

**INFORMAL
SESSION TO
ENGAGE**

FO/Dis/15/68
Correction 1

May 29, 2015

To: Members of the Executive Board

From: The Acting Secretary

Subject: **IMF Engagement with Countries in Post-Conflict and Fragile Situations—
Stocktaking**

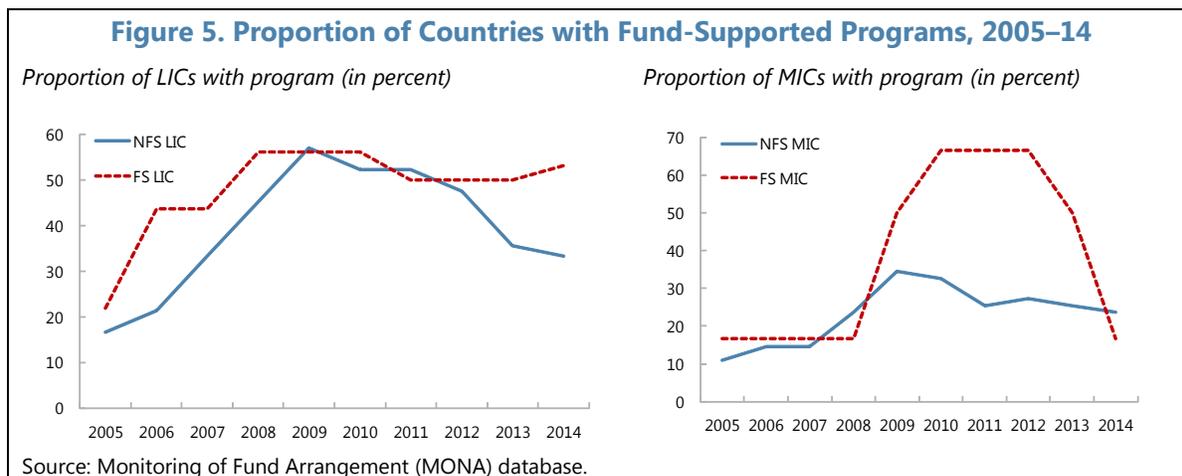
Board Action: The attached corrections to FO/DIS/15/68 (5/7/15) have been provided by the staff:

Evident Ambiguity **Page 21 (Figure 6)**

Typographical Errors **Pages 20 (Figure 5, legend added) and 43**

Questions: Mr. Allum, SPR (ext. 38535)
Ms. Bouza, SPR (ext. 34178)

MICs, however, program engagement has been more short-lived, with a surge during 2009–13 mainly due to geopolitical events in the middle east and north africa region.⁴



14. Among low-income FS members, there has been a shift from SMPs to use of the RCF.

Comparing the period before and after 2011, the proportion of FS members with an SMP dropped from 8 percent to 3 percent, while the proportion using the RCF rose from 4 percent to 7 percent (Figure 6). While both forms of engagement can be used to establish a policy track record ahead of a subsequent Upper Credit Tranche (UCT)-quality program, the RCF has the advantage of providing financing (see Table 5).⁵ But in cases where a country seeks to build track record for a UCT-quality arrangement and faces urgent financing needs, the use of the RCF, with appropriate policy understandings, would often obviate the need for an SMP.⁶

⁴ As of end-March 2015, there are 15 active program engagements with FS, all low-income, 3 of which are RCF and 1 SMP.

⁵ Between 2010 and end-March 2015, 11 RCFs for FS were approved, of which 9 were intended to build a track record toward a UCT program and the remainder constituted a response to a specific exogenous shock (Table 5).

⁶ See IMF (2014c), "2014 Handbook of IMF Facilities for Low-income Countries (2015)."

