility in the number of disbursements within the access limits which are hard caps. Further, the temporary increase in the GRA and PRGT annual access limits beyond which EA framework is triggered was initially approved in July 2020. The GRA limit was subsequently extended in March 2021 until end-December 2021; the NAAL under the PRGT was further increased in March 2021 to 245 percent of quota, while the PRGT cumulative access limit was increased also in March to 435 percent of quota, both until end-June 2021. In July 2021, the PRGT limits were modified more comprehensively in the context of the review of concessional financing and policies. The review fully aligned the PRGT overall annual and cumulative access limits to those in the GRA.<sup>4</sup>

<sup>1</sup> [Enhancing the Emergency Financing Toolkit—Responding to the Covid-19 Pandemics.](#)

<sup>2</sup> The cumulative access limits (CAL) of financing under the GRA and PRGT remained unchanged.

<sup>3</sup> [Temporary Modification to the Fund's Annual Access Limits.](#)

<sup>4</sup> [Fund Concessional Financial Support for Low-Income Countries—Responding to the Pandemic.](#)

**Table 1. Access Limits by Type of Instruments 1/ 2/**  
(In percent of quota)

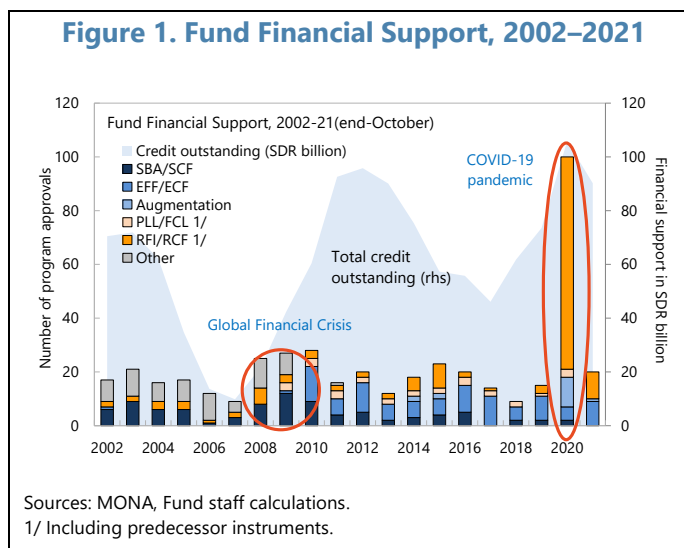
	Pre-pandemic period	Pandemic period (until 12/31/2021)	From 1/1/2022
<b>Overall Access Limits</b>			
GRA			
Annual Access Limit	145	245	145
Cumulative Access Limit	435	435	435
PRGT 3/			
Normal Annual Access Limit	100	245	145
Normal Cumulative Access Limit	300	435	435
<b>Emergency Financing Instruments</b>			
RFI			
Regular window			
Annual Access Limit	50	100	50
Cumulative Access Limit	100	150	100
Large Natural Disaster (LND) window			
Annual Access Limit	80	130	80
Cumulative Access Limit	133.33	183.33	133.33
RCF (for PRGT-eligible countries) 4/			
Exogenous Shock (ES) window			
Annual Access Limit	50	100	50
Cumulative Access Limit	100	150	100
Large Natural Disaster (LND) window			
Annual Access Limit	80	130	80
Cumulative Access Limit	133.33	183.33	133.33
<p>1/ The AAL and CAL for EF instruments are hard caps on the amounts that countries can borrow under the RFI and RCF – see paragraph 8 in <a href="#">Temporary Extensions And Modifications of Access Limits In the Fund's Lending Facilities, SM/21/33, March 12, 2021</a>. In contrast, the GRA and PRGT AAL and CAL trigger the application of higher scrutiny under the Exceptional Access frameworks, which subjects financing requests to additional substantive and procedural requirements. See paragraph 7 in <a href="#">Temporary Modification to the Fund's Annual Access Limits, SM/20/100, June 30, 2020</a>.</p> <p>2/ Outstanding disbursements (purchases) from all RCF (and RFI) windows are included in calculating cumulative access (See <a href="#">Temporary Modifications To Access Limits Under The Large Natural Disaster Window Of The Rapid Credit Facility And Of The Rapid Financing Instrument</a>, footnote 46). Similarly, for the calculation of annual access, outstanding disbursements (purchases) from all RCF (and RFI) windows are included in calculating the overall RCF/RFI annual access limits. In each case, calculations are based on Board approval dates and approved amounts of EF assistance under all "windows."</p> <p>3/ PRGT access limits were increased permanently in July 2021.</p> <p>4/ Access limits for RCF regular window has not been changed (annual/cumulative access level at 50/100 percent of quota, respectively). A 25 percent of quota per disbursement limit applies.</p>			

**3. At the time of the Board discussion in March 2021 on the extension of the temporary increases in access limits, Directors emphasized the temporary nature of these emergency measures.** With the pandemic gradually abating, Directors underscored their expectation that countries would move towards Fund financial assistance under UCT quality programs, which are better suited than EF to address vulnerabilities and entrench macroeconomic stability. The use of EF



would remain available for a member facing an urgent balance of payments need when a Fund arrangement is either not feasible or not necessary.

**4. Many countries qualifying for RCF and RFI financing have taken full advantage of the additional borrowing space created by the higher access limits under these instruments.** The use of EF was extensive during the early months of the pandemic. About 70 countries received EF from March 1, 2020 to August 31, 2020 (Figure 1). The number of requests for EF dropped sharply from July 2020 onwards, and as of end-October 2021, a total of 76 countries have benefited from the Fund's EF assistance since March 1, 2020 (Annex II).<sup>5</sup>



**5. The current temporary increases of access limits will expire at end-December 2021, and absent policy changes, the limits would revert to pre-pandemic levels or the new PRGT annual limit on January 1, 2022 (Table 1).**<sup>6</sup> The AAL/CAL under the regular window of the RFI and the ES window of the RCF would return to 50/100 percent of quota respectively, from the current 100/150 percent of quota. The AAL and CAL for the LND window for the RCF and RFI would return to 80/133.33 percent of quota respectively, from the current 130/183.33 percent of quota. The AAL for GRA financing which triggers higher scrutiny under the EA framework would return to 145 percent of quota from the current 245 percent of quota (with no changes to the CAL, which has remained at its pre-pandemic level of 435 percent of quota). The AAL for PRGT financing would be reduced to 145 percent of quota from the current 245 percent, which is higher than the pre-pandemic limit of 100 percent of quota. The CAL for PRGT financing would remain at 435 percent of quota. The higher annual and cumulative limits on overall access to PRGT resources above which higher EA scrutiny is triggered (145 and 435 percent of quota, respectively) reflect the reform in concessional lending framework approved by the Board in July 2021, which raised these limits from 100 and 300 percent of quota to 245 and 435 percent, respectively.

