

Shortcomings of the Global Financial Safety Net – Discussion

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Main findings

- **Gaps and unequal coverage of GFSN**
 - Unequal access and conditions for lower income groups
 - De-coordination, lack of coherence
 - Liquidity diplomacy (swaps)
- **New challenges**
 - Impact of war
 - Tightening global financial conditions
 - Risk of systemic debt crisis
 - Climate change
 - Changing global monetary system?

Challenges/recommendations

- **Regional financing arrangements**
 - Increase size and coverage (be creative); rethink mission
 - But: continue cooperation with IMF
- **IMF reform**
 - Increase non-cond. lending; rethink conditionalities;
 - Need for additional funding!
 - New instruments
 - Currency swaps as part of coordinated GFSN (but: pre-qualification)
 - SDR channelling – but: more change needed!

Additional considerations

- **Role of IMF quotas**
 - Access limits; SDR allocation; voting rights
 - 16th General Review of Quotas (by 15 Dec 2023)
 - AAAA commitment: governance reform in IMF and WB!
- **MDBs**
 - Not strictly considered part of GFSN – but COVID-19 emergency lending
 - Role in channelling SDRs
 - Balance sheet optimization!