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

We welcome the Managing Director's statement on the Work Program (WP) of the Board and support its emphasis on the Fund's near term response to this unprecedented crisis, while continuing work on longer-term issues that will be naturally reshaped by our collective experience from the crisis. There are important trade-offs in work priorities, and while the workstreams in the WP are appropriately focused on the near term and the current crisis, we should not lose sight of the ultimate recovery and possible major structural shifts in the global economy that the Fund would need to respond to. In the months ahead, however, and within the multi-faceted crisis-related workstreams outlined in the WP, we attach great importance to the works related to the Fund's lending strategy, particularly on concessional lending; the adequacy of Fund resources in case of a protracted crisis; and debt relief for low-income countries.

We highly appreciate staff's regular Board briefings on global **economic and financial developments, and regional updates**, and expect them to continue. We agree that the Fall **flagship reports** should focus on the multi-dimensional impacts of the crisis, but should also delve in additional supportive policies in the event that the crisis proves to be longer and deeper. The nature, depth and the speed of the spread of the pandemic have been truly unprecedented and could not have been foreseen. We wonder how the framework of the **Early Warning Exercise** that has been broadly geared to the crises emanating from the financial sector could be refined to anticipate future crises of unconventional nature. *Staff comments are welcome.*

On **lending policy and access limits**, management and staff's nimble response to the crisis has been highly commendable. There has never been such a large demand on Fund resources in such a short period of time. But the Fund has risen to the occasion, including by doubling

the access limits under the emergency facilities in the early stages of the crisis. In view of an exceptionally uncertain outlook, we look forward to the discussion of the papers on temporary modification of access limits and review of Fund's concessional assistance to LICs and PRGT financing.

On debt issues, we have supported the **Catastrophe Containment and Relief Trust** and look forward to consideration of its second tranche. Although we have been supportive of the G20 DSSI, we have noted its mixed reception among the LIDCs. The upcoming assessment of the DSSI, including its possible extension, should carefully review these concerns. We also place great importance on the joint Fund-Bank work on addressing **emerging debt vulnerabilities**. In fact, there are a number of important macrostructural areas in the WP where close Fund-Bank staff cooperation is imperative. The **IEO** has already completed an evaluation of this issue that merits early and serious consideration by the Board.

The work on the **Integrated Policy Framework (IPF)** began well before the current crisis, but is being appropriately reshaped in reaction to the crisis and against the backdrop of substantial capital flow pressures. As underscored by many Chairs, it is crucial that the IPF incorporates fiscal policy as well as structural factors and issues in its analytical framework to be able to provide a holistic analysis. . Furthermore, we were surprised that there was no recognition in the WP of the **IEO's recently completed work on IMF advice on capital flows** that in our view would provide critical input into the IPF work. *Staff comments are welcome.*

The deluge of member requests for emergency financing under the RFI/RCF facilities, and a succession of exceptionally high-access FCLs, call for close monitoring and regular reassessments of the **adequacy of Fund resources** and Fund's precautionary balances. The IMF quotas remain the main source of Fund financing and we are expecting a more accelerated timeframe for the review of the overall size of the **IMF quotas** and considerations of a **general SDR allocation**, as already discussed by the Board on a number of previous occasions and supported by a number of Chairs, including ours.

This Chair has been one of the early and vocal advocates of Fund's engagement in **climate change** issues and we have supported the integration of these issues into the surveillance exercise based by clear guidelines. Building infrastructure and economic resilience to climate change, particularly in low-income countries and small island nations, is an important issue that should be kept under close consideration at all times.

On **surveillance**, we support the WP's emphasis on thematic issues and regional assessment of the impact of the crisis until conditions permit the resumption of bilateral surveillance activities. *Are staff country teams in a position to commence surveillance discussions on short notice? And how will surveillance activities be prioritized and to what extent are they coordinated across the departments?* Surveillance discussions should not only carefully

assess the economic and social impacts of the crisis, and their spillovers, but also lay out country-specific strategies for the recovery phase. During the crisis and the subsequent recovery, we urge staff to devote special attention to the impact of the crisis on the vulnerable population and the unemployed, especially among the youth. The crisis has also exposed the vulnerabilities of the population working in the informal sector. In many LIDCs the difficult social conditions that already existed before the crisis have been amplified by the crisis, requiring urgent attention and greater financing.

There are a number of important issues that predate the crisis, **including trade restrictions** and a general retreat from globalization. The Fund should never cease its tireless efforts within a multilateral framework to preserve the hard-earned gains of globalization. The COVID-19 pandemic is truly a global human tragedy in terms of loss of lives and livelihoods of common people. There is no room for bilateral trade restrictions on essential medical supplies that would save lives. We share the concern expressed by Mr. Inderbinen and Mr. Heim in that there is a risk that over time bilateral restrictions on essential medical supplies will be extended to other goods, without impunity.

Capacity development has made an important contribution to members' policy formulation and implementation during the crisis, and will need to be practical and continue to adapt to the changing circumstances as the crisis evolves. Post-crisis, as the demand for CD is likely to rise and its nature to change, the Fund should stand ready to respond accordingly.

As flagged by the WP, new program engagements and augmentation of the existing arrangements resulting from the COVID-19 crisis may call for additional budget resources beyond FY21. While internal savings and work reprioritization could meet part of the higher demand, we would support a **supplementary budget** to ensure that the Fund has sufficient resources to meet its mandate and carry out its work priorities, especially under these difficult conditions.

We urge an acceleration of Fund efforts to improve **gender and regional diversity**, particularly from underrepresented regions, and look forward to regular updates. We note that the issue of MENA+ underrepresentation has been raised by Chairs and acknowledged by Management for decades, but no tangible progress has been made so far.

Finally, the crisis has taught us a few important lessons on **streamlining the work procedures and improving the work-life balance**—including working remotely and shorter and better focused staff reports—which we should assess, refine, and adopt to the extent practical.