



Evaluating IMF Lending Options in Response to Global Crises

March 6, 2012

10:30 a.m. – 12:00 p.m.

Brookings Institution,

1775 Massachusetts Avenue, NW, Washington, DC

In response to calls for stronger global financial safety nets, the International Monetary Fund (IMF) has once again revamped its lending toolkit. Specifically, the Fund opted to replace the Precautionary Credit Line with a Precautionary and Liquidity Line (PLL) as a way to offer upfront liquidity for ‘bystander’ countries with sound policies in periods of heightened regional or global stress. The IMF also replaced two existing emergency assistance instruments with a single Rapid Financing Instrument (RFI), designed to support a broader range of urgent balance of payments needs, including those arising from exogenous shocks, such as commodity price falls and natural disasters.

In light of the ongoing turmoil facing Europe and likely spillovers to other parts of the globe, ***does the IMF’s new crisis lending toolkit appear to be effective? Are there additional ideas, options, or instruments the Fund should consider to help manage systemic risks?***

Agenda

10:30 a.m. Welcome and Introduction

Bill Frenzel

Co-Chair, Bretton Woods Committee; Guest Scholar, Brookings Institution

Randy S. Rodgers

Executive Director, Bretton Woods Committee

10:35 a.m. Opening Remarks

Siddharth Tiwari

Director, Strategy, Policy, and Review Department, International Monetary Fund

Charles Collins

Assistant Secretary for International Finance, U.S. Department of the Treasury

Domenico Lombardi

Senior Fellow, Brookings Institution

10:55 a.m. Discussion (Framing Questions)

- *Are these IMF crisis lending tools appropriate in today's globalized financial system?*
- *Have perceived weaknesses in prior IMF lending instruments been sufficiently addressed, such that these revamped tools will prove effective in meeting members' needs?*
- *What lessons have we learned about ownership, conditionality, transparency, and the potential for contagion that should be taken into account with countries that qualify for these instruments?*
- *What other ideas or options might the Fund consider to strengthen the global financial safety net?*

11:55 a.m. Discussion Summary

12:00 p.m. Adjournment