INTERNATIONAL MONETARY FUND

IMF POLICY PAPER

May 14, 2021

POST PROGRAM MONITORING DURING THE PANDEMIC: PROPOSAL FOR TEMPORARY STREAMLINING OF PROCEDURES AND RENAMING OF THE POLICY

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:

- The **Staff Report**, prepared by IMF staff and completed on April 23, 2021 for the Executive Board's consideration on May 07, 2021.

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International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR21/131

IMF Executive Board Approves Temporary Streamlining of Procedures for Post Program Monitoring During the Pandemic and Renaming of the Policy to Post Financing Assessment

FOR IMMEDIATE RELEASE

Washington, DC – May 14, 2021: On May 7, 2021, the Executive Board of the International Monetary Fund (IMF) approved temporary modifications to the modalities for its Post Program Monitoring (PPM) until end-2022. The increase in IMF lending, including in the aftermath of the COVID-19 pandemic, has led to an unprecedented amount of credit outstanding, underscoring the need for appropriate safeguards to the IMF's balance sheet. PPM is one such safeguard, providing a framework for deeper and closer engagement with members that have substantial outstanding IMF credit but are not in a program relationship. However, the ongoing pandemic is straining the capacity as well as resources for members and the Fund, given the need to focus efforts on immediate crisis-related work.

In view of these challenges, the Board decided to temporarily modify the implementation modalities for PPM by suspending the annual standalone PPM report and conducting the PPM discussions at the time of the Article IV consultation. As such, the Article IV report for members subject to PPM will also include all the elements of the PPM discussion. These streamlined processes will apply to all members subject to PPM until end-2022, after which the standard modalities, including the standalone PPM report will resume. The Board also renamed the policy from Post Program Monitoring (PPM) to Post Financing Assessment (PFA) to better reflect its coverage, which includes not only outstanding credit from IMF-supported programs but also credit from outright purchases from the General Resources Account or disbursements from the Poverty Reduction and Growth Trust under emergency financing instruments.

Executive Board Assessment[1]

Executive Directors welcomed the opportunity to discuss the proposals for temporarily modifying the modalities for Post Program Monitoring (PPM) in response to the challenges posed by the pandemic. They emphasized that the increase in Fund lending, including due to emergency assistance, and the corresponding higher risks to the Fund underscore the importance of maintaining appropriate safeguards to the Fund's balance sheet, of which PPM policy is a central element. Directors broadly acknowledged, however, that in the current circumstances, it remains difficult to undertake frequent engagements with the authorities of member countries under PPM due to ongoing constraints in both the Fund and the countries concerned.

Directors generally agreed that temporarily streamlining the implementation modalities of the PPM framework is warranted to address the abovementioned constraints. They stressed,

[1] 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's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

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however, that the objective of PPM to safeguard Fund resources and members' capacity to repay should be maintained. Thus, Directors reaffirmed that the existing PPM application criteria with respect to the absolute and quota-based thresholds, as well as the broad coverage under PPM of all financing instruments, remain appropriate.

Directors generally supported the proposal to temporarily suspend annual standalone PPM reports and to conduct PPM discussions at the time of the Article IV consultation, with the Article IV Consultation staff report also to include all the elements of the PPM discussion under the title of the Article IV report. A few Directors would prefer that these joint reports not be considered by the Board on a lapse of time basis. Given the temporary streamlined modalities, Directors emphasized the need to undertake timely Article IV consultations to preserve the objectives of the PPM policy, and for staff to maintain close communication with members under PPM during the period between Article IV consultations. They requested that the Board be informed in a timely manner should concerns with the capacity to repay of a country under PPM arise in between reports or should there be slippages in the timetable of Article IV consultations with these members. Directors also requested that the Board be updated in a timely manner on developments in countries where a successor program is under consideration. They agreed that the streamlined modalities will apply to all existing and future members subject to PPM until end-2022, after which the standard modalities would resume, including the stand-alone PPM report.

Going forward, and separate from the temporary change in PPM modalities, Directors agreed to rename the policy, from Post Program Monitoring to Post Financing Assessment (PFA), to reflect more appropriately that it not only covers outstanding credit resulting from Fund-supported programs but also credit from outright purchases in the GRA or PRGT disbursements.

