

Table 2.2

Concessional Lending Facilities

Three concessional lending facilities for low-income developing countries are now available.

	Extended Credit Facility (ECF)	Standby Credit Facility (SCF)	Rapid Credit Facility (RCF)
Objective	Help low-income countries achieve and maintain a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth		
Purpose	Address protracted balance of payments problems	Resolve short-term balance of payments needs	Provide financing to meet urgent balance of payments needs
Eligibility	Countries eligible for assistance under the Poverty Reduction and Growth Trust (PRGT)		
Qualification	Protracted balance of payments problem; actual financing need over the course of the arrangement, though not necessarily when lending is approved or disbursed	Potential (precautionary use) or actual short-term balance of payments need at the time of approval; actual need required for each disbursement	Urgent balance of payments needs when upper-credit-tranche (UCT) program is either not feasible or not needed ¹
Poverty Reduction and Growth Strategy	IMF-supported program should be aligned with country-owned poverty reduction and growth objectives and should aim to support policies that safeguard social and other priority spending		
	Submission of Poverty Reduction Strategy (PRS) document	Submission of PRS document required if original duration of SCF arrangement exceeds two years	Submission of PRS document not required
Conditionality	UCT quality; flexibility on adjustment path and timing	UCT quality; aim to resolve balance of payments need in the short term	No ex post conditionality; track record used to qualify for repeat use (except under the exogenous shock window and the large natural disasters window)
Financing Terms²	Interest rate: Currently 0 Repayment terms: 5½-10 years	Interest rate: Currently 0 Repayment terms: 4-8 years Availability fee: 0.15 percent on available but undrawn amounts under precautionary arrangement	Interest rate: 0 Repayment terms: 5½-10 years
Blending Requirements with General Resources Account (GRA) Financing	Based on income per capita and market access; linked to debt vulnerability. For members presumed to blend, blending of PRGT and GRA resources takes place in the ratio 1:2, with concessional access capped at the applicable norms (all GRA thereafter)		
Precautionary Use	No	Yes	No
Length and Repeated Use	From three to as much as five years, with an overall maximum duration of five years; can be used repeatedly	Use is normally limited to three years out of any six-year period, assessed on a rolling basis, with exceptions for SCF arrangements treated as precautionary	Outright disbursements; repeated use possible subject to access limits and other requirements; the limit on repeated use—twice in any 12-month period—was temporarily lifted through April 6, 2021, and this was extended through the end of 2021

	Extended Credit Facility (ECF)	Standby Credit Facility (SCF)	Rapid Credit Facility (RCF)
Concurrent Use	GRA (Extended Fund Facility/Stand-By Arrangement)	GRA (Extended Fund Facility/Stand-By Arrangement) and Policy Support Instrument	GRA (Rapid Financing Instrument); credit under the Rapid Financing Instrument counts toward the RCF access limits

Access Policies

In response to members’ large and urgent COVID-19-related financing needs, in July 2020 the annual access limit for the PRGT was temporarily increased from 100 percent to 150 percent of quota and that for exceptional access to PRGT resources from 133.33 percent to 183.33 percent of quota through April 6, 2021. On March 22, 2021, for a temporary period until the end of June 2021, the annual access limit was increased to 245 percent of quota, and exceptional annual access was increased to 278.33 percent of quota. The cumulative limit (net of scheduled repayments) remained at 300 percent of quota for normal access and 400 percent of quota for exceptional access until March 22, 2021, when the cumulative access limit was increased to 435 percent of quota and cumulative exceptional access was increased to 535 percent of quota until the end of June 2021. On July 14, 2021, the PRGT annual and cumulative access limits were set to 145 percent of quota and 435 percent of quota, respectively, fully aligning them with those in the GRA. However, the PRGT annual access limit remained at 245 percent of quota through the end of 2021. At the same time the Board also approved a unified access norm of 145 percent of quota for any three-year ECF arrangement.

Norms and sublimits³

The access norm is 145 percent of quota per three-year ECF arrangement.

The access norm under an 18-month SCF arrangement is set equal to that of the three-year ECF arrangement, varying proportionately with the length of the SCF arrangement, up to the amount allowable under a two-year SCF arrangement (193.33 percent of quota).

There is no norm for RCF access under the exogenous shock and large natural disaster windows.

Access limits under the exogenous shock window of the RCF were temporarily increased from 50 percent to 100 percent of quota per year and from 100 percent to 150 percent of quota on a cumulative basis, net of scheduled repurchases, starting April 6, 2020, and in effect through the end of December 2021. On December 23, 2021, the cumulative access limit of the exogenous shock window was further extended through the end of June 2023.

Access under the regular window of the RCF is set at 50 percent of quota per year and 100 percent of quota on a cumulative basis, with an annual access norm and a per disbursement limit of 25 percent of quota. The limit on the number of disbursements during a 12-month period was suspended through the end of December 2021. Under the RCF’s large natural disaster window, access is set at 80 percent of quota annually and 133.33 percent of quota cumulatively, subject to an assessment that the disaster has caused damage equivalent to at least 20 percent of the member’s GDP. In June 2021, these limits were increased to 130 percent of quota and 183.33 percent of quota, respectively, through the end of 2021. On December 23, 2021, the higher cumulative limit for the large natural disaster window was further extended through the end of June 2023. Purchases under the Rapid Financing Instrument made after July 1, 2015, count toward the applicable annual and cumulative RCF limits.

Source: IMF, Finance Department.

¹ UCT-quality conditionality is the set of program-related conditions intended to ensure that IMF resources support the program’s objectives, with adequate safeguards of IMF resources.

² The IMF reviews interest rates for all concessional facilities every two years. At the latest review, on July 14, 2021, the IMF Executive Board retained zero interest rates on PRGT loans (ECF, SCF, RCF), consistent with the established rules for setting these interest rates.

³ Norms provide guidance on what may constitute an appropriate level of access under PRGT facilities but should not be misconstrued as access limits or entitlements. The previously existing low and high access norms have been unified into a single norm, independent of the level of IMF credit outstanding.