

The contents of this document are preliminary and subject to change.

GRAY/20/2397

June 9, 2020

**Statement by Mr. Lischinsky and Mr. Corvalan Mendoza on The Managing Director's
Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
June 11, 2020**

1. **We thank the Managing Director for the Statement and broadly agree with the proposed Work Program and the call to serve the needs of the membership in these challenging times.** Overall, it is clear that the COVID-19 pandemic is far from over, and the public and private responses to mitigate the negative shock have put sizeable strains on sovereigns and led to fragility in the balance sheets of private companies. These compounded effects are having a direct impact on global financial stability. To restore the financial system landscape, which is still evolving with many questions not fully answered or understood, we support the idea of a crisis-focused work program until the pandemic wanes. Therefore, close engagement of the Fund and the standard setting bodies in the context of the FSAP and the IPF helping countries address identified risks in financial and macro-financial surveillance will prove useful.

2. **We also believe that further analysis will be needed to capture the feasibility to spread the gains and benefits** arising from future economic growth, advances in technology, and globalization, more broadly. International institutions such as ours, as well as the World Trade Organization, OECD, World Bank, BIS, and United Nations, will be put to the test on whether multilateralism works for all. These international organizations should help prepare the groundwork to explicitly assess whether the benefits from the expansion of the economy in the future can be equitably shared in our society, while protecting the environment from further degradation.

3. **To objectively demonstrate that multilateralism works for the good of the membership, a clear communication should be deployed.** Communications strategy might need further emphasis in the Work Program, and we look forward to the Board meeting to keep track of its implementation. Keeping the Fund financially strong with well-motivated

staff is vital to better serve the membership in these times of uncertainty. To that end, during and after the pandemic, we note that the Fund will continue to adapt, among others, by reprioritizing work. We believe that too-frequent reprioritization for budgetary purposes may conspire with the quality of delivery and the compliance with the Fund's mandate.

4. **On a less positive note, the legacies from the Global Financial Crisis and the still evolving COVID-19 pandemic may slow down globalization efforts.** We have some concerns that geopolitics, reform fatigue, and domestic political discontent might disrupt the efforts and the ambitious work program as it is presented. Our institution is strong in its core mandates, and the Fund has gained its reputation and credibility in these areas. However, when we broaden our scope to better understand social protection, inclusive growth, gender, migration, or climate change, the Fund's capacity may be stretching its limits. In this regard, we would like to reiterate to staff, *how shall we better prepare to coordinate and collaborate with other institutions in order to deliver the message that economic gains and benefits are for all?*

5. **The risk of a wave of protectionism, nationalism, and retaliation around the world seems to have increased** and the current pandemic resulted in the perfect excuse to close borders. In order to preserve the gains from trade, capital movements, global collaboration, and coordination; we would like to emphasize the need to increase our efforts to better communicate what works and what doesn't in terms of economic policy. Capacity development and collaboration with other institutions could be critical at this juncture to keep assisting national authorities to boost economic opportunities and seek more broadly shared gains on economic activity. A clear effort in this direction might mitigate the social discontent, especially in some industrialized and emerging economies.