

IMF's Stand-By Arrangement

April 30, 2024 • vajiramandravi.com



About IMF's Stand-By Arrangement:

- The Stand-by Arrangement (SBA) provides **short-term financial assistance** to countries facing **balance of payments problems**.
- Historically, it has been the IMF lending instrument most used by advanced and emerging market countries.
- **Eligibility:** All member countries facing actual or potential external financing needs. Most often used by **advanced and emerging market countries**, but **low-income countries** sometimes use the SBA together with the **Standby Credit Facility (SCF)**.
- **Conditionality**
 - Countries' economic policies **must address** the problems that led the country to seek funding.
 - Disbursements conditional on the observance of **quantitative performance criteria**.
 - Progress in implementing **structural measures** that are critical to achieving the objectives of the program is assessed in a holistic way, including via benchmarks.
- **Duration of the assistance:** Flexible. Typically covers a period of 12–24 months, but not more than 36 months.

Key facts about IMF

- It **fosters economic growth** and employment by providing temporary financial assistance to countries to help ease the **balance of payments** adjustment and technical assistance.
 - **Foundation:** Formed in 1944 at the **Bretton Woods Conference** with the goal of reconstructing the international monetary system.
 - **Important Reports:** World Economic Outlook and Global Financial Stability Report
 - **Headquarters:** Washington, DC, USA
-

Q1: What is a Stand-by Credit Facility?

The Stand-by Credit Facility (SCF) provides financial assistance to low-income countries (LICs) with short-term balance of payments needs. The SCF is one of the facilities under the Poverty Reduction and Growth Trust (PRGT).

Source: [IMF approves immediate disbursement of USD 1.1 billion loan tranche to Pakistan](#)

Source: <https://vajiramandravi.com/current-affairs/imfs-stand-by-arrangement/>

© Vajiram & Ravi. For personal use only.