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September 28, 2022

**Statement by Ms. Shortino, Ms. Medearis, and Mr. Westphal on Proposal for a New Food Shock Window Under the Rapid Financing Instrument and Rapid Credit Facility; Proposal for a Staff Monitored Program with Executive Board Involvement (Preliminary) Executive Board Meeting September 30, 2022**

We thank staff for these reports. We agree that Russia's war against Ukraine has exacerbated global economic challenges and created significant new vulnerabilities and spillovers, particularly with respect to food security. In light of these developments, **we support the proposals to create (1) a Staff Monitored Program with Executive Board Involvement (PMB), and (2) a temporary Food Shock Window (FSW) under the Rapid Financing Instrument and Rapid Credit Facility.** We also appreciate staff's quick work to bring these proposals to the Board for approval.

**We support the new PMB and generally agree that certain Staff-Monitored Programs (SMPs) would benefit from Board monitoring and assessments.** We can support the two criteria laid out for countries to access the PMB. However, we stress that countries that meet these criteria should be working to reach agreement on an upper credit tranche (UCT) program as quickly as possible, and the PMB should be designed to lay the groundwork for that UCT program. Further, we agree that careful communication will be required to delineate the PMB from the Fund's current toolkit. *We would welcome further comment from staff on how a Summing Up from a Board discussion of a PMB would differ from a traditional UCT Summing Up.* We support a Board review of the PMB within one year.

**We support a new, temporary FSW to provide countries with near-term emergency financing, and we agree with staff's proposals on the qualification criteria and access limits.** We stress that most countries facing balance of payments pressures from the current food shock would be best served by seeking a UCT program. Thus, we expect staff to rigorously uphold the criteria that emergency financing under the FSW should only be used in those cases where an upper credit tranche program is not feasible or necessary. *Could staff*

*share more details on the countries that expect to tap the FSW and the envisaged timeline for this support?* As with the PMB, we expect staff documents to make clear what measures the country is undertaking to move towards an UCT program. As we already seeing some modest signs of improvements in food prices, we welcome that the proposal would sunset the FSW in 12 months.

**We look forward to an update on uptake of the FSW and on resource implications for the Fund's concessional financing at the next review of PRGT adequacy in Spring 2023.**

We view the 2024–2025 Review of Concessional Financing and Policies as the opportune time for the Board to consider whether further measures are necessary to shore up the PRGT's self-sustained lending capacity. We emphasize that in order for the international financial institutions to continue to use their global public resources effectively and efficiently, it will be important for the Fund to coordinate closely with the multilateral development banks on this food security lending.

**We strongly support the inclusion of the enterprise risk self-assessment, which provides a concise summary of the range of risks and mitigation measures associated with this proposal.** We note that additional emergency financing does pose risks to the Fund, particularly should countries fail to follow through on governance conditions that would normally be incorporated into a UCT program. As with the emergency financing provided in response to the COVID-19 crisis, we would expect staff to incorporate prior actions related to governance in the FSW and to monitor implementation of these measures.