

3. IMF COVID–19 Response - A New Short-Term Liquidity Line to Enhance the Adequacy of the Global Financial Safety Net

Establishment of the Short-Term Liquidity Line and Related Amendments

A. Establishment of the Short-Term Liquidity Line

1. Subject to the provisions set forth herein, the Fund is prepared to provide financial assistance under a Short-Term Liquidity Line (SLL) in accordance with the terms of this Decision to a member that faces short-term balance of payments difficulties that: (i) are only of a potential nature, reflected in pressure on the capital account and the member's reserves; (ii) are resulting from volatility in international capital markets; and (iii) are reasonably expected to be limited in scale and to require, at most, fine-tuning of monetary and exchange rate policies.
2. Subject to paragraph 6(iv) below, an SLL arrangement shall be approved upon a member's informal expression of its potential interest in an SLL arrangement and where the Fund assesses that the member:
 - (a) has very strong economic fundamentals and institutional policy frameworks,
 - (b) is implementing—and has a sustained track record of implementing—very strong policies, and
 - (c) remains committed to maintaining such policies in the future, all of which give confidence that the member will respond appropriately to the special balance of payments difficulties that it could encounter. In addition to a very positive assessment of the member's policies by the Executive Board in the context of the most recent Article IV consultations, the relevant criteria for the purposes of assessing qualification for an SLL arrangement shall include: (i) a sustainable external position; (ii) a capital account position dominated by private flows; (iii) a track record of steady sovereign access to international capital markets at favorable terms; (iv) a reserve position that is relatively comfortable; (v) sound public finances, including a sustainable public debt position; (vi) low and stable inflation, in the context of a sound monetary and exchange rate policy framework; (vii) a sound financial system and the absence of solvency problems that may threaten systemic stability; (viii) effective financial sector supervision; and (ix) data transparency and integrity.
3. In light of the qualification criteria set out in paragraph 2 of this Decision, SLL arrangements shall not be subject to performance criteria or other forms of ex-post program monitoring, including reviews.
4. SLL arrangements may be approved in an amount of up to 145 percent of the member's quota, with this limit being cumulative for total credit outstanding under the SLL. There shall be no phasing under SLL arrangements. A member may make one or more purchases up to the amount of approved access under an SLL arrangement at any time during the period of such arrangement, subject to the provisions of this Decision, and provided that any outstanding

amounts purchased by the member under the current or any previous SLL arrangement shall commensurately reduce the amount that can be purchased by the member during the course of an SLL arrangement. To the extent that a member makes a repurchase of amounts previously purchased under any SLL arrangement, the amount that can be subsequently purchased by the member under an SLL arrangement in effect shall be increased in an amount equal to such amounts repurchased, provided that at no time shall a member be entitled to purchase more than the approved access amount of its current SLL arrangement. The Fund shall not challenge a representation of need by a member for a purchase requested under an SLL arrangement.

5. (a) An SLL arrangement shall be approved for a period of 12 months.

(b) An SLL arrangement shall expire only upon the earlier of: (i) the expiration of the approved period of the arrangement; or (ii) the cancellation of the SLL arrangement by the member. Upon expiration of an SLL arrangement, the Fund may approve an additional SLL arrangement for the member in accordance with the terms of this Decision.

6. (a) The following procedures and arrangements for consultations with the Executive Board will apply following a member's informal expression of potential interest in an SLL arrangement:

(i) Staff will conduct a confidential preliminary assessment of the qualification criteria set forth in paragraph 2.

(ii) When the Managing Director is prepared to recommend that a member be provided with the opportunity to avail itself of an SLL arrangement, the relevant documents, including a staff report that assesses the member's qualification for financial assistance under the terms of this Decision, will be circulated to the Board.

(iii) The minimum periods applicable to the circulation of staff reports to the Executive Board shall apply to requests under this Decision, provided that the Executive Board will generally be prepared to consider a request within 48 to 72 hours after the circulation of the documentation in exceptional circumstances.

(iv) If the Executive Board assesses that the member qualifies for support under an SLL arrangement and approves an SLL arrangement for the member, such approval, which shall be communicated to the member within one business day, will be conditional on the receipt of a satisfactory written communication from the member confirming to the Fund that the member wishes to avail itself of the SLL arrangement. Such written communication shall be submitted no later than two weeks after the Board has conditionally approved an SLL arrangement for the member. Such written communication shall also outline that the member will maintain very strong policies during the course of the arrangement as well as its commitment, whenever relevant, to take adequate corrective measures to deal

with shocks that may arise, and its consent to publication of the associated staff report.

