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Revised

March 18, 2021

**Statement by Mr. Mouminah, Mr. Alhomaly, and Mr. Keshava on Temporary  
Extensions and Modifications of Access Limits in the Fund's Lending Facilities  
(Preliminary)  
Executive Board Meeting  
March 22, 2021**

We thank staff for their well-focused paper and appreciate their continuous efforts to ensure that the Fund has sufficient flexibility to support membership against the backdrop of substantial pandemic-linked uncertainty in the near-term. In this context, we agree that LICs have been hit particularly hard, in part due to the limited policy space available. We support the proposals and have the following comments.

**I. Emergency Financing Instruments**

**We support the proposal to extend the current levels of the annual access limit (AAL) and the cumulative access limit (CAL) on access to the RFI and RCF through December 31, 2021.** While a transition towards UCT-quality programs is highly desirable in the period ahead, we understand that there could be specific situations where such programs are either not feasible or not necessary. In this context, we underline the need for adequate safeguards and welcome that staff reports for emergency financing would make a clear case that the country either does not need or is unable to put in place a UCT-quality program.

**We support the current suspension of the limit on the number of disbursements under the RCF within a 12-month period through December 31, 2021.** We also look forward to staff's analysis in their future work on whether there is a case to eliminate the limit on a permanent basis.

**We see a case to allow amounts approved under an RCF or RFI to lapse if the resources remain undrawn after 60 days with the possibility of one extension for further 60 days.**

Indeed, any delay in disbursement defeats the purpose of emergency assistance and it is essential that the member should take timely measures to remove any impediments.

## **II. GRA Access Limit**

**We concur that the temporary AAL at 245 percent of quota be extended through December 31, 2021, given the prevailing uncertainties.** In this context, we welcome staff's suggestion to make use of briefing sessions on Country Matters to bring to the Board's attention, ahead of time, forthcoming arrangements with elevated annual access.

## **III. PRGT Access Limits**

**We support the proposed temporary increases in the PRGT access limits till June 30, 2021.** In this connection, we take positive note of staff's assessment that these temporary increases would have very modest effects on the PRGT resource gap. With many LICs having already borrowed significantly from the Fund, requiring non-presumed blender countries to access GRA resources due to the PRGT access limits will create difficulties for these borrowers. Indeed, we agree that GRA arrangements are not well-suited for dealing with protracted BoP problems faced by poorer member countries. At the same time, it will be important to provide a rigorous assessment in program documents on a number of issues, including BoP need, debt sustainability, the strength of the adjustment program and capacity to repay, and the member's record in using Fund credit in the past. We also look forward to briefing sessions on Country Matters similar to GRA cases as noted above.

**Finally, we hope that the wider discussion on the Review of Concessional Financing and Lending Policies will be concluded in time to allow new policies to become effective beyond end-June 2021.** As LICs exit the pandemic and take further measures to support economic recovery, the upcoming discussions present a good opportunity to deep dive into the wider issues of financial support for LICs, including through the Fund's catalytic role. Adequately-resourced PRGT for the period ahead is also an important priority.