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**Statement by Mr. Jennings and Mr. Villeneuve on Changes to the Fund's Financing Assurances Policy in the Context of Fund Upper Credit Tranche Financing Under Exceptionally High Uncertainty (Preliminary) Executive Board Meeting March 15, 2023**

We thank staff for the clear paper and their hard work and innovative thinking to bring this to the Board so quickly.

**It is critical that we ensure that the Fund can play its role as the lender of last resort—and catalyze other elements of the global financial safety net—in as many situations as possible.** Clarifying the path to a UCT program, where requested and appropriate in such situations of exceptionally high uncertainty, will help ensure that the Fund can play its important role at the center of the global financial safety net in such cases—and will help to mitigate adverse spillovers and other costs of inaction.

**We fully support the proposed policy changes,** which will help to enhance the Fund's ability to support member countries in need in situations of exceptionally high uncertainty, while at the same time securing adequate safeguards.

- We agree with the characterization of situations involving exceptionally high uncertainty, and that in such circumstances where UCT program engagement is considered, a procedural safeguard as outlined in paragraph 18 should apply. We thank staff for the clarity of this framework to ensure uniformity of treatment.
- We agree that, in these cases of exceptionally high uncertainty, a modified program design involving two scenarios (a baseline and a downside) can give the Fund sufficient confidence about the program's ability to resolve the member's balance of payments problem and restore medium-term external viability. However, we would also see merit in showing an illustrative upside scenario to map out more fully the potential range of outcomes and developments.

- We agree with the proposed changes to the financing assurances policy and extension of a capacity-to-repay assurance to a UCT context, as described in paragraphs 23-26. In addition, we agree that the capacity-to-repay assurance should complement the Fund's ex-ante risk management framework.

**We look forward to addressing other obstacles to UCT arrangements.** We recognize that these policy changes will not address all current and future obstacles to UCT engagement, and welcome that other issues will be considered as part of the ongoing Board work program—including improvements to Fund safeguards in debt resolution situations.