**6. This paper examines the consequences of returning access limits to pre-pandemic levels (and reverting the PRGT annual access limit to the new level approved in July 2021) and presents a staff proposal to extend the current EF CAL at 150 percent of quota (183.33 percent for LND window) for 18 months.** This extension would preserve borrowing space

<sup>5</sup> The two countries where EF was approved but was not drawn, Paraguay and Guatemala, are not included. Bolivia, which drew on EF and made an early repurchase, is included.

<sup>6</sup> The PRGT annual access limit will revert to the level approved in July 2021 (145 percent of quota), while the cumulative limit will remain unchanged at the recently modified level of 435 percent of quota.

under the EF instruments for most members with urgent BOP needs that qualify for financial support under these instruments.

## IMPLICATIONS OF RETURNING TO PRE-PANDEMIC ACCESS LIMITS

**7. Access limits are key elements of the Fund's risk management framework as they provide an important safeguard to Fund resources, preserve their revolving nature, and support the catalytic role of the Fund financing.** Access limits balance the need to offer confidence to members and financial markets of the availability of Fund financing with the need to preserve Fund liquidity and the revolving character of Fund resources. Access limits reduce the risk that members become unable to repay the Fund and, for concessional facilities, also aim at ensuring the equitable distribution of scarce PRGT resources. While overall access limits under the GRA and PRGT do not limit how much financing a member can obtain from the Fund, access limits act as a threshold for triggering the application of higher scrutiny under the EA framework, which subjects financing requests to additional substantive and procedural requirements.<sup>7</sup> In contrast, limits on EF are hard caps, which provide critical safeguards to Fund resources absent UCT conditionality.

**8. The temporarily higher access limits to Fund resources ensured that the Fund was able to swiftly provide adequate support to its members during the pandemic.** The increases were implemented at a time of heightened uncertainty, amid the need for rapid concerted global action to stem the spread of the pandemic. The demand for Fund's EF has tapered off since August 2020, while the recovery remains uneven and highly uncertain for many lower income countries, including those prone to natural disasters. Allowing continued access to Fund EF would be particularly important for these members.

**9. While borrowing space under the annual access limits has been largely restored after more than a year since the initial crisis demand, room for emergency financing under the cumulative access limits will remain exhausted for some members for several years to come.**

- ***The impact of returning to a lower AAL for both the GRA and PRGT on members' borrowing space without triggering EA would be limited.*** On January 1, 2022 based on current arrangements in place (past and scheduled purchases and disbursements), only two non-PRGT eligible members will have no room for additional Fund support before the higher EA scrutiny under the annual access limit is triggered, and one non-PRGT and one PRGT-eligible member will have relatively limited room (lower than 40 percent of quota) for Fund financing before triggering the higher scrutiny.<sup>8</sup> As previously adopted by the Board, for members whose

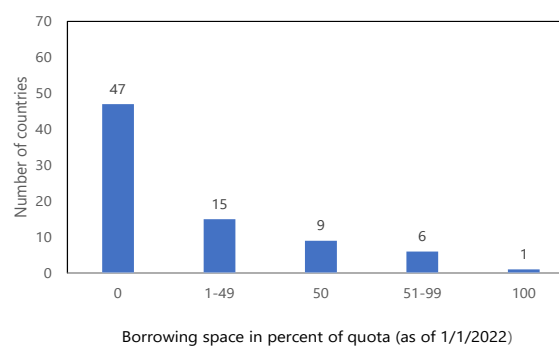
<sup>7</sup> [Temporary Modification to the Fund's Annual Access Limits, SM/20/100, June 30, 2020.](#)

<sup>8</sup> For details see columns under *Overall annual borrowing space* in Annex IV, which include information on the additional available room under the annual access limits without triggering EA for specific countries. Separate from the higher scrutiny under the respective GRA and PRGT EA policies, higher scrutiny also applies under the policy on safeguards for high access levels of combined GRA and PRGT exposures (SM/20/137).

GRA financing was approved between July 13, 2020 and end-2021 and PRGT financing was approved between March 22, 2021 and end-2021 (“a window”), a transition rule will apply (Annex III and IV). Under this rule, when assessing the annual access at a point in time after January 1, 2022 for a country with a new arrangement, augmentation of the existing arrangement or financial support through RFI or RCF approved during *the window*, any 12-month period that includes any date during *the window* will be subject to an AAL of 245 percent of quota, while other periods will be subject to an AAL of 145 percent of quota.

- The return of the EF AAL to the pre-pandemic level of 50 percent of quota would constrain several countries in accessing the EF instruments, but only briefly.** The emergency financing approved in the early months of the pandemic has already dropped out of the calculation of annual access to RCF and RFI. By January 1, 2022, only 7 countries would be constrained from accessing any EF instrument due to the AAL (Myanmar, Tonga, Guinea Bissau, Namibia, South Sudan, Tanzania and St. Vincent and Grenadines). This number drops to two countries by April 1, 2022, and 1 country by July 1, 2022.
- However, the return of the EF CAL to the pre-pandemic levels would leave many countries with little or no room to tap EF instruments should needs arise in the future.** At end-2021, 47 countries (19 non-PRGT-eligible countries and 28 PRGT-eligible countries) are expected to have a cumulative credit outstanding under the RCF and/or RFI at 100 percent of quota or higher (Figure 2)<sup>9</sup>. With the RFI/RCF CAL reverting to 100 percent of quota, these countries, even if they would otherwise qualify, would not be able to access the RFI regular window or the RCF exogenous shock window for an extended period until they begin to repurchase/repay these loans (3 ¼ years for RFI and 5 ½ years for RCF).<sup>10</sup> Even then, access to EF instruments would be restored only gradually unless repayments/repurchases are made ahead of schedule. These countries would lose access to Fund EF assistance for urgent BOP needs in circumstances where

**Figure 2. EF Cumulative Borrowing Space Upon Expiration of Temporary High Access 1/**  
(Number of countries that currently have EF exposure)



Source: MONA, FIN (Financial Data Query Tool), and Staff calculation. 1/ Bolivia has made early repurchase of the pandemic borrowing, hence has 100 percent borrowing space.

<sup>9</sup> They are Albania, Bahamas, Benin, Bosnia and Herzegovina, Cabo Verde, Cameroon, Comoros, Costa Rica, Cote d'Ivoire, Djibouti, Dominica, Dominican Republic, Egypt, El Salvador, Eswatini, Ethiopia, Gabon, Ghana, Grenada, Jamaica, Kenya, Kyrgyz Republic, Madagascar, Malawi, Maldives, Moldova, Mongolia, Montenegro, Mozambique, Myanmar, Namibia, Nepal, Nigeria, Republic of North Macedonia, Panama, Papua New Guinea, Rwanda, Samoa, Senegal, Seychelles, Solomon Islands, South Africa, St. Lucia, St. Vincent and the Grenadines, Tanzania, Tunisia, and Uganda.

