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**Statement by Mr. Bevilaqua, Mr. Saraiva, and Ms. Florestal 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 concise papers on a relevant topic that fully deserves Board attention. We concur with the proposed name change from Post Program Monitoring (PPM) to Post Financing Assessment (PFA) as this exercise also covers financing with no program involvement.

While the rapid and unprecedented increase in emergency financing in response to the pandemic was appropriate, it poses greater risks to the Fund's balance sheet. We therefore concur with staff that increased risks call on the Fund for maintaining its ability to evaluate a member's capacity to repay the Fund and retaining the PPM/PFA application criteria. As in the interim period staff will continue to closely monitor developments that could affect a member's repayment capacity, we can go along with temporarily integrating the PFA into Article IV consultations.

At the same time, we want to be reassured that the proposed streamlined modalities would indeed uphold the PPM/PFA's objectives. We take note that the current pandemic environment and increased workload for both country authorities and staff make the stand-alone PPM/PFA exercises highly burdensome. However, we are concerned that the proposed streamlining would reduce the frequency of reporting on countries under PFA. Accordingly, we would suggest preparing a calendar of upcoming PFAs, with a clear indication of how this schedule would compare to the one that would have prevailed in the absence of this streamlining proposal.

We acknowledge the Managing Director's discretion under the PPM/PFA policy but believe that more detailed information on potential PFA cases should have been presented in the supplement. In the cases in which a new program is expected within the

next six months, we agree that a PFA would not be warranted. That said, the 2017 guidance note clearly states that the Managing Director should “take into account the likelihood of a program being agreed quickly, and the period that has elapsed since the member’s last arrangement expired: the longer the time that has elapsed, the greater the presumption that the Managing Director would propose the initiation of PPM.” As the decision should be taken “drawing on systematic analysis of risks to a member capacity to repay,” such information should be shared with the Board to allow it to adequately fulfill its fiduciary duty. *Along those lines, we would like to know what was the role of the Office of Risk Management in the process?*

In closing, while the Fund must thrive to serve its membership during this unprecedented crisis in a timely and effective manner, it should continue to ensure that all safeguards are rightly in place to preserve Fund’s role on an enduring basis.