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GRAY/21/1554

June 8, 2021

**Statement by Mr. Mouminah and Mr. Keshava on The Managing Director's Statement  
on the Work Program of the Executive Board  
(Preliminary)  
Executive Board Meeting  
June 10, 2021**

We welcome the statement by the Managing Director on the Work Program. It provides a **focused Board agenda**, reflecting the priorities of the Spring 2021 GPA and the IMFC Communiqué. We highly appreciate the Fund's swift response to program requests in the wake of the Covid-19 shock as well as provision of policy advice and CD support. As uncertainty remains high especially in the context of a potentially divergent recovery among the membership, it is crucial to stay focused on issues that are critical to securing a durable exit from the crisis and ensuring a strong and inclusive recovery. We broadly support the work program and have the following comments:

**Flagship reports**

We welcome the information on themes to be covered in the Fall editions. The focus in the **WEO** on “prospects for global growth and inflation, policies to support the recovery and ensure gains are equitably shared, and measures to enhance resilience, including to mitigate climate change” is appropriate as it will help inform policy discussions to support an inclusive and resilient recovery. In this context, we consider that it will be important to remain open to different policy approaches to climate change mitigation, as highlighted in the recent Board discussion on the Comprehensive Surveillance Review, to gain broad support. In addition, we consider that the **WEO** should cover not only climate change mitigation, but also adaptation as many LICs and small states need to make adequate public investment to address natural disasters and climate change risks. Progress in this area will be crucial to make progress towards the SDGs.

We note the plan to include in a chapter on climate change in the **GFSR** the implications of the transition to a low-carbon economy for investment funds and financial stability. In this connection, it is also important to examine the consequences of under-investment in

hydrocarbons going forward, which may result in a severe shortage of hydrocarbons in the global market in the future. Indeed, any efforts to discourage or curtail needed investments in proven energy sources could have negative consequences not only for the global economy, but also for financial stability. To ensure ample and reliable energy supplies as well as to meet both environmental targets and development goals, the global economy will require investment in all energy sources. Here, we would like to underline that continued technological advancement in the energy sector will help producers to provide energy in a more environmentally-friendly way.

We reiterate our call for adequate coverage of **climate finance** in the Fund's multilateral surveillance work especially in flagship reports. In particular, the progress against the commitment by the developed countries to the goal of mobilizing jointly USD 100 billion annually should be covered, given the lack of fiscal space in many developing countries. The mobilization of the necessary climate finance will support the adaptation and mitigation efforts.

### **SDR**

A new general allocation of SDRs will help serve members' needs at this highly uncertain period by meeting the long-term global need to supplement existing reserve assets. In this context, we look forward to the discussion on the "Proposal for a General Allocation of SDRs". We also welcome the ongoing work on possible options for a "Voluntary Post-Allocation Channeling of SDRs" to help support priority needs. Here, we underline the voluntary nature of this initiative as many countries may not be in a position to lend (or donate) a portion of their SDR holdings. We also see a strong case for broadening the participation in the VTA to ensure fair burden sharing.

### **Lending Policies**

We take positive note of the work on "Vaccine/Pandemic Financing Options" by exploring the scope for adjustments to the Fund's emergency financing toolkit. But Fund financing can only be a secondary line of defense for countries that may experience BOP needs due to COVID vaccination programs. Indeed, grants from COVAX and bilateral donors and MDB financing should be the main source of financing to provide more timely vaccine access by developing countries.

We had a productive discussion on the "Review of Concessional Financing and Policies" recently and it is important to conclude the discussion at the earliest to strengthen support to LICs. At the same time, we reiterate that increased Fund financing should remain catalytic in helping fill the enormous financing gaps confronting LICs over the medium term.

### **Debt Agenda**

In view of the significant debt vulnerabilities, we continue to support the wide-ranging work program. In this context, we look forward to updates on the DSSI Fiscal Monitoring, the experience with the Implementation and Extension of the G20 DSSI and Common

Framework, and the Multipronged Approach for Addressing Debt Vulnerabilities. We also support other debt agenda outlined in the Work Program. More specifically on the Common Framework, a successful implementation in case of Chad will be key to establishing a precedent that could be followed in future cases. It would also be critically important that the IMF and the World Bank continue to provide technical support to facilitate the debt treatment process under the Common Framework.

