

INTERNATIONAL MONETARY FUND

**Report on the Incidence of Longer-Term Program Engagement**

Prepared by the Policy Development and Review Department

In consultation with the other Departments

Approved by Mark Allen

July 28, 2006

1. During the discussion of the conclusions of the Task Force on Prolonged Use of Fund Resources, the Executive Board requested semi annual reports on the incidence of Longer-Term Program Engagement (LTPE).<sup>1</sup> This is the sixth such report which provides information through June 2006.
2. On May 15, 2006 the Executive Board concluded a review of the EPAs and issues related to the policy on LTPE. On that occasion, two changes were made in the definition of LTPE. First, the definition of LTPE for PRGF-eligible countries was brought in line with that applying for other countries. All members will now be considered as having LTPE if they have spent at least seven out of the last ten years under programs supported by Fund resources. As a result, 17 PRGF-eligible countries are no longer classified as having LTPE (Table 1). Second, time spent under precautionary arrangements that remain undrawn does not count toward LTPE. This change removed five countries from the list of members with LTPE.
3. Thirty-two countries, of which 29 are PRGF-eligible, met the new LTPE definition at end-June 2006 (Table 2). By that date, EPAs had been discussed at the Board for 26 of the members that met the new LPTE definition (Table 3). Because a minimum five-year interval between EPAs for a single members was introduced in the May 15, 2006 review of EPAs, the earliest any of these countries could be required to have a second EPA would be late 2008.
4. Of the six EPAs that were expected for the period March–September 2006 in the fifth semi-annual report on the incidence of LTPE, those for Tanzania and Togo were considered

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<sup>1</sup> See “Conclusions of the Task Force on Prolonged Use of Fund Resources” (February 4, 2003) and “Operational Guidance for Assessments of Countries with Longer-Term Program Engagement” (August 20, 2003).

by the Board during the second quarter of 2006.<sup>2</sup> No EPA is now expected for Mauritania because this member no longer qualifies as having LTPE in light of the revised definition of LTPE for PRGF-eligible members. The EPAs for Argentina and Burkina Faso are expected to be completed during the third quarter of 2006. The EPA for Guyana is now expected to be discussed by the Board during the fourth quarter, and an EPA discussion is also tentatively expected for Nicaragua in the second half of 2006 (Table 4).

5. The number of EPAs to be considered at the Board in 2007 is likely to be particularly low for two reasons. First, of the 32 members that met the new LTPE definition at end-June 2006, only Ghana and Kenya are not expected to have had an EPA considered at the Board by the end of 2006. Second, among the current users of Fund resources that did not meet the new LPTE definition at end-June 2006, only Turkey appears likely to meet the LTPE definition in 2007. Turkey's current arrangement expires in 2008.

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<sup>2</sup> See "Report on the Incidence of Longer-Term Program Engagement", (April 5, 2006).

Table 1. Members Dropping From LTPE List on May 15, 2006 1/

*(As of May 15, 2006)*

PRGF-eligible Members 1/		Non-PRGF-eligible Members 1/	
Current Arrangement 2/	No Current Arrangement 2/	Current Arrangement	No Current Arrangement
Bangladesh	Cambodia	Bulgaria	
Burundi	Ethiopia	Croatia	
Congo, Republic Of	Gambia	Peru	
Nepal	Guinea-Bissau	Romania	
Sierra Leone	Lao People D.R.	Macedonia	
	Lesotho		
	Mauritania		
	Mongolia		
	Sri Lanka		
	Togo		
	Vietnam		

Source: Fund staff.

1/ As a result of the changes of LTPE definition approved by the Board following the review of EPAs.

2/ Excluding Policy Support Instrument.

Table 2. Members with Longer-Term Program Engagement  
(As of June 30, 2006)

PRGF-eligible Members 1/		Non-PRGF-eligible Members 1/	
Current Arrangement 2/	No Current Arrangement	Current Arrangement	No Current Arrangement
Albania 3/ Armenia Benin Burkina Faso 4/ Cameroon Chad Georgia Ghana 4/ Guyana 4/ Honduras Kenya 4/ Kyrgyz Republic Malawi Mali Moldova Mozambique Nicaragua 4/ Niger Rwanda Tanzania Zambia	Bolivia Azerbaijan Guinea Madagascar Pakistan Tajikistan Senegal Uganda	Uruguay	Argentina 4/ Jordan

Source: Fund staff.

