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Considerations for the Comprehensive Review of Access Limits

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CONISDERATIONS FOR THE COMPREHENSIVE REVIEW OF ACCESS LIMITS

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- The **Staff Report** prepared by IMF staff and completed on November 14, 2024

Informal Session to Engage:

The report prepared by IMF staff has benefited from comments and suggestions by Executive Directors following the informal session on Tuesday, November 26, 2024. Such informal sessions are used to brief Executive Directors on policy issues and to receive feedback from them in preparation for a formal consideration at a future date. No decisions are taken at these informal sessions. The views expressed in this paper are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board.

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CONSIDERATIONS FOR THE COMPREHENSIVE REVIEW OF GRA ACCESS LIMITS

EXECUTIVE SUMMARY

This paper provides background for an informal discussion to engage with Executive Directors on the Comprehensive Review of GRA Access Limits. The General Resources Account (GRA) access limits are part of the Fund's risk management framework. They help maintain a balance between the need to: (i) ensure that members have confidence in the availability of Fund financing; and (ii) preserve liquidity and the revolving nature of the Fund's resources.

During the March 2024 Board discussion to extend the temporary increase in GRA overall annual and cumulative access limits until end-2024, Executive Directors called for a comprehensive review. Since the last comprehensive review in February 2016, there has been a notable erosion of access limits relative to macroeconomic aggregates, which was largely offset by the temporary increase in access limits in March 2023 by around 40 percent. The temporarily higher limits have been helpful in supporting countries navigate more challenging global conditions, with large shocks and heightened economic uncertainty in recent years. Staff finds that there is no strong evidence that increases in access limits have inadvertently overburdened members with senior debt or worsened their capacity to repay. Finally, the impending effectiveness of the quota increase under the 16th General Review of Quotas (GRQ) adds to the urgency of this review.

Decisions on the appropriate level of access limits involve judgment, considering erosion, evolving global conditions, available Fund resources, and necessary safeguards, among others. Elevated uncertainty in a shock-prone environment is pertinent to the calibration of access limits and risk tolerance in Fund lending. While access erosion relative to macroeconomic aggregates can help guide access limits, the determination of access limits ultimately requires striking a balance between a broad range of factors, including financing needs of members and the necessary level of safeguards. Staff considers that setting access limits at the temporarily increased levels of 200 and 600 percent of current quotas, annually and cumulatively, respectively, would strike an appropriate balance among these considerations. Staff also sees other instrument-specific limits and thresholds as broadly appropriate. A continuation of existing access policy would maintain stability and predictability by offsetting much of the erosion against macroeconomic aggregates since 2016 and by maintaining alignment with PRGT access limits.

As an alternative option, the Board could consider a modest increase in access limits relative to the temporarily higher limits to further offset the erosion since 2016, for example, by up to annual and cumulative access limits up to 225 and 675 percent of current quota, respectively, if this is seen as consistent with maintaining appropriate safeguards. However, this alternative would result in GRA and PRGT overall access levels no longer being aligned and would complicate implementation and communication.

Pending the conclusion of the comprehensive review, the paper also outlines proposals related to the expiration of temporary access limits at end-2024 and to the effectiveness of the 16th GRQ quota increase. Addressing these transitional issues would ensure the stability of access limits until the comprehensive review. If Directors support these proposals, staff proposes to circulate decisions for the Board's consideration and approval before end-2024 on a lapse-of-time basis after this informal discussion. Illustrative decisions are appended to this paper.

- **An extension of the current temporary access limits until the comprehensive review would prevent "seesawing" in access limits**. With the review expected to be concluded in early 2025, i.e., after the current temporary access limits expire at end-2024, access limits in nominal terms would—absent such extension—drop sharply at end-2024 and potentially be increased again when the review is completed. Such fluctuations would undermine the stability and predictability of access policy, with potentially adverse consequences for Fund-supported programs. Staff, therefore, proposes adoption of a Board decision to maintain overall GRA access limits at 200 and 600 percent of quota, until the Executive Board completes the Comprehensive Review of GRA Access Limits.

- **Maintaining access limits and quota-based thresholds in nominal terms when the quota increase under the 16th GRQ becomes effective would also ensure stability of access limits and clarity for Fund-supported programs**. Unless the Board decides otherwise, access limits and quota-based thresholds will increase by 50 percent in nominal terms upon the effectiveness of the 16th GRQ quota increase. This would inadvertently relax safeguards. Hence, staff proposes that overall GRA access limits, instrument-specific limits, quota-based thresholds, and the RST quota-based limits be divided by 1.5 (that is, reduced by one-third) when the general effectiveness conditions for the 16th GRQ quota increases are met—similar to the approach in the recent Review of Charges and the Surcharge Policy and the Review of the PRGT Facilities and Financing.

Approved By
Ceyla Pazarbasioglu (SPR), Bernard Lauwers (FIN), and Yan Liu (LEG)

Prepared by the Strategy, Policy and Review, Finance, and Legal Departments. The team was led by Martin Cihak (SPR), Lucy Qian Liu and Carlo Sdralevich (FIN), and Gabriela Rosenberg (LEG). It comprised Alexander Culiuc, Alex Grohovsky, Yuko Hashimoto, La-Bhus Fah Jirasavetakul (SPR); Jacques Bouhga-Hagbe, Charlotte Lundgren, Carlos Peláez Gómez, Eyno Rots (FIN); and Stephanie Fontana-Raina and Gomiluk Otokwala (LEG). The paper was prepared under the overall guidance of Rishi Goyal (SPR), Zuzana Murgasova (FIN), and Bernhard Steinki (LEG). Research assistance was provided by Juliana Dueñas Villabona, Salvador Traettino (SPR); and Ryan Yang (FIN). Administrative assistance provided by Merceditas San Pedro-Pribram and Ryan Tonra (SPR).

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Glossary

BoP	Balance of Payments
AAL	Annual Access Limit
CAL	Cumulative Access Limit
CtR	Capacity to Repay
EA	Exceptional Access
EFF	Extended Fund Facility
EF	Emergency Financing
EFN	External Financing Needs
EMDEs	Emerging Markets and Developing Economies
FCC	Forward Commitment Capacity
FCL	Flexible Credit Line
FSW	Food Shock Window
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GRA	General Resources Account
GRQ	General Review of Quotas
LICs	Low-income countries
LND	Large Natural Disaster
NAB	New Arrangements to Borrow
PFAs	Post Financing Assessments
PLL	Precautionary Liquidity Line
PRGT	Poverty Reduction and Growth Trust
RFI	Rapid Financing Instrument
SBA	Stand-By Agreement
SDR	Special Drawing Rights
SLL	Short-Term Liquidity Line
UCT	Upper-Credit Tranche
UFR	Use of Fund Resources

INTRODUCTION

1. **This paper provides background for an informal session to engage with Executive Directors on the Comprehensive Review of General Resources Account (GRA) Access Limits.** GRA access limits—set in percent of members' quotas—are a key element of the Fund's risk management framework, aimed at balancing the need to provide confidence to the membership regarding the availability of Fund financing with the need to preserve liquidity and the revolving character of Fund resources. During the March 2024 discussion to extend temporarily higher overall GRA access limits, originally raised in March 2023, Directors called for a comprehensive review.[1]

2. **The comprehensive review of GRA access limits is timely.** The last comprehensive review of GRA access limits took place in February 2016, with nearly 9 years since then—longer than between previous access limits reviews[2]—translating into significant erosion in access limits relative to macroeconomic aggregates. The high economic uncertainty associated with the shock-prone environment is also pertinent for the calibration of demand for Fund financing and evaluation of access limits. The pending effectiveness of the quota increases under the 16th General Review of Quotas (GRQ)[3] adds urgency to the completion of the review; without a review, all limits would automatically increase by 50 percent in SDR terms when the quota increase becomes effective.

3. **Staff seeks Directors' guidance on the overall GRA access limits, other instrument-specific limits, and quota-based thresholds.** The review aims to assess access limits considering their erosion in SDR terms against key macroeconomic aggregates since 2016, changes to the global economic environment, and necessary safeguards for the Fund's resources. The review revisits not only overall (annual and cumulative) GRA access limits, but also instrument-specific limits (e.g., precautionary instruments[4]), as well as other quota-based thresholds used in select use of Fund resources (UFR)-related safeguards and in determining Article IV consultation cycles.

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[1] In the March 2024 Board discussion, "Directors looked forward to the comprehensive review of access limits planned for late-2024" and "emphasized that the review should be holistic" (see The Acting Chair's Summing Up – Extension of Temporary Increase in Normal Access Limits under the General Resources Account (SU/24/33)).

[2] In the 2016 Review, staff proposed the next review to take place in early 2021, consistent with the standard 5-year review period. However, this did not occur owing to the pandemic and the 2020 temporary increase in access limits (see Box 1).

[3] In December 2023, the IMF's Board of Governors approved a proposal to increase quotas by 50 percent, with a deadline for members to consent to their quota increases by November 15, 2024. The deadline was subsequently extended to May 15, 2025. The general conditions for the effectiveness of any quota increases under the 16th GRQ require that the Executive Board determines that (i) members having not less than 85 percent of quotas have consented to their respective quota increases, and (ii) the New Arrangements to Borrow (NAB) participants have consented to the rollback of their NAB credit arrangements.

[4] This paper refers to the Flexible Credit Line (FCL), Short-term Liquidity Line (SLL), and Precautionary and Liquidity Line (PLL) as "precautionary instruments" given their predominant use in practice. The FCL and PLL can be used to address actual balance of payments (BoP) needs, while the Standby Arrangement (SBA) (and the Standby Credit Facility (SCF), its Poverty Reduction and Growth Trust (PRGT) equivalent) can also be used on a precautionary basis.

4. Pending the conclusion of this comprehensive review, staff proposes measures to address transitional issues associated with the expiration of the temporary limits at end-2024 and the effectiveness of the quota increase under the 16th GRQ. If Directors agree, these could be proposed for consideration and approval of the Board by end-2024 on a lapse of time basis.

- In the March 2024 discussion, several Directors recognized the merit of ensuring a smooth transition from the current temporary access limits to new permanent ones. With the comprehensive review now expected to be completed in early 2025 (i.e., after the March 2024 extension expires at end-2024), overall GRA access limits would automatically revert on January 1, 2025, to the lower limits set in 2016. This would create large swings in access limits in SDR terms that would undermine the stability and predictability of Fund lending and pose reputational and operational risks to the Fund. Hence, staff proposes to extend the current temporary access limits until the comprehensive review is completed.

- Similar to the approach taken in the recent Review of Charges and the Surcharge Policy, and the Review of the PRGT Facilities and Financing, staff also proposes that overall GRA access limits, GRA instruments-specific limits, specified safeguards-related quota-based thresholds, the quota-based RST access limit and norm, and the limit on disbursements phased at a single RSF arrangement review (in percent of current quotas)[5] be automatically divided by 1.5 to maintain their nominal SDR value when the quota increase under the 16th GRQ becomes effective. This will provide stability and clarity for the policy, and Fund financing, including under Fund-supported programs and RSF arrangements.

5. The rest of the paper is organized as follows. The following sections: (i) provide an overview of the objectives of GRA access limits and recent adjustments; (ii) examine the evolution of critical elements involved in setting access limits, such as erosion, the consequences of the evolving global economic landscape, as well as trends in actual access levels in the GRA and their function in risk management; (iii) outline a possible landing zone for overall and instrument-specific access limits in percent of the current quota; (iv) address other important considerations related to the implications of the 16th GRQ and alignment with other policies; and (v) discuss resource implications and enterprise risks. The final section presents issues for discussion.

ACCESS LIMITS POLICY

6. Access limits aim to provide members with confidence about the possible scale of financing that the Fund is prepared to provide in support of their adjustment efforts, while safeguarding Fund resources and preserving their revolving character. In an individual arrangement, the decision on access is guided by the member's balance of payments (BoP) need, its

[5] Current quotas are Fund quotas that have been in place since the effectiveness of the 14th GRQ.

capacity to repay the Fund, the strength of its adjustment program, the amount of its outstanding Fund credit, and the track record of past use of Fund resources.[6]

7. There are two sets of GRA limits: *overall limits* monitoring total exposure to a member and triggering additional scrutiny if financing requests exceed such limits, and *instrument-specific limits* setting tailored caps for individual Fund financial instruments.

- **Overall limits**—comprising annual and cumulative access limits—do not impose a ceiling on access, but rather activate safeguards under the exceptional access (EA) policy, and subject Fund financing to higher scrutiny when requested annual or cumulative access exceed certain levels.[7] The *annual access limit (AAL)* is intended to give confidence to Fund members about the degree of financial support the Fund is normally prepared to provide over a 12-month period, while ensuring that members do not rely excessively on the Fund, but also draw on other sources of financing and adopt appropriate adjustment measures. It is also intended to reduce the risk that members exhaust their potential access to the Fund more rapidly than would be warranted by the nature and size of BoP needs. The *cumulative access limit* (*CAL*) helps ensure that the Fund's resources are not exhausted, so that borrowers' needs are not treated on a "first-come first-served" basis. Access limits also reduce the risk that members become unable to repay the Fund, thereby safeguarding Fund resources.

- **Specific limits** and safeguards apply to some financial instruments. These limits ensure that access provided under each instrument aligns with its objectives and provides a tailored approach to managing risks associated with different types of financial support. For instance, annual and cumulative access limits on emergency financing instruments (i.e., the Rapid Financing Instrument or RFI) are relatively modest and capped given the absence of a requirement for upper-credit tranche (UCT)-quality policies. On the other hand, limits for precautionary instruments are relatively higher given that they are subject to stringent ex ante conditionality (in addition to ex post conditionality in the case of the Precautionary Liquidity Line or PLL), allowing member countries with strong policies to secure access to Fund financing.[8] FCL access is not subject to a cap (although there is an expectation of articulating exit strategies for access above 200 percent of quota), while the PLL and Short-term Liquidity Line (SLL) have instrument-specific caps.

