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GRAY/20/2573

July 9, 2020

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

We thank staff for the informative report. We would like to make the following comments.

The COVID-19 pandemic has dramatically affected the global economy, and many member countries have approached the Fund for substantial emergency financing assistance to address their financing gaps. Given the severity of the current shock and the significant financing needs from the membership, it makes sense to increase Normal Annual Access Limit (NAAL) under the GRA and PRGT on a temporary basis when sufficient resources are secured. We are open to staff's proposal and can go along with the consensus.

We commend the Fund's quick response to the crisis, including by providing emergency financing assistance through RCF and RFI to help member countries. Meanwhile, we see a strong need for safeguarding the Fund's resources. In this regard, access limits are an important element of the Fund's multilayered risk management framework to preserve the Fund's financial position. Recently, the Fund's lending to member countries has increased significantly, which could lead to higher credit risks. Therefore, minimum safeguards should remain in place to protect the Fund's resources. Also, important safeguards, such as additional scrutiny and procedural requirements under the Exceptional Access, requirements for financing assurance, and capacity to repay the Fund should be fully respected.

As for the Normal Cumulative Access Limit (NCAL), we should be more cautious when we consider possible changes. Increasing the NCAL also requires large commitment to resources. Comprehensive review of PRGT financing, sufficient safeguarding, and an emphasis on the catalytic role of the Fund's program are all important elements to take into consideration before we make a decision. We note that the PRGT financing resource remains

insufficient even after the recent fundraising. We view that increasing the NCAL would not be helpful to control the Fund's overall risk exposures. Taking into account the safety and adequacy of Fund resources, it is still premature to consider changes to the NCAL at this stage.

The current crisis has once again demonstrated the need to boost the Fund's resources. For this purpose, a general SDR allocation is perhaps the most effective response to the current crisis. The Fund's governance reform should also be advanced. We urge timely discussions and completion of the 16th general review of quotas.

Finally, we support to remove the limit on the number of disbursements under the RCF within a 12-month period to provide greater flexibility in use of these higher levels of emergency financing while the temporary access increase for emergency financing is in place.