(v) The SLL arrangement for the member shall become effective on the date on which the Fund confirms receipt of a written communication from the member that satisfies the requirements outlined in 6(a)(iv). A copy of the written communication shall be circulated for information to the Executive Board.

(b) A member submitting to the Fund a satisfactory written communication that it wishes to avail itself of an SLL arrangement would not be subject to the Fund's policy on safeguards assessments for Fund arrangements. However, at the time of its written communication, such member will provide authorization for Fund staff to have access to the most recently completed annual independent audit of its central bank's financial statements, whether or not the audit is published. This will include authorizing its central bank authorities and the central bank's external auditors to discuss the audit findings with Fund staff, including any written observations by the external auditors regarding weaknesses observed in internal controls. The member will be expected to act in a cooperative manner during such discussions with the staff. For as long as Fund credit is outstanding under this Decision, the member will also provide staff with copies of annual audited financial statements and management letters, together with an authorization to discuss audit findings with the external auditor.

7. Purchases under this Decision and holdings resulting from such purchases shall be excluded for the purposes of the definition of reserve tranche purchase pursuant to Article XXX(c).

8. A member shall be obliged to repurchase any amounts purchased under an SLL arrangement no later than 12 months after the date of the purchase of such amounts.

9. The Emergency Financing Mechanism (EFM) procedures set forth in BUFF/95/102, 9/21/1995 shall not apply to requests for SLL arrangements.

10. In order to carry out the purposes of this Decision, the Fund will be prepared to grant a waiver of the limitation of 200 percent of quota in Article V, Section 3(b)(iii), whenever necessary to permit purchases under this Decision or to permit other purchases that would raise the Fund's holdings of the purchasing member's currency above that limitation because of purchases outstanding under this Decision.

11. The Fund will review this Decision within two years from the date of adoption of this Decision as part of a review of the Flexible Credit Line and Precautionary and Liquidity Line.

12. The SLL shall terminate seven years after the date of adoption of this Decision, provided that by end-2025 the Executive Board would be expected to decide whether to extend the SLL beyond the seven-year period.

B. Access Policy and Limits in the Credit Tranches and Under the Extended Fund Facility and Under the Short-Term Liquidity Line and on Overall Access to the Fund’s General Resources, and Exceptional Access Policy—Review and Modification

Decision No. 14064-(08/18), adopted February 22, 2008, as amended, shall be further amended as follows:

1. Paragraph 2 shall be 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; provided that 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.”

C. Article IV Consultation Cycles

Decision No. 14747-(10/96), adopted September 28, 2010, as amended, shall be further amended as follows:

1. The first sentence of Paragraph 2 shall be amended to read as follows:

“2. Whenever a Fund arrangement (other than an arrangement under the Flexible Credit Line (FCL), Precautionary and Liquidity Line (PLL), **or Short-Term Liquidity Line (SLL)**), Policy Coordination Instrument (PCI), or a Policy Support Instrument is approved for a member, that member shall automatically be placed on a 24-month consultation cycle.”

2. Paragraph 3 shall be amended to read as follows:

“3. Whenever an FCL, PLL, or **SLL** arrangement is approved for a member, that member will automatically be placed on a 12-month consultation cycle. Article IV consultations with such members will be conducted in accordance with the procedures specified below:

(a) if, prior to the approval of the FCL, PLL, or **SLL** arrangement, the member was on an extended cycle, the next Article IV consultation with that member will be expected to be completed by the later of (i) 6 months after the date of approval of the arrangement, and (ii) 12 months, plus a grace period of 3 months, after the date of completion of the previous Article IV consultation;

(b) if an FCL or a PLL arrangement is completed by drawing all amounts, expires with undrawn amounts, or is cancelled by the member, **or if an SLL arrangement expires or is cancelled by the member**, that member will remain on the standard 12-month cycle, unless the Executive Board determines that a different cycle will apply.”

