

IMF Publication

2018-19 Review of Facilities for Low-Income Countries-Reform Proposals Review Of The Financing Of The Fund's Concessional Assistance And Debt Relief To Low-Income Member Countries



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June 2019

2018–19 REVIEW OF FACILITIES FOR LOW-INCOME COUNTRIES—REFORM PROPOSALS; REVIEW OF THE FINANCING OF THE FUND'S CONCESSIONAL ASSISTANCE AND DEBT RELIEF TO LOW-INCOME MEMBER COUNTRIES

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:

- A **Press Release** summarizing the views of the Executive Board as expressed during its May 24, 2019 consideration of the staff reports.
- The **Staff Report**, "*2018–19 Review of Facilities for Low-Income Countries—Reform Proposals*," prepared by IMF staff and completed on May 5, 2019 for the Executive Board's consideration on May 24, 2019.
- The **Staff Report**, "*2018–19 Review of Facilities for Low-Income Countries—Reform Proposals—Proposed Decisions*," prepared by IMF staff and completed on May 17, 2019 for the Executive Board's consideration on May 24, 2019 (Supplement 1)
- The **Staff Report**, "*2018–19 Review of Facilities for Low-Income Countries—Reform Proposals—Supplementary Proposal and Revised Proposed Decision*," prepared by IMF staff and completed on May 21, 2019 for the Executive Board's consideration on May 24, 2019 (Supplement 2).
- The **Staff Report**, "*Review of the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries*," prepared by IMF staff and completed on May 2, 2019 for the Executive Board's consideration on May 24, 2019.

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IMF Executive Board Approves Reform Package to Enhance Support to Low-Income Countries

On May 24, 2019 the Executive Board of the International Monetary Fund (IMF) concluded the *2018-19 Review of Facilities for Low-Income Countries—Reform Proposals* (“Facilities Review”) and the companion *Review of the Financing of the Fund’s Concessional Assistance and Debt Relief to Low-Income Countries* (“Financing Review”).

Background

The current framework for IMF concessional lending and program support for low-income countries (LICs), established in 2009, includes three lending facilities and one non-financial instrument. The Extended Credit Facility (ECF) is used to provide financial support to countries facing protracted balance of payments problems; the Standby Credit Facility (SCF) is used to provide financial support to countries facing actual or potential short-term balance of balance of payments needs; and the Rapid Credit Facility (RCF) is used to provide emergency financing to countries facing urgent balance of payments needs, including as a result of natural disasters, fragility or conflict situations, and other adverse shocks. The Policy Support Instrument (PSI) is used by countries that have a broadly stable macroeconomic position who wish to provide a signal to private investors and development partners regarding the strength of their economic policies along with a framework for provision of Fund policy advice and technical assistance.

Financial support under the IMF’s LIC facilities is provided on concessional terms, with the interest rate set at zero since 2009.¹ Subsidies needed to lend at concessional interest rates are provided by the Poverty Reduction and Growth Trust (PRGT), which is administered by the IMF. The PRGT operates on a self-sustaining basis, with income from investments of the resources in the trust fund covering the costs of these subsidies over time. Given the size of the trust fund, there are annual and cumulative limits on the amounts eligible countries can borrow on concessional terms to ensure that the PRGT is not depleted.

¹ Following the conclusion of the Interest Rate Review (*insert link to press release here*), the revised interest rate mechanism will result in zero interest rates on credit outstanding under all PRGT facilities through mid-2021.

The 2018-19 review of the LIC facilities framework reviews the experience with use of the facilities since they were established and draws lessons on how the facilities might be adjusted to better meet the needs of LICs in the context of the changing economic landscape that they face. The review takes place against the backdrop of rising income levels in most LICs, along with greater trade and financial integration of LICs into the global economy. This has implied a gradual erosion of the limits on access to concessional financing relative to LICs' GDP levels and external financing needs since the last access increase in 2015. Several countries have experienced a sharp increase in temporary financing needs as a result of falling export prices, while the increasing frequency and intensity of natural disasters has led to greater demand for emergency financing. At the same time, debt vulnerabilities have risen across many countries, while fragility and institutional weaknesses continue to impede economic progress in a wide range of countries.

The staff papers prepared for Board discussion concluded that the general framework of IMF facilities for LICs remains broadly appropriate, while noting that some changes were warranted to respond to evolving challenges. Reforms proposed included:

- An increase in access limits and norms, within the financing constraints of the self-sustained PRGT, to address erosion of access limits.
- Better tailoring of LIC facilities to the needs of fragile and conflict-affected states and to states vulnerable to natural disasters, including through increased access to the RCF.
- Better targeting of scarce subsidy resources to the poorest and most vulnerable countries by expanding the use of blending of concessional and non-concessional financing for higher-income LICs with substantial access to international financial markets.
- Heightened attention to debt sustainability and transparency through strengthening safeguards for high access and exceptional access cases.
- Changes to some features of the SCF and ECF instruments to increase their flexibility.

The companion Financing Review paper concluded that the proposed reforms to the LIC facilities are consistent with preserving the financial self-sustainability of the PRGT, with risks evenly balanced over the medium term.

The Facilities Review is part of a wider policy work agenda related to the IMF's engagement with LICs. It follows the May 2019 Board paper on *Building Resilience in Developing Countries Vulnerable to Large Natural Disasters*, draws on the findings of the *2018 Review of Program Design and Conditionality*, and is coordinated with the parallel *Review of the PRGT Interest Rate Structure* and the upcoming review of *Eligibility to Use the Fund's Facilities for Concessional Financing, 2019*.

Executive Board Assessment²

Executive Directors welcomed the opportunity to discuss reforms proposed in the Review of Facilities for Low-Income Countries (LICs) (the Facilities Review) and to review the financing of the Fund's concessional facilities and debt relief to LICs (the Financing Review). They were encouraged that the Fund has remained actively engaged in supporting LICs during the challenging period since the 2013 review of facilities for LICs. Directors emphasized that the Fund has a key role in supporting LICs, through policy advice, financing, capacity development, and catalyzing donor support.

Directors supported the proposals to increase access to concessional financing and enhance the flexibility and tailoring of the Fund's toolkit to country-specific needs, subject to maintaining the self-sustainability of the PRGT. To this end, Directors endorsed the package of proposals in the Facilities Review and Financing Review.

Directors broadly supported a generalized increase of one-third in access limits and norms to ensure that the Fund can provide adequate financial support to LICs as needed, while maintaining PRGT self-sustainability.

To strengthen safeguards for PRGT resources alongside the generalized access increase, Directors supported, first, the introduction of an additional trigger for applying high access (HA) procedures, and second, a strengthening of informational and timing requirements for informal HA and exceptional access (EA) Board engagement to enhance the assessment of debt sustainability and capacity to repay (paragraphs 24-26 of the Facilities Review) as well as the modifications to the access threshold trigger for a new DSA. Furthermore, most Directors supported the clarification of the market access criterion for EA under the PRGT.

Most Directors supported removing the exclusion from presumed blending for higher-income LICs at high risk of debt distress, provided they have substantial access to international financial markets on both a past and prospective basis (paragraph 31 of the Facilities Review), including the application of staff judgment in assessing prospective market access when considering blending for such members. While the severity of debt vulnerabilities is an important factor in assessing whether blended financing is appropriate, Directors generally agreed that scarce subsidy resources should be targeted to the poorest and most vulnerable LICs, noting the still favorable terms of blended financing from the GRA and the PRGT. Directors reaffirmed that, where a member accesses Fund resources in the GRA in a blend with PRGT resources, the member would be expected to meet applicable policies governing financing under the respective GRA instrument, including the expectation that the member's policies are implemented in a manner that would lead to a strengthening of the member's balance of payments before repurchases begin.

Directors supported the proposals to make LIC facilities more responsive to the needs of fragile and conflict-affected states (FCS). Therefore, in addition to the generalized one-third

² An explanation of any qualifiers used in summings up can be found here: <http://www.imf.org/external/np/sec/misc/qualifiers.htm>.

increase in access limits, they supported a doubling of the annual RCF access limit under the regular window, together with the safeguards of introducing an annual RCF access norm at 25 percent of quota and also limiting the maximum size of a single disbursement to 25 percent of quota under the regular window. Directors further endorsed the call for greater flexibility in the design of ECF-supported programs for countries that need to focus attention on near-term objectives, while meeting upper credit tranche standards and maintaining consistency with the provisions of the ECF.

To increase the scope for providing Fund support to members that experience urgent balance of payments needs from large natural disasters, Directors supported a further one-third increase in the cumulative access limits under the RCF for disbursements associated with such disasters, in addition to the generalized access increase.

Directors agreed to increase annual and cumulative access limits under the Rapid Financing Instrument (RFI) by one-third and to increase the cumulative limit by a further one-third for disbursements associated with large natural disasters, which would expand the scope for providing emergency financial support to countries that are not eligible for concessional financing while preserving broad harmonization of access limits across the RFI and RCF.

Most Directors endorsed the proposal to extend the maximum initial duration of ECF arrangements from four to five years, which could be appropriate in cases where longer-term structural reform efforts are critical to the success of the program and a well-sequenced reform plan with strong ownership is in place but noted that shorter back-to-back arrangements could often achieve broadly similar goals. They generally supported the removal of sub-limits on access for SCF arrangements that are approved on a precautionary basis and the extension of the maximum duration of SCF arrangements from two to three years. Directors also supported the proposal on automatic termination of new SCF arrangements of more than 24 months if no program review under the arrangement has been completed over a period of eighteen months.

Directors supported renaming the Economic Development Document as the Poverty Reduction and Growth Strategy (PRGS). They expressed broad support for strengthening program links to poverty reduction, including by requiring a PRGS whenever an SCF arrangement or PSI has an initial duration exceeding two years. They supported greater flexibility in the timing of PRGS requirements, including extensions for countries that need to focus limited institutional capacity on near-term measures to enhance economic and political stability.

Directors welcomed the thorough review of the financing framework to provide concessional financial support to LICs. They concurred with the assessment that the financing capacity of the PRGT has remained intact and that the proposed package of reforms of the LIC facilities can be accommodated within the self-sustained PRGT, with risks evenly balanced over the medium term. Directors stressed that the evolution of the PRGT's lending capacity will need to be monitored carefully, and policies reviewed periodically, to ensure that PRGT self-sustainability is preserved. A number of Directors considered that, going forward, a review of the overall envelope of PRGT resources might be warranted.

Directors acknowledged that debt relief initiatives face significant funding challenges. They asked staff to explore options to address the under-funding of the Catastrophe Containment and Relief Trust. They also noted the need to mobilize new resources to finance debt relief for countries with remaining protracted arrears to the Fund once they are ready to clear arrears and participate in the HIPC Initiative.

Directors agreed the next review of the Fund's facilities for LICs will take place on the standard five-year cycle, while access norms and limits could be reviewed earlier if warranted. Many Directors underscored that future reviews should consider all aspects of the PRGT's architecture.



May 5, 2019

THE 2018–19 REVIEW OF FACILITIES FOR LOW-INCOME COUNTRIES—REFORM PROPOSALS

EXECUTIVE SUMMARY

This paper presents a package of proposed reforms to conclude the 2018–19 Review of Facilities for Low-Income Countries (LICs). It draws on the views of Executive Directors expressed at a formal Board meeting on reform options in July 2018 and at an informal session on a draft reform package in March 2019.

The proposed reform package aims to enhance support for LICs by: (i) providing higher levels of access to concessional financing, favoring the needs of the poorest and most vulnerable LICs; (ii) responding to the specific challenges faced by countries in fragile or post-conflict situations and by countries vulnerable to natural disasters, including through higher access limits under the Rapid Credit Facility (RCF); and (iii) improving the flexibility of Poverty Reduction and Growth Trust (PRGT) instruments through reforms to the Standby Credit Facility (SCF) and the Extended Credit Facility (ECF) to allow better tailoring of program design to countries' diverse circumstances. The reform package is consistent with maintaining the self-sustainability of the PRGT financing framework.

This Facilities Review is part of a wider policy work agenda relating to the Fund's support for LICs. The companion paper on the *Review of the Financing of the Fund's Concessional Assistance and Debt Relief to LICs* analyzes the impact of the proposed reforms on the PRGT financing framework. The parallel *Review of the PRGT Interest Rate Structure* proposes permanent unification of the interest rates on loans extended under the SCF and the ECF, while the upcoming *Review of Eligibility to Use the Fund's Facilities for Concessional Financing* assesses countries' readiness for graduation from concessional financing. The Facilities Review follows the May 2019 Board paper on *Building Resilience in Developing Countries Vulnerable to Large Natural Disasters* and draws on the conclusions of the *2018 Review of Program Design and Conditionality*.

The paper also proposes an increase in access limits under the Rapid Financing Instrument (RFI), the emergency lending instrument available to all IMF member countries. This would expand the scope for providing financial support to countries in fragile situations and/or vulnerable to natural disasters that are not eligible for concessional financing while preserving broad harmonization of access limits across the RFI and the RCF.

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Acronyms and Abbreviations

BPS	Basis Points
BoP	Balance of Payments
CD	Capacity Development
CCRT	Catastrophe Containment and Relief Trust
DAC	Development Assistance Committee
DSA	Debt Sustainability Analysis
EA	Exceptional Access
EMBI	Emerging Market Bond Index
ECF	Extended Credit Facility
EDD	Economic Development Document
FCS	Fragile and Conflict-Affected States
GDP	Gross Domestic Product
GFN	Gross Financing Needs
GNI	Gross National Income
GRA	General Resources Account
HA	High Access
HIPC	Heavily Indebted Poor Country
HR	Human Resources
IDA	International Development Association
IFI	International Financial Institution
LICs	Low-Income Countries
LIC-DSF	Debt Sustainability Framework for Low-Income Countries
MDRI	Multilateral Debt Relief Initiative
MEFP	Memorandum on Economic and Financial Policies
MONA	Monitoring of Fund Arrangements
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PA	Prior Action
PFM	Public Financial Management
PCI	Policy Coordination Instrument
PIR	PRS Implementation Review
PRS	Poverty Reduction Strategy
PSI	Policy Support Instrument
PRGS	Poverty Reduction and Growth Strategy
PRGT	Poverty Reduction and Growth Trust
PRSP	Poverty Reduction Strategy Paper
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
ROC	Review of Program Design and Conditionality
SB	Structural Benchmark

SCF	Standby Credit Facility
SEI	Selected Economic Indicator
SDR	Special Drawing Rights
SMP	Staff Monitored Program
TA	Technical Assistance
UCT	Upper Credit Tranche
UFR	Use of Fund Resources
UN	United Nations
WEO	World Economic Outlook

INTRODUCTION

1. **The 2018-19 Review of Facilities for Low-Income Countries (the “LIC Facilities Review”) is the second review of the Fund’s concessional facilities available to LICs since the current framework was established in 2009.**^{1,2} The objective of this review is to take stock of experience and assess whether modifications to these facilities for PRGT-eligible countries are warranted to better serve members’ needs in an evolving global landscape.
2. **The Fund has two types of lending facilities:** (i) facilities financed through the General Resources Account (GRA), available to all member countries and providing loans on non-concessional terms; and (ii) facilities financed through the Poverty Reduction and Growth Trust (PRGT), available only to PRGT-eligible member countries and providing loans on a concessional basis. PRGT-eligible countries are countries with relatively low per-capita income levels and limited access to international financial markets.³ In this paper, the terms “Low-Income Countries” and “PRGT-eligible countries” are used interchangeably.
3. **Demand for resources from the PRGT has receded since the global financial crisis but remains substantial, with over half of PRGT-eligible countries having had at least one Fund-supported program during 2010–18.** Nearly three-quarters of these countries had repeat Fund program engagement over the period and over half had at least two disbursing arrangements, with engagement in Fund-supported programs for this sub-group averaging close to five years.⁴
4. **This review takes place against the backdrop of evolving conditions in LICs:**
 - Continued growth in output, trade, and the external financing needs of LICs has resulted in the erosion of access levels relative to these metrics of potential demand for use of Fund resources.
 - An increasing number of LICs have tapped international capital markets, leaving them exposed to repricing and rollover risks should global financial conditions tighten.

¹ The current framework comprises three concessional lending facilities under the PRGT—the ECF, which provides medium-term support to LICs with protracted balance of payments problems; the SCF to help members deal with short-term balance of payment needs; and the Rapid Credit Facility (RCF) to provide rapid financing with limited conditionality to help members deal with urgent balance of payment needs—and one non-financial instrument, the Policy Support Instrument (PSI). In addition, PRGT-eligible members have access to the Funds’ resources in the General Resource Account (GRA), as well as to the non-financial Policy Coordination Instrument (PCI).

² The first review was undertaken in 2012-13. See *IMF (2018c)*.

³ For a full discussion of the determinants of PRGT eligibility, see *Eligibility to Use the Fund’s Facilities for Concessional Financing, 2017*.

⁴ Fund-supported programs include those under the ECF, SCF, and PSI. Fund-supported programs under the PSI and precautionary use of the SCF are non-disbursing.

- There has been a marked increase in public debt ratios in most LICs, with more than two-fifths of LICs now assessed to be at high risk of, or already in, debt distress.
- One-half of LICs are in fragile and conflict-affected situations (FCS), where civil conflict and/or weak institutions create special challenges for implementing economic stabilization and reform programs.
- Climate-related natural disasters are increasing in both intensity and frequency, creating enhanced demand for emergency financial support, particularly in small states.
- Global interest rates remain low, reducing the concessional element of PRGT loans.

5. This paper proposes a package of reforms to the IMF’s concessional facilities. The first stage of the 2018-19 LIC Facilities Review in July 2018 sought Board guidance on a variety of options.⁵ Directors agreed that the basic architecture of facilities for LICs remains broadly appropriate. They saw merit in reassessing selected features of the existing facilities, although views on some of the specific reform options varied. Staff sought further inputs from Executive Directors in an informal session in March 2019, which discussed a possible reform package and its implications for PRGT finances.

6. The LIC Facilities Review is part of a wider review of policies relating to Fund support for LICs. A companion paper on the *Review of the Financing of the Fund’s Concessional Assistance and Debt Relief to LICs* analyzes the impact of the proposed reforms on the PRGT financing framework. The parallel *Review of the PRGT Interest Rate Structure* proposes the alignment of the SCF interest rate with the ECF interest rate. The upcoming *Review of Eligibility to Use the Fund’s Facilities for Concessional Financing* examines countries’ readiness for graduation from eligibility for concessional financing. The LIC Facilities Review also follows the May 2019 Board paper on *Building Resilience in Developing Countries Vulnerable to Large Natural Disasters* (IMF, 2019a).

7. This paper is informed by the staff findings from the 2018 Review of Program Design and Conditionality (ROC). During Board discussion of the LIC Facilities Review in July 2018, many Directors called for more information on the effectiveness of PRGT-supported programs in meeting their objectives, the experience with repeated use of PRGT facilities, and the evolution of debt vulnerabilities under PRGT-supported programs. They underscored that assessments and proposals from the LIC Facilities Review should be informed by the analysis in the ROC. Executive Directors were briefed on selected issues relating to the ROC in February 2019; the ROC paper will be discussed by the Board in early May 2019.⁶

⁵ See *The Acting Chair’s Summing Up on the 2018 Review of Facilities for Low-Income Countries* (IMF, 2018c) and the related Board paper (IMF, 2018b), discussed by the Board in July 2018.

⁶ *The 2018 Review of Program Design and Conditionality* (IMF, 2019b), *The 2018 Review of Program Design and Conditionality—Supplementary Information* (IMF, 2019c), and *The 2018 Review of Program Design and Conditionality—Case Studies* (IMF, 2019d).

8. The reforms to the LIC facilities proposed below seek to enhance support for LICs within the self-sustained PRGT financing framework. The central objectives are to:

- Provide LICs with higher levels of access to concessional financing, favoring the poorest and most vulnerable PRGT-eligible members;
- Respond to the specific challenges faced by FCS and by countries vulnerable to natural disasters, including through higher access limits under the RCF; and
- Improve the flexibility of PRGT facilities through reforms to the SCF and the ECF to allow better tailoring of program design to countries' diverse circumstances.

9. The reforms proposed in the report take account of views expressed by Executive Directors in successive rounds of consultations and constitute an integrated package. The reforms do not include options presented in the first-stage paper that received little support, including: maintaining the normal cumulative access limit unchanged while making the exceptional access criteria more flexible; modifications to the PSI; introducing a short-term ECF; and widening access to the Catastrophe Containment and Relief Trust (CCRT) to provide relief on debt service to the Fund for members hit by large natural disasters.

10. The paper also proposes changes in access limits under the RFI, an emergency instrument available to all Fund members. This would expand the scope for providing emergency financial support to those FCS and countries hit by natural disasters that are not eligible for concessional financing, while preserving broad harmonization of access limits across the RFI and the RCF.

11. The remainder of this report is organized as follows. Section II discusses findings of the ROC that are relevant for the LIC Facilities Review and examines the catalytic role of Fund-supported programs in LICs. Section III presents the proposed reforms to the LIC facilities and the RFI. Section IV summarizes the implications of the proposed reforms on the PRGT financing framework (analyzed in the companion Board paper), Section V discusses the impact of the proposed reforms on the Fund's risk profile, and Section VI identifies implementation issues. The final section suggests issues for discussion.

STOCKTAKING OF EXPERIENCE—FURTHER ANALYSIS

Further to the stocktaking of experience with the LIC Facilities presented in the July 2018 Board paper, this section provides additional analysis of program design issues, drawing on the 2018 Review of Program Design and Conditionality, and of the catalytic role of the Fund.

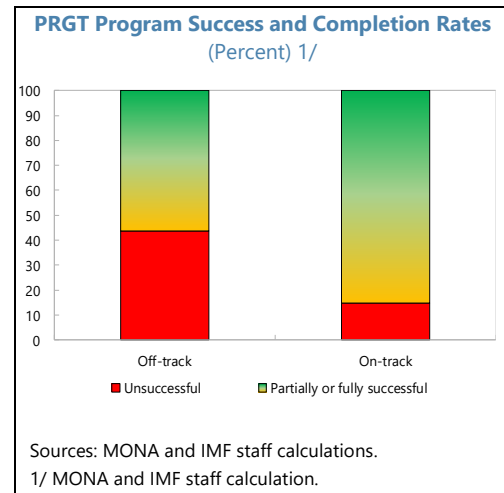
A. 2018 Review of Program Design and Conditionality⁷

12. Staff’s analytical findings from the ROC informed the proposed reforms to the LIC facilities. Its findings on effectiveness of programs, repeat use of PRGT resources, and experience with debt vulnerabilities are summarized below.

Program Performance

13. Program engagement in many LICs takes place in an inherently challenging context. Half of PRGT-eligible countries are FCS; a large number of LICs have concentrated export structures, with high reliance on commodities whose prices are volatile; and weak institutional capacity often compounds development challenges.

14. The performance record of PRGT-supported programs during 2011-17 shows that three-quarters of these were at least partially successful.⁸ About 25 percent of PRGT-supported programs are assessed to have been successful, 50 percent partially successful, and 25 percent unsuccessful—a pattern broadly similar to the outcomes for GRA-supported programs.⁹ Unsuccessful programs typically involved either (i) weak program implementation, with programs going off-track (text chart);¹⁰ or (ii) adverse shocks (including civil conflict, terms of trade, natural disasters, and epidemics).¹¹ In contrast, the preponderance of programs that remained on-track were successful (38 percent) or partially successful (47 percent).



⁷ See *The 2018 Review of Program Design and Conditionality* (IMF, 2019b), *The 2018 Review of Program Design and Conditionality—Supplementary Information* (IMF, 2019c), and *The 2018 Review of Program Design and Conditionality—Case Studies* (IMF, 2019d).

⁸ PRGT instruments here include the ECF and SCF, and also the PSI (a policy support instrument for PRGT-eligible countries). The ROC examined 50 PRGT-supported programs between 2011 and 2017 for which adequate data were available to evaluate program success. About half of the assessed programs were in FCS.

⁹ The methodologies for distinguishing between successful, partially successful, and unsuccessful PRGT and GRA programs are described in IMF (2019c), Section III.

¹⁰ Programs going off-track includes programs that failed to complete at least the last three reviews, or were replaced by new arrangements.

¹¹ For further discussion, see IMF (2019b) and IMF (2019c), Section III.

Analysis showed that program completion raised the probability of success by 40 percentage points, while negative commodity price shocks increased the likelihood of an unsuccessful program by 7 percentage points.

Successor Programs

15. Successor arrangements in LICs were common, consistent with the protracted nature of countries' balance of payments (BoP) problems.

Over half of PRGT-eligible members had at least one Fund-supported program during 2010–18, of which three-quarters had repeat programs, and over half had repeat disbursing programs.

Repeat use of the ECF is expected, as the purpose of the facility is to enable members with a protracted balance of payment problem to make *significant progress* towards stable and sustainable macroeconomic positions consistent with strong and durable poverty reduction and growth.¹² There were 13 cases of Fund-supported programs followed by new programs within two years during 2011–17. Nine of these successor programs were at least partially successful. Of the remaining four, three were unsuccessful due to high debt

vulnerabilities, including both of the back-to-back unsuccessful cases—highlighting the need to strengthen focus on debt vulnerabilities in program design. Program completion was associated with greater program success: of the 10 successor programs that concluded all or most (all but one or two) reviews, four were successful and another four partially successful.

PRGT: Successor Arrangements
(Number of arrangements)

		Successor arrangement		
		Unsuccessful	Partially successful	Successful
Prior arrangement	Unsuccessful	2	0	0
	Partially successful	1	4	2
	Successful	1	1	2

Sources: MONA and IMF staff calculations.

Debt Vulnerabilities

16. Programs helped contain or reduce debt vulnerabilities.

- Across all PRGT-supported programs, debt sustainability risks remained well-contained at low or moderate risk levels or improved in three-quarters of cases.¹³ This number rises to 91 percent for the sample of countries that completed most or all reviews (Figure 1).¹⁴

¹² Use of the ECF is appropriate in cases where the resolution of the entrenched macroeconomic imbalances that underlie the balance of payments problem is expected to extend over the medium or longer term. For further discussion of these concepts, see *A New Architecture of Facilities for Low-Income Countries*, IMF (2009b).

¹³ The analysis focuses on the evolution of the debt sustainability risk rating, which, if unchanged, could still imply a moderate increase in the public debt-to-GDP ratio.

¹⁴ Completion of most reviews implies completion of all but the last one or two reviews.

Figure 1. LIC DSA Transition Matrices for Debt Vulnerabilities

**LIC-DSA Ratings Transition Matrix 1/
All Programs**

		After program		
		DD	H	M/L
Before program	DD	2%	0%	9%
	H	6%	8%	9%
	M/L	4%	6%	57%

1/ 53 programs, excluding ongoing ones.

**LIC-DSA Ratings Transition Matrix 1/
Largely On-track Programs**

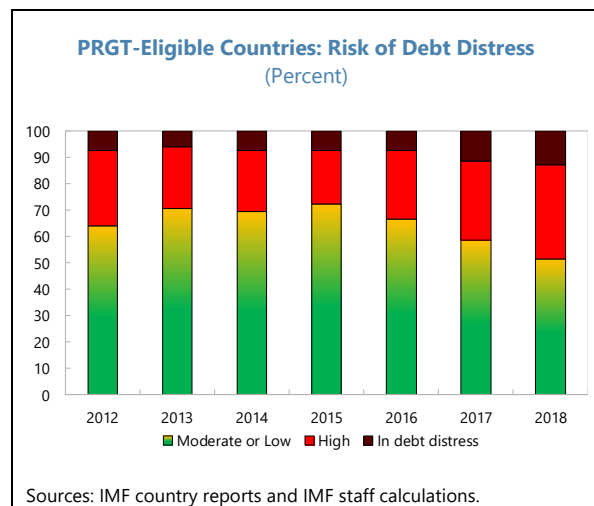
		After program		
		DD	H	M/L
Before program	DD	3%	0%	9%
	H	0%	3%	11%
	M/L	0%	3%	71%

1/ 35 programs, excluding ongoing ones, that completed all or most reviews.

DD = In debt distress; H = High risk of debt distress; M/L = Moderate or Low risk of debt distress

Sources: IMF country reports and IMF staff calculations.

- Over the program period, there was a net reduction of 8 percentage points in the number of countries at high risk of debt distress or in debt distress (this number rises to 17 percentage points for countries with completed or largely completed programs).¹⁵ This compares favorably to the evolution of debt vulnerabilities in the broader group of PRGT-eligible countries, where between 2013 and 2018, the share of countries at high risk of debt distress or in debt distress increased by 18 percentage points (text chart).¹⁶



- In most cases where program countries experienced a deterioration in debt risk ratings, exogenous shocks and/or severe governance issues (e.g. undisclosed borrowing, misappropriation of funds) were important underlying causes, although fiscal slippages also contributed.

¹⁵ In 18 percent of programs, risk ratings improved from “in debt distress” or “high risk of debt distress” to moderate or low risk ratings over the three years following program approval; risk ratings worsened in 10 percent of programs.

¹⁶ While performance on debt vulnerabilities under PRGT programs was better than in LICs as a group, vulnerabilities rose in a significant share of cases; the Review of the Fund’s Debt Limit Policies will explore these issues and the implications for debt-related program conditionality.

Conclusions

17. The design of future Fund-supported programs will be informed by lessons drawn from the ROC and the upcoming Review of the Debt Limits Policy. The ROC’s analysis yielded recommendations on strengthening program design and conditionality. Those recommendations, if endorsed by the Board, will be incorporated into relevant staff guidance, including the Operational Guidance Note to IMF Staff on the 2002 Conditionality Guidelines, to help inform future program design. They will also be reflected in an updated version of the Handbook of Facilities for Low Income Countries, which will also incorporate reforms adopted in the context of the LIC Facilities Review. Key program design lessons from the ROC include:¹⁷

- the importance of operating with realistic program projections;
- the need to protect the quality of fiscal adjustment, including the potential role for more granular fiscal conditionality such as a floor on budgetary revenues;
- the need to give greater attention to debt transparency, the adequacy of coverage of public sector debt, and improving debt management policies;
- the need for better tailoring and prioritization of structural conditionality, coupled with realism in implementation timelines; and
- the need to build and support program ownership by national authorities and the wider public.

18. Reforms proposed in the LIC Facilities Review are aligned with key staff findings of the ROC. The enhanced emphasis on debt vulnerabilities is reflected in the proposals for new safeguards for high access programs. The importance of customizing program design to the specific circumstances of FCS is reflected in the proposal to use the full flexibility of the ECF to focus on immediate reform priorities for countries emerging from conflict or facing domestic instability. The merits of applying greater realism in implementation timetables for structural reforms is reflected in the proposal to allow ECF arrangements with an initial duration of five years under selected circumstances.

B. Catalytic Role of the Fund

19. While official development assistance (ODA) has declined steadily as a share of recipient GDP for most aid recipients, Fund-supported programs continue to have an important catalytic role in LICs. Median ODA as a share of PRGT-eligible members’ GDP remained broadly unchanged at 11 percent until the late 2000s, but subsequently fell to about 7 percent in the last five years, with the drop in ODA more pronounced for better-off LICs and non-fragile states. But donor financing continued to play an important role in Fund-supported programs and was more

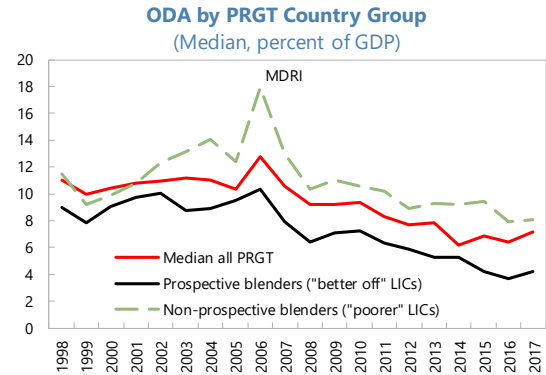
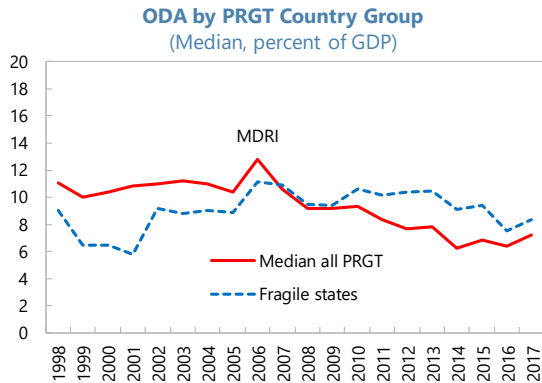
¹⁷ See IMF (2019b) for a comprehensive discussion of the lessons for program design.

sizeable for ECF-supported programs that remained on-track throughout most of the program period.

Figure 2. Fund Catalytic Role 1/

ODA has decreased since the late 2000s, but less so in fragile states.

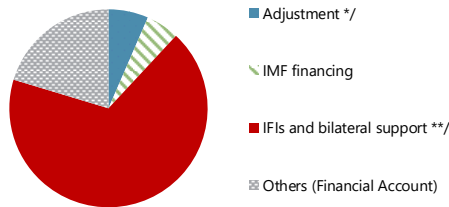
Poorer members that continued to benefit from higher aid levels saw a more moderate decline. 2/



Donor financing remained important in PRGT programs ...

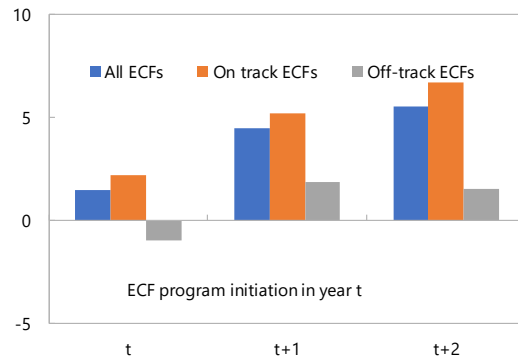
... and the catalytic impact of on-track programs remained particularly strong.

Fund Catalytic Role - PRGT Programs (Average, percent)



* / CA adjustment, excluding official transfers.
 ** / Including official current and capital transfers.

Change in ODA Flows and ECF Programs, 1998-2017 (Pts of GDP vs. t-1, average) 1/



Sources: OECD ODA database, WEO, and IMF staff calculations.

1/ ODA flows are measured on a gross basis, and include both DAC and non-DAC members.

2/ Non-prospective blenders are poorer PRGT-eligible members, who do not meet income or market criteria for blending.

REFORM PROPOSALS

A. Access Policies and Financing Terms

Access Policies¹⁸

Proposal: *A generalized increase of one-third in access limits and norms for all concessional facilities.*

20. At the Board discussion in July 2018, most Directors expressed openness to an appropriately calibrated generalized increase in access limits and norms for all concessional facilities. Directors underscored that any increase in access limits and norms should be compatible with maintaining the financial sustainability of the PRGT. Subsequent informal consultations indicated that higher concessional access limits and norms were generally seen as needed to avoid access erosion. However, a variety of views were expressed on the appropriate size of the increase, including considering greater frequency of adjustments in access limits rather than periodic discrete jumps.

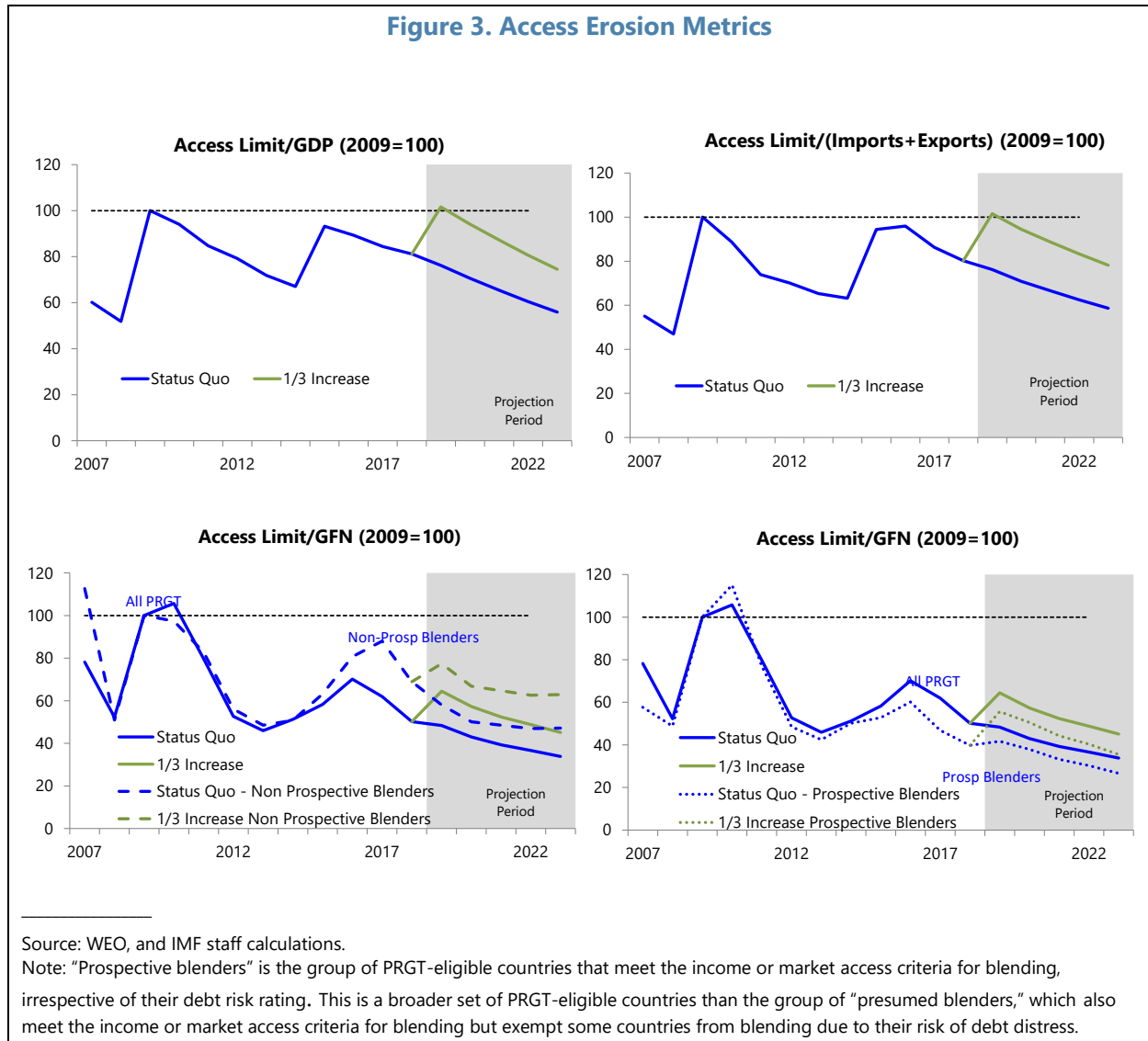
21. Higher concessional access limits and norms are needed to avoid access erosion and preserve the potential financing contribution of Fund program engagement in LICs. The staff proposal for a generalized increase of one-third (33.3 percent) applicable to access norms and to annual and cumulative global PRGT access limits and RCF sub-limits would broadly restore current access limits in relation to GDP and trade exposure to the levels achieved when past generalized access increases took place (2009 and 2015). In relation to gross financing needs (GFN), access would still be below the levels after previous increases, especially for comparatively better-off LICs that meet the income or market access criteria for blending (Figure 3, “prospective blenders”). The increase is calibrated to be consistent with preserving the PRGT’s self-sustainability in conjunction with the other reforms proposed in this paper.¹⁹

22. The proposed increase in access limits and norms is sufficiently ambitious that interim adjustments before the next review of LIC facilities are not envisaged at this juncture. A generalized increase of a third now would address access erosion at an earlier point than in previous episodes (see text chart), implying higher average access over a multi-year period. The case for greater frequency of adjustments (of a more modest size) could be examined at the next LIC facilities review; any such

¹⁸ See also IMF (2018b), paras. 30–35 for background discussion.

¹⁹ See Section IV and the accompanying paper on the *Review of the Financing of the Fund’s Concessional Assistance and Debt Relief to LICs*.

adjustments would need to be linked to an assessment of consistency with the PRGT’s financial self-sustainability.²⁰



²⁰ The LIC facilities architecture was initially expected to be reviewed on a three-year cycle; the length of the cycle has since been increased to five years or more as needed (see *Selected Streamlining Proposals Under the FY16-FY18 Medium-Term Budget—Implementation Issues*, IMF (2015)).

Safeguards²¹

Proposal: *To strengthen safeguards against credit risk, modify high access (HA) procedures by establishing an additional threshold on projected outstanding credit to the PRGT, and provide for more timely and better-informed Board engagements for both HA and exceptional access (EA) requests.*²²

23. Given rising debt vulnerabilities, staff proposes strengthened safeguards to accompany the generalized access increase. At the informal session in March 2019 views were expressed that the LIC Facilities Review should take account of rising debt vulnerabilities in LICs, given that rising debt vulnerabilities may affect the capacity of borrowing countries to repay the Fund. While recognizing that the primary safeguard of Fund resources comes from the specification of program design and conditionality, staff proposes to strengthen existing procedural safeguards for HA requests (Box 1) along two dimensions.

24. First, it is proposed to introduce an additional trigger for applying HA procedures to address concerns about a possible increase in credit risks to the PRGT. Currently, HA safeguards are triggered when access to PRGT resources over any 36-month period exceeds 135 percent of quota; this “flow trigger” allows closer scrutiny of *financing requests* that involve relatively large use of scarce concessional resources. Staff sees merit in adding a “stock trigger” for *high overall exposure* of a country to the PRGT as a complementary metric justifying closer scrutiny of program requests.

Box 1. Informational Requirements for Informal Board Engagement Under HA 1/

- The factors underlying the large BoP need, taking into account financing from donors
- A brief summary of main policy measures and the macro framework
- The expected strength of the program and capacity to repay
- An analysis of debt vulnerabilities
- A reference to the impact on the Funds concessional resources
- The likely time table for discussion with authorities
- An SEI table
- If possible, DSA charts

Informational requirements are the same as those required for exceptional access under the PRGT.

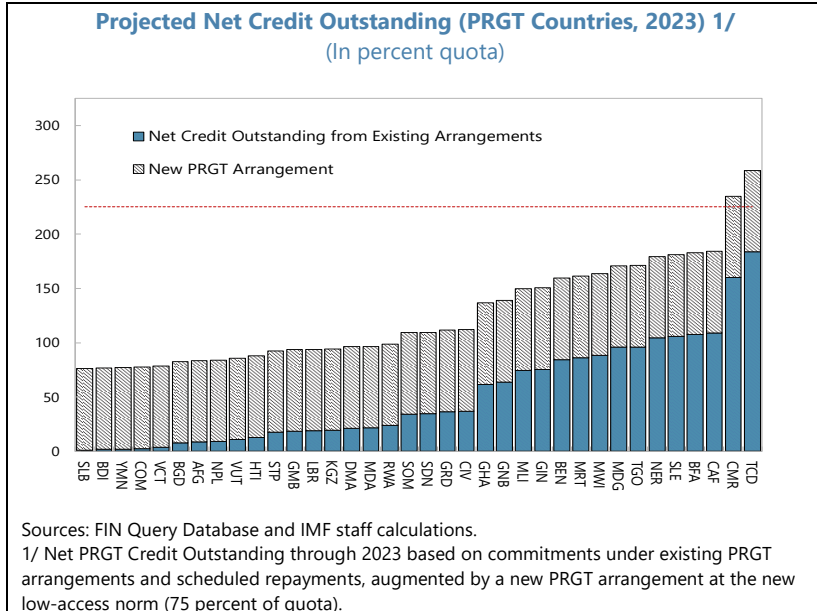
1/ *Modification of Access Policies for the Poverty Reduction and Growth Facility and the Exogenous Shocks Facility* (IMF, 2009a) para. 25 and *A New Architecture of Facilities for Low-Income Countries* (IMF, 2009b) para. 87 and 2017 *Handbook of IMF Facilities for Low-Income Countries* (IMF, 2017b).

