



Executive Board Minutes 21/58-1

June 10, 2021–9:30 a.m.

The Managing Director’s Statement on the Work Program of the Executive Board

Staff: Tsounta, SEC; Pazarbasioglu, Mathisen, Corbacho, and Kostial, SPR

Length: 2 hours, 6 minutes

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CEDA OGADA
Secretary

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¹ Minutes are the official record of a formal Board meeting in which the Board may adopt decisions and reach understandings related to the business of the Fund. Staff background documents issued before the meeting are the principal basis for the meeting. Preliminary “gray” or “buff” statements by Executive Directors and staff’s responses to Directors’ technical questions are circulated prior to the meeting. Adopted decisions and/or summings up—the Chair’s “sense of the meeting” or policy conclusions/recommendations—are issued after the meeting. The minutes include all these elements, as well as the discussion record (a verbatim transcript of the discussion lightly edited for clarity). Minutes are made public consistent with the IMF’s Transparency Policy and Open Archives Policy.

EXECUTIVE BOARD ATTENDANCE²

K. Georgieva, Chair

Executive Directors

I. Mannathoko (AE)

A. Andrianarivelo (AF)

C. Huh (AP)

A. Bevilaqua (BR)

Z. Jin (CC)

P. Moreno (CE)

L. Levonian (CO)

D. Palotai (EC)

A. Buisse (FF)

R. von Kleist (GR)

S. Bhalla (IN)

D. Fanizza (IT)

T. Tanaka (JA)

H. Hosseini (MD)

M. Mahmoud (MI)

P. Hilbers (NE)

M. Poso (NO)

A. Mozhin (RU)

M. Mouminah (SA)

R. Lim (ST)

P. Trabinski (SZ)

E. Shortino (US)

Alternate Executive Directors

B. Lischinsky (AG), Temporary

D. Ronicle (UK)

S. Bhatia, Acting Secretary

P. Cirillo / S. Maxwell, Summing Up Officers

L. Briamonte / E. Mannefred, Board Operations Officers

M. McKenzie, Verbatim Reporting Officer

Also Present

African Department: M. Kamel Farid Mohamed Farid, B. Loko, C. Purfield, A. Selassie.

Asia and Pacific Department: O. Brekk, A. Gulde, P. Lopez Murphy. Communications

Department: N. Ismail. Corporate Services and Facilities: B. Christensen. European Central

² For countries in each constituency, please see the Constituency Codes in the annex.

Bank: D. Rakitzis, R. Rueffer. European Department: R. Blavy, A. Tuladhar. Fiscal Affairs Department: C. Matsumoto, J. Toro Rivera. Finance Department: H. Hatanpaeae, T. Krueger, B. Lauwers, O. Unteroberdoerster. Human Resources Department: R. York. Institute for Capacity Development: M. Erbenova, N. Feerick, R. Nord. Independent Evaluation Office: C. Collyns. Knowledge Management Unit: T. Alzona, W. Oliver. Legal Department: M. Henriquez, N. Kyriakos-Saad, Y. Liu, G. Rosenberg. Monetary and Capital Markets Department: P. Ananthakrishnan, P. Khandelwal, D. Seneviratne. Office of Budget and Planning: M. Shannon. Office of Executive Directors: C. Cruz, W. Keller. Office of Internal Audit and Inspection: P. Murugan, N. Onyango. Office of Innovation and Change: G. Paone. Office of Risk Management: B. Boulwood, Q. Chen, T. Chen, I. Ivaschenko, J. Manning, J. McCoy. Secretary's Department: E. Tsounta. Strategy, Policy, and Review Department: H. Chociay, A. Corbacho, P. Garcia Martinez, A. Iancu, B. Joshi, S. Kim, K. Kostial, J. Mathisen, N. Meads, C. Pazarbasioglu Dutz, U. Ramakrishnan, N. Suryakumar, M. Takebe, C. Tovar Mora, J. Trevino, Y. Zhao, T. Zheng, J. Ziegler. Statistics Department: N. Braiton, L. Lusinyan, D. Marchettini, P. Tumbarello. Western Hemisphere Department: R. Garcia-Saltos. Executive Directors: S. Chodos (AG). Alternate Executive Directors: A. Alhosani (MI), H. Azal (EC), L. Dresse (NE), M. El Qorchi (MD), F. Fuentes (BR), S. Geadah (MI), A. Grant (AP), A. Guerra (CE), L. Herrera (AG), Y. Indraratna (IN), C. Just (EC), M. Kashima (JA), K. Merk (GR), F. Mochtar (ST), W. Nakunyada (AE), R. N'Sonde (AF), F. O'Brolchain (CO), O. Odonye (AE), L. Palei (RU), J. Romero (CE), P. Rozan (FF), B. Saraiva (BR), J. Sigurgeirsson (NO), F. Sylla (AF), C. White (AP), Z. Zhang (CC). Senior Advisors to Executive Directors: W. Abdelati (MI), S. Ahmed (MD), H. Andrianometiana (AF), X. Bai (CC), M. Choueiri (MI), A. Ekelund (NO), J. Garang (AE), R. Goyal (IN), O. Hendrick (AG), M. Ismail (AE), B. Jappah (AE), L. Johnson (AP), S. Keshava (SA), R. Mahabir (BR), M. Maidu (AE), L. Marek (EC), S. Naka (JA), T. Nguema-Affane (AF), D. Ong (ST), S. Potapov (RU), C. Quagliarini (IT), H. Saeed (SA), A. Sattler (GR), M. Scholer (NE), S. Senich (US), L. Smith (CO), N. Thiruvankadam (IN), G. Vasishtha (CO), R. Velloso (BR), C. Wehrle (SZ), J. Weil (CO), B. Yoo (AP), M. Zhunusbekova (SZ). Advisors to Executive Directors: F. Al-Kohlany (MI), P. Al-Riffai (MI), A. Arevalo Arroyo (CE), S. Belhaj (MD), B. Boostani (MD), I. Bustillo (AG), Campbell (UK), T. Cham (AE), T. Chrimes (UK), J. Corvalan (AG), K. Dacharux (ST), S. Dash (IN), R. Edwards (CO), J. Essuvi (AE), D. Fadhel (MI), M. Merhi (MI), P. Mooney (CO), R. Moral Betere (CE), T. Nagase (JA), K. Nelson (UK), B. Piasecki (SZ), B. Rankin (CO), B. Singh (IN), A. Tola (SZ), I. Valdes Fernandez (NO), T. Abalala (SA), M. Law (CC), F. Lopez (CE), D. Coelho (BR).

DISCUSSION RECORD³

The Chair:

It is always a very important meeting when we discuss the Statement on the Work Program of the Executive Board. It is even more important at a time when we are wrestling with an unprecedented policy response to an unprecedented crisis, fully recognizing that what has been done so far is extraordinary, that a great deal of progress has been made to pull out of this crisis. But we are wrestling with uneven recoveries, and there is uncertainty on the policy front that will require a great deal of attention from all of us. And on top of it, there are new challenges that the world is faced with and the IMF is faced with, to which this Board plays a critical role to define a set of priorities, taking into account the urgent, the important, the long-term transformational forces that are in play. As I promised in the Global Policy Agenda (GPA), we will maintain the speed and the force of our exceptional response to help our members navigate a durable exit from the crisis to build a sustainable, resilient, and inclusive global economy. This comprehensive work program supports our ambitions, supports our goals.

At the very beginning of our meeting, I want to bring our attention to the significant pressures on the staff as we tackle complex issues in an ongoing crisis, often involving difficult policy trade-offs, longer virtual missions, engagement with more stakeholders than before the crisis, and at a time requiring us to develop new policies, to develop new responses. I am saying this because it takes from all of us, from the Board, from management to work hard on that sense of priorities that recognizes the physical limitations of our staff resources. It is in that spirit that I also want to urge the Board, the same way as we have done it at the level of management, to be focused and to resist the temptation to expand the work program to issues that may be on the scale of our priorities, but either not as pressing at the moment or not as high.

I am very grateful for the Board's engagement. Directors have submitted gray statements, with the exception of Mr. Jin, who will be our first speaker. More than 80 pages of gray statements with 90 questions. The staff worked very hard to answer overnight, to make sure Directors received answers. Directors' responses are at par with the significance of our discussion.

Let me turn to some of the substantive issues Directors have raised: on the top of mind for them and for us.

³ Edited for clarity.

Not surprisingly, the pandemic financing options, how we deal with the durable exit from the health crisis, is of great concern to many Directors. Let me clarify that we believe that grants and concessional financing from multilateral development banks should present the two main lines of defense. The multilateral development banks (MDBs), including the World Bank, are well placed to respond. They have already mobilized a significant amount of grants and concessional resources. I expect them to do more. And they are well placed to support procurement oversight and healthcare delivery. They still have room to do more, especially in the case of the World Bank Group, with the upcoming International Development Association (IDA) replenishment. I expect that due attention will be placed on this very pressing priority.

Obviously, we have to recognize our own responsibility too. If financing, especially as we step into 2022, turns out to be insufficient, we are exploring options to adjust our own lending toolkit so there is an adequate safety net, possibly through a window in our emergency facilities. And we will engage with Directors

The second issue that came quite clearly from many of the gray statements is Directors urging us to pay close attention to the whole of our membership and, in particular, to be mindful of the difficulties many middle-income countries (MICs) are facing and also opportunities for them to come strongly out of this crisis. We are completely with Directors on that. We have ample lending capacity. So, stepping up financing, if that becomes necessary, is not an issue for most countries that are substantially under the IMF's access limits.

We are also doing something remarkable. We are coming up, as we all know, with a historic \$650 billion Special Drawing Rights (SDR) allocation. When we started discussing it, it was clear that this is an instrument made for a crisis like this one. Today it is even more obvious that, with these uneven recoveries, many countries will be faced with much more severe restrictions in terms of their reserves, their balance of payments capacity, their fiscal capacity. So we are, indeed, doing the right thing. It will benefit low- and middle-income countries. Over 40 percent will go to middle-income countries. And, as we know—and Directors urged us to do this—we are looking at options in which some on-lending of SDRs from advanced economies and emerging markets with strong reserve positions can be done that could benefit middle-income countries too.

The third issue is one that, since I started in my position, I take very much to heart. This is the need to strengthen the enterprise risk management (ERM) framework. As we know, we got a report, an Office of Internal Audit and Inspection (OIA) audit report. We are preparing a management action plan. We have lifted our capabilities in terms of skills and knowledge in this area. We want to have a policy on enterprise risk management, including a common risk taxonomy and risk management scales and establishing business processes for risk assessment. In the meeting on the mid-year risk update, we will have a chance to discuss these issues, and I very much look forward to Directors' inputs.

Finally, let me wrap up with words on the truly transformative forces in play. The transformation driven by dealing with the climate crisis and the transformation that the pandemic accelerated in terms of digitalization. We have taken those very much, together with Directors, to heart in a very substantive, deliberate, and prudent manner. It does lead to an important discussion on our budget augmentation, with specificity on needs, the trade-offs associated with different scenarios for our budget, and potential implications of the new way of working.

I want to give Directors comfort on two points. One, our determination to collaborate with other institutions, so the whole is bigger than the sum of individual parts. But I just want to caution that collaboration itself is not cost-free. If we do it right, it does require the deployment of resources. Obviously, in the three areas that are particularly pressing—digital, climate, inclusion—we are very systematically working with other organizations.

And the second peace of mind I want to project to Directors is that we really count on their active participation as we define the new ways of working. It will not be a silver bullet. It will be a process in which we will define steps and take stock of how things work. And I am sure we will have to correct some of our decisions. We can only do it well with Directors and their engagement.

The Director of the Strategy, Policy, and Review Department (Ms. Pazarbasioglu):

Thanks to Directors for all the comments and questions. This is very important for us. As the Managing Director noted, the staff has been under a lot of pressure. And as we move on to the next phase of the crisis, the burden will not get less, especially given the divergent recoveries and the complexity of the policies that countries will have to implement. So, I am worried, I must say, about the sustainability of our workload. So, really, prioritization is key.

Since the onset of the crisis, we made unprecedented efforts to provide support to members through policy advice and financing. Significant staff resources were mobilized to carry out work that had not been envisaged but were urgent to help members respond to the crisis. These include the SDR allocation, the SDR channeling, the Debt Service Suspension Initiative (DSSI), Common Framework, changes to our lending toolkit, and exploration of the vaccine pandemic financing, just to name a few issues.

Just to give a perspective, the Strategy, Policy, and Review Department (SPR), last fiscal year, there were seven items dropped in the accountability framework in response to the crisis. That gave place to 12 new items, some of which required follow-up work this year as well, and overtime is exceptionally high. With that perspective in mind, I saw that some Directors raised concern about some delayed policy reviews. We agree that these are important reviews, and we also wish we could do them on time. But believe me, these are driven by the truly binding capacity constraints that we face. And I really mean it. Some work had to be put on hold, including important policy reviews. We are resuming this agenda, as resources permit, and we will deliver as best as we can.

On surveillance policy, we are advancing the post-Comprehensive Surveillance Review (CSR) pipeline shared with the Board. Data provision to the Fund has been prioritized and will be followed by the work on the transparency policy and the steps to address excessive delays in the completion of Article IV consultations.

As another follow-up to the CSR, staff will work on the operational aspects of country matters meetings, including by drawing on the suggestion by Directors during the CSR discussion.

In terms of lending and debt policy, as we know, lending policy work has been at the front line of the crisis response, with intense engagement on temporary access limits and concessional financing. The agenda ahead of us is also very ambitious, focused on lending into arrears, concessional financing eligibility, and the Flexible Credit Line (FCL) / Precautionary and Liquidity Line (PLL).

Our debt agenda is very active. We had a very good Board discussion—I think it was yesterday—that Mr. Okamoto chaired. We have the DSSI, Common Framework, Catastrophe Containment and Relief Trust (CCRT), and the multi-pronged approach on our agenda and work program.

In particular, the initial Common Framework cases, including Chad, Ethiopia, and Zambia, require a lot of staff resources because this is really our new framework, and there is a lot of work that is going on with stakeholders engaged in the Common Framework. We are doing our best and are working very closely with our World Bank colleagues to make sure that this will be a success and that more countries would also avail themselves to the Common Framework.

We are also making headway on analytical and policy work on debt sustainability, transparency, and restructuring.

In terms of trade and external sector, another area where there were comments, we are undertaking the important review of the Institutional View on capital flows and refining the External Balance Assessment (EBA) and EBA-Lite. On the review of the role of trade in the work of the Fund, recent attention to start efforts toward open rules-based trade and strengthening the multilateral system are creating a much better ground to articulate a strategy for the Fund for the next five years.

We believe that we have engaged with the Board in a highly relevant crisis program. We are still in the midst of a crisis, at around 140 items for the full fiscal year 2022. This work program is broadly in line with the actual pre-pandemic Board workload, even though we are still very much in the midst of the pandemic. And we should not forget that there may be new items that we may have to devote attention to. So, we see a strong need to continue to prioritize our work and focus on the items and, as the Managing Director said, which are of urgent value to our members.

So, we hear Directors' requests for reviews. We agree that these are important. And I want to assure Directors that we will take them on once we are out of the emergency response and, for now, to really prioritize some of the ones that Directors have also asked us to do so.

The Chair:

My personal gratitude to Ms. Pazarbasioglu and her team for being always very responsive and for taking on a huge load of work. I second what Ms. Pazarbasioglu said about the physical limitations being reached.

Just a small anecdote from the data that we got for today's meeting. We got suggestions for 25 additional items on the Board agenda. So, what I

would plea with the Board is to help us to help the Board not being overburdened and to help us help the staff to be able to prioritize.

Mr. Jin:

We generally support the work program. We did not issue a written gray statement. I would like to focus on a few points in my oral intervention.

First, we support the work agenda for an SDR allocation. No matter how countries utilize and channel the allocated SDRs, there will be positive direct or indirect benefits to the global recovery and financial stability, so we should be open-minded to explore all the possible appropriate channels of using the newly allocated SDRs.

Supporting the Poverty Reduction and Growth Trust (PRGT) is a potential but not the only way for SDR channeling. The binding constraint for PRGT is the subsidy account. The SDRs held by member countries is different from the tax revenues collected by the governments of member countries. Under the framework of the Fund, SDR is not an unconditional asset but, rather, is both an asset and a liability. So, countries are facing constraints from the Fund, even after they receive a new SDR allocation. The first priority, therefore, seems to be to fulfill the newly augmented PRGT with a matching contribution to the subsidy account and to then consider a further augmentation of the PRGT and how to make fully good use of the newly allocated SDR, in general. This may sound to be conservative but is very realistic.

The size of the newly allocated SDR is much larger than any potential PRGT that people can imagine. Therefore, the staff may need to explore the possibility of using some allocated SDRs to set a trust fund for broader purposes, such as, for example, establishing swap lines with member countries' central banks for countries that face liquidity shortages.

On climate, different countries have different marginal costs for carbon reduction. This brings challenges for the design and the operation of either the carbon price floor or the unilateral carbon border adjustment. A favorable external environment on the trading of green technology and financing is necessary for ensuring a smooth carbon reduction in emerging market and developing countries.

On debt issues, currently, the G-20 DSSI and the Common Framework are mainly focusing on bilateral official credit, which only accounts for

one-third of the overall external debt of low-income countries (LICs). The private and MDBs' credit accounts for two-thirds of LICs' external debt. To mitigate debt risks, more efforts should be taken to bring private and MDBs into potential debt relief.

Last, but not least, we support a timely and constructive conclusion of the Sixteenth General Review of Quotas (GRQ).

Ms. Shortino:

I think Managing Director made some very appropriate remarks, that we are still in a crisis; the workload has been high. To that effect, I think the work program is very appropriately ambitious, but it is a long list of items. I think it reflects where we are in terms of transitioning out of this crisis; but given that it is a lengthy agenda and other things are likely to come up throughout the year, it will be important that we continually prioritize the key items and that the Board's engagement on these items is spread evenly throughout the year, to the extent that we can do that.

I did want to just flag that, should some items need to be delayed or reprioritized, I would like to just flag a few areas that are a high priority, that should not fall to the wayside over the remainder of this year.

First, in our view, supporting all members, but particularly low-income countries, where the recovery from the crisis is likely to lag behind the rest of the world, must remain at the top of the Fund's agenda. To this end, the upcoming review of concessional financing and the completion of the SDR allocation, along with guidance on how countries should be implementing and using those SDRs, will be very critical. We are also strongly supportive of identifying ways to channel SDRs, so as to amplify the impact and support low-income countries but perhaps a broader set as well. And I agree with Mr. Jin's comments before me on looking at ways to go beyond the PRGT.

Restarting surveillance will be quite important so that the Fund can provide tailored fiscal and monetary policy advice to countries on how to exit the crisis. The implementation of the CSR will be quite important on this front. On the broader climate and digitalization agenda, I am very happy to see that it is clearly incorporated into the work program and we will be moving forward with that.

We must remain vigilant on the debt agenda. In this regard, I thought the work program was quite robust. I would note that, as Ms. Pazarbasioglu

mentioned, there is a lot of work being done by the staff on the Common Framework, as well as the DSSI. So regular updates, whether we incorporate those in country matters meetings or elsewhere, would be quite helpful to the Board.

Finally, I was pleased to hear Managing Director mention risk. I think we cannot neglect this agenda. I was a little dismayed to see that we will only begin implementing the process—implementing the recommendations from the risk audit in October and November and that is, actually, about a full year from when the Board was briefed on the OIA findings; but at any rate, I am pleased to see that there is a management action plan going to be developed and the Board is going to engage.

On the budget, I just want to reiterate our view that the flat real budget remains a priority, although we do look forward to the discussions on whether the Fund needs a structural budget increase to support climate and digitalization.

Also, I was pleased to hear Managing Director say that the new way of working is not going to be a one-time decision; it is something that we are going to have to monitor. I know there is a Board in June to discuss this. I would suggest we have regular Board updates. We are going to have to adjust as we go. Today I am in the office, and my technology is not working. So, we are all going to have to figure this out as we go and what works. So, I was glad that Managing Director recognized that. Thanks for a robust work program. I look forward to working with Managing Director on its implementation.

The Chair:

On risk, just to recognize that we have introduced an institutional change. And that is important to factor in, because building a different institutional setup in a place with a very long tradition requires not only the mechanics and the recruitment of people but the ownership from the Fund. So, I just want to make sure that we are clear. This is a priority, and we will continue to be pursuing it. So, if we do not see a plan, it does not mean that there is no action. We will be coming to the Board.

Mr. Bevilaqua:

We broadly support the core of the proposal. However, as mentioned in our comprehensive gray statement, we consider that the work program

should be focused on the issues more closely related to the Fund's core mandate. Let me highlight a few points.

First, the items grouped under "Securing a Safe Exit from the Crisis" represent the bulk of the Fund's core activities. The next several years will likely be marked by high levels of risk and uncertainty. This will require stronger surveillance efforts by the Fund, and will also demand increased efforts in our financial support to member countries, including novel ones, such as the creation of a trust fund for small developing middle-income countries, as Managing Director alluded to in her opening remarks, and combining FCLs with Short-term Liquidity Lines (SLLs), as this chair has been advocating for some time.

The conclusion of the Review of Concessional Financing and Policies is of utmost importance and should entail a discussion of how to mobilize sufficient resources, including the IMF's own resources, to support the adjustment and reform efforts of our low-income members. This aspect of resource mobilization to the PRGT should be explicit in the work program.

Second, we remain very concerned that the Fund's current resources, own and borrowed altogether, are not sufficient to meet potential demand in a range of reasonable stress scenarios, as pointed out by the staff. Bolstering the Fund's own quota-based resources and advancing governance reform, therefore, will be key for enhancing further the Fund's effectiveness and legitimacy. In this regard, as also noted by Mr. Jin, the Sixteenth General Review of Quotas should be concluded successfully. We cannot afford another missed opportunity in this area. Closely assessing progress and trade-offs along the way will be indispensable. For that end, we believe the semiannual reports to the Board of Governors should target the specific deliverables.

Third, we believe capacity development (CD) should have a more prominent place in the work program, given its importance, particularly for fragile and low-income countries. Moving past the pandemic crisis could drive higher the demand for CD activities. The staff and management should, therefore, look for new ways to strengthen the Board's oversight responsibilities in this area and to seek increased budgetary outlays for CD. We cannot remain mostly reliant on external donors to finance the Fund's CD activities.

Finally, we should keep in mind that a proper coverage of cross-cutting topics requires close coordination with outside partners and

focused approaches that leverage on the Fund's comparative advantages. While we recognize the importance of developing strategies for cross-cutting themes, we remain concerned that an overly ambitious agenda may be counterproductive, spreading the Fund's resources and attention span too thin during an unprecedented crisis. The Fund should also avoid venturing into the work better performed and served by other international institutions and fora. We believe the Fund should devote the bulk of its attention and resources to what it does best: macroeconomic, external sector, and financial surveillance; policy advice and capacity development; as well as balance of payments financial support. We very much look forward to engaging with management and staff in the work ahead.

The Chair:

We certainly have no intention whatsoever to deviate from what is expected from us. I just want to make the point that I have made on previous occasions, that we have to recognize that the world is going to go through a structural transformation, and that is going to affect macroeconomic and financial stability. It will affect also balance of payments needs in countries if they fall behind. So, we do have a responsibility exactly for the reason Mr. Bevilaqua stressed, that this is our duty to be there for our members.

I also want to assure Mr. Bevilaqua, Ms. Shortino and other members, that we take the surveillance obligations of the Fund very much to heart. We have restarted surveillance.

In fact, Ms. Shortino, we will be completing discussions with the Treasury and the Fed on the United States very shortly, in a couple of weeks. So, I thank the Board for the pressing us on that. I recognize it is hugely important. Otherwise, we will not be able to give any relevant policy advice or shape up capacity development in the right way.

Ms. Levonian:

I would just like to join Managing Director and colleagues in commending the staff. In kind of an attempt to stay within the three minutes, on the compliment side, I would just say that, in our gray statement, we highlighted the many ways this excellent Board work program impressed us, particularly in terms of the debt work program. There are a few areas where things could be refined.

First, we want to underscore the importance of strategy. This work program will see important thematic strategies brought forward; but the gap, in our view, remains on an overarching Board-endorsed strategy for the institution that can ensure that everyone is working toward a common objective.

I am sure Managing Director knows where she wants to take the institution over the medium-term, so let's have that conversation and put it down on paper.

One business line that would benefit from a dedicated strategy is Fund lending, which is a view that was shared by several others, including Mr. Fanizza and Mr. Huh.

Second, we very much welcome the increased focus on climate and gender and the plan to bring forward dedicated strategies on these topics. We would stress the importance of integrating both climate and gender, of course, into bilateral surveillance to help members secure a transformative recovery. These are also both areas in which the Fund could expect to collaborate—and I would emphasize the word “meaningfully,” as Managing Director said at the beginning—with the World Bank, if we are to get traction with the membership. These are both areas where the Independent Evaluation Office (IEO) found the collaboration was rather underwhelming in the context of the pilots launched in 2015. So, we would stress the importance of the forthcoming management implementation plan (MIP) on collaboration with the World Bank to ensure that we have internalized the lessons from the IEO evaluation as we take this forward.

Third, and last, we would like to see dedicated updates on the 1HR project anchored in the work program. This system is absolutely mission-critical, and the project is over budget and, unfortunately, off track. We need to learn the lessons from the Headquarter 1 project and tighten oversight here.

The Chair:

Let me just say that, when we had our latest GPA discussion, we looked into medium-term directions for the Fund. And at that time, I told the Board that I recognize that we have to do more of it, so I take Ms. Levonian's desire to have that vision. We will have to see how we go about it.

One lesson I learned in my many decades of international service is that there is sometimes a risk of going for the lowest possible denominator in these conversations, in which we want to satisfy everybody, and we end up with something that is called “strategy,” but it is not. So how we go about that, we will follow up. We will have meaningful engagement with the Board on that. And thanks for the recognition of staff.

Ms. Mannathoko:

We also want to thank management for the well-crafted and focused work program through April 2022. I just wanted to thank Managing Director for what I thought were very thoughtful introductory remarks this morning. We issued a detailed gray statement, in which we broadly agree with the proposed priorities, so I will just add a few points here.

While we welcome the ambitious agenda that has been set out, including continuing to ensure an appropriate lending toolkit and the resumption of surveillance activities and completing key policy reviews, but given the significant work pressures for the staff and the Board that Managing Director mentioned at the opening, like Ms. Shortino, we just wanted to note that maybe a clearer picture of how the workload will be spread out over the year, to April, could be derived. Perhaps even if we just do something simple, like taking table 1 and adding all those items in table 1 to the calendar at the end. The calendar only goes to August now, but that will give us a fuller picture of things.

On surveillance, we just wanted to underscore the importance of assigning more attention to spillovers in multilateral surveillance and bilateral surveillance advice, given the extent of interconnectedness and the sort of new external—potential external shocks. Like Mr. Bevilaqua, we would like that issues, such as rising inflation—and, we do not really know what will happen with interest rates. All these will be covered in the Chapters 1 of the flagships, World Economic Outlook (WEO), and Global Financial Stability Report (GFSR). We also support Ms. Lim in her call for a carefully planned approach to engaging country authorities on surveillance frameworks and toolkits relating to the Integrated Policy Framework (IPF), just to engender a better understanding of how country-specific contexts interplay with policies tools, such as capital flow measures (CFMs) and foreign exchange interventions (FXIs).

Finally, we are happy to hear Managing Director comments on plans for enterprise risk management. Also, we welcome the work on inclusion.

Just a few words on capacity development. We wanted to encourage a focus on tailoring this to country specifics, bearing in mind that now we have divergent recoveries and divergent scarring effects, and bearing this in mind when prioritizing CD engagement.

Also, on climate change, prioritizing CD on climate change, fintech, gov tech, big data, we think all of these will support the recovery efforts while equipping countries to deal with the evolution of the pandemic and the far-reaching implications of emerging trends. We wanted to reiterate our call for scaling up CD to LICs and countries in fragile contexts to help also improve traction and support the recovery. We look forward to the discussions coming up in the CD work stream.

The Chair:

I want to recognize Ms. Mannathoko and Mr. Bevilaqua for bringing up the issue of capacity development. I am sure it is on many people's minds, especially in this period of uncertainty and change. We take that very seriously, these comments very seriously. We will have to come back to the Board at some point and discuss how exactly we secure the resources necessary for capacity development.

Mr. Hilbers:

Let me start by congratulating Managing Director on an excellent work program that sets out an ambitious agenda for the time ahead. I also want to use this opportunity to recognize the hard and diligent work of the staff over the past year, which has been the backbone of the Fund's strong crisis response, with a special mention of the very relevant staff discussion note (SDN) on the global COVID response by Ms. Gopinath last month.

Given our comprehensive gray statement, let me add just a few specific points for emphasis.

First, I think the work program's unspoken red threat is the word "collaboration," be it on climate, debt, the financial sector, or any other area. There is a recognition that efficient collaboration with other actors, like the World Bank, the Financial Stability Board, and the Network for Greening the Financial System, will be absolutely essential to make progress on managing the challenges facing us.

Second, this chair strongly welcomes the increased focus on climate-related issues. In our view, the forthcoming climate strategy must be appropriately ambitious, both in scope and time, to ensure that the Fund continues to deliver on its mandates. Here, I would also want to echo the calls by Ms. Shortino and Mr. Buissé, to lead by example and discuss the Fund's own carbon footprint as well.

Third, on debt, we believe that the comprehensive agenda Managing Director proposes is commensurate to the challenge. Debt vulnerabilities have increased across the entire membership and require our attention. Given the importance of debt transparency, we see merit in Mr. Tanaka's suggestion to have the briefing on this topic at an earlier date.

Fourth, on the financial sector, let me assure Managing Director that we very much look forward to the discussion on a digital money strategy later this month. In addition, I want to stress the importance we attach to good governance in the financial sector and, in particular, to central bank independence.

Fifth, while we support the special attention we dedicate to low-income countries, we do agree with Mr. Moreno and others, that we should not lose middle-income countries out of sight. We, thus, welcome the country matters briefing on emerging markets.