INTERNATIONAL MONETARY FUND

April 23, 2021

POST PROGRAM MONITORING DURING THE PANDEMIC: PROPOSAL FOR TEMPORARY STREAMLINING OF PROCEDURES AND RENAMING OF THE POLICY

EXECUTIVE SUMMARY

Context: The increase in Fund lending in the aftermath of the Covid-19 pandemic, including emergency financing, has led to a record number of requests for financing last year, and to an unprecedented amount of credit outstanding. This underscores the need for appropriate safeguards to the Fund's balance sheet. Post Program Monitoring (PPM) is one such safeguard, which provides a framework for deeper and closer engagement with members that have substantial outstanding Fund credit but are not in a program relationship.

Current status: Eighteen countries are exceeding the PPM thresholds and are not in a program relationship; of these, four are already under PPM, ten are negotiating new Fund-supported programs, and four neither have nor currently expect to have a program relationship any time soon. With respect to the members currently under PPM, the pandemic has made it difficult for staff and the authorities to fully implement the PPM policy at this time, given the need to focus resources on immediate crisis-related work.

Proposal: While the risks to the Fund balance sheet have increased, it remains difficult to undertake frequent engagement with member authorities under PPM at this time. Temporary modifications to the PPM framework are warranted to ensure that the objective of PPM to safeguard Fund resources and members' capacity to repay through closer monitoring of the circumstances and policies of members with substantial outstanding credit from the Fund are met, while taking into account the challenges posed by the pandemic until conditions normalize. Staff proposes the following:

- Maintain the existing PPM application criteria with respect to the absolute and quota-based thresholds, as well as the broad coverage under PPM of all financing instruments;
- Temporarily modify the specific implementation modalities of the PPM policy by suspending the annual standalone PPM report and instead, conducting the PPM discussions at the time of the Article IV consultation , with the Article IV report for members subject to PPM to include all the elements of the PPM discussion;
- Rename the policy from Post Program Monitoring (PPM) to Post Financing Assessment (PFA);
- Apply the new streamlined modalities in all (existing and future) PPM (PFA) cases until end-2022, after which the standard modalities, including the stand-alone report on PPM (PFA) will resume.

Approved By
Ceyla Pazarbasioglu, Bernard Lauwers, and Rhoda Weeks-Brown

Prepared by the Strategy, Policy and Review Department, Finance Department, and Legal Department. Overall guidance was provided by Guillaume Chabert. The team was led by Delia Velculescu, Olaf Unteroberdoerster, and Bernhard Steinki, and comprised Jochen Andritzky, Johanna Schauer (SPR), Mizuho Kida (FIN), Kyung Kwak, Gabriela Rosenberg, and Natalia Stetsenko (LEG). Catherine Koh (SPR) provided research assistance and Tim Rose, Merceditas San Pedro-Pribram and Phyo Zin (SPR) provided administrative support.

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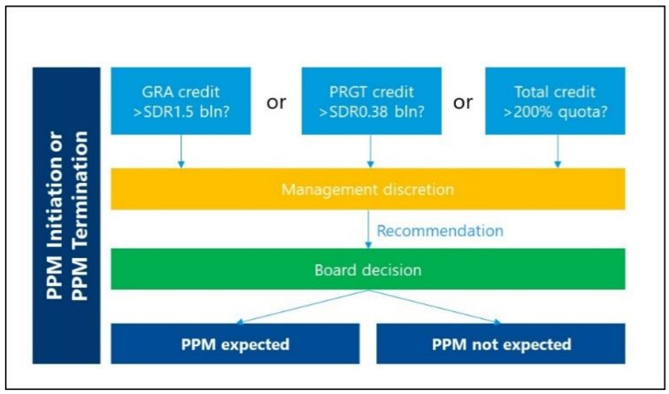
CONTEXT

1. **Post Program Monitoring (PPM) is an important part of the Fund's safeguards architecture.** The policy, introduced in 2000, provides a framework for closer engagement with members that have substantial outstanding Fund credit but do not have a program relationship, i.e. a Fund arrangement, Policy Support Instrument (PSI), Policy Coordination Instrument (PCI) or Staff Monitored Program (SMP). By assessing these members' capacity to repay the Fund, PPM is intended to provide an early warning of circumstances and policies that could ultimately jeopardize Fund resources. It thus helps identify risks early and facilitates the provision of advice on policies that will assist these members in addressing the risks and repaying the Fund.

