

INTERNATIONAL MONETARY FUND

**Guidance Note on the Exogenous Shocks Facility**

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(In consultation with the other Departments)

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## I. OBJECTIVES OF THE EXOGENOUS SHOCKS FACILITY (ESF)

1. The ESF, established within the Poverty Reduction and Growth Facility and Exogenous Shocks Facility (PRGF-ESF) Trust, complements existing Fund instruments for providing timely support, including financing at more appropriate terms, to low-income members that are facing sudden and exogenous shocks but do not have a PRGF arrangement in place. In particular, the ESF: (i) facilitates quick access to more concessional financing than the Fund's Emergency Assistance and the Compensatory Financing Facility (CFF);<sup>1</sup> (ii) helps members design and implement a policy framework adequate for adjustment to shocks while ensuring adequate safeguards for the use of the Trust resources; and (iii) plays a catalytic role for further and more concessional donor financing. For countries wishing to graduate from continuous PRGF arrangements, including Policy Support Initiative (PSI) users, the ESF serves as a safety net. Board Decision No.13590-(05/99) adopted November 23, 2005 (effective January 5,2006) establishes the terms and modalities for ESF arrangements, and this note provides guidance on operational modalities.<sup>2</sup>

2. The PRGF and the ESF are two separate facilities within the Trust to achieve different purposes. While the PRGF provides assistance in support of PRGF-eligible members' medium-term adjustment and reform programs to tackle a protracted balance of payments problem, the ESF provides assistance to the same group of member countries to address a temporary balance of payments need whose primary source is a sudden and exogenous shock. Thus, the two facilities differ on a number of operational modalities such as length of arrangements, assessment and nature of balance of payments need, access policy, Poverty Reduction Strategy (PRS) requirements, and structural conditionality. The present note primarily focuses on operational modalities and rules specific to the ESF.<sup>3</sup>

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<sup>1</sup> Like the PRGF, loans under the ESF carry an interest rate of 0.5 percent and semiannual repayments, beginning 5½ years and ending 10 years after the disbursement. Purchases under emergency assistance for natural disasters (ENDA) and post-conflict situations (EPCA) as well as under the CFF are subject to the GRA rate of charge and repurchase obligations, beginning 3¼ years and ending 5 years after the purchase. For PRGF-eligible member countries an interest subsidy (subject to availability) brings the rate of charge for ENDA and EPCA down to 0.5 percent.

<sup>2</sup> This note was prepared by Mumtaz Hussain and Carlos Leite (PDR), and draws on related Board papers and discussions, including [\*Strengthening the Fund's Ability to Assist Low-Income Countries Meet Balance of Payments Needs Arising from Sudden and Exogenous Shock\*](#) and [\*Establishment of an Exogenous Shocks Facility Under the Poverty Reduction and Growth Facility Trust, 10/04/05\*](#).

<sup>3</sup> Unless specifically noted herein, the ESF is subject to the same modalities and rules applicable to the PRGF.

## II. ELIGIBILITY AND QUALIFICATION

3. PRGF-eligible member countries that do not have a PRGF arrangement in place and experience sudden and exogenous shocks are eligible for assistance under the ESF. Members with an existing PRGF arrangement in place have access to augmentation of resources under the PRGF, which remains for them the most appropriate instrument of Fund assistance when facing increased balance of payments needs as a result of exogenous shocks.<sup>4</sup>

4. Qualification for financial support under the ESF would be based upon a determination that *a sudden and exogenous shock is the primary source of an actual balance of payments need that requires adjustment and temporary external financing*. The ESF framework allows scope for judgment with respect to the nature of the shock and the link between the shock and the balance of payments need. In contrast to the CFF, where a specific set of qualifying shocks is pre-defined and the source of the balance of payments need and financing in response to a shock is assessed mechanically, the extent of the balance of payments need resulting from a sudden and exogenous shock under the ESF is assessed judgmentally, taking into account the relevant factors in each case. The preference for a judgmental approach arises because of the difficulties in assessing the duration of the shock and the balance of payments impact, and the appropriate mix of adjustment and financing.<sup>5</sup> Countries with a balance of payments problem that is assessed to be protracted would be supported financially under a PRGF arrangement. Members may not obtain assistance under the PRGF and the ESF at the same time.<sup>6</sup>

5. An *exogenous shock* is defined as an event beyond the control of the authorities of the member with a significant negative impact on the economy. Terms-of-trade shocks, natural disasters, shocks to demand for exports, or conflict or crisis in neighboring countries that has adverse balance of payments effects are generally considered to be beyond the control of the authorities of the member.<sup>7</sup> Shortfalls in remittances, if considered exogenous, would also

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<sup>4</sup> Guidelines on PRGF augmentation are discussed in [Operational Guidance Note on Access Under the Poverty Reduction and Growth Facility, 11/10/2004](#).

