Executive Board Minutes 20/91-1

September 9, 2020–10:00 a.m.

Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure

Documents: SM/20/137, and Cor. 1, and Sup. 1, and Sup. 2, and Sup. 3

Staff: Nolan, SPR

Length: 1 hour, 40 minutes

ISSUED: March 21, 2022
APPROVAL: MARCH 28, 2022

CEDA OGADA
Secretary

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[1] Minutes are the official record of a formal Board meeting in which the Board may adopt decisions and reach understandings related to the business of the Fund. Staff background documents issued before the meeting are the principal basis for the meeting. Preliminary "gray" or "buff" statements by Executive Directors and staff's responses to Directors' technical questions are circulated prior to the meeting. Adopted decisions and/or summings up—the Chair's "sense of the meeting" or policy conclusions/recommendations—are issued after the meeting. The minutes include all these elements, as well as the discussion record (a verbatim transcript of the discussion lightly edited for clarity). Minutes are made public consistent with the IMF's Transparency Policy and Open Archives Policy.

THE ACTING CHAIR'S SUMMING UP

Executive Directors welcomed the opportunity to discuss new policy safeguards to mitigate financial risks to the PRGT and to the GRA, respectively, that arise from a member having high combined credit from these two sources of financing. They generally agreed on the need for appropriate scrutiny for such cases, and on ensuring a more consistent application of policy safeguards in Fund lending.

Directors broadly supported the proposed policy safeguards, which would apply to any Fund member with combined access to GRA and PRGT resources that exceeds quota-based thresholds set at the same level that triggers the exceptional access framework of the GRA, and agreed that the assessment of the three criteria will apply at the time of approval of financing requests as specified in the proposed decision and at reviews in the context of arrangements. They agreed that, by introducing new policy safeguards requiring more scrutiny on requests for high combined access levels not currently covered by the Fund's exceptional access frameworks, the new policy would help to mitigate financial risks to the PRGT and GRA, respectively.

Some Directors highlighted that the Fund should be cautious about lending exceptionally large amounts, in particular, when debt is already at high risk of distress, and particularly without debt restructuring and/or debt relief in place to restore debt sustainability. Many Directors underscored the importance of ensuring that the Fund can adequately support PRGT-eligible members, including through the use of blended concessional and non-concessional financing, and particularly during these exceptional times.

A number of Directors noted that combined high access requests – like exceptional access – are expected to be exceptional, emphasizing the catalytic role of the Fund. They also underscored that, given the financial benefits, staff should continue to advise PRGT-eligible countries to use concessional financing under the PRGT up to the applicable access limits before accessing resources in the GRA.

Many Directors expressed concern that application of the criterion that a member's policy program provides a reasonably strong prospect of success could preclude members with limited institutional capacity from accessing Fund resources in amounts above the thresholds for high combined GRA and PRGT credit. They underscored the importance of giving support and attention, in particular through capacity development, to those countries facing challenges with institutional capacity.

Some Directors emphasized the need for careful communication, which highlights that the new safeguards are not intended to constrain access to Fund resources.

EXECUTIVE BOARD DECISION

The Executive Board took the following decision:

Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA–PRGT Exposure

1. Subject to paragraphs 5 and 6 below, and with a view to enhancing safeguards for the use of resources in the General Resources Account (GRA) and the Poverty Reduction and Growth Trust (PRGT), respectively, the Fund will not approve any of the following financing requests in the GRA or under the PRGT in an amount above the High Combined GRA and PRGT Credit Thresholds defined in paragraph 2 below, unless it is satisfied that the criteria set forth in paragraph 3 below and the procedural requirements set forth in paragraph 4 below are met:

(i) a new arrangement in the GRA or under the PRGT;

(ii) a purchase under the Rapid Financing Instrument (RFI) or a loan under the Rapid Credit Facility (RCF);

(iii) an augmentation of access under an arrangement in the GRA or under the PRGT; or

(iv) a rephasing of scheduled purchases or disbursements under an arrangement approved after September 9, 2020 when access under the arrangement has not previously exceeded the thresholds specified in paragraph 2.

2. For the purpose of this Decision, High Combined GRA and PRGT Credit (hereinafter "HCC") arises when a member's annual or cumulative access (net of scheduled repurchases and repayments) to the sum of resources in the GRA and under the PRGT exceeds, in quota terms, the equivalent of the annual or the cumulative limit (net of scheduled repurchases) applicable to the access by members to GRA resources set forth in paragraph 2 of Decision No. 14064-(08/18), adopted February 22, 2008, as amended (hereinafter the "HCC Thresholds"). The HCC Thresholds shall adjust automatically to any changes in the access limits set forth in Decision No. 14064-(08/18), adopted February 22, 2008, as amended (hereinafter, the "GRA Access Decision").

3. Subject to paragraph 5 below, the criteria that must be satisfied for purposes of paragraph 1 of this Decision are as follows:

(a) The member is experiencing or has the potential to experience exceptional balance of payments pressures on the current account or capital account, resulting in a need for Fund financing that cannot be met without giving rise to access in excess of the HCC Thresholds.

(b) Risks to the sustainability of public debt are adequately contained, which shall be evidenced by, and subject to, the standards set forth below:

A. For members subject to the Bank-Fund Debt Sustainability Framework for Low-Income Countries (the "LIC-DSF"):

I. A rigorous and systematic analysis indicates that there is a high probability that the member's public debt is sustainable in the medium term. This is generally considered to be met for countries that are assessed under the LIC-DSF to be at low or moderate overall risk of public debt distress; or

II. Where the member's public debt is assessed to be sustainable but not with high probability (which includes cases where the member's overall risk of public debt distress is assessed to be high or in debt distress), or where the member's debt is assessed to be unsustainable ex ante, access to resources in excess of the HCC Thresholds will only be made available if the combination of the member's policies and financing from sources other than the Fund, which may include debt restructuring, restores public debt sustainability with high probability (generally considered to be met for countries that are assessed under the LIC-DSF to be at low or moderate overall risk of public debt distress) (i) within 36 months from Board approval in the case of a new Fund arrangement, purchase under the RFI or loan under the RCF, or within the period of the new arrangement, whichever is longer, or (ii) within the remaining period of an arrangement, in cases where the Board approves a request for an augmentation or a rephasing of access under the arrangement.

B. For members subject to assessments of debt sustainability under the Debt Sustainability Framework for Market Access Countries, this criterion will be met where a rigorous and systematic analysis indicates that the same debt sustainability requirements that apply to exceptional access in the GRA, set forth in paragraph 3(b) of the GRA Access Decision and in BUFF/16/9 (1/27/2016), are met.

(c) The member's policy program provides a reasonably strong prospect of success, including not only the member's adjustment plans but also its institutional and political capacity to deliver that adjustment.

4. Subject to paragraph 5 below, the procedural requirements regarding Board consultations, staff reports and ex post evaluations as set forth in Annex I of SM/20/137 shall apply to cases involving access in excess of the HCC Thresholds.

5. In cases involving access above the HCC Thresholds and exceptional access to GRA resources and/or high access or exceptional access to PRGT resources, the following shall apply:

(a) Where in the context of a financing request specified in paragraph 1, a member's combined access to resources in the GRA and under the PRGT would exceed any of the HCC Thresholds, and the GRA portion of such access would also exceed the annual or cumulative access limit to GRA resources, the criteria set forth in paragraph 3 of this Decision shall not apply and the criteria applicable to exceptional access to GRA resources set forth in paragraph 3 of the GRA Access Decision (the "GRA Criteria") shall apply; the procedural requirements set forth in paragraph 4 of this Decision and the procedural requirements for exceptional access in the GRA shall both apply in such cases.

(b) Where in the context of a financing request specified in paragraph 1, a member's combined access to resources in the GRA and under the PRGT would exceed any of the HCC thresholds and the PRGT portion of such access would also exceed the normal annual or cumulative access limit to PRGT resources, the criteria set forth in paragraph 3 of this Decision shall apply, and the criteria set forth in Section II, Paragraph 2(a) of the PRGT Instrument annexed to Decision No. 8759-(87/176) ESAF, adopted December 18, 1987, as amended (the "PRGT Criteria") shall also apply for access to PRGT resources above the PRGT normal access limits. In such cases, the procedural requirements set forth in paragraph 4 of this Decision and the procedural requirements for exceptional access to PRGT resources shall both apply.

(c) Where in the context of a financing request specified in paragraph 1, a member's combined access to resources in the GRA and under the PRGT would exceed any of the HCC Thresholds and also the respective annual or cumulative access limits in the GRA and under the PRGT, the criteria set forth in paragraph 3 of this Decision shall not apply, and the GRA criteria shall apply, in addition to the application of the PRGT criteria for access to PRGT resources above the PRGT normal access limit. In such cases, the procedural requirements set forth in paragraph 4 of this Decision shall not apply, and both the procedural requirements for exceptional access in the GRA and for exceptional access to PRGT resources shall apply, respectively.

(d) Where in the context of a financing request specified in paragraph 1, a member's combined access to resources in the GRA and under the PRGT would exceed any of the HCC Thresholds and also the thresholds that give rise to high access in the PRGT, the criteria set forth in paragraph 3 of this Decision shall apply, and the procedural requirements for high access in the PRGT and the procedural requirements set forth in paragraph 4 of this Decision shall also apply.

6. Access to GRA resources that is limited to the first credit tranche in the GRA shall not be included in calculating the HCC thresholds. Moreover, the framework for HCC set out in this decision shall not apply to financing approved to support the clearance of protracted arrears in the context of the HIPC Initiative for any access equivalent to amounts covered by HIPC Initiative debt relief. (SM/20/137, Sup. 3, 09/08/20)

Decision No. 16873-(20/91), adopted
September 9, 2020

EXECUTIVE BOARD ATTENDANCE[2]

M. Furusawa, Acting Chair

Executive Directors	Alternate Executive Directors
D. Mahlinza (AE)	
M. Raghani (AF)	
	R. Morales (AG), Temporary
	N. Heo (AP)
A. Bevilaqua (BR)	
	X. Cai (CC), Temporary
	M. Tabora (CE), Temporary
L. Levonian (CO)	
R. Kaya (EC)	
A. Buisse (FF)	
R. von Kleist (GR)	
S. Bhalla (IN)	
D. Fanizza (IT)	
T. Tanaka (JA)	
J. Mojarrad (MD)	
H. Beblawi (MI)	
A. De Lannoy (NE)	
M. Poso (NO)	
A. Mozhin (RU)	
M. Mouminah (SA)	
A. Mahasandana (ST)	
P. Inderbinen (SZ)	
S. Riach (UK)	
M. Rosen (US)	

C. McDonald, Acting Secretary
H. Malothra, Summing Up Officer
A. Bala / A. Lalor, Board Operations Officers
M. McKenzie, Verbatim Reporting Officer

Also Present
African Department: M. Goodman, V. Kramarenko, H. Teferra. Asia and Pacific Department: A. Gulde, E. Kvintradze, C. Rhee. Communications Department: W. Amr, N. Ismail, J. Lundgren. European Department: D. McGettigan. Finance Department:

[2] For countries in each constituency, please see the Constituency Codes in the annex.

