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September 3, 2020

**Statement by Mr. Jin 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 thank staff for the informative report as well as the bilateral discussion ahead of the Board meeting. We generally support staff's proposal and would provide our comments below.

Given the shock and the related uncertainty of COVID-19, we see the need to address the issue that countries could seek access to high levels of combined PRGT-GRA exposure without triggering the exceptional access policies relevant to either funding source. Meanwhile, maintaining policy flexibility to some extent is very important. We therefore encourage staff to fully consider the specific circumstances and challenges faced by member countries when implementing related policies, particularly in the following aspects:

First, considering the complexity of debt restructuring for members whose overall risk of public debt distress is assessed to be high or in debt distress we encourage staff to take into account member countries' specific challenges when setting the timeline to restore their public debt sustainability with high probability. We welcome staff's proposal that member countries could achieve the debt sustainability goal within 36 months from Board approval of the financing request or within the period of a newly approved arrangement (whichever is longer). This is a more favorable requirement than the general practice in these matters that member countries are supposed to complete (or be close to completing) the relevant debt operation by the time of the first review.

Second, the criterion requires that members provide a reasonable strong prospect of success, including its institutional and political capacity to deliver that adjustment. While we understand that strong ownership is essential for a program's success, we encourage staff to

take necessary actions to avoid the proposed criterion to put disproportionate constraint to PRGT countries, and to provide comprehensive capacity development support where needed.

We support the Fund to provide timely and sufficiently financial support to countries facing severe financial needs. For some countries, one of the reasons for their high proportion of total loans to their quota is that their quota has been greatly underestimated. Meanwhile, the Fund's resource should mainly play a catalytic role and should not be the main source of funds for member countries.

Besides, given that the MAC DSA review is still in process and whether the annual access limit of GRA and PRGT will revert still face uncertainty, we encourage staff to keep the board updated regarding the possible impact on policy safeguards for countries seeking high access of GRA-PRGT combined lending.