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May 5, 2021

**Statement by Mr. Palotai, Mr. Azal, Mr. Just, and Mr. Zaborovskiy 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**

We thank staff for the paper and note their proposal for temporary streamlining of procedures and renaming of Post Program Monitoring (PPM) to Post Financing Assessment (PFA).

While we agree with the proposal to change the name of PPM to PFA to better reflect its coverage, we remain unconvinced about the need for altering its procedures, even temporarily. The need for better risk management amidst growing risks to the Fund’s balance sheet and increasing concentration of the Fund’s credit portfolio does not justify the proposed move. On the contrary, the PPM (PFA) application should be strengthened in the current circumstances and discussing PPM (PFA) reports at separate Board meetings should be the norm and not the exception, as it will help mitigate risks of “blind spots” and enhance the “learning culture” at the Fund.

We would also like to underscore that the 2020 Risk Report stressed the importance of steadfastly applying the Fund’s safeguard policies. PPM (PFA) enhances the Fund’s ability to detect risks to the member’s repayment capacity and thus safeguards the Fund’s resources. We consider this all the more important as the Covid-19 shock may have impacted in particular the medium-term viability of IMF members. *In this regard, we would like the Office of Risk Management to comment on whether staff’s proposal for temporarily modifying the specific implementation modalities of PPM policy is consistent with the Fund’s evolving risk profile and thrust of the 2020 Risk Report recommendations?*

We note staff’s conclusion that “*applying PPM without any modifications during the ongoing crisis is likely unfeasible, given resource constraints*” (bullet 9, page 6 of the paper). However, crisis hiring was meant to address resource constraints and boost staff’s ability to accommodate crisis-related work pressures. *Could staff provide detailed comments*

on where the main bottlenecks are and how to address them without altering the PPM policy implementation?

Finally, we reiterate our call for having dedicated PPM (PFA) Board discussions on all Fund-supported programs that went off-track. In our view, this is very much in line with the risk-based and focused PPM (PFA) framework implementation, approved by the Board.