

SU/21/125

September 7, 2021

**The Acting Chair's Summing Up
Brunei Darussalam—2021 Article IV Consultation
Executive Board Meeting 21/86
September 1, 2021**

Executive Directors agreed with the thrust of the staff appraisal. They commended the authorities for the strong, timely, and multi-pronged policy response to the COVID-19 pandemic and associated decline in oil and gas prices. Noting the still very uncertain outlook, with risks skewed to the downside, Directors stressed the need to maintain supportive policies until the recovery is on a firm path. They also underscored the importance of continued reforms to support economic transformation, strengthen resilience, and foster green, digital, and inclusive growth.

Directors welcomed the authorities' continuous efforts to strengthen the fiscal position. In this regard, they were encouraged by several recent initiatives, including the establishment of a credible medium-term budget framework, measures to increase efficiency of public spending, rationalization of public employment, and steps to reform subsidies. Directors saw scope for further efforts in these areas over the medium term to reduce vulnerabilities and support intergenerational equity.

Directors agreed that the peg to the Singapore dollar remains appropriate, providing a credible nominal anchor for macroeconomic and financial stability, and helping to deepen trade and investment linkages, including with Singapore.

Directors noted the resilience of the banking sector. They commended the authorities' initiatives to enhance risk-based supervision through an early warning exercise, introduce the Basel III framework, and develop a holistic macroprudential framework. Directors also welcomed the recent legislative changes aimed at strengthening the AML/CFT regulatory and supervisory framework.

Directors encouraged the authorities to continue to build on their efforts to diversify the economy, further attract FDI, and enhance human capital and improve private employment. They welcomed the policy priorities of the recently released Economic Blueprint, and highlighted the importance of accelerating digital and green growth to foster job creation and enhance resilience.

Directors welcomed the steps taken to address data gaps and the authorities' commitment to further improve data compilation and reporting. They noted the authorities'

plan to request further capacity development support from the IMF to improve data collection and dissemination.

It is expected that the next Article IV consultation with Brunei Darussalam will be held on the standard 12-month cycle.