8. Access limits are reviewed periodically, with the last comprehensive review in February 2016, and often follow GRQs or in response to global developments (Box 1). The 2016

[6] See Box 2, 2016 Review and Operational Guidance Note on Program Design and Conditionality (2024).

[7] In addition, the thresholds for the application of policy safeguards for high combined GRA and PRGT credit are set at the same level as the GRA overall annual and cumulative access limits (see Policy Safeguards for Countries Seeking Access to Fund Financial Support That Would Lead to High Levels of Combined GRA-PRGT Exposure (2020)).

[8] Access under the SLL is currently capped at 200 percent of quota, as it is designed to cover only *moderate* potential short-term BoP needs.

comprehensive review—which set the AAL/CAL at 145/435[9]—took place after the effectiveness of the 14th GRQ. Since then, there have been several adjustments to both overall and instrument-specific limits in the face of economic challenges, starting with COVID-19. The 2023 temporary increase in overall limits to 200/600—expiring at end-2024—aimed to assist the membership in the context of heightened uncertainty and weaker conditions in the global economy. There were also changes and reviews in recent years to access limits under emergency financing[10] and precautionary instruments.[11,12]

9. This review also covers several quota-based thresholds relevant for safeguards under UFR-related policies and for Article IV Consultation Cycles. These include: (i) the *assessment requirement for FCL liquidity impact*: a staff note assessing the impact of the arrangement on Fund liquidity is required at the time of a request if the proposed access exceeds 575 percent of quota or SDR 10 billion, whichever is lower;[13] (ii) *Post Financing Assessment (PFA)*: countries that do not have a Fund-supported program or a Staff Monitored Program (SMP), and that have outstanding credit from the GRA, the PRGT, or the Resilience and Sustainability Trust (RST) (or from a combination of these) above 200 percent of quota or above specified absolute amounts are expected to engage in PFA discussions with the Fund; and (iii) *Article IV Consultation Cycles*: countries that have outstanding credit to the Fund above 145 percent of the member's quota may not be placed on an extended Article IV consultation cycle.[14]

[9] Hereinafter, "145/435" (and similar) is used as shorthand for "AAL at 145 and CAL at 435 percent of current quota".

[10] The Rapid Financing Instrument (RFI) was established in 2011, and in 2017 the Executive Board approved a Large Natural Disaster (LND) window under the RFI. The annual and cumulative access limits under the RFI went through several changes. To respond to the Covid-19 Pandemic, the temporary increases in access limits for the RFI regular window were initially approved in April 2020 and later extended through end-2021. The temporary access limits increases under the RFI's LND window were introduced in June 2021. With further extensions, the RFI regular and LND windows access limits were set at 100/150 and 130/180.33 percent of quota, respectively, (with additional 25 percent in the cumulative limits if the Food Shock Window (FSW) was used) until end-June 2024, which then reverted to the pre-pandemic levels of 50/100 (regular) and 80/133.33 (LND) percent of quota (with additional 25 percent in the cumulative limits if the FSW was used).

[11] At the October 2023 Board meeting of the Review of the Flexible Credit Line (FCL), Short-Term Liquidity Line (SLL), and Precautionary and Liquidity Line (PLL), several reform proposals were approved, including (i) reinforcing safeguards and ensuring a robust qualification framework for the FCL, SLL and PLL, (ii) raising the SLL and PLL access limits and introducing explicit provisions on concurrent use of FCL and SLL, and (iii) not requiring low-access, precautionary FCL users to articulate an exit strategy.

[12] At the 2023 Review of the FCL, SLL, and PLL, which raised the SLL and PLL limits and established a threshold for FCLs without articulation of exit expectations, Directors had agreed to review these limits again in this review.

[13] 2017 Review of FCL and PLL and Proposals for Toolkit Reform—Revised Proposals, ¶12.

[14] See Section VI of the Guidance Note for Surveillance Under Article IV Consultations and Decision on Article IV Consultation Cycles (Decision No. 14747-(10/96)) as amended.

Box 1. Overall GRA Access Limits: Past Reviews and Recent Temporary Modifications

Access limits are reviewed periodically. In the 1980s, upon the effectiveness of quota increases agreed at the 7th and 8th GRQs, the annual and cumulative access limits were gradually reduced in percent of quotas to prevent their sharp increase in SDR terms.[1/] In 1994, after the increase in quotas agreed under the 9th GRQ became effective,[2/] annual access limits were raised temporarily to partially correct their erosion relative to GDP and trade. The temporary increase in access limits was retained following the increase in quotas agreed at the 1999 11th GRQ, leading to their increase in absolute terms. The reviews of access limits in 2003, 2005, and 2008 did not result in changes, and annual and cumulative access limits remained at 100 and 300 percent of quota, respectively, between 1994 and 2008.

Access limits were doubled in percent of quota in the 2009 ad-hoc review, amid the Global Financial Crisis (GFC), and the increase was sustained until 2016, when the quota increase under the 14th GRQ became effective.[3/] GRA annual access limits were increased to 200 percent of quota and cumulative access limits to 600 percent of quota to address the erosion of access limits relative to global trade and capital flows since the 1999 quota increase and in anticipation of a quota increase under the 14th GRQ.

The most recent comprehensive review of access limits in 2016 resulted in an increase of access in SDR terms upon the 2016 effectiveness of the 14th GRQ increase approved back in 2010.[4/] The 2016 review sought to attenuate the erosion of absolute access limits that had taken place since the 2009 review. While access limits were lowered in terms of quota (which were doubled in aggregate) relative to the then 200/600 percent of quota levels in effect at the time, they were raised by 45 percent in SDR terms on average (i.e., to 145/435 percent of quota).

More recently, GRA access limits were raised—for a limited period—in response to COVID-19 and the subsequent heightened uncertainty surrounding the global economic landscape. The COVID-19 shock led numerous member countries to request substantial emergency financing assistance. In July 2020, the AAL was temporarily raised from 145 to 245 percent of quota, initially for 12 months, but the increase was then extended to end-2021, given the persistence of the pandemic. No change was made during that time to the cumulative GRA access limit.[5/] In March 2023, the AAL and CAL were increased to 200 and 600 percent of quota, respectively, initially for 12 months, and the increase was extended in March 2024 to end-2024, owing to the persistently challenging and uncertain prospects faced by member countries.

1/ Table 1, Review of Limits on Access to Financing in the Credit Tranches and Under the extended Fund Facility, and Overall Access Limits Under the General Resources Account, September 2008.

2/ The 9th GRQ was approved in July 1990 and became effective in November 1992.

3/ GRA Lending Toolkit and Conditionality—Reform Proposals, March 2009.

4/ Review of Access Limits and Surcharge Polices, January 2016.

5/ RFI specific annual and cumulative access limits—both the regular window and the large natural disaster (LND) window—were also increased at the onset of the Covid-19 pandemic, which reverted to the levels of pre-Covid in June 2024.

FACTORS INFORMING THE CALIBRATION OF ACCESS LIMITS

10. Calibration of overall access limits is informed by their erosion and implications of the global economic environment against their risk management role and UFR-related trends. With access limits being set as a percentage of the member's quota, erosion in the real value of access limits de facto translates to reduced risk tolerance by the Fund, as the EA framework is triggered at lower levels of Fund exposure relative to macroeconomic aggregates. In the March 2024 Board discussion, several Directors asked for additional analysis beyond erosion considerations. Specifically, there was a call to investigate whether a potential relaxation of the Fund's risk tolerance, linked to past increases in access limits, could have inadvertently resulted in countries being overburdened with senior or non-restructurable debt, or facing challenges in meeting their repurchase obligations to the Fund. As discussed below, staff does not find this to have been the case. The following subsections examine erosion considerations as well as these related issues.

A. Erosion of Access Limits

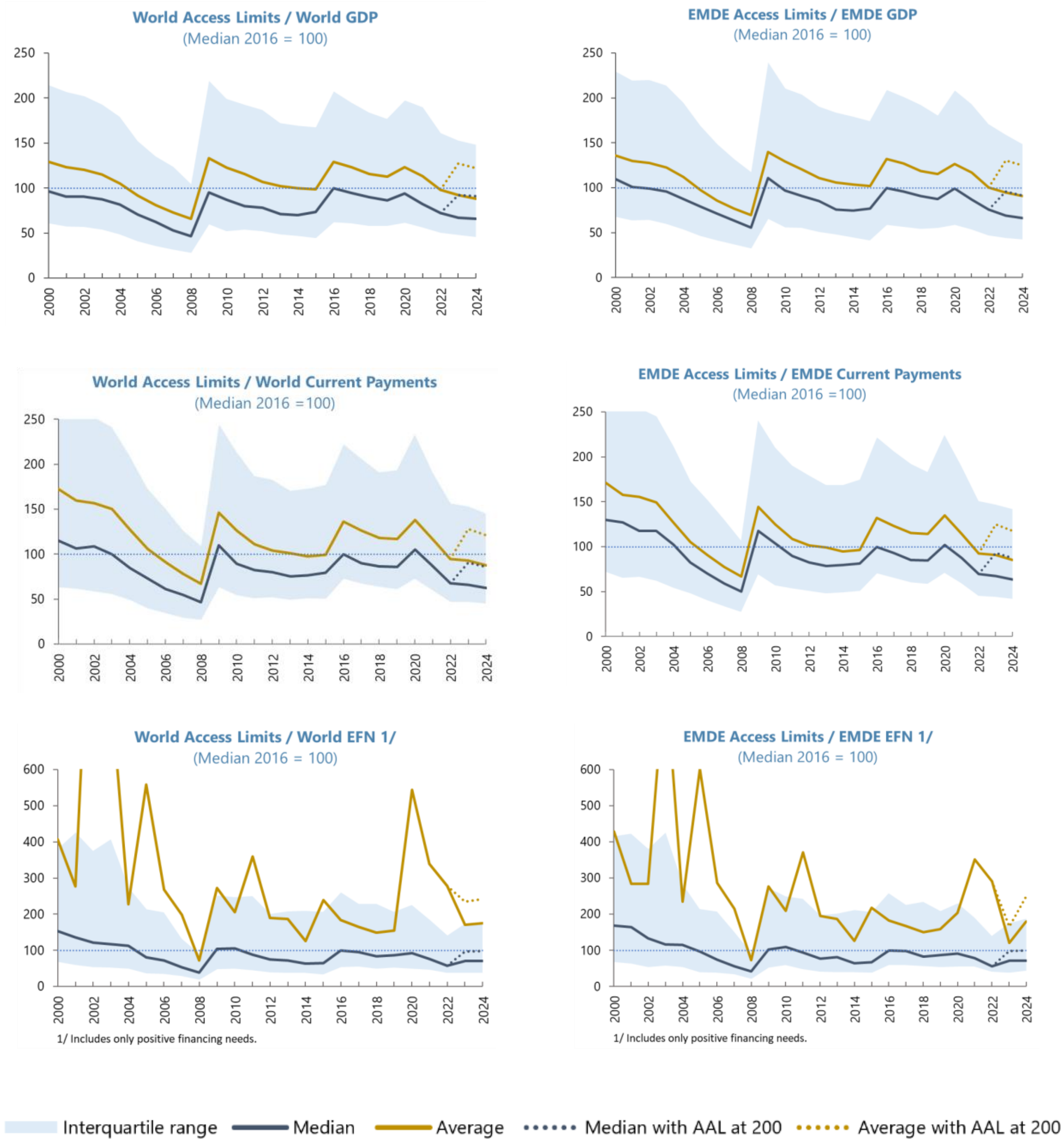
11. Erosion of access limits has been large regardless of whether it is measured from the last comprehensive review of access in 2016 or over a longer horizon. Access limits in nominal terms have eroded markedly, by about one-third, when assessed against various global and country-group macroeconomic metrics since the February 2016 review (Figure 1). This erosion is also evident when analyzed relative to the access limits approved in past reviews, particularly over the past two decades (Table 1). Annex I covers the underlying methodology and detailed results, including an overview of erosion over a longer horizon.

Table 1. AAL/CAL to Offset 2016–24 Erosion
(In percent of current quota, calculated using various country coverages, metrics, and methodologies)

	Using **Median** erosion	Using **Aggregate** erosion
World		
GDP	223 / 668	217 / 652
Current Payments	239 / 718	234 / 702
Capital Inflows	227 / 682	201 / 603
External Financing Needs	204 / 612	223 / 669
Median across metrics	*225 / 675*	*220 / 661*
EMDEs		
GDP	224 / 672	230 / 691
Current Payments	240 / 721	247 / 741
Capital Inflows	233 / 699	214 / 642
External Financing Needs	199 / 598	207 / 620
Median across metrics	*229 / 686*	*222 / 667*

Figure 1. Evolution of GRA Access Limits Against Select Economic Indicators

Against World Economic Indicators | **Against EMDE Economic Indicators**



Source: IMF WEO; IFS; and IMF staff calculations.

1/ EFN = total external financing needs of past borrowers from the Fund, defined as members that have had GRA arrangements and outright disbursements since 1990, for which data are available. Includes only positive financing needs / capital inflows.

