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**Joint Statement by Mr. Huh, Ms. Levonian, Ms. Johnson, Mr. Yoo, and Mr. Rankin 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 helpful paper on *Temporary Extensions and Modifications of Access Limits in the Fund's Lending Facilities*. The Fund's response in supporting its members has been extraordinary. The scale of the crisis has led to unprecedented requests for financing and the swift response has been critical to assist member countries deal with extremely challenging circumstances. The pandemic will have lasting impacts in many LICs requiring ongoing financial assistance. We very much look forward to a wider and more holistic assessment of how the Fund's toolkit can best serve its poorest and most vulnerable members. **As an interim measure, while this work is underway, we support the proposed temporary changes to the Fund's lending facilities, while ensuring appropriate safeguards and managing risks to the Fund.** We offer the following comments for emphasis.

**We support the proposed extension of existing emergency loan limits and the GRA annual access limit.** Extending these access limits will ensure we do not shut out the poorest and most vulnerable members from emergency support in the face of ongoing uncertainty surrounding the pandemic and in the event of new shocks, such as those from climate disasters and other urgent, but temporary challenges on the horizon. We agree with staff that utilization of emergency financing should not prevent requests for subsequent UCT-quality arrangements. Going forward, we expect the vast majority of financing requests to be multi-year UCT-quality arrangements, with exceptions clearly justified. In order to ensure efficient

use of Fund resources, we also support lapsing undrawn emergency financing resources after 60 days, as proposed.

**We can go along with proposed temporary changes to PRGT normal annual and cumulative access limits and welcome staff's associated proposals around strengthened debt sustainability safeguards.** We note that requiring the poorest and most vulnerable to blend PRGT with GRA resources would result in less favorable financing terms (interest rate, maturities). It would also require members to undertake policy adjustments that are not well-suited for dealing with the sort of protracted balance of payments problems faced by poorer and more vulnerable countries, including small developing states. In this regard, program design will continue to play an integral role in mitigating risks to the Fund and, as is the case now, each program will be considered on a case by case basis, but should be based on a rigorous assessment to justify access levels and provide safeguards for PRGT resources.

**Beyond these temporary measures, we very much look forward to reviewing whether the architecture of the PRGT is "fit for purpose."** It will be critical that we find ways to ensure the PRGT continues to play a consequential and catalytic role in the international financial system. In addition to reviewing PRGT size, the Fund should take this opportunity to review eligibility to ensure that the Fund is assisting and providing much-needed support to all vulnerable members, including small developing states.

**The Fund must also ensure the PRGT remains financially self-sustainable.** If reserve coverage continues to fall -- as it will under the proposed temporary changes -- it could become difficult for donors to sustain the loan contributions that are critical to the PRGT's operating model. All options should be considered in returning the PRGT to self-sustainability.