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INFORMAL SESSION TO ENGAGE

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February 10, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **The IMF's Lending Framework for Low-Income Countries—Next Steps**

Board Action:	**Informal session to engage** Executive Directors
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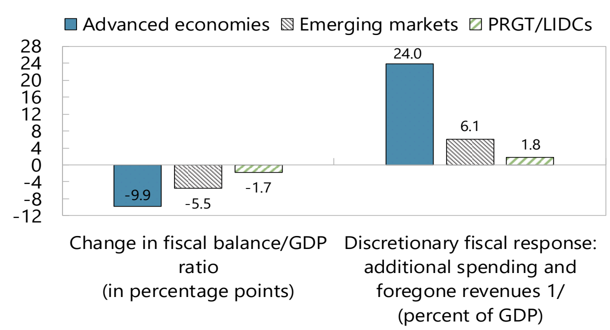
Questions:	Mr. McGrew, SPR (ext. 30475) Mr. Kim, SPR (ext. 34916)

The IMF's Lending Framework for Low-Income Countries: Next Steps

1. **Low-income countries (LICs) have been hit very hard by the economic effects of the pandemic and the policy actions taken to contain it.**[1] Output across the group declined in 2020 for the first time in decades, while the pace of recovery during 2021–22 is projected to be modest (January 2021 WEO) and vulnerable both to further waves of infection stemming from new strains of the virus and to under-financing (or being crowded out) of immunization programs. Development challenges—low productivity, limited structural transformation, inadequate infrastructure—that were already severe prior to 2020 have been significantly intensified by the impact of the pandemic. The World Bank has estimated that some 70–100 million people could fall into extreme poverty as a result of the pandemic, concentrated in countries with already significant levels of poverty, reversing much of the reduction in absolute poverty (outside China) recorded over the preceding decade.[2]

2. **Limited policy space has constrained the crisis response in LICs compared to economies further up the development ladder.** Policy support has been modest in LICs, averaging about 2 percent of GDP, compared to some 6 percent in emerging market economies (EMs) and a much larger response in advanced economies (AEs) (Text Figure 1). This limited response to the pandemic shock in LICs—reflecting tight financing constraints—increases the likelihood that the pandemic will have long-lasting effects on human capital development and growth potential in these countries, producing increased divergence between the income levels in poorer and better-off countries.

Selected Economic Indicators: Impact of COVID-19 in 2020



Sources: IMF, Fiscal Monitor and WEO databases; and staff calculations.
1/ Including the provision of equity, loans, and guarantees.

3. **To create the space needed to tackle the pandemic while laying the basis for sustained growth, LICs will need to obtain substantial external financing in the years ahead.** A first cut at estimating external financing needs suggests that resources on the order of at least $150 billion would be required during 2021–25 simply to ensure a strong recovery from COVID, with much more resources required if key development objectives, such as providing the infrastructure needed to

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[1] In this paper, the term "low income countries" refers to the 69 countries currently eligible to borrow from the PRGT; this group includes 11 small island economies (including 9 micro-economies) that would usually be classified as middle-income.

[2] See Castaneda Aguilar et. al. (2020), *September 2020 PovcalNet Update—What's New*, Global Poverty Monitoring Technical Note 14, the World Bank Group.

deliver the opportunities of digitalization, are to be realized and the projected widening gap between income levels in LICs and AEs is to be prevented.

4. Meeting financing needs of this magnitude in the period ahead will require substantial international support, including a significant increase in BOP financing from the Fund. New Fund lending to LICs (through both PRGT and GRA facilities) averaged some SDR 0.9 billion per annum during 2010–19,[3] with net lending effectively zero in the later years. New lending rose to SDR 9.3 billion in 2020, with 50 LICs receiving financial support, in large part through the emergency financing instruments, to help them handle the initial shock of the pandemic. Looking ahead, as countries seek to contain/exit the pandemic, support economic recovery, and resume interrupted development efforts, Fund financing provided via multi-year UCT-quality arrangements will be needed to provide assurances on economic policies to private and official creditors, to deliver a macroeconomic underpinning for debt restructuring discussions, and to close what may be large residual financing gaps.

5. Staff is engaged in three distinct work-streams on Fund support for LICs at this juncture.

- *The first work-stream deals with a set of issues requiring early action*: i) the need for an early increase in PRGT access limits to accommodate expected large programs during the first half of 2021 and ii) the proposed response to the upcoming expiration (on April 7th) of temporary increases in various access limits in the GRA and PRGT that were introduced in 2020 in response to the pandemic. This set of issues is discussed in the next section of this note.
- *The second work-stream examines the external financing needs of LICs during the next five years and how these can be met.*[4] The quantification of needs examines the scale of the financing gaps that emerge as different assumptions on policy initiatives to support recovery and address development priorities are introduced. The paper then examines the scope to meet these potential needs through the actions of various actors, including LIC governments, the providers of official sector bilateral support to LICs, international financial institutions (including the Fund), a general SDR allocation, and private creditors. It is expected that a paper on this topic will be brought for Board discussion in March.
- *The third work-stream, closely linked to the second, examines whether the current architecture of the PRGT is "fit for purpose" in terms of supporting LICs through the next five years and beyond.* Reform options under consideration include: i) permanent changes to key parameters in the PRGT lending framework; ii) increased lending levels to meet a larger share of financing needs than has been the norm until now, while ensuring that Fund financing remains catalytic; and iii) the establishment of trust funds to provide co-financing (grants or loan) alongside PRGT lending. A note discussing these issues will be brought to the Board for an "informal-to-engage"

[3] The numbers cited reflect disbursements (PRGT) and purchases (GRA), not loan commitments.

[4] This is the paper called for by the IMFC and the G20 at the Annual Meetings: it will also serve as the 2021 report on "*Macroeconomic Developments and Prospects in Low Income Developing Countries.*"

discussion in March; it will also discuss how the financing challenges of returning the PRGT to self-sustainability could be met.

Proposed Temporary Changes to the Lending Facilities

6. The global outlook remains subject to elevated uncertainty in the period ahead. In adjusting lending policies to respond to evolving conditions, the Fund has to date adopted a strategy of "crossing the river by feeling the stones"—making *temporary* changes to the lending facilities for a specific period of time, with recalibrations as needed at set intervals. This approach continues to have merit given the uncertain near-term outlook and the risks of further waves of infections and of sluggish spread of immunization within and across countries.

A. The First Year Policy Response

7. The Fund responded to the onset of the pandemic through two sets of temporary adjustments to its lending facilities:

- In April 2020, limits on access to the Emergency Financing (EF) instruments were increased from 50/100 percent of quota (annual/cumulative) to 100/150 in both the GRA facility (the regular window under the RFI) and the corresponding PRGT facility (the exogenous shocks window of the RCF). The new limits applied for six months and were later extended through April 6, 2021.
- In July 2020, the limit on annual access to GRA resources without triggering application of the exceptional access (EA) framework was increased from 145 percent of quota to 245 percent through April 6, 2021; the limit on normal annual access (NAAL) to PRGT resources—a hard limit for all but the 28 countries eligible for exceptional access—rose from 100 percent to 150 percent.

