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From: The Secretary

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April 11, 2020

IMF COVID-19 RESPONSE—A NEW SHORT-TERM LIQUIDITY LINE TO ENHANCE THE ADEQUACY OF THE GLOBAL FINANCIAL SAFETY NET

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CONTENTS

| | |
|---|-----------|
| INTRODUCTION | 3 |
| ADDITIONAL CONSIDERATIONS | 7 |
| A. Renewal Clause for the SLL | 7 |
| B. Signature of the Written Communication for the SLL | 8 |
| RESOURCES | 9 |
| RISKS | 12 |
| EXPLANATION OF THE PROPOSED DECISION | 13 |
| PROPOSED DECISION | 16 |
| BOX | |
| 1. SLL Process | 6 |

FIGURE

| | |
|---|---|
| 1. Large Portfolio Outflows vs. IMF Normal Access Limit | 4 |
|---|---|

TABLES

| | |
|--|----|
| 1. Comparison of the Key Features of the SLL and FCL | 5 |
| 2. Potential Resources Implications | 10 |

INTRODUCTION

1. The Covid-19 pandemic has created severe disruption in the global financial system, with many emerging market and developing countries (EMDCs) facing liquidity shortages. In recent weeks, global financial conditions have tightened dramatically, with markets effectively frozen in some cases. This has created sizable demands for U.S. dollar liquidity. In response, the systemic reserve currency-issuing central banks have activated their bilateral swap network. The U.S. Federal Reserve has also extended bilateral swaps to several smaller advanced economies and large emerging markets, largely replicating those seen during the global financial crisis. However, many EMDCs are still experiencing liquidity shortages and face the danger of a “sudden stop”.

2. In the context of intensified demand for liquidity and heightened global uncertainty, staff has revisited the 2017 proposal for a new facility to provide liquidity support to the Fund’s membership. Given current market conditions and the likelihood of a protracted period of uncertainty, staff has revisited the proposal for the Short-term Liquidity Swap (SLS) that was discussed by the IMF Executive Board in 2017. The SLS was itself a response to a critical gap highlighted by the Fund’s work on the Adequacy of the Global Financial Safety Net (GFSN), particularly the lack of predictable and reliable funding for many countries, including systemic and gatekeeper countries. While the SLS did not garner the required support to be adopted in 2017,¹ many Directors noted that this type of facility could be an important addition to the Fund lending toolkit, and that several of the proposed features could act as a blueprint for future Board discussions.

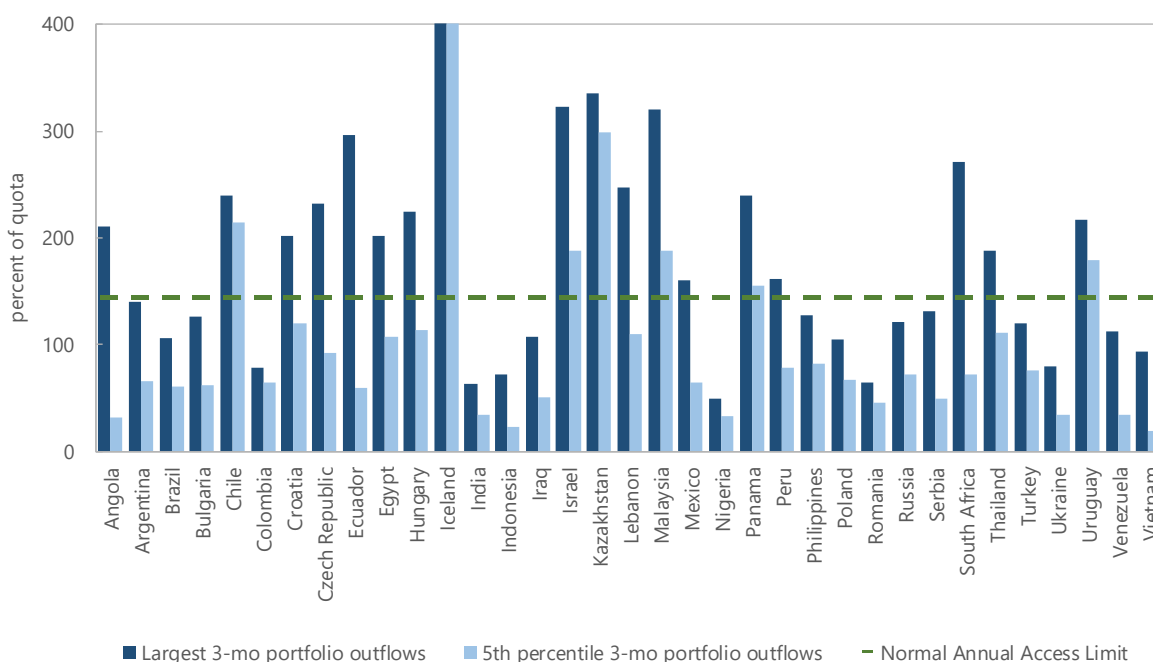
3. This paper proposes the establishment of a new Short-term Liquidity Line (SLL) as a special facility in the General Resources Account (GRA), based on the key features of the 2017 blueprint.² The 2017 SLS blueprint represents the culmination of an extensive multi-year discussion by the Board, with convergence on many of the key features of the facility. In this context, and in light of the need to move quickly in response to the Covid-19 crisis, the SLL proposal includes all the key features of the blueprint. The SLL will provide predictable liquidity support to members with very strong policies to address potential short-term moderate balance of payment (BoP) needs, reflecting capital account pressures arising from external developments. For these countries, revolving access of up to 145 percent of quota is likely to provide cover against most repeated moderate shocks (see Figure 1). Successor arrangements may be approved for as long as the member has the special BoP need and continues to meet the qualification criteria. Qualification will be based on the same criteria as the Flexible Credit Line (FCL), facilitating the transition from the FCL to the SLL, if the special BoP need requirement is met (and vice-versa, if needed and warranted), subject to Board approval. Table

¹ An 85 percent majority of total voting power of the Executive Board was required for approval of the SLS due to the proposed special repurchase period and the proposal that purchases under the facility float against the reserve tranche (see further discussion in paragraph 18).

² These features are explained in detail in *Adequacy of the Global Financial Safety Net—Review of the Flexible Credit Line and Precautionary and Liquidity Line, and Proposals for Toolkit Reform*, discussed by the Executive Board on June 30, 2017 (SM/17/140, 06/02/2017). See also Supplement 1 to SM/17/140, and the Acting Chair’s Summing up from Executive Board Meeting 17/56, June 30, 2017.

1 summarizes and compares the key features of the SLL and the FCL, while Box 1 sets out the detailed process for the approval and use of the SLL.

Figure 1. Large Portfolio Outflows vs. IMF Normal Access Limit 1/



Sources: EPFR/BOP data, and IMF staff calculations.

1/ Bars represent peak quarterly outflows during the period from 2000Q1 to 2019Q2–Q4 for selected countries. For Iceland, the largest 3-month outflow was 1,176 percent of quota and the 5th percentile was 529 percent of quota.

4. Establishing the SLL now will provide support for some members during the pandemic crisis and benefit a broader set of countries during the recovery.

The SLL would be of immediate use for members with very strong policy frameworks and fundamentals that still have potential (rather than actual) BoP needs. It could help prevent liquidity pressures developing into solvency crises, and spillovers to the broader membership. The benefits of filling the longstanding gap in the GFSN would become even more apparent as conditions stabilize. The SLL could play a critical role in smoothing the recovery and preventing further crises, as more countries are likely to face the required special BoP need. The SLL will also provide a vehicle for members to step down from higher-access FCLs, if the special BOP need and qualification criteria are met, thus helping to ensure a more efficient allocation of Fund resources in the long run.

5. The remainder of the paper provides additional analysis of several issues raised by Executive Directors in more recent discussions. The paper is organized as follows: section II sets out additional considerations regarding a potential renewal clause for the SLL and the authorities' signature of the written communication for the SLL; section III discusses resources implications; section IV highlights potential risks; and section V explains the proposed decision. If adopted, the

proposed decision would establish the SLL and make the necessary changes to ancillary Fund policies to implement the proposed features of the SLL.

| Table 1. Comparison of the Key Features of the SLL and FCL | | |
|---|---|--|
| | SLL Short-term Liquidity Line | FCL Flexible Credit Line |
| Facility | Special facility | Credit tranches |
| Objective | Provide “swap-like” liquidity support to very strong members for special BOP needs | Allow very strong members to deal with any type of BOP needs |
| BOP need | Potential moderate short-term BOP difficulties reflected in pressure on the capital account and the member’s reserves resulting from volatility in international capital markets | Any |
| Qualification | Based on an assessment of: <ul style="list-style-type: none"> • Very strong fundamentals and institutional policy frameworks • Very strong policies: in the past, currently, and commitment to maintaining them | |
| Repurchase period | 12 months | 3¼–5 years |
| Access | Up to 145 percent of quota; revolving access | No access limit |
| Duration of arrangement | 12 months | 1 or 2 years |
| Charges and fees | A special fee structure would apply: <ul style="list-style-type: none"> • Nonrefundable commitment fee (8bps) • Service charge (21bps) • Normal rate of charge • Normal schedule for level-based surcharges. SLL does not count towards time-based surcharges | The usual charges and fees that apply under the credit tranches: <ul style="list-style-type: none"> • Normal schedule for commitment fees that are refundable on drawings (15 bps up to 115 percent of quota, 30 bps from 115 to 575, and 60 bps above 575) • Normal service charge (50 bps) • Normal rate of charge • Normal surcharge schedule |
| Activation | Board approves the “extension of an offer,” and the arrangement enters into effect upon the Fund confirming receipt of the signed written communication from the member, including the acceptance of the “offer” and policy commitments; no prior informal Board meeting required | Upon Board approval of the request for the arrangement; prior informal Board meeting required |
| Signatory | Given the more limited anticipated adjustment (if needed), sole central bank signatory of the written communication possible in certain cases | Both the central bank and the government generally sign the written communication given the broad nature of BOP needs that can be addressed under the FCL |
| Ex-post conditionality | None | None |
| Reviews | None | Annual review to assess qualification for two-year arrangements |
| Successor arrangements | No restrictions, upon Board assessment of continued qualification and existence of special potential BoP need | Exit expected as global risk declines |