²¹ See also IMF (2018b), Box 2, paras. 35–39 for background discussion.

²² Unlike the GRA lending framework, the PRGT lending framework has procedural safeguards for HA, which kick in below the threshold for exceptional access.

Specifically, it is proposed that the HA procedure apply to all new financing requests (including augmentations) where (i) the amount requested exceeds 60 percent of the cumulative normal access limit (180 percent of quota, after the proposed access increase) over a 36-month period or (ii) outstanding credit to the PRGT exceeds or is projected (over the lifetime of the existing or proposed arrangement) to exceed a threshold, set at the equivalent of three-quarters of the cumulative normal limit (225 percent after the proposed access increase).²³ The case for this specific threshold level is that the

borrowing member is “running out of space:” a successor PRGT arrangement at a conventional moderate level (the low access norm for a three-year ECF arrangement) would not be possible within the normal access limits.²⁴



25. Second, it is proposed that informational requirements for informal HA Board meetings be strengthened to enhance assessment of debt sustainability and capacity to repay. Staff judges that existing HA informational requirements are broadly adequate but sees room to strengthen safeguards by clarifying best practice with respect to the analysis of debt sustainability and capacity to repay. This would typically involve requiring DSA charts (which are currently to be provided “if possible”); a preliminary assessment of the risk of debt distress facing the member, along with discussion of any deficiencies in the quality/transparency of public debt data; and an assessment of capacity to repay the Fund, including an updated capacity-to-repay table. The enhanced analysis would also help strengthen the analytical and information content of the internal review process at an early stage.

26. There is also a need for greater clarity on the appropriate timing for the informal-to-engage Board session for HA cases. The current policy requires that the Board engagement takes place early and before reaching ad referendum understandings on a PRGT-supported program with the authorities. Recent experience with HA cases indicates that informal Board engagements often took place only a few weeks before staff reports were circulated to departments, which suggests that

²³ A *de minimis* exemption from the HA requirement is envisaged where the new program involves low access levels (i.e., where the new program entails a total commitment of not more than 15 percent of quota).

²⁴ Based on the experience of the past three years, the latter threshold would have been reached in the top 9 percent of PRGT financing requests.

discussions on PRGT-supported programs had reached an advanced stage at the time of informal HA Board sessions—potentially limiting the scope to incorporate Directors’ feedback on program design and access levels. It is therefore proposed that informal Board engagements be required to take place as soon as management agrees that a new or augmented financing request involving HA could be appropriate, similar to GRA practices for EA.²⁵ The proposed changes to informational requirements and timing of informal Board briefings will also apply to EA requests under the PRGT.

27. Rising debt levels in many countries underscore the importance of careful scrutiny of debt sustainability for countries requesting Fund financial support. The new LIC Debt Sustainability Framework (LIC DSF) contains several features intended to more fully capture debt vulnerabilities in PRGT-eligible countries, including “realism” tools to assess the credibility of and risks associated with the program baseline and an enhanced focus on the correct measurement of public sector debt. The latter includes identification of data weaknesses and areas outside the perimeter of measured public debt where public liabilities (including contingent liabilities) may reside. These risk factors should feature as inputs in the discussion of capacity to repay the Fund. The upcoming review of the Fund’s debt limit policies will consider whether the policy has been effective in containing debt vulnerabilities and achieving its other objectives, and recommend reforms where shortcomings are identified.

Blending Policies²⁶

Proposal: *Remove the exclusion from presumed blending for higher-income LICs at high risk of debt distress provided they have substantial market access, including on a prospective basis.*

28. At the July 2018 Board meeting and subsequent discussions, there was broad support for removing the blanket exemption from the presumption to blend for countries at high risk of debt distress that have substantial access to international markets. That said, views were expressed in March that case-by-case judgment should be employed in determining whether countries at high risk of debt distress should be presumed to blend.²⁷ The approach laid out here allows for exercising judgment in assessing whether the blending requirement under the market access criterion that the country has prospective market access is met.

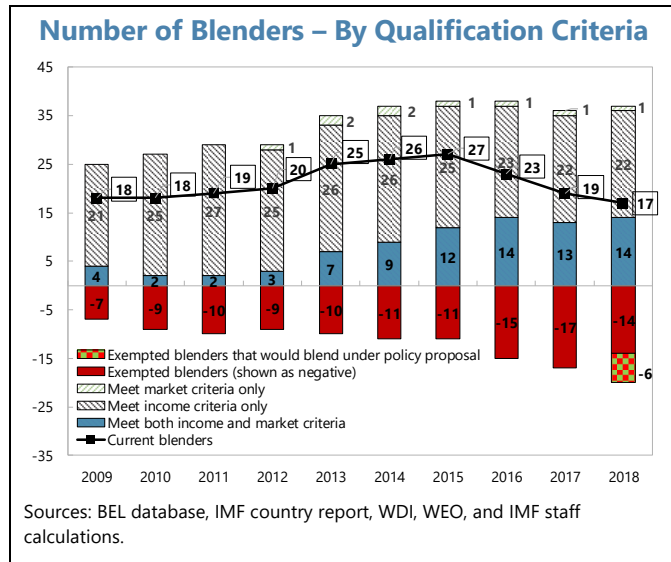
²⁵ GRA procedural requirements for EA specify that the informal Board engagement should take place once management decides that new or augmented exceptional access may be appropriate (IMF (2003), March 5, 2003).

²⁶ See also IMF (2018b), paras. 43–44 for background discussion.

²⁷ Recent informal consultations with Executive Directors revealed a preference that blending for countries at high risk of debt distress should be accompanied by high standards of debt transparency, prudent overall non-concessional borrowing limits, and good prospects for reducing debt risks over the course of the program.

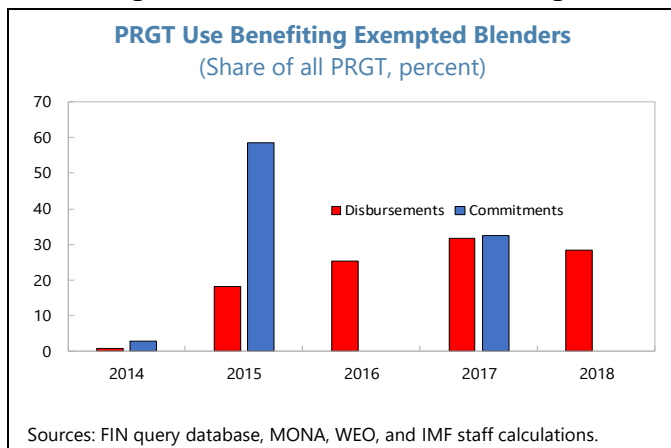
29. Rising debt vulnerabilities among higher-income LICs have reduced the targeting of concessional resources to the poorest LICs.

Under the current blending policy, PRGT-eligible members are presumed to blend PRGT with GRA resources if they (i) meet either the market access or income criterion for blending; *and* (ii) are not classified as in debt distress or at high risk of debt distress under the LIC DSF. In recent years, there has been a significant increase in the number of LICs meeting the income and/or market access criteria that are now excluded from the presumption of blending because they have moved into the high debt risk category (text chart).



30. The demands on scarce PRGT resources arising from the debt-related blending exclusion of PRGT-eligible members meeting the income and/or market access criterion for blending are significant.

The share of PRGT disbursements to this category of members rose sharply—from near zero in 2014 to 30 percent of all PRGT disbursements in 2017 and 2018 (text chart). Financial pressures could further intensify if more PRGT-eligible members move to high debt distress risk. Staff’s analysis of how the blending exclusion affects the outlook for the PRGT’s self-sustained capacity is contained in the companion paper *Review of the Financing of the Fund’s Concessional Assistance and Debt Relief to Low-Income Countries* (text tables 4 and 5).



31. Staff proposes a removal of the blending exclusion for higher-income LICs at high risk of debt distress provided that they have substantial market access, including on a prospective basis.²⁸

- Blending would be presumed for LICs that are assessed to be at high risk of debt distress (but are not in debt distress), if their per capita income is above the IDA operational cutoff threshold

²⁸ A member is presumed to blend based on market access if, in addition to having a per capita GNI of at least 80 percent of the IDA cut-off, the member has *past and prospective market access*. A member is assessed as meeting the past market access criterion if the sovereign has issued or guaranteed eligible external debt during at least two of the past five years in a cumulative amount equivalent to at least 25 percent of the member’s quota.

and they have substantial access to international financial markets on both a past and prospective basis.

- The test for substantial past access to international financial markets in such cases would be closely aligned with that for graduation from the PRGT, i.e., the country has issued or guaranteed eligible external debt during at least three of the past five years in a cumulative amount equivalent to at least 50 percent of the member's quota.
- Assessment of prospective access to international financial markets would require judgement, based on such factors as the evolution of debt vulnerabilities in the context of the program DSA, the evolution of sovereign spreads and credit ratings over time, program assumptions on commercial financing, and the scale and evolution of nonresident holdings of domestic-currency debt. The quality of public debt data—including coverage of public sector entities outside central government and of publicly guaranteed debt, and transparency on terms and conditions—would also be an important factor in the assessment, given the threat to prospective market access from any significant debt surprises. Specific guidance on the assessment of prospective market access will be included in the Handbook on IMF Facilities for LICs.²⁹

32. Several considerations weigh in favor of the proposed changes. By not excluding higher-income LICs with substantial market access from blending, the proposal would better target scarce PRGT resources to the poorer and more vulnerable LICs. Moreover:

- The estimated increase in the average cost of accessing Fund resources for countries no longer benefitting from the exclusion is not large.³⁰ The interest rate for blended PRGT-GRA financing averaged 1.3 percent in 2018, compared with zero percent for ECF financing. This is still very low compared to the cost of market borrowing (text

Market vs. IMF Borrowing	
Market	
Avg market rate (%)	7.5%
10-year US Treasury (%) 1/	2.9%
Average EM BI spread (bps) 1/	463
Ghana	441
Kenya	446
Honduras	268
Senegal	406
Zambia	822
Cote d'Ivoire	393
IMF	
GRA rate (%) 1/	1.9%
ECF rate (%)	0.0%
Blended GRA-ECF rate (%)	1.3%
Sources: Bloomberg, Haver, and IMF staff calculations. 1/ 2018 averages.	

²⁹ Consistent with current practices, countries that are at low or moderate risk of debt distress are presumed to have prospective market access, based on (i) established past market access and (ii) limited debt vulnerabilities.

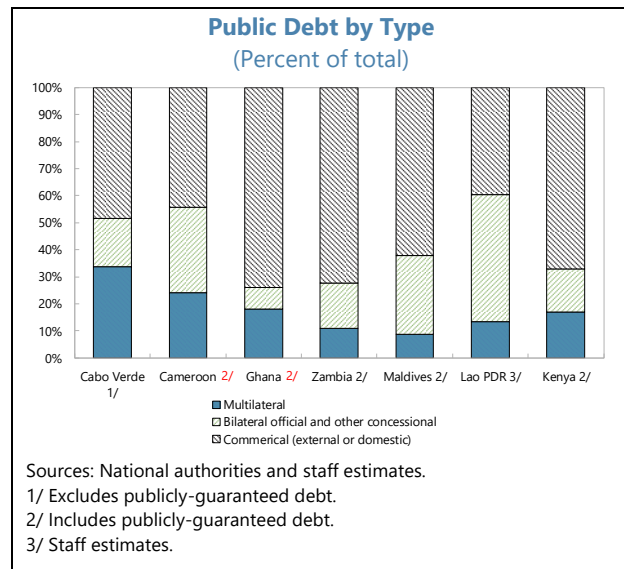
³⁰ During 2014–18, the following members that would otherwise be presumed to blend were able to meet their financing needs through PRGT resources alone because of debt vulnerabilities: Cameroon (2017 ECF), Ghana (2015 ECF), Grenada (2014 ECF), and São Tomé and Príncipe (2015 ECF). Grenada and São Tomé and Príncipe did not meet the market access criterion for PRGT graduation and would not have been required to blend under the new proposal.

table).³¹ Indeed, countries that have accessed international markets in significant volumes often continue to tap market-priced loans and international bond markets during a Fund-supported program, maintaining market access despite high risk of debt distress.³²

- Substantial market access is an indication that private creditors see debt vulnerabilities as manageable, even when classified as high risk. This provides some reassurance about access to market liquidity and rollover of existing debt. Moreover, countries with substantial past market access have significant amounts of debt on commercial terms (*see text chart*)—debt that can be restructured should the country enter into debt distress, providing flexibility in resolving debt problems.³³
- The proposal helps mitigate concerns that large-scale borrowing on non-concessional terms is de facto rewarded ex post through greater subsidization. Under the current blending policy, countries that have entered into high risk of debt distress because of the accumulation of substantial amounts of market-priced debt, including from international financial markets, are exempted from the blending requirement and obtain all Fund financing on PRGT terms. In effect, the PRGT would subsidize higher-income LICs that have relied heavily on market borrowing and thereby moved into a higher debt risk category.

Interest Rate Setting Mechanism³⁴

33. The companion paper *PRGT—Review of Interest Rate Structure* proposes to harmonize the SCF interest rate with the lower ECF rate schedule. This would make Fund financing somewhat more concessional while simplifying the PRGT financing framework.



³¹ The incremental impact on budgetary interest payments would also be modest: for example, the exclusion from the blending presumption reduced Ghana's interest bill in 2018 by about US\$14 million, a saving of some 0.03 percent of GDP.

³² For example, Ghana accessed sovereign bond markets (US\$ 3.75 billion during 2015–18) while at high risk of debt distress.

³³ The existence of substantial amounts of commercial debt that is collateralized could undermine this argument—underscoring the importance of a careful assessment of the quality of public debt data in making a determination on blending.

³⁴ See also IMF (2018b), paras. 40–42 for background discussion.

The revised interest mechanism, which would imply zero interest rates for all three PRGT facilities until the next biennial review in mid-2021, received broad support from Directors in July 2018.³⁵

B. Supporting LICs in Fragile and Conflict-Affected Situations³⁶

Proposal: *In addition to the generalized access increase, double the annual RCF access limit under the regular window, while introducing some associated safeguards. For FCS facing substantial near-term uncertainties, make full use of the flexibility allowed under the ECF to focus attention on near-term targets fleshed out on an annual basis as the arrangement unfolds.*

34. In the July 2018 LIC Facilities Review paper, two specific concerns regarding Fund financial support for low-income fragile states were discussed: (i) the access limit to the RCF was seen as unduly constraining financial support to countries unable to implement an upper tranche conditionality (UCT)-quality program; and (ii) the three-year time horizon for ECF arrangements was seen as rather long for FCS facing emerging from conflict and/or facing elevated short-term uncertainties.

35. Most Directors were open to addressing both concerns. On the first issue, there was broad support for increasing the annual access limit of the regular window of the RCF by more than the generalized access increase. On the second issue, the Executive Directors expressed mixed views as to whether changes to the design of the ECF were needed to address the specific challenges faced by FCS. At the March 2019 informal session, staff explained their preference for making use of the flexibility inherent in the ECF instrument to customize programs to the specific circumstances of FCS, rather than pursuing the option of introducing a new shorter-term variant of the ECF.³⁷ The informal session suggested the need for further details on how this flexibility could be achieved (see below).

Changes to the RCF “Regular Window”³⁸

36. To address the first concern, it is proposed to double the RCF annual access limit under the regular window, in addition to the generalized one-third increase. This would bring the annual access limit for the regular RCF window to 50 percent of quota (see Annex I) and provide greater flexibility to assist FCS in situations where a UCT-quality program is not yet feasible. Financial support for countries that do not have the capacity to implement UCT-quality economic programs should ideally be provided in the form of outright grants (rather than adding to debt burdens), implying that Fund loans should not be the main source of financing in such situations.

³⁵ The Executive Board decision on this issue will be taken in the context of the Executive Board discussion on *PRGT—Review of Interest Rate Structure*.

³⁶ See also IMF (2018b), paras. 66–74 for background discussion.

³⁷ Establishing a shorter-term version of the ECF would have required a more fundamental change in the structure of the LIC facilities architecture and support from all PRGT contributors.

³⁸ Access under the “regular window” of the RCF refers to RCF access for urgent BOP needs that is not provided under the exogenous shocks nor under the large natural disaster windows of the RCF.

However, there can be emergency circumstances (e.g., emergency post-conflict financing) where Fund financing can provide support at a vital time. Doubling the annual access limit would provide room for higher financial support in such situations.

37. Staff also proposes to introduce safeguards to ensure that the higher annual access limit does not become the *de facto* average access level under the regular RCF window. First, it is proposed to introduce a norm for annual access under the regular RCF window at one-half of the annual limit to underpin expectations that the regular RCF window would typically provide access of around 25 percent of quota; as with the ECF and SCF, the norm would be neither a floor nor a ceiling. Second, it is proposed to introduce a “per disbursement limit” at 25 percent of quota; annual access in excess of 25 percent of quota could occur only through an additional RCF disbursement within the year and would be linked to a track record of adequate macroeconomic policies (e.g., through an SMP), consistent with the current requirement for repeat use under the regular window.³⁹ Third, the cumulative limit on access to the RCF via the regular window would increase only in line with the general increase, providing incentives to limit reliance on accessing resources via the RCF for an extended period.^{40, 41}

Flexible Use of the ECF for FCS

38. Regarding the second concern, FCS emerging from conflict and/or facing substantial domestic instability or uncertainties need to focus attention on near-term objectives.

Elaborating detailed three-year economic plans can be ambitious in such situations and may distract attention from near-term imperatives. When a country lacks capacity to implement a UCT-quality program, the Fund can provide financial support through the RCF. Where a UCT-quality program is feasible despite fragilities and uncertainty, the ECF can be used to support a program with streamlined conditionality that focuses on near-term stabilization needs, guided by broad medium-term objectives, while fleshing out further program specifics as the ECF arrangement unfolds.

39. Existing policies provide the basis for such use of the ECF. Several elements underpin the ECF’s flexibility:

- The **core requirements of an ECF-supported program** are that it supports the member in making significant progress towards a sustainable macroeconomic position consistent with strong and durable poverty reduction and growth, in line with the purpose of the ECF, and that it meets the UCT conditionality standard. A member requesting Fund support under an ECF arrangement is required to indicate how the program advances the member’s poverty reduction

³⁹ The current limit of not more than two RCF disbursements in any 12-month period would also continue to apply.

⁴⁰ Thus, the proposed reform would provide much greater flexibility in terms of the scale of annual lending under the regular window of the RCF; but cumulative access to RCF resources via the regular window would increase only in line with the generalized increase in access levels.

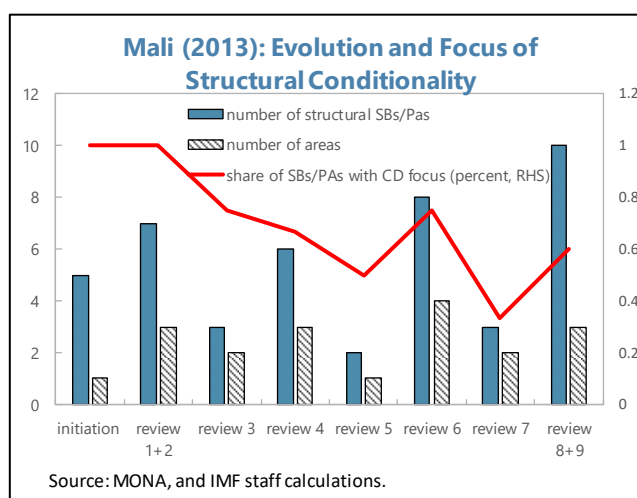
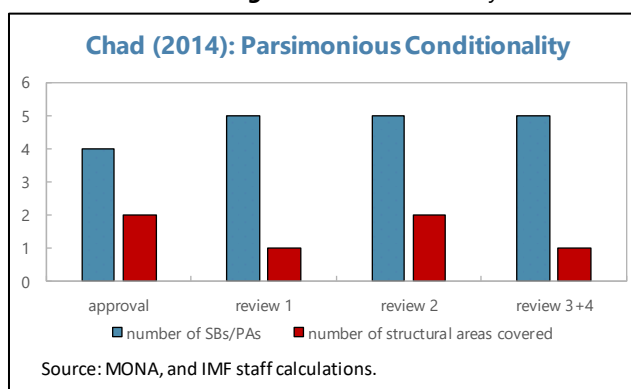
⁴¹ See Section C for discussion of the cumulative access limit available under the large natural disasters window of the RCF.

and growth objectives and present a detailed statement of the policies and measures it intends to pursue for the first twelve months of the arrangement, leaving scope for firming up policies beyond this period until later reviews.⁴²

Box 2. Case Studies—Flexible and Tailored Approach of the ECF for FCS

Case studies illustrate that a flexible and tailored approach has been used in past ECF arrangements with FCS. We focus here on the examples of Chad (2014), Mali (2013), and Yemen (2010) (discussed further in Annex II).

- **Near-term focus.** Each arrangement involved an explicit focus on immediate stabilization objectives (two of which were accompanied by large-scale donor support), with streamlined use of structural conditionality and medium-term policies specified in future reviews.
- **The ECF arrangement with Chad (2014) featured a focused reform agenda.** There were only four structural benchmarks (SBs) at program initiation—much below the average of ten such conditions (SBs or prior actions (PAs)) in other ECF-supported programs. Parsimony and prioritization, in light of weak capacity and recurrent shocks, were also applied throughout the four completed reviews (after which the arrangement was cancelled and replaced following the collapse of oil prices) (text charts). Structural conditionality focused on two areas only—fiscal and debt management, though with a small rise in the number of conditions set in subsequent reviews.
- **Reforms in the ECF arrangement with Mali (2013) gradually increased with growing capacity.** The program featured five SBs at inception, and a gradual increase in the number of structural conditions (SBs and PAs) over the program period. The functional areas covered also expanded: the program focused initially on fiscal management, but gradually added reforms in debt management, governance, and financial sector stability. The Mali case study also highlights the importance of a strong capacity development focus.
- **The three-year ECF arrangement with Yemen (2010) included two PAs and only three SBs.** These conditions all focused on tax broadening and expenditure control measures that directly underpinned the fiscal adjustment effort to reduce reliance on central bank financing, which had led to sizeable reserve losses. While program implementation was derailed after approval by the escalation of civil conflict, program design was appropriate.



⁴² The 12-month statement of policies and measures is a rolling concept, such that at each review the member will present the policies that it will follow during the next 12 months.

- **The Guidelines on Conditionality** emphasize the need for tailoring programs to a member’s circumstances including consideration of its implementation capacity.⁴³ This allows programs for FCS to focus on near-term reforms and, as implementation capacity strengthens and confidence in the near-term outlook increases, to flesh out a broader reform agenda.
- **The Staff Guidance Note on the Fund’s Engagement with Countries in Fragile Situations** reinforces the message that conditionality should be tailored to the weak implementation capacity of FCS. Three principles specified in the Guidance Note are particularly relevant: (i) the pace of macroeconomic adjustment should be appropriately tailored, taking account of weak institutional capacity and supporting essential cohesion-building; (ii) there is a need for “quick wins” to deliver early successes and build support for the government’s reform agenda; and (iii) there should be a prioritized and gradual structural reform agenda.⁴⁴

40. Programs supported under ECF arrangements with a near-term focus suitable for fragile states would typically contain the following elements, while meeting UCT standards and being consistent with the provisions under the PRGT Instrument:

- At approval, the program should describe broad objectives for the full program period supported by a medium-term macroeconomic framework and DSA and include a detailed statement of the critical policies and measures the member intends to pursue for the first 12 months of the arrangement. The structural reform agenda and related conditionality would be streamlined to reflect capacity constraints and prioritization of immediate stabilization objectives. It is understood that the medium-term framework will be subject to higher uncertainty, and that medium-term policy objectives may have to be adapted as circumstances evolve.
- Specific policies and measures after the first 12 months will be defined in the context of future reviews, in line with the current provisions of the ECF.
- The medium-term program objectives should enable the member to make significant progress toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. Such progress could be evidenced, for example (depending on the relevant macroeconomic vulnerabilities) by stronger fiscal or external positions, reduced debt vulnerabilities, higher levels of foreign exchange reserves, and/or more contained inflation.

⁴³ “In helping members to devise economic and financial programs, the Fund will pay due regard to the domestic social and political objectives, the economic priorities, and the circumstances of members, including the causes of their balance of payments problems and their administrative capacity to implement reforms.” *Guidelines on Conditionality* (IMF, 2002), paragraph 4.

⁴⁴ The Board has endorsed the objective of greater flexibility in program design for countries in fragile situations (see IMF (2011): *The Chairman’s Summing Up—Macroeconomic and Operational Challenges in Countries in Fragile Situations*, July 12, 2011).

- The program should aim to strengthen institutional capacity to implement appropriate macroeconomic policies.
- An Economic Development Document (EDD) would normally be expected by the time of the second review, but the member may request Board approval for an extension of this deadline to accommodate limited institutional capacity (per staff proposal in section D).

C. Supporting LICs Vulnerable to Natural Disasters

RCF Limits⁴⁵

Proposal: *Raise the cumulative RCF access limit for disbursements associated with large natural disasters to a level that is one-third higher than the cumulative RCF limit applicable to all other RCF disbursements.*⁴⁶

41. Recent informal consultations suggest that this proposal, which seeks to boost the Fund’s capacity to provide urgently needed liquidity after large natural disasters, would be viewed favorably by Executive Directors. The cumulative access limit under the RCF currently leaves limited room to support members with high outstanding RCF exposure when they are hit by a large natural disaster. A new annual access limit of 60 percent of quota was introduced in 2017 for urgent BoP needs arising from large natural disasters (where damage exceeds 20 percent of GDP). However, the cumulative limit of 75 percent of quota under the RCF was left unchanged, providing limited room to support members hit by a large natural disaster if they already have significant outstanding RCF exposure. Raising the cumulative RCF limit for disbursements associated with large natural disasters would increase the scope for providing Fund support. Given that the large natural disasters threshold is likely to be met mainly by small states, the impact on PRGT finances should be modest, and, in light of the large size of the BoP needs following a large natural disaster, Fund assistance would remain catalytic.

42. Other changes proposed in the LIC Facilities Review will facilitate Fund support to countries vulnerable to large natural disasters. First, the generalized access increase, including under the RCF, will allow higher levels of support. Second, the proposed changes to the SCF (see below) will make it a more flexible instrument to provide precautionary support and assistance for short-term BoP needs, including to countries vulnerable to large natural disasters. Third, ECF arrangements with an initial longer duration may better match the time-frame needed to implement strategies to build resilience to natural disasters in countries with protracted BoP problems where disaster vulnerability is an ongoing threat to macroeconomic stability (see below). Existing

⁴⁵ See also IMF (2018b), paras. 58–59 for background discussion.

⁴⁶ Given a generalized access increase of one-third, the cumulative access limit on RCF access under the regular and exogenous shocks windows would increase to 100 percent of quota. Countries seeking a disbursement under the large natural disasters window would be subject to a higher cumulative limit of 133.3 percent of quota; outstanding disbursements from all RCF (and RFI) windows would be included in calculating cumulative access.

instruments can also be tailored to resilience-building strategies, as discussed in the Board paper on “Building Resilience in Countries Vulnerable to Natural Disasters.”

Reforms to the Rapid Financing Instrument (RFI)

Proposal: *Raise the annual and cumulative access limits under the RFI by one-third and raise the cumulative access limit for disbursements associated with large natural disasters by an additional one-third.*

43. It is proposed that the increases in access limits envisaged for the RCF also apply to the RFI. Specifically, the annual access limit under the RFI would be increased from 37.5 to 50 percent of quota and the annual access limit under the large natural disasters window from 60 to 80 percent of quota, while the cumulative access limit would be raised from 75 to 100 percent of quota, except in the case of large natural disasters, where it would be increased to 133.33 percent of quota. The access safeguards proposed for the RCF (limits on individual disbursements under the regular window and an annual norm) do not apply to the RFI, which does not have separate “regular” and “exogenous shock” windows.

- This approach is consistent with previous decisions since 2015 to increase access limits under the two instruments simultaneously.⁴⁷
- The rationale for increasing access limits under the RCF also applies to the RFI, namely to improve the Fund’s flexibility to support FCS and countries hit by large natural disasters.⁴⁸

D. Enhancing Flexibility in Supporting Reform Programs

44. Program design needs to be tailored to country circumstances, including to support the most critical medium-term reforms. There is scope to enhance the flexibility of both the SCF and ECF to support tailoring of program design, including by allowing higher access in cases of precautionary support, extending the maximum length of SCF arrangements and the maximum initial duration of ECF arrangements, and giving more time for the preparation of national development strategies. Staff guidance on the use of LIC Facilities will be updated to reflect the lessons from the ROC (see paragraphs 12-14 above).

⁴⁷ While there should be no presumption of alignment of access limits under the PRGT and GRA, both RCF and RFI access limits were simultaneously increased by 50 percent in 2015; and annual limits under the large natural disasters window were increased for both in 2017. Staff guidance on the use of RCF and RFI financing will be updated, including on blending.

⁴⁸ There have been 26 cases of RCF disbursements since inception of the facility in 2010, and 4 cases of disbursements under the RFI since it was approved in 2011. Two of the RFI cases were blended with RCF resource (St. Vincent and the Grenadines and Vanuatu) and two were used for non-PRGT-eligible members (Iraq and Ecuador).

Precautionary Support Under the SCF⁴⁹

Proposal: *Extend the maximum duration of an SCF arrangement from two to three years.⁵⁰ Abolish sub-limits on access for precautionary SCF use.*

45. Directors broadly supported raising the maximum length of the SCF from 24 to 36 months in the July 2018 Board discussion. This reform would provide LICs with access to a three-year precautionary arrangement within the concessional facilities, while facilitating blending of SCF and SBA arrangements where called for under the blending policy (see IMF (2018b), para. 47). The SCF and ECF facilities would remain legally and substantively distinct: the SCF is available to countries with short-term BoP needs that are expected to be *resolved* within “two years but in any case not more than three years” (IMF, 2009b?), while the ECF is for use by countries with protracted BoP problems, who are expected only to make *significant progress* toward a stable and sustainable macroeconomic position during the program period. The extension of the maximum length of an SCF arrangement by one year thus remains consistent with the purpose of the SCF.

46. Directors also broadly supported removing the sub-limits on the SCF’s precautionary access. Concerns at the time of the creation of the SCF that precautionary use could tie up large amounts of scarce PRGT resources have not materialized, as explained in IMF (2018b), para 47. There is no convincing case for maintaining the sub-limits, which act as a disincentive to LICs seeking precautionary (rather than disbursing) support from the Fund.

Five-Year ECF Arrangement⁵¹

Proposal: *Extend the maximum initial duration of ECF arrangements from four to five years.⁵²*

47. There was considerable support from Directors for extending the maximum initial duration of ECF arrangements to five years, although some noted that back-to-back three-year arrangements could achieve broadly similar objectives and questioned whether demand would materialize for a longer-term ECF arrangement.

48. A longer ECF arrangement (i.e., up to five years from the outset) may be appropriate in circumstances when program success depends critically on longer-term reform efforts. This could be the case where major structural reforms, such as building a national tax system or achieving significant economic diversification, are needed to achieve a significant and sustained improvement in a country’s macroeconomic position and may require more than the norm of three

⁴⁹ See also IMF (2018b), paras. 45–49 for background discussion.

⁵⁰ The current restrictions on use of the SCF for more than 2½ years out of a five-year period are proposed to be modified to allow for use in three years out of a six-year period, to accommodate SCF arrangements of up to three years. This limitation does not apply to precautionary use.

⁵¹ See also IMF (2018b), para. 75 for background discussion.

⁵² Under the current policy, an ECF arrangement can be extended up to a maximum of five years but the duration at approval must be three to four years.

years to plan and implement. In such cases, a five-year program would allow for more realistic timetables for critical reforms, enhancing the chances of sustained program success—although these reforms could also be supported in the context of successive three-year programs. The longer-term program is more likely to be the preferred choice when there are strong merits in anchoring the government’s program on a specific medium-term strategy (such as a five-year plan or a medium-term revenue strategy).

49. To justify a five-year program from the outset, a well-sequenced reform plan with strong ownership should normally be in place, supported by a coherent technical assistance program from development partners and grounded in the country’s development and poverty reduction plan. The presumption would remain that the length of an ECF arrangement would normally be three years; staff would need to make the case for a longer-term arrangement when it is proposed.

Strengthening Program Links to Poverty Reduction⁵³

50. Countries receiving concessional financial support from the PRGT are expected to have in place a strategy for reducing poverty while supporting strong economic growth. This requirement is currently met by producing an Economic Development Document (EDD) that outlines the government’s specific plans for achieving these objectives. Prior to 2015, this requirement was met by producing a Poverty Reduction Strategy (PRS) document to be issued to the Board of the Fund within specified periodicities and which was the subject of staff analysis. The EDD was introduced as a replacement for the PRS document when the World Bank decided that it no longer needed the PRS documents for its concessional support.

Proposal: *Rename the EDD to provide it with a title more closely linked to its objectives.*

51. The EDD is proposed to be re-named the Poverty Reduction and Growth Strategy (PRGS), while retaining its current functions and required content.⁵⁴ The label EDD is opaque to outsiders, providing no indications as to the purpose and contents of the document. By contrast, the title of “Poverty Reduction and Growth Strategy” is both clear as to the purpose and contents of the document and closely aligned with the objective of meeting the requirements of the PRGT.

⁵³ See also IMF (2018b), para. 77 for background discussion.

⁵⁴ The functions and required content of the EDD are discussed in the 2015 Board paper on *Reform of the Fund’s Policy on Poverty Reduction Strategies in Fund Engagement with Low-Income Countries—Proposals*.

Proposal: *Standardize the use of the PRGS across the ECF, SCF and PSI by requiring a PRGS document to be produced whenever an ECF or SCF arrangement, or PSI, has an initial duration of more than two years. Allow greater flexibility on the timeline for producing a PRGS for countries with weak capacity to avoid compromising on ownership.*⁵⁵

52. Directors were supportive of harmonizing the requirement to produce an EDD across the ECF, SCF, and PSI, while providing more flexibility on the timeline for producing an EDD.

- It is proposed that SCF arrangements with an initial duration exceeding two years have the same EDD (PRGS) requirements as the ECF arrangement.
- To provide flexibility to country authorities, it is proposed to extend the current deadline for meeting the EDD (PRGS) requirement by the first program review to the second program review.
- As noted above, there are circumstances where a country seeking support under the ECF may need to focus limited institutional capacity on near-term objectives and measures to enhance economic and political stability; examples include countries emerging from conflict or confronted with significant domestic instability. In situations where a country has limited institutional capacity for meeting EDD (PRGS) requirements by the second review, it may request Board approval of an extension of the deadline for meeting such EDD (PRGS) requirements up to the fourth review; and may make one further request for an extension up to the sixth review where (i) an adequate justification can be provided and (ii) the arrangement (when the second request is made) has a duration of at least four years.^{56, 57}

E. Other Issues

53. A technical clarification to the criteria determining eligibility for exceptional access (EA) is proposed to eliminate an anomaly. Under the blending policy, countries are not presumed to blend on the basis of market access if their per capita GNI is at or below 80 percent of the IDA threshold. Under the current EA policy, countries are precluded from exceptional access if they meet the market access criterion: there is no linkage to GNI, implying that even very poor countries (the intended beneficiaries of

⁵⁵ The proposed modifications do not apply to PRS requirements under the HIPC Initiative. Countries under the HIPC Initiative would continue to be subject to the current PRS documentation requirements for purposes of reaching decision and completion points.

⁵⁶ When the EDD (PRGS) requirements are met by the second review, the good practice on PRS implementation review (PIR) would be for it to take place by the fifth review. In the event of extensions, PIR is not an expected practice.

⁵⁷ Request for extensions beyond the second review will not be permitted under SCF arrangements or under the PSI, given that countries with limited capacity to prepare an EDD (PRGS) would not normally be expected to request support under the SCF or PSI.

EA) are not eligible for EA if they have market access.⁵⁸ It is proposed that language be added to the PRGT instrument to explicitly align the market access criterion used for EA purposes with that used in blending, so that only countries with market access and GNI per capita above 80 percent of the IDA threshold are excluded from EA on grounds of market access.⁵⁹ An explicit link to blending criteria will also clearly establish the definition of market access for purposes of EA.

54. Other related changes (Annex I). In line with the generalized increase in access, it is proposed to make necessary changes to relevant policies that contain an access threshold trigger. Specifically, it is proposed to (i) require a new DSA when a new financing request brings total access to more than 80 percent of quota (previously 60 percent of quota); and (ii) update the threshold from 12.5 percent of quota to 15 percent of quota above which Lapse of Time procedures for augmentation requests are not permitted.

RESOURCE IMPLICATIONS OF PROPOSED REFORMS

55. The proposed reform package would be generally consistent with the self-sustained PRGT financing framework, with risks evenly balanced over the coming decade.⁶⁰ In particular, the proposed reform package is projected to result in average annual demand of SDR 1.0–1.7 billion on a subsidy-use basis over the next decade. Based on this demand range, self-sustained capacity would reach SDR 1.1–1.4 billion by 2028. The costs resulting from higher access limits and norms, a lower SCF interest rate, and enhanced facilities flexibility would be partly offset by the proposed modification of the blending exemption.

56. The evolution of the PRGT’s self-sustained capacity requires careful monitoring given downside risks. The longer-term outlook is subject to considerable uncertainty, with downside risks from both supply and demand factors, such as low investment returns on PRGT assets or prolonged periods of high and rising aggregate financing needs. The evolution of capacity will thus need to be monitored carefully, and policies reviewed periodically to ensure that the outlook for capacity remains in line with the base envelope of SDR 1¼ billion. A range of policy options and contingency measures can be triggered under the three-pillar PRGT framework in the event of a sustained disequilibrium between supply and demand.

⁵⁸ The 2009 Board papers that established the current LIC facilities architecture linked the market access criterion for qualification for EA under the PRGT to the market access criterion for blending, which did not originally contain the GNI requirement. However, a follow-up paper that proposed the addition of a minimum GNI per capita above 80 percent of IDA’s operational cutoff as a requirement to satisfy the market access criterion for blending did not propose a corresponding modification to the criteria for EA under the PRGT (See *Eligibility to Use the Fund’s Facilities for Concessional Financing*, IMF (2009c), paragraph. 13).

⁵⁹ Currently only four countries with GNI per capita below 80 percent of the IDA threshold have market access, where market access is as defined in determining whether a country is expected to blend.

⁶⁰ For details, see “Review of the Financing of the Fund’s Concessional Assistance and Debt Relief to Low-Income Countries.”

IMPACT ON THE FUND'S RISK PROFILE

57. While some aspects of the proposals may potentially generate new risks, these have been anticipated, and mitigation measures have been proposed where needed. Key risk areas that may be affected by the proposals include:

- **Strategic Direction and Reputation.** Addressing access erosion, improving targeting and tailoring, and increasing the flexibility of LIC facilities will further align the Fund's lending toolkit with members' changing needs. These measures can help sustain the membership's support for the Fund's strategic agenda, thus mitigating strategic and reputational risks.
- **Use of Fund resources (UFR) and self-sustainability of the PRGT.** Making the Fund's lending facilities more suited to the evolving challenges faced by members, and thus better able to help deliver viable outcomes for program countries, meaningfully mitigates UFR risks. On the other hand, higher access norms and limits and longer arrangements may add pressures to the self-sustainability of the PRGT. These pressures are mitigated by the removal of the exemption from presumed blending for qualified countries at high risk of debt distress, and this risk can be addressed by regular monitoring and annual updates on the integrity of the PRGT's self-sustained financing framework.
- **Credit risk.** Rising debt vulnerabilities in LICs could increase credit risks to Fund resources. This is mitigated by stronger procedural safeguards, including by linking high-access procedures to the PRGT's overall exposure to program countries, and raising the informational requirements when keeping the Board informed on HA cases. The new LIC DSF, which is equipped to better capture countries' debt vulnerabilities, and a stronger focus on debt transparency and management in program design, provides another safeguard.

IMPLEMENTATION ISSUES

58. Required Board Majorities. Adoption of the proposed changes requires the approval of the Executive Board by a majority of the votes cast. The proposals do not modify protected provisions; accordingly, there is no need to seek consent from affected lenders and contributors to the Trust. Various changes are proposed as a unified package.

59. Impact on existing arrangements on the adoption of the proposed reforms. Adoption of the proposed modifications to the blending policy would not affect existing arrangements and emergency financing requests already made; they will apply to any future new arrangements and outright RCF/RFI disbursements, approved after the adoption of the proposed decision. Adoption of the modifications to the HA safeguards will apply to new financing requests (including augmentations under existing arrangements) that results in exceeding any of the thresholds proposed in para. 24. The proposals to extend the maximum length of SCF arrangements to three years, abolish sub-limits on access for the precautionary SCF, and standardize the use of PRGS will apply immediately upon their adoption by the Board. The proposal to extend the maximum initial

duration of ECF arrangements to five years will be effective for new ECF arrangements. The proposed new access limits and the clarifications to the EA criteria would be immediately applicable; access levels under any future arrangements or changes in access levels under existing arrangements would need to be justified in accordance with the standard access policies, including considerations on the size of the member's BoP need.

ISSUES FOR DISCUSSION

- Do Directors support the proposed package of reforms to the LIC facilities?
- Do Directors agree with the proposal to make changes to the Rapid Financing Instrument?

Annex I. Proposed Changes in Norms, Annual, and Cumulative Limits

Table 1. Summary of Norms, Limits, and Procedural Safeguards
(Percent of quota)

Access Limits	Current (14 th General Quota Review) 1/	Proposed Reform
<i>Cumulative access limits</i>		
All PRGT facilities-normal	225.00	300.00
All PRGT facilities-exceptional	300.00	400.00
RCF 2/ 3/	75.00	100.00 (133.33 see footnote 3/)
<i>Annual access limits</i>		
All PRGT-facilities-normal	75.00	100.00
All PRGT-facilities-exceptional	100.00	133.33
SCF (precautionary) – average annual	37.50	..
SCF (precautionary), at approval	56.25	..
RCF 2/	18.75	50.00
RCF (exogenous shocks window) 2/	37.50	50.00
RCF (large natural disasters window) 2/	60.00	80.00
<i>Per-disbursement-limit</i>		
RCF (regular window)	..	25.00
<i>Norms 4/ 5/</i>		
3-year ECF – High access 6/	90.00	120.00
– Low access	56.25	75.00
18-month SCF – High access 7/	90.00	120.00
– Low access	56.25	75.00
RCF (norm for annual access under the regular window)	..	25.00
<i>Blending proportions applicable to members presumed to blend (PRGT:GRA) 8/</i>	1:2 with concessional access capped at the applicable norm (all GRA thereafter)	1:2 with concessional access capped at the applicable norm (all GRA thereafter)
<i>Triggers for procedural safeguards on high access requests</i>		
Total access in any 24-month period—for DSA 9/	60.00	80.00
High Access Safeguards: An informal Board Meeting in advance of new PRGT request 10/	Total access in any 36-month period of 135 percent of quota	Total access in any 36-month period in excess of 180 percent of quota, or total Fund credit outstanding to exceed 225 percent of quota at any point during the program period
<i>Triggers related to Lapse of Time procedures</i>		
Augmentations above which Lapse of Time procedures are not permitted	12.50	15.00

1/ The current access limits in effect from January 26, 2016 do not affect disbursements under arrangements approved prior to that date and any changes in access levels is to be justified by balance of payments needs in accordance with the standard policies for augmentation of access amounts. Outstanding PRGT credit in existence as of January 26, 2016 counts towards the current annual and cumulative PRGT access limits.