<sup>10</sup> As the limits for the RCF regular window were kept unchanged, these countries would not be able to access the RCF regular window either. However, PRGT-eligible countries that accessed the RCF or RCF/RFI blend up to the limits are still eligible for non-concessional EF under the RFI, provided that they meet the qualification criteria.

putting in place a UCT-quality program is not feasible. Moreover, eleven of these countries that would be restricted from accessing EF instruments are Small Developing States (SDS), which recently experienced a devastating impact from Covid-19 and are also prone to climate change and natural disasters,<sup>11</sup> and seven of these countries are Fragile and Conflict-Affected States (FCS).<sup>12</sup>

**10. Meanwhile, follow-up UCT-quality programs have been picking up more recently, especially for PRGT-eligible countries.** The total number of new GRA arrangements edged up from five (excluding two blended arrangements) in 2019 to seven (excluding one blended arrangement) in 2020, although this increase is largely explained by the approval of three Flexible Credit Line (FCL) arrangements (Colombia, Peru, and Chile.), i.e., countries that did not draw on EF instruments during the pandemic. In 2021 to date, four GRA arrangements (excluding three blended arrangements) have been approved. The number of newly approved UCT-quality programs for PRGT-eligible countries increased from three in 2020 to seven in 2021 as of end-October, including three blended arrangements (Kenya, Senegal, and Cameroon). Three new arrangements (all PRGT and blended arrangements) are currently scheduled for Board discussions by end-2021.

**11. This shift from EF to UCT-quality programs has been intended, as it allows for a more carefully calibrated approach tailored to country-specific circumstances.** UCT-quality programs are better tailored to support reforms to address underlying BoP problems or vulnerabilities and larger financing needs. Absent the urgency associated with the rapid spread of the pandemic, the case for additional unprecedented EF support from the Fund is much weaker at this stage. The much more endemic nature of the pandemic with costs for years to come also weakens arguments for heavily frontloaded programs with higher access without triggering higher EA scrutiny.

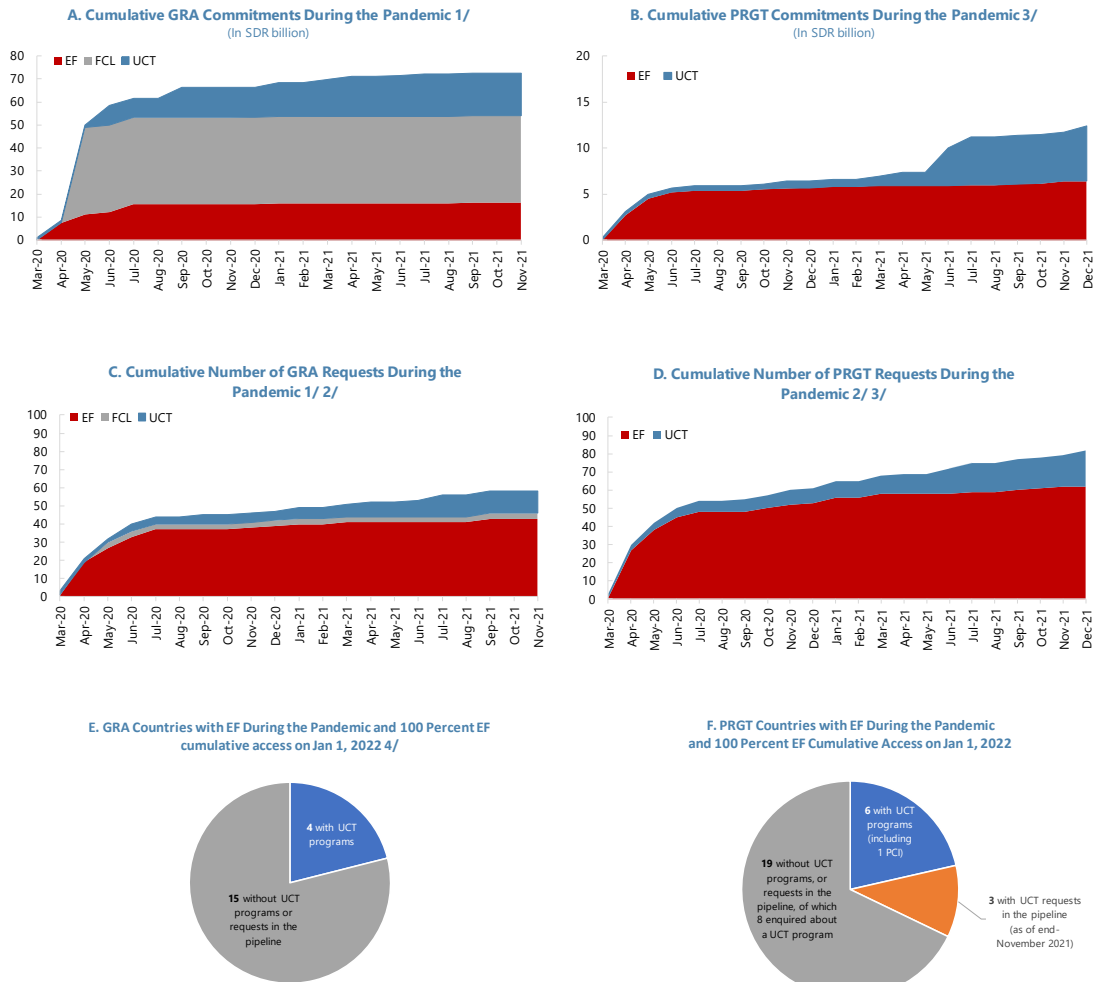
**12. Taking the above considerations and trends together, staff proposes to allow the temporarily higher annual access limits to expire and move towards restoring the coherence of the Fund's risk management framework.** The annual access limit for EF is critical for safeguarding Fund resources, given the absence of UCT conditionality, while the overall GRA and PRGT limits provide an important safeguard by restricting a country's access without triggering higher EA scrutiny. Restoring these safeguards is important particularly given the unprecedented EF lending in 2020, which has led to a high volume of Fund credit outstanding and poses added risks to the Fund's lending portfolio. The remainder of this paper will therefore focus only on a proposal for an extension of the temporary increase in the cumulative access limits under the EF instruments.

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<sup>11</sup> They are Bahamas, Cabo Verde, Comoros, Eswatini, Grenada, Maldives, Montenegro, Samoa, Solomon Islands, St. Lucia, and St. Vincent and Grenadine.

<sup>12</sup> They are Comoros, Cote d'Ivoire, Madagascar, Malawi, Myanmar, Papua New Guinea, and Solomon Islands.

**Figure 3. Fund's Lending During the Pandemic**



Source: IMF, Finance Department.

1/ Panama's Precautionary and Liquidity Line (PLL) is included in the UCT category.

2/ Requests from blenders are counted both under the GRA and PRGT.

3/ Including UCT request in the pipeline (i.e., currently scheduled for Board discussions by end-2021) and the UCT programs for Sudan and Somalia (arrears clearance).

4/ Bolivia is not included. It made an early repurchase on February 16, 2021 and its RFI is fully repaid.