<sup>5</sup> The reliance on a specified set of qualifying shocks, a strictly mechanical formula for the assessment of financing need, and a clawback requirement for disbursements subsequently deemed to be in excess of actual financing need contributed to a drop in the usage of the CFF.

<sup>6</sup> A member may not simultaneously have one arrangement under the ESF and another arrangement under the PRGF.

<sup>7</sup> Shocks due to known erosions in trade preferences, such as those envisaged by the Trade Integration Mechanism (TIM), might qualify for the ESF but would require a case-by-case consideration. In general, a PRGF arrangement may be more appropriate due to the type of structural reforms normally needed and the likelihood that the shock would be foreseen well in advance.

qualify for the ESF. On the other hand, shocks resulting from domestic financial crises or from domestic policy slippages would not qualify for the ESF because they are generally considered to be at least partly endogenous. Some shocks—for example, those resulting from shortfalls in aid flows—would normally not qualify for the ESF, but would instead require a case-by-case consideration. When assessing aid shocks, staff should make efforts to avoid undermining donors’ conditionality and accountability.

6. For purposes of the ESF, the qualifying shock should be the primary source of an actual balance of payments need and it should be sudden. Whether a particular shock is “sudden” will need to be assessed judgmentally by staff and the Board, taking into account all relevant factors. For example, commodity price changes that take place over a few months would qualify as sudden; gradual declines that only create significant balance of payments problems when they persist over a period of years would not. Even where the onset of the underlying shock may be gradual, such as a drought, the impact on the balance of payments may be immediate or perhaps unexpectedly large. These cases may qualify as shocks for purposes of the ESF.

7. The ESF is designed to provide temporary balance of payments support to an appropriate adjustment program. In order to qualify for the ESF, the balance of payments need must be temporary.<sup>8</sup> It is neither necessary nor sufficient that the shock be considered temporary. Therefore, members may not have more than one ESF arrangement for the same shock, as this would imply a protracted balance of payments need, although it is possible that an ESF arrangement would be followed by a PRGF arrangement in cases where the balance of payments need persists longer than originally anticipated.

8. However, if the same type of exogenous shock repeats itself after the end of an ESF arrangement—for example, a commodity price decrease is followed by a further and unexpected sharp decrease—subsequent episodes could qualify for assistance under the ESF as long as the balance of payments need is still judged to be temporary. In the case that a country faces a different exogenous shock after the end of an ESF arrangement, the subsequent shock could qualify for assistance under the ESF. Should a subsequent shock, either of the same or different kind, happen within the period of an ESF arrangement, resources committed under the arrangement may be augmented, subject to the determination that the balance of payments need, although higher, remains temporary. In cases where a

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<sup>8</sup> A need is considered temporary if the need indicators can reasonably be expected to be reversed over a relatively short period, given the country’s external prospects and its ability to implement timely and effective adjustment policies. The determination of a protracted balance of payments problem for the PRGF involves an examination of past, present, and prospective balance of payments developments, and is based on a broader set of indicators, including stagnant exports, rising cost of debt service, depressed imports, and need for structural adjustment efforts over a number of years. Moreover, in many cases, protracted balance of payments problems may not manifest themselves in an actual need until further financing is available, because a lack of financing requires policies that constrain actual need.

shock is expected to persist and the balance of payments need associated with the shock is expected to become protracted, and hence needing a longer-term program designed to address the protracted balance of payments problem, a PRGF arrangement would be the appropriate vehicle.

### **III. MODALITIES**

#### **A. Access Level**

9. Fund staff will work with the country authorities and other institutions to assess the nature of the shock and estimate the likely impacts of a sudden and exogenous shock on the balance of payments and growth. The mix of economic adjustment and financing (including from the Fund) should reflect these assessments and other relevant factors. For example, when the shock is likely to be self-reversing, more financing and less adjustment could be appropriate. If a shock is likely to be persistent, relatively more adjustment effort may be advisable, as additional financing might delay needed adjustment. Nevertheless, some financing may still be desirable to smooth the path of adjustment to a persistent shock, particularly when sharp adjustment is likely to create strong adverse effects on growth and poverty.