2. **The policy has been updated over time to better reflect risks to the Fund's balance sheet.** PPM was amended in 2005 to include not only GRA but also PRGT credit outstanding, as well as outright purchases and disbursements, including linked to emergency financing, at or above 100 percent of quota.[1] The modification was justified both on the grounds of scarcity of PRGT resources and the need to maintain comparability of treatment across members, independent of the source of financing. Specifically, it was noted that the need to safeguard resources from the Fund as trustee in the case of PRGT borrowers is no less than that for GRA users. The policy was further strengthened in 2016 by introducing an absolute threshold for credit outstanding calibrated to the Fund's loss absorption capacity, reflecting a more risk-based approach (Figure 1).[2] By adding absolute credit thresholds, a re-setting of the quota-based threshold for PPM to 200 percent was assessed as providing adequate coverage of risks to the Fund's balance sheet.

Figure 1. PPM Decision—Applicable Thresholds



3. **Under current policy, PPM is expected for countries with outstanding credit above the absolute or quota-based thresholds that do not have a program relationship with the Fund.** Members subject to PPM are expected to engage in discussions with staff on their policies, based on a quantified macroeconomic framework. For these members, staff is required to issue to the Executive Board one stand-alone PPM report normally every twelve months, focusing on risks to capacity to repay and reporting on the members policies, the consistency of the macroeconomic framework with medium-term viability and the implications for the member's capacity to repay. As

[1] See Extension of Post Program Monitoring to Cover the Use of PRGF Resources (SM/05/86,3/14/2005).

[2] See IMF (2016).

per the current practices,[3] the first PPM report is expected to be issued to the Board six months after initiation of the PPM, unless the Article IV consultation is scheduled to take place earlier. Thereafter, PPM reports are generally considered by the Board roughly mid-way between annual Article IV consultation staff reports. Staff should also endeavor to sequence PPM missions roughly mid-way between annual Article IV consultations, so that two staff reports are presented to the Board every 12 months.

4. There is some flexibility embedded in the current PPM policy. Management has flexibility to recommend to the Executive Board that PPM be initiated or extended in cases where the member's outstanding credit from the Fund is below the PPM thresholds.[4] Management will recommend PPM to the Executive Board in cases where credit exceeds any of the PPM thresholds and the member does not have a program supported by a Fund arrangement, PCI, PSI or SMP, unless in the view of the Managing Director, PPM is unwarranted given the member's circumstances, in particular, the strength of the member's policies, its external position, or the fact that a successor arrangement or PCI/PSI/SMP is expected within the next six months. A decision to initiate PPM is normally taken at the same time as the completion of the final program review, but can also be brought to the Board later, on a standalone basis, especially if countries are still negotiating successor arrangements.[5]

IMPLICATIONS OF HIGHER PANDEMIC-RELATED ACCESS FOR PPM

5. Increased access to Fund resources during the pandemic has led to outstanding credit exceeding the PPM thresholds for some members. Eighteen countries that are currently not receiving support under a Fund-supported program have outstanding credit at or above the relevant PPM thresholds due to emergency financing, drawings under Fund arrangements, or a combination thereof. Of these, four countries (Albania, Cote d'Ivoire, Ghana, Greece) are already under PPM.[6] Ten countries have expressed an interest in a successor program, and given ongoing negotiations, PPM has not been initiated. For the remaining four countries (Bangladesh, Mongolia, Nigeria, South Africa) exceeding the thresholds, no follow-up Fund arrangement is envisaged, and thus there is an expectation that PPM would be initiated under current policy.

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[3] See 2017 Guidance Note on Post Program Monitoring.

[4] The Managing Director may propose PPM where outstanding credit is below the applicable thresholds if there are developments that suggest the need for closer monitoring of the member's capacity to repay, and particularly, where developments call into question the member's progress toward external viability.

[5] Under the current practices where PPM is not initiated at the end of a Fund arrangement or PSI/PCI/SMP given the expectation of a new program, the case for PPM is reconsidered periodically, at least at six-month intervals.

[6] PPM for these countries has been initiated as follows: Albania—February 2017, Greece—July 2018, Ghana—November 2019, and Cote d'Ivoire—December 2020. A PPM was also initiated for Iraq in July 2019 and Morocco in December 2020 but access in both cases fell below the threshold soon after and no PPM reports were completed. Cyprus was under PPM since 2016 but fell below the thresholds in 2020 upon which PPM ceased.

