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September 24, 2020

**Statement by Mr. Tanaka, Mr. Chikada, Mr. Naka, Ms. Kikuchi, and Mr. Shimada on
Review of Enhanced Access Limits Under the Rapid Credit Facility and Rapid Financing
Instrument
(Preliminary)
Executive Board Meeting
September 28, 2020**

We thank staff for the concise but informative papers. We welcome that the temporary increase in access limits under the emergency financing instruments (RFI and RCF) has helped membership countries to address urgent BOP needs in the early stage of COVID-19 crisis. While 69 countries have already received the support from the emergency financing instruments and 53 of them have been benefited from the increase by accessing more than 50 percent of quota, we agree with staff that there are still certain needs, from the countries with pending first requests as well as additional requests, due to still high uncertainty caused by the pandemic. **We therefore support the staff's proposal to extend the period of higher access limits for emergency financing for a period of six months**, and provide following comments.

We agree with staff that some membership countries need to seek the support under the rapid financing instruments since the high uncertainty make them difficult to have the UCT-quality programs. At the same time, we emphasize the importance to shift for the UCT-quality programs once the conditions allow. We therefore encourage staff to consider the possibility for the country to have the UCT program, especially in the case of additional requests, by carefully considering the country specific circumstances.

We positively note that the impact on GRA resource from the extension would be modest and the extension is unlikely to impact PRGT loan and subsidy resources. However, as for GRA resource, we should monitor the situation carefully, because the total RFI could be 57 billion SDR and lending capacity would also be reduced from supply side

effects, if more large EMs that have not requested assistance to date were to make emergency financing requests. As for PRGT resource, given the importance to secure self-sustainability, we are looking forward to discussing the comprehensive funding strategy going forward.

We welcome that recent RCF and RFI requests have typically included governance safeguards in the form of audits and procurement-related commitments by the authorities, to warrant transparency and accountability. Given that RCF and RFI do not require ex post conditionality, such safeguards are essential to warrant the appropriate use of the Fund's support, thereby protecting the Fund's reputation. Going forward, we expect that the assessment of the increase in access limits under RCF and RFI, which would be conducted as a part of the review of temporary increases in annual access limits to the GRA and PRGT by this December, would contain the follow-up of those safeguards and holistic review on their effectiveness.

Lastly, we also support staff's proposal to extend the suspension of high-access (HA) procedures for requests for financing under the Rapid Credit Facility (RCF), to continuously warrant the Fund's prompt and flexible support to meet member countries' urgent needs.