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June 9, 2020

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

1. In recent months, the COVID-19 crisis has hit both the global health and economic fronts. The uncertainty on the severity and the duration of crisis puts greater responsibility on the Fund. Beginning with its role as a stabilizing force, Fund must take the leadership in helping the membership explore how to build a safer and more sustainable world. Against this backdrop, we welcome the focus of the Managing Directors Work Program on the Covid Crisis and the recovery. We support the Work program and would like to emphasize on a few aspects.

2. To fight the tide, we fully support the Fund prioritizing emergency financial support, analysis of the impact of the crisis, and timely and targeted Capacity Development. The Policy tracker across 193 economies has been immensely useful as platform for sharing best practices alongside the Special Series on COVID-19. With this crisis evolving rapidly, we would urge the Fund to continue its momentum on frequently briefing the Broad. That along with positive communication on recovery from the Funds platform would be critical for messaging and sentiments.

3. With this spirit, we welcome the focus of the flagship reports on crisis-related policies. World Economic Outlook, covering policies to navigate the crisis should prioritize the macro critical and existential issues to aid recovery. *Could staff elaborate on the elements the Fund will cover for sustainable growth? Will there be an enhanced focus on health?* As our current experience has shown, a “new normal” will be built after the crisis, integrating the lessons learned and the traditional policy advise may have little traction. We note that the Fiscal Monitor will update on the state of the public finances and analyze the role of public investment in the fiscal policy strategy for recovery. Many countries are confronted with unparalleled unemployment, stalled economic sectors and a “flight to safety” in terms of asset classes and financial markets. We would urge the flagships to take on board the

emerging realities, development stages of countries and offer balanced and innovative solutions.

4. Overall, the Covid Crisis demands an enhanced vigilance on the Debt landscape. So, we particularly welcome the debt focus, including on the G-20 Debt Service Suspension Initiative, Sovereign Debt Resolution and Update to the Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities. With countries facing higher debt burdens, rapid responses alongside greater transparency of the complete debt position will be paramount. *In this context could we hear more details on the work agenda the Fund is planning in terms of robust monitoring or in developing early warning signals on debt distress?*

5. Being a core mandate of the Fund, surveillance merits a rejuvenated and nonstop focus. In a severe scenario where the crisis lasts longer, it may become more difficult to drive a surveillance agenda. We note that the work program mentions that as the crisis recedes work on key surveillance will pick up. We would urge an early resumption of surveillance as highly challenged economies would need timely policy advice to find their footing and build the foundation for the new normal. This is especially pertinent for reviews of ongoing programs, the effectiveness of emergency financing and to better manage debt sustainability.

6. The world will never be the same, after the crisis abates, and neither should be the Fund. Behaviors will change fundamentally, and a high level of digital interaction is likely to overtake the pre-crisis level of physical interaction. We welcome the focus on policies relevant for the accelerating pace of digitalization triggered by Lockdowns. We recognize the need for a supplemental budget. *We would like to know if this would be an additional budget (a departure from the flat real budget) and whether the budget will cover implications of COVID-19 on Funds internal operations, including more hybrid working and remote surveillance exercises?*