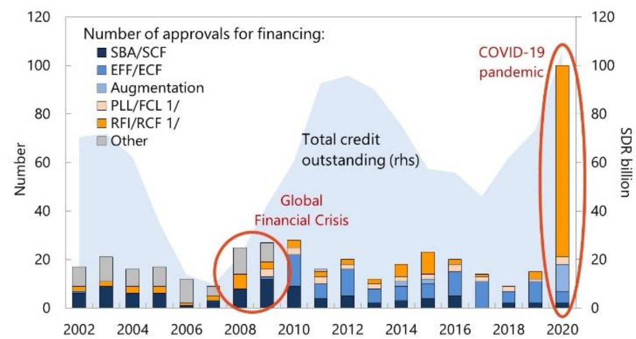
6. This is the first time since the introduction of the PPM framework that the PPM thresholds have been triggered for some members as a result of emergency financing alone. In the case of Nigeria and South Africa financing under the RFI alone, SDR 2.5 billion and SDR 3.1 billion, respectively, has resulted in credit outstanding beyond the GRA absolute PPM threshold of SDR 1.5 billion. As noted above, outstanding credit from outright purchases or disbursements count towards the PPM thresholds.

SAFEGUARDING OUTSTANDING CREDIT AMID THE CONTINUED PANDEMIC

7. The increase in Fund lending has brought credit outstanding to a record level, underscoring the importance of continued monitoring of risks to the Fund's balance sheet. New higher access, including due to temporary increases in Fund access limits for both emergency assistance and Fund-supported programs,[7] coming on top of existing exposures, has resulted in outstanding credit reaching SDR 106 billion at end-2020 (SDR 93 billion under GRA and SDR 13 billion under PRGT). This represents an unprecedented level both in terms of total number of requests for financing and credit outstanding (Figure 2). While justified by the breadth and depth of the current global shock, the magnitude of credit outstanding points to heightened risks to the Fund's balance sheet that need to be monitored carefully, including through existing safeguards, such as PPM. Indeed, the exposure of countries currently under PPM or which are exceeding the thresholds but are not in an IMF-supported program nor negotiating one is not negligible, representing about 13 percent of total GRA exposure, and about 23 percent of PRGT exposure as of end-2020 (Figure 3).[8]

Figure 2. Fund Financial Support

(As of end-2020)



Sources: MONA, Fund staff calculations.
1/ Including predecessor instruments.

8. At the same time, the pandemic is posing serious challenges to the implementation of PPM policy at the current juncture. Faced with an unprecedented shock, administrative capacity in many countries has been stretched by the need to focus all efforts on fighting the crisis and saving lives and livelihoods. Fund human resources have been similarly strained by the need to support the

[7] In April 2020, the Fund enhanced its emergency financing toolkit, including temporarily increased access limits for emergency financing which was extended in October 2020. In July 2020, the Fund temporarily increased annual access limits to the GRA and PRGT. In March 2021, access limits were further extended temporarily and modified, including a temporary increase in access limits to the PRGT.

[8] Figure 3 additionally includes Morocco among countries under PPM as it had initiated PPM in 2020. However, it is not in table 1 as it decided to repay early and has thus fallen below the PPM thresholds as of end -January 2021.

membership, including by responding to the unprecedented number of financing requests. The need to focus on the crisis response disrupted regular Article IV consultations cycles, and the Fund extended the consultation cycles last year by a total of 12 months.[9] Thus, given the crisis, for no member currently under PPM, two Board reports have been completed in the past 12 months, as is required by PPM policy, and this situation is likely to continue as long as the pandemic persists.[10]

9. These developments point to the need to adapt the PPM policy temporarily during this extraordinary period. On the one hand, as the pandemic experience so far has demonstrated, applying PPM without any modifications during the ongoing crisis is likely unfeasible, given resource constraints. On the other hand, suspending the policy altogether is also not an option, given the elevated risks to the Fund's balance sheet. Thus, a temporary approach is needed that preserves the objective of PPM to safeguard Fund resources and members' capacity to repay while taking into account the challenges posed by the pandemic, until conditions fully normalize. Considerations for such modifications to the PPM framework could include either temporary modifications to the application criteria (e.g., the PPM thresholds or the financing instruments covered under PPM) or to the implementation modalities of PPM.

