

**EXECUTIVE
BOARD
MEETING**

SM/23/33
Supplement 2
Correction 1

March 16, 2023

To: Members of the Executive Board

From: The Secretary

Subject: **Independent Evaluation Office—The IMF's Emergency Response to the COVID-19 Pandemic—Operational Aspects of IMF Emergency Financing in Response to the COVID-19 Pandemic**

Board Action: The attached corrections to SM/23/33, Sup. 2 (2/6/23) have been provided by the IEO:

Factual Errors Not Affecting the Presentation of the IEO's Analysis or Views

Page 12 (subsequent footnotes renumbered)

Questions: Mr. Loungani, IEO (ext. 37043)
Ms. Batini, IEO (ext. 35763)

35. Among the 57 EMDEs that did not obtain IMF financing during 2020–21, the main explanatory reason (about three-quarters of cases), according to interviews with senior IMF staff, was the ability to borrow from international capital markets or obtain financing from other bilateral and multilateral sources. Large countries, such as Brazil, China, India, Indonesia, and Russia, were in this group. Some countries were interested in access to EF but did not receive it because of policy/governance reasons (Belarus, Iran, Libya, Mauritius, Venezuela, Yemen) or problematic debt sustainability (Antigua and Barbuda, Argentina, Republic of Congo, Eritrea, Lebanon, ~~San Marino~~, Sri Lanka, Zambia, Zimbabwe).¹⁸

36. The number of countries given access to EF in the European Department (EUR), Middle East and Central Asia Department (MCD), and Western Hemisphere Department (WHD) when scaled by the number of EMDEs in each area departments, was roughly similar (40 percent). However, as shown in Batini and Li (2023), Fund members in AFR used Fund resources at a considerably higher frequency (84 percent), while countries in Asia and Pacific Department (APD) had a relatively low usage (30 percent). This finding may reflect the larger share of LICs in AFR and the well-known problem of stigma associated with the UFR in APD. Meanwhile, two RFI approvals in WHD were not drawn upon, and one RFI was repaid early, owing to domestic opposition. Total commitments were highly concentrated in WHD, with the four FCLs and one PLL, all in WHD, accounting for 79 percent of total committed resources at end-2021 (93 percent of committed resources to the region).

37. In terms of timing, the bulk of Fund COVID-related financial assistance was approved during a slightly more than three-month period (late-March to end-June 2020). This represented unprecedented action in terms of speed, number of members, and total amounts. To be precise, the Fund Board approved during this period 79 separate requests for financing including RCFs/RFIs (68), augmentations of existing Fund arrangements (6), and new Fund arrangements (5). The total amount approved during this period was SDR 27.2 billion, while the IMF disbursed SDR 22.3 billion. The strenuous effort by staff and the Board that made this fast action possible is discussed in Batini and Wojnilower (2023).

38. After this initial burst of activity, the number of requests slowed. During the six-month period July–December 2020, the Fund Board approved 17 requests for financial assistance—11 RCFs/RFIs, 4 augmentations, and two new arrangements—amounting to SDR 9.4 billion. The approval pace slowed further in 2021; from January 2021 through April 2021, the Board approved only 9 requests for financial assistance—6 RCF/RFI, 3 new non-precautionary arrangements and no augmentations, totaling SDR 3.7 billion. By end-2021, the IMF had approved 88 requests for RFI/RCFs, 21 new non-precautionary UCT-quality arrangements, and augmented 11 UCT-quality arrangements.

39. Turning to the CCRT, starting in April 2020, the IMF Executive Board approved disbursement of debt service relief through the CCRT for 25 eligible members with outstanding Fund credit, plus 4 members that were expected to request relief shortly. This relief covered 100 percent of debt service falling due to the IMF over the next six months (IMF, 2020e). Actual

¹⁸ [San Marino, which is classified in the WEO as an advanced economy, also did not receive financing due to concerns about debt unsustainability expressed in the 2020 Article IV consultation.](#)