

IMF CONDITIONALITY WATCH

Summary of the IMF programmes conditionality May-August 2016

Loans from the International Monetary Fund (IMF) largely come with policy change conditions attached. Because of the failures of the IMF supported programmes in the 1990s and early 2000s and the criticisms made against the burden and the politically sensitive nature of the conditions attached to them, the IMF has revised its approach and claims to have limited its conditions to critical reforms agreed by recipient governments

Eurodad's IMF Conditionality Watch monitors IMF supported programmes and in particular the sensitive conditions attached to them. This document maps new conditions in sensitive areas – as they appear in the IMF database - from recently signed agreements between the IMF and recipient countries. It does not analyse or assess them..

Summary Table

Country	IMF Facility	Total loan amount ¹	Date of disbursement	Period of the loan
Afghanistan	ECF ²	44.9	07/20/2016	2016-2019
Armenia	EFF ³	115.6	06/15/2016	2014-2017
Burkina Faso	ECF	38.2	06/16/2016	2013-2016
Central African Republic	ECF	115.8	07/20/2016	2016-2019
Grenada	ECF	14.1	05/18/2016	2014-2017
Iraq	SBA ⁴	5340	07/07/2016	2016-2019
Jamaica	EFF	48.1	06/17/2016	2013-2017
Madagascar	ECF	304.7	07/27/2016	2016-2020
Malawi	ECF	144.4	06/20/2016	2012-2016
Mali	ECF	138.8	06/09/2016	2013-2017
Niger	ECF	120.97	07/11/2016	2012-2016
Pakistan	EFF	6640	06/27/2016	2013-2016
São Tomé e Príncipe	ECF	6.3	06/10/2016	2015-2018
Sierra Leone	ECF	226.45	07/01/2016	2013-2016
Solomon Islands	ECF	1.46	03/21/2016	2012-2016
Sri Lanka	EFF	1500	06/03/2016	2016-2019
Suriname	SBA	478	05/27/2016	2016-2018
Tunisia	EFF	2900	05/20/2016	2016-2020

Afghanistan⁵

¹ In US\$ million

² Extended Credit Facility

³ Extended Fund Facility

⁴ Stand-By Arrangement

⁵ <http://www.imf.org/external/pubs/ft/scr/2016/cr16252.pdf>

Programme summary: The IMF approved a three-year programme under the Extended Credit Facility (ECF) for US\$44.9 million. The programme has two pillars: structural reforms and policies for macroeconomic and financial stability. The programme's conditionalities are concentrated on those two areas.

Main conditionalities: Structural reforms include conditions related to fiscal reforms (e.g. strengthening customs revenue collection and an indicative expenditure ceiling), financial sector reforms (e.g. increase loan-to-deposit limit) and governance issues (reform of the anti-corruption framework). Macro-financial stability related conditions include a quantitative performance criteria and an objective to have an overall budget balance close to zero.

Armenia⁶

Programme summary: The IMF approved the 3rd review of Armenia's programme under the Extended Fund Facility (EFF). This completion will allow the disbursement of US\$22.01 million for a total disbursement of US\$71.53 million under the current programme. The programme was first approved in March 2014 for a total of US\$115.60 million at the time of approval.

Main conditionalities: The review contains new prior actions and structural benchmarks. Those include tax reforms (increase of excise tax rates, remove of VAT exemptions, and introduction of a tax on dividends for residents), support to the 2014 pension reform (introduction of multi-pillar system with mandatory contributions), and regulatory and competition policies (introduction of amendments to the law on domestic competition, notably to introduce higher penalties for anti-competitive behaviours).

Burkina Faso⁷

Programme summary: The IMF approved the 4th and 5th review of Burkina Faso's programme under the Extended Credit Facility (ECF). This completion will allow the disbursement of US\$26.2 million for a total disbursement of US\$65.9 million. The programme was first approved in December 2013 for a total of US\$38.2 million at the time of approval.

Main conditionalities: The review contains new conditionalities in the form of quantitative performance criteria, indicative targets and structural benchmarks. Facing a moderate risk of debt distress, according to the country's debt sustainability analysis, the programme notably contains conditionalities imposing a ceiling on non-concessional borrowing and a ceiling on new concessional external debt.