## STAFF PROPOSAL: EXTEND THE CURRENT RCF AND RFI CUMULATIVE ACCESS LIMITS FOR 18 MONTHS

**13. Staff proposes to extend the current level of the EF CAL for 18 more months, while letting the temporary increases in all other access limits expire at end-2021.** Specifically, (i) the AAL on overall financing in the GRA and under the PRGT would revert to 145 percent of quota, (ii) the AAL under the RFI regular window and the RCF ES window would revert to 50 percent of quota, and (iii) the AAL under the LND window of the RFI and RCF would revert to 80 percent of quota.<sup>13</sup> However, the CAL for the RFI regular window and RCF exogenous shocks window, and the CAL for the RFI/RCF large natural disaster window would be maintained at 150 and 183.33 percent of quota, respectively, until end-June 2023 (Table 2). In addition, staff proposes to reinstate the limit on the number of disbursements under the RCF within a 12-month period, since this limit has not constrained EF under this instrument: despite its temporary suspension, no country has accessed resources under the RCF more than twice in any 12-month period. Extension of the EF CAL would leave adequate borrowing room to support urgent BOP needs under the EF instruments subject to qualification requirements for most countries for the next 18 months. All but six countries out of 78 with outstanding EF exposures would have borrowing space of 50 percent of quota or more (Figure 4).<sup>14</sup> In staff's view, allowing borrowing room of 50 percent of quota would provide an adequate cushion for possible emergency needs.

**14. Staff considers the 18-month extension of the EF CAL as striking the right balance between safeguarding Fund resources and allowing countries some room to access EF for possible future shocks.** In addition, given the still existing uncertainty regarding the economic outlook and future developments, at this stage staff favors this temporary solution to a permanent one. This proposal is simple to implement and aims at striking an appropriate balance between maintaining access to EF and managing financial risks to the Fund. Specifically, under the proposal, 90 percent of countries with outstanding EF exposures would be able to access 50 percent of quota or more under EF instruments, compared to only 20 percent of countries with outstanding EF exposures under the default option where all temporary increases in access limits are allowed to expire at end-2021. This may be particularly important for LICs and other vulnerable countries, where the pandemic uncertainty persists, and urgent balance of payments needs caused by a broad range of sources may arise in the future in situations where putting in place a UCT-quality program is not feasible. While this extension would allow members to request financial assistance under EF instruments, a rigorous application of the qualification requirements for these instruments would

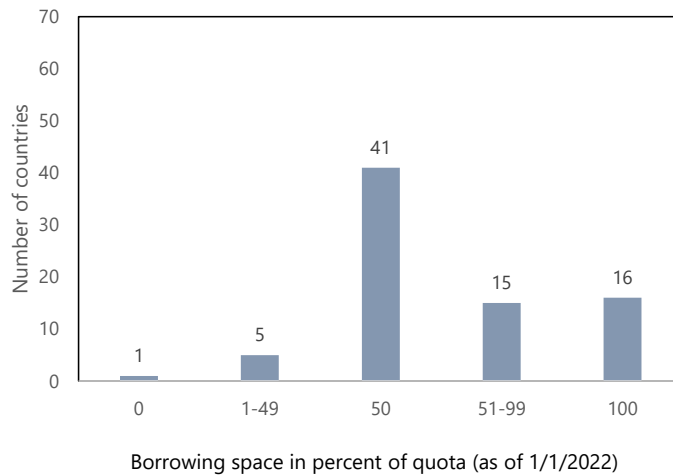
<sup>13</sup> Outstanding disbursements from all RCF (and RFI) windows are included in calculating cumulative access (See [Temporary Modifications To Access Limits Under The Large Natural Disaster Window Of The Rapid Credit Facility And Of The Rapid Financing Instrument](#), footnote 46). Similarly, for the calculation of annual access, outstanding disbursements from all RCF (and purchases under RFI) windows are included in calculating the RCF/RFI sub-ceiling annual access limits. In each case, calculations are based on Board approval dates and approved amounts of EF assistance under all "windows." (See footnote 5 of above document.)

<sup>14</sup> The six countries that would have borrowing space of less than 50 percent of quota are those that drew from both the RCF ES and LND windows recently, or those with pre-pandemic EF exposures.

preclude use of RCF/RFI when a UCT-quality program is more adequate and/or feasible.<sup>15</sup> Furthermore, the lower AAL (50 percent of quota for the RCF ES window and RFI regular window, and 80 percent of quota for RCF and RFI LND window) would provide some degree of safeguards.

	<b>Pandemic period (until 12/31/2021)</b>	<b>Staff proposal during 1/1/2022 – 6/30/2023</b>
<b>Overall Access Limits</b>		
GRA		
Annual Access Limit	245	145
Cumulative Access Limit	435	435
PRGT 2/		
Normal Annual Access Limit	245	145
Normal Cumulative Access Limit	435	435
<b>Emergency Financing Instruments</b>		
RFI		
Regular window		
Annual Access Limit	100	50
Cumulative Access Limit	150	150
Large Natural Disaster (LND) window		
Annual Access Limit	130	80
Cumulative Access Limit	183.33	183.33
RCF (for PRGT-eligible countries) 3/		
Exogenous Shock (ES) window		
Annual Access Limit	100	50
Cumulative Access Limit	150	150
Large Natural Disaster (LND) window		
Annual Access Limit	130	80
Cumulative Access Limit	183.33	183.33
<p>1/ The AAL and CAL for EF instruments are hard limits on the amounts that countries can borrow under the RFI and RCF – see paragraph 8 in <a href="#">Temporary Extensions And Modifications of Access Limits In the Fund's Lending Facilities, SM/21/33, March 12, 2021</a>. In contrast, the GRA and PRGT AAL and CAL trigger the application of higher scrutiny under the Exceptional Access frameworks, which subjects financing requests to additional substantive and procedural requirements. See paragraph 7 in <a href="#">Temporary Modification to the Fund's Annual Access Limits, SM/20/100, June 30, 2020</a>.</p> <p>2/ PRGT access limits were increased permanently in July 2021.</p> <p>3/ Access limits for RCF regular window have not been changed (annual/cumulative access level at 50/100 percent of quota, respectively). A 25 percent of quota per disbursement limit applies.</p>		

<sup>15</sup> In line with staff proposals in March 2021, staff reports accompanying any request for EF would continue to include an explicit discussion on how qualification criteria are met, making a convincing case that the country either does not need or is unable (as distinct from unwilling) to put in place a UCT quality program at that juncture (SM/21/33).

**Figure 4. Cumulative Borrowing Space Under Staff Proposal**

Sources: MONA, FIN (Financial Data Query Tool), and Staff calculation.

**15. Staff proposes to prepare an exit strategy towards a post-pandemic emergency financing access limit policy by end-June 2023.**<sup>16</sup> The proposed 18-month extension would provide time for staff to review the impact of the still-evolving pandemic and for the current uncertainty to dissipate, take stock of the shift toward UCT-quality programs, and reassess the role and need of the Fund's emergency financial assistance for members. At that time, staff would present a more permanent solution towards a post-pandemic emergency financing access limits policy.

