

SU/21/176

December 22, 2021

**The Acting Chair's Summing Up
Review of Temporary Modification to the Fund's Access Limits in
Response to the COVID-19 Pandemic
Executive Board Meeting 21/121
December 20, 2021**

Executive Directors noted that the temporarily-high access limits ensured that the Fund was able to swiftly provide adequate support to its members during the pandemic. They stressed that access limits are a key element of the Fund's risk management framework, providing safeguards to Fund resources and preserving the revolving nature and catalytic role of Fund financing. Returning annual access limits to lower levels while extending the cumulative access limits for emergency financing balances the need to preserve member countries' borrowing space with safeguarding Fund resources.

Directors agreed with the proposal to extend the temporarily-higher cumulative access limits under the Fund's emergency financing instruments for 18 months, while allowing all other temporarily-increased access limits to expire and return on January 1, 2022 to pre-pandemic levels, except for the PRGT normal annual access limit, which will become 145 percent of quota as approved in July 2021. They also noted that the PRGT normal cumulative access limit was increased on a non-transitory basis to 435 percent of quota in July 2021. A few Directors thought that the extension of the cumulative limits under the emergency financing instruments could have been shorter.

Directors agreed that the respective cumulative access limits for the regular window of the Rapid Financing Instrument (RFI) and the exogenous shocks window of the Rapid Credit Facility (RCF) will remain at 150 percent of quota through end-June 2023. They also agreed that cumulative access limits for the RFI's and RCF's Large Natural Disaster (LND) windows will remain at 183.33 percent of quota through end-June 2023. Directors noted that the further temporary extension of the higher cumulative access limits for emergency financing instruments would have a limited impact on GRA and PRGT resources.

Directors also agreed to reinstate from January 1, 2022 the temporarily-suspended two-disbursement limit under the RCF within a 12-month period. They took note that no member requested RCF disbursements in excess of such limit despite its relaxation during the pandemic period.

Directors noted that the extensions of the temporarily-higher cumulative access limits would leave adequate borrowing room to support urgent balance of payments needs under the emergency financing instruments for most Fund members when upper credit tranche

(UCT)-quality programs are either not feasible or not necessary. Some Directors urged careful monitoring to ensure that affected countries are not unduly constrained by the return to lower annual access limits. Many Directors emphasized the need for a rigorous and transparent application of the qualification requirements for emergency financing, including a convincing justification in case a UCT-quality program is assessed to be not feasible, and some highlighted the importance of strong governance and robust safeguards for the use of emergency financing. Directors underscored that members should be encouraged to transition to tailored, UCT-quality programs when appropriate and feasible to support structural reforms to address underlying vulnerabilities and larger financing needs. In this context, Directors welcomed the fact that members have been increasingly seeking financial assistance under Fund arrangements that meet UCT-quality standards rather than through emergency financing instruments.

Directors generally welcomed the staff proposal to prepare an exit strategy by end-June 2023 and asked for early Board engagement. Some Directors emphasized that the 18-month extension should be the last, and a few called on staff to prepare an exit strategy much earlier than proposed. A few other Directors recommended having greater flexibility.