

IMF Publication

Review of Enhanced Access Limits
Under the Rapid Credit Facility and
Rapid Financing Instrument

INTERNATIONAL MONETARY FUND



IMF POLICY PAPER

REVIEW OF ENHANCED ACCESS LIMITS UNDER THE RAPID CREDIT FACILITY AND RAPID FINANCING INSTRUMENT

October 5, 2020

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 September 28, 2020 consideration of the staff report.
- The **Staff Report**, prepared by IMF staff and completed on September 18, 2020 for the Executive Board's consideration on September 28, 2020.
- A **Staff Supplement**

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International Monetary Fund
Washington, D.C.



IMF Executive Board Approves the Extension of Increased Access Limits Under the Rapid Credit Facility and Rapid Financing Instrument

FOR IMMEDIATE RELEASE

Washington, DC – October 5, 2020: In the context of the persistent impact of the pandemic, on September 28 the IMF Executive Board approved a six-month extension of the temporary increase in access limits under its emergency financing instruments, through April 6, 2021.

Against the background of urgent balance of payments needs resulting from the coronavirus pandemic, in April 2020 the IMF approved a temporary increase in access limits under its emergency financing instruments, the Rapid Financing Instrument (RFI), available to all members, and the Rapid Credit Facility (RCF), available only to low-income countries eligible for concessional financing. The limits on annual access were raised from 50 to 100 percent of quota, and the limits on cumulative access were increased from 100 to 150 percent of quota, for the six-month period through October 5, 2020. As of August 31, 2020, sixty-nine members have received financial support through the Fund's emergency financing instruments since the onset of the pandemic, three-quarters of whom received support at the higher levels made possible by the increase in the access limits.

Executive Board Assessment¹

Executive Directors welcomed the review of enhanced access limits under the Fund's emergency financing instruments. They supported the proposal for a six-month extension of higher access limits under the regular window of the RFI and the exogenous shocks window of the RCF, with annual and cumulative access limits remaining at 100 percent of quota and 150 percent of quota, respectively, through April 6, 2021. There was broad agreement that the extension was justified to provide the Fund with flexibility to support urgent balance of payments needs, in the context of persistent pandemic-related economic disruptions. Directors also supported the proposal to extend the temporary suspension of the procedures for high access RCF requests through April 6, 2021.

Many Directors emphasized the importance of implementing appropriate governance safeguards to mitigate the misuse of emergency financing, and welcomed staff's guidance encouraging commitments related to audits and procurement.

Most Directors underscored that it will be important for countries to increasingly seek financial assistance under Upper Credit Tranche Fund arrangements rather than emergency financing, in line with discussions of the Lending Strategy and as the immediate economic impact of the pandemic abates.

¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

Directors concurred that the temporary increase in access limits under emergency financing will be assessed as part of the wider review of the temporary changes in annual access limits in the GRA and PRGT introduced since the onset of pandemic, which is expected to be considered by the Executive Board by end-December 2020. Some Directors also called for a review of cumulative access limits.



September 18, 2020

REVIEW OF ENHANCED ACCESS LIMITS UNDER THE RAPID CREDIT FACILITY AND RAPID FINANCING INSTRUMENT

EXECUTIVE SUMMARY

The temporary increase in access limits under IMF emergency financing instruments will expire on October 5, 2020, unless extended. Access limits under emergency instruments (the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI)) were increased in April 2020 for a period of six months, from 50 to 100 percent of quota annually and from 100 to 150 percent of quota cumulatively. The increased limits are subject to review and can be extended before their expiration.

It is proposed to extend the period of higher access limits for emergency financing for a period of six months, through April 6, 2021. Against a background of continued pandemic-related disruption, staff expects there could be significant demand for emergency lending in the October 2020–April 2021 period, including from countries with pending requests and from countries that received emergency support at levels less than the maximum amounts available. A six-month extension would give more time for countries to benefit from higher access limits under emergency financing.