## RESOURCE IMPLICATIONS OF STAFF PROPOSAL

**16. The impact of the further temporary extension of the higher CAL for RFI on the GRA resources is expected to be limited.** After a peak in 2020, the demand for RFIs in 2021 has already tapered off substantially. Even if going forward, absent global or regional shocks, it were to stabilize at two or three times the level before the pandemic (two RFI cases in 2016-2019), total needs are expected to be negligible compared with the GRA's overall resource envelope.

**17. Demand for PRGT financing is expected to remain high over the coming years as LICs gradually recover from the pandemic.** Under the Baseline scenario presented in the [July Board paper on PRGT reforms](#), total PRGT lending could reach about SDR 21 billion during the pandemic and its immediate aftermath (2020–24), about two thirds of which under UCT-quality programs. To support lending during the pandemic and beyond, the Board endorsed a two-stage funding

<sup>16</sup> By June 2023, when the proposed 18-month extension expires, some countries would have started to make repurchases under RFI disbursed during the pandemic, thus restoring some borrowing space under the lower RFI CAL of 100 percent of quota. However, countries that received the emergency financing through the RCF up to the annual limit during the pandemic would still be constrained upon the expiration of the extension, as the repayment of the concessional loan starts only in 5½ years (around the fourth quarter of 2025).



strategy for the PRGT. In the first stage, this strategy targets to mobilize a further SDR 12.6 billion in PRGT loan resources and SDR 2.3 billion in new subsidy resources, burden-shared among economically stronger member countries.<sup>17</sup>

**18. A further extension of the temporarily higher CAL for emergency financing is expected to have a limited impact on the PRGT resource gap.** Staff estimates that an 18-month extension could increase demand for emergency financing by about SDR 0.8–1.6 billion.<sup>18</sup> The mid-point of this range is broadly in line with the allowance for EF for urgent BOP needs related to health and vaccine programs that was assumed in the July Baseline scenario. However, given that other donors are mobilizing the needed resources for vaccine financing—with the IMF playing the role of a “third line of defense”—the additional demand created by the extension could be accommodated under the Baseline scenario without increasing the resource mobilization targets for Stage 1 of the funding strategy.

## STAFF PROPOSALS

**19.** Staff proposes to return to the AAL on overall access to GRA and PRGT resources to 145 percent of quota upon the expiration of the increased limits.

**20.** Staff proposes to return to the AAL for the RCF ES window and RFI regular window to 50 percent from 100 percent of quota; and the AAL for the RCF/RFI LND window would return to 80 percent from 130 percent of quota, upon expiration of the increased limits.

**21.** Staff proposes to extend the current higher CAL for the EF instruments (i.e., 150 percent of quota for the RFI regular window and the RCF ES window and 183.33 percent of quota for the RCF and RFI LND windows) until end-June 2023.

**22.** Staff will prepare an exit strategy on emergency financing access limits by end-June 2023.

**23.** Staff proposes to reinstate the limit on the number of disbursements under the RCF within a 12-month period. For 12-month periods starting from January 1, 2022, countries may not access the RCF more than twice within such 12-month period.

**24.** The paper sets forth two proposed decisions for adoption by the Executive Board. Decision I would implement the proposed amendments regarding the RCF to the PRGT Instrument. Decision II would implement the proposed amendments to the RFI decision. Appendices I and II set forth redlined texts that show revisions against the current PRGT Instrument and RFI Decision incorporating the proposed modifications.

<sup>17</sup> Total subsidy needs are estimated at SDR 2.8 billion of which SDR 0.5 billion will come from the approved suspension of GRA reimbursement through FY2026.

<sup>18</sup> For the purposes of this estimate only, the figures assume that most LICs would use the additional borrowing space provided, except those with ongoing UCT-quality programs or program requests in the pipeline.

## Proposed Decisions

The following decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board:

### **Decision I. Amendments to the PRGT Instrument**

Section II, paragraph 2(b)(ii) and paragraph 2(b)(iii) of the Instrument to Establish the Poverty Reduction and Growth Trust ("**PRGT Instrument**"), Annex to Decision No. 8759-(87/176) ESAF, adopted December 18, 1987, as amended, shall be further amended to read as follows:

"(ii) the annual and cumulative access limits under the RCF shall be 80 percent of quota and 133.33 percent of quota, net of scheduled repayments, respectively, where (a) the member requests assistance under the RCF to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP) and (b) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock. For the period from June 21, 2021 to December 31, 2021, the above annual access limit shall be 130 percent of quota and for the period from June 21, 2021 to June 30, 2023, the above cumulative access limit shall be 183.33 percent of quota, net of scheduled repayments;

(iii) a member's request for assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock shall be subject to an annual access limit of 100 percent of quota for the period from April 6, 2020 to December 31, 2021, and to a cumulative access limit of 150 percent of quota, net of scheduled repayments, for the period from April 6, 2020 to June 30, 2023; and".

**Decision II. Amendments to the RFI Decision**

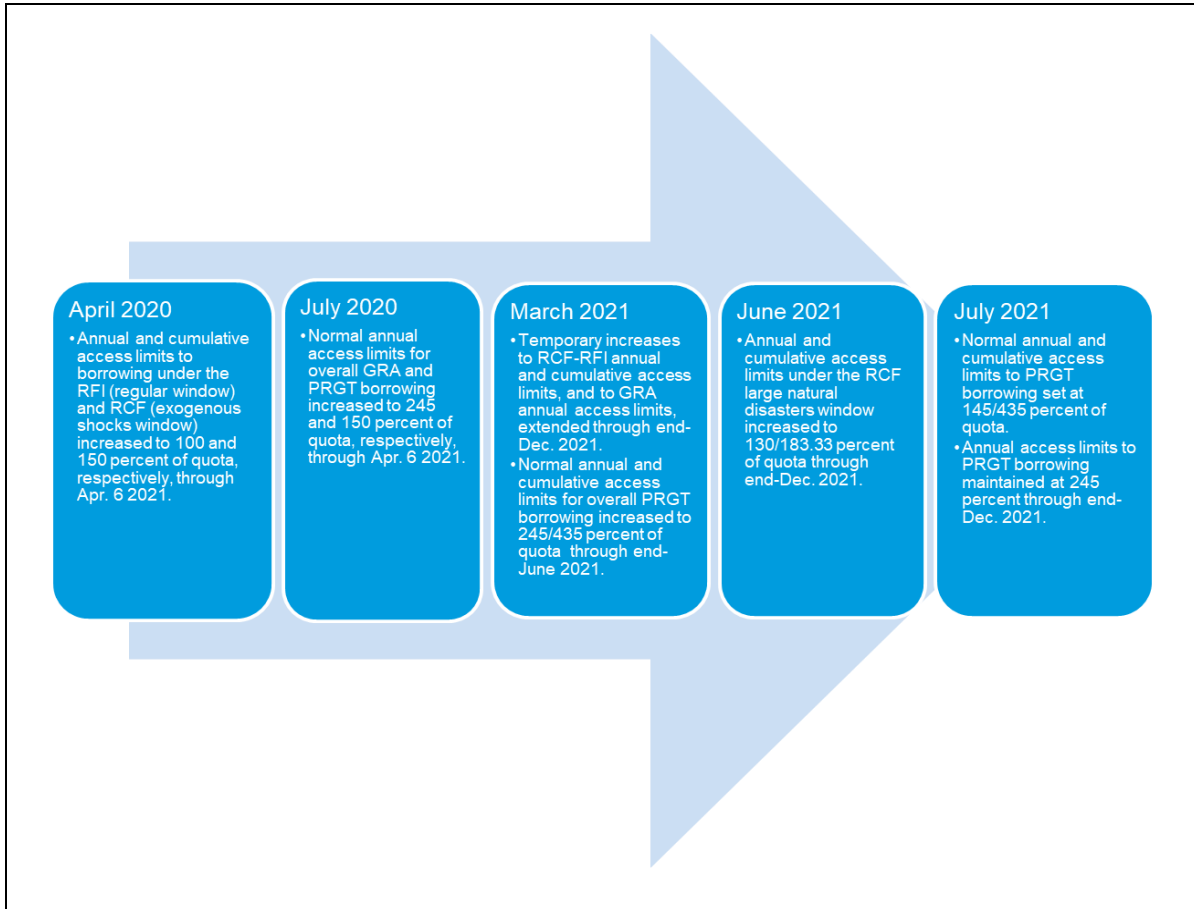
1. Paragraph 5(A) of the Decision establishing the Rapid Financing Instrument (RFI), Decision No. 15015-(11/112), November 21, 2011, as amended, ("**RFI Decision**") shall be further amended to read as follows:

"(A) for the period from April 6, 2020 to December 31, 2021, the above annual access limit shall be 100 percent of quota and for the period from April 6, 2020 to June 30, 2023, the above cumulative access limit shall be 150 percent of quota, net of scheduled repurchases; and".

2. The last sentence of paragraph 5(B) of the RFI Decision shall be further amended to read as follows:

"(B) For the period from June 21, 2021 to December 31, 2021, the above annual access limit shall be 130 percent of quota and for the period from June 21, 2021 to June 30, 2023, the above cumulative access limit shall be 183.33 percent of quota, net of scheduled repurchases."

## Annex I. Timeline of Modifications in Access Limits During the Pandemic Period



## Annex II. Countries with Approved Emergency Financing Ordered by Access Level<sup>1</sup>

(76 countries)

GRA-only countries 1/ (25)					PRGT-eligible countries 1/ (51)				
Country	Instrument	Ongoing UCT program 2/	EF access since March 2020	Approval Date(s)	Country	Instrument	Ongoing UCT program 2/	EF access since March 2020	Approval Date(s)
Albania	RFI	-	100	Apr-2020	St. Vincent and the Grenadines	RCF	-	170	May-2020, Jul-2020
Bahamas, The	RFI	-	100	Jun-2020	Côte d'Ivoire	RFI-RCF	-	100	Apr-2020
Bolivia 3/	RFI	-	100	Apr-2020	Benin	RFI-RCF	-	100	Dec-2020
Bosnia and Herzegovina	RFI	-	100	Apr-2020	Cabo Verde	RCF	-	100	Apr-2020
Costa Rica	RFI	Y	100	Apr-2020	Cameroon	RCF	Y	100	May-2020, Oct-2020
Dominican Republic	RFI	-	100	Apr-2020	Djibouti	RCF	-	100	May-2020
Egypt	RFI	-	100	May-2020	Ethiopia	RFI	Y	100	Apr-2020
El Salvador	RFI	-	100	Apr-2020	Ghana	RCF	-	100	Apr-2020
Eswatini	RFI	-	100	Jul-2020	Grenada	RCF	-	100	Apr-2020
Gabon	RFI	Y	100	Apr-2020, Jul-2020	Kenya	RCF	Y	100	May-2020
Jamaica	RFI	-	100	May-2020	Kyrgyz Republic	RFI-RCF	-	100	Mar-2020, May-2020
Mongolia	RFI	-	100	Jun-2020	Madagascar	RCF	Y	100	Apr-2020, Jul-2020
Montenegro	RFI	-	100	Jun-2020	Malawi	RCF	-	100	May-2020, Oct-2020
Namibia	RFI	-	100	Mar-2021	Maldives	RCF	-	100	Apr-2020
Nigeria	RFI	-	100	Apr-2020	Moldova	RFI-RCF	-	100	Apr-2020
North Macedonia	RFI	-	100	Apr-2020	Mozambique	RCF	-	100	Apr-2020
Panama	RFI	Y 4/	100	Apr-2020	Myanmar	RFI-RCF	-	100	Jun-2020, Jan-2021
Seychelles	RFI	Y	100	May-2020	Nepal	RCF	-	100	May-2020
South Africa	RFI	-	100	Jul-2020	Papua New Guinea	RCF	-	100	Jun-2020
Tunisia	RFI	-	100	Apr-2020	Rwanda	RCF	-	100	Apr-2020, Jun-2020
Jordan	RFI	Y	85	May-2020	Samoa	RCF	-	100	Apr-2020
Ecuador	RFI	Y	67	May-2020	Senegal	RFI-RCF	Y	100	Apr-2020
Kosovo	RFI	-	50	Apr-2020	Solomon Islands	RFI-RCF	-	100	Jun-2020
Pakistan	RFI	Y	50	Apr-2020	St. Lucia	RCF	-	100	Apr-2020
Equatorial Guinea	RFI	Y	30	Sep-2021	Tanzania	RFI-RCF	-	100	Sep-2021
					Uganda	RCF	Y	100	May-2020
					Chad	RCF	-	95	Apr-2020, Jul-2020
					Dominica	RCF	-	89	Apr-2020
					Tajikistan	RCF	-	80	May-2020
					Mali	RCF	Y	79	Apr-2020
					Mauritania	RCF	-	74	Apr-2020
					Burkina Faso	RCF	-	70	Apr-2020
					Sierra Leone	RCF	Y	67	Jun-2020, Mar-2021
					South Sudan	RCF	-	65	Nov-2020, Mar-2021
					Niger	RCF	-	64	Apr-2020
					São Tomé and Príncipe	RCF	Y	61	Apr-2020
					Afghanistan	RCF	Y	50	Apr-2020
					Bangladesh	RFI-RCF	-	50	May-2020
					Comoros	RFI-RCF	-	50	Apr-2020
					Guinea	RCF	-	50	Jun-2020
					Guinea-Bissau	RCF	-	50	Jan-2021
					Haiti	RCF	-	50	Apr-2020
					Lesotho	RFI-RCF	-	50	Jul-2020
					Nicaragua	RFI-RCF	-	50	Nov-2020
					Tonga	RCF	-	50	Jan-2021
					Uzbekistan	RFI-RCF	-	50	May-2020
					Burundi	RCF	-	35	Oct-21
					Central African Republic	RCF	Y	25	Apr-2020
					Democratic Republic of the Congo	RCF	Y	25	Apr-2020
					Gambia, The	RCF	Y	25	Apr-2020
					Liberia	RCF	Y	14	Jun-2020

Source: MONA, FIN (Financial Data Query Tool), and SPR dataset (approved requests for Fund financing since March 2020).

