

***BPM7* Annex 9. Positions and Transactions with the
IMF: Annotated Outline**

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(Update to Annex 7.1, *BPM6*)

Changes from BPM6 highlighted yellow

This Annex will be based on BPM6 Annex 7.1 with inputs from other macroeconomic statistics manuals/guides. The structure of the annex will be maintained from BPM6, with relevant additions from other manuals. The annex will have an introduction covering the main channels of lending; Section I will describe concepts of fiscal agency and depository; and Section II will explain how to record positions and transactions with the IMF focusing on items relevant for external sector statistics.

In addition to the highlighted updates/additions below, further changes may be made to improve the consistency of the language with other macroeconomic statistics manuals/guides, as appropriate.

I. Introduction

- This section will provide a brief overview of IMF lending and borrowing operations mainly covering the following topics based on the *IMF Financial Operations, fourth edition*, and relevant inputs from *BPM6* Annex 7.1 and other macroeconomic statistics manuals. This will facilitate proper understanding of how to record these arrangements in international accounts (Section II).
- A core responsibility of the IMF is to make financing available to member countries experiencing actual, potential, or prospective balance of payments problems, including when the country cannot find sufficient financing on affordable terms to meet its net international payments (for example, for imports or external debt redemptions). The three channels of IMF lending are: General Resources Account (GRA) that provides non-concessional lending available to all Fund members; the Poverty Reduction and Growth Trust (PRGT), which provides concessional lending to low-income countries;² and the Resilience and Sustainability Trust (RST) that also provides lending to low-income and vulnerable middle-income countries, as well as small states.³

A. Non-Concessional (GRA) Lending

- The major non-concessional lending facilities are (i) the Stand-By Arrangement (SBA); (ii) the Extended Fund Facility (EFF); (iii) the Flexible Credit Line (FCL); (iv) the Precautionary and Liquidity Line (PLL); (v) the Short-term Liquidity Line (SLL); and (vi) the Rapid Financing Instrument (RFI). A brief description of these facilities will be added based on Table 2.5 of the *IMF Financial Operations, fourth edition*.
- Resources (borrowing by the IMF): Quota subscriptions are the primary source of financing. IMF can supplement its quota resources through borrowing if it believes that resources may fall short

¹ Prepared by Venkat Josyula (BPM editor) and Phil de Imus (IMF Finance Department) and cleared by Carlos Sánchez-Muñoz (BPM Project Manager).

² While non-concessional lending offers loans at market-based interest rates, loans under concessional lending are at low or zero interest rates.

³ A tiered interest structure differentiates financing terms across country groups, with low-income members benefitting from more concessional terms. Refer to [RST Factsheet](#) for additional details.

of members' needs. Borrowing can be conducted under its main standing borrowing arrangements, namely the New Arrangements to Borrow (NAB) and bilateral borrowing agreements (BBAs).

B. Concessional (PRGT) Lending

- The IMF's financial assistance for low-income countries is composed of concessional loans and debt relief.
- The concessional lending facilities are the Extended Credit Facility (ECF), the Standby Credit Facility (SCF), and the Rapid Credit Facility (RCF). A brief description of these facilities will be added based on Table 3.2 of the *IMF Financial Operations, fourth edition*.
- Resources for the IMF's concessional operations are provided through contributions by a broad segment of the membership, as well as by the IMF. These resources are currently administered under the PRGT.

C. Debt Relief

- Resources for the debt relief are administered under the Trust for Special Poverty and Growth Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations (PRG-HIPC) and the Catastrophe Containment and Relief Trust (CCR) for debt relief. The IMF acts as trustee for all these trusts, mobilizing and managing resources for all the concessional operations. The IMF's debt relief operations are based on trusts established by the Fund.

D. RST Lending

- The IMF has recently established a new trust in 2022 called RST to help low-income, small states, and vulnerable middle-income countries tackle long-term structural challenges including climate change and pandemics. RST resources are mobilized based on voluntary contributions from IMF members with strong external positions, including those wishing to channel Special Drawing Rights (SDRs) for the benefit of eligible members.

E. Fiscal Agency and Depository

- The IMF conducts its financial dealings with a member through the fiscal agency and the depository designated by the member. A brief explanation of these concepts will be provided.

II. Recording of Positions and Transactions with the IMF

A. Quotas (paragraphs 7.75–76)—no significant changes

B. Reserve Position in the IMF (paragraphs 7.77–78)—no significant changes

C. Credit and Loans from the IMF

- This sub-section will have the following minor updates.
 - Paragraph 7.79 will be slightly updated to note that the scope of this sub-section will cover IMF credit through non-concessional lending arrangements discussed in Section I.A and concessional lending arrangements in Section I.B (i.e., concessional loans ECF/SCF/RCF funded through the PRGT).
 - Following GN F.15, it will be clarified that the grant element in the case of concessional lending will be recorded as supplementary information only.