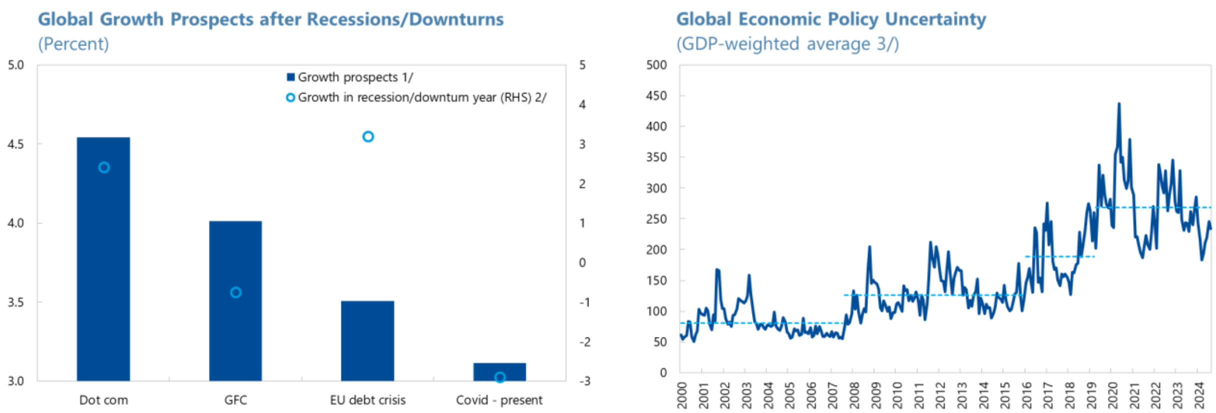
B. Changing Global Economic Environment

12. A low-growth and shock-prone environment also warrants re-evaluating access limits. Following the recent extraordinary shocks, medium-term global growth prospects are the weakest in decades and global economic policy uncertainty is very high (Figure 2). While the transition to an environment fraught with heightened uncertainty and shocks calls for bolstering policy buffers, low global growth and high global uncertainty also call for a Global Financial Safety Net that provides the necessary liquidity to members to mitigate the impacts of global shocks and facilitate orderly adjustment. The latter includes adequately adjusting access limits for erosion, so that safeguards for Fund financing are not overly tightened (i.e., the EA framework is not triggered too frequently). This is supported by staff's finding of no clear evidence that increases in access limits have overburdened members with senior debt or worsened their capacity to repay (next subsection).

Figure 2. Economic Challenges in the Post-Pandemic Era

Medium-term global growth prospects have become weaker than in the past...

...and global economic policy uncertainty remains notably elevated.



Source: Bloomberg; An Index of Global Economic Policy Uncertainty (Davis, 2016); IMF WEO; and IMF staff calculations.

1/ Growth prospects refer to the average annual growth over the medium term (five years) since the recession or downturn year of a specific period. For the "Covid-present" period, this refers to the average annual growth anticipated over the medium term.

2/ Growth in recession or downturn year refers to the growth that occurred in a technical recession year (defined by two consecutive quarters of economic growth) or in the year when economic activity reached its lowest point.

3/ Global economic policy uncertainty is calculated as the (PPP-adjusted) GDP-weighted average of monthly EPU index values for select 21 economies (accounting for about 71 percent of global output on a PPP-adjusted basis). Country-specific indices are normalized to a mean of 100 from 1997 to 2015.

C. Use and Availability of GRA Resources: Fund's Liquidity and Credit Developments

13. Demand for GRA resources has been strong against the backdrop of unparalleled shocks and heightened uncertainty. Following a period of relative stability during 2017–19, the need for emergency financial assistance surged during the COVID-19 pandemic. This surge was followed by a shift toward requests for GRA arrangements in support of UCT programs, particularly Extended Fund Facility (EFF) arrangements, aimed at addressing BoP problems of a structural nature, including those that emerged from the pandemic and conflicts. As of 2024:Q3, there were 38 active GRA arrangements, comparable to the peak in 2010 (Figure 3). Median access to GRA resources has been at around 250 percent of quota for normal access arrangements in recent years, equivalent to approximately SDR 1.1 billion.

14. As a result of sustained demand, the *nominal* level of GRA credit outstanding remains at near historical peaks. Nominal GRA credit outstanding saw a significant increase, hovering around SDR 90 billion since end-2022. As of 2024:Q3, out of 52 members with GRA credit outstanding, two members were under current EA arrangements, while six members had less than 200 percent of their quota available for further financing from the Fund without surpassing the current CAL (Figure 4). Without the temporary increase during 2023–24, four members would have been subject to the EA policy under their current arrangements.[15]

15. Despite recent increases in the nominal level, GRA lending relative to the Fund's resources remains well below historical peaks while the Fund's financial buffers have increased. Relative to the Fund's lending capacity (Figure 5), credit outstanding (11½ percent at end-September 2024) is well below the 1998 peak (55 percent) and GFC (19 percent) owing to the expansion of the Fund's borrowed resources since the GFC.[16] Commitments are also much lower than previous peaks as a share of quota resources alone owing to the doubling of quotas that became effective in 2016 (i.e., excluding borrowed resources). Staff's analysis (Annex II) suggests that while credit risks have increased since 2016, there has been an important increase in the Fund's financial buffers (i.e., precautionary balances and burden-sharing capacity), thereby limiting the impact of residual credit risks on the Fund's balance sheet.

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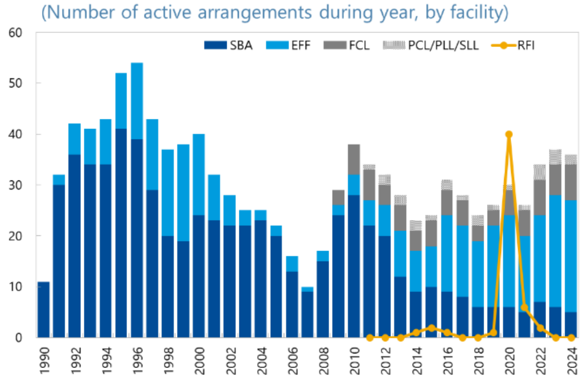
[15] Since March 2023, a few arrangements with higher access have been approved. Two countries have so far requested new arrangements or augmentations that would have exceeded previous normal access limits: Ukraine and Jordan. Two other countries, Côte d'Ivoire and Senegal, benefitted from the higher thresholds applying to high combined use of GRA and PRGT credit that adjust automatically with any changes to the overall GRA access limits.

[16] Total commitments approached their historical peaks in March 2022 (SDR 199 bn in March 2022 vs. SDR 215 bn in 2012) but have fallen since (to SDR 162.6 billion at end-September 2024). They remained moderate in relative terms at about 23½ percent of the Fund's lending capacity since the pandemic, compared to 50–60 percent in recent decades and about 80 percent in 1998.

Figure 3. Evolution of GRA Arrangements

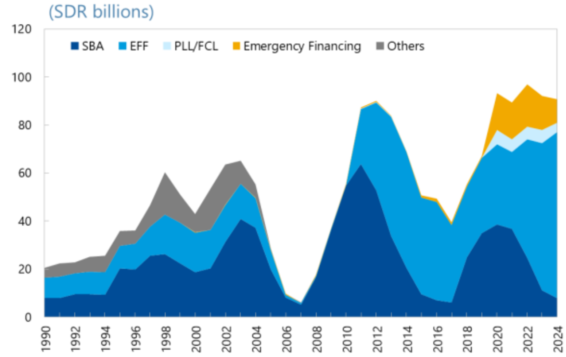
The number of GRA arrangements has been strong through recent unprecedented shocks and uncertainty…

Active GRA Arrangements and Purchases
(Number of active arrangements during year, by facility)



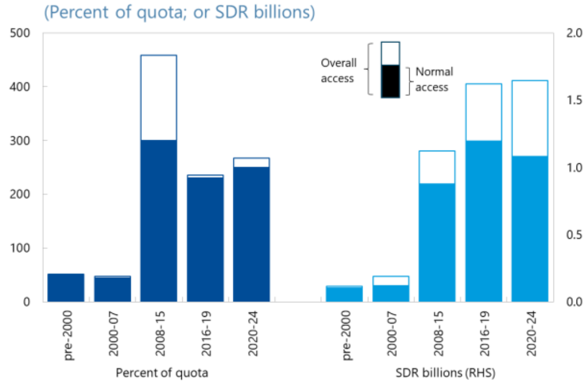
… with total outstanding Fund credit near the levels observed during the GFC.

GRA Credit Outstanding by Facility
(SDR billions)



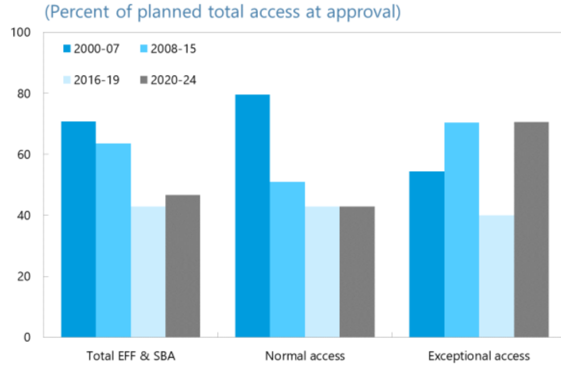
Despite being below the GFC peaks, access levels have stayed robust…

Median GRA Access Levels at Approval
(Percent of quota; or SDR billions)



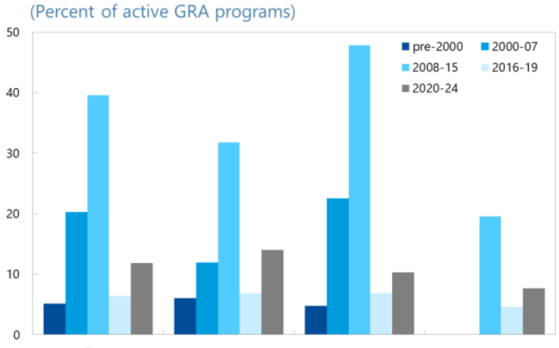
… and remained slightly frontloaded.

Median Planned GRA Access in Year 1
(Percent of planned total access at approval)



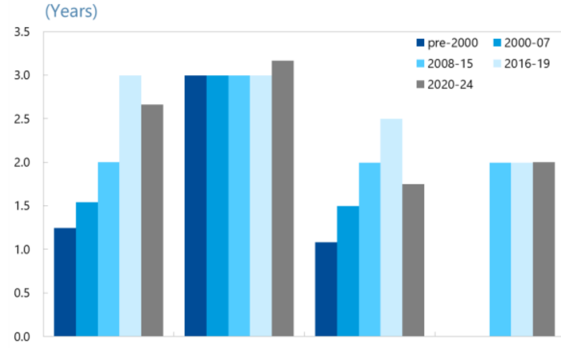
Though well below GFC levels, there has been a small recent uptick in the share of EA programs…

Share of Exceptional Access GRA Programs
(Percent of active GRA programs)



… along with some modest extension in duration, particularly among EFF arrangements.

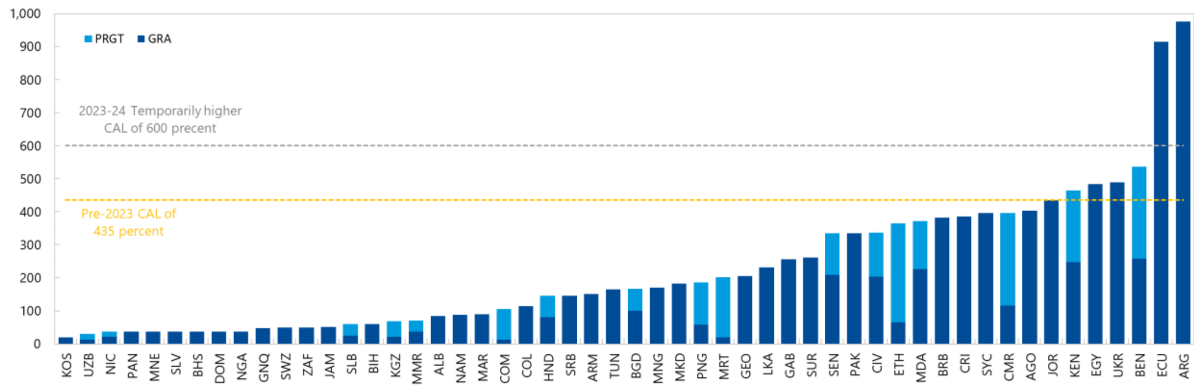
Median GRA Program Duration at Approval
(Years)



Sources: IMF Financial Data Query Tool; IMF MONA; and IMF staff calculations.
Note: Data as of end-September 2024. GRA programs include blended arrangements. The figure on planned disbursements included only non-precautionary GRA arrangements.

Figure 4. Total Credit Outstanding Relative to Cumulative Access Limits for GRA Borrowers

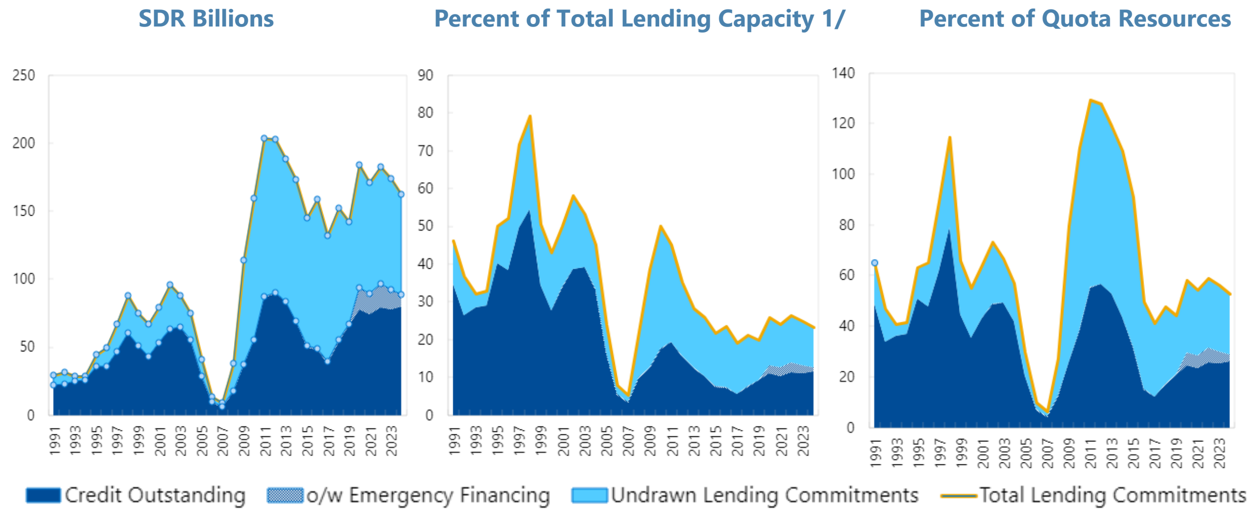
(Percent of current quota)



Source: IMF Financial Data Query Tool; and IMF staff calculations

Note: Data as of end-September 2024.