Approved By
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CONTENTS

| | |
|--|----------|
| INTRODUCTION | 3 |
| USE OF THE EMERGENCY FINANCING INSTRUMENTS SINCE THE ONSET OF THE PANDEMIC | 4 |
| PROPOSALS TO EXTEND THE HIGHER ACCESS LIMITS IN THE EMERGENCY FINANCING INSTRUMENTS | 5 |
| ISSUES FOR DISCUSSION | 9 |
| BOXES | |
| 1. Summary of Key Aspects of Qualification for Emergency Financing | 12 |
| 2. Staff Guidance on Addressing Governance Safeguards for Emergency Financing | 13 |
| FIGURE | |
| 1. Borrowing Space for 27 Members That Have Already Received Some Emergency Financing | 7 |
| ANNEX | |
| I. Members' Use of Fund Financing Since the Onset of the Pandemic | 14 |

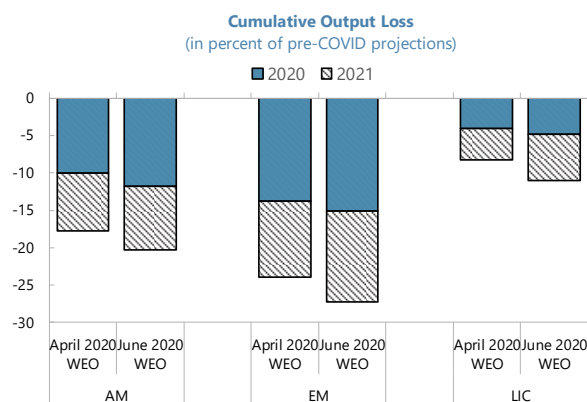
INTRODUCTION

1. In response to the outbreak of the COVID-19 pandemic, the Fund temporarily increased access limits under its emergency financing instruments for an initial six-month period. With many emerging market and developing country (EMDC)¹ members facing urgent balance of payments (BoP) needs, the Executive Board, on April 6, 2020 approved a temporary increase in [access limits](#) under the exogenous shocks window of the RCF and the regular window of the RFI—in each case, from 50 to 100 percent of quota for annual access, and from 100 to 150 percent of quota for cumulative access.

2. Other reforms also allowed the Fund to respond to members' urgent financing needs at an unprecedented scale and speed. These included: (i) [streamlined procedures](#) to accelerate Board consideration of member requests for emergency financing; (ii) an [increase in the normal annual access limits](#) from 145 to 245 percent of quota for the Fund's General Resources Account (GRA) and from 100 to 150 percent of quota for the Poverty Reduction and Growth Trust (PRGT) through April 6, 2021; and (iii) a temporary suspension of the limit of two RCFs disbursements per year. These reforms have facilitated the provision of emergency Fund financing by the Fund to 69 members through August 31, 2020.

3. The temporary increases in access limits under emergency financing are set to expire on October 5, 2020. The Executive Board, in approving the higher access limits, asked that the case for extending the limits for a longer period be examined one month prior to their expiration ([Enhancing the Emergency Financing Toolkit—Responding to the COVID-19 Pandemic](#)), i.e. on September 5, 2020.²

4. Exceptional demand for Fund financing is expected to persist well into 2021. For many EMDCs, prospects continue to remain precarious despite a slight improvement in the global growth outlook in recent months. The persistence of distressed economic conditions into 2021, along with elevated uncertainty, can be expected to result in continued high demand for Fund financial support, including through the emergency financing instruments in a significant number of cases.



Sources: IMF, World Economic Outlook; and IMF staff calculations.

5. This paper proposes extending the duration of the current (higher) limits on access to emergency financing for a further six months. An extension will provide the Fund with greater flexibility to respond to the urgent BoP needs of members in situations where an upper credit

¹ For the purpose of this paper, EMDC members are defined as the 189 IMF member countries excluding 35 advanced economies.

² Completion of this paper was delayed by competing work pressures.

tranche-quality (UCT) program is not feasible. The next section discusses use of the emergency financing instruments since the onset of the pandemic, followed by staff proposals to extend the duration of higher access limits for the emergency financing instruments. The paper also discusses the resource implications for the GRA and the PRGT. It concludes with issues for discussion and proposed decisions for adoption by the Executive Board.