2/ Any RFI access also counts towards these limits.

3/ This limit is raised by one-third under the proposed changes for disbursements associated with large natural disasters.

4/ Norms provide guidance on what may constitute an appropriate level of access under PRGT facilities, but they should not be misconstrued as access limits or entitlements.

5/ High access norms apply if PRGT credit outstanding is less than 75 percent of quota (100 percent after the proposed quota increase). Norms are not applicable if PRGT credit outstanding exceeding 150 percent of quota (200 percent after the proposed access increase). In such cases, access is guided by consideration of the cumulative access limit, the expectation of future need for Fund support, and the repayment schedule.

6/ For four-year or five-year ECF arrangements, access for the fourth and fifth year is expected to be set in line with the average annual access corresponding to the norm that would otherwise have applied to a successor three-year ECF arrangement. For countries whose outstanding PRGT access is above 150 percent of quota (200 percent after the proposed access increase), the norms do not apply.

7/ For SCF arrangements of any other length, the norms will be proportionately adjusted to keep annualized average access unchanged.

8/ For the RCF, which has no norm, the cap on access to concessional resources is the annual limit, while for the SCF treated as precautionary this cap applies to the average annual access limit.

9/ A new DSA is also required for any PRGT financing request if it involves exceptional access to concessional resources or involves a member with high risk of debt distress or in debt distress.

10/ An early informal meeting is also required if the financial request would involve exceptional access to concessional financing.

Annex II. Flexible Use of the ECF for Countries in Fragile Situations: Examples

Three case studies elaborate on how a short-term focus was embedded within a three-year program, conditionality was streamlined and reflected prioritization of immediate stabilization objectives, and institutional capacity was strengthened over the program period to implement appropriate macroeconomic policies.

A. Chad (2014)

What Was The Program Context, And Source of Fragility?

1. Chad’s fragility stemmed from a nexus of security challenges, weak institutional capacity, and large development needs. Despite significant oil revenues, domestic armed conflicts plagued the country up to 2009. Weak institutions led to pro-cyclical fiscal policy, poor governance, and inefficient spending. Regional security issues acutely compounded fragility. Chad had to provide assistance to thousands of refugees fleeing conflict in the Central African Republic (C.A.R.), and strengthen security measures along its borders, particularly with Libya, the C.A.R., Nigeria, and Cameroon. Chad was ranked 184th out of 186 countries on the UN’s 2013 Human Development Index.

2. Following an SMP, Chad requested an ECF in the context of a reprieve from domestic political instability. A period of internal political stability, the longest since it became independent, paved the way towards a Staff-Monitored Program (SMP) in 2013 that improved economic management, helped by stepped-up technical assistance by the Fund. A three-year ECF (120 percent of quota) followed the SMP. To support state-building and development needs, the program included a strong catalytic response from bilateral and multilateral donors. A donor conference held in Paris in June 2014 produced pledges of US\$2.1 billion for the National Development Plan 2013–15 and the National Program for Food Security 2014–21. The program also served as an opportunity for Chad to reach its HIPC Completion point.

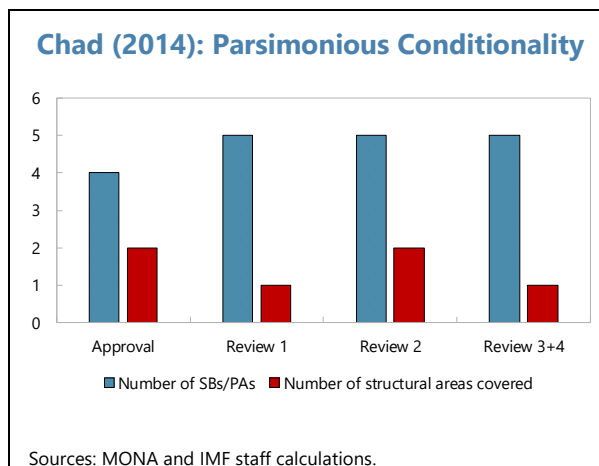
How Did The Program Design Allow For A Focus On Near-Term Priorities Within A Medium-Term Framework?

3. The immediate challenge in Chad was to restore social stability and effectiveness of the government in the aftermath of deep insecurity. The Fund-supported program catalyzed large-scale donor support to this end, including for providing food assistance, repairing infrastructure, and rebuilding institutions.

4. The near-term focus of the program was to stabilize public finances and strengthen government fiscal control, including completion of PFM and fiscal reforms started under the SMP, informed by a prioritized TA agenda. The staff report (1123) acknowledged that “since

reforms are needed in many areas, careful prioritization is required in line with institutional capacity and prospective technical support from international donors.”¹

5. Structural conditionality initially reflected focused and prioritized measures to improve fiscal management. The four structural benchmarks due at the first review focused on fiscal and debt management issues—submission of the budget to Parliament, limits on emergency spending procedures, preparation and publication of budget execution data, and steps to improve debt management. A similar focus was present in structural conditionality for the second review.



6. As initial fragility was amplified by further shocks that arose under the program, the program continued to maintain a prioritized focus, taking into account capacity constraints. Lower oil prices and other shocks worsened the fiscal situation, which reinforced the need to maintain a focus on budget management. In light of these problems, along with capacity constraints, the program avoided widening its scope outside of fiscal and debt management conditionality.

7. Thanks to extensive TA engagement under the prior SMP, some medium-term objectives were fairly clear already at program inception, while others were left to be specified later. Having stabilized the non-oil primary balance at 14¼ percent of non-oil GDP in 2015, the program was designed to broadly maintain the deficit at this level while increasing non-oil revenue to finance investment, spur development and diversification to non-oil growth, address poverty, and deepen reforms in key fiscal areas, as informed by prior TA.

8. The authorities' ambition to meet completion point triggers was another factor that helped clarify the medium-term strategy for the program. Despite reaching the Heavily Indebted Poor Countries (HIPC) Initiative Decision Point in 2001, Chad had not achieved the Completion Point. Reaching this goal was a key medium-term priority of the authorities under the program, especially in light of the recent improvement of relations with the international community.

¹ The program targeted to deliver a strong upfront fiscal adjustment while accommodating security and investment needs—but also recognized the desirability of a smoother adjustment path. This was accommodated by built-in flexibility to relax the fiscal target by almost 1 percent of GDP, should additional resources become available.

How Did The Program Perform?

9. Declining oil prices and the debt burden complicated program implementation.² In response to sharply declining oil prices and security challenges, access was augmented at the first (19 percent of quota) and combined third and fourth reviews respectively (24 percent of quota). Four reviews were completed, and maintained a well-prioritized reform focus. However, the intensifying effect of the oil price declines and security shocks as well as a heavy external debt service burden, put the program objectives out of reach and required a recalibration of policies. The program was cancelled and replaced with a new three-year ECF arrangement of 160 percent of quota.

B. Mali (2013)

What Was The Program Context, And Source Of Fragility?

10. In 2013, Mali emerged from the most serious security and political crisis in its recent history. In 2012, insurgents took control of the north, which sent ripples throughout the country: half a million people were displaced; a military coup destabilized the domestic political situation and the economy suffered. The security situation improved by mid-2013 following the French-led military intervention, which succeeded in dismantling the insurgents' bases and regaining control over the towns and in northern Mali. The arrival in 2013 of a UN security force helped restore law and order in the north and paved the way for a political transition.

11. Mali's request for a three-year ECF arrangement (32 percent of quota) was approved against the background of this highly fragile environment. The low-access request coincided with a resumption of donor support: in May 2013, at the international donor conference in Brussels, donors pledged €3.25 billion (\$4.4 billion) in financial assistance.

How Did The Program Design Allow For A Focus On Near-Term Priorities Within A Medium-Term Framework?

12. The immediate challenge facing Mali was to restore social and economic stability, supported by large-scale donor assistance to rebuild the country and restore institutions. The ECF arrangement was intended to catalyze large-scale donor assistance to this end.

13. The staff report at program initiation clearly identified the short- and more medium-term focus of the program. The staff report noted Mali's "dual challenges" of "dealing with the legacy of the recent past"—needing to advance reconciliation between north and south, improving governance, and consolidating the nascent recovery—and the "second challenge to strengthen the foundations for robust, poverty-reducing growth, while ensuring macroeconomic stability." It also noted that "given the early stage of Mali's recovery from the recent political and security crisis,

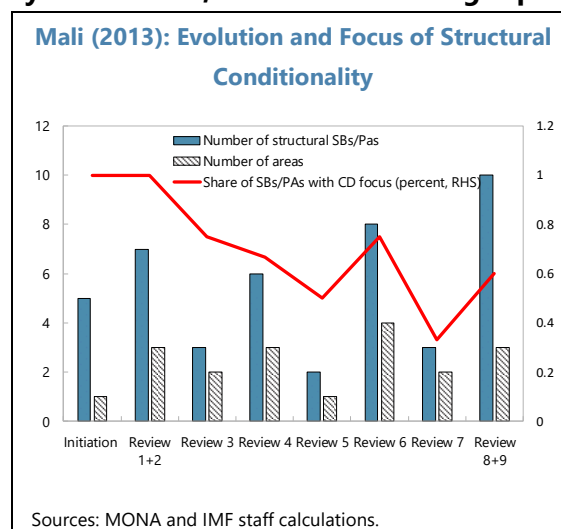
² Nevertheless, Chad reached the HIPC completion point in April 2015.

reforms will ramp up progressively over the course of the program.” The initial phase—through mid-2014—focused on strengthening institutional capacity and developing strategies to address the most pressing issues. The following phases of the program would involve rolling out policy actions in these areas. These actions were specified at the time of the first and subsequent reviews of the arrangement.

14. Structural conditionality was initially very streamlined, focused on building capacity, but gradually embraced broader reform areas. Structural benchmarks progressively increased in number and expanded into more areas including to address weaknesses in the banking sector, governance, and to improve debt management.

How Did The Program Perform?

15. While the program got off to a mixed start, it was quickly brought back on track, allowing resumption of donor support. The program was extended and augmented twice (by 32 and 47.5 percent of quota respectively). The gradualism embedded in the program allowed for reform momentum to build, engagement to strengthen, and capacity to build, while locking in earlier gains. The reforms helped the authorities to create the foundations for solid growth and subdued inflation. However, meaningfully reducing poverty remained a challenge.



C. Yemen (2010)

What Was The Program Context, And Source Of Fragility?

16. Yemen suffered from high poverty and poor security. Heavy dependence on declining oil revenues contributed to growing macroeconomic imbalances, while other sectors remained underdeveloped amid widespread poverty and a water shortage. A difficult security situation complicated fragilities: periodic breaches in the existing ceasefire kept tensions high, contributing to a humanitarian crisis in the north. Further pressure came from increasing protests and civil unrest in the south.

17. Yemen approached the Fund amid acutely deteriorating fiscal and external balances. Risks to macroeconomic and financial stability had been present for some time but had been masked by high oil prices. The sharp drop in oil production in 2007 and weak oil prices in late 2008 and 2009 brought these risks to center stage. The 2009 fiscal deficit reached a record high, while a deteriorating current account led to a steady decline in foreign exchange reserves and considerable

pressures on the exchange rate. Security concerns added to these pressures. The authorities requested a three-year arrangement under the ECF (100 percent of quota).

18. Despite the ambitions of the Friends of Yemen forum to catalyze donor support, actual support was low. The program was based on conservative (identified) external financing of 0.7 percent of GDP, as past experience argued for a cautious approach in programming donor support.³ Donor support beyond the committed amounts, however, would have automatically allowed for program adjustments.

How Did The Program Design Allow For A Focus On Near-Term Priorities Within A Medium-Term Framework?

19. The staff report for program approval clearly separated the specific policies for 2010 (“the 2010 program” in the report) from broader medium-term goals.

- **The “2010 program” focus was exclusively to rein in central bank financing and avoid further reserve losses.** Initially, a sharp fiscal adjustment in 2010 was needed to reduce the government’s reliance on domestic central bank financing and consequently stem pressures on the exchange rate and foreign exchange reserves. Hence, the program for 2010 focused on revenue measures—a new General Sales Tax and abolishing of tax exemptions—and expenditure control—mainly a phased adjustment in fuel prices. Some of the savings from the fuel price increase were used to increase social transfers, and the floor on social spending increased. Limited donor support, however, was a constraint on program design.
- **Structural conditionality at program approval was streamlined and focused on the fiscal area, with completion of structural measures due at the first review.** Two prior actions and three structural benchmarks featured at program initiation, three of which focused on expenditure control and two on tax broadening. All three structural benchmarks were due by the first review. No structural conditionality was set beyond measures due at the first review.
- **Medium-term program objectives for the program were expected to be fleshed out at later reviews.** Program objectives beyond near-term stabilization included preparing the economy for the prospect of lower oil revenues while boosting public investment and social spending, re-building reserves, and improving competitiveness. The medium-term outlook relied on reducing the non-hydrocarbon primary deficit by about 1 percent of GDP annually to achieve fiscal sustainability, while shifting the balance from current to capital spending and social transfers. A stronger social safety net and sustained higher levels of public investment were envisaged to help support growth and development objectives. At program approval, the authorities signaled in the MEFP that this expenditure shift would be further underpinned by civil service reforms (intended for completion by end-2011), but steps were not fleshed out, nor included in conditionality at program approval. Other medium-term objectives in the MEFP

³ Total pledges at an earlier 2006 Consultative Group meeting were US\$5 billion, which were to be disbursed over three years, but by 2010 total disbursements have been about US\$400 million.

included reforms to boost competitiveness such as simplifying business regulation, improving property rights protection, and clarifying and simplifying bankruptcy procedures to bolster financial sector development. These were left to later reviews to be translated into concrete policy measures.

How Did The Program Perform?

20. No reviews were completed. The authorities cancelled the ECF arrangement in 2012 following an intensification of the political crisis and civil unrest, which led to a fall in economic activity and policy paralysis. Nevertheless, the initial program design focus on short-term priorities was sensible. Yemen subsequently requested Fund assistance under the RCF for urgent balance of payments needs in 2012, for 25 percent of quota.

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THE 2018-19 REVIEW OF FACILITIES FOR LOW-INCOME COUNTRIES—REFORM PROPOSALS—PROPOSED DECISIONS

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INTRODUCTION

This paper sets forth the proposed decisions that are needed to implement staff's proposals in 2018-19 Review of Facilities for Low-Income Countries—Reform Proposals (“LIC Facilities Review”). The paper summarizes key aspects of the proposed decisions.

1. **Five decisions are proposed for adoption by the Executive Board.**

- Decision I would implement the proposed amendments to the Poverty Reduction and Growth Trust (PRGT) Instrument concerning: (i) increases in the access limits under the PRGT facilities; (ii) deletion of sub-limits on precautionary use of the Standby Credit Facility (SCF); (iii) alignment of the market access criterion used for exceptional access with the market access criterion used in blending; (iv) reforms to the provisions on the duration of arrangements under the SCF and the Extended Credit Facility (ECF); (v) modifications to the documentation requirements on members' poverty reduction strategies (PRS); and (vi) increase in the threshold for lapse of time (LOT) procedures for ECF and SCF augmentation requests.
- Decision II would implement the proposed amendments to the decision establishing the Rapid Financing Instrument (RFI) to raise annual and cumulative access limits under the RFI.
- Decision III would implement the proposed amendments to the decision establishing the Policy Support Instrument (PSI) concerning changes to the documentation requirements on the member's poverty reduction strategies.
- Decision IV would implement consequential changes arising from Decision I for the Transparency Policy Decision.
- Decision V would implement consequential changes arising from Decision I for the decision on web posting of PRS documentation.

2. Redlined versions of the PRGT Instrument, the RFI Decision, the PSI Decision, the Transparency Policy Decision and the decision on web posting of PRS documentation showing the proposed amendments are attached for the information of Executive Directors. See Annexes I-V of this supplement.

3. It should be noted that the proposed decisions do not reflect several proposals set out in the LIC Facilities Review since these policies have been previously established through summings up. These proposals concern: (i) the reforms to the blending policies specifically removing the exclusion from presumed blending for higher-income countries at high risk of debt distress provided that they have substantial market access, including on a prospective basis; (ii) the generalized increase of access norms by one-third; (iii) a new norm for annual access under the regular RCF window at one-half of the annual access limit; (iv) modification of procedural frameworks for high access and exceptional access under the PRGT by establishing an additional threshold on projected outstanding credit to the PRGT for high access cases and strengthening

informational and timing requirements for early informal Board meetings for high access and exceptional access cases; and (v) revisions to the trigger for a new DSA from financing above 60 percent of quota to above 80 percent of quota. If approved by the Executive Board, these proposals, as well as the call to use existing flexibility under the ECF in setting program targets under arrangements for fragile and conflict affected countries to better reflect these countries' needs, will be reflected in the summing up of the Board discussion.

4. The reform proposals set forth in paragraphs 1 and 3 above constitute an integrated package of proposals aimed to enhance support for LICs. The reform package is consistent with maintaining the self-sustainability of the PRGT financing framework.

SUMMARY OF DECISIONS

A. Amendments to the PRGT Instrument

5. Proposed Decision I—Decision I would implement the following amendments to the PRGT Instrument:

- **Increase in the maximum initial duration of ECF arrangements** (paragraphs 48-49 of the LIC Facilities Review): Decision I would implement the proposal to increase the maximum *initial* duration of ECF arrangements from four years to five years. This decision would not change the expectation that the length of ECF arrangements would normally be three years.
- **Increase in the maximum duration of SCF arrangements** (paragraph 45 of the LIC Facilities Review): Decision I would implement the proposal to increase the maximum duration of SCF arrangements from two to three years and would modify current restrictions on use of SCF arrangements that are not treated as precautionary from not more than two and a half years out of a five-year period to not more than three years out of a six-year period.
- **Increase in global PRGT annual and cumulative normal access limits** (paragraphs 21-22 of the LIC Facilities Review): Decision I would implement the proposal to increase the global annual normal access limit and the global cumulative normal access limit (net of scheduled repayments) under the PRGT by one-third. Specifically, the PRGT Instrument would be amended to increase the global annual and cumulative normal access limits from 75 percent to 100 percent of quota and 225 percent to 300 percent of quota (net of scheduled repayments) respectively. Total access under the PRGT concessional facilities (i.e., the ECF, the SCF and the RCF) must be within these global limits, except when the criteria for exceptional access are met.
- **Increase in global PRGT annual and cumulative exceptional access limits** (paragraphs 21-22 of the LIC Facilities Review): Decision I would implement the proposal to increase the global annual exceptional access limit and the global cumulative exceptional access limit (net of scheduled repayments) under the PRGT. Specifically, the PRGT Instrument would be amended to increase the global annual and cumulative exceptional access limits from 100 percent to 133.33

percent of quota and 300 percent to 400 percent of quota (net of scheduled repayments) respectively. Total access under the PRGT concessional facilities (i.e., the ECF, the SCF, and the RCF) cannot exceed these global limits.

- Increase in annual and cumulative sub-limits on access to the RCF** (paragraphs 21-22, 36-37, and 41-42 of the LIC Facilities Review): Decision I would implement the proposal to (i) increase the annual and the cumulative sub-limits on access under the RCF by one-third; (ii) with respect to the “regular window” of the RCF, in addition to the one-third increase noted in (i) above, double the annual limit applicable to RCF disbursements not associated with exogenous shocks and introduce a “single disbursement” limit of 25 percent of quota; and (iii) with respect to the “large natural disasters window” of the RCF, in addition to the general one-third increase noted in (i) above, increase the cumulative access limit by a further one-third. Specifically, the PRGT Instrument will be amended to (i) increase the annual and cumulative access sub-limits for the RCF from 18.75 percent of quota under the regular RCF window and from 37.5 percent of quota under the exogenous shocks window to 50 percent of quota under each of such windows and from 75 percent to 100 percent of quota (net of scheduled repayments) respectively, and introduce a “single disbursement” limit of 25 percent of quota for access under the regular window of the RCF; and (ii) increase the annual and cumulative access sub-limits for the “large natural disasters window” of the RCF from 60 percent to 80 percent of quota and 75 percent to 133.33 percent of quota (net of scheduled repayments) respectively.
- Deletion of sub-limits on precautionary use of the SCF** (paragraph 46 of the LIC Facilities Review): Decision I would implement the proposal to abolish sub-limits on access for SCF arrangements that are approved on a precautionary basis.
- Change in the PRS documentation requirement** (paragraphs 51-52 of the LIC Facilities Review): Decision I would implement the proposal to further standardize and introduce greater flexibility in the PRS documentation requirements. Specifically, the PRGT Instrument would be amended to: (i) rename the Economic Development Document (EDD) as the “Poverty Reduction and Growth Strategy” (PRGS);¹ (ii) require observance of PRGS documentation requirements to members receiving support under SCF arrangements with an initial duration exceeding two years; (iii) extend the deadline for meeting the PRGS requirement from the first review to the second review; and (iv) for countries receiving support under an ECF arrangement that have limited institutional capacity for meeting the PRGS requirements by the second review, allow for the possibility of Board approval of an extension of the deadline for meeting such requirements up to the fourth review, provided that such extension request is made no later than the time of the request for completion of the second review. Such member may request a further extension up to the sixth review, provided that: (A) the member can provide adequate justifications based on persistent limited institutional capacity for meeting the PRGS requirements and other urgent priorities; and (B) the member’s arrangement has a duration of at least four years, or an

¹ The minimum standards and good practice guidelines for EDD content, as well as the approach of seeking World Bank’s staff views through an assessment letter, approved in 2015, will apply to Poverty Reduction and Growth Strategies.

extension of the arrangement to at least four years is requested. Any request for such additional extension of the deadline for issuance of the PRGS shall be made no later than the time of the request for completion of the review corresponding to the extended deadline for the PRGS requirement.

- **Alignment of market access criteria used for exceptional access and blending** (paragraph 53 of the LIC Facilities Review): Decision I would implement the proposal to explicitly align the market access criterion used for exceptional access with the market access criterion used in blending. This change would clarify that countries with past market access and GNI per capita at or below 80 percent of the prevailing operational cutoff for assistance from the International Development Association (IDA) would not be excluded from exceptional access on grounds of market access. Decision I further specifies the market access criterion used for exceptional access as the same criterion used for determining the presumption of blending, i.e., issuance or guarantee of eligible external debt during at least 2 of the past 5 years in a cumulative amount of at least 25 percent of quota (as well as GNI above 80 percent of the IDA operational cut-off).²
- **Increase in the threshold for LOT procedures for ECF and SCF augmentation requests** (paragraph 54 of the LIC Facilities Review): In line with the generalized increase in access, Decision I would implement the proposal to update the threshold from 12.5 percent of quota to 15 percent of quota above which LOT procedures for augmentation requests in an ad hoc review between scheduled reviews under ECF and SCF arrangements are not permitted.

B. Amendments to the RFI Decision

6. Proposed Decision II—Decision II would implement the proposal to increase the annual and cumulative access limits under the RFI (paragraph 43 of the LIC Facilities Review). Decision II would implement the proposal to (i) increase the annual and cumulative limits applicable to all access under the RFI by one-third (i.e., from 37.5 percent to 50 percent of quota and from 75 percent to 100 percent of quota (net of scheduled repurchases) respectively; (ii) increase the annual limit under the large natural disasters window by one-third (i.e., from 60 percent to 80 percent of quota); and (iii) in addition to the general cumulative limit as noted in (i) above, increase the cumulative limit by a further one-third for cases where the urgent balance of payments need arises from a large natural disaster (i.e., from 75 percent to 133.33 percent of quota, net of scheduled repurchases).

C. Amendments to the PSI Decision

7. Proposed Decision III—Decision III would implement the proposal to change the PRS documentation requirements applicable to the PSI (paragraph 52 of the LIC Facilities Review). Specifically, the PSI decision would be amended to (i) rename the EDD as the PRGS; (ii) extend the

² The concept of eligible external debt corresponds to that used for PRGT-eligibility purposes, and thus consists of external bonds or disbursements under external commercial loans as defined in Executive Board decision No. 14521-(10/3), as amended.

deadline for meeting the PRGS requirements from the first review to the second review; and (iii) require the PRGS only for PSIs with an initial duration exceeding two years.

D. Consequential Changes to Other Policy Decisions

8. *Proposed Decision IV*—Decision IV would amend the Transparency Policy Decision to give effect to the proposal to rename the EDD as the PRGS. Specifically, the Transparency Policy Decision would be amended to refer to the PRGS in addition to the EDD.

9. *Proposed Decision V*—Decision V would amend the decision on web posting of PRS documentation to give effect to the proposal to rename the EDD as the PRGS. Specifically, the decision on web posting would be amended to refer to the PRGS in addition to the EDD.

Proposed Decision*

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

Decision I. Amendments to the PRGT Instrument

The Instrument to Establish the Poverty Reduction and Growth Trust (“PRGT Instrument”), Annex to Decision No. 8759-(87/176) ESAF, adopted December 18, 1987, as amended, along with its Appendices, shall be amended as follows:

Initial duration and extension of ECF arrangements

In Section II, paragraph 1(b) (1) of the PRGT Instrument, the references to “up to four years” in the first and second sentences shall be replaced by “up to five years”.

Initial duration and extension of SCF arrangements

In Section II, paragraph 1(c) (1) of the PRGT Instrument, the reference to “from one to two years” in the second sentence shall be replaced by “from one to three years”; the word “or” shall be added in the ninth sentence after the words “the next twelve months”; and the reference to “two and a half years out of any five-year period” in the penultimate sentence shall be replaced by “three years out of any six-year period”.

* A revised Decision I is included in pages 4-11 of Supplement 2; Decisions II-V, as set forth here, remain unchanged and are reproduced in pages 11-16 of Supplement 2.

Overall amount of access under PRGT arrangements

Section II, Paragraph 2(a) shall be amended to read:

“(a) The overall access of each eligible member to the resources of the Trust under all facilities of the Trust as specified in Section I, Paragraph 1(a) shall be subject to (i) an annual limit of 100 percent of quota; and (ii) a cumulative limit of 300 percent of quota, net of scheduled repayments. The Fund may approve access in excess of these limits in cases where the member is experiencing an exceptionally large balance of payments need, has a comparatively strong adjustment program and ability to repay the Fund, does not have sustained past access to international financial markets, and has income at or below the prevailing operational cutoff for assistance from the International Development Association (IDA); provided that access shall in no case exceed (i) a maximum annual limit of 133.33 percent of quota, and (ii) a maximum cumulative limit of 400 percent of quota, net of scheduled repayments. For the purpose of this sub-paragraph, a member is deemed to have sustained past access to international financial markets if, in addition to having income above 80 percent of the IDA operational cutoff, the sovereign has issued or guaranteed eligible external debt during at least two of the past five years in a cumulative amount equivalent to at least 25 percent of the member’s quota.”

Sub-limits for access under the RCF

Section II, Paragraph 2(b) on the access limits applicable to RCF disbursements shall be amended to read:

“(b) The access of each eligible member under the RCF shall be subject to an annual limit of 50 percent of quota, and a cumulative limit of 100 percent of quota, net of scheduled repayments, subject to the following provisions:

(i) each disbursement shall not exceed 25 percent of quota except where the member requests assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock (including a large natural disaster under (ii) below) and the member’s existing and prospective policies are sufficiently strong to address the shock;

(ii) the annual and cumulative access limits under the RCF shall be 80 percent of quota and 133.33 percent of quota, net of scheduled repayments, respectively, where (a) the member requests assistance under the RCF to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member’s gross domestic product (GDP), and (b) the member’s existing and prospective policies are sufficiently strong to address the natural disaster shock; and

(iii) outstanding credit by a member under the rapid-access component of the ESF or outstanding purchases from the General Resources Account under emergency post conflict/natural disaster assistance covered by Decision No. 12341-(00/117), shall count towards the annual and cumulative limits applicable to access under the RCF. With effect from July 1, 2015, any purchases from the General Resources Account under the Rapid Financing Instrument shall count towards the annual and cumulative limits applicable to access under the RCF.”

Sub-limit on precautionary use of the SCF

Section II, Paragraph 2(c) establishing sub-limits on access at approval of precautionary SCF arrangements shall be deleted from the PRGT Instrument to abolish such sub-limits.

Increase in the threshold for lapse of time procedures for ECF and SCF augmentation requests

Section II, Paragraph 2(h) shall be amended to increase the threshold for lapse of time procedures for ECF and SCF augmentation requests.

“(h) The amount of resources committed to a qualifying member under an ECF or SCF arrangement may also be increased by the Trustee in an ad-hoc review between scheduled reviews under the arrangement to address an increase in the underlying balance of payments problems of the qualifying member where the problem is so acute that the augmentation cannot await the next scheduled review under the arrangement. The Trustee, however, shall not approve requests for augmentation at an ad hoc review if the scheduled review associated with the most recent availability date preceding the augmentation request has not been completed. In support of a request for augmentation between scheduled reviews under an ECF or SCF arrangement, the member will describe in a letter of intent the nature and size of its balance of payment difficulties, and any information relevant to program implementation, including exogenous developments. Before approving such augmentation, the Trustee shall be satisfied that the program remains on track to achieve its objectives at the time of the augmentation, based on the information provided by the member, and, in particular, that the member is in compliance with any continuous performance criteria or that a waiver of nonobservance is justified and that all prior actions have been met. Requests for augmentation of access that do

not exceed 15 percent of quota would be considered for approval on a lapse-of-time basis as provided for in Decision/A/13207, as amended. Following its approval by the Trustee, the augmentation of access under the arrangement will not exceed the amount immediately needed by the member in light of its balance of payments difficulties and will become available to the member in a single disbursement, which the member may request at any time until the availability date of the next scheduled disbursement under the ECF or SCF arrangement. A program review following an augmentation of access under the arrangement between scheduled reviews would be expected to include a comprehensive review of policies under the program. In order to allow the Trustee to undertake such a comprehensive assessment of the member's policies, this review may not be completed on a lapse of time basis."

Poverty Reduction Strategy

Section II, Paragraph 1(b)(3) of the PRGT Instrument shall be amended to read:

"(3) (i) Subject to subparagraph (ii) below, the Trustee shall not complete the second or any subsequent review under an ECF arrangement unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for an ECF arrangement or a review under an ECF arrangement. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS.

A PRGS shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

(ii) In cases where a member has limited institutional capacity for meeting the PRGS requirement specified in subparagraph (i) above, the member may request approval by the Executive Board of an extension of the deadline for issuance of the PRGS up until the fourth review under the ECF arrangement. Any request for an extension shall be made no later than the time of the request for completion of the second review. A member may request approval of a further extension of the deadline for issuance of the PRGS up until the sixth review under the ECF arrangement, provided that: (A) the member can provide adequate justifications based on persistent limited institutional capacity for meeting the PRGS requirement and other urgent priorities; and (B) the member's arrangement has a duration of at least four years, or an extension of the arrangement to at least four years is requested. Any request for such additional extension of the deadline for issuance of the PRGS shall be made no later than the time of the request for completion of the review corresponding to the extended deadline for the PRGS requirement."

A new Section II, Paragraph 1(c)(4) of the PRGT Instrument shall be added to read:

“(4) The Trustee shall not complete the second or any subsequent review under an SCF arrangement with an initial duration exceeding two years unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for an SCF arrangement or a review under an SCF arrangement. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) and shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.”

Decision II. Amendments to the Rapid Financing Instrument Decision

The Decision establishing the Rapid Financing Instrument (RFI), Decision No. 15015-(11/112), November 21, 2011, as amended, shall be amended as follows:

Paragraph 5 of the RFI decision shall be amended to read:

“Assistance under this Decision shall be made available to members in the form of outright purchases. Access by members to resources under this Decision shall be subject to (a) an annual limit of 50 percent of quota, and (b) a cumulative limit of 100 percent of quota, net of scheduled repurchases, provided that the annual access limit shall be 80 percent of quota and the cumulative access limit shall be 133.33 percent of quota, net of scheduled repurchases, where (i) the member requests assistance under the RFI to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member’s gross domestic product (GDP), and (ii) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock.”

Decision III. Amendments to the Policy Support Instrument Framework Decision

The decision establishing the Policy Support Instrument, Decision No. 13561-(05/85), October 5, 2005, as amended, shall be amended as follows:

Paragraph 5 of the PSI Decision shall be amended to read:

“5. Poverty Reduction Strategy (PRS) Documents. The member’s program will be based on the member’s poverty reduction strategy, which will be set forth in a Poverty Reduction and Growth Strategy (PRGS).”

Paragraph 8 (ii) of the PSI Decision shall be amended to read:

“(ii) The Trustee shall not complete the second or any subsequent review under a PSI with an initial duration exceeding two years unless it finds that (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for a PSI or a review under a PSI. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) as set forth in paragraph 5 above and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.”

Decision IV. Amendments to the Transparency Policy Decision

Transparency Policy Decision, Decision No. 15420-(13/61), adopted June 24, 2013, as amended, shall be amended as follows:

Paragraph 4.a. shall be amended to read:

“4. a. The Managing Director will not recommend that the Executive Board approve (i) an arrangement under the Poverty Reduction and Growth Trust (PRGT) or completion of a review under such arrangement, or (ii) a Heavily Indebted Poor Countries (HIPC) decision point or completion point decision, or (iii) a member’s request for a PSI or the completion of a review under a PSI, if the member concerned does not explicitly consent to the publication of its Interim Poverty Reduction Strategy Paper (I-PRSP), Poverty Reduction Strategy Paper (PRSP), PRSP preparation status report, PRSP annual progress report (APR), Economic Development Document (“EDD”) or Poverty Reduction and Growth Strategy (PRGS) (Document 10 or Document 15, as the case may be).”

Paragraph 11 shall be amended to read:

“11. After the Executive Board (i) adopts a decision regarding a member’s use of Fund resources (including a decision completing a review under a Fund arrangement), or (ii) adopts a decision approving a PSI or a PCI, or conducts a review under a PSI or a PCI, or (iii) completes a discussion on a member’s participation in the HIPC Initiative, or (iv) completes a discussion on a member’s I-PRSP, PRSP, PRSP preparation status report, APR, EDD or PRGS in the context of the use of Fund resources

or a PSI, a Press Release, which will contain a Chairman’s statement on the discussion, emphasizing the key points made by Executive Directors, will be issued to the public. Where relevant, the Chairman’s statement will contain a summary of HIPC Initiative decisions pertaining to the member and the Executive Board’s views on the member’s I-PRSP, PRSP, PRSP preparation status report, APR, EDD, or PRGS in the context of use of Fund resources or a PSI. Waivers for nonobservance, or of applicability, of performance criteria, and any other matter as may be decided by the Executive Board from time to time (Document 21), and waivers for nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time (Document 22), will be mentioned in the factual statement section of the Press Release or in a factual statement issued in lieu of a Chairman’s statement as provided for in paragraph 13(b). Before a Press Release is issued, it will, if any Executive Director so requests, be read by the Chairman to the Executive Board and Executive Directors will have an opportunity to comment at that time. The Executive Director elected, appointed, or designated by the member concerned will have the opportunity to review the Chairman’s statement, to propose minor revisions, if any, and to consent to its publication immediately after the Executive Board meeting. Notwithstanding the above, no Press Release published under this paragraph shall contain any reference to a discussion or decision pertaining to a member’s overdue financial obligations to the Fund, where a Press Release following an Executive Board decision to limit the member’s use of Fund resources because of the overdue financial obligations has not yet been issued. In the case of an Executive Board meeting pertaining solely to a discussion or decision with respect to a member’s overdue financial obligations, no Chairman’s statement will be published.”

Paragraph 13.b (i) shall be amended to read:

“(i) If a member does not consent to the publication of a Press Release containing a Chairman’s statement (Documents 7 and 20) under paragraph 11 where one would be applicable, or if no Chairman’s statement has been issued because a decision was taken on a lapse-of-time basis, a brief factual statement will be issued immediately after the Board consideration. The factual statement will describe the Executive Board’s decision relating to (a) that member’s use of Fund resources (including HIPC initiative decisions (Document 8), waivers (Document 21), and consideration of PRSP documents, EDDs and PRGSs (Document 10), when relevant), or (b) the approval of a PSI or a PCI for that member, or the conduct of a review under that member’s PSI or PCI (including waivers (Document 22) and consideration of PRSP documents, EDDs and PRGSs (Document 15), when relevant).”

Paragraph 28 shall be amended to read:

“28. Documents may be published under this decision only after their consideration by the Executive Board, except for documents that are circulated for information only including: (i) I-PRSPs, PRSPs, EDDs and PRGSs; and (ii) Reports on Observance of Standards and Codes (ROSCs) and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports. Documents covered by this paragraph may be published immediately after circulation to the Executive Board.”

Item 10 of Indicative List of Documents Covered by the Decision shall be amended to read:

“10. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, EDDs and PRGSs”

Item 15 of Indicative List of Documents Covered by the Decision shall be amended to read:

“15. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, EDDs and PRGSs in the context of PSIs”

Decision V. Amendments to the Decision on Web Posting of PRS Documentation

Decision No. 13816-(06/98), adopted November 15, 2006, as amended, shall be amended as follows:

“Web posting of Poverty Reduction Strategy Papers (PRSPs), Interim PRSPs, Annual Progress Reports of PRSPs, PRSP Preparation Status reports, Economic Development Documents and Poverty Reduction and Growth Strategies in accordance with the procedures outlined in SM/06/359 (10/25/06) shall be taken to constitute issuance of such documents to the Executive Board for the purposes of (1) Section II, paragraph 1(b)(3) and paragraph 1(c)(4) of the Instrument to Establish the Poverty Reduction and Growth Trust, Annex to Decision No. 8759-(87/176), adopted December 18, 1987, as amended; (2) Section III, paragraph 2(c) of the Instrument to Establish a Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations, Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended; and (3) paragraph 8 of the Policy Support Instrument-Framework, Decision No. 13561-(05/85), adopted October 5, 2005, as amended.”

Annex I. Instrument to Establish the Poverty Reduction and Growth Trust—Redlined Version

Introductory Section

To help fulfill its purposes, the International Monetary Fund (hereinafter called the “Fund”) has adopted this Instrument establishing the Poverty Reduction and Growth Trust (hereinafter called the “Trust”), which shall be administered by the Fund as Trustee (hereinafter called the “Trustee”). The Trust shall be governed by and administered in accordance with the provisions of this instrument.

Section II. *Trust Loans*

Paragraph 1. *Eligibility and Conditions for Assistance*

(a) The members on the list annexed to Decision No. 8240-(86/56) SAF, as amended, shall be eligible for assistance from the Trust.

(b) Assistance under the ECF

(1) Assistance under the ECF shall be committed and made available to a qualifying member under a single arrangement of no less than three years and up to ~~four~~ five years (hereinafter called an “ECF arrangement”) in support of a macroeconomic and structural adjustment program presented by the member. It would be expected that ECF arrangements would normally be approved for a period of three years, although arrangements for up to ~~four~~ five years may also be approved, where appropriate, and if the member so requests. The member shall also present a detailed statement of the policies and measures it intends to pursue for the first twelve months of the arrangement, and indicate how the program advances the member’s poverty reduction and growth objectives, in line with the objectives and policies of the program. The ECF arrangement will prescribe the total amount of resources committed to the member, the amount to be made available during the first year of the arrangement, the

phasing of disbursements during that year, and the overall amounts to be made available during the subsequent years of the arrangement. Disbursements shall be phased at regular intervals no more than six months apart (one upon approval and at normally regular intervals thereafter) with performance criteria applicable specifically to each disbursement and appropriate monitoring of key financial variables in the form of quantitative benchmarks and structural benchmarks for critical structural reforms. Structural benchmarks may be targeted for implementation either by a specific date or by the time of a specific review under the ECF arrangement. The ECF arrangement shall also provide for reviews by the Trustee of the member's program scheduled at intervals that are the same as those applicable to disbursements to evaluate the macroeconomic and structural reform policies of the member and the implementation of its program and reach new understandings if necessary. The determination of the phasing of, and the conditions applying to, disbursements after the first year of the ECF arrangement will be made by the Trustee in the context of reviews of the program with the member. At each review, the member will present a detailed statement describing progress made under the program, the policies it will follow during the next 12 months or up to the remaining period of the arrangement to further the realization of the objectives of the program, and how the program advances the country's poverty reduction and growth objectives, with such modifications as may be necessary to assist it to achieve its objectives in changing circumstances.

(2) Before approving an ECF arrangement, the Trustee shall be satisfied that the member has a protracted balance of payments problem and is making an effort to strengthen substantially and in a sustainable manner its balance of payments position under a policy program that supports significant progress toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

(3) (i) ~~With respect to ECF arrangements that will be approved starting January 1, 2016 Subject to subparagraph (ii) below,~~ the Trustee shall not complete the ~~first second~~ or any subsequent review under an ECF arrangement unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board ~~as an Economic Development Document (EDD) that and~~ has been the subject of a staff analysis in the staff report on a request for an ECF arrangement or a review under an ECF arrangement. ~~For purposes of this Instrument, the term EDD shall have the meaning as follows: (a) an EDD may be A Poverty reduction strategy issued to the Executive~~

~~Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) an EDD may be a document newly prepared by a member country documenting its poverty reduction strategy; ; or (c) a PRSP that has already been issued to the Executive Board as of June 22, 2015 and has been the subject of a staff analysis in a staff report on a request for an ECF arrangement or a review under an ECF arrangement so long as the poverty reduction strategy set out in the PRSP has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review. An EDD A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the EDD PRGS.~~

~~(ii) With respect to ECF arrangements that are in existence as of June 22, 2015 or will be approved from June 22, 2015 to December 31, 2015, the Trustee shall not complete the second or any subsequent review unless it finds that the member concerned has a poverty reduction strategy set out in: (A) an EDD as defined in Section II, paragraph 1(b)(3)(i) above; or (B) an IPRSP, PRSP preparation status report or APR that has been issued to the Executive Board normally within the previous 18 months and in any event not after December 31, 2015, and has been the subject of a staff analysis in the staff report on a request for an ECF arrangement or a review under an ECF arrangement.~~

~~(ii) In cases where a member has limited institutional capacity for meeting the PRGS requirement specified in subparagraph (i) above, the member may request approval by the Executive Board of an extension of the deadline for issuance of the PRGS up until the fourth review under the ECF arrangement. Any request for an extension shall be made no later than the time of the request for completion of the second review. A member may request approval of a further extension of the deadline for issuance of the PRGS up until the sixth review under the ECF arrangement, provided that: (A) the member can provide adequate justifications based on persistent limited institutional capacity for meeting the PRGS requirement and other urgent priorities; and (B) the member's arrangement has a duration of at least four years, or an extension of the arrangement to at least four years is requested. Any request for such additional extension of the deadline for issuance of the PRGS shall be made no later than the time of the~~

request for completion of the review corresponding to the extended deadline for the PRGS requirement.