- Paragraph 7.81 will be moved to sub-section E (second bullet).

D. Debt Relief Through IMF Managed Trusts

- It will be noted that cash grants from the IMF trusts (e.g., CCR trust) to repay the debt are classified as other capital transfers under the relevant sector (central bank or general government depending on the specific country situation). Further, as the grant is provided for financing a balance of payments need, it should be recorded under memorandum items—exceptional financing (to the standard balance of payments presentation) under capital transfers.
- A short example based on Table 1 from the *Special Series on COVID-19 Note How to Record Debt Relief Under the Catastrophe Containment and Relief Trust in Macroeconomic Statistics* will be included to explain the recording in balance of payments.

E. Lending to the IMF and IMF Managed Trusts

- When a member lends funds to the IMF as a participant in the NAB, or through bilateral loans/note purchase agreements, and if those claims are eligible for immediate early repayment to meet a balance of payments financing need, the member obtains a claim on the IMF that qualifies as a reserve asset (and is included as part of the member's reserve position in the IMF).
- A member may also extend credit or make loans to the IMF that are not considered to be a part of the Reserve position in the IMF. Such a situation arises, for example, if a member's claim on the IMF is not immediately encashable at a time of balance of payments need (paragraph 7.81).
- Lending to IMF managed trust accounts, such as the PRGT and RST, if readily available to meet a balance of payments financing need, should be included in official reserve assets. These claims are to be recorded as other claims/other reserve assets and not to be included under reserve position in the IMF as claims on the IMF managed trusts are not claims on the IMF. Reference to relevant paragraph in Chapter 6 will be provided.
- Lending to the IMF managed trusts that is not readily available to meet a balance of payments financing need does not qualify as official reserve assets and should be recorded under the appropriate functional category (most frequently, other investment).
- Recording in the above instances will be elaborated further based on the *International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template (IRFCL Guidelines)* Appendix 8.

F. Remuneration (paragraphs 7.82)—no significant changes

G. IMF No.2 Account (paragraphs 7.83)—no significant changes

H. Special Drawing Rights

- This sub-section will be mostly maintained as in *BPM6* (paragraph 7.84) with the following updates.
 - Net International Reserves (NIR): The allocations of SDRs are recorded as debt liabilities and considered long-term reserve-related liabilities. Therefore, they are not included in short-term foreign currency drains, implying that NIR—if following the *BPM7* standard definition of NIR—would increase with the new SDR allocation. Reference to Section VI.B on NIR from Chapter 6 will be provided.

- It will be noted that the statistical treatment of SDR allocations for countries that are members of a centralized currency union is provided in Annex 3.
 - The following documents will be reviewed further to incorporate any additional updates as appropriate from the perspective of international accounts: (i) “Guidance Note for Fund Staff on the Treatment and use of SDR Allocations”; (ii) “How to Record the Allocations of Special Drawing Rights in Government Finance Statistics”; and (iii) “Statistical Treatment of SDR Allocation: Frequently Asked Questions”.
- I. Table A9.1 Summary of Recording of Positions/Transactions with the IMF (in the balance of payments/IIP)
- This table will provide a summary recording of different lending/borrowing arrangements and SDRs in the balance of payments/IIP of the member economy. It will be based on Table 8.1 of the *IRFCL Guidelines*.

Schematic Overview

I	Introduction A. Non-Concessional Lending B. Concessional Lending C. Debt Relief D. RST Lending E. Fiscal Agency and Depository
II	Recording of Positions and Transactions with the IMF A. Quotas B. Reserve Position in the IMF C. Credit and Loans from the IMF D. Debt Relief Through IMF Managed Trusts E. Lending to IMF and IMF Managed Trust Accounts F. Remuneration G. IMF No.2 Account H. Special Drawing Rights I. Table A9.1 Summary of Recording of Positions/Transactions with the IMF

References

- GNs B.2 and F.15. These guidance notes are posted at [Update of the sixth edition of the *Balance of Payments and International Investment Position Manual \(BPM6\)* \(imf.org\)](#)
- *Balance of Payments and International Investment Position Manual, sixth edition*, Annex 7.1
- *International Reserves and Foreign Currency Liquidity: Guidelines for a Data Template*
- [IMF Financial Operations, fourth edition](#)
- [Guidance Note for Fund Staff on the Treatment and use of SDR Allocations](#)
- [How to Record the Allocations of Special Drawing Rights in Government Finance Statistics](#)
- *Monetary and Financial Statistics Manual and Compilation Guide* (Annex 4.2)
- [Statistical Treatment of SDR Allocation: Frequently Asked Questions](#)
- [Special Series on COVID-19 Note How to Record Debt Relief Under the Catastrophe Containment and Relief Trust in Macroeconomic Statistics](#)

Key Stakeholders Consulted

- IMF Finance Department
- System of National Accounts Lead Editor
- IMF Statistics Department Financial Institutions Division and Government Finance Division