D. Publication of Reports

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

1. A new paragraph 4.c. shall be added to read as follows:

“4.c. The Executive Board’s decision to approve a Short-Term Liquidity Line (SLL) arrangement for a member shall be conditioned on receipt of the member’s consent to publication at the time the member sends a written communication to the Fund confirming that the member wishes to avail itself of the SLL arrangement. The associated staff report and the authorities’ written communication would be expected to be published by the Fund no later than fourteen calendar days after the member’s SLL arrangement becomes effective.”

2. Paragraph 11 shall be amended to read as follows:

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

Board meeting pertaining solely to a discussion or decision with respect to a member's overdue financial obligations, no Chairman's statement will be published."

3. A new paragraph 13.b.(iii) shall be added to read as follows:

"(iii) With respect to the consent provisions set forth in paragraph 4(c), if, after twenty-eight calendar days from the effective date of an SLL arrangement, the staff report has not been published, a brief factual statement will be issued stating the fact of the effectiveness of an SLL arrangement for a member and clarifying the authorities' publication intention with respect to the staff report."

4. In the indicative list of documents covered by the decision, item 11 shall be amended to read as follows:

"11. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs), and Written Communications"

E. Attribution of Reductions in Fund's Holdings of Currencies

Decision 6831-(81/65), adopted April 22, 1981, as amended, shall be further amended to read as follows:

1. Paragraph 1(a) shall be amended to read as follows:

"(a) Subject to paragraphs (b), (c) and (e) below a member shall be free to attribute a reduction in the Fund's holdings of its currency (i) to any obligation to repurchase, and (ii) to enlarge its reserve tranche."

2. A new paragraph 1(c) shall be added to read as follows:

"(c) Repurchases of credit outstanding under the Short-Term Liquidity Line (SLL) shall be attributed to the first maturing repurchase obligation under the SLL."

F. Surcharges on Purchases in Credit Tranches and Under Extended Fund Facility

Decision No. 12346-(00/117), adopted November 28, 2000, as amended, shall be further amended to read as follows:

1. Paragraph 1 shall be amended to read as follows:

"1. Subject to paragraphs 2 and 3 below, the rate of charge under Article V, Section 8(b) on the Fund's combined holdings of a member's currency in excess of 187.5 percent of the member's quota in the Fund resulting from purchases in the credit tranches, **under the Short-Term Liquidity Line** and under the Extended Fund Facility shall be 200 basis points per annum above the rate of charge referred to in Rule I-6(4) as adjusted for purposes of burden sharing; and **for**

the Fund’s combined holdings resulting from purchases in the credit tranches and under the Extended Fund Facility, it shall also include an additional 100 basis points per annum on such holdings in any case where they are outstanding for more than 36 months in the case of purchases in the credit tranches, or 51 months in the case of purchases under the Extended Fund Facility.”

G. Rules and Regulations of the International Monetary Fund

Rule I-1 shall be amended as follows:

“I-1. The service charge payable by a member buying, in exchange for its own currency, the currency of another member or SDRs from the General Resources Account shall be 0.5 percent **for purchases in the credit tranches and under the Extended Fund Facility and 0.21 percent for purchases under the Short-Term Liquidity Line.** No service charge shall be payable in respect of any purchase to the extent that it is a reserve tranche purchase. The service charge shall be paid at the time the transaction is consummated.”

Rule I-8 shall be amended as follows:

1. The introductory clause of Rule I-8 shall be amended to read as follows:

“I-8. The following provisions **(a) – (f)** shall apply to all **General Resources Account (“GRA”)** arrangements, **except Short-Term Liquidity Line (“SLL”) arrangements, in which case provision (g) shall apply:**”

2. A new paragraph I-8(g) shall be added to read as follows:

“(g) With respect to SLL arrangements, a charge of 8/100 of 1 percent per annum on the total amount of access approved by the Fund for a member under a SLL arrangement shall be payable at the beginning of the arrangement. This charge shall not be refundable against purchases made during the course of the arrangement. If the member notifies the Fund that it wishes to cancel an SLL arrangement, the Fund shall repay to the member a portion of the charge. The portion repaid shall represent the prorated amount of the charge that corresponds to the period remaining unexpired at the date of cancellation. Such repayment shall be made in the media selected by the Fund.” (SM/20/88, 04/11/20)

Decision No. 16747-(20/43), adopted
April 15, 2020