1/ As of October 31, 2021.

2/ Excludes PCI, PSI, and SMP.

3/ Bolivia made an advance repurchase on February 16, 2021, and its RFI is fully repaid.

4/ Precautionary and Liquidity Line.

<sup>1</sup> From March 1, 2020 to October 31, 2021.

## Annex III. Transition Rule

1. The transition rule refers to the specific modality of how the AALs would apply to new GRA and PRGT financing requests to accommodate the rolling nature of the AALs and the temporarily higher AALs in place till the end of 2021.<sup>1</sup> Generally, application of the annual access limits requires consideration of the member's access to Fund resources in any 12-month period on a rolling basis, which involves combinations of forward- and backward-looking elements.<sup>2</sup>
2. For GRA financing requests<sup>3</sup> approved from July 13, 2020 until end-December 2021 and for PRGT financing requests approved from March 22, 2021 through end-December 2021 (called the *window*), different annual access limits (145 and 245 percent of quota) may apply over the course of these arrangements.<sup>4</sup> In practice, when assessing the annual access at a point in time after January 1, 2022 for a country with a new arrangement, augmentation of the existing arrangement or financial support through RFI or RCF approved during *the window*, any 12-month period that includes any date during *the window* will be subject to an AAL of 245 percent of quota, while other periods will be subject to an AAL of 145 percent of quota.
3. This rule provides a smooth transition in terms of borrowing space for countries that have received financing within 12 months prior to the return to pre-pandemic AALs. An example would be a country that received an emergency financing under the RFI on September 15, 2021, with access of 100 percent of quota and for which a follow-up 18-month SBA would be approved on March 15, 2022, with the total amount of 200 percent of quota, with four tranches of 50 percent of quota each. At the approval of the SBA, the annual access during the backward-looking 12-month window amounts to 150 percent of quota (100 percent under the RFI and 50 percent under the SBA), which is below the applicable AAL of 245 percent of quota.
4. The annual access during the forward-looking 12-month window amounts to 100 percent of quota, which is also below the applicable AAL of 145 percent of quota. Without the transition rule, this arrangement would have triggered Exceptional Access safeguards, as the annual access at 150 percent of quota at the SBA approval would breach the AAL of 145 percent.

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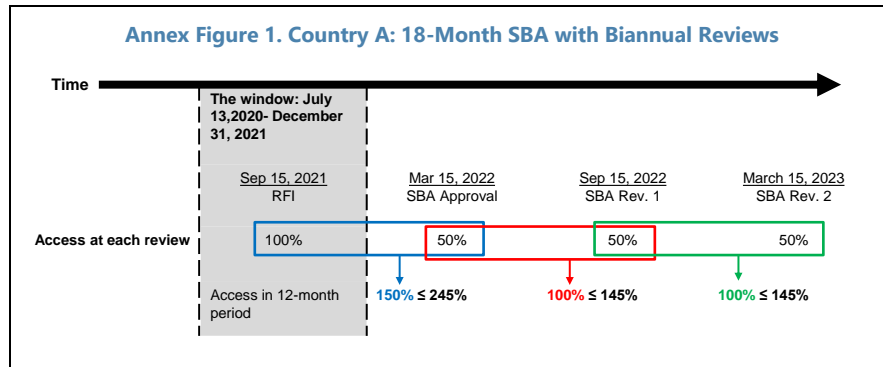
<sup>1</sup> Please see [Temporary Modifications to the Fund's Annual Access limits-Supplementary Information](#).

<sup>2</sup> Please see Box 1 ("Calculation of Annual Access Levels") of *Temporary Modification to the Fund's Annual Access Limits*, SM/20/100 for detailed explanations on how to calculate access limits on a 12-month basis.

<sup>3</sup> "Financing Requests" refers to requests for new arrangements, RFI/RCF requests, augmentation or rephrasing of access under arrangements already in place, in each case, under the GRA or PRGT.

<sup>4</sup> The annual access limit for the PRGT was 150 percent of quota from July 13, 2020 to March 21, 2021, and thus, an AAL of 150 percent of quota would apply to a 12-month period that includes any date during this window for the countries with a financing request approved during this window. This will be relevant for Myanmar, The Gambia, Guinea-Bissau, and Tonga for a brief period through mid-March 2022, after which any disbursement will fall outside the 12-month period that is subject to the AAL of 150 percent of quota.

5. During the period from January to end-October 2021, a total of 24 new financing requests, augmentations, re-phasing of access, and EF were approved, where the countries will benefit from the transition rule during 2022.



## Annex IV. Countries with Limited Annual Borrowing Space from January 1, 2022<sup>1</sup>

(In percent of quota, unless otherwise, as of end-October 2021)

