



Joint IMF-RFAs press release on the 5th High-level RFA Dialogue

The Managing Director of the IMF and the Heads of the RFAs to strengthen cooperation to support their members during the next stages of the COVID-19 crisis

October 13, 2020

In the context of the fifth High-level RFA Dialogue, the International Monetary Fund (IMF) and Regional Financing Arrangements (RFAs) discussed today ways to strengthen cooperation while helping their members weather the severe impact of the COVID-19 pandemic. During the virtual meeting, the Managing Director of the IMF, the deputy co-chairs of the G20 International Financial Architecture Working Group, and the heads of six RFAs (Arab Monetary Fund, the Chiang Mai Initiative Multilateralisation with its surveillance unit ASEAN+3 Macroeconomic Research Office, Eurasian Fund for Stabilization and Development, European Commission, European Stability Mechanism and the Latin American Reserve Fund) took stock of the key actions undertaken by their institutions in response to the crisis, assessed the global and regional risks, and discussed how to further strengthen collaboration to address these challenges. Stressing a continuing need for combined, multilateral efforts, the heads issued the following statement:

“The leaders of the IMF and the RFAs highlighted that the decisive and synchronised monetary, financial, and fiscal policy actions to contain the economic fallout from the pandemic contributed to stabilization. The institutions of the Global Financial Safety Net, with the IMF at its centre and RFAs providing regional buffers against external liquidity needs and balance of payments difficulties, have been part of this strong, multi-layered response to the COVID-19 shock. The IMF and RFAs increased their financial support and adapted their lending policies, toolboxes, and internal procedures to expedite the provision of emergency support to their members.

The IMF has provided US\$100 billion in financial support to 81 countries since the pandemic began. The IMF membership has so far pledged commitments amounting to US\$21 billion in response to the IMF’s fundraising to meet an expected tripling in concessional lending, and in early October, provided a second round of debt service relief to the poorest countries affected by the crisis. The IMF and the World Bank are supporting the implementation of the G20/Paris Club Debt Service Suspension Initiative (DSSI), adopted on 15 April 2020, including its extension into 2021. The IMF also continues to adapt its lending through increased flexibility as countries move from the initial containment phase, to stabilization, and eventually to recovery, and recently extended a temporary increase in annual access limits.

To complement the actions embarked on by the IMF, the RFAs remain in close dialogue with their members and partner countries to cushion against the economic impact of the pandemic at regional levels. Guided by their heterogeneous mandates, their support includes providing local economies with emergency financing via loans or social grants. Leveraging on the regional knowledge and expertise, RFAs provide their member authorities with timely risk assessments, policy recommendations and technical assistance. To bolster the ability of swift provision of further financial support, many RFAs have enhanced their operational readiness, increased their lending capacity or established new pandemic credit lines.

The heads stressed that despite a slightly improved global outlook, the pandemic has not been curbed yet and the risk of new waves of infection looms large on the horizon. The recovery therefore remains long, uncertain, and uneven across regions and sectors. There is also the risk of severe economic scarring from increased debt, high unemployment, and worsening inequality. These rising vulnerabilities could, in turn, intensify concerns about financial stability in some countries and regions.

In light of these elevated risks, the leaders emphasised that close cooperation between the IMF and RFAs will remain indispensable in facilitating a sustainable recovery. The IMF and RFAs pledge to

continue working closely together to ensure timely information exchange and to leverage on each other's comparative advantages to help common members address the effects of the crisis and navigate towards stabilisation and recovery. Where appropriate and feasible, the IMF and RFAs will cooperate to facilitate co-financing operations to address our members' needs and stand ready to provide technical assistance and policy advice."

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