

**EXECUTIVE
BOARD
MEETING**

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April 14, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **IMF COVID-19 Response—A New Short-Term Liquidity Line to Enhance the Adequacy of the Global Financial Safety Net—Draft Press Release**

Board Action: Executive Directors' **consideration** (Formal)

Publication: Proposed, with main paper

Questions: Mr. Steinberg, SPR (ext. 34808)
Ms. Iancu, SPR (ext. 36098)
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Ms. Rosenberg, LEG (ext. 37790)



IMF Executive Board – IMF COVID-19 Response—A New Short-Term Liquidity Line to Enhance the Adequacy of the Global Financial Safety Net

FOR IMMEDIATE RELEASE

WASHINGTON, DC – The Covid-19 pandemic has created severe disruption in the global financial system, with many emerging market and developing countries (EMDCs) facing liquidity shortages. In the context of intensified demand for liquidity and heightened global uncertainty, on April 15, 2020 the IMF Executive Board approved a Short-term Liquidity Line (SLL). The SLL builds on the 2017 blueprint for a Fund liquidity facility, which was the culmination of several years of Fund work on the Adequacy of the Global Financial Safety Net (GFSN).

The SLL is a special facility designed as a revolving and renewable backstop for members with very strong fundamentals and policy track records. It provides liquidity support for members facing potential short-term moderate balance of payments difficulties, reflected in pressures on the capital account and reserves, and resulting from volatility in international capital markets. The SLL aims to reduce the impact of liquidity events and minimize the risk of shocks evolving into deeper crises and generating spillovers to other countries.

Executive Board Assessment¹

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¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.