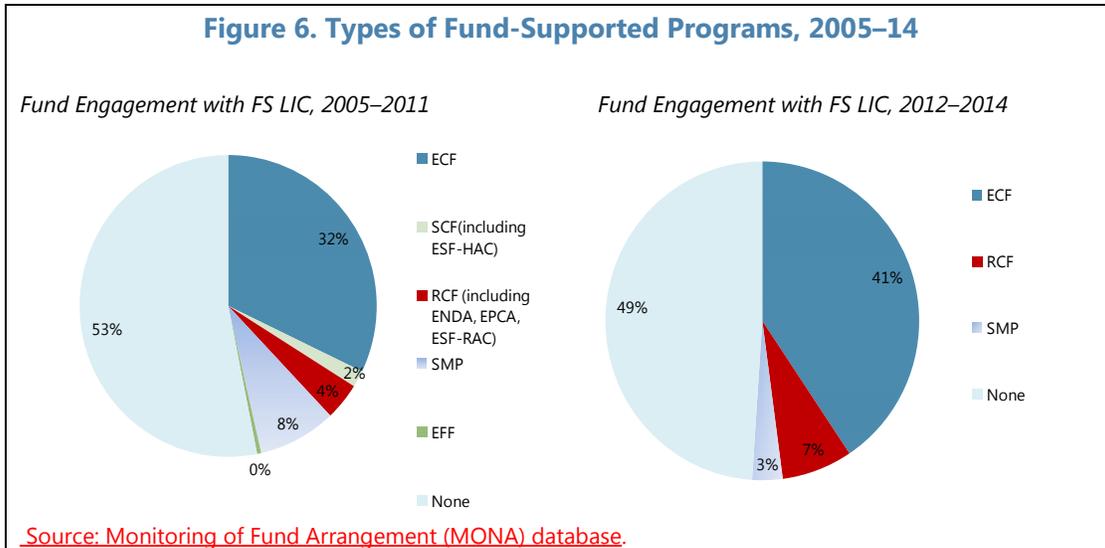


Table 5. Recent Uses of RCFs by Countries in Fragile Situations

	Effective Date	Purpose of usage
Central African Republic	3/18/15	both
Central African Republic	5/14/14	track record to UCT
Cote d'Ivoire	7/8/11	track record to UCT
Guinea	9/26/14	shock
Guinea-Bissau	11/3/14	track record to UCT
Liberia	2/23/15	shock
Madagascar	6/18/14	track record to UCT
Mali	1/28/13	track record to UCT
Mali	6/10/13	track record to UCT
Nepal	5/28/10	both
Yemen	4/4/12	both

Source: IMF staff reports and staff discussions.

15. Despite the growing use of RCFs, mission chiefs see gaps in the Fund’s tool kit of facilities for FS members. For FS in the earliest stages of economic adjustment and reform, Fund support is commonly provided through the SMP and RCF, but neither is currently seen as meeting FS needs in all respects. Indeed, nearly three-fourths of FS authorities see Fund facilities or instruments as inadequate to meet their needs (Figure 7), with their leading concern relating to the level of access (Figure 8). In regard to specific forms of engagement, SMPs do not provide Fund financing; their shorter timescale (rarely longer than 18 months) is not well-suited to the multi-year adjustment programs needed by most FS to address deep-rooted economic weaknesses; and, following the abolition of “signaling” SMPs, the SMP option is only available for countries seeking to

Appendix I. List of Countries in Fragile Situations

Country	Region	IMF PRGT-eligible	WB Income Group 1/	Avg. CPIA FY13-FY15 2011–2013	Peacebuilding / Peacekeeping	WB FY15 List
Angola*	AFR		MIC	2.69		
Burundi	AFR	Y	LIC	3.20	P	Y
Central African Republic	AFR	Y	LIC	2.66	P	Y
Chad	AFR	Y	LIC	2.51		Y
Comoros	AFR	Y	LIC	2.73		Y
Congo, Republic of*	AFR	Y	MIC	3.00		
Congo, DRC	AFR	Y	LIC	2.75	Pk	Y
Cote d'Ivoire	AFR	Y	MIC	3.04	Pk	Y
Eritrea	AFR	Y	LIC	2.08		Y
Guinea	AFR	Y	LIC	2.86		
Guinea-Bissau	AFR	Y	LIC	2.66	P	Y
Liberia	AFR	Y	LIC	3.07	Pk	Y
Madagascar	AFR	Y	LIC	3.03		Y
Malawi*	AFR	Y	LIC	3.16		
Mali	AFR	Y	LIC	3.38	Pk	Y
Sao Tome & Principe	AFR	Y	MIC	3.05		
Sierra Leone	AFR	Y	LIC	3.28	P	Y
South Sudan	AFR	Y	MIC	2.11	Pk	Y
Togo	AFR	Y	LIC	2.98		Y
Zimbabwe	AFR	Y	LIC	2.23		Y
Kiribati	APD	Y	MIC	2.94		Y
Marshall Islands	APD	Y	MIC	2.68		Y
Micronesia	APD	Y	MIC	2.70		Y
Myanmar	APD	Y	LIC	2.95		Y
Nepal*	APD	Y	LIC	3.28	P	
Solomon Islands	APD	Y	MIC	2.94		Y
Timor-Leste	APD	Y	MIC	3.03	Pk	Y
Tuvalu	APD	Y	MIC	2.77		Y
Bosnia & Herzegovina	EUR		MIC	3.64	P	Y
Kosovo	EUR		MIC	3.51	Pk	Y
Afghanistan	MCD	Y	LIC	2.67	P/Pk	Y
Iraq	MCD		MIC	-	P	Y
Libya	MCD		MIC	-	P	Y
Somalia	MCD	Y	LIC	-	P	Y
Sudan	MCD	Y	MIC	2.35	Pk	Y
Syria	MCD		MIC	-	P	Y
West Bank & Gaza	MCD		MIC	-	P	Y
Yemen	MCD	Y	MIC	2.99		Y
Haiti	WHD	Y	LIC	2.88	Pk	Y
Total Countries	39					

Source: World Development Indicator, World Bank.
Note: * These countries dropped off the World Bank fragile states list in FY14 or FY15 because they no longer receive IDA allocations.
1/ Middle-income countries(MIC) have per capita annual income of between \$1,046 and \$12,745, Low-income countries (LIC) of \$1,045 or less based on the World Bank Atlas method updated July 2014.