Central African Republic⁸

Programme summary: The IMF approved a three-year programme under the Extended Credit Facility (ECF) for US\$115.8 million. The program aims at ensuring macroeconomic stability and foster economic growth through structural reforms.

Main conditionalities: The programme contains conditions in relations to macro-economic and financial stability (ceiling on domestic primary deficit and ceiling on non-concessional debt) as well as in relations to structural reforms (on tax policy and notably to broaden the tax base, wage bill and notably the gradual elimination of non-regular civil servants and business environment and notably

⁶ <http://www.imf.org/external/pubs/ft/scr/2016/cr16246.pdf>

⁷ <http://www.imf.org/external/pubs/ft/scr/2016/cr16173.pdf>

⁸ <http://www.imf.org/external/pubs/ft/scr/2016/cr16269.pdf>

updates of the investment charter, the mining code and forestry regulation). Most structural reforms-related structural benchmarks will be included in the programme during its reviews.

Grenada⁹

Programme summary: The IMF approved the 4th review of Grenada's programme under the Extended Credit Facility (ECF). This completion will allow the disbursement of US\$2.8 million for a total disbursement of US\$14.1 million under the current programme.

Main conditionalities: During the review, the only additional conditionality is a structural benchmark that provides for the adoption of a public wage bill management strategy after the conclusion of a technical assistance mission on this topic.

Iraq¹⁰

Programme summary: The IMF approved a three-year programme under the Stand-By Arrangement (SBA) for US\$5.34 billion. The programme focuses on the balance of payment and some structural reforms.

Main conditionalities: Conditionalities notably include a ceiling on total gross public debt, a floor on social spending (that was never met during the previous programme), and an amendment to the investment law to eliminate restrictions for international transactions.

Jamaica¹¹

Programme summary: The IMF approved the 11th and 12th review of Jamaica's programme under the Extended Fund Facility (EFF). This completion will allow the disbursement of US\$80 million for a total disbursement of US\$748.2 million under the current programme. The programme was first approved in May 2013 for a total of US\$948.1 million at the time of approval.

Main conditionalities: New conditionalities notably include the submission of an action plan to merge, abolish or privatise public entities that have yet to be identified.

Madagascar¹²

Programme summary: The IMF approved a 40-months programme under the Extended Credit Facility (ECF) for US\$304.7 million. The programme focuses on macroeconomic stability and sustainable and inclusive growth.

Main conditionalities: Conditionalities notably include a ceiling on new non-concessional external debt and an increase in electricity tariffs (15%).

Malawi¹³

Programme summary: The IMF approved the 7th and 8th review of Malawi's programme under the Extended Credit Facility (ECF). This completion will allow the disbursement of US\$76.8 million for a total disbursement of US\$ 169.1 million under the current programme. The programme was first approved in July 2012 for a total of US\$ 144.4 million at the time of approval.

⁹ <http://www.imf.org/external/pubs/ft/scr/2016/cr16133.pdf>

¹⁰ <https://www.imf.org/external/pubs/ft/scr/2016/cr16225.pdf>

¹¹ <https://www.imf.org/external/pubs/ft/scr/2016/cr16181.pdf>

¹² <https://www.imf.org/external/pubs/ft/scr/2016/cr16273.pdf>

¹³ <http://www.imf.org/external/pubs/ft/scr/2016/cr16182.pdf>

Main conditionalities: The review of the programme did not lead to the inclusion of new conditionalities.

Mali¹⁴

Programme summary: The IMF approved the 5th review of Mali's programme under the Extended Credit Facility (ECF). This completion will allow the disbursement of US\$ 26.9 million for a total disbursement of US\$ 58.1 million under the current programme. The programme was first approved in December 2013 for a total of US\$ 42.5 million at the time of approval. The current review increased the total amount of the programme that now reaches US\$138.8 million.

Main conditionalities: New conditionalities include the realisation of an audit by a private firm of the amount and process of granting tax exemptions, and the adoption of a new pricing mechanism for petroleum products.

Niger¹⁵

Programme summary: The IMF approved the 8th review of Mali's programme under the Extended Credit Facility (ECF). This completion will allow the disbursement of US\$ 17.1 million for a total disbursement of US\$ 149.7 million under the current programme. The programme was first approved in March 2016 for a total of US\$ 120.97 million at the time of approval.

