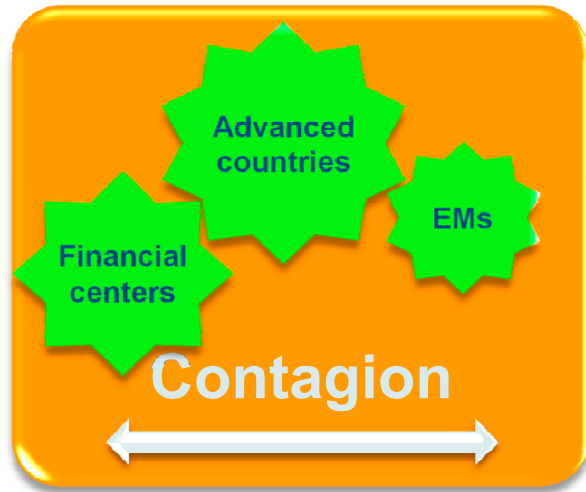
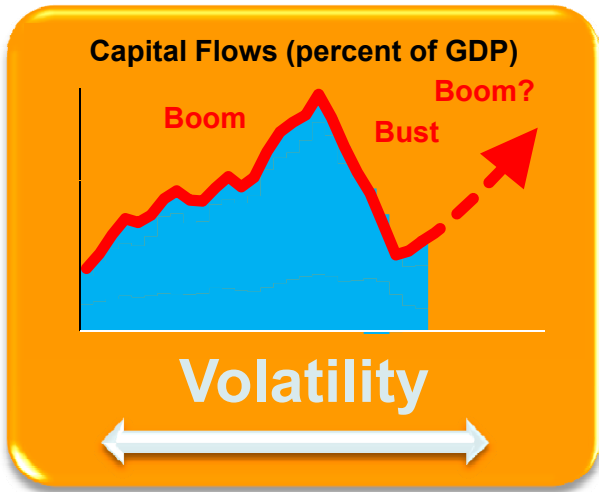