Finally, on the outlook, we agree with Mr. Pösö, that a separate briefing on the Fund's analysis of the future path of inflation is warranted. When I speak with authorities from the emerging markets in my own constituency, they consistently raise the topic of inflation. This topic is not only discussed quite vividly by central banks and the wider academic community, but it is also of central importance to the evolution of global financial conditions and, therefore, to the Fund's policy advice.

The Chair:

I recognize that we have to respond to top-of-mind issues fast. And that last point Mr. Hilbers brought up, concerns about inflation are, indeed, quite prominent. In some emerging markets, they have already translated into necessary action by central banks and finance authorities. And I take Mr. Hilbers's request. We will come to the Board.

I just want to assure the Board that we spend a great deal of time in our surveillance meetings, in our policy discussions on this particular topic. So,

we are very watchful. I know Ms. Pazarbasioglu will respond positively to Mr. Hilbers's and Mr. Tanaka's suggestions.

Mr. Tanaka:

We appreciate Managing Director, Ms. Pazarbasioglu, and staff for the update on the work program based on the latest GPA and IMFC communiqué.

The Fund should keep the momentum for the next stage to a well-calibrated sequence of work programs with priority and synergy. It will be, indeed, a critical moment for the Fund in historical terms under the high uncertainty, widening divergence, and trade-offs. As we issued a comprehensive gray statement, I would like to offer the following points.

Firstly, the Fund should continue to make every effort toward the strategic integration of Fund functions among surveillance programs and CD to achieve a more sustainable, resilient, and inclusive recovery from the deeply scarred economy.

On the debt agenda, we have to precede Common Framework with update of the DSSI and CCRT and require vigilance to in any change in the financial market developments affecting the debt situation in many countries. To this end, we welcome the multi-pronged approach and debt data reconciliation in close cooperation with the World Bank and other MDBs. Together with debt sustainability on the fiscal policy front, we welcome the staff's emphasis on the importance of building a credible medium-term fiscal framework.

In terms of the long-term global needs for international liquidity, we express our strong support on the Managing Director's historic proposal on the general allocation of SDRs, and we welcome the Fund's efforts in formulating concrete measures for transparency and accountability. We also strongly support the staff's plan to discuss a voluntary post-allocation channeling, in parallel with the new allocation.

On the ESR, we welcome the staff's plan to improve the methodologies but would still urge the staff to review it from scratch, taking into account the income balance dominance where the exchange rate adjustment mechanisms are not necessarily relevant. We appreciate the Managing Director's leadership and the staff's efforts to integrate climate change into bilateral surveillance, with close collaboration with other international organizations. We should seek to strike the right balance

between mitigation and adaptation measures through the transition phase by the Fund's well-tailored policy advice without a one-size-fits-all approach.

Digital currency is certainly an existential matter and a core mandate for the Fund, in the sense of its possible negative impact on the international monetary system, if undesirable de facto standards are built by early movers. We encourage the staff to deepen the analysis on policy direction and take necessary actions, including the need for clarifying the consequential implications.

Last, but not least, on the discussion of the GRQ, recognizing the Fund as a quota-based institution, we would like to reemphasize the importance of borrowed resources and the necessity to incorporate such resources into its governance framework.

The Chair:

And, of course, I can see that the Sixteenth General Review of Quotas discussion is already active, and I welcome that very much. We do need to work together to a positive outcome.

Mr. Mouminah:

We broadly endorse the work program and its key priorities. We also continue to highly appreciate the management and staff's tireless efforts during the crisis, as other Directors have mentioned before.

As uncertainty remains high, 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.

To improve our impact, we agree with Ms. Shortino that in all cases of emerging issues, it is important to clarify how the Fund will add value, rather than duplicate the work with other—what is being done elsewhere. I take note that it is not cost-free, but it is optimizing the costs, rather than being costly. We would like to reiterate our remarks on some of the key topics as well.

On the flagship reports, we believe that these reports should regularly cover not only climate change mitigation but also adaptation-related issues.

On the SDR, a new general allocation of SDRs will greatly help to serve the membership's needs in this highly uncertain period. We also look

forward to the discussion on possible options on channeling, and we agree with Mr. Jin and Ms. Shortino's comments on this. We also see a strong case for broadening the participation to ensure a fair burden sharing.

On emerging issues, we strongly support the agenda of inclusion, as the pandemic has disproportionately impacted certain groups, including women and youth. We believe this has an immediate and certain impact, so it should be prioritized, in our view.

On climate, we agree with Ms. Shortino, that the upcoming discussion on the strategy for the Fund's engagement on climate change will be key in shaping the future role of the Fund, including with regard to the division of labor with other institutions, such as the World Bank. To give traction to the Fund's advice on climate issues in the broader membership, we continue to underline that the Fund should not focus on a specific policy advice, like carbon pricing or carbon border adjustment. Like Mr. Mohieldin, we consider that it is important for the Fund to work on climate to be carried, in accordance with the Paris Agreement, which enjoys a multilateral consensus.

On debt, I will be very brief, we need to step up our support to the implementation of the Common Framework, and I look forward for updates on this.

On CD, I agree with the comments that have been made by Mr. Bevilaqua, so I will not repeat them, and I welcome Managing Director's reaction to this.

On risk management, we look forward to the planned series of engagement on how to enhance the value that can be realized by the Fund from its own ERM program. And I would, again, welcome Managing Director comments on this and commitment.

The final point is on diversity. Like Mr. Tanaka, we consider that promoting diversity is essential to providing effective support to the member countries and enhancing its traction. In this context, we agree with Mr. Mohieldin that achieving the 2025 diversity benchmarks in underrepresented regions must remain at the forefront of the 2020-2021 Diversity and Inclusion Report.

The Chair:

A number of speakers touched on debt and the importance of this work. We just had, yesterday, a discussion on debt after COVID. So, we have the broader issue, what is going to happen globally, what is the trend with debt levels having gone up. We had the issue around how potentially changes in monetary policy could impact this issue, and then we have the very serious problem of unsustainable debt, the necessity for debt restructuring, and the huge importance the membership assigns to the Common Framework. And I want to thank all who have been engaged on that. So just to recognize, a number of chairs brought this up. And I want to respond by saying we are looking at that at multiple levels because the issue is, indeed, quite complex and diverse in different situations of countries.

Mr. Andrianarivelo:

We welcome the ambitious and focused work program. We will focus our intervention on some issues for emphasis.

The Fund has provided swift and strong support to members during the emergency phases of the pandemic. However, as emphasized during the briefing on sovereign debt yesterday, gross financing needs and sovereign debt are expected to increase further. Therefore, as a critical matter, Fund support should be reinforced, more flexible, and innovative during the recovery phase. Effective Fund support will require the closer integration of the Fund's analytical work on debt issues, as Managing Director stated, into these lending/capacity development policies and the elaboration of a consistent strategy.

A swift operationalization of the Common Framework is the key to address the debt situation of three countries that are on the list and those waiting to apply. And I thank Managing Director for the steps already made, but more should be done furthermore.

As many countries are seeking upper-credit tranche (UCT) quality arrangements to exit the crisis and achieve a more sustainable and inclusive recovery, moving forward, the reviews of the Fund's conditionality and program design on surcharges and on the debt limits policy are, in our view, justified by the need to adapt the toolkits—notably, the lending policy—to the current exceptional circumstances and members' needs. We also look forward to discussing the innovative vaccine pandemic financing options and

advancing the proposal to extend the temporary increase in access limits as early as possible.

Moving ahead with international taxation and tackling illicit flows would contribute to mobilizing domestic resources to meet the recovery and minimize divergence, pointed out in the last WEO. Therefore, this agenda should remain a priority for the Fund.

Finally, given the greater consideration accorded to many key issues and in the context of a new way of working, we see an urgent need to increase the Fund's structural budget to ensure that the institution meets the wider sets of priorities in an effective manner. We encourage Managing Director, management, to strengthen its talent acquisition efforts and fulfill vacant crisis positions, while advancing diversity.

The Chair:

Again, I recognize that there are teams that are cutting across. And I take that very positively, it shows that we have unity in the way we think about the work program. Mr. Andrianravelo brought up also the question of timeliness in reviewing conditionality and surcharges. This is a discussion of the membership that, indeed, needs to take place.

Mr. Mouminah and everybody who is really pressing on diversity, I want to say: help us. Please encourage candidates from underrepresented regions to apply for jobs and think of Directors as being part of our recruitment strategy.

Mr. Buissé:

Thanks to Managing Director for the excellent work program. Like many other Directors have emphasized, it is quite comprehensive, and it provides a very good medium-term view of our collective activities at a critical juncture, where we have to address the priorities of countries at very different stages of the pandemic and the recovery and very different vulnerabilities. The tricky part, of course, is to balance our short-term priorities with more long-term and emerging priorities. Overall, I fully support this work program, which finds the right balance. So many thanks to the SPR and the Secretary's Department team for this work.

On the collaboration with other institutions, in particular, with the World Bank, I can simply support Ms. Levonian 200 percent, and I can be brief—as is our gray statement, I must say—and emphasize three points.

First, I am very glad that the key priority is placed on our most vulnerable members, in particular, LICs and fragile and conflict-affected states (FCS). The work agenda is quite comprehensive. Expectations are high, given the size of the challenge. And we will need to have a very high degree of ambition on the concessional financing reform. But having looked at the issue carefully, I am doubtful we can afford the luxury of not looking into gold sales. So, let's have this issue on our work program. We know it takes time, and it is difficult; but, frankly, I do not think it is far more difficult than raising 2.3 billion of bilateral grants until October. To be frank, it is very difficult to explain why we would not and could not use some gold for this once-in-a-decade event.

Second, and more broadly, SDR-related issues will be a big agenda item for us all, and we will have to make sure that this allocation is a success for everyone. This means that, beyond the high figures, we have to find ways to channel SDRs to those that need it the most and for the right purpose.

In the follow-up to the Summit on the Financing of African Economies, my authorities placed—and we know it very well—a high degree of importance on these agenda items to make a substantial difference to help countries cope with their various challenges. There are many—vaccines, private sector development, climate, many others. Let's work over the summer to find the right vehicle to make a real difference for the right challenge with the appropriate financial engineering. It goes without saying that, in my mind, this is very much in line with what Mr. Jin said, in addition to the PRGT.

Third, in the context of a recovery that is uncertain and diverging across economies, we look forward to a continued focus on country-specific, tailored policy advice as part of the surveillance. I am, of course, very supportive of the work on climate and on inequality. I am very satisfied that the flagships will also help further these issues. And, of course, advising on the appropriate policy mix will be of paramount importance; as, let's be honest, we are, on the fiscal and monetary front, in uncharted territory. And it is very much the job of the Fund to provide a compass.

Finally, continued advice on phasing out a recalibration of support to facilitate factors reallocation continue to be key. And I encourage the staff to

continue to fine-tune their messages, as authorities continue to face complicated trade-offs, both in advanced, MICs, and LICs.

The Chair:

Mr. Buissé is the first person who brought up the issue of gold sales. We discussed it. Obviously, we will be guided by the membership. I can share that some of our colleagues here nodded, and some did not. So, we have to see where we can be on this before we engage in earnest the membership.

I recognize Ms. Mannathoko for adding her top five priorities. There has been quite a consistency in messaging around these priorities, so please keep doing that focused prioritization.

Mr. Bhalla:

We appreciate, commend, and congratulate the Managing Director and the staff for an ambitious and very well-crafted work program in the aftermath of the COVID crisis. We broadly agree with the key priorities outlined in the work program, as articulated in Managing Director's opening statement, and with a focus to achieve a durable exit from the crisis, minimize long-term scarring, and plan for a resilient and inclusive global economy. I would like to make just two brief specific points.

First, the flagship reports and the work program should focus on a forward-looking analysis to anticipate and explore the risk buildup in different markets, sectors, and geographies. For instance, the systemic risk buildup due to inflated housing prices in several jurisdictions may need a deeper assessment to understand how much of the rise is fueled by easy liquidity and relaxed regulatory norms, as believed by many, and how much is due to changed home requirements post the pandemic, as believed by some.

Some private surveys indicate that nearly 60 percent of the respondents in the United States mentioned that they would like to keep working remotely, after restrictions on businesses have been lifted. Worldwide, the same phenomena is being observed, both in advanced and emerging economies. There are also social reasons to cheer a more remote future, as it would mean less commuting time and, therefore, fewer emissions. The future needs more exploration in order to understand how much of the presumed excess housing demand is liquidity-driven and how much can be attributed to a structural shift in the demand for residential units, as people shift to remote working from home on a durable basis.

Second, on access to vaccines. The Fund has taken the lead in the slogan that “vaccine policy is economic policy.” Recognizing the importance of the argument, that no one is safe unless everyone is vaccinated, there is a need for a detailed exploration on the issue of the distribution of vaccines. In a recently held discussion of World Health Organization representatives with Executive Directors, it was surprising to hear that, at present, about 1.5 billion doses of vaccines are in excess with the advanced countries which, if distributed efficiently and equitably to the developing world, could help save lives and economies reeling under recurring lockdowns and loss of livelihoods. These numbers likely have some margin of error but need to be discussed. A more even and humane and global vaccine policy to set the path for a faster recovery of global trade and economic activity.

The Chair:

We do seek a contribution from the Fund on all issues of significance for the global economy. And, of course, how we get out of the health crisis is of paramount importance. We are also urging the efficient use of vaccines for the benefit of all. Everybody gains if we do so.

Mr. Pösö:

Thanks to Managing Director and the staff for the well-drafted work program that we broadly endorse. It is a heavy program, and I fully share Managing Director’s call to look after the well-being of our staff. Prioritization is key, and management and the Board bear an important responsibility in this respect. We have issued a gray statement, so I will only raise a few points for emphasis.

I will spare the Board from stating all the items that we agree on, as that list would be long. Let me just say that we especially appreciate the ambitious agendas related to debt and climate change issues, as these topics remain ever-important. Another key issue that we raised in our gray statement, and Mr. Hilbers mentioned, is the inflation outlook that currently plays an exceptionally important role. We appreciate Managing Director’s remarks on a separate briefing on the Fund’s analysis that will hopefully take place soon.

We would also encourage further work on trade. The Fund has a clear mandate on fostering an open global trade system. And, like Ms. Levonian, Mr. Mouminah, and Mr. Moreno in their gray statements, we call for increased analyses and discussions in the Board on this.

We take positive note of the staff's answer to technical questions, saying that the increased attention to strengthen the multilateral system could warrant developing a strategy for the Fund for the next five years.

Let me finish with some internal matters which also require our attention. While we appreciate the update on the next steps, following the audit of the Fund's enterprise risk management framework, we would have liked to see a more accelerated timeline, as mentioned also by Ms. Shortino today. I take note of Managing Director's encouraging opening remarks in this respect.

The Chair:

I also count on our very excellent IMFC Chair to help us steer all the actions that we are discussing today because to build up more multilateral cooperation means bringing not only the staff and the management of the Fund but the shareholders in full strength to achieve it. And we are so fortunate that we have Ms. Magdalena Andersson to be the Chair at this particular time, with her personal commitment to multilateral action.

Mr. Palotai:

We also thank you for the detailed work program and the staff's answers to our questions. We issued a gray statement, so I will be very brief, with just a few points to add.

Like Mr. Hilbers and Ms. Shortino, we welcome the focus on the debt agenda, which is at the core of the Fund's mandate. As pandemic-related expenditures brought public debt to historic heights, the Fund needs to have the right tool in place to monitor debt vulnerabilities and advise on policies supporting debt sustainability.

We note the work program's increasing analytical work and cross-cutting themes, which should not weaken the Fund's focus on its key activities, in particular, surveillance. The implementation of the envisaged three strategic priority areas would also result in significant institutional and organizational challenges and will need to be effectively managed. In this vein, we agree with Mr. Mozhin that, for accountability reasons, the Board needs to be involved in all strategic discussions from an early stage. We also support Ms. Levonian's suggestion to have a conversation on where the Fund is heading going forward.

Mr. Trabinski is also right in pointing out that the summary of resources required for meeting the Fund's envisaged priorities would help the Board to have a better overview of possible financing needs in the context of the ongoing budget discussions.

Finally, we would have expected to have a fixed date for a meeting on access levels and surcharges to discuss how we can address the increased cost of funding during these difficult times, where economies are still bearing scars from the pandemic.

Mr. von Kleist:

We reiterate our appreciation, as Managing Director has, for the IMF staff's outstanding and hard work during the crisis. We are grateful to be able to rely on the staff's excellence and dedication in dealing with these looking forward.

We welcome and broadly support the key priorities of the work program. We agree that the global outlook and, thus, future demands on the Fund and its work agenda are still marked by high uncertainty. At the same time, we support the ambition to increasingly resume planning for a year-long horizon. We have issued a comprehensive gray statement, so I will just emphasize three points.

First, regarding the flagship products, we strongly welcome the planned discussion topics, especially in the WEO and the GFSR, regarding inflation, something which may be a distant memory to market players in many countries. As Mr. Hilbers and others have also stressed, it is clearly very important for the Fund to weigh in here with its strong expertise and consider implications in its own work with all member countries. Climate change, with its implications for financial stability, is rightfully a focus topic. For the Fiscal Monitor, we find the planned focus on the credibility of public finances and on fiscal frameworks also very timely and relevant.

Second, regarding the budget discussion and the issue of a possible augmentation, the budget should be discussed and endorsed by the Board in its entirety to fully take into account trade-offs when discussing a possible budget augmentation.

Third, and echoing Ms. Shortino on the overall increase in risks driven by the pandemic and the Fund's unprecedented response, we encourage more

discussions on how to mitigate lending risks, including in the context of the 2021 Risk Report. So far, the thrust of many of the highlighted discussions seems mainly directed at addressing the risk of an inadequate lending response but less so at the risks from the Fund's growing lending portfolio.

The Chair:

I could not agree more that we have to recognize, at a time of higher uncertainty, attention to our fiscal position and our own standing is absolutely paramount. So, I take all of Mr. von Kleist's points, but especially the one that inaction and action both bear consequences.

Mr. Hosseini:

We thank management and the staff for the streamlined and focused work program for the remainder of fiscal year 2022, which is in line with the strategic direction laid out in the spring 2021 Global Policy Agenda and the IMFC communiqué. We also thank the staff for their responses to our questions. We have issued a detailed gray statement, so I will limit myself to a few points.

We agree that, in the period ahead, the key challenge for the Fund is to provide members with sound policy advice to safely unwind the temporary measures as a part of a calibrated exit strategy and to steer them toward a sustained recovery. Although there are strong signs of economic recovery in 2021 in most countries, the progress against the pandemic has been uneven. It is, therefore, prudent to remain vigilant, as the spread of more transmissible and deadly virus variants could undermine the global recovery. That said, we welcome the work program's priorities; however, we believe the work plan should also focus on addressing inequalities within and across countries widened by this crisis. One of the casualties of the pandemic was the progress achieved over the years by many low- and middle-income countries toward meeting their Sustainable Development Goals by 2030. The work plan should also address these concerns.

Regarding the delays in some medium-term policy reviews, I appreciate Managing Director's opening remarks and the explanation of Ms. Pazarbasioglu. And I think that the sensitivity of Directors on this issue was well understood.

Also, like Mr. Chodos and others, we request the scheduling of the Review of Access Limits and Surcharge Policies on priority in 2021, as these

policies are becoming increasingly important, as demand for UCT-quality programs is on the rise and Fund-supported reform programs have become pivotal to underpin the recovery and address the structural issues exacerbated by the crisis. However, the UCT facilities are very costly, and the surcharges have become burdensome for both middle-income and low-income countries, including blend countries.

Finally, the experience of the last year and a quarter has proven that, under Managing Director's leadership, the Fund is nimble, creative, and pragmatic enough to adapt to new situations and address new challenges. It is important that we make full use of the positive experience by applying them in the post-pandemic period, including streamlined work practices, focused Board agenda and documentation, use of lapse of time (LOT) for approval, and CD provision.

The Chair:

I appreciate Mr. Hosseini's wish for us to continue to prove that, in a fast-changing environment, we are able to anticipate, act early, and focus our resources appropriately. The credit goes to the staff for this and to us, as a Board.

Mr. Trabinski:

Many thanks to Managing Director and to the staff for this comprehensive and ambitious work program, which sets the right priorities for the Fund going forward. We have issued a gray statement, wherein, like Ms. Levonian, we praise the work program. Hence, I will make a few specific comments on the issues that warrant greater attention.

First, we strongly welcome and support the work on strengthening the sovereign debt restructuring framework and rolling out new tools to better assess debt sustainability and promote greater debt transparency. The Fund must play a crucial role in this work, and the work program puts an appropriate emphasis on it, also reflecting our previous discussions in this regard. We are very grateful to Managing Director for this.

Second, the increased demand for Fund resources, especially under emergency financing and from countries at risk of debt distress, calls for enhanced risk management. Like Ms. Shortino, Mr. Pösö, and Mr. Hilbers in their gray statements, we would have welcomed an earlier engagement of the Board on the management action plan, in response to the Office of Internal

Audit's enterprise risk management recommendations. Having said this, we welcome the elevation of the Office of Risk Management Director's position, and we are looking forward to working with her closely.

Third, while we see merit in the further engagement on the adjustment of the Fund's emergency financing toolkit to facilitate COVID vaccination programs, we would like to have more details on the specific role of the Fund, especially considering that other institutions may have a comparative advantage, including the necessary financing in this area. Therefore, as Mr. von Kleist, we consider that the budget needs to be presented and approved by the Board in its entirety. More specifically, we see the need for a transparent summary of all needed resources for the Fund to meet the priorities of the membership. And I think this feeds directly into Managing Director's and Ms. Pazarbasioglu's remarks on the work pressures. We are not shy of making important decisions, but we need to see an overall envelope and the budget structure because we can then think of possible trade-offs that are important to better inform the Board's discussion on this subject.

Finally, we consider efforts to promote a green, digital, and inclusive recovery to be essential for the Fund's response to emerging challenges. At the same time, we stress these efforts should not duplicate the work of other international financial institutions and should focus on the core mandate of the IMF.

To sum up, we thank Managing Director for this work program. We are looking forward to engaging closely with Managing Director and with the staff on its realization.

Mr. Lischinsky:

Thanks to Managing Director and the staff for the comprehensive buff statement on the work program, with which we broadly agree and support the key priorities. We have issued an extensive gray statement and will limit ourselves to the following comments for emphasis.

We support the proposal to pursue a sustainable, resilient, and inclusive global recovery and the planning for year-long activities. Uncertainty is still high, but there is increased access to vaccines. And we hope that the end of the pandemic is close. We encourage advanced economies to deliver more COVID vaccines to LICs and MICs.

The ability of the IMF to find solutions for the membership in times of need and uncertainties is valuable and well justified. The lending strategy should continue supporting the recovery needs of nationally determined contributions (NDCs), including MICs and LICs, while surveillance should concentrate on systemic countries and their spillovers. As other Directors, we request that the work program schedule a date for a meeting of the Review of Access Limits and Surcharge Policies.

Why are we also asking this meeting? Because there are a lot of reasons to do so, which were enumerated in our gray statement. I will only mention a few, such as a push at the Fund to shift emergency lending toward upper-credit-tranche-quality programs which, under the current pandemic situation and current access limits, are very costly for MICs and blend LICs. The Fourteenth General Review of Quotas, which has determined the current quotas at the Fund, disproportionately hit EMDCs; and 6 of the 11 chairs of EMDCs at the Fund saw a reduction in their relative quota share, mainly MICs.

These MICs which saw their quotas reduced and have debts with the Fund are currently paying more in lending income amid the pandemic, including mainly surcharges, which are really fiscal transferences. And these payments represent at least threefold the IMF's annual budget. And there are enough resources for capacity development there, Madam Chair.

But after paying for the annual budget of the Fund, lending income accumulates in precautionary accounts, whose funds are invested in bonds, equities, and real estate in advanced economies. It does not help the development and growth of the MICs and LICs who pay for these charges, but help to finance the governments and corporations of advanced economies, as we can see in the review of the investment account and trust assets investment strategy. That is why the arguments which, more than 20 years ago, have justified surcharges, have lost relevance with the pandemic and the recovery and should be discussed.

On SDRs, the proposal for a general SDR allocation is a very positive step forward to facilitate liquidity at the international level and to enhance resilience. For this reason, it is crucial to consider new mechanisms in which the new allocation of SDRs can benefit MICs and LICs in need and the possibility of creating a specific fund within the IMF for MICs which do not compete with the PRGT.

We support the IMF's work agenda of modernizing the workplace toward the medium term, while continuing to work to address climate change, digitalization, financial inclusion, gender, and income and wealth inequality. We support the continued work toward the Sixteenth General Review of Quotas and hope that this work will be concluded no later than mid-December 2023.

Mr. Moreno:

This is a very good work program. We also support the overall guidance strategy that Managing Director outlined at the beginning, of sustainability, resilience, and inclusive growth. We have issued a lengthy gray statement. Let me just focus on three things, where we have our main caveats.

First, on macroeconomic assessment, we cannot emphasize enough the need for country specificity and the need for staff to provide tailored advice, taking into consideration the different policy limitations of advanced and emerging economies. We highlight the importance of carefully monitoring monetary policy in advanced economies, international financial conditions, and its spillovers in emerging markets.

We said it yesterday in the meeting on debt. There might be an inconsistency between the IMF's advice on maintaining fiscal support until the recovery is in place and then having to adjust in an intense way when the recovery arrives, especially in emerging economies.

Our LATAM authorities have a more nuanced view on the need for continued fiscal support, and we would like to see that also in the staff's advice.

Ms. Pazarbasioglu mentioned new things. The global corporate minimum tax is already here, and we think that the Fund needs to have a supportive and clear view on it.

Second, on resilience and sustainability, we strongly welcome the planned work to address the long-term priority challenges of climate change and digitalization. Certainly, it goes in the direction of major changes that Managing Director signaled in the previous work program discussion. We miss, however, more detail on the future work on inclusiveness and inequality in its multiple dimensions, as we think that they are key to building a socially sustainable recovery.

Here, again, we reiterate that our policies need also to focus on the missing middle, their resilience and sustainability. It has been mentioned by many Directors and by Managing Director at the beginning, and we appreciate that acknowledgement. It has to be done in all our policies—lending, capacity development, and also on the recycling of SDRs. This is an issue—with alternatives, other than the PRGT, also for middle-income countries. This is something that has been highlighted at the beginning by the first three speakers and many others—Mr. Jin, Ms. Shortino, Mr. Bevilaqua. And we definitely support it and welcome the discussion on it.

Third, on lending policies, we welcome the discussion on the vaccine pandemic financing options. Like Mr. Bhalla, we need to keep on sending a strong message on an equitable worldwide vaccine distribution. We welcome what Managing Director issued a couple of weeks ago and the SDN by the Chief Economist. It is the time to be bold now because the vaccine shortage is precisely now, in 2021.

Also, on lending, we would call for an acceleration, really, of the discussion on the use of internal resources. We think that the alternative scenarios, other than grants and including gold sales, should not be delayed. This should be done in 2021. We understand, the concern of not discouraging grants; but, like Mr. Buissé, we think that the discussion is already here. Our authorities are asking for it. Much of the technical work is really already done. It is more of a political decision. And we think that there is a window of opportunity to exert an effective political pressure on the authorities.

Finally, just to support the discussion on the increase in the budget to build in-house expertise on macro-criticality and deal with the pressures on staff.

Mr. Huh:

Like other Directors, we welcome this work program and thank the staff for their tireless efforts in supporting the membership throughout the pandemic. I would like to briefly touch upon five issues, mostly picking up on the comments in other Directors' gray statements.

First, on lending, there are many elements to the Fund's lending toolkit. We remain open to the proposals that will support the membership, but there remains a loose thread that ties this work together in a broader organizational strategy to guide the staff and ensure evenhandedness, a point also made by Ms. Levonian.

Second, on the surveillance and the policy advice, policy advice to our members remains critical. We agree with Mr. Mozhin and Mr. Moreno that there is a need for the flagships to strike the right balance between a short-term recovery and the mid- to long-term challenges to overcome scarring. But policy advice is important for all members. We, therefore, are disappointed that the gradual resumption of bilateral surveillance is being rolled out unevenly and is not guided by the appropriate strategy. In this regard, like Ms. Lim, Ms. Shortino, and Mr. von Kleist, we would welcome the inclusion of an interim update on the IEO's evaluation of the emergency response to the pandemic.

Third, Fund support for the smallest and most fragile members. We, of course, welcome the forthcoming work on fragile and conflict-affected states and look forward to the discussion around the SDR allocation and reallocation. But, like Ms. Lim and Ms. Levonian, we must not lose sight of the unique challenges of small developing states and would urge the staff to continue thinking about how best to engage with this part of the membership. One particular area of relevance for our constituency is correspondent banking relationships.

Fourth, collaboration with other international organizations remains paramount for the more efficient use of constrained resources. We look forward to the MIP on Collaboration with the World Bank on Macrostructural Issues.

Lastly, let me say that, like Ms. Riach, Ms. Shortino, and other Directors, we welcome the inclusion of forward planning for policy reviews and hope this remains a feature in the future draft. Additionally, like many other Directors, we would like to echo Mr. Jin's suggestion to investigate the various possibilities of recycled SDR usage beyond the PRGT. We also echo Mr. Trabinski on the need of a detailed role of the Fund on vaccine cooperation.

Mr. Fanizza:

I would like to thank the staff and Managing Director, management, not only for the work, incredible work done during this period but also for all of their work in support of the Italian presidency of the G-20. Much appreciated. We think that the work program is fully consistent with the priorities of the presidency, so we have all our strong support.

We have issued a gray statement, and I will not repeat, not even for emphasis, anything which is written in there. I will try to add a few things that reflect observations from my colleagues.

The first one is that we share the strong interest expressed by several colleagues on the items scheduled on vaccine pandemic financing options. I think this is the key issue at this juncture. We need to step up—and we are doing that, I think; we are grateful for that—our efforts to make sure that vaccines become available for all the membership, for all our countries. We are seeing the benefits of vaccines in advanced countries, and that makes it clear that that is has to be a top priority. And I think we have a role to play there.

Second, we welcome very much Managing Director's remarks on the involvement of the Board in shaping the future of the work at the Fund under the new normal. I think we should do all the efforts to discuss in depth how we are going to deal with the new normal. And to that purpose, it would be very good that the committees, the Agenda and Procedures Committee (APC) and the Committee on Executive Board Administrative Matters (CAM), continue to coordinate as much as possible.

