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**Statement by Mr. Huh, Mr. Yoo, and Mr. Becker on Post Program Monitoring During the Pandemic—Proposal for Temporary Streamlining of Procedures and Renaming of the Policy
(Preliminary)
Executive Board Meeting
May 7, 2021**

We thank staff for the succinct and elaborated paper. The Post Program Monitoring (PPM) is an important part of the Fund's safeguards and has served as an early warning by assessing members' capacity to repay the Fund. The crisis caused by the Covid-19 pandemic has brought Fund lending and credit outstanding to record levels. We acknowledge that a balance needs to be sought between appropriate safeguard to the Fund's balance sheet and practicality in implementing Fund policies given the need for effective use of resources to respond to the immediate crisis. **Therefore, we support the proposed temporary modification to the PPM framework until the return to normal administration of the PPM in January 2023.**

We agree with staff's assessment that PPM thresholds remain adequately calibrated and the application of PPM framework to emergency financing also remains justified and appropriate. Given a large increase in credit outstanding, existing safeguards, including PPM, must be kept in place to carefully monitor elevated risks to the Fund's resources. We take note that the GRA absolute threshold (SDR 1.5 billion) is equivalent to 10 percent of the minimum floor on precautionary balances which remains unchanged at SDR 15 billion and the balances in the reserve account of the PRGT have also not changed materially, standing at SDR 4 billion. The quota-based threshold (200 percent) remains adequate given that the cumulative access limit in the GRA has been unchanged. The PPM framework should be applied regardless of the type of financing instrument as it is introduced to safeguard overall Fund resources. It is also noted that, without ex-post conditionality, emergency financing would be exposed to higher risks compared to Fund programs. *We are interested to hear from staff if there is a need to set another absolute threshold for combined credit from the GRA and PRGT given the nature of the PPM safeguarding overall Fund resources.*

We broadly support staff's proposal to temporarily streamline PPM modalities by conducting PPM discussions at the time of the Article IV consultations until end-2022.

We note that, due to capacity constraints affecting authorities and the impact of the pandemic on the Fund, bilateral surveillance was suspended last year. As a result, no member currently under PPM had two board reports completed (in the past 12 months), as is required by the PPM policy. As the pandemic persists, it is important to maintain monitoring of risks and capacity to repay for all countries subject to PPM at least on an annual basis while reducing administrative workload. We encourage staff to continue to engage with those member authorities through various modalities and occasions between Article IV consultations. We note that PPM has not been initiated for 10 countries given ongoing negotiations. *Could staff elaborate on their assessment of whether a successor arrangement is expected in the next six months for each of these countries?*

We also concur with the change of the policy's name to Post Financing Assessment (PFA). The new name of the policy would better reflect its coverage and enhance the acceptability and traction as it is applied, irrespective of the type of financing instrument.