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June 9, 2020

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

We thank the Managing Director and staff for the Work Program (WP) of the Executive Board which is well-aligned with and translates the policy priorities and strategic directions outlined in the Global Policy Agenda (GPA) and the IMFC Communiqué. We note that this is a crisis-focused WP which appropriately puts a premium on how best to help member countries mitigate the COVID-19 crisis, restore macro-economic stability, and lay the foundations for a strong and sustainable recovery. We broadly support the key priorities and sequencing of the deliverables of the WP, with the following observations and suggestions.

1. Considering that the pandemic is still prevailing in many parts of the world, and many member countries have yet to fully move to phase II of the great lockdown and ease containment measures, the continuation of the Fund's work on rapid crisis response, including through emergency financing, and setting the conditions for recovery, is essential to help members adjust their policies. To this end, we look forward to the formal discussion and approval of the *Temporary Modification of the Access Limits to Fund Resources*, as well as on the *Lending Strategy* and how an overarching framework could guide Fund lending in the context of inherent uncertainty while containing risks to the Fund's resources and liquidity position. We also look forward to the long-overdue discussion on the review of the *Adequacy of the Fund's Precautionary Balances*. As countries make further progress towards easing containment measures and re-opening their economies, it is imperative that the Board discusses *Surveillance During the COVID-19 Crisis: Engagement on Country and Thematic Issues* and decides on how to restart bilateral surveillance activities.
2. We recognize that the flagship reports will focus on crisis-related policies. The *WEO* analyses on policies to navigate through the crisis and for laying the foundations for a strong and inclusive recovery are warranted and timely. At the same time, analyses of the effectiveness of the lockdown measures, and the impact of the COVID-19 crisis

- on mobility, capital flows, trade, and disruptions to global value chains (GVC), including the possibility of near-shoring of on-shoring, are essential. While the specific topics to be covered in the thematic chapters in the *GFSR* have not been determined, we note the importance of analyzing the impact of COVID-19 on asset prices, including real estate, and the impact of low interest rates on exacerbating risks in the financial sector, including risk allocation, market structure, and the nexus to fiscal and prudential policies. We expect that the thematic focus of the *Fiscal Monitor* analysis on the role of public investment in the fiscal policy strategy for recovery will reflect the limited fiscal space and increasing debt vulnerabilities in many member countries, and the importance of enhancing public investment management.
3. Given the exceptional uncertainty surrounding the outlook and the fluid economic situation, continuous engagement with the Board on the evolving developments regarding the pandemic and its economic fallout, including through regular updates on the global forecasts is essential. To this end, we appreciate the planned staff briefings on the *Emerging Markets, the Global Economic Outlook and Global Financial Markets Developments, regional Economic Briefings, and Briefings on Country Matters*.
  4. We underscore the importance of the Independent Evaluation Office (IEO)'s evaluations and its engagement with the Board. We would prefer that the Board discussion on the *IEO Evaluation on Collaboration with the World Bank on macrostructural issues*, which has been postponed since March, be scheduled before the Board recess since the evaluation contains important findings and inputs on the integration of climate change in surveillance and would serve as an input to staff's ongoing work on *Integrating Climate Change into Surveillance*. Similarly, we call for advancing the work on the IEO's evaluation on "*IMF advice on capital flows*" as it is essential that this IEO's evaluation moves in sync with staff's work on the *Integrated Policy Framework*. *Staff's comments are welcome*.
  5. We look forward to the reviews on the *Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Countries, Deb Limits Policy, and Debt Sustainability Framework for Market-Access Countries* and the *Update on the PRGT Financing*. We also take note of the upcoming briefing on the progress recorded under the joint *IMF-WB Multi-Pronged Approach to Address Emerging Debt Vulnerabilities* and underscore that this work should feed into the *Review of the Debt Sustainability Framework for Market Access Countries and Debt Limits Policy*. We expect that the *Review of the Debt Limits Policy* will address several of the identified gaps in the policy, while taking into account the developmental priorities of low-income countries as well as the evolution of debt and the changing landscape of official financing for LICs.
  6. We attach great importance to ensuring that budgetary resources are adequate for the Fund to deliver on its reprioritized agenda. To this end, we look forward to the discussion on the *Supplementary Budget to Address COVID-19 related needs*.

7. We appreciate the Board's engagement on the detailed business cases and cost-benefit analyses of the Big 5 Modernization Agenda, including on *iData and Integrated Digital Workplace* and look forward to the discussion on the *2025 Diversity and Inclusion Benchmarks*.