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Fund Document No. 1

October 15, 2020

Dear Governor:

I am pleased to transmit to you the communiqué of the Forty-Second Meeting of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund, which met remotely on Thursday, October 15, 2020.

The communiqué lays out the priorities and policy directions to guide our collective actions to address the extraordinary impact caused by the COVID-19 pandemic. We also reiterated our commitment to support the recovery toward strong, sustainable, balanced, and inclusive growth, while making the most of current economic, social, environmental, technological transformations.

I would like to thank Governors for the constructive and frank discussions.

Sincerely yours

A handwritten signature in black ink, which appears to read "Lesetja Kganyago".

Lesetja Kganyago

Chairman, International Monetary and  
Financial Committee of the  
Board of Governors  
International Monetary Fund  
Washington, D.C.

## **Communiqué of the Forty-Second Meeting of the IMFC**

Chaired by Mr. Lesetja Kganyago, Governor of the South African Reserve Bank

We express our sympathies for the loss of human lives caused by the COVID-19 pandemic and reiterate our commitment to mitigating the health and economic impact of the pandemic on people worldwide.

A tentative global economic recovery is underway, supported by extraordinary macroeconomic policy responses. But the recovery is partial, uneven, and marked by significant uncertainty, with the pandemic continuing to spread in places. The crisis threatens to leave long-lasting scars on the global economy, such as weaker productivity growth, heavier debt burdens, heightened financial vulnerabilities, and higher poverty and inequality. Other longstanding challenges also persist.

To support the recovery, we will sustain our extraordinary and agile policy response, tailored to the different stages of the crisis and country-specific circumstances. We commit to using all available policy tools, individually and collectively, to restore confidence, jobs, and growth. We stand ready to assist the most vulnerable countries and people. We emphasize the need for international cooperation to accelerate the research, development, manufacturing, and distribution of COVID-19 diagnostics, therapeutics and vaccines, with the aim of supporting equitable and affordable access for all, which is key to overcoming the pandemic and supporting global economic recovery. As the crisis abates, we will continue to aim for a robust recovery in growth as we gradually shift fiscal resources from broad-based to more targeted support and facilitate structural transformation, cushioning the impact on jobs, vulnerable people, and viable firms, while preserving debt sustainability. Monetary policies should remain accommodative, in line with central banks' mandates. We will continue to monitor and, as necessary, tackle financial vulnerabilities and risks to financial stability, including with macroprudential policies. We reaffirm our exchange rate commitments.

We will sustain and strengthen our efforts to achieve strong, sustainable, balanced, and inclusive growth, while making the most of current economic, social, environmental, technological, and demographic transformations, in a way consistent with our pre-crisis agenda. We will advance structural reforms to lift growth, employment, and productivity. Free, fair, and mutually beneficial goods and services trade and investment are key engines for growth and job creation. We will promote investment with high social and economic returns, and aim to unlock the potential of the digital economy while addressing related challenges. We reaffirm our commitment to strong governance, including by tackling corruption. We will maintain a well-functioning international monetary system and enhance our efforts to strengthen international frameworks and cooperation. We commit to working together to help vulnerable countries meet their financing needs. We will also work together to continue to enhance debt transparency and sustainable financing practices by both debtors and creditors, public and private. We will support countries'

efforts to maintain debt sustainability, or to restore it where debt is unsustainable, and will work together with all stakeholders to improve the architecture for sovereign debt resolution.

We welcome the Managing Director's Global Policy Agenda.

We welcome the IMF's exceptional actions to help members overcome the crisis through policy advice, capacity development, and rapid financial support. We look forward to the IMF continuing its strong engagement in close collaboration with its partners. To this end, we support the IMF's efforts to fully utilize and, if needed, further adapt its lending toolkit to help the membership address financing needs in the uncertain environment brought about by the pandemic. We also support the IMF continuing to explore additional tools that could serve its members' needs as the crisis evolves, drawing on relevant experiences from previous crises. We support the IMF's resumption of focused bilateral surveillance. We welcome the IMF's continued focus on crisis-related issues and support to members to build a more resilient global economy, including by addressing longstanding and increasingly urgent challenges. In this context, we support the IMF's work on other issues, where macro-critical and consistent with its mandate, including the macroeconomic implications and policies related to social spending, governance, climate change, fintech, and digitalization. We support the IMF's enhanced assistance to help address particular challenges faced by small states, fragile and conflict-affected states, and countries hosting refugees.

Ensuring that the IMF can support its poorest and most vulnerable members, which do not have substantial market access, is essential. We welcome the extension of debt service relief for another six months under the Catastrophe Containment and Relief Trust (CCRT) and progress made in securing additional loan resources for the Poverty Reduction and Growth Trust (PRGT). We support the IMF's efforts to further expand PRGT and CCRT resources, and look forward to additional grant contributions, including from new participants. We support the extension of the Debt Service Suspension Initiative (DSSI). We are disappointed by the absence of progress of private creditors' participation in the DSSI, and strongly encourage them to participate on comparable terms when requested by eligible countries. We encourage the full participation of official bilateral creditors. We ask the IMF to continue to support effective and transparent DSSI implementation, together with the World Bank. We welcome the G20's agreement in principle on a "Common Framework for Debt Treatment beyond the DSSI," which is also agreed by the Paris Club. We look forward to the publication of the Common Framework by the time of the G20 Finance Ministers and Central Bank Governors meeting in November 2020. We also welcome the IMF's continued efforts to facilitate timely and comprehensive debt resolution by supporting enhanced coordination of official creditors; identifying gaps in the international architecture for the resolution of private claims and engaging with private creditors and other stakeholders; and reviewing the IMF's policies related to sovereign debt. We call on the IMF to prepare an analysis of the external financing needs of developing countries and sustainable financing options.

We reaffirm our commitment to a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net. We welcome progress on making effective the doubling

of the New Arrangements to Borrow (NAB) and the new round of bilateral borrowing agreements (BBA) on January 1, 2021 and urge all NAB and BBA participants to secure the domestic ratification of their participation as soon as possible. We will keep demand for IMF resources under close review. We remain committed to revisiting the adequacy of quotas and will continue the process of IMF governance reform under the 16th General Review of Quotas, including a new quota formula as a guide, by December 15, 2023.

Our next meeting is expected to be held on April 10, 2021.

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Attendance can be found at: <https://www.imf.org/en/News/Articles/2020/10/15/attendance-list-communicue-of-the-forty-second-meeting-of-the-imfc>