G. Everaert, G. Fernandez, N. Ferreira Souza Sobrinho, T. Krueger, C. Mumssen, M. Nkusu-Mulumba, A. Tweedie. Institute for Capacity Development: R. Nord. Independent Evaluation Office: C. Collyns. Legal Department: K. Kwak, Y. Liu, I. Luca, G. Otokwala, G. Rosenberg, B. Steinki. Middle East and Central Asia Department: U. Ramakrishnan. Strategy, Policy, and Review Department: C. Alper, B. Joshi, K. Lee, W. McGrew, N. Meads, M. Muhleisen, S. Nolan, N. Shenai. Western Hemisphere Department: P. Alonso-Gamo, R. Goyal. Executive Directors: A. Andrianarivelo (AF), I. Mannathoko (AE), P. Moreno (CE). Alternate Executive Directors: R. Alkhareif (SA), K. Chikada (JA), M. El Qorchi (MD), S. Geadah (MI), A. Guerra (CE), C. Just (EC), K. Merk (GR), R. N'Sonde (AF), O. Odonye (AE), L. Palei (RU), D. Ronicle (UK), P. Rozan (FF), B. Saraiva (BR), J. Sigurgeirsson (NO), F. Sylla (AF), C. White (AP). Senior Advisors to Executive Directors: M. Choueiri (MI), R. Farber (US), I. Fragin (GR), M. Gilliot (FF), R. Goyal (IN), M. Ismail (AE), L. Johnson (AP), S. Keshava (SA), B. Lischinsky (AG), Z. Mahyuddin (ST), Z. Mohammed (BR), S. Naka (JA), T. Nguema-Affane (AF), C. Quaglierini (IT), E. Shortino (US), F. Spadafora (IT), N.Thiruvenkadam (IN), C. Wehrle (SZ), B. Yoo (AP), M. Zhunusbekova (SZ). Advisors to Executive Directors: A. Abdullahi (AE), P. Al-Riffai (MI), A. Arevalo Arroyo (CE), S. Belhaj (MD), E. Cartagena Guardado (CE), L. Cerami (IT), T. Cham (AE), D. Cools (NE), R. Edwards (CO), S. Evjen (NO), K. Florestal (BR), T. Manchev (NE), M. Merhi (MI), K. Nelson (UK), E. Ondo Bile (AF), T. Persico (IT), B. Rankin (CO), D. Shestakov (RU), M. Shimada (JA), B. Singh (IN), D. Tevdovski (NE), J. Yoo (AP), J. Al Saud (SA), E. Comolet (FF). Office of Executive Directors: T. Abalala, Y. Kikuchi, K. Lok, A. Nagyne Boda, D. Palotai, S. Rouai

DISCUSSION RECORD[3]

The Acting Chair (Mr. Furusawa):

Welcome to the Board meeting on policy safeguards for countries seeking access to Fund financial support that would lead to high levels of combined access to resources from the Poverty Reduction and Growth Trust (PRGT) and the General Resources Account (GRA).

We already have in place policies that require additional scrutiny of requests involving high levels of access to GRA resources, which is the GRA exceptional access framework, and to PRGT resources, the PRGT exceptional access framework. But these two sets of policies operate independently, giving rise to situations where a PRGT-eligible member can request blended access to GRA and PRGT resources without requiring the use of either exceptional access framework. This issue did not feature on our policy radar until it featured in the discussion of a blended program with Ethiopia last October. At that time, many Directors called for the introduction of policy safeguards that would cover the cases that involved high levels of blended access to GRA and PRGT policies.

We had an informal session in February. And building on the views expressed by Directors on the staff proposal during that meeting, the staff have circulated a paper that seeks to address the disconnect between our two exceptional access frameworks, while ensuring evenhanded treatment across the membership. Many Directors flagged this concern for evenhandedness in the February meeting and again in the gray statements for this meeting. We believe that the proposal before the Board deals with these concerns in a balanced manner.

All Directors issued gray statements.

The Deputy Director of the Strategy, Policy, and Review Department (Mr. Nolan):

I would like to make a few remarks to provide context to the paper, explain a few changes that were made to the paper since it was originally circulated, and then answer a number of questions that the staff did not include in their written answers circulated yesterday.

[3] Edited for clarity.

Firstly, on the issue of context, it would probably be useful to note that this is a rather difficult paper to write. This may seem surprising because, at the February 28 Board meeting, it is fair to say there was an agreement on many things. The Board agreed on exactly what the problem was and the main elements of a solution, which was to introduce policy safeguards on high levels of combined exposure to the two sources of funding, the PRGT and the GRA. There was also a sense that the right threshold levels, for the GRA threshold levels was 435 and 145 percent of quota. There was a strong message on the agreement that the standard that should be applied, in the context of policy safeguards, should broadly mirror those applied in the context of the GRA. In a sense, nearly everything was decided. However, the technical challenge lay in seeking to implement that idea of applying the standards that are captured in the exceptional access framework for the GRA to PRGT-eligible countries.

There were a few legal issues that featured in our discussions because we have two different pots of money, but these are different kinds of pots of money. One pot of money is the general resources of the Fund, and the second is a trust fund that is managed by the Fund.

A second challenge was that it was easy to match the GRA EA 1 and EA 4, but the substantial challenge was faced in seeking to apply equitable standards regarding the debt sustainability requirements of the GRA exceptional access framework. This is made difficult by the fact that we use two completely different debt sustainability frameworks that have different purposes and ends. And they often have common terms. For example, the word “high,” as in high risk or in high probability, which are two concepts that do not mean the same thing at all. There is a sense at times that it should be easy to match, but it is not.

And I would add an additional point there. For those who looked at the table displaying the criteria of the GRA exceptional access criterion 2, it is hard to describe it as the gold standard of clarity and, therefore, when it is seeking to match a new set of safeguards or a new safeguard to a GRA exceptional access criteria that, itself, is somewhat opaque and difficult to exactly understand. I overstate the point because it is clearly understandable, but there are certain degrees of judgment and interpretation as to how the language works.

Initially, staff spent some time in seeking to produce a technical solution that matches the Debt Sustainability Analysis (DSA) and the analysis from the GRA and the Debt Sustainability Analysis for Market-Access

Countries (MAC DSA) and linking that to the Debt Sustainability Framework for Low-Income Countries (LIC-DSF). Indeed, when we circulated the draft to the departments, we had taken this to the level of having a mapping from 10 different categories of risk within the LIC-DSF across to the concepts of high probability--sustainable with a high probability, sustainable but not with a high probability, and so forth.

It became clear, though, in the context of our discussion with departments that, actually, this was overcomplicating the analysis and was furthermore seeking to overstate the accuracy that could be achieved when trying to compare one framework with a very different framework.

We opted for a simpler approach, in an equitable manner, seeking to match the requirements of the core elements of GRA exceptional access requirements 2 and 3 with something that can be fitted to the Debt Sustainability Framework applied to PRGT-eligible countries. That gave us the framework of interpreting sustainable in a sense of high probability as low or moderate risk of debt distress and restoring debt sustainability as one of reaching a low or moderate risk of debt distress within a period of time. The time period we chose initially, when we discussed it with Directors in February, was three years. A number of departments, as well as Directors, suggested that this would be better cast as, not a particular three years but as the length of the program that we are seeking to restore debt sustainability, recognizing the fact that most ECF programs are actually three years. Indeed, if the norm is three years, then the staff has to make the case to deviate from that rule.

Therefore, it was that, that produced this kind of balancing act, whereby we end up with a 36-month bar for the length of the arrangement, as the counterpart to GRA exceptional access criterion 2.

Let me mention two changes that have been introduced since the paper was first circulated, in response to the points made by Directors. The gray statement of Mr. Beblawi and others suggested that the presentation would be improved by moving the footnote 16 up into the main text, which has been done. The second issue was the question of how to handle heavily indebted poor countries (HIPC) cases. In particular, several Directors had asked in bilateral discussions about handling Sudan. This is, indeed, a good question because, if this policy had been in place without any other modifications last February, then Somalia actually would have triggered the annual access limit in the policy safeguards.

Clearly, this does not make a lot of sense because the risk to the Fund from high levels of exposure in the HIPC debt resolution, decision point programs is modest because the bulk of that debt is covered by debt relief commitments. Therefore, we decided simply to carve out that debt that is covered by HIPC debt resolution. The supplement was circulated yesterday.

Regarding the specific questions that Directors asked if we had consulted with the Ethiopian authorities on the application of the new framework. In writing policy papers, we seek to consult with country authorities, but we do not consult with individual country authorities on specific cases with direct relevance to them.

What we have done in the paper, following consultations and discussions with the African Department, is to grandfather the Ethiopia arrangement. The Ethiopia arrangement will become subject to the requirements of the new policy, only if there is a request to augment the current level of access, which is now at 650 percent, in the wake of the adjustment, following the Rapid Financing Instrument (RFI) drawing in April.

I hope it answers the question on allowing for a program period, rather than just 36 months.

The Deputy Director of the Finance Department (Mr. Mumssen):

There was a question in the joint statement, whether the staff has a view on the number of members affected by the new policy in the coming months. We have not received any requests that would imply large, combined exposure; but, this could certainly change, given the unprecedented needs created by the pandemic.

It is difficult to predict with any precision how many members may be affected by the new safeguards, as it depends on several factors, including countries' available borrowing space under the current access limits, the size of their financing needs, the strength of their policies, their debt situation, and the incentives embedded in the new policy.

On the access limits themselves, overall, as seen in Box 1 and 1(b) and in the written staff answers, we have an updated table on credit outstanding. Most PRGT-eligible countries have still considerable headroom under the PRGT access limits and those thresholds that would trigger the application of the new safeguards. However, there are many countries where total exposure is relatively large. For example, the second table in Box 1(b) shows countries where total exposure--credit plus commitments--exceeds 200 percent of quota. It is still some way away from 435, but a few of these countries could certainly be affected by the new policy, depending on the size of their financing needs. We should also say that in a few of these cases, the financing needs may, in any case, trigger GRA- or PRGT-specific exceptional access procedures in any event.

Also, to note that the headroom under the annual access limit, which we haven't shown in this table, is much less constraining right now, because the current annual threshold that would trigger the new policy, at 245 percent of quota, would still allow for a very considerable front-loading for virtually all countries before triggering the new safeguards.

Being affected by the new safeguards, there may be an effect on the level of borrowing and on the policies, but there may also be an effect on the financing mix. In particular, the new policy entails greater incentives for low-income countries to fully use access to PRGT resources before going into the GRA, as with these safeguards, it is no longer possible, to circumvent any safeguards altogether by simply relying on additional GRA financing.

Mr. Mouminah:

We issued a joint gray statement with 12 other Directors, wherein we support the proposed decision. We especially welcome the revised proposed decision in Supplement 3 that was mentioned by Mr. Nolan. Indeed, it is important that Sudan's case does not become complicated due to an interpretation of criterion 4. We also welcome the correction to move the text in footnote 16 into the main body of the document, as underlined in our joint gray statement. We would like to make five points which have also been raised in many gray statements.

First, the proposed policy safeguards would close a clear gap in the Fund's policy framework. Here, we would like to underline that PRGT-eligible countries should tap PRGT financing first, when concessional financing is available, before seeking GRA resources. This is essential to mitigate risks to the sustainability of the public debt.

Second, we continue to emphasize the importance of the catalytic role of the Fund's resources. In the analysis, it only shows how much more headwind, as Mr. Mumssen said, that they can get from the Fund. Staff's comments on, if the catalytic role of the Fund's lending is taken into consideration in the analysis or not is welcome.

Third, the staff should carefully consider the country's capacity to implement the program and tailor programs accordingly. In this context, we underline the need to provide the necessary capacity development support. This is especially important for countries in fragile situations, where low capacity could hinder the delivery of adjustments under the program.

Fourth, we welcome the proposed procedural requirement outlined in Annex I, particularly on early Board engagement and consultation with Executive Directors.

Finally, I will conclude by underscoring the importance of carefully communicating the underlying message that complements the Fund's ongoing message in supporting its members during unprecedented times. This is in the context of any program that has been approved with the blended resources. In addition, we look forward to the planned Board discussion in the coming months on the Board's reassessment of the lending policies affecting low-income countries (LICs).

Mr. Tanaka:

As we issued a gray statement, which supports the proposed policy safeguards, we will give the following comments for emphasis.

First, we emphasize the importance of strengthening the Fund's risk management amidst this crisis to properly manage the increasing outstanding credit. We welcome that the proposed policy safeguards would be an important step by sealing the gap between the GRA and PRGT exceptional access policies.

Second, as Mr. Pösö, Mr. Inderbinen, Mr. De Lannoy, and others also pointed out, we reiterate that the Fund's role should be a catalytic one. We, therefore, believe that the high combined access should be limited to exceptional cases, like the case we discussed intensively in the past. Particularly for non-presumed blenders, given the GRA lending is non-concessional, the country, as well as the Fund, should seek various concessional financing tools by other institutions or donors as much as possible by fully leveraging the Fund's catalytic role. In this connection, we cannot accept the combined access only to skirt around or apply to PRGT exceptional access policy. This should be the fundamental attitude toward high levels of combined GRA-PRGT exposure.

As for criterion 3, we have a concern that uncertainty could be raised by the longer grace period for LIC-DSF countries to restore debt sustainability. We, therefore, urge staff to carefully arrange the Fund's programs to warrant debt sustainability, all things considered, on country-specific circumstances.