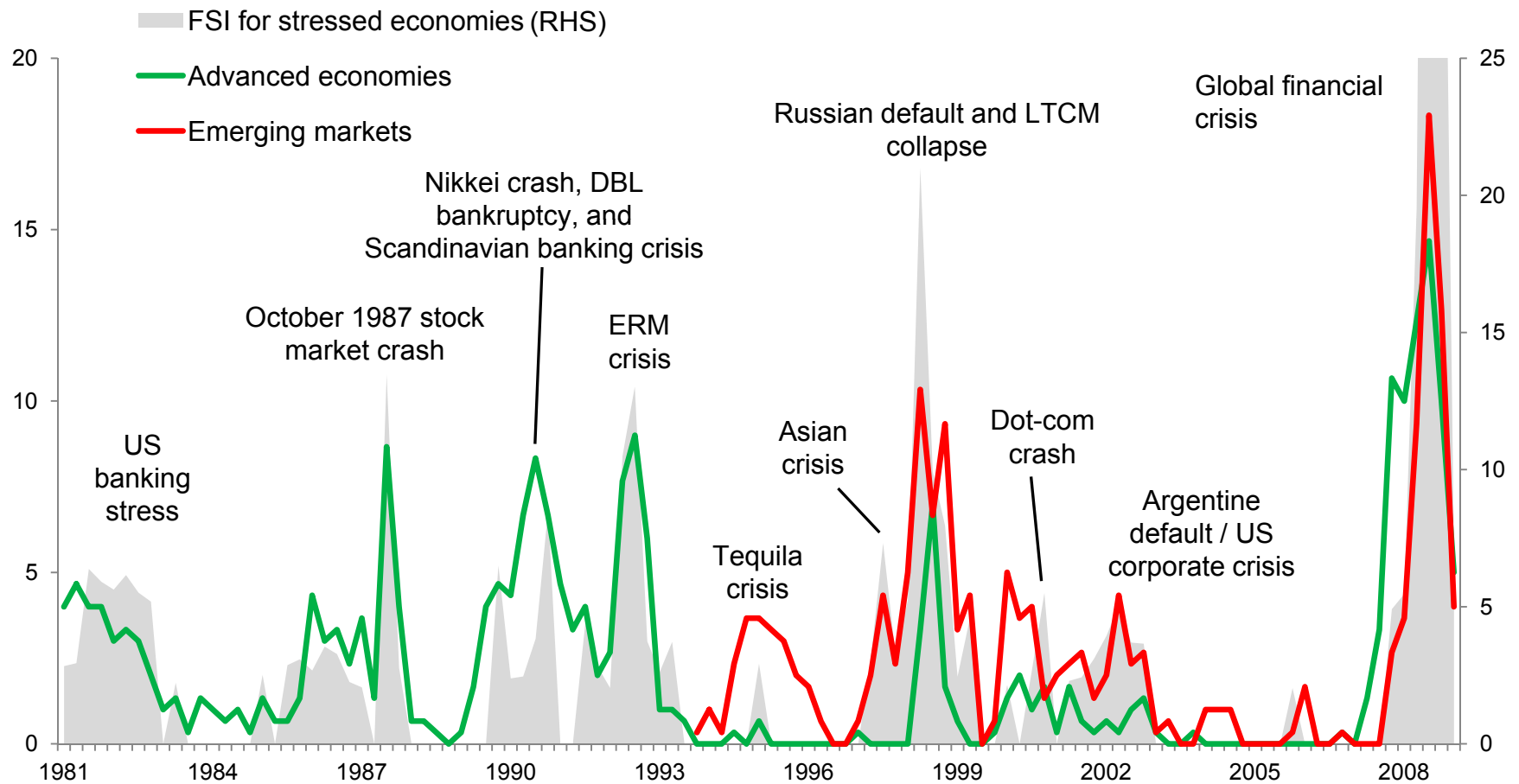
Coordinating Safety Nets: Multilateral and Regional