Third, I would say, we support—we agree with Ms. Levonian on the importance of the work on accounting issues in order to isolate the impact of the International Accounting Standard Nineteen/IAS 19 standards on the pension adjustments and eliminate the volatility on Fund's envisaged and path of accumulation of precautionary balances. We think this is quite important.

I would like to support Mr. Chodos on the review of excessive surcharge policies and another review that we think is important, the transparency policy.

Mr. Mozhin:

We thank Managing Director for a well-drafted work program and also commend the staff for all their efforts. We issued a comprehensive gray statement, wherein we made several suggestions to make the work program even more ambitious. Based on the written answers to our questions and suggestions, we hope that some of these suggestions can be at least partly accommodated in the revised version.

We also thank management and staff for presenting the policy review schedule and plans to gradually eliminate the regrettable and widespread

delays in the mandatory policy reviews at the Fund. This is a welcome step, aimed at maintaining good governance in the Fund, especially in a rapidly changing environment. We believe that all reviews in table 2 should have specific deadlines in the revised version of the work program.

It is also important to ensure a careful balance between formal and informal meetings in the Board's work. We know that some policy issues that are proposed for informal discussion are challenging to address and, therefore, may require more than one formal discussion to achieve a broadly shared compromise on how the Fund should proceed going forward. Here, again, we thank the staff for the detailed response and call for continued close engagement with the Board on those many complex topics.

We broadly welcome the main topics for the analytical work presented in the work program. We also welcome the staff's plans for a public launch of the structural reform database this year so that it will become widely available to the membership. Additional comments on this step would be appreciated.

We call for ambitious efforts to reach a compromise on the Sixteenth General Review of Quotas and would highlight the need for regular reviews on the adequacy of the Fund's resources. We look forward to the discussion on budget augmentation to enable the Fund to address the accumulated and new budget pressures, deliver on its mandate in the core areas of expertise, and support the rising workload on the new priorities. We believe that the work program is well-sequenced to address this issue. The Board will discuss the strategies to engage on climate, digitalization, fragile and conflict-affected states, and will be briefed on the new ways of working. The regrettable delays in policy reviews also highlight the need to agree on a budget augmentation.

Finally, like several other chairs, we note the call of some chairs to advance the review of surcharges and agree that this issue should be explored to address the existing concerns.

The Chair:

I recognize that Mr. Mohzin brought up the issue of formal versus informal meetings in previous discussions. We have to reflect on, what is it that we are aiming to achieve by creating some informality in some discussions and whether we are taking the right avenue. It is a relevant point for how we make decisions, and we are taking it to heart, recognizing this fine balance between advancing a commonality and understanding and having a formal marker by chairs on a particular topic. We will continue to wrestle with

this, together with the Board. This is not to say I disagree with Mr. Mohzin. It is just to say that it is not so straightforward to answer.

Ms. Lim:

Like other Directors, we would like to take this opportunity to thank Managing Director and management for their leadership in guiding the staff's outstanding work over the past year and on the comprehensive work program. I will just highlight a few points for emphasis.

First, the Fund's surveillance must continue to be tailored, kept up to date with the latest literature and country experiences, and tailored to members' specificities. Amid the sharp divergence in economic prospects, it is even more important for the Fund to provide policy advice built on pragmatism and a solid appreciation of country and regional contexts, as well as policy spill-backs and spillovers. In this regard, we particularly look forward to the discussions on the IPF, the Institutional View Review, and the EBA refinement.

Second, on lending policies and instruments, we appreciate the Fund's continued flexibility in adapting its lending toolkit to meet the new urgent needs of members during the pandemic. We look forward to learning more about the proposed emergency vaccine/pandemic financing option, especially on how it will play the role of a "further line of defense."

However, even as we focus on combatting the pandemic, we should not lose sight of the relatively slow-moving, but no less consequential impact of climate change, especially on our small island state members. We reiterate our call for the Fund to provide more customized assistance for them. We also encourage the timely implementation of the planned work on SDR allocation, as well as post-allocation rechanneling proposals to help different groups of vulnerable members.

Third, amongst the three priority areas, we place a particular emphasis on the Fund to play a thought leadership role in the sphere of digitalization and digital money. These issues are right at the core of the Fund's mandate, and the Fund needs to guide members to reap the maximum benefits, while mitigating associated risks and safeguarding international monetary stability.

Fourth, like many other Directors, we reiterate the need for an adequately resourced Fund at the center of the global financial safety net, especially given the immense uncertainties ahead. Accordingly, it is important

to have a clear timeline to ensure the conclusion of the Sixteenth General Review of Quotas and related governance reforms by end-2023. This will be critical for the Fund to continue to play its role effectively while also maintaining its legitimacy and reputation.

Lastly, echoing Ms. Levonian in her gray statement and intervention, and also as proposed by this chair previously, we call for management to articulate an overarching, multi-year strategic plan for the Fund. This will go a long way in ensuring the Fund stays laser-focused on its strategic objectives and helping to guide decisions and enhancements on governance, such as budget augmentation and enterprise risk management.

Mr. Mohieldin:

Many thanks to the staff for their hard efforts and the fruitful gains from such hard efforts that they have been putting in. I listened carefully to Managing Director's introductory remarks, as well as to her many responses to Directors today, so I will be very brief.

I will start by just putting an emphasis on what was raised in some of the gray statements and the interventions, including by Mr. Chodos, in asking for a meeting on the Review of Access Limits and Surcharge Policies. That was repeated by many Directors today.

I also support Mr. Mozhin's call for a better balance between formal/informal Board meetings. And I took note as well of Managing Director's response on that important issue.

I support the issues raised on matters related to diversity and inclusion, as put in a very articulate way by Mr. Tanaka and Mr. Mouminah, and issues related to digitalization. Cryptos cannot really be more emphasized in the context of fast digitalization, as we saw.

Three quick points that were reflected in my gray statement.

The first one is about the middle-income countries. I would like to take this opportunity to thank the staff from the Finance Department, SPR, and the Legal Department, as well as the many Directors who have been engaged in very important discussions about the possibility of establishing a trust fund to complement the excellent work of the PRGT. One day, I hope we will have good discussion about that. We see the demand. We see the potential for matching this demand with a decent supply. And I think it will be very much

reflecting what we have heard been mentioned several times today, emphasis on resilience and inclusiveness and sustainability.

Talking about middle-income countries—and this is a question to the staff. I know that the Common Framework is still in its early days, but I wonder if it could be extended to meet the demands for some of the middle-income countries. I know that only three applicants so far were struggling to see that operationalized, but perhaps including middle-income countries could be useful down the road.

There is an area that I see around the world—not necessarily at the Fund but around the world—an area of tension between climate, SDGs, and ESG. That should not really be there. We need really to see the alignment between these different angles of work. And I share the Managing Director's comment on the historical step that was taken in the G-7 for the mandatory disclosure on climate. This is a great opportunity. And we need to build on that, and we need to build on that in pushing the rest of the agenda further.

My final point is on the flagship reports and knowledge products. Very useful, especially for the engagement with policymakers in different areas. I would encourage the staff to look at the tax reforms, the international global tax system or global tax system is going to be challenged, revised with hopefully positive implications in the future on tax cooperation, especially with that initiative in the G-7. We need to know the implications for emerging market and developing economies, on the tax base, and investment going forward.

The Chair:

Mr. Mohieldin mentioned the agreement on mandatory disclosure. It was one that hopefully will move forward in other fora. It was an achievement of the G-7 finance ministers meeting. And we are now just about to step into the G-7 leaders meeting.

Mr. Ronicle:

Let me extend my authorities' sincerest thanks to Managing Director and to IMF staff for their engagement with and participation in what we thought was a very successful meeting. We hope that positive momentum will continue into this weekend's leaders' summit. I am sure it will.

Turning to the matter at hand. Overall, we were very happy with the document. We issued a detailed gray statement; this morning, let me just underscore a few key messages from this chair.

Our first priority is, undoubtedly, to secure a safe exit from the crisis, in which the Fund has a critical role to play. Recalibrating policy as we exit the crisis is going to be a severe test of our policy frameworks and policymaking, something IMF surveillance needs to grapple with. The staff are doing important work here; for example, yesterday's briefing on debt and the upcoming one on monetary and fiscal coordination, not to mention the resumption of bilateral surveillance. But, like a number of other Directors, I would have expected this to be more prominent in the work program. And in the absence of a low-income developing countries (LIDC) report, we hope that low-income countries will receive more coverage in the flagships.

Turning to lending, I want to welcome the ambitious range of initiatives we have in train. The SDR allocation is a huge opportunity for the membership, providing much-needed liquidity and potentially reinforced by voluntary channeling. We would see scaling up the PRGT as the first priority here, alongside the concessional financing review. We agree with Mr. Buissé, that the technical work to mobilize internal resources needs to get underway. But, as Mr. Jin said at the outset, there are limits to what can be done with the PRGT, so we also support the exploring efforts to channel SDRs to finance vaccines and a greener recovery.

Once the pandemic is securely exited, this chair could not agree more on need for a transformational recovery. We cannot go back to the old, unsustainable, and inequitable forms of growth, and the work to achieve that needs to begin now. November's UN Climate Change Conference of the Parties (COP26) will be a vital part of achieving that, as countries adopt more ambitious nationally determined contributions. The mainstreaming of climate in IMF surveillance is an important milestone, symbolic of the renewed seriousness of the membership in tackling climate change. We strongly welcome the climate focus of the flagships, which look like they will add real value to the debate. We hope that the Early Warning Exercise will have a climate focus to reinforce the urgency of the need for action ahead of COP26.

On digital money, we are very happy to see that the Board will discuss the implications for the international monetary system. This is exactly the area where the Fund should focus its efforts, in this topic.

Let me say that we look forward to an ambitious review of the Fund's engagement with fragile states. It is absolutely right that we review our support to our most vulnerable members in these most challenging times.

As I said at the outset, there is much to commend in this work program. We look forward to engaging Managing Director with it over the coming months.

The Chair:

It was, indeed, a very productive G-7 finance meeting, so I want to recognize the U.K. authorities for all the work they have done to bring focus on very, very significant issues, some of which have been lingering for a long time, but to also recognize the other G-7 countries and the other international organizations involved for the impact of the meeting.

And I want to thank Mr. Fanizza and his authorities for all the work that is being done from the G-20, for the opportunity that they give the Fund to contribute in their very important efforts at a very critical time.

I want to recognize that Mr. Jin sent a line saying that the review on surcharges may be appropriate.

The Director of the Strategy, Policy, and Review Department (Ms. Pazarbasioglu):

Many thanks for the comments and the issues that Directors have raised. I will take three areas, and then I will ask my colleague Mr. Mathisen to talk about two other issues.

I will talk about debt, inflation, as well as the SDR channeling. Some Directors raised issues in terms of what options could be utilized. We have an informal Board meeting that is planned, and we will continue to reach out to Directors' offices to discuss the options. We are also using the G-7, G-20, and other platforms to understand, what are the priorities of the membership. And I would like to thank all Directors for the time they gave us with their authorities, to better understand, what would be the most impactful way of channeling the SDRs. So, there will be a lot of consultation on this issue going forward.

On debt, the update on the DSSI and the Common Framework is scheduled for September, to ensure that the Board is briefed ahead of the Annual Meetings, as well as the G-20 meetings. As we know, both of these

initiatives are under the G-20 presidency. It started during the Saudi presidency and has been continued by the Italian presidency. So, we will update the Board.

We have the data on the implementation of the extension for the first half of 2021. This is being collected at this point, and limited information is yet available. So, it will timely brief the Board in September with the relevant data collected and information on participation for the final extension.

The initial Common Framework cases are currently very intensive. Just this morning, there was a creditor coordination meeting on Chad. We have been working very hard on this, with our debt policy staff in SPR, as well as with African Department colleagues. So, we will update the Board as there is progress. But I would like to reassure the Board that the staff are really working very hard on making these cases successful.

We will also follow up on the implications for emerging markets, on debt issues. This is scheduled for September. We had a very good discussion yesterday, and we will follow up in September, also taking into account the implications of the inflation outlook and a potential tightening of financial conditions for emerging market countries.

On debt transparency, substantial work by the Fund and the Bank. This is in progress and will be reported in the next update on the multi-pronged approach. The Board briefing scheduled will provide an update on the new work on this topic, which is currently at an early stage. This work aims to provide an overview of key debt transparency issues and problems. Second, an analysis of the factors underlying these transparency gaps. Third, an exploration of reform options grounded in debt analyses, including options not restricted to Fund policy. And it is often the case that the Fund collaborates on debt issues, such as with the World Bank, Bank for International Settlements (BIS), and Organisation for Economic Co-operation and Development (OECD); and, of course, working with many other colleagues. And we look forward to the Board's feedback, including on issues like enforcement mechanisms, legal options, to make sure that there is compliance with transparency.

On debt data reconciliation, the proposal made to the G-20 did not gain consensus, as we know, but this is really recommended practice for debtors. And we are doing technical assistance, capacity building in this context, and are regularly working with creditors to ensure the accuracy of their debt data to promote debt transparency. This is, of course, one of the key

priority reforms that we will be pursuing in the context of our debt transparency work and the debt provision to the Fund. So, I think we need to also think about transparency policy in terms of, what is reported to us and what is reported publicly. And we are working on both of these aspects.

Last, but not least, on the inflation outlook, the WEO will build on the discussion from the April Chapter 1 to examine drivers of inflation in advanced economies and emerging markets, coming out of the pandemic, including pressures from supply bottlenecks, sensitivity of prices to changes, and inflation expectations. Chapter 1 of the GFSR will cover extensively the inflation outlook and attendant risks through the lenses of financial markets, both in advanced economies and emerging markets. And, as I mentioned, our September Board meeting on emerging markets will really take this focus into account. We do have ongoing work, as the Managing Director mentioned, in terms of the vulnerability exercise, contingency planning, and so on.

The staff representative from the Strategy, Policy, and Review Department (Mr. Mathisen):

I will be very brief. There were some questions and calls for setting a fixed date for a meeting on access levels and surcharges. In this regard, and as foreshadowed during the discussions on the Fund's income position, staff will be reaching out to Executive Directors with the aim, indeed, to schedule a briefing as soon as possible. And, of course, any changes to the Fund's surcharge policy will require a broad consensus among the membership.

There was also a question on the timing of the plans for a public launch of the structural reform database to become widely available to the membership. The staff, we agree, of course, on the importance of examining the role of structural reforms, especially in the context of the post-pandemic economic recovery. As noted, we are, indeed, planning this launch this year of this database. The data set is already fully available to mission teams internally. We expect, by the end of this summer, to have validated data, incorporating any feedback from country teams. In terms of specific timing, this means that we will be ready for launch by end-fall or winter.

The Chair:

I want to also recognize the hard work that has been done by the team, people who have not spoken right now, like Ms. Kostial and Ms. Corbacho, but who have been absolutely critical for us to have this really very constructive and very positive discussion on the work program. It is one of the

meetings that I always enjoy when we crystallize our sense of priorities. And it came quite clearly in the discussion today, that we have a fairly strong alignment between Board, management, and our staff. I want to reassure the Board that we listened carefully to their comments. We will try our best to come up with a revised work program, as much incorporating what Directors have suggested as possible.

Beyond the work program itself, I want to thank the Board for the very clear views around how we take these very significant actions, like the new SDR allocation, to the fullest and see how they work for the membership. It is very useful to know that Directors recognize PRGT's No. 1 priority is there, and low-income countries need us the most. We started from this point with the very first speakers. But the PRGT can only take that much of on-lending capacity. Also, there are other priorities that we can address that are so clearly coming out of the discussion we had today.

Directors' emphasis on some key top-of-mind issues, like inflation, like the direction of monetary policy, the concentration on recognizing that debt is something we all have to be very serious about, to make sure that we manage it down in the years ahead. And in some countries, this is a much more comprehensive exercise, especially when it involves the need for some debt restructuring.

I want to finish with thanks for Directors' support for the staff. The best way to express our thanks is to make sure we set priorities and we do not overburden our people. As much as we can spare them, we should.

So, we will come back to the Board, as it is the practice, with the revised work program. Unless there is an objection, we will publish the revised work program statement.

The Chair adjourned the discussion.

ANNEX

- Managing Director's Statement
- Gray Statements
- Staff Responses to Executive Directors' Technical Questions
- Constituency Codes

**Statement by the Managing Director
on the Work Program of the Executive Board
Executive Board Meeting
June 10, 2021**

An unprecedented policy response and rapid progress in vaccinations have helped pull the global economy from a deep recession, but the outlook is marked by high uncertainty and great divergence. Against this background, the Fund continues its efforts to achieve a durable exit from the crisis, minimize long-term scarring, and build a more sustainable, resilient, and inclusive global economy. In line with the strategic directions laid out in the Spring 2021 [Global Policy Agenda](#) and the International Monetary and Financial Committee (IMFC) [Communiqué](#), this Work Program puts forward a prioritized Board agenda focused on activities of most critical importance to our members.

To gradually resume planning for a year-long horizon, this Work Program covers the remainder of FY2022.¹ It aims to provide timely macroeconomic and financial updates and policy advice on crisis response as well as advance priority areas for a resilient recovery. At the same time, the Fund's core work on country operations continues, including responding to program requests, continuing focused Article IV consultations, and delivering capacity development (CD). The Work Program also includes Board engagement on a possible budget augmentation so that the Fund can be well-equipped to serve its membership in areas of continued and increasing importance. Staff and management will continue to work closely with the Board on prioritization and streamlining practices, including considering greater use of lapse-of-time procedures when criteria are met, and exploring innovative, efficiency-enhancing modes of Board engagement.

Key Priorities of the Work Program

A. Securing a Safe Exit from the Crisis

With the pandemic still creating considerable challenges for the membership, the Fund will continue to provide policy, financial, and capacity building support. The Fall flagship reports will be discussed ahead of the Annual Meetings. The **[World Economic Outlook \(WEO\)](#)** will discuss 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. The **[Global Financial Stability Report \(GFSR\)](#)** will focus on the challenges faced by emerging and frontier market economies as they emerge from the pandemic. A chapter on climate change will assess risks and provide a conceptual framework on how the transition to a low-carbon economy could affect the investment fund sector and financial stability, as well as discuss the rise of sustainable finance. As the

¹ In light of the uncertainties ahead arising from the pandemic and its consequences, the Work Program will be adjusted from time to time to introduce relevant topics of a strategic, thematic, and/or cross-cutting nature that are closely-related to the crisis and its resolution.

pandemic will leave countries with historically high levels of public debt, the Fall ***Fiscal Monitor (FM)*** will ask how countries can reinforce the credibility of public finances and outline considerations on how to revise fiscal objectives and reform fiscal frameworks. The ***World Economic and Market Developments Updates*** will continue to provide interim information. As usual, the Fund will also provide multilaterally consistent assessments of external positions for the full membership, including through the ***External Sector Report (ESR)***, and will brief the Board on ***External Sector Developments and Assessments for the Wider Membership (ESA-WM)***, focusing on the impact of COVID-19. On macro risk work, the Board will continue to be engaged on the ***Early Warning Exercise*** in October and April.

Regional briefings will provide further in-depth analyses and tailored policy recommendations for each region, while ***Briefings on Country Matters*** will present in-depth analyses of common challenges for specific groups of countries or select countries where Board engagement has been limited or delayed. In light of the specific challenges facing emerging market economies, particularly in the context of a potentially divergent recovery, ***Emerging Markets: Landscape, Prospects and Risks*** will inform the Board on developments, prospects, and risks in emerging and frontier markets.

The Board will discuss a ***Proposal for a General Allocation of Special Drawing Rights (SDRs)*** to help meet a long-term global need to supplement existing reserve assets in a transparent manner, followed by a draft report to the Board of Governors; the allocation will come into effect after the Board of Governors' vote. The Board will also discuss preliminary options for a ***Voluntary Post-Allocation Channeling of SDRs***.

On lending policies, the Board will be engaged on ***Vaccine/Pandemic Financing Options***. The Board will discuss ***Temporary Modifications to Access Limits Under the Large Natural Disaster Window for the Rapid Credit Facility and Rapid Financing Instrument***, which proposes temporary increases in access limits of the RFI/RCF large natural disaster windows through end-2021 to align them with the other temporary changes in access limits under the emergency financing instruments. The Board will also discuss ***Review of Temporary Access Limit Increases***, on the temporary increase in PRGT and GRA annual access limits and access limits under the RCF and RFI, before the temporary increases expire at end-2021. The ***Review of the Lending into Arrears Policies*** will take stock of its application, including the good faith criterion, discuss the Fund's role in pre-default restructurings, and review the official/private perimeter. To ensure adequate support to low-income countries, the Board is expected to conclude the ***Review of Concessional Financing and Policies***.

On the debt agenda, the Board will consider ***Catastrophe Containment and Relief Trust (CCRT)—Fourth Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic*** if additional grants are secured. The Board will also receive updates on the ***Debt Service Suspension Initiative (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***.

Finally, the Board will discuss *Issues in Restructuring of Sovereign Domestic Debt* and receive briefs on *A New Debt Sustainability Tool Based on the IMF'S Sovereign Risk and Debt Sustainability Framework* and on *Debt Transparency*.

Following the recent conclusion of the Comprehensive Surveillance Review (CSR) and the Financial Stability Assessment Program (FSAP) Review, work on enhancing the Fund's surveillance framework will continue through the *Review of Data Provision to the Fund for Surveillance Purposes*. In addition, the Board will be kept abreast on the implementation of the CSR and FSAP review recommendations, with updates provided in the context of future semiannual Work Program discussions. The *Tenth Review of the IMF's Data Standards Initiatives* will further promote data transparency as a global public good. The Board will also review the *Institutional View on Liberalization and Management of Capital Flows* informed by the work on the Integrated Policy Framework and the Independent Evaluation Office (IEO)'s evaluation of the Fund's advice on capital flows.

As part of the implementation of the CD Strategy, the Board will be briefed on *CD Evaluations and Impact*, including results from evaluations, results-based management, and other assessments. The Board will be updated on the review of the *CD Information Dissemination Framework*, which covers the sharing of CD information with various stakeholders, including the Executive Board, financing partners, and the public. Also scheduled is the annual informal engagement on *Capacity Development Priorities for FY23-25*.

B. Facilitating a Transformational Recovery

In line with the Fund's efforts to support a green, digital, and inclusive global recovery, the period ahead envisages work on developing strategies for three priority areas.

Climate. The overarching *Strategy for IMF Engagement on Climate Change Issues* will explain why, when, and how the Fund should be engaged in climate change issues, including collaboration with stakeholders. Follow up work will cover the *Integration of Climate Change in the Public Investment Management Assessment Framework*, the *Review of Climate Change Policy Assessment Pilots*, and *Financial Stability Implications of Climate Risk*. A *New G-20 Data Gaps Green Initiative (DGI Green)* is also expected to kick-off in 2022.

Digitalization. The *Digital Money Strategy* will lay out the IMF's operational work, including a review of activities, partnerships, and resource implications. The *International Monetary System and Digital Money* will lay out the Fund's work agenda on the potential implications of the widespread adoption of digital money for the smooth functioning of the international monetary system. The Board will also be briefed on the *Analytical Framework for Central Bank Digital Currency*. A series of Staff Discussion Notes (SDNs) will cover digital data frameworks, artificial intelligence in finance, and women and fintech.

Inclusion. Following an initial *Briefing on Fund's Engagement on Inclusion: Inequality, Gender, and Social Spending* to update the Board on work to date, the forthcoming agenda, and options for

further engagement, the Board will be briefed on a ***Gender Strategy***. Building on work following the 2018 IEO report, a strategy for ***Enhancing the Fund's Engagement in Fragile and Conflict-Affected States*** will provide an operating framework and priority actions for the next three years.

This Work Program will resume discussions on the ***Periodic Monitoring Report***, and present the ***MIPs*** on ***Long-standing Open Actions*** and ***Bank-Fund Collaboration***. There will be two additional IEO evaluations—***Adjustment and Growth in IMF-Supported Programs*** and ***IMF's Engagement with Small States***—and the respective MIPs are expected within six months from the Board discussions.

C. Bolstering Fund Resources and Advancing Governance Reform

Work on the ***Sixteenth General Review of Quotas*** has started with a briefing on key issues at the end of last year and informal engagements on the adequacy of Fund resources and on quota formula and realignment of shares. The Committee of the Whole will convene twice this year for initial considerations on the adequacy of Fund resources, and formula and realignment. The outcome of these discussions will inform the first semi-annual progress report to the Board of Governors by the Annual Meetings, and the work ahead of the second report, by the 2022 Spring Meetings, with a view to concluding the 16th Review by no later than mid-December 2023.

Staff will keep the demand for Fund resources under close review, including by briefing the Board as warranted, and continue to assess the need for a possible activation of the New Arrangements to Borrow (NAB) in the period ahead.

D. Modernizing the Workplace

To ensure that the IMF has the resources and skillset needed to respond to current and future challenges, the Board will be engaged on the possibility of a ***Proposed Budget Augmentation*** to consider resources for new areas of priority work based on the strategies discussed above. This will be complemented by regular Board engagement on the ***FY2023-FY2025 Medium-Term Budget*** and income discussions. In addition, the Board will discuss the ***Review of the Investment Account and Trust Assets: Initial Considerations***.

To enhance operational efficiency and streamline work processes, the Board will continue to be briefed on information security and the ***Modernization Projects***. The Board will regularly discuss human resource issues, including in the context of the ***2022 Review of Staff Compensation, Staff Recruitment and Retention Experience for CY2021***, and the ***2020-2021 Diversity & Inclusion Report***. As the Fund considers and adapts to new ways of working, the Board will receive a briefing on ***Roadmap to the Future of Work at the Fund***, and updates on preparations for HQ resumption as needed.

Policy Review Schedule

This Work Program includes a medium-term schedule on the main policy reviews that is tentative given continued elevated uncertainty (Table 2). As crisis-related intense work pressures gradually dissipate, work on these important reviews will resume.

A stream of surveillance policy reviews will follow the conclusion of the CSR and the FSAP review: Data Provision (included in this Work Program), Transparency Policy (in tandem with the Communications Strategy, Fall 2022), Governance (end-2022), and Excessive Delays in Article IV (Fall 2023).

On lending, the review of the Flexible Credit Line and Precautionary and Liquidity Line will tentatively take place by end-2022. The schedule on the reviews of Misreporting Policies and Access Limits and Surcharge Policies is yet to be determined.

There is also a set of upcoming reviews on Fund finances: Investment Account and Trust Assets (by March 2022), Method of Valuation of the SDR (May 2022), Safeguards Assessments (May 2022), and Overdue Financial Obligations (July 2022).

Response to Risks

The 2020 Risk Report noted an overall increase in the enterprise risk profile, driven by the pandemic and the Fund's need to respond to the crisis. While the Fund's response provided important help to members and has mitigated strategic and reputational risks for the Fund, key risks remain related to program portfolio, resources and Fund finances, surveillance, human capital, budget, and information security. Emerging risks that will need particular attention relate to member engagement in surveillance, lending, and CD under remote work, third parties/vendors, operational resilience, and implementation of the modernization projects. The 2021 Spring Board Work Program presents opportunities for mitigating these risks including:

- Risk mitigation will be informed by the *Review of the IMF's Lending into Arrears Policies*, and initiatives related to debt sustainability, restructuring, and transparency.
- The Board will continue to review the risks to the adequacy of Fund resources through updates on the demand for Fund resources and the discussion of the *Sixteenth General Review of Quotas*. The adequacy of concessional financing will be informed by the discussion of the *Review of Concessional Financing and Policies*.
- Surveillance, CD, and lending to the most vulnerable parts of the membership would be informed by the work on the *Enhancing the Fund's Engagement in Fragile and Conflict-Affected States*. Work on inequality, gender, and climate issues will address surveillance risks and ensure Fund's responsiveness to evolving member needs.
- The discussions of the *Proposed Budget Augmentation* and the *FY2023-FY2025 Medium-Term Budget* will be important opportunities to consider whether the budget resources are adequately supporting the Fund's strategic priorities. Briefings on information security and the modernization projects will help focus on risk mitigation in these areas.

Efforts have also progressed to articulate more clearly the institutional risk implications of policy proposals ex ante for selected policy papers and lending decisions. Additional work would be required to fully assess overall risks and implications.

At the request of Management, in response to the OIA ERM audit, and being informed by industry standards and best practices, ORM have begun development of a management action plan by end-October 2021, to be presented to the Executive Board in November 2021 to address the OIA ERM recommendations. The immediate priorities will be to draft an ERM Policy and ORM mandate (with Board engagement); establish a common risk taxonomy and risk measurement scales; draft Fund Risk Committee (FRC) Terms of Reference, including FRC oversight of risk responses; establish process to revisit institutional Risk Acceptance levels; expand enterprise risk management training for staff; and develop an ERM communication plan. Management has already moved to elevate the position of the Head of ORM to be on par with other Heads of Departments, with the appointment of the new Director of ORM. Additional resources have also been programmed for ORM in FY 2022 while the new ORM Director undertakes a detailed assessment of the resource needs of the function.

Several engagements with the Board are planned in the next months to provide an opportunity for the Executive Directors to provide inputs on the ERM roadmap and plans to strengthen risk management at the Fund, including in response to the OIA audit.