USE OF THE EMERGENCY FINANCING INSTRUMENTS SINCE THE ONSET OF THE PANDEMIC

6. The emergency financing instruments have been the primary means of providing financial support to Fund members since the onset of the pandemic. (Box 1 describes the qualification requirements for use of these instruments.) Only nine countries had received financial support exclusively through Fund arrangements as of end-August—a mix of new arrangements (two), augmentations under arrangements not treated as precautionary before the pandemic (four), and drawings under precautionary arrangements (three, of which two were augmented).

7. As of August 31, 2020, 69 members had received financial support through the Fund’s emergency financing instruments since the outbreak of the pandemic, totaling SDR 21 billion (US\$29 billion).³ Specifically, support provided to address urgent BoP needs under the regular window of the RFI and the exogenous shocks window of the RCF has been as follows:

- Thirty-three members received financing of SDR 4.6 billion (about US\$6.2 billion) under the RCF;
- Twenty-six members received financing of SDR 14.1 billion (about US\$19.5 billion) under the RFI;
- Ten members received financing of SDR 2.5 billion (about US\$3.4 billion) under blended RCF and RFI financing.

In addition, 19 countries have requested but not yet received emergency financial support, including 16 first-time requests and three second-time requests.

8. Use of the emergency financing instruments has, unsurprisingly, been more common among poorer and fragile countries. One-half of PRGT-eligible members and slightly over one-half of fragile and conflict-affected states (FCS) received support, as compared with about one-quarter of the rest of the Fund membership. Of the 69 members that received Fund support through the RCF and/or RFI as of August 31, 2020, 22 are classified as FCS by the Fund.

9. Some three-quarters of the countries receiving financing under the emergency financing instruments have benefited from the temporary doubling in RCF/RFI annual access limits. Since April 6, the Board has approved emergency financing requests that involved access in excess of 50 percent of quota—the annual access limit under both RFI and RCF in place before the

³ Five countries (Chad, Gabon, Kyrgyz Republic, Madagascar, and Rwanda) received two disbursements under emergency financing, bringing the total number of approved financing requests to 74.

temporary increase—for 53 of the 69 countries who received assistance. Of these 69 members (Annex):

- Forty-two countries obtained support in the amount of 100 percent of quota, split almost evenly between PRGT-eligible countries and those not eligible for concessional financing.
- The remaining 27 countries, of whom 23 were PRGT-eligible, received financial support of less than 100 percent of quota:
 - In 12 cases, access was constrained by annual access limits—by the limits on access to the RCF/RFI in 2 cases, and by the limits on access to the GRA and PRGT in 2 and 8 cases, respectively.
 - In 15 cases, the access provided reflected a mix of factors, including the size of the BoP need, the quality of economic policies (including in regard to governance/corruption), the track record in using Fund credit in the past, and capacity to repay the Fund.

10. One-third of the countries that received support through the emergency financing instruments had a Fund arrangement in place when this support was provided. For these 23 countries, provision of new support through an augmentation of access under the arrangement was deemed not feasible, given the urgency of financing needs and the expectation of difficulties or delays in completing the next program review.

11. Emergency financing requests have generally contained governance commitments to help ensure that resources are used for their intended purpose. Since emergency financing is provided through outright disbursements, the RCF and RFI do not provide for ex post conditionality to help safeguard appropriate use of the financing. In order to ensure transparency and accountability, recent RCF and RFI requests have typically included governance safeguards in the form of audits and procurement-related commitments by the authorities (as described in Box 2). Such safeguards are considered “best practice” in emergency financing requests, although other commitments may feature in response to country-specific circumstances.

PROPOSALS TO EXTEND THE HIGHER ACCESS LIMITS IN THE EMERGENCY FINANCING INSTRUMENTS

12. Economic prospects remain precarious in many EMDCs. While it is expected that members will increasingly seek support through UCT arrangements as the pandemic abates, such arrangements may not be feasible in a significant number of cases. An extension of higher access may be justified in giving the membership an additional period to address urgent BoP needs arising from the pandemic, where support under Fund arrangements is not feasible.⁴