10. On balance, staff assess that PPM thresholds remain adequately calibrated to the current risks to the Fund's balance sheet. As noted above, four countries are already under PPM and a further four currently exceeding the PPM thresholds are neither in a Fund-supported program nor negotiating one. Increasing the PPM thresholds temporarily could help reduce the number of countries falling under PPM, which could alleviate to some extent resource constraints. However, not monitoring some of the Fund's larger exposures and the risks in countries with elevated obligations to the Fund could jeopardize the objective of safeguarding Fund resources. From a risk perspective, staff does not consider that such modifications, even if temporary, would be justified:

- ***Absolute thresholds*:** These thresholds were introduced in 2016 to allow for a more risk-based approach and focus on the Fund's larger exposures. They were calibrated to the Fund's loss absorption capacity and are equivalent to 10 percent of the relevant reserves, namely the minimum floor on precautionary balances in the GRA, and the balances in the reserve account of the PRGT, respectively. The Board recently reaffirmed this approach by keeping the minimum floor of GRA precautionary balances unchanged at SDR 15 billion.[11] Moreover, the balances in the reserve account of the PRGT have also not changed materially.[12] In this context, it would not seem appropriate to change the absolute PPM thresholds at the current juncture.

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[9] See extension of consultation cycles in May 2020 and their further extension in July 2020.

[10] For Greece and Albania one PPM report was completed in 2020, but no Article IV report. For Ghana neither an Article IV nor a PPM report were completed. For Cote d'Ivoire an Article IV report was completed.

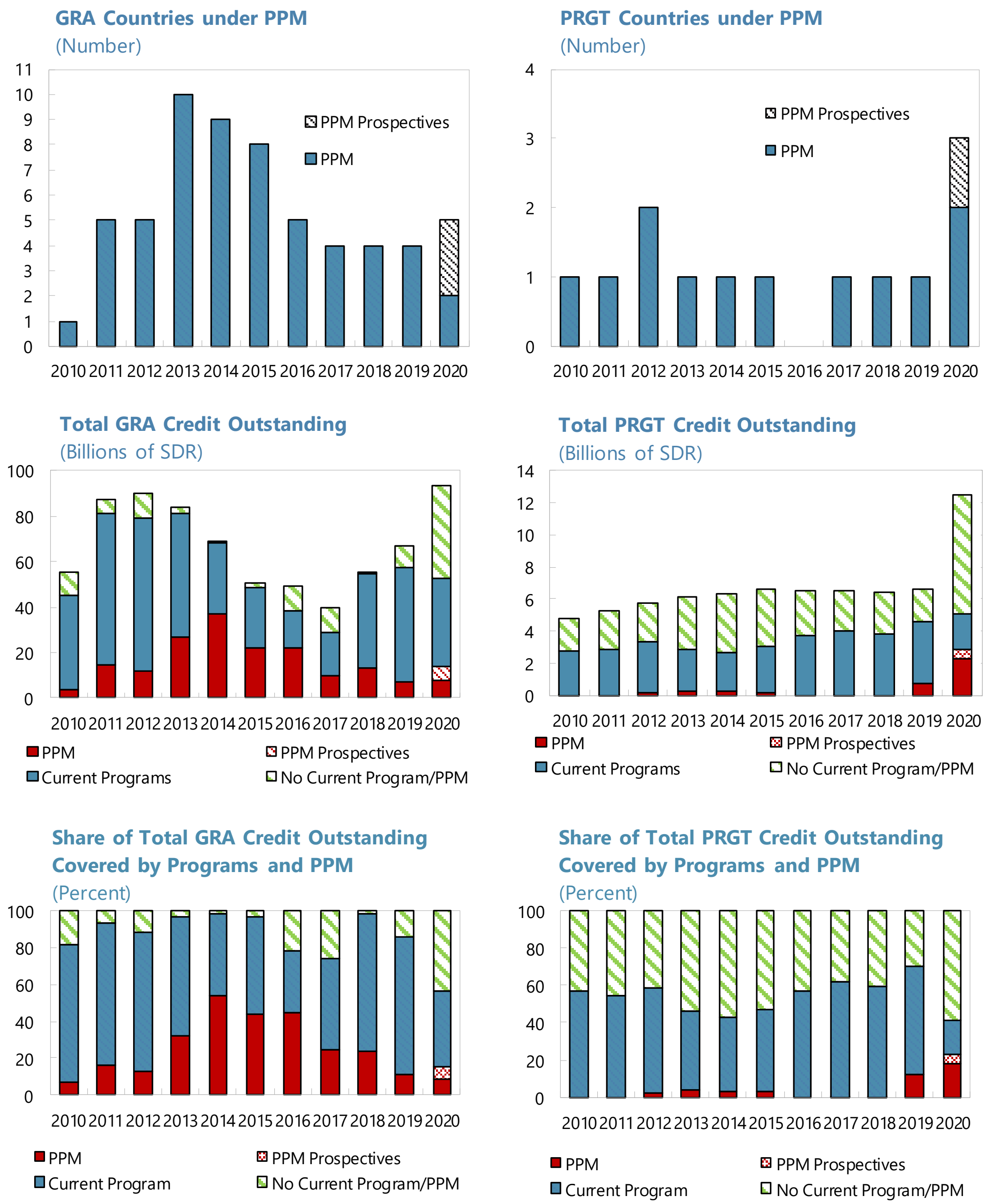
[11] See Review of the Adequacy of the Fund's Precautionary Balances (October 2020). Even as the target for precautionary balances was increased from SDR 20 billion to SDR 25 billion, the minimum floor, which defines the loss absorption capacity below which reserves should not fall, was kept unchanged at SDR 15 billion. As of April 2020 actual precautionary balances stood at SDR 16 billion.

