



INTERNATIONAL MONETARY FUND FACTSHEET

IMF Support for Low-Income Countries

The IMF provides broad support to low-income countries through surveillance and capacity-building activities, as well as concessional financial support to help them achieve, maintain, or restore a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. Concessional support through the Poverty Reduction and Growth Trust is currently interest free.

How does the IMF support low-income countries?

Surveillance activities involve the continuous monitoring of members' economic and financial policies. Discussions with country authorities focus on how their economic policies affect stability and explore desirable policy adjustments. Capacity-building activities focus largely on how low-income countries can boost domestic revenues, manage public finances and monetary policy, regulate the financial system, and develop statistical systems to help them implement sound policies and good practices, as well as progress toward the United Nations' [Sustainable Development Goals](#).

Which IMF instruments can be used to provide support to low-income countries?

All IMF members have access to the General Resources Account on non-concessional terms, but the IMF also provides concessional financial support through the **Poverty Reduction and Growth Trust (PRGT)**, which is better tailored to the diversity and needs of low-income countries. Poverty reduction strategies that detail policies to promote growth and reduce poverty are essential to IMF-supported programs in low-income countries. The PRGT has these three concessional lending windows:

- [Extended Credit Facility](#) (ECF): Sustained medium- to long-term engagement in case of protracted balance of payments problems
- [Standby Credit Facility](#) (SCF): Financing for low-income countries with actual or potential short-term balance of payments and adjustment needs caused by domestic or external shocks or policy slippages—can also be used on a precautionary basis during times of increased risk and uncertainty
- [Rapid Credit Facility](#) (RCF): Rapid unconditional financial support as a single up-front payout for low-income countries facing urgent balance of payments needs—possible repeated disbursements over a (limited) period in case of recurring or ongoing balance of payments needs

For policy advice and signaling, countries may request nonfinancial assistance under the [Policy Support Instrument](#) (PSI), which helps low-income countries that are in a broadly stable macroeconomic position and thus not in need of IMF financial

assistance. The Policy Support Instrument can expedite access to the Standby

Poverty Reduction Strategies

Poverty reduction strategies are used in IMF-supported programs to (1) link proposed program policies and objectives, (2) preserve national ownership of the poverty reduction strategy process, and (3) provide flexibility in scope and coverage to reflect particular country circumstances. The link between these documents and IMF-supported programs is well defined for Extended Credit Facility arrangements and Policy Support Instrument programs who require Poverty Reduction Strategy documentation for completion of reviews. **Reaching the [Heavily Indebted Poor Country](#)** decision or completion points also requires meeting Poverty Reduction Strategy requirements. IMF work on poverty reduction issues draws heavily on World Bank expertise and advice.

Credit Facility in case financial need arises.

What are the lending terms?

All lending facilities (ECF, RCF, SCF) are concessional. These facilities have different maturities and grace periods, but are currently interest free. On October 3, 2016, the IMF Executive Board approved a modification of the mechanism that sets PRGT facilities' interest rates. It set interest rates at zero for all IMF concessional loans under the PRGT for at least through the end of December 2018. Interest rates for the ECF and the SCF will remain at zero whenever global market rates are very low. In 2015, the interest rate on RCF financing was set permanently at zero to further enhance support for PRGT-eligible countries in fragile situations and those hit by natural disasters.

How is the PRGT funded?

Funds for PRGT lending are obtained through bilateral loan agreements at market rates. Subsidy resources make up the difference between the market rates received by lenders and the concessional rates paid by low-income country borrowers. The PRGT is designed to be financially self-sustaining over the long term. It can support annual average lending of about SDR 1¼ billion (about \$1.8 billion), which broadly equals the funds committed to low-income countries in 2009–16 on average.

Is additional support available for Low-income countries hit by large natural disasters?

In February 2015, the IMF repurposed the **Post-Catastrophe Debt Relief Trust**, through which the IMF joined international debt relief efforts for very poor countries hit by the most catastrophic of natural disasters, into the [Catastrophe Containment and Relief Trust](#). Under the new trust the IMF can join international debt relief efforts for poor countries hit by the most catastrophic of natural disasters and assist those battling public health disasters—such as infectious diseases epidemics—with grants

for debt service relief. Three Ebola-afflicted countries (Guinea, Liberia, Sierra Leone) received such assistance, totaling about \$100 million in February and March 2015.