Box 1. SLL Process

The proposed process for the approval and use of an SLL arrangement largely follows the process for FCL arrangements, with two notable differences: the extension of an “offer” by the Fund to those members that qualify, and the absence of a prior informal Board meeting. The main steps are the following, with operational modalities to be clarified further in a staff Guidance Note:

- **Initial confidential consultation.** Staff discusses with the authorities their interest in pursuing an SLL arrangement and the likelihood of meeting the qualification criteria. The expression of interest in being assessed is informal (e.g., could be verbal or written) and serves the purpose of eliminating the members that do not want to be assessed. Discussions are confidential and could happen at any point during the year.
- **Assessment of qualification.** Staff begins the assessment process once the authorities have indicated their wish to be assessed.¹ Staff carries out a preliminary assessment of qualification and the level of access that might be warranted based on the latest information. If further consultation with the authorities is required, it could take place via a staff visit or video teleconferencing. Once the assessment is complete, management will assess if access to Fund resources is appropriate. Staff will make clear to the member that the Executive Board takes the final decisions on qualification and access.²
- **Preparation of the Board paper.** If a member confirms its intention to proceed, staff prepares the staff report setting out the basis for the Board to approve an arrangement. The report includes: (i) the assessment of qualification; and (ii) the assessment of the potential BoP need, appropriateness of the proposed level of access, and repayment capacity.
- **Formal Board meeting to consider the case for an offer and conditional approval of an arrangement.** In contrast to other Fund instruments where the Executive Board may approve a request for the use of Fund resources, the Board instead approves the “extension of an offer” to the member by the Board’s conditional approval of the arrangement. The offer is contingent on the authorities’ “acceptance” within a specified period, which requires the authorities’ written confirmation that the member wishes to avail itself of the arrangement, and their commitment to maintaining very strong economic policies and responding appropriately to shocks that may arise. If, after the Board meeting, there are concerns about market-sensitive leaks or misinformation regarding the offer, the member could request that the Fund issue a press release indicating the Board’s conditional approval of an arrangement. The press release would take care not to prejudice the authorities’ decision on whether to avail themselves of the arrangement.
- **Extension of an “offer.”** The Board’s conditional approval of the arrangement, with a specified access level, is communicated to the authorities no later than the end of the business day following the Board meeting. The authorities are required to respond within two weeks from the date of the conditional approval. The two-week acceptance window is designed to be long enough to provide the authorities sufficient time to respond, recognizing that there may be good reasons why an immediate response is not possible, while short enough to provide assurance that there should not have been a deterioration in the member’s situation in the time since the conditional approval of the arrangement.

¹ Given the SLL’s low access limit and the fact that the member communicates its decision to avail of the SLL arrangement after the Executive Board conditionally approves the arrangement, it is envisaged that an informal Board meeting will not be required. In contrast, an informal meeting to consult with the Board prior to Board approval is a requirement for the FCL and the Precautionary and Liquidity Line (PLL), given the potential for much higher access levels.

² As in the case of the FCL, there would be no full safeguards assessment and safeguard procedures would be limited to a review of the most recent external audit of the central bank.

Box 1. SLL Process (concluded)

- **Entry into effect.** The arrangement becomes effective once the Fund confirms receipt of the member's signed written communication, including the acceptance of the "offer" and policy commitments. Staff will then issue the communication to the Board for information. A further Board meeting would not be required as the Board had already approved the extension of an offer. Restricting the time between the extension of an offer to a member and the opt-in by the member to two weeks protects the Fund against a significant change in members' conditions.
- **Press release and publication.** A press release is published on the date the arrangement enters into effect, while the staff report, including the authorities' written communication, is published shortly afterwards.
- **Purchases.** A member could make one or multiple purchases during the period of the SLL arrangement subject to the approved access level. In the event of a purchase, staff would inform the Board promptly. As is the case with all other Fund financing, while the Fund would not challenge a representation of need by a member for a purchase requested under the SLL, the member's drawings would have to be commensurate with its actual BoP need at the time of the purchase, notwithstanding the available amount of approved access.

Going from an FCL arrangement to an SLL arrangement, or vice-versa, would require cancelling the existing arrangement (FCL or SLL, respectively) and requesting a new arrangement (SLL or FCL, respectively). This transition would not be automatic—it will require the assessment of qualification, preparation of a Board report, informal meeting if requesting an FCL, and Board approval. As the proposed qualification criteria for the SLL and the FCL are fully aligned, and the member was already qualified for the existing arrangement, it is expected that the member will also qualify for the new arrangement (in the case of the SLL, if the member has the potential BoP need that the SLL is aimed to address), and the process for the new arrangement could be expedited.

Each SLL arrangement will be approved for a period of 12 months. There would be no restrictions on the Board's approval of successor SLL arrangements for a member. Repeat use will require that users continue to meet the qualification criteria and to face the same special potential BoP need. Members wishing to avail of a successor arrangement should initiate the process for re-qualification prior to the expiry of an existing arrangement if they wish to ensure uninterrupted access to Fund resources under the SLL.

The process for the SLL is strictly confidential and designed to both minimize the risk and mitigate the impact of potential leaks. The information would be handled the same way as for the FCL, with great care taken to maintain the confidentiality of the process. The qualification assessment is made public only for countries that meet the criteria and ultimately decide to avail themselves of the arrangement. The risk of a damaging leak is therefore mitigated by the fact that reports are only produced for countries that have passed staff's preliminary qualification assessment. The negative signal that might be sent if a previous user does not renew its arrangement is thus muted, since it would be unclear whether this was the member's choice or the member no longer qualified.

ADDITIONAL CONSIDERATIONS

A. Renewal Clause for the SLL

6. The SLL will be reviewed in 2022 as part of the regular review of the FCL and PLL. The review will assess the experience under the SLL, including its purpose, fit within the toolkit, design,

and impact on Fund resources. A Board decision, adopted by a majority of votes cast, would be required to complete the review.

7. Staff proposes an additional review of the SLL after five years from its establishment.³

At that time the Executive Board would conduct a review and decide whether to keep the facility in the Fund's lending toolkit (with an 85% majority of total voting power). To the extent that the Board decides not to keep the facility at this review, staff proposes that the facility will expire 7 years from the time of its establishment. This longer 7-year period would avoid undermining the use of the instrument from the outset, i.e., by creating an expectation that Fund support under the SLL may not be available after a few years. At the same time, the shorter (5-year) decision point would enable the Board to phase out the use of a facility if it no longer commands the required support of the Board, but still provides users with sufficient time to prepare for exit from the facility.

8. As any other facility, the SLL could be abolished at any time with a simple majority of votes. The Executive Board could decide at any time (even after the 5-year decision point) to terminate the facility by a simple majority of the votes cast, if, for example, the SLL were assessed at that time as not serving its purpose or having an adverse effect on Fund resources.

B. Signature of the Written Communication for the SLL

9. With respect to the signature of Letter of Intent (LOI) and written communications, the Fund does not prescribe who should sign on behalf of the member. Rather, the Fund follows a two-pronged standard that any LOI or written communication must meet. First, as the approval of a Fund arrangement gives rise to immediate financial obligations on behalf of the member, the LOI or written communication must be signed by the agency that has the domestic legal authority to enter into such obligations on behalf of the member.⁴ Second, the LOI or written communication must be signed by those agencies of the member that are responsible for implementing the policy commitments set forth therein. As the Ministry of Finance and the Central Bank are generally responsible for implementing these policy commitments under Fund arrangements, both typically sign.

10. A Central Bank can sign the LOI and written communication on behalf of the member for an SLL arrangement if the requirements outlined above are met. While the option for a sole Central Bank signatory may help address certain stigma concerns raised by some potential SLL users, its appropriateness would depend on the individual circumstances of the member. First, the Central Bank would need to have the domestic legal authority to bind the member to the financial obligations to the Fund, including the payment of the commitment fee.⁵ Second, the Central Bank

³ In light of the frequent reviews envisaged, including a first review within less than 2 years in 2022, staff no longer proposes a separate clause discussed in 2017 that envisaged a review of the SLL if the combined commitments under the SLL and FCL exceed SDR 150 billion.

⁴ In practice, this is generally either the Ministry of Finance or the Central Bank of a member.

⁵ Staff will generally rely on the member's representation regarding its domestic legal authority.

must have the exclusive responsibility for implementing all actions necessary to address a BoP need of the moderate nature that the SLL is designed to help address (i.e., adjustment of a monetary and exchange rate nature). Moreover, as the SLL requires for the purposes of qualification that the member commit to maintaining current policies, including fiscal policies, the Central Bank must also be able to communicate, on behalf of the government of the member, its commitment to maintaining very strong policies that fall outside the remit of the Central Bank.⁶ If the above conditions are not satisfied, the written communication would also need to be signed by a representative of the government that can commit to maintaining fiscal policies (i.e., the Ministry of Finance).⁷ It is also important to emphasize that in all cases, and irrespective of the signatory of the written communication, the counterpart obliged to repay the Fund is the member, and not an individual agency of the member. Any financial transaction with the Fund would be made through the designated fiscal agent.