~~(iii) For purposes of this Instrument, subject to the terms of Section II, paragraph 1(b)(3)(i)-(ii) above, the terms I-PRSP, PRSP, PRSP Preparation Status Report and APR shall have the meaning specified in Section I, paragraph 1 of the PRG-HIPC Trust Instrument (Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended).~~

(4) A member may cancel an ECF arrangement at any time by notifying the Fund of such cancellation. An ECF arrangement for a member approved after the date of adoption of this decision will automatically terminate before its term if no program review under the arrangement has been completed over a period of eighteen months. The Trustee, at the authorities' request, may decide to delay the termination of the arrangement by up to three months in cases where the reaching of understandings between the authorities and the Trustee on targets and measures to put the ECF-supported program back on track within the term of the arrangement, appears imminent. The ECF arrangement will automatically terminate at the end of the extended period unless a program review under the arrangement is completed within this period. After the expiration of an ECF arrangement for a member, the cancellation of the ECF arrangement by the member, or the automatic termination of the ECF arrangement, the Trustee may approve additional ECF arrangements for an eligible member in accordance with this Instrument.

(c) Assistance under the SCF

(1) Assistance under the SCF shall be committed and made available to a qualifying member under an arrangement (hereinafter called an "SCF arrangement") in support of a macroeconomic and structural adjustment program presented by the member. The period for an SCF arrangement shall range from one to ~~two~~ three years. The member shall present a detailed statement of the policies and measures it intends to pursue during the first year of the arrangement, and how the program advances the member's poverty reduction and growth objectives. In addition, the member will make an explicit statement, where applicable, about its intention to treat the SCF arrangement as precautionary. The SCF arrangement will prescribe the total amount of resources committed to the member and the phasing of disbursements during the period of the arrangement; provided that in cases where the period of a SCF arrangement exceeds one year, the arrangement may prescribe the amount to be made available during the first year of the arrangement and the phasing of disbursements during that year. Disbursements shall be phased at regular intervals no more than six

months apart (one upon approval and at approximately regular intervals thereafter) with performance criteria applicable specifically to each disbursement and appropriate monitoring of key financial variables in the form of quantitative benchmarks and structural benchmarks for critical structural reforms. The SCF arrangement shall also provide for reviews by the Trustee of the member's program scheduled at intervals that are the same as those applicable to disbursements to evaluate the macroeconomic and structural reform policies of the member and the implementation of its program and reach new understandings if necessary. In cases where the period of a SCF arrangement exceeds one year, the determination of the phasing of, and the conditions applying to, disbursements during the period of the arrangement following the first year may be made by the Trustee in the context of reviews of the program with the member. At the time of each review, the member will present a detailed statement describing progress made under the program, the policies it will follow during the next twelve months or up to the remaining period of the arrangement to further the realization of the objectives of the program, and how the program advances the country's poverty reduction and growth objectives, with such modifications as may be necessary to assist it to achieve its objectives in changing circumstances. The member may request at any time any previously scheduled and undrawn disbursement under an SCF arrangement, provided that the most recently scheduled review under the arrangement prior to the request has been completed. After the expiration of an SCF arrangement for a member, or the cancellation of the SCF arrangement by the member, the Trustee may approve additional SCF arrangements for that member in accordance with the Instrument provided that, normally, no SCF arrangement shall be approved that could result in a member having had SCF arrangements in place for more than ~~two and a half~~ three years out of any ~~five-six~~-year period, assessed on a rolling basis. In applying this limitation, the Trustee shall not include previously approved SCF arrangements that have expired with no disbursement having taken place or new SCF arrangements whose approval the member has requested and for which the Trustee, at the time of consideration of the request, assesses that the member does not have an actual balance of payments need.

(2) Before approving a SCF arrangement, the Trustee shall be satisfied (a) that the member does not have a protracted balance of payments problem, and has an actual or potential short-term balance of payment need that is expected (or in the case of a potential balance of payments need, would be expected) to be resolved within two years and in any event not later than three years; (b) that the member's balance of payments difficulties are not predominantly caused by a withdrawal of financial support by donors; and (c) that the member is implementing, or is committed to implement, policies aimed at resolving the balance of payments difficulties it is encountering or could encounter, and at achieving, maintaining or restoring a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction.

(3) Notwithstanding subparagraph 2 above, no SCF arrangement shall be approved before January 1, 2010, based solely on the existence of a potential balance of payments need.

(4) The Trustee shall not complete the second or any subsequent review under an SCF arrangement with an initial duration exceeding two years unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for an SCF arrangement or a review under an SCF arrangement. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) and shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

Paragraph 2. Amount of Assistance

(a) The overall access of each eligible member to the resources of the Trust under all facilities of the Trust as specified in Section I, Paragraph 1(a) shall be subject to (i) an annual limit of ~~75~~100 percent of quota; and (ii) a cumulative limit of ~~225~~ 300 percent of quota, net of scheduled repayments. The Fund may approve access in excess of these limits in cases where the member is experiencing an exceptionally large balance of payments need, has a comparatively strong adjustment program and ability to repay the Fund, does not ~~have sustained past access to international financial markets~~ have sustained past and prospective access to capital markets, and has income at or below the prevailing operational cutoff for assistance from the International Development Association (IDA); provided that access shall in no case exceed (i) a maximum annual limit of ~~400~~ 133.33 percent of quota, and (ii) a maximum cumulative limit of ~~300~~ 400 percent of quota, net of scheduled repayments. For the purpose of this sub-paragraph, a member is deemed to have sustained past access to international financial markets if, in

addition to having income above 80 percent of the IDA operational cutoff, the sovereign has issued or guaranteed eligible external debt during at least two of the past five years in a cumulative amount equivalent to at least 25 percent of the member's quota.

(b) The access of each eligible member under the RCF shall be subject to an annual limit of ~~18.75~~ 50 percent of quota, **and** a cumulative limit of ~~75~~ 100 percent of quota, net of scheduled repayments, **subject to the following provisions:**

~~provided that (i) (A) each disbursement shall not exceed 25 percent of quota except where, (A) the annual and cumulative access limits under the RCF shall be 37.5 percent of quota and 75 percent of quota respectively, net of scheduled repayments, in cases where (i) the member requests assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock (including a large natural disaster under (ii) below), and (ii) the member's existing and prospective policies are sufficiently strong to address the shock;~~

~~and (ii) (B) the annual and cumulative access limits under the RCF shall be 60 80 percent of quota and 75 133.33 percent of quota respectively, net of scheduled repayments, respectively, where (a) (i) the member requests assistance under the RCF to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP) and (b) (ii) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock; and :~~

(iii) Outstanding credit by a member under the rapid-access component of the ESF or outstanding purchases from the General Resources Account under emergency post conflict/natural disaster assistance covered by Decision No. 12341-(00/117), shall count towards the annual and cumulative limits applicable to access under the RCF. With effect from July 1, 2015, any purchases from the General Resources Account under the Rapid Financing Instrument shall count towards the annual and cumulative limits applicable to access under the RCF.

~~(c) Unless the member has an actual balance of payment need at the time of approval of the arrangement, the Trustee shall not approve an SCF arrangement that provides for an average annual access in excess of 37.5 percent of quota and provides for annual access in excess of 56.25 percent of quota.~~

(h) The amount of resources committed to a qualifying member under an ECF or SCF arrangement may also be increased by the Trustee in an ad-hoc review between scheduled reviews under the arrangement to address an increase in the underlying balance of payments problems of the qualifying member where the problem is so acute that the augmentation cannot await the next scheduled review under the arrangement. The Trustee, however, shall not approve requests for augmentation at an ad hoc review if the scheduled review associated with the most recent availability date preceding the augmentation request has not been completed. In support of a request for augmentation between scheduled reviews under an ECF or SCF arrangement, the member will describe in a letter of intent the nature and size of its balance of payment difficulties, and any information relevant to program implementation, including exogenous developments. Before approving such augmentation, the Trustee shall be satisfied that the program remains on track to achieve its objectives at the time of the augmentation, based on the information provided by the member, and, in particular, that the member is in compliance with any continuous performance criteria or that a waiver of nonobservance is justified and that all prior actions have been met. Requests for augmentation of access that do not exceed ~~12.5~~ 15 percent of quota would be considered for approval on a lapse-of-time basis as provided for in Decision/A/13207, as amended. Following its approval by the Trustee, the augmentation of access under the arrangement will not exceed the amount immediately needed by the member in light of its balance of payments difficulties and will become available to the member in a single disbursement, which the member may request at any time until the availability date of the next scheduled disbursement under the ECF or SCF arrangement. A program review following an augmentation of access under the arrangement between scheduled reviews would be expected to include a comprehensive review of policies under the program. In order to allow the Trustee to undertake such a comprehensive assessment of the member's policies, this review may not be completed on a lapse of time basis.

Annex II. Rapid Financing Instrument—Redlined Version

5. Assistance under this Decision shall be made available to members in the form of outright purchases. Access by members to resources under this Decision shall be subject to (a) an annual limit of ~~5037.5~~ percent of quota, and (b) a cumulative limit of ~~100.75~~ percent of quota, net of scheduled repurchases, provided that the annual access limit shall be ~~80.60~~ percent of quota and the cumulative access limit shall be 133.33 percent of quota, net of scheduled repurchases, where (i) the member requests assistance under the RFI to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP), and (ii) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock.

Annex III. Policy Support Instrument—Redlined Version

5. Poverty Reduction Strategy (PRS) Documents. The member's program will be based on the member's poverty reduction strategy, which will be set forth in ~~an Economic Development Document~~ ("EDD") a Poverty Reduction and Growth Strategy (PRGS).

8. (i) The implementation of the member's program under a PSI will be assessed through program reviews, scheduled normally at regular intervals no more than six months apart. A review can be completed only if the Executive Board is satisfied that the member's program is on track and that the conditions for the approval of a PSI, noted in paragraph 6, above, continue to be met. Having conducted, but not completed, a scheduled review, the Executive Board may subsequently return to that review, unless the previous scheduled review was not completed. Documentation supporting a return to the uncompleted review must be issued to the Executive Board prior to the earliest test date of the periodic quantitative assessment criteria linked to the next scheduled review, except for the staff report which may be issued up to one month after the earliest test date of the periodic quantitative assessment criteria linked to the next scheduled review.

(ii) ~~With respect to PSIs that will be approved starting January 1, 2016, the~~ The Trustee shall not complete the ~~first~~ second or any subsequent review under a PSI with an initial duration exceeding two years unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board ~~and as an EDD that~~ has been the subject of a staff analysis in the staff report on a request for a PSI or a review under a PSI. ~~For purposes of this Instrument, the term EDD shall have the meaning as follows: (a) an EDD may be~~ A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) as set forth in paragraph 5 above and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall comprise any of the following: (a) a document developed by a member country on its national development plan

or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; ~~or (b) an EDD may be a document newly prepared by a member country documenting its poverty reduction strategy. ; or (c) a PRSP that has already been issued to the Executive Board as of June 22, 2015 and has been the subject of a staff analysis in a staff report on a request for a PSI or a review under a PSI so long as the poverty reduction strategy set out in the PRSP has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review. An EDD, A PRGS~~ shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the ~~EDD-PRGS~~.

~~(iii) With respect to PSIs that are in existence as of June 22, 2015 or will be approved from June 22, 2015 to December 31, 2015, the Trustee shall not complete the second or any subsequent review unless it finds that the member concerned has a poverty reduction strategy set out in: (A) an EDD as defined in paragraph 8(ii) above; or (B) an I-PRSP, PRSP preparation status report or APR that has been issued to the Executive Board normally within the previous 18 months and in any event not after December 31, 2015, and has been the subject of a staff analysis in the staff report on a request for a PSI or a review under a PSI.~~

~~(iv) For purposes of this Instrument, subject to the terms of paragraphs 8(ii)–(iii) above, the terms I-PRSP, PRSP, PRSP preparation status report and APR shall have the meaning given to each of them in Section I, paragraph 1 of the PRG-HIPC Trust Instrument (Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended).~~

Annex IV. Transparency Policy Decision—Redlined Version

4. a. The Managing Director will not recommend that the Executive Board approve (i) an arrangement under the Poverty Reduction and Growth Trust (PRGT) or completion of a review under such arrangement, or (ii) a Heavily Indebted Poor Countries (HIPC) decision point or completion point decision, or (iii) a member's request for a PSI or the completion of a review under a PSI, if the member concerned does not explicitly consent to the publication of its Interim Poverty Reduction Strategy Paper (I-PRSP), Poverty Reduction Strategy Paper (PRSP), PRSP preparation status report, PRSP annual progress report (APR), ~~or~~ Economic Development Document ("EDD") or Poverty Reduction and Growth Strategy (PRGS) (Document 10 or Document 15, as the case may be).

b. The Managing Director will generally not recommend that the Executive Board approve a request for (i) access to resources in the General Resources Account or the PRGT, or (ii) access to Fund resources under the HIPC Trust, or (iii) assistance through a PSI or a PCI, unless that member explicitly consents to the publication of the associated staff report. For purposes of this paragraph 4(b), approval of the use of the Fund's resources includes the completion of a review under an arrangement and assistance through a PSI or a PCI includes the completion of a review under the PSI or the PCI. In the case of the PCI, where a member does not provide consent to publication of an interim performance update, the Managing Director may take this into account when determining whether to recommend that the Executive Board approve a subsequent review of the member's PCI.

11. After the Executive Board (i) adopts a decision regarding a member's use of Fund resources (including a decision completing a review under a Fund arrangement), or (ii) adopts a decision approving a PSI or a PCI, or conducts a review under a PSI or a PCI, or (iii) completes a discussion on a member's participation in the HIPC Initiative, or (iv) completes a discussion on a member's I-PRSP, PRSP, PRSP preparation status report, APR, ~~or~~ EDD or PRGS in the context of the use of Fund resources or a PSI, a Press Release, which will contain a Chairman's statement on the discussion, emphasizing the key points made by Executive Directors, will be issued to the public. Where relevant, the Chairman's statement will contain a summary of HIPC Initiative decisions pertaining to the member and the Executive Board's views on the member's I-PRSP, PRSP, PRSP preparation status report, APR, ~~or~~ EDD or PRGS in the context of use of Fund resources or a PSI. Waivers for

nonobservance, or of applicability, of performance criteria, and any other matter as may be decided by the Executive Board from time to time (Document 21), and waivers for nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time (Document 22), will be mentioned in the factual statement section of the Press Release or in a factual statement issued in lieu of a Chairman’s statement as provided for in paragraph 13(b). Before a Press Release is issued, it will, if any Executive Director so requests, be read by the Chairman to the Executive Board and Executive Directors will have an opportunity to comment at that time. The Executive Director elected, appointed, or designated by the member concerned will have the opportunity to review the Chairman’s statement, to propose minor revisions, if any, and to consent to its publication immediately after the Executive Board meeting. Notwithstanding the above, no Press Release published under this paragraph shall contain any reference to a discussion or decision pertaining to a member’s overdue financial obligations to the Fund, where a Press Release following an Executive Board decision to limit the member’s use of Fund resources because of the overdue financial obligations has not yet been issued. In the case of an Executive Board meeting pertaining solely to a discussion or decision with respect to a member’s overdue financial obligations, no Chairman’s statement will be published.

13. A brief factual statement will be issued in the circumstances and within the time frames set forth in this paragraph 13.

a. With respect to the Executive Board’s consideration of an Article IV consultation, a regional surveillance discussion, an FSSA report, a post-program monitoring, an ex post assessment or an ex post evaluation:

(i) If, after twenty-eight calendar days from the relevant Board consideration, a member does not consent to the publication of a Press Release pertaining to the Board consideration, a brief factual statement will be issued stating the fact of the Board’s -consideration of the matter.

(ii) If, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board’s consideration of the matter and clarifying the authorities’ publication intention with respect to the staff report.

b. With respect to the Executive Board’s consideration of use of Fund resources, a PCI, or a PSI, a brief factual statement shall be issued in accordance with the following provisions:

(i) If a member does not consent to the publication of a Press Release containing a Chairman’s statement (Documents 7 and 20) under paragraph 11 where one would be applicable, or if no Chairman’s statement has been issued because a decision was taken on a lapse-of-time basis, a brief factual statement will be issued immediately after the Board consideration. The factual statement will describe the Executive Board’s decision relating to (a) that member’s use of Fund resources (including HIPC initiative decisions (Document 8), waivers (Document 21), and consideration of PRSP documents ~~and~~ EDDs ~~and~~ PRGSs (Document 10), when relevant), or (b) the approval of a PSI or a PCI for that member, or the conduct of a review under that member’s PSI or PCI (including waivers (Document 22) and consideration of PRSP documents ~~and~~ EDDs ~~and~~ PRGSs (Document 15), when relevant).

(ii) With respect to the consent provisions set forth in paragraph 4(b), if, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board’s -consideration of the matter and clarifying the authorities’ publication intention with respect to the staff report.

28. Documents may be published under this decision only after their consideration by the Executive Board, except for documents that are circulated for information only including: (i) I-PRSPs, PRSPs, ~~and~~ EDDs ~~and~~ PRGSs; and (ii) Reports on Observance of Standards and Codes (ROSCs) and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports. Documents covered by this paragraph may be published immediately after circulation to the Executive Board.

Indicative List of Documents Covered by the Decision

(1) This list is indicative and is not intended to be exhaustive. Country Documents, Fund Policy Documents and Multi-Country Documents that may be created in between reviews of the Transparency Policy will be subject to this Decision, unless the Executive Board decides otherwise on a case-by-case basis.

(2) The publication rules applicable to Multi-Country Documents will be explained in the Secretary's cover memorandum for the documents.

(3) Country Documents and Fund Policy Documents pertain to individual documents. Multi-Country Documents pertain to both individual documents and material sections within individual Multi-Country Documents. Material sections shall mean whole chapters or appendices.

(4) To the extent that the coverage of any document is not clear, publication of such documents will be guided by the overarching principles set forth in the preamble to the Transparency Policy Decision.

I. Country Documents

A. Surveillance and Combined Documents

1. Staff Reports for Article IV consultations and Combined Article IV consultation/Use of Fund Resources Staff Reports, Combined Article IV consultations/PSI, Combined Article IV consultations/PCI, and regional surveillance discussions.

2. Selected Issues Papers and Statistical Appendices

3. Reports on Observance of Standards and Codes (ROSCs), Financial System Stability Assessment (FSSA) Reports, and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports

4. Press Releases following Article IV consultations, regional surveillance discussions, and stand-alone Board consideration of FSSA reports

B. Use of Fund Resources Documents

5. Joint Fund/World Bank Staff Advisory Notes (JSANs) on Interim Poverty Reduction Strategy Papers (I-PRSPs), Poverty Reduction Strategy Papers (PRSPs), PRSP Preparation Status Reports, and RSP Annual Progress Reports (APRs)

6. Staff Reports for Use of Fund Resources, Post-Program Monitoring, Ex Post Assessment, and Ex Post Evaluation of exceptional access arrangements (excluding staff reports dealing solely with a member's overdue financial obligations to the Fund)

7. Press Releases containing a Chairman’s Statement for Use of Fund Resources
8. Preliminary, decision point, and completion point documents under the Heavily Indebted Poor Countries Initiative
9. Press Releases following Executive Board discussions on post-program monitoring, ex post assessments or ex post evaluations
10. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, ~~and~~-EDDs and PRGSs
11. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs)
12. Technical Memoranda of Understanding (TMUs) with policy content
- C. Staff Monitored Program (SMP) Documents
 13. LOIs/MEFPs for SMPs
 14. Stand-alone Staff Reports on SMPs
- D. Policy Support Instrument (PSI) and Policy Coordination Instrument (PCI) Documents.
 15. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, ~~and~~-EDDs and PRGSs in the context of PSIs
 16. Joint Fund/World Bank Staff Advisory Notes (JSANs) on I-PRSPs and PRSPs in the context of PSIs
 17. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs) for PSIs and Program Statements for PCIs
 18. Technical Memoranda of Understanding (TMUs) with policy content for PSIs and PCIs
 19. Staff Reports for PSIs and PCIs
 20. Press Releases containing a Chairman’s Statement for PSIs and PCIs

Annex V. Web Posting of PRS Documentation—Redlined Version

Web posting of Poverty Reduction Strategy Papers (PRSPs), Interim PRSPs, Annual Progress Reports of PRSPs, PRSP Preparation Status reports, ~~and~~ Economic Development Documents and Poverty Reduction and Growth Strategies in accordance with the procedures outlined in SM/06/359 (10/25/06) shall be taken to constitute issuance of such documents to the Executive Board for the purposes of: (1) Section II, paragraph 1(b)(3) and paragraph 1(c)(4) of the Instrument to Establish the Poverty Reduction and Growth Trust, Annex to Decision No. 8759-(87/176), adopted December 18, 1987, as amended; (2) Section III, paragraph 2(c) of the Instrument to Establish a Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations, Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended; and (3) paragraph 8 of the Policy Support Instrument-Framework, Decision No. 13561-(05/85), adopted October 5, 2005, as amended.



May 21, 2019

THE 2018–19 REVIEW OF FACILITIES FOR LOW-INCOME COUNTRIES—REFORM PROPOSALS—SUPPLEMENTARY PROPOSAL AND REVISED PROPOSED DECISION

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SUMMARY OF SUPPLEMENTARY PROPOSAL

This paper sets forth additional staff proposals for: (i) automatic termination of arrangements under the Standby Credit Facility (SCF); and (ii) further modification to the proposal on alignment of the market access criterion for exceptional access with that for blending. These proposals constitute an integral part of the reform package set forth in 2018-19 Review of Facilities for Low-Income Countries—Reform Proposals (“LIC Facilities Review”) (including Supp. 1). The paper summarizes key aspects of these proposals and includes the revised proposed Decision I to implement the reform. The paper also contains Decisions II-V, which remain unchanged from those issued under Supp. 1, as well as the redlined texts showing the proposed amendments, for the convenience of Directors.

1. It is proposed that SCF arrangements with initial duration of more than 24 months or those extended to more than 24 months will automatically terminate if no program review has been completed over an 18-month period.¹ A similar automatic termination provision

currently exists for arrangements under the Extended Credit Facility (ECF), but not for SCF arrangements which at present have a maximum duration of only two years. With the proposed extension of SCF arrangements to a maximum of three years, adding an automatic termination feature to the SCF would allow a more efficient use of limited PRGT resources by unlocking funds that would otherwise remain committed until the expiration date of the arrangement or the early termination of the arrangement at the request of the member. The reform would also ensure consistency across ECF and SCF arrangements.

2. The automatic termination would apply only to new SCF arrangements approved after the adoption by the Executive Board of this reform. As is the case for ECF arrangements, the new framework would permit the Executive Board, at the authorities’ request, to extend the eighteen-month period for up to three additional months, provided that: (i) this extension does not fall outside the existing period of the arrangement; and (ii) an understanding between the authorities and staff on targets and measures to put the SCF-supported program back on track appears imminent. However, the arrangement would automatically expire at the end of the further extended period unless a program review is completed.²

3. It is also proposed to further modify the proposal on the alignment of the market access criterion for exceptional access with that used in blending as set forth in Decision I in Supp. 1. In aligning the market access criterion for exceptional access with the market access criterion used in blending, Decision I in Supplement 1 refers to issuance or guarantee of eligible external debt by the sovereign during at least 2 of the past 5 years in a cumulative amount of at least 25 percent of quota. It is proposed to further revise the reference to “eligible external debt” to

¹ As is the case for ECF arrangements, the eighteen-month period will count from the date of approval of the SCF arrangement, or from the date when the Executive Board last completed a review under the SCF arrangement.

² SCF arrangements approved after the effectiveness of this amendment would include a clause referring to the automatic termination of the arrangement.

align past market access with relevant definitions under the Executive Board Decision governing eligibility to concessional assistance under the PRGT (i.e., Decision No. 14521-(10/3), as amended).

4. The reform proposal set forth above constitutes part of the package of proposals set forth in the LIC Facilities Review. Accordingly, a revised proposed Decision I is included for consideration of Executive Directors which sets forth: (i) all the proposed amendments to the Poverty Reduction and Growth Trust Instrument set forth in Supp. 1; (ii) the provisions on automatic termination of SCF arrangements; and (iii) further modification to the proposal on alignment of the market access criterion for exceptional access with that for blending. A redlined version of the PRGT Instrument is attached for the convenience of Executive Directors in Annex I. Decisions II-V as well as the redlined texts showing the proposed amendments, which remain unchanged from those issued under Supp. 1, are also attached for the convenience of Directors.

Proposed Decisions

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

Decision I. Amendments to the PRGT Instrument

The Instrument to Establish the Poverty Reduction and Growth Trust (“PRGT Instrument”), Annex to Decision No. 8759-(87/176) ESAF, adopted December 18, 1987, as amended, along with its Appendices, shall be amended as follows:

Initial duration and extension of ECF arrangements

In Section II, paragraph 1(b) (1) of the PRGT Instrument, the references to “up to four years” in the first and second sentences shall be replaced by “up to five years”.

Initial duration and extension of SCF arrangements

In Section II, paragraph 1(c) (1) of the PRGT Instrument, the reference to “from one to two years” in the second sentence shall be replaced by “from one to three years”; the word “or” shall be added in the ninth sentence after the words “the next twelve months”; the reference to “or the automatic termination of the SCF arrangement” shall be added in the tenth sentence after the words “or the cancellation of the SCF arrangement by the member”; and the reference to “two and a half years out of any five-year period” in the penultimate sentence shall be replaced by “three years out of any six-year period”.

Overall amount of access under PRGT arrangements

Section II, Paragraph 2(a) shall be amended to read:

“(a) The overall access of each eligible member to the resources of the Trust under all facilities of the Trust as specified in Section I, Paragraph 1(a) shall be subject to (i) an annual limit of 100 percent of quota; and (ii) a cumulative limit of 300 percent of quota, net of scheduled repayments. The Fund may approve access in excess of these limits in cases where the member is experiencing an exceptionally large balance of payments need, has a comparatively strong adjustment program and ability to repay the Fund, does not have sustained past access to international financial markets, and has income at or below the prevailing operational cutoff for assistance from the International Development Association (IDA); provided that access shall in no case exceed (i) a maximum annual limit of 133.33 percent of quota, and (ii) a maximum cumulative limit of 400 percent of quota, net of scheduled repayments. For the purpose of this sub-paragraph, a member is deemed to have sustained past access to international financial markets if, in addition to having income above 80 percent of the IDA operational cutoff, the public debtor has issued or guaranteed external bonds or has received disbursements under external commercial loans contracted or guaranteed by the public debtor, as defined in Executive Board Decision No. 14521-(10/3), as amended, during at least two of the past five years in a cumulative amount equivalent to at least 25 percent of the member’s quota.”

Sub-limits for access under the RCF

Section II, Paragraph 2(b) on the access limits applicable to RCF disbursements shall be amended to read:

“(b) The access of each eligible member under the RCF shall be subject to an annual limit of 50 percent of quota, and a cumulative limit of 100 percent of quota, net of scheduled repayments, subject to the following provisions:

(i) each disbursement shall not exceed 25 percent of quota except where the member requests assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock (including a large natural disaster under (ii) below) and the member’s existing and prospective policies are sufficiently strong to address the shock;

(ii) the annual and cumulative access limits under the RCF shall be 80 percent of quota and 133.33 percent of quota, net of scheduled repayments, respectively, where (a) the member requests assistance under the RCF to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member’s gross domestic product (GDP), and (b) the member’s existing and prospective policies are sufficiently strong to address the natural disaster shock; and

(iii) outstanding credit by a member under the rapid-access component of the ESF or outstanding purchases from the General Resources Account under emergency post conflict/natural disaster assistance covered by Decision No. 12341-(00/117), shall count towards the annual and cumulative limits applicable to access under the RCF. With effect from July 1, 2015, any purchases from the

General Resources Account under the Rapid Financing Instrument shall count towards the annual and cumulative limits applicable to access under the RCF.”

Sub-limit on precautionary use of the SCF

Section II, Paragraph 2(c) establishing sub-limits on access at approval of precautionary SCF arrangements shall be deleted from the PRGT Instrument to abolish such sub-limits.

Increase in the threshold for lapse of time procedures for ECF and SCF augmentation requests

Section II, Paragraph 2(h) shall be amended to increase the threshold for lapse of time procedures for ECF and SCF augmentation requests.

“(h) The amount of resources committed to a qualifying member under an ECF or SCF arrangement may also be increased by the Trustee in an ad-hoc review between scheduled reviews under the arrangement to address an increase in the underlying balance of payments problems of the qualifying member where the problem is so acute that the augmentation cannot await the next scheduled review under the arrangement. The Trustee, however, shall not approve requests for augmentation at an ad hoc review if the scheduled review associated with the most recent availability date preceding the augmentation request has not been completed. In support of a request for augmentation between scheduled reviews under an ECF or SCF arrangement, the member will describe in a letter of intent the nature and size of its balance of payment difficulties, and any information relevant to program implementation, including exogenous developments. Before approving such augmentation, the Trustee shall be satisfied that the program remains on track to achieve its objectives at the time of the augmentation, based on the information provided by the member, and, in particular, that the member is in

compliance with any continuous performance criteria or that a waiver of nonobservance is justified and that all prior actions have been met. Requests for augmentation of access that do not exceed 15 percent of quota would be considered for approval on a lapse-of-time basis as provided for in Decision/A/13207, as amended. Following its approval by the Trustee, the augmentation of access under the arrangement will not exceed the amount immediately needed by the member in light of its balance of payments difficulties and will become available to the member in a single disbursement, which the member may request at any time until the availability date of the next scheduled disbursement under the ECF or SCF arrangement. A program review following an augmentation of access under the arrangement between scheduled reviews would be expected to include a comprehensive review of policies under the program. In order to allow the Trustee to undertake such a comprehensive assessment of the member's policies, this review may not be completed on a lapse of time basis."

Poverty Reduction Strategy

Section II, Paragraph 1(b)(3) of the PRGT Instrument shall be amended to read:

"(3) (i) Subject to subparagraph (ii) below, the Trustee shall not complete the second or any subsequent review under an ECF arrangement unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for an ECF arrangement or a review under an ECF arrangement. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named

Poverty Reduction and Growth Strategy (PRGS) and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

(ii) In cases where a member has limited institutional capacity for meeting the PRGS requirement specified in subparagraph (i) above, the member may request approval by the Executive Board of an extension of the deadline for issuance of the PRGS up until the fourth review under the ECF arrangement. Any request for an extension shall be made no later than the time of the request for completion of the second review. A member may request approval of a further extension of the deadline for issuance of the PRGS up until the sixth review under the ECF arrangement, provided that: (A) the member can provide adequate justifications based on persistent limited institutional capacity for meeting the PRGS requirement and other urgent priorities; and (B) the member's arrangement has a duration of at least four years, or an extension of the arrangement to at least four years is requested. Any request for such additional extension of the deadline for issuance of the PRGS shall be made no later than the time of the request for completion of the review corresponding to the extended deadline for the PRGS requirement."

A new Section II, Paragraph 1(c)(4) of the PRGT Instrument shall be added to read:

“(4) The Trustee shall not complete the second or any subsequent review under an SCF arrangement with an initial duration exceeding two years unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for an SCF arrangement or a review under an SCF arrangement. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) and shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.”

Defunct SCF Arrangements

A new Section II, paragraph 1(c)(5) of the PRGT Instrument will be added to read as follows:

“(5) A member may cancel an SCF arrangement at any time by notifying the Fund of such cancellation. An SCF arrangement for a member approved after the date of adoption of this decision, which has an initial duration of more than 24 months or is extended to more than 24

months, will automatically terminate before its term if no program review under the arrangement has been completed over a period of eighteen months. The Trustee, at the authorities' request, may decide to delay the termination of the arrangement by up to three months in cases where the reaching of understandings between the authorities and the Trustee on targets and measures to put the SCF-supported program back on track within the term of the arrangement, appears imminent. The SCF arrangement will automatically terminate at the end of the extended period unless a program review under the arrangement is completed within this period."

Decision II. Amendments to the Rapid Financing Instrument Decision

The Decision establishing the Rapid Financing Instrument (RFI), Decision No. 15015-(11/112), November 21, 2011, as amended, shall be amended as follows:

Paragraph 5 of the RFI decision shall be amended to read:

"Assistance under this Decision shall be made available to members in the form of outright purchases. Access by members to resources under this Decision shall be subject to (a) an annual limit of 50 percent of quota, and (b) a cumulative limit of 100 percent of quota, net of scheduled repurchases, provided that the annual access limit shall be 80 percent of quota and the cumulative access limit shall be 133.33 percent of quota, net of scheduled repurchases, where (i) the member requests assistance under the RFI to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP), and (ii) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock."

Decision III. Amendments to the Policy Support Instrument Framework Decision

The decision establishing the Policy Support Instrument, Decision No. 13561-(05/85), October 5, 2005, as amended, shall be amended as follows:

Paragraph 5 of the PSI Decision shall be amended to read:

“5. Poverty Reduction Strategy (PRS) Documents. The member’s program will be based on the member’s poverty reduction strategy, which will be set forth in a Poverty Reduction and Growth Strategy (PRGS).”

Paragraph 8 (ii) of the PSI Decision shall be amended to read:

“(ii) The Trustee shall not complete the second or any subsequent review under a PSI with an initial duration exceeding two years unless it finds that (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for a PSI or a review under a PSI. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) as set forth in paragraph 5 above and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall

comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.”

Decision IV. Amendments to the Transparency Policy Decision

Transparency Policy Decision, Decision No. 15420-(13/61), adopted June 24, 2013, as amended, shall be amended as follows:

Paragraph 4.a shall be amended to read:

“4. a. The Managing Director will not recommend that the Executive Board approve (i) an arrangement under the Poverty Reduction and Growth Trust (PRGT) or completion of a review under such arrangement, or (ii) a Heavily Indebted Poor Countries (HIPC) decision point or completion point decision, or (iii) a member’s request for a PSI or the completion of a review under a PSI, if the member concerned does not explicitly consent to the publication of its Interim Poverty Reduction Strategy Paper (I-PRSP), Poverty Reduction Strategy Paper (PRSP), PRSP preparation status report, PRSP annual progress report (APR), Economic Development Document (“EDD”) or Poverty Reduction and Growth Strategy (PRGS) (Document 10 or Document 15, as the case may be).”

Paragraph 11 shall be amended to read:

“11. After the Executive Board (i) adopts a decision regarding a member’s use of Fund resources (including a decision completing a review under a Fund arrangement), or (ii) adopts a decision approving a PSI or a PCI, or conducts a review under a PSI or a PCI, or (iii) completes a discussion on a member’s participation in the HIPC Initiative, or (iv) completes a discussion on a member’s I-PRSP, PRSP, PRSP preparation status report, APR, EDD, or PRGS in the context of the use of Fund resources or a PSI, a Press Release, which will contain a Chairman’s statement on the discussion, emphasizing the key points made by Executive Directors, will be issued to the public. Where relevant, the Chairman’s statement will contain a summary of HIPC Initiative decisions pertaining to the member and the Executive Board’s views on the member’s I-PRSP, PRSP, PRSP preparation status report, APR, EDD or PRGS in the context of use of Fund resources or a PSI. Waivers for nonobservance, or of applicability, of performance criteria, and any other matter as may be decided by the Executive Board from time to time (Document 21), and waivers for nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time (Document 22), will be mentioned in the factual statement section of the Press Release or in a factual statement issued in lieu of a Chairman’s statement as provided for in paragraph 13(b). Before a Press Release is issued, it will, if any Executive Director so requests, be read by the Chairman to the Executive Board and Executive Directors will have an opportunity to comment at that time. The Executive Director elected, appointed, or designated by the member concerned will have the opportunity to review the Chairman’s statement, to propose minor revisions, if any, and to consent to its publication immediately after the Executive Board meeting. Notwithstanding the above, no Press Release published under this paragraph shall contain any reference to a discussion or decision pertaining to a member’s overdue financial obligations to the Fund, where a Press Release following an Executive Board decision to limit the

member's use of Fund resources because of the overdue financial obligations has not yet been issued. In the case of an Executive Board meeting pertaining solely to a discussion or decision with respect to a member's overdue financial obligations, no Chairman's statement will be published."

Paragraph 13.b (i) shall be amended to read:

"(i) If a member does not consent to the publication of a Press Release containing a Chairman's statement (Documents 7 and 20) under paragraph 11 where one would be applicable, or if no Chairman's statement has been issued because a decision was taken on a lapse-of-time basis, a brief factual statement will be issued immediately after the Board consideration. The factual statement will describe the Executive Board's decision relating to (a) that member's use of Fund resources (including HIPC initiative decisions (Document 8), waivers (Document 21), and consideration of PRSP documents, EDDs and PRGSs (Document 10), when relevant), or (b) the approval of a PSI or a PCI for that member, or the conduct of a review under that member's PSI or PCI (including waivers (Document 22) and consideration of PRSP documents, EDDs and PRGSs (Document 15), when relevant)."

Paragraph 28 shall be amended to read:

"28. Documents may be published under this decision only after their consideration by the Executive Board, except for documents that are circulated for information only including: (i) I-PRSPs, PRSPs, EDDs and PRGSs; and (ii) Reports on Observance of Standards and Codes (ROSCs) and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports. Documents covered by this paragraph may be published immediately after circulation to the Executive Board."

Item 10 of Indicative List of Documents Covered by the Decision shall be amended to read:

“10. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, EDDs and PRGSs”

Item 15 of Indicative List of Documents Covered by the Decision shall be amended to read:

“15. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, EDDs and PRGSs in the context of PSIs”

Decision V. Amendments to the Decision on Web Posting of PRS Documentation

Decision No. 13816-(06/98), adopted November 15, 2006, as amended, shall be amended as follows:

“Web posting of Poverty Reduction Strategy Papers (PRSPs), Interim PRSPs, Annual Progress Reports of PRSPs, PRSP Preparation Status reports, Economic Development Documents and Poverty Reduction and Growth Strategies in accordance with the procedures outlined in SM/06/359 (10/25/06) shall be taken to constitute issuance of such documents to the Executive Board for the purposes of (1) Section II, paragraph 1(b)(3) and paragraph 1(c)(4) of the Instrument to Establish the Poverty Reduction and Growth Trust, Annex to Decision No. 8759-(87/176), adopted December 18, 1987, as amended; (2) Section III, paragraph 2(c) of the Instrument to Establish a Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations, Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended; and (3) paragraph 8 of the Policy Support Instrument-Framework, Decision No. 13561-(05/85), adopted October 5, 2005, as amended.”

Annex I. Instrument to Establish the Poverty Reduction and Growth Trust—Redlined Version

Introductory Section

To help fulfill its purposes, the International Monetary Fund (hereinafter called the “Fund”) has adopted this Instrument establishing the Poverty Reduction and Growth Trust (hereinafter called the “Trust”), which shall be administered by the Fund as Trustee (hereinafter called the “Trustee”). The Trust shall be governed by and administered in accordance with the provisions of this instrument.

Section II. *Trust Loans*

Paragraph 1. *Eligibility and Conditions for Assistance*

(a) The members on the list annexed to Decision No. 8240-(86/56) SAF, as amended, shall be eligible for assistance from the Trust.

(b) Assistance under the ECF

(1) Assistance under the ECF shall be committed and made available to a qualifying member under a single arrangement of no less than three years and up to ~~four~~ five years (hereinafter called an “ECF arrangement”) in support of a macroeconomic and structural adjustment program presented by the member. It would be expected that ECF arrangements would normally be approved for a period of three years, although arrangements for up to ~~four~~ five years may also be approved, where appropriate, and if the member so requests. The member shall also present a detailed statement of the policies and measures it intends to pursue for the first twelve months of the arrangement, and indicate how the program advances the member’s poverty reduction and growth objectives, in line with the objectives and policies of the program. The ECF arrangement will prescribe the total amount of resources committed to the member, the amount to be made available during the first year of the arrangement, the phasing of disbursements during that year, and the overall amounts to be made available

during the subsequent years of the arrangement. Disbursements shall be phased at regular intervals no more than six months apart (one upon approval and at normally regular intervals thereafter) with performance criteria applicable specifically to each disbursement and appropriate monitoring of key financial variables in the form of quantitative benchmarks and structural benchmarks for critical structural reforms. Structural benchmarks may be targeted for implementation either by a specific date or by the time of a specific review under the ECF arrangement. The ECF arrangement shall also provide for reviews by the Trustee of the member's program scheduled at intervals that are the same as those applicable to disbursements to evaluate the macroeconomic and structural reform policies of the member and the implementation of its program and reach new understandings if necessary. The determination of the phasing of, and the conditions applying to, disbursements after the first year of the ECF arrangement will be made by the Trustee in the context of reviews of the program with the member. At each review, the member will present a detailed statement describing progress made under the program, the policies it will follow during the next 12 months or up to the remaining period of the arrangement to further the realization of the objectives of the program, and how the program advances the country's poverty reduction and growth objectives, with such modifications as may be necessary to assist it to achieve its objectives in changing circumstances.

(2) Before approving an ECF arrangement, the Trustee shall be satisfied that the member has a protracted balance of payments problem and is making an effort to strengthen substantially and in a sustainable manner its balance of payments position under a policy program that supports significant progress toward a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

(3) (i) ~~—With respect to ECF arrangements that will be approved starting January 1, 2016—Subject to subparagraph (ii) below,~~ the Trustee shall not complete the ~~first second~~ or any subsequent review under an ECF arrangement unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board ~~as an Economic Development Document (EDD) that and~~ has been the subject of a staff analysis in the staff report on a request for an ECF arrangement or a review under an ECF arrangement. ~~For purposes of this Instrument, the term EDD shall have the meaning as follows: (a) an EDD may be A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS)~~

and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) an EDD may be a document newly prepared by a member country documenting its poverty reduction strategy; ; or (c) a PRSP that has already been issued to the Executive Board as of June 22, 2015 and has been the subject of a staff analysis in a staff report on a request for an ECF arrangement or a review under an ECF arrangement so long as the poverty reduction strategy set out in the PRSP has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review. An EDD A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the EDD PRGS.

~~(ii) With respect to ECF arrangements that are in existence as of June 22, 2015 or will be approved from June 22, 2015 to December 31, 2015, the Trustee shall not complete the second or any subsequent review unless it finds that the member concerned has a poverty reduction strategy set out in: (A) an EDD as defined in Section II, paragraph 1(b)(3)(i) above; or (B) an IPRSP, PRSP preparation status report or APR that has been issued to the Executive Board normally within the previous 18 months and in any event not after December 31, 2015, and has been the subject of a staff analysis in the staff report on a request for an ECF arrangement or a review under an ECF arrangement.~~

(ii) In cases where a member has limited institutional capacity for meeting the PRGS requirement specified in subparagraph (i) above, the member may request approval by the Executive Board of an extension of the deadline for issuance of the PRGS up until the fourth review under the ECF arrangement. Any request for an extension shall be made no later than the time of the request for completion of the second review. A member may request approval of a further extension of the deadline for issuance of the PRGS up until the sixth review under the ECF arrangement, provided that: (A) the member can provide adequate justifications based on persistent limited institutional capacity for meeting the PRGS requirement and other urgent priorities; and (B) the member's arrangement has a duration of at least four years, or an extension of the arrangement to at least four years is requested. Any request for such additional extension of the deadline for issuance of the PRGS shall be made no later than the time of the

request for completion of the review corresponding to the extended deadline for the PRGS requirement.