	Approval date (for countries in programs)	Approved augmentations since March 2020	Approval date of RFI or RCF since March 2020	Approved RFI or RCF access since March 2020	Annual access (backward-looking)				Borrowing space under the AAL 2/ 3/			
					1/1/2022	4/1/2022	7/1/2022	10/1/2022	1/1/2022	4/1/2022	7/1/2022	10/1/2022
<i>GRA countries currently in Fund programs</i>												
Angola*	12/7/2018	9/16/2020			144.6	144.6	72.3	72.3	0.4	0.4	72.7	72.7
Armenia	5/17/2019	5/18/2020			40	40	40	40	105	105	105	105
Barbados	10/1/2018	6/3/2020, 12/09/2020			36	36	36	36	109	109	109	109
Costa Rica*	3/1/2021		4/29/2020	100	111.69	111.66	111.66	111.66	133.31	33.34	33.34	33.34
Ecuador*	9/30/2020		5/1/2020	67	152.6	152.6	142.4	132.2	0	0	2.6	12.8
Equatorial Guinea	12/18/2019		9/15/2021	30	67.2	67.2	67.2	37.2	177.8	177.8	177.8	107.8
Gabon	7/28/2021		4/9/2020, 7/31/2020	100	91.25	91.25	75	37.5	153.75	153.75	170	107.5
Georgia	4/12/2017	5/1/2020			37.1	0	0	0	107.9	145	145	145
Jordan*	3/25/2020	6/30/2021	5/20/2020	85	112	110	110	80	133	135	35	65
Pakistan	7/3/2019		4/16/2020	50	102	109	72	80	143	136	73	65
Seychelles*	7/29/2021		5/8/2020	100	209.6	209.6	238	133.2	35.4	35.4	7	11.8
Ukraine*	6/9/2020				54.7	54.7	34.8	34.8	90.3	90.3	110.2	110.2
<i>GRA countries not currently in Fund programs</i>												
Egypt			5/11/2020	100	56.8	56.8	0	0	88.2	88.2	145	145
Namibia			3/31/2021	100	100	0	0	0	145	145	145	145
<i>PRGT-presumed blenders currently in Fund programs</i>												
Cameroon*	7/29/2021		5/4/2020, 10/21/2020	100	75	75	95	50	170	170	150	95
Honduras	7/17/2019	6/1/2020, 9/13/2021			80	45	45	0	165	200	200	145
Kenya*	4/2/2021		5/6/2020	100	126.5	126.5	67	67	118.5	118.5	78	78
Senegal	6/7/2021		4/13/2020	100	80	80	70	70	165	165	75	75
<i>PRGT-only countries currently in Fund programs</i>												
Afghanistan	11/6/2020		4/29/2020	50	47	47	17	17	98	98	128	128
Central African Republic	12/20/2019		4/20/2020	25	21.4	21.4	21.4	21.4	123.6	123.6	123.6	123.6
Congo, Democratic Republic	7/15/2021		4/22/2020	25	28.6	42.9	42.9	28.6	216.4	202.1	202.1	116.4
Ethiopia*	12/20/2019		4/30/2020	100	119.2	119.2	119.2	119.2	25.8	25.8	25.8	25.8
Gambia, The	3/23/2020	1/15/2021	4/15/2020	25	16	16	16	16	134	129	129	129
Liberia	12/11/2019		6/5/2020	14	13.2	13.2	13.2	13.2	131.8	131.8	131.8	131.8
Madagascar	3/29/2021		4/3/2020, 7/30/2020	100	40	20	30	30	205	125	115	115
Mali	8/28/2019		4/30/2020	79	32.1	21.4	21.4	21.4	112.9	123.6	123.6	123.6
Sao Tome & Principe	10/2/2019	7/27/2020	4/21/2020	61	25.6	25.6	25.6	12.8	119.4	119.4	119.4	132.2
Sierra Leone	11/30/2018		6/3/2020, 3/15/2021	67	32	15	15	15	213	230	230	130
Somalia	3/25/2020				8.6	8.6	8.6	8.6	136.4	136.4	136.4	136.4
Sudan	6/28/2021				157.3	167.1	9.8	19.6	87.7	77.9	135.2	125.4
Uganda	6/28/2021		5/6/2020	100	75	75	50	50	170	170	95	95
<i>PRGT-only countries not currently in Fund programs</i>												
Burundi			10/25/2021	35	35	35	35	35	210	210	210	210
Guinea-Bissau			1/25/2021	50	50	0	0	0	100	145	145	145
Myanmar			6/26/2020, 1/12/2021	100	50	0	0	0	100	145	145	145
South Sudan			11/11/2020, 3/30/2021	65	50	0	0	0	195	145	145	145
St. Vincent And the Grenadines			5/20/2020, 7/1/2021	170	70	70	0	0	175	175	145	145
Tanzania			9/7/2021	100	100	100	100	0	145	145	145	145
Tonga			1/25/2021	50	50	0	0	0	100	145	145	145

1/ For ongoing programs, the borrowing space is equivalent to the maximum access in addition to scheduled disbursements.  
2/ The transition rule is applied (see Annex III).  
\* Constrained under the cumulative access limit based on existing and prospective credit.

<sup>1</sup> The table includes countries which received Fund financing since the beginning of the pandemic and that would not have full borrowing space as of January 1, 2022. It shows the maximum access, in percent of quota that could be borrowed at specific dates without triggering Exceptional Access criteria under annual access limits (AAL). For each country, the borrowing space is computed as the difference between the AAL and the sum of Fund resources made available to that country over the previous 12 months ("backward-looking window").



## Appendix I. Instrument to Establish the Poverty Reduction and Growth Trust—Redlined Version

### *Introductory Section*

To help fulfill its purposes, the International Monetary Fund (hereinafter called the "Fund") has adopted this Instrument establishing the Poverty Reduction and Growth Trust (hereinafter called the "Trust"), which shall be administered by the Fund as Trustee (hereinafter called the "Trustee"). The Trust shall be governed by and administered in accordance with the provisions of this instrument.

\*\*\*\*\*

### Section II. *Trust Loans*

\*\*\*\*\*

#### Paragraph 2. Amount of Assistance

\*\*\*\*\*

(b) Subject to the provisions in subparagraphs (i) to (iv) below, the access of each eligible member under the RCF shall be subject to an annual limit of 50 percent of quota, and a cumulative limit of 100 percent of quota, net of scheduled repayments, including where the assistance is requested to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock and the member's existing and prospective policies are sufficiently strong to address the exogenous shock:

- (i) each disbursement shall not exceed 25 percent of quota except where the member requests assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock (including a large natural disaster under (ii) below);
- (ii) the annual and cumulative access limits under the RCF shall be 80 percent of quota and 133.33 percent of quota, net of scheduled repayments, respectively, where (a) the member requests assistance under the RCF to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP) and (b) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock. For the period from June 21, 2021 to December 31, 2021, the above annual ~~and cumulative~~ access limits shall be 130 percent of quota and ~~for the period from June 21, 2021 to June 30, 2023, the above cumulative access limit shall be~~ 183.33 percent of quota, net of scheduled repayments, ~~respectively~~;
- (iii) ~~for the period from April 6, 2020 to December 31, 2021,~~ a member's request for assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock shall be subject to an annual access limit of 100 percent of quota ~~and for the period from April 6, 2020 to December 31, 2021, and to~~ a cumulative access limit of 150 percent of quota, net of scheduled repayments, ~~for the period from April 6, 2020 to June 30, 2023~~; and
- (iv) outstanding credit by a member under the rapid-access component of the ESF or outstanding purchases from the General Resources Account under emergency post conflict/natural disaster assistance covered by Decision No. 12341-(00/117), shall count towards the annual and cumulative limits applicable to access under the RCF. With effect from July 1, 2015, any purchases from the General Resources Account under the Rapid Financing Instrument shall count towards the annual and cumulative limits applicable to access under the RCF.

## Appendix II. Rapid Financing Instrument—Redlined Version of Paragraph 5

5. Assistance under this Decision shall be made available to members in the form of outright purchases. Access by members to resources under this Decision shall be subject to (a) an annual limit of 50 percent of quota, and (b) a cumulative limit of 100 percent of quota, net of scheduled repurchases, provided that:

(A) for the period from April 6, 2020 to December 31, 2021, the above annual ~~and cumulative~~ access limits shall be 100 percent of quota and ~~for the period from April 6, 2020 to June 30, 2023, the above cumulative access limit shall be~~ 150 percent of quota, net of scheduled repurchases, ~~respectively~~; and

(B) the annual access limit shall be 80 percent of quota and the cumulative access limit shall be 133.33 percent of quota, net of scheduled repurchases, where (i) the member requests assistance under the RFI to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP), and (ii) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock. For the period from June 21, 2021 to December 31, 2021, ~~these the above~~ annual ~~and cumulative~~ access limits shall be 130 percent of quota and ~~for the period from June 21, 2021 to June 30, 2023, the above cumulative access limit shall be~~ 183.33 percent of quota, net of scheduled repurchases, ~~respectively~~.