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GRAY/20/2422

June 10, 2020

**Statement by Mr. Raghani and Mr. N'Sonde on The Managing Director's Statement on
the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting 20/70
June 11, 2020**

We thank the Managing Director for her statement on the Work Program (WP) for the next twelve months. Consistent with the strategic priorities laid out in the recent Global Policy Agenda and IMFC Communiqué, the proposed WP adequately focuses on helping member countries mitigate the Covid-19 crisis, safeguard macroeconomic stability and pave the way for a sustainable recover when the crisis abates while addressing challenges to Fund operations.

Key priorities in the immediate crisis period

We stress the importance of ensuring that the Fund's lending toolkit is robust to face adverse scenarios. In this regard, we view the forthcoming paper on ***Lending Strategy*** as central and urgent to guide Fund lending not only in the context of heightened uncertainty, mounting debt and other pressures, but also under constrained PRGT resources. *Can staff elaborate on the timeframe envisaged for the informal discussion on this item?*

The discussion on ***Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure*** is set for a date to be determined. *We would have expected an informal discussion on this issue prior to the proposed formal meeting. Staff's comment will be appreciated.*

Fund support to members to alleviate their debt service burden is also invaluable in the current circumstances. We welcome continued assistance to be provided through a *possible extension of the G-20's Debt Service Suspension Initiative* as well as consideration of the *second tranche of CCRT debt relief*. In our view, the ongoing *Review of Debt Limits Policy* should be completed as soon as possible but not before fully integrating the legacy of the current global shock.

We agree with the focus of the upcoming *flagship reports* on crisis-related policies. In particular, the Fiscal Monitor—which is to update on the state of the public finances and analyze the role of public investment in fiscal policy strategy for recovery—should also undertake an overview of debt developments. We expect the forthcoming Early Warning Exercise to look closely at tail risks associated with the pandemic and their potential impact as most analyses provided by the Fund in the context of country reports have been allusive at best regarding such risks.

The adequacy of Fund resources remains a central issue, even more so in the current environment. We look forward to the *Review of the Adequacy of the Fund's Precautionary Balances* as well the *Activation of the New Arrangement to Borrow*. On the latter, a specific timeframe would help make better projections on Fund resource needs.

We attach high price to helping members restore macroeconomic stability, build resilience and promote robust and inclusive growth. We agree that the opportunity should be seized to reshape economies and prepare them to face permanent or future challenges such as those related to volatile capital flows, digitalization, governance, and climate change. In this connection, we welcome the discussion on *Surveillance During the Covid-19 Crisis: Engagement on Country and Thematic Issues* to restart bilateral surveillance activities, the work on *Integrated Policy Framework*, and that on *Integrating Climate Change into Surveillance*.

Regarding external sector developments, in parallel to the *2020 External Sector Report*, we expect the continuation of the report dedicated to countries other than the largest economies.

While recognizing the potential macro-criticality of cross-border use of **digital currencies**, we wonder whether the related discussions cannot be pushed back to the period after October 2020, considering the Board bunching in the immediate environment. *Staff's view is welcome.*

Other Priorities Proposed for Later in the Year

We broadly agree with the priorities for the remainder of the fiscal year assuming a significant diminution of the pandemic. We appreciate the planned resumption of the *workstreams on fragile states, climate change, fintech, and gender*.

We are somewhat concerned with the proposed late programming of all *IEO evaluations and Management Implementation Plans* towards the end of the year. *We see merit in moving forward to the next weeks the IEO evaluations related to small states and climate issues. Staff's elaboration will be appreciated.*

Fund Adaptation and Response to Risks

Fund work to help members cope with the unprecedented situation implies an adaptation of the institution's budget and internal organization. Therefore, the proposed agenda on work reprioritization, temporary increase in budgetary resources and modernization of the work processes is warranted. We stress the importance of discussing the *Supplementary Budget to*

Address Covid-19 Related Needs to ensure that the institution continue to meet its mandate in an effective manner while contributing to alleviate heightened corporate risks. We also look forward to regular updates on the implications of the pandemic on internal operations.

Finally, we appreciate the plan to make further progress towards a more diverse and inclusive workforce through timely engagement on the *2025 Diversity and Inclusion Benchmarks*.