10. The norm for annual access under the ESF is 25 percent of quota. The maximum limit on total outstanding access under the ESF is 50 percent of quota, barring exceptional circumstances. Unlike the case with the PRGF, no maximum limit is specified for ESF exceptional access, but it is expected that cases involving access above the 50 percent cumulative limit will be rare and the degree of divergence limited. For low-income countries subject to a blending of concessional and nonconcessional Fund financing, the annual access norm is 12.5 percent of quota under the ESF.<sup>9</sup> As with all other requests for use of Fund resources, a request for assistance under the ESF should make a clear case for the proposed level of access.

11. Given the diverse nature of exogenous shocks and the uncertainty about their net impact on the balance of payments need, access will be assessed on a case-by-case basis. In determining the level of access, staff should take into account the balance of payments need of the member, the strength of its adjustment program, the amount of its outstanding use of credit extended by the Fund, its record in using Fund credit in the past, and size and likely persistence of the shock. If the balance of payments need caused by a shock proves to be larger than expected, the amount of resources committed under an ESF arrangement may be augmented at the time of any reviews contemplated under the arrangement.

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<sup>9</sup>[\*Establishment of an Exogenous Shocks Facility Under the Poverty Reduction and Growth Facility Trust, 10/04/05\*](#), paragraph 5.

## **B. Representation of Balance of Payments Need**

12. Approval of an ESF arrangement requires a determination by the Fund that the member is experiencing a balance of payments need whose primary source is a sudden and exogenous shock.<sup>10</sup> Thus, ESF arrangements cannot be approved on a precautionary basis. As with stand-by arrangements (SBAs), members are required to represent that they have an actual balance of payments need at the time of each disbursement.

13. Consistent with the legal framework that applies to SBAs (and all other arrangements that make available the Fund's general resources), the Fund can only challenge the member's representation on an *ex post* basis. In the event that the Fund determines that a disbursement was made in the absence of an actual balance of payments need, the Fund has similar remedies that are available to it with respect to its general resources. Specifically, the Fund could adopt a decision establishing an expectation that the member would repay to the Fund the amount of the disbursement provided in the absence of the need, and in the event that the member fails to do so, its right to receive future disbursements under all arrangements would be interrupted.<sup>11</sup>

## **C. Activation and Duration of an ESF Arrangement**

14. Following a sudden and exogenous shock and an expression of interest in an ESF arrangement by a member, the authorities and Fund staff will conduct discussions on the member's macroeconomic adjustment program and any structural measures considered important for adjustment to the shock, or for mitigating the impact of future shocks. The member will then send the Managing Director a Letter of Intent (LOI) or Memorandum of Economic and Financial Policies (MEFP) setting out the authorities' policy intentions in support of its request for assistance under the ESF. Based on the Managing Director's recommendation, the Executive Board will consider approval of the ESF arrangement, provided that the member's policies, as described in the LOI or MEFP, meet the upper credit tranche (UCT) conditionality standard.

15. The period for an ESF arrangement will range from one to two years. The arrangement may be extended for up to the overall maximum two-year period. Any augmentation of resources, or extension of an ESF arrangement, must be within this maximum two-year limit. The shorter duration relative to a PRGF arrangement is consistent with the view that a program supported by the ESF addresses a temporary balance of payment need and relies primarily on macroeconomic rather than structural adjustment.

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<sup>10</sup> For this purpose and consistent with the approach used under stand-by arrangements, the definition of balance of payments need would be the one specified in Article V, Section 3(b)(ii) (i.e., a member's balance of payments, its reserve position or development in its reserves).

<sup>11</sup> [\*Establishment of an Exogenous Shocks Facility Under the Poverty Reduction and Growth Facility Trust, 10/04/05.\*](#)

#### **D. Phasing of Disbursements**

16. Disbursements can be phased at semi-annual intervals as customary in PRGF arrangements, or at quarterly intervals. Appropriate phasing will depend on the arrangement's duration, the balance of payments need of the member, the volatility of its economic situation and its administrative capacity constraints. The first disbursement will be made available upon approval of the arrangement, and subsequent disbursements will be contingent on observance of performance criteria, and in most cases, completion of a review. As a general rule, the date of the second disbursement cannot be earlier than two months from the initial disbursement on approval of an ESF arrangement and the date of the last disbursement cannot be earlier than two months before the end of the arrangement.