11. In light of the requirements outlined above, it would be expected that the LOIs under other Fund arrangements would continue to be signed generally by both the Ministry of Finance and the Central Bank. Unlike the SLL, other Fund arrangements generally support a member's program involving substantial adjustment comprising both monetary and fiscal policy measures, and are monitored by ex-post conditionality. The LOI needs to be signed by those agencies of the member that are responsible for implementing those policy measure. Thus, both the Ministry of Finance and the Central Bank would be expected to sign the LOI in such cases.

RESOURCES

12. Staff's preliminary estimates indicate that potential commitments under the SLL could amount to about SDR 40 billion. Solely for purposes of doing the resource needs assessment and without implications for future qualification assessments, staff has considered a tentative list of potential qualifiers, using the qualification framework described in the June 2017 paper.⁸ The resulting list was used to construct two scenarios for possible resource implications (Table 2). Both scenarios assume that members that opt in receive the maximum access under the facility of 145 percent of quota and that the arrangements are fully scored against the Fund's forward

⁶ As an additional safeguard, staff would also engage in bilateral discussions with the Ministry of Finance to confirm its intentions regarding fiscal policies over the course of the arrangement. Moreover, the track record requirement under the SLL arrangement provides staff with assurance that the member will maintain very strong policies of both a monetary and fiscal nature.

⁷ Specifically, to the extent that a Central Bank is not in a position to relay the commitment of the government to maintain very strong fiscal policies, the Ministry of Finance would also sign.

⁸ Qualification is assessed against nine criteria as well as the strength of the member's policy track record, its institutional policy framework, and the overall assessment of policies in the most recent Article IV staff report. The assessment was done for the full membership, except reserve currency issuers (or countries with access to a reserve currency-issuing central bank, in the case of the Euro area) and countries with standing swap agreements with the U.S. Fed. Any final assessment would require further in-depth consultation with area departments and would also be subject to Board approval.

commitment capacity (FCC) in line with any other precautionary arrangements.⁹ In practice, access under individual SLL arrangements will be tailored to the potential BoP needs faced by that member.

- Scenario A assumes that potentially qualifying members, except those with current active FCL arrangements or active swap arrangements with the U.S. Federal Reserve, decide to avail themselves of SLL arrangements. This would give rise to Fund commitments of about SDR 38 billion.
- Scenario B assumes that once their current arrangements expire, the two current FCL users would qualify and opt in for an SLL arrangement. In this case, commitments under the SLL would rise to around SDR 54 billion, but aggregate Fund commitments under the SLL and FCL arrangements would fall considerably relative to Scenario A, by about SDR 36 billion, containing the net negative impact on the Fund's FCC to some SDR 1 billion.

Table 2. Potential Resources Implications
(Billions of SDR)

| | Commitments | | | | Maximum second round effects 3/ | |
|------------|-------------|--------|-------|-------------------|---------------------------------|-----|
| | SLL 1/ | FCL 2/ | Total | Net impact on FCC | SLL | FCL |
| Scenario A | 38 | 52 | 90 | -38 | -16 | -9 |
| Scenario B | 54 | 0 | 54 | -1 | -25 | 0 |

1/ Potential SLL commitments assuming maximum commitment of 145 percent.

2/ Current FCL commitments (Mexico and Colombia). They are already reflected in the current FCC.

3/ Assumes all members with an SLL are participating in the FTP, and all members with an SLL or an FCL draw simultaneously.

13. The liquidity impact of SLL commitments could become higher if members with SLL arrangements were to draw on their arrangements. Members meeting the SLL qualification criteria would generally be expected to also have sufficiently strong external positions to be included in the Financial Transactions Plan (FTP).¹⁰ As in the case of the FCL, if users included in the plan were to draw on the SLL, they would be removed automatically from the FTP, since they would not be in a position to provide resources to other members when they have actual BoP needs

⁹ Directors discussed this issue extensively in the context of the 2017 deliberations on the SLL and “generally supported full scoring of precautionary arrangements in calculating the Fund’s forward commitment capacity (FCC) to provide clear assurance that committed resources will be available to the membership in all circumstances. Nevertheless, a few Directors saw some scope for flexibility in scoring these commitments against the FCC, given the low probability of drawing under such arrangements” (Acting Chair’s Summing, BUFF17/54). Staff’s background work at the time had highlighted that partial scoring would not increase the Fund’s overall resource envelope, but signal that the Fund is willing to commit more resources than it has available when part of these commitments are precautionary in nature (see, for example, SM/17/140 (06/02/2017), Annex VIII). This could be justified in particular if the Fund’s exposures under precautionary arrangements were sufficiently well diversified to assure, with a high degree of confidence, that only a fraction of its total commitments would be drawn upon within a short period of time. However, staff argued at the time that the Fund was unlikely to have such a diversification of risk exposure, and this consideration seems even more relevant against the backdrop of the unfolding Covid-19 pandemic, when shocks are likely to impact many if not all potential SLL participants simultaneously.

¹⁰ Under the policies and procedures adopted by the Executive Board, the assessment of the strength of members’ external positions for the purpose of selecting their currencies for transfers during an FTP period is conducted in consultation with members and, while anchored in a number of indicators, is ultimately a matter of judgment.

themselves.¹¹ This, in turn, would reduce the FCC, giving rise to a second-round effect on the Fund's liquidity.¹² Such second-round effects of SLL commitments could be significant, albeit temporary given the anticipated short-term nature of the special BoP need. For instance, in Scenario B, the maximum temporary second-round effects (for as long as credit purchased under the SLL remained outstanding) would reach SDR 25 billion in the extreme event where all members with SLL arrangements in that scenario made purchases.

14. Notwithstanding adequate overall Fund resources, the potential commitments under the SLL together with Covid-19-related potential demand for GRA resources could quickly reduce current Fund liquidity and require activation of the NAB.

- The Fund's FCC, measuring resources available to finance new commitments over the next 12 months, currently stands at SDR 198 billion (or USD 277 billion). At this point, quota resources of FTP members are the only source of financing included in the FCC as neither the NAB nor the bilateral borrowings are activated.
- Staff estimates that total near-term potential demand for GRA resources from emergency financing under the RFI and comparable augmentations could increase to up to a total of some SDR 60 billion (some USD 82 billion).¹³ Substantial additional (drawing and precautionary) demand for the Fund's regular instruments (Stand-By Arrangement (SBA), Extended Fund Facility (EFF), FCL, and PLL) could also arise, especially if the impact of the pandemic is to become protracted.
- As with the SLL, additional *demand* for Fund resources under emergency financing and other facilities could also impact the *supply* of such resources, as the Fund would no longer draw on FTP members' resources once they request the use of Fund resources and draw under their respective arrangements.¹⁴
- Therefore, while the current, quota-based FCC appears adequate to address near-term RFI-related emergency financing needs, the outlook could change quickly should there be significant demand for new Fund-supported programs, including under FCL and SLL

¹¹ If a member repurchases the credit outstanding under the SLL in full and continues to have an SLL arrangement, it could be added back to the next FTP to be adopted after full repayment subject to the strength of the member's external position and in consultation with the member.

¹² The second-round effects on Fund liquidity of purchases made by members that are included in the FTP comprise two elements: (i) the reduction in the Fund's holdings of currencies that are available to finance purchases, and (ii) conversely, the reduction in the Fund's need to set aside quota resources as a prudential balance. While the second-round effects depend on the level of members' Reserve Tranche Positions and Fund holdings of currencies and fluctuate over time, for the purposes of this paper it is assumed at 80 percent of a member's quota.

¹³ This includes RFIs for all EMDCs and RFI portion of blended access by some 20 PRGT-eligible countries, except for the largest and longest standing participants in the FTP and for EMs currently covered by IMF precautionary arrangements.

¹⁴ For example, under the near-term potential RFI-related demand scenario of SDR 60 billion, the supply effect alone would reduce the FCC by up to SDR 27 billion and reduce the FCC, *ceteris paribus*, to some SDR 110 billion.

arrangements. This is especially the case if demand for financing involved some larger economies and/or exceptional access, where the effect on the FCC could easily reach levels that would call for NAB activation.¹⁵

- With activation of current NAB resources, the Fund's FCC would increase by up to SDR 134 billion, taking into account the prudential buffer and that SDR 9 billion of credit outstanding was financed by earlier NAB drawings, and assuming that all participants are available for calls on NAB resources.

15. In light of the above and given the exceptionally high uncertainty surrounding the outlook, staff will continue to closely monitor the Fund's liquidity position. Staff will keep the Board updated on significant developments, including if it appears likely that demand for Fund resources will increase to a level that would make it necessary to propose an activation of the NAB.

RISKS

16. The design of the SLL seeks to mitigate the enterprise risks to which it may give rise. Credit risk is mitigated by the high qualification standards under the SLL, low access and limited duration of the arrangement, short repurchase period, and, more generally, the Fund's broader risk management policies. While the reliance on members' very strong fundamentals and policies puts a premium on the strength of surveillance, the proposal to retain a 12-month Article IV consultation cycle for relevant countries seeks to mitigate related risks. The proposed renewal clause mitigates the strategic and reputational risks of undermining the facility from the outset and of surprising users with an abrupt exit. The proposals with respect to surcharges, services charges, and commitment fees serve to manage risks to Fund income. The novel features of the instrument and its application in historically volatile circumstances raise change management risks associated with skills, application, and review, but similar risks have been managed successfully by the Fund in the past.

