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**Statement by Ms. Shortino and Ms. Medearis on The Managing Director's Update on the
FY 2023 Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
December 2, 2022**

We thank Management for the Update on the FY23 Executive Board Work Program (BWP). We agree that demands on the Fund are high in light of significant global economic challenges facing the membership. The outlook for the global economy remains highly uncertain, and as noted in the paper new, additional high priority items will most certainly materialize in the coming months. We also note that there are a large number of new items added to the next six months (14 in total) with just a limited number of contingent items (just 4). In this context, we see a need for far greater up-front prioritization of the BWP to identify early on the top priorities for the Fund over the next six months as well as the work items that could be delayed as new priorities arise. Ad hoc changes to the Board calendar should be minimized, and flexibility in the calendar must also be accompanied by more regular two-way communication between Management and the Board. This is particularly important to enhance Board engagement on high priority items as well as to address the strains on IMF staff from continuous changes in the work program.

We offer the following comments on the specific items in the work agenda.

Surveillance, Lending, and CD

It is crucial that the BWP prioritize items that pertain to its core mandate of providing multilateral and bilateral policy advice on key fiscal, monetary, and financial sector issues; critical financial assistance to member countries; and tailored and well-integrated capacity development. On surveillance, we think the BWP should prioritize analytical work on monetary-fiscal policy which is crucial to supporting countries in making difficult policy choices. We were surprised to see the work on Monetary-Fiscal Interactions taking place in FY24. On lending, we underscore the need for a timely and ambitious review

of precautionary lending instruments that addresses uptake, drawing, exit, and other issues raised in recent country discussions. We also strongly support the upcoming review of the 2018 Framework for Enhanced Fund Engagement on Governance, particularly in the context of increased lending and a new emergency financing window, and we look forward to completion of the Capacity Development Strategy in FY24. We have found the recent country updates on sensitive country cases to be extremely helpful and stress the importance of holding space in the Board calendar to accommodate these important briefings.

Debt

Given rising risks associated with debt sustainability, a robust agenda on debt must by necessity remain a priority of the BWP. We look forward to the upcoming FY23 updates to the Contractual Approach for Sovereign Debt Restructuring and the Common Framework, as well as the formal Board discussion on Making Public Debt Public. For FY24, we also welcome the planned review of the Debt Sustainability Framework for Low-Income Countries as well as an update on the Multi-Pronged Approach to Debt Vulnerabilities. More generally, we would find helpful a Board briefing on how the Fund sees debt vulnerabilities evolving, including in middle income countries. *Can staff also provide an update on the timing of a potential review of the Fund's financing assurances policy?*

Transformational/Resilience Agenda

We welcome that the BWP includes further work on emerging issues such as climate, and note that a gradual scale-up of work on these emerging issues is appropriate at this juncture. We welcome the overdue review of the Climate Macroeconomic Assessment Program (CMAP) that will focus on the experience with two CMAP pilots and coordination with the World Bank. Given that several digitalization work products are coming to the Board in early 2023 and FY24, we think there may be scope for delaying some of those Board discussions to balance out the calendar if necessary.

Fund Governance/Institutional Work and Finances

We see implementation of the Enterprise Risk Management policy and framework as well as continued progress on the Institutional Safeguards recommendations as an ongoing priority for the Fund. With respect to Fund finances, we appreciate that staff are providing the Board with more frequent updates on the increasing demand for Fund resources amid successive shocks and new facilities, and we trust these updates will continue, including the impact of increased lending on GRA and PRGT resources.

Prioritization

Several items in the BWP could be identified now as good candidates for items that could be delayed or streamlined as new, unforeseen priorities emerge. Specifically, we would request that staff first conduct a stocktaking and analysis of gaps in the lending toolkit before placing any further proposals for the Lending Crisis Toolkit on the Board calendar. We also question whether further work on future-proofing the Fund's toolkit should be a priority in FY24 given that we are already covering precautionary instruments in a separate review and recently implemented two new crisis instruments. Some of the proposed future analytical work requires further explanation to justify its prioritization, including with regards to the envisaged GovTech and Geoeconomic Fragmentation work in FY24. *Could staff explain how these would advance the Fund's core policy advice?* We also wonder whether the two proposed analytical topics on capital flows (Interplay between Capital Flows, CFMs and Crises; Capital Outflow CFMs) could be combined. The Role of Trade in the Work of the Fund should be prioritized relative to other surveillance work. Finally, the new FY23 item Capacity Development Approach to CBDC and the CBDC Handbook seems like a useful resource for Fund staff and country authorities, but we think the scope could be narrowed and would welcome staff views on prioritization of the numerous digitalization agenda items in the BWP.