Table 1. Spring 2021 Board Work Program Main Items (Mid-June 2021 to April 2022)

Title	Department	Format	Media	Schedule
Multilateral surveillance				
World Economic and Market Developments Update	MCM/RES	Inf. to Brief	Board Paper	Jul 2021
		Inf. to Brief	Board Paper	Jan 2022
World Economic Outlook / Global Financial Stability Report / Fiscal Monitor	FAD/MCM/RES	Formal	Board Paper	Sep 2021
		Formal	Board Paper	Apr 2022
2021 External Sector Report	RES	Formal	Board Paper	Jul 2021
External Sector Developments and Assessments for the Wider Membership during COVID-19	SPR	Inf. to Brief	Presentation	Jul 2021
Early Warning Exercise	Taskforce	Inf. to Engage	Presentation	Oct 2021
		Inf. to Engage	Presentation	Apr 2022
Regional Briefings	Area Depts.	Inf. to Brief	Presentation	Oct 2021
	Area Depts.	Inf. to Brief	Presentation	Apr 2022
Briefings on Country Matters	EUR	Inf. to Brief	Presentation	Jul 2021
	Area Depts.	Inf. to Brief	Presentation	Jan/Feb 2022
Briefing on Emerging Markets: Landscape, Prospects and Risks	SPR	Inf. to Brief	Presentation	Sep 2021
Analytical Work				
Effective Monetary-Fiscal Coordination	FAD/MCM/SPR	Inf. to Brief	Presentation	Jul 2021
Financial Sector Regulatory Policies During the COVID Crisis	MCM	Inf. to Brief	Presentation	Oct 2021
Interplay between Capital Flows, CFMs and Crises	MCM/RES	Inf. to Brief	Presentation	Nov 2021
SDN: Considerations for a Global Approach to Digital Data Frameworks	LEG/MCM/SPR/STA	For Information*	Presentation	Aug 2021
SDN: Powering the Digital Economy: Opportunities and Risks of Artificial Intelligence in Finance	ITD/MCM	For Information*	Presentation	Aug 2021
SDN: Women and Fintech	MCM	For Information*	Presentation	Nov 2021
Global cooperation and standard setting				
G20 Surveillance Note	RES	For Information	G20 Note	Jul 2021
International Corporate Taxation—Update	FAD/LEG	Inf. to Brief	Presentation	TBD
IMF/WB G20 Presentation on the Second Self-assessment under the G20 Operational Guidelines for Sustainable Financing	SPR	For Information	Presentation	Sep 2021
G20 Data Gaps Initiative (DGI-2) Progress Report—Countdown to 2021	STA	For Information	Board Paper	Sep 2021
G20 Report on Strong, Sustainable, Balanced, and Inclusive Growth	RES	For Information	G20 Note	Oct 2021
Tenth Review of the IMF's Data Standards Initiatives	STA	Formal	Board Paper	Feb 2022
Final G20 Data Gaps Initiative (DGI-2) Report	STA	For Information	Board Paper	Mar 2022
New Data Gaps Green Initiative (DGI Green)	STA	For Information	Board Paper	Mar 2022

* Staff Discussion Notes are circulated to the Board for information, but briefings/seminars can be scheduled upon request from Directors.

Table 1. Spring 2021 Board Work Program Main Items (Mid-June 2021 to April 2022)
(continued)

Title	Department	Format	Media	Schedule
Fund policies				
Cross-cutting themes				
Climate				
International Carbon Price Floor and Border Carbon Adjustment	FAD/SPR	Inf. to Brief	Presentation/ Board Paper	Jun 2021
Strategy for IMF Engagement on Climate Change Issues	SPR	Formal	Board Paper	Jul 2021
Integrating Climate Change in the Public Investment Management Assessment Framework	FAD	For Information	Board Paper	Dec 2021
Review of Climate Change Policy Assessment Pilots	FAD/SPR	Formal	Board Paper	Jan 2022
Assessing the Financial Stability Implications of Climate Risk	MCM	Inf. to Brief	TBD	Mar 2022
Digitalization				
Digital Money Strategy	ITD/LEG/MCM/R ES/SPR	Formal	Board Paper	Jul 2021
Developing an Analytical Framework for Central Bank Digital Currency	LEG/MCM	Inf. to Brief	Board Paper	2021 Q4
International Monetary System and Digital Money	SPR	Inf. to Brief	Presentation	Mar/Apr 2022
Inclusion				
Enhancing the Fund's Engagement in Fragile and Conflict-Affected States	AFR/FAD/FIN/M CD/RES/SPR	Inf. to Engage Formal	Presentation Board Paper	Jul 2021 Dec 2021
Briefing on Fund's Engagement on Inclusion: Inequality, Gender, and Social Spending	SPR	Inf. to Engage	Presentation	Jul 2021
Gender Strategy	OMD/SPR	TBD	Board Paper	Apr 2022
Surveillance policies				
Review of the Institutional View on the Liberalization and Management of Capital Flows	LEG/MCM/RES/ SPR	Inf. to Engage Formal	Presentation Board Paper	Jul 2021 Dec 2021
Review of the Fund's Policy on Multiple Currency Practices – Proposed Decisions	LEG/MCM/SPR	Formal	Board Paper	TBD
Review of Data Provision to the Fund for Surveillance Purposes	LEG/SPR/STA	Formal	Board Paper	Mar 2022
Lending policies				
Temporary Modifications to Access Limits Under the Large Natural Disaster Window for the Rapid Credit Facility and Rapid Financing Instrument	FIN/LEG/SPR	Formal	Board Paper	Jun 2021
Review of Concessional Financing and Policies	FIN/LEG/SPR	Formal	Board Paper	Jun 2021
Vaccine/Pandemic Financing Options	FIN/LEG/SPR	Inf. to Engage	Presentation	Sep 2021
Review of the IMF's Lending into Arrears Policies	LEG/MCM/SPR	Formal	Board Paper	Sep 2021
Review of Temporary Access Limit Increases	FIN/LEG/SPR	Formal	Board Paper	Nov 2021
Eligibility to Use the Fund's Facilities for Concessional Financing	FIN/LEG/SPR	Formal	Board Paper	Apr 2022
Capacity development policies				
CD Evaluations and Impact	ICD	Inf. to Brief	Presentation	Sep 2021
CD Information Dissemination Framework	ICD/LEG	Inf. to Brief	Presentation	Nov 2021
Capacity Development Priorities for FY23-25	ICD	Inf. to Engage	Presentation	Feb 2022

Table 1. Spring 2021 Board Work Program Main Items (Mid-June 2021 to April 2022)
(continued)

Title	Department	Format	Media	Schedule
Debt				
DSSI Fiscal Monitoring (Update)	FAD	For Information	Board Paper	Jun/Jul 2021
A New Debt Sustainability Tool Based on the IMF'S Sovereign Risk and Debt Sustainability Framework (MAC SRDSF)	SPR	Inf. to Brief	Presentation	Sep/Oct 2021
Issues in Restructuring of Sovereign Domestic Debt	LEG/MCM/SPR	Inf. to Engage	Board Paper	Sep 2021
Update on Implementation and Extension of DSSI and Common Framework	SPR	Inf. to Brief	Presentation	Sep 2021
Catastrophe Containment and Relief Trust (CCRT)—Fourth Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic	FIN/LEG/SPR	Formal	Board Paper	Sep/Oct 2021
Debt Transparency	FAD/LEG/MCM/SPR/STA	Inf. to Brief	Presentation	Nov 2021/ Jan 2022
Implementation Update on the Joint WB-IMF Multipronged Approach for Addressing Debt Vulnerabilities	MCM/SPR	Inf. to Brief	Presentation	Jan 2022
Fund governance and membership				
Independent Evaluation				
MIP: IEO Evaluation on Working with Partners: IMF Collaboration with the World Bank on Macro-Structural Issues	SPR	Committee	Board Paper	Jun 2021
IEO Evaluation on Adjustment and Growth in IMF-Supported Programs	IEO	Formal	Board Paper	Aug 2021
Eleventh Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board-Endorsed IEO Recommendations	OIA	Formal	Board Paper	Sep 2021
MIP: Long-Standing Actions from IEO Evaluations	SPR	Committee	Board Paper	2021 Q4
IEO Evaluation of IMF's Engagement with Small States	IEO	Formal	Board Paper	Feb 2022
MIP: IEO Evaluation on Adjustment and Growth in IMF-Supported Programs	SPR	Committee	Board Paper	2022 Q2
Institutional risk management and audit				
2021 Mid-Year Risk Update	ORM	Inf. to Engage	Presentation	Jun 2021
Enterprise Risk Management Framework: Action Plan to Respond to the Internal Audit and Policy Update	OIA/ORM	Inf. to Brief	Presentation	Oct 2021
	OIA/ORM	Inf. to Engage	Presentation	Nov 2021
2021 Risk Report	ORM	Formal	Board Paper	Dec 2021
Risk Taxonomy and Approach to Risk Appetite	ORM	Inf. to Engage	Presentation	Mar 2022
Fund finances				
SDR				
Proposal for a General Allocation of Special Drawing Rights	FIN/LEG/SPR	Formal	Board Paper	Jun 2021
Report of the Managing Director to the Board of Governors and to the Executive Board Pursuant to Article XVIII, Section 4(c) (Twelfth Basic Period)	FIN/LEG/SPR	LOT	Board Paper	Jun 2021
Allocation of Special Drawing Rights for the Eleventh Basic Period—Draft Executive Board Decision and Report by the Managing Director to the Board of Governors	FIN/LEG/SPR	LOT	Board Paper	Jul 2021
Voluntary Post-Allocation Channeling of SDRs	FIN/LEG/SPR	Inf. to Engage	Presentation	Jul 2021
Annual Update on Voluntary SDR Trading Arrangements and SDR Designation Plan for the Period Oct 2021–Sep 2022	FIN	LOT	Board Paper	Sep 2021

Table 1. Spring 2021 Board Work Program Main Items (Mid-June 2021 to April 2022)

(concluded)

Title	Department	Format	Media	Schedule
Quotas				
Sixteenth General Review of Quotas—Quota Formula and Realigning Shares	FIN	Inf. to Engage	Presentation	Jun 2021
Sixteenth General Review of Quotas—Adequacy of Fund Resources—Initial Considerations	FIN/SPR	Committee of the Whole	Board Paper	Sep 2021
Sixteenth General Review of Quotas—Initial Considerations on Quota Formula and Realigning Shares and Quota Data Update	FIN/STA	Committee of the Whole	Board Paper	Sep 2021
Progress on the Sixteenth General Review of Quotas—Draft Report of the Executive Board to the Board of Governors	FIN/LEG/SPR	Formal	Board Paper	Sep 2021
		Formal	Board Paper	Apr 2022
Other				
Financial Transactions Plan – August 2021-January 2022	FIN	LOT	Board Paper	Jul 2021
Financial Transactions Plan – February-July 2022	FIN	LOT	Board Paper	Jan 2022
Review of Fund's Investment Account and Trust Assets Investment Strategy	FIN	Inf. to Engage	Board Paper	Jun 2021
	FIN/LEG	Formal	Board Paper	Mar 2022
Briefing on the Fund's Financial Statements	FIN	Inf. to Brief	Presentation	Jun 2021
Briefing by the External Audit Committee	FIN	Inf. to Brief	Presentation	Jul 2021
		Inf. to Brief	Presentation	Feb 2022
The Fund's Liquidity Position—Review and Outlook	FIN	For Information	Board Paper	Oct 2021
		For Information	Board Paper	Apr 2022
The Fund's Income Position for FY 2021—Actual Outcome	FIN	For Information	Board Paper	Jul 2021
Consolidated Medium-Term Income and Expenditure Framework	FIN	For Information	Board Paper	Feb 2022
Review of the Fund's Income Position for FY2022 and FY2023-24	FIN	Formal	Board Paper	Apr 2022
Adequacy of Precautionary Balances—Interim Review	FIN	Formal	Board Paper	Dec 2021
Internal support				
Operational planning and budget				
Briefing on Roadmap to the Future of Work at the Fund	CSF/HRD/OIC/SEC	Inf. to Brief	Presentation	Jun 2021
FY2021—Output cost Estimates and Budget Outturn	OBP	For Information	Board Paper	Jul 2021
Proposed Budget Augmentation	OBP	Inf. to Engage	Presentation	Jul 2021
		Formal	Board Paper	Oct 2021
FY2023-FY2025 Medium-Term Budget	OBP	Inf. to Engage	Board Paper	Feb 2022
		Formal	Board Paper	Apr 2022
Human resources				
2020-2021 Diversity & Inclusion Report	HRD	Formal	Board Paper	Jan 2022
2022 Review of Staff Compensation; Staff Recruitment and Retention Experience for CY2021	HRD	Formal	Board Paper	Apr 2022
Medical Benefits Plan – Annual and Five-Year Review of Finances	HRD	LOT	Board Paper	Apr 2022
The Fund's Contribution to the Staff Retirement Plan in FY 2023	HRD	LOT	Board Paper	Apr 2022
Annual Cost-of-Living Adjustment to U.S. Dollar Pensions Effective May 1, 2022	HRD	LOT	Board Paper	Apr 2022
Proposed Amendments to the SRP	HRD	LOT	Board Paper	Apr 2022
General services and other internal support				
Update on Modernization and Crown Jewels Program	ITD	Inf. to Brief	Presentation	Aug 2021

Table 2. Policy Review Schedule

Review	Department	Usual frequency	Previous	Expected
Global cooperation and standard setting				
Cooperation with and support to international community				
Bank-Fund Collaboration	SPR	5 years	Mar 2010	
Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Program	LEG	5 years	Nov 2018	
Role of Trade in the Work of the Fund	SPR	5 years	Feb 2015	
Standard setting, manuals and methodologies, and data				
Standards and Codes Initiative	Functional	5 years	Jul 2017	
IMF's Data Standards Initiatives	STA	5 years	May 2015	Feb 2022
Fund policies				
Surveillance policies				
Comprehensive Surveillance Review	SPR	5 years	May 2021	May 2026 ^{1/}
Financial Sector Assessment Program	MCM	5 years	May 2021	May 2026
Steps to Address Excessive Delays in the Completion of Article IV Consultations	SPR	5 years	Feb 2012	Fall 2023
Data Provision to the Fund for Surveillance Purposes	LEG/SPR/STA	5 years	Aug 2012	Mar 2022
Institutional View on the Liberalization and Management of Capital Flows	LEG/MCM/RES/SPR	As needed	Dec 2016	Dec 2021
Transparency Policy	SPR	5 years	Jun 2013	Fall 2022
Framework for Fund Engagement on Governance	FAD/LEG/SPR	3 years	Apr 2018	End-2022
Multiple Currency Practices	LEG/MCM/SPR	As needed	Feb 2019 ^{2/}	TBD
Lending policies				
Conditionality and the Design of Fund-Supported Programs	SPR	5 years	May 2019	
Policy on Debt Limits in Fund-Supported Programs	SPR	5 years	Oct 2020	
Access Limits and Surcharge Policies	FIN/LEG/SPR	As needed	Feb 2016	TBD
Flexible Credit Line / Precautionary and Liquidity Line	FIN/LEG/SPR	5 years	Dec 2017	Dec 2022
Lending into Arrears Policy	LEG/SPR	As needed	Dec 2015	Sep 2021
Concessional Financing and Policies	FIN/LEG/SPR	5 years	May 2019	Jun 2021
Eligibility to Use the Fund's Facilities for Concessional Financing ^{3/}	FIN/LEG/SPR	2 years	Feb 2020	April 2022
Misreporting Policies	LEG/SPR	As needed	Dec 2006	TBD
Capacity development policies				
Capacity Development Strategy	ICD	5 years	Nov 2018	FY24:Q3
Other Fund policies				
Debt Sustainability Framework for Market Access Countries	SPR	As needed	Jan 2021	
Catastrophe Containment and Relief Trust	FIN/LEG/SPR	5 years	Created in 2015	FY23:Q3/Q4

Table 2. Policy Review Schedule (concluded)

Review	Department	Usual frequency	Previous	Expected
Fund finances				
Member facing				
General Review of Quotas	FIN/LEG/SPR	5 years	Feb 2020	Dec 2023
Renewal of the New Arrangements to Borrow	FIN	5 years	Nov 2016 ^{4/}	Dec 2024
Guidelines for Borrowing by the Fund	FIN/LEG/SPR	As needed	Mar 2020	Dec 2023
The Case for a General Allocation or Cancellation of SDRs	FIN/LEG/SPR	5 years	Jun 2016	Jun 2021
Method of Valuation of the SDR	FIN/SPR	5 years	Nov 2015 ^{5/}	May 2022 ^{6/}
Safeguards Assessments	FIN	5 years	Oct 2015	May 2022
Fund's Strategy on Overdue Financial Obligations	FIN/LEG/SPR	5 years	Jul 2017	Jul 2022
Internal Fund finances and other activities				
Adequacy of the Fund's Precautionary Balances	FIN	2 years	Oct 2020	TBD ^{7/}
Investment Account and Investment Strategy for Trust Assets	FIN/LEG	5 years	Mar 2017/2018	FY22
Internal support				
Diversity & Inclusion Report	HRD	2 years	Dec 2019	Jan 2022
Communications Strategy	COM	5 years	Jul 2014	Fall 2022 ^{8/}

1/ Progress on implementation of the Comprehensive Surveillance Review (CSR) will be reassessed in the context of an interim review, about two years after the May 2021 CSR.

2/ In February 2019, the Executive Board discussed the *Review of the Fund's Policy on Multiple Currency Practice—Initial Considerations*.

3/ The June 2021 Review of the PRGT Interest Rate Structure will be part of the Review of Concessional Financing and Policies.

4/ In November 2016, the renewal of the NAB Decision through November 2022 was approved by the Executive Board. In January 2020, the Executive Board approved modifications to the NAB Decision including a new NAB period from January 1, 2021 to December 31, 2025. The NAB reform was effective from January 1, 2021.

5/ The valuation of the SDR approved in November 2015 was effective from October 2016.

6/ The new valuation of the SDR is expected to become effective on August 1, 2022. Please see: *Review of The Method of Valuation of the SDR—Proposed Extension of the Valuation of the SDR Basket and Modification of the Date of Effect of a New Basket*, February 24, 2021.

7/ An interim review of the Precautionary Balances is tentatively planned for December 2021.

8/ The Communications Strategy will be aligned with the Transparency Policy Review.

Annex I. Selected Abstracts

Multilateral surveillance

World Economic Outlook (RES)

October 2021 and April 2022: Policies to support recovery, strengthen productivity growth, and enhance resilience, including with measures to address debt overhangs coming out of the crisis.

Global Financial Stability Report (MCM)

The GFSR will focus on the challenges faced by emerging and frontier market economies as they emerge from the pandemic. Another chapter on climate change will assess risks and provide a conceptual framework on how the transition to a low-carbon economy could affect the investment fund sector and financial stability, as well as discuss the rise of sustainable finance.

Fiscal Monitor (FAD)

October 2021: The FM will discuss how countries can reinforce the credibility of public finances and outline considerations on how to reform fiscal frameworks, including fiscal rules.

April 2022: The FM will review fiscal developments and policy actions as countries exit the pandemic and target a robust, inclusive, and green recovery.

External Sector Developments and Assessments for the Wider Membership during COVID-19 (SPR)

The presentation will cover external sector developments and assessments for member countries (primarily Emerging Market and Developing Economies) not covered by the External Sector Report. The presentation will focus on the impact of the pandemic on external balances, highlighting cross-cutting themes from external assessments for the membership during 2020.

Briefing on Emerging Markets: Landscape, Prospects and Risks (SPR)

The presentation will discuss economic developments and prospects in emerging markets since the outbreak of COVID-19 until more recently in 2021, in a context of a potentially asymmetric global economic recovery.

Analytical Work

Effective Monetary-Fiscal Coordination (FAD/MCM/SPR)

The COVID-19 shock and subsequent policy actions have reduced already limited policy space, resulting in the use of unconventional monetary policy measures across all income groups. This briefing will discuss the scope for fiscal policy to stimulate demand and inflation when monetary policy is constrained, noting that the latitude for stimulus to be helpful, as well as risks, may differ between advanced and emerging market economies.

Financial Sector Regulatory Policies During the COVID Crisis (MCM)

This briefing will inform the Board on Financial Sector regulatory policies. The proposal follows the agreed 9-month cycle and will focus on measures to address the challenges generated by the pandemic.

Interplay between Capital Flows, CFMs and Crises (MCM/RES)

As envisaged by the MIP of the IEO evaluation of the Fund's advice on capital flows, this presentation will brief the Board on analytical work undertaken on the interplay between capital flows, CFMs and crises. The briefing will provide an updated assessment of the use and effectiveness of inflow and outflow controls. The briefing will discuss empirical evidence of the effectiveness of capital outflow controls in crisis, their impact on sovereign ratings, and the role inflow controls can play to reduce capital inflow surges.

SDN: Considerations for a Global Approach to Digital Data Frameworks (LEG/MCM/SPR)

This SDN will present a conceptual framework for understanding the implications of data for macroeconomic growth, equity, stability, and integrity. It will describe the state of data policies in the membership, focusing on finance and cross-border activities, and discuss the importance of modernizing these frameworks using an integrated approach across agencies at the national level and with global coordination.

SDN: Powering the Digital Economy: Opportunities and Risks of Artificial Intelligence in Finance (ITD/MCM)

The SDN explains key AI/ML concepts, and highlights its capabilities as well as its limitations, providing a framework to understand how AI/ML is applied in the financial sector and its potential impact. The SDN summarizes the current AI/ML implementation trends in investment and banking services, risk management, compliance and prudential oversight, and central banking and the recent initiatives of select regulators in managing the AI/ML related risks. The core of the SDN identifies the key challenges arising from the AI/ML adoption in the financial sector and the related policy consideration.

SDN: Women and Fintech (MCM)

The SDN will examine key factors associated with gender gaps in digital finance, both in terms of women as leaders in the fintech industry and as users of digital payments services; and implication of greater gender diversity on performance of fintech firms.

Global cooperation and standard setting**International Corporate Taxation—Update (FAD/LEG)**

This presentation will showcase staff reflections on the outcomes and status of the international tax discussions in the G20/OECD Inclusive Framework and other ongoing developments.

IMF/WB G20 Presentation on the Second Self-assessment under the G20 Operational Guidelines for Sustainable Financing (SPR)

This briefing will discuss the results of the second round of voluntary self-assessment under the G20 operational guidelines for sustainable financing—diagnostic tool.

G20 Data Gaps Initiative (DGI-2) Progress Report—Countdown to 2021 (STA)

The report will provide a review of progress in implementing DGI-2 Recommendations and outstanding issues, considering challenges faced by participating economies due to COVID-19 developments, ahead of the conclusion of the initiative in 2021. It will also discuss next steps beyond the completion of the DGI.

Tenth Review of the IMF's Data Standards Initiatives (STA)

The review will take stock and evaluate the progress countries have made in implementing the Data Standards Initiatives (DSI) since the Ninth Review concluded in 2015. Assesses the impact of COVID-19 on DSI performance. It will discuss how the DSI may help address some emerging data needs for surveillance and policymaking, and reflect on the evolving data transparency landscape and potential implications for the DSI going forward.

Final G20 Data Gaps Initiative (DGI-2) Report (STA)

This paper will provide a final report on implementing DGI-2 Recommendations and concludes the initiative and discuss next steps beyond the completion of the DGI.

New Data Gaps Green Initiative (DGI Green) (STA)

The G20 Italian Presidency identified four main statistical and data priorities: i) climate change; ii) distributional accounts; iii) Fintech and financial inclusion data; and iv) access to private sources of data and administrative data. In support of these priorities, the G20 has asked the IMF to prepare a concept note on a new data gaps initiative, in close cooperation with the Inter-Agency Group on Economic and Financial Statistics and the Financial Stability Board.

Fund policies

Cross-cutting themes

International Carbon Price Floor and Border Carbon Adjustment (FAD/SPR)

The staff proposal for a carbon price floor arrangement to facilitate a rapid scaling up of mitigation action among large emitting countries in the next decade will be presented along with suggestions for its pragmatic design. Staff will also provide a discussion of the potential rationales for border carbon adjustments to support carbon pricing, and how they might be designed accounting for economic, legal, and administrative considerations. The presentation draws from the first two forthcoming contributions in the Climate Notes series.

Strategy for IMF Engagement on Climate Change Issues (SPR)

This Board Paper seeks to outline a Strategy for IMF Engagement on Climate Change Issues. It explains why, when, and how the Fund should be engaged in climate change issues, including in collaboration with stakeholders.

Integrating Climate Change in the Public Investment Management Assessment Framework (FAD)

Staff are developing a dedicated climate change module in the PIMA framework. The new module will help strengthen governments' capacity to address climate related risks in their public investment management cycle. The related Board Paper will present the climate change module and plans going forward, reflecting lessons from testing the module in pilot missions and desk studies.

Review of Climate Change Policy Assessment Pilots (FAD/SPR)

Staff is developing IMF-only climate TA product – the successor to the CCPA—with more macro focus and less sectoral details. Staff will update the Board on lessons learned and propose a way forward. The paper will outline the design of a new climate TA product that can be expanded to larger countries while ensuring close integration to Fund surveillance.

Assessing the Financial Stability Implications of Climate Risk (MCM)

Staff is developing an approach to assessing the implications of climate risk – both physical and transition – for financial stability risk and resilience over near- and longer-term horizons. The proposed presentation will lay out the staffs' approach to designing climate scenarios, integrating these into macro models, and implementing risk analysis and stress tests based on these inputs.

Digital Money Strategy (ITD/LEG/MCM/RES/SPR)

Building on years of IMF staff work, it explores pressing topics in the digital economy.

Developing an Analytical Framework for Central Bank Digital Currency (MCM)

This paper will systematically compare the more advanced CBDC projects, and draw lessons for countries starting to evaluate and explore CBDC. This paper will also serve as background for the IMF's contribution to a G20 paper to be published in July 2021.

International Monetary System and Digital Money (SPR)

The International Monetary System (IMS) and Digital Money work program will take stock of recent developments in digital technology and new forms of digital money and examine how these, combined with the macrofinancial, regulatory, and infrastructure changes, could affect global financial stability and the IMS. The work program will also explore the implications for the Fund's surveillance, macrofinancial and external policy advice, and the global financial safety net.

Enhancing the Fund's Engagement in Fragile and Conflict-Affected States (AFR/FAD/MCD/RES/SPR)

Staff are engaged in developing a strategy to enhance its effectiveness in helping Fragile and Conflict-Affected States exit from fragility and promote sustainable and inclusive growth, building on recent work following the 2018 IEO report. The new strategy will provide an operating framework and a set of priority actions for the next three years that will allow the Fund to further tailor and enhance its support to its members affected by fragility and conflict.

Briefing on Fund's Engagement on Inclusion: Inequality, Gender, and Social Spending (SPR)

Staff will update the Board on work to date, the outlook for new work, and options to further develop Fund's engagement on social spending, gender, and income inequality.

Gender Strategy (FAD/RES/SPR)

The gender strategy will take stock of the Fund's work on gender and outline the work agenda going forward.

*Surveillance policies***Review of the Institutional View on Liberalization and Management of Capital Flows (LEG/MCM/RES/SPR)**

The presentation will outline possible revisions to the Fund's Institutional View drawing from the insights of the Integrated Policy Framework, other relevant research, the findings of the IEO evaluation on IMF Advice on Capital Flows, lessons from experience, and feedback from members.

Review of the Fund's Policy on Multiple Currency Practices - Proposed Decisions (LEG/MCM/SPR)

The proposed decisions aim to revise the Fund's policy on MCPs in line with the previous Board paper and Board discussions on the Review of the Fund's Policy on MCPs- Initial Considerations.

Review of Data Provision to the Fund for Surveillance Purposes (LEG/SPR/STA)

In line with the strategic sequencing outlined in the Overarching Strategy on Data and Statistics, the Review of Data Provision to the Fund follows the Comprehensive Surveillance Review (CSR) and will set and operationalize the data and statistical needs emerging from the CSR.

*Lending policies***Review of Concessional Financing and Policies (FIN/LEG/SPR)**

The review will discuss proposals on: (i) PRGT access limits and norms, including proposed safeguards and any changes to the PRGT exceptional access criteria; (ii) changes to blending policies; (iii) the PRGT interest rate structure; and (iv) a funding strategy.

Vaccine/Pandemic Financing Options (FIN/LEG/SPR)

Grants from COVAX and bilateral donors and MDB financing should be the first "ports-of-call" for financing COVID-19 vaccination programs in developing countries, including because these institutions have expertise in this area. However, staff will engage the Board on whether adjustments to the Fund's emergency financing toolkit could further ensure that such financing is a further line of defense for countries that may experience BOP needs due to COVID vaccination programs.

Review of the IMF's Lending into Arrears Policies (LEG/MCM/SPR)

The reviews of the LIA and the LIOA policies will take stock of the application of both policies since 2002 and 2015, respectively. The LIA review will include an assessment of how the good faith criterion has been applied. Staff would consider whether a formal policy regarding the Fund's role in pre-default restructurings would be appropriate. Finally, the perimeter between official and private claims for Fund purposes will also be reviewed.

*Capacity development policies***CD Evaluations and Impact (FAD/ICD/LEG/MCM/STA)**

This briefing will focus on the results of CD delivery based on evaluations, RBM, and other assessments.

CD Information Dissemination Framework (ICD/LEG)

This review will focus on the framework governing the dissemination of CD information.

Debt

DSSI Fiscal Monitoring (Update) (FAD)

The briefing will update the Board on the Fiscal Monitoring under the DSSI (joint with World Bank).

A New Debt Sustainability Tool Based on the IMF'S Sovereign Risk and Debt Sustainability Framework (MAC SRDSF) (SPR)

The presentation will describe the tool based on the MAC SRDSF to assess debt sustainability for market access countries.

Issues in Restructuring of Sovereign Domestic Debt (LEG/MCM/SPR)

Policy options around a domestic debt restructurings have significant economic costs distinct from those arising from external debt restructurings. This paper will discuss the decision to undertake a domestic debt restructuring in the context of its alternatives, taking into account the potential impact on financial stability and growth. It will provide guidance on the design of a domestic debt restructuring to achieve its objectives while taking into account constraints.

Catastrophe Containment and Relief Trust (CCRT)—Fourth Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic (FIN/LEG/SPR)

The paper will propose the Board's approval of the disbursement of a fourth tranche of CCRT debt service relief to 29 qualified members, subject to the extent of available CCRT resources. The Board Paper will also provide updates for each beneficiary country on its policy responses to the pandemic and staff's assessment of these policies and the use of resources freed up by debt relief.

Debt Transparency (FAD/LEG/MCM/SPR/STA)

The presentation will provide an overview of initial work on debt transparency issues, including the role of incentives for debtors and creditors for limited debt transparency together with capacity issues. It will consider options, including domestic legal frameworks, international standards, and best practices in debt data recording, reporting and disclosure that could support greater debt transparency.

Implementation Update on the Joint WB-IMF Multipronged Approach for Addressing Debt Vulnerabilities (MCM/SPR)

The presentation will provide an update of ongoing IMF-WB work to address debt vulnerabilities in low-income countries and emerging market economies, which have been further amplified by COVID-19.