17. More generally, any residual risks are significantly outweighed by the risks of not taking action to address members' needs and fill a critical gap in the toolkit. Notwithstanding the SLL's high qualification standards, a deterioration in a member's fundamentals or policies during an arrangement would raise a range of enterprise risks for the Fund, including credit risks, and the failure of a member to re-qualify at the time of renewal could present reputational and strategic risks. These risks have proven manageable over the decade of experience with the FCL and PLL, although this experience covered relatively more normal times. The possibility of renewal for as long as members continue to qualify and have a potential BoP need raises the possibility that Fund resources are tied up for an extended period, posing risks to the revolving nature of Fund resources. However, the relatively low access of the SLL, its role as a vehicle for exiting the de facto high-access

¹⁵ The conditions for activation of the NAB are set out in the NAB Decision (paragraph 5). Accordingly, when the Managing Director considers that the Fund's resources available for the purpose of providing financing to members from the GRA need to be supplemented in order to forestall or cope with an impairment of the international monetary system, and after consultations with Executive Directors and participants, the Managing Director may make a proposal for the establishment of an activation period. NAB activation requires at least an 85 percent majority of total credit arrangements of participants eligible to vote.

FCL, and the strategic benefits (including positive externalities) of providing more effective precautionary support to the membership, could more than offset these risks and lead to a more efficient allocation of Fund resources. In contrast, the persistent failure to fill this well-recognized gap in the toolkit would continue to undermine the Fund's crisis-prevention objectives and risk damaging the reputation of the Fund. The absence of a review clause that would have been triggered if outstanding credit or commitments under the SLL and FCL were to exceed SDR 150 billion, is unlikely to increase risks to Fund resources, given the increased Board monitoring of Fund resources in the current environment and the review of the Fund's precautionary toolkit scheduled for 2022.

EXPLANATION OF THE PROPOSED DECISION

18. This section explains the details of the attached Proposed Decision. The Proposed Decision, if adopted, would establish the SLL as a special facility in the GRA (i.e., outside the credit tranches), and make the necessary changes to ancillary Fund policies to implement the proposed features of the SLL. Because all of the policy changes in the Proposed Decision are necessary to establish the proposed features of the SLL, they are included in a single decision. Adoption of the Proposed Decision would require an 85 percent majority of the total voting power because: (i) it establishes a special repurchase period for the SLL (12 months); and (ii) the SLL purchases are proposed to "float" against the reserve tranche (i.e., members will maintain a reserve tranche position in the Fund despite making purchases under the SLL), both of which require an 85 percent majority of the total voting power under the Articles (Article V, Section 7(d) and Article XXX(c)(iii), respectively). The Proposed Decision also includes elements that independently would require adoption by either a majority of the votes cast (e.g., access policy) or 70 percent of the total voting power (e.g., stipulations on charges and fees). However, when one decision makes changes that require different voting majorities, the highest voting majority applies. A detailed description of each section of the Proposed Decision follows:

- Establishment of the SLL (Section A of the Proposed Decision).** As noted in paragraph 3 and footnote 2 above, the key features of the SLL are based on the 2017 blueprint and are described in more detail in the 2017 policy paper and the 2017 summing-up, with relevant changes noted in this paper. As such, the SLL and its key features should be understood in a manner consistent with how these features are described in that paper and summing-up. Section A would establish the SLL for members with the special balance of payments need outlined in paragraph 3 and Table 1 above (paragraph 1). Members that informally express interest would be conditionally approved for an SLL arrangement if they meet the qualification criteria, which are the same as those for the FCL (paragraph 2), and would not be subject to any form of ex-post conditionality or reviews (paragraph 3). Access under an SLL arrangement would be approved for a qualifying member up to 145 percent of its quota. Access would be on a revolving basis both within and across SLL arrangements (paragraph 4), for a period of 12 months, unless cancelled before expiry by the member. Early repurchases within or across SLL arrangements would reconstitute access up to the level approved under the arrangement

in effect (paragraph 5). The process for approval, including the authorization to access audited financial information, is outlined in paragraph 6. Purchases under the SLL would not count against a member's reserve tranche position (paragraph 7). The SLL would have a repurchase obligation of 12 months (paragraph 8). A review of the SLL, alongside the FCL and the PLL, is proposed within two years (paragraph 11). As noted above, it is proposed that the SLL be established for a period of seven years, provided that by end-2025, the Executive Board would be expected to take a decision whether to extend the facility beyond the seven-year period (paragraph 12). An extension of the SLL facility would require approval by an 85 percent majority of the total voting power.

- **Access Policy (Section B of the Proposed Decision).** Section B would carve out access under the SLL from the access limits set forth in the policy on overall access to the Fund's resources in the General Resources Account. This is because, unlike other Fund arrangements, which define access on a flow basis, access under the SLL would be defined as a limit on the stock of Fund credit committed or outstanding, up to a maximum of 145 percent of quota. A member would be able to purchase at any given time up to the amount of approved access under the SLL, minus outstanding purchases. Repurchases would reconstitute access up to the approved access amount for the SLL arrangement in effect at the time of the repurchase (paragraph 4 of Section A). However, outstanding amounts under the SLL would count towards the access limits if a member subsequently requests access to Fund resources under another Fund facility.
- **Article IV Consultation Cycle (Section C of the Proposed Decision).** Section C would amend the Decision on Article IV Consultation Cycles to clarify that members with an SLL arrangement must remain or be placed on the 12-month Article IV consultation cycle.
- **Transparency Policy (Section D of the Proposed Decision).** Section D would amend the Decision on Publication of Reports to account for the SLL arrangement's approval process, which differs from other Fund arrangements in that the Executive Board would approve on a conditional basis an SLL arrangement and the arrangement would become effective on the date on which the Fund confirms receipt of a written communication from the member that it wishes to avail of the arrangement. In this regard, changes would be made so that: (a) the publication deadline of the press release and staff report starts from the effective date of a member's SLL arrangement, rather than the date the underlying staff report is discussed; and (b) the effectiveness of a member's SLL arrangement is conditioned on the member's consent to publish when it confirms that it wishes to avail of the SLL arrangement, unlike other requests for Fund arrangements, which require that the member consent to publication for management to recommend approval of an arrangement by the Executive Board.
- **Allocation of Repurchases (Section E of the Proposed Decision).** Section E would amend the Decision on Attribution of Reductions in the Fund's Holdings of Currencies, for administrative purposes, to clarify that a member's repurchases under the SLL will be applied first to the longest outstanding purchase under the SLL (i.e., a "first out, first in" rule will apply) as outlined in Box 5 of Adequacy of the Global Financial Safety Net—Review of the Flexible

Credit Line and Precautionary and Liquidity Line, and Proposals for Toolkit Reform (SM/17/140, 06/02/2017).

- **Surcharges (Section F of the Proposed Decision).** Section F would amend the level-based surcharge policy to include outstanding purchases under the SLL. Fund holdings of a member's currency over 187.5 percent of quota resulting from purchases in the credit tranches, under the SLL and the Extended Fund Facility would be subject to a surcharge of 200 basis points per annum above the basic rate of charge. The proposed decision reflects staff's view that the purchases under the SLL should not be subject to the time-based surcharge because of their short-term repurchase obligation.
- **Service Charge and Commitment Fee (Section G of the Proposed Decision).** Section G would amend Rules I-1 and I-8 to set the service charge for purchases under the SLL at 21 bps (Rule I-1) and the commitment fee for the SLL at 8 basis points on a non-refundable basis (Rule I-8). The proposed decision specifies that the commitment fee would be charged at the beginning of each SLL arrangement, and would not be refunded if the member makes purchases under the arrangement. A pro-rata portion of the commitment fee would be refunded, however, if the member cancels its arrangement before expiry.

Proposed Decision

The following decision, which may be adopted by an eighty-five percent majority of the total voting power, is proposed for adoption by the Executive Board:

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.”

Redlined Text of Amendments to Existing Decisions and Rules of the Fund

Access Policy

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

1. The Fund has reviewed the guidelines and the limits for access by members to the Fund's general resources set forth in Decision No. 14064-(08/18), adopted February 22, 2008, as amended, and decides 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 ~~in the credit tranches~~ 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.
3. Subject to paragraph 4 below, the Fund may approve access in excess of the limits set forth in this Decision in exceptional circumstances, provided the following four substantive criteria are met:

(a) The member is experiencing or has the potential to experience exceptional balance of payments pressures on the current account or the capital account, resulting in a need for Fund financing that cannot be met within the normal limits.

(b) A rigorous and systematic analysis indicates that there is a high probability that the member's public debt is sustainable in the medium term. Where the member's debt is assessed to be unsustainable ex ante, exceptional access will only be made available where the financing being provided from sources other than the Fund restores debt sustainability with a high probability. Where the member's debt is considered sustainable but not with a high probability, exceptional access would be justified if financing provided from sources other than the Fund, although it may not restore sustainability with high probability, improves debt sustainability and sufficiently enhances the safeguards for Fund resources. For purposes of this criterion, financing provided from sources other than the Fund may include, inter alia, financing obtained through any intended debt restructuring. This criterion applies only to public (domestic and external) debt. However, the analysis of such public debt sustainability will incorporate any relevant contingent liabilities, including those potentially arising from private external indebtedness.