17. Since immediate financing can be important in minimizing the disruptive effect of shocks, phasing of disbursements under the ESF may be front-loaded, particularly if the availability of other resources is expected to be delayed. Early Fund financing may also play an important role in the aftermath of a shock, including by providing donors with a clear signal on the strength of the authorities' own response.

#### **E. Program Design and Monitoring**

18. Conditionality in programs supported by the ESF should meet the same standard, and fulfill the same functions, as in an UCT arrangement.<sup>12</sup> With the determination that a sudden and exogenous shock is the primary source of a temporary balance of payments need and the shorter program duration, ESF arrangements will tend to rely more on macroeconomic adjustment and will likely be less ambitious in terms of structural reform than PRGF-supported programs. Nevertheless, structural issues considered important for adjustment to the shock, or for mitigating the impact of future shocks, should be adequately addressed in an arrangement under the ESF.

19. Performance criteria (quantitative or structural), indicative targets, and structural benchmarks in ESF arrangements are aimed at assessing whether a member's policies and implementation are strong enough to warrant continued financial support by the Fund and to safeguard Fund resources. These conditions will be established only on the basis of those variables or measures that are reasonably within the member's direct or indirect control. The choice and design for these conditions should be consistent with the *Guidelines on Conditionality*.<sup>13</sup>

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<sup>12</sup> For a discussion on policy conditionality, including in the case of purchases in the upper credit tranches, please see [Guidance on the Design and Implementation of IMF Conditionality—Preliminary Considerations, 05/31/2002](#).

<sup>13</sup> [Guidelines on Conditionality, 8/23/02](#) and [Decision No. 12864-\(02/102\)](#), adopted September 25, 2002.

20. ESF arrangements will specify the set of performance criteria and benchmarks that are tied to each scheduled semi-annual or quarterly disbursement and review. Continuous performance criteria (quantitative or structural) may also be set under these arrangements. At approval of an ESF arrangement, or at the completion of a review under the ESF arrangement, performance criteria must be set for the subsequent review in case of semi-annual schedule or two reviews in case of quarterly schedule. However, suggested practice is to set performance criteria for one year in advance. At the time of a review, future performance criteria may be modified, or new ones may be added, as the program evolves. The precise definition of performance criteria should be set out in the MEFP or technical memorandum of understanding (TMU).

21. A waiver of nonobservance of a performance criterion may be granted by the Board in the event of a deviation from the target that is considered minor or temporary, or where adequate remedial actions are taken to preserve program objectives.

#### **F. Documentation**

22. For Board meetings on the activation of an ESF arrangement, a staff report containing an appraisal of the member's policies elaborated in a LOI and/or MEFP should be provided. The LOI and/or MEFP should be accompanied by a TMU. For reviews, a staff report containing an appraisal of policies and performance and a supplement to the MEFP (and updated TMU) should be provided as needed.

23. The LOI/MEFP and supplements should cover the member's current economic situation and outlook, its medium-term policy framework in the relevant macroeconomic, structural, and institutional areas, with a focus on the specific policy objectives of the ESF. The description of the policy objectives would include a quantified macroeconomic framework for the next 12 months, with quarterly or semi-annual quantitative and structural performance criteria and benchmarks as needed.<sup>14</sup> The LOI/MEFPs and staff report should also provide an assessment of the adverse impact of the shock and justify the actual balance of payments need caused primarily by this shock.

24. The publication regime for ESF-related documents, including PRS documents, is the same as for PRGF-related documents. In particular, publication of the member's LOI, MEFP, the staff report, and a press release containing the Board's assessment is voluntary but presumed (and is expected to take place no later than one month after Board consideration). The Fund's policies on corrections and deletions apply in the same way as for PRGF-related documents. Given the intended signaling and catalytic role of the ESF, it is expected that publication will be the norm.

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<sup>14</sup> In cases where the period of an ESF arrangement exceeds one year, the member needs to present a detailed statement of the policies and measures it intends to pursue for at least the first 12 months of the arrangement.