## CD

We continue to highly appreciate Fund’s CD and its contribution to strengthening institutional capacity and helping members, especially FCS and LICs, towards implementing sound policies. In this context, we look forward to the briefing focused on the results of CD delivery based on evaluations, results-based management, and other assessments. As regards the annual informal engagement on CD Priorities for FY23-25, we believe that flexibility is essential, especially as countries seek to achieve a durable exit from the crisis and achieve strong and inclusive growth. In addition, rigorous prioritization will be important to ensure resources are deployed to critical areas in the post-Covid environment. We welcome the OIA’s readiness assessment of CDMAP Release 2, which did not identify any significant issues.

### Facilitating a Transformational Recovery

We strongly support the agenda on **inclusion** as the pandemic has disproportionately impacted certain groups, including women and youth. In this context, the focus of the Fund’s engagement on inequality, gender, and social spending is welcome since it will have an immediate positive impact on the recovery and look forward to considering these issues. The strategy for “Enhancing the Fund’s Engagement in Fragile and Conflict Affected States” will provide a useful operating framework to further enhance future Fund engagement.

We take positive note of the work program on **digitalization**, including the need to analyze the potential implications of the widespread adoption of digital money for the smooth functioning of the international monetary system. We also welcome the examination of the implications for the surveillance work, policy advice, and the global financial safety net. *An elaboration on partnerships on the work agenda with other stakeholders will be highly appreciated.*

On **climate**, we look forward to the “Strategy for IMF Engagement on Climate Change Issues”, which will clarify the Fund engagement in this area in the period ahead. To gain traction of Fund advice on climate issues in the broader membership, we consider the Fund must not focus on a specific policy advice, like carbon pricing or carbon border adjustment. In this context, we are skeptical if the staff work on “International Carbon Price Floor and Border Carbon Adjustment” will have traction among the broader membership. If there are other instruments and other policies identified by countries to achieve their NDCs under the Paris Agreement, they must be properly recognized. One example is the circular carbon economy approach that could help countries in carbon management and reaching net carbon

neutrality/net-zero energy systems with the use of Carbon Capture, Utilization, and Storage (CCUS) technology. We also reiterate the importance of effective collaboration with the World Bank and other relevant International Organizations. In this context, we keenly look forward to the MIP on the IEO Evaluation on Working with Partners: IMF Collaboration with the World Bank on Macro-Structural Issues to help strengthen the framework for collaborative work.

### **Modernizing the Workplace**

We consider that a strong case would need to be made for considering the possibility of a “Proposed **Budget Augmentation**” from FY23 since the flat real budget has served the Fund well over the years. We also underline that any augmentation needs to be carried out within the Fund’s mandate and thus be of a macro-critical nature. In this regard, it is essential that the Fund focus on those areas where it is best placed to support the membership, including in collaboration with other IOs, while deferring to other IOs on issues outside its expertise.

We recognize the work that has been done to improve regional and gender **diversity**. But more needs to be done to increase the intake of nationals from the under-represented regions, especially MENA+, to achieve the 2025 diversity benchmarks. In this context, we look forward to the consideration of the “2020-2021 Diversity & Inclusion Report”. We reiterate that sustained institutional effort will be required to make progress.

The Board needs to be fully engaged as **new ways of working** are considered. In this regard, we look forward to receiving a briefing on “Roadmap to the Future of Work at the Fund”. We think that it is important to remain flexible and not clearly define the ways of working at this time. Also, close coordination with the Board committees (APC and CAM) will remain critical to facilitate broad alignment of Board practices with wider Fund practices.

### **Enterprise Risk Management**

To further advance **enterprise risk management**, we look forward to the planned series of engagements with the Board to discuss the OIA report on how best to advance this important work. In this context, we take note of the audit finding that notwithstanding the improvements made since the establishment of the ORM, further progress is needed to enhance the value that can be realized by the Fund from its ERM program. We will wait for the management action plan being developed by ORM to address the OIA ERM recommendations.

### **Other Issues**

The GPA supported the need for continued advocacy for a durable resolution of **trade** tensions and strengthening the rules-based multilateral system. *We would welcome information on the planned work on trade-related issues. We would also appreciate information when the review of the Role of Trade in the Work of the Fund is going to take place.*

On **International Corporate Taxation**, we take note of the planned presentation to provide an update. It is designed to showcase staff reflections on the outcomes and status of the international tax discussions in the G20/OECD Inclusive Framework and other ongoing developments. *Given the recent G-7 agreement, we were wondering about the timing of the staff presentation.*