

**IMMEDIATE
ATTENTION**

SM/10/167

June 30, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Report on the Incidence of Longer-Term Program Engagement**

Attached for the **information** of Executive Directors is a report on the incidence of longer-term program engagement.

It is intended that this paper will be published on the Fund's external website after Friday, July 9, 2010.

Questions or comments may be referred to Mr. Giorgianni (ext. 35326) and Mr. Joshi (ext 34467) in SPR.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Report on the Incidence of Longer-Term Program Engagement

Prepared by Strategy, Policy, and Review Department¹

In consultation with other departments

Approved by Reza Moghadam

June 30, 2010

1. Longer-term program engagement (LTPE) occurs when a member has spent at least seven of the past 10 years under Fund-supported financial arrangements.² In response to the Executive Board's request for periodic updates on the incidence of LTPEs, this is the eleventh such report and provides information through end-May 2010.³

2. An Ex Post Assessment (EPA) is required for members considered as having LTPE that wish to request successor arrangements, provided at least five years have passed since the last EPA for the member.⁴ As of end-May, 2010, the Executive Board had discussed EPAs for 49 members. This is the same as the number reported in the last update to the Executive Board, since the EPA requirement was temporarily suspended at the time of the last incidence report, until August 27, 2010.⁵ In line with the Board decision regarding

¹ Prepared by Apinait Amranand and Bikas Joshi.

² Fund financial arrangements that qualify for the definition of LTPE are those drawing on upper credit tranche GRA or PRGF-ESF/PRGT resources, or any blend of the two. An outright purchase under the ESF, RAC, RCF, or ENDA/EPCA does not count towards LTPE. Further, time spent under the Policy Support Instrument (PSI) and the precautionary use of the Flexible Credit Line (FCL) or the precautionary use of the GRA or PRGF-ESF/PRGT resources that remain undrawn throughout the arrangement does not count toward LTPE. For a complete definition of LTPE, see "The Acting Chair's Summing Up Review of Ex Post Assessments and Issues Related to the Policy on Longer-Term Program Engagement," (BUFF/06/95, 05/17/06); "Review of Ex Post Assessments and Issues Relating to the Policy on Longer-Term Engagement," (SM/06/115, 03/21/06); and "Ex Post Assessment of Members with Longer-Term Program Engagement—Revised Guidance Note" (SM/10/45, 3/1/10).

³ This report provides an update since the last report to the Executive Board (SM/09/154, 6/22/09).

⁴ The Executive Board approved, on August 28, 2009, modifications to the procedures for EPAs (SM/09/213, 8/5/09). The changed procedures are discussed in detail in SM/10/45.

⁵ The initial request was made in SM/09/154, with further Board decision taken in the context of the *Omnibus Paper on Easing Work Pressures* (SM/09/213).

program requests during the suspension period, brief updates were prepared for Benin (EBS/09/87, 6/11/09), Malawi (EBS/10/24, 2/9/10), Mauritania (EBS/10/34, 3/1/10), and Sierra Leone (EBS/10/91, 5/20/10) to provide the Board with brief summaries before EPA updates (an EPA report for Mauritania) are prepared later this year.⁶

3. Twenty-one members, of which 18 are PRGT eligible (with two members currently having GRA arrangements), met the LTPE definition as of end-May 2010. Since the time of the last report, Chad and Mozambique have ceased to meet the LTPE definition, while Sao Tome & Principe, Sierra Leone, and Sri Lanka have been added to the list.

4. Several EPAs could be expected over the next year, depending on whether new financial arrangements will be requested. As discussed in ¶2, EPA updates are expected in 2010 for Executive Board discussions for Benin, Malawi, and Sierra Leone; an EPA report for Mauritania is also expected. Should a successor arrangement be requested for the Kyrgyz Republic, an update on program engagement since the last EPA report would be required. Further, if successor financial arrangements are to be requested, EPA updates are expected for the following members with arrangements expiring in the first half of 2011: Gambia, Georgia, Mali, Niger, and Zambia. In addition, a comprehensive EPA report would be needed for Sri Lanka if a successor arrangement is requested (as this is the first time Sri Lanka has met the LTPE definition). Finally, three members without a current Fund financial arrangement—Albania, Cameroon, and Madagascar—would need an EPA update over the next year if they request an arrangement.

⁶ See the guidance note (SM/10/45) for distinction between a streamlined “EPA update” and a more comprehensive “EPA report.”