[12] As of end-2020, actual PRGT reserve account balances stood at SDR 4 billion.

- ***Quota-based threshold*:** The quota-based threshold has been a feature of PPM since the outset, and with the 2005 Board decision, it has applied uniformly to both GRA and PRGT. Thus, it functions as a broad risk management tool and has no direct mapping to the Fund's access limit frameworks for GRA and PRGT. Generally, higher (cumulative) access triggers higher risks, highlighting the need to maintain safeguard policies in place. Similarly, other elements of the Fund's risk management architecture, such as level-based surcharges, continue to apply to outstanding credit above 187.5 percent of quota.

11. The application of PPM framework to users of emergency financing also remains justified and appropriate. Exempting from PPM countries that exceed PPM thresholds due to emergency financing alone could similarly help to reduce the number of members under PPM. However, since PPM is motivated by safeguarding overall Fund resources, and capacity to repay is assessed based on a member's outstanding obligations to the Fund, its application should not depend on the type of financing instrument, as was clarified at the time of the enhancements of the PPM policy in 2005 (see above). Finally, as emergency financing does not include ex-post conditionality, which is one of the key safeguards for Fund resources, risks to the Fund related to this type of financing may, in some cases, be arguably higher relative to Fund arrangements, which would thus not justify an exemption from PPM for these members.

Figure 3. Countries Exceeding PPM Thresholds



Sources: Fund staff calculations.
Notes: Countries under PPM includes countries that (i) initiated PPM that year, (ii) had a PPM report that year or (iii) had initiated PPM in a previous year and remained above the threshold at the end of the respective year. Countries in the group PPM Prospectives refers to countries that as of end-January 2021 crossed at least one of the PPM thresholds and had not initiated PPM. Countries in current programs includes countries that were in a program (not including emergency financing) as of end-December that year. Countries with no ongoing program include those that received emergency financing or that had expired or canceled programs without PPM initiation.
Countries are counted only once in either the GRA or the PRGT category. Whenever a PPM country crosses the absolute PRGT threshold, it will be counted in the PRGT chart but not the GRA chart. If it crosses the absolute GRA threshold, but not the PRGT threshold, it will be counted in the GRA chart. If it only crosses the quota threshold, it will be counted in the PRGT chart if it has PRGT credit outstanding and otherwise in the GRA chart.

PROPOSAL FOR TEMPORARY STREAMLINING OF PPM PROCEDURES AND CHANGING THE NAME OF THE POLICY

12. In sum, increased risks to the Fund's balance sheet do not justify a weakening of the PPM application criteria. The pandemic has led to a large increase in outstanding credit, which is expected to remain elevated for some time, as countries continue to fight the crisis and address its legacies. In this context, and as noted above, modifying the rules triggering the PPM application criteria would create gaps not warranted by temporary pandemic-related changes in lending policies and overall weaken safeguards to the Fund's resources and members' capacity to repay. At the same time, it is clear that resource constraints—both on the side of the authorities and Fund staff—prevent the full implementation of PPM modalities during this period, and more time is needed to allow for a normalization of PPM procedures alongside surveillance.

