

**EXECUTIVE
BOARD
MEETING**

SM/22/36
Supplement 1

March 7, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **The IMF Strategy for Fragile and Conflict-Affected States—Draft Press Release**

Board Action: Executive Directors' **consideration** (Formal)

Tentative Board Date: **Wednesday, March 9, 2022**

Publication: Proposed, with main paper

Questions: Mr. Bousquet, ICD (ext. 34323)



MF Executive Board Supports New Strategy for Fragile and Conflict-Affected States

FOR IMMEDIATE RELEASE

Washington, DC—March 9, 2022: Today, the Executive Board of the International Monetary Fund (IMF) discussed a proposed strategy paper for strengthening IMF support to fragile and conflict affected states (FCS). This paper is a response to the needs of members states and the Board-endorsed recommendations of the 2018 Independent Evaluation Office (IEO) Report on *The IMF and Fragile States*.

FCS are home to nearly 1 billion people facing a variety of protracted challenges: from reduced institutional capacity and limited public service delivery, to forced displacement and war. Fragility and conflict are also exacerbated by climate change, food insecurity, gender inequalities, and more recently by the economic repercussions of COVID-19. The pandemic has disproportionately affected FCS in terms of the impact on per capita incomes, inflation, and public debt. Today, FCS are at a significant risk of falling behind in their post-pandemic recovery, but also in achieving the [Sustainable Development Goals](#).

The Strategy paper makes the case that the implications of fragility and conflict are macro-critical: they destabilize balance of payments (BOP) positions, disrupt trade and financial flows, and hinder the development of productive resources. Moreover, crises originating in FCS can also affect economic outcomes in neighboring countries and regions. Addressing these challenges requires a well-tailored approach which factors in the drivers of fragility, political economy dynamics, and specific constraints to reform in each country, in coordination with other partners.

Executive Board Assessment¹

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¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.