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July 9, 2020

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

The COVID-19 pandemic has created a sudden, deep and highly synchronized shock across the global economy. **The unique characteristics of the current crisis makes it imperative that the Fund's lending policies are appropriately tailored to provide well-targeted support to members.** Amending the Fund's normal annual access limits at this time will help the membership navigate the unprecedented challenges of this crisis, especially as we move into the stabilization and recovery phases.

**We support the proposals to temporarily increase the normal annual access limits for both the GRA and the PRGT to ensure that the Fund's policies retain the flexibility needed to appropriately respond to the characteristics of the current shock. We also support the removal of the limit on the number of RCF disbursements in a 12-month period to enhance flexibility.** Increases to the normal annual access limits will provide more space for financing inside a 12-month window, allowing for a timely resumption of UCT-quality lending. This will support necessary front-loaded access while avoiding unwarranted frontloading of adjustment, in line with the characteristics of the current crisis. It will streamline access to Fund resources, increasing flexibility as to the timing and profile of the Fund's support, while maintaining appropriate safeguards on the overall level of access. It will also allow eligible countries additional access to concessional resources before needing to seek out GRA resources, ensuring we can continue to support the most vulnerable members.

**Increases to normal annual access levels are not without risks which should be carefully monitored.** Such increases will allow for more front-loading of disbursements potentially weakening conditionality. It also could mean a bunching of repayment obligations to the Fund, potentially impacting a member's capacity to repay. However, helping members

respond to a global shock of unprecedented scale can be seen as justifying acceptance of higher risks to Fund resources than is warranted “in normal times” and so on balance these risks are outweighed by the risks to the Fund (actual and reputational), should our support to members be insufficient. In addition, a number of other safeguards, including the normal cumulative access limits and exceptional access framework, remain firmly in place.

**Proposals for future modifications to normal cumulative access limits would need to meet a very high bar.** The exceptional access framework does not limit access to Fund resources rather it triggers higher scrutiny. This is not only to safeguard Fund resources but also protect the member from borrowing above its own capacity to repay. While we are open to further discussions on the risks and benefits to increasing the cumulative access limits, we would be very reluctant to amend this without good reason. Nonetheless, we encourage staff to carefully monitor the impact on Fund resources of the increase in the normal annual access limits and to identify if there are lessons that could be relevant to the level of the normal cumulative access limits.

**We recognize that with the proposed decision to increase the normal annual access limits, there are corresponding implications for PRGT resources.** We would have preferred to have a more holistic discussion about access limits and concessional resources – however we realize that we are operating in a highly fluid environment and that there is a premium on taking action. We remain committed to preserving the self-sustainability for the PRGT, ensuring the equitable distribution of scarce PRGT resources and maintaining the Fund’s catalytic role. We look forward to considering the full range of options in our upcoming discussion on the *‘Review of the Financing of the Fund’s Concessional Assistance’* to ensure these principles remain intact.

**Lastly, we look forward to reviewing the decision to temporarily increase the normal annual access limits by December 2020, ahead of the April 2021 expiry, to ascertain whether an extension is warranted.**