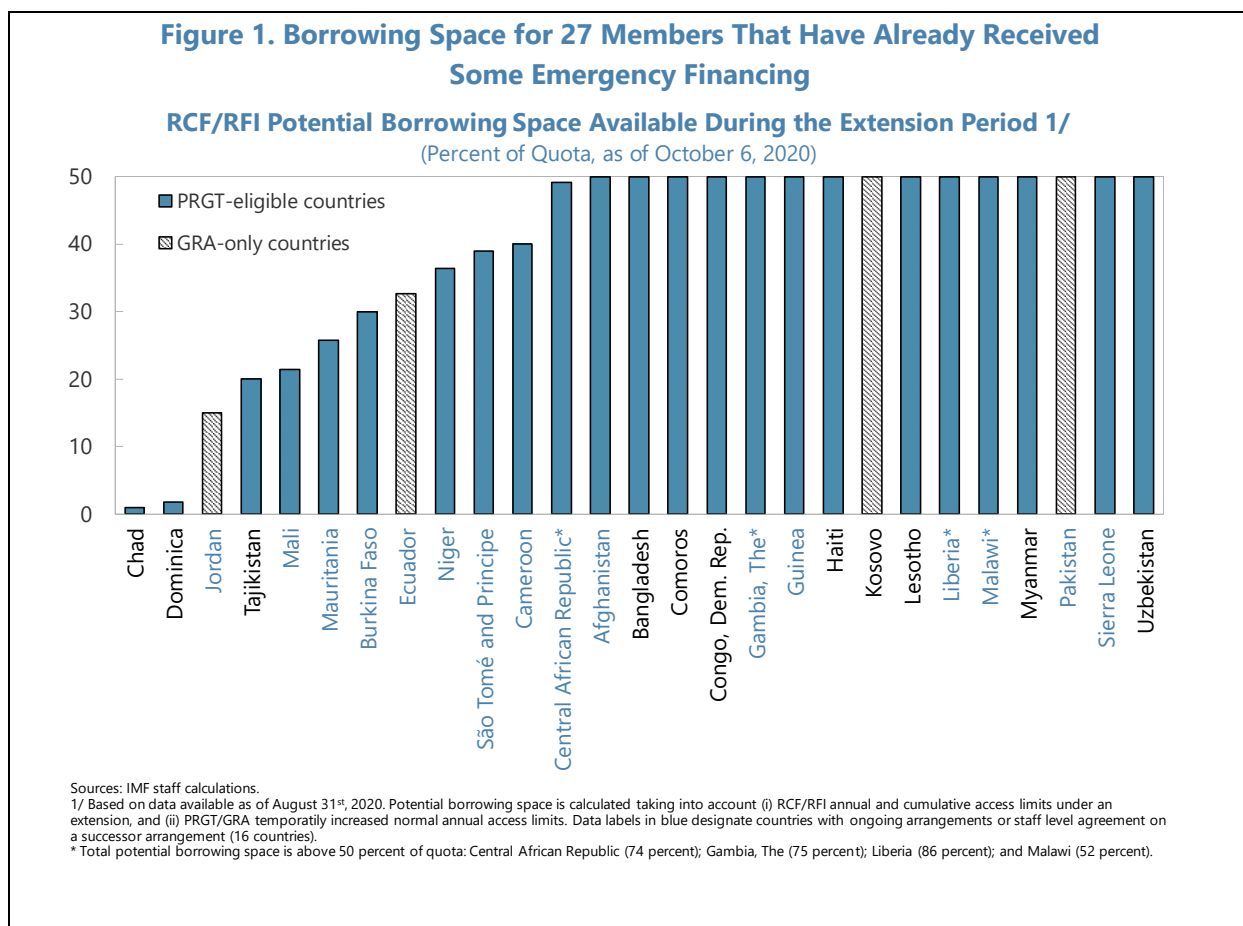
⁴ As noted in Box 1, a UCT-quality Fund supported program is not considered feasible when the member is unable to design or implement such a program due to the member’s limited policy implementation capacity, or when the

(continued)

13. Extending the period during which the higher access levels to the RCF/RFI are in place would benefit three distinct groups of member countries:

- *Members that have requested but not yet received financial support from the RCF/RFI.* These requests are under active discussion but have been held up by a mix of factors, including governance and debt sustainability concerns. Extending the higher access limits would provide more time for resolution of outstanding issues needed to finalize their request at the current levels.
- *Members that have received some assistance under the RCF/RFI but continue to have borrowing space under the current access limits (see Figure 1).* These countries, almost all PRGT-eligible, were constrained in their access to emergency financing by factors including i) pre-covid use of the RCF/RFI, ii) annual limits on access to the PRGT/GRA (later increased on a temporary basis on July 13, 2020), and iii) approval of less-than-maximum access levels, based on concerns about the quality of policies or potential misuse of funds combined with a willingness to consider subsequent requests, where warranted. With urgent BoP needs likely to remain significant and some countries still poorly positioned to design or implement UCT-programs supported by Fund arrangements, an extension of higher access limits retains borrowing space for further potential RCF/RFI support, if needed.
- *Members that have not yet requested emergency financing:* Requests for emergency financing from some “new” countries can be expected, given the expected persistence of the pandemic’s global economic impact and the potential for a second wave of infections. UCT arrangements may be advisable in such cases, but the recent experience points to continued value of emergency financing in situations of high uncertainty, particularly where policy-making capacity is impaired.

urgency of the BoP need calls for financial assistance before understandings can be reached on an arrangement to address the member’s longer-term needs.



Rapid Financing Instrument

14. Staff proposes an extension of the temporary increase of the annual and cumulative access limits under the regular window of the RFI for a further six-month period through April 6, 2021. This extension by a full six months is justified by the likely persistence of the pandemic's impact well into 2021 and is consistent with the timeframe of the temporary increase in normal annual access limits—in effect until April 6, 2021—which was intended to ensure emergency lending was additional to UCT support. Any consideration of a longer extension beyond April 6, 2021 would be taken up in the context of the planned review of the temporary increase in annual access limits by end-2020.

15. The impact of the extension of the temporary increase in access limits on GRA resources would likely be modest, subject to continued heightened uncertainty due to the pandemic. Through end-August, the Fund has disbursed SDR 15.6 billion through the RFI (standalone or in a blend with the RCF). As noted above, the number of countries that have already accessed the RFI and have remaining borrowing space is relatively limited. However, should the economic outlook worsen, total potential RFI-related demand for GRA resources could reach some

SDR 57 billion (including the amounts already disbursed), if more large EMs that have not requested assistance to date were to make emergency financing requests.

Rapid Credit Facility

16. Staff also proposes an extension of the temporary increase of the annual and cumulative access limits under the exogenous shocks window of the RCF for a further six-month period. The same reasoning for extending higher access limits under the RFI applies also to the RCF (including the justification for a six-month extension period); in addition, access limits under the RFI and RCF have historically moved in lockstep. It is therefore proposed to extend for six months the increased annual and cumulative access limits under the RCF's exogenous shocks window of 100 and 150 percent of quota, respectively, until April 6, 2021.

17. The impact on the demand for emergency financing under the RCF of a six-month extension is expected to be contained. Staff analysis suggests that the extension could modestly increase projected demand based on actual requests for RCF support, as countries would now have more time to resolve outstanding issues and finalize their requests. The extension could also encourage some countries to temporarily delay requests for multi-year arrangements or even cancel ongoing arrangements. This timing effect may change the financing mix but is unlikely to have any major impact on the overall demand projections.

18. Accordingly, the extension is unlikely to significantly impact PRGT loan and subsidy resources. The ongoing loan mobilization campaign has already secured over SDR 15 billion in effective loan agreements and formal pledges from 13 donors, well in excess of the SDR 12.5 billion target. This will provide sufficient resources to accommodate the surge in crisis-related demand by low-income countries for Fund financing, supported by the temporary increase in PRGT and RCF access limits. However, there is a need to ensure sufficient subsidy resources to preserve the PRGT's self-sustainability. A comprehensive funding strategy for the PRGT will need to be discussed with the Executive Board in the period ahead.

19. The temporary increase in access limits under the RCF and RFI will be assessed as part a planned wider review of the temporary changes in access limits to Fund facilities introduced since the onset of pandemic. The temporary increases in annual access limits to the GRA and PRGT introduced in July are expected to be discussed by the Executive Board by December 2020; the temporary increases in the RFI and RCF limits will be taken up as part of that review.