Fund finances**Proposal for a General Allocation of Special Drawing Rights (FIN/LEG/SPR)**

The paper makes the case for a general allocation in an amount equivalent to US\$650 billion. The paper also discusses post-allocation issues, including (i) proposed measures to enhance transparency and accountability in the reporting and the use of SDRs while strengthening operational measures; and (ii) the implications for the SDR market.

Voluntary Post-Allocation Channeling of SDRs (FIN/LEG/SPR)

This informal-to-engage session will present preliminary options for the voluntary channeling of SDRs from members in strong external positions to lend (or donate) a portion of their SDR holdings to help finance global priorities, such as the PRGT.

Review of Fund's Investment Account and Trust Assets Investment Strategy (FIN/LEG)

This 5-yearly paper will review experience with the Fund's Investment Account and Trust Assets and consider potential changes to the investment strategy, including a commitment to responsible investing, against the background of long term investment return outlook.

Internal support**Briefing on Roadmap to the Future of Work at the Fund (CSF/HRD/OIC/SEC)**

Staff will update the Board on the roadmap for work on the 'future of work at the Fund', including the scope and timeframes of different workstreams and potential resource implications in the short to medium-term.

Proposed Amendments to the SRP (HRD)

This staff report sets out the legal text for the Staff Retirement Plan amendments that the Board is set to discuss in early June, based on the five-year review and reforms agreed under the CCB in 2019.

Annex II. Tentative Board Calendar

June 2021 ^{1,2}

Monday	Tuesday	Wednesday	Thursday	Friday
May 31 HOLIDAY	Jun. 1 . Pension Committee Meeting . IEO Informal Seminar	Jun. 2 . Board Welcome - Ms. Lim ED, Singapore . Inf. Session (to Engage): Review of Concessional Financing and Policies - Staff Proposals . Belize-A4	Jun. 3 . CAM Meeting . APC Meeting	Jun. 4 . Iceland - A4 . Kyrgyz Republic - A4
Jun. 7 . Senegal-3rd PCI Rev. and SCF Request . Afghanistan - 1st ECF Rev . Andorra - A4	Jun. 8 . Q&A Session on Audit-Related Matters	Jun. 9 . Inf. Session (to Brief): Briefing on Sovereign Debt After the Pandemic: How much should we worry? . Angola - 5th EFF Rev . Guatemala - A4	Jun. 10 . MD Work Program Statement	Jun. 11 . Switzerland - A4 . Inf. Session (to Engage): Rev. of the IMF's Lending into Arrears Policies: Preliminary Considerations . Ethiopia -ECF Ext. Req (LOT) . Ireland - A4 (LOT)
Jun. 14 . Guinea - A4 . Panama - A4 . Bolivia - A4 . Denmark - A4 (LOT)	Jun. 15 . Staff Briefing on the Fund's Financial Statements	Jun. 16 . Niger- Informal Session (to Engage) . Jordan - 2nd EFF Rev . Barbados - 5th EFF Rev . Informal Session (to Brief): CPF and BCA	Jun. 17 . (11:00 AM) Informal Session (To Engage): Review of the Investment Account and Trust Assets Investment Strategy: Initial Considerations	Jun. 18 . Inf. Session (to Engage): 2021 Mid-Year Risk Update—Top Enterprise Risks . Slovak - A4 . Serbia -A4 & PCI Req . Hungary - A4 (LOT)
Jun. 21 . Mauritius - A4 . Honduras - 5th SBA/SCF Revs	Jun. 22 . Inf. Session (to Brief): Briefing on Roadmap to the Future of Work at the Fund	Jun. 23 . Inf. Session (to Engage): 16th Gen. Rev. of Quotas— Quota Formula and Realigning Shares . Inf. Session (to Engage):Burkina Faso . Egypt - 2nd SBA Rev	Jun. 24 . Temporary Modifications to Access Limits Under the Large Natural Disaster Window	Jun. 25 . Proposal for a General Allocation of Special Drawing Rights
Jun. 28 . Review of Concessional Financing and Policies . Uganda - ECF Req . Kenya - 1st EFF/ECF Rev . Sudan - Arrears Clearance, Second Review, ECF, HIPC Decision Point	Jun. 29	Jun. 30 . Dominican Republic - A4 . CEMAC-Common Policies		

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July 2021 ^{1,2}

Monday	Tuesday	Wednesday	Thursday	Friday
			Jul. 1 <ul style="list-style-type: none"> St. Vincent & Grenadines: RCF Req Rwanda - 4th PCI Rev Saudi Arabia - A4 	Jul. 2 Excused Day
Jul. 5 HOLIDAY	Jul. 6	Jul. 7 <ul style="list-style-type: none"> Informal Session (to Engage): Enhancing the Fund's Engagement in FCS Pakistan - 6th EFF Rev Timor-Leste - A4 	Jul. 8	Jul. 9 <ul style="list-style-type: none"> Digital Money Strategy Inf. Session (to Engage): Review of the Institutional View on Liberalization and Management of Capital Flows El Salvador - A4 & EFF Req Greece - A4 (LOT)
Jul. 12 <ul style="list-style-type: none"> Inf. Session (to Brief): Briefing on External Sector Developments for the Wider Membership During COVID-19 Inf. Session (to Brief): Briefing on Fund's Engagement on Inclusion: Inequality, Gender, and Social Spending Singapore - A4 	Jul. 13	Jul. 14 <ul style="list-style-type: none"> Informal Session (to Brief): Effective Monetary-Fiscal Coordination Mali - 4th ECF Rev Germany - A4 	Jul. 15	Jul. 16 <ul style="list-style-type: none"> 2021 External Sector Report Strategy for IMF Engagement on Climate DRC - ECF Req Panama - 1st PLL Rev
Jul. 19 <ul style="list-style-type: none"> Informal Session (to Engage): Voluntary Post-Allocation Channeling of SDRs United States - A4 Qatar - A4 Estonia - A4 (LOT) Azerbaijan - A4 (LOT) 	Jul. 20 <ul style="list-style-type: none"> Briefing by the External Audit Committee 	Jul. 21 <ul style="list-style-type: none"> Informal Session (to Brief): EUR Briefing Cameroon - ECF Req Côte d'Ivoire - A4 Ghana - A4 	Jul. 22 <ul style="list-style-type: none"> Inf. Rest. Session (to Brief): WEMD 	Jul. 23 <ul style="list-style-type: none"> Antigua and Barbuda - A4 & EA/EFF Req Philippines - A4 Lesotho - ECF/EFF Req
Jul. 26 <ul style="list-style-type: none"> Sierra Leone - 3rd & 4th ECF Rev 	Jul. 27	Jul. 28 <ul style="list-style-type: none"> São Tomé and Príncipe - 3rd ECF Rev Seychelles – EFF Req Curaçao and Sint Maarten - A4 (LOT) 	Jul. 29	Jul. 30 <ul style="list-style-type: none"> Inf. Session (to Engage): Proposed Budget Augmentation Suriname - EFF Req Tuvalu - A4

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August 2021 ^{1,2}

Monday	Tuesday	Wednesday	Thursday	Friday
Aug. 2 Board Recess	Aug. 3 Board Recess	Aug. 4 Board Recess	Aug. 5 Board Recess	Aug. 6 Board Recess
Aug. 9 Board Recess	Aug. 10 Board Recess	Aug. 11 Board Recess	Aug. 12 Board Recess	Aug. 13 Board Recess
Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20
Aug. 23 <ul style="list-style-type: none"> . Inf. Session (to Brief): Update on Modernization and Crown Jewels Program . Niger – ECF Req 	Aug. 24	Aug. 25 <ul style="list-style-type: none"> . Lithuania – A4 . Oman - A4 	Aug. 26	Aug. 27 <ul style="list-style-type: none"> . IEO Evaluation on ADG in IMF-Supported Programs . Latvia - A4 . Brunei Darussalam – A4
Aug. 30 <ul style="list-style-type: none"> . Austria -A4 . Croatia - A4 . Romania -A4 	Aug. 31			

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September 2021 ^{1,2}

Monday	Tuesday	Wednesday	Thursday	Friday
		Sep. 1 <ul style="list-style-type: none"> • COW: 16th General Review of Quotas— Adequacy of Fund Resources • Inf. Session (to Brief): CD Evaluations and Impact • Malawi - A4 & ECF Req 	Sep. 2 <ul style="list-style-type: none"> • Vanuatu – A4 • Brazil – A4 	Sep. 3 Excused day
Sep. 6 HOLIDAY	Sep. 7	Sep. 8 <ul style="list-style-type: none"> • Informal (to Engage): Issues in Restructuring of Sovereign Domestic Debt • Inf. Session (to Brief): Briefing on Emerging Markets • Belgium - A4 • Turkmenistan – A4 • Georgia - FSAP (LOT) 	Sep. 9	Sep. 10 <ul style="list-style-type: none"> • COW: 16th General Review of Quotas— Initial Considerations on Quota • Review of the IMF's Lending into Arrears Policies • Maldives – A4 • Republic of Congo – A4
Sep. 13 <ul style="list-style-type: none"> • Zimbabwe - A4 • St. Vincent and the Grenadines -A4 	Sep. 14	Sep. 15 <ul style="list-style-type: none"> • Inf. Session (to Engage): GPA - Preliminary • Malta - A4 • The Netherlands - A4 	Sep. 16	Sep. 17 <ul style="list-style-type: none"> • India - A4 • St. Kitts and Nevis – A4
Sep. 20	Sep. 21 <ul style="list-style-type: none"> • The Eleventh Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed IEO Recommendations 	Sep. 22	Sep. 23	Sep. 24 <ul style="list-style-type: none"> • A New Debt Sustainability Tool Based on the IMF'S Sovereign Risk and Debt Sustainability Framework (MAC SRDSF) • Vaccine Financing Options
Sep. 27 <ul style="list-style-type: none"> • Update on Implementation and Extension of DSSI and Common Framework 	Sep. 28 <ul style="list-style-type: none"> • WEO, GFSR, FM 	Sep. 29 <ul style="list-style-type: none"> • COW: Progress on the 16th General Review of Quotas-- Draft Report to the Board of Governors • WHD Regional Briefing 	Sep. 30	

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October 2021 ^{1,2}

Monday	Tuesday	Wednesday	Thursday	Friday
				Oct 1 <ul style="list-style-type: none"> • EUR Regional Briefing
Oct. 4 <ul style="list-style-type: none"> • Inf. Session (to Engage): EWE • AFR Regional Briefing 	Oct. 5	Oct. 6 <ul style="list-style-type: none"> • Inf. Session (to Engage): GPA • IMFC Draft Agenda • MCD Regional Briefing 	Oct. 7	Oct. 8 <ul style="list-style-type: none"> • APD Regional Briefing • WHD Regional Briefing
Oct. 11 HOLIDAY	Oct. 12 Annual Meetings	Oct. 13 Annual Meetings	Oct. 14 Annual Meetings	Oct. 15 Annual Meetings
Oct. 18	Oct. 19	Oct. 20	Oct. 21	Oct. 22 <ul style="list-style-type: none"> • Informal Session (To Brief): Enterprise Risk Management Framework: Action Plan to Respond to the Internal Audit • Montenegro – A4 • Federated States of Micronesia – A4
Oct. 25 <ul style="list-style-type: none"> • Tajikistan - ECF Req • South Africa – A4 	Oct. 26	Oct. 27 <ul style="list-style-type: none"> • Somalia-2nd ECF Rev • Mongolia -A4 	Oct. 28	Oct. 29 <ul style="list-style-type: none"> • Proposed Budget Augmentation • Inf. Session (to Brief): Financial Sector Regulatory Policies During the COVID Crisis

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GRAY/21/1521

June 7, 2021

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

1. We thank management and staff for a streamlined and focused work program for the remainder of FY2022 which is in conformity with the strategic direction stipulated in the Spring 2021 Global Policy Agenda and the IMFC Communique.
2. The last two work programs were appropriately driven by the unprecedented surge in demand on Fund resources and staff time in responding to the Covid-19 pandemic shock. The Fund rose to the challenge and delivered, thanks to the timely and proportionate—albeit temporary—enhancement of access to its financial resources as well as the dedication and creativity of its staff. The exceptional crisis called for exceptional measures, particularly in areas of fiscal and monetary policies, financial market support, and social protection. In the period ahead, the key challenge for the Fund is to provide members with sound policy advice to safely unwind the temporary measures as a part of a calibrated exit strategy, and to steer them towards sustained recovery. Although there are strong signs of economic recovery in 2021 in most countries, the progress against the pandemic has been uneven. It is, therefore, prudent to remain vigilant and nimble as the spread of more transmissible and deadly virus variants could undermine the global recovery. Only global cooperation and coordination could assure victory against the pandemic.
3. In an environment of persistently high uncertainty and great divergences, the work program over the remainder of FY2022 should keep the focus squarely on the core mandates of Fund and the work streams that closely backstop them. That said, we welcome the work program priorities that seek to facilitate a sustainable transformational recovery, bolster Fund resources, and modernize the workplace. The work plan should also focus on addressing inequalities—within and across countries—widened by the crisis. One of the casualties of the pandemic was the progress achieved over the years by many low-and-middle income

countries towards meeting their Sustainable Development Goals (SDGs) by 2030. The work plan should also address these concerns.

4. We welcome the upcoming Fall flagship reports, focusing on (i) prospects for global growth and inflation, and policies to support the recovery and measures to enhance resilience (WEO); (ii) challenges faced by emerging and frontier market economies, climate change risks to financial stability, and a discussion on the rise of sustainable finance (GFSR); and (iii) prudent fiscal policies and frameworks for countries with high levels of public debt (FM). The flagship reports are well placed to convey to the general public the innovative policies and the progress to deal with the crisis and the lessons learned, but more importantly the challenges lying ahead in the recovery period and beyond.

5. On resumption of surveillance work, starting with systemic countries, Article IV reports of a growing number of countries across income groups are being brought to the Board reflecting a clear priority to devote sufficient staff time and resources to catch up on the surveillance work. The conclusion of the Comprehensive Surveillance Review and Financial Sector Assessment Program is timely to enhance the Fund's surveillance framework. Beyond surveillance, following emergency financing during the crisis, the demand for UCT facilities are on the rise as membership emerges from the crisis and Fund-supported reform programs become pivotal to underpin the recovery and address the structural issues exacerbated by the crisis. That creates two sets of demands on the Fund: first, on its staff resources; and second, on its financial resources. While we have full confidence in the ability of Fund staff to rise to the occasion again, we are less certain about the adequacy of Fund resources. Nonetheless, we are encouraged that the work on the Sixteenth General Review of Quotas (GRQ) has started with a briefing on key issues last year and informal engagements on the adequacy of Fund resources. We look forward to the planned discussions of the Committee of the Whole on quota formula and realignment of shares, and steady progress, with a view to concluding the Sixteenth GRQ by mid-December 2023. Fund's financial position should also be kept under close review to ensure its adequacy to serve the membership, consistent with the Articles of Agreement.

6. *On lending policies, we welcome the planned Board engagement on Vaccine/Pandemic Financing Options scheduled for September 2021. However, given the urgency of availability of affordable vaccines globally, but particularly in low income countries, we would recommend an earlier Board meeting. Staff comments are welcome.*

7. We note considerable delays in some medium-term policy reviews, notably projects pertaining to SPR (¶ Table 2), including on (i) Bank-Fund Collaboration, (ii) Role of Trade in the work of the Fund, (iii) Steps to address delays in the completion of Article IV Consultations, (iv) Transparency Policy, and (v) Misreporting Policies. These relate to global cooperation and surveillance and lending policies which are integral to the Fund's work and the core function of SPR. Looking at the usual frequency and previous reviews, the delays do

not seem to be attributable to crisis-related work pressure. *We would welcome staff comments on the reasons for the delays and the time frame for their completion.*

8. We appreciate that the work program envisages developing strategies for three priority areas of climate, digitalization and inclusion. We underscore that work on development and implementation of strategies in these areas will require strong collaboration with stakeholders and development partners, and adequate investments in human capital and expertise by the Fund. In this regard, we strongly support the envisaged Board engagement on the proposed budget augmentation to consider additional resources for these priority areas.

9. Finally, the experience of the last year has proven that the Fund is nimble, creative and pragmatic enough to adapt to new situations and address new challenges. It is important that we make full use of the positive experiences by applying them in the post-pandemic period, including streamlined work practices, focused Board agenda and documentation, use of LOT for approval, and CD provision.

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GRAY/21/1539

June 7, 2021

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

We thank management and staff for developing a comprehensive and ambitious Board Work Program (BWP) proposal. Over the past year, the Fund—its Board members, management, and staff—have undertaken commendable efforts in mounting a rapid and effective response to an unprecedented crisis. Similarly, the challenges ahead will require significant efforts to support the recovery and secure a sustainable path for all to exit the pandemic. We welcome the Managing Director's well-rounded statement on the BWP and broadly support the core of the proposal. However, we consider that in the current juncture the BWP could benefit from becoming more focused and responsive to critical and consequential issues related to the Fund's mandate and the pandemic crisis.

Surveillance

As we stressed during the Comprehensive Surveillance Review (CSR), the next several years will likely be marked by high levels of risk and uncertainty that will require stronger surveillance efforts by the Fund. The economic outlook has become more uncertain and policy space more constrained after the global pandemic. Thus, we should remain focused on identifying relevant scenarios around the baseline and discussing preemptive and mitigating policies, including policy tradeoffs, through a well-coordinated country-specific policy dialogue. With increasing economic and financial interconnectedness, we also see potential increase in spillovers, which will require specific consideration from multilateral surveillance. Also, core issues consequential to economic development and stability, such as rising inflation, seem under-represented in the WEO and GFSR in contrast to other research topics that are arguably less relevant and urgent.

Lending

Given the high level of uncertainty in the world economy, it will be necessary to concentrate efforts in offering lending solutions that will be useful for our membership. We particularly welcome the proposed focus on emergency vaccine/pandemic financing

options; and on the review of concessional financing and policies. In addition, clarifying and updating the lending into arrears and official arrears policies will be helpful. We also look forward to concluding the discussion on the increase of normal access limits, which is fundamental not only to provide room for emergency financing in countries that have already reached their annual and/or cumulative limits, but also to allow follow-up UCT-quality arrangements. In this regard, special attention should be given to UCT-quality program requests. Given the pressing financing needs that many countries still face, and the challenges that liquidity fluctuations associated with the eventual monetary policy normalization may pose, the Board should consider addressing issues that could become more urgent, such as the possibility of combining FCLs with SLLs before the end-2022 deadline for the review of the FCL and PLL. In addition, we highlight the importance of concluding the discussions on SDR allocation on time to facilitate the flow of liquidity to support members most in need.

Fund resources and governance

Progress reports on the 16th General Review of Quotas (GRQ) should include clear deadlines and deliverables. Early informal engagements have already shown the relative erosion of Fund resources, according to different metrics, indicating potential significant shortfalls under plausible stress scenarios. Only an adequately resourced Fund, with the right instruments, may play a key stabilizing role in the global economy. Increasing the Fund's resources, therefore, will be critical for its effectiveness as well as legitimacy. In this regard, the 15th GRQ was a missed opportunity to bring IMF resources to adequate levels and continue to make strides in the governance agenda. We cannot afford another failure. For a successful outcome of the 16th GRQ, we encourage more frequent early engagements in informal settings to help build broad consensus. It will be important to have a clear picture of the main tradeoffs and obstacles that need to be overcome along the way and target specific deliverables for each of the forthcoming semi-annual reports to the Board of Governors.

An unchanged budget in real terms is no longer compatible with the membership's needs. While savings and reprioritization have indeed upgraded efficiency in the past year, operating under a flat real budget in the current and foreseeable circumstances challenges financial flexibility and introduces unnecessary trade-offs to create space for core and emerging issues. We welcome, therefore, the discussion of a Proposed Budget Augmentation to consider resources for new areas of priority work. However, the proposed augmentation to emerging issues should be carefully calibrated to avoid a zero-sum game with the core issues and duplication of work with other institutions. The Fund needs additional resources to better operate its key activities, namely: macro-financial stability, support to fragile states, inclusive growth, and targeted field presence.

Cross-cutting themes

The Fund's efforts to support a green, digital, and inclusive global recovery must leverage our institution's unique expertise around fiscal, monetary, and financial policies, and should be conducted in permanent and close coordination with outside partners. We take note of the efforts to identify specific economic channels that are relevant

for macroeconomic and financial stability. Clear identification of economic channels is instrumental to bring such diverse themes under the umbrella of the Fund's expertise. Nevertheless, a proper coverage of cross-cutting topics requires close coordination with outside partners and focused approaches that leverage on the Fund's comparative advantages. While we recognize the importance of developing strategies for the three cross-cutting themes, we remain very concerned that an overly ambitious and poorly focused agenda could be counterproductive, deviating attention from the Fund's core mandate, putting undue pressure on limited resources, and bringing reputational risks to the Fund. Spreading the Fund's resources too thin would be a grave mistake. We believe the Fund should devote the bulk of its attention and resources to what it does best: macroeconomic, external sector and financial surveillance, policy advice, capacity development, as well as balance of payments support.

Debt agenda

We strongly support the emphasis on debt transparency and sustainability. Rising debt levels combined with increasingly constrained fiscal positions mean that debt remains on the Fund's core work program. We therefore welcome the proposed items under the debt agenda, and highlight the importance of having enough leeway in the BWP to discuss the transition from the DSSI to the Common Framework for Debt Treatments, for which the Fund will play a crucial role.

Capacity Development (CD)

CD is a core pillar of the Fund's operations and should have a more prominent place in the BWP. CD is among the Fund's most impactful work, particularly among LICs, and the BWP could better reflect the importance of CD activities. The ongoing transition towards UCT-quality programs and the gradual lifting of travel restrictions are expected to drive higher the demand for CD activities across the membership. We strongly encourage management to assess the adequacy of CD resources vis-à-vis demand, and how best to follow-up on initiatives, and look for new ways to strengthen the Board's oversight responsibilities in this area.

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GRAY/21/1544

June 7, 2021

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

1. We broadly support the priorities of the Work Program of the Executive Board for the period through April 2022 as set out by the Managing Director. The content reflects the hard work and sustained commitment of Management and staff, to helping the Fund's membership achieve a durable exit out of what has been an unprecedented global crisis; and effectively navigate the new post-COVID world. As pandemic related uncertainty remains, we agree that flexibility to adjust the work program as needed to better serve the membership will be important. We offer the following comments.

Securing A Safe Exit from the Crisis

2. We welcome the priority accorded to climate change policies in the Fall WEO alongside the GFSR's focus on financial stability risks posed by climate change, and the rise of sustainable finance. For the associated work on carbon prices, we urge staff to ensure that the analysis on an International Carbon Price Floor and Border Carbon Adjustment, considers the potential for negative spillovers to less developed low-emission fossil fuel producers, and ensures that they are protected from additional economic costs that may be implicit in the design of new global systems.

3. We appreciate the informal briefing scheduled on External Sector Developments and Assessments for the Wider Membership (ESA-WM). It will provide a broader perspective on patterns and trends due to COVID-19 impacts on the external sector, that are directly pertinent to the bulk of the Fund membership, most of whom are not systemically important. As trends in the external sector evolve over time, we look forward to more ESA-WM Board updates. We also note the progression of work on the IPF and IV. We hope there is scope for ESA-WM reporting to reflect dominant currency implications, while its policy advice illustrates the application of the Integrated Policy Framework (IPF) and the upcoming revised Institutional View (IV). *Could staff also share the proposed topics for the analytical chapters of the 2021 External Sector Report?*

4. The ongoing work on lending policies, and the discussions scheduled on a general SDR allocation and on channeling of SDRs, are important given the critical role financing

plays at this time. We also support the planned discussion on Temporary Modifications to Access Limits Under the Large Natural Disaster Window for the RCF and RFI, which will help support recovery and resilience in countries that are prone to climate change impacts, including those in our constituency. We are happy that the Proposal for a General Allocation SDRs is finally coming to the Board. The general allocation will alleviate financing pressures for many countries while boosting reserve assets in a non-debt creating manner. We are also optimistic that subsequent discussions on the guidance note and preliminary options for a Voluntary Post-Allocation Channeling of SDRs will augment financing priorities, including for PRGT, thereby supporting a truly global economic recovery while addressing LICs critical economic needs precipitated by the pandemic.

5. We welcome the papers scheduled under the debt agenda. While we commend the DSSI extension, we underscore the importance of effective implementation of the Common Framework to create much needed fiscal space and support the recovery. We hope the work on experience with the Implementation of the Common Framework will have new proposals to overcome current delays in a timely manner. *On financing, given the immediate urgency of broad-based global vaccination, could staff clarify the rationale for scheduling an informal discussion of vaccine financing options at the end of September? Will the informal session present options that have already been discussed with G7 and G20?*

6. Curbing illicit financial flows is increasingly important to reduce large financing gaps and support broad-based recovery. Our authorities will be disappointed that the issue of non-inclusive global financial flows – reflected in net outflows from regions such as SSA, due in large part to illicit outflows, is once again missing from the work program. We hope that this work can be incorporated in the context of the Review of the Institutional View on the Liberalization and Management of Capital Flows as well as in the External Sector Developments and Assessments for the Wider Membership.

Facilitating a Transformational Recovery

7. The planned workstreams on supporting a green, digital, and inclusive global recovery give substance to the post-COVID-19 narrative that has evolved over the past eight months. The Strategy for IMF Engagement on Climate Change Issues will help to further clarify the Fund's role in the climate agenda and limit misconceptions regarding what the Fund will be doing. It will also help to ensure more effective and consistent Fund engagement with member countries on climate change issues. It is appropriate that the strategy discussion precedes other Board papers on climate change issues. *We look forward to staff guidance notes on climate-related engagement to help mission teams to support countries appropriately, tailoring interventions to fit the context – given the huge differences in the level of emissions and adaptation requirements across countries. Staff comments are welcome.*

8. The Climate Change Policy Assessment (CCPA) diagnostic tool is also an important complement to this work and as we noted before, we support the expansion of the CCPA to accommodate developing countries, especially in regions where climate projections indicate high vulnerability over the next two decades, and ultimately to cover all the members that need it. We look forward to the Climate Strategy clarifying Fund collaboration on diagnostics

and other climate change issues with other relevant institutions, particularly the World Bank and the United Nations.

9. We welcome the work on the digital agenda and are happy with the initial workstreams on digital money. We had been worried that delays last year would place the Fund too far behind market developments. The Board discussion of a digital money strategy is important at this time given the rapid expansion and far-reaching implications of digital money for national, regional, and global financial systems. We are also happy to see staff discussion notes scheduled on a Global Approach to Digital Data Frameworks and on Opportunities and Risks of Artificial Intelligence in Finance. It is important that the Fund, as the lead agency on global finance, get into the ongoing conversation on the intersection of global digital governance and finance. We also look forward to the work on sustainable financing, and women and fintech.

10. Continued support to the membership in leveraging digitalization for data management and fiscal frameworks, and enhancing government efficiency and accountability, also remains important. More emphasis on opportunities as well as risks stemming from digitalization in staff analysis is welcomed, given the increased use of digital platforms to improve fiscal and financial governance in the wake of the pandemic.

11. Regarding divergence and inclusion, we look forward to the workstream on inequality, gender, and social spending, given that the pandemic has exacerbated inequality and poverty in many countries, with disproportional effects on women and the youth. We also welcome plans to advance work on fragile states. The paper on Enhancing Engagement in Fragile and Conflict-Affected States (FCS) will provide an essential operational framework to guide sustainable and effective Fund engagement with this complex group of countries. It should also inform the integration of the Fund's CD provision with surveillance and lending to FCS, during and after the pandemic. *Regarding inclusion at the global level, can staff clarify how the WEO's economic divergence analysis will be carried forward? Could you also clarify whether the analysis on Emerging Markets: Landscape, Prospects and Risks will include the large number of middle-income countries that form the bulk of the membership but are not part of the more limited EME classification in the Fund? Many of these "missing middle" MICs face higher risks of divergence than large EMEs. Is there a global tracking mechanism following progress of countries on a divergent path post-COVID, that staff and the Board use for reference?*

Bolstering Fund Resources and Advancing Governance Reform

12. We support the prioritization of work on the Sixteenth General Review of Quotas (GRQ). This work will ensure that the Fund remains adequately resourced and preserves its role at the center of the global financial safety net. In this context, we reiterate the importance of the timely conclusion of the Sixteenth GRQ. At the same time, we look forward to the planned Committee of the Whole's discussions on initial considerations on the adequacy of Fund resources, and on the quota formula and realignment, which will inform the subsequent progress reports to the Board of Governors.

Modernizing the Fund Workplace

13. The sequencing of the work streams on Budget Augmentation, FY2021-FY2025 Medium-Term Budget, and Review of the Investment Account and Trust Assets: Initial Consideration is appropriate and will help ensure that the Fund has adequate resources and expertise to respond to current and future needs of the membership. It is also important to ensure that the Fund is better equipped to effectively serve the membership, supporting a durable exit from the crisis while attending to emerging global priorities such as climate change and digitalization, increasing the Fund's field presence, and strengthening financial surveillance to deal with the impact of the pandemic on financial stability risks. We look forward to discussions on the 2022 Review of Staff Compensation, Staff Recruitment and Retention Experience for CY2021, and the 2020-2021 Diversity & Inclusion Report. We also hope for a better sense during this period of progress on internal risk management at the departmental level. *Could staff comment on how the work on the Roadmap to the Future of Work at the Fund and the Modernization Projects is envisaged to feed into the Medium-Term Budget and income discussions?*

14. **In Closing**, we highlight once again the important role that collective action at the global level plays in this work agenda; be it in enabling access to and distribution of vaccines, or ensuring a fairer, inclusive, greener and smarter recovery. We are proud that the Fund, through staffs' excellent analysis, and the Managing Director's very effective outreach, continues to play an important role in steering this "Global Collective" ship.

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GRAY/21/1545

June 8, 2021

**Statement by Ms. Lim, Mr. Mochtar, Mr. Ong, and Mr. Dacharux on The Managing Director's Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
June 10, 2021**

We welcome the Managing Director's Statement on the Work Program of the Executive Board and appreciate the opportunity to discuss its direction. We would like to take the opportunity to extend our appreciation for the many important work Fund staff and Management has undertaken over the past months. Going forward, member countries will continue to count on the Fund's support to secure a durable and more resilient recovery. Amidst the uncertain evolution of the pandemic, the Fund needs to continue to be agile and adapt its operations and frameworks to be responsive to member needs.