~~(iii) For purposes of this Instrument, subject to the terms of Section II, paragraph 1(b)(3)(i)–(ii) above, the terms I-PRSP, PRSP, PRSP Preparation Status Report and APR shall have the meaning specified in Section I, paragraph 1 of the PRG–HIPC Trust Instrument (Annex to Decision No. 11436–(97/10), adopted February 4, 1997, as amended).~~

(4) A member may cancel an ECF arrangement at any time by notifying the Fund of such cancellation. An ECF arrangement for a member approved after the date of adoption of this decision will automatically terminate before its term if no program review under the arrangement has been completed over a period of eighteen months. The Trustee, at the authorities' request, may decide to delay the termination of the arrangement by up to three months in cases where the reaching of understandings between the authorities and the Trustee on targets and measures to put the ECF-supported program back on track within the term of the arrangement, appears imminent. The ECF arrangement will automatically terminate at the end of the extended period unless a program review under the arrangement is completed within this period. After the expiration of an ECF arrangement for a member, the cancellation of the ECF arrangement by the member, or the automatic termination of the ECF arrangement, the Trustee may approve additional ECF arrangements for an eligible member in accordance with this Instrument.

(c) Assistance under the SCF

(1) Assistance under the SCF shall be committed and made available to a qualifying member under an arrangement (hereinafter called an "SCF arrangement") in support of a macroeconomic and structural adjustment program presented by the member. The period for an SCF arrangement shall range from one to ~~two~~ three years. The member shall present a detailed statement of the policies and measures it intends to pursue during the first year of the arrangement, and how the program advances the member's poverty reduction and growth objectives. In addition, the member will make an explicit statement, where applicable, about its intention to treat the SCF arrangement as precautionary. The SCF arrangement will prescribe the total amount of resources committed to the member and the phasing of disbursements during the period of the arrangement; provided that in cases where the period of a SCF arrangement exceeds one year, the arrangement may prescribe the amount to be made available during the first year of the arrangement and the phasing of disbursements during that year. Disbursements shall be phased at regular intervals no more than six

months apart (one upon approval and at approximately regular intervals thereafter) with performance criteria applicable specifically to each disbursement and appropriate monitoring of key financial variables in the form of quantitative benchmarks and structural benchmarks for critical structural reforms. The SCF arrangement shall also provide for reviews by the Trustee of the member's program scheduled at intervals that are the same as those applicable to disbursements to evaluate the macroeconomic and structural reform policies of the member and the implementation of its program and reach new understandings if necessary. In cases where the period of a SCF arrangement exceeds one year, the determination of the phasing of, and the conditions applying to, disbursements during the period of the arrangement following the first year may be made by the Trustee in the context of reviews of the program with the member. At the time of each review, the member will present a detailed statement describing progress made under the program, the policies it will follow during the next twelve months or up to the remaining period of the arrangement to further the realization of the objectives of the program, and how the program advances the country's poverty reduction and growth objectives, with such modifications as may be necessary to assist it to achieve its objectives in changing circumstances. The member may request at any time any previously scheduled and undrawn disbursement under an SCF arrangement, provided that the most recently scheduled review under the arrangement prior to the request has been completed. After the expiration of an SCF arrangement for a member, or the cancellation of the SCF arrangement by the member, or the automatic termination of the SCF arrangement, the Trustee may approve additional SCF arrangements for that member in accordance with the Instrument provided that, normally, no SCF arrangement shall be approved that could result in a member having had SCF arrangements in place for more than ~~two and a half~~ three years out of any ~~five six~~-year period, assessed on a rolling basis. In applying this limitation, the Trustee shall not include previously approved SCF arrangements that have expired with no disbursement having taken place or new SCF arrangements whose approval the member has requested and for which the Trustee, at the time of consideration of the request, assesses that the member does not have an actual balance of payments need.

(2) Before approving a SCF arrangement, the Trustee shall be satisfied (a) that the member does not have a protracted balance of payments problem, and has an actual or potential short-term balance of payment need that is expected (or in the case of a potential balance of payments need, would be expected) to be resolved within two years and in any event not later than three years; (b) that the member's balance of payments difficulties are not predominantly caused by a withdrawal of financial support by donors; and (c) that the member is implementing, or is committed to implement, policies aimed at resolving the balance of payments difficulties it is

encountering or could encounter, and at achieving, maintaining or restoring a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction.

(3) Notwithstanding subparagraph 2 above, no SCF arrangement shall be approved before January 1, 2010, based solely on the existence of a potential balance of payments need.

(4) The Trustee shall not complete the second or any subsequent review under an SCF arrangement with an initial duration exceeding two years unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board and has been the subject of a staff analysis in the staff report on a request for an SCF arrangement or a review under an SCF arrangement. A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) and shall comprise any of the following: (a) a document developed by a member country on its national development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) a document newly prepared by a member country documenting its poverty reduction strategy. A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the PRGS.

(5) A member may cancel an SCF arrangement at any time by notifying the Fund of such cancellation. An SCF arrangement for a member approved after the date of adoption of this decision, which has an initial duration of more than 24 months or is extended to more than 24 months, will automatically terminate before its term if no program review under the arrangement has been completed over a period of eighteen months. The Trustee, at the authorities' request, may decide to delay the termination of the arrangement by up to three months in cases where the reaching of understandings between the authorities and the Trustee on targets and measures to put the SCF-supported program back on track within the term of the arrangement, appears imminent. The SCF arrangement will automatically terminate at the end of the extended period unless a program review under the arrangement is completed within this period.

Paragraph 2. Amount of Assistance

(a) The overall access of each eligible member to the resources of the Trust under all facilities of the Trust as specified in Section I, Paragraph 1(a) shall be subject to (i) an annual limit of ~~75~~100 percent of quota; and (ii) a cumulative limit of ~~225~~300 percent of quota, net of scheduled repayments. The Fund may approve access in excess of these limits in cases where the member is experiencing an exceptionally large balance of payments need, has a comparatively strong adjustment program and ability to repay the Fund, does not ~~have sustained past access to international financial markets~~ ~~have sustained past and prospective access to capital markets~~, and has income at or below the prevailing operational cutoff for assistance from the International Development Association (IDA); provided that access shall in no case exceed (i) a maximum annual limit of ~~400~~133.33 percent of quota, and (ii) a maximum cumulative limit of ~~300~~400 percent of quota, net of scheduled repayments. ~~For the purpose of this sub-paragraph, a member is deemed to have sustained past access to international financial markets if, in addition to having income above 80 percent of the IDA operational cutoff, the public debtor has issued or guaranteed external bonds or has received disbursements under external commercial loans contracted or guaranteed by the public debtor, as defined in Executive Board Decision No. 14521-(10/3), as amended, during at least two of the past five years in a cumulative amount equivalent to at least 25 percent of the member's quota.~~

(b) The access of each eligible member under the RCF shall be subject to an annual limit of ~~18.75~~50 percent of quota, ~~and~~ a cumulative limit of ~~75~~100 percent of quota, net of scheduled repayments, ~~subject to the following provisions:~~

~~provided that~~(i) ~~(A) each disbursement shall not exceed 25 percent of quota except where, (A) the annual and cumulative access limits under the RCF shall be 37.5 percent of quota and 75 percent of quota respectively, net of scheduled repayments, in cases where (i) the member requests assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock (including a large natural disaster under (ii) below), and (ii) the member's existing and prospective policies are sufficiently strong to address the shock;~~

~~and~~ (ii) (B) the annual and cumulative access limits under the RCF shall be ~~60~~80 percent of quota and ~~75~~133.33 percent of quota ~~respectively~~, net of scheduled repayments, ~~respectively~~, where (a) (i) the member requests assistance under the RCF to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed

20 percent of the member’s gross domestic product (GDP) and ~~(b) (ii)~~ the member’s existing and prospective policies are sufficiently strong to address the natural disaster shock; ~~and :~~

(iii) Outstanding credit by a member under the rapid-access component of the ESF or outstanding purchases from the General Resources Account under emergency post conflict/natural disaster assistance covered by Decision No. 12341-(00/117), shall count towards the annual and cumulative limits applicable to access under the RCF. With effect from July 1, 2015, any purchases from the General Resources Account under the Rapid Financing Instrument shall count towards the annual and cumulative limits applicable to access under the RCF.

~~(c) Unless the member has an actual balance of payment need at the time of approval of the arrangement, the Trustee shall not approve an SCF arrangement that provides for an average annual access in excess of 37.5 percent of quota and provides for annual access in excess of 56.25 percent of quota.~~

(h) The amount of resources committed to a qualifying member under an ECF or SCF arrangement may also be increased by the Trustee in an ad-hoc review between scheduled reviews under the arrangement to address an increase in the underlying balance of payments problems of the qualifying member where the problem is so acute that the augmentation cannot await the next scheduled review under the arrangement. The Trustee, however, shall not approve requests for augmentation at an ad hoc review if the scheduled review associated with the most recent availability date preceding the augmentation request has not been completed. In support of a request for augmentation between scheduled reviews under an ECF or SCF arrangement, the member will describe in a letter of intent the nature and size of its balance of payment difficulties, and any information relevant to program implementation, including exogenous developments. Before approving such augmentation, the Trustee shall be satisfied that the program remains on track to achieve its objectives at the time of the augmentation, based on the information provided by the member, and, in particular, that the member is in compliance with any continuous performance criteria or that a waiver of nonobservance is justified and that all prior actions have been met. Requests for augmentation of access that do not exceed ~~42.5~~ 15 percent of quota would be considered for approval on a lapse-of-time basis as provided for in Decision/A/13207, as amended. Following its approval by the Trustee, the augmentation of access under the arrangement will not exceed the amount immediately needed

by the member in light of its balance of payments difficulties and will become available to the member in a single disbursement, which the member may request at any time until the availability date of the next scheduled disbursement under the ECF or SCF arrangement. A program review following an augmentation of access under the arrangement between scheduled reviews would be expected to include a comprehensive review of policies under the program. In order to allow the Trustee to undertake such a comprehensive assessment of the member's policies, this review may not be completed on a lapse of time basis.

Annex II. Rapid Financing Instrument—Redlined Version

5. Assistance under this Decision shall be made available to members in the form of outright purchases. Access by members to resources under this Decision shall be subject to (a) an annual limit of ~~50~~37.5 percent of quota, and (b) a cumulative limit of ~~100~~75 percent of quota, net of scheduled repurchases, provided that the annual access limit shall be ~~80~~60 percent of quota and the cumulative access limit shall be 133.33 percent of quota, net of scheduled repurchases, where (i) the member requests assistance under the RFI to address an urgent balance of payments need resulting from a natural disaster that occasions damage assessed to be equivalent to or to exceed 20 percent of the member's gross domestic product (GDP), and (ii) the member's existing and prospective policies are sufficiently strong to address the natural disaster shock.

Annex III. Policy Support Instrument—Redlined Version

5. Poverty Reduction Strategy (PRS) Documents. The member's program will be based on the member's poverty reduction strategy, which will be set forth in ~~an Economic Development Document~~ ("EDD") a Poverty Reduction and Growth Strategy (PRGS).

8. (i) The implementation of the member's program under a PSI will be assessed through program reviews, scheduled normally at regular intervals no more than six months apart. A review can be completed only if the Executive Board is satisfied that the member's program is on track and that the conditions for the approval of a PSI, noted in paragraph 6, above, continue to be met. Having conducted, but not completed, a scheduled review, the Executive Board may subsequently return to that review, unless the previous scheduled review was not completed. Documentation supporting a return to the uncompleted review must be issued to the Executive Board prior to the earliest test date of the periodic quantitative assessment criteria linked to the next scheduled review, except for the staff report which may be issued up to one month after the earliest test date of the periodic quantitative assessment criteria linked to the next scheduled review.

(ii) ~~With respect to PSIs that will be approved starting January 1, 2016, the~~ The Trustee shall not complete the ~~first~~ second or any subsequent review under a PSI with an initial duration exceeding two years unless it finds that: (A) the member concerned has a poverty reduction strategy that has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review; and (B) the poverty reduction strategy has been issued to the Executive Board ~~and as an EDD that~~ has been the subject of a staff analysis in the staff report on a request for a PSI or a review under a PSI. ~~For purposes of this Instrument, the term EDD shall have the meaning as follows: (a) an EDD may be~~ A Poverty reduction strategy issued to the Executive Board on or after May 24, 2019 shall be named Poverty Reduction and Growth Strategy (PRGS) as set forth in paragraph 5 above and a poverty reduction strategy that has been issued to the Executive Board as an Economic Development Document shall be deemed a PRGS. A PRGS shall comprise any of the following: (a) a document developed by a member country on its national

development plan or strategy that is already in existence and publicly available, and documents its poverty reduction strategy; or (b) ~~an EDD may be~~ a document newly prepared by a member country documenting its poverty reduction strategy; ~~; or (c) a PRSP that has already been issued to the Executive Board as of June 22, 2015 and has been the subject of a staff analysis in a staff report on a request for a PSI or a review under a PSI so long as the poverty reduction strategy set out in the PRSP has been developed and made publicly available normally within the previous 5 years but no more than 6 years, and covers the period leading up to and covering the date of the completion of the relevant review.~~ An EDD A PRGS shall be accompanied by a cover letter from the member country concerned to the Managing Director, and shall be issued to the Executive Board with the cover letter. As such, the cover letter shall be deemed to constitute part of the ~~EDD~~ PRGS.

~~(iii) With respect to PSIs that are in existence as of June 22, 2015 or will be approved from June 22, 2015 to December 31, 2015, the Trustee shall not complete the second or any subsequent review unless it finds that the member concerned has a poverty reduction strategy set out in: (A) an EDD as defined in paragraph 8(ii) above; or (B) an I-PRSP, PRSP preparation status report or APR that has been issued to the Executive Board normally within the previous 18 months and in any event not after December 31, 2015, and has been the subject of a staff analysis in the staff report on a request for a PSI or a review under a PSI.~~

~~(iv) For purposes of this Instrument, subject to the terms of paragraphs 8(ii)–(iii) above, the terms I-PRSP, PRSP, PRSP preparation status report and APR shall have the meaning given to each of them in Section I, paragraph 1 of the PRG–HIPC Trust Instrument (Annex to Decision No. 11436–(97/10), adopted February 4, 1997, as amended).~~

Annex IV. Transparency Policy Decision—Redlined Version

4. a. The Managing Director will not recommend that the Executive Board approve (i) an arrangement under the Poverty Reduction and Growth Trust (PRGT) or completion of a review under such arrangement, or (ii) a Heavily Indebted Poor Countries (HIPC) decision point or completion point decision, or (iii) a member's request for a PSI or the completion of a review under a PSI, if the member concerned does not explicitly consent to the publication of its Interim Poverty Reduction Strategy Paper (I-PRSP), Poverty Reduction Strategy Paper (PRSP), PRSP preparation status report, PRSP annual progress report (APR), ~~or Economic Development Document ("EDD")~~ or Poverty Reduction and Growth Strategy (PRGS) (Document 10 or Document 15, as the case may be).

b. The Managing Director will generally not recommend that the Executive Board approve a request for (i) access to resources in the General Resources Account or the PRGT, or (ii) access to Fund resources under the HIPC Trust, or (iii) assistance through a PSI or a PCI, unless that member explicitly consents to the publication of the associated staff report. For purposes of this paragraph 4(b), approval of the use of the Fund's resources includes the completion of a review under an arrangement and assistance through a PSI or a PCI includes the completion of a review under the PSI or the PCI. In the case of the PCI, where a member does not provide consent to publication of an interim performance update, the Managing Director may take this into account when determining whether to recommend that the Executive Board approve a subsequent review of the member's PCI.

11. After the Executive Board (i) adopts a decision regarding a member's use of Fund resources (including a decision completing a review under a Fund arrangement), or (ii) adopts a decision approving a PSI or a PCI, or conducts a review under a PSI or a PCI, or (iii) completes a discussion on a member's participation in the HIPC Initiative, or (iv) completes a discussion on a member's I-PRSP, PRSP, PRSP preparation status report, APR, ~~or EDD~~ or PRGS in the context of the use of Fund resources or a PSI, a Press Release, which will contain a Chairman's statement on the discussion, emphasizing the key points made by Executive Directors, will be issued to the public. Where relevant, the Chairman's statement will contain a summary of HIPC Initiative decisions pertaining to the member and the Executive Board's views on the member's I-PRSP, PRSP, PRSP preparation status report, APR, ~~or EDD~~ or PRGS in the context of use of Fund resources or a PSI. Waivers for nonobservance, or of

applicability, of performance criteria, and any other matter as may be decided by the Executive Board from time to time (Document 21), and waivers for nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time (Document 22), will be mentioned in the factual statement section of the Press Release or in a factual statement issued in lieu of a Chairman’s statement as provided for in paragraph 13(b). Before a Press Release is issued, it will, if any Executive Director so requests, be read by the Chairman to the Executive Board and Executive Directors will have an opportunity to comment at that time. The Executive Director elected, appointed, or designated by the member concerned will have the opportunity to review the Chairman’s statement, to propose minor revisions, if any, and to consent to its publication immediately after the Executive Board meeting. Notwithstanding the above, no Press Release published under this paragraph shall contain any reference to a discussion or decision pertaining to a member’s overdue financial obligations to the Fund, where a Press Release following an Executive Board decision to limit the member’s use of Fund resources because of the overdue financial obligations has not yet been issued. In the case of an Executive Board meeting pertaining solely to a discussion or decision with respect to a member’s overdue financial obligations, no Chairman’s statement will be published.

13. A brief factual statement will be issued in the circumstances and within the time frames set forth in this paragraph 13.

a. With respect to the Executive Board’s consideration of an Article IV consultation, a regional surveillance discussion, an FSSA report, a post-program monitoring, an ex post assessment or an ex post evaluation:

(i) If, after twenty-eight calendar days from the relevant Board consideration, a member does not consent to the publication of a Press Release pertaining to the Board consideration, a brief factual statement will be issued stating the fact of the Board’s -consideration of the matter.

(ii) If, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board’s consideration of the matter and clarifying the authorities’ publication intention with respect to the staff report.

b. With respect to the Executive Board’s consideration of use of Fund resources, a PCI, or a PSI, a brief factual statement shall be issued in accordance with the following provisions:

(i) If a member does not consent to the publication of a Press Release containing a Chairman’s statement (Documents 7 and 20) under paragraph 11 where one would be applicable, or if no Chairman’s statement has been issued because a decision was taken on a lapse-of-time basis, a brief factual statement will be issued immediately after the Board consideration. The factual statement will describe the Executive Board’s decision relating to (a) that member’s use of Fund resources (including HIPC initiative decisions (Document 8), waivers (Document 21), and consideration of PRSP documents, ~~and~~ EDDs and PRGSs (Document 10), when relevant), or (b) the approval of a PSI or a PCI for that member, or the conduct of a review under that member’s PSI or PCI (including waivers (Document 22) and consideration of PRSP documents ~~and~~ EDDs and PRGSs (Document 15), when relevant).

(ii) With respect to the consent provisions set forth in paragraph 4(b), if, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board’s -consideration of the matter and clarifying the authorities’ publication intention with respect to the staff report.

28. Documents may be published under this decision only after their consideration by the Executive Board, except for documents that are circulated for information only including: (i) I-PRSPs, PRSPs, ~~and~~ EDDs and PRGSs; and (ii) Reports on Observance of Standards and Codes (ROSCs) and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports. Documents covered by this paragraph may be published immediately after circulation to the Executive Board.

Indicative List of Documents Covered by the Decision

(1) This list is indicative and is not intended to be exhaustive. Country Documents, Fund Policy Documents and Multi-Country Documents that may be created in between reviews of the Transparency Policy will be subject to this Decision, unless the Executive Board decides otherwise on a case-by-case basis.

(2) The publication rules applicable to Multi-Country Documents will be explained in the Secretary’s cover memorandum for the documents.

(3) Country Documents and Fund Policy Documents pertain to individual documents. Multi- Country

Documents pertain to both individual documents and material sections within individual Multi-Country Documents. Material sections shall mean whole chapters or appendices.

(4) To the extent that the coverage of any document is not clear, publication of such documents will be guided by the overarching principles set forth in the preamble to the Transparency Policy Decision.

I. Country Documents

A. Surveillance and Combined Documents

1. Staff Reports for Article IV consultations and Combined Article IV consultation/Use of Fund Resources Staff Reports, Combined Article IV consultations/PSI, Combined Article IV consultations/PCI, and regional surveillance discussions.

2. Selected Issues Papers and Statistical Appendices

3. Reports on Observance of Standards and Codes (ROSCs), Financial System Stability Assessment (FSSA) Reports, and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports

4. Press Releases following Article IV consultations, regional surveillance discussions, and stand-alone Board consideration of FSSA reports

B. Use of Fund Resources Documents

5. Joint Fund/World Bank Staff Advisory Notes (JSANs) on Interim Poverty Reduction Strategy Papers (I-PRSPs), Poverty Reduction Strategy Papers (PRSPs), PRSP Preparation Status Reports, and RSP Annual Progress Reports (APRs)

6. Staff Reports for Use of Fund Resources, Post-Program Monitoring, Ex Post Assessment, and Ex Post Evaluation of exceptional access arrangements (excluding staff reports dealing solely with a member's overdue financial obligations to the Fund)

7. Press Releases containing a Chairman's Statement for Use of Fund Resources

8. Preliminary, decision point, and completion point documents under the Heavily Indebted Poor Countries Initiative

9. Press Releases following Executive Board discussions on post-program monitoring, ex post assessments or ex post evaluations

10. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, ~~and~~ EDDs and PRGSs

11. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs)

12. Technical Memoranda of Understanding (TMUs) with policy content

C. Staff Monitored Program (SMP) Documents

13. LOIs/MEFPs for SMPs

14. Stand-alone Staff Reports on SMPs

D. Policy Support Instrument (PSI) and Policy Coordination Instrument (PCI) Documents.

15. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, ~~and~~ EDDs and PRGSs in the context of PSIs

16. Joint Fund/World Bank Staff Advisory Notes (JSANs) on I-PRSPs and PRSPs in the context of PSIs

17. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs) for PSIs and Program Statements for PCIs

18. Technical Memoranda of Understanding (TMUs) with policy content for PSIs and PCIs

19. Staff Reports for PSIs and PCIs

20. Press Releases containing a Chairman's Statement for PSIs and PCIs

Annex V. Web Posting of PRS Documentation—Redlined Version

Web posting of Poverty Reduction Strategy Papers (PRSPs), Interim PRSPs, Annual Progress Reports of PRSPs, PRSP Preparation Status reports, ~~and~~ Economic Development Documents and Poverty Reduction and Growth Strategies in accordance with the procedures outlined in SM/06/359 (10/25/06) shall be taken to constitute issuance of such documents to the Executive Board for the purposes of: (1) Section II, paragraph 1(b)(3) and paragraph 1(c)(4) of the Instrument to Establish the Poverty Reduction and Growth Trust, Annex to Decision No. 8759-(87/176), adopted December 18, 1987, as amended; (2) Section III, paragraph 2(c) of the Instrument to Establish a Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations, Annex to Decision No. 11436-(97/10), adopted February 4, 1997, as amended; and (3) paragraph 8 of the Policy Support Instrument-Framework, Decision No. 13561-(05/85), adopted October 5, 2005, as amended.



May 2, 2019

REVIEW OF THE FINANCING OF THE FUND'S CONCESSIONAL ASSISTANCE AND DEBT RELIEF TO LOW-INCOME COUNTRIES

The Poverty Reduction and Growth Trust (PRGT) is financed by an endowment-based model designed to provide concessional financial support to low-income countries (LICs) on a self-sustained basis. The three-pillar strategy to make the PRGT self-sustained involves: (i) a base lending envelope of SDR 1¼ billion per year; (ii) contingent measures to cover sustained periods of high demand for PRGT resources; and (iii) an expectation that modifications to PRGT facilities are consistent with maintaining the self-sustaining financing framework. Existing subsidy and loan resources are generally sufficient to cover concessional lending over the medium term. This will require extensions of contributors' loan agreements and Board approval to update the PRGT Instrument for operations beyond 2020.

Annual demand for PRGT loans is projected to average between SDR 1.0-1.7 billion over the next decade under high and low demand scenarios. Based on staff's revised demand model that better reflects the historical experience, this translates into an annual average of SDR 0.9–1.5 billion on a subsidy-use basis (excluding precautionary support). Demand estimates are subject to significant uncertainties, especially over the longer term. Sensitivity analysis indicates that demand is most sensitive to access and blending assumptions.

The self-sustained PRGT has remained intact. Based on an updated capacity model, the self-sustained annual lending capacity is estimated at SDR 1.31 billion, modestly above the target envelope and unchanged from last year's update. This estimate is sensitive to a range of factors, in particular the assumed investment premia on PRGT assets. Taking into account the updated demand baseline, capacity could reach between SDR 1.2–1.5 billion in ten years, pointing to some room to accommodate higher access and other policy changes.

The reforms proposed in the parallel 2018-19 Review of Facilities for Low-Income Countries (LIC FR) can be accommodated within the self-sustained PRGT, with risks evenly balanced over the medium term. Staff has simulated the impact of a reform package involving (i) a one-third increase in access across all facilities; (ii) an additional doubling of the annual limit for the Rapid Credit Facility (RCF) under the regular window; (iii) flexibility enhancements to the Extended Credit Facility (ECF) and Standby Credit Facility (SCF); (iv) removal of the blending exemption for higher income countries at high risk of debt distress that have substantial access to international financial markets; and (v) alignment of the SCF interest rate to the ECF rate schedule. These changes would

moderately increase demand, to an annual average of SDR 1.0–1.7 billion on a subsidy-use basis over the next decade. As a result, the PRGT's self-sustained lending capacity is projected to reach SDR 1.1–1.4 billion by 2028. However, the longer-term outlook is subject to greater uncertainty. The evolution of capacity would therefore need to be monitored carefully, and policies reviewed periodically to ensure that the outlook for capacity remains in line with the PRGT's self-sustaining framework.

Debt relief initiatives face funding challenges. The Catastrophe Containment and Relief Trust (CCRT) is currently underfunded by an estimated SDR 200–275 million, limiting the Fund's ability to assist countries hit by natural disasters. Staff will explore options to address the underfunding, including through additional fundraising and/or policy changes to reflect the impact of the 14th Quota Review. Remaining protracted arrears cases (Somalia and Sudan) would require the mobilization of new resources once these countries are ready to participate in the HIPC Initiative.

Approved By
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Glossary

CCR Trust	Catastrophe Containment and Relief Trust
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
ESF	Exogenous Shock Facility
GLA	General Loan Account
GRA	General Resources Account
GSA	General Subsidy Account
HIPC	Heavily Indebted Poor Countries
IMF	International Monetary Fund
LICs	Low Income Countries
MDRI	Multilateral Debt Relief Initiative
NPA	Note Purchase Agreement
NPV	Net Present Value
PCDR	Post Catastrophe Disaster Relief Trust
PRG-HIPC	Trust for Special Poverty Reduction and Growth Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations
PRGT	Poverty Reduction and Growth Trust
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
SAF	Structural Adjustment Facility
SCA-1	First Special Contingent Account
SCF	Standby Credit Facility
SDR	Special Drawing Rights
SLA	Special Loan Accounts

CONTEXT

1. **The outlook for LICs is adversely affected by the global slowdown, internal fragility, natural disasters, and rising debt vulnerabilities.** Key global risks include an escalation of trade tensions and a sudden, sharp tightening of financial conditions. Domestic conflicts, humanitarian crises, and cross-border tensions have elevated economic and political pressures faced by many LICs in the Middle East, Africa and Latin America. At the same time, public debt and debt service have continued to rise for a large share of PRGT-eligible countries, with growing recourse to bilateral and commercial financing on market-based terms.¹ Given tighter financial conditions and larger exposure to commercial debt, many LICs are faced with debt roll-over risks, increased debt servicing costs, and mounting risks to debt sustainability, jeopardizing the gains made after HIPC debt relief.
2. **The Fund has continued to provide financial support to a sizeable share of PRGT-eligible countries, with positive results in many cases.** About 57.1 percent of PRGT-eligible countries have received concessional financial support from the Fund since the new PRGT facilities architecture became effective in 2010, with the bulk of PRGT financing coming from multiyear ECF arrangements. Based on the findings of the 2019 Review of Conditionality, three-quarters of PRGT programs are estimated to have been at least partially successful from 2011–2017. In contrast to the broader trend, most LICs with an IMF financing arrangement have been able to contain or even reduce debt vulnerabilities.²
3. **To support LICs amidst growing vulnerabilities and financing needs, the 2018–19 Review of Facilities for Low-Income Countries (the LIC FR) proposes a package of reform measures.**³ The package would increase access limits and norms under the IMF concessional financing facilities and enhance the flexibility of the ECF and SCF to better address LICs' needs, while safeguarding scarce PRGT resources. In particular, it aims to: (i) address access erosion, while preserving the self-sustainability of the PRGT finances; (ii) better target scarce PRGT resources to the needs of the poorest and most vulnerable PRGT-eligible members; (iii) respond to the needs for more tailored engagement with fragile states (FS) and countries prone to natural disasters; and (iv) improve the flexibility of PRGT instruments through reforms to the SCF, length of the ECF, and EDD requirements.
4. **This paper reviews the PRGT financing framework, and analyzes the resource impact of the reforms proposed in the LIC FR.** The next section describes the framework and resources that underpin the Fund's concessional lending operations. The following two sections provide an in-depth assessment of the adequacy of resources under the self-sustained PRGT financing framework by projecting medium-term demand for concessional loans against the PRGT's lending capacity under different scenarios, with sensitivity analysis to test the robustness of the results. The subsequent section estimates the financial implications of the reform package proposed in the LIC FR. The final section reports on the Trust for Special Poverty Reduction and Growth Operations for the

¹ See [2018 Review of Facilities for Low-Income Countries](#).

² See [2018 Review of Program Design and Conditionality](#).

³ See [2018–19 Review of Facilities for Low-Income Countries—Reform Proposals](#).

Heavily-Indebted Poor Countries and Interim ECF Subsidy Operations (PRG-HIPC Trust), on the remaining protracted arrears cases (Sudan and Somalia), as well as the funding situation of the CCRT. The paper concludes with proposed decisions.

PRGT FINANCING FRAMEWORK

The PRGT is financed through an endowment-based model designed to provide concessional financial support to LICs on a self-sustained basis. Existing loan and subsidy resources are sufficient to support the Fund's concessional lending over the medium term, subject to extensions of contributors' loan agreements and an update of the PRGT Instrument for PRGT operations beyond 2020.

A. Self-Sustained PRGT

5. PRGT lending is supported by an endowment-based financing model. The PRGT is separate from the Fund's General Resources Account (GRA) and is funded from member contributions in the form of grants and loans, as well as the Fund's own resources.⁴ The PRGT differs in three important respects from the GRA. First, whereas lending from the GRA is primarily financed from the Fund's quota resources, the PRGT does not have a comparable dedicated source for resources used for lending. Rather, PRGT loan resources are borrowed from bilateral contributors (Appendix Table 1). A second key difference relates to the concessional nature of PRGT lending with interest rate subsidies across its facilities.⁵ The subsidy costs are covered by an endowment-based financing model (described below). Lastly, the PRGT is only available to eligible countries whereas the GRA is available to all Fund member countries.

6. In 2012, the Board adopted a three-pillar strategy to make the PRGT's concessional lending self-sustaining. Under the self-sustained PRGT, existing balances generate the necessary subsidy resources for a sustained level of lending in perpetuity without the need for regular subsidy contributions from the Fund's membership.⁶ The three pillars are: (i) a base envelope of SDR 1¼ billion in annual PRGT lending capacity, which is expected to cover concessional lending needs during normal periods; (ii) contingent measures that can be invoked when average financing needs exceed the base envelope by a substantial margin for an extended period; and (iii) the expectation that future modifications to PRGT facilities would be consistent with maintaining self-sustainability.⁷ The self-sustained PRGT framework therefore allows course correction if demand

⁴ The PRGT is established as a trust. The IMF acts as a trustee of the PRGT and trust assets are separate from resources in the GRA.

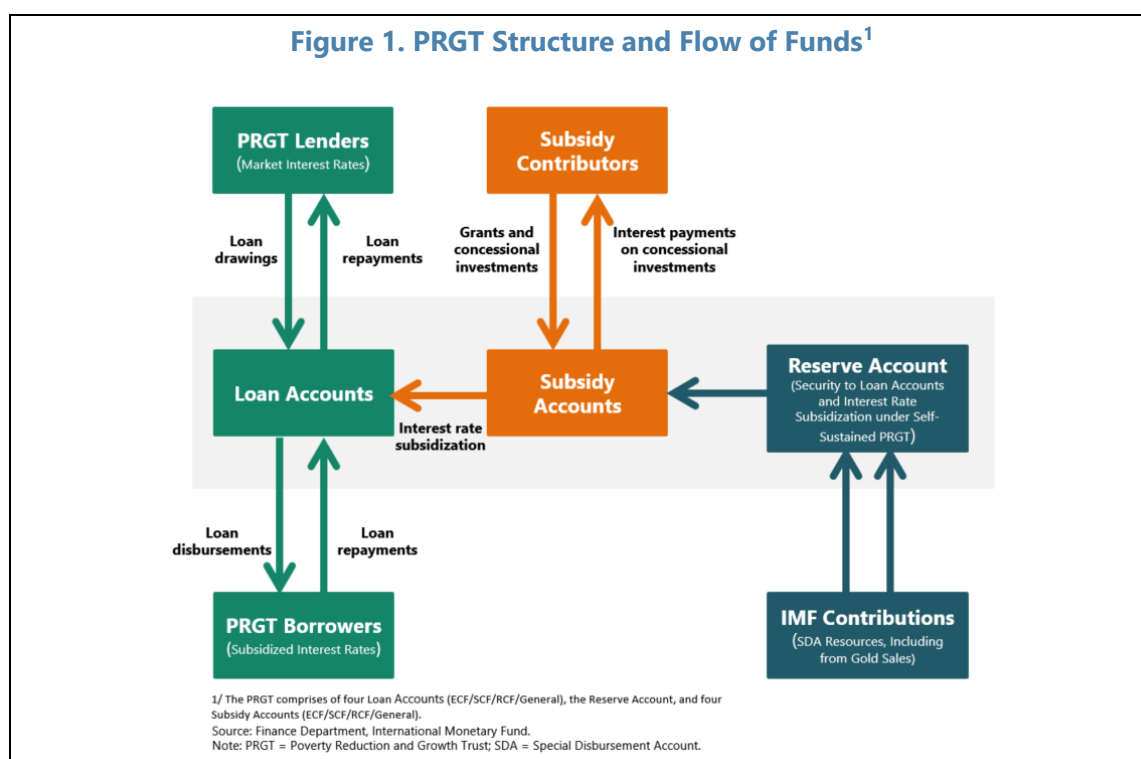
⁵ Fund concessional lending began in the 1970s and has since evolved. In July 2009, the Board approved a comprehensive reform of the IMF's concessional facilities and financing framework. Assistance is provided through the facilities of the Poverty Reduction and Growth Trust (PRGT) to support eligible countries in achieving and maintaining a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth.

⁶ See [Review of Facilities for Low-Income Countries](#), and [Review of Facilities for Low-Income Countries—Proposals for Implementation](#).

⁷ This implies that any future modifications would be expected to ensure that the demand for IMF concessional lending can reasonably be met with the resources available under the first and second pillars under a plausible range of scenarios.

is unusually high over an extended period or subsidy resources do not accumulate as envisaged but is based on the expectation that policy modifications would not require fundraising initiatives *ex ante*.

7. The PRGT financing framework consists of Loan Accounts, Subsidy Accounts, and the Reserve Account (Figure 1). Loan resources are borrowed from individual member countries and institutions (PRGT loan contributors) at market rates⁸, which are then on-lent to PRGT-eligible members at subsidized rates under one of the PRGT facilities. Resources from PRGT loan contributors are non-revolving and need to be replenished at regular intervals through borrowing agreements. The subsidy costs are financed from balances in the PRGT Subsidy Accounts provided by bilateral contributors and the IMF.⁹ The Reserve Account contains Fund contributions in the form of Special Disbursement Account (SDA) resources derived from gold sales, which provides security to lenders to the PRGT while also generating investment income that can be used to fund the self-sustained PRGT.¹⁰ The resources in the Reserve Account can be called upon to meet the PRGT's obligations to its creditors in the case of delayed payments by PRGT borrowers.



⁸ Loan contributors have the option to provide loan resources at below market rates.

⁹ Bilateral contributions are from distributions of the windfall gold sale profits, or typically provided through either grants or investments placed by contributors with the PRGT at zero or below market interest rates (the returns—or net differential returns—earned on the investment by the PRGT represents the subsidy contribution to the PRGT) (See Appendix Tables 6-7). Subsidy accounts also contain SDA resources contributed by the Fund.

¹⁰ Under the self-sustained model, the available resources in the PRGT subsidy accounts would be gradually drawn down to a zero balance, while balances in the Reserve Account would be allowed to grow so the returns on its assets could be used to subsidize concessional lending in perpetuity without depleting the Reserve Account. The SDA is a vehicle used to receive profits from the sale of gold held by the IMF at the time of the Second Amendment of the IMF's Articles of Agreement (1978). Resources under the subsidy and reserve accounts are invested in line with the recently-approved investment strategy for Trust Assets.

B. Resource Update

8. Existing loan resources are sufficient to cover PRGT operations over the medium term, provided that the PRGT loan commitment period is extended. The 2015 fundraising round mobilized SDR 11.4 billion in new loan resources from 15 PRGT lenders.¹¹ Loan providers committed these new resources through traditional loan agreements, Note Purchase Agreements (NPAs) and augmentations of existing agreements (Table 1). Nine lenders participate in the encashment regime of the PRGT.¹² In January 2018, the cumulative borrowing limit under the PRGT was raised by SDR 1 billion to SDR 38.5 billion to accommodate the higher-than-expected level of new loan resources mobilized.¹³ Uncommitted loan resources from existing and new loan agreements totaled SDR 14 billion at end-December 2018.¹⁴ Uncommitted PRGT loan resources, net of a liquidity buffer of SDR 3.3 billion for possible encashment calls, are deemed sufficient to meet expected demand well into the next decade.¹⁵

Table 1. New PRGT Loan Agreements
(in millions of SDRs; as of end-March 2019)

Country	Amount	Effective Date	Media	Type	Account	Encashment
Belgium	350	8/30/2017	EUR	Loan	ECF	No
Brazil	500	6/1/2017	USD	NPA	GLA	Yes
Canada	500	1/10/2017	USD	Loan	GLA	No
China	800	4/21/2017	RMB	NPA	GLA	Yes
Denmark	300	11/17/2016	EUR	Loan	GLA	No
France	2,000	2/1/2018	SDR	Loan	ECF	Yes
Italy	400	7/17/2017	SDR	Loan	ECF	Yes
Japan	1,800	4/20/2017	SDR	NPA	GLA	Yes
Korea	500	12/20/2016	SDR	Loan	GLA	Yes
Netherlands	500	12/20/2016	EUR	Loan	GLA	No
Norway	300	11/17/2016	USD	Loan	RCF/SCF	No
Spain	450	2/22/2017	EUR	Loan	GLA	Yes
Sweden	500	11/17/2016	USD	Loan	GLA	Yes
Switzerland	500	8/30/2017	EUR	Loan	GLA	No
United Kingdom	2,000	1/23/2017	SDR	NPA	ECF	Yes
Total	11,400					

9. The PRGT Instrument and bilateral borrowing agreements will need to be amended to extend the period for PRGT operations beyond 2020. The Instrument currently authorizes the commitment of loan resources until end-2020. Staff proposes to extend the commitment period for PRGT lending by four years to end-2024, and to establish end-2029 as the normal drawdown period

¹¹ The 2015 PRGT loan mobilization round was endorsed by the Executive Board in 2014 with the objective to raise additional borrowing capacity for the PRGT of up to SDR 11 billion (See [Update on the Financing of the Fund's Concessional Assistance and Proposed Amendments to the PRGT Instrument](#)).

¹² Under the encashment regime, the PRGT provides participating lenders with the right to request early repayment of outstanding claims in case of balance of payments need. The Fund repays the requesting lender by drawing down resources committed to the PRGT by other participating lenders, by means of a liquidity buffer of 20 percent of the loan amounts committed by lenders in the encashment regime.

¹³ PRGT borrowing limits have been in place since 1989 to ensure that new PRGT borrowing would not take place without prior consultation with loan account creditors regarding the justification for such borrowing and the adequacy of the Reserve Account. See Modifying the Poverty Reduction and Growth Trust Cumulative Borrowing Limit (See [Modifying the Poverty Reduction and Growth Trust \(PRGT\) Cumulative Borrowing Limit](#)).

¹⁴ While the bulk of loan resources (SDR 8.9 billion) are in the General Loan Account (GLA), the rest is allocated among facility-specific accounts: ECF loan account (SDR 4.8 billion), the SCF loan account (SDR 150 million), and the RCF loan account (SDR 150 million).

¹⁵ Based on the amended PRGT instrument, loan resources from previous mobilization rounds will be drawn before new resources are activated. See [Decision No. 16051-\(16/86\)](#), adopted September 20, 2016, which amended the drawing mechanism under the PRGT Instrument to prioritize the use of resources from agreements effective earlier than May 31, 2014, before drawing on new resources. This amendment took effect on December 20, 2016, following consents from all affected PRGT lenders with undrawn loan balances.

for new borrowing, corresponding to the longest initial arrangement period of five years for PRGT financing arrangements, as proposed for ECF arrangements under the LIC FR. Current borrowing agreements with loan contributors would also need to be extended to provide for drawdown periods until end-2029. Staff will reach out to members on this proposal and provide an update to the Executive Board by April 2020. Decision 2 would provide the legal basis in the PRGT Instrument for these extensions.

10. Balances in the PRGT Subsidy Accounts amounted to about SDR 3.6 billion at end-February 2019 (Table 2).

This is broadly unchanged from the previous year's level. In addition to IMF resources and bilateral contributions from members in the subsidy accounts, SDR 245 million is presumed to be available from the PRG-HIPC Trust.¹⁶ Overall, these resources are sufficient to subsidize PRGT lending over the medium to longer term, although a more in-depth analysis is required to assess PRGT self-sustainability (see below).

Table 2. Balances of PRGT Accounts
(in billions of SDRs; as of end-February 2019)

Account	Amount
Subsidy Accounts	3.59
General Subsidy Account	2.55
ECF Subsidy Account	1.00
RCF Subsidy Account	0.02
SCF Subsidy Account	0.02
Reserve Account	3.81
<i>Memorandum item:</i>	
PRG-HIPC Trust	0.24

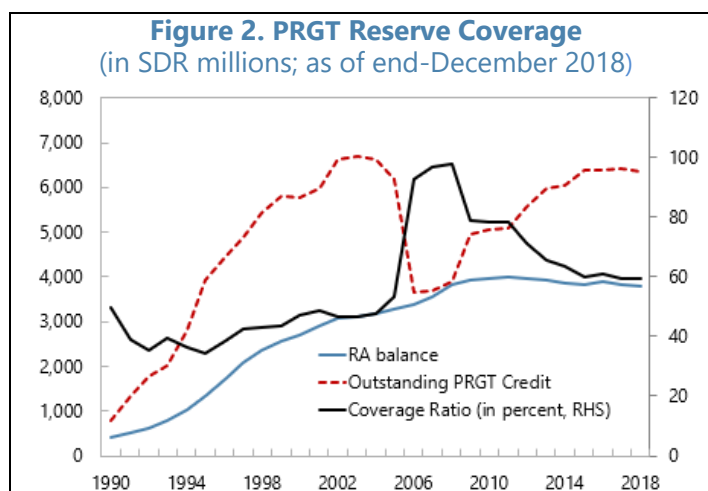
11. Subsidy contributions remain pending from 28 countries and are below pledged amounts.