(c) The member has prospects of gaining or regaining access to private capital markets within a timeframe and on a scale that would enable the member to meet its obligations falling due to the Fund.

(d) The policy program of the member provides a reasonably strong prospect of success, including not only the member's adjustment plans but also its institutional and political capacity to deliver that adjustment.

4. When exceptional access is approved under a PLL arrangement pursuant to paragraph 3, such access, combined with the member's access to the Fund's resources under other PLL arrangements, shall in no event exceed a cumulative limit of 500 percent of quota, net of scheduled repurchases.
5. Unless otherwise specified in a general decision of the Executive Board, the procedures set forth in BUFF/02/159 (9/20/02), BUFF/03/28 (3/5/03), and BUFF/05/68 (4/13/05) shall apply to all cases involving access in excess of the limits set forth in this Decision.
6. This Decision shall be reviewed on an as needed basis in accordance with Decision No. 15764-(15/39), adopted April 23, 2015, on implementing streamlining of policy reviews.

Article IV Consultation Cycles

This Decision is adopted pursuant to Article IV, Sections 3 (a) and (b) of the Fund's Articles. It establishes a framework for the periodicity of consultations between the Fund and each member on the member's policies under Article IV, Section 1.

1. Except as provided for in paragraphs 2 and 3 below, consultations with members shall be conducted in accordance with the principles set out in this paragraph.

In principle, Article IV consultations with members will take place annually. Article IV consultations that take place on the standard twelve-month cycle will be subject to a grace period of 3 months and, accordingly, will be expected to be completed within 15 months of the date of the completion of the most recent consultation.

The Fund may decide to place a member on a consultation cycle that is longer than 12 months but, in any event, is not longer than 24 months (hereinafter an "extended cycle") only if the member does not meet any of the following criteria:

- (a) the member is of systemic or regional importance;
- (b) the member is perceived to be at some risk because of policy imbalances or particular threats from exogenous developments, or the member is facing pressing policy issues of broad interest to the Fund membership; or
- (c) the member has outstanding credit to the Fund under all facilities above one hundred forty-five percent (145%) of the member's quota.

The Fund will place a member on an extended cycle only after consulting with the Executive Director for the member and obtaining the member's consent.

2. Whenever a Fund arrangement (other than an arrangement under the Flexible Credit Line (FCL), ~~or~~ Precautionary and Liquidity Line (PLL)), or Short-term Liquidity Line (SLL)), Policy Coordination Instrument (PCI), or a Policy Support Instrument (PSI) is approved for a member, that member shall automatically be placed on a 24-month consultation cycle. Article IV consultations with such members shall be conducted in accordance with the procedures specified below:

(a) Article IV consultations with such a member will be expected to be completed within 24 months of the date of completion of the previous Article IV consultation with that member. The consultation cycle will be shortened where a program review under an arrangement for the member is not completed by the date for completion specified in the arrangement: in these circumstances the next Article IV consultation with that member will be expected to be completed by the later of (i) 6 months after the date specified in the arrangement for completion of the review, and (ii) 12 months, plus a grace period of 3 months, after the date of completion of the previous Article IV consultation, provided, however, that, where the relevant program review is completed before the later of the dates specified in (i) and (ii) above, the next Article IV consultation will be expected to be completed within 24 months of the date of completion of the previous Article IV consultation with that member.

(b) A member that has completed an arrangement (other than an FCL or PLL arrangement) by drawing all amounts, or a PCI or PSI by completing all reviews, shall remain on the cycle determined pursuant to paragraph 2(a) above, unless at the time of the final review under the

arrangement, PCI, or the PSI, the Executive Board determines, based on the criteria specified in paragraph 1, that a different cycle shall apply. Where the arrangement, PCI, or PSI is cancelled by the member, or the arrangement expires with undrawn amounts or the PCI or PSI expires with uncompleted reviews or is terminated, the member concerned shall remain on the cycle determined pursuant to paragraph 2(a) above, unless the Executive Board determines, based on the criteria specified in paragraph 1, that a different cycle will apply.

3. Whenever an FCL, ~~or a~~ 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, ~~or 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.

4. At the conclusion of each Article IV consultation with a member, the Fund will specify the cycle that will apply to the next Article IV consultation with the member.

5. Decision No. 12794-(02/76), adopted July 15, 2002, as amended, is hereby repealed.

(SM/10/253, 9/21/10)

2013 Review of the Fund's Transparency Policy

Preamble

Recognizing the importance of transparency, the Fund will strive to disclose documents and information on a timely basis unless strong and specific reasons argue against such disclosure. This overarching principle is reflected in the specific provisions of the Decision set forth below and of other Fund policies on transparency. The principle respects, and will be applied to ensure, the voluntary nature of publication of documents that pertain to member countries consistent with the need for the Fund to safeguard confidential information and with the provisions of Article XII, Section 8 of the Articles of Agreement concerning publication by the Fund of its views with respect to a member.

I. General Provisions on Authorization and Consent

1. The Managing Director shall arrange for publication by the Fund of Country Documents, Fund Policy Documents and Multi-Country Documents in accordance with the principles set forth in the attached Indicative List. Country Documents shall be documents pertaining to individual countries, including documents relating to surveillance, use of Fund resources, the Policy Support Instrument (PSI) and the Policy Coordination Instrument (PCI), and certain reports arising from Fund technical assistance. Documents pertaining to regional surveillance discussions on common policies of a currency union shall be considered to be Country Documents. Fund Policy Documents shall be documents on general policy issues, including but not limited to, surveillance, use of Fund resources, technical assistance and Fund administrative

matters. Multi-Country Documents shall be documents covering multiple countries as further defined in paragraph 17.

2. a. The publication of Country Documents is subject to the consent of the member concerned. The publication of Fund Policy Documents requires the approval of the Executive Board. The publication of Multi-Country Documents requires the consents of the members concerned or the approval of the Executive Board, as the case may be, as set forth in paragraphs 20-26. The publication of documents jointly authored by the Fund and the World Bank requires the authorization of the World Bank.

b. Under paragraphs 3(b), 14, 21(b) and 24 of this Decision, prompt publication shall mean that a document is expected to be published no later than (a) fourteen calendar days after the Executive Board has considered the document, or (b) twenty-eight calendar days after the document has been issued to the Executive Board, whichever is later.

II. Country Documents

A. Consent

3. a. A member's consent to Fund publication of Country Documents shall be voluntary but presumed. This presumption shall mean that the Fund encourages each member to consent to the publication by the Fund of such documents. For the purposes of encouraging members and obtaining their consent to publication, the following procedures shall apply.

b. Except as otherwise provided in this Decision, Fund publication of an applicable document will occur, unless, prior to the conclusion of the Executive Board meeting at which

that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document relates, the member concerned notifies the Fund that it: (i) objects to the publication of the document; or (ii) requires additional time to decide whether or not to publish; or (iii) consents to publication but subject to reaching agreement with the Fund on deletions to the document. In the absence of a notification referred to in (i), (ii), or (iii) above, Country Documents shall be published by the Fund promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis to which the document relates. Members who notify the Fund as provided for in (ii) or (iii) above are expected to reach a decision on publication of the document in question within twenty-eight calendar days of the Executive Board meeting or decision. Where a member provides the Fund with a notification as provided for in (i), (ii), or (iii) above, the applicable document shall not be published unless the member's explicit consent is received by the Fund.

c. With respect to Documents 3, 5, 10 and 15-16, paragraph 3(b) will only apply if the applicable document has been circulated to the Executive Board in the context of a meeting or a proposal for lapse-of-time approval of a decision. If the document has been circulated for information only, paragraph 28 will apply and the member's explicit consent must be provided to the Fund prior to publication.

d. Paragraph 3(b) will not apply to a Press Release containing a Chairman's Statement for the use of Fund resources (Document 7), a Press Release containing a Chairman's Statement in the context of a PSI (Document 20), a Press Release containing a Chairman's Statement in the context of a PCI (Document 20), or a Press Release for an Article IV consultation, a regional surveillance discussion or a Board consideration of Financial System Stability Assessment (FSSA)

report (Document 4). A member's consent to the publication of these documents is governed by paragraphs 11 and 12 of this Decision.

e. In respect of any document that is subject to the procedures set out in paragraph 3(b), the Secretary's cover memorandum will indicate that the document will be published promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis, unless the member concerned notifies the Fund as provided for in paragraph 3(b)(i), (ii), or (iii) above.

4. a. The Managing Director will not recommend that the Executive Board approve (i) an arrangement under the Poverty Reduction and Growth Trust (PRGT) or completion of a review under such arrangement, or (ii) a Heavily Indebted Poor Countries (HIPC) decision point or completion point decision, or (iii) a member's request for a PSI or the completion of a review under a PSI, if the member concerned does not explicitly consent to the publication of its Interim Poverty Reduction Strategy Paper (I-PRSP), Poverty Reduction Strategy Paper (PRSP), PRSP preparation status report, PRSP annual progress report (APR) or Economic Development Document ("EDD") (Document 10 or Document 15, as the case may be).

b. The Managing Director will generally not recommend that the Executive Board approve a request for (i) access to resources in the General Resources Account or the PRGT, or (ii) access to Fund resources under the HIPC Trust, or (iii) assistance through a PSI or a PCI, unless that member explicitly consents to the publication of the associated staff report. For purposes of this paragraph 4(b), approval of the use of the Fund's resources includes the completion of a review under an arrangement and assistance through a PSI or a PCI includes the completion of a review under the PSI or the PCI. In the case of the PCI, where a member does

not provide consent to publication of an interim performance update, the Managing Director may take this into account when determining whether to recommend that the Executive Board approve a subsequent review of the member's PCI.