Figure 5. GRA Lending Commitments



Source: IMF Financial Data Query Tool.

Note: Data as of end-September 2024.

1/ Total lending capacity comprises quota resources and borrowed resources.

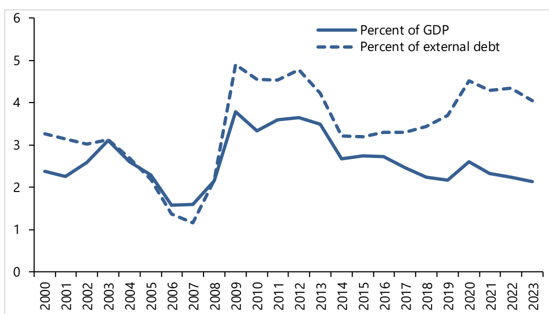
16. Fund borrowers' capacity to repay has generally remained stable, except for some large borrowers in EA arrangements, suggesting that access limits are not the key issue. Since the GFC, the total GRA credit outstanding as a share of external debt has remained relatively stable but has continued to trend downward as a share of GDP. Repayment obligations to the Fund have increased slightly, though they remain below the historical peak (Figure 6 and Annex III) and are expected to gradually wind down with declining credit outstanding. At the level of individual borrowers, an event study suggests that Fund borrowers' capacity to repay in normal access programs did not experience any major changes following the 2016 adjustments to access limits (Annex III). That said, since the pandemic, the capacity to repay of members with large exposures to the Fund has shown some deterioration, though mainly in the context of EA arrangements—where the level of normal access limits was not a relevant factor. Overall, borrowers' aggregate forward-looking capacity to repay indicators depend more broadly on the strength and success of programs and the EA framework on which parallel work is underway, including as part of the next Review of Program Design and Conditionality and the IEO's evaluation of EA policy.

17. Although the 16th GRQ will not increase the Fund's lending capacity, the increased share of quota-based resources will improve the liquidity and predictability of Fund resources. The quota increase, once in effect, will replace Bilateral Borrowing Agreements and be linked to a rollback in credit arrangements under the New Arrangements to Borrow (NAB), thereby maintaining unchanged the Fund's lending capacity. However, the improved quality of resources—quickly-mobilized (i.e., not subject to high activation thresholds) and predictable owing to the increased share of quota—will enhance the Fund's agility in responding to higher demand for Fund financing.

Figure 6. Average Capacity to Repay

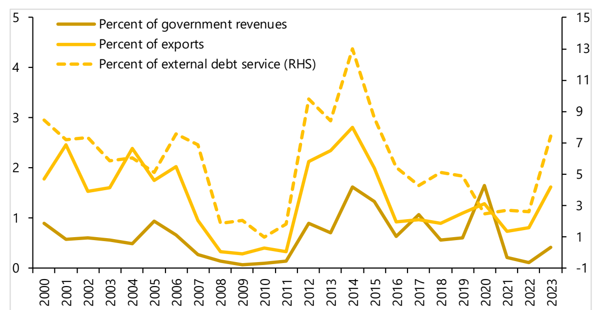
Fund lending has stabilized somewhat below the GFC level relative to external debt…

GRA Credit Outstanding
(Relative to key metrics, unweighted average)



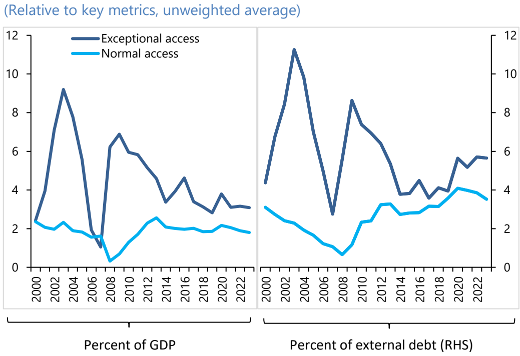
… with some modest uptick in debt service obligations in recent years, driven mostly by RFI repurchases.

GRA Repurchases and Charges
(Relative to key metrics, unweighted average)



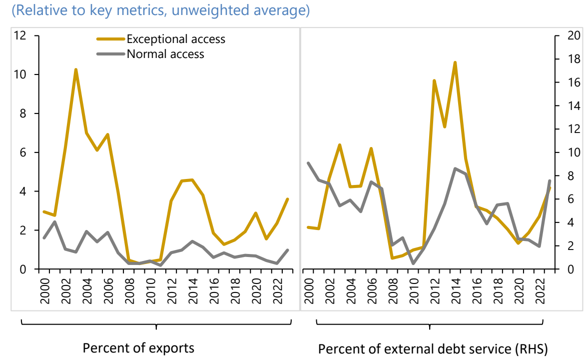
EA borrowers have recently seen a slight increase in credit outstanding to the Fund relative to external debt…

GRA Credit Outstanding
(Relative to key metrics, unweighted average)



… accompanied by an increase in debt servicing payments to the Fund.

GRA Repurchases and Charges
(Relative to key metrics, unweighted average)



Sources: IMF Financial Data Query Tool; IMF MONA; IMF WEO; and IMF staff calculations.
Note: Exceptional access (EA) coverage is defined as the period when credit outstanding from EA programs remained.

A POSSIBLE LANDING ZONE

18. A decision on access limits involves judgment, considering the lending capacity of the Fund, erosion, evolving global conditions, available Fund resources, and the necessary safeguards to protect the Fund's resources, among others.

19. Staff sees merit in making permanent the current temporarily higher overall GRA access limits and keeping unchanged the instrument-specific limits. As a continuation of existing access limits, this option maintains stability, predictability, and alignment with the PRGT overall access limits. It balances addressing erosion with maintaining appropriate risk mitigation safeguards.

- Maintaining GRA AAL/CAL at 200/600 in percent of current quota would be simple and preserve the stability of access limits. It is a 38 percent increase relative to the 145/435 set in the February 2016 review, which broadly offsets the erosion since then.
- The SLL and PLL access limits, as well as the threshold of the FCL without articulation of exit expectation, would be maintained at the levels established during the 2023 Review of the FCL, SLL, and PLL.
- The RFI access limits would also be maintained, considering that the 2019 adjustment to the RFI access limits constituted a significant proactive measure, broadly offsetting the estimated erosion during 2016–24.[17]

20. Directors could also consider raising the overall GRA access limits further, potentially up to 225/675 in percent of current quota, to further offset the erosion since 2016. This would be up to a 12.5 percent increase from current 200/600 levels. However, this alternative would result in GRA and PRGT overall access levels no longer being aligned and would complicate implementation and communication. RFI access limits could also be increased slightly to offset erosion but would create a wedge with the Rapid Credit Facility (RCF).

[17] In 2019, the RFI AAL and CAL was increased by one-third, i.e., from 37.5/75 to 50/100 percent of quota for the regular RFI; and from 60/75 to 80/133.33 percent of quota for the LND window (see The 2018-19 Review of Facilities for Low-Income Countries—Reform Proposals—Proposed Decisions).

TRANSITIONAL ARRANGEMENTS AND ALIGNMENT WITH OTHER POLICIES

A. Managing Transition from Temporary Access Limits

21. The comprehensive review is expected to be completed in early 2025, after the temporary increase in overall GRA access limits expire at end-2024. This means that, absent a Board decision otherwise, the overall access limits will fall back to 145/435 on January 1, 2025, before likely being raised at the completion of the comprehensive review. As was argued in the March 2024 paper and supported by several Executive Directors, such seesawing in overall access limits would undermine the stability and predictability of Fund lending policies and should be avoided.

22. As a precaution against potential seesawing in overall access limits, staff proposes extending the current temporary access limits until the comprehensive review is completed. Unlike the March 2023 and March 2024 decisions on temporary access limits, staff does not propose a specific calendar date for the expiration of this extension, but rather that the limits remain in effect until the Board completes the ongoing comprehensive review. Annex IV includes an illustrative Executive Board decision to implement this proposal. Staff proposes to issue this decision—subject to Directors' support—following this informal session to engage, for consideration and approval on a lapse of time basis in advance of December 31, 2024.

B. Implications of the 16th GRQ for Access Limits

23. Staff proposes dividing by 1.5 all the limits and thresholds (defined in percent of current quota) discussed in this paper, including GRA and RST limits and other quota-based thresholds, when the quota increase under the 16th GRQ becomes effective.[18,19] This approach is similar to the one endorsed by the Executive Board in the recent Review of Charges and the Surcharge Policy and the Review of PRGT Facilities and Financing. It would maintain unchanged in nominal (SDR) terms the value of the access limits and other quota-related limits and thresholds. Hence, it would avoid an uncalibrated relaxation of lending safeguards, as—absent such provisions—access limits and thresholds would increase by 50 percent in SDR terms with the effectiveness of the quota increase under the 16th GRQ. Such approach would facilitate orderly transition to the new

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[18] Specifically, this includes the overall GRA AAL and CAL; the SLL access limit; the limit for FCL arrangements free of requirements to articulate exit expectations; the cumulative cap on access under the PLL instrument and the annual limit at approval of a PLL arrangement with a duration of one to two years; the standard and exceptional limits for a 6-month PLL arrangement; and the RFI AAL and CAL (including the 25 percent RFI CAL associated with purchases under the FSW), and RST quota-based limit, the limit on disbursements phased at a single review under an RSF arrangement, and the RST access norm, as well as quota-based thresholds for the FCL liquidity impact assessments, PFA, and extended Article IV Consultation cycles.

[19] Staff would propose that the current overall GRA annual and cumulative access limits be rounded up for simplicity to 135 and 405 percent of (16th GRQ) quotas, respectively. This would align with the overall PRGT access limits following the effectiveness of the quota increase under the 16th GRQ.

limits and thresholds and enhance the predictability and stability of the Fund's lending policies. Should Directors express broad support for this proposal, staff proposes issuing a decision for the Board's consideration and approval on a lapse of time basis after this informal session to engage (Annexes V and VI provide illustrative Executive Board decisions to implement this proposal for GRA and RST, respectively).

C. Safeguards-Related Thresholds

24. Staff proposes re-aligning the requirement for the FCL liquidity impact assessment with the CAL while keeping unchanged the nominal threshold of SDR 10 billion (Table 2). The requirement for the FCL liquidity assessment impact is currently triggered when access under the arrangement exceeds the lower of 575 percent of quota or SDR 10 billion. The quota-based threshold had been aligned with the upper threshold for the commitment fee until the latter was recalibrated in the recent Review of Charges and the Surcharge Policy. Staff proposes restoring the alignment of the quota-based threshold with the upper commitment fee threshold and, therefore, with the CAL—600 percent of current quota in the staff's proposal (and up to 675 percent of current quota under the illustrative alternative). As an additional safeguard, staff proposes keeping the nominal threshold unchanged at SDR 10 billion (whereas erosion considerations would suggest raising it to around SDR 15 billion).

25. Staff also proposes maintaining other safeguards-related thresholds at conservative levels. The relevant thresholds relate to the following two policies:

- Post Financing Assessment (PFA), which is currently triggered when outstanding credit from the GRA, the PRGT, or the RST (or from a combination of these) exceeds 200 percent of quota or above SDR 1.5 billion.

- Quota-based threshold of outstanding Fund credit above which a member may not be placed on an extended Article IV consultation cycle, which is currently 145 percent of quota.

Staff recommends maintaining the nominal safeguards-related thresholds at current levels in SDR terms, thereby providing risk mitigation in a context of elevated uncertainty and increased shocks. However, for simplification and ease, the threshold on outstanding credit above which a member may not be placed on an extended Article IV consultation cycle could be rounded up to 150 percent of current quota (which would translate to 100 percent of the 16th GRQ quota).[20]

[20] Based on end-August 2024 data, the proposed slightly higher quota-based thresholds for outstanding credit, above which a member may not be placed on an extended Article IV consultation cycle, would affect only one country. Therefore, maintaining the thresholds at conservative levels is not expected to have significant resource implications arising from a potential increase in the number of Article IV consultations.

Table 2. Safeguards-Related Thresholds
(In percent of current quota, unless specified otherwise)

Thresholds	Current	Proposal	Notes
Commitment fee thresholds (lower/upper thresholds)	200/600	200/600	Unchanged
Requirement for the FCL liquidity impact assessment (CAL). Lower of:	SDR 10 billion or 575 percent	SDR 10 billion or 600 percent	Unchanged nominal threshold and alignment with the proposed CAL
PFA—Outstanding credit from the GRA, PRGT, and RST, or from a combination of these is above:	SDR 1.5 billion or 200 percent	SDR 1.5 billion or 200 percent	Unchanged
Extended Article IV cycle—outstanding Fund credit does not exceed:	145	150	Maintain simplicity after the 16th GRQ increase

RESOURCE IMPLICATIONS AND ENTERPRISE RISKS

A. Impact on Fund Resources

26. The experience with the temporary increase in access limits so far has indicated limited effect on demand for Fund resources. As discussed in the March 2024 paper,[21] the effect on demand for higher access during the temporary 200/600 limits maintained since March 2023 had been limited, as few arrangements had utilized the higher access limits.[22] Notwithstanding the ongoing risk of shocks and elevated uncertainty, this situation unfolded in a global economic context in 2023 that was slightly more positive than expected. Since then, one new arrangement and two augmentations under existing arrangements have been approved with access within normal access limits, which would have exceeded the previously established lower limits (145/435). Access levels under other approved arrangements and augmentations have been either below the limits prevailing before the March 2023 temporary increase or well above the current temporary limits (and the limits considered in this review).