- PRGT Subsidy Account balances do not include amounts pledged but not yet received (Appendix Tables 2-5). At end-February 2019, total pending subsidy contributions amounted to about SDR 185 million from 28 countries (Appendix Table 8). About 89 percent of the total distributions of the general reserve attributable to windfall profits of the gold sales has been received, compared with the 95 percent pledged by 165 countries.
- Income from bilateral deposit and investment agreements remains short of pledged amounts. Seven countries have pledged contributions to the PRGT to be fulfilled from investment returns on bilateral deposit and investment agreements. At end-February 2019, contributions generated from these investments reached only SDR 12.9 million in NPV terms compared to SDR 61.4 million pledged due to the low return environment.¹⁷ Consequently, several contributors agreed to extend the initial maturity of their agreements to generate earlier pledged amounts (Appendix Table 4).

¹⁶ The PRG-HIPC Trust was established in 1997 to provide assistance to LICs by making grants and/or loans to reduce external debt burdens to sustainable levels and to subsidize the interest payments. Upon liquidation, surplus funds shall be made available for self-sustained PRGT operations unless contributors request otherwise. See Section III and Section V, paragraph 2 of the PRG-HIPC Trust Instrument, as annexed to [Decision No. 11436-97/10](#) and as amended.

¹⁷ The investment provided by Trinidad and Tobago was repaid at maturity before generating the pledged amount of contribution.

12. The PRGT Reserve Account, at SDR 3.8 billion as of end-February 2019, continues to provide security to PRGT loan providers. As of end-December 2018, the Reserve Account balance was about SDR 39 million lower than at end-2017 as administrative fees reimbursed to the GRA exceeded net investment returns. The Reserve Account balance covers about 59 percent of total PRGT obligations and remains substantially higher than total PRGT repayments falling due in 2019 (Figure 2 and Appendix Table 9). In addition, the reserve ratio remains well above the 40 percent historical average prior to the delivery of debt relief through the HIPC and Multilateral Debt Relief Initiative (MDRI), which is considered to be a sufficient level to back PRGT payments. Absent large shocks to PRGT demand or the credit portfolio, this ratio is expected to gradually increase over the medium to long term.¹⁸



13. The adequacy of resources under the self-sustaining PRGT is assessed annually from two perspectives:

- i. A demand model derives a range of plausible projections of the average annual concessional lending over the medium to longer run.
- ii. A capacity ("supply") model estimates the PRGT's self-sustained lending capacity based on available subsidy resources.

The analysis from these models, discussed in the following sections, informs staff's assessment of the adequacy of the overall framework, the affordability of any policy refinements, and the potential need for corrective contingency measures.

14. The 2018 annual review of the Fund's concessional financing assessed the PRGT's self-sustaining financing framework to be intact.¹⁹ Taking into account the available PRGT resources, the PRGT's permanent lending capacity was estimated at SDR 1.31 billion annually, slightly above the target of SDR 1¼ billion. Demand was projected to range between SDR 1.0 and 1.7 billion annually over the coming 10-year period. On balance, the PRGT's lending capacity was assessed to be adequate under a range of plausible scenarios. The next two sections (on demand and capacity) update and refine last year's assessment, followed by an analysis of how the proposed LIC facilities reforms would affect the self-sustained PRGT.

¹⁸ It is expected that income from investments would allow the RA balance to increase until subsidy account resources are fully drawn, upon which the RA resources could then be used to subsidize concessional lending in perpetuity. See also Footnote 10 above.

¹⁹ See [Update on the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Countries](#) henceforth referred to as the Update Paper.

DEMAND FOR PRGT LOANS

Annual demand for PRGT loans is estimated to be in the range of SDR 1.0–1.7 billion on average over the next decade, or SDR 0.9–1.5 billion on a subsidy-use basis (excluding precautionary arrangements). Demand projections are subject to significant uncertainties and are most sensitive to access and blending assumptions.

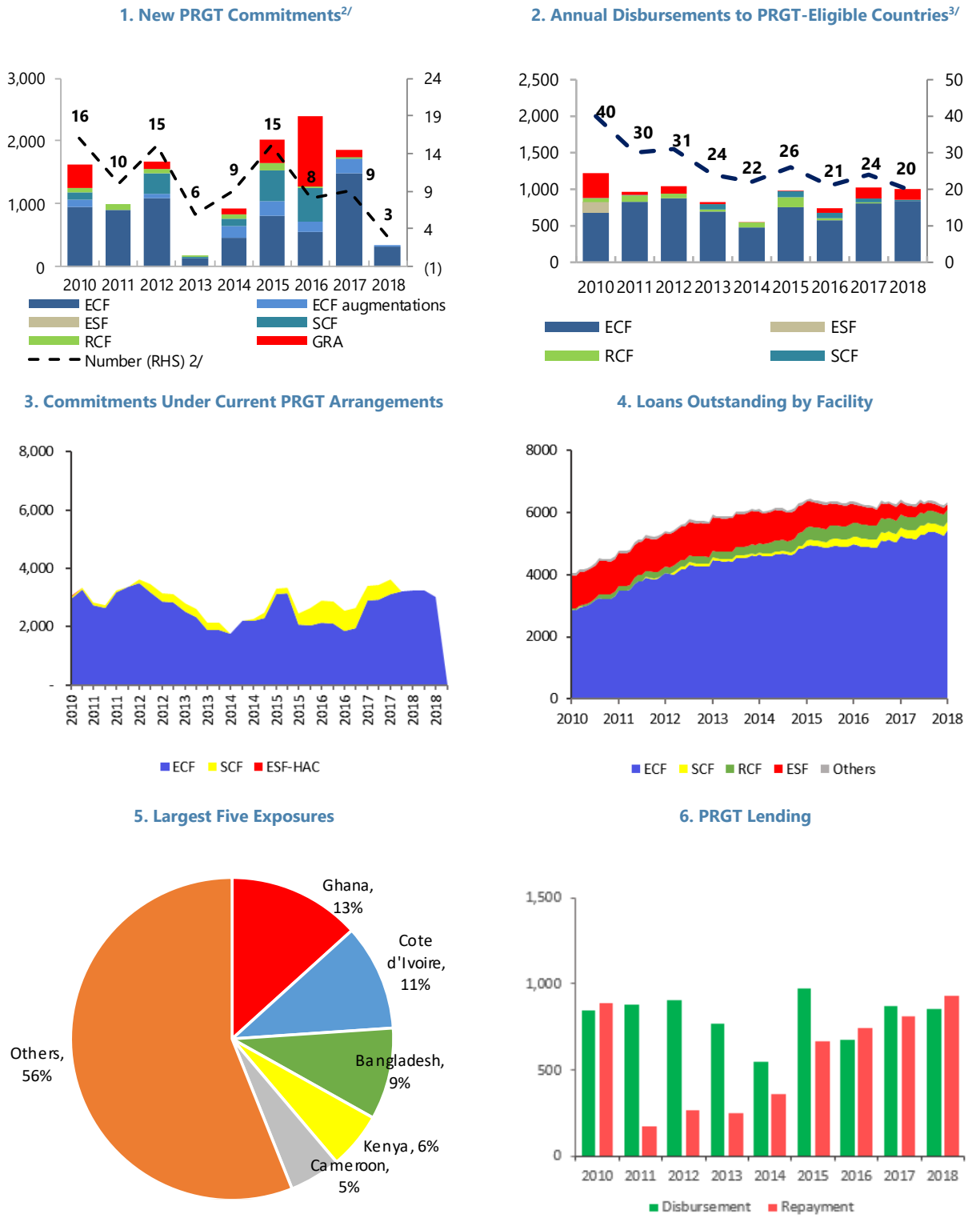
A. Recent Trends

15. Demand for PRGT resources has receded since the global financial crisis, averaging about SDR 1.1 billion over the past five years. Demand for the Fund's concessional resources is historically volatile and tends to move with economic cycles and shocks. Total PRGT commitments in 2018 fell to SDR 0.3 billion, compared to SDR 1.7 billion in 2017, and a ten-year average of SDR 1.2 billion (Figure 3 and Appendix Table 14). Disbursements tend to exhibit less volatility. In 2018, disbursements under a total of 20 arrangements (including one-off RCF disbursements) amounted to SDR 0.9 billion, broadly unchanged from 2017, and in line with its ten-year average (Figure 3). Based on a survey of country teams, new commitments in 2019 are projected to rebound to [SDR 1.6 billion or SDR 1.1 billion when probability-adjusted], partly reflecting tighter domestic and external financing conditions, as well as emergency assistance needed to respond to natural disasters such as Cyclone Idai.

16. The stock of PRGT lending commitments has been relatively stable, reaching SDR 7.4 billion at end-March 2019. Similarly, total credit outstanding was broadly unchanged over the past twelve months at SDR 6.4 billion, and undrawn commitments under existing arrangements stood at SDR 1.0 billion. ECF credit amounted to about 86 percent of total loans outstanding. Credit concentration was moderate, with about 44 percent of credit outstanding by the top five borrowers (compared to about 84 percent in the GRA). Debt vulnerabilities of PRGT borrowers remain significant, with about half of the countries (accounting for about 39.6 percent of credit outstanding) classified as high risk or in debt distress in the most recent LIC DSA.

17. The share of eligible countries receiving PRGT support has declined, and access levels have been dispersed around applicable norms, depending on individual financing needs. The experience of countries' use of PRGT facilities since 2010 has informed staff's updates and revisions to its demand projections (see next section).

Figure 3. New Commitments and Ongoing Disbursements to PRGT Countries, 2010–18^{1/}
 (In millions of SDRs, as of December 31, 2018)



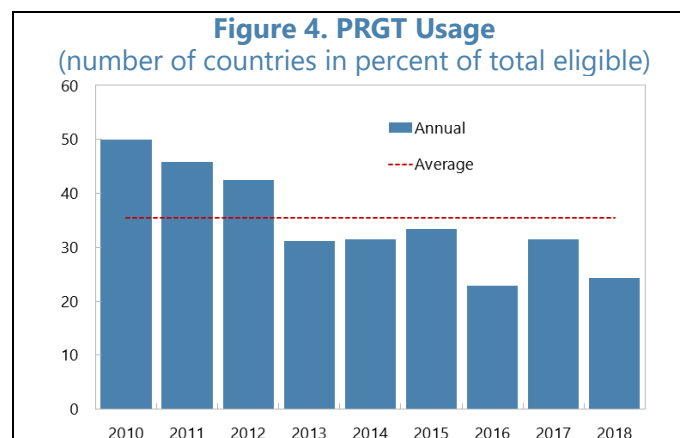
Source: Finance Department

^{1/} In April 2010, Albania, Angola, Azerbaijan, India, Pakistan, and Sri Lanka graduated from the PRGT; Armenia graduated in July 2013; Georgia graduated in April 2014; Bolivia, Mongolia, Nigeria, and Vietnam graduated in October 2015.

^{2/} Total number of new commitments in calendar year, including augmentations.

^{3/} Total number of lending facilities in calendar year, from January 1 to December 31.

- **Usage across countries.** The share of PRGT-eligible countries using the PRGT in any one year has receded from peak levels of around 50 percent in the wake of the global financial crisis to around 25 percent in recent years (Figure 4).²⁰ Since the inception of the new facilities framework, usage has averaged 35 percent, with 26 percent of PRGT-eligible countries using ECF arrangements, 4 percent SCF arrangements, and 5 percent receiving RCF disbursements.



- **Access levels.** Access under the PRGT at the time of approval has varied depending on individual financing needs, though it has on average remained broadly in line with applicable norms.²¹ Total disbursements have been below total commitments on average (see above), which can be largely explained by (i) timing differences and (ii) the non-disbursement of precautionary SCF arrangements. Across non-precautionary arrangements, *ex post* annual disbursements have been broadly of the same magnitude as *ex ante* (at approval) annualized commitments, because access augmentations during arrangements have been broadly offset by undrawn commitments under programs that failed to complete all reviews (Box 1).

B. Demand Model

18. Given the considerable uncertainty around longer-term economic developments and use of the PRGT's facilities, demand is projected within the range of two benchmark scenarios (a "low case" and a "high case"). The two scenarios are distinguished by the assumed share of countries using PRGT facilities, reflecting the experience that demand for Fund support can fluctuate significantly with economic cycles and shocks. The demand estimates under these scenarios entail assumptions about countries' rising income levels that affect the use of blending resources from the PRGT and GRA, and eventual graduation from PRGT eligibility based on current policies. The model also assumes that access levels across facilities will rise over time to match projected longer-term GDP developments and potential financing needs of PRGT-eligible countries.

²⁰ Usage is counted only when a financial arrangement has been in place for more than 6 months in a given calendar year, or if an RCF disbursement took place.

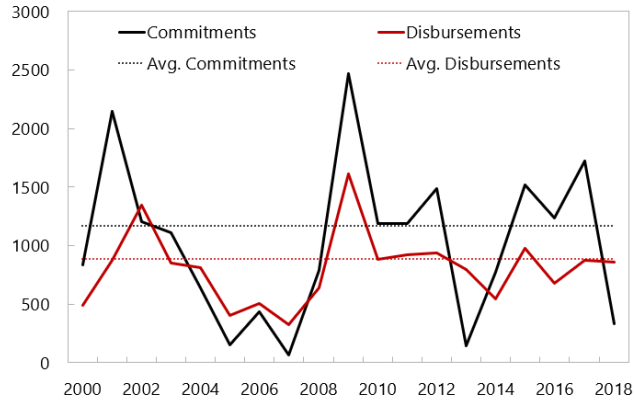
²¹ While there has been a significant variation across country cases and over time, access levels have on average been around the prevailing norms for ECF arrangements, which continue to account for the bulk of PRGT-supported programs. Average access under SCF arrangements has been somewhat above the applicable norms, although it is difficult to draw firm conclusions given the relatively small sample of SCF cases. RCFs do not currently have access norms.

Box 1. PRGT Resources: Indicators of Demand

Experience has shown that, across non-precautionary arrangements, annual disbursements have on average been broadly of the same magnitude as annualized commitments at the time of program approval.

PRGT disbursements have on average been lower than commitments. Demand for concessional resources has been historically volatile, especially when measured in commitments. Demand on a disbursement basis has been less volatile and has tended to be lower on average than commitments. These differences reflect a range of factors in the way the Fund provides financial support. For instance, during periods of rising demand for Fund support, new commitments will tend to spike (e.g., approval of multiyear arrangements), rising well above disbursements, as was the case in the aftermath of the 2009 global financial crisis and the 2014 commodity price shock (Box 1, Figure 1). The pattern reverses after the peak of a crisis, when existing arrangements are already in place and continue to disburse. Commitments will also tend to differ from disbursements when: (i) SCF arrangements remain precautionary; (ii) programs go off track; and (iii) access under existing arrangements is augmented.

Figure 1. PRGT Resources Committed and Disbursed (in millions SDRs)



When adjusting for timing and precautionary support, disbursements have been broadly in line with ex-ante commitments. To reconcile demand on a commitment and disbursement basis, PRGT commitments can be adjusted to (i) phase the original amounts approved under multi-year arrangements into annual commitments; (ii) exclude commitments related to precautionary SCFs; and (iii) control for new commitments from post approval augmentations. The observed discrepancy between commitments and disbursements is sharply reduced by accounting for precautionary arrangements (Box 1, Figure 2), and shrinks even further, to 2 percent on average (2008–18), if augmentations are dropped from the adjusted commitments measure (Box 1, Figure 3). The rationale is that, historically, augmentations in some arrangements have broadly offset undrawn commitments under other arrangements that have gone off track. These stylized facts have been used to refine the longer-term demand forecast model and complement it with a projected “subsidy use” (disbursement) measure.

Figure 2. PRGT Resources Committed and Disbursed (in millions SDRs)

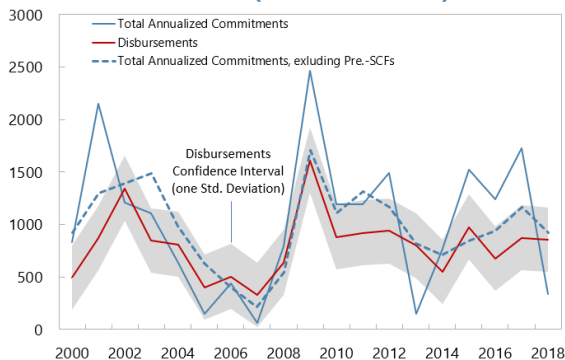
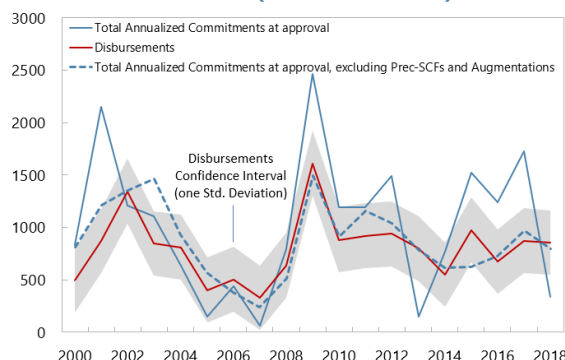


Figure 3. PRGT Resources Committed and Disbursed (in millions SDRs)



19. The demand model has been updated and refined to better reflect the historical experience with the facility architecture adopted in 2009. In addition to updates based on the latest WEO data and projections, the demand model was refined to: (i) improve projections of longer-term GDP and access growth; (ii) better calibrate the assumed levels of access per facility and the probability of use of different facilities to the historical experience since the 2009 reforms, (iii) fully reflect the impact of the current exemption from blending for countries with elevated debt vulnerabilities; and (iv) better match the assumed timing of countries moving to blending and graduation with the historical experience, including with respect to market access and short-term vulnerabilities. Finally, an explicit subsidy-use (disbursement-based) demand measure is estimated to complement the traditional commitments-based measure.

C. Updated Demand Projections

20. Using the revised model, annual demand for PRGT resources over the next 10 years is projected to average between SDR 1.0–1.7 billion (Table 3). This is similar to the projection in the 2018 Update paper, reflecting offsetting effects from the above refinements and updates. Based on plausible assumptions about the precautionary use of the SCF, this projection translates into a range of SDR 0.9–1.5 billion in average annual demand involving the use of subsidy resources. On average, disbursements in nominal SDR terms would be around 40 percent above the 2018 level, broadly in line with the projected increase in nominal GDP over the coming decade.²²

21. The demand projections are subject to considerable uncertainty, particularly in the longer run. Sensitivity analysis indicates that demand is most sensitive to access and blending assumptions (Box 2). Demand is projected to increase further in the longer run, ranging between SDR 1.1–1.8 billion per year over the next 20 years on a subsidy-use basis. The gradual upward trend reflects that, on current trends and policies, blending and graduation (which free up PRGT resources) are not projected to fully offset growing GDP and financing needs. However, considerable uncertainty exists on future PRGT use, which depends on countries' longer-term developments as well as global factors.²³

²² The model assumes that the level of access is preserved in percent of nominal GDP for PRGT-eligible countries.

²³ Apart from long-term growth and the incidence of crises, demand could be affected by structural changes in the access to alternative sources of financing, geopolitical developments, or pressures arising from natural disasters and climate change.

Table 3. Projected Demand for PRGT Resources
(in SDR billions)

	Average Demand (2018-27)	
	Low Case 1/	High Case 1/
Baseline 2018 Update Paper	1.00	1.68
	<hr/>	
	Average Demand (2019-28)	
	Low Case	High Case
New Baseline 2/		
Demand for PRGT resources (total)	1.02	1.70
Demand involving subsidy resources 3/	0.93	1.54
	<hr/>	
	Change relative to New Demand Baseline (with use of subsidy resources)	
1. No change in access until next review in 2024 4/	-0.15	-0.25
2. 50 percent increase in access in 2019	0.24	0.40
3. Faster GDP and demand growth by 1pp per year starting in 2023	0.02	0.03
4. Removal of blending exemption for countries at high-risk of debt distress	-0.14	-0.23
5. Faster graduation from the PRGT (by 2-years on average)	-0.01	-0.02
6. Full disbursement of precautionary SCFs	0.09	0.16

1/ Given the uncertainty around longer-term economic developments and use of PRGT resources, demand is projected using two benchmark scenarios, differentiated by the share of PRGT eligible countries using Fund resources. The demand estimates reflect assumptions about the use of blending and graduation from PRGT eligibility, and assume rising access levels across facilities that broadly match longer-term GDP developments of PRGT-eligible countries.

2/ In addition to standard updates based on the latest WEO data and projections, the demand model was refined to (i) improve projections of longer-term GDP and access growth; (ii) better calibrate the assumed levels of access and probability of use of different facilities to the historical experience, (iii) fully reflect the exemption from blending of countries with elevated debt vulnerabilities; and (iv) better match the assumed timing of countries moving to blending and graduation with the historical experience, including with respect to market access and short-term vulnerabilities.

3/ An explicit subsidy-use (disbursement-based) demand measure is estimated to complement the traditional commitments-based measure. This measure treats a certain share of SCF arrangements as fully precautionary.

4/ The baseline outlook assumes rising access levels across facilities that broadly match projected longer-term GDP developments, preserving the real value of access in relation to GDP. The scenario keeps access unchanged until the forthcoming LIC review in 2024 implying some erosion in real terms.

Box 2. Sensitivity Analysis Against the Demand Model Baseline

- **Access.** Keeping access unchanged until the next LIC Facilities Review in 2024 would reduce annual average demand by SDR 0.15–0.25 billion over the next decade relative to the baseline, as access would not grow in line with nominal GDP. Conversely, raising access by 50 percent in 2019 would increase annual average demand by SDR 0.24–0.40 billion over the next ten years.
- **GDP.** Higher GDP growth across PRGT-eligible countries would modestly increase demand, as larger financing needs would not be fully offset by faster graduation and blending.
- **Blending.** Eliminating the exclusion from blending for qualified countries at high risk of debt distress (while retaining it for countries in debt distress) would reduce average annual demand for PRGT credit by SDR 0.14–0.23 billion over the next decade, while increasing demand for GRA resources by a similar magnitude.
- **Graduation.** Demand projections are not very sensitive to graduation assumptions. For instance, there are only limited savings from more rapid graduation (e.g., due to market access) as graduations mostly involve countries that use blended arrangements, with two-thirds of financing already coming from the GRA.
- **Precautionary vs. disbursing SCFs.** Demand projections include an assumption that a certain share of SCF arrangements will remain precautionary ex post. If all SCF arrangements were to fully disburse, this would raise demand by SDR 0.09–0.16 billion.

ASSESSING PRGT SELF-SUSTAINING CAPACITY

The PRGT's estimated long-term annual lending capacity is modestly above the target of SDR 1¼ billion. Taking into account the revised demand baseline, capacity is projected to reach between SDR 1.2–1.5 billion in ten years.

A. Capacity Model

22. A capacity (“supply”) model is used to estimate the PRGT’s self-sustained lending capacity. The self-sustained annual lending capacity represents the average annual level of new concessional lending (in nominal SDR terms) that the Trust can finance in perpetuity, based on available resources in the subsidy accounts and the Reserve Account. Using a cashflow model, the permanent lending capacity is derived as the level of lending where available subsidy resources cover all future subsidy needs without depleting the endowment resources in nominal terms. Available subsidy resources are affected, *inter alia*, by the initial balances of the PRGT Subsidy Accounts and Reserve Account, investment returns on those balances, the reimbursement to the GRA for the PRGT’s administrative expenses, and the extent to which pledges from previous PRGT fund-raising efforts are realized. Subsidy needs depend on the PRGT credit outstanding over time and the average subsidy element of PRGT loans, determined by the spread between interest rates charged by PRGT loan providers and the concessional rates of charge set for loans under the different PRGT facilities.

23. The capacity model has been updated and refined to reflect historical trends and changes in policies.

In addition to the standard data updates and minor technical adjustments, interest rate and investment return projections have been modified to reflect longer-term historical trends and new investment policies. In addition, there were two analytical enhancements to the capacity model: (i) a range of self-sustained capacity projections is derived by integrating the new disbursement-based demand projections into the capacity model for the low and high scenarios and (ii) a demand benchmark consistent with self-sustainability is derived, representing the annual average demand over the coming 10 years that would bring the PRGT lending capacity to the self-sustained target of SDR 1¼ billion by the end of the period.

Table 4. PRGT Self-Sustained Capacity

	Estimated Capacities
April 2018 Update Paper	1.31
Updated Estimate 1/	1.31
PRGT Self-Sustained Capacity Target	1.25
	Change relative to
	Updated Capacity Estimate
Sensitivity Analysis	
1. Investment premium (lower by 40 basis points)	-0.17
2. SDR Rate (Decrease by 50 basis points)	0.02
3. GRA Reimbursement (Increase by 15mn)	-0.08
4. Pledged Contributions (Decrease by SDR 300mn) 2/	-0.06
5. Short-term demand Shock 3/	-0.07

1/ As of January 2019.
2/ At end-February 2018, total pending subsidy contributions amounted to SDR 128 million from 27 countries. In addition, SDR 240 million is presumed to be available from the PRG-HIPC Trust for self-sustained PRGT operations.
3/ Two years of elevated demand at historical 15-year average plus two standard deviations.

B. Projections of PRGT Lending Capacity

24. Based on the updated capacity model, the estimated PRGT lending capacity remains consistent with the self-sustaining PRGT framework (Table 4). The PRGT's self-sustained long-term average annual lending capacity is estimated at SDR 1.31 billion, unchanged from the April 2018 Update Paper. This indicates that there is room for higher levels of lending under the self-sustained financing framework—average annual demand of SDR 1.4 billion over the next decade would bring the PRGT lending capacity to the target of SDR 1¼ billion by the end of the period. Using the new baseline demand estimates involving use of subsidy resources under the high and low cases, the PRGT lending capacity is projected to reach between SDR 1.20–1.46 billion in ten years. This implies that on current trends, capacity will more likely than not exceed the SDR 1¼ billion target by 2028, pointing to some modest room to accommodate higher PRGT access levels and policy refinements.

25. The self-sustained lending capacity is sensitive to factors that directly impact the PRGT's endowment. In general, lower investment premiums on PRGT assets, shortfalls in pledged contributions, and a sustained period of elevated demand for concessional resources constitute key risks (Box 3).

Box 3. Sensitivity Analysis Against the PRGT's Estimated Self-Sustained Lending Capacity

- **Short-term demand shock.** If demand for PRGT lending over the next two years is two standard deviations above the 15-year average, the self-sustained capacity would be permanently lowered by SDR 0.06 billion.
- **Investment premium.** In line with the investment strategy for PRGT assets, projections assume a 90 bp investment premium over rates paid to PRGT lenders. Lowering this premium by 40 bp would reduce the annual lending capacity by SDR 0.17 billion.
- **SDR rate.** Assumed SDR rate impacts both projected income of the Trust (as it is a basis for projected rate of return on assets) and cost of lending. Lowering the SDR rate by 100 bp points marginally increases annual lending capacity by about SDR 0.02 billion.
- **GRA reimbursement.** The General Account (GRA) is normally reimbursed for expenses of administering the PRGT.¹ Projections assume that SDR 65 million is paid from the Reserve Account every year. Increasing the GRA reimbursement by SDR 15 million would decrease estimated annual lending capacity by about SDR 0.08 billion.
- **Pledged contributions.** Estimates of the lending capacity assume that all subsidy resources pledged by members will be realized and that SDR 240 million currently held in the PRG-HIPC Trust will be transferred to the PRGT. If SDR 300 million of these expected resources is not received, the PRGT's lending capacity would be lower by SDR 0.06 billion.

^{1/} See Decision No. 8760-(87/176), paragraph 3.

FINANCING THE REFORM PACKAGE UNDER THE SELF-SUSTAINED PRGT

The policy package proposed in the LIC FR, providing for higher access and more flexibility of PRGT facilities, can be accommodated within the self-sustained PRGT framework.

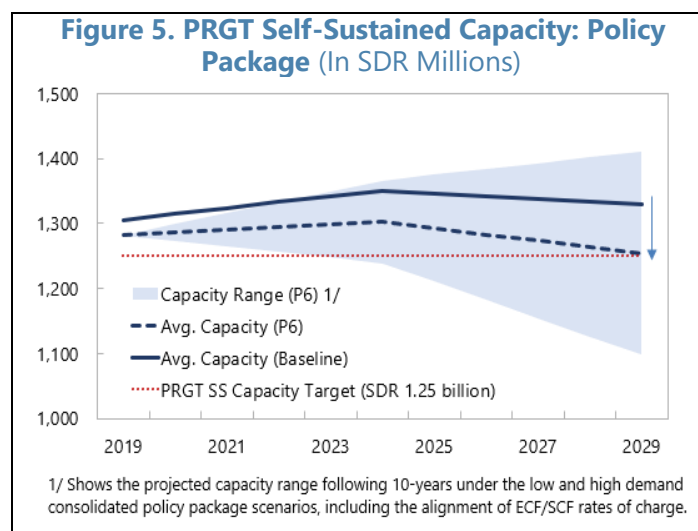
26. Staff has simulated a policy package with the following elements: (a) a generalized increase in access norms and limits by one-third in 2019; (b) flexibility enhancements to the SCF and ECF, including longer durations; (c) a doubling of the annual access limit under the RCF regular window, matching the limit under the shocks window;²⁴ (d) an alignment of the SCF interest rate to the ECF rate schedule; and (e) a removal of the exemption from presumed blending for higher income countries at high risk of debt distress that have substantial access to international financial markets.

27. The proposed reform package is projected to result in average annual demand of SDR 1.0–1.7 billion on a subsidy-use basis over the next decade. The impact of higher access, a lower SCF rate, and enhanced facilities flexibility would be partly offset by reduced demand from the proposed modification of the blending policy. Specifically:

²⁴ The proposed package also includes a higher cumulative access limit under the large natural disasters window of the RCF, but the expected impact on PRGT financing is low since the threshold for a large natural disaster is only expected to be met by small states with low quotas.

- i. The proposed one-third access increase would raise annual demand by an average of SDR 0.11–0.18 billion over the next decade, reducing self-sustained capacity by SDR 0.05–0.08 billion by the end of the period (Table 5, P1).
- ii. The enhancements to the SCF and RCF would raise annual demand by an estimated SDR 0.02–0.11 billion over the next decade, reducing self-sustained capacity by SDR 0.01–0.05 billion (Table 5, P2).
- iii. Eliminating the exemption from presumed blending for higher income countries that are classified as high risk of debt distress and have substantial access to international financial markets, would reduce annual demand by about SDR 0.08–0.14 billion over the next decade, increasing self-sustained capacity by SDR 0.04–0.06 billion (Table 5, P3).
- iv. The alignment of the SCF rate schedule to that of the ECF rate would reduce self-sustained capacity by SDR 0.03 billion (Table 5, P5).
- v. Graduations in the forthcoming review of PRGT eligibility are not expected to alter the picture.

28. The proposed reform package would be generally consistent with the self-sustained PRGT financing framework, with risks evenly balanced over the coming decade. Based on the demand range projected above, self-sustained capacity would reach SDR 1.1–1.4 billion by 2028 (Table 5 (P6) and Figures 5 and 6). The longer-term outlook is subject to greater uncertainty, with downside risks from both supply and demand factors, such as low investment returns on PRGT assets or prolonged periods of high and rising aggregate financing needs.



29. The evolution of capacity will need to be monitored carefully, and policies reviewed periodically. This will be important to ensure that the outlook for capacity remains in line with the base envelope of SDR 1¼ billion. A range of policy options and contingency measures can be triggered under the three-pillar PRGT framework in the event of a sustained disequilibrium between supply and demand.²⁵

²⁵ See [Proposal to Distribute Remaining Windfall Gold Sales Profits and Strategy to Make the Poverty Reduction and Growth Trust Sustainable](#).

Table 5. Impact on Policy Reforms on PRGT Self-Sustained Capacity

	in SDR billions			
	Avg. Annual Demand (2019-28)		Estimated Capacity (Medium-term) 1/	
	Low Case	High Case	Low Case	High Case
New Baseline Demand for PRGT Resources	1.02	1.70	n.a.	n.a.
New Baseline Demand Involving Subsidy Resources	0.93	1.54	1.46	1.20
10-year Demand Benchmark 2/	1.43		1.25	
Benchmark Policy Package 3/	Change relative to New Baseline (with use of Subsidy Resources), unless noted (in SDR billions)			
Demand-Model Impact				
P1 - Access Increase (33% in 2019)	0.11	0.18	-0.05	-0.08
P2 - SCF/ECF Enhancements and Supplemental RCF Access Increase	0.02	0.11	-0.01	-0.05
P3 - Blending Exemption (Countries with Market Access and meet the income threshold can blend)	-0.08	-0.14	0.04	0.06
P4 - Combined (Scenarios 1-3)	0.04	0.15	-0.02	-0.07
Supply-Model Impact				
P5 - Align SCF/ECF Rates 4/	-	-	-0.03	-0.03
	Avg. Annual Demand (2019-28)		Estimated Capacity (Medium-term) 5/	
	Low Case	High Case	Low Case	High Case
Consolidated Impact (P6) 6/ <i>in levels (use of subsidy resources)</i>	0.04 <i>0.98</i>	0.15 <i>1.69</i>	-0.05 <i>1.41</i>	-0.10 <i>1.10</i>

1/ Capacity estimates as of end-2028. Medium-term estimates of lending capacity are derived by integrating 10-years of projected demand for different scenarios into the baseline capacity model. Preliminary estimates subject to data revisions.

2/ The level of demand that can be maintained for 10 consecutive years consistent with the self-sustained capacity target of SDR 1.25 billion.

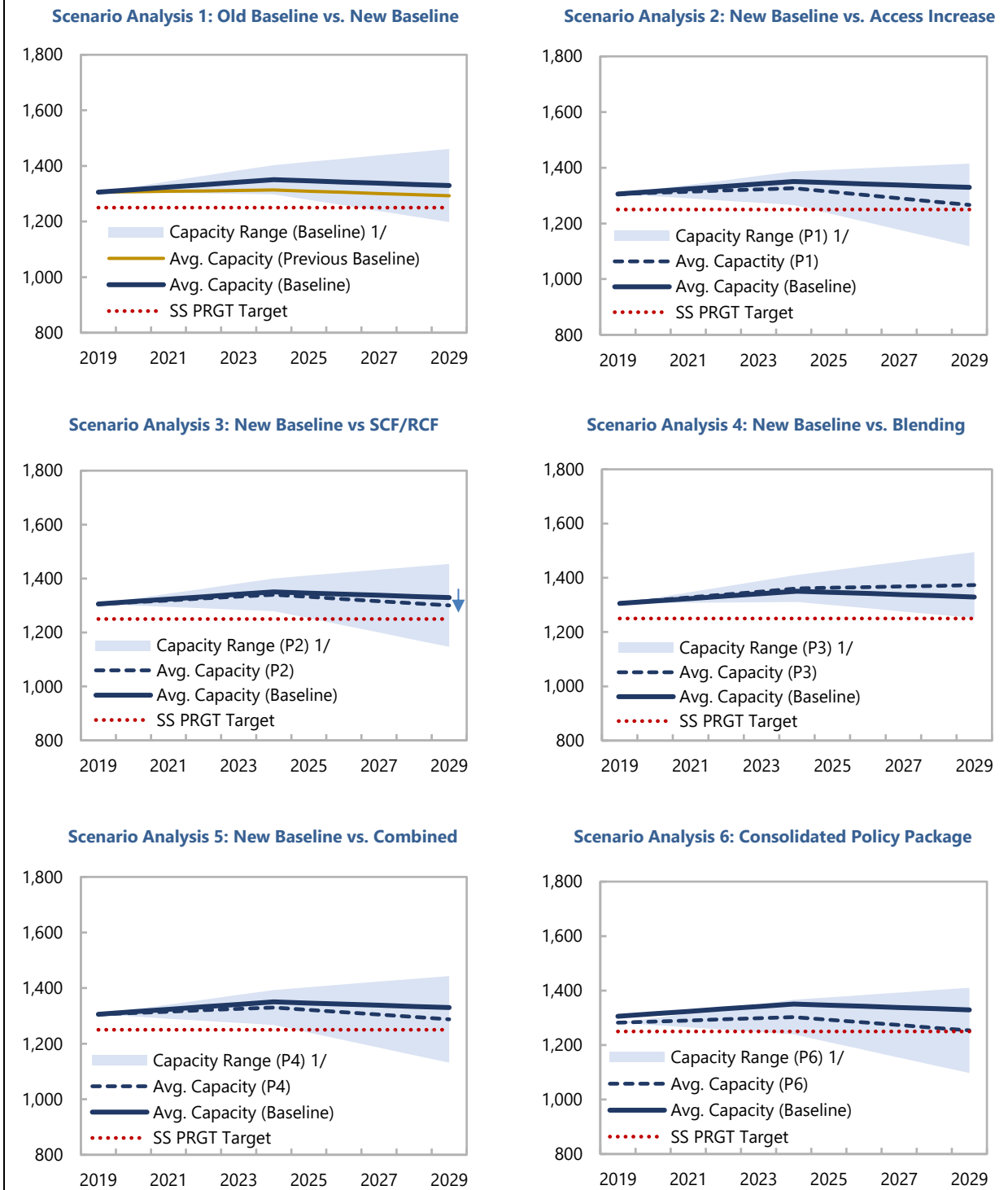
3/ The proposed policy reforms affect the financing framework primarily indirectly via the demand channel. The exception is the alignment of ECF/SCF rates of charge, which has a direct impact on capacity by increasing the subsidy element of PRGT loans.

4/ Change relative to P4.

5/ Includes the alignment of the ECF/SCF rate of charge.

6/ Before incorporating the potential impact related to the 2019 PRGT Eligibility Review.

Figure 6. Self-Sustained PRGT Capacity: 10-year Outlook ^{2/}



Source: Staff calculations and estimates.

1/ The shaded area shows the upper (lower) range of estimated lending capacity associated with the low (high) demand-model projections for the various policy scenarios examined.

2/ Reports capacity at time t based on demand projections from 2019 to $t-1$. For example, capacity in 2029 is based on ten years of demand projections (2019-2028).

FINANCING DEBT RELIEF

The Catastrophe Containment and Relief Trust (CCRT) is currently underfunded. Remaining protracted arrears cases (Somalia and Sudan) would require the mobilization of new resources once these countries are ready to participate in the HIPC Initiative.

A. Catastrophe Containment and Relief Trust

30. Additional resources are needed to fund the existing mandate of the CCRT. The CCRT was created in 2015 to provide grants for debt relief to the poorest and most vulnerable countries²⁶ under two windows: (i) the Post-Catastrophe Relief window for catastrophic natural disasters; and (ii) the Catastrophe Containment window for fast-spreading major public health disasters with international spillover potential.²⁷ Of the 58 members approached under the 2015 CCRT fund-raising campaign, only six pledged a total amount of US\$93.3 million (of which US\$84.7 million received), well short of the US\$150 million target. Staff informally approached countries with pending responses to the campaign, but no additional pledges have been forthcoming so far. As of end-February 2019, total CCRT contributions amounted to SDR 99.5 million, for a total balance of the Trust of SDR 149 million.²⁸ In December 2018, five countries repurposed their maturing HIPC deposits, for a total of SDR 12.7 million, to be invested in BIS obligations and generate income for the benefit of the CCRT (see paragraph 30). In 2018, Mexico disbursed SDR 1.74 million of the SDR 7.97 million pledged under the 2015 fundraising round.

31. The estimated CCRT underfunding is substantial, limiting the Fund's ability to assist countries hit by catastrophic disasters. The estimated underfunding stands between SDR 200 and 275 million, as the original US\$150 million fund-raising target was based on members' quota levels before the 14th General Review of Quotas. Doubling of quotas under the 14th General Review of Quotas is estimated to have proportionally increased the initial shortfall, as the debt flow relief in percent of quota remained unchanged. This reflects a gap of about SDR 100-175 million under the Post Catastrophe Relief window and of SDR 100 million under the Catastrophe Containment window. The first stage of the LIC FR assessed that reforms to widen access to the CCRT would

²⁶ Only a subgroup of PRGT countries are eligible for assistance under the CCRT. Requirements include: (i) a per capita income below the International Development Association's (IDA) operational cutoff (currently US\$1,145) or (ii) limited to Small States (i.e. a population below 1.5 million) with a per capita income below twice the IDA cutoff. Moreover, to qualify under the CCRT's catastrophic disaster window, the shock must have (i) directly affected at least one third of the population; and (ii) destroyed more than a quarter of the country's productive capacity or caused damage deemed to exceed 100 percent of GDP. The second window is used to provide relief when an eligible member suffers a qualifying public health disaster.

²⁷ The Trust was initially funded by repurposing the resources from its predecessor, the Post-Catastrophe Debt Relief (PCDR) Trust and with residual balances from the MDRI-I and MDRI-II Trusts (see Appendix Table 10). These initial funds were adequate to grant support at the time of its establishment. However, to ensure the viability of the Trust and its capacity to meet future financing needs, a mobilization campaign of bilateral contributions to raise US\$150 million (equivalent to SDR 106 million) was launched at the time of its establishment.

²⁸ This includes contributions from the MDRI-II by 36 countries.

increase demand for debt relief under the CCRT and would therefore require additional fundraising.²⁹

32. Staff will consider options to address the CCRT underfunding. These could include: (i) launching a new fund-raising campaign and/or (ii) adjusting the CCRT access policy with the objective of realigning it with access prior to the 14th General Review of Quotas and with available financing. These options will be further explored in the context of the 2020 Update paper, informed by indications of countries' willingness to contribute in filling the financing gap, including through their informal responses from the 2015 campaign.

B. Highly Indebted Poor Countries Initiative

33. The HIPC Initiative is nearly completed. The Fund provided SDR 2.6 billion in debt relief to 36 of the 39 eligible countries (Appendix Table 11).³⁰ Three pre-decision point countries (Eritrea, Somalia and Sudan) have yet to start the HIPC qualification process.³¹ In 2008, the IMF and the World Bank jointly committed to provide HIPC and "beyond-HIPC" debt relief to Liberia. A large share of the membership contributed to Liberia's financing package, but pledges for a total of SDR 17.7 million (March 2008 NPV terms) are yet to be received from eight countries (Appendix Table 13). The PRG-HIPC Trust covered the shortfall in the interim; eventual disbursements of the outstanding pledges would replenish its resources. As of end-February 2019, the balance in the PRG-HIPC Trust stood at SDR 0.24 billion (Table 2).

34. Expiring PRG-HIPC deposit agreements were renewed or repurposed for the benefit of the PRGT or the CCRT. Part of the PRG-HIPC Trust resources were provided by countries through income generated by deposit agreements with the understanding that the principal would be repaid at maturity. In December 2018, 21 deposit agreements³² (SDR 120.3 million) reached maturity. Staff proposed either a renewal of these deposits for the benefit of the PRG-HIPC Trust or repurposing for the benefit of the PRGT or

Table 6. PRG-HIPC Deposit Extensions and Repayments
(in millions of SDRs; as of end-April 2019)

	In million SDRs	Number of contributors
Total	120.3	21
Subtotal extended or repurposed	65.1	17
Renewed for PRG-HIPC Trust 1/	28.3	10
Repurposed for PRG Trust	24.1	2
Repurposed for the CCR Trust	12.7	5
Repayments	55.2	4

1/ One renewed deposit was augmented by SDR 5.4 million. Total amount of renewed deposit agreements for the benefit of the PRG-HIPC is SDR 33.7 million, of which SDR 28.3 million was already in the Trust.