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.

5. Except as provided in paragraphs 11 and 12, a member's explicit consent shall, for the purposes of this Decision, be communicated in writing, normally to the Secretary of the Fund. Such consent may be communicated by the Executive Director elected, appointed, or designated by the member.

B. Member's Statement Regarding Fund Staff Reports

6. If a Fund staff report (Documents 1, 6, 14 and 19) on a member is to be published under this Decision, the member concerned shall be given the opportunity to provide a statement regarding the staff report and the Executive Board assessment. Such statement shall be communicated to the Fund and published together with the staff report.

C. Deletions and Rephrasing in Country Documents

7. a. For purposes of publication, deletions may be made to Country Documents, except for country policy intention documents on poverty reduction strategies (Documents 10 and 15), in

accordance with paragraph 8 below. Deletions should be limited to: (i) highly market-sensitive material, mainly on the outlook for exchange rates, interest rates, the financial sector, and assessments of sovereign liquidity and solvency; and (ii) material not in the public domain, on a policy the country authorities intend to implement, where premature disclosure of the operational details of the policy would, in itself, seriously undermine the ability of the member to implement those policy intentions. For purposes of this Decision, highly-market sensitive material shall mean material that (a) is not in the public domain, (b) is market relevant within the near term, and (c) is sufficiently specific to create a clear risk of triggering a disruptive market reaction if disclosed. Politically sensitive material shall not be deleted unless the material satisfies (i) or (ii) above. Information relating to any performance criterion or structural benchmark (Documents 1, 6 and 11-12), or to any quantitative or structural benchmark (Documents 13-14), or to any assessment criterion or structural benchmark (Documents 1, and 17-19), may not be deleted, unless the information is of such character that would have enabled it to be communicated to the Fund in a side letter pursuant to Decision No. 12067-(99/108), September 22, 1999.

b. If the Managing Director determines that the proposed deletions satisfy criteria (i) or (ii) in paragraph 7(a), the Managing Director may decide that the deletions shall be accompanied by minor rephrasing of text, whenever such rephrasing would help retain maximum candor or minimize the risks of misinterpretation.

8. a. Requests for deletions to a Country Document, except for country policy intentions documents on poverty reduction strategies (Documents 10 and 15) may be made by the member concerned. Except as otherwise provided in this paragraph 8, other members may also request deletions to Documents 1-3, 6, 14, and 19 if (i) the text to be deleted relates to that

other member, (ii) the member to whom the document relates consents to the deletion, and (iii) the criteria set out in paragraph 7 are met. Criterion (ii) in this paragraph 8(a) shall not apply to staff reports for Article IV consultation and regional surveillance discussions (Documents 1 and 2).

b. Deletions shall be requested in writing. Such requests are expected to be communicated to the Fund no later than two business days before: (i) the Executive Board meeting at which the document is discussed or (ii) the date of adoption of a decision on a lapse-of-time basis to which the document relates. In any event, requests for deletions shall normally be made no later than (a) seven calendar days after the Executive Board has considered the document, or (b) twenty-one calendar days after the document was issued to the Executive Board, whichever is later.

c. Once approved by the Managing Director, deletions and related rephrasing shall be circulated to the Executive Board in redlined form. The modified document circulated to the Executive Board shall include the justification for each modification made.

d. Procedures for resolving disputes arising from requests for deletions are set forth below.

(i) In the case of a serious disagreement between the Managing Director and a member regarding that member's request for deletions, the Managing Director, or the Executive Director elected, appointed, or designated by that member, may refer the matter to the Executive Board.

(ii) In the case of staff reports for Article IV consultation and regional surveillance discussion (Documents 1 and 2), if the Managing Director approves deletions requested by other members, and the member to whom the document relates disagrees with the assessment of the Managing

Director, the Managing Director, or the Executive Director elected, appointed, or designated by that member, may refer the matter to the Executive Board.

(iii) If the Managing Director is of the view that the requested deletions would result in a document that, if published, would undermine the overall assessment and credibility of the Fund, the Managing Director shall recommend to the Executive Board that the document not be published.

D. Corrections to Country Documents

9. Corrections to Country Documents covered under this Decision shall be limited to the correction of (i) data and typographical errors, (ii) factual mistakes, (iii) mischaracterization of views expressed by the authorities concerned, and (iv) evident ambiguity. Corrections shall normally take the form of substitution of text in existing sentences rather than the addition or deletion of entire sentences.

10. Corrections to a Country Document are expected to be requested no later than two business days before the conclusion of the Executive Board's consideration of the document or the adoption of a decision on a lapse-of-time basis to which the document relates. In any event, corrections made after Executive Board consideration shall be limited to (i) cases where the correction is brought to the attention of the Executive Board before the conclusion of the Executive Board's consideration of the document, or (ii) cases where the failure to make the correction would undermine the overall value of publication. Corrections shall be circulated to the Executive Board in redlined form. Those corrections with significant implications for the substance of the document shall be discussed and justified in a supplementary staff report or in a corrections memorandum issued to the Executive Board.

E. Press Releases in Respect of Use of Fund Resources, the Policy Coordination Instrument, or the Policy Support Instrument

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.

F. Press Releases for Article IV Consultations, Regional Surveillance Discussions or Stand-alone Executive Board Consideration of Financial System Stability Assessment Reports

12. Following the completion of an Article IV consultation for a member or a regional surveillance discussion, or a stand-alone Board consideration of an FSSA report, the Fund may issue a Press Release reporting on the results of the consultation or regional surveillance discussion (Document 1), or stand-alone Board consideration of an FSSA report (Document 3). If a member has consented to the publication of Documents 1 and/or 3, such publication will be made along with the publication of a Press Release. A Press Release will be in accordance with the following terms:

a. The Press Release will be brief (normally 3-4 pages) and will consist of two sections:

(i) a background section, a draft of which should be attached to the staff report whenever possible, with (a) in the case of an Article IV consultation or a regional surveillance discussion, factual information on the economy of a member and a table of economic indicators, and (b) in the

case of a stand-alone Board consideration of an FSSA report, factual information on the member's financial system; and

(ii) the Fund's assessment of (a) the member's prospects and policies in the case of an Article IV consultation or a regional surveillance discussion, and (b) the stability of the financial system in the case of a stand-alone Board consideration of an FSSA report. This section will correspond closely to the Chairman's summing up of the Executive Board discussion.

b. The Executive Director concerned will have the opportunity to review the draft Press Release prior to its issuance to propose changes, if any, consistent with paragraphs 7 through 10 above.

c. In case of a serious disagreement between the Managing Director and the Executive Director concerned on the draft, either may request the Executive Board to consider the matter.

d. In an Article IV consultation, a regional surveillance discussion or a stand-alone Board consideration of an FSSA report, in a case where a staff report is not expected to be published within seven calendar days of the Board consideration, a Press Release will be issued shortly after the Board consideration, if the member has consented to publication of the staff report. In a case of a combined Board consideration of an Article IV consultation with use of Fund resources, a PCI, or a PSI, as the case may be, a single Press Release covering these matters will normally be issued immediately after the Board consideration. In any event, a Press Release under this paragraph will not be issued before the circulation of the summing up as a Fund document.

e. Issuance of Press Releases shall not affect the summing up process for Article IV consultations, regional surveillance discussions, or FSSA Board discussions. In particular, the

Chairman's summing up will continue to be provided to the Executive Director concerned for review following the Executive Board meeting, and the possibility of issuing Press Releases shall not affect in any way the staff's reporting to the Executive Board on discussions with members.

G. Non-publication of Press Releases in Selected Cases—Issuance by the Fund of Factual Statements in Lieu

13. A brief factual statement will be issued in the circumstances and within the time frames set forth in this paragraph 13.

a. With respect to the Executive Board's consideration of an Article IV consultation, a regional surveillance discussion, an FSSA report, a post-program monitoring, an ex post assessment or an ex post evaluation:

(i) If, after twenty-eight calendar days from the relevant Board consideration, a member does not consent to the publication of a Press Release pertaining to the Board consideration, a brief factual statement will be issued stating the fact of the Board's -consideration of the matter.

(ii) If, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board's consideration of the matter and clarifying the authorities' publication intention with respect to the staff report.

b. With respect to the Executive Board's consideration of use of Fund resources, a PCI, or a PSI, a brief factual statement shall be issued in accordance with the following provisions:

(i) If a member does not consent to the publication of a Press Release containing a Chairman's statement (Documents 7 and 20) under paragraph 11 where one would be applicable,

or if no Chairman's statement has been issued because a decision was taken on a lapse-of-time basis, a brief factual statement will be issued immediately after the Board consideration. The factual statement will describe the Executive Board's decision relating to (a) that member's use of Fund resources (including HIPC initiative decisions (Document 8), waivers (Document 21), and consideration of PRSP documents and EDDs (Document 10), when relevant), or (b) the approval of a PSI or a PCI for that member, or the conduct of a review under that member's PSI or PCI (including waivers (Document 22) and consideration of PRSP documents and EDDs (Document 15), when relevant).

(ii) With respect to the consent provisions set forth in paragraph 4(b), if, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board's -consideration of the matter and clarifying the authorities' publication intention with respect to the staff report.

(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.