Regarding criterion 4, we echo Mr. De Lannoy and others in their gray statement, that the Fund's capacity development should play an important role in helping countries improve program prospects.

Ms. Riach:

Addressing the gap in the Fund's architecture is necessary. We welcome the staff's efforts to respond to the views that were expressed in the previous Board discussion. It is clear from reading the gray statements that there is broad agreement on the importance of balancing the need to protect the Fund's resources with the need to ensure that members are able to access those resources in a fair and evenhanded way.

For our part, we particularly emphasize the importance not to undermine the objectives agreed by the Board in the LIC facilities review, including the principle of ensuring that the Fund can adequately support LICs and promote the expanded use of blended concessional and non-concessional financing. This is particularly important in these exceptional times.

In our view, the proposal on the table does a decent job of striking a balance between the views expressed in the previous discussion, and we support the proposed policy safeguards.

On criteria 2 and the issue of the time frame, we felt that the original proposal of a maximum 36-month time frame was unjustifiable and that it was more restrictive than the corresponding GRA exceptional access rules. We were, therefore, concerned about the evenhanded treatment of member countries. We support the proposal on the table today, that the time frame should be 36 months or within the program period, whichever is longer. We welcome the amendment to move footnote 16 into the main text.

On criterion 4, we remain cautious on the addition of this criteria taken from the GRA framework. We are concerned that the interpretation might unduly penalize countries with low institutional capacity, particularly countries in fragile situations and small states. It will, therefore, be critical to ensure that the programs are sufficiently tailored to country conditions, including capacity to implement, and that the Fund supports countries with limited capacity, in particular, through well-targeted capacity development.

Finally, I want to say a word about the catalytic role of Fund financing, which has been raised this morning, came up in several gray statements, and in a few recent Board discussions. I strongly agree with those who say that the Fund financing must have a catalytic effect, particularly in the current circumstances, given the size and scale of the problems that countries are facing. In order for financing gaps to be fully met, Fund financing will need to be part of a broader package, including MDB and regional financing. This is a long-established principle of best practice, and we should not move away from that. If anything, we should be leaning into it, given the scale of the crisis.

Nonetheless, for countries with significant balance of payments issues, the scale of the need means that the Fund will, in many cases, need to provide a very large part of the financing. The scale of the need means that, in many cases, it will only be possible to fill the gap with a significant amount of Fund resources. I think we need to be realistic about what is possible in the context of the catalytic effects.

Mr. De Lannoy:

We have issued a supportive joint gray statement with Ms. Levonian, Mr. Rosen, and Mr. von Kleist. We think that the staff's updated proposal builds well on the existing policies to close the gap in the Fund's exceptional access structure. Going forward, the Board should remain closely involved in the implementation process, as provided by the procedural requirements presented in Annex I of the paper. I would just like to elaborate further on three brief points.

First, on the combined exceptional access threshold, rightly, the safeguards do not include a market access criterion analogous to that in the GRA exceptional access framework; yet the staff proposes the same exceptional access threshold for combined use of PRGT-GRA resources as far as the use of GRA-only resources. However, the need for the self-sustainability of the PRGT might arguably warrant a lower threshold for triggering the exceptional access framework when there is a combined use of PRGT and GRA resources, compared to the use of GRA-only resources, and I would welcome the staff's further comments on that point.

Second, I would like to echo the point from our joint gray statement, which was also raised by Mr. Pösö, that the Fund should have more leverage when assessed necessary to intensify the debt operations and moderate the risks related to debt distress earlier in the program. The suggested deadline for a return to a moderate or low risk of debt distress before the end of the program under the second criterion, however, looks time-inconsistent and does not correspond to the risks in committing the relatively large amount of Fund resources under the combined GRA-PRGT exceptional access programs.

Finally, we support the inclusion of criterion 4 and would underscore the important role of capacity to deliver the adjustment. However, we encourage the staff to propose specific methodologies for an evaluation of the political and institutional capacity for members' adjustment plans in order to root out the possibility for subjectivism in the evaluation.

Mr. Buissé:

We issued a joint gray statement with a dozen other Directors; I can be quite brief. I fully support Ms. Riach's intervention. With the caveats expressed in our gray statement, we would be able to support the proposed approach.

First, we thank staff for working on this issue of combining exceptional access on GRA-PRGT resources. It makes sense to bridge the gaps and ensure that we have the adequate safeguards for all the Fund's lending architecture, and it is welcome that we discuss this issue today.

Second, just to put things in context, while this discussion was triggered by one case, the Ethiopian program, the COVID crisis and the need for a successor program makes it more probable that we will have other cases in the future. We need to be able to give sufficient funding in this new phase of the crisis, and the performance criteria (PCs) have to fit together: blending strategy, access levels, Debt Service Suspension Initiative (DSSI) and debt issues, PRGT. What I want to emphasize here is that we will be very careful on the implementation of this new policy so that it does not unduly impede much-needed financing for the countries that need it.

Third, and critically, as highlighted in our joint gray statement, we remain cautious on the addition of criterion 4 taken from the GRA framework. We remain concerned that the interpretation of this criterion might unduly penalize countries with low institutional and political capacity, particularly countries in fragile situations. It will, therefore, be critical to ensure that programs are sufficiently tailored to countries' conditions. We need to have a very strong and integrated technical assistance. We need the Board summing up to underscore that this criterion should be used to give more Fund support and attention.

Fourth, we remain strong supporters of blending funding to ensure that adequate financing is available for the countries that need it. In a context where the demand for Fund financing is very high, it is critical that blending is used adequately so that the more concessional resources are used adequately and are not depleted by larger commitments to possible blenders.

Finally, let me thank the staff for Supplement 2, annex reading from the scope of the new policy financing approved at the HIPC decision point, following the clearance of protracted arrears. We have the case of Sudan coming up, and we really want to make sure that there will be no undue obstacles on our part to provide the necessary financing commitments.

Mr. Pösö:

We also welcome this initiative to close a gap in the Fund's policy framework and support the staff's proposal for the new policy safeguards on high combined access to GRA and PRGT resources. We believe that the improved framework will help to ensure more evenhanded treatment across the membership. We have issued a gray statement and would like to add only a few remarks for emphasis.

The PRGT financing landscape has changed fundamentally since our last discussion in February. The need for PRGT financing has increased significantly, and we are likely to see more program requests from countries that are at high risk or are in debt distress. When responding to this increased funding need from the PRGT, considerations between ensuring efficient--ensuring sufficient financing for the members and ensuring the long-term self-sustainability of the PRGT needs to be balanced. While we understand the crisis has limited the external financing available for LICs, we continue to underline the important role of IMF programs to catalyze funding from other sources. As Mr. Tanaka also mentioned, we should be mindful of not crowding out funding from other donors.

It is important that exceptional access remains rare. We see major risks to the Fund in lending large amounts to PRGT countries at high risk or in debt distress. When assessed necessary, the needed reprofiling or restructuring of debt should be encouraged as early as possible in order to mitigate the risks related to debt distress.

Against this backdrop, I have a question: taking into account the staff's recent financing need projections for PRGT countries, do the staff expect a shift toward more use of combined financing?

Lastly, I would like to echo Mr. De Lannoy, Ms. Levonian, Mr. Rosen, Mr. von Kleist, and support the inclusion of criterion 4 and would underscore the important role of capacity development in helping countries improve program prospects, as also noted by Mr. Jin and Mr. Heo.

Mr. Inderbinen:

We support the new safeguards, which will effectively close the gap in the current policy framework, and we welcome that the changes will take immediate effect. We especially welcome that the language now mirrors the GRA and PRGT exceptional access policies. We do acknowledge the difficulties that this involved, as was related by Mr. Nolan in his remarks earlier this morning. We do think this matching is important for consistency and evenhandedness. We also highlight the importance of procedural requirements which also mirror the GRA exceptional access procedures to ensure sufficient and strong Board oversight.

Like Mr. Tanaka, Mr. De Lannoy and others in their joint gray statement, we stress that any bypassing of PRGT exceptional access policy by also accessing GRA resources up to the GRA ceiling should be avoided. We take note of the concerns by many chairs that the safeguard on capacity to affect adjustment might put some countries, including fragile states, at a disadvantage. We do believe that this safeguard is important. Like others, we would stress the need for providing sufficient capacity development that is well integrated into program design in such cases.

Like many others, we also note that cases of high combined exposure should remain exceptional. This is an obvious link here to the traditional catalytic role of the Fund.

Lastly, we look forward to discussing low-income country lending policies more broadly in the coming months, as mentioned in one of the footnotes in the paper. We trust that this will also include the application of blending policies for countries with market access.

Mr. von Kleist:

We were among the chairs who had asked for this discussion to take place at an early stage, earlier this year; I am really happy that we are having this discussion today. We issued a detailed joint gray statement with many colleagues, as has been mentioned, so I can be quite brief.

We support the proposals. The proposed new policy safeguards will contribute toward closing the existing gap in the Fund's access framework, resulting in a more coherent application of the policy safeguards in the Fund lending across the membership. Nevertheless, as already noted in our discussion back in February, the new framework would continue to allow non-presumed blenders to avoid additional safeguards and PRGT exceptional access rules by requesting 300 percent access from PRGT and 135 from GRA. While acknowledging the explanation given for setting the limits as proposed, we consider that the staff should make clear that such a combination of access would be discouraged. We would appreciate it if this could be reflected in the summing up; for instance, with a reference that the PRGT constitutes a preferable financing source for non-presumed blender countries, as Mr. Nolan also expressed.

We have some concern that the staff's modified proposal on the timeline for debt restructuring might lack the required degree of caution about lending large amounts to LICs at a high risk of debt distress. We recall that the original proposal of 36 months was already presented as a compromise by staff back in February. We also reiterate our view that debt operations should generally be completed by the first review, particularly in high access cases.

Finally, we reemphasize that access above 435 percent of quota, whether through a single window or combined, should be a rare exception.

Mr. Bevilaqua:

I want to thank staff for trying to incorporate the comments made in our previous informal discussion and for the changes introduced in the report before this meeting.

Our chair co-signed a comprehensive gray statement with 12 other chairs, in which we clearly stated our views regarding the proposed policy, but I would like to underscore some of the underlying thoughts that motivated our position.

Safeguard measures are, indeed, needed to ensure that in cases of combined access to PRGT and GRA resources, risks are carefully assessed and compatible with the existing rules for exceptional access under the two sources of funding, while accounting for the specificities of low-income countries.

We recognize the need to appropriately balance (i) our obligation to respond to a country's financing need and (ii) our responsibility in ensuring that the Fund's resources do not incur high risks of default. For that matter, the proposal is broadly acceptable; although the implementation, especially of criterion 4, must be done in a way not to unduly overburden countries with low capacity and fragile institutions, as noted by many previous speakers.

It is also important that one country's access does not affect substantially affect the availability of resources for the rest of the membership. On the other hand, access limits should accommodate for the exceptional circumstances created by the pandemic crisis, and we have already expressed our views in favor of temporarily increasing the normal access in cumulative terms. This is a problem that is most severe for countries that need to access concessional resources, as the PRGT is clearly in need to boost its funding in order to meet the enhanced demand for financial assistance of low-income countries in this crisis and its aftermath.

In this regard, broadening the base of contributors to the PRGT and exploring more ingenious ways in which a larger amount of resources can be mobilized are essential to ensure that the concessional window of the IMF remains relevant and sustainable. The availability of concessional resources is particularly pressing for PRGT countries that are not presumed blenders and for which access to more expensive GRA resources could eventually harm debt sustainability.

In this time of unprecedented crisis, it is necessary to ensure that the Fund remains effectively capable to provide the leverage needed, financial support to its membership at the levels and conditions required, a point eloquently made by Ms. Riach.

Given that in the current context, the availability of concessional financing worldwide may have shrunk--at least in comparison to the demand from eligible countries--the strength and effective role of IMF signaling for countries that rely on concessional finance must be carefully reassessed. If those resources are becoming less available, it becomes much harder to state that the IMF just has a catalytic role and wait for the others to chip in. It is certainly not a problem for the IMF to solve on its own, but it is undoubtedly an issue for the international community to devote attention and search for solutions.

In addition, the timing and sequencing of disbursements need to be designed to cater to each country's specific circumstances. We caution against the systematic backloading of disbursements in programs longer than 36 months, which could result in undue short-term costs for countries hard-hit by the exogenous shock.