#### **IV. RELATIONSHIP WITH OTHER FUND FACILITIES AND INITIATIVES**

##### **A. PRGF Arrangements**

25. There are clear distinctions between the ESF and the PRGF.
- As a condition for approval of an ESF arrangement, a sudden and exogenous shock must have occurred and must be the primary source of an actual but temporary balance of payments need. A PRGF arrangement is appropriate where there is a protracted balance of payments problem requiring both policy adjustment and structural reforms aimed at achieving macroeconomic stability.
  - A representation of an actual balance of payments need, as defined in the context of the GRA, is a condition for each ESF disbursement but not for PRGF disbursements.
  - ESF financing will normally be available to those low-income members that do not need to implement broad structural reforms in order to allow successful adjustment to the shock. Thus, ESF financing will not be generally appropriate where a PRGF arrangement was off track before the shock. However, an ESF arrangement would not be precluded if a PRGF arrangement is off track, or its approval delayed, because of delays in implementing or agreeing on measures to address a protracted balance of payments problem, including growth-oriented structural reforms, insofar as the measures are not necessary to adjust to the shock.<sup>15</sup>
  - Where a shock turns out to create a more persistent need than originally anticipated and more extensive adjustment measures and structural reforms are necessary, the member would be expected to consider a subsequent arrangement under the PRGF.

##### **B. Emergency Assistance**

26. The ESF is also distinct from Emergency Assistance, notwithstanding some degree of overlap.
- ESF financing is more concessional than Emergency Natural Disasters Assistance (ENDA) and Emergency Post-Conflict Assistance (EPCA).
  - ENDA is normally appropriate for assistance in the aftermath of natural disasters where the member is unable to formulate and implement a comprehensive program immediately; nevertheless the member is required to describe the general policies it

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<sup>15</sup> As ESF and PRGF arrangements cannot be in place simultaneously, an off-track PRGF arrangement would need to be cancelled if it had not yet expired before a request for an ESF arrangement was possible. Conversely, an ESF arrangement would need to be cancelled prior to the (delayed) request for a PRGF arrangement.

plans to pursue. ENDA may also be appropriate in a case where a Fund-supported program is not needed to make the necessary adjustment following a natural disaster. However, if policy adjustment is essential to restoring a sustainable balance of payments position, then the ESF would be more appropriate.

- EPCA is appropriate for assistance to post-conflict countries, given likely capacity constraints in preparing and implementing a comprehensive program that meets UCT conditionality.<sup>16</sup>

### **C. The Trade Integration Mechanism (TIM)**

27. In practice, it is unlikely that an ESF arrangement would be combined with the TIM. The latter is a policy designed to provide additional assurances, under existing facilities, on the predictability of financing available to countries negatively affected by liberalization of trading partners' trade policy regimes. Typically, these shocks are predictable years in advance, and the type of structural reforms and adjustment period normally envisioned would likely make a PRGF, rather than an ESF, arrangement more appropriate.

### **D. PSI Programs**

28. An on-track PSI, with the associated UCT conditionality, could provide the basis for rapid access to financing under the ESF in the event of a shock because it would reduce the time normally required to design an appropriate program and demonstrate that it can be implemented successfully.<sup>17</sup> There would be no automatic link between a PSI and access to financing under the ESF. However, access to financing under the ESF would be facilitated insofar as adjustments to the program endorsed and assessed under a PSI would normally be limited to those needed to correct the balance of payments need arising from the shock. A member should cancel its PSI before Board approval of an ESF arrangement.

### **E. Poverty Reduction Strategy Paper**

29. Use of the ESF normally requires that a poverty reduction strategy as evidenced by a PRS document (i.e., I-PRSP, PRSP preparation status report, PRSP, or Annual Progress Report) be in place at the time of approval of the arrangement. A PRS document issued to the Executive Board within the previous 18 months along with a Joint Staff Advisory Note

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<sup>16</sup> Eligibility for EPCA requires that a member is currently unable to develop and implement a comprehensive economic program that could be supported under a Fund arrangement.

<sup>17</sup> For a detailed discussion of the PSI, see [\*The Policy Support Instrument – A Factsheet\*](#).

(JSAN) would meet this requirement.<sup>18</sup> The JSAN may identify some deficiencies in the member's poverty reduction strategy that are critical to Fund support under an arrangement. Unlike the PRGF, however, the extent to which those deficiencies critical to Fund support under an ESF arrangement would need to be addressed prior to approval of the arrangement or completion of a review would be assessed on a case-specific basis.

