International Efforts to Bolster Collaboration and Manage Financial Stability in the era of COVID-19
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GFC hit advanced economies; Great Lockdown hit all

Source: IMF WEO October 2020
… with already elevated levels of debt

![Historical Patterns of General Government Debt](chart)

**Fiscal Measures in response to COVID-19**

- **Per cent of GDP**
  - AE: 15%
  - EM: 7%
  - LIC: 2%

- **Discretionary Fiscal**
- **Loan guarantees/other credit measures**

Figure shows key fiscal measures announced or taken in selected economies in response to the COVID-19 pandemic as of September 2020.
Avoid early exit from stimulus packages

Sources: OECD; and IMF staff calculations.
Note: Constructed from a sample of 176 recessions in OECD countries from 1960 to 2007.

Deal early on with insolvencies

- Non-performing loans
  - asset management companies; distressed asset sales
  - enhance insolvency regimes

- Unsustainable public debt
  - debt relief, Common Framework
  - reform debt architecture
Preparedness

- GFC – unprecedented regulatory response; Banking Union in Europe; stronger global financial safety net including RFAs

- Great lockdown - pandemic preparedness; reduce digital divide; inequality; climate change

Collective infrastructure push

Impact on global real GDP from increase in infrastructure investment

(percent deviation from baseline)

- Impact of own-country measures only, with monetary accommodation
- Adding impact of other countries’ measures, with monetary accommodation

2020 2021 2022 2023 2024 2025

0.0 0.5 1.0 1.5 2.0 2.5