Finally, we support colleagues who have called for the evaluation of the adequacy of the new safeguard measures but would lean toward the first one being done as early as one year from now, which would allow the Fund to promptly adjust its policy, if warranted.

Ms. Levonian:

We issued a joint gray statement supporting the proposal, so I can be brief.

First, we believe that the Fund should be cautious about lending exceptionally large amounts while debt is already in or at risk of high debt distress. Strong debt sustainability standards not only help safeguard Fund resources, but they also help improve program prospects. We thank staff for their opening comments; but, like Mr. Tanaka and others, we regret that criterion 2 was further relaxed from the last Board meeting to allow even longer periods before regaining debt sustainability. We also reiterate our view that debt operations should generally be completed by the first review to avoid risk of too little, too late. Having said that, like I said, we can support the proposal.

Second, as we stressed in our gray statement, given the ongoing crisis, the proposed policy should really be communicated carefully. In this respect, we thank staff for sharing the draft press release ahead of the meeting. I, of course, defer to the communications experts but would propose also emphasizing in the press release that fixing this technical gap in the Fund's policy framework would help to ensure that members are able to benefit from the Fund's resources in an evenhanded manner. Similarly, we might note that the new safeguards are being introduced, following significant increases to GRA and PRGT annual access limits and alongside broader efforts to ensure the PRGT is fully financed to meet the needs of the membership.

Finally, in closing, I would echo the fundamental point made by many Directors, that exceptional access should be carefully considered. As a general principle, the Fund should seek to catalyze financing with strong programs, rather than risk crowding finance out with high access programs.

While acknowledging the truly exceptional nature of the current crisis, keeping high access cases appropriately rare will require disciplined implementation from all of us--staff, management, and the Executive Board.

Mr. Raghani:

We have expressed our common view with 12 other chairs in a joint gray statement. We associate ourselves with the remarks made by Mr. Mouminah, Ms. Riach, Mr. Buissé, and Mr. Bevilaqua this morning. I will, therefore, limit my intervention to the following three points.

First, concessional financing is always preferable, particularly for LICs, and that Fund financing should remain catalytic. That said, we wish to stress the importance of ensuring the implementation of the framework does not impede any Fund support to LICs and that it is critical for the Fund to serve all its members in an evenhanded manner. In this regard, we very much appreciate the staff's note that all Fund members--this includes PRGT-eligible countries--are entitled to access GRA resources. We also support Mr. Bevilaqua's strong statement on financing for LICs.

Second, like many others, we remain concerned with the introduction of criterion 4, as it could adversely affect many countries, notably, those in fragile situations and small states more acutely in this severe crisis and in the post-COVID adjustment period. The updated table provided in the written responses by staff showcases many fragile states' thresholds that could trigger this framework. Countries with low institutional and political capacity facing such financing needs should benefit from enhanced capacity development assistance or, at the same time, they should also access the needed Fund resources in a timely manner. Therefore, we urge to apply criterion 4 in a careful manner. In this regard, we urge staff to introduce in the procedural requirements a provision along the following lines: In circumstances where all but criterion 4 are met, an early Board consultation or briefing should be held and before moving reasonably quickly to Board consideration for financing once the staff assesses that a minimum level of capacity has been reached. We would appreciate the staff's view on these suggestions.

Finally, we strongly support an earlier review of the framework to assess its implementation and how it affects Fund assistance to those members. We believe that a review within the next 6 or 12 months is warranted.

Mr. Morales:

We agree that the new rules presented by staff provide a balanced approach to fill an important safeguards gap and that the new policy facilitates finding an appropriate balance in the consideration of alternative Fund financing, alternatives to serve its membership by mitigating financial risks to the PRGT and the GRA in an evenhanded manner. In this way, it should facilitate tailoring programs to country conditions and capacities, which is especially relevant regarding debt sustainability considerations for countries with limited market access. Of course, exceptional access cases should remain exceptional, but exceptional circumstances--like we are experiencing today--call for having in place clear rules for their consideration at the time the financing requests are being assessed by staff, of course, maintaining a preference for the use of PRGT resources for PRGT-eligible members.

As we indicated in the joint gray statement with 12 other Directors, we look forward to the assessment of the impact of these policies on other Fund lending policies to LICs in the coming months.

Mr. Rosen:

We issued a joint gray statement with Mr. De Lannoy, Ms. Levonian, and Mr. von Kleist, so I can focus on just a couple of points.

First, we thank Mr. Nolan for the comments today on the proposal for countries to achieve debt sustainability within three years or the end of the program, whichever is later. We can go along with this proposal but would note that staff and management should continue to work to establish debt sustainability earlier than the requirement in the paper, where possible. As a general rule, they should continue to aim to have debt operations completed by the first review of an arrangement. As Mr. Tanaka and his colleagues rightly noted in their gray statement, the staff have previously commented that the credibility of DSAs diminish over longer time horizons, so it is important to establish debt sustainability in a timely manner.

Second, we would echo a point made in our gray statement and by Mr. Inderbinen and Mr. Tanaka regarding cases where countries can access

300 percent of quota from the PRGT and another 135 percent from the GRA without triggering exceptional access policies. As the new policy does not address this issue, staff and management will need to monitor these situations carefully to ensure that countries are staying within the PRGT, where appropriate, even if it triggers PRGT exceptional access policies.

Mr. Mahlinza:

We have cosigned a gray statement with 12 other Directors, highlighting our areas of concern, so I will focus on a few points.

First, we want to thank staff for the responses to technical questions, particularly the clarification yet again that all Fund members, including PRGT members, are entitled to access GRA resources. We take particular note that even when the financing request does not exceed the high combined access threshold, access to Fund resources will be determined on a case-by-case basis, taking into account the balance of payments need, program strength, and capacity to repay. These principles will continue to underpin access to Fund resources, including blended access.

We welcome the modified proposal that would exclude from the application of this policy access that is approved to support the clearance of protracted arrears under the HIPC Initiative. This is a particularly welcome development for Sudan, the only remaining protracted arrears case that is eligible for debt relief under the HIPC Initiative. We also support the proposal to grandfather Fund financing under the existing arrangements that were approved prior to the adoption of these policies. In particular, we welcome the clarification that a rephasing of access under arrangements approved prior to the adoption of the new policy would not be subject to new policy safeguards, to the extent that these do not carry an augmentation.

Further, we take note that the implementation of this policy comes at a time when more countries, particularly LICs, are expected to seek additional financing from the Fund due to the impact of the pandemic. We, therefore, urge for care during the implementation to ensure an appropriate balance between safeguarding and providing access to resources. In this regard, we would insist that this is explicitly highlighted in the staff guidance note.

Regarding criterion 4, we think the requirement that countries' adjustment plans should have reasonably strong prospects of success is appropriate. We would, however, caution that countries with low institutional and political capacity should not be unduly penalized.

Finally, we want to support the point made by Ms. Riach and Mr. Bevilaqua on the catalytic role of Fund resources. In particular, we agree that, given the scale of the needs, the catalytical resources required will be high, especially with the declining support from development partners.

Ms. Mahasandana:

The ongoing uncertainty about the extent of the current crisis has intensified countries' financing needs amid elevated debt vulnerabilities. We agree on the need to address the gap in the policy safeguards for large combined GRA and PRGT credit exposures. We have cosigned a joint gray statement with 12 other Directors, supporting the staff's proposal, while stressing the importance of ensuring an appropriate balance between safeguarding and providing access to the Fund's resources. For today's discussion, I will focus on three main points for emphasis.

First, we would like to underscore the importance of careful communications of the new policy safeguards to avoid the perception of constraining access to Fund resources, as highlighted by Mr. Inderbinen and the joint gray statement submitted by Mr. De Lannoy and others. We appreciate staff in sharing the draft press release, but we view that the press release should adequately reflect that the alignment of the policy safeguards for combined GRA and PRGT exposure with the GRA EA framework will continue to allow countries to have higher access when faced with PRGT financing limitations, while also being subject to heightened scrutiny to mitigate the financial risks to the GRA and PRGT. Staff's comments on this are welcome, including any alternative plan for communicating this message.

Second, we underscore the need for a flexible and pragmatic approach to applying the policy safeguards to ensure PRGT countries can access Fund financing during the current challenging environment within the appropriate safeguards. As we note, the technical challenge in seeking to transfer the reassurance provided by the GRA exceptional access criteria for some PRGT countries. The consideration of the policy safeguards should be sufficiently tailored to country's conditions, in tailoring the program countries to country conditions. If the combined GRA and PRGT threshold is triggered by a request for emergency financing that has no conditionality, how would staff assess the compliance with criterion 4?

Third, we view that the new policy safeguards must be complemented by an ongoing close monitoring of the developments in the country's debt vulnerabilities, as well as providing policy advice and technical assistance to help countries better manage their sovereign debts. For countries in debt distress, this should include prompting the consideration of a debt restructuring as early as possible, as underlined by Mr. Pösö in his gray statement and today's intervention. Advancing the work on facilitating a sovereign debt restructuring would help in restoring debt sustainability with a high probability. Also, progressing the work on improving debt transparency would enhance the assessments of debt sustainability.

Mr. Kaya:

As indicated in our gray statement, we broadly welcome the staff's proposal to fill the gap in the Fund's risk management architecture, vis-à-vis the combined GRA and PRGT exposures. Beyond containing the risks to the Fund's balance sheet, we also see this as a step in the right direction to improve the evenhandedness of access of the Fund's finances, particularly to the limited pool of concessional resources.

Like many other Directors, we underscore that these enhanced policy safeguards are to come into effect during an unprecedented time of economic stress and uncertainty. Under these circumstances, we call for a cautious application of the exceptional access framework, striking a balance between the risk mitigation perspective and ensuring adequate access to the Fund's resources by the members in need. We also echo those chairs who emphasize the importance of proper communication in this regard to avoid misperceptions about the Fund's resolve to do whatever it takes to contain the fallout from the pandemic.

We broadly agree with the suggested criteria for exceptional access through a combined hybrid arrangement. Here, we find it very appropriate that the proposed safeguards do not include a market access criterion analogous to that in the GRA exceptional access framework, as it would not be possible for most PRGT-eligible countries to wield meaningful access to capital markets within the scope of a Fund program.

We also tend to agree with those Directors who expressed their concerns about the feasibility of delivering a meaningful policy adjustment and institutional turnaround in fragile states and low-income countries in a matter of two, three years' time. While the Fund can buttress the adjustment and reform momentum through its capacity development efforts, we should be humble about the prospects of success in these cases. Therefore, we encourage the staff to take recourse to combine GRA-PRGT access for fragile and conflict-affected states sparingly to prevent difficulties that would arise by applying criterion 4.

Mr. Beblawi:

We support the initiative to update the safeguards and address the gap in the Fund's policy safeguards related to exceptional access in programs funded jointly by GRA and PRGT. This should help to ensure a more coherent application of policy safeguards in Fund lending across the membership. As indicated in the joint gray statement that we cosigned with 12 other chairs, we would be ready to support the proposed policy safeguards, with the caveat described in the gray statement regarding criteria 2 and 4.

With regard to criterion 4, I would add that our discussion today underscores the need for the Fund to support fragile countries faced with insufficient capacity. Looking ahead, the implementation of this policy is key. We look forward to the Board's discussion in the coming months on how this policy, among the other Fund policies, is affecting low-income countries.

Mr. Mojarrad:

We also welcome this opportunity to strengthen policy safeguards when countries are seeking high access under combined GRA and PRGT financing. Since we issued a gray statement with 12 other Directors, I will be brief, support the proposed decision, and offer the following comments for emphasis.

As we indicated back in February, we consider that blending GRA and PRGT resources is an important vehicle that could help eligible countries to graduate from concessional financing. At the same time, however, we agree that such blending should also be provided under appropriate safeguards that are consistent with exceptional access.

We take this opportunity to reiterate the need to strike the right balance between maintaining financial risks and safeguarding the self-sustainability of the PRGT, on the one hand, and taking into consideration a few important characteristics of PRGT-eligible countries, in particular, the protracted nature of their vulnerabilities and balance of payments needs on the other. In this regard, we agree with the points made by Mr. Inderbinen and others, that care should be made when communicating the new policy to avoid the perception that the safeguards are consistent to accessing Fund's resources and that a high combined access is expected to be the exception.