Bikas Joshi
Resident Representative in the Russian Federation
International Monetary Fund

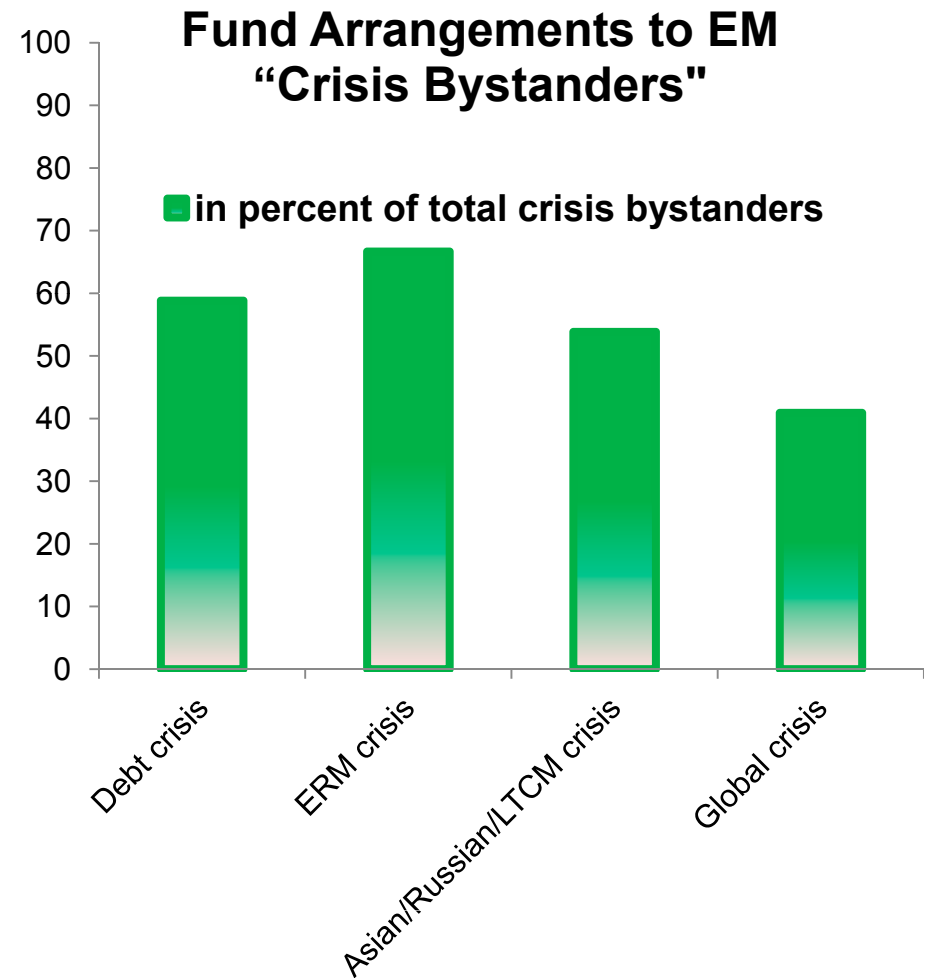
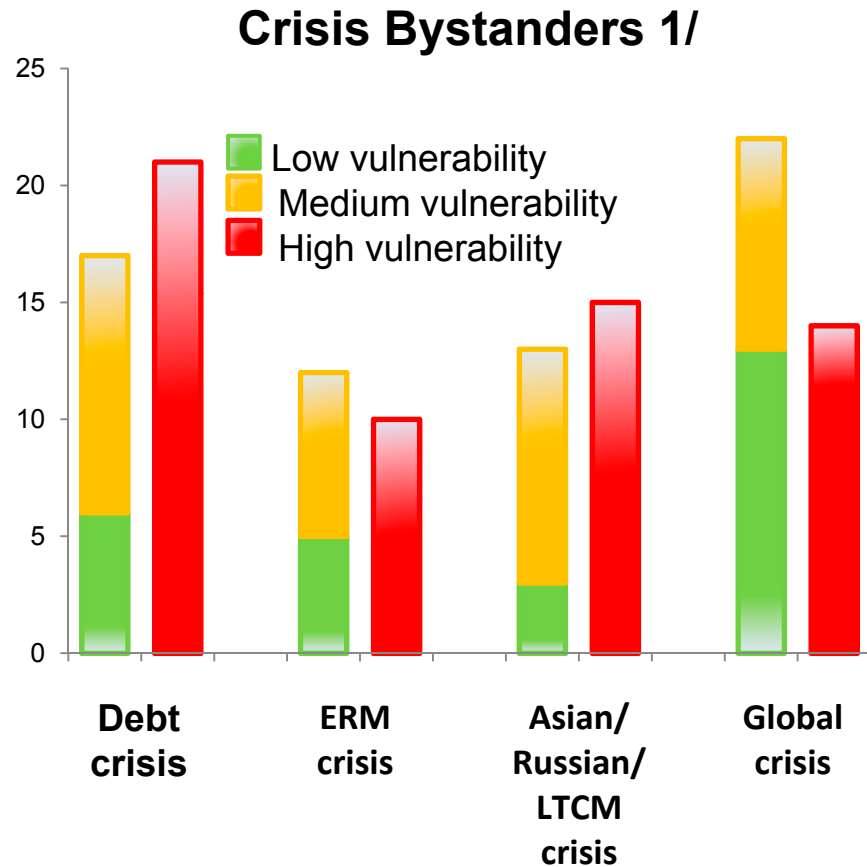