13. In this context, there could be a case for temporarily modifying the specific implementation modalities of PPM policy during the ongoing crisis, while safeguarding its objectives. Amid the continued high uncertainty about the length and magnitude of this crisis and ongoing resource constraints, staff proposes to temporarily streamline PPM modalities while preserving the objectives of the policy to safeguard Fund resources and members' capacity to repay against rising risks. This modification would allow PPM discussions to be temporarily conducted at the time of the Article IV consultations until end-2022. Thus, for the period until 2022, the Article IV report will contain both the AIV consultation and PPM discussions for members subject to PPM, under the title Article IV report, and will be normally expected every 12 months, with the Article IV press release covering both the Article IV and PPM discussions.[13] While this proposal temporarily reduces the frequency of reporting to the Board under PPM, it retains the ability to monitor (temporarily on an annual basis) risks and capacity to repay for all the countries that exceed the current PPM thresholds irrespective of financing instrument. In addition, staff continues to engage with the authorities through staff visits and Resident Representative offices, which allows for continued dialogue, close monitoring, and timely provision of policy advice between Article IV consultations.

14. There is also a case for renaming the policy to better reflect its coverage. The references to "program" in the name of the policy could be misleading, as this safeguard is triggered not only by access under Fund-supported programs, but also by outright purchases or disbursements under emergency financing, as noted above. Moreover, references to monitoring could be sensitive, particularly for users of emergency financing where there is no ex-post conditionality. Thus, a name that would better reflect the policy's focus on assessing countries'

[13] Prior to the 2016 PPM policy reform, one of the two PPM annual discussions normally coincided with the Article IV consultation and a combined report was published.

capacity to repay, irrespective of the financing instrument giving rise to the credit, may be more appropriate and enhance the acceptability and traction of the policy.

15. It is proposed to change the name of PPM to Post Financing Assessment (PFA) and temporarily modify the policy framework to allow conducting PPM discussions at the time of Article IV consultations with the staff report on Article IV consultation also reflecting PPM discussions for PPM members. The Article IV staff reports for members subject to PPM (PFA) would need to discuss all the elements that would have normally been included in standalone PPM (PFA) reports, in line with the 2016 guidelines. In particular, as per current policy, the staff will report to the Executive Board on the member's policies, the consistency of the macroeconomic framework with the objective of medium-term viability, the implications for the member's capacity to repay the Fund, and related risks. Specifically, the Article IV report for these members will include the following content: (i) a discussion of capacity to repay, including the path of economic indicators that are most relevant in this regard (e.g., reserves, fiscal balances, debt indicators, etc.); (ii) an in-depth assessment of how capacity to repay would be affected if risks were to materialize; and (iii) the implications for policy choices and tradeoffs for the member.[14] Alternative macroeconomic scenarios would be strongly encouraged, particularly in cases where one or a combination of risks could have a material impact on the economic outlook and thus have implications for policy trade-offs.

16. The temporarily streamlined PPM (PFA) modalities are proposed to be applied to all members subject to PPM (PFA) until end-2022, after which the standard PPM (PFA) modalities will resume. No change is proposed on the existing flexibility of the Managing Director (i) to propose to the Executive Board in cases where outstanding credit is below the relevant thresholds if, in the view of the Managing Director, there are developments that suggest the need for closer monitoring of the member's capacity to repay; or (ii) not recommend PPM (PFA) where in the view of the Managing Director, the member's circumstances are such that the process unwarranted (in particular, the strength of the member's policies, its external position, or the fact that a successor arrangement, PSI or a SMP is expected to be in place within the next six months). To ensure uniformity, the new temporary PPM (PFA) modalities will apply to members where PPM (PFA) is initiated after the adoption of the modifications, as well as to members currently subject to PPM (PFA). The new modalities are proposed to apply until end-2022. Starting from January 2023 the application of the current PPM (PFA) modalities, will automatically resume, with the standalone PFA report issued to the Board every 12-month period for all PPM (PFA) members.

[14] See paragraphs 6-10 of the Guidance note on PPM.

Proposed Decision

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

"Decision No. 13454-(05/26), adopted March 14, 2005, as amended, is further amended to read as follows:

1. If outstanding credit to a member exceeds any of the thresholds specified below:

    a. 200 percent of quota for credit from the Fund's General Resources Account (GRA), or from the Fund as Trustee of the Poverty Reduction and Growth Trust (PRGT), or a combination thereof; or

    b. an amount equivalent to SDR 1.5 billion for credit from the Fund's GRA; or

    c. an amount equivalent to SDR 0.38 billion from the PRGT,

and the member does not have a program supported by a Fund arrangement or is not implementing a staff monitored program with reports issued to the Executive Board, or the member does not have a program supported by a Policy Support Instrument ("PSI"), or Policy Coordination Instrument ("PCI"), the member will be expected to engage in Post Financing Assessment (PFA) discussions with the Fund involving the monitoring of its economic developments and policies upon the recommendation of the Managing Director. Where the above criteria are met, the Managing Director shall recommend PFA to the Executive Board, unless, in the view of the Managing Director, the member's circumstances (in particular, the strength of the member's policies, its external position, or the fact that a successor arrangement, PCI, PSI or a staff monitored program is expected to be in place within the next six months) are such that the process is unwarranted. PFA will normally cease when the member's outstanding credit falls below all of the applicable thresholds above.