[21] Extension of Temporary Increase in Normal Access Limits Under the General Resources Account (February 2024).

[22] Temporary Modifications to The Fund's Annual and Cumulative Access Limits (February 2023), Extension of Temporary Increase in Normal Access Limits Under the General Resources Account (February 2024).

B. Enterprise Risk Considerations

Risks to the Fund Without Decisions on Access Limits

27. Absent Board decisions, there are notable enterprise risks related to the expiration at end-2024 of the temporarily higher overall GRA access limits and to the effectiveness of the quota increases under the 16th GRQ. Timely completion of the Comprehensive Review and, in the interim, Board approval of decisions along the lines proposed in this paper would ensure the stability and predictability of access policy and mitigate these risks.

Business Risks

- **Absence of Board decisions on access limits.** Without any further Board decision—either by means of an extension of the current temporarily higher limits or through the completion of a comprehensive review—the temporary increase of the access limits would expire at end-2024, with limits falling from 200 and 600 percent to 145 and 435 percent of quota, respectively, in line with the 2016 review.[23] Given the sizable erosion since the 2016 increase in access limits, lack of a Board decision to adjust access limits as share of quota by end-2024 would result in an unwarranted *de facto* tightening of the IMF's risk tolerance. Lower access limits could lead to a higher incidence of EA requests, which would weaken the Fund's ability to respond swiftly to members' needs for financial assistance in the face of exogenous global shocks. (It would also imply overall access limits would be lower in the GRA than in the PRGT.) Under this scenario, a later increase in access limits at the comprehensive review would add volatility to the IMF's policy framework by generating large swings in the nominal access limits ("seesaw"). While another extension of the current temporary access limits would temporarily avoid such a scenario, lack of completion of a comprehensive review would undermine longer-term predictability and stability of Fund financing.

- **Absence of action to address the impact of the effectiveness of the 16th GRQ.** Without a Board decision to adjust access limits upon the effectiveness of the 16th GRQ quota increase to keep their values unchanged in nominal (SDR) terms, all access limits and thresholds would see a 50 percent increase in nominal terms that would result in a *de facto* sizable relaxation of the Fund's risk tolerance.

Risks to member engagement. The aforementioned business risks, should they materialize, would undermine the predictability of, and potentially members' trust in, the Fund's ability to respond to their urgent financing needs.

Strategic and reputational risks. The Fund's constrained ability to respond promptly to members' financing needs could trigger member disengagement and increased reliance on self-insurance and other sources of financing, or it may result in excessive or disorderly adjustment. A perceived lack of

[23] Review of Access Limits and Surcharge Polices (April 2016).

alignment with members' needs may also lead to criticism regarding the Fund's effectiveness in discharging its lending mandate.

Risks to the Fund

Risks to the Adequacy and Liquidity of Lending Resources

28. **Access limits are expected to have a limited impact on the Fund's liquidity.** Based on the current Forward Commitment Capacity (FCC) level, the estimated effects on demand for Fund resources would be in line with the impact of the extension of higher limits assessed in the March 2024 paper. It would be compatible with Fund staff's risk tolerance benchmarks. However, owing to the volatile economic environment and continued high risks, this assessment is subject to uncertainty and warrants continued close monitoring of liquidity and credit developments.

Credit Risk to the Fund

29. **Other things being equal, credit risks would remain broadly unchanged under staff's proposal.** In general, higher access limits mean higher thresholds for triggering enhanced scrutiny under the EA framework, which could potentially raise debt sustainability risks for some countries, especially in a shock-prone environment with diminished buffers. However, access decisions in individual financing requests will continue to be determined by rigorous assessments informed by standard access policy criteria (¶6), including the BoP need, the strength of program policies, the country's record of using Fund resources in the past, debt sustainability, and capacity to repay the Fund. Indeed, staff's analysis suggests that the 2016 review increase in access limits did not have a statistically significant impact on the overall CtR of borrowers (Annex III).

Operational Risks

30. **Operational risks from adopting and applying policy changes are limited.** Access limits have been changed in the context of several comprehensive reviews and ad-hoc Board decisions, with accumulated experience providing confidence in the successful implementation of the proposed policies. Early action would help to further mitigate any operational risks.

ISSUES FOR DISCUSSION

31. **Directors may wish to comment on the following issues:**

- How do Directors view staff's proposal to make permanent current access limits and thresholds? Do Directors agree that it strikes a good balance between addressing erosion and maintaining appropriate risk mitigation safeguards?

- Do Directors agree to extend the current temporary overall GRA access limits until the Executive Board completes the Comprehensive Review of GRA Access Limits?

Annex I. Measuring Erosion of Access Limits

This annex discusses erosion estimation methodologies across recent reviews of access limit, proposes improvements for the comprehensive review and tests robustness of the proposed approaches.

1. **Erosion vis-a-vis macroeconomic aggregates is a key factor informing the calibration of access limits.** Erosion captures the decrease in the ratio of nominal access limits (in SDR terms) to relevant nominal macroeconomic variables (also in SDR). This decrease is unavoidable given nominal growth of global output and cross-border flows stemming from inflation of SDR basket currencies, real growth in member countries, and the Balassa-Samuelson effect. [1]

2. **Estimation of erosion requires a multidimensional analysis.** There is no single approach or indicator to measuring erosion that can be unambiguously viewed as "best". That is why analysis usually presents a variety of approaches that differ across four dimensions:

- **Macroeconomic variables** in the denominator: GDP (proxy for capacity to repay) and measures of cross-border flows (proxies for potential BoP needs in a program setting);
- **Country coverage:** world, EMDEs (since they traditionally account for the bulk of IMF lending), or past users of Fund lending (a narrower proxy for potential users);
- **Aggregation:** central tendency among countries in the sample approximated either via median across countries or aggregate for the country sample; and
- **Time horizon:** starting point for the erosion calculations: only the most recent review vs. past points in time when access limits underwent significant recalibrations.

3. **Recent policy papers analyzing erosion made different choices on these parameters**. While the 2008–09 Review of Access Limits focused on evolution vis-à-vis GDP and trade, Directors called for an expanded set of metrics to judge the adequacy of access limits. The 2016 review covered erosion vis-à-vis GDP, trade, external liabilities, and external gross financing needs. The March 2023 and March 2024 papers on temporary increases in GRA access limits ("2023/24 interim reviews") used similar indicators as the 2016 review, but definitions of variables and country groups differed.

4. **For the Review, staff proposes building on the methodologies and lessons learned from past reviews.** In particular, the metrics are the same as in the 2023/24 interim reviews, country coverage is comparable to the 2016 review, and median erosion is proposed as the preferred measure of central tendency. The improvements, detailed in Annex Table 1, are motivated as follows:

- *Median erosion, the preferred measure for this Review, has advantages over aggregate erosion*. Median erosion first computes country-level erosions between start and end years, and then

[1] Fast-growing countries tend to experience equilibrium real appreciation, raising their SDR-denominated output.

takes the median across the sample. This reflects the erosion experienced by the representative member, which is a relevant measure of central tendency for the purpose of calibrating access limits and other quota-based thresholds.[2] By comparison, aggregate erosion (2016 and 2023/24 interim reviews) is computed by summing up both the numerator (access limit in SDRs) and denominator (metric, e.g., GDP) across countries, and then computing erosion of this aggregate ratio between the start and end years. Countries are implicitly weighted according to their share in the respective aggregate (e.g., in world GDP). This approach biases estimates of erosion towards large economies (which, based on historical trends, are less likely to enter Fund-supported programs).[3] Staff therefore propose focusing on median erosion as a preferred measure in this comprehensive review. Nonetheless, for continuity and comparability, staff complements erosion estimates computed using the median erosion with those based on aggregate erosion.

- *The increased consistency of country groupings across metrics allows for more meaningful comparisons across metrics*. Unlike the 2023/24 interim reviews, this Review no longer constrains the analysis for the external financing needs metric to the subset of countries that had at least one drawing IMF arrangement since 1990. At the same time, results across *all* metrics for program-only countries are presented for completeness.

- *The end point for analyzing erosion is updated to 2024*. It was 2023 in the 2023/24 interim reviews. The updated end point reflects that the Review is expected to be completed in early 2025, allowing incorporating more accurate 2024 forecasts from the October 2024 WEO round.

[2] For certain purposes, aggregate-based metrics are more appropriate (e.g., size of the Fund calibration).

[3] The 2023/24 interim review papers did not address the bias toward large countries inherent to the aggregate approach. The 2016 Review partly addressed for the EMDE subsample by excluding China and India. In hindsight, the exclusion of two (not more or fewer) EMDEs is difficult to anchor.

Annex I. Table 1. Erosion Estimation Methodologies Across Recent Reviews

(Differences between the 2025 Comprehensive and 2023/24 Interim Reviews highlighted in blue)

Parameter	2016 Review	2023/24 Interim Reviews	2025 Review
Time period	2009–2015	2015–2023	2016–2024
Economic concepts and metric used as proxy			
Capacity to repay	GDP	GDP	GDP
Current account BoP needs	Trade = Exports + Imports	Current payments = Imports of goods and services + Primary income debit + Secondary income debit	Current payments = Imports of goods and services + Primary income debit + Secondary income debit
Capital account BoP needs	Non-FDI External Liabilities	Capital flows = FDI + Portfolio liabilities + Other investment liabilities	Capital flows = FDI + Portfolio liabilities + Other investment liabilities
Aggregate BoP needs	External financing needs (EFN) = – Current account balance + Amortization falling due in the next 12 months	External financing needs = – Current account balance + Amortization – Change in reserves[1]	External financing needs = – Current account balance + Amortization – Change in reserves[1]
Country coverage			
Broadest coverage	All IMF members (World) with restriction for EFN: only countries with positive values	All IMF members (World) with restrictions: ▪ For capital flows and EFN: only countries with positive values ▪ Additionally for EFN: program countries[2]	▪ All IMF members (World) with restrictions for capital flows and EFN: only countries with positive values. ▪ Program countries[2]
Proxy for likely borrowers	EMDEs excluding India & China, with restriction for EFN: only countries with positive values	All EMDEs, with restrictions: ▪ For capital flows and EFN: only EMDEs with positive values ▪ Additionally for EFN only: program countries[2]	▪ All EMDEs, with restrictions for capital flows and EFN: only EMDEs with positive values ▪ Program EMDEs[2] with same restrictions ▪ EMDEs excluding India & China with same restrictions (for improved comparability with 2016 Review)
Central tendency	Erosion of aggregate for country sample[3]	Erosion of aggregate for country sample	▪ Median erosion within country sample[4] (preferred measure) ▪ Erosion of aggregate for country sample (for comparability)

[1] Change in reserves is subtracted from EFN only for low-reserves countries. These are defined as countries with reserves covering less than 100 percent of short-term external debt on remaining maturity basis.
[2] Program countries are countries that had at least one purchase under a GRA arrangement since 1990.
[3] Erosion of aggregate access limits in relation to aggregate macroeconomic indicators.
[4] Median of erosions observed in country sample.

Annex I. Table 2a. Estimates of 2016–24 Erosion: Main Results and Robustness Checks
(Using an AAL of **145** percent of quota for 2024)

	Median erosion			**Aggregate** erosion		
	2016-2024 Access limits erosion, percent (using 145 for 2024 AAL)	Increase needed to offset erosion, percent (145 as base AAL)	Implied AAL, percent of quota	2016-2024 Access limits erosion, percent (using 145 for 2024 AAL)	Increase needed to offset erosion, percent (145 as base AAL)	Implied AAL, percent of quota
World						
GDP	34.9	53.5	223	33.3	50.0	217
Current Payments	39.4	65.0	239	38.0	61.3	234
Capital Inflows	36.2	56.9	227	27.8	38.5	201
External Financing Needs	28.9	40.7	204	35.0	53.9	223
Median across metrics	*35.5*	*55.2*	*225*	*34.2*	*51.9*	*220*
Average across metrics	*34.9*	*54.0*	*223*	*33.5*	*50.9*	*219*
Std Dev across metrics	*3.8*	*8.7*	*13*	*3.7*	*8.2*	*12*
EMDEs						
GDP	35.2	54.4	224	37.1	58.9	230
Current Payments	39.7	65.7	240	41.3	70.3	247
Capital Inflows	37.7	60.6	233	32.3	47.7	214
External Financing Needs	27.3	37.5	199	29.8	42.4	207
Median across metrics	*36.5*	*57.5*	*228*	*34.7*	*53.3*	*222*
Average across metrics	*35.0*	*54.6*	*224*	*35.1*	*54.8*	*225*
Std Dev across metrics	*4.7*	*10.6*	*15*	*4.4*	*10.7*	*16*
World, Program countries only						
GDP	37.7	60.6	233	34.6	53.0	222
Current Payments	41.4	70.8	248	43.9	78.2	258
Capital Inflows	34.8	53.4	222	46.9	88.3	273
External Financing Needs	33.9	51.4	220	25.6	34.4	195
Median across metrics	*36.3*	*57.0*	228	*39.2*	*65.6*	240
Average across metrics	*37.0*	*59.0*	231	*37.7*	*63.4*	237
Std Dev across metrics	*2.9*	*7.6*	*11*	*8.3*	*21.1*	*31*
EMDEs, Program countries only						
GDP	35.9	55.9	226	35.4	54.7	224
Current Payments	41.1	69.9	246	42.7	74.6	253
Capital Inflows	34.8	53.4	222	43.3	76.2	256
External Financing Needs	32.9	49.1	216	24.6	32.6	192
Median across metrics	*35.3*	*54.6*	224	*39.0*	*64.7*	239
Average across metrics	*36.2*	*57.0*	228	*36.5*	*59.5*	231
Std Dev across metrics	*3.0*	*7.8*	*11*	*7.6*	*17.7*	*26*
EMDEs excl. India and China (for comparability with 2016 Review)						
GDP	35.2	54.4	224	32.9	49.0	216
Current Payments	39.6	65.7	240	39.7	65.7	240
Capital Inflows	37.7	60.6	233	34.3	52.2	221
External Financing Needs	27.0	37.0	199	22.1	28.3	186
Median across metrics	*36.5*	*57.5*	228	*33.6*	*50.6*	218
Average across metrics	*34.9*	*54.4*	224	*32.2*	*48.8*	216
Std Dev across metrics	*4.8*	*10.8*	*16*	*6.4*	*13.4*	*19*

Source: IMF WEO and IMF staff calculations.
Notes: Definitions of erosion metrics and country coverage are detailed in the last column of Annex Table 1. Within the current framework, the corresponding CAL can be obtained by tripling the AAL.

