

INTERNATIONAL MONETARY FUND

Seminar on Regional Financial Safety Nets—Roundtable's Issues for Discussion

Friday, October 8, 2010, 12 noon to 2:15 p.m.

The G20 leaders, at their [summit in Toronto](#) called for strengthening the global financial safety nets to address capital flow volatility, financial fragility, and crisis contagion. To this end, they acknowledged the importance of efforts at the national, regional and international levels. Coordination among these different layers would provide for a more resilient and effective framework for combating financial crises. Seminar participants may want to offer their perspectives on any of the following issues:

- 1) **What are the lessons from the recent crisis for the design of effective regional financial safety nets?** What role have regional financing arrangements (RFAs) played during the crisis? How are RFAs responding to internalize the lessons from the crisis? How could RFAs strengthen crisis prevention (precautionary) instruments?
- 2) **How should regional and international financial safety net interact?** When is financial assistance from RFAs most effective? How can the IMF use its near universal membership, large resources, and risk pooling ability to support better its members? What are the main impediments to closer cooperation between RFAs and the IMF?
- 3) **Is there scope for greater synergies between RFAs and the IMF in co-financing, surveillance, and technical cooperation?**

➤ **Co-financing**

- i. Is the IMF's lending toolkit, including the enhanced Flexible Credit Line (FCL) and the recent Precautionary Credit Line (PCL), adequate to meet RFAs' needs? Is there a way for RFAs and the IMF to deploy joint crisis prevention (as supposed to crisis resolution) financing to their members?
- ii. Would mutually-agreed rules of engagement between individual RFAs and the IMF help the predictability and effectiveness of co-financed programs? Is there scope to align co-financing terms and coordinate program conditionality?
- iii. In response to regional or global shocks, could RFAs facilitate coordination of their members to make simultaneous requests for IMF credit lines (FCL/PCLs), thus overcoming first-mover problems?
- iv. Are the existing mechanisms for private sector involvement in response to regional shocks adequate? Is there scope for further collaboration in this area?

➤ **Surveillance and technical cooperation**

- i. How do RFAs make use of the IMF's surveillance products (World and Regional Economic Outlooks, Global Financial Stability Report, Early Warning Exercise, and bilateral surveillance reports)? Would it be useful for the IMF to prepare tailored surveillance product for specific regional groups (as for the G20 surveillance notes)?
- ii. How can the IMF support peer-monitoring at the regional level? Should the IMF cooperate with regional bodies in building regional surveillance capacities (as in the case of the G20 Mutual Assessment Process)?