B. Immediate Challenges

8. The expiration of the temporary increases in access limits to the EF instruments on April 7 will, for many countries, limit/eliminate their access to the EF instruments for an extended period of time—thereby reducing the flexibility of the lending toolkit in providing support to these countries should they find themselves in difficult situations where a UCT-quality arrangement is not feasible**.** But maintaining these elevated access limits may encourage "facility arbitrage," with authorities pressing for EF financing over conventional arrangements.

9. The expiration of the temporary increase in the GRA annual access limit on April 7 will sharply reduce the level of access that countries that borrowed large amounts under the RFI can tap in a UCT arrangement during the period between April 7 and the first anniversary of Board approval of the purchase under the RFI. With the preponderance of RFI borrowing concentrated in the first few months of the pandemic (March–June 2020), this would be a minor constraint for these early RFI borrowers; access would be limited for longer for the (relatively few) countries who tapped the RFI later in the pandemic period.[5]

10. Current limits on access to the PRGT make it likely that a number of "non-blend" PRGT-eligible countries will be required to request GRA resources if planned program requests come to the Board this year.[6] This creates two difficulties for the borrower: a) the financing obtained from the GRA is on less favorable terms (interest rate, maturities) than ECF financing; and (ii) the program supported under the arrangements has to meet the policy requirements of the GRA, which are less suitable for dealing with the protracted balance of payments problems faced by poorer countries.

C. Proposed Actions

11. Staff proposes that the limits on annual and cumulative access to the EF facilities in both the GRA and the PRGT would remain at current levels (100/150) through end-December 2021. To safeguard against "facility arbitrage," any request for emergency financing will need to provide a convincing case that the country meets the requirements for accessing these facilities—in particular, the requirement that a country is unable (as distinct from unwilling) to enter into a UCT-quality arrangement with the Fund at that juncture.[7] The experience to date with EF and the case for the proposed extension are discussed in Attachment I.

12. Staff proposes that the annual access limit (AAL) to the GRA remain at its current level (245 percent of quota) through end-December 2021. Staff will make use of the Briefings on Country Matters format to ensure that Directors are made aware of upcoming cases where elevated AA levels are under consideration ahead of any formal discussions with country authorities.[8] The experience to date with elevated annual access limits and the case for the proposed extension of the AAL to GRA resources are discussed in Attachment II.

13. The case for any further extension, or modification, of limits on access to the emergency financing facilities and to the GRA will be considered after the 2021 Annual Meetings.

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[5] The issue of limit on annual access limits to the PRGT is discussed separately; see paragraph 14 below.

[6] The set of PRGT-eligible countries (69 countries in all) splits into i) "*presumed blenders*" (who are required to blend GRA and PRGT resources when they seek PRGT support and ii) "*non-presumed blenders*" (who are able to borrow PRGT resources up to the relevant access limits without requesting resources from the GRA). There are about 50 countries in the second "non-blend" group.

[7] The intensive usage of the EF facilities in the first months of the pandemic was justified on the basis that, against the backdrop of sudden urgent financing needs and the exceptional uncertainty regarding the near-term economic outlook (both at the national and global levels), it was not feasible to negotiate a new UCT-quality Fund or, in the main, to complete reviews under an existing arrangement. These conditions are no longer in place but might recur.

[8] Elevated access here refers to requests with AA between 145 and 245 percent of quota and cumulative access of less than 435 percent of quota.

14. Staff proposes that the NAAL and the normal cumulative access limit (NCAL) to the PRGT be increased to 245 percent of quota and 435 percent of quota, respectively, through end-December 2021. The case for these proposals, and the additional safeguards that would apply to requests from countries with serious debt vulnerabilities, are discussed in Attachment III.

15. These proposals would add to the already significant subsidy gap in the PRGT, further eroding its self-sustained lending capacity. Details on the financing implications are provided in Attachment III.[9] The strategy for mobilizing the resources that are necessary to restore an adequately funded PRGT endowment will be discussed in the context of the Review of Concessional Financing and Policies (the third work-stream identified in ¶5 above), which will cover broader reform options for the PRGT. *It is expected that the wider assessment of the Fund's architecture for lending to LICs would, in the coming months, result in more substantial reforms of the PRGT facilities that would replace the temporary changes proposed here.*

[9] Additional details, with an update on the Fund's concessional resources, will be circulated to the Board separately.

Attachment I. Proposed Approach to Access Limits to the Emergency Financing Facilities

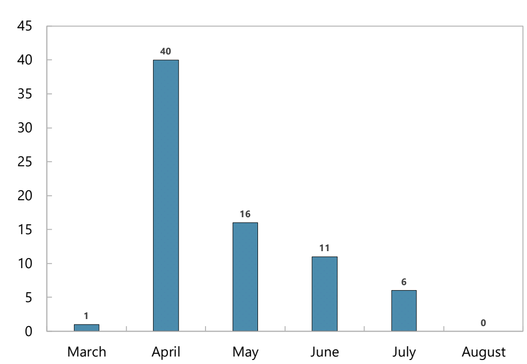
Context

- The Fund has two emergency financing (EF) instruments – the RFI (accessible by all members) and the RCF (accessible only by PRGT-eligible members).
- Members qualify to access the EF instruments only when, among other things, i) they are facing an urgent balance of payments (BoP) need and ii) an IMF-supported program that meets the UCT-conditionality standard is either not necessary or not feasible.[1] Use of the EF instruments may involve prior actions (PAs) if deemed appropriate: during the pandemic period, such PAs have been used in the main to address serious governance concerns.
- There are hard limits on the amounts that countries can borrow under the RFI and RCF: a limit of 50 percent of quota during any 12-month period and a cumulative limit on the stock of credit outstanding at any point in time of 100 percent of quota.
- With the onset of the pandemic, the limits under the regular window of the RFI and under the exogenous window of the RCF were increased on a temporary basis to 100 and 150 percent of quota on April 6, 2020—initially for a six-month period, later extended to 12 months.
- The temporary increases in the annual and cumulative limits are set to expire on April 7, 2021.

Usage

- The EF instruments were used intensively in the first months of the pandemic (*Figure 1*), with 69 countries receiving assistance during the period through end-August 2020.[2] This usage compares with an average of some three requests per annum in the period 2010–2019.
- This intensive usage was justified on the basis that, against the backdrop of sudden urgent financing needs and the elevated uncertainty regarding the near-term economic outlook (both at the national and global levels), it was not feasible to design or implement UCT-quality economic programs that could be supported by

Figure 1. Number of RFI/RCF Requests Approved 1/
(From March 1 to August 31, 2020)



Sources: IMF staff calculations.
1/ As of end-August 2020, 74 RFI/RCFs were approved for 69 countries.

[1] A UCT-quality arrangement is considered not necessary when the urgent BoP need is expected to be resolved within one year with no major policy adjustments.

[2] For further details on usage, see Review of Enhanced Access Limits Under the Rapid Credit Facility and Rapid Financing Instrument, paragraphs 7–10.

new Fund arrangements, or that could underpin the completion of review under existing Fund arrangements.