Annex I. Table 2b. Estimates of 2016–24 Erosion: Main Results and Robustness Checks

(Using an AAL of **200** percent of quota for 2024)

	Median erosion			**Aggregate** erosion		
	2016-2024 Access limits erosion, percent (using 200 for 2024 AAL)	Increase needed to offset erosion, percent (200 as base AAL)	Implied AAL, percent of quota	2016-2024 Access limits erosion, percent (using 200 for 2024 AAL)	Increase needed to offset erosion, percent (200 as base AAL)	Implied AAL, percent of quota
World						
GDP	10.1	11.3	223	8.0	8.7	217
Current Payments	16.4	19.6	239	14.5	17.0	234
Capital Inflows	12.1	13.7	227	0.4	0.4	201
External Financing Needs	2.0	2.0	204	10.3	11.5	223
Median across metrics	*11.1*	*12.5*	*225*	*9.2*	*10.1*	*220*
Average across metrics	*10.1*	*11.7*	*223*	*8.3*	*9.4*	*219*
Std Dev across metrics	*5.2*	*6.3*	*13*	*5.1*	*6.0*	*12*
EMDEs						
GDP	10.7	11.9	224	13.2	15.2	230
Current Payments	16.8	20.2	240	19.0	23.5	247
Capital Inflows	14.1	16.4	233	6.6	7.1	214
External Financing Needs	-0.3	-0.3	199	3.2	3.3	207
Median across metrics	*12.4*	*14.2*	*228*	*9.9*	*11.2*	*222*
Average across metrics	*10.3*	*12.1*	*224*	*10.5*	*12.3*	*225*
Std Dev across metrics	*6.5*	*7.7*	*15*	*6.1*	*7.8*	*16*
World, Program countries only						
GDP	14.1	16.5	233	9.8	10.9	222
Current Payments	19.2	23.8	248	22.6	29.2	258
Capital Inflows	10.1	11.2	222	26.7	36.5	273
External Financing Needs	8.9	9.8	220	-2.6	-2.6	195
Median across metrics	*12.1*	*13.8*	*228*	*16.2*	*20.0*	*240*
Average across metrics	*13.1*	*15.3*	*231*	*14.1*	*18.5*	*237*
Std Dev across metrics	*4.0*	*5.5*	*11*	*11.5*	*15.3*	*31*
EMDEs, Program countries only						
GDP	11.5	13.0	226	10.8	12.2	224
Current Payments	18.8	23.1	246	21.0	26.6	253
Capital Inflows	10.1	11.2	222	21.7	27.8	256
External Financing Needs	7.5	8.1	216	-4.1	-3.9	192
Median across metrics	*10.8*	*12.1*	*224*	*15.9*	*19.4*	*239*
Average across metrics	*12.0*	*13.9*	*228*	*12.4*	*15.7*	*231*
Std Dev across metrics	*4.2*	*5.6*	*11*	*10.4*	*12.9*	*26*
EMDEs excl. India and China (for comparability with 2016 Review)						
GDP	10.6	11.9	224	7.4	8.0	216
Current Payments	16.7	20.1	240	16.8	20.2	240
Capital Inflows	14.1	16.4	233	9.4	10.3	221
External Financing Needs	-0.7	-0.7	199	-7.5	-7.0	186
Median across metrics	*12.4*	*14.2*	*228*	*8.4*	*9.2*	*218*
Average across metrics	*10.2*	*11.9*	*224*	*6.5*	*7.9*	*216*
Std Dev across metrics	*6.7*	*7.9*	*16*	*8.8*	*9.7*	*19*

Source: IMF WEO and IMF staff calculations

Notes: Definitions of erosion metrics and country coverage are detailed in the last column of Annex Table 1. Within the current framework, the corresponding CAL can be obtained by tripling the AAL.

Annex I. Table 3. Longer Term Trends: Median Erosion Between Base Year and 2024

	Using 145 AAL for 2024			Using 200 AAL for 2024		
	1999-2024	2009-2024	**2016-2024**	1999-2024	2009-2024	2016-2024
World Access Limit to Indicators						
GDP	35.9	38.7	**34.9**	11.6	15.4	**10.1**
Current Payments	50.5	39.3	**39.4**	31.8	16.3	**16.4**
Capital Inflows	42.2	19.2	**36.2**	20.2	-11.5	**12.1**
External Financing Needs	56.5	25.7	**28.9**	40.1	-2.5	**2.0**
EMDEs Access Limit to Indicators						
GDP	43.5	42.4	**35.2**	22.1	20.5	**10.7**
Current Payments	53.9	44.6	**39.7**	36.4	23.5	**16.8**
Capital Inflows	55.8	19.6	**37.7**	39.0	-10.9	**14.1**
External Financing Needs	56.7	33.8	**27.3**	40.2	8.8	**-0.3**
Program Countries Access Limit to Indicators						
GDP	44.3	39.3	**37.7**	23.2	16.2	**14.1**
Current Payments	51.2	37.9	**41.4**	32.7	14.4	**19.2**
Capital Inflows	43.5	-5.7	**34.8**	22.1	-45.7	**10.1**
External Financing Needs	59.2	17.6	**33.9**	43.7	-13.6	**8.9**
Program EMDEs Access Limit to Indicators						
GDP	47.6	41.9	**35.9**	27.7	19.9	**11.5**
Current Payments	52.7	42.2	**41.1**	34.7	20.3	**18.8**
Capital Inflows	55.5	7.0	**34.8**	38.6	-28.2	**10.1**
External Financing Needs	59.2	22.8	**32.9**	43.7	-6.4	**7.5**
EMDEs excl. China and India Access Limit to Indicators (for comparability with 2016 Review)						
GDP	43.2	42.5	**35.2**	21.7	20.7	**10.6**
Current Payments	53.9	44.7	**39.6**	36.4	23.7	**16.7**
Capital Inflows	55.8	24.0	**37.7**	39.0	-4.8	**14.1**
External Financing Needs	56.7	33.8	**27.0**	40.3	8.8	**-0.7**

Source: IMF WEO and IMF staff calculations.
Notes: Definitions of erosion metrics and country coverage are detailed in the last column of Annex Table 1. Bolded columns correspond to the first columns in Table 2a and Table 2b respectively.

Annex II. Analysis of Changes in Credit Risks Since the 2016 Comprehensive Review of Access

1. **While measures of credit risk in the Fund's lending portfolio generally point to some weakening since 2016, they have been mitigated by an increase in financial buffers, limiting the impact on residual credit risk** (Annex Table 1).[1] As discussed in the April 2024 Review of the Adequacy of the Fund's Precautionary Balance, the weakening of credit risk indicators in recent years reflects a more challenging economic and financial landscape following the global shocks. The Fund responded to these challenges by providing strong support to the membership, including under the Rapid Financing Instrument. Consequently, total commitments increased during 2016-23, with significant expansion in actual and projected total credit outstanding and tripled exposure to the largest borrower. However, commitments under precautionary arrangements in 2023 were substantially lower than in 2016. Sovereign credit ratings signal rising stress for some borrowers, particularly the large ones, while the share of lending to countries with potential challenges in their capacity to repay the Fund (i.e., rated CCC or below) has increased substantially over the past years. At the same time, Fund's financial buffers have increased notably: precautionary balances reached the current medium-term target of SDR 25 billion by end-FY2024; and the burden sharing capacity has rapidly expanded mainly on the back of the higher SDR interest rate and the absence of arrears cases recently. All these factors have mitigated the impact on the residual credit risk.

[1] The framework follows the same analysis as in the April 2024 Review of the Adequacy of the Fund's Precautionary Balances.

Annex II. Table 1. Credit Risk Indicators and Precautionary Balances Metrics

(In billions of SDRs, end December 2023 unless otherwise indicated)

Indicators	2016	2023	Change
Risks			
Total commitments	159.0	174.0	↑
Commitments under precautionary arrangements [1/]	89.0	58.0	↓
of which FCL and PLL arrangements	86.1	56.6	↓
Credit outstanding			
Actual	49.3	92.1	↑
Projected peak [2/]	49.3	97.6	↑
Largest individual exposure			
Actual	10.1	30.4	↑
Projected peak [2/]	22.9	34.2	↑
Credit concentration			
Top 5 (in percent of total)	80.2	68.0	↓
Top 1 (in percent of total)	26.0	33.0	↑
Share of largest regional exposure in total commitments (percent)	45.9	58.7	↑
Share of largest regional exposure in total credit outstanding (percent)	55.8	48.0	↓
Share of RFI in the credit portfolio (percent)	2.4	15.4	↑
Weighted sovereign credit rating of Fund credit exposures (S&P) [3/]	12.5	15.7	↑
Weighted sovereign spreads of largest five borrowers (basis points)	480	1962	↑
Share of Fund credit to members rated CCC or lower (percent)	0.0	52.9	↑
Arrears (SDR millions)	254.1	0.0	↓
Buffers			
Precautionary balances [4/]	15.2	24.4	↑
Precautionary balances (in percent of) [4/]			
Credit outstanding	31.8	26.5	↓
Total commitments	12.1	14.0	↑
Lending capacity	2.2	3.5	↑
Burden sharing capacity (SDR millions)	30.5	1329.5	↑
Other			
Lending capacity [4/]	684.5	695.6	↑

Source: Bloomberg, Standard & Poor's, and IMF Finance Department.
1/ Undrawn balances under arrangements treated as precautionary by the authorities.
2/ Data for 2016 are actual and not projected.
3/ Sovereign credit ratings are assigned numerical scores. The weaker the rating the higher the score. A higher weighted average rating of Fund exposures reflects a deterioration in ratings.
4/ Data for 2016 as at end-Fiscal Year

Annex III. Capacity to Repay and Access Limits

This annex examines the evolution of Fund borrowers' capacity to repay (CtR) indicators over the past 15 years and analyzes the potential impact of past increases in access limits on members' CtR. Overall, borrowers' capacity to meet their debt obligations to the Fund has remained broadly stable, despite some upticks among debt service indicators in recent years. However, the CtR indicators worsened recently among large Fund borrowers, including in the context of Exceptional Access (EA) programs. An event study centered around the 2016 increase in access limits (45 percent on average in SDR terms) finds no statistically significant differences in the distribution of CtR indicators for IMF-supported normal access programs approved before and after the 2016 increase, suggesting a limited impact of access limit increases on Fund borrowers' CtR.

A. Fund Borrowers' Capacity to Repay and Recent Trends

1. Understanding the evolution of Fund borrowers' CtR within the framework of a comprehensive review of access limits is crucial for effective risk management. Accurately assessing borrowers' repayment capacities allows the Fund to calibrate its lending in a manner that minimizes the risk of incurrence of overdue obligations to the Fund. By ensuring that access decisions are in line with a member's ability to manage and repay its obligations, the Fund protects its resources, ensuring they remain available for all members in need. Moreover, by carefully considering borrowers' repayment capacities, especially those in high risk of debt distress, the Fund can help countries avoid an excessive accumulation of senior debt, which could adversely affect the borrower's financial flexibility and economic resilience, especially the scope for possible debt restructuring in unsustainable situations.

2. Assessing Fund borrowers' CtR requires analysis across multiple indicators capturing stock and flow variables. A member's ability to meet its debt service obligations to the Fund is influenced by its macroeconomic and fiscal conditions; and the use of a wide range of CtR indicators helps identify the constraints that are most binding for a member. Commonly, the analysis includes evaluating the credit outstanding to the Fund relative to a series of indicators such as GDP, international reserves, and external debt (stock indicators); as well as debt service (i.e., repurchases and charges) relative to flow variables such as exports, government revenues, and external debt service.

- *Nominal GDP* captures the amount of overall resources of the economy. A higher GDP suggests that an economy *has* more resources at its disposal to meet debt obligations.

- *Exports* provide information on the capacity of an economy to generate foreign exchange, which is particularly important for countries with significant external debt obligations. A strong export sector indicates a healthy inflow of foreign exchange, which eases the burden of external debt repayments.

- *International reserves* are crucial for maintaining the stability of a country's currency exchange rate and paying for external obligations. Adequate reserves provide a buffer against economic shocks, ensuring that a country can meet its external obligations and avoid disorderly conditions in the foreign exchange market even in times of financial distress.

