No One Left Behind?
The Inequalities of the Global Financial Safety Net in the Pandemic

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GFSN tracker project
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The Global Financial Safety Net
Global Financial Safety Net (GFSN): IMF
Global Financial Safety Net: IMF & Regional Financial Arrangements (RFAs)
The Global Financial Safety Net Today: IMF & RFAs & currency swaps

Source: Mühlich et al. 2020
GFSN lending capacity by income groups
(2018-2021; left scale USD million; right scale: % GDP weighted)

Source: www.gfsntracker.com
GFSN Lending Capacity of the GFSN by regions
(2018-2021; in USD million, for three years)

Source: www.gfsntracker.com
Tracking the GFSN in the pandemic
Global Financial Safety Net Tracker

The Global Financial Safety Net Tracker tracks the annual lending capacity of the IMF, central banks and regional financial arrangements (RFAs), as well as the total amount of financing to combat the COVID-19 crisis via loans from the IMF, RFAs and currency swaps to date.

https://gfsntracker.com/
Active GFSN use during COVID
(March 2020 – Jan. 2022, in USD bn)

Source: www.gfsntracker.com
Active GFSN use during COVID
(March 2020 – Dec. 2021, % of GDP)

Source: www.gfsntracker.com
Active GFSN use during COVID
(March 2020 – Dec. 2021, % of GDP weighted per income group)

Source: www.gfsntracker.com
Active GFSN use during COVID
(March 2020 – Dec. 2021, % of GDP weighted per region)

Source: www.gfsntracker.com
Specific insights:
The role of swaps and regional funds
Bilateral currency swap network
(before and during COVID; left scale: USD bn; right scale: coverage)

Source: www.gfstracker.com
Bilateral currency swaps by major central banks
(by income groups, USD bn)

Source: www.gfsntracker.com
The use of RFAs in COVID
(March 2020 – Dec. 2021; % of max. access rights per RFA)

Source: www.gfsntracker.com
Conclusions I: Findings

• GFSN inequalities: Lower income groups
  • Less insured
  • With less diversified GFSN sources
  • IMF conditional lending more relevant
  • Increasing level of de-coordination of global emergency finance
  • Liquidity diplomacy

• Currently: Calm before the storm?
Conclusions II: Policy Challenges

**Regional funds** as untapped resources of the GFSN
  a. Smaller RFAs: is there a way to increase size?
  b. New RFAs, especially Africa?
  c. Make RFAs more autonomous (delinked from IMF)?
  d. Re-think mission beyond balance of payment shortage: fiscal support, climate policy, ...?

**IMF** reform needed
  a. Stigma still rules
  b. Increase non-conditional lending, overhaul conditionalities
  c. Bolder redistribution of SDR

**Currency swap** need to become part of GFSN coordination

**GFSN coordination to provide choice of voluminous crisis finance**
  a. Reduce GFSN inequality
  b. Coordination at eye level, use of comparative advantages of each of the GFSN elements