Regarding the work program for the remainder of FY2022, we would like to provide some comments for consideration.

Surveillance and Surveillance Framework

Surveillance is central to the Fund's engagement with membership, and it is crucial that it is tailored to take into account member country's specific characteristics and circumstance. This is particularly critical now amidst still-fragile and significantly divergent recoveries across countries. We reiterate the need for flexibility in the surveillance framework and granularity of policy advice, especially when considering how to secure a sustainable exit strategy from the exceptional policy responses mounted during the pandemic. This points toward the important and unique roles of country teams in engaging the membership in the context of IPF, understanding country-specific context in the use of various policy tools, including an appreciation for FXI and many financial sector data some of which may be sensitive, while also mindful of the difficult policy tradeoffs and limitations facing the policymakers.

In this context, we welcome the review of the Institutional Views on CFMs and emphasize the importance of the review in keeping the surveillance framework of the Fund up-to-date on the latest theoretical and empirical literature and country experiences. Relatedly, we note an analytical piece "Interplay between Capital Flows, CFMs and Crises" to be presented to the Board in November 2021, and *welcome staff comments on how would this influence the IV review that will take place shortly after in December 2021.*

We note the upcoming “External Sector Developments and Assessments for the Wider Membership during COVID-19”, and would like to confirm whether this will also cover the EBA model refinement (including capital account-related issues), that was planned for 2022Q1 in the Management Implementation Plan on IEO recommendations on IMF advices on capital flow but did not feature in the Policy Review Schedule. Given the many concerns that have been raised in numerous Board discussions on EBA, *staff comments/updates are welcome on this workstream.*

We also welcome the proposed September Board briefing on “Emerging Markets: Landscape, Prospects and Risks”. This is timely and relevant for a broad subset of the Fund’s membership considering the great divergence in near-term growth prospects between the developed economies and rest of world, and the risks associated with possible spillover and spillback effects of divergent macro policies as highlighted during 2021 Spring Meeting. *We are therefore very much interested to learn how this work will ultimately feature publicly, whether through the upcoming flagship reports or Staff Discussion Notes.*

Lending

We commend the Fund for the flexibility made to its financial assistance to membership, especially for the LICs, in response to the pandemic. The temporary adjustments of the Fund’s lending instruments and facilities provided greater breathing room, and thus enabled timely crisis responses, for many members. However, this chair would like to reiterate our call for the Fund to provide more customized assistance for the small state islands with their unique vulnerabilities. *We welcome staff’s update on progress, if any, on financing windows tailored to meet the needs of small island states.*

As the Fund has repeatedly emphasized, vaccine policy is economic policy. In this regard, we commend the Fund’s role in analyzing how to scale up equitable access to vaccine, and the leadership in rallying other IFIs and MDBs for this important initiative. We appreciate that Board will be engaged on Vaccine/Pandemic Financing Options in September 2021, and would like to call for management to provide materials well in advance of Board discussions to ensure adequate time to seek authorities’ views, especially given that any plan for this will likely be announced during the Annual meetings. Noting from the abstract (page 16) that the proposal could be for adjustments to the Fund’s emergency financing toolkit to serve as a further line of defense for BOP needs owing to COVID-19 vaccination programs, we call for staff to be open to similar adjustments being made, to cater for other aspects of members’ resilience building, for non-emergency financing tools.

Capacity Development (CD)

CD continues to be an integral part of Fund’s operations, supporting both surveillance and lending to ensure member countries are well-equipped to meet the challenges and opportunities ahead. We therefore stress the importance of timely, demand-driven, and country-specific CD work to support members to navigate through the pandemic and transition to the post-pandemic world. Given the divergent recoveries with long-term economic scarring effects, CD work will need to be even more tailored, while also covering new areas of the Fund’s work, such as climate change, digitalization, new data needs, among others. Again, country teams will play a critical role in CD prioritization and follow-up, and thus should continue to work closely with the authorities to enhance the traction of the Fund CD works.

Debt

As the recent Board briefing emphasizes, a large number of our members confronts heightened sovereign debt risks over the near- and medium-term. In particular, the analysis revealed the elevated level of *financing risks* that many members confront. In this light, we call for management to remain open to the possibility of recommending another DSSI-extension beyond end-2021. On the implementation of the Common Framework, staff last updated that the first few test cases (Chad, Zambia, Ethiopia) should come to the Board soon, but we note that these country cases have yet to be reflected in the tentative board schedule up till October. *Staff's update on progress in operationalizing the Common Framework in these cases is welcome.* In addition, the recent analysis shows that other than LICs, a large number of EMDEs are also at high risk of debt distress. *Staff's comment on whether the Common Framework can, and should, be expanded to include EMDEs is welcome.*

Climate

We appreciate the Fund's role in this important area, while reiterating it should be guided by the Fund's mandate, expertise, as well as internationally accepted standards, in order to garner supports, reach consensus and enhance traction across the membership. New data initiatives should take into account country's absorptive capacity and specific circumstance, especially amidst the pandemic and nascent recovery period, and leverage on existing work by other organizations where possible.

Digitalization

We welcome the planned work on both digital money and CBDCs which could have transformative impact on many aspects of the international monetary system. We emphasize the need for the Fund to provide thought leadership on areas including risks to financial stability, appropriate regulatory responses, and fostering financial inclusion. We look forward to speedy progress on this work to identify the possible implications on the Fund's surveillance, policy advice, as well as collaboration with other stakeholders.

Fund Resources and Governance Reform

As the Fund expanded and extended its financial assistance in the pandemic, and its continued role to help member countries navigate the exceptional large uncertainties ahead, it is imperative to ensure that the Fund is adequately resourced to continue to perform its central roles in the global financial safety net against future shocks. To this end, we emphasize the importance of delivering on the objective of a quota-based institution and the ensuing governance reforms by concluding the 16th GRQ by end 2023. Achieving the outcome of quota increases, as a permanent resource, is not only necessary for the Fund's operations, but also very critical for the long-run organizational credibility and reputation.

Modernize Workplace

We commend staff and Management for their continued dedication and flexibility despite the challenges arising from virtual working environment, which has implications for the Board engagements as well as in maintaining relationship with the authorities. Nonetheless, we also

recognize that there are important lessons learnt and efficiency gained that can be carried forward while we navigate the phased resumption of operation and the hybrid work model.

An excerpt from the statement notes that: “As the Fund considers and adapts to new ways of working, the Board will receive a briefing on Roadmap to the Future of Work at the Fund”. Given that the NWOW would cover both Fund staff and Executive Board offices, the current wording points to a rather passive role by the Board on this matter. Thus, we would like to suggest to re-word the phrase to also reflect the Board’s role in formulating the roadmap for Board operations and OED.

Risk Management

We welcome the proposed heavy agenda for instituting a more rigorous enterprise risk management for the Fund. The IMF plays a unique role in the global financial safety net architecture. Accordingly, the design of its ERM management will have to well-tailored to its mandate and idiosyncrasies. That said, it should consciously look out for best practices instituted by other IFIs and member authorities, among others.

Independent Evaluation

We expect to see the inclusion of the IEO evaluation on “The IMF’s Emergency Response to the COVID-19 Pandemic” on the list. We understand that there will be a mid-point engagement with the Board to discuss emerging findings and lessons, ahead of the expected completion of the first-stage evaluation in 2022H2.

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GRAY/21/1546

June 8, 2021

**Statement by Mr. Andrianarivelo, Mr. N'Sonde, and Mr. Nguema-Affane on The
Managing Director's Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
June 10, 2021**

We thank the Managing Director for her statement on the Work Program (WP) of the Executive Board, which is broadly consistent with the orientations outlined in the April 2021 Global Policy Agenda and IMFC Communiqué. We appreciate the changes brought to the WP format, notably the inclusion of a policy review schedule which provides a tentative medium-term schedule for key policy reviews to be restarted as pressures from the pandemic-related workstreams lowers. We also see merit in the new Annex I on selected abstracts as it offers useful background and directions of the program ahead for each work area.

As indicated in the IMFC Communiqué and reiterated in the proposed document, the global economy is recovering from the pandemic faster than projected but with diverging individual recoveries and risks thereto. Against this background, Fund work should continue to be geared towards supporting members navigate through the pandemic and reach calmer waters with as little damage as possible. Such support, through surveillance, lending and/or capacity building, should be appropriately tailored to the socio-economic specificities of members. Also, as many countries are transitioning from emergency assistance to UCT-quality arrangements, Fund support should be further stepped up, more flexible and innovative to better help them face the exceptional challenges brought upon them by this crisis like no others. The proposal of *Vaccine/Pandemic Financing Options* is a positive step in that direction. We would prefer discussing those options before the Board Recess.

On Securing a Safe Exit from the Crisis

Multilateral surveillance of debt developments is of paramount importance at this juncture. We welcome the focus of the *Fall 2021 GFSR* on emerging economies and frontier markets, which we expect would delve more into the financial stability risks facing those countries.

We particularly look forward to more detailed analysis of developments in frontier markets, following up on the section on those groups in the Spring issue—which stressed the significant financing challenges facing some frontier markets due to impaired access to international financial markets and exclusion from current international debt relief initiatives.

Likewise, we expect the *Fall 2021 Fiscal Monitor* to deepen its monitoring of fiscal and debt developments and prospects, to reflect on fiscal objectives and fiscal frameworks and guide future analytical work on fiscal space and debt sustainability issues. *A focus on low-income countries is most warranted as the yearly report on Macroeconomic Developments and Prospects in LIDCs, typically issued in the run up to the Spring meetings, is worryingly missing from the proposed work program. Staff elaboration on this gap is welcome.*

We look forward to the discussion on *Issues in Restructuring of Sovereign Domestic Debt*, which is timely given the growing domestic debt and its impact of growth and financial stability in the countries concerned. Guidance on the design of a domestic debt restructuring should clearly identify elements of a restructuring which could be amenable to higher access under Fund arrangements. Regarding the new debt sustainability tool to assess debt sustainability in market access countries, *we would be interested in staff elaborating on the scope of those briefs and indicating whether it will also be used on frontier market countries?*

Lending policies should be consistent with the agenda on tackling debt vulnerabilities and commensurate with the growing financing gaps. Given the large financing needs facing emerging economies and LICs during this pandemic environment, the Fund must play a greater role in this regard, beyond the envisaged SDR allocation and the temporary increase in access limits, which we fully support. We urge consideration of Fund-supported debt and debt service restructuring operations (DDSROs) during the *Review on Concessional Financing and Policies* and the *Review of the IMF's Lending into Arrears Policies*. An effective higher access to Fund facilities could support countries achieve DDSROs that will meaningfully improve debt sustainability, especially given the relatively low cost of Fund financing. Country teams should be encouraged to communicate to the authorities this alternative when feasible during program negotiations or reviews. This was clearly reaffirmed in a Board meeting on DDSROs in March 2021. Given the wide recognition of the macro-criticality of domestic debt in some countries, lending into arrears policies should consider covering also this debt in order to ensure consistency with the agenda to reduce debt vulnerabilities. *Staff comments will be appreciated.*

As regards **global cooperation**, we see merit in ensuring continued Fund participation and even leadership in international initiatives to address global issues, including debt transparency and resolution, data gaps, digitalization, climate change and international taxation. We expect staff to present not only progress in these initiatives but also the main impediments to further progress and ways to overcome them. We particularly look forward to progress made in the implementation of the G20's DSSI and Common Framework, notably

the participation of public and private creditors in those initiatives. *Considering the lack of experience on the Common Framework at this stage, we expect that the Update on Implementation and Extension of DSSI and Common Framework scheduled in September 2021 will be followed by another update towards the end of the year, with the expectation that the three countries that have applied thus far would have benefited from the framework and more countries would have added to the list by December 2021. Comments will be appreciated.*

On Facilitating a Transitional Recovery

We are pleased that the discussion on *the Fund's Engagement In Fragile and Conflict-Affected States* will take place in two parts (informal session and formal Board meeting) given the importance of this topic. In particular, we urge staff to address also Fund's engagement in non-FCS countries like Burkina Faso facing significant security-related challenges. We note the planned *IEO Evaluation of IMF's Engagement with Small States* in February 2022. We encourage staff to give briefings on small states until an implementation plan is designed following the IEO evaluation. *Staff comments are welcome.*

The **digital money** work program is welcome. This topical issue will be on the agenda of the forthcoming African Caucus meetings on digitalization in Burundi next August. While recognizing the potential benefits of digitalization, there are areas of concerns, including digital infrastructure and legal changes needed to contain financial stability risks stemming from growing use of digital money worldwide, including central bank digital currencies. *Could staff indicate if there will be a Board briefing on capacity development in the Fund's Digital Money Strategy, including to help address abovementioned areas of concerns?*

The planned work program on **climate-related issues** is quite extensive. We look forward to the paper on *Strategy for IMF Engagement on Climate Change Issues*, which will better guide IMF role on those issues, especially as the Fund is already engaged in various climate workstreams. Regarding the proposed work on carbon pricing arrangements, we urge to go beyond issues related to carbon emissions and pay also attention to carbon absorption matters which could be macro-critical in countries with large rainforests. *Staff comments will be appreciated.*

On Fund Resources and Governance Reforms

Along with the adequacy of Fund resources through the general quota review, it is important to maintain an emphasis on replenishing the PRGT and CCRT envelopes, through briefings on drives for bilateral contributions to the subsidy and loans accounts and on the expected SDR reallocation.

On Modernizing the Fund Workplace

This extensive work program further stresses the need to augment the Fund structural budget to conduct adequately its work on a wider set of policy issues, following a decade of real flat budget and repeated exercises of reprioritization. Therefore, we look forward to the planned discussion on a *Proposed Budget Augmentation* in July 2021.

Policy Review Schedule

While we understand that the tentative Policy Review Schedule is contingent on the easing of the pandemic and associated risks, the exceptional circumstances and members' needs warrant planning the reviews on Conditionality and the Design of Fund-Supported Programs and on Policy on Debt Limits in Fund-Supported Programs ahead of their usual 5-year cycle. In our view, these two items should be part of the regular work program for the rest of FY 2022.

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GRAY/21/1547

June 8, 2021

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

We offer the following comments on the Statement by the Managing Director on the Work Program of the Executive Board:

We reiterate our appreciation for the IMF staff's outstanding work during the crisis. While we agree that high uncertainty continues to mark the global outlook and thus the future demands on the IMF and its work agenda, we support the ambition to increasingly resume planning for a year-long horizon.

Flagship Products:

We strongly welcome the planned discussion on inflation in the WEO and the chapter on climate change in the GFSR. The planned focus in the Fiscal Monitor on the credibility of public finances and on fiscal frameworks is also very topical.

Possible Budget Augmentation:

We reiterate that the budget has to be discussed and endorsed by the Board in its entirety in order to fully take into account trade-offs regarding a possible budget augmentation. We are wondering about the sequencing of board engagements planned for the discussion on an augmentation. According to Table 1, staff plans a formal board endorsement on a budget augmentation well before any engagement concerning the regular FY23 budget. *We would welcome a staff comment to clarify the process.*

We would also propose to reference more generally the Fund's mandate rather than only new areas of work to be accommodated under an augmented budget.

Risk Management:

We are looking forward to the ORMs action plan and the various new risk management actions informed by OIA recommendations. We especially welcome work to establish a common risk taxonomy and risk measurement scales to clarify the overall risk assessment. We noticed that in the category "Institutional risk management and audit" only the mid-year and yearly update of the risk

report have been scheduled. *In this regard, we are wondering about the future of the quarterly risk updates. Staff comments are welcome.*

Lending Risks:

We encourage more elaborate discussions going forward on how to mitigate lending risks, including in the context of the 2021 Risk Report. The MD's statement highlights the overall increase in risks driven by the pandemic and the Fund's unprecedented response. Among the key risks is the Fund's growing lending portfolio, but the items presented in the relevant section do not seem to significantly deal with this risk. The thrust of many of the highlighted discussions instead appears foremost aimed at addressing the risk of an inadequate lending response (reviews to deal with risks to the adequacy of Fund resources and concessional financing, work on enhancing the Fund's engagement in fragile and post-conflict affected states).

New Debt Sustainability Tool:

We would welcome further information on considerations on the "New Debt Sustainability Tool Based on the IMF's Sovereign Risk and Debt Sustainability Framework".

Access Limits to RFI/RCF Large Natural Disaster Windows:

We take note of the planned Board discussion on a proposed temporary increase in access limits of the RFI/RCF large natural disaster windows. This initiative is new to us and we would like to know more about what considerations motivated this proposal. *A staff comment would be welcome.*

IEO Evaluations:

We look forward to the upcoming IEO evaluations. In the draft issues paper on the evaluation of the IMF's Emergency Response to the COVID-19 Pandemic, the IEO noted the strong interest in early lessons and envisaged a mid-point informal engagement. *Does the IEO already have a planned date for this engagement?*

Vaccine/Pandemic Financing Options:

Can staff offer more information on the considerations and proposals underlying the planned Board engagement on Vaccine/Pandemic Financing Options? Specifically, we would be interested to know more about which group of countries staff has in mind under this initiative.

CCRT:

Finally, can staff provide a brief update on the funding status of the fourth tranche of the CCRT?

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June 8, 2021

**Statement by Ms. Levonian, Mr. O'Brolchain, and Mr. Weil on The Managing Director's
Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
June 10, 2021**

Thank you to the Managing Director for her statement on the Board Work Program (BWP), and for her tireless efforts to lead the global economy out of the COVID-19 crisis. If implemented diligently, the proposed BWP will help support the membership through the ongoing crisis, shape the global recovery, and build a global economy that is more resilient, inclusive, and sustainable than the one that entered the pandemic. The BWP is also a helpful reminder of the demands placed on the Fund's dedicated staff, whose work is tremendously valued by the membership.

We welcome efforts to resume to a year-long horizon for planning purposes. As the global economy recovers from this unprecedented crisis, so too should Fund planning and business cycles. We also welcome the inclusion of a medium-term schedule of major policy reviews which provides the Board a more holistic view of the medium-term policy agenda.

Against the backdrop of a well-crafted BWP, below we have highlighted opportunities to ensure that the membership benefits from as comprehensive and coherent an agenda as possible.

Fund-wide Strategy

We welcome planned strategies in a number of core policy areas (e.g., gender, climate, digital money). The time may be right to articulate an overarching Fund strategic plan. The IMFC Communiqué and Global Policy Agenda are key pillars to guide the work of the Fund, but they are not board-endorsed plans that set out strategic objectives and outline how the Fund will position and organize itself to deliver for the membership. Nor is the Administrative Budget a strategic plan, even if at times it tries to stand in the place of one. In

a mature and complex institution such as the Fund, a Board-endorsed strategic plan, on a rolling multi-year horizon, should inform the BWP and the budget. Such an approach to planning would lend more coherence to the BWP and mitigate the risk of the Fund planning and working in silos. All Departments should be working towards the achievement of Fund-wide strategic objectives.

Lending

We should ensure that the Fund’s lending toolkit meets the membership’s BOP needs.

We support plans to look at vaccine/pandemic financing options to ensure that Fund financing is there when it is needed most. We note that changes to the emergency financing toolkit may be explored in this context. Since the onset of the pandemic the Fund has made several rounds of adjustments to the toolkit, including new facilities, modified access, and streamlined safeguards across both GRA and PRGT facilities. Yet, it is not clear that such changes have been guided by a comprehensive lending strategy. Rather, adjustments have been proposed and adopted in an ad hoc manner. Management should consider whether Board engagement is needed to take stock of Fund lending in the pandemic to-date. Stock-taking and the formalization of a pandemic lending strategy could ensure a holistic approach to deploying the toolkit.

We welcome the workstreams being implemented to help the Fund’s poorest and most vulnerable members but would have liked to see more continuity in the small states agenda. We welcome work to enhance the Fund’s engagement in fragile and conflict-afflicted states. Ahead of the conclusion of the Review of Concessional Financing and Policies we encourage management to reflect on the Board’s recent feedback regarding the risks of financing gaps and unmet expectations. We note however that the small state agenda seems to have been de-prioritized in this BWP, which is regrettable on the heels of record economic contractions in the Caribbean and in the face of considerable financing needs to build resilience to external shocks, including climate change.

The forthcoming general SDR allocation will enhance global liquidity, help the global recovery, and support long-term reserve asset needs. The Board agenda on SDRs is comprehensive, including a welcome briefing on post-allocation channeling. We would emphasize the importance of measures to enhance transparency and accountability in the use of SDRs in this general allocation as well as the importance of updating the Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations. We would welcome informal Board engagements, such as an informal seminar or technical Q&A, on these topics.

Surveillance

Trade issues are not covered in this BWP. Pandemic-related trade restrictions have escalated a pre-existing debate over the role of supply chains and how we can enhance supply resilience. Our collective focus is justifiably on durably exiting this global health crisis, but we can ill-afford to put trade issues on the backburner. While the ESR always provides valuable, rigorous, and impartial surveillance of external positions, we would have appreciated trade policy issues being better anchored in this BWP. The topics for the forthcoming WEO, including prospects for growth and inflation, and resilience to climate change, are well chosen. However, consideration could also be given to including analysis of supply chain resilience, including risks from technological decoupling, to reinforce the importance of the rules-based multilateral trading system and underscore the costs of returning to a pre-pandemic world characterized by escalating trade tensions and waning multilateralism.

The Fiscal Monitor’s focus on improving the credibility of fiscal frameworks is welcome. This approach presents an opportunity for the Fund to provide more granular fiscal policy advice that is tailored to a multi-speed recovery in order to avoid the perception of a one-size-fits all prescription in the crisis. In particular, we would welcome a focus on how the thinking around fiscal anchors and rules in advanced economies may need to evolve post-COVID. We look forward to the Fiscal Monitor, and all of the flagship research, continuing to highlight country best practices and lessons learned from the evolving policy response to the pandemic.

With the successful conclusion of the CSR, we should not delay important downstream policy reviews. In particular, we are concerned with the long horizon to launch the review of the Fund’s policies to address excessive delays in the completion of Article IV consultations. The timeline for launching the transparency policy also seems long considering repeated calls for its prompt execution post-CSR. The review of the misreporting policies should be anchored in the medium-term BWP given recent high-profile cases of lengthy delays in notifying the Board of serious misreporting and gaps in the policy’s application.

Capacity Development

The capacity development agenda for FY2022 is balanced and helpfully includes an opportunity to engage on priorities over the medium-term. We noted that the review of the capacity development strategy would normally occur in 2023 but is scheduled for Q3 in FY2024. We should not wait too long to update the strategy with the lesson-learned from the crisis which has been especially disruptive in the area of technical assistance. *Is there any reason that the capacity development strategy cannot be reviewed in 2023?*

Policies for a Transformational Recovery

We strongly welcome plans for the adoption of climate and gender strategies which both seem well sequenced with the MIP in response to the IEO's evaluation of the Fund's collaboration with the World Bank on macrostructural issues. We look forward to the opportunity to take stock of the Fund's work on climate and gender issues and frame overarching strategies to orient, coordinate, and drive the Fund's work moving forward. The Fund should consider how these strategies will support the ongoing integration of climate and gender issues into bilateral surveillance to support a more transformative recovery. Given the importance of cooperation with the World Bank in these areas, it will be crucial for these two strategies to fully internalize the lessons learned from the IEO's evaluation of the corresponding pilot initiatives. We took note that the last review of Bank-Fund collaboration was in 2010 with this work expected to be on a 5-year cycle. *When will SPR next review Bank-Fund collaboration?*

The debt agenda is appropriately ambitious and comprehensive. We are pleased to see the very good coverage of debt issues in the BWP, and in particular we welcome the planned opportunity to consider options that could support greater debt transparency. It will be important for all the various Fund debt-related threads to coalesce into a coherent strategy, which underscores the value of a timely update on the joint Bank-Fund multipronged approach for addressing debt vulnerabilities.

The agenda on digitalization is welcome if somewhat narrow. We look forward to planned discussions of the Fund's digital money strategy, the international monetary system, and digital money, and the analytical framework for central bank digital currency. However, the COVID-crisis has accelerated structural trends in economies worldwide as digital adoption by businesses and governments took quantum leaps. We would have expected the Fund's digitalization agenda to focus on associated transition risks for economies and the necessary structural policy agenda to harness the potential of digitalization.

The BWP comes across as somewhat light on core monetary and financial sector issues, especially in relation to global inflation dynamics which are the subject of ongoing debate. We do however welcome plans for the forthcoming WEO to discuss prospects for inflation as well as planned joint FAD/SPR/MCM analytical work on fiscal-monetary coordination.

We welcome the planned review of the Institutional View on the Liberalization and Management of Capital Flows. This will be an excellent opportunity to draw insights from the Integrated Policy Framework as well as the IEO evaluation of IMF Advice on Capital Flows. Management previously indicated that the review of the EBA and EBA-lite

frameworks would be planned for Q1 2022, yet we did not see this item anchored in the BWP. *Staff comments are welcome.*

Organizing Ourselves to Deliver

Administrative Budget – We are prepared to consider a well-supported business case for a structural increase to the administrative budget. We look forward to our first engagement on this issue in July and expect staff to provide the Board with a suite of options to ensure that the budget aligns with the priorities of the membership.

Risk Management – We look forward to reviewing management’s action plan in response to the OIA’s ERM audit which will hopefully provide a roadmap for enhancements in the areas of risk governance, risk acceptance and tolerance, and empowerment of the risk function.

Operations – The Fund must draw lessons from over a year in a remote working environment to ensure that it continues delivering for the membership, including in new more efficient and effective ways, through the crisis and recovery. To this end we look forward to the briefing on the roadmap to the future of work at the Fund.

IHR – Given significant delays and cost overruns associated with the IHR project we would have expected more frequent updates to the Board on its status. Consideration should be given to dedicated regular Board updates on this off-track major project.

Accounting – We look forward to staff’s recommendation on a solution to isolate the impact of pension-driven volatility on reserve accumulation and the path of precautionary balances. *When does staff expect to bring this work forward to the Board?*

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GRAY/21/1549

June 8, 2021

**Statement by Mr. Fanizza, Mr. Massourakis, Ms. Quagliarini, Ms. Cerami, Ms. Korinthios, and Ms. Mateus on The Managing Director's Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
June 10, 2021**

We welcome and support the overall thrust of the Work Program. This insightful Managing Director's statement appropriately puts emphasis on post-pandemic economic prospects, coordination across policies, rising debt vulnerabilities, and adequacy of Fund's resources. However, a more integrated approach to the Fund's strategy, including for the fundraising initiatives directed at the membership, is necessary at these still difficult times. We wish to offer the following comments.

- **A more cohesive strategy, notably on the lending framework**, would benefit the various work streams (e.g. on the review of concessional financing, on access limits, on the SDR allocation and its channeling, et.) to contribute to the ultimate goal to support the Fund's membership. Their **sequencing** should be well timed so that the Board can take well-informed decisions. The staggered modalities followed so far **in approaching members for funding** – where requests, for the CCRT, PRGT, Small States, et., come one at a time without an overall **integrated strategy** – have raised challenges for our authorities and complicated the task of securing their support when they face a panoply of competing demands.
- We welcome the preview of the topics that will be covered in the **Flagships**, particularly in the analytical chapters of the GFSR, and encourage staff to share additional details on the WEO. We stress the importance of **ensuring strong coordination and consistency across the Flagships**, as in the recent past the tone and bottom-line messages of the three reports could have been better aligned.

- We appreciate the presentation on **Effective Monetary-Fiscal Coordination** scheduled for July. We encourage a timely circulation of the document ahead of the meeting. *Staff's comments on the format of document that is envisaged (SDN, et.) would be welcome.*
- We support the work envisaged on **emerging issues** like (a) Climate change, (b) Inclusion and gender; (c) Digitalization; and, (d) Corporate taxation; we thank staff for their close cooperation with **Italy's Presidency of the G20** at this difficult juncture for the global economy. We strongly endorse the envisaged staff's work on **carbon tax and cross border adjustment** and encourage a much-needed **integration** of climate change issues in Fund's bilateral and multilateral surveillance. On **inclusion**, while we applaud the **gender strategy** and staff's outreach, we stress the importance of **deepening the Fund's engagement on inequality** issues and, in particular, on the quality of the work environment, including fair wages for the most disadvantaged.
- On **increasing debt vulnerabilities**, we underscore the need for effective data transparency and provision which are essential to good policy making. We are glad to read in the MD's statement that a **second self-assessment of the G20 Sustainable Financing Guidelines** has been scheduled. We also underscore other important G20 initiatives like the **Debt Service Suspension Initiative (DSSI)** and the **Common Framework**, which are helping vulnerable countries navigate the crisis. On **data provision** overall, we thank staff for their support to the data initiatives that **Italy's G20 Presidency** brings forward, such as the **new Green Data Initiative** on top of the preceding work on the Data Gaps Initiative.
- On **Fund's resources**, we strongly support the work on a **new SDR allocation and its channeling**. We concurred with proposals at this early stage and are glad to see them advancing towards fruition to **alleviate financing constraints for LICs and Fragile and Conflict-afflicted (FCS) States** at this critical time. The relevance of LICs and the peculiarity of FCS are clearly set out in the MD's statement.
- On **enterprise risk management (ERM)**, we share the importance of the work that still needs to be done to strengthen risk management at the Fund, in line with the OIA's recommendations. Against this background, we look forward to the discussion on the 2021 Mid-Year Risk Update as the first opportunity for the Board to provide inputs on the ERM roadmap.

Finally, on the **Fund's budget**, caution is warranted on its proposed **augmentation**. We reiterate our view that any proposal should be clearly spelled out and appropriately justified to allow the membership to take an informed position.

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GRAY/21/1550

June 8, 2021

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

We welcome the Managing Director's excellent and well-prioritized Work Program. We fully agree that securing a safe exit from the crisis must remain the key priority, as evidenced by regional spikes in COVID cases and the continued risk of a divergent recovery. The Fund's high-quality, tailored advice will continue to be crucial for country authorities to successfully navigate the gradual withdrawal of policy support where possible and warranted. At the same time, the Work Program rightly recognizes the need to strike a balance with progressively resuming regular, long-term workstreams.