²⁹ See [2018 Review of Facilities for Low-Income Countries](#).

³⁰ Resources for debt relief came from gold sales and bilateral contributions in the form of grants or deposits generating income for the benefit of the PRG-HIPC Trust.

³¹ While Eritrea has no outstanding obligations to the Fund, Sudan and Somalia have protracted arrears (see paragraph 31).

³² Brunei Darussalam, Colombia, Croatia, Egypt, Fiji, Finland, Hungary, India, Indonesia, Kuwait, Malaysia, Oman, Qatar, Saudi Arabia, Singapore, Sri Lanka, Sweden, Thailand, Tonga, United Arab Emirates, Vietnam.

CCRT. At end-March 2019, 17 deposit agreements (SDR 65.1 million) were renewed or repurposed.³³ Four countries, with total deposits of SDR 55.2 million, requested to be repaid (see Table 6 and Appendix Table 7).

C. Overdue Financial Obligations

35. Sudan and Somalia remain in protracted arrears to the Fund. As of end-February 2019, overdue financial obligations to the Fund from these countries totaled SDR 1.2 billion. Sudan and Somalia have been in arrears to the Fund since 1984 and 1987, respectively. Providing debt relief for Sudan and Somalia would require additional resources, as the costing of HIPC debt relief excluded the three protracted arrears cases to avoid undermining the Fund's financial capacity as a result of debt forgiveness.³⁴ Consequently, a new fundraising campaign would be needed once these countries are ready to clear their arrears and participate in the HIPC Initiative and potentially "beyond-HIPC" debt relief.³⁵ ³⁶At that time, the approach for providing Liberia's debt relief, including the financing modalities, could serve as a useful framework.³⁷

- **Sudan.** Sudan accounts for 80 percent of the total amount of members' outstanding arrears to the Fund. Sudan remains on the US list of countries sponsoring terrorism, which prevents meaningful progress towards debt relief. The Article IV mission scheduled in late 2018 was postponed due to government reshuffling and security issues. On the political front, President Bashir stepped down in April amidst protests, leading to the formation of a military-backed transition government. The country continues to be faced with severe economic imbalances, scarce reserves and social unrest.
- **Somalia.** Under successive Staff-Monitored Programs since 2016, Somalia is pursuing reforms to establish a track record of sound policy performance to normalize its relationship with the international community and make progress toward possible HIPC debt relief. Discussions on a fourth SMP have been initiated, and Board endorsement that this SMP meets the upper credit

³³ Of these, 3 have been temporarily extended to allow the authorities more time to finalize domestic procedures of renewal. One of the renewed deposit agreements was augmented by SDR 5.4 million; hence the total amount of renewed deposits agreements for the benefit of the PRG-HIPC stood at SDR 33.7 million.

³⁴ See [The G-8 Debt Cancellation Proposal and Its Implications for the Fund](#).

³⁵ In the context of the MDRI in 2005, the G-8 committed that donors would provide the extra resources necessary for full debt relief at HIPC Completion Point for the remaining protracted arrears cases (see G-8 Financing Ministers' Conclusion on Development (2005)).

³⁶ Both Somalia and Sudan are included in the list of HIPC-eligible countries. Following the separation of Sudan and South Sudan, the two countries reached the so-called "zero option" agreement in September 2012, with successive extensions since then, whereby Sudan would retain all external liabilities after the secession of South Sudan, provided that the international community gave firm commitments to the delivery of debt relief. Absent such a commitment, Sudan's external debt would be apportioned with South Sudan based on a formula to be determined.

³⁷ In 2008, with financing from a bridge loan provided by the US, Liberia cleared its long-standing overdue obligations to the IMF. Upon clearance of its arrears, the IMF Board approved an ECF/EFF arrangement; disbursements were frontloaded to repay the bridge loan. To finance Liberia's debt relief, bilateral contributions from 102 countries were facilitated by a partial distribution from the balances of the SCA-1 and proceeds of deferred charges adjustments used to offset the impact on IMF income from Liberia's arrears, and new resources from the G7.

tranche (UCT)-policy standards could put Somalia on a path towards debt relief. Reaching the HIPC Decision Point will require sustained policy commitment and performance under that UCT SMP, alongside reconciliation of external debt data, and preparation of a poverty reduction strategy. In addition, given Somalia's protracted arrears to the Fund, reaching the Decision Point will require cooperation with the Fund on policies and payments. Reaching the HIPC Decision Point would also require broad support from donors to provide the financial resources needed for arrears clearance and to cover the Fund's cost of debt relief.

ISSUES FOR DISCUSSION

- Do Directors agree that the proposed package of PRGT reform measures is consistent with the self-sustained PRGT financing framework?
- Do Directors agree that options for addressing the underfunding of the CCRT should be discussed in the 2020 Update paper?
- Do Directors support the proposal to amend the PRGT Instrument to extend the commitment and drawdown periods for concessional lending to end-2024 and end-2029 respectively?

Proposed Decisions

The following decisions, each of which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board:

Decision 1:

The Executive Board notes the report entitled "Review of the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Countries," and decides that the annual review of the financing of the Trust for Special Poverty Reduction and Growth Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations, contemplated in paragraph 2 of Decision No. 11436-(97/10), adopted on February 4, 1997, as amended, is completed.

Decision 2:

Amendments to the Poverty Reduction and Growth Trust Instrument

- 1) The Instrument to establish the Poverty Reduction and Growth Trust (PRGT Instrument) annexed to Decision No. 8759-(87/176) ESAF, as amended, is revised as follows:
 - i) In Section II, paragraph 1 (e)(2), "December 31, 2024" shall be substituted for "December 31, 2020."
 - ii) In Section III, paragraph 3, third sentence, "December 31, 2029" shall be substituted for "December 31, 2024."

APPENDIX TABLES

Appendix Table 1. PRGT Borrowing Agreements
(in millions of SDRs; as of end-December 2018)

	Effective date of agreement	Expiration date for drawings	Loan commitments	Amount Disbursed		Early repayment related to the MDRI	Amount outstanding
				Amount	In percent of commitment		
Belgium							
National Bank of Belgium 1/	02-Jul-1999	31-Dec-2014	350.0	350.0	100.0	163.0	10.4
National Bank of Belgium 3/	12-Nov-2012	31-Dec-2024	350.0	350.0	100.0	-	349.7
National Bank of Belgium 3/	30-Aug-2017	31-Dec-2024	350.0	-	-	-	-
Brazil							
Banco Central do Brazil 2/	01-Jun-2017	31-Dec-2024	500.0	-	-	-	-
Canada							
Government of Canada	22-Feb-1989	31-Dec-1997	300.0	300.0	100.0	16.1	-
Government of Canada	09-May-1995	31-Dec-2005	400.0	400.0	100.0	143.3	-
Government of Canada 2/	05-Mar-2010	31-Dec-2024	500.0	164.6	32.9	-	144.6
Government of Canada 2/	10-Jan-2017	31-Dec-2024	500.0	-	-	-	-
China							
Government of China 1/	05-Jul-1994	31-Dec-2014	200.0	200.0	100.0	71.3	-
People's Bank of China 3/	03-Sep-2010	31-Dec-2024	800.0	800.0	100.0	-	690.4
People's Bank of China 2/	21-Apr-2017	31-Dec-2024	800.0	-	-	-	-
Denmark							
National Bank of Denmark	03-May-2000	31-Dec-2003	100.0	100.0	100.0	100.0	-
National Bank of Denmark 2/	28-Jan-2010	31-Dec-2024	200.0	39.5	19.7	-	35.8
National Bank of Denmark 2/ 4/	17-Nov-2016	31-Dec-2024	300.0	-	-	-	-
Egypt							
Central Bank of Egypt 1/	13-Jun-1994	31-Dec-2014	155.6	155.6	100.0	21.9	7.7
France							
Agence Française de Développement 5/	05-Apr-1988	31-Dec-1997	800.0	800.0	100.0	-	-
Agence Française de Développement 5/	03-Jan-1995	31-Dec-2005	750.0	750.0	100.0	-	-
Agence Française de Développement 1/ 5/	17-Dec-1999	31-Dec-2014	1,350.0	1,350.0	100.0	485.2	115.1
Agence Française de Développement 5/ 6/	20-Aug-2009	31-Dec-2014	670.0	670.0	100.0	-	375.0
Bank of France 3/	03-Sep-2010	31-Dec-2018	1,328.0	1,328.0	100.0	-	1,146.4
Bank of France 3/	01-Feb-2018	31-Dec-2024	2,000.0	-	-	-	-
Germany							
Kreditanstalt für Wiederaufbau	31-Mar-1989	31-Dec-1997	700.0	700.0	100.0	19.7	-
Kreditanstalt für Wiederaufbau	17-May-1995	31-Dec-2005	700.0	700.0	100.0	313.0	-
Kreditanstalt für Wiederaufbau 1/	19-Jun-2000	31-Dec-2014	1,350.0	1,350.0	100.0	591.0	212.3
Italy							
Bank of Italy 7/	04-Oct-1990	31-Dec-1997	370.0	370.0	100.0	11.7	-
Bank of Italy 7/	29-May-1998	31-Dec-2005	210.0	210.0	100.0	170.9	-
Bank of Italy 1/	01-Mar-2000	31-Dec-2014	800.0	800.0	100.0	164.8	50.8
Bank of Italy 3/	18-Apr-2011	31-Dec-2024	800.0	800.0	100.0	-	691.6
Bank of Italy 3/	17-Jul-2017	31-Dec-2024	400.0	-	-	-	-
Japan							
Japan Bank for International Cooperation 8/	12-Apr-1988	31-Dec-1997	2,200.0	2,200.0	100.0	-	-
Japan Bank for International Cooperation 1/ 8/	05-Oct-1994	31-Dec-2014	2,934.8	2,934.8	100.0	-	28.8
Government of Japan 2/	03-Sep-2010	31-Dec-2024	1,800.0	366.6	20.4	-	359.5
Government of Japan 2/ 4/	20-Apr-2017	31-Dec-2024	1,800.0	-	-	-	-
Korea							
Bank of Korea	20-Apr-1989	31-Dec-1997	65.0	65.0	100.0	0.3	-
Bank of Korea	20-Jun-1994	31-Dec-2005	27.7	27.7	100.0	20.0	-
Bank of Korea 2/	07-Jan-2011	31-Dec-2024	500.0	86.7	17.3	-	85.7
Bank of Korea 2/ 4/	20-Dec-2016	31-Dec-2024	500.0	-	-	-	-
Netherlands							
Bank of the Netherlands 1/	29-Sep-1999	31-Dec-2014	450.0	450.0	100.0	55.2	26.7
Bank of the Netherlands 2/	27-Jul-2010	31-Dec-2024	500.0	135.3	27.1	-	135.3
Bank of the Netherlands 2/ 4/	20-Dec-2016	31-Dec-2024	500.0	-	-	-	-
Norway							
Bank of Norway	14-Apr-1988	31-Dec-1997	90.0	90.0	100.0	2.7	-
Bank of Norway	16-Jun-1994	31-Dec-2005	60.0	60.0	100.0	32.5	-
Government of Norway 9/	25-Jun-2010	31-Dec-2024	300.0	300.0	100.0	-	197.8
Government of Norway 9/	17-Nov-2016	31-Dec-2024	300.0	-	-	-	-

Appendix Table 1. PRGT Borrowing Agreements (concluded)
(in millions of SDRs; as of end-December 2018)

	Effective date of agreement	Expiration date for drawings	Loan commitments	Amount Disbursed		Early repayment related to the MDRI	Amount outstanding
				Amount	In percent of commitment		
OPEC Fund for International Development 10/	20-Dec-1994	31-Dec-2005	37.0	37.0	100.0	25.7	-
Saudi Arabia							
Saudi Arabian Monetary Agency 2/	13-May-2011	31-Dec-2024	500.0	104.9	21.0	-	104.9
Spain							
Bank of Spain 11/ Government of Spain	20-Jun-1988 08-Feb-1995	30-Jun-1993 31-Dec-2005	220.0 67.0	216.4 67.0	98.4 100.0	- -	- -
Bank of Spain 1/ Bank of Spain 2/ Bank of Spain 2/	14-Feb-2000 17-Dec-2009 22-Feb-2017	31-Dec-2014 31-Dec-2024 31-Dec-2024	425.0 405.0 450.0	425.0 116.3 -	100.0 28.7 -	61.7 -	32.3 116.3 -
Sweden							
Sweden	17-Nov-2016	31-Dec-2024	500.0	-	-	-	-
Switzerland							
Swiss Confederation 12/ Swiss National Bank 1/ Swiss National Bank 2/ Swiss National Bank 2/	23-Dec-1988 22-Jun-1995 21-Apr-2011 30-Aug-2017	31-Dec-1997 31-Dec-2014 31-Dec-2024 31-Dec-2024	200.0 401.7 500.0 500.0	200.0 401.7 102.5 -	100.0 100.0 20.5 -	- 73.2 -	- 14.3 102.5 -
United Kingdom							
Government of the United Kingdom 2/ Government of the United Kingdom 3/ Government of the United Kingdom 3/	03-Sep-2010 30-Nov-2015 23-Jan-2017	31-Dec-2024 31-Dec-2024 31-Dec-2024	15.6 1,312.5 2,000.0	15.6 1,312.5 -	100.0 100.0 -	- -	14.4 1,312.5 -
Subtotal			37,594.8	22,402.5	59.6	2,543.0	6,360.5
Saudi Fund for Development (SFD)	28-Feb-1989	-- 13/	49.5	49.5	100.0	-	-
Total Loan and Associated Loan Agreements 14/			37,644.3	22,452.0	59.6	2,543.0	6,360.5

1/ Including additional loan commitments for interim PRGF operations.

2/ Committed to the General Loan Account of the PRGT.

3/ Committed to the ECF Loan Account of the PRGT.

4/ Augmentation of existing agreement.

5/ Before April 17, 1998, known as Caisse Française de Développement.

6/ The loan commitment, which became effective on August 20, 2009, was made in the context of establishment of the ESF.

7/ In late 1999, the Bank of Italy replaced the Ufficio Italiano dei Cambi as lender to the PRGF Trust.

8/ On October 1, 1999, the Export-Import Bank of Japan merged with the Overseas Economic Cooperation Fund and became the Japan Bank for International Cooperation.

9/ Committed to the SCF Loan Account and RCF Loan Account of the PRGT in equal proportion; the SCF component of the loan has been extended till end-2024.

10/ The loan commitment is for the SDR equivalent of US\$50 million.

11/ The original loan commitment of the Bank of Spain was SDR 220 million; however, only SDR 216.4 million was drawn and disbursed by the expiration date for drawings.

12/ The full loan commitment of SDR 200 million was drawn in January 1989; this amount was fully disbursed to borrowers by March 1994.

13/ On August 26, 1998, the SFD indicated that it did not intend to make further loans in association with the PRGF.

14/ Any mismatch of outstanding resources between the amount owed by PRGF borrowers and the amount owed to PRGF lenders arises because of mismatches in timing between drawdowns from lenders to the Trust and disbursements of PRGF loans to borrowers.

Appendix Table 2. Bilateral Commitments to the PRGF-ESF and PRG-HIPC Trusts ^{1/}
(in millions of SDRs; as of end-February 2019)

	PRGF-ESF Trust 2/			PRG-HIPC Trust	
	Subsidy contributions			Subsidies and HIPC grant contributions 5/	Of which: Pending
	For subsidization 3/	For MDRI debt relief 4/	Total		
TOTAL	2,195.9	1,120.0	3,315.9	1,562.3	25.9
Major industrial countries	1,422.6	818.8	2,241.3	880.5	--
Canada	144.8	84.8	229.6	48.8	--
France	232.9	116.4	349.3	82.2	--
Germany	113.7	66.1	179.8	127.2	--
Italy	128.3	84.4	212.7	63.6	--
Japan	435.6	253.4	689.0	144.0	--
United Kingdom	267.2	155.4	422.6	82.2	--
United States	100.2	58.3	158.4	332.6	--
Other advanced countries	646.8	250.4	897.2	299.7	--
Australia	12.6	3.7	16.3	24.8	--
Austria	61.7	--	61.7	14.3	--
Belgium	66.1	39.5	105.6	35.3	--
Denmark	40.6	23.6	64.1	18.5	--
Finland	26.0	15.1	41.1	8.0	--
Greece	22.9	13.3	36.2	6.3	--
Iceland	2.6	1.5	4.2	0.9	--
Ireland	5.4	2.4	7.8	5.9	--
Israel	--	--	--	1.8	--
Korea	39.6	21.0	60.6	15.9	--
Luxembourg	12.9	--	12.9	0.7	--
Netherlands	128.5	--	128.5	45.4	--
New Zealand	--	--	--	1.7	--
Norway	26.8	15.7	42.5	18.5	--
Portugal	2.6	1.4	4.0	6.6	--
San Marino	--	--	--	0.0*	--
Singapore	11.1	6.5	17.6	16.5	--
Spain	13.0	3.1	16.2	23.3	--
Sweden	109.0	65.0	174.0	18.3	--
Switzerland	65.3	38.5	103.8	37.0	--
Fuel exporting countries	10.2	6.1	16.3	114.3	23.2
Algeria	--	--	--	5.5	--
Bahrain	--	--	--	0.9	0.9
Brunei Darussalam	--	--	--	0.1	--
Gabon	--	--	--	2.5	1.9
Iran, Islamic Republic of	1.0	0.6	1.5	2.2	--
Kuwait	--	--	--	3.1	--
Libya	--	--	--	7.3	--
Nigeria	--	--	--	13.9	--
Oman	--	--	--	0.8	--
Qatar	--	--	--	0.5	--
Saudi Arabia	9.2	5.5	14.7	53.5	--
United Arab Emirates	--	--	--	3.8	--
Venezuela	--	--	--	20.4	20.4

Appendix Table 2. Bilateral Commitments to the PRGF-ESF and PRG-HIPC Trusts ^{1/ *}
(in millions of SDRs; as of end-February 2019) (continued)

	PRGF-ESF Trust 2/			PRG-HIPC Trust	
	Subsidy contributions		Total	Subsidies and HIPC grant contributions 5/	Of which: Pending
	For subsidization 3/	For MDRI debt relief 4/			
Other developing countries	104.6	44.8	149.4	224.7	2.7
Argentina	19.9	11.5	31.4	16.2	--
Bangladesh	0.5	0.2	0.8	1.7	--
Barbados	--	--	--	0.4	--
Belize	--	--	--	0.3	--
Botswana	1.0	0.6	1.6	6.4	--
Brazil	--	--	--	15.0	--
Cambodia	--	--	--	0.0*	--
Chile	2.3	1.3	3.6	4.4	--
China	9.8	4.2	14.0	19.7	--
Colombia	--	--	--	0.9	--
Cyprus	--	--	--	0.8	--
Dominican Republic	--	--	--	0.5	0.5
Egypt	7.5	4.3	11.8	1.3	--
Eswatini	--	--	--	0.0*	--
Fiji	--	--	--	0.1	--
Ghana	--	--	--	0.5	--
Grenada	--	--	--	0.1	0.1
India	11.7	--	11.7	22.9	--
Indonesia	3.7	2.1	5.8	8.2	--
Jamaica	--	--	--	2.7	--
Lebanon	--	--	--	0.4	0.4
Malaysia	19.2	11.2	30.4	12.7	--
Maldives	--	--	--	0.01	0.0
Malta	0.9	0.5	1.3	1.1	--
Mauritius	--	--	--	0.1	--
Mexico	--	--	--	54.5	--
Micronesia, F. S.	--	--	--	0.0*	--
Morocco	5.4	3.2	8.6	1.6	--
Pakistan	2.1	0.3	2.5	3.4	--
Paraguay	--	--	--	0.1	--
Peru	--	--	--	2.5	--
Philippines	--	--	--	6.7	--
Samoa	--	--	--	0.0*	--
South Africa	--	--	--	28.6	--
Sri Lanka	--	--	--	0.6	--
St. Lucia	--	--	--	0.1	--
St. Vincent and the Grenadines	--	--	--	0.1	--
Thailand	7.4	4.4	11.9	4.5	--
Tonga	--	--	--	0.0*	--
Trinidad and Tobago	--	--	--	1.6	1.6
Tunisia	0.6	0.3	0.9	1.5	--
Turkey	11.8	--	11.8	--	--
Uruguay	0.8	0.5	1.3	2.2	--
Vanuatu	--	--	--	0.1	0.1
Vietnam	--	--	--	0.4	--

Appendix Table 2. Bilateral Commitments to the PRGF-ESF and PRG-HIPC Trusts ^{1/}
(in millions of SDRs; as of end-February 2019) (concluded)

	PRGF-ESF Trust 2/			PRG-HIPC Trust	
	Subsidy contributions			Subsidies and HIPC grant contributions 5/	Of which: Pending
	For subsidization 3/	For MDRI debt relief 4/	Total		
Countries in transition	11.8	--	11.8	42.9	--
Croatia	--	--	--	0.4	--
Czech Republic	11.8	--	11.8	4.1	--
Estonia	--	--	--	0.5	--
Hungary	--	--	--	6.0	--
Latvia	--	--	--	1.0	--
Poland	--	--	--	12.0	--
Russian Federation	--	--	--	14.6	--
Slovak Republic	--	--	--	4.0	--
Slovenia	--	--	--	0.4	--

* Less than SDR 5,000.

1/ Pre-2006 fund-raising initiatives. Subsidy contributions pledged before 2006 to the benefit of the PRGF Trust, the remainder of which is now available for the PRGT, and for PRG-HIPC Trust.

2/ Excludes SDR 100 million in end-2005 NPV terms committed by the G-8 to compensate for transfer from the PRGF Trust to the MDRI and subsidy resources pledged and/or received under fundraising rounds since 2006.

3/ Estimated values of total contributions pledged before 2006. Amounts correspond to the nominal sum of contributions and earnings on outstanding balances.

4/ Amounts transferred in early 2006 from the PRGF Subsidy Accounts to the MDRI Trust.

5/ Amounts reported on "as needed" basis, corresponding to the nominal sum of concessional assistance taking into account the profile of subsidy needs associated with PRGF lending and the provision of HIPC assistance, respectively. Estimates were made at end-1999 in the context of HIPC fundraising based on members' pledges.

Appendix Table 3. ESF Subsidy Contributions ^{1/}
(in millions of currency units; as of end-February 2019)

	Form of contribution	Contribution pledged		Contribution received
		(Amount)	(SDR equivalent)	(SDR equivalent)
Canada	Grant	CAN\$ 25.0	14.3	15.0
France	Concessional loan	SDR 20.0 ^{2/}	20.0	4.8 ^{3/}
Iceland	Grant	ISK 10.2	0.1	0.1
Japan	Grant	SDR 20.0	20.0	20.0
Norway	Grant	SDR 24.7	24.7	24.7 ^{4/}
Oman	Grant	SDR 3.0	3.0	2.2
Russian Federation	Grant	SDR 30.0	30.0	30.0
Saudi Arabia	Deposit agreement ^{5/}	SDR 40.0 ^{6/}	40.0	7.1 ^{3/}
Spain	Grant	SDR 5.3	5.3	5.3
Trinidad and Tobago	Deposit agreement	SDR 0.8 ^{6/}	0.8	0.2 ^{3/ 7/}
United Kingdom	Grant	£ 50.0	53.1	53.1
	<i>Total Grant</i>		150.5	150.4
	<i>Total Implicit Subsidy</i>		20.0	4.8
	<i>Total Investment and Deposit</i>		40.8	7.3
Total			211.3	162.4

Source: Finance Department.

1/ 2005 Exogenous Shocks Facility (ESF) fundraising campaign.

2/ To be generated as an implicit subsidy from the concessional loan at 0.5 percent or 6-month rate, whichever is lower.

3/ Contributions received/generated in end-2005 NPV terms.

4/ Received in five tranches during 2006-2012.

5/ The investment guided by provisions of 2006 Memorandum of Understanding was converted to a BIS deposit based on June 2018 agreement.

6/ Reflecting net investment income (in end-2005 NPV terms) to be generated from deposit/investment agreements.

7/ Trinidad and Tobago's deposit matured on September 18, 2017 and was repaid before generating the pledged amount of contribution.

Appendix Table 4. Pledges and Contributions of Bilateral Subsidy Resources for the PRGT
(in millions of SDR units unless otherwise indicated; as of end-February 2019)

	Form of contribution	Under the 2009 LIC Financing Package ^{1/}			Contributions upon	Total Contributions Received
		Contributions pledged		Contributions received	termination of the EPCA/ENDA subsidy account ^{2/}	
		in millions of currency units	SDR equivalent	SDR million	SDR million	
Algeria	Grant	SDR 2.3	2.30	2.30	-	2.30
Argentina	Grant	SDR 3.9	3.90	3.90	-	3.90
Australia	Grant	A\$30.0	17.63	17.63	0.06	17.69
Austria	Grant	SDR 3.9	3.90	3.90	0.04	3.94
Belgium	Grant	-	-	-	0.23	0.23
Botswana	Deposit	SDR 0.2	0.20 ^{3/}	0.04 ^{4/}	-	0.04
Canada	Grant	CAN\$40 and SDR 2.8	27.96	27.96	0.77	28.73
China	Investment	SDR 17.5	17.50 ^{3/}	4.70 ^{4/}	0.08	4.78
Denmark	Grant	DKK 30.0	3.57	3.57	-	3.57
Indonesia	Deposit	-	-	0.49	-	-
Italy	Grant	SDR 22.1	22.10	22.10	-	22.10
Ireland	Grant	-	-	-	0.03	0.03
Japan	Grant	SDR 28.8	28.80	28.80	-	28.80
Korea	Grant	SDR 8.8	8.80	8.80	0.20	9.00
Kuwait	Grant	US\$3.9	2.61	2.61	-	2.61
Luxembourg	Grant	-	-	-	0.28	0.28
Malaysia	Deposit	-	-	0.01	-	-
Malta	Grant	SDR 0.2	0.20	0.20	-	0.20
Morocco	Investment	SDR 1.1	1.10 ^{3/}	0.35 ^{4/}	-	0.35
Netherlands	Grant	SDR 9.5	9.50 ^{5/}	10.33 ^{4/}	1.25	11.58
Peru	Deposit	SDR 1.2	1.20 ^{3/}	0.40 ^{4/}	-	0.40
Philippines	Grant	SDR 1.9	1.90	1.90	-	1.90
Qatar	Grant	SDR 0.6	0.60	0.60	-	0.60
Saudi Arabia	Grant	SDR 11.0	11.00 ^{6/}	-	0.15	0.15
South Africa	TBD	SDR 3.4	3.40	-	-	-
Spain	Grant	SDR 9.0	9.00	8.82	-	8.82
Sweden	Grant	SEK 50.0	4.81	4.77	3.15	7.92
Switzerland	Grant	CHF 16.0	11.11	11.11	0.36	11.47
Trinidad and Tobago	TBD	SDR 0.6	0.60	-	-	-
United Kingdom	Grant	SDR 19.8	19.80	21.34	1.60	22.94
Uruguay	Investment	SDR 0.6	0.60 ^{3/}	0.15 ^{4/}	-	0.15
	<i>Total Investment</i>		20.6	6.1		
	<i>Total Grants and other</i>		193.5	180.6		
Total			214.1	186.8	8.2	194.5

1/ 2009 LIC fundraising campaign.

2/ Transfer of members' share in the balance of EPCA/ENDA Administered Subsidy Account upon the Account's Termination on February 1, 2014 (see Update on the Financing of the Fund's Concessional Assistance and Proposed Amendments to the PRGT Instrument, April 8, 2014).

3/ Reflecting net investment income (in end-2008 NPV terms) to be generated from investment agreements.

4/ Reflecting end-February 2019 net income earned on the investment (in end-2008 NPV terms).

5/ Initial pledge of SDR 9.5 million has been changed to SDR 10.33 million, last payment received in February 2018.

6/ A pledge of SDR 16,709,643 is to be received following expiry of existing deposit agreement with the PRGT on 12/31/2021; estimated as SDR 11 million in end 2008 NPV terms at the time when the pledge was made.

**Appendix Table 5. Distribution of the General Reserve Associated
with Gold Windfall Profits ^{1/2/}**
(in millions of SDR; as of end-April 2019)

Member	Distribution of SDR 700 Million 3/			Distribution of SDR 1,750 Million 4/		
	Pledges	Payment/Transfer Amount	Date of Transfer/Equivalent Bilateral Contribution	Pledges	Payment/Transfer Amount	Date of Transfer/Equivalent Bilateral Contribution
	(In millions of SDRs)			(In millions of SDRs)		
Afghanistan	-	-	-	1.19	1.19	10/22/2013
Albania	-	-	-	0.44	0.44	10/22/2013
Algeria	3.69	3.69	10/23/2012	9.22	9.22	10/22/2013
Angola	-	-	-	2.10	2.10	10/22/2013
Antigua and Barbuda	-	-	-	0.10	0.10	10/22/2013
Argentina	6.22	6.22	10/23/2012	15.56	15.56	10/22/2013
Armenia	0.27	0.27	10/23/2012	0.68	0.68	10/22/2013
Australia 5/	9.51	9.55	4/26/2013	23.79	23.28	7/23/2014
Austria	6.21	6.21	10/25/2013	15.54	15.54	10/25/2013
Azerbaijan	-	-	-	1.18	-	pending
Bahamas, The	-	-	-	0.96	0.96	10/22/2013
Bahrain	-	-	-	0.99	-	pending
Bangladesh	1.57	1.57	10/23/2012	3.92	3.92	10/22/2013
Barbados	-	-	-	0.50	0.50	10/22/2013
Belarus	1.14	1.14	10/23/2012	2.84	2.84	10/22/2013
Belgium 5/	10.15	10.11	8/28/2014	25.38	25.48	12/28/2015
Belize	0.06	0.06	10/26/2012	0.14	0.14	10/22/2013
Benin	0.18	0.18	10/23/2012	0.45	0.45	10/22/2013
Bhutan	0.02	0.02	10/23/2012	0.05	0.05	10/22/2013
Bolivia	-	-	-	-	-	-
Bosnia	0.50	0.50	10/23/2012	1.24	1.24	10/22/2013
Botswana	0.23	0.23	10/23/2012	0.58	0.58	10/22/2013
Brazil	12.50	-	pending	31.24	-	pending
Brunei	0.63	0.63	10/23/2012	1.58	1.58	10/22/2013
Bulgaria	1.69	1.69	10/23/2012	4.23	4.23	10/22/2013
Burkina Faso	0.18	0.18	10/23/2012	0.44	0.44	10/22/2013
Burundi	0.20	0.20	10/23/2012	0.57	0.57	10/22/2013
Cambodia	0.26	0.26	10/23/2012	0.64	0.64	10/22/2013
Cameroon	0.55	0.55	10/23/2012	1.36	1.36	10/22/2013
Canada	18.72	18.72	10/23/2012	46.81	46.81	10/22/2013
Cape Verde	0.03	0.03	10/23/2012	-	-	-
Central African Republic	0.16	0.16	10/23/2012	-	-	-
Chad	0.20	0.20	10/23/2012	0.49	0.49	10/22/2013
Chile	-	-	-	-	-	-
China	28.00	28.00	10/23/2012	70.01	70.01	10/22/2013
Colombia	-	-	-	5.57	-	pending
Comoros	0.03	0.03	10/23/2012	0.07	0.07	10/22/2013
Congo, Democratic Republic of the	1.57	1.57	10/23/2012	3.92	3.92	10/22/2013
Congo, Republic of	-	-	-	0.62	0.62	10/22/2013
Costa Rica	0.48	-	pending	1.21	-	pending
Cote d'Ivoire	0.96	0.96	10/23/2012	2.39	2.39	10/22/2013
Croatia	0.54	0.54	11/5/2013	1.34	1.34	11/5/2013
Cyprus	0.47	0.47	3/28/2016	1.16	1.16	3/28/2016
Czech Republic 6/	2.95	2.95	11/26/2012	7.37	7.37	10/22/2013
Denmark	5.56	5.56	12/18/2013	13.90	13.85	12/4/2014
Djibouti	0.05	0.05	10/23/2012	0.12	0.12	10/22/2013
Dominica	0.02	0.02	10/23/2012	0.06	0.06	10/22/2013
Dominican Republic	-	-	-	-	-	-
Ecuador	-	-	-	-	-	-
Egypt	2.77	2.77	10/23/2012	6.94	6.94	10/22/2013
El Salvador	-	-	-	-	-	-
Equatorial Guinea	-	-	-	0.38	-	pending
Eritrea	-	-	-	-	-	-
Estonia	0.28	0.28	10/23/2012	0.69	0.69	10/22/2013
Eswatini	-	-	-	-	-	-
Ethiopia	0.39	0.39	10/23/2012	0.98	0.98	10/22/2013
Fiji	0.21	0.21	10/23/2012	0.52	0.52	10/22/2013
Finland	3.72	3.72	10/23/2012	9.29	9.29	10/22/2013
France	31.57	31.57	10/23/2012	78.92	78.92	10/22/2013
Gabon	0.45	0.45	10/23/2012	1.13	1.13	10/22/2013

**Appendix Table 5. Distribution of the General Reserve Associated
with Gold Windfall Profits ^{1/2/} (continued)**
(in millions of SDR; as of end-April 2019)

Member	Distribution of SDR 700 Million 3/			Distribution of SDR 1,750 Million 4/		
	Pledges	Payment/Transfer Amount	Date of Transfer/Equivalent Bilateral Contribution	Pledges	Payment/Transfer Amount	Date of Transfer/Equivalent Bilateral Contribution
	(In millions of SDRs)			(In millions of SDRs)		
Gambia, The	0.09	0.09	10/23/2012	0.23	0.23	10/22/2013
Georgia	0.44	0.44	10/23/2012	1.10	1.10	10/22/2013
Germany	42.82	42.82	12/6/2012	107.05	107.05	10/24/2013
Ghana 6/	1.08	1.08	11/8/2012	2.71	-	pending
Greece	3.24	3.24	10/23/2012	8.10	8.10	10/22/2013
Grenada	0.03	-	pending	-	-	-
Guatemala	-	-	-	-	-	-
Guinea	0.31	0.31	10/23/2012	0.79	0.79	10/22/2013
Guinea-Bissau	0.04	0.04	10/23/2012	0.10	0.10	10/22/2013
Guyana	-	-	-	-	-	-
Haiti	0.24	0.24	10/23/2012	0.60	0.60	10/22/2013
Honduras	0.38	0.38	10/23/2012	0.95	0.95	10/22/2013
Hungary	3.05	-	pending	7.63	-	pending
Iceland 6/	0.35	0.35	3/24/2014	0.86	0.86	2/24/2014
India	17.11	17.11	10/23/2012	42.78	42.78	10/22/2013
Indonesia 7/	6.11	-	pending	15.28	-	pending
Iran, Islamic Republic of 5/	4.40	4.40	9/8/2015	11.00	11.00	9/8/2015
Iraq	3.49	3.49	10/23/2012	-	-	-
Ireland	3.70	3.72	11/8/2017	9.24	9.30	11/8/2017
Israel	-	-	-	-	-	-
Italy	23.17	23.17	10/23/2012	57.93	57.93	10/22/2013
Jamaica	0.80	0.80	10/23/2012	2.01	2.01	10/22/2013
Japan 5/	45.94	38.09	3/11/2013	114.86	110.55	3/4/2014
Jordan 5/	0.50	0.50	10/23/2012	1.25	1.25	7/16/2015
Kazakhstan	-	-	-	-	-	-
Kenya	0.80	0.80	10/23/2012	1.99	1.99	4/7/2014
Kiribati	-	-	-	-	-	-
Korea 6/	9.90	9.90	1/24/2013	24.74	24.76	9/18/2014
Kosovo	-	-	-	0.43	0.43	10/22/2013
Kuwait	4.06	4.06	10/23/2012	10.15	10.15	10/22/2013
Kyrgyz Republic	0.26	0.26	10/23/2012	0.65	0.65	10/22/2013
Lao P.D.R. 6/	0.16	0.16	11/20/2012	0.39	0.39	10/22/2013
Latvia	0.42	0.42	12/20/2012	1.04	1.04	12/20/2013
Lebanon	0.78	-	pending	1.96	-	pending
Lesotho	0.05	0.05	10/23/2012	0.26	0.26	10/22/2013
Liberia	0.38	0.38	10/23/2012	-	-	-
Libya	3.30	-	pending	8.26	-	pending
Lithuania	0.54	0.54	10/23/2012	1.35	1.35	10/22/2013
Luxembourg	1.23	1.23	10/24/2012	3.08	3.08	10/22/2013
Macedonia, FYR	0.20	0.20	10/23/2012	0.51	0.51	10/22/2013
Madagascar 2/	-	-	-	-	-	-
Malawi	0.18	0.18	10/23/2012	0.51	0.51	10/22/2013
Malaysia	5.21	5.21	10/23/2012	13.04	13.04	10/22/2013
Maldives	0.03	0.03	10/23/2012	0.07	0.07	10/22/2013
Mali	0.27	0.27	10/23/2012	0.69	0.69	10/22/2013
Malta	0.30	0.30	10/23/2012	0.75	0.75	10/22/2013
Marshall Islands	-	-	-	-	-	-
Mauritania	0.19	0.19	10/23/2012	0.47	0.47	10/22/2013
Mauritius	0.30	0.30	10/23/2012	0.75	0.75	11/7/2013
Mexico 5/	10.66	10.66	7/23/2015	26.65	26.65	7/23/2015
Micronesia	-	-	-	0.04	0.04	10/22/2013
Moldova	0.36	0.36	10/23/2012	0.91	0.91	10/22/2013
Mongolia	0.15	0.15	10/23/2012	0.38	0.38	10/22/2013
Montenegro	0.04	0.04	11/26/2012	0.10	0.10	10/31/2013
Morocco	1.73	1.73	10/23/2012	4.32	4.32	10/22/2013
Mozambique	0.33	0.33	10/23/2012	0.83	0.83	10/22/2013
Myanmar	0.76	0.76	10/23/2012	1.90	1.90	10/22/2013
Namibia	0.40	0.40	10/23/2012	1.00	1.00	10/22/2013
Nepal 6/	0.21	0.21	2/13/2013	0.52	0.52	10/22/2013

**Appendix Table 5. Distribution of the General Reserve Associated
with Gold Windfall Profits ^{1/2/} (continued)**
(in millions of SDR; as of end-April 2019)

Member	Distribution of SDR 700 Million 3/			Distribution of SDR 1,750 Million 4/		
	Pledges	Payment/Transfer Amount	Date of Transfer/Equivalent Bilateral Contribution	Pledges	Payment/Transfer Amount	Date of Transfer/Equivalent Bilateral Contribution
	(In millions of SDRs)			(In millions of SDRs)		
Netherlands	15.18	15.18	10/23/2012	37.94	37.94	10/22/2013
New Zealand	2.63	2.63	10/23/2012	6.57	6.57	10/22/2013
Nicaragua	0.38	0.38	10/23/2012	0.96	0.96	10/22/2013
Niger	0.19	0.19	10/23/2012	0.48	0.48	10/22/2013
Nigeria	5.15	5.15	10/23/2012	12.88	12.88	10/22/2013
Norway	5.54	5.54	12/6/2013	13.84	13.84	12/6/2013
Oman	0.70	0.70	11/13/2013	1.74	1.74	10/22/2013
Pakistan	3.04	3.04	10/23/2012	7.60	7.60	10/22/2013
Palau	-	-	-	-	-	-
Panama	0.61	0.61	10/23/2012	1.52	1.52	10/22/2013
Papua New Guinea	0.39	0.39	10/23/2012	0.97	-	pending
Paraguay	0.29	0.29	10/7/2014	0.73	0.73	10/7/2014
Peru	1.88	-	pending	4.69	-	pending
Philippines	3.00	3.00	10/23/2012	-	-	-
Poland	4.96	-	pending	12.41	-	pending
Portugal	3.03	3.03	10/23/2012	7.57	7.57	10/22/2013
Qatar	0.89	0.89	10/23/2012	2.22	-	pending
Romania 6/	-	-	-	7.57	7.58	12/18/2015
Russia 6/	17.48	17.49	10/10/2013	43.69	43.69	10/22/2013
Rwanda	0.24	0.24	10/23/2012	0.59	0.59	10/22/2013
Samoa	-	-	-	0.09	0.09	10/22/2013
San Marino	0.07	0.07	10/23/2012	0.08	0.08	10/22/2013
Sao Tome	0.02	0.02	10/23/2012	0.05	0.05	10/22/2013
Saudi Arabia	20.54	20.54	10/23/2012	51.34	51.34	10/22/2013
Senegal	0.48	0.48	10/23/2012	1.19	1.19	10/22/2013
Serbia, Republic of	1.37	1.37	10/23/2012	3.44	3.44	10/22/2013
Seychelles	0.03	0.03	10/23/2012	0.08	0.08	10/22/2013
Sierra Leone	0.30	0.30	10/23/2012	0.76	0.76	10/22/2013
Singapore	4.14	4.14	2/15/2017	10.35	10.37	2/1/2017
Slovak Republic 5/	1.13	1.13	12/14/2012	2.83	2.83	12/4/2013
Slovenia	0.40	0.40	12/4/2012	1.01	1.01	10/25/2013
Solomon Islands	0.03	0.03	10/23/2012	0.08	0.08	10/22/2013
Somalia 2/	-	-	-	-	-	-
South Africa	5.49	5.53	8/31/2017	13.73	13.79	5/22/2017
South Sudan	-	-	-	-	-	-
Spain	11.83	11.83	10/23/2012	29.57	29.57	10/22/2013
Sri Lanka 6/	1.22	1.22	2/1/2013	3.04	3.04	10/22/2013
St. Kitts	-	-	-	-	-	-
St. Lucia	-	-	-	0.11	0.11	10/22/2013
St. Vincent and Grenadines	-	-	-	-	-	-
Sudan 2/	-	-	-	-	-	-
Suriname	-	-	-	-	-	-
Sweden 6/	7.04	7.04	11/19/2012	17.61	17.61	10/22/2013
Switzerland 5/ 8/	10.17	10.17	1/23/2015	25.42	27.04	1/24/2018
Syria	-	-	-	-	-	-
Tajikistan	0.26	0.26	10/23/2012	0.64	0.64	10/22/2013
Tanzania	0.58	0.58	10/23/2012	1.46	1.46	10/22/2013
Thailand	4.23	4.23	10/23/2012	10.59	10.59	10/22/2013
Timor-Leste	-	-	-	0.06	0.06	10/22/2013
Togo	0.22	0.22	10/23/2012	0.54	0.54	10/22/2013
Tonga	0.02	0.02	10/23/2012	0.05	0.05	10/22/2013
Trinidad and Tobago	0.99	0.99	10/23/2012	-	-	-
Tunisia	0.84	0.84	10/23/2012	2.11	2.11	10/22/2013
Turkey 5/	4.28	4.27	4/5/2013	10.70	10.70	12/9/2015
Turkmenistan	0.22	0.22	10/23/2012	0.55	0.55	10/22/2013
Tuvalu	-	-	-	0.01	0.01	10/22/2013
Uganda	0.53	0.53	11/26/2014	1.33	1.33	11/26/2014
Ukraine	4.03	4.03	10/23/2012	10.08	10.08	10/22/2013

**Appendix Table 5. Distribution of the General Reserve Associated
with Gold Windfall Profits ^{1/2/} (concluded))**
(in millions of SDR; as of end-April 2019)

Member	Distribution of SDR 700 Million ^{3/}			Distribution of SDR 1,750 Million ^{4/}		
	Pledges	Payment/Transfer Amount	Date of Transfer/Equivalent Bilateral Contribution	Pledges	Payment/Transfer Amount	Date of Transfer/Equivalent Bilateral Contribution
	(In millions of SDRs)			(In millions of SDRs)		
United Arab Emirates	2.21	2.21	10/23/2012	5.53	5.53	10/22/2013
United Kingdom ^{5/}	31.57	32.21	3/21/2013	78.92	78.83	4/7/2014
United States	123.83	123.83	10/23/2012	309.57	309.57	10/22/2013
Uruguay	0.90	0.90	10/23/2012	2.25	2.25	10/22/2013
Uzbekistan	0.81	-	pending	-	-	-
Vanuatu	-	-	-	0.12	0.12	10/22/2013
Venezuela	-	-	-	-	-	-
Vietnam ^{6/}	1.35	1.35	4/5/2013	3.39	3.39	10/22/2013
Yemen, Republic of	-	-	-	1.79	1.79	10/22/2013
Zambia	1.44	1.44	10/23/2012	3.59	3.59	10/22/2013
Zimbabwe	1.04	1.04	10/23/2012	2.60	2.60	10/22/2013
Total	664.6	623.5		1,663.7	1,563.9	
Total in percent of distribution	94.9	89.1		95.1	89.4	

1/ Self-sustained PRGT fundraising campaign.

