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**Statement by Mr. Inderbinen and Ms. Wehrle on Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure
(Preliminary)
Executive Board Meeting
September 9, 2020**

We support the new safeguards for high levels of combined GRA-PRGT credit exposure. The new safeguards close an important gap in the Fund's policy framework and will allow for a more consistent handling of situations where combined access leads to high levels of exposure. The adoption of safeguards come at an opportune moment, as the Fund is facing an unprecedented surge in financing requests and has to deal with elevated debt vulnerabilities in many of its members. We support that the new safeguards will take immediate effect. Addressing debt vulnerabilities heads-on, including through swift sovereign debt restructurings, when needed, will be important.

We welcome that the wording of the new safeguards closely mirrors the requirements under the GRA and PRGT exceptional access criteria. Similar wording will help narrow the room for interpretation, as well as ensure greater consistency and evenhandedness across the membership. We also welcome that the procedural requirements mirror the GRA EA procedures. We stress the need for the Board to be given sufficient advance notice of such cases, given the risk and reputational ramifications of such high-stakes programs. We also emphasize that management ensure that cases in which members seek to bypass the PRGT EA policy by also accessing GRA resources should be strictly avoided.

Cases of high combined exposure should remain exceptional. High levels of access should be correlated with greater program strength. We believe that the Fund should refrain from attempting to fill a growing share of financing gaps. Rather, the focus should be on designing ambitious, yet credible reforms that can catalyze financing from other sources and strengthen the basis for sustainable growth. A good integration of capacity development priorities and program objectives is also crucial.

Finally, we stress the importance of framing communication on the new safeguards carefully. This includes avoiding the perception that the safeguards are a constraint to accessing Fund resources, while emphasizing that occurrences of high combined access are expected to be the exception.