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May 5, 2021

**Joint Statement by Ms. Levonian, Mr. Pösö, and Ms. Riach on Post Program Monitoring
During the Pandemic—Proposal for Temporary Streamlining of Procedures and
Renaming of the Policy
(Preliminary)
Executive Board Meeting
May 7, 2021**

Thanks to staff for their reports concerning potential temporary reforms to the Post Program Monitoring (PPM) framework which we view as a key safeguard. At a time when the Fund has taken on significant new credit risks in response to the COVID-19 crisis, including through significant exposures to members that have not sought Fund support in some time, it is especially important to have early warnings of risks to the Fund's balance sheet.

We recognize the need to be pragmatic as the membership continues to respond to the pandemic, but we are concerned about the risks associated with reduced frequency of monitoring in the current challenging and fluid environment. In this regard:

- For countries in Groups 1 and 2, we support the proposed decision to temporarily streamline PPM modalities, subject to those countries having an Article IV/PPM by the end of the 2021 calendar year, or certainly no later than the timing due on their 12-month Article IV cycle. *Could staff confirm whether Article IV's dates for these countries have been agreed and further to this, could that information be shared with the Board?*
- For countries in Group 3, we would have welcomed additional information to support the proposal to delay the initiation of PPMs. *Given heterogeneity in situations across the ten countries, could staff provide additional information on the status of their program discussions?* We note that the Managing Director will periodically reconsider the case for PPM for these members, including reassessing whether a program agreement can be agreed quickly – and that the Managing Director will propose to the Board the initiation of a PPM for a member for which a program is no longer expected. Nevertheless, we are concerned that if program negotiations stall, there could be a significant gap in time before the Board receives any form of assessment. We therefore expect staff to ensure

that there is some form of proper assessment, whether through preparations for a new program, an Article IV/PPM or an informal update to the Board, no more than 12 months after either i) the end of the previous program or ii) the disbursement of an RFI/RCF that triggered the PPM application criteria. *Could staff comment on whether this request can be met?*

As an overall point, the decision to twin the Article IV and PPM processes makes timely Article IV consultations critical. We therefore stress the importance of the normalization of bilateral surveillance as well as the Framework to Address Excessive Delays in Article IV Consultations.

The spike in emergency lending in response to the pandemic highlights necessary policy changes. We support the decision to change the name of the policy to Post Financing Assessment (PFA) in recognition of the broader lens required where emergency lending pushes credit outstanding above the relevant thresholds. Staff should also consider whether the requisite guidance is in place, should Management recommend delaying the initiation of PFA where the breach in the relevant thresholds is due to an exogenous shock causing urgent balance of payment needs (e.g., natural disasters, pandemics, conflict, etc.). *Staff comments are welcome.*

We support the maintenance of existing criteria with respect to PPM thresholds given elevated exposures and associated risks.