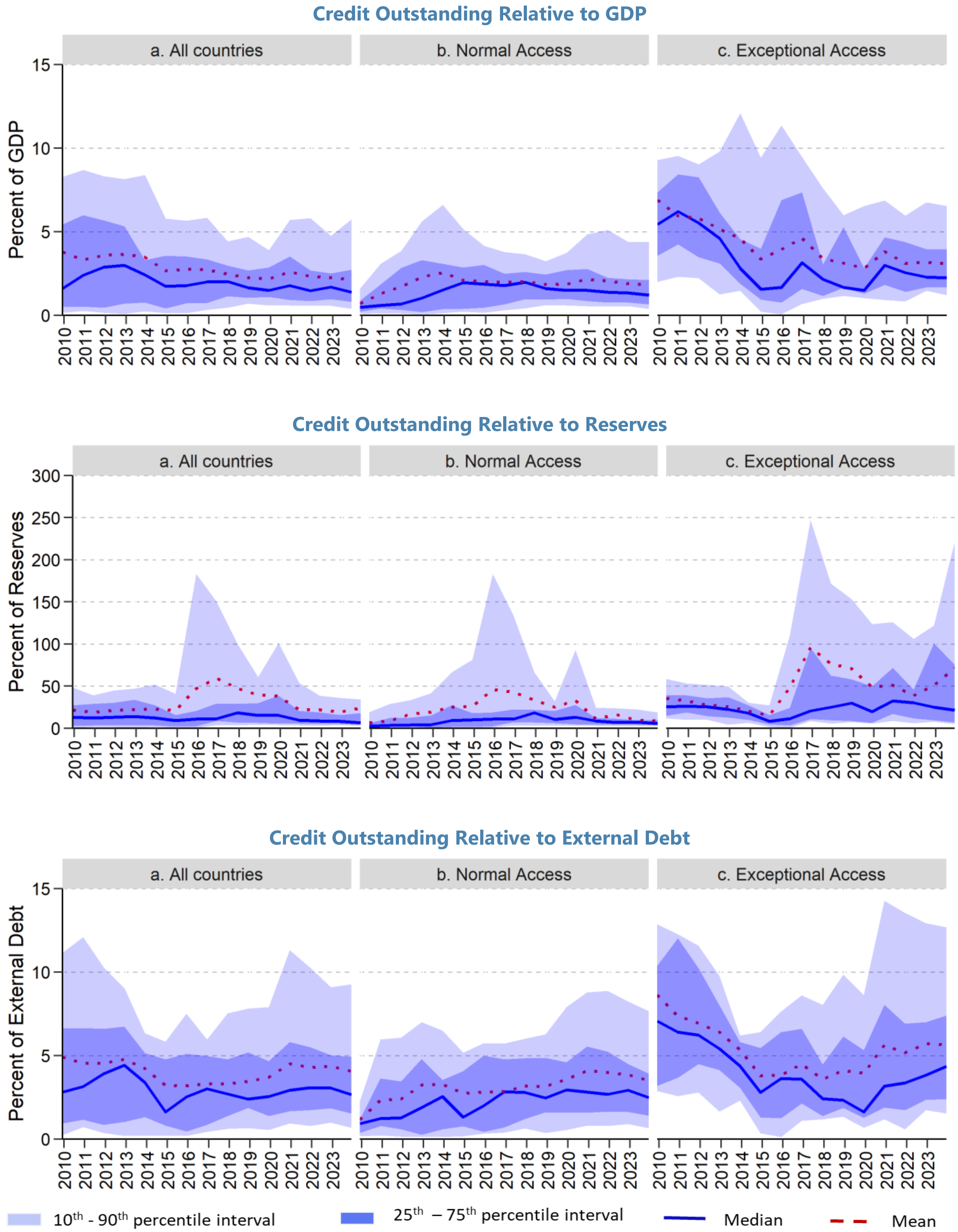
- *External Debt and external debt* service*,* when substantial, can signal potential repayment difficulties, especially if the debt is largely denominated in foreign currencies.
- *Government revenues* measure the government's ability to service its debt. This includes taxes and other income, which are essential for financing public expenditures and making debt repayments.

3. The analysis of CtR indicators should account for heterogeneity across countries. Examining the repayment capacity across various Fund borrower classifications—such as those engaged in normal access and EA arrangements—can be insightful. This approach allows for the identification of any systematic variations in the financial behavior or repayment capabilities of members engaged in larger Fund programs and those that are not, frequently distinguished by whether the program's access crosses the access limit thresholds. Incorporating both the (unweighted) average and median in the analysis can provide a more granular perspective, helping to avoid potential biases that could stem from focusing solely on aggregated data.

4. On average, most of the CtR indicators have remained stable, though credit outstanding and debt service to the Fund for large borrowers have steadily grown, in relation to key metrics (Annex III. Figure 1 and Annex III. Figure 2). Access limits, therefore, do not seem to be a relevant factor.

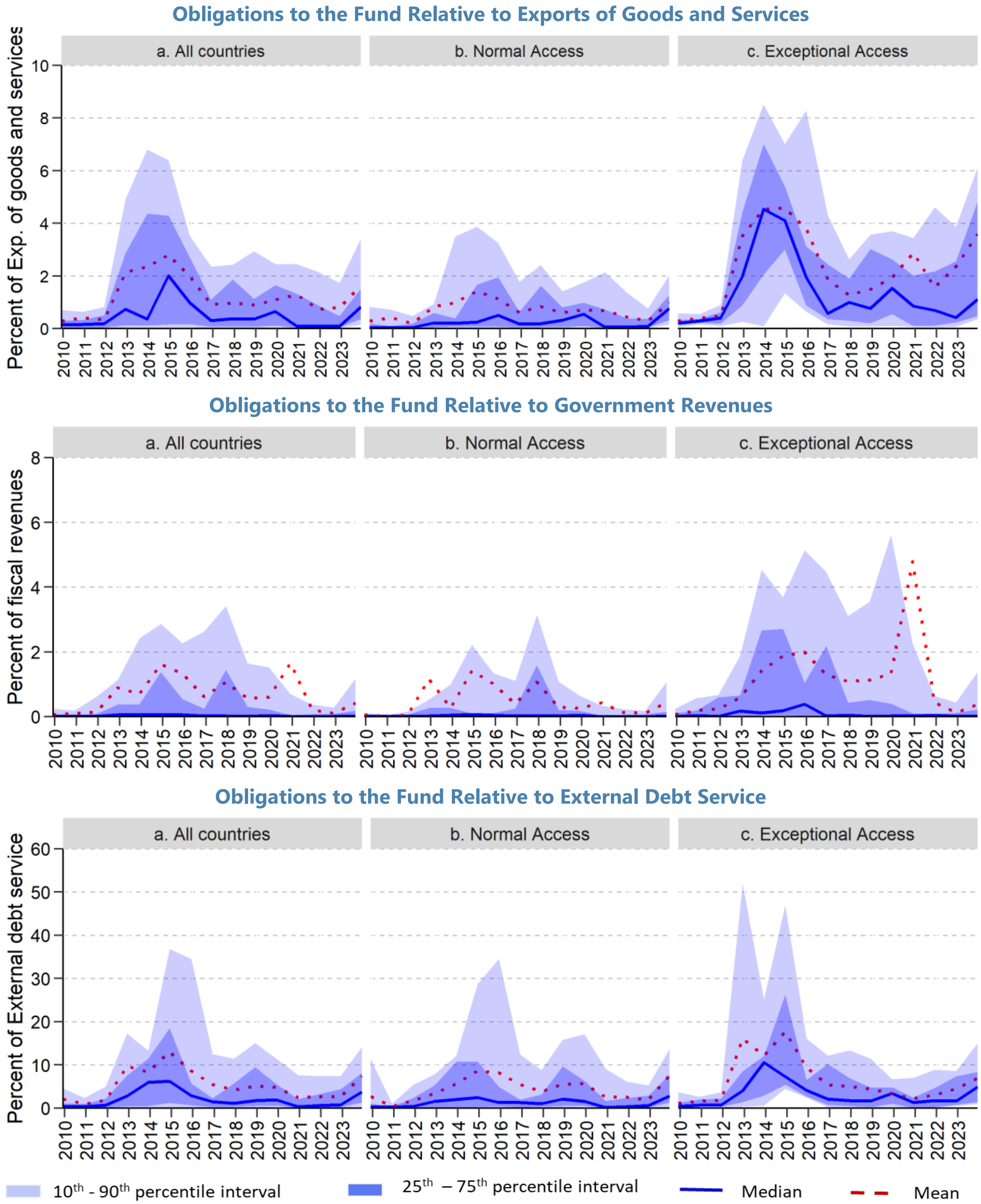
- **Stock indicators.** For most countries, credit outstanding as a share of GDP, reserves, and external debt has remained *low* and stable in recent years (first column of Annex III. Figure 1). However, there has been a notable increase in the top deciles of the distribution in recent years, indicating a disproportionate deterioration in CtR indicators for certain members, especially for credit outstanding in percent of external debt (third plot of the first column in Annex III. Figure 1). This pattern is primarily driven by large borrowers with exceptional access—thus access limits per se seem not to be the issue—for which the distribution of CtR indicators has shifted and/or skewed significantly upward (last column of Annex III. Figure 1). In contrast, the CtR indicators for normal access borrowers has remained relatively stable, with a recent decline (i.e., improvement) in the average and median CtR stock indicators (central column of Annex III. Figure 1).
- **Flow indicators.** Obligations to the Fund (GRA repurchase and charges) relative to exports, fiscal revenues, and external debt service exhibit a slight upward shift in the overall distribution of CtR flow indicators. Similar to the stock indicators, this deterioration is primarily driven by borrowers with exceptional access. Nonetheless, some deterioration is also observed, albeit to a lesser extent, for countries under normal access (Annex III. Figure 2), which could potentially be explained by the increase in the length of GRA-supported programs (¶13 and Figure 1 of the main text). Likewise, the sharp increase in global interest rates after 2021 could potentially explain part of the recent deterioration in the CtR flow indicators.

Annex III. Figure 1. Capacity to Repay Stock Indicators



Source: IMF Financial Data Query Tool; IMF MONA; IMF WEO; and IMF staff calculations.
Note: Exceptional access (EA) coverage is defined as the period when credit outstanding from EA programs remained.

Annex III. Figure 2. Capacity to Repay Flow Indicators



Source: IMF Financial Data Query Tool; IMF MONA; IMF WEO; and IMF staff calculations.
Note: Obligations to the Fund comprise GRA repurchase and GRA charges. Exceptional access (EA) coverage is defined as the period when credit outstanding from EA programs remained.

B. Capacity to Repay Evolution around Access Limits Increases—An Event Study

5. While the access level under a Fund arrangement depends on a member's BoP need and the strength of its adjustment efforts,[1] in theory an increase in the overall access limits might indirectly weaken a Fund borrower's CtR through several channels. First, higher access limits may encourage countries to take on more Fund borrowing than they would in the counterfactual, subsequently raising their overall debt and debt service burden. This places additional strain on the country's fiscal and external resources and may complicate its ability to meet obligations to the Fund. Second, greater accessibility to IMF financing could result in higher reliance on senior debt, constraining the financial agility of borrowers, particularly when debt restructuring becomes imperative. Third, higher access may foster moral hazard, diminishing the incentive for countries to maintain prudent policies and implement essential macroeconomic adjustments. This relaxation in policy discipline and delay in reforms could increase financing needs and adversely affect the country's economic potential, ultimately diminishing the capacity to generate resources necessary for fulfilling its financial commitments.

6. This possibility of an adverse impact of higher access limits on borrowers' CtR can be assessed through an event study focused on the 2016 increase. The 2016 increase in GRA access limits (henceforth, *the 2016 increase*) resulted in an average increase in access limits of 45 percent in SDR terms. It presents a unique opportunity to assess the implications of such policy change on borrowers' capacity to repay, as it was triggered by the implementation of the 14th GRQ instead of an economic shock.[2] By considering the 2016 increase as an exogenous event, the analysis can disentangle the effects of higher access limits on Fund borrowers' ability to repay from other factors such as concurrent economic conditions and policy decisions.

7. More specifically, the analysis compares the evolution of the CtR indicators, projected at the time of approval, for normal access programs approved before and after the 2016 access limit increase.[3] Given the relatively modest number of programs approved around the time of the access limit increase and to ensure a comprehensive sample size to enhance the robustness of the findings, the analysis extends its sample to cover a broader timeframe, spanning three years preceding and three years succeeding the 2016 increase. This timeframe also avoids overlap with later periods when access limits were increased on a temporary basis in response to the COVID shock. The comparison investigates the distributions and trajectory of stock and flow indicators

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[1] The decision on access to Fund resources is based on: (i) the requesting member's actual, prospective or potential BoP needs; (ii) the strength of its economic reform program and track record; (iii) the Exceptional Access framework when applicable; (iv) the amount of its outstanding use of Fund resources; (v) the liquidity position of the Fund; and (vi) its capacity to repay the Fund.

[2] Other increases in overall access limits in the past decades are linked to some economic events, such as the GFC and the Covid-19 crisis.

[3] This analysis does not account for other structural factors such as program length, which may affect CtR indicators as discussed in Section A.

indicators related to CtR (as discussed in Section A) of Fund borrowers, as projected at the time of program approval, over five years subsequent to the program approval.

8. The empirical results suggest that the increase in access limits in 2016 had limited impact on the overall CtR indictors of Fund borrowers, with limited changes observed in median CtR indicators before and after the 2016 increase (Annex III. Figure 3).