- Usage fell off sharply from July 2020 onwards. Since end-July, only eight countries have received support under the EF facilities (all accessing the RCF), three of which were countries that had already received support under the RCF earlier during the pandemic.
- Looking ahead, current expectations are that the Board will consider three requests for support under the EF facilities in the period before the current temporary limits expire (Table 1); several long-standing requests may still be unresolved at that juncture.

Table 1. Countries with Outstanding Requests for EF[1/]

Country	Instrument	Tentative Board date
Requests with scheduled Board date (3 countries)		
Namibia	RFI	Mar 2021
Sierra Leone [2/]	RCF	Mar 2021
South Sudan [2/]	RCF	Apr 2021
Requests without scheduled Board date (10 countries)		
Belarus	RFI	-
Belize	RFI	-
Burundi	RCF	-
Congo, Republic of	RCF	-
Equatorial Guinea	RFI	-
Fiji	RFI	-
Guyana	RFI	-
Iran	RFI	-
Iraq	RFI	-
Tanzania	RCF-RFI	-

[1/] Based on data available as of end-January 2021.
[2/] The second request for RCF.

Proposed Approach

- With the extent of uncertainty reduced and the pandemic underway for a year as of mid-March, it is expected that demand for Fund resources will continue to move to arrangements in support of UCT-quality programs (consistent with the July 2020 lending strategy) and that the frequency of circumstances justifying use of EF—in particular, the inability to implement UCT-quality programs—will revert towards normal levels.
- Were the limits on access to the EF facilities to revert to their established levels as of April 7 2021, there are many countries that will have little or no room to access these facilities, should the need arise, for some years to come. To analyze this issue, it is useful to consider separately the impact of the cumulative access limit (CAL) and the annual access limit (AAL).[3]

[3] The ensuing discussion focuses on countries that are i) eligible only to access the GRA and ii) are PRGT-eligible but not required to blend with the GRA when they access PRGT resources: the situation of PRGT-eligible countries that are
(continued)

Limit on Cumulative Access

- In normal times, the RFI and RCF, respectively, provide qualifying members with access of up to 50 percent of quota in financial support at short notice without the need for a full-fledged IMF-supported program. Staff sees it as valuable to ensure that access to these emergency instruments is maintained, recognizing that its use is limited to circumstances where a UCT-quality arrangement is either not needed or not feasible.
- There are currently 22 "GRA-only" countries that have borrowed 100 percent of quota or have pending requests in place under the RFI since the onset of the pandemic (Table 3). Were the RFI CAL to revert to 100 percent of quota, these countries would not be able to access EF until they begin repayments of these loans (which have a 3¼ year grace period).
- There are currently 26 PRGT-eligible countries that have borrowed or have pending requests in place to borrow 100 percent of quota under the RCF since the onset of the pandemic (Table 3). Were the PRGT CAL to revert to 100 percent of quota, these countries would not be able to access the RCF until they begin repayments of these loans after a 5½ year grace period.

Limit on Annual Access

- Access to the RCF and RFI are also constrained by limits on annual access.
- With the expiration of the temporary increase in the AAL for the RFI on April 7, it is expected that there will be 26 GRA-only member countries who have already tapped the RFI that are prevented by the AAL from being able to immediately access 50 percent of quota via the RFI—but this number declines quickly to four countries at end-June and one country at end-July, as the access approved in the early months of the pandemic drops out of the measurement of annual access to the facility (*Figure 2*).
- Similarly, with the expiration of the temporary increase in the AAL for the RCF on April 7, it is expected that there will be 45 PRGT-eligible member countries that are prevented by the AAL from being able to immediately access 50 percent of quota via the RCF—but, again, this number quickly falls to nine countries at end-June and seven countries by end-July (*Figure 3*).

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required to blend is broadly similar, although they are formally less constrained in terms of access to the EF than GRA-only countries.

Figure 2. GRA-Only Countries: Number of Countries with EF Access at 50% of Quota or Over in the Previous 12-Month Period 1/ 2/

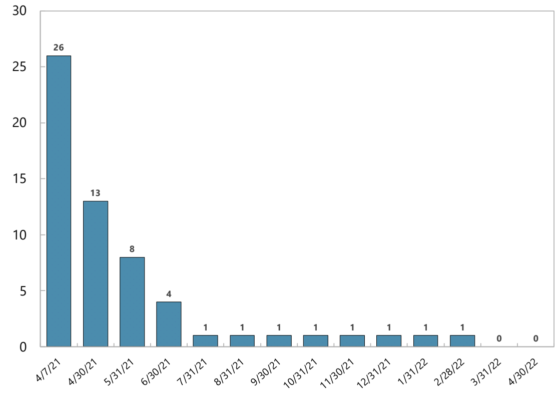
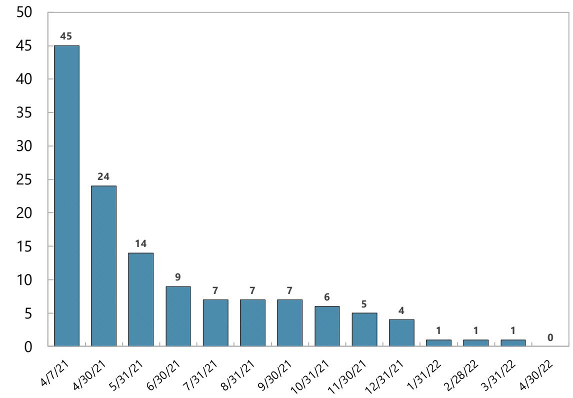


Figure 3. PRGT-Eligible Countries: Number of Countries with EF Access at 50% of Quota or Over in the Previous 12-Month Period 1/ 2/



Sources: IMF staff calculations.
1/ Based on data available as of end-January 2021.
2/ Including three expected EF requests between end-January and April 6, 2021: Namibia (GRA), Sierra Leone (PRGT), and South Sudan (PRGT).

New Users of Emergency Financing

- The discussion above looks only at countries that have already accessed the RCF and/or RFI or having pending requests in place. Given the uncertainty regarding the outlook, including the threat from both additional waves of infection and new mutations of the virus, it is plausible that some countries will come to the Fund in the months beyond April 6 under circumstances where the BoP need is immediate and negotiation of a UCT-quality program will not feasible on the timeline required.
- In "normal times," access of up to 50 percent of quota under the EF instruments has been deemed appropriate, with any additional support to follow through a UCT-quality program. We continue to be some distance from normal times, suggesting that the continuation of a higher cap on access levels to the EF instruments may be warranted.