Preserving LICs' access to Fund financing is particularly critical in the aftermath of the COVID-19 pandemic. We urge the staff to ensure that the new safeguards will not impact access levels nor PRGT financing to countries with relatively high debt levels.

Finally, we welcome and support the revision to the proposed decision to exclude from the scope of the new policy financing approved at the HIPC decision point following the clearance of protracted arrears.

Mr. Tabora:

We issued a joint gray statement with 12 other chairs, but we would like to highlight the following points.

First, we concur with the comments made by Ms. Riach, Mr. Buissé, Mr. Bevilaqua, and others this morning. As it is mentioned in the gray statement, we support, in general, the proposed policy safeguards but with the appropriate balance between safeguarding and providing access to the Fund's resources. We recognize that addressing this policy gap in the Fund's architecture is necessary, both to protect the Fund's resources and to enable countries to benefit from the use of blended concessional and non-concessional financing in an evenhanded manner, as was mentioned by others.

The COVID-19 pandemic has created an unprecedented global economic crisis with high levels of uncertainty, highlighting the importance of ensuring that the Fund can provide adequate levels of financing to PRGT members to support the stabilization and recovery phases of the crisis.

Looking ahead, we urge staff to be particularly careful on the implementation of this policy, in particular, of criterion 4, as explained in Box 2 of the document. As we mentioned in the gray statement, we remain cautious of the addition of this criterion taken from the GRA framework when no such criterion exists in the PRGT framework. We remain concerned that the interpretation of this criterion might unduly penalize countries with low institutional capacity and complex political economy to deliver adjustment plans, particularly countries in fragile situations and small states. Fund support through capacity development for this matter should be prioritized.

Regarding the time frame in which to bring the risk of debt distress down to moderate or low, mentioned in criterion 2, we strongly support the flexible language regarding 36 months or within the program period, whichever is longer. We request that the language suggested for an augmentation or rephasing of programs in situations where the remaining period under the program is too short to bring the risk of debt distress to a moderate or low level is elevated into the main body of the document due to the importance of the matter and to prevent any future discretional judgment in that regard.

Finally, we support the proposal to grandfather Fund financing under the existing arrangements that were approved prior to the adoption of this new safeguards policy. We look forward to a broad assessment of the lending policies affecting low-income countries.

Mr. Heo:

We issued a gray statement and broadly agree with the staff proposal. I will make a few comments for emphasis.

First, we agree that the new policy would fill the gap and help to mitigate the financial risks to the Fund's PRGT and GRA resources, and it would ensure a more evenhanded application of policy safeguards across the membership. I noted that many concerns were raised about the possibility that the new safeguards would incentivize to use more GRA by circumventing high access procedural PRGT; but given the limited nature of the PRGT resources, requesting for GRA lending on top of PRGT would not cause a serious issue if a financial gap in our member countries exists and other sources of financing cannot be guaranteed. It would not be the best way either for the Fund to encourage low-income countries to tap into as much PRGT as possible if we are serious about maintaining the self-sustainability principle of the PRGT going forward. What is needed is a more active catalytic role played by the Fund in helping LICs to find highly concessional loans by other international financial institutions or some grants from bilateral donors, which would be more beneficial to LICs than allowing them to have a huge non-restructurable debt to the Fund.

Second, as many others have already highlighted, I would also like to stress that exceptional access should be truly exceptional. We strongly endorse the staff's answer to technical questions, that total access to Fund resources will be determined, first and foremost, on balance of payments needs, program strength, debt sustainability, and capacity to repay.

Third, new policies must be set to operate in normal times, while ensuring sufficient flexibility to ensure that the policy remains appropriate in the context of the current crisis.

Fourth, I would like to support the other Directors on the important role of capacity development with regard to criterion 4 and would continue to call on the staff to not implement this in an overly restrictive way.

Finally, we appreciate the staff's clarification that the new framework would not apply to financing covered by HIPC debt relief in the context of the HIPC Initiative.

Mr. Fanizza:

I would like to thank the staff for their patience and hard work on this difficult subject. They have managed to make a proposal that strikes the right balance, so we can support it strongly.

We have issued a joint gray statement with twelve other chairs. I must say, I fully agree with Ms. Riach, and with the other Directors. I have only three points to make.

My first point is on criterion 2, for countries that are subject to the Bank-Fund low-income countries Debt Sustainability Framework (LIC-DSF). Without the proposal done by the staff, we would not have been able to support the paper. We liked the proposal made, it goes in the right direction. So, thanks to staff for that.

On criterion 4, on institutional capacity, we agree with what has been said by many Directors, the importance of capacity development to address institutional weaknesses in countries. I fully agree. The problem is that the program needs to be tailored to the institutional capacity in a particular country. In fragile countries, as it has been said several times, particular conditions require specific flexible conditionality. It is a burden on the staff to implement the principle and at times as guidelines in program preparations; it is very important.

Third is a more general observation that maybe adds to the complexity of the problem. I have not been at ease with merging what the de facto proposal does. Let me reiterate. I support it. This is a general comment. It is a bit difficult to stomach the idea that we put together PRGT resources and GRA resources. They are two completely different things, like Mr. Nolan was saying at the beginning, and rightly so. And, we did that to protect the Fund's resources. How come we protect GRA resources on the basis of the PRGT contributions, which are done by two different sets of countries? This is not evenhanded, not with respect to the countries but with respect to the contributors. Why the burden of protecting the risk from the countries that do not contribute to the PRGT falls on the countries that actually contribute to it, because those are not protected? This is a further complication which is not addressed. If the staff could comment on that, it would be very much appreciated.

Mr. Mozhin:

We have issued a joint gray statement with 12 other Directors, which will allow me to be brief.

Let me immediately indicate that we have full respect for the views expressed in the joint gray statement issued by four Executive Directors, as well as the views of Mr. Tanaka, Mr. Pösö, Mr. Inderbinen, and others. Whatever differences we have in this Board are rather limited. In particular, I would certainly support the idea that whenever a debt restructuring is necessary, it should be implemented early in the program, preferably before the first review under the program.

This whole very important discussion is about, how do we reconcile the need to safeguard Fund resources, on the one side, and the very large financing needs of low-income countries, PRGT-eligible countries under the circumstances of a crisis as no other, on the other side. The way to set the right balance between those two objectives proposed by staff is reasonable.

The scrutiny of high access cases is essential for the Fund's risk management framework. The paper identified a notable policy gap in the Fund's architecture, the case of blenders; namely, PRGT-eligible countries for which their access to Fund resources from the GRA and the PRGT, on a combined basis, exceeds the thresholds that entail exceptional access in the GRA and the PRGT. These high access requests should be subject to exceptional access criteria to ensure evenhandedness in their access to Fund resources and to mitigate the associated financial risks. However, we note that in no way countries should be discouraged from the use of blended concessional and non-concessional financing. On the contrary, the blending, itself, should be encouraged as a means to adequately support low-income countries, and safeguards should not be seen as a constraint to access Fund resources.

The policy will come into effect during a crisis like no other, in times when it is important for the Fund to provide its PRGT members with an adequate level of financing. We call for the careful implementation of the new safeguards and are interested in a separate discussion on how this policy would affect low-income countries. We support the decision not to include a market access criterion analogous to that in the GRA exceptional access framework, since most PRGT-eligible members do not have significant access to international capital markets.

With respect to criterion 4, we note the importance of programs to be tailored to specific country conditions and think that capacity development should be strengthened to increase the prospects of success and institutional capacity to deliver an adjustment.

We also support the flexible language in criterion 2, 36 months or within the program period, whichever is longer. We understand the concerns that this language might increase uncertainty over debt sustainability but are ready to accept the proposed formulations, as long as both periods--36 months and the program period--are clearly and transparently described in the documents. The programs with durations above 36 months may become more frequent, especially in case the crisis persists.

With these remarks, we support the proposed decision and look forward to future discussions on this matter, including a broader assessment of the lending policies affecting low-income countries in the wider context of the coronavirus pandemic.

The Deputy Director of the Strategy, Policy, and Review Department (Mr. Nolan):

Let me touch upon a number of the questions that Directors have raised.

I made a point earlier about the difficulties of translating language from one terrain into another. The challenges of doing it are captured in a suggestion that a few Directors have made, that we are being too relaxed in terms of restoring debt sustainability in PRGT-eligible cases. This is not a case of restoring debt sustainability. We have made the assessment that, what does debt sustainability mean in a LIC context? "High risk of debt distress" does not mean unsustainable debt; it just means that there is a significant risk that things will go wrong. The staff took the position that, if a country over five years, over a long period of time remained at a high risk of debt distress throughout and would, at the end of the period, still be at high risk of debt distress, that seems reasonably describable as unsustainable. Being in a situation where the risk of debt distress as a risk is high for one year and then it is eliminated is clearly one where we do not see debt as being unsustainable.

Therefore, the 36-month logic was the idea of saying: What do we think of as debt sustainability in a LIC? And the answer is, either low or moderate or, alternatively, a situation where we quickly get to low or moderate. That is how the concept of debt sustainability was interpreted here. It was an idea of saying, how do we assess the outlook for the country under the program? And the conclusion was, this was a reasonable way of doing it.

A second point that I wanted to pick up on, that many Directors have flagged--I think Ms. Riach was probably the first--is the need for a cautious implementation of policy safeguard 4 and that LICs should not be unduly penalized, that programs should be customized to country conditions. These are points that the staff agree with fully. Indeed, the idea underlying the approach in the paper is not to penalize anyone. This is an effort to try to balance and produce an evenhanded application of safeguards across the membership.

A few Directors said that we need to keep a close eye on how this is done. One of the advantages of the procedures laid out is for regular informal consultation with the Board in such cases. Directors will have a very good opportunity to see how the policy is actually being implemented as we proceed.

In that sense, I hope that Mr. Bevilaqua's request for a review in a year's time will be unnecessary because the Board will be seeing up front whatever cases are encountered and will be able to see how they are handled. There will not be 50 of them, so there will not be a basis for a large reassessment; but Directors will have a very clear view--as will staff and management--as to what is going right or what is going wrong as time proceeds.

I would add, though, as a thought, the idea of providing very high levels of access to states in very fragile situations may be quite problematic. The IEO report on fragile states made the point very well that fragile states typically need grants, not lending, and certainly not super-senior unrestructurable debt. So, indeed, lending large amounts of super-senior unrestructurable IMF debt is what has given us Somalia and what has given us Sudan as major problem challenges, both for the Fund and, far more importantly, for the people of Somalia and Sudan. There is inevitably a situation that, looking at fragility requires a degree of caution, in the main to protect the member.

Ms. Levonian, Ms. Mahasandana, and others have flagged the importance of communicating clearly. We, indeed, go with the message that the objective here is simply to ensure an evenhanded application of policy safeguards across the membership.

There will not be very much interest in this issue because it is actually very, very technical. We were quite surprised when in July, following the increase in the annual access limits, in the context of both the GRA and the PRGT, that there was no external interest because nobody really understood the issue. I am not worried about communication slipups here, but we have a very clear and clean message, which is evenhandedness, which can be well explained.

Ms. Mahasandana also asked about: What about situations where exceptional access is triggered not by an arrangement but by emergency financing? A year ago, this would not have occurred to anybody as a question. And it is a question that applies equally well to the GRA exceptional access criterion because, indeed, the criteria is taken from the GRA. So what happens in the GRA when an RFI triggers--how do you interpret the fourth criterion when a RFI triggers the exceptional access? It is correct that, in an arrangement, one has a series of conditions and a series of disbursements; but it is not that the emergency financing is given out just as a freebie. It is handed out in support of a broad policy framework that is sketched in a letter of intent and a statement of economic policies by the government. It is not that there is no program that is being supported by the Fund. It is not a program in the narrow sense of the term, but it is certainly a policy framework and policy goals and intentions that are being supported. One can assess whether or not to apply criterion 4 and, in a sense, whether or not the country can implement what is being described in its memorandum of economic and financial policies.

Mr. Tabora made a point about how exceptional access criterion 4 comes from the GRA but it is not in the PRGT. It is probably fair to note here that the PRGT exceptional access--firstly, the PRGT exceptional access framework has a number of objectives, not simply prudent and cautious lending but also rationing. Secondly, the PRGT exceptional access simply allows a country to go from 300 up to 400 percent of quota. Here, we are talking about going beyond 435, so it is a higher level of access again. It is quite legitimate to bring the higher standards of the GRA exceptional access criteria in in this context.