2/ Madagascar was not approached with the request for contributing under either distribution; Sudan's and Somalia's shares were applied against their arrears.

3/ The distribution became effective on October 12, 2012 and was implemented on October 23, 2012. The amount distributed to members was based on the quota shares in place on the day the distribution was effected. Payments also include interest earned in Interim Administered Account on originally pledged amount, where applicable.

4/ The distribution became effective on October 10, 2013 and was implemented on October 22, 2013. The amount distributed to members was based on the quota shares in place on the day the distribution was effected. Payments also include interest earned in Interim Administered Account on originally pledged amount, where applicable.

5/ Member's actual contribution differs from initial pledge on account of foreign exchange rates on value date of payment.

6/ The actual contribution includes interest earned in the Interim Administered Account.

7/ In lieu of its pledge to contribute shares in both distributions (SDR 21.39 million in total), effective April 9, 2019 Indonesia agreed to invest in BIS deposits SDR 35.9 million with income of up to 2 percent annually to be transferred to the PRGT.

8/ Switzerland pledged to contribute its shares under both distributions in five equal annual installments. The last installment received on January 24, 2018.

Appendix Table 6. PRGT Subsidy Agreements
(in millions of SDR; as of end-April 2019)

	Effective date of agreement	Vehicle 2/	Deposit/Investment Amount		Interest Rate (percent)	Maturity (years)	
			Agreed	Outstanding			
Austria							
Austrian National Bank	Jun. 8, 1988	Admin. Account	60.0	--	0.5	5½–10	
Austrian National Bank	Apr. 19, 1994	Admin. Account	50.0	--	0.5	5½–10	
Belgium							
National Bank of Belgium	Jun. 30, 1989	Admin. Account	100.0	--	0.5	10	
National Bank of Belgium	Apr. 21, 1994	Admin. Account	80.0	--	0.5	10	
Botswana							
Bank of Botswana 4/ 5/	Jun. 30, 1994	Admin. Account	6.9	--	2.0	10	
Bank of Botswana 6/ 7/	Aug. 22, 2012	Deposit in BIS Obligations	1.5	1.5	0.1	5+5	3/
Chile							
Banco Central de Chile	Aug. 24, 1994	Admin. Account	15.0	--	0.5	5	
China							
People's Bank of China 6/ 8/	Aug. 23, 2011	Pooled with other Trust Assets	100.0	100.0	0.1	6¼ plus	3/
Greece							
Bank of Greece	Nov. 30, 1988	Admin. Account	35.0	--	0.5	5½–10	3/
Bank of Greece	Apr. 22, 1994	Admin. Account	35.0	--	0.5	5½–10	
Indonesia							
Bank Indonesia 9/	Jun. 23, 1994	Admin. Account	25.0	--	--	10	3/
Bank Indonesia 10/	Jun. 30, 2014	Deposit in BIS Obligations	25.0	--	Variable 7/	1/3	3/
Bank Indonesia 11/	Oct. 27, 2014	Deposit in BIS Obligations	25.0	--	Variable 8/	4/9/2019	3/
Bank Indonesia 11/	Apr. 9, 2019	Deposit in BIS Obligations	35.9	35.9	Variable 8/	12/31/2023	
Iran, Islamic Republic of							
Central Bank of Iran	May 24, 1994	Admin. Account	5.0	--	0.5	10	
Malaysia							
Bank Negara Malaysia	May 17, 1988	Subsidy Account Investments	40.0	--	0.5	10	3/
Bank Negara Malaysia 5/	Jun. 30, 1994	Subsidy Account Investments	40.0	--	2.0	10	
Bank Negara Malaysia	Jan. 1, 2019	Deposit in BIS Obligations	7.4	7.4	-	10	
Malta							
Central Bank of Malta	Dec. 13, 1989	Subsidy Account Investments	1.4	--	0.5	13	
Central Bank of Malta	May 27, 1994	Subsidy Account Investments	1.4	--	0.5	13	
Morocco							
Bank Al-Maghrib 12/	Mar. 22, 2012	Pooled with other Trust Assets	7.8	7.8	--	5+0.5+5	3/
Pakistan							
State Bank of Pakistan 13/	Apr. 21, 1994	Subsidy Account Investments	10.0	--	0.5	16	
Peru							
Banco Central de Reserva del Peru 6/ 14/	Jan. 29, 2010	Deposit in BIS Obligations	6.1	6.1	0.1	7+7	
Portugal							
Banco do Portugal	May 5, 1994	Admin. Account	13.1	--	0.5	6–10	
Saudi Arabia							
The Saudi Fund for Development 15/	Apr. 11, 2006	Deposit in BIS Obligations	115.9	115.9	0.5 or less	15½	
Kingdom of Saudi Arabia 16/	Jan 1, 2019	Deposit in BIS Obligations	16.7	16.7	-	3	
Singapore							
Monetary Authority of Singapore	Nov. 4, 1988	Subsidy Account Investments	40.0	--	2.0	10	3/
Monetary Authority of Singapore 5/	May 20, 1994	Subsidy Account Investments	40.0	--	2.0	10	
Spain							
Government of Spain 17/	Feb. 8, 1995	Subsidy Account Investments	60.3	--	0.5	10	
Thailand							
Bank of Thailand	Jun. 14, 1988	Subsidy Account Investments	20.0	--	2.0	10	18/
Bank of Thailand	Apr. 22, 1994	Subsidy Account Investments	40.0	--	2.0	10	18/

Appendix Table 6. PRGT Subsidy Agreements ^{1/} (concluded)
(in millions of SDR; as of end-April 2019)

	Effective date of agreement	Vehicle 2/	Deposit/Investment Amount		Interest Rate (percent)	Maturity (years)
			Agreed	Outstanding		
Trinidad and Tobago						
Government of Trinidad and Tobago	Dec. 7, 2006	Subsidy Account Investments	3.0	--	1.0	10
Tunisia						
Banque Centrale de Tunisie 19/	May 4, 1994	Subsidy Account Investments	3.6	--	0.5	10
Uruguay						
Banco Central del Uruguay 20/	Jul. 7, 1994	Subsidy Account Investments	7.2	--	--	10
Banco Central del Uruguay 6/	Mar. 11, 2010	Subsidy Account Investments	2.0	2.0	--	10
Total			1,075.1	293.3		

1/ Agreements to provide subsidy contributions to the PRGT in the form of income earned on the deposit/investment in the Trust, net of below market rate of interest paid to the contributor on the principal of the deposit/investment. These do not include subsidies provided to the Trust as direct grants.

2/ Starting from July 2017 contributors have an option to invest in Trust assets ("pooled investment") or separately in BIS obligations. Prior to this change all investments were part of other invested assets unless they were held separately in a dedicated Administered Account.

3/ Extended or repurposed upon maturity.

4/ Equivalent of US\$10 million (at the exchange rate of June 29, 1994).

5/ The Fund made early repayments to Botswana, Malaysia, and Singapore on March 1, 2004.

6/ No interest is paid if net investment earnings are lower than 0.1 percent per annum.

7/ In August 2017, the agreement was temporary extended to August 30, 2022, and then in April 2018 renewed until August 30, 2023. The deposit is invested with the BIS obligations, separately from the Trust's assets.

8/ In November 2017, the agreement was extended until pledged contribution of SDR 17.5 million in 2008 NPV terms is generated from the investment.

9/ Interest rate paid was equivalent to return obtained on the investment (net of costs) less 2 percent per annum. If net return was less than 2 percent per annum, the deposit bore zero interest. The investment was extended in 2004 for another 10 years to benefit the HIPC Trust.

10/ This was a temporary deposit agreement, which matured on October 27, 2014, when a new deposit agreement was finalized. The PRGT General Subsidy Account had benefited from the investment income of up to 2 percent while any excess of the 2 percent investment income had to be for the benefit of Bank Indonesia.

11/ The deposit became effective on October 27, 2014 (replacing June 2014 temporary agreement) with maturity of December 31, 2018 which was temporarily extended to June 30, 2019. On April 9, 2019 the extended agreement was replaced by a new one, with augmented principal, to benefit the PRGT in lieu of Indonesia's pledge to contribute its shares in both gold profits distributions to the PRGT. The investment income of up to 2 percent shall be transferred for the benefit of the PRGT General Subsidy Account and any excess above the 2 percent shall benefit Bank Indonesia. The principal of the deposit is invested separately from other Trust's assets in BIS obligations.

12/ In March 2017, Morocco extended its investment agreement by additional six months and then by additional five years to September 22, 2022.

13/ Several deposits totaling SDR 10 million, which were all repaid in March 2010, sixteen years after the effective date of the first deposit.

14/ In January 2017, Peru extended its investment agreement by additional seven years, until January 29, 2024.

15/ The principal includes (i) a new investment of SDR 38.2 million and (ii) a rollover of two investments of SDR 49.8 million and SDR 27.9 million from the PRG-HIPC Trust upon their maturities in 2011–14. Based on a revised agreement, starting from July 2018 the investment is placed in BIS obligations and earns 0.5 percent or BIS rate, whichever is lower.

16/ Based on a revised agreement (see above), the investment is placed in BIS obligations and earns zero rate. Upon maturity on 12/31/2021 the principal will be transferred as grant to the PRGT.

17/ The investment was made from repayments of each of the first nine (out of ten) semiannual drawings of SDR 67 million loan from the Government of Spain (the Instituto de Crédito Oficial) to the PRGT. The agreement expired in November 2012.

18/ Deposit encashed/repaid before maturity in January 1998 due to BOP problems.

19/ Equivalent of US\$5 million (at the exchange rate of May 11, 1994).

20/ Interest rate paid was equivalent to return obtained on the investment (net of costs) less 2.6 percent per annum. No interest paid if net return was 2.6 percent per annum or less.

Appendix Table 7. PRG-HIPC Trust—Bilateral Deposit/Investment Agreements
(in SDRs; as of end-April 2019)

Contributor	Type of agreement	Effective date of agreement	Amount	Amount outstanding	Interest rate (per annum)	Term/date of maturity 1/
Algeria	Deposit Agreement	3/27/2001	7,600,000	7,600,000	0%	3/27/2021
Argentina	Deposit Agreement	5/4/2001	15,628,059	15,628,059	0%	5/4/2020
Botswana	Investment Agreement	4/25/1997	14,607,060	-	2%	4/30/2002 2/
Botswana	Investment Agreement	8/9/2002	15,065,760	-	1%, variable 3/	5 years
Botswana	Investment Agreement	5/9/2008	6,142,590	-	1%, variable 3/	5 years
Brunei Darussalam	Pooled Investment	10/24/2001	52,351	52,351	0%	1/12/2028 4/
Chile	Deposit Agreement	10/1/1999	15,000,000	-	0.5%	5 years
Colombia	Deposit Agreement	9/21/2001	1,181,774	-	0%	12/31/2018
Croatia	Deposit Agreement	4/9/2001	519,161	-	0%	12/31/2018
Croatia	Deposit in BIS	1/1/2019	519,161	519,161	0%	12/31/2023
Czech Republic	Deposit Agreement	2/22/2000	5,664,038	5,664,038	0%	2/24/2020
Egypt	Deposit Agreement	6/16/2000	1,723,680	1,723,680	0%	6/30/2019 5/
Fiji	Deposit Agreement	8/28/2003	194,021	-	0%	12/31/2018 2/
Finland	Deposit Agreement	2/22/2001	5,811,869	-	0%	12/31/2018 2/
Germany	Deposit Agreement	1/31/2000	220,656,300 6/	-	0%	10 years
Ghana	Deposit Agreement	5/10/2000	982,328	-	0.5%	10 years
Greece	Deposit Agreement	2/22/2001	5,440,000	-	0%	10 years
Hungary	Deposit Agreement	12/8/2000	9,237,105	9,237,105	0%	12/9/2019 7/
India	Deposit Agreement	3/31/2000	31,370,304	-	0%	12/31/2018
Indonesia	Deposit Agreement	7/18/2000	4,850,030	-	0%	4/9/2019 8/
Indonesia	Deposit Agreement	4/9/2019	10,296,317	10,296,317	0%	12/31/2023 8/
Indonesia	The Instrument for the Administered Account Indonesia	6/30/2004	25,000,000	-	Variable 9/	June, 2014 2/
Iran, Islamic Republic of	Investment Agreement	5/30/1997	5,000,000 10/	-	0.5%	10 years
Kuwait	Pooled Investment	7/25/2000	4,196,595	4,196,595	0%	1/12/2024 4/
Libya	Deposit Agreement	10/8/2002	9,950,370	9,950,370	0%	12/31/2019
Malaysia	Investment Agreement	6/26/1998	20,000,000	-	0.5%, variable 11/	10 years
Malaysia	Deposit Agreement	5/29/2001	7,368,106	-	0%	12/31/2018 2/
Morocco	Deposit Agreement	6/22/2000	2,186,968	2,186,968	0%	6/22/2020
Oman	Pooled Investment	7/5/2001	1,057,041	1,057,041	0%	1/12/2024 4/
Pakistan	Deposit Agreement	6/22/2000	4,659,307	4,659,307	0%	6/22/2020
Paraguay	Deposit Agreement	12/18/2001	310,097	-	1%	5 years
Peru	Deposit Agreement	1/28/2000	6,143,881	-	1.5%	10 years 2/
Poland	Deposit Agreement	6/12/2000	7,073,780	7,073,780	0%	6/12/2020
Qatar	Deposit Agreement	5/25/2000	749,713	749,713	0%	6/30/2019 5/
Saudi Arabia	Memorandum of Understanding	3/16/2001	27,850,000 12/	-	0.5%	10 years 2/
Saudi Arabia	Memorandum of Understanding	3/16/2001	49,820,000	-	0.5%	10 years 2/
Saudi Arabia	Memorandum of Understanding	3/16/2001	16,709,643	-	0%	12/31/2018 2/
Singapore	Investment Agreement	11/20/1998	40,000,000	-	0.5%, variable 13/	10 years
Singapore	Deposit Agreements	4/24/2001	4,045,647	-	0%	12/31/2018
Sri Lanka	Deposit Agreement	4/24/2000	788,783	788,783	0%	12/31/2023 14/
St. Lucia	Deposit Agreement	8/23/2000	100,000	-	0.5%	10 years
Sweden	Deposit Agreement	11/1/2001	18,600,000	-	0%	12/31/2018
Thailand	Investment Agreement	3/14/2001	6,128,354	-	0%	12/31/2018 2/

Appendix Table 7. PRG-HIPC Trust—Bilateral Deposit/Investment Agreements
(in SDRs; as of end-April 2019) (concluded)

Contributor	Type of agreement	Effective date of agreement	Amount	Amount outstanding	Interest rate (per annum)	Term/date of maturity 1/
Tonga	Deposit Agreement	8/28/2003	25,898	-	0%	12/31/2018 2/
Tunisia	Deposit Agreement	3/20/2001	2,361,605	2,361,605	0.5%	3/20/2021
United Arab Emirates	Pooled Investment	7/24/2001	5,141,462	5,141,462	0%	1/12/2024 4/
Uruguay	Deposit Agreement	3/13/2002	7,940,000	-	Variable 15/	10 years
Vietnam	Deposit Agreement	5/24/2000	522,962	-	0%	12/31/2018 2/

1/ Some agreements specified the maturity date and others a term (e.g., a "10 years" term indicates that the deposit is due in 10 years from the effective date of the agreement).

2/ Repurposed upon maturity for the benefit of another concessional initiative (PRGT or CCRT).

3/ Original interest rate was 2% per annum; in August 2004, the rate was amended to 1% per annum, but could have been reverted to 2% per annum if the return on investment reached 3% per annum.

4/ Original deposit agreement maturing on December 31, 2018 was extended as a pooled investment.

5/ Original deposit agreement maturing on December 31, 2018 was temporarily extended to June 30, 2019 pending further decisions.

6/ The agreed amount was Euro 300 million and the deposit was denominated in Euro over its lifetime.

7/ Original deposit agreement maturing on December 9, 2018 was temporarily extended to December 9, 2019 pending further decisions.

8/ Original deposit agreement maturing on December 31, 2018 was temporarily extended to June 30, 2019. It was replaced by a new agreement on April 9, 2019 extending the deposit to end-2023 and augmenting its principal by one quarter of Indonesia's shares in both gold profits distributions.

9/ 2% per annum of the net investment earnings (or any lesser amount if the returns on investments was below 2%) was to be transferred to the PRGF-HIPC Trust and the remainder to the depositor. Upon maturity of the deposit in June 2014, the Indonesian authorities agreed to put the SDR 25 million principal in a temporary deposit, pending an agreement to reinvest it in October 2014 for the benefit of the PRGT.

10/ Five annual installments of 10 year maturity, each equivalent to SDR 1 million.

11/ Two installments (received in June 1998 and August 1999) with maturity date of 10 years each. Original interest rate of 2% per annum was amended in June 2004 to 0.5% per annum, with an option to be reverted to 2% per annum if the return on investment reached 2% per annum.

12/ The investment consisted of 14 installments, each of 10 year maturity, with the first one received on March 27, 2001 and the last one on September 27, 2004. The installments originated from repayments of the outstanding amounts of associated loans made by the SFD to PRGF borrowers and the date of each installment corresponded to the date of repayment of the loans. Upon maturity, each subsequent installment has been reinvested to benefit the PRGT.

13/ Four annual instalments of SDR 10 millions each (received in November 1998, August 1999, August 2000, and August 2001, respectively) and 10 year maturity. Original interest rate of 2% per annum was amended in August 2004 to 0.5% per annum, with an option to revert to 2% per annum if the return on investment reached 2% per annum.

14/ Original deposit agreement maturing on December 31, 2018 was extended to December 31, 2023 pending decision on a form of investment.

15/ Interest rate obtained by the Trust minus 2.6% per annum; if the interest rate was 2.6% per annum or less, no interest was paid to the depositor.

Appendix Table 8. Pending Bilateral Contributions of Subsidy Resources to PRGT, PRG-HIPC and CCRT (in millions of SDR unless otherwise noted; as of end-April 2019)

Country	Contribution pledged	Of which	
		Amount received	Amount pending
<i>Under the HIPC Initiative fundraising round ^{1/}</i>			
Bahrain	0.90	-	0.90
Dominican Republic	0.50	-	0.50
Gabon	2.50	0.60	1.90
Grenada	0.10	-	0.10
Lebanon	0.40	-	0.40
Maldives	0.01	-	0.01
Trinidad & Tobago	1.62	-	1.62
Vanuatu	0.10	-	0.10
Venezuela	20.35	-	20.35
Subtotal	26.48	0.60	25.88
<i>Under the ESF fundraising round</i>			
Oman	3.00	2.20	0.80
Trinidad and Tobago	0.80	0.17	0.63 ^{2/}
Subtotal	3.80	2.37	1.43
<i>Under the 2009 fundraising round</i>			
Saudi Arabia	16.70	-	16.70 ^{3/}
South Africa	3.40	-	3.40
Trinidad and Tobago	0.60	-	0.60
Subtotal	20.70	-	20.70
<i>Under the first distribution of the general reserve associated with gold windfall profits (of SDR 700 million)</i>			
Brazil	12.50	-	12.50
Costa Rica	0.48	-	0.48
Grenada	0.03	-	0.03
Hungary	3.05	-	3.05
Indonesia ^{4/}	6.11	-	6.11
Lebanon	0.78	-	0.78
Libya	3.30	-	3.30
Peru	1.88	-	1.88
Poland	4.96	-	4.96
Uzbekistan	0.81	-	0.81
Subtotal	33.91	-	33.91
<i>Under the second distribution of the general reserve associated with gold windfall profits (of SDR 1,750 million)</i>			
Azerbaijan	1.18	-	1.18
Bahrain	0.99	-	0.99
Brazil	31.24	-	31.24
Colombia	5.57	-	5.57
Costa Rica	1.21	-	1.21
Equatorial Guinea	0.38	-	0.38
Ghana	2.71	-	2.71
Hungary	7.63	-	7.63
Indonesia ^{4/}	15.28	-	15.28
Lebanon	1.96	-	1.96
Libya	8.26	-	8.26
Papua New Guinea	0.97	-	0.97
Peru	4.69	-	4.69
Poland	12.41	-	12.41
Qatar	2.22	-	2.22
Subtotal	96.71	-	96.71
<i>Under the CCRT fundraising round (in USD million)</i>			
Mexico	7.97	1.74 ^{5/}	6.23
Subtotal	7.97	1.74	6.23
Total	189.58	4.71	184.86

^{1/} Estimated on "as needed" basis.

^{2/} Contribution generated from a ten year deposit, repaid upon maturity in September 2017, estimated as SDR 0.17 million in 2005 NPV terms.

^{3/} Agreed to be paid at end-2021; estimated as SDR 11 million in 2008 NPV terms.

^{4/} In lieu of its pledge to contribute shares in both distributions (SDR 21.39 million in total), effective April 9, 2019 Indonesia agreed to invest in BIS deposits SDR 35.9 million with income of up to 2 percent annually to be transferred to the PRGT.

^{5/} Partial contribution received on July 31, 2018.

Appendix Table 9. PRGT Reserve Account Coverage

(in millions of SDR; as of end of period)

Year	Reserve Account balance (A)	Outstanding PRGT credit 3/ (B)	Reserve coverage ratio (In percent) (A)/(B)
1988	169	103	164.1
1989	272	510	53.3
1990	395	795	49.7
1991	513	1,320	38.9
1992	630	1,786	35.3
1993	793	2,005	39.6
1994	1,009	2,786	36.2
1995	1,336	3,919	34.1
1996	1,716	4,446	38.6
1997	2,093	4,892	42.8
1998	2,345	5,421	43.3
1999	2,548	5,820	43.8
2000	2,714	5,773	47.0
2001	2,917	5,971	48.9
2002	3,079	6,636	46.4
2003	3,115	6,703	46.5
2004	3,174	6,632	47.9
2005	3,285	6,185	53.1
2006	3,392	3,656 1/	92.8
2007	3,557	3,673	96.8
2008	3,818	3,895	98.0
2009	3,926	4,965	79.1
2010	3,967	5,068	78.3
2011	3,981	5,092	78.2
2012	3,962 2/	5,581	71.0
2013	3,919 2/	5,972	65.6
2014	3,861 2/	6,063	63.7
2015	3,826 2/	6,398	59.8
2016	3,880	6,380	60.8
2017	3,816 2/	6,434	59.3
2018	3,778 2/	6,361	59.4

Memorandum item:

PRGT repayments: January-December 2018 940

1/ The decline in total PRGT credit outstanding by about 40 percent from 2005 reflects early repayments arising from the delivery of HIPC and MDRI debt relief.

2/ The decline in Reserve Account balances during 2012-15 and in 2017-18 is on account of the administrative fees reimbursed to the GRA that have exceeded net investment returns.

3/ Credit outstanding to PRGT lenders.

Appendix Table 10. Pledges and Contributions of Bilateral Subsidy Resources for the CCRT
(in millions of SDR unless otherwise indicated; as of end-April 2019)

	MDRI-II Transfer In SDR million	New resources		Total contributions received SDR equivalent	Principal of Deposit Invested 1/ In SDR million
		Pledged	Grants Received		
		In US\$ million	SDR equivalent		
Argentina	0.40	-	-	0.40	-
Australia	0.13	-	-	0.13	-
Austria 2/	-	-	-	-	-
Bangladesh	0.01	-	-	0.01	-
Belgium	1.37	-	-	1.37	-
Botswana	0.02	-	-	0.02	-
Canada	2.94	-	-	2.94	-
Chile	0.05	-	-	0.05	-
China	0.15	-	-	0.15	-
Denmark	0.82	-	-	0.82	-
Egypt	0.15	-	-	0.15	-
Fiji	-	-	-	-	0.19
Finland	0.53	-	-	0.53	5.81
France	4.04	-	-	4.04	-
Germany	2.29	30.00	21.49	23.79	-
Greece	0.46	-	-	0.46	-
Iceland	0.05	-	-	0.05	-
Indonesia 3/	0.07	-	-	0.07	5.45
Ireland	0.08	-	-	0.08	-
Italy	2.93	-	-	2.93	-
Japan	8.80	7.30	5.34	14.14	-
Korea	0.73	-	-	0.73	-
Malaysia	0.39	-	-	0.39	-
Malta	0.02	-	-	0.02	-
Mexico	-	11.00	1.74	1.74	-
Morocco	0.11	-	-	0.11	-
Norway	0.54	-	-	0.54	-
Pakistan	0.01	-	-	0.01	-
Portugal	0.05	2.00	1.45	1.50	-
Saudi Arabia	0.19	-	-	0.19	-
Singapore	0.22	-	-	0.22	-
Spain	0.11	-	-	0.11	-
Sweden	2.26	-	-	2.26	-
Switzerland	1.34	-	-	1.34	-
Thailand	0.15	-	-	0.15	6.13
Tonga	-	-	-	-	0.03
Tunisia	0.01	-	-	0.01	-
Turkey	-	1.00	0.74	0.74	-
United Kingdom	5.40	42.00	29.92	35.32	-
United States	2.02	-	-	2.02	-
Uruguay	0.02	-	-	0.02	-
Vietnam	-	-	-	-	0.52
Total	38.86	93.30	60.68	99.54	18.13

1/ Former HIPC deposits repurposed upon maturity in December 2018 and invested in BIS obligations for 5 to 15 years to generate income for the benefit of the CCRT.

2/ CCR pledge was rescinded pending a budget allocation of grant resources.

3/ Indonesia decided to invest in BIS deposits one quarter of its shares in both distributions of gold sales profits for the benefit of the CCRT. The related agreement became effective on April 9, 2019.

Appendix Table 11. Implementation of the HIPC Initiative
(in millions of SDR; as of end-April 2019)

	Decision point	Completion point	Amount committed	Amount disbursed 1/	
Completion point countries (36)			2,421	2,595	
1	Afghanistan 2/	Jul-07	Jan-10	-	-
2	Benin	Jul-00	Mar-03	18	20
3	Bolivia	Feb-00	Jun-01	62 3/	65 4/
4	Burkina Faso	Jul-00	Apr-02	44 3/	46 4/
5	Burundi	Aug-05	Jan-09	19	22
6	Cameroon	Oct-00	Apr-06	29	34
7	Central African Republic	Sep-07	Jun-09	17	18
8	Chad	May-01	Apr-15	14	17
9	Comoros	Jul-10	Dec-12	3	3
10	Congo, Dem. Rep. of	Jul-03	Jul-10	280	331
11	Congo, Rep. of	Mar-06	Jan-10	5	6
12	Côte d'Ivoire	Apr-09	Jun-12	43 3/	26 5/
13	Ethiopia	Nov-01	Apr-04	45	47
14	Gambia, The	Dec-00	Dec-07	2	2
15	Ghana	Feb-02	Jul-04	90	94
16	Guinea	Dec-00	Sep-12	28	35
17	Guinea-Bissau	Dec-00	Dec-10	9	9
18	Guyana	Nov-00	Dec-03	57 3/	60 4/
19	Haiti	Nov-06	Jun-09	2	2
20	Honduras	Jun-00	Apr-05	23	26
21	Liberia	Mar-08	Jun-10	441	452 6/
22	Madagascar	Dec-00	Oct-04	15	16
23	Malawi	Dec-00	Aug-06	33	37
24	Mali	Sep-00	Mar-03	46 3/	49 4/
25	Mauritania	Feb-00	Jun-02	35	38
26	Mozambique	Apr-00	Sep-01	107 3/	108 4/
27	Nicaragua	Dec-00	Jan-04	64	71
28	Niger	Dec-00	Apr-04	31	34
29	Rwanda	Dec-00	Apr-05	47	51
30	São Tomé and Príncipe	Dec-00	Mar-07	1	1
31	Senegal	Jun-00	Apr-04	34	38
32	Sierra Leone	Mar-02	Dec-06	100	107
33	Tanzania	Apr-00	Nov-01	89	96
34	Togo	Nov-08	Dec-10	0	0
35	Uganda	Feb-00	May-00	120 3/	122 4/
36	Zambia	Dec-00	Apr-05	469	508
Pre-decision point countries (1)					
37	Eritrea	...	...	...	...
Protracted arrears cases (2)					
38	Somalia	...	...	...	...
39	Sudan	...	...	...	...
Total			2,421	2,595	

1/ Includes the commitment made in NPV terms plus interest earned on that commitment.

2/ Afghanistan, at the time of its decision point, did not have any outstanding eligible debt to the IMF and, therefore, did not receive debt relief under the HIPC Initiative from the Fund.

3/ Includes commitment under the Original HIPC Initiative.

4/ Bolivia, Burkina Faso, Guyana, Mali, Mozambique, and Uganda benefited from both the Original and Enhanced HIPC Initiatives.

5/ Côte d'Ivoire reached its decision point under the original HIPC Initiative in 1998, but did not reach its completion point under the original HIPC Initiative. Debt relief of SDR 17 million, committed to Côte d'Ivoire under the original HIPC Initiative, was therefore not delivered.

6/ The cost for providing debt relief to Liberia was not included in the original financing framework of the HIPC Initiative, therefore, additional financing would need to be secured.

Appendix Table 12. Debt Relief Following Implementation of the MDRI
(in millions of SDR; as of end-April 2019)

	Delivery date	Fund credit from disbursements prior to end-2004 1/	Financed by HIPC umbrella sub-accounts 2/	Remaining MDRI-eligible credit (C=A-B=D+E)	Financed by	
					MDRI-I Trust (D)	MDRI-II Trust (E)
		(A)	(B)		(D)	(E)
HIPC countries (28) 3/		2,863	670	2,192	1,104	1,088
1 Benin	Jan-06	36.1	2	34	-	34
2 Bolivia	Jan-06	160.9	6	155	-	155
3 Burkina Faso	Jan-06	62.1	5	57	57	-
4 Burundi	Feb-09	26.4	17	9	9	-
5 Cameroon	Apr-06	173.3	24	149	-	149
6 Central African Republic	Jul-09	4.0	2	2	2	-
7 Congo, Dem. Rep. of	Jul-10	248.1	248	-	-	-
8 Congo, Rep. of	Jan-10	7.9	3	5	-	5
9 Ethiopia	Jan-06	112.1	32	80	80	-
10 Gambia, The	Dec-07	9.4	2	7	7	-
11 Ghana	Jan-06	265.4	45	220	220	-
12 Guinea-Bissau	Dec-10	0.5	1	0	-	-
13 Guyana	Jan-06	45.1	13	32	-	32
14 Honduras	Jan-06	107.5	9	98	-	98
15 Madagascar	Jan-06	137.3	9	128	128	-
16 Malawi	Sep-06	37.9	23	15	15	-
17 Mali	Jan-06	75.1	13	62	62	-
18 Mauritania	Jun-06	32.9	3	30	-	30
19 Mozambique	Jan-06	106.6	24	83	83	-
20 Nicaragua	Jan-06	140.5	49	92	-	92
21 Niger	Jan-06	77.6	18	60	60	-
22 Rwanda	Jan-06	52.7	33	20	20	-
23 São Tomé and Príncipe	Mar-07	1.4	0	1	1	-
24 Senegal	Jan-06	100.3	6	95	-	95
25 Sierra Leone	Dec-06	117.3	41	77	77	-
26 Tanzania	Jan-06	234.0	27	207	207	-
27 Uganda	Jan-06	87.7	12	76	76	-
28 Zambia	Jan-06	402.6	4	398	-	398
Non-HIPC countries (2) 4/		126	-	126	126	-
29 Cambodia	Jan-06	57	-	57	57	-
30 Tajikistan, Rep. of	Jan-06	69	-	69	69	-
Memorandum item (1)		<i>Total</i>	<i>Financed by LAA</i>	<i>Remaining debt</i>	<i>Financed by LAA</i>	
31 Liberia 5/	Jun-10	543	427	116	116	-
Total 6/		3,532	1,097	2,434	1,347	1,088

1/ Amount outstanding at the completion point (net of repayments between January 1, 2005 to the completion point date).

2/ Balances available at the time of MDRI debt relief.

3/ Afghanistan, Comoros, Haiti, and Togo did not have MDRI-eligible credit and did not receive MDRI debt relief. Chad, Côte d'Ivoire and Guinea had fully repaid MDRI-eligible debt by completion point date.

4/ Non-HIPCs but qualified for MDRI debt relief with a per capita income below the US\$380 threshold.

5/ Liberia received "MDRI-like" (beyond-HIPC) debt relief at end-June 2010, which was financed from the Liberia Administered Account (LAA). Its eligible credit outstanding corresponds to the amount of arrears clearance to the IMF in March 2008.

6/ Including Liberia's beyond HIPC debt-relief.

Appendix Table 13. Pending Disbursements to Finance Debt Relief to Liberia
(in millions of SDRs, in March 14, 2008 NPV terms; as of end-April 2019)

Brazil	16.90	Mali	0.19
Burkina Faso	0.06	Rwanda	0.07
Chad	0.05	Samoa	0.01
Guinea-Bissau	0.01	Sierra Leone	0.38
Total			17.7

Appendix Table 14. PRGT Historical Access from 2010 by Facilities
(in percent of quota at approval or otherwise noted)

	PRGT Credit Outstanding (in % of quota as of end-March 2019)	Quota at Approval (in SDRs)	Date of Approval	Expiration Date	Original PRGT Commitment	Augmentation	GRA Commitment
ECF							
Moldova	57.05	123,200,000	1/29/2010	1/28/2013	150.0	-	150.0
Malawi	113.44	69,400,000	2/19/2010	2/18/2013	75.0	-	-
Mauritania	73.71	64,400,000	3/15/2010	3/14/2013	120.0	-	-
Grenada	101.15	11,700,000	4/18/2010	4/17/2013	75.0	-	-
Guinea-Bissau	85.25	14,200,000	5/7/2010	5/6/2013	157.5	-	-
Lesotho	48.72	34,900,000	6/2/2010	6/1/2013	120.0	25.0	-
Benin	90.82	61,900,000	6/14/2010	6/13/2013	120.0	-	-
Burkina Faso	126.98	60,200,000	6/14/2010	6/13/2013	76.7	60.0	-
Armenia ^{1/}	63.35	92,000,000	6/28/2010	6/27/2013	145.0	-	145.0
Sierra Leone	124.73	103,700,000	7/1/2010	6/30/2013	30.0	-	-
Haiti	38.04	81,900,000	7/21/2010	7/20/2013	50.0	-	-
Yemen	20.90	243,500,000	7/30/2010	7/29/2013	100.0	-	-
Kenya	66.55	271,400,000	1/31/2011	1/30/2014	120.0	60.0	-
Kyrgyz Republic	66.29	88,800,000	6/20/2011	6/19/2014	75.0	-	-
Cote d'Ivoire	104.11	325,200,000	11/4/2011	11/3/2014	120.0	40.0	-
Afghanistan	12.46	161,900,000	11/14/2011	11/13/2014	52.5	-	-
Mali	120.53	93,300,000	12/27/2011	12/26/2014	32.2	-	-
Burundi	25.84	77,000,000	1/27/2012	1/26/2015	39.0	13.0	-
Guinea	107.91	107,100,000	2/24/2012	2/23/2015	120.0	42.1	-
Niger	121.19	65,800,000	3/16/2012	3/15/2015	120.0	62.5	-
Bangladesh	54.86	533,300,000	4/11/2012	4/10/2015	120.0	-	-
Gambia	46.96	31,100,000	5/25/2012	5/24/2015	60.0	-	-
Central African Republic	129.54	55,700,000	6/25/2012	6/24/2015	75.0	-	-
Sao Tome-Principe	32.71	7,400,000	7/20/2012	7/19/2015	35.0	-	-
Malawi	113.44	69,400,000	7/23/2012	7/22/2015	150.0	50.0	-
Liberia	59.77	129,200,000	11/19/2012	11/18/2015	40.0	46.4	-
Solomon Islands	9.79	10,400,000	12/7/2012	12/6/2015	10.0	-	-
Sierra Leone	124.73	103,700,000	10/21/2013	10/20/2016	60.0	120.0	-
Mali	120.53	93,300,000	12/18/2013	12/17/2016	32.2	167.8	-
Burkina Faso	126.98	60,200,000	12/27/2013	12/26/2016	45.0	47.4	-
Grenada	101.15	11,700,000	6/26/2014	6/25/2017	120.0	0.0	-
Chad	164.08	66,600,000	8/1/2014	7/31/2017	120.0	90.5	-
Yemen	20.90	243,500,000	9/2/2014	9/1/2017	150.0	-	-
Ghana	114.41	369,000,000	4/3/2015	4/2/2018	180.0	-	-
Kyrgyz Republic	66.29	88,800,000	4/8/2015	4/7/2018	75.0	-	-
Haiti	38.04	81,900,000	5/18/2015	5/17/2018	60.0	-	-
Guinea-Bissau	85.25	14,200,000	7/10/2015	7/9/2018	120.0	40.0	-
Sao Tome-Principe	32.71	7,400,000	7/13/2015	7/12/2018	60.0	-	-
Afghanistan	12.46	323,800,000	7/20/2016	7/19/2019	10.0	-	-
Central African Republic	129.54	111,400,000	7/20/2016	7/19/2019	75.0	45.0	-
Madagascar	101.80	244,400,000	7/27/2016	11/26/2019	90.0	12.5	-
Moldova	57.05	172,500,000	11/7/2016	11/6/2019	25.0	-	50.0
Cote d'Ivoire	104.11	650,400,000	12/12/2016	12/11/2019	25.0	8.3	50.0
Niger	121.19	131,600,000	1/23/2017	1/22/2020	75.0	-	-
Benin	90.82	123,800,000	4/7/2017	4/6/2020	90.0	-	-
Togo	80.82	146,800,000	5/5/2017	5/4/2020	120.0	-	-
Sierra Leone	124.73	207,400,000	6/5/2017	6/4/2020	78.0	-	-
Cameroon	118.36	276,000,000	6/26/2017	6/25/2020	175.0	-	-
Chad	164.08	140,200,000	6/30/2017	6/29/2020	160.0	-	-
Mauritania	73.71	128,800,000	12/6/2017	12/5/2020	90.0	-	-
Guinea	107.91	214,200,000	12/11/2017	12/10/2020	56.3	-	-
Burkina Faso	126.98	120,400,000	3/14/2018	3/13/2021	90.0	-	-
Malawi	113.44	138,800,000	4/30/2018	4/29/2021	56.3	-	-
Sierra Leone	124.73	207,400,000	11/30/2018	6/29/2022	60.0	-	-

Appendix Table 14. PRGT Historical Access from 2010 by Facilities (concluded)
(In percent of quota at approval or otherwise noted)

	PRGT Credit Outstanding (in % of quota as of end-March 2019)	Quota at Approval (in SDRs)	Date of Approval	Expiration Date	Original PRGT Commitment	Augmentation	GRA Commitment
RCF							
Nepal	28.17	71,300,000	6/7/2010	6/7/2010	40.0	-	-
Kyrgyz Republic	66.29	88,800,000	9/24/2010	9/24/2010	25.0	-	-
St. Lucia	10.38	15,300,000	1/20/2011	1/20/2011	25.0	-	7.2
St. Vincent and the Grenadines	33.34	8,300,000	3/8/2011	3/8/2011	25.0	-	-
Cote d'Ivoire	104.11	325,200,000	7/19/2011	7/19/2011	25.0	-	-
St. Vincent and the Grenadines	33.34	8,300,000	8/3/2011	8/3/2011	15.0	-	-
Dominica	67.03	8,200,000	1/19/2012	1/19/2012	25.0	-	-
Yemen	20.90	243,500,000	4/17/2012	4/17/2012	25.0	-	-
Mali	120.53	93,300,000	2/5/2013	2/5/2013	12.9	-	-
Samoa	39.38	11,600,000	5/24/2013	5/24/2013	50.0	-	-
Mali	120.53	93,300,000	6/18/2013	6/18/2013	10.7	-	-
Central African Republic	129.54	55,700,000	5/22/2014	5/22/2014	15.0	-	-
Madagascar	101.80	122,200,000	6/26/2014	6/26/2014	25.0	-	-
St. Vincent and the Grenadines	33.34	8,300,000	8/12/2014	8/12/2014	25.0	-	17.7
Guinea	107.91	107,100,000	10/2/2014	10/2/2014	25.0	-	-
Guinea-Bissau	85.25	14,200,000	11/12/2014	11/12/2014	25.0	-	-
Liberia	59.77	129,200,000	2/27/2015	2/27/2015	25.0	-	-
Central African Republic	129.54	55,700,000	3/26/2015	3/26/2015	10.0	-	-
Gambia	46.96	31,100,000	4/13/2015	4/13/2015	25.0	-	-
Vanuatu	35.71	17,000,000	6/15/2015	6/15/2015	50.0	-	35.7
Nepal	28.17	71,300,000	8/10/2015	8/10/2015	50.0	-	-
Central African Republic	129.54	55,700,000	9/24/2015	9/24/2015	15.0	-	-
Dominica	67.03	8,200,000	11/5/2015	11/5/2015	75.0	-	-
Madagascar	101.80	122,200,000	11/25/2015	11/25/2015	25.0	-	-
Haiti	38.04	163,800,000	11/23/2016	11/23/2016	18.8	-	-
Gambia	46.96	62,200,000	7/5/2017	7/5/2017	18.8	-	-
SCF							
Solomon Islands	9.79	10,400,000	6/2/2010	12/1/2011	120.0	-	-
Honduras	-	129,500,000	10/1/2010	3/31/2012	50.0	-	50.0
Solomon Islands	9.79	10,400,000	12/6/2011	12/5/2012	50.0	-	-
Georgia ^{2/}	-	150,300,000	4/11/2012	4/10/2014	83.2	-	83.2
Tanzania	15.83	198,900,000	7/6/2012	1/5/2014	75.0	-	-
Honduras	-	129,500,000	12/3/2014	12/2/2016	40.0	-	60.0
Kenya	66.55	271,400,000	2/2/2015	2/1/2016	50.0	-	130.0
Mozambique	44.38	113,600,000	12/18/2015	6/17/2017	180.0	-	-
Kenya	66.55	542,800,000	3/14/2016	3/13/2018	65.3	-	130.7
Rwanda	90.07	160,200,000	6/8/2016	12/7/2017	90.0	-	-

1/Armenia graduated from PRGT in 2013.
2/Georgia graduated from PRGT in 2014; as of end-March 2019 all concessional credit has been repaid.