Staff Proposal

- *Extend the current level of the CAL (150 percent of quota) on access to the RFI and RCF through end-December 2021*. This would allow all qualifying countries, including the 46 that have borrowed 100 percent of quota under these instruments, to obtain up to 50 percent of quota through the EF instruments through end-year.
- *Extend the current level of the AAL (100 percent of quota) on the RFI and RCF through end-December 2021*. The primary beneficiaries of such a move would be countries hit by new shocks over the course of the year.
- *Examine the case for any further extension of the AALs and CALs* after the 2021 Annual Meetings, by which time the pandemic-linked uncertainty regarding the economic outlook should have substantially abated. At that point, staff would also provide proposals on how to address, on a lasting basis, the situation of countries that would be locked out of access to the EF instruments

for an extended period were the CALs to return to the pre-pandemic level of 100 percent of quota.

Safeguards

- Hard limits on access to the EF instruments contain the scope for inappropriate "facility arbitrage"—the situation where countries request financial assistance through EF in situations where a UCT-quality program, with ex post conditionality, would be the appropriate instrument.[4]
- The mechanism to prevent "facility arbitrage" is rigorous application of the qualification criteria, which specify that EF is allowed only where a Fund-supported arrangement that meets UCT-quality conditionality standards is not feasible or not necessary. Such situations could occur, for example, in the wake of large natural disasters, in post-conflict societies, or where there is a destabilizing resurgence of the pandemic. But EF should not be used as a backdoor to Fund resources without UCT policies when a UCT arrangement can be put in place.
- It is proposed that the staff report accompanying any request for EF would include an explicit discussion of eligibility that makes a convincing case that the country either does not need or is unable (as distinct from unwilling) to put in place a UCT-quality program at that juncture.

Other Issues Related to Emergency Financing[5]

- *It is proposed that the current suspension of the limit on the number of disbursements allowed under the RCF within a 12-month period (to two drawings) would continue through end-December 2021.*[6] The case for eliminating the limit (which does not feature in the RFI) on a permanent basis would be taken up in the post-Annual Meetings Board paper cited above.
- *It is proposed that a Board-approved emergency financing request be automatically cancelled if the resources remain undrawn after 60 days:* where justified, the Board could approve an extension of this deadline for a further 60 days. There is currently no deadline on drawing on the resources made available by a Board decision: while emergency financing is intended to be accessed immediately upon Board approval, funds can remain undrawn for an extended period.
- Since the start of the pandemic period, the drawing of approved EF was delayed by more than a month in six cases (albeit by more than 60 days in only one case); in two further cases (Paraguay and Guatemala), the drawings are still pending (Table 2).

[4] While the EF instruments do not involve ex post conditionality, they contain ex ante policy undertakings on economic policies laid out in a Letter of Intent, which can include prior actions.

[5] Several countries that benefited from the temporary increases in access limits since April 2020 have seen their credit outstanding to the Fund rise above the thresholds that trigger post-program monitoring (PPM), with more expected do in the months ahead. Staff will come back to the Board separately in the coming weeks with a proposal on operationalizing PPM safeguards in view of these developments.

[6] See Policy Paper No. 2020/036. The suspension of this limit has provided flexibility to country teams in handling situations—e.g., where there are significant governance concerns—through multiple disbursements.

- While the reasons for delay or inability to draw down approved financing differ, a procedure to cancel EF that remains undrawn for an extended period is warranted.
- For existing purchases/loans under the RFI/RCF approved prior to the adoption of the proposed policy, staff propose that relevant countries will have 30 days to make drawing/disbursement after the adoption of the proposed policy.

Table 2. Countries with Delayed or Pending Drawings of Approved EF [1/]

Facility	Member	Board date	Disbursement date
	Delayed drawing		
RFI	Panama	4/15/2020	5/15/2020
RCF	Afghanistan	4/29/2020	6/23/2020
RCF	Uganda	5/6/2020	6/25/2020
RFI	Costa Rica	4/29/2020	9/15/2020
RFI	Eswatini	7/29/2020	9/21/2020
RCF/RFI	Nicaragua	11/20/2020	12/7/2020
	Pending drawing		
RFI	Paraguay	4/21/2020	
RFI	Guatemala	6/10/2020	

1/ Based on data available as of end-January 2021.

Table 3. Countries that have received/have pending requests for Financial Support through the Emergency Financing Instruments at 100 Percent of Quota in Total [1/]

(48 countries)

GRA-only countries (22)		PRGT-eligible countries (26)	
Country	Instrument	Country	Instrument
Albania	RFI	Benin	RFI-RCF
Bahamas, The	RFI	Cabo Verde	RCF
Bolivia	RFI	Cameroon	RCF
Bosnia and Herzegovina	RFI	Côte d'Ivoire	RFI-RCF
Costa Rica	RFI	Djibouti	RCF
Dominican Republic	RFI	Ethiopia	RFI
Egypt	RFI	Ghana	RCF
El Salvador	RFI	Grenada	RCF
Eswatini	RFI	Kenya	RCF
Gabon	RFI	Kyrgyz Republic	RFI-RCF
Guatemala	RFI	Madagascar	RCF
Jamaica	RFI	Malawi	RCF
Mongolia	RFI	Maldives	RCF
Montenegro	RFI	Moldova	RFI-RCF
Namibia *	RFI	Mozambique	RCF
Nigeria	RFI	Myanmar	RFI-RCF
North Macedonia	RFI	Nepal	RCF
Panama	RFI	Papua New Guinea	RCF
Paraguay	RFI	Rwanda	RCF
Seychelles	RFI	Samoa	RCF
South Africa	RFI	Senegal	RFI-RCF
Tunisia	RFI	Solomon Islands	RFI-RCF
		South Sudan *	RCF
		St. Lucia	RCF
		St. Vincent and the Grenadines	RCF
		Uganda	RCF

[1/] From March 1, 2020 to January 31, 2021.

* Including pending EF requests between end-January and April 7, 2021: Namibia (100 percent) and South Sudan's second request (85 percent).

Attachment II. Review of Temporary Modifications of Annual Access Limits and Proposal for the GRA Annual Access Limit

Context

1. The Annual Access Limit (AAL) for GRA resources and the Normal Annual Access Limit (NAAL) for PRGT resources, increased on a temporary basis in July 2020, are set to return to their prior levels on April 7, 2021. Staff were called upon to present a review of the experience with these changes, along with any possible recommendations for extension or modification of these limits, before they expire. This note examines the extent to which countries benefited from these increases and considers the case of extending/modifying the GRA AAL; the case for modifying the PRGT NAAL is considered in a separate note (Attachment III).

2. On July 13, 2020, the Board approved a temporary increase in the AAL to GRA resources and the NAAL to PRGT resources, with the GRA AAL increasing from 145 percent of quota to 245 percent and the PRGT NAAL increasing from 100 percent of quota to 150 percent. These increases followed in the wake of the temporary increases in limits on access to the Fund's emergency financing (EF) instruments on April 6, 2020 in response to the unique circumstances created by the pandemic. The higher limits on annual access to the GRA and PRGT sought to provide countries with additional space for emergency financing and augmentation of access under existing arrangements and some frontloading under follow-up UCT-quality arrangements without triggering application of the relevant Exceptional Access (EA) frameworks.