1/ Countries that have had at least seven years of Fund arrangements in the last ten years. Time spent under precautionary arrangements or the Policy Support Instrument do not count towards LTPE.

2/ Excluding Policy Support Instrument.

3/ Albania has a blend of EFF-PRGF arrangements.

4/ Member for which an EPA had not been considered by the Board at end-June 2006.

Table 3. Ex Post Assessments Considered by the Board  
(As of June 30, 2006)

Country	Type of discussion	Date	Board paper
<b>2003</b>			
Mozambique	Article IV discussion	10-Dec-03	SM/03/375
Mali	Article IV discussion	15-Dec-03	SM/03/380
<b>2004</b>			
Armenia	Article IV discussion	1-Dec-04	SM/04/386
Benin	Article IV discussion	6-Oct-04	SM/04/313
Bulgaria	Article IV discussion	14-Jun-04	SM/04/169
Cambodia	Article IV discussion	13-Sep-04	SM/04/275
Chad	Article IV discussion	19-Mar-04	SM/04/147
Ethiopia 1/	Article IV discussion	13-Sep-04	SM/04/291
Georgia	Ex-post assessment	21-Jan-04	SM/03/407
Guinea	Ex-post assessment	27-Aug-04	SM/04/220
Guinea-Bissau	Article IV discussion	19-Nov-04	SM/04/360
Honduras	Article IV discussion	18-Feb-04	SM/04/24
Kazakhstan	Request for PRGF arrangement		SM/04/206
Kyrgyz Rep.	Article IV discussion 1/	19-Nov-04	SM/04/337
Lesotho	6th Review under PRGF arrangement	10-Sep-04	SM/04/259
Macedonia, FYR	2nd Review under SBA	4-Aug-04	SM/04/263
Malawi	Article IV discussion	29-Oct-04	SM/04/325
Moldova	Article IV discussion	26-Jan-04	SM/04/03
Niger	Article IV discussion	28-Jun-04	SM/04/188
Peru	Article IV discussion	23-Feb-04	SM/04/37
Romania	Ex-post assessment	12-Apr-04	SM/04/101
Vietnam	Article IV discussion	22-Nov-04	SM/04/376
Zambia	Ex-post assessment	7-Apr-04	SM/04/97
<b>2005</b>			
Albania	Article IV discussion	28-Feb-05	SM/05/46
Azerbaijan	5th Review under PRGF arrangement	24-Jun-05	SM/05/214
Bolivia	Ex-post assessment	8-Apr-05	SM/05/99
Cameroon	Article IV discussion	22-Apr-05	SM/05/113
Gambia	Article IV discussion	18-Jul-05	SM/05/234
Jordan	Article IV discussion	21-Nov-05	SM/05/395
Mongolia	Article IV discussion	21-Sep-05	SM/05/344
Pakistan	Article IV discussion	2-Nov-05	SM/05/367
Republic of Madagascar	Article IV discussion	1-Jun-05	SM/05/159
Sierra Leone	6th Review under PRGF arrangement	1-Jun-05	SM/05/158
Uganda	5th Review under PRGF arrangement	8-Jul-05	SM/05/223
Ukraine	Article IV discussion	9-Nov-05	SM/05/379
Uruguay	Ex-post assessment	18-Mar-05	SM/05/84
<b>2006</b>			
Rwanda	Ex-post assessment	25-Jan-06	SM/06/5
Tajikistan	6th Review under PRGF arrangement	6-Feb-06	SM/06/22
Senegal	Ex-post assessment	1-Mar-06	SM/06/56
Lao PDR	Article IV discussion	8-Mar-06	SM/06/80
Tanzania	5th Review under PRGF arrangement	7-Apr-06	SM/06/117
Togo	Article IV discussion	8-May-06	SM/06/149

Source: Fund staff.

1/ And 6th Review under PRGF arrangement.

Table 4: Ex Post Assessments Tentatively Expected for Board Discussion,  
July-December 2006 1/

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Argentina 2/  
Burkina Faso  
Guyana  
Nicaragua 3/

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Source: Fund staff.

- 1/ EPA expected to be discussed in the context of Article IV consultations or combined Article IV/program review discussions unless otherwise indicated.
- 2/ EPA expected to be discussed in the context of Article IV consultation, together with an ex post evaluation of program engagement under the exceptional access policy.
- 3/ EPA expected to coincide with the final review under the program, but depending on circumstances may need to be done on a stand-alone basis.