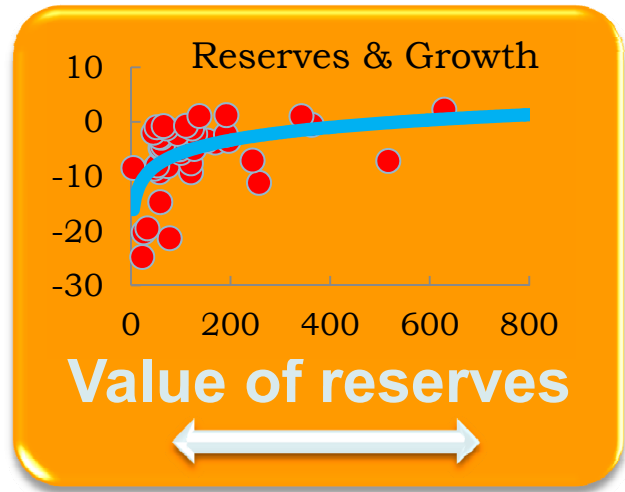
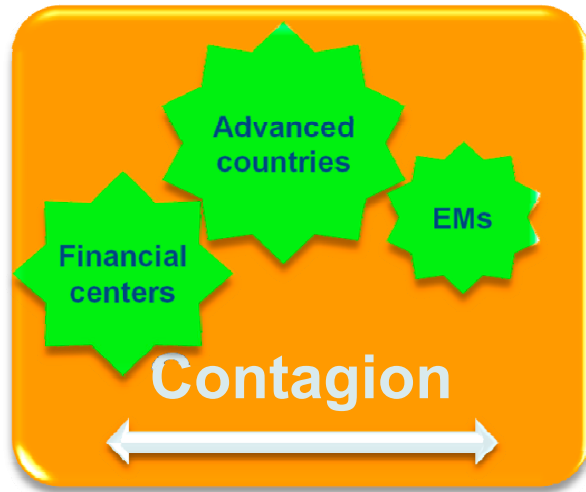
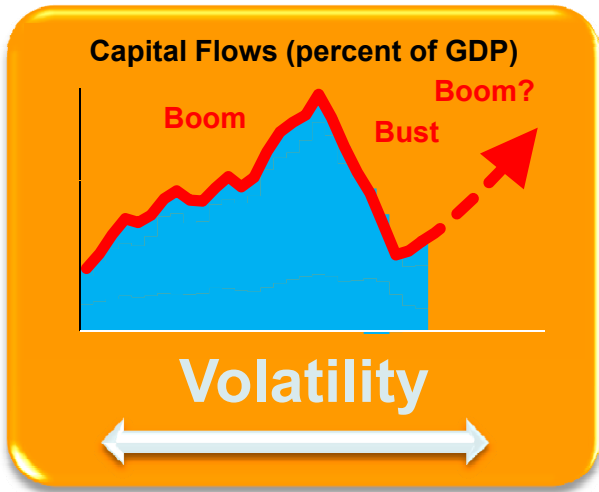
Systemic crises

