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July 9, 2020

**Statement by Mr. De Lannoy, Mr. Jost, and Mr. Hanson on Temporary Modification to the Fund's Annual Access Limits  
(Preliminary)  
Executive Board Meeting  
July 13, 2020**

**We support the proposed temporary increase in the GRA and PRGT Normal Annual Access Limits and the temporary increase in the PRGT Exceptional Annual Access Limit.**

**We agree with staff that the benefits of the proposed decisions, which enable the Fund to resume UCT-quality lending after a round of emergency lending, outweigh their risks.**

**That said, we stress the importance of appropriate risk mitigation in upcoming programs.** Staff rightly notes that a temporary increase in normal annual access limits may result in frontloading of access and bunching of repayments. We therefore expect UCT-quality programs to provide adequate safeguards, including through rigorous analyses of debt sustainability and the capacity to repay the Fund, appropriate conditionality and contingency planning.

**At this stage we see no compelling case to change normal cumulative access limits.** We agree with staff that normal cumulative access limits are a key anchor in the Fund's risk management framework. Like Mr. von Kleist and Ms. Koh, we stress that Fund financing must maintain its revolving character and catalytical role.

**We note that the temporary increase in the PRGT Normal and Exceptional Annual Access Limits worsens the shortfall in PRGT funding.** We understand that the required PRGT loan resources are within reach, but higher Annual Access Limits will increase the shortfall in subsidy resources and the pressure on reserve coverage. We would have preferred to start the Review of Concessional Financing before deciding on an increase in PRGT Annual Access Limits. This would have allowed for a discussion on the strategy to ensure sufficient subsidy resources and adequate reserve coverage. Like Mr. Poso, Ms. Ekelund and Mr. Evjen, we note that a smaller increase in the Exceptional Annual Access Limit would result in a smaller pressure on the self-sustaining nature of the PRGT. *Could staff elaborate on why they chose not to propose a smaller increase of the Exceptional Annual Access Limit?*

**We support the temporary removal of the limit on the number of RCF disbursements in a 12-month period.**