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**Statement by Mr. Rosen, Ms. Pollard, and Mr. Grohovsky on Temporary Modification to
the Fund's Annual Access Limits
(Preliminary)
Executive Board Meeting
July 13, 2020**

The Fund's response to the COVID-19 crisis has been robust. Many of the measures taken have been appropriate and timely, including the increase in access and wide-scale provision of emergency financing. As we move out of the immediate crisis phase, the Fund will continue to be called upon to provide large-scale support. We therefore support the proposals for temporary increased annual access limits and a lifting of the cap on RCF disbursements, which should accommodate the recent emergency financing and allow the Fund to continue to support the membership. As we laid out our views in detail at the previous informal meeting, we will limit our comments here to the following issues.

We support the temporary increase of normal annual access limits to 245 percent of quota for the GRA and to 150 percent of quota for the PRGT. These increases should provide flexibility to accommodate the recent provision of emergency financing while allowing countries to transition to UCT programs. Although annual limits will temporarily be higher, we emphasize that Fund staff should continue to calibrate program size based on the balance of payments need and with a goal of catalyzing other financing, and in many cases, programs may not require the full amount of the increased available access. Additionally, we support the lifting of the restriction on the number of RCF disbursements, as we believe this should incentivize a phased approach to disbursements when appropriate.

Our support for an increase in annual access limits, however, is part of a holistic view of the increased risks that the Fund is taking on. In particular, we can support an increase in the normal annual access limits because there is not a corresponding increase in cumulative access limits. By allowing annual access limits to increase while keeping cumulative limits constant, the Fund can support members facing a sizable shock in the short term and accommodate emergency financing while not relaxing the safeguards and increased oversight provided by the exceptional access framework for genuinely large programs. An unchanged normal cumulative access limit does not mean that countries' financing is strictly bound;

rather, it implies that borrowing above a certain level requires added oversight and protection for significant Fund exposures. This increased scrutiny is prudent and in line with our fiduciary responsibilities.

Additionally, our support for increased annual access limits further reinforces our view that safeguards must be robust. As a first step, the Fund should begin its shift from emergency financing toward UCT programs, which come with greater oversight through periodic reviews and ex-post conditionality. UCT programs should review the experience with emergency financing and follow up on safeguard commitments. We also emphasize the importance of strong governance safeguards in an environment of increased lending for budget support purposes, as the risks to the Fund's finances and reputation are heightened with more opportunities for funds to be misused. Finally, we reiterate our view that risk management should continue to be strengthened in order to lead to greater oversight and better-informed lending decisions, and look forward to future discussions of the risk-management function in the near future.