



## INTERNATIONAL MONETARY FUND

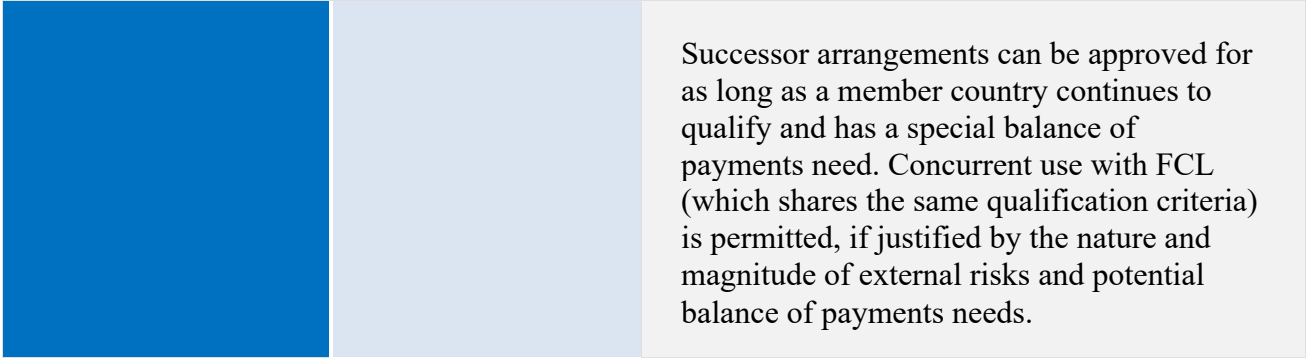
### The Short-term Liquidity Line (SLL)

The Short-term Liquidity Line (SLL) is a liquidity backstop for members with very strong policy frameworks and fundamentals, who face potential, moderate, short-term liquidity needs because of external shocks that generate balance of payment difficulties. It aims to minimize the risk of shocks evolving into deeper crises and spilling over to other countries.

<b>Purpose</b>	Provide support to countries facing potential, moderate, short-term balance of payment needs related to capital account pressures that could arise from external developments.
<b>Eligibility</b>	Very strong economic fundamentals and institutional policy frameworks.
	A sustained track record of implementing very strong policies or be in the process of implementing them. A commitment to maintain such policies in the future.
	<p>In addition to a positive assessment of the country's policies in the most recent <a href="#">Article IV consultations</a>, the country must have:</p> <ul style="list-style-type: none"><li>• A sustainable external position</li><li>• A capital account position dominated by private flows</li><li>• A track record of steady sovereign access to international capital markets at favorable terms</li><li>• A reserve position that is relatively comfortable</li><li>• Sound public finances, including a sustainable public debt position.</li><li>• Low and stable inflation, in the context of a sound monetary and exchange rate policy framework.</li></ul>

		<ul style="list-style-type: none"> <li>• Sound financial system and the absence of solvency problems that may threaten systemic stability.</li> <li>• Effective financial sector supervision</li> <li>• Data integrity and transparency</li> </ul> <p>The above criteria are the same as for the <a href="#">Flexible Credit Line (FCL)</a>. This facilitates the transition from the FCL to the SLL as well as concurrent use of the two instruments, if the relevant balance of payment needs requirement are met.</p>
<b>Conditionality</b>		No ex post (“program”) conditionality, given the strength of the policy frameworks, as attested by SLL qualification.
<b>Review modalities</b>		No reviews
<b>Process</b>		For approval, two options are available: (i) the IMF’s Executive Board extends an offer, which is contingent on the authorities’ acceptance with a signed written communication within two weeks; or (ii) the country requests an SLL through a written communication attached to the Staff Report, the SLL arrangement becoming effective upon Board approval of the request. Sole signatory of the central bank in the written communication is possible if certain requirements are met.
<b>Terms</b>	<b>Duration</b>	12 months
	<b>Repayment</b>	12 months
	<b>Interest rate</b>	Less costly than the <a href="#">Flexible Credit Line (FCL)</a> at the same access level when used on a purely precautionary basis.

		<p>If a member draws, these charges apply:</p> <p>A lending rate comprising,</p> <ul style="list-style-type: none"> <li>• The market-determined <a href="#">Special Drawing Rights (SDR)</a> interest rate—which has a minimum floor of 5 basis points—and a margin (currently 100 basis points), together known as the basic rate of charge</li> <li>• Surcharges, depending on the amount and time that credit is outstanding. A surcharge of 200 basis points is paid on the amount of credit outstanding above 187.5 percent of <a href="#">quota</a>. If credit remains above 187.5 percent of quota after three years, this surcharge rises to 300 basis points. Surcharges are designed to discourage large and prolonged use of IMF resources.</li> </ul> <p>A non-refundable commitment fee of 8 basis points (bps) and a service charge of 21 bps.</p> <p>If the country draws on the arrangement twice, costs are comparable to the cost of the <a href="#">FCL</a> at similar access levels.</p>
	<p><b>Access and concurrent use</b></p>	<p>Access is capped at 200 percent of <a href="#">quota</a>, with no expectation to articulate an exit strategy.</p> <p>Access is revolving, enabling repeated partial or full purchases and repurchases within and across SLL arrangements. Repurchases would reconstitute the member's right to purchase up to the maximum access approved.</p>



Successor arrangements can be approved for as long as a member country continues to qualify and has a special balance of payments need. Concurrent use with FCL (which shares the same qualification criteria) is permitted, if justified by the nature and magnitude of external risks and potential balance of payments needs.