ISSUES FOR DISCUSSION

Do Directors agree that exceptional demand for Fund emergency financing is expected to persist well into 2021?

Do Directors agree that the temporary increase in annual and cumulative access limits under the RCF and RFI should be extended for six months?

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. Amendment to the PRGT Instrument

Section II, paragraph 2(b)(iii) of 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, shall be further amended by replacing the reference to “October 5, 2020” with “April 6, 2021” and shall read as follows:

“(iii) for the period from April 6, 2020 to April 6, 2021, a member’s request for assistance under the RCF to address an urgent balance of payments need resulting primarily from a sudden and exogenous shock shall be subject to an annual access limit of 100 percent of quota and a cumulative access limit of 150 percent of quota, net of scheduled repayments; and”

Decision II. Amendment to the RFI Instrument

Paragraph 5(A) of the Decision establishing the Rapid Financing Instrument (RFI), Decision No.

15015-(11/112), November 21, 2011, as amended, (“RFI Decision”) shall be further amended by replacing the reference to “October 5, 2020” with “April 6, 2021” and shall read as follows:

“(A) for the period from April 6, 2020 to April 6, 2021, the above annual and cumulative access limits shall be 100 percent of quota and 150 percent of quota, net of scheduled repurchases, respectively; and”

Box 1. Summary of Key Aspects of Qualification for Emergency Financing

Emergency financing (RCF/RFI) is available to countries facing an *urgent* balance of payments (BoP) need where an IMF-supported program that meets UCT-conditionality standards is either *not necessary or not feasible*. 1/ Access to the RCF is available only to PRGT-eligible countries; 2/ access to the RFI is available to all member countries. 3/

- An ***urgent BoP need*** is characterized by a BoP need that, if not addressed, would result in immediate and severe economic disruption for the member.
- Qualification requires that either (i) the BoP need is transitory, specifically, is expected to be resolved within one year with no major policy adjustments being necessary (thus, a UCT-quality program is **not necessary**) or (ii) the member is unable to design or implement a UCT-quality economic program (or complete a review under an existing UCT program) given the urgent nature of the BoP need or due to the member's limited policy implementation capacity (thus, the UCT-quality program is **not feasible**).

Financing through the RCF/RFI is provided without ex post conditionality. It is made available in the form of an outright disbursement/purchase, with repeated use possible based on urgent BOP needs caused primarily by exogenous shocks or 6-monthly track records of adequate macroeconomic policies. Approval requires ex ante policy undertakings by the member outlined in a letter of intent on the general policies the member plans to pursue to address its BOP difficulties and its intention not to introduce any measures and/or policies that may compound its BoP difficulties. Prior actions could also be established, where warranted. As with all Fund financing, the access level in individual cases would depend on the scale of the BoP need, the assessment of the member's capacity to repay, the member's outstanding Fund credit, and its record of using Fund resources in the past. The access for each member that qualifies for assistance under the RCF shall also take into account the size and likely persistence of the shock.

Emergency financing during the COVID-19 pandemic has been justified on the basis of the urgent BOP needs arising from the impact of crisis and satisfaction of other qualification requirements. The choice of emergency financing instead of support through a UCT arrangement has typically been justified on the basis that the urgency of BOP needs has called for financial assistance before a UCT-quality program can be put in place (or a review completed under an existing program).

1/ UCT conditionality standard implies that the authorities have the commitment and capacity to implement a set of policies that is adequate to correct external imbalances and enable repayment to the Fund.

2/ Qualification for the RCF requires that the BoP difficulties that underlie the financing need are not predominantly caused by a withdrawal in financial support by donors.

3/ For RCF-RFI blends, purchases under the RFI count towards the applicable RCF annual and cumulative limits.

Box 2. Staff Guidance on Addressing Governance Safeguards for Emergency Financing

Policy commitments in emergency financing requests (RCF/RFI) seek to limit the risk of misuse of Fund resources. Catastrophes create opportunities for corruption, exacerbated by weaker controls. Such misuse of resources undermines the effectiveness of a government's relief efforts; it also reduces the willingness of external donors to provide support to the government, and the member's capacity to repay the Fund.