To put economies on a path towards a sustainable and resilient recovery, it will be equally important to address medium-term challenges, notably climate change, digitalization and inequality. The membership looks to the Fund for guidance on how to manage these structural transformations, while dealing with increased debt vulnerabilities. **We thus strongly support the proposed work program in the areas of climate change, digitalization, and debt.**

Climate change

The Work Program's increased focus on climate change-related issues across all aspects of the Fund's activities is very welcome. Climate change is macrocritical and squarely falls in the Fund's mandate. With its near-global membership, the Fund is uniquely positioned to advise country authorities on the economic and financial implications of climate change. The proposed work in this area is also very timely as the policy mix during the recovery presents a window of opportunity to lock-in a green growth path that will make economies both greener and more resilient for years to come.

We consider the forthcoming discussion of the Fund's strategy on climate change issues to be among the most important meetings in the period ahead. We must build on recent progress, notably the integration of climate change in our surveillance framework, and work towards incorporating climate change-related issues in our lending and capacity development operations. We look forward to the assessment of the financial stability implications of climate risk, the Fund's work on an international carbon price floor and possible carbon border adjustment mechanisms, and the dedicated chapters in the Fall Flagship reports. In this context, we want to stress the importance of

close collaboration with other institutions, notably the World Bank, the Network for Greening the Financial System and the Coalition of Finance Ministers for Climate Action.

Digitalization

Similarly, we welcome the Fund's work on digitalization, especially on the implications of digital money on the international monetary system. Progress in this area is urgent, with digitalization transforming the world of finance even faster than initially expected due to the pandemic. Given the Fund's central role in the international financial system, it is crucial that we stay abreast of developments. Again, close collaboration with partners, notably the BIS and FSB, remains needed. We thus very much look forward to the discussion of the Digital Money Strategy in June.

Financial sector

In addition to this emerging trend, we see merit in continued analysis of other developments that may impact financial stability, notably governance issues in the financial sector and in particular pressures on central banks, as well as developments in real estate markets.

Debt

We continue to support work on debt-related issues, in particular on debt vulnerabilities and transparency. We note that, while warranted, the unprecedented size of fiscal policy support to mitigate crisis effects has exacerbated pre-crisis debt vulnerabilities, which constitute a key financial stability risk. With debt-related issues at the core of its mandate, the Fund must continue to be well-equipped to advise the entire membership on debt and fiscal sustainability questions. We thus look forward to the planned briefing on options for restructuring of domestic sovereign debt and debt transparency, as well as the regular updates on the DSSI and Common Framework.

Proposed budget augmentation

We welcome the proposed engagement on a possible one-time budget augmentation to step up work related to new areas of priority work. Such a proposal will need to make a convincing case and contain detailed information on amounts and FTEs for each priority area. Separate discussions of each individual area will allow for appropriately detailed discussions. In the dedicated Board on a proposed budget augmentation, we would expect an integrated presentation of possible trade-offs, which is an important element for the Board to take an informed decision.

Lending toolkit

Given the continued high uncertainty, we appreciate the upcoming discussions on the Fund's lending tools. In this context, we are interested to understand in more detail the rationale and objective of the proposed discussion on vaccine/pandemic financing options. Given the importance of vaccination for a sustainable global recovery, we welcome the Fund's call to intensify multilateral cooperation and help low-income countries gain access to vaccines. At the same time, we wonder what role, if any, Fund emergency financing could play in this regard. We believe UCT-quality programs are well-tailored to support countries in the current phase of the crisis. *Could staff elaborate on the rationale for potential adjustments to the emergency toolkit?*

Enterprise Risk

While we welcome progress on the ex-ante articulation of risks related to policy proposals and the elevation of the ORM head, we would have welcomed a deeper and earlier engagement following up on the OIA's recommendations. As the maturity assessment found Fund practices to be in the development phase, we see the case for speedy progress, not least because of the

increased enterprise risk profile and continued uncertainty. *Could staff explain whether it would be possible to begin work on a Board-approved ERM policy while the MIP is being prepared?*

Fund resources

We support staff's work on the 16th General Review of Quotas and the proposed \$650 billion general SDR allocation, as well as considerations for a voluntary post-allocation channeling. In this context, we highly appreciated the updates on demand for Fund resources, which took place last year, and we would welcome the resumption of such regular updates. *Staff's comments are welcome.*

Finally, we express our gratitude to Management for their efforts on debt relief for Sudan. Against this backdrop, we think a Board discussion regarding a successor account for the SCA-1 could be added to the program, as it is an integral part of the Fund's precautionary balances and will be terminated following the debt relief for Sudan. *Could staff elaborate on this choice?*

Future of Work

As the world is considering the recovery, so the Fund must prepare for the post-pandemic workplace. We consider a fundamental rethinking of the nature of work at the Fund to be a strategic consideration, which warrants the full implication of the Board. We welcome the envisaged briefing on this topic in June, but we believe a follow-up informal Board to engage would be warranted. *Staff's comments are welcome.*

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GRAY/21/1551

June 8, 2021

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

We thank the Managing Director and staff for the carefully drafted work program (WP) that reflects well the Global Policy Agenda and the IMFC communique. We broadly support its content with topics focused on supporting the membership gearing the crisis response toward recovery. We also want to thank staff and Management once again for their extraordinary efforts during this crisis and note that the Fund has a crucial role to play going forward. To manage the workload, we must ensure that we concentrate efforts to what we do best and cooperate closely with others when needed.

Both the **debt and climate agendas** remain ever important and we support the multifaceted work programs in these areas. In addition, we find that it is a good time to discuss the modalities of Fund engagement in climate change issues under a new strategy, including collaboration with stakeholders. We also welcome the workstream on **inequality, gender, and social spending**, given that the pandemic has exacerbated inequality in many countries with disproportional effects on the most vulnerable, women and the youth.

Considering the signs of divergence and expected future shifts in the policy stance in advanced economies, we find the increased focus on fragilities in **emerging and frontier markets** both in the Global Financial Stability Report and having a special Board briefing on the topic as very timely. As the **inflation outlook** plays an exceptionally important role in these and other vulnerabilities currently, we would appreciate a separate briefing on the Fund's analysis in this area to the Board before the recess. Also, **digitalization and digital money** are changing the operating environment of the financial markets, central banks, and the entire international monetary system at an accelerating pace. We concur with the proposals in the WP and especially find taking a holistic view on the new developments and effects on the international monetary system very useful.

On the **Review of Concessional Financing and Polices**, we would like to re-iterate our suggestion (from the Informal to Engage discussion on June 2) to extend the temporary augmentation of PRGT access limits until the end of 2021 as a first step. The medium-term

decision on access limits should be taken after the Annual Meetings in order to allow time to assess available grant resources, the effects of the SDR allocation, the demand outlook, and to find more clarity on the role of the Fund in relation to other providers of concessional financing. We also look forward to the briefing on **CD Evaluations and Impact** that will include results from evaluations, results-based management, and other assessments. Capacity Development is a very important part of Fund activities and we appreciate the increased opportunities for Board involvement.

We highlight the critical role that reinvigorating multilateralism and reforming the rules-based multilateral trade system have in ensuring a global and sustainable recovery, and completely **missed any mentioning of the trade agenda**. The IMF has a clear mandate on fostering an open global trade system and we call for increased analysis and discussions in the IMF Board on this. For example, the review of the Role of Trade in the Work of the Fund, with a usual frequency of 5 years, is delayed without a specific date announced. We also note **delays in some other policy reviews** and would like to encourage as much compliance to regular review schedules as possible. These are key vehicles to keep policies up to date and our house in order.

For the same reasons, and given elevated risk acceptance following the Fund's decisive pandemic response, we welcome the agenda set out for the **improved enterprise risk management** framework, but find the action plan to address the OIA ERM recommendations to be handled later than expected and would urge staff to speed up this process to reflect the urgency of these issues.

Finally, we look forward to upcoming discussions on the **Sixteenth General Review of Quotas** and are committed to work constructively towards a completion of the review by no later than mid-December 2023. A timely delivery is crucial both to ensure the stable financing of the Fund's lending operations going forward, as well as also to safeguard the legitimacy of the institution.

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GRAY/21/1552

June 8, 2021

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

1. We welcome the opportunity to discuss the Fund's Work Program. The Fund continues to do a commendable work in meeting its members' needs in the midst of an unprecedented crisis. While the outlook is marked by high uncertainty and great divergence, the Fund has an important role in supporting a durable exit from the crisis, minimizing long-term scarring, and building a more sustainable, resilient, and inclusive global economy. The Work Program provides general directions in this regard, which we broadly support. We have the following comments:

Securing a Safe Exit from the Crisis

2. **Flagship reports.** The flagship reports appropriately focus on the need to secure a safe exit from the crisis. We look forward to discussing the prospects for global growth and inflation in the *World Economic Outlook* and would welcome a focus on **the risks of mounting inflationary pressures**. The *Global Financial Stability Report* could usefully examine topics that are closer to the core mandate of the Fund, including the implications of **continued unconventional monetary policy, as well as the disconnect between the economy and the markets and related financial risks**. The *Fiscal Monitor* will appropriately consider the credibility of public finances against the backdrop of historically high levels of public debt. It would be useful that the report also examines **the implications** for member countries, especially emerging market and developing countries (EMDCs), **of the recent G7 Finance Ministers' agreement on the reform of the global tax system**. Based on our engagement with our member countries, we sense a need for them to have a **full understanding of the impact of digitalization on monetary and fiscal policy**. Specifically, our monetary authorities would appreciate up-to-date information on digital

currencies and clearer positions on crypto currencies and the way to handle them. Adequate and timely capacity development is also needed in these areas.

3. Middle-Income Countries (MICs). We find the regional briefings informative and look forward to the discussion on *Emerging Markets: Landscape, Prospects and Risks* given the specific challenges facing emerging market economies, particularly in the context of a potentially divergent recovery. More broadly, we encourage the Fund to accord increased attention to MICs to help address their immediate and long-standing challenges. In the aftermath of the COVID-19 crisis, poverty could dramatically increase in many, which would reverse hard-won gains achieved in recent years. As many MICs do not have access to swap lines or regional financing arrangements, we see an important role for the Fund, with rapid and flexible responses, to provide financial support where and when needed. The envisaged SDR allocation and a program to voluntarily re-channel SDR allocations from members with strong external positions to MICs that are struggling to meet their Sustainable Development Goals (SDGs) would be helpful. **We also support the creation of a new trust Fund for MICs dedicated to addressing macro-critical issues related to economic resilience and sustainability.**

4. Debt. Given the significant increase in debt vulnerabilities in many member countries, we welcome the comprehensive focus on debt-related issues in the work program, including updates on the *Debt Service Suspension Initiative* and the *Implementation and Extension of the G20 DSSI and Common Framework*, which provide welcomed support to eligible low-income countries members. We also support the Fund's work on the implementation of the multi-pronged approach and look forward to the envisaged engagement on the restructuring of sovereign debt. Nonetheless, these efforts are incomplete, and we support additional work to improve the international debt architecture, in which we believe that the Fund should have a leading role. The priorities are to (i) strengthen the international framework for sovereign debt resolution, (ii) ensure shared responsibility between debtors and creditors and fair burden-sharing between public and private creditors, (iii) improve debt transparency, including critical indicators to monitor debt vulnerabilities as part of an early warning system, and (iv) provide capacity development to both Fund staff and member countries to carry out this work.

5. Debt burdens are not limited to the poorest countries, and we would like to suggest consideration of an extension of the Common Framework to cover MICs as many of them are facing rising debt vulnerabilities. *We would appreciate staff's comments on this proposal.* On June 1, 2021, at an event on Debt Relief for MICs, Carmen Reinhart also saw a need for a large liquidity facility because MICs will be facing liquidity, not solvency problems, and will need further support than the pandemic finance currently provided by the Fund and Multilateral Development Banks. *We would be interested in staff's views, particularly on whether MICs' needs should be addressed as a liquidity and not solvency matter.* Attention to risks of a looming debt crisis in MICs and low-income

countries (LICs) and to worsening corporate financial conditions in these countries is also warranted.

Facilitating a Transformational Recovery

6. **SDGs, Sustainability, and Climate.** We agree broadly with the priorities for long-term transformation and would emphasize that these need to be tailored to individual country circumstances, with appropriate sequencing. They should also focus on preventing many member countries from retreating from hard-won progress towards the SDGs, by creating jobs, promoting more equality, financial inclusion, the digitalization of the economy, and a greener economy. We welcome the Fund's coverage of progress toward the SDGs in some of its surveillance and research work and encourage more systematic monitoring of progress going forward, especially given the setbacks during the pandemic. While the SDGs framework is a useful guide to member countries' medium- and long-term policy priorities, especially in EMDCs, the Fund needs to focus on macro-critical areas where it can provide support to member countries' Ministries of Finance and Central banks.

7. We remain of the view that it is within the SDGs that the Fund's work on climate change should fit. Climate change is, after all, SDG Goal number thirteen. Achieving it should not contradict the broader and more comprehensive development framework. Mindful of this context, the *Strategy for IMF Engagement on Climate Change Issues* rightly aims to explain why, when, and how the Fund should be engaged in climate change issues, including collaboration with stakeholders. It is important for the Fund's work on climate to be carried out in accordance with the Paris Agreement, which enjoys multilateral consensus. It is also essential that our work carefully assesses the considerable transition costs involved in achieving climate objectives in oil producing countries.

8. **Digitalization.** We support the Fund's work on digitalization. In addition to the points raised above, we welcome the planned series of Staff Discussion Notes, which should help to keep our country authorities up-to-date on developments in the areas of digital money, fintech, artificial intelligence in finance as well as innovations on the fiscal side.

9. **Fragile and conflict-affected states.** Fragile and conflict-affected states, as well as countries hosting large refugee populations, face daunting challenges. The COVID-19 pandemic added even greater stress, exacerbating poverty and humanitarian needs in many of them. We welcome the planned discussion on *Enhancing the Fund's Engagement in Fragile and Conflict-Affected States* building on work following the 2018 Independent Evaluation Report. The Fund has an important role to play in these countries as economic development is a key contributor to peacebuilding and stabilization of fragile and conflict-affected situations. Significant support and coordination by the donor community and international organizations, including the Fund, is crucial in supporting these economies. We welcome

establishment of a dedicated team and look forward to close cooperation with them on fragile and conflict-affected states.

Fund Resources, Budget, IEO, Regional Diversity, and Partnerships

10. Sixteenth General Review of Quotas. We reiterate our position that the Fund should be a quota-based institution and are looking forward to further discussions on the *Sixteenth General Review of Quotas* as envisaged in the Work Program.

11. Budget. We remain concerned that the Fund budget has become too constraining to allow the institution to effectively deliver on its mandate, even without the impact of the current pandemic, let alone to meet the evolving needs of the membership. We are also concerned that continued reprioritization and reallocations will be detrimental to the quality of the Fund's work and, therefore, its engagement with the membership. We, therefore, welcome the discussion of a *Proposed Budget Augmentation* and would support sufficient resources to fulfill the Fund's mandate. Failing to deliver on key medium-term priorities due to lack of adequate resources will hamper the recovery by affecting the portion of the membership that is most in need, namely LICs and MICs. *We are concerned that key policy reviews pertaining to the Fund's core mandate in surveillance and lending will be delayed (Table 2) and would appreciate staff's comments on the expected timeline for completing them.*

12. Independent Evaluation Office (IEO). The IEO has provided valuable guidance to upgrade the effectiveness of Fund analytical work and traction. We appreciate the priority the Managing Director has given to this work and look forward to the planned agenda of discussions, including the *Management Implementation Plans* and the *Eleventh Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board-Endorsed IEO Recommendations*.

13. Regional Diversity and Under-Representation. Promoting regional diversity is necessary to ensure the Fund's traction and legitimacy. Regional diversity improves the Fund's ability to leverage the skills and perspectives that its staff can bring to analysis and policy discussions when serving the membership, including by taking into consideration the political economy of member countries and their unique circumstances when designing policies and programs, as well as facilitating communication and cultural understanding when engaging with the authorities and other counterparts. We are concerned about the long-standing issue of underrepresentation at the Fund, particularly for the MENA and East Asia regions, in recruitment, career progression, and promotion. This worrisome issue has been repeatedly brought to the attention of Fund management over the last two decades. Achieving the 2025 Diversity Benchmarks in under-represented regions must remain at the forefront of the *2020-2021 Diversity & Inclusion Report*. We would welcome determined efforts towards

fostering accountability and creating a level playing field within the Fund that translate into tangible progress in the representation of under-represented regions.

14. Partnership and Cooperation with Other Organizations. Many of the areas outlined in the Work Program require effective partnerships that include the World Bank Group, as relevant, and can be extended to other Multilateral Development Banks, UN agencies, the OECD, FSB, and BIS. These partnerships need to be effective, mindful of the various mandates and governance structures, and consistent with member countries' governments and central banks' needs.

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GRAY/21/1553

June 8, 2021

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

1. **We welcome the opportunity to discuss the work program of the Executive Board.** The work program remains affected by the crisis developments and the lack of budget resources to address many critical issues. We thank staff for their efforts to prioritize the program in the current complex environment and highlight the need to support the global recovery from the COVID-19 crisis. We also thank staff and management for presenting the policy review schedule and the plans to gradually eliminate unacceptable and widespread delays in the mandatory policy reviews at the Fund. This is a welcome step to strengthen governance, especially in a rapidly changing environment.

General Issues

2. **We believe that the work program needs a more careful balance between formal and informal (informal to engage, briefing) meetings.** The main difference between the formal and informal meetings is in accountability and governance areas. For the Board to play its proper role, Directors need records of their discussions and debates, as well as their reflection in a summing up, even if the discussions are not final. The shift toward much greater reliance on informal meetings, in our opinion, is likely to undermine governance at the Fund. According to Table 1, the Board is expected to have 30 formal, 16 informal to engage, and 29 informal to brief meetings. Moreover, a number of meetings on policy and administrative issues are proposed on a LOT basis, which will be complemented by LOT meetings on a growing number of Article IV consultations. We note that some policy issues that are proposed for informal discussion are challenging to address and, therefore, may require more than one formal discussion to achieve broadly shared views on how the IMF should proceed going forward. The formal meetings are also better suited to accurately

reflect members' views and maintain institutional memory at the Fund. At the same time, we call for reducing the number of meetings of secondary importance and/or limited value for the Board. The Agenda and Procedures Committee should reevaluate current trends.

3. *Against this background, we ask staff to elaborate on the current plans to advance the following topics in the work program after conducting the Board's informal discussions: (i) Voluntary Post-Allocation Channeling of SDRs; (ii) "International Corporate Taxation–Update"; (iii) International Carbon Price Floor and Border Carbon Adjustment; (iv) Vaccine/Pandemic Financing Options; (v) Developing an Analytical Framework for Central Bank Digital Currency; (vi) Briefing on Fund's Engagement on Inclusion: Inequality, Gender, and Social Spending; and (vii) Gender Strategy.*

4. **Addressing the persistent and long delays in the key policy reviews remains an important priority.** On many previous occasions, we expressed our concerns about the widespread delays in the key policy reviews at the Fund. These delays undermine the role of the Board in the Fund's governance, as well as undermine proper enterprise risk management. We thank staff for providing an updated policy review schedule in Table 2 of the work program. We encourage staff to expedite progress in this area. *We note that some of the reviews continue to miss deadlines and would appreciate staff's additional elaborations on how to strengthen safeguards here.*

5. **The 2020 Risk Report called for a review of the guidance on assessing capacity to repay, which was last updated in 1990.** *Do staff plan to conduct this review in the upcoming years, given the Fund's elevated lending risks? Also, according to the IEO, we need to evaluate and update guidance on the core process of reviewing the documents at the Fund. Staff's views on the urgency of this task would be appreciated.*

Multilateral Surveillance

6. **We reiterate our view that the IMF's flagship reports should be focused on the key challenges stemming from the COVID-19 crisis.** It is paramount to strike the right balance between, on the one hand, immediate priorities and, on the other hand, medium to longer-term challenges. In this context, we welcome the focus of the flagship reports on growth, inflation, financial stability risks, and record public debt levels. We understand that a substantial part of the WEO and GFSR will be devoted to **macroeconomic aspects of inequality and climate change**. In addressing these topics, it is imperative to continue searching for the right balance between the key short-term risks to the outlook and the medium-term challenges.

Analytical Work

7. **We broadly welcome the main topics for analytical work presented in the work program. At the same time, we invite staff to elaborate on the workstreams related to structural reforms in post-pandemic economies.** We recall that two years ago staff updated the Fund's internal database on structural reforms covering the main structural areas, including trade, domestic and external finance, product markets, and labor market regulation. The database featured prominently in the WEO and several other publications and was praised by staff. *Given the importance of the topic in the current environment, we believe that a Board meeting on structural reforms, including the update and a more detailed presentation of the structural reform database should be a part of our work program. Staff comments would be appreciated.*

Fund Policies

8. **We welcome the prominence of the debt issues in the work program.** We look forward to the review of the IMF's lending into arrears and official arrears policies, as they still contain substantial gaps. We also support continuing close attention to debt transparency and domestic debt restructuring. *We note the informal nature of the Board's discussions on restructuring of sovereign domestic debt and debt transparency and invite staff to elaborate on their plans to further advance the work on these issues and on how to incorporate possible conclusions in the Fund's respective policies.*

9. **According to the Fall 2020 survey of departments' risk perceptions, the Fund was perceived to be less prepared for the materialization of credit risks and risks to the Fund's preferred creditor status.** *We would appreciate staff's comments on how the envisioned work on debt issues will help mitigate these risks.*

10. **We look forward to the delayed review of the framework for enhanced Fund engagement on governance.** The review should cover the experience with the main governance elements and how they can be further advanced through innovative tools, including fiscal transparency evaluations, PIMA, SOEs assessments, central banks safeguards assessments, anti-money laundering frameworks, and others.

Fund Finances

We call for ambitious approaches to reach a compromise on the 16th General Review of Quotas and highlight the need for regular reviews of adequacy of the Fund's resources. Risks to the adequacy of the Fund's resources have increased substantially due to COVID-19 and the necessary modifications of the Fund's lending toolkit.

Operational Issues

11. **We note that the work program partly incorporates some of the recent proposals under the CSR, including meetings on country matters.** We recall that at the time of the CSR completion, it was proposed that the topics and formats of CMMs should be defined by the Board in the work program. *We would appreciate staff's comments on the key topics of the country matters briefings.*

12. **We believe that the Board should have a formal discussion on the Medical Benefits Plan – Annual and Five-Year Review of Finances, particularly in light of the fact that this meeting will provide an opportunity to reflect on the five-year review.**

13. **We believe that more than additional briefings on the key modernization projects would be necessary to provide the Board with details on the ongoing work and budget implications.** We encourage staff to stand ready to update the Board on a case-by-case basis. We continue to call on a **dedicated meeting on knowledge exchange at the Fund**, as well as with external partners and members' authorities.

Budget Augmentation

14. **We look forward to the discussion on budget augmentation to enable the Fund to address the accumulated and new budget pressures, deliver on its mandate in the core areas of expertise, and support the rising workload on the new priorities.** Spending reallocations and reprioritizations without adverse implications for the quality of the Fund's work have reached their limits well before the COVID-19 crisis. The hard budget constraints have prevented the Fund from embarking on important work streams and expanding the use of the Fund's great internal products for a broader part of its membership. The IEO's recent evaluations and the widespread delays in the policy reviews confirmed these troubling conclusions. *We also look forward to the Board's formal discussion on the Fund's engagement on climate and digital issues, as well as on its engagement in fragile and conflict-affected states.*

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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.*

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GRAY/21/1555

June 8, 2021

**Statement by Mr. Chodos, Mr. Herrera, Mr. Lischinsky, and Mr. Corvalan Mendoza on
The Managing Director's Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
June 10, 2021**

We thank the Managing Director for the comprehensive Buff statement on the Work Program of the Executive Board, based on the Spring 2021 and the IMFC communiqué, with which we broadly agree and support the key priorities. We support the proposal set to pursue a sustainable, resilient, and inclusive global economy and the planning for year-long planned activities. The COVID-19 pandemic is unevenly impacting groups of countries and their limited policy space to manage its economic and social consequences have created particularly difficult policy tradeoffs for authorities. Uncertainty is still high, but there is increased access to vaccines, and we hope that the end of the pandemic is close, even though AEs should share more COVID vaccines with LICs and MICs.

The agility of the IMF to find solutions for the membership in times of need and uncertainties is valuable and well justified. With the pace of recovery being uneven among developed, developing, and LICs, and even within each country and regions, where the health of the population and the economy are still hinging on the evolution of a successful vaccination roll-out, the IMF should buttress adequate policy support to governments for the years to come.

To secure a safe exit from the pandemic, policy advice needs to be tailored for specific country circumstances, and deployment of all financing tools available and capacity development to the membership are warranted. We commend Management and staff for swiftly implementing an unprecedented level of Fund assistance, first through mostly emergency financing and now through a gradual transition to UCT-quality programs. The scale of the crisis and the massive financing needed to support a sustainable, resilient, and inclusive recovery will require a continued level of international support to the Fund's poorest and most vulnerable members.

In this vein, we take positive note of the discussions on temporary modifications to access limits under the large natural disaster window, the temporary increase in PRGT and GRA annual access limits, the review of the lending into arrears, and the review of concessional financing and policies. These steps taken will enhance, not only the catalytic nature of the Fund's to member countries, but the technical assistance to buttress prudent fiscal, monetary, and financial policies'

implementation of them. We emphasize these topics because there is an urgent call to avoid a reversal of their recent years' development gains and to minimize country divergences.

In this regard, we request that the Work Program schedule a date for a meeting on the reviews of Access Limits and Surcharge Policies. Why? Because there is a push at the Fund to shift emergency lending toward Upper Credit Tranche (UCT) quality programs. However, under the current pandemic situation and current access limits, UCT programs are very costly for MICs and LICs, including blend countries, which means an important burden for them. Besides, it has to be considered that the 14th quota review (which determined the current quotas at the Fund), using pre-crisis data (that is 2008 and earlier), disproportionately hit EMDCs, and 6 of the 11 chairs of EMDCs at the Fund saw a reduction in their relative quota share. EMDCs are currently paying yearly in lending income in the midst of the pandemic, including mainly surcharges, at least threefold the IMF annual budget.

Furthermore, the last meeting to review exceptional access and surcharges was in 2017 and the percentage to be charged through surcharges was brought from a floor of 300 percent of quota to a floor of 187.5 percent, only because the quotas agreed in 2010 entered into force in 2016 and it was based on a distorted moral hazard idea. Since 2010 when the current quotas were agreed, quotas have deteriorated heavily with regards to four relevant variables: global GDP, global trade, non-FDI external liabilities, and gross financial needs of countries. It is particularly worrying that since 2009 the access limits of EMDCs have declined by more than 50 percent relative to these variables. In order to connect the dots and see the whole picture, it can also be said that the amounts paid by MICs and LICs in lending income, after paying for the IMF budget, are sterilized in the precautionary accounts and not returned to these countries, neither in the form of the requested CD, nor FSAPs. In turn, with the amounts in precautionary accounts being invested in bonds, equities, and real estate in AEs, it does not help the development and growth of MICs and LICs, who pay for those charges, but help finance the states and corporations of AEs.

Challenges related to the pandemic are still immense and vast. Therefore, a strict prioritization is needed, trying first to concentrate on the immediate effects of the crisis, and then on what will remain once the main impacts of the pandemic wane. We support that transformative policies should aim for fast convergence toward a green, digital, and inclusive future, and at the same time, continue enhancing the expertise areas of the Fund, namely fiscal, monetary, financial, and external policies.

The lending strategy should continue supporting the recovery needs of EMDCs, including MICs and LICs. We support the Board meetings on Ems, and we also encourage the Fund to devote more attention to MICs to deal with their more urgent and enduring problems in the context of a very possible divergent recovery. Poverty has dramatically increased in many countries, reversing the progress achieved before the pandemic.

The proposal for a general special SDR allocation is a positive step forward to facilitate liquidity at the international level and to enhance resilience. In this regard, MICs and LICs tend to have, albeit sometimes intermittently, access to capital markets, but in general, not with low interest rates. For this reason, it is crucial to consider new mechanisms in which the new allocation of SDRs can benefit MICs and LICs in need; and to analyze, voluntarily SDR re-allocations from members with strong external positions to countries in SDRs need, through bilateral or other mechanisms to make use of the upcoming SDR allocation, and the possibility of creating a specific fund within the IMF for

MICs, not to compete with the PRGT. Nevertheless, this will allow for the improvement of MICs' financing and economic conditions to different ways of debt management and restructuring.

Surveillance should concentrate on systemic countries, where fiscal support during the pandemic exceeded 20 percent of GDP and whose public debt surpassed 100 percent of GDP. When monetary policy starts to normalize, the adverse spillovers to EMDEs and LICs shall be clearly monitored. In this vein, flagships like the GFSR and Fiscal Monitor shall pick up these common risks and provide policy advice to minimize further divergence recovery form developed economies.

We support the IMF work agenda to modernize the workplace as a step towards the medium term. We stress that a flexible agenda to answer unforeseen reality requests is needed while continuing to work to address financial inclusion, gender equity, and income and wealth inequality. After more than a decade of maximum constrained flat real budgets, we are inclined to support a budget that allows the Fund to fully fulfil its mandate, particularly in support of EMDCs and LICs, which is key at this time. In this regard, EMDCs are the only contributors to the Fund's lending income. Lending operational income represents the bulk of Fund revenues and almost threefold the yearly budget of the IMF.

The process of governance reform would continue under the 16th General Review of Quotas, and we hope that this work will be concluded no later than mid-December 2023 by increasing the share of EMDCs in total quotas

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June 8, 2021

**Statement by Mr. Tanaka, Ms. Kashima, Mr. Naka, and Mr. Nagase on The Managing Director's Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
June 10, 2021**

We thank the Managing Director and staff for the update of the Work Program of the Executive Board. Thanks to the unprecedented policy response and progress of vaccinations, the global economy is steadily recovering, and in this regard, we would like to express our highest respect again for staff who have made great efforts to address the crisis. However, the global economy is still facing high uncertainty and great divergence, and the Fund is expected to continue to play a crucial role to help member countries tackle the crisis by utilizing strategically integrated surveillance, lending, and Capacity development (CD). As mentioned in the Managing Director's Buff, the Fund should continue to make every effort to achieve a durable exit from the crisis, minimize long-term scarring, and build a more sustainable, resilient, and inclusive economy. In this regard, **we support focusing the WP on activities with most critical importance to the member countries based on the priorities specified in the latest GPA and IMFC Communiqué.**

In order to utilize its utmost capacity and support the member countries effectively and efficiently, the Fund should continue its effort of prioritization and sequencing of its works and realizing synergies among them. On this point, we believe the Fund should continue to focus on its core areas, including macro-critical issues on fiscal, monetary and financial policies, and should promote the effective cooperation with and demarcation of roles between other international organizations. Based on this basic position, we would like to offer the following comments.