Table 1. Ex Post Assessments Considered by the Executive Board and Member's LTPE Status
(As of June 15, 2010)

Country	Type of discussion	Date	Board paper	LTPE	Fund Financial Arrangement 1/
2003					
Mozambique	Article IV discussion	10-Dec-03	SM/03/375	No	Yes
Mali	Article IV discussion	15-Dec-03	SM/03/380	Yes	Yes
2004					
Armenia, Republic of	Article IV discussion	1-Dec-04	SM/04/386	Yes	Yes
Benin	Article IV discussion	6-Oct-04	SM/04/313	Yes	No
Bulgaria	Article IV discussion	14-Jun-04	SM/04/169	No	No
Cambodia	Article IV discussion	13-Sep-04	SM/04/275	No	No
Chad	Article IV discussion	19-Mar-04	SM/04/147	No	No
Ethiopia	Article IV discussion 2/	13-Sep-04	SM/04/291	No	Yes
Georgia	Ex post assessment	21-Jan-04	SM/03/407	Yes	Yes
Guinea	Ex post assessment	27-Aug-04	SM/04/220	No	Yes
Guinea-Bissau	Article IV discussion	19-Nov-04	SM/04/360	No	No
Honduras	Article IV discussion	18-Feb-04	SM/04/24	No	No
Kazakhstan	Request for PRGF arrangement		SM/04/206	No	No
Kyrgyz Republic	Article IV discussion 2/	19-Nov-04	SM/04/337	Yes	Yes
Lesotho	6th Review under PRGF arrangement	10-Sep-04	SM/04/259	No	No
Macedonia, FYR	2nd Review under SBA	2-Aug-04	SM/04/263	No	No
Malawi	Article IV discussion	29-Oct-04	SM/04/325	Yes	Yes
Moldova, Republic of	Article IV discussion	26-Jan-04	SM/04/03	No	Yes
Niger	Article IV discussion	28-Jun-04	SM/04/188	Yes	Yes
Peru	Article IV discussion	23-Feb-04	SM/04/37	No	No
Romania	Ex post assessment	12-Apr-04	SM/04/101	No	Yes
Vietnam	Article IV discussion	22-Nov-04	SM/04/376	No	No
Zambia	Ex post assessment	7-Apr-04	SM/04/97	Yes	Yes
2005					
Albania	Article IV discussion	28-Feb-05	SM/05/46	Yes	No
Azerbaijan	5th Review under PRGF arrangement	24-Jun-05	SM/05/214	No	No
Bolivia	Ex post assessment	8-Apr-05	SM/05/99	No	No
Cameroon	Article IV discussion	22-Apr-05	SM/05/113	Yes	No
Gambia, The	Article IV discussion	18-Jul-05	SM/05/234	Yes	Yes
Jordan	Article IV discussion	21-Nov-05	SM/05/395	No	No
Mongolia	Article IV discussion	21-Sep-05	SM/05/344	No	Yes
Pakistan	Article IV discussion	2-Nov-05	SM/05/367	No	Yes
Madagascar	Article IV discussion	1-Jun-05	SM/05/159	Yes	No
Sierra Leone	6th Review under PRGF arrangement	1-Jun-05	SM/05/158	Yes	Yes
Uganda	5th Review under PRGF arrangement	8-Jul-05	SM/05/223	No	No
Ukraine	Article IV discussion	9-Nov-05	SM/05/379	No	Yes
Uruguay	Ex post assessment	18-Mar-05	SM/05/84	No	No
2006					
Argentina	Article IV discussion	12-Jul-06	SM/06/247	No	No
Burkina Faso	6th Review under PRGF arrangement	28-Aug-06	SM/06/294	Yes	No
Guyana	Ex post assessment	29-Sep-06	SM/06/338	No	No
Lao PDR	Article IV discussion	8-Mar-06	SM/06/80	No	No
Rwanda	Ex post assessment	25-Jan-06	SM/06/5	Yes	No
Senegal	Ex post assessment	1-Mar-06	SM/06/56	No	Yes
Tajikistan, Republic of	6th Review under PRGF arrangement	6-Feb-06	SM/06/22	No	Yes
Tanzania	5th Review under PRGF arrangement	7-Apr-06	SM/06/117	Yes	Yes
Togo	Article IV discussion	8-May-06	SM/06/149	No	Yes
2007					
Ghana	Ex post assessment	18-May-07	SM/07/155	No	Yes
Nicaragua	Ex post assessment	23-Feb-07	SM/07/59	Yes	Yes
2008					
Kenya	Article IV discussion	10-Sep-08	SM/08/263	No	No
Turkey	Ex post assessment 3/	1-Aug-08	SM/08/248	Yes	No

Source: IMF staff.

1/ Excluding the Policy Support Instrument. Arrangement as of end-April 2010.

2/ And 6th Review under PRGF.

3/ And ex post evaluation of exceptional access.

Table 2. Members with Longer-Term Program Engagement
(As of June 15, 2010)

PRGT-eligible Members 1/		Non-PRGT-eligible Members 1/	
Current Arrangement 2/	No Current Arrangement	Current Arrangement	No Current Arrangement
Armenia, Republic of 3/ Benin Burkina Faso Gambia, The Georgia 3/ Malawi Mali Mauritania Nicaragua Niger Sao Tome & Principe Sierra Leone Tanzania 5/ Zambia	Cameroon Kyrgyz Republic Madagascar Rwanda 4/	Sri Lanka 3/	Albania Turkey

Source: IMF staff.

1/ Members that have had at least seven years of non-precautionary Fund financial arrangements in the last ten years.

2/ Excluding the Policy Support Instrument. Current arrangement as of June 15, 2010.

3/ The member currently has a GRA arrangement.

4/ The member currently has a PSI.

5/ ESF arrangement scheduled to expire on June 18. The member currently has a PSI.