30. In those cases, expected to be rare, where the preparation of a PRS document would unduly delay approval of an ESF arrangement, issuance of an I-PRSP accompanied by a JSAN to the Executive Board should be a condition for completion of the first review, provided that, at the time of approval of the ESF arrangement, the Board is assured of the member's commitment regarding its poverty reduction strategy during the period of the arrangement.<sup>19</sup>

## F. HIPC

31. Given that ESF arrangements meet the standard of UCT conditionality, performance under an ESF arrangement would count towards a track record of policy implementation for purposes of reaching the decision point and completion point under the enhanced HIPC Initiative. However, this use of ESF arrangements is not likely to be of practical relevance because most countries needing to establish a track record for the completion point will have a PRGF as part of the HIPC Initiative process. Moreover, HIPCs are generally experiencing a

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<sup>18</sup> No JSAN will be required in connection with a PRSP preparation status report, in which case the analysis of the PRSP preparation status report will be included in the staff report on a new ESF arrangement or a review under an ESF arrangement.

<sup>19</sup> Some 53 of 78 PRGF-eligible members currently have either an I-PRSP or a full PRSP, and the majority of the remaining countries have a PRS process underway or a draft I-PRSP under preparation. Some countries who have not initiated the PRS process have available an alternative development strategy document—such as the Transitional Results Matrix supported by the World Bank in several low-income countries under stress (LICUS)—that can help to identify priorities and that can be made consistent, relatively quickly, with the guidelines set out in [Annex VI of Poverty Reduction Strategy Paper-Progress in Implementation, 8/14/00](#). These guidelines envision an I-PRSP prepared primarily from existing documents and analyses—such as a macroeconomic framework, previous poverty assessments, and current development strategies. The proposed PSI guidelines also require that a PRS process be underway.

protracted balance of payments need and a PRGF arrangement remains the most appropriate form of the Fund support for them.

## **V. APPLICABILITY OF OTHER FUND POLICIES AND GUIDELINES**

32. The Fund's existing UFR policies pertaining to the PRGF generally apply to the ESF. Thus, for example, the Guidelines on Conditionality apply to the ESF; the PRGF guidelines on misreporting are applicable; and side letters may be used. Similarly, the safeguards assessments framework is applicable; disbursements under the ESF count towards the thresholds for Post-Program Monitoring; and an ESF arrangement also counts towards the determination of longer-term program engagement and activates the two-year Article IV consultation cycle for members with Fund-supported programs. The Fund's policies on financing assurances and obligations to external creditors also apply, including on lending into arrears.<sup>20</sup> Collaboration with the World Bank should follow established practices that apply in the context of PRGF arrangements.

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<sup>20</sup> For PRGF arrangements, the financing assurances policy implies the elimination of any financing gaps for at least the next six months of an arrangement following its activation or completion of a review.

ESF: A Comparison with Other Fund Facilities

	Purpose	Conditions	Phasing and Monitoring	Access Limits	Charges	Repurchase (repayment) terms		
						Obligation Schedule (years)	Expectation schedule (years)	Installments
<b>Credit Facility and Extended Fund Facility</b>								
Stand-By Arrangements (1952)	Medium-term assistance for countries with balance of payments need of a short-term character	Adopt policies that provide confidence that the member's balance of payments difficulties will be resolved within a reasonable period	Quarterly purchases (disbursements) contingent on observance of performance criteria and other conditions	Annual: 100% of quota; Cumulative: 300% of quota	GRA rate of charge plus surcharge (100 basis points on amounts above 200% of quota; 200 basis points on amounts of 300%)	3 1/4-5	2 1/4-4	Quarterly
Extended Fund Facility (1974) (Extended arrangements)	Longer-term assistance to support members' structural reforms to address balance of payments need of a long-term character	Adopt 3-year program, with structural agenda, with annual detailed statement of policies for the next 12 months	Quarterly or semi-annual purchases (disbursements) contingent on observance of performance criteria and other conditions	Annual: 100% of quota; Cumulative: 300% of quota	GRA rate of charge plus surcharge (100 basis points on amounts above 200% of quota; 200 basis points on amounts of 300%)	4 1/2-10	4 1/2-7	Semiannual
<b>Facilities for low-income members</b>								
Poverty Reduction and Growth Facility (1999)	Longer-term assistance for deep-seated structural nature; aims at sustained poverty-reducing growth	Adopt 3-year PRGF arrangements; PRGF-supported programs are based on a Poverty Reduction Strategy Paper (PRSP) prepared by the country in a participatory process and integrating macroeconomic, structural, and poverty reduction policies	Semiannual (or occasionally quarterly) disbursements contingent on observance of performance criteria and reviews	140% of quota; 185% of quota in exceptional circumstances	0.50%	5 1/2-10	n.a.	Semiannual
Exogenous Shocks Facility (2006)	Short-term assistance for temporary balance of payments need due to sudden exogenous shocks	1-2 year program involving macroeconomic adjustments allowing the member to adjust to shock and structural adjustments where necessary, including to mitigate the effect of future shocks	Semiannual or quarterly disbursements contingent on observance of performance criteria and reviews	Annual: 25% of quota; Cumulative: 50% of quota except in exceptional circumstances	0.50%	5 1/2-10	n.a.	Semiannual

