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June 9, 2020

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

We would like to thank the Managing Director and staff for giving us the opportunity to discuss the work program. Over the past few months, the IMF has focused its work on the response to the crisis, and has managed to do so in a timely and efficient manner, in no small part thanks to the dedication of staff. The Fund has been able to fulfill its mandate by providing assistance to an unprecedented number of countries. Following the last couple of months, when the Board was mostly focused on emergency financing and the Fund's toolkit, and as we enter a new phase of the crisis, the work program will now need to carefully balance evolving priorities (i) continued provision of emergency support, in particular to vulnerable countries that are seeing a deepening of the crisis ; (ii) support for an inclusive and sustainable recovery (including through longer term financial support), as many economies are now exiting the most acute phase of the health crisis ; (iii) the need to ensure that the Fund continues to have the adequate tools to face the current environment and downside risks. **We generally agree with the thrust of the work program but wish to offer the following specific comments.**

1. On lending, going forward, the Board will examine both emergency requests, in the context of the crisis, and more medium term, successor arrangements.

- The IMF will continue to play a key role to assist countries in closing their widening financing gaps. As the recovery from the crisis will take time and will feature protracted domestic weaknesses, we stress the importance of the Fund being able to provide substantive follow up upper-credit tranche arrangements, in support of meaningful policy engagements. In this context, we very much welcome the forthcoming paper on the lending strategy. It should provide adequate guidance on the right mix to support a sustainable recovery, ensure medium term fiscal sustainability, cushion the impact of the crisis on the most vulnerable, and implement structural reforms to boost growth prospects.

- On the financial assistance toolkit, there remain some unresolved issues that we hope will be addressed shortly. We hope that the temporary modification of the access limits will swiftly address the issue of additionality, which is key for successor programs. We also would like to request a Board engagement on the issue of an SDR general allocation, which could provide significant financing to all Fund members, and which could usefully be a part of the Fund's response in the months to come.

- Going forward, ensuring the adequacy of the Fund's resources will be essential to support our lending, and we welcome regular update to the Board, both for the GRA and the PRGT. In this regard, we very much look forward to the Review of the Financing of the Fund's concessional assistance to LICs.

- Beyond, this Board should continue to assess the adequacy of the toolkit, beyond the emergency financing and the creation of the SLS. We are surprised in particular that no country has requested a PLL since the beginning of the crisis, and wonder whether if the Fund's toolkit is currently adapted to the needs of every type of emerging economies.

2. More broadly on country engagement, we welcome the multiple regional as well as country matters briefing that will take place over the next few months, which should be used to focus on the most fragile members. Going forward we would favor more engagement on the most difficult country cases, which have been precluded from Fund financing (in particular due to debt sustainability issues) but are nonetheless hit by a severe economic crisis. These briefings offer an opportunity to inform the Board on these difficult cases. Beyond, it will be important for the Fund to continue to address the specificities of fragile and conflicted countries to tailor the Fund's approach.

3. The work program of the Fund on debt issues is of particular importance at the current juncture, with countries likely to emerge from the crisis with a heavier debt burden and more difficult sustainability assessment. We look forward to the finalization of the work on the DLP and on the MAC DSF, as well as continued progress on the WB-IMF multipronged approach. Staff's support in implementing and coordinating with country authorities is key for the success of the G20-Paris Club Debt Suspension Initiative.

4. As some countries exit the most acute phase of the crisis and the attention shifts to recovery, the work program of the Board should set the pace for meaningful engagements on the recovery and longer-term Fund priorities.

- The strong focus on country work over the last few months was very much warranted by the depth of the crisis and the need to assist countries. Going forward, we would appreciate to have a clearer sense of how, in the next few months, regular operations and priorities of the Fund will resume, for instance on key issues such as climate, gender and fintech.

- Going forward, advising country authorities out of the crisis will require a strong focus on surveillance and engagement. We look forward to the board meeting on bilateral surveillance, which should set a clear roadmap for a gradual resuming of this importance part of the Fund's mandate. Multilateral surveillance products will also be key to inform policy makers, and we would welcome a focus on building back better resilient economies. There needs to be a strong sense that the IMF will push for a proactive agenda to ensure a strong growth, fair social outcomes, and a transition towards a low-carbon economy in the context of climate change.

- More specifically, climate change must remain high on the IMF's agenda. The GPA rightly stresses the need to seek synergies between the recovery and addressing shared challenges. The Managing Director has been impactful in her public messaging, saying that "we must do everything in our power to promote a green recovery". Besides, the exceptional situation in which we are today also creates possibilities for sustainable transitions, such as moving away from fossil fuel subsidies thanks to low oil prices. The challenge for staff is to deliver substantive and timely work to support this. The IMF can support the membership by identifying and promoting policies that contribute to a green recovery and hence help governments which want to make the most out of coming out of this crisis in a sustainable way. With the COVID-19 policy tracker, the IMF has a unique and comprehensive overview of policy responses to the crisis. We would welcome if staff could identify both measures that can be classified as green and those which should be avoided since they harm the environment. Building on this, we would be interested in an informal board meeting on cross-country experiences

with greening the recovery. We also look forward to the board meeting on Integrating Climate Change into Surveillance, which provides an opportunity to discuss how to structurally integrate climate change mitigation and adaptation into the Fund's surveillance.

- We think that the IEO is key component of the Fund's operational efficiency, and the IEO should continue to contribute to the Board's agenda in key priority areas, as necessary. In this regard, having selected engagements in the next few months, for instance an engagement in June on the collaboration with the World Bank and a discussion on capital flows in September would strike an appropriate balance.

5. Finally, on the budget, we note management's mention that the crisis will require additional budget resources beyond the FY21 budget. As stated during the budget discussion, we could be open to discussing an additional budget request, though we insist on the need to clearly justify the need for it, showing clearly that all other options have been exhausted. In addition, the amount and use of funding requested would need to be detailed and justified. Beyond budget issues, we would welcome a briefing on how the Fund's human resources have been adapted in the context of the crisis (reallocation, training, recruitment, hiring of retired staff members).