

**LAPSE OF
TIME**

SM/20/98

June 26, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Proposal to Amend and Extend Pandemic Emergency Procedures**

Board Action: Executive Directors' **consideration** on a lapse of time basis

Deadline to Request a
Board Meeting, after
which Proposed Decision
Deemed Approved:

**Wednesday, July 1, 2020
5:30 p.m.**

Proposed Decision: Page 5

Publication: Proposed, after Wednesday, July 8, 2020

Questions: Mr. McGrew, SPR (ext. 30475)
Mr. Weller, SPR (ext. 39312)



June 26, 2020

PROPOSAL TO AMEND AND EXTEND PANDEMIC EMERGENCY PROCEDURES

EXECUTIVE SUMMARY

On April 6, 2020, the Executive Board adopted streamlined procedures for Board consideration of requests from member countries for emergency financing during the exceptional circumstances created by the global pandemic. These procedures were activated for an initial period of three months, with the possibility of an extension of the activation period prior to July 5, 2020.

Given that the pandemic has had an exceptionally adverse impact on global economic conditions and that a number of Fund members continue to experience urgent financing needs that may require emergency financing from the Fund, it is proposed to extend the pandemic emergency procedures for an additional period of three months. Up to 30 additional requests for emergency financing and program augmentations linked to the COVID-19 crisis could be forthcoming over the next three months.

To provide Directors with more time to review requests for emergency financing, while still ensuring quick processing of disbursements, it is proposed to lengthen the minimum circulation period for documents supporting the requests from four business days to five business days.

Approved By
**Seán Nolan, Yan Liu,
and Calvin McDonald**

Prepared by the Strategy, Policy, and Review Department; Legal Department; and Secretary's Department. The lead contributors were Wes McGrew and Atticus Weller (SPR).

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PROPOSALS

1. On April 6, 2020, the Executive Board adopted pandemic emergency procedures and decided to implement them for a period of three months in order to streamline Board consideration of requests for the Fund's emergency financing.¹

- The emergency procedures currently apply a shortened (four business day) minimum Board circulation period in cases of urgent actual balance of payments needs for Board consideration of:
 - requests for approval of purchases or disbursements under the Rapid Financing Instrument (RFI) and/or the Rapid Credit Facility (RCF);
 - program reviews and requests for changes in access in existing arrangements. The shortened circulation period for completion of program reviews is envisaged only in cases where completion of the review and provision of the requisite financing is considered to be a key component of the external support being provided for the authorities' efforts to contain the impact of the pandemic; and
 - requests for assistance under the Catastrophe Containment and Relief Trust (CCRT).
- The same circulation period also applies to those Article IV consultations where the use of Fund resources under a Flexible Credit Line arrangement or Precautionary and Liquidity Line arrangement is under discussion or anticipated.
- In all cases where this new minimum circulation period is applicable, there is an expectation that a longer circulation period would be provided where the internal review process has identified complications, and the request required additional time for review and consideration.

2. The pandemic emergency procedures will expire on July 5, 2020. Under the pandemic emergency procedures framework, prior to this date, the Board has the option of renewing the procedures or discontinuing them.

3. The pandemic continues to severely affect the global economy, creating an ongoing and urgent need for providing emergency financing to a number of Fund members. Global economic growth has been downgraded since the initial approval of the streamlining measures. Meanwhile, the growth rate of new COVID-19 infections has increased, with hotspots emerging in the Middle East, Africa and the Western Hemisphere. In total, up to 30 additional requests for emergency financing and augmentations of access under Fund arrangements linked to the COVID-19 crisis could be forthcoming over the next three months. This includes requests from qualifying members that drew less than the maximum under the first round of RCF/RFI requests, and those that could return for further emergency financing if the Board approves an increase in the

¹ See Decision No. 16695-(20/37) adopted April 6, 2020.

respective annual access limits of GRA and PRGT resources (a proposal to be considered by the Board in mid-July). While some of the anticipated requests may end up being for new UCT-quality programs (where the pandemic emergency procedures do not apply) or may not meet the bar for streamlined Board consideration (e.g., because the request entails tackling complex issues, such as pronounced debt vulnerabilities), this could still leave a fairly substantial number of potential emergency financing requests. The need for a rapid response by the Fund that motivated the April 6 decision remains valid for such cases.

4. A three-month extension of the pandemic emergency procedures is proposed to enable the Fund to respond in a timely manner to members' financing needs.² Informal consultations among departments indicated that Fund area departments generally favored a three-month extension, while noting that the number of emergency financing requests would likely fall off noticeably from the unprecedented levels observed in April and May. There was also a concern that the signal sent by returning to "business as usual" would be premature and could be seen as suggesting that the pandemic threat had been contained. An extension of the streamlining procedures would support continued rapid relief to countries that face urgent financing constraints. Staff recognizes, however, that there is a need to balance the expedited procedures while allowing Executive Directors adequate time for greater scrutiny of requests.

5. Staff propose to lengthen the Board circulation period under the pandemic emergency procedures from four to five business days. Feedback from offices of Executive Directors on the implementation of the pandemic emergency procedures over the last three months has indicated that a four-day circulation period puts undue time pressure on Executive Board staff and member authorities and that a fifth business day would help significantly in this regard. It is therefore proposed to amend the framework to lengthen the review period after document circulation to the Executive Board from four to five days. Moreover, where feasible, staff will seek to issue papers with a lead time of more than five business days.

6. Staff underscore that in all cases where the streamlined circulation period is applicable, it is expected that a longer period would be provided in complicated cases where the request required additional time for review and consideration.³ The shortened Board circulation period is applicable to the cases described in paragraph 1 above. In addition, the pandemic emergency procedures are not applicable to requests for new Fund arrangements.

² The proposed three-month extension of the pandemic emergency procedures would also temporarily extend the suspension of the implementation of procedures for high access RCF requests under the PRGT (See the Chair's Summing-Up- Enhancing the Emergency Financing Toolkit – Responding to the Covid-19 Pandemic, SU/ 20/47, 4/9/2020).

³ See SM/20/79, Rev. 1, p. 4.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

1. In paragraph 1(a) of Executive Board Decision 16695-(20/37), adopted April 6, 2020, on the Pandemic Emergency Procedures, the reference to "...4 business days after the circulation of the relevant documentation to the Executive Board" shall be modified to read "5 business days after the circulation of the relevant documentation to the Executive Board."
2. In accordance with paragraph 2 of Executive Board Decision No. 16695-(20/37), adopted April 6, 2020, the Fund decides to renew the Pandemic Emergency Procedures activated pursuant to Decision No. 16696-(20/37), adopted April 6, 2020, for an additional period of three months ending on October 5, 2020.