Main conditionalities: New conditionalities include the preparation of a borrowing plan and the completion of the civil service staff biometric census.

Pakistan¹⁶

Programme summary: The IMF approved the 11th review of Pakistan's programme under the Extended Fund Facility (EFF). This completion will allow the disbursement of US\$ 501 million for a total disbursement of US\$ 6.01 billion under the current programme. The programme was first approved in September 2013 for a total of US\$ 6.64 billion at the time of approval.

Main conditionalities: New conditionalities include the update of a plan to limit the accumulation of payable arrears in the power sector and the strengthening of private sector participation in the energy sector.

São Tomé e Príncipe¹⁷

Programme summary: The IMF approved the 1st review of São Tomé e Príncipe's programme under the Extended Credit Facility (ECF). This completion will allow the disbursement of US\$ 0.9 million for a total disbursement of US\$ 1.8 million under the current programme. The programme was first approved in July 2015 for a total of US\$ 6.3 million at the time of approval.

Main conditionalities: Conditionalities include a ceiling on new non-concessional external debt, the removal of fuel subsidies, and the introduction of a VAT law.

Sierra Leone¹⁸

¹⁴ <http://www.imf.org/external/pubs/ft/scr/2016/cr16149.pdf>

¹⁵ <http://www.imf.org/external/pubs/ft/scr/2016/cr16247.pdf>

¹⁶ <https://www.imf.org/external/pubs/ft/scr/2016/cr16207.pdf>

¹⁷ <http://www.imf.org/external/pubs/ft/scr/2016/cr16174.pdf>

¹⁸ <http://www.imf.org/external/pubs/ft/scr/2016/cr16236.pdf>

Programme summary: The IMF approved the 5th review of Sierra Leone's programme under the Extended Credit Facility (ECF). This completion will allow the disbursement of US\$ 34.12 million for a total disbursement of US\$ 226.45 million under the current programme. The programme was first approved in October 2013 for a total of US\$ \$86.86 million at the time of approval but was augmented twice.

Main conditionalities: New conditionalities include the establishment of a new tax administration act and the review of tax obligations for mining companies

Solomon Islands¹⁹

Programme summary: The IMF approved the 5th and 6th review of Solomon Islands' programme under the Extended Credit Facility (ECF). This completion will allow the disbursement of US\$ 0.297 million for a total disbursement of US\$ 1.46 million under the current programme. The programme was first approved in December 2012 for a total of US\$ \$ 1.46 million at the time of approval.

Main conditionalities: The review did not lead to the adoption of additional conditionalities.

Sri Lanka²⁰

Programme summary: The IMF approved a 36-months programme under the Extended Fund Facility (EFF) for US\$ 1.5 billion. The programme focuses on macroeconomic stability.

Main conditionalities: Conditionalities notably include public expenditure ceilings, tax reform (including the elimination or reduction of tax expenditures), and the reduction or elimination of electricity and fuel subsidies.

Suriname²¹

Programme summary: The IMF approved a 24-months programme under the Stand-By Arrangement (SBA) for US\$ 478 million. The programme focuses on economic reforms.

Main conditionalities: Conditionalities notably include an increase in electricity tariffs, the introduction of a VAT, and the introduction of competition and investment laws.

Tunisia²²

Programme summary: The IMF approved a 48-months programme under the Extended Fund Facility (EFF) for US\$ 2.9 billion. The programme focuses on economic and financial reforms.

Main conditionalities: Conditionalities notably include the approval of a strategy for civil service reform and the adoption of implementation decrees for competition (to increase sanctions for anti-competitive behaviour), PPPs (notably the establishment of a framework to evaluate the feasibility and fiscal risks of new PPPs) and investment laws (to reduce barriers to entry and protect investors).

¹⁹ <http://www.imf.org/external/pubs/ft/scr/2016/cr1690.pdf>

²⁰ <http://www.imf.org/external/pubs/ft/scr/2016/cr16150.pdf>

²¹ <https://www.imf.org/external/pubs/ft/scr/2016/cr16141.pdf>

²² <https://www.imf.org/external/pubs/ft/scr/2016/cr16138.pdf>