Review of Temporary Modifications of Annual Access Limits

3. As discussed in Attachment I, the higher limits on access to the emergency financing instruments contributed to a dramatic surge in lending under these instruments. Activity in regard to UCT-quality arrangements has, to date, been more modest than might have been expected: since April 2020, there have been five new arrangements approved by the Board (Ukraine, Egypt, Ecuador, Panama (GRA) and Afghanistan (PRGT)), eleven augmentations of existing arrangements when concluding reviews (six involving PRGT-eligible countries), and fifteen completions of reviews under arrangements without augmentation (nine involving PRGT-eligible countries). Current indications are that there could be up to ten new arrangements coming to the Board through end-March.

4. The temporary increase in the annual access limits was expected to affect a significant number of countries, particularly those who had tapped the EF facilities alongside ongoing UCT-quality arrangements. In the event (see Table 1):

- The constraint on borrowing limits (had the AAL/NAAL not been increased) for several members—in particular, for GRA members facing constraints for additional borrowing without triggering exceptional access safeguards—was resolved by existing arrangements expiring or being cancelled without further drawings (e.g., Gabon, Mongolia, and Tunisia).

- Two GRA-only member countries—Barbados and Jordan—benefited from the higher access limits, each in the context of reviews of EFF arrangements: Barbados through an augmentation, Jordan through a rephasing of access.
- Seven PRGT-eligible countries benefited from the increase in access limits, one via blended GRA/PRGT access. Aside from this blend case (Benin), the extra borrowing space used has not been large: the 150 percent NAAL did not constrain any country's access to PRGT resources.

5. It is not surprising that there were more beneficiaries among PRGT-eligible countries than among GRA-only countries: the PRGT NAAL, at 100 percent of quota though July 13, 2020, was equal to the (increased) RCF AAL, implying that those wishing to fully tap the RCF would have triggered the EA framework if they had recently borrowed or were scheduled to borrow even a miniscule amount of resources under a UCT-quality arrangement.

Table 1. Countries with Approved Annual Access Above Specified Thresholds Since July 13, 2020

GRA	
Countries with approved access levels above 145% of quota	*Maximum approved annual access in period, percent of quota*
Barbados	176
Ecuador (EA)*	515
Egypt (EA)*	228
Jordan	157

PRGT	
Countries with approved access levels above 100% of quota	*Maximum approved annual access in period, percent of quota*
Afghanistan	107
Burkina Faso	115
Cameroon	120
Chad	115
Madagascar	113
Malawi	123

GRA-PRGT blend	
Countries with approved access levels above 145% of quota	*Maximum approved annual access in period, percent of quota*
Benin	174

** Exceptional access criteria applied due to cumulative access limits.*
Source: SPR-LP.

6. Looking ahead, staff's current assessment is that there will be perhaps between one and three more GRA-only countries that will benefit from the elevated AAL through April 6, 2021, most likely by modest amounts.[1] The current AAL provides them with annual access of up to 245 percent in the first year of the program (but only 145 percent in the period of that year after April 6). Were the AAL to revert to 145 percent as of April 7, there would be 19 countries currently not in Fund-supported arrangements whose ability to *immediately* borrow from the Fund without triggering application of the EA framework would decline from 145 percent of quota to 45 percent (see Table 2).[2] But this constraint on access to Fund resources quickly eases even without an extension of the AAL. To illustrate, were Country A (having had a 100 percent of quota RFI approved on April 28, 2020) to request an arrangement on or after April 7, 2021, it faces two constraints, i) an annual access limit of 145 percent of quota and ii) a limit on purchases of 45 percent of quota during the period April 7–April 27 (before the one-year anniversary of its drawing under the RFI). By end-June 2021, only three of 19 countries face a significant limit of this kind on the first purchase under

[1] These numbers will be updated as the formal Board paper takes shape.

[2] Access levels for countries in Fund arrangements that i) were approved after July 13, 2020 or ii) had reviews completed after July 13, 2020 already reflect the opportunities to increase annual access provided by the higher access levels approved on July 13, 2020.

an arrangement. This constraint fades by end-July when the one-year anniversary will have passed for all GRA countries that accessed the RFI.

7. What would be the impact of maintaining the AAL at 245 percent for the GRA through end-December 2021? Consider again the example of Country A cited above. Were it to have a new arrangement approved prior to April 28 (say, April 10, 2021), it would be able to borrow up to 245 percent of quota in the year from April 10: i) up to 145 percent of quota (e.g., 145 percent) during the period April 10-27, and ii) the remainder up to the total of 245 percent of quota (e.g., 100 percent) during the rest of the first program year without triggering application of the GRA exceptional access criteria.

8. To bring these points together:

- *allowing the temporary increase in the GRA AAL to expire as of April 7, 2021 ensures that programs approved after this date face an AAL of 145 percent,* with some restrictions on the *pattern* of intra-year disbursements for countries that drew on the RFI in 2020;
- *extending the expiration date to end-December 2021 ensures programs approved through this date face an AAL of 245 percent of quota,* again with some restrictions on the pattern of intra-year disbursements for countries that drew on the RFI in 2020.

9. The case for an extension thus rests on the merits of allowing front-loaded high access programs beyond April 6 that do not trigger application of the GRA EA framework. The very limited extent to which the higher AAL has accommodated higher access levels since July 13, 2020 suggest that it may impact, at most, a handful of countries; that said, the arguments made in July 2020 that some programs would legitimately need to be frontloaded, given the expected pattern of financing needs, remains valid.

10. Staff Proposal for the Annual Access Limit:

- Given prevailing uncertainties regarding the economic outlook through 2021, staff proposes maintaining the temporary increase in the AAL to 245 percent of quota in place through end-December 2021, with the case for any further extension, or modification, to be considered alongside the proposed review of the access limits to the EF instruments (see Attachment I).
- Staff will make use of the Briefings on Country Matters format to ensure that Directors are made aware of upcoming cases where elevated AA levels are under consideration ahead of any formal discussions with country authorities.[3] This briefing could cover recent developments in the country, key program objectives, the case for elevated annual access levels, and an illustrative timeline for discussions with country authorities and for Board consideration of a formal request.

[3] Requests with AA between 145 and 245 percent of quota and cumulative access less than 435 percent of quota.