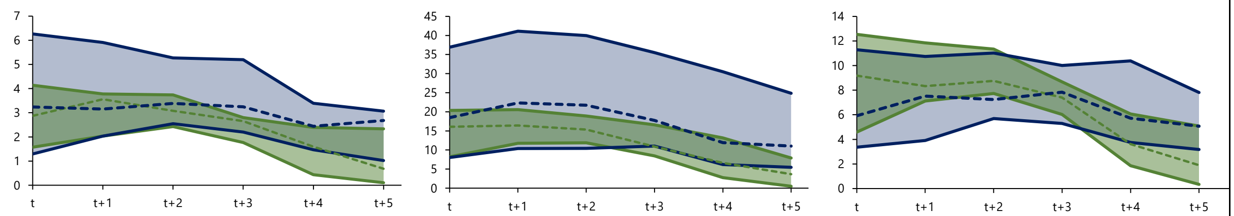
- The distributions of the CtR indicators for Fund-supported programs approved before and after the 2016 increase show considerable overlap; however, an expansion in the upper deciles of the distributions is evident for programs approved after the 2016 increase (Annex III. Figure 3). A notable widening of the upper distributions is observed after the 2016 increase throughout the five years following program approval for stock variables such as credit outstanding as a share of GDP and international reserves, suggesting somewhat deterioration in CtR, which is concentrated among large borrowers. For flow indicators, such as obligations to the Fund as a share of exports and fiscal revenues, this widening of the upper distribution becomes apparent from the third year after program approval, possibly reflecting the general shift toward EFF programs, with longer grace and repayment periods, as documented in the main paper. Meanwhile, the lower end of the distributions of obligations to the Fund as a share of public external debt service has been lower following the 2016 increase.

- Despite the observed deterioration after 2016 in some CtR indicators for borrowers that already had relatively high credit outstanding to the Fund (upper deciles), statistical analyses show that the mean and overall distribution of the CtR indicators for programs approved before and after the 2016 increase do not differ statistically, suggesting a limited impact of access limit increases on the capacity to repay. The two-sample t-test is performed to examine differences in the means of the two groups under the assumption of normal data distribution, while the Mann-Whitney U-test is employed to test differences in the distribution between the two groups of programs without assuming normality. Outcomes of these tests suggest no statistically significant differences at the 95 percent confidence level (Annex III. Figure 4), which supports the hypothesis that there is no meaningful difference in the averages and the distributions between the two groups.[4] These results remain robust when adjusting the three-year window before and after the 2016 increase to a narrower 18-months window.

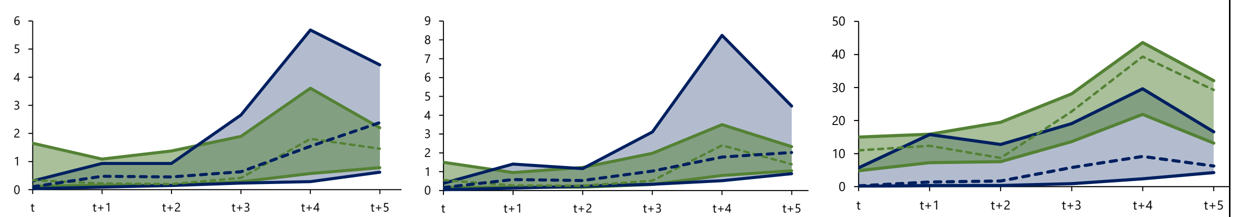
[4] The U-test also confirms that there is no statistically significant difference in the distribution of CtR indicators between the two groups.

Annex III. Figure 3. Interquartile range of the projected member's Capacity to Repay by program approved before and after the 2016 CRAL[1/2/]

Credit Outstanding as Percent of GDP	Credit Outstanding as Percent of Reserves	Credit Outstanding as Percent of Public External Debt



Obligations to the Fund as Percent of Exports of Goods and Services	Obligations to the Fund as Percent of Fiscal Revenues	Obligations to the Fund as Percent of Public External Debt Service



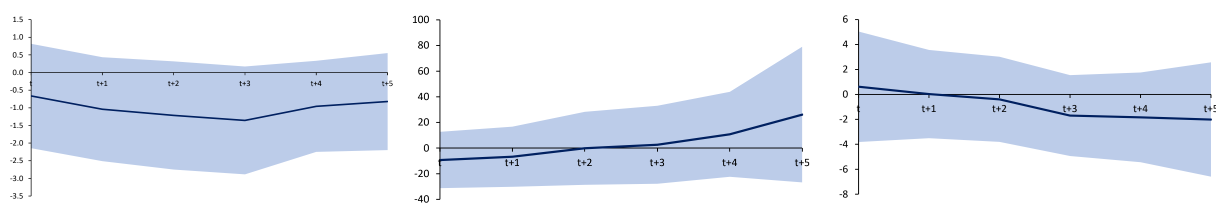
Before the 2016 review   After the 2016 review

1/ Figures show the 25th and 75th percentile intervals.

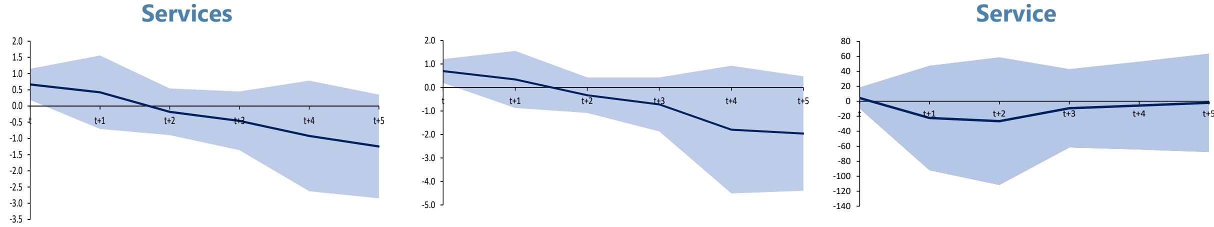
2/ The dashed line represent the medians.

Annex III. Figure 4. Statistical Test for the Distributions of projected member's Capacity to Repay by program approved before and after the 2016 CRAL[1/]

Credit Outstanding as Percent of GDP	Credit Outstanding as Percent of Reserves	Credit Outstanding as Percent of Public External Debt



Obligations to the Fund as Percent of Exports of Goods and Services	Obligations to the Fund as Percent of Fiscal Revenues	Obligations to the Fund as Percent of Public External Debt Service



1/ Figures show the 95 percent confidence interval of the statistics testing for the difference in means of both distributions. The solid line is value of the statistics.

9. Overall, drawing from the 2016 experience, making permanent the current temporary access limits would be expected to have a limited effect on the overall distribution of IMF borrowers' capacity to repay. At the same time, the relatively wide range of CtR indicators suggests that higher access limits can be useful in some cases as they allow the Fund to remain nimble in its support to its members. This being said, decisions on the level of access of an individual member should, according to Fund policies, continue to be guided by considerations such as the member's actual, prospective, or potential balance of payments needs, the strength of its economic reform program, the EA framework when applicable, the amount of its outstanding use of Fund resources, and—indeed—its capacity to repay the Fund.

Annex IV. Illustrative Proposed Decision on Extension of the Overall Access Limits in the GRA

Proposed Decision

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

Illustrative Proposed Decision on the Extension of the Temporary Increase in GRA Access Limits

Paragraph 2 of Decision No. 14064-(08/18), as amended, shall be further amended to read as follows:

> "2. The overall access by members to the Fund's general resources shall be subject to (i) an annual limit of 145 percent of quota; and (ii) a cumulative limit of 435 percent of quota, net of scheduled repurchases. For the period from March 6, 2023 until the Executive Board completes the next comprehensive review of limits on members' access to the Fund's general resources [scheduled for 2025], the annual limit will be 200 percent of quota and the cumulative limit will be 600 percent of quota, net of scheduled repurchases. These limits will not apply in cases where a member requests a Flexible Credit Line arrangement or where a member requests a Short-Term Liquidity Line arrangement, although outstanding holdings of a member's currency arising under such arrangements will be taken into account when applying these limits in cases involving requests for access under other Fund facilities."

Annex V. Illustrative Proposed Decision on Adjustments to GRA and Instrument-Specific Access Limits and Quota-Based Thresholds Following the 16th GRQ Quota Increase

Proposed Decision

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

Illustrative Proposed Decision on Proportional Decrease of Temporary GRA Access Limits, PLL, SLL, RFI Access Limits/Caps, and other Quota-Based Thresholds Upon Effectiveness of the 16th General Review of Quotas

1. If the Executive Board determines that the general conditions for the effectiveness of quota increases under the Sixteenth General Review of Quotas specified in paragraph 3 of the Board of Governors Resolution No. 79-1 (December 15, 2023) have been met, and this determination precedes the Executive Board's completion of the 2025 comprehensive review of access limits in the General Resources Account, the following changes shall be made to the limits and thresholds

   (a) The annual limit of 200 percent of quota and the cumulative limit of 600 percent of quota specified in Paragraph 2 of Decision No. 14046-(08/18), as amended, shall be reduced, effective upon the Executive Board determination, to 135 percent of quota and 405 percent of quota, respectively.

   (b) The limits specified in the decision on Precautionary and Liquidity Line Arrangements, Decision No. 15017-(11/112), adopted November 21, 2011, as amended ("**PLL Decision**") shall be reduced as follows:

(i) The cumulative cap of 600 percent of quota specified in Paragraph 4(a) of the PLL Decision shall be reduced to 400 percent of quota.

(ii) The limits of 300 percent of quota and 150 percent of quota specified in Paragraph 4(b) and (c) of the PLL Decision, shall be reduced to 200 percent of quota and 100 percent of quota, respectively.

(c) The reference to "575 percent of quota" in Paragraph 6(a)(iii) of Decision No. 14283-(09/29) adopted March 24, 2009, as amended ("**FCL Decision**") shall be changed to 383.33 percent of quota.

(d) The reference to "200 percent of the member's quota" in Paragraph 4 of the decision on Short-Term Liquidity Line ("SLL") Arrangements, Decision No. 16747-(20/43), adopted April 15, 2020 ("**SLL Decision**") shall be changed to 133.33 percent of quota.

(e) The limits specified in Decision No. 15015-(11/112), adopted November 21, 2011, as amended (the **"RFI Decision"**) shall be reduced as follows:

(i) The annual limit of "50 percent of quota" and the cumulative limit of "100 percent of quota" specified in Paragraph 5 shall be reduced to 33.33 and 66.67 percent of quota, respectively.

(ii) The annual limit of "80 percent of quota" and the cumulative limit of "133.3 percent of quota" specified in Paragraph 5(B) of the RFI Decision, with regard to the Large Natural Disaster window, shall be reduced to 53.33 and 88.89 percent of quota, respectively.

(iii) The cumulative access limit of 125 percent of quota specified in Paragraph 5(C) of the RFI Decision, for members that made purchases under the Food Shock window, shall be reduced to 83.33 percent of quota.

(f) The threshold of "200 percent of quota" specified in Paragraph 1(a) of Decision No. 13454-(05/26), adopted March 14, 2005, as amended (the Post Financing Assessment Decision) shall be reduced to 133.33 percent of quota.

(g) The threshold of 145 percent of quota specified in Paragraph 1(c) of Decision No. 14747-(10/96), adopted September 28, 2010, as amended (with regard to Article IV consultation cycles) shall be reduced to 96.67 percent of quota.

(h) The access threshold of 200 of quota above which FCL users are required to articulate exit strategies as specified in SU/23/141 of October 4, 2023 shall be reduced to 133.33 percent of quota.

2. A reduction in access limits in accordance with paragraph 1 (a) above shall not cause a member to be subject to the exceptional access policy specified in Decision No. 14064-(08/18), as amended, if that member was not subject to the exceptional access policy before the access limits were reduced. Notwithstanding this, the exceptional access policy shall apply if, following the reduction in access limits, the Executive Board approves access to the Fund's General Resources Account (i) under a new arrangement, (ii) through an augmentation of access under an arrangement that was in place prior to such Executive Board determination, or (iii) through an outright purchase under the RFI, in an amount that would cause the member to exceed the overall annual or cumulative access limits in place at that time.

3. A reduction in the thresholds for High Combined GRA and PRGT Credit Exposures resulting from a reduction in access limits in accordance with paragraph 1(a) above shall not cause members to be subject to the policy safeguards for high combined GRA and PRGT exposures set forth in Decision No. 16873-(20/91), as amended, if they were not, as of that time, subject to such policy safeguards. Notwithstanding this, the policy safeguards for high combined GRA and PRGT

exposures shall apply if, following the reduction in thresholds, the Executive Board approves access to financing under the GRA and/or the PRGT (i) under a new arrangement, (ii) through an augmentation of access under an arrangement that was in place prior to the Executive Board determination on the observance of the above-mentioned conditions, or (iii) through an outright purchase under the RFI or RCF, in an amount that would cause the member to exceed the High Combined GRA and PRGT Credit thresholds in place at that time.

Annex VI. Illustrative Proposed Decision on Adjustments to RST-Related Access Limits and Norm Following the 16th GRQ Quota Increase

Proposed Decision

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

Illustrative Proposed Decision on Proportional Decrease of RST Quota-Based Limits, Caps, and Norms upon Effectiveness of General Conditions for Quota Increases under the 16th General Review of Quotas

1. The percentage of quota specified in Section II, paragraphs 1(b)(8) and 1(b)(9)(iii) of the Instrument to Establish the Resilience and Sustainability Trust, (attached to Decision No. 17231-(22/37), adopted April 13, 2022, as amended) , with regard to limit on the phasing of disbursements made available at a single review under a Resilience and Sustainability Facility arrangement, shall be changed from 50 percent to 33.33 percent of quota.

2. The percentage of quota specified in Section II, paragraph 2(a) of the Instrument to Establish the Resilience and Sustainability Trust and referenced in SU/22/56 of April 13, 2022 with regard to the cap on overall access to the resources of the Resilience and Sustainability Trust shall be changed from 150 percent to 100 percent of quota.

3. The percentage of quota referred to SU/22/56 and SU/24/71, with regard to the access norm for RSF arrangements shall be changed from 75 percent to 50 percent of quota.

4. Paragraphs 1 to 3 of this decision will become effective when the Executive Board determines that the general conditions for the effectiveness of quota increases under the Sixteenth General Review of Quotas specified in paragraph 3 of the Board of Governors Resolution No. 79-1

(December 15, 2023) have been met and will apply to (I) new RSF arrangements and (II) new augmentations of access under existing RSF arrangements, that are approved following the above-mentioned Executive Board determination.