Mr. De Lannoy asked for perhaps written guidelines on how policy safeguard four would be implemented. This has not been done in a GRA context, and it is not appropriate to do it here either. These are areas where, clearly, judgment is of the essence and where the Board will clearly and transparently see the judgments that are being made in the context of the informal consultations that take place before any papers are circulated or any decisions are made.

Mr. Fanizza asked broader questions that go beyond the scope of today's discussion, but we will follow up bilaterally with him.

The Deputy Director of the Finance Department (Mr. Mumssen):

Mr. Pösö asked whether the staff expects a shift toward the greater use of combined PRGT and GRA financing. The short answer is, yes, there will be more combined financing because of the crisis caused by the pandemic.

One will recall when we first started working on this gap in our risk management framework about a year ago, it was in the context of the Ethiopia request. It is fair to say we thought we were closing a relatively small gap.

But, as was rightly stated, since February, the world has, indeed, changed. Now we see much higher levels of financing. There are essentially two mechanisms why that might imply greater instances and larger volumes of cases where a country accesses both PRGT and GRA financing. In the first one, we may have more countries that are considered presumed blenders accessing larger amounts in the context of the financing. Clearly, there is likely to be an increase in the volume. The second one is that we have a longstanding policy that non-presumed blenders--typically, the countries below the International Development Association (IDA) operational cutoff--are expected to use, first of all, fully access under the PRGT up to the applicable limits; but in instances where the financing needs exceed these limits, they would tap the GRA facilities and instruments to the extent that they meet the criteria.

Clearly, in a situation where the financing needs are very large, we would expect that there will be a number of countries that may hit the applicable PRGT access limit and, therefore, also have to access GRA policies.

Given that, the closing of this gap in our risk management framework has taken on even greater importance than we thought a year ago, given the very large financing needs in the context of the crisis.

The Acting Chair (Mr. Furusawa) adjourned the discussion.

ANNEX

- Gray Statements
- Staff Responses to Executive Directors' Technical Questions
- Constituency Codes

GRAY/20/2868

September 2, 2020

Statement by Mr. Poso and Mr. Evjen 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 proposal on updating policy safeguards for access levels leading to high levels of combined GRA and PRGT funding. The PRGT financing landscape has changed fundamentally since the last discussion in February 2020. The on-going COVID-19 shock has significantly increased the need for PRGT financing both in terms of number of countries and access levels. Furthermore, we are likely to see an increase in program requests from countries who are at high risk or in debt distress. Given the current circumstances, we support the initiative to update the safeguards and swiftly address the gap in the Fund's policy safeguards related to exceptional access (EA) in programs funded jointly by GRA and PRGT.

When responding to this increased funding need from the PRGT, we need to balance considerations between ensuring sufficient financing for the members experiencing balance of payment needs and ensuring the long-term self-sustainability of the PRGT. While we understand the crisis has limited the external financing available for LICs, we continue to underline the catalytic role of IMF programs rather than acting as the main provider of funding. An important role for the Fund's programs should be to support a stable macroeconomic framework to enable concessional financing from other sources. Furthermore, we should be mindful of the risk of crowding out funding from donors.

On the financial risks related to high overall access to Fund's resources, how does staff view the relative risks of the GRA vis-à-vis the PRGT? Assuming a situation where a borrower has limited capacity to repay the Fund, how would the credit outstanding under both the GRA and PRGT be treated? Would there be any difference in debt seniority?

Overall, we support staff's proposal for the new policy safeguards on combined access to GRA and PRGT resources. Exceptional access policies are set to guard the Fund's financial resources and ensure the program country's repayment capacity. Specifically, the safeguards add stricter requirements with respect to debt sustainability, program strength, and the prospect of success.

We can support using the higher GRA EA thresholds in the cases of combined access. However, we note that the proposed policy still allows for PRGT countries to request for high access without any EA safeguard being triggered, e.g. in the case of 300 percent of quota of access from PRGT and 135 percent of quota access from GRA. Especially in the current context, this could push PRGT countries (also non-assumed blenders) towards larger programs and using more GRA resources. On the other hand, we note that the size of any access to the GRA is still based on a thorough staff assessment. *Does staff see this as a possible development and what would be the potential pros and cons?*

We find the proposed new criteria comprehensive and relatively clear-cut, and would like to add the following points for emphasis:

- We can support staff's approach of formulating the specification of the policy safeguard on debt sustainability to be broadly comparable with the corresponding GRA EA criterion. However, we see major risks in lending large amounts to PRGT countries at high risk/in debt distress. These cases should be exceptional and when assessed necessary, the needed re-profiling or restructuring of debt should be encouraged as early as possible in order to moderate the risks related to debt distress.

- We agree with not including a market access criterion of the type of the GRA EA Criterion 3 to the new safeguards for the countries using the LIC-DSF. However, the application for MAC-DSA countries is not clear. *What is the meaning and implication of "For members for whom MAC-DSA is warranted the debt sustainability requirements for providing exceptional access to GRA resources are met"? For example, does this include the requirements defined under Criterion 3?*

- We welcome the elaboration on the specific thresholds that will have to be met in cases where proposed access levels would lead to EA under the GRA and/or PRGT, and the new high combined credit exposure safeguards. Avoiding unnecessary overlaps as well as gaps in the safeguards is important.

We accept the rationale behind not applying the new safeguards to commitments made under arrangements approved prior to the new policy.

Finally, given that this is a new policy and the landscape is fast evolving, we call for a review of the policy e.g. after two years of implementation.

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GRAY/20/2869

September 2, 2020

Statement by Mr. Tanaka, Mr. Chikada, Mr. Naka, Ms. Kikuchi, and Mr. Shimada 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 concise but informative paper. Due to the COVID-19 crisis, the number of countries borrowing from the Fund as well as the credit outstanding of each country has been increasing. It is also expected to see the further increase in the Fund lending through the shift for UCT-quality programs in stabilization and recovery phases. In this context, **it is essential to enhance Fund's risk management and we acknowledge that the proposed policy safeguards would be one important step** by sealing the *de facto* "loophole", which has been existing between the exceptional access (EA) policies of GRA and PRGT. We are of the view that strengthening the Fund's risk management does not mean taking less risk, rather, it does enable the Fund to take appropriate risk in this difficult era. For the board to conduct its oversight function properly, we welcome that the procedure requirements shown in Annex I would warrant the same level of board involvement as the GRA exceptional cases. **Against these backdrops, we support the proposed policy safeguards for high levels of combined GRA-PRGT exposure**, and give the following comments.

We welcome that the new policy safeguards adopt the same wording as the GRA EA policy, wherever possible, based on the argument of informal board meeting. It would help the membership counties understand the new safeguards correctly and avoid the harmful controversy on the meaning of each criteria.

We note with concern that the standards of criterion 2 which apply to the countries using the "LIC-DSF" would be partially relaxed, compared with the proposal at the time of the informal board meeting. In the previous draft, when the "LIC-DSF" country's debt is not assessed as "sustainable with high probability" at the time of the program approval to seek the high combined access, the county is required to restore "debt sustainability with high probability" within 36 months. Now, the proposed safeguards could give the country longer grace period, saying within 36 months or the period of a newly approved arrangement (whichever is longer). While we can understand that this change could increase the flexibility for the country with the longer-term fund's program, we have some concern that it could increase the uncertainty over the debt sustainability. We also have to mention to the staff's comment in the informal board meeting that the credibility of DSA would reduce in longer time horizon. We therefore urge staff to carefully arrange the Fund's programs to warrant the debt sustainability, while considering the country's specific circumstances.

As for the countries which meet the criterion 3 of the PRGT EA policy, they should tap the PRGT exceptional access first before seeking GRA resource. Basically, we cannot accept the combined access only to skirt around the PRGT EA policy (e.g. the combination of PRGT 300 % and GRA 135%). It is inappropriate not only from the viewpoint of Fund's resource safeguards but also that of the county's benefits, given such combined access would increase the unnecessary interest burden for the county.

Last but not least, given that the Fund should play a catalytic role, the high combined access programs should be limited to *literally* exceptional cases, even if the countries could meet the criteria of the policy safeguards. Since GRA lending is non-concessional, the countries, especially non-presumed blenders, should seek more concessional financing including grant as much as possible, by fully leveraging the Fund's catalytic role.

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GRAY/20/2870

September 3, 2020

Statement by Mr. Heo, Ms. Johnson, and Mr. Yoo 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 paper and broadly support the proposed policy guidance on the safeguards for large combined GRA and PRGT financing. We agree that the policy addresses the policy gap that was revealed and sets out appropriate exceptional access limits and program modalities.

The policy carefully balances a number of principles: strong safeguards are essential for exceptional access; evenhanded treatment across members; and self-sustainability of the PRGT. The primary purpose of the Fund's safeguards policies should be to limit and mitigate financial risks, as well as to safeguard the self-sustainability of the PRGT. Blending of non-concessional and concessional resources should meet strong safeguards for exceptional access that provide the same level of reassurance as those applying to non-blenders. Low-income countries that blend should be assured evenhanded treatment in line with existing policy rules, and we welcome the forthcoming Board discussion on how this policy, amongst other Fund policies, is affecting low-income countries, as referred to in footnote 4 of the paper. The Fund should continue to support low-income countries, but exceptional access should be rare to manage scarce concessional resources, as PRGT resources, given their limited nature, are not meant to fill large financing gaps by themselves, but they are key to catalyze further financing from other sources.

We support the criteria but offer the following specific comments:

Criterion 2: We support the staff approach to set the specification of public debt sustainability criterion broadly comparable with the corresponding GRA exceptional access criterion while recognizing the differences in debt risk assessment methodologies between the LIC-DSF and the MAC DSA. We also support the flexible language on the timeframe for the risk of debt distress to reduce to moderate or low. *Could staff provide more information* *on the rationale for the proposed 36-month timeframe for members under LIC-DSF which seems more specific than the equivalent GRA and PRGT EA criteria?*

Criterion 4: We broadly support the proposed criterion in line with the GRA criteria, but we urge against staff implementing it in an overly restrictive manner as it may limit potential financing support for PRGT-eligible countries with low institutional and political capacity, as such criterion does not exist in the PRGT framework. The objective here is evenhanded application of policy safeguards across the membership, not to impose on members a significantly tighter or looser one than exceptional access to GRA or PRGT alone. It will be critical to ensure that programs are sufficiently tailored to country conditions including capacity to implement adjustment plans. We also call for strong capacity development assistance to be provided to members whose capacity is assessed to be insufficient.

We support the proposed procedural requirements outlined in Annex 1 and the proposal to grandfather Fund financing under existing arrangements that were approved prior to the adoption of this new safeguards policy. *We are interested in hearing from staff how this new framework applies to the case of countries in arears to Fund (e.g. Sudan).*

GRAY/20/2871

September 3, 2020

Joint Statement by Mr. Beblawi, Mr. Bevilaqua, Mr. Buisse, Mr. Chodos, Mr. Fanizza, Ms. Mahasandana, Mr. Mahlinza, Mr. Mojarrad, Mr. Mouminah, Mr. Mozhin, Mr. Raghani, Ms. Riach, and Mr. Villar 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 paper on Policy Safeguards for Countries Seeking Access to Fund Financial Support that would lead to High Levels of Combined PRGT-GRA Exposure.

We recognize that addressing this policy gap in the Fund's architecture is necessary both to protect the Fund's resources and to enable countries to benefit from those resources in an evenhanded manner. Prior to the COVID-19 crisis, the Board approved a series of proposals in the LIC Facilities Review to ensure that the Fund can adequately support LICs and promote the expanded use of blended concessional and non-concessional financing. As a starting point, we therefore underscore that policy safeguards should not undermine those objectives.

While policy safeguards must be fit-for-purpose over the long-term, we note that the policy will come into effect during an unprecedented global economic crisis and with an outlook that continues to be clouded with great uncertainty. In these exceptional times, it is particularly important to ensure that the Fund can provide adequate levels of financing to PRGT members to support strong UCT-quality programs, including blended arrangements during the stabilization and recovery phases of the COVID-19 crisis.