III. Fund Policy Documents

A. Authorization

14. After the Executive Board meets on Fund policy issues in a formal Board meeting or informal session, or adopts a decision on a lapse-of-time basis, it shall be presumed that the staff report under consideration (Document 23) and/or a Press Release (Document 24) pertaining to the

consideration will be published. This presumption will, inter alia, apply to matters upon which deliberation is ongoing, but it is recognized that the risk of undermining the Fund's decision making process may constitute a reason not to publish immediately in such cases. The presumption will not apply to policy issues dealing with the administrative matters of the Fund, except with respect to matters pertaining to the Fund's income, financing or budget matters that do not involve market sensitive information. Publication of a policy paper or Press Release will require a decision of the Executive Board. Staff is expected to set out a recommendation on publication of a Board policy paper and/or its related Press Release in the cover memorandum of the relevant document and, where publication is not recommended, to explain why. Except as specified in paragraph 15 below, whenever publication is approved, the paper and/or Press Release will normally be published promptly after an Executive Board meeting or an informal session, or date of adoption of a lapse-of- time decision to which the documents relate. Whenever publication is proposed of a paper or Press Release prepared for an informal Executive Board session, publication will be deemed to have been approved by the Board unless an Executive Director objects by the date set forth in the Secretary's cover memorandum.

B. Press Releases on Fund Policy Issues

15. A Press Release pertaining to Board consideration of Fund policy issues will be based on the decision adopted by the Executive Board and/or the Chairman's summing-up, or the Chairman's Concluding Remarks, as the case may be. It will also include a short section setting out background information. In a case where a policy staff report is not expected to be published within seven calendar days of the Board consideration, a Press Release will be issued shortly after the Board consideration.

C. Corrections, Deletions and Related Rephrasing with Respect to Fund Policy Staff

Reports

16. Prior to the publication of a Fund policy staff report, the Managing Director may make necessary factual corrections, deletions, and related rephrasing with respect to the report (including of highly market-sensitive material and country-specific references). However, staff's proposals in a report shall not be modified prior to its publication. In cases where confusion might arise from differences between staff's proposals in the report and the Executive Board's conclusions regarding those proposals as reflected in the Press Release pertaining to the Executive Board consideration, it would be clearly indicated in the published version of the report which staff proposals the Executive Board did not endorse.

IV. Multi-Country Documents

17. Multi-Country Documents comprise (i) Multilateral Policy Issues Documents, (ii) Country Background Pages and (iii) Cluster Documents. Multilateral Policy Issues Documents address multilateral global economic issues. Country Background Pages are characterized by specific information pertaining to individual countries and to individual country data but the analysis of respective -individual countries and individual country data is not integrated. -Cluster Documents are documents that include analysis of issues affecting a group of countries where each individual country -analysis is integrated into the broader analysis.

18. Multi-Country Documents pertain to both individual documents and material sections within individual documents. Material sections shall mean whole chapters or appendices. A single Multi-Country Document may comprise (i) a Multilateral Policy Issues Document, (ii) a Country Background Pages, (iii) a Cluster Document, or (iv) some combination of the above.

19. For Multi-Country Documents, the Secretary's cover memorandum will indicate the publication rules governing the document.

A. Multilateral Policy Issues Documents

20. The provisions applicable to the publication of Fund policy staff reports and Press Releases pertaining thereto set forth in paragraphs 14-15 shall apply to Multilateral Policy Issues Documents and Press Releases for Multilateral Policy Issues Documents. Paragraph 16 regarding modification rules for Fund policy staff reports shall apply to all Multilateral Policy Issues Documents, except for the *World Economic Outlook* (WEO), the *Global Financial Stability Report* (GFSR) and the *Fiscal Monitor* (FM). In accordance with established practice, staff may modify the WEO, GFSR and FM prior to publication in order to, inter alia, take into account views expressed at the relevant Executive Board meeting.

B. Country Background Pages

21. For the purpose of publishing Country Background Pages, the following provisions shall apply:

a. The consent of the member to which a document or a material section of a document pertains (the "member concerned") is required to publish such a document or section.

b. Fund publication of a Country Background Pages or material sections within such a document will occur, unless, prior to the conclusion of the Executive Board meeting at which that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document pertains, a member concerned notifies the Fund that it: (i) objects to publication; or (ii) requires additional time to decide whether or not to publish; or (iii) consents to publication

but subject to reaching agreement with the Fund on deletions. If no member concerned provides a notification referred to in (i), (ii) or (iii) above, the document or section shall be published by the Fund promptly after the relevant Executive Board meeting or the date of adoption of a decision on a lapse-of-time basis.

c. In a case where one or more members concerned object to publication of information pertaining to it, the Managing Director may (i) decide to publish the Country Background Pages without the information pertaining to the objecting member, or (ii) recommend to the Executive Board not to publish the Country Background Pages and/or, as the case may be, the associated Multilateral Policy Issues Document or Cluster Document, if the non- publication would substantially undermine the overall analysis and substance of the document.

22. For the purpose of deletions and corrections, the member concerned has the right to request deletions or corrections to information pertaining to it in accordance with the criteria and procedures applicable to Country Documents as set forth in paragraphs 7-10 of this Decision.

C. Cluster Documents

23. The consent of each member to which a Cluster Document pertains (the “members Concerned”) is required for publication of the report and a Press Release pertaining to the report. In a case where one or more members concerned object to publication, the document shall not be published. If the members concerned have consented to the publication of the report, such publication will be made along with the publication of a Press Release.

24. Fund publication of a Cluster Document would occur promptly after the relevant Executive Board meeting or the date of -adoption of a decision on a lapse-of-time basis, unless, prior to

the conclusion of the Executive Board meeting at which that document is considered or the date of adoption of a decision on a lapse-of-time basis to which that document pertains, one or more members concerned notifies the Fund that it: (i) objects to the publication of the document; or (ii) requires additional time to decide whether or not to publish; or (iii) consents to publication but subject to reaching agreement with the Fund on deletions to the document.

25. For the purpose of deletions and corrections, each member concerned has the right to request deletions or corrections in accordance with the criteria and procedures applicable to Country Documents as set forth in paragraphs 7-10 of this Decision, subject to the following considerations. In the case of serious disagreement amongst the members concerned regarding requests for deletions, the Managing Director shall propose a solution to the members concerned. If a commonly acceptable solution cannot be found, then the Managing Director, or Executive Directors elected, appointed, or designated by the members concerned, may refer the matter to the Executive Board.

26. a. In a case where a Cluster Document is not expected to be published within seven calendar days of the Executive Board consideration, a Press Release will be issued shortly after the Board consideration, if the members concerned consent to issuance of the Press Release.

In any event, a Press Release pertaining to a Clustered Document will not be issued before the circulation of the summing up as a Fund document.

b. If, after twenty-eight calendar days from the relevant Board consideration, one or more members concerned do not consent to the publication of a Press Release pertaining to the Board consideration, a brief factual statement will be issued stating the fact of the Board's consideration of the matter.

c. If, after twenty-eight calendar days from the relevant Board consideration, the staff report has not been published, a brief factual statement will be issued stating the fact of the Board's consideration of the matter and clarifying the publication intention of the members concerned with respect to the staff report.

V. Other Matters

A. Other Changes to Documents

27. Before a document is published, the following shall be removed: (i) references to unpublished Fund documents, (ii) references to certain internal processes that are not disclosed to the public under existing policies, including inquiries regarding possible misreporting and breaches of members' obligations, and (iii) any discussion of a breach of obligation under Article VIII, Section 5 or misreporting under applicable Fund policies that the Managing Director has proposed be treated as de minimis in nature as defined in paragraph 1 of Decision No. 13849-(06/108), December 20, 2006.

B. Timing and Means of Fund Publication

28. Documents may be published under this decision only after their consideration by the Executive Board, except for documents that are circulated for information only including: (i) I-PRSPs, PRSPs and EDDs; and (ii) Reports on Observance of Standards and Codes (ROSCs) and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports. Documents covered by this paragraph may be published immediately after circulation to the Executive Board.

29. Publication by the Fund under this decision shall normally mean publication on its website but may include publication through other media.

C. Article XII, Section 8

30. Nothing in this decision shall be construed to be inconsistent with the power of the Fund to decide under Article XII, Section 8, by a seventy percent majority of the total voting power, to publish a report made to a member regarding its monetary or economic conditions and developments which directly tend to produce a serious disequilibrium in the international balance of payments of members.

D. Non-Members

31. In the case of a document pertaining to a country which is not a member of the Fund: (i) all references to “member” in this decision shall be taken to mean “country”; and (ii) all references to “Executive Director elected, appointed, or designated by that member” shall be taken to refer to the appropriate authorities of the country concerned.

E. Review

32. This decision is expected to be reviewed in light of experience no later than 2018.

Indicative List of Documents Covered by the Decision

(1) This list is indicative and is not intended to be exhaustive. Country Documents, Fund Policy Documents and Multi-Country Documents that may be created in between reviews of the Transparency Policy will be subject to this Decision, unless the Executive Board decides otherwise on a case-by-case basis.

(2) The publication rules applicable to Multi-Country Documents will be explained in the Secretary’s cover memorandum for the documents.

(3) Country Documents and Fund Policy Documents pertain to individual documents. Multi-Country Documents pertain to both -individual documents and material sections within individual Multi-Country Documents. Material sections shall mean whole chapters or appendices.

(4) To the extent that the coverage of any document is not clear, publication of such documents will be guided by the overarching principles set forth in the preamble to the Transparency Policy Decision.