Number of countries under financial stress



Gaps: Response to systemic crises





Framework for Reform: A Balancing Act

Qualification by country performance

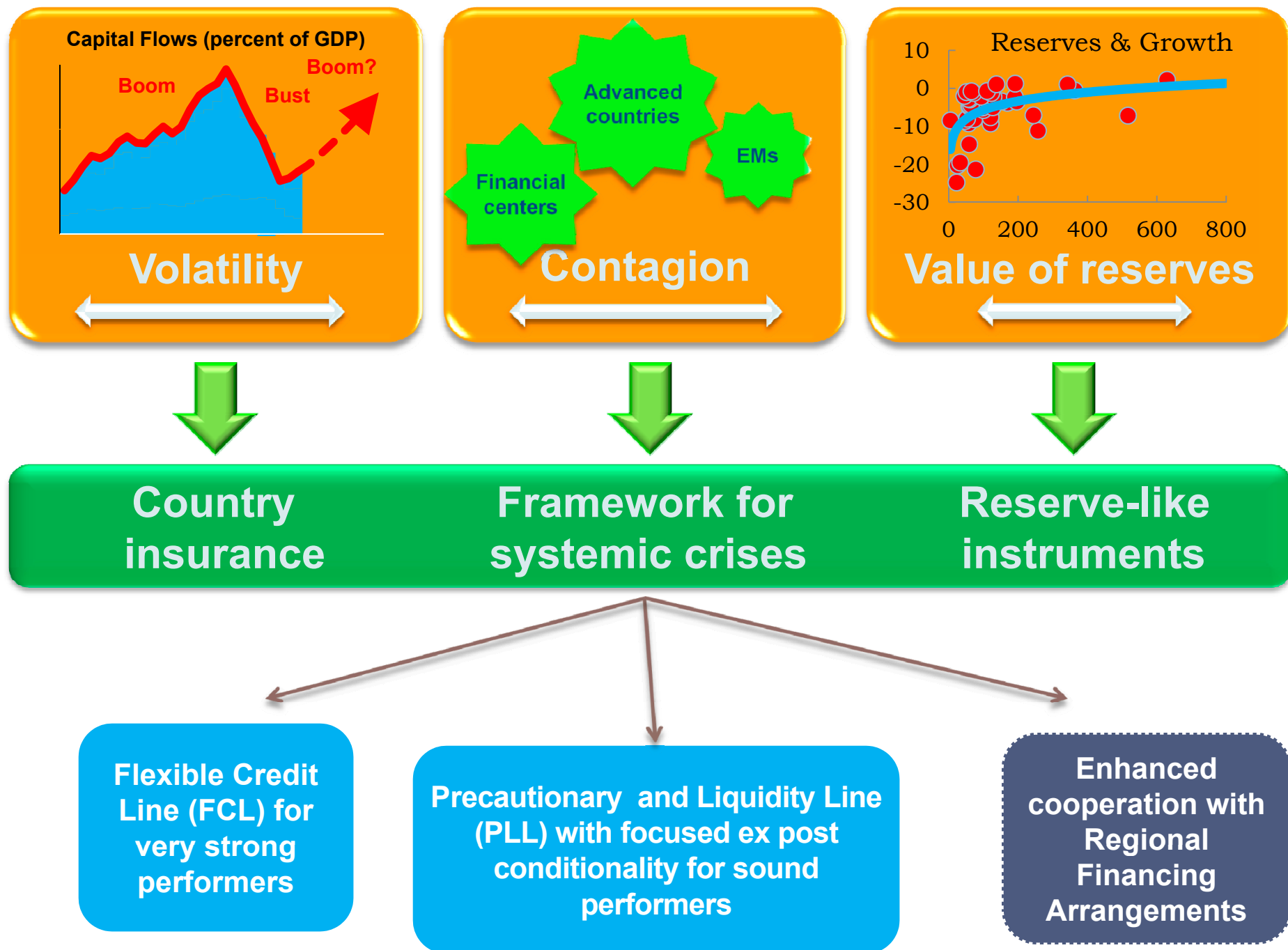
Automaticity

Safeguards

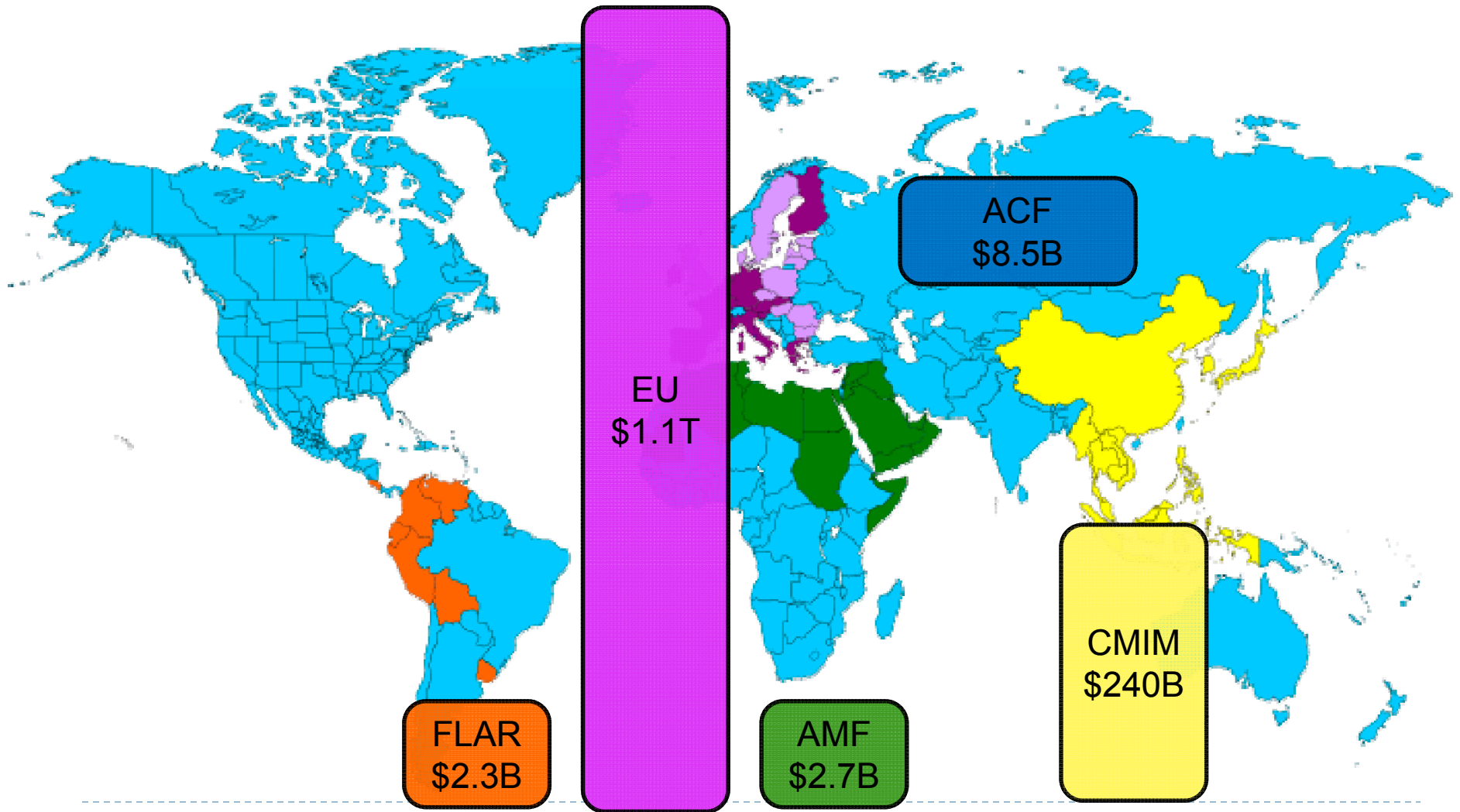
Predictability

Moral hazard





Regional Financial Arrangements



IMF and Co-financing

- ▶ Long history of IMF-supported, co-financed programs
- ▶ With limited formal guidance, a variety of cooperation modalities
 - Informal discussions
 - More formal coordination in program design
 - Co-financing contingent on IMF involvement
- ▶ One case of formal agreement: IMF-World Bank *Concordat*



Co-financing can yield benefits...

- ▶ Increased firepower
- ▶ Risk diversification
- ▶ Potential for:
 - ▶ Stronger program ownership and legitimacy
 - ▶ Accelerated request for assistance
 - ▶ Improved program design and enhanced information



...but costs of coordination

- ▶ Need for consistent program design among independent institutions with differing mandates, policies, governance
- ▶ Decision-making process and room for maneuver
- ▶ Need to keep confidentiality vs. broad involvement of multiple parties
- ▶ Formal engagement with country authorities and de facto engagement with RFAs/other parties



The G-20 Principles recognize this...

“ . . . collaboration with the IMF should be tailored to each RFA in a flexible manner in order to take account of region-specific circumstances and the characteristics of RFAs.”

- ▶ Crisis resolution and crisis prevention
- ▶ Respect the roles, independence and decision-making processes of each institution
- ▶ Ongoing collaboration—flexible and voluntary
- ▶ Sharing of information; recognition of comparative advantage
- ▶ Balance between consistency and flexibility
- ▶ Preferred creditor status for IMF