Table 2. Borrowing Space Under the AAL for GRA-only Countries *
(In percent of quota, as of end-2020)

	Notes	4/6/2021	4/7/2021	5/31/2021	6/30/2021	7/31/2021	Existing arrangement	RFI since pandemic
Countries with active UCT programs that have been approved/reviewed by the Executive Board since July 13, 2020								
Ecuador	EA	0	0	0	0	0	EFF	Yes
Egypt	EA	17	0	17	31	31	SBA	Yes
Barbados		69	69	158	158	158	EFF	
Jordan		88	0	73	73	73	EFF	Yes
Georgia		101	1	70	70	70	EFF	
Armenia		105	5	105	105	105	SBA	
Angola	NCAL constrained	199	199	127	127	127	EFF	
Others that will have immediate borrowing room of 245 percent of quota or less on April 6, 2021								
Ukraine	NCAL constrained	121	21	1	75	75	SBA	
Pakistan		135	35	85	101	101	EFF	Yes
Albania		145	45	145	145	145		Yes
Bahamas, The		145	45	45	145	145		Yes
Bolivia		145	45	145	145	145		Yes
Bosnia and Herzegovina		145	45	145	145	145		Yes
Costa Rica		145	45	145	145	145		Yes
Dominican Republic		145	45	145	145	145		Yes
El Salvador		145	45	145	145	145		Yes
Eswatini		145	45	45	45	145		Yes
Gabon		145	45	95	95	145		Yes
Jamaica		145	45	145	145	145		Yes
Mongolia		145	45	45	145	145		Yes
Montenegro		145	45	45	145	145		Yes
Nigeria		145	45	145	145	145		Yes
North Macedonia		145	45	145	145	145		Yes
Panama		145	45	145	145	145		Yes
Seychelles		145	45	145	145	145		Yes
South Africa		145	45	45	45	145		Yes
Tunisia		145	45	145	145	145		Yes
Kosovo		195	95	145	145	145		Yes
Equatorial Guinea		208	108	108	108	108	EFF	
Argentina		245	145	145	145	145		
Iraq		245	145	145	145	145		Yes
Sri Lanka		245	145	145	145	145		

Note: The borrowing space shows the percent of quota that could be borrowed at that date without triggering Exceptional Access with regard to annual access.

* The table shows the maximum access, in percent of quota, that could be borrowed at specific dates without triggering Exceptional Access criteria under annual access limits (AAL). For each country, borrowing space is computed as the difference between the AAL and the sum of Fund resources made available to that country over the previous 12 months ("backward-looking window").

Sources: FIN, SPR-LP.

Attachment III. Proposed Temporary Increase in PRGT Access Limits

Context

1. **The scale of LIC financing needs in the years ahead is expected to require a substantial increase in Fund financial support to these countries.** Fund lending to current PRGT-eligible countries (including via GRA facilities) averaged some SDR 0.9 billion per annum during 2010–19, surging to SDR 9.3 billion in 2020 as 50 PRGT-eligible countries received financial support to help them handle the impact of the pandemic, much of it through the emergency financing facilities.[1] Looking ahead, as countries seek to exit the pandemic, support economic recovery, and resume suspended development efforts, it is expected that many will be seeking Fund financial support via multi-year arrangements.

2. **We here make the case for a temporary increase in PRGT access limits to tackle an emerging problem**—the situation where, on current policies, an increasing number of "non-presumed blender" (NPB) PRGT countries requesting Fund assistance would need to top up their borrowing with GRA resources, as relevant PRGT access limits become binding. This has two implications for the member: (i) the financing obtained from the GRA is on less favorable terms (interest rate, maturities) than ECF financing, and (ii) the program has to meet the policy requirements of the GRA, which are less suitable for dealing with the protracted balance of payments problems faced by NPB countries. The reasons why this problem is materializing, and how it might be dealt with, are examined below.

The Case for an Increase in PRGT Access Limits

Current Policies

3. **In discussing the case for raising PRGT access limits, we focus attention on the situation of some 50 countries that are NPBs**—countries that are able to borrow from the PRGT up to the relevant access limits without being required to also request resources from the GRA. The remaining 20-odd PRGT-eligible countries are required to blend GRA and PRGT resources when they seek PRGT support: given the blend formula (a 2:1 GRA-PRGT mix, with a cap on PRGT access), these countries are likely to be only marginally affected (if at all) by changes in the PRGT access limits and are thus not the focus of this note.

4. **Under current policies, NPB countries face normal annual and cumulative access limits:** the normal cumulative access limit (NCAL) is 300 percent of quota, while the normal annual access limit (NAAL), temporarily set at 150 percent of quota, is to return to 100 percent on April 7, 2021 (see Attachment II). Within the group of NPBs, there are 28 countries eligible to request exceptional

[1] Lending data on a disbursement/purchase basis.

access (EA) to PRGT resources, allowing additional access up to 33 percent of quota annually and 100 percent of quota cumulatively; presumed blenders are not eligible for EA.[2]

5. IMF support for NPB countries with financing needs that exceed the applicable PRGT access limits would require a GRA arrangement alongside the PRGT arrangement. Currently, the only country in such a position is Ethiopia, with access of 400 percent of quota under an ECF arrangement and 250 percent of quota under an EFF arrangement.[3] As noted, the program supported by these two arrangements has to meet the policy requirements under the GRA and under the PRGT.

6. Eligible countries seeking exceptional access to the PRGT (e.g., cumulative access in excess of 300 percent of quota) must meet the PRGT EA criteria. Separately, any country requesting financial support that would entail combined access to the PRGT and the GRA in excess of 145 percent of quota (currently 245 percent, through April 6) annually or 435 percent of quota cumulatively is subject to Policy Safeguards that are broadly aligned with the GRA EA policy.

The Case for Change

7. Several NPB countries began 2020 with significant PRGT credit outstanding, reflecting in several cases use of Fund arrangements to support adjustment to the commodity price shocks that began in mid-2014. Examples include Chad (204 percent of quota), Niger (142 percent of quota), and Cameroon (135 percent of quota); countries hit by the Ebola epidemic also borrowed substantially from the Fund during this period.

8. With the onset of the pandemic, provision of Fund support resulted in credit outstanding rising significantly across a wide range of countries during 2020, with most of the support provided through the Rapid Credit Facility (RCF). By end-year, seven non-blend countries had PRGT credit outstanding in excess of 200 percent of quota, and a further ten had credit outstanding in the 150–200 percent of quota range (see Table 1 and Annex).[4]

Table 1. PRGT Credit Outstanding >150 Percent of Quota; Non-presumed Blenders
(As of end-2020)

Chad	298
Cameroon	255
Madagascar	224
Burkina Faso	221
Malawi	216
Niger	215
Mali	205
Ghana	198
Mauritania	181
Grenada	181
Rwanda	178
Central African Republic	174
Sierra Leone	170
Togo	169
Guinea	169
Mozambique	162

[2] A full list of PRGT-eligible countries, classified by blend status and EA eligibility, is provided in the Annex. There are 8 PRGT-eligible countries whose blend status depends on a staff assessment of the extent of the country's access to international capital markets, including on a prospective basis, made when they request financial assistance.

[3] Ethiopia also has an RFI credit of 100 percent outstanding.

[4] Thirteen of these seventeen countries are EA-eligible; four are not.