To reduce the risk of corruption, authorities commit to governance safeguards in their Letters of Intent (LOI). While measures are tailored to country-specific circumstances, two commitments are especially common:

- The first commitment is to undertake and later publish on the government's website an ex-post audit of crisis-related spending. In most cases, these audits will be conducted by the country's supreme audit institution. This approach maximizes synergies by leveraging the existing institutional framework and also supports these institutions. In some cases, however, the audit will be conducted by an external third-party auditor, especially if the supreme audit institution is considered to have inadequate capacity or insufficient independence to conduct such an audit.
- The second commitment is to publish crisis-related procurement contracts on the government's website, including identifying the companies awarded the contract and their beneficial owners, as well as recording ex-post validation of delivery of the services/products specified in the contract. This commitment can be tailored to country specific circumstances in consultation with the World Bank governance practice experts on procurement, taking appropriate account of existing laws and frameworks.

Emergency financing requests also include other measures to address governance vulnerabilities:

- (i) **the commitment to undertake central bank safeguards assessments**, which all countries receiving emergency lending must provide;
- (ii) **governance-related prior actions**, which are being required when the up-front implementation of such measures is critical to reducing corruption risks; such prior actions have included measures on central bank safeguards, key PFM reforms, and enforcing the anti-corruption and anti-money laundering frameworks; 1/ and
- (iii) **limiting access under the RCF/RFI**, with the understanding that a second request for support could be considered after a track record of reasonable performance has been demonstrated, ideally in the context of a staff-monitored program.

Governance and anti-corruption measures are also included where warranted in countries' multi-year financing arrangements. This work is part of the ongoing implementation of the 2018 Framework for Enhanced Engagement on Governance, to address longer-term structural issues that underpin poor governance and corruption.

1/ Since the onset of COVID-19, governance-related prior actions have been included in [3] emergency financing requests (Ecuador, Liberia, and Papua New Guinea).

Annex I. Members' Use of Fund Financing Since the Onset of the Pandemic 1/

| Countries that received financial support through RCF/RFI at 100 percent of quota (42 countries) | | Countries that received financial support through RCF/RFI at less than 100 percent of quota (27 countries) | | | Countries that received financial support through Fund arrangements and did not access the RCF/RFI (9 countries) | |
|---|------------------|---|------------------|---------------------------------------|---|------------------|
| Country | Arrangement Type | Country | Arrangement Type | Amount Approved (Percent of quota) | Country | Arrangement Type |
| Albania | RFI | Chad | RCF | 95 | Armenia | SBA |
| Bahamas, The | RFI | Dominica | RCF | 89 | Barbados | EFF |
| Bolivia | RFI | Jordan | RFI | 85 | Benin | ECF |
| Bosnia and Herzegovina | RFI | Tajikistan | RCF | 80 | Georgia | EFF |
| Cabo Verde | RCF | Mali | RCF | 79 | Honduras | SBA-SCF |
| Costa Rica | RFI | Mauritania | RCF | 74 | Morocco | PLL |
| Côte d'Ivoire | RFI-RCF | Burkina Faso | RCF | 70 | Somalia | ECF-EFF |
| Djibouti | RCF | Ecuador | RFI | 67 | Togo | ECF |
| Dominican Republic | RFI | Niger | RCF | 64 | Ukraine | SBA |
| Egypt | RFI | São Tomé and Príncipe | RCF | 61 | | |
| El Salvador | RFI | Cameroon | RCF | 60 | | |
| Eswatini | RFI | Afghanistan | RCF | 50 | | |
| Ethiopia | RFI | Bangladesh | RFI-RCF | 50 | | |
| Gabon | RFI | Comoros | RFI-RCF | 50 | | |
| Ghana | RCF | Guinea | RCF | 50 | | |
| Grenada | RCF | Haiti | RCF | 50 | | |
| Guatemala | RFI | Kosovo | RFI | 50 | | |
| Jamaica | RFI | Lesotho | RFI-RCF | 50 | | |
| Kenya | RCF | Myanmar | RFI-RCF | 50 | | |
| Kyrgyz Republic | RFI-RCF | Pakistan | RFI | 50 | | |
| Madagascar | RCF | Sierra Leone | RCF | 50 | | |
| Maldives | RCF | Uzbekistan | RFI-RCF | 50 | | |
| Moldova | RFI-RCF | Malawi | RCF | 48 | | |
| Mongolia | RFI | Central African Republic | RCF | 25 | | |
| Montenegro, Rep. of | RFI | Democratic Republic of the Congo | RCF | 25 | | |
| Mozambique | RCF | Gambia, The | RCF | 25 | | |
| Nepal | RCF | Liberia | RCF | 14 | | |
| Nigeria | RFI | | | | | |
| North Macedonia | RFI | | | | | |
| Panama | RFI | | | | | |
| Papua New Guinea | RCF | | | | | |
| Paraguay | RFI | | | | | |
| Rwanda | RCF | | | | | |
| St. Lucia | RCF | | | | | |
| St. Vincent and the Grenadines | RCF | | | | | |
| Samoa | RCF | | | | | |
| Senegal | RFI-RCF | | | | | |
| Seychelles | RFI | | | | | |
| Solomon Islands | RFI-RCF | | | | | |
| South Africa | RFI | | | | | |
| Tunisia | RFI | | | | | |
| Uganda | RCF | | | | | |