We would be ready to support the proposed policy safeguards, with the caveats described below, to strike the appropriate balance between safeguarding and providing access to the Fund's resources. Looking ahead, staff will need to be particularly careful on the implementation of this policy and we look forward to the Board discussion in the coming months on how this policy, amongst other Fund policies, is affecting low-income countries, as referred to in footnote 4 of the paper. In the meantime, we take note of Box 1. *Based on existing knowledge, could staff indicate how many members they anticipate being affected by the new policy over the coming months?*

Regarding the criteria, we offer the following comments:

Criterion 2: For new programs, we support the flexible language – "36 months or within the program period, whichever is longer" - regarding the timeframe in which to bring the risk of debt distress down to moderate or low. For augmentations or re-phasing, criteria 2 will be challenging for countries that have a short remaining program period in which they would be required to bring the risk of debt distress to moderate or low levels. We note that this is particularly the case in the current environment, where the COVID-19 crisis will inevitably result in rising debt levels and aggravated debt vulnerabilities. We welcome the suggestions in footnote 16 for countries that have limited remaining durations on their programs but must reduce their risk of debt distress. We request that the text in this footnote is elevated into the main body of the document to ensure that it receives the visibility that it deserves; and we request that the text is clearly presented in the staff guidance note. We note that under current circumstances and if the crisis persists, programs with durations above 36 months may become more frequent and disbursements should be adequately timed, including to address more pressing BOP needs.

Criterion 4: We remain cautious on the addition of this criterion taken from the GRA framework, when no such criterion exists in the PRGT framework. We remain concerned that the interpretation of this criterion might unduly penalize countries with low institutional and political capacity to deliver adjustment plans, particularly countries in fragile situations and small states. It will therefore be critical to ensure that programs are sufficiently tailored to country conditions, including capacity to implement. For countries in fragile situations, this will also require consideration of the political economy. We request that the Board summing up underscores that this criterion should be used to give more Fund support and attention (in particular, through capacity development) to those countries facing challenges with insufficient capacity, rather than unduly restricting their access to needed financing.

Regarding criteria 1 and 3, we are content with the proposals and have no further comments.

Finally, we support the proposed procedural requirements outlined in Annex 1 and the proposal to grandfather Fund financing under existing arrangements that were approved prior to the adoption of this new safeguards policy.

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GRAY/20/2872

September 3, 2020

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.

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GRAY/20/2873

September 3, 2020

Statement by Mr. Kaya, Mr. Benk, Mr. Just, and Mr. Bayar 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 well-written paper which puts forward a sensible proposal to fill a gap in the Fund's exceptional access framework vis-à-vis combined General Resources Account (GRA) and Poverty Reduction and Growth Trust (PRGT) exposures. Additional scrutiny to combined GRA-PRGT high-access cases in view of the underlying differences in program design and objectives is an important layer of the Fund's risk management framework and to minimize risks to the Fund's balance sheet. Beyond safeguarding Fund resources, consistent application of the exceptional access criteria also has further benefits as it provides predictability to the membership on what conditions higher access to the Fund credit is warranted while also ensuring even-handed access to the limited pool of concessional resources. It is therefore crucial to more coherently apply the policy safeguards in Fund lending across the membership by covering cases with large combined GRA and PRGT exposures. On that note, **we broadly support the proposed decision** and would like to provide the following comments for emphasis.

We see the rationale behind the proposal (i.e. *to help mitigate financial risks to the PRGT and to the GRA that arise from a member having such high outstanding combined credit*) as robust and relevant. We nevertheless expect that the new set of policy safeguards does not change the existing GRA and PRGT exceptional access criteria as well as the application procedures. This should *inter alia* reflect the broad acknowledgement that the application of enhanced scrutiny under the exceptional access framework is less useful under the current circumstances.

To ensure practical consistency, we support that the proposed policy builds on the current policies on safeguards to GRA and PRGT resources, respectively, which require stronger programs and higher scrutiny for members with higher levels of access to Fund resources. While the proposed policy is more relevant for countries that currently have sizeable PRGT credit outstanding and are approaching PRGT cumulative access limits, there is one member country (i.e. Ethiopia) whose current program entails access that is conspicuously above the lending thresholds - requiring separate attention. *Therefore, we wonder whether staff had any prior consultations with the authorities about the application of the new framework, including on how the program would transition to the new framework, if needed.*

On a related note, we support the grandfathering provisions that exempt the current arrangements from the new policy unless the member requests augmentation of access under such arrangements or additional Fund financing that triggers the combined credit exposure safeguards. On the application of grandfathering provisions, we understand that requests for rephasing of access would trigger the new safeguards. *We wonder whether a rephasing of access which does not entail an augmentation of resources and where the annual or cumulative thresholds for combined credit exposures have previously been exceeded, would still trigger the new safeguards?*

We agree that the new policy safeguards would apply to any Fund member in situations where combined access to GRA and PRGT resources would exceed specified thresholds in annual and cumulative access. *Can staff further comment on their proposal to exempt the first tranche of an arrangement from the new framework.*

We consider it as pertinent that the proposed safeguards do not include a market access criterion analogous to that in the GRA exceptional access framework as the majority of the PRGT-eligible members has no or limited access to international capital markets and thus, mostly rely on official concessional lending. We concur that for such cases, requiring market access within a timeframe and on a scale that would allow the member to meet its obligations to the Fund would not be appropriate.

Finally, we agree with the suggested procedures, which among other things appropriately entail an early Board consultation should there be a case involving an access exceeding the thresholds for combined credit access. We emphasize that the informal Board meeting should be informed by a staff note that would *inter alia* have an adequate discussion on the debt sustainability, including on the quality of debt data, as well as the impact on the Fund's concessional resources.

GRAY/20/2874

September 3, 2020

Statement by Mr. Bhalla and Mr. Natarajan 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

1. We thank the staff for the detailed paper on policy safeguards in respect of high level of combined GRA-PRGT exposure. The proposal seeks to mitigate financial risks to the PRGT and the GRA, which arise when the combined credit level of a member exceeds the threshold level.

2. The need for higher level of scrutiny in high-access cases is served through Exceptional Access (EA) criteria and related procedures. This forms an inherent part of the risk management framework. The present policy provides for separate access limits for PRGT and GRA that operate independent of each other to trigger application of respective EA framework. The staff proposal highlights the situation where PRGT countries can get access to GRA and PRGT resources wherein the amount is below individual trigger limits of PRGT and GRA, but the combined amount exceeds the limits. At present, out of the 58 members which have PRGT credit outstanding, 17 have more than 150 percent outstanding. Eight countries have combined exposure of more than 200 percent which is expected to increase to 12. *To understand the extent of risk exposure, could the staff share the amount of Fund's exposure under various relevant categories?*

3. There is broad merit in applying the safeguards under the GRA when the combined access exceeds the threshold to trigger EA framework of the GRA. Containing the risk to debt sustainability at a low level remains important and hence, the high probability of debt sustainability is a key element. We recognize the need to calibrate the GRA framework in respect of methodology selected for debt sustainability analysis and market access criterion.

4. The Bank-Fund Debt Sustainability Framework for Low-Income Countries (LIC-DSF) methodology followed for PRGT-eligible countries that have access to IDA resources sounds balanced and pragmatic. In the same manner, not including a market access criterion of GRA EA framework is appropriate since most of the countries do not have significant access to international capital markets. However, factoring this as a positive element for countries which access markets could be a useful incentive. We recognize the need for grandfathering

the financing commitments under existing arrangements approved before the adoption of new policy safeguards.

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GRAY/20/2875

September 3, 2020

Joint Statement by Mr. De Lannoy, Ms. Levonian, Mr. Rosen, Mr. von Kleist, Ms. Edwards, Mr. Fragin, Mr. Grohovsky, Mr. Manchev, and Mr. Rankin 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 proposal to close a gap in the Fund's exceptional access structure. As we have stressed, strong access standards not only help safeguard Fund resources, they also increase the likelihood that Fund programs will succeed in helping members overcome balance of payment pressures. The Fund's large-scale financing in response to COVID-19 and heightened debt risks make addressing this policy gap all the more important. **We can support the proposed policy safeguards for cases where combined GRA and PRGT exposure exceeds GRA exceptional access thresholds.** We offer the following comments for emphasis.

The Fund should be cautious about lending exceptionally large amounts, in particular when debt is already at high risk of distress, and particularly without the necessary debt restructuring and debt relief in place to establish future debt sustainability. In this respect, we recall that the previous proposal already included a considerable degree of flexibility – allowing for the return to moderate risk of debt distress within 36 months from Board approval – whereas the new proposal would allow for longer periods for the restoration of debt sustainability. We are of the view that, for high combined access cases, where debt is not deemed to be sustainable with high probability, debt sustainability should be restored within three years or the arrangement period, whichever is earlier. Such an approach -- as staff originally proposed -- would already be a compromise between differing views in the Board and would better safeguard Fund resources. *Staff comments welcome.* We also reiterate our view that debt operations generally be completed by the first review, particularly in high access cases.

PRGT-eligible countries should not seek GRA resources to avoid additional safeguards. Under the proposed approach, countries could potentially be incentivized to borrow up to 300 percent of quota from the PRGT and then an additional 135 percent of quota from the GRA, while avoiding additional scrutiny brought by safeguards. Countries that qualify for PRGT exceptional access should avail themselves of PRGT financing first, given its more concessional nature, even if it comes with additional safeguards. As the policy does not require countries to do this, staff and management must be attentive to this outcome and encourage non-presumed blenders to stay within the PRGT wherever possible. In this context, we also encourage staff to fully account for the higher risks of non-concessional GRA access compared to subsidized PRGT access (thus ceteris paribus requiring a stronger domestic adjustment effort) when giving advice to members on program design and assessing financing requests, especially for non-presumed blenders. This is also important with a view to maintaining the required catalytic effect of Fund lending.

We support inclusion of Criterion 4 and underscore the important role of capacity development. High access programs must have at least “reasonably strong prospect of success”, taking into account both the member’s adjustment plans and capacity. However, we also stress the important role targeted Fund capacity development should play in helping countries improve program prospects.

The proposed policy should be carefully communicated. The new safeguards are not intended to constrain access to resources during a global crisis, but rather to address a technical gap in the Fund’s policy framework. We note that these changes will also help ensure members are able to benefit from Fund resources in an evenhanded manner. We further note that the new safeguards are being introduced following significant increases to GRA and PRGT annual access limits, and alongside efforts to ensure PRGT is fully financed to meet the needs of the membership.

Finally, we underscore that exceptional access – whether through a single window or combined – is meant to be exceptional. The Fund’s role in the international architecture should be catalytic, attracting financing with strong programs, rather than potentially crowding finance out with high access programs. While acknowledging the truly exceptional nature of the current crisis, keeping high access cases appropriately rare will require disciplined implementation from staff, management, and the Executive Board.

GRAY/20/2876

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.

Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA–PRGT Exposure

Responses to Technical Questions Posed by Executive Directors in Advance of EBM/20/91—09/09/2020

Staff's responses to technical questions are below. Broader policy questions in the areas of implementation and debt sustainability will be addressed in staff's intervention at the Board meeting.

Exceptional access threshold

1. **We note that the proposed policy still allows for PRGT countries to request for high access without any EA safeguard being triggered, e.g. in the case of 300 percent of quota of access from PRGT and 135 percent of quota access from GRA. Especially in the current context, this could push PRGT countries (also non-assumed blenders) towards larger programs and using more GRA resources. On the other hand, we note that the size of any access to the GRA is still based on a thorough staff assessment. Does staff see this as a possible development and what would be the potential pros and cons?**

- All Fund members are entitled to access GRA resources. Given the financial benefits, staff will continue to advise PRGT-eligible members to use PRGT resources up to the applicable access limits first before resorting to the GRA.

- The safeguards on combined high access do not increase the incentive to use GRA resources alongside the PRGT, up to a combined total of 435 percent of quota.

- The GRA exceptional access thresholds are based on the level of risk that the Fund views as meriting increased scrutiny; the same justification applies to use of the same thresholds for combined high access safeguards.

- In addition, even when the financing request does not exceed the HCC thresholds, total access to Fund resources (the sum of GRA and PRGT resources made available) will be determined case-by case based on an assessment of standard criteria, including balance of payments need, program strength, and capacity to repay, informed by debt sustainability analysis (See The Chairman's Summing Up- Financing for Development: Enhancing the Financial Safety Net for Developing Countries- Further Considerations, BUFF/16/84).