9. Looking ahead, it is expected that most countries requesting assistance will be seeking multi-year arrangements, with many seeking relatively high access that will push them into PRGT EA (where eligible) and/or the GRA. Chad is currently expected to request access on the order of 225 percent of quota, which would entail both PRGT EA and access to the GRA. Several other countries listed in the text table are expected to request levels of Fund financing that will require them to request GRA access. For example, Cameroon is not EA-eligible: a financing request in excess of 45 percent of quota would require it to seek GRA assistance.[5]

10. Requiring NPB countries to access GRA resources because the PRGT limit has been reached imposes a higher financing burden on the borrower, and also raises the bar for the relevant program. ECF arrangements (the primary instrument in the PRGT) are on concessional financing terms (zero interest rate, 10-year maturity) and aim to enable members with a protracted balance of payments problem to make *significant progress* toward stable and sustainable macroeconomic positions consistent with strong and durable poverty reduction and growth. In contrast, programs supported by GRA resources entail floating interest rates and generally shorter repurchase periods and are designed to resolve the member's BOP problem during the program period—specifically, the policy measures that need to be taken to resolve a member's BoP problem should be undertaken during the program period and such policies must be implemented in a manner that will lead to a strengthening of the member's BOP before repurchases begin. This is more restrictive than the ECF requirement, implicitly requiring a faster pace of adjustment than would be expected under an ECF. For NPB countries, the poorest and/or most debt-constrained of the Fund's membership, the ECF rather than GRA financing is the appropriate financing vehicle.

11. Staff therefore sees a case for raising access limits to the PRGT to allow NPB countries higher access to concessional financing in situations where it is warranted. This would not modify the Fund's established approach to determining access levels to Fund resources (PRGT and GRA) under a Fund-supported program (see below), but rather provide this level of access on better financial terms to the borrower country.

Proposed Reforms

12. Staff is currently undertaking a general assessment of the Fund's approach to concessional financing, with issues such as access levels, loan terms, and the Fund's approach to burden-sharing during the pandemic under review (see main memorandum). An initial engagement with the Board on potential reforms and a strategy to raise the necessary funding is planned for March.

13. With this wider assessment underway, staff proposes an interim reform measure that would modify access limits to PRGT resources on a temporary basis, recognizing that the final contours of a general reform proposal will follow in due course. Specifically, it is proposed that:

[5] The annual access limit could also push countries into the GRA; the impact of annual access limits is further discussed in Attachment II.

- the normal cumulative access limit on borrowing would be increased to 435 percent of quota through end-December 2021.
- the normal annual access limit on borrowing (now 150 percent of quota, set to return to 100 percent on April 7) would increase to 245 percent of quota through end-December 2021.

These changes would ensure that an NPB country requesting access at levels that would not be viewed as "exceptional" either in the GRA or under the combined High Access Policy Safeguards could receive all its financing from the PRGT.[6] It would also align the GRA and PRGT annual access limits, allowing the Fund provide added support to its poorest members on concessional terms when it is most needed.[7]

14. It is further proposed that: i) all access norms in the PRGT would remain unchanged over the same time period;[8] ii) the PRGT exceptional access framework would also remain unchanged, thus making available up to 33/100 percent of quota in additional PRGT resources for EA-eligible countries that meet the relevant criteria (i.e. the annual and cumulative 'hard caps' would be 278.33 and 535 percent of quota, respectively).

Safeguards

15. NPB countries that are EA-eligible that currently request access to PRGT resources in excess of 150 percent (annual, through April 6) and 300 percent of quota (cumulative) must meet the exceptional access criteria. The proposed approach would shift this threshold for higher scrutiny to 245 percent and 435 percent of quota (respectively), thereby eroding one of the safeguards to protect PRGT resources. This easing of safeguards is of significance because all countries relieved of this scrutiny are countries set to have high levels of debt to the Fund—and would occur at a time when almost three-quarters of NPB countries are at high risk of, or in, debt distress.

16. The Fund relies on a multilayered framework for credit risk mitigation, including program design and access policies. The approach to setting access levels under an arrangement (PRGT or GRA) entails a case-by-case determination, where access needs to be justified on the basis of a rigorous assessment informed by the standard access policy criteria, including the member's balance of payments need, the strength of its adjustment program and capacity to repay, and the member's record in using Fund credit in the past. Such assessments will remain critical to ensuring adequate safeguards for PRGT resources. In addition, program measures in the areas of public

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[6] The higher limits would apply immediately for approval of all requests for new arrangements, augmentations under existing arrangements, and new drawings under the RCF, with past credit approved counting toward these limits.

[7] The highest level of annual access approved to date for an NPB country since the NAAL was increased on July 13 2020 is 123 percent of quota (Attachment II, Table 1): it seems unlikely that an NPB member country will seek annual access close to this new limit in the period through end-2021.

[8] Combined GRA-PRGT access for blend countries (in a ratio of 2:1) would continue to be constrained by the relevant PRGT norm. Staff will review these norms in the context of the assessment of the Fund's approach to concessional financing, cited above.

financial management and debt management will work to strengthen controls on the use of public resources and promote transparency, thereby supporting debt sustainability and capacity to repay.

17. Existing safeguard measures would be retained, albeit adjusted to avoid triggering too many cases where, given the high levels of EF provided early in the pandemic, "routine-sized" programs would now trigger procedural safeguards:

- **The PRGT exceptional access framework would remain in place.** A request for annual or cumulative access under the PRGT exceeding 245 and 435 percent would trigger the PRGT exceptional access policy**.**
- **The PRGT lending framework has high access procedural safeguards:** these are triggered when access to PRGT resources over any 36-month period exceeds 180 percent of quota ("flow trigger"), or where overall exposure to the PRGT exceeds 225 percent ("stock trigger").
  - With the majority of NPB countries having obtained exceptional emergency financing in the first months of the pandemic (Attachment I), it is proposed that the flow trigger be set at 240 percent of quota through end-2023, by which time all the financing provided in response to the initial shock will have dropped out of the "36 month" calculation.
  - With many countries already having exposure to the PRGT close to (or above) 225 percent of quota, it is proposed that the stock trigger be increased to 300 percent of quota to avoid triggering the procedural safeguards in cases involving modest new access.
- **The Policy Safeguards triggered by high combined access to the GRA and PRGT would remain in place.**

18. Consistent with the approach adopted in proposing that the temporarily elevated AAL in the GRA be maintained (Attachment II), staff will make use of the Briefings on Country Matters format to ensure that Directors are made aware of upcoming PRGT cases where elevated AA levels are under consideration ahead of any formal discussions with country authorities.[9]

19. Additional and broadly applied safeguards regarding debt sustainability would build on existing policies. The aim would be to limit risks to PRGT resources from high volume-lending to countries with serious debt vulnerabilities and corresponding risks to their capacity to repay the Fund. All program requests from countries would be subject to scrutiny of debt vulnerabilities and the Fund's position as a creditor:

- Program documents would be expected to include: (i) a discussion of the structure of public external debt and its projected evolution over the course of the program period; (ii) cross-country comparisons of projected Fund exposure relative to key economic metrics, where large exposures would require justification in terms of needs and program strength; and (iii) tables showing external debt (and its evolution over the program) with two distinct breakdowns: *de*

[9] Elevated access limits here mean AA between 145 percent and 245 percent of quota; requests entailing cumulative access in excess of 300 percent of quota would trigger the high access procedural safeguards.

facto senior debt (IMF credit; debt to the World Bank and other multilateral development banks; known collateralized debt) versus *other debt*, and *multilateral* versus *official bilateral* versus *private* debt.[10]

- For countries at high risk of debt distress or in debt distress, program objectives would include the achievement of a concrete reduction in debt vulnerabilities over the course of the program and beyond. This would expand the number of programs where lessening debt vulnerabilities are a key objective, which to date has only been required where exceptional access or high combined access is involved. Reducing debt vulnerabilities would typically involve reducing breaches of LIC-DSF thresholds under the baseline scenario: staff do not propose a mechanical approach to assessing the projected improvement in debt vulnerabilities, preferring instead an overall assessment of the strength of the program in tackling debt vulnerabilities.