I. Country Documents

A. Surveillance and Combined Documents

1. Staff Reports for Article IV consultations and Combined Article IV consultation/Use of Fund Resources Staff Reports, Combined Article IV consultations/PSI, Combined Article IV consultations/PCI, and regional surveillance discussions
2. Selected Issues Papers and Statistical Appendices
3. Reports on Observance of Standards and Codes (ROSCs), Financial System Stability Assessment (FSSA) Reports, and Assessment of Financial Sector Supervision and Regulation (AFSSR) Reports
4. Press Releases following Article IV consultations, regional surveillance discussions, and stand-alone Board consideration of FSSA reports

B. Use of Fund Resources Documents

5. Joint Fund/World Bank Staff Advisory Notes (JSANs) on Interim Poverty Reduction Strategy Papers (I-PRSPs), Poverty Reduction Strategy Papers (PRSPs), PRSP Preparation Status Reports, and RSP Annual Progress Reports (APRs)
6. Staff Reports for Use of Fund Resources, Post-Program Monitoring, Ex Post Assessment, and Ex Post Evaluation of exceptional access arrangements (excluding staff reports dealing solely with a member's overdue financial obligations to the Fund)
7. Press Releases containing a Chairman's Statement for Use of Fund Resources
8. Preliminary, decision point, and completion point documents under the Heavily Indebted Poor Countries Initiative
9. Press Releases following Executive Board discussions on post-program monitoring, ex post assessments or ex post evaluations
10. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, and EDDs
11. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs), and
Written Communications
12. Technical Memoranda of Understanding (TMUs) with policy content

C. Staff Monitored Program (SMP) Documents

13. LOIs/MEFPs for SMPs
14. Stand-alone Staff Reports on SMPs

D. Policy Support Instrument (PSI) and Policy Coordination Instrument (PCI) Documents

- 15. I-PRSPs, PRSPs, PRSP Preparation Status Reports, APRs, and EDDs in the context of PSIs
- 16. Joint Fund/World Bank Staff Advisory Notes (JSANs) on I-PRSPs and PRSPs in the context of PSIs
- 17. Letters of Intent and Memoranda of Economic and Financial Policies (LOIs/MEFPs) for PSIs and Program Statements for PCIs
- 18. Technical Memoranda of Understanding (TMUs) with policy content for PSIs and PCIs
- 19. Staff Reports for PSIs and PCIs

E. Statements on Fund Decisions

- 20. Press Releases containing a Chairman's Statement for PSIs and PCIs
- 21. Statements on Fund decisions on waivers of applicability, or for nonobservance, of performance criteria, and any other matter as may be decided by the Executive Board from time-to time
- 22. Statements on Fund decisions on waivers of nonobservance of assessment criteria, and any other matter as may be decided by the Executive Board from time-to-time

II. Fund Policy Documents

- 23. Fund Policy Issues Papers
- 24. Press Releases following Executive Board consideration of policy issues

III. Multi-Country Documents

25. Multilateral Policy Issues Documents such as, the *World Economic Outlook*, the *Global Financial Stability Report*, the *Fiscal Monitor*, and Spillover Reports

26. Press Releases following Executive Board consideration of Multilateral Policy Issues

27. Country Background Pages

28. Press Releases following Executive Board consideration of Country Background Pages

29. Cluster Documents

30. Press Releases following Executive Board consideration of Cluster Documents

Attribution of Reductions in Fund's Holdings of Currencies

1. (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.

(b) For a member with overdue repurchase obligations, the reduction shall be attributed to any obligation to repurchase.

(c) ~~[Repealed]~~ Repurchases of credit outstanding under the Short-term Liquidity Line (SLL) shall be attributed to the first maturing repurchase obligation under the SLL.

(d) [Repealed]

(e) A reduction resulting from a repurchase made pursuant to a repurchase expectation under paragraph 10(a) of Decision No. 4377-(74/114) shall be attributed to the member's repurchase obligation arising from the same purchase three years after the original date on which that repurchase expectation was to be met.

2. A reduction attributed to a reserve tranche position will not discharge an expectation of repurchase under the Guidelines for Early Repurchase.

3. If the member when asked does not make an attribution in accordance with 1 above, it will be deemed to be discharging the first maturing repurchase obligation.

...

Surcharges on Purchases in Credit Tranches and Under Extended Fund Facility

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, as adjusted for purposes of burden sharing, 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.

2. The relevant threshold in paragraph 1 shall be 300 percent instead of 187.5 percent: (i) for all members until February 17, 2016; and (ii) for members whose quota increase under the 14th Review was not effective on February 17, 2016 until the date their quota increase under the 14th General Review becomes effective, or February 26, 2016, whichever is earlier. If, during the period of February 1 through February 16, 2016, the Fund's combined holdings of a member's currency resulting from purchases in the credit tranches and under the Extended Fund Facility fell below 300 percent of the member's quota, such interruption shall not be taken into account for purposes of calculating the 36 and 51 month periods.

3. A member with credit outstanding in the credit tranches or under the Extended Fund Facility, or with an arrangement in effect on February 17, 2016, may notify the Fund by February 25,

2016 that it elects to have the rate of charge on such existing holdings of the member's currency, and on holdings of the member's currency arising from future purchases under such an effective arrangement, to be based on the threshold of 300 percent member's quota in effect prior to its quota increase under the 14th General Review of Quotas, instead of the threshold of 187.5 percent under paragraph 1 above. Absent such notification, the rate of charge shall be computed pursuant to paragraphs 1 and 2 above. If a member has made an election under this paragraph 2, such election shall cease to apply as of the date of the Fund's approval of any new access to the Fund's general resources for that member, including an augmentation of an arrangement in effect on February 17, 2016, and the rate of charge under this Decision shall be computed for all holdings of the member's currency in the credit tranches or under the Extended Fund Facility pursuant to paragraph 1 above.

4. This Decision shall be reviewed on an as needed basis in accordance with Decision No. 13814-(06/98), adopted November 15, 2006, and Decision No. 15764-(15/39), adopted April 23, 2015, on implementing streamlining of policy reviews. (SM/16/10, Sup. 3, 02/16/16)

Rules and Regulations of the International Monetary Fund

Charges in Respect of General Resources Account Transactions and Remuneration

Rule I-1

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, except that a ~~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

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:

- (a) Subject to paragraphs (e) and (f) below, a charge shall be payable at the beginning of each twelve-month period ("the relevant period") of an arrangement as follows:
 - (i) $\frac{15}{100}$ of 1 percent per annum on amounts of up to 115 percent of the member's quota that could be purchased during the relevant period; and
 - (ii) $\frac{3}{10}$ of 1 percent per annum on amounts in excess of 115 percent and up to 575 percent of the member's quota that could be purchased during the relevant period; and
 - (iii) $\frac{3}{5}$ of 1 percent per annum on amounts in excess of 575 percent of the

member's quota that could be purchased during the relevant period.

(b) When a purchase is made under an arrangement, the amount of the charge paid under subparagraph (a) above shall be reduced, and a refund equal to the reduction shall be made, as follows:

- (i) to the extent that purchases during the relevant period do not exceed 115 percent of the member's quota, the portion of the charge calculated in accordance with subparagraph (a)(i) above shall be reduced by the proportion that the amount of the purchase bears to the amount of the arrangement not exceeding 115 percent of the member's quota that could be purchased during the relevant period;
- (ii) to the extent that purchases during the relevant period exceed 115 percent but do not exceed 575 percent of the member's quota, the portion of the charge calculated in accordance with subparagraph (a)(ii) above shall be reduced by the proportion that the amount of the purchase bears to the amount of the arrangement exceeding 115 percent but not exceeding 575 percent of the member's quota that could be purchased during the relevant period; and
- (iii) to the extent that purchases during the relevant period exceeds 575 percent of the member's quota, the portion of the charge calculated in accordance with subparagraph (a)(iii) above shall be reduced by the proportion that the amount of the purchase bears to the amount of the arrangement exceeding 575 percent of the member's quota that could be purchased during the relevant period.

(c) If a member notifies the Fund that it wishes to cancel an arrangement, the Fund shall

repay to the member a portion of the charge. The portion repaid shall represent the charge for the period remaining unexpired at the date of cancellation for the amount that could still be purchased under the arrangement at the date of cancellation for which the member has paid a charge.

- (d) Refunds for reductions under subparagraph (b) above and repayments under subparagraph (c) above of a charge paid for an arrangement shall be made in the media selected by the Fund.
- (e) Instead of the thresholds of 115 percent and 575 percent referred to in subparagraphs (a) and (b) above, the thresholds of 200 percent and 1000 percent, respectively, shall be used in computing charges and refunds for a member until the earlier of (i) the effective date of that member's quota increase under the 14th General Review of Quotas, or (ii) February 26, 2016.
- (f) A member with an arrangement in effect on February 17, 2016 may notify the Fund by February 25, 2016 that it elects to have the charges and refunds applicable to such arrangement to be based on the thresholds of 200 percent and 1000 percent of the member's quota in effect prior to the effectiveness of the quota increase for that member under the 14th General Review of Quotas, instead of the thresholds of 115 percent and 575 percent, respectively, under subparagraphs (a) and (b) above. Absent such notification, the relevant charges and refunds shall be determined under subparagraphs (a), (b), (c) and (d) above. If a member has made an election under this subparagraph (f), such election shall cease to apply as of the date of the Fund's approval of any augmentation of an arrangement in effect for that member on February 17, 2016. The member shall then be subject to the relevant charges and

refunds as determined under subparagraphs (a), (b), (c) and (d). New arrangements approved by the Fund after February 17, 2016 are not eligible for the election under this subparagraph (f).

- (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.