ANNEX 1

EXCEPTIONAL ACCESS CRITERIA: GRA AND PRGT; POLICY SAFEGUARDS FOR HIGH COMBINED CREDIT (GRA AND PRGT)–A COMPARISON

In 2009, the Fund adopted a dedicated Exceptional and High Access Framework under the Poverty Reduction and Growth Trust (PRGT) for concessional lending above normal limits. PRGT-eligible members—countries that meet specified income and market access criteria—can access concessional resources up to the normal access (NA) limits under the PRGT. However, for meeting higher balance of payments (BOP) needs, there is a distinction between presumed "blenders" and (poorer) low-income countries (LICs). Presumed blenders are LICs whose income is higher than a specified level and do not have debt vulnerabilities that limit their access to international financial markets. These countries would be presumed to use a blend of PRGT and General Resource Account (GRA) resources to meet their higher needs.[1] If the combined use of Fund resources exceeds the PRGT or GRA NA limit, the policy safeguards for high combined credit (PSHCC) apply.[2] Only poorer LICs—those do not meet the income criterion for blending—are eligible for PRGT-EA (exceptional access) resources.[3]

The criteria and procedural safeguards approved by the Board for the PRGT-EAP were similar to the GRA-EAP but tailored to the context of LICs (IMF, 2009e). The first criterion (EAC1: BOP needs) required the member to experience an exceptionally large BOP need, compared to the 2009 amendment to the GRA-EAP (exceptional access policy), which allowed for its "potential" need. The second (EAC2: debt sustainability) and third (EAC3: market access) criteria differed materially. While both frameworks required a preliminary debt sustainability analysis for EAC2, the PRGT-EAP encompassed a comparatively strong adjustment program and ability to repay the Fund. This criterion implied that countries with a high risk of debt distress were required to introduce policy and/or debt relief actions to reduce this risk to a moderate or low level. The third criterion for the PRGT-EAP required that a member could not meet the income and market access criteria for blending as described above. An exception to members' market access was made if their Gross National Income per capita was below 80 percent of the specified level (IDA operational cutoff).

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1 The composition of the blend is set at one-third PRGT resources and two-thirds GRA. In addition, the PRGT portion of blended resources is subject to a cap. In December 2023, this cap was temporarily raised from 145 percent of quota to 200 percent of quota until the end of 2024. Access needs above this level must be met from the GRA. Total access to PRGT financing for presumed blenders is also capped at the normal annual and cumulative access limit to the PRGT—145 percent and 435 percent, respectively, but temporarily raised to 200 percent and 600 percent of quota until end-2024.

2 The PS-HCC was introduced in 2020 to address a gap that allowed PRGT-eligible members to access a mix of PRGT and GRA resources that, combined, exceeded levels constituting EA in the GRA and PRGT, yet do not constitute EA under the GRA or the PRGT individually.

3 At approval, PRGT-EAP specified a ceiling on EA, but it was abolished in February 2021.

The PS-HCC was introduced in 2020 and the PRGT was amended in 2021 (IMF, 2020b; 2021c). The criteria under the HCC, amended PRGT-EAP, and GRA-EAP were virtually identical for BOP needs and program success, but notable differences remained in the debt sustainability and market access criteria (Table A2.1). Similar to the PRGT-EAP, the PS-HCC required members to restore their public debt sustainability with high probability over the medium term[4] but it did not have a market access criterion. In 2021, enhanced safeguards were introduced under the PRGT to limit risks from high-volume lending to countries with serious debt vulnerabilities and corresponding risks to their capacity to repay the Fund. For the debt sustainability criterion in the PRGT-EAP, these safeguards required (i) a more granular discussion of the composition and evolution of debt, mainly focused on external debt, over the program period (ES1a) and (ii) enhanced capacity to repay analysis based on cross-country comparison metrics of Fund exposure (ES1b).[5] Meanwhile, the third criterion removed market access as a barrier for some members, with their ability to access the PRGT-EAP being determined by the income threshold for blending.

The associated PRGT-EAP procedures required early engagement with the Board through an informal Board meeting. In this meeting, the Board would be presented with an initial assessment of the member's BOP need, macroeconomic situation, and potential fiscal and debt vulnerabilities, as well as information on the proposed program and related impact on concessional resources. Consistent with the Board procedures established under the GRA-EAP, the informal Board meeting would occur as soon as management concurred that a new request involving exceptional or high access could be appropriate. Notably, under the GRA-EAP, the Board is informed before an announcement of a staff-level agreement, while the PRGT-EAP has no similar requirement.

[4] The debt sustainability criterion for the PS-HCC was adjusted in the October 2024 PRGT review to align with the GRA-EAP, that is, in instances where public debt is considered sustainable but not with a high probability, PS-HCC "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" (IMF, 2024b). This adjustment was done to better align the objectives of the PS-HCC.

[5] A second safeguard measure (ES2) on explicit program objectives to reduce debt vulnerabilities also forms a part of the enhanced safeguards but is not applicable to exceptional PRGT cases since it is satisfied by EAC2.

TABLE A1.1. COMPARISON OF EXCEPTIONAL ACCESS CRITERIA FOR GRA AND PRGT PROGRAMS, AND PS-HCC

EXCEPTIONAL ACCESS CRITERIA (EAC)	PURVIEW	GENERAL RESOURCES ACCOUNT (GRA)	POVERTY REDUCTION AND GROWTH TRUST (PRGT)	POLICY SAFEGUARDS FOR HIGH COMBINED CREDIT (PS-HCC) (GRA OR PRGT)
EAC1	Balance of Payments (BOP) Need	Actual or potential BOP need that cannot be met within NA limits		Actual or potential BOP need that cannot be met without exceeding HCC threshold.
EAC2	Debt Sustainability	Determination of high probability that public debt will remain sustainable. When debt is assessed to be sustainable but not with high probability, the criterion is met as long as financing from other creditors would improve debt sustainability during the program and provide sufficient safeguards for the Fund's resources.	Determination of high probability that public debt will remain sustainable in the medium term. Where the LIC-Debt Sustainability Framework (DSF) is applicable, evidenced in low or moderate overall risk of public debt distress. The criterion is also met if, through a combination of policies and financing from sources other than the Fund, debt sustainability with high probability is restored (a) within 36 months from Board approval of the financing request or within the period of a newly approved arrangement (whichever is longer), or (b) within the remaining period of an arrangement, in cases where the Board approves an augmentation or rephasing request.	For LIC-DSF users: High probability that the member's public debt is sustainable in the medium term; or Combination of policies and other financing sources to restore public debt sustainability with high probability. For Sovereign Risk DSF users: Debt sustainability requirements for providing EA to GRA resources are met.
EAC3	Market Access/ Presumed Blending	Good prospects of 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.	Does not meet the income criterion for presumed blending when a new financing request (including augmentation/rephasing) is made.	N/A
EAC4	Program Success	Reasonably strong prospect of program success, including adjustment plans, and institutional and political capacity to deliver that adjustment.		*Criterion 3 Reasonably strong prospect of program success, including adjustment plan and institutional and political capacity to deliver that adjustment.