2. The Managing Director may also propose PFA to the Executive Board in cases where outstanding credit as defined above is below the above-specified thresholds if, in the view of the Managing Director, there are developments that suggest the need for closer monitoring of the member's capacity to repay, and particularly, where developments call into question the member's progress toward external viability.

3. For members subject to PFA, there will normally be one standalone PFA paper issued for Executive Board consideration in a twelve-month period. The member will be expected to engage in discussions with staff on its policies, which shall include a quantified macroeconomic framework. The staff will report to the Executive Board on the member's policies, the consistency of the macroeconomic framework with the objective of medium-term viability, and the implications for the member's capacity to repay the Fund. PFA papers should also examine the risks to the member's capacity to repay the Fund.

4. The Executive Board's consideration of a PFA paper will be reflected in a press release. The publication of the press release will follow the normal press release procedure, including the requirement of the member's consent.

5. For the period from [the date of the adoption of this decision] through December 31, 2022, the modalities set out in paragraphs 1-4 above for PFA shall be modified as follows: PFA discussions

will be combined with the Article IV consultations with such members, and reported in the Article IV Consultation staff report issued to the Board normally once in any twelve-month period, with the Article IV press release also covering PFA considerations.

6. All References in other Fund decisions to “Post Program Monitoring” are revised to read “Post Financing Assessment.”

Annex I. Framework for Post Financing Assessment - Redlined Version

1. If outstanding credit to a member exceeds any of the thresholds specified below:

a. 200 percent of quota for credit from the Fund's General Resources Account (GRA), or from the Fund as Trustee of the Poverty Reduction and Growth Trust (PRGT), or a combination thereof; or

b. an amount equivalent to SDR 1.5 billion for credit from the Fund's GRA; or

c. an amount equivalent to SDR 0.38 billion from the PRGT,

and the member does not have a program supported by a Fund arrangement or is not implementing a staff monitored program with reports issued to the Executive Board, or the member does not have a program supported by a Policy Support Instrument ("PSI"), or Policy Coordination Instrument ("PCI"), the member will be expected to engage in Post Financing Assessment (PFA) discussions with the Fund involving the monitoring of its economic developments and policies upon the recommendation of the Managing Director. Where the above criteria are met, the Managing Director shall recommend PFA to the Executive Board, unless, in the view of the Managing Director, the member's circumstances (in particular, the strength of the member's policies, its external position, or the fact that a successor arrangement, PCI, PSI or a staff monitored program is expected to be in place within the next six months) are such that the process is unwarranted. PFA ~~PPM~~ will normally cease when the member's outstanding credit falls below all of the applicable thresholds above.

2. The Managing Director may also propose ~~PPM~~ PFA to the Executive Board in cases where outstanding credit as defined above is below the above-specified thresholds if, in the view of the Managing Director, there are developments that suggest the need for closer monitoring of the member's capacity to repay, and particularly, where developments call into question the member's progress toward external viability.

3. For members subject to PFA~~PM~~, there will normally be one standalone PFA~~PM~~ paper issued for Executive Board consideration in a twelve-month period. The member will be expected to engage in discussions with staff on its policies, which shall include a quantified macroeconomic framework. The staff will report to the Executive Board on the member's policies, the consistency of the macroeconomic framework with the objective of medium-term viability, and the implications for the member's capacity to repay the Fund. PFA ~~PPM~~ papers should also examine the risks to the member's capacity to repay the Fund.

4. The Executive Board's consideration of a PFA ~~PPM~~ paper will be reflected in a press release. The publication of the press release will follow the normal press release procedure, including the requirement of the member's consent.

5. For the period from [the date of the adoption of this decision] through December 31, 2022, the modalities set out in paragraphs 1-4 above for PFA shall be modified as follows: PFA discussions will be combined with the Article IV consultations with such members, and reported in the Article IV Consultation staff report issued to the Board normally once in any twelve-month period, with the Article IV press release also covering PFA considerations.

6. All References in other Fund decisions to "Post Program Monitoring" are revised to read "Post Financing Assessments."