Resource Implications

20. The large surge in demand for concessional financing in 2020 has created a substantial resource gap for the PRGT. PRGT credit outstanding, which had been stable at around SDR 5–6 billion for the last decade, doubled in 2020, to SDR 12.5 billion. Demand is expected to remain at very high levels in the near term, with PRGT credit outstanding projected to increase to around SDR 18–23 billion in 2024 under current policies. The fast-track PRGT loan mobilization campaign launched in April 2020 has secured SDR 16.9 billion in new effective and pledged loan resources so far, which should be broadly sufficient to cover demand under current policies for the coming years. However, the surge in crisis lending has also created a large subsidy gap, which has significantly eroded the PRGT's self-sustained lending capacity, to below the target of SDR 1.25 billion annually under the original three-pillar framework. To return the PRGT to self-sustainability under current policies and avoid access erosion in real terms, an estimated SDR 2.2 billion in new subsidy resources would need to be mobilized.

21. The proposed temporary increases in access limits would moderately increase the PRGT resource gap. Staff's preliminary estimate is that the proposals would add around SDR 2–4 billion in new PRGT lending, mostly by creating more borrowing space for non-blenders. Credit outstanding would then be projected to reach around SDR 20–27 billion by 2024. The subsidy gap would rise by around SDR 0.4 billion (to SDR 2.6 billion). Additional loan resources of around SDR 1.5 billion would also need to be mobilized.[11] .

[10] The new Debt Limits Policy requires reporting of the breakdown of external debt described here, but not an explicit discussion in program documents.

[11] Keeping the higher access limits in place beyond December 2021 would add to subsidy and loan resource needs. To illustrate, an across-the-board increase of PRGT access limits and norms by 45 percent that remains in place for the next 5–6 years would increase subsidy needs to around SDR 3 billion. This would accommodate an increase in PRGT credit to around SDR 22–31 billion by 2024 and allow for a one-third increase in the post-crisis self-sustained annual lending capacity (to preserve access limits in real terms relative to pre-crisis levels). As noted in FO/DIS/20/165, subsidy needs could rise to SDR 6–8 billion in a scenario that doubles the longer-term PRGT lending envelope.

22. The access policy changes proposed here are made with the expectation that mobilization of the necessary resources will be part of a broader concessional financing package that would be developed alongside wider PRGT reforms. Under the three-pillar strategy to make the PRGT funding model self-sustainable, proposed policy changes should preserve the self-sustained lending envelope. Given that (i) the proposed temporary access increases would not entail a fundamental change in PRGT finances, with only modest increases in the very sizeable resource gaps created by the crisis, and (ii) under current scenarios, available PRGT subsidy resources will not run out any time soon in the current low interest environment, it is proposed that options for restoring a fully funded PRGT be considered in the context of the broader reforms to be discussed in the Review of Concessional Financing and Policies.

Annex I. List of PRGT-Eligible Countries that are Eligible for PRGT EA

Country	IMF Credit Outstanding in % of Quota (end-2020)	2019 GNI per capita (US $)	Program in Place (end-2020)	Risk of Debt Distress (end-2020)
EA-Eligible Countries (28 countries)				
Chad	298	700		High
Madagascar	224	520		Moderate
Burkina Faso	221	790		Moderate
Malawi	216	380		Moderate
Niger	215	560		Moderate
Mali	205	880	ECF	Moderate
Rwanda	178	820	PCI	Moderate
Ethiopia	174	850	ECF-EFF	High
Central African Republic	174	520	ECF	High
Sierra Leone	170	500	ECF	High
Togo	169	690		Moderate
Guinea	169	950		Moderate
Mozambique	162	480		In debt distress
Somalia	158	-	ECF-EFF	In debt distress
Nepal	120	1090		Low
Uganda	100	780		Low
Afghanistan	87	540	ECF	High
Tajikistan	84	1030		High
Liberia	79	580	ECF	Moderate
Haiti	78	790		High
Guinea-Bissau	72	820		Moderate
Gambia, The	68	740	ECF	High
Congo, Dem. Rep.	50	520		Moderate
Sudan	32	590		In debt distress
South Sudan	15	-		High
Burundi	12	280		High
Yemen	11	940		High
Eritrea	0	-		In debt distress

Sources: IMF FIN; World Bank, World Development Indicators.

Annex II. List of PRGT-Eligible Countries that are not Eligible for PRGT EA

Country	IMF Credit Outstanding in % of Quota (end-2020)	2019 GNI per capita (US $)	Program in Place (end-2020)	Risk of Debt Distress (end-2020)
Presumed Blenders: Countries above the IDA operational cutoff with L or M risk of debt distress (17 countries) or above 80 percent of the cutoff with market access (1 country) (18 countries)				
Côte d'Ivoire	278	2290		Moderate
Benin	268	1250		Moderate
Moldova	201	3930		Low
Kyrgyz Republic	147	1240		Moderate
Honduras	135	2390	SBA-SCF	Low
Comoros	116	1420		Moderate
Solomon Islands	104	2050		Moderate
Senegal	100	1450	PCI	Moderate
Bangladesh	89	1940		Low
Lesotho	72	1360		Moderate
Nicaragua	51	1910		Moderate
Uzbekistan	50	1800		Low
Myanmar	50	1390		Low
Vanuatu	32	3170		Moderate
Bhutan	0	2970		Moderate
Timor-Leste	0	1890		Low
Cambodia	0	1480		Low
Tanzania	0	1080		Low
Potential Presumed Blenders if assessed as having prospective market access (8 countries)				
Cameroon	255	1500		High
Ghana	198	2220		High
Dominica	148	8090		High
Kenya	130	1750		High
Maldives	100	9650		High
Cabo Verde	100	3630	PCI	High
Papua New Guinea	100	2780		High
Lao PDR	0	2570		High
Others not eligible for EA due to GNI per capita above the IDA cutoff (15 countries)				
Mauritania	181	1660	ECF	High
Grenada	181	9980		In debt distress
São Tomé and Principe	125	1960	ECF	In debt distress
St.Vincent and the Grenadines	118	7460		High
Samoa	118	4180		High
Djibouti	110	3540		High
St. Lucia	102	11020		High
Congo, Rep.	20	1750	ECF	In debt distress
Zambia	0.2	1450		In debt distress
Tuvalu	0	5620		High
Marshall Islands	0	4860		High
Tonga	0	4300		High
Micronesia	0	3400		High
Kiribati	0	3350		High
Zimbabwe	0	1390		In debt distress

Sources: IMF FIN; World Bank, World Development Indicators.
The IDA operational cutoff is defined as GNI per capita at $1,185 in fiscal year 2021.