2. **We wonder whether a rephasing of access which does not entail an augmentation of resources and where the annual or cumulative thresholds for combined credit exposures have previously been exceeded, would still trigger the new safeguards?**

- A rephasing without augmentation will trigger policy safeguards for combined high access when it causes the specified annual threshold to be exceeded under an arrangement not previously subject to the application of the new policy (see proposed decision, paragraph 1(iv)). Where the policy safeguards already apply to the arrangement because the annual or cumulative threshold has already been exceeded prior to the rephasing request, such safeguards will continue to apply.

3. **Can staff further comment on their proposal to exempt the first tranche of an arrangement from the new framework?**

- The proposed safeguards would apply whenever combined PRGT and GRA credit exceeds the specified annual or cumulative threshold, provided that the relevant threshold is not exceeded as a result of a request for GRA financing that is limited to the first credit tranche ("FCT") or covered by HIPC debt relief (see supplement 2).

- The FCT exception is intended to preserve the Fund's long-standing credit tranche policy.

- Under this policy, the Fund's attitude to requests for transactions in the FCT "is a liberal one, provided that the member itself is making reasonable efforts to solve its problems". This is in contrast to purchases above the FCT (i.e. in the upper credit tranches) which require "substantial justification" (See Annual Report of the Executive Directors,1963, page 16. cited in Selected Decisions and Documents of the International Monetary Fund, 40th Issue (2019) p. 338). As a manifestation of this liberal approach, Fund policy also stipulates that FCT purchases will not be subject to performance criteria or phasing (Decision No. 12865-(02/102), September 25, 2002, as amended by Decision No. 14283-(09/29), March 24, 2009).

- A purchase in the FCT raises the Fund's holdings of the member's currency subject to repurchase to not more than 25 percent above the member's quota. Since all access under the lending instruments in the GRA count towards the FCT, the full FCT of 25 percent of quota is available to a member where the member has no outstanding credit from the GRA.

Policy implementation

4. **Based on existing knowledge, could staff indicate how many members they anticipate being affected by the new policy over the coming months?**

- Staff will respond to this question during the Board meeting.

5. **We are interested in hearing from staff how this new framework applies to the case of countries in arears to Fund (e.g. Sudan).**

- Supplement 2 proposes to exclude from the application of the policy access approved to support the clearance of a member's protracted arrears that will be subject to debt relief under the HIPC initiative, as such exposure does not constitute the same risk to the Fund resources as financing that the member is obligated to repay.

6. **We wonder whether staff had any prior consultations with the [Ethiopian] authorities about the application of the new framework, including on how the program would transition to the new framework, if needed.**

- Staff will respond to this question during the Board meeting.

Criterion 2 (debt sustainability)

7. **Could staff provide more information on the rationale for the proposed 36-month timeframe for members under LIC-DSF which seems more specific than the equivalent GRA and PRGT EA criteria?**

- Staff will respond to this question during the Board meeting.

8. **We are of the view that, for high combined access cases, where debt is not deemed to be sustainable with high probability, debt sustainability should be restored within three years or the arrangement period, whichever is earlier. Such an approach -- as staff originally proposed -- would already be a compromise between differing views in the Board and would better safeguard Fund resources. Staff comments welcome.**

- Staff will respond to this question during the Board meeting.

9. **What is the meaning and implication of "For members for whom MAC-DSA is warranted the debt sustainability requirements for providing exceptional access to GRA resources are met"? For example, does this include the requirements defined under Criterion 3?**

- Under the new policy, the members that use the MAC DSA with financing requests that exceed the policy safeguards for combined high access thresholds need to meet the same debt sustainability requirements applicable under criterion 2 of the exceptional access policy of the GRA. In addition, the new policy does not require such members to satisfy criterion 3 of the GRA EA policy on market access.

Financial risks

10. **On the financial risks related to high overall access to Fund's resources, how does staff view the relative risks of the GRA vis-à-vis the PRGT? Assuming a situation where a borrower has limited capacity to repay the Fund, how would the credit outstanding under both the GRA and PRGT be treated? Would there be any difference in debt seniority?**

- There is no rule on prioritizing repayments to the GRA vs. PRGT. A member with financial obligations to the GRA and the PRGT, attribute repayments to either the outstanding GRA or PRGT credit or to both, but the Fund does not influence this decision. For example, under a blended arrangement, the repayments of principal and interest are paid separately to the GRA and the PRGT. Even where both GRA and PRGT repayments are due on the same date, the financial transactions are maintained and communicated separately.

- When a member with limited capacity to repay the Fund has overdue financial obligations, it can attribute repayments to either the outstanding GRA or outstanding PRGT or to both. The member may look to the respective financial costs of the obligation or other factors in determining where to apply its payments. In terms of financial risk mitigation, credit outstanding under both the GRA and PRGT would benefit from the Fund's de facto preferred creditor status. Also, the respective policies for dealing with overdue financial obligations in the GRA and PRGT would apply, as long as arrears are in place (see Boxes 6.8 and 6.9 in IMF Financial Operations 2018).

- From a financial reporting standpoint, the GRA and PRGT are independent reporting entities, with separate financial statements. Staff would perform separate impairment analyses under IFRS 9 for the GRA and PRGT portions of the blended arrangement which would take into account the relevant aspects for each.

11. **To understand the extent of risk exposure, could the staff share the amount of Fund's exposure under various relevant categories?**

- Figure 1b in the paper provides information on countries that currently have significant levels of combined exposure to the GRA/PRGT and/or will have if current programs are implemented as programmed. More detailed and up-to-date information, as of August 31, 2020, is contained in the table below.

PRGT-Eligible Members: Combined Credit Exposure as of August 31, 2020

(Percent of quota, unless indicated otherwise)

Member	Risk of Debt Distress	Credit Outstanding (SDR mln) GRA	Credit Outstanding (SDR mln) PRGT	Quota (SDR mln)	Percent of Quota GRA	Percent of Quota PRGT	Percent of Quota TOTAL
Only PRGT Exposure							
Chad	High	0.0	419.3	140.2	0.0	299.1	**299.1**
Madagascar	Low	0.0	549.9	244.4	0.0	225.0	**225.0**
Cameroon	High	0.0	593.4	276.0	0.0	215.0	**215.0**
Mali	Moderate	0.0	390.7	186.6	0.0	209.4	**209.4**
Niger	Moderate	0.0	274.3	131.6	0.0	208.4	**208.4**
Ghana	High	0.0	1,479.6	738.0	0.0	200.5	**200.5**
Burkina Faso	Moderate	0.0	240.4	120.4	0.0	199.7	**199.7**
Rwanda	Low	0.0	296.4	160.2	0.0	185.0	**185.0**
Grenada	In Distress	0.0	30.0	16.4	0.0	182.7	**182.7**
Central African Republic	High	0.0	196.3	111.4	0.0	176.2	**176.2**
Sierra Leone	High	0.0	365.4	207.4	0.0	176.2	**176.2**
Benin	Moderate	0.0	214.0	123.8	0.0	172.8	**172.8**
Togo	Moderate	0.0	250.8	146.8	0.0	170.9	**170.9**
Malawi	Moderate	0.0	235.1	138.8	0.0	169.3	**169.3**
Mozambique	In Distress	0.0	378.7	227.2	0.0	166.7	**166.7**
Guinea	Moderate	0.0	343.3	214.2	0.0	160.3	**160.3**
Mauritania	High	0.0	201.7	128.8	0.0	156.6	**156.6**
Dominica	High	0.0	17.0	11.5	0.0	148.2	**148.2**
Kenya	High	0.0	743.9	542.8	0.0	137.1	**137.1**
Sao Tome & Principe	In Distress	0.0	18.7	14.8	0.0	126.7	**126.7**
Nepal	Low	0.0	192.6	156.9	0.0	122.7	**122.7**
Samoa	High	0.0	19.7	16.2	0.0	121.5	**121.5**
St. Vincent and the Grenadines	High	0.0	14.0	11.7	0.0	119.9	**119.9**
Djibouti	High	0.0	36.8	31.8	0.0	115.6	**115.6**
St. Lucia	High	0.0	21.8	21.4	0.0	101.8	**101.8**
Cabo Verde	High	0.0	23.7	23.7	0.0	100.0	**100.0**
Maldives	High	0.0	21.2	21.2	0.0	100.0	**100.0**
Papua New Guinea	High	0.0	263.2	263.2	0.0	100.0	**100.0**
Uganda	Low	0.0	361.0	361.0	0.0	100.0	**100.0**
Tajikistan, Republic of	High	0.0	152.2	174.0	0.0	87.5	**87.5**
Haiti	High	0.0	132.2	163.8	0.0	80.7	**80.7**
Guinea-Bissau	High	0.0	21.7	28.4	0.0	76.4	**76.4**
Gambia, The	High	0.0	44.1	62.2	0.0	70.9	**70.9**
Liberia	Moderate	0.0	181.6	258.4	0.0	70.3	**70.3**
Afghanistan, Islamic Republic of	High	0.0	202.7	323.8	0.0	62.6	**62.6**
Congo, Democratic Republic of	Moderate	0.0	547.8	1,066.0	0.0	51.4	**51.4**
Vanuatu	Moderate	0.0	8.5	23.8	0.0	35.7	**35.7**
Congo, Republic of	In Distress	0.0	33.1	162.0	0.0	20.4	**20.4**
Burundi	High	0.0	22.9	154.0	0.0	14.9	**14.9**
Yemen, Republic of	High	0.0	63.4	487.0	0.0	13.0	**13.0**
Tanzania	Low	0.0	8.3	397.8	0.0	2.1	**2.1**
Nicaragua	Moderate	0.0	4.1	260.0	0.0	1.6	**1.6**
Zambia	In Distress	0.0	5.5	978.2	0.0	0.6	**0.6**
PRGT and GRA Exposure							
Cote d'Ivoire	Moderate	867.2	791.3	650.4	133.3	121.7	**255.0**
Moldova, Republic of	Low	231.3	124.6	172.5	134.1	72.3	**206.3**
Ethiopia	High	390.9	137.7	300.7	130.0	45.8	**175.8**
Somalia	In Distress	39.6	210.9	163.4	24.2	129.0	**153.3**
Kyrgyz Republic	Moderate	118.4	151.8	177.6	66.7	85.5	**152.1**
Comoros	Moderate	11.9	9.5	17.8	66.6	53.5	**120.1**
Sudan	In Distress	143.0	59.2	169.7	84.2	34.9	**119.1**
Honduras	Low	180.7	94.1	249.8	72.3	37.7	**110.0**
Solomon Islands	Moderate	13.9	7.8	20.8	66.7	37.3	**104.0**
Senegal	Moderate	215.7	107.9	323.6	66.7	33.3	**100.0**
Bangladesh	Low	355.5	644.0	1,066.6	33.3	60.4	**93.7**
Lesotho	Moderate	23.2	31.1	69.8	33.3	44.5	**77.8**
Myanmar	Low	172.3	86.1	516.8	33.3	16.7	**50.0**
Uzbekistan, Republic of	Low	183.6	92.1	551.2	33.3	16.7	**50.0**

Constituency Codes

OEDAE
Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe

OEDAF
Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé & Príncipe, Senegal, Togo

OEDAG
Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay

OEDAP
Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, and Vanuatu

OEDBR
Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, and Trinidad and Tobago

OEDCC
China

OEDCE
Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Spain, and República Bolivariana de Venezuela

OEDCO
Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines

OEDEC
Austria, Belarus, Czech Republic, Hungary, Kosovo, Slovak Republic, Slovenia, and Turkey

OEDFF
France

OEDGR
Germany

OEDIN
Bangladesh, Bhutan, India, and Sri Lanka

OEDIT
Albania, Greece, Italy, Malta, Portugal, and San Marino

OEDJA
Japan

OEDMD
Afghanistan, Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

OEDMI
Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, United Arab Emirates, and Yemen

OEDNE
Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, Netherlands, Republic of North Macedonia, Romania, and Ukraine

OEDNO
Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden

OEDRU
Russian Federation and Syrian Arab Republic

OEDSA
Saudi Arabia

OEDST
Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Philippines, Singapore, Thailand, Tonga, and Vietnam

OEDSZ
Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan

OEDUK
United Kingdom

OEDUS
United States