1/ Use of emergency financing from March 1 to September 1, 2020; excludes support under the Flexible Credit Line.



September 22, 2020

THE REVIEW OF ENHANCED ACCESS LIMITS UNDER THE RAPID CREDIT FACILITY AND RAPID FINANCING INSTRUMENT—EXTENDING SUSPENSION OF HIGH ACCESS PROCEDURES FOR FINANCING REQUESTS UNDER THE RAPID CREDIT FACILITY TO APRIL 6, 2021— SUPPLEMENTARY INFORMATION

Approved By
Seán Nolan

Prepared by Strategy, Policy, and Review Department (SPR) comprising Wes McGrew and Atticus Weller.

1. **This supplement proposes to extend the suspension of high-access (HA) procedures for requests for financing under the Rapid Credit Facility (RCF), which is scheduled to lapse on October 5, through April 6, 2021.** The HA procedures for RCF financing requests have been suspended since April 6, 2020 in the context of a broader discussion on enhancing the Fund’s emergency financing toolkit in light of the COVID-19 Pandemic.¹
2. **The HA procedures, requiring early consultation with the Board, provide enhanced oversight of requests for high levels of access to concessional resources.**² The procedures are triggered when i) a request for Fund financing brings total access to PRGT resources to more than 180 percent of quota over a 36-month period or ii) total outstanding credit from the PRGT exceeds or is projected, given proposed commitments, to exceed 225 percent of quota.

¹ See [“Enhancing the Emergency Financing Toolkit—Responding to the COVID-19 Pandemic.”](#)

² HA procedures require an informal Board session based on a short staff note that includes discussion of program strength, capacity to repay, and debt vulnerabilities.

3. **The proposed extension will support a more flexible response to the urgent needs of the membership.** The temporary increase of the limit on annual access to the PRGT through April 6, 2021 and the proposed extension of the temporary increase in access limits to the RCF through the same period were intended to allow the Fund to respond flexibly to the urgent pandemic-related needs of the membership. Suspending the HA procedures during this period is aligned with the broader approach of accommodating higher access levels on a temporary basis during the pandemic period while reducing a compliance burden on the Executive Board and country teams.³

4. **Staff analysis indicates that up to eight members could trigger the HA procedure thresholds during the period from October 6, 2020 to April 6, 2021—in all cases, exceeding the thresholds by margins less than 50 percent of quota.** Most of these countries are expected to seek IMF financial support via Fund-supported arrangements rather than the RCF. The Executive Board has already endorsed the view that a temporary increase in the limit on annual access to the PRGT by 50 percent of quota during the pandemic period does not raise prudential concerns that cannot be addressed via the regular review process.

³ Expiration of the acceleration of Board procedures for considering emergency financing requests does not impair the potential flexibility of the Fund's response to such requests because the Executive Director has the option of requesting a shortened circulation period, a request that is typically accepted by other Directors.