ESF: A Comparison with Other Fund Facilities (continued)

Credit Facility	Purpose	Conditions	Phasing and Monitoring	Access Limits	Charges	Repurchase (repayment) terms		
						Obligation Schedule (years)	Expectation schedule (years)	Installments
<b>Special Facilities</b>								
Supplemental Reserve Facility (1979)	Short-term, assistance for balance of payments need related to crises of market confidence	Available only in context of Stand-By or Extended Arrangements with associated program and strengthened policies to address loss of market confidence	Facility available for one year; frontloaded access with two or more purchases (disbursements)	No access limits; access under the facility only when access under associated regular arrangement would otherwise exceed either annual or cumulative limit	GRA rate of charge plus surcharge (300 basis points, rising by 50 basis points a year after first disbursement and every 6 months thereafter to a maximum of 500 basis points)	2 1/2-3	2-2 1/2	Semiannual
Compensatory Financing Facility (1963)	Medium-term assistance for temporary export shortfalls or cereal import excesses	Available only when the shortfall/excess is largely beyond the control of the authorities and the member has an arrangement with upper credit tranche conditionality, or when its balance of payments position excluding the shortfall/excess is satisfactory	Typically disbursed over a minimum of six months in accordance with the phasing provisions of the arrangement	45% of quota each for export and cereal components; combined limit of 55% of quota for both components		3 1/4-5	2 1/4-4	Quarterly
Emergency Assistance for natural disasters (1962)	Assistance for balance of payments need related to natural disasters	Reasonable efforts to overcome balance of payments difficulties	None	Generally limited to 25% of quota, though larger amounts can be made available in exceptional cases	GRA rate of charge; however, the rate of charge may be subsidized to 0.5 percent a year, subject to resource availability	3 1/4-5	n.a.	Quarterly
Emergency Assistance for post-conflict countries (1995)	Assistance for balance of payments need related to the aftermath of civil unrest, political turmoil, or international armed conflict	Focus on institutional and administrative capacity building to pave the way toward an upper credit tranche arrangement or PRGF	None, but can be segmented into two or more purchases	Generally limited to 25% of quota, though larger amounts can be made available in exceptional cases	GRA rate of charge; however, the rate of charge may be subsidized to 0.5 percent a year, subject to resource availability	3 1/4-5	n.a.	Quarterly

ESF: A Comparison with Other Fund Facilities (concluded)

Credit Facility Other Instruments	Purpose	Conditions	Phasing and Monitoring	Access Limits	Charges	Repurchase (repayment) terms		
						Obligation Schedule (years)	Expectation schedule (years)	Installments

Trade Integration Mechanism (2004)	Not a facility, but a policy designed to increase the predictability of resource availability under existing facilities for members with balance of payments need due to multilateral trade liberalization	According to underlying arrangement	According to underlying arrangement	According to underlying arrangement	According to underlying arrangement	According to underlying arrangement	According to underlying arrangement	According to underlying arrangement
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Policy Support Instrument (2005)	Designed to provide policy support to countries that do not need or want Fund financial assistance but seek Fund advice, monitoring, and support of their economic policies	Countries must maintain policies that meet upper credit tranche conditionality standards, and a Poverty Reduction Strategy must be in place.	Quantitative assessment criteria, normally set semi-annually, with reviews conducted irrespective of the status of the program	n.a.	n.a.	n.a.	n.a.	n.a.
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