Surveillance

Priority should be placed on analyzing the impact of the pandemic on the global economy and providing necessary policy recommendations taking into account the specific circumstances of each member country. Although there are signs of recovery in

the global economy due to the increase of vaccination, the outlook is still uncertain. Under such circumstances, close monitoring of economic developments is essential. Further, policy advice should be tailored to enable member countries to safely exit from the crisis and realize a sustainable, resilient, and inclusive recovery.

Lending

In order to help member countries achieve both a durable exit from the crisis and a resilient recovery, it is critical for the Fund to smoothly pass the baton from pandemic-related emergency financing to Fund programs to address the medium- to long-term impacts of the crisis and structural issues. To this end, we reiterate that three elements — (i) the lending facilities, (ii) the members' financing needs and how to fill those, in consideration of the Fund's catalytic role, and (iii) the Fund's resources— should be examined comprehensively and simultaneously. Japan has been actively supporting the Fund's efforts to strengthen its support to LICs and is willing to make further contribution. On the other hand, it will be necessary to take the difficult fiscal situations of donor countries into account when we expect their additional financial contribution to the various financial needs. Especially on the PRGT subsidies, given the accountability to the taxpayers of donor countries, it is essential to consider all options, including the use of the Fund's internal resources. Regarding the Vaccine/Pandemic Financing Options, in light of the Fund's fundamental mandate and role of providing short-term liquidity supports to help member countries address their BOP needs, it would be necessary to deeply collaborate and discuss demarcation of roles with other international organizations which have expertise in this area as well.

Capacity Development (CD)

Improving policy implementation capacities is key to achieve a resilient and inclusive recovery and sustainable growth of member countries, and the Fund's CD can play a critical role on this front. We appreciate staff's effort to strengthen the engagement of the Board on this matter. We also welcome the Fund's plan to enhance CD by strategically integrating it with Surveillance and Fund's program. We encourage staff to make further effort to provide effective CD support to member countries, and regularly update the findings and development to the Board. As one of the longest and largest supporters of CD, Japan will continue to support the Fund's activities in this area.

Debt Issues

Tackling debt issues continue to be a key role of the Fund. We appreciate the Fund's support on the implementation of the DSSI and the Common Framework. We took note that a Board meeting to discuss this matter is planned to be held in September, but we ask staff to have it earlier. In addition, in order to enable the Board to timely grasp the progress and challenges related to these issues and discuss them, we would like staff to regularly and

frequently update the latest development to the Board. The current crisis has exposed the debt vulnerability of developing countries, which had been increasing before the pandemic due to the expansion of non-concessional borrowing and non-transparent borrowing. To tackle this problem, it is critical for the Fund to make further efforts to ensure the debt transparency and debt sustainability of the member countries through its various works such as the Multipronged Approach and the debt data provisioning. On this point, given the fact that debt transparency is an urgent issue, we would like to have relevant Board meetings much earlier as well, rather than in November and January 2021. In this regard, we support the Fund and the World Bank's proposal to the G20 on the debt data reconciliation initiative which helps us secure the transparency and accuracy of the debt data, and we ask staff to conduct this effort on a regular basis. In addition, we understand it is essential to secure the cooperation of creditor countries to address the debt issues, and we encourage the relevant countries to closely work together with the Fund and the World Bank. We recognize, unfortunately, that there are several creditor countries which seems reluctant to participate in the initiative; thus we think staff and the Board should more actively engage in this issue and accelerate the effort.

Fiscal Policy

We highly appreciate staff's effort to emphasize the importance of building a credible medium-term fiscal framework. We understand the necessity and usefulness of timely, targeted and well-calibrated fiscal policy to tackle the current pandemic and realize a resilient recovery. On the other hand, in order to maintain and enhance the credibility of fiscal sustainability which had been deteriorating before the crisis and has been worsened further in many countries due to the pandemic, it is necessary to build and steadily implement a credible fiscal consolidation plan. We strongly encourage staff to deepen their analysis on this front and continue to provide necessary policy recommendations.

External Sector Assessment

A drastic review of the External Balance Assessment methodologies is warranted. Today, a growing number of countries, in particular advanced countries, have a large proportion of their current accounts comprised of income balances for which the exchange rate adjustment mechanisms are not effective. In addition, capital transactions unrelated to current transactions are expanding, and they have caused a large impact on exchange rates. Therefore, as we have emphasized in previous Board meetings, we are of the view that the underlying assumption behind the current assessment methodologies which links the evaluation of exchange rates with that of the current account no longer holds, and it is necessary for the Fund to fundamentally reconsider the methodologies. On this point, we took positive note of the plan to review the methodologies as expressed in the Spring 2021 Global Policy Agenda, and we look forward to hearing the staff's proposal.

Institutional View (IV)

There is a risk that capital flows of emerging countries can be volatile due to the recent appreciation of the dollar and rising interest rates in the U.S. To enable the emerging countries to flexibly respond to such changes in the global market, we encourage staff to conduct the review of the IV to make it more practical, even-handed and feasible by utilizing the implications and findings of their analysis. In this regard, we welcome the progress of the staff's analysis of the Integrated Policy Framework (IPF), but we should keep in our mind that the basis of policy recommendations of the Fund on the capital flow management (CFM) is IV and we should promote the operationalization of IPF through the IV review, rather than sticking to the theoretical refinement of the IPF.

Climate Change

The Fund's new effort to integrate climate change into bilateral surveillance is welcome. Given the impact of climate change on the global economy and the international financial system, it is paramount for the Fund to contribute to the global effort to tackle this issue by utilizing its macro-economic expertise. We strongly encourage staff to make close collaboration with relevant international organizations, such as the World Bank, to tackle this issue to avoid duplication and to complement the necessary skills making good use of external expertise. In addition, when we address this matter, it is important to consider not only mitigation measures, but also adaptation measures to ensure member countries' smooth transitions to a low-carbon economy. In this sense, we encourage staff to provide well-tailored policy advice to countries based on close dialogues with the authorities to enable them to implement necessary and feasible policy responses based on their individual energy situations, institutional constraints and existing policies, avoiding a one-size-fits-all approach. While we acknowledge the usefulness of carbon pricing, it would be important for us to comprehensively analyze and discuss the various policy options such as implicit carbon pricing and regulatory measures to provide feasible and calibrated solutions to member countries.

Digital Currencies

We welcome the Fund's effort to accelerate its works related to digital currencies, including Central Bank Digital Currencies (CBDCs), by placing this issue as its core-mandate. As pointed out by the Managing Director in previous Board meetings, digital currencies can cause a negative impact on the international monetary system and financial stability if undesirable *de facto* standards are built by early movers. For example, due consideration is warranted about data collection and utilization regarding CBDCs, from various perspectives including AML/CFT and privacy concerns. The Fund needs to deepen its analysis as early as possible, and we believe the Fund can contribute to the discussion by utilizing its macro-economic expertise. We would also like to emphasize the importance of providing necessary policy advice to the developing countries which are the potential users

of digital currencies in order to avoid the spread of undesirable *de facto* standards. Japan is willing to provide further support, including financing contributions to CD, on this front.

Special Drawing Rights (SDR)

We reiterate our support on the proposal of the general allocation of SDR. We expect the new allocation to be put in place together with concrete measures to secure transparency and accountability as early as possible. In addition, we would like staff to further elaborate on their comprehensive analysis and views on the background regarding the long-term global need and future implications of the new allocation in the Board meeting later this month. We also support the staff's plan to discuss voluntary post-allocation channeling in parallel with the new allocation. In this regard, Japan is of the view that scaling-up the PRGT should be considered as a top priority. We are open to consider other options, but it is important for us to keep in mind that we should secure the liquidity and safety of the SDR as foreign reserves in any case. As to the plan to lend SDR to MDBs like the World Bank, Japan will not be able to participate because we cannot use foreign reserves for development support purposes.

Resource of the Fund and Fund's Budget

We attach great importance to the discussion on GRQ, in light of the Quota's critical role for the Fund as a quota-based institution. However, we would like to reiterate that the Fund should make further use of its borrowed resources, which are more flexible and agile resources for the Fund, and to incorporate such resources into its governance framework. While the new allocation of SDR will enable the Fund to rapidly provide international liquidity under the current crisis situation, such prompt responses are difficult to achieve merely by the Quota increase. Therefore, in the discussions of the GRQ, it is important to take into account the "rapidness" as well as the "amount" of the international liquidity increase.

On the budget of the Fund, we welcome that the FY2022 budget is maintained within the flat real budget envelope. When we consider the temporary increase of the budget to tackle the crisis, it is necessary to make every effort to reprioritize and reallocate the budget first, and staff should clearly explain the necessity of the increase to the Board with reasonable and objective rationale.

Diversity

Ensuring diversity within the Fund is crucial in providing effective support to member countries and enhancing its traction, especially under the current crisis. In this regard, we welcome the plan to have a discussion on the "Diversity and Inclusion Report" in early 2022.

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June 8, 2021

Statement by Mr. Moreno, Mr. Guerra, Mr. Romero Tarazona, Ms. Arevalo Arroyo, and Mr. Lopez on The Managing Director's Statement on the Work Program of the Executive Board (Preliminary) Executive Board Meeting June 10, 2021

We thank the Managing Director for the comprehensive document on the Work Program (WP) and broadly support its outlined priorities. Our work must continue focusing on providing the membership with well-founded policy guidance, tailored to country-specific circumstances, to navigate the end of the crisis and to face the challenges of a highly uncertain and uneven recovery. To this end, international cooperation and policy coordination are instrumental in minimizing the scarring effects of the pandemic and to advance a resilient, sustainable and inclusive recovery. In this respect, we welcome the analytical agenda on global cooperation and standard setting with a focus on taxation, sustainable financing, debt challenges, and data gaps and transparency. Nevertheless, we miss further discussions on trade developments and policies, which are essential in this context of international cooperation to ensure a faster and more resilient recovery.

Surveillance

We support the scope of the analysis of the next flagship reports. We welcome the emphasis on policy recommendations to ensure a resilient and equitably shared recovery, as well as the analysis of debt overhangs. Nevertheless, for many economies, policy priorities continue to be fighting the pandemic while minimizing its scarring effects. Adequate calibration and coordination at all policy levels (monetary, fiscal, macroprudential and regulatory) to have a smooth transition during the first stages of the recovery are still paramount. We are also encouraged by the FM analysis on how the fiscal policy can help the recovery while ensuring credibility, and how to enhance fiscal frameworks in a context of high levels of public debt. Staff should continue providing tailored fiscal advice, taking into consideration the different policy limitations and risks in AEs and EMDCs.

The WEO analysis on prospects and risks for growth and inflation is especially important at the current juncture. We should carefully monitor their implications for monetary policy in advanced economies. The GFSR should align its policy recommendations with these developments, and carefully monitor international financial conditions and spillovers on emerging markets.

We look forward to the next External Sector Report, including the analysis for the wider membership. These reports will be an opportunity to understand the impact of the COVID-19 crisis on the external equilibrium of member countries. Additionally, it will help to enhance the work of the Fund on the role of coordinated policies and to refine the analysis of policy gaps in external sector assessments. In this line, the upcoming review of the *Institutional View on Liberalization and Management of Capital Flows* will benefit from our discussions on the integrated policy framework and other initiatives like the cross border effects of digital payments and the policy toolkit used during the crisis.

We support the briefings on Country Matters to tackle relevant common challenges for specific country groups. We are encouraged by the specific analysis on *Emerging Markets: Landscape, Prospects and Risks*, which will be paramount in monitoring developments and risks in a context of divergent recoveries. Additionally, given the importance of the recovery of the tourism sector for many members, it would be advisable to include an in-deep analysis of this issue in future briefings. Furthermore, as requested by this and other Chairs, a briefing on MIC issues would have been appreciated in order to understand their challenges and how the Fund could best support them.

We are encouraged by the planned Fund's work to address three long-term priority challenges: climate change, digitalization and inclusiveness. The recovery from the COVID-19 crisis is an opportunity to accelerate the transition to a green, digital, and inclusive global economy. In line with this structural transformation, we would appreciate a stronger emphasis on structural reforms and on the essential role of the private sector to underpin this transformation to a more resilient and sustainable economy. Additionally, given the prominent role of public spending and public investment to face those challenges, we would have expected an earlier discussion on the Fund's engagement on governance and anti-corruption, partly to help define adequate frameworks to facilitate an efficient use of public resources.

On climate change, we are encouraged by the formalization of the Fund's strategy on climate-related work. We welcome the upcoming *Strategy for IMF Engagement on Climate Change Issues* as a milestone in the Fund's work, which will help operationalize the systematic integration of climate change in bilateral and multilateral surveillance, including its implications on financial stability. As widely recognized by the membership and other institutions, the Fund can play a critical role in the macro policy dimension of the climate change challenges, including mitigation, transition and adaptation. To this end, we also welcome the ongoing discussion on the development of the CMAP. Furthermore, we want to

highlight the planned analytical chapter of the GFSR on climate transition and financial stability.

On digitalization, we welcome the ongoing workstream, especially on CBDC, risks to financial stability and financial inclusion. In order for the IMF to maintain a relevant role in the digitalization agenda, it must be at the forefront of research and analysis. Also, it will be instrumental for the IMF to have adequate human resources to address the growing demand for TA and policy support on financial digitalization from our membership. **On inclusiveness**, we recognize that the impact of the COVID-19 crisis has disproportionately hit the most vulnerable countries and population groups. It is our responsibility to promote economic recovery centered around basic principles of sustainability and inclusiveness. However, we would appreciate more precision in the WP on the future work on these issues, specifically on inequality—in its multiple dimensions—and social development.

Lending policies

The Fund should prepare for the gradual shift from emergency facilities to UCT programs once the crisis abates. We welcome the proposed workstream on lending policies, especially the culmination of the revision of concessional financing. Nevertheless, we still miss a broader discussion on the adequacy of the current toolkit in the WP, including its usefulness, flexibility to manage future crisis, and existing gaps. **We also want to underscore the discussion on *Vaccine/Pandemic Financing Options*** to deal with the potential involvement of the IMF in the vaccination needs of the membership and reiterate our support for these initiatives. We wonder if a more expedited timeline for this discussion is warranted, given its crucial relevance for many countries in the membership.

We would call on an acceleration of the discussion so-called second stage of concessional financing. We welcome the early scheduling in June of the discussion on Concessional Financing and policies. However, we still think that the discussions on alternative financing scenarios other than grants (delayed to a second stage) should be scheduled sooner rather than later, preferably already in 2021, in order not to lose the momentum of the international support to LMICS, even more so considering that a number of available options, such as gold sales, will take time to develop. The membership should be aware of the pros and cons of the different alternatives to take an informed financing decision. This is a discussion that also affects the ongoing debate on how to rechannel the SDRs in order to enhance our support to LMICS.

The debt agenda remains one of the main priorities of Fund's work, in close cooperation with the World Bank and other international fora. Many initiatives are still ongoing and need to be addressed expeditiously. The Fund should further clarify some aspects of its future involvement in the G20 common framework and on the revision of the global sovereign-debt restructuring architecture.

We reiterate our concern on MICs financing and CD challenges. Going forward, a more active commitment from the IMF to middle-income countries would be needed. The Fund should take into consideration that these countries depend to a great extent on CD to be able to comply with the conditionality requirements of potential programs and act accordingly. Additionally, CD delivery in these countries will reinforce governance safeguards by reducing the Fund's risks in the context of intense lending activity.

Capacity development

We strongly support the inclusion on the WP of further discussions on the implementation of the CD strategy. CD is a core element of Fund's mandate and we must ensure CD activities are well-resourced, based on a sustainable and resilience financing framework. At the same time, CD activities, along with surveillance and lending, must be aligned in a comprehensive manner with national policy needs and priorities.

Resources and governance

We strongly welcome the inclusion in the WP of the new SDR allocation and the follow-up discussion on voluntary channeling of SDRs. The post-allocation channeling of SDRs to vulnerable countries (LICs and MICs) should be ample and evenhanded. Our discussion on this issue should remain collaborative and ambitious. We should find creative solutions to help our membership to circumvent existing constraints in the access to long-term financing to address macrocritical structural challenges related to development goals and sustainable growth models. We welcome the presentation to the Board in July so that our efforts to find options that gather sufficient consensus have enough time to be considered for a timely post-allocation channeling of SDRs.

We also welcome the ongoing work on Fund's governance. We reiterate our support for the planned further discussions on the 16th General Review of Quotas regarding Fund resources, quota formula and quota share realignment.

Budget and modernization plans

It is of the essence to ensure the IMF is well-resourced to support the resumption of our full operations during the economic recovery. The Fund must continue to support the membership in full performance on its surveillance, lending, and capacity development mandates. To this end, we want to reiterate our support to staff for their efforts and high commitment to the work agenda during these difficult times. The Board must respond accordingly, ensuring the necessary resources and incentives to effectively meet the higher demand for Fund support in many macrocritical areas. While the Fund's work will need to continue to be guided by prioritization, streamlining and flexibility, we welcome the discussion on the Proposed Budget Augmentation. In addition, we look forward to the

planned discussions on human resources issues, including staff compensation, recruitment and diversity.

Policy Review Schedule

We welcome the medium-term schedule for the main policy reviews and are encouraged to see the progress in many reviews notwithstanding the difficult circumstances in the past year. That said, we would have liked to see a tentative schedule for reviews regarding “cooperation with and support to the international community”, in particular Bank-Fund Collaboration—and more so in the current juncture of expected increased engagement—and the Role of Trade in the Work of the Fund. Additionally, we miss in the WP a reference to a potential revision of Access Limits and Surcharge Policies that could alleviate the burden of members in need of financial assistance by the Fund, as part of our comprehensive strategy to help vulnerable countries during the recovery.

Response to risk

We welcome the continuous integration of the Risk Report and the Work Program. We agree with the MD that further discussions on the LIA policy, debt issues, concessional financing and medium-term budget will be instrumental in mitigating risks to Fund’s activities and reputation. We see merits in the effort to articulate institutional risk implications of selective policy reviews and lending operations and look forward to specific proposals on this issue. Finally, we look forward to further engagement of the Board on the development of the management action plan to address the OIA ERM recommendations in accordance with industry standards and best practices. In this regard, we request that an item to assess the adequacy of the resources of the OIA to address the strategic audit matters must be included as part of our medium-term budgetary allocation.

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GRAY/21/1558

June 8, 2021

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

We welcome the Managing Director's comprehensive work program for the Executive Board. As was the case last year, the work program continues to be heavily dominated by the Fund's efforts to promote a durable exit from the COVID-19 crisis, minimize long-term scarring, and build a more sustainable, resilient and inclusive global economy. The vast program also reminds us of the tireless demands and efforts undertaken of staff at the Fund as they support members throughout this period, which is highly valued by our membership.

Lending and Fund resources

The Fund must continue to reassess its toolkit to ensure it can respond to the needs of its members. We look forward to the upcoming discussions on the general SDR allocation, SDR re-channeling and the finalization of the Review of Concessional Financing. We look forward to staff presenting a case for Trust Funds for lending to targeted groups as part of the SDR re-channeling. While we remain open to supporting consideration of enhancements to the emergency financing toolkit and modified access levels for existing facilities, we remain of the view that the Fund would benefit from an overarching lending strategy to guide Fund support throughout the pandemic. *Staff comments welcome.*

The Fund needs to continue to support its most fragile and smallest members. This includes welcome work to enhance the Fund's engagement in fragile and conflict-afflicted states. We regret that the small developing states agenda seems to have been de-prioritized in this work program. We urge management to capitalize on opportunities to engage with this part of the membership and continue to consider how to better assist them with exacerbated and persistent vulnerabilities as a result of the pandemic. One specific area that would benefit from further engagement between the Fund and small developing states is Correspondent Banking Relationships (CBRs). CBRs have been under pressure globally for the past decade, and continued withdrawal of CBRs are threatening to cut the access of Pacific Island Nations

to international finance. We also look forward to the Fund moving quickly to roll out the new CMAP diagnostic tool to small developing states following the formal review, noting their potential catalytic role in unlocking climate finance.

Regular and candid communication on likely resource demands are critical. It is important that the Board is kept engaged on resourcing pressures (including the range of potential scenarios) so a case can be made to the membership for the mobilization of additional resources. *What is staff's assessment on the need for a possible activation of NAB in the near future?* Fundraising requests remain ad-hoc and management would benefit from presenting an overarching strategy to assist members to evaluate potential asks. Regarding the CCRT, *can staff please advise what resources are required for the fourth tranche of the CCRT debt service relief and contingency plans if sufficient resources cannot be secured?*

Surveillance

Fund surveillance plays a critical role for our members. We continue to support strong multilateral surveillance through the flagship reports, economic and financial market briefings, country and regional briefings. We support the Board's close monitoring of the implementation of the CSR and FSAP review recommendations. Given divergent views on the proposed data requirements, we encourage staff to engage further with the Board ahead of the formal meeting scheduled for March 2022. *Can staff elaborate on plans for how to operationalize country matter meetings and what topics will be covered for the remaining fiscal year?*

It is important that the Fund remains at the cutting edge of its core mandate. We are surprised that there is no mention of Unconventional Monetary Policy (UMP) in the work program and there is limited coverage of further research and analysis on fiscal policy. There are a number of areas that we consider relevant for further research to guide members and will inform Fund policy advice, including interactions between UMP and spillovers, how to exit from unconventional tools and how to provide effective targeted and temporary fiscal stimulus. On the latter, while we support the proposed Fiscal Monitor coverage on improving fiscal frameworks, further tailored guidance on how to implement targeted fiscal policies with limited policy space will be crucial to inform countries' policy decisions should downside risks materialize.

We remain concerned about the uneven gradual resumption of bilateral surveillance. The Fund must be at the forefront of providing advice to our members given the significant divergence and uncertainty. But the resumption of bilateral surveillance is being led by individual area departments and not guided by an overall Fund strategy. This has led to some small developing states – who benefit most from, and rely on, Fund advice – going nearly three years between Article IV consultations – while other members are already onto their second Article IV since surveillance resumed. *Staff comments welcome.*

Policy

We continue to support the comprehensive debt agenda. We are pleased that the Board will be briefed extensively on debt issues, and we particularly look forward to the update on the implementation of Multipronged Approach for Addressing Debt Vulnerabilities and follow-up on the implementation of the MAC SRDSF. We also welcome the opportunity to engage on ways to improve debt transparency.

Effective collaboration with the World Bank and other international organizations is essential. We recognize the Fund's important efforts in climate, inclusion and digital, but expansion into such areas should not be a substitute for effective collaboration. The Fund should concentrate its work on those areas within its mandate and expertise, where we can add value and continue to partner with other international institutions to ensure we can deliver for our members in a collaborative way. The MIP on collaboration with the World Bank on macrostructural issues will be crucial to agree overarching priorities and clarify responsibilities.

We welcome the planned review of the institutional view on liberalization and management of capital flows. This will be an excellent opportunity to draw insights from the integrated policy framework and the lead into the Review of the Institutional View.

The agenda on digitalization is welcome if somewhat narrow. The COVID-crisis has accelerated structural trends in economies worldwide as digital adoption by businesses and governments took quantum leaps. We would have expected the Fund's digitalization agenda to focus on associated transition risks for economies and the necessary structural policy agenda to harness the potential of digitalization.

Better integration of surveillance with capacity development (CD) is critical for small developing states, LICs and fragile states to ensure traction and delivery upon policy advice. We welcome the update on the implementation of CD priorities, and we look forward to this considering how CD demands have changed as a result of the crisis. This update should cover the priorities including emerging trends, the ability of staff to deliver CD in a virtual environment, an assessment of the identification of CD needs and any difficulties in implementation as a result of the pandemic as well as its budgetary implications. We also encourage staff to continue efforts to integrate capacity building needs into bilateral surveillance, which should focus on recovery efforts.

Organizational issues

Administrative Budget – We are open to considering a well-justified business case for structural increase to the administrative budget. We look forward to engaging on this issue in July and expect staff to provide the Board with options to ensure that the budget aligns with the priorities of the membership and does not seek to expand responsibilities as a substitute for effective collaboration.

Risk Management – We look forward to reviewing management’s action plan in response to the OIA’s ERM audit which will hopefully provide a roadmap for enhancements in the areas of risk governance, risk acceptance and tolerance, and empowerment of the risk function.

Operations – The Fund must draw lessons from over a year in a remote working environment to ensure that it continues to deliver for the membership, including in new more efficient and effective ways, through the crisis and recovery. To this end we look forward to the briefing on the roadmap to the Future of Work at the Fund, including the Fund’s footprint and field presence.

IHR – Given significant delays and cost overruns associated with the IHR project we would have expected more frequent updates to the Board on its status. Consideration should be given to dedicated bi-annual Board updates on this off-track major project.

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June 8, 2021

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

We would like to thank management for the very good work program, which is broadly in line with both the IMFC communiqué and the MD's Global policy agenda. This work roadmap should allow the Executive Board to examine key issues and challenges as the Fund continues the normalization of its activities in all aspects of its mandate, to ensure that we are able to support, as an institution, a strong and inclusive recovery through our advice, technical assistance and lending. We underline that the work on LICs and vulnerable countries will be paramount in the months to come, as well as the work on the SDR onlending options. We wish to make the following short comments for emphasis:

1. Surveillance. The work program enables the Executive Board to fulfill its important oversight role on bilateral and multilateral surveillance. In the recovery phase, continuing to give the best policy advice, tailored to country specifics, is important. The focus on the transformational recovery is welcome, and it will be important to continue the work on specific issues (labor reallocation and training, phasing out of liquidity support to firms...), in both bilateral and multilateral surveillance products. The treatment of inequality in the work program could have been more extensive. We therefore place a high degree of importance on the informal board on inclusion in July, which should in our view pave the way to a stronger agenda. The focus of the flagships appears broadly adequate and useful – *however, the themes of the WEO itself are not completely clear, could staff further comment?* On country groupings coverage, we strongly welcome the addition of a briefing on Emerging markets. In the absence of a specific LIDCs report for the Annual meeting, we would welcome a coverage of these issues throughout the flagships. We also very much look forward to the completion of the important workstream on FCS countries.

2. Lending. We fully support the proposed work program. Finalizing the Concessional Financing reform is of utmost importance for this chair. Continuing to advance the work on the mobilization of internal Fund resource (and in particular, gold sales) to fund the PRGT's subsidy account is key in this regard. More broadly, we need to make sure our toolkit remains fit for purpose and sufficiently flexible, and we should continue to monitor the pipeline for UCT programs, to ensure we are able to address the membership's needs. We also look forward to having a look at the IMF lending toolkit to ensure it can address emergency BOP needs linked to vaccine acquisition. In addition, finalizing the

SDR allocation, and finding ways to channel new SDR to the benefit of vulnerable countries, in particular in Africa, will be key.

3. Capacity Development. We fully agree with Mr. Bevilaqua's view, on the fact that CD should have a more prominent place in the work program. We do welcome the organization of a discussion on CD evaluation and impact, which should be useful, but we think there is scope for a broader engagement on key issues related to integration of CD with UCT-programs, efficiency of CD delivery, and internal resource dedicated to this issue, including funding. We generally agree there is scope to strengthen the Board's oversight in this area.

4. Turning to a more thematic focus:

Climate: we fully support the strong work program on this issue, which should allow for real progress in the Fund's ability to provide strong policy advice throughout its core mandate.

Debt issues: this remains one of the most important and timely workstream at the IMF, and we fully support the different agenda items. It is not entirely clear whether the brief on a New Debt Sustainability Tool was something new compared with what was presented and endorsed by the board as part of the new market-access Debt sustainability framework. *Could staff elaborate?*

Central Bank Digital Currency: we welcome the very useful workstream, and look forward to more details on the resource implications.

New ways of working: we welcome the work undertaken to prepare for the resumption of HQ-based work and define new ways of working – this is a key piece of work that should be expedited to ensure that the Fund continues to be in a position to effectively deliver on its mandate, and alleviate pressures on staff. Missions should be allowed to gradually resume. This being said, as it is only mentioned that the Board would receive briefings and updates, we wish to underline that the Board should be a key decision maker in the process and its role should not be limited to a simple consultation. More broadly, on the modernization of the workplace, we underscore the usefulness of working on the Fund's carbon footprint, and to reschedule a briefing on that point, which was initially on the Board calendar before the pandemic began.

On Risks: we welcome the inclusion of a section on risks in the work program, and the risks identified, in particular on third parties / vendors, operational resilience, and the implementation of modernization projects, warrant our full attention, and we encourage staff to schedule briefings on these topics whenever a risk materializes. We look forward to the discussion of Enterprise Risk Management at the end of the year, to improve our capabilities while bearing in mind the specific mandate of the Fund as a lender of last resort.

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GRAY/21/1560

June 8, 2021

**Statement by Ms. Riach, Mr. Ronicle, Ms. Andreicut, Ms. Campbell, Mr. Chrimes, and
Ms. Nelson on The Managing Director's Statement on the Work Program of the
Executive Board
(Preliminary)
Executive Board Meeting
June 10, 2021**

We welcome this opportunity to discuss the Executive Board's Work Program. We recognize that staff remain under a significant amount of pressure and we are impressed that output remains consistently outstanding. We appreciate management and staff's efforts to ensure that the Fund is doing all it can in shaping policy and the long-term path for the global economy as we continue to battle against the pandemic. Overall, this is a well-drafted work program that reflects the right priorities to support members to end the pandemic, recover from the crisis and build sustainable and resilient economies.

Securing a Safe Exit from the Crisis

Divergence in prospects between members remains the key characteristic of the outlook. We agree that the most immediate priority is to secure a safe exit from the crisis and that we also need to focus on securing a transformational recovery. The third principal policy challenge is recalibrating policy through the recovery period. While this third challenge will be covered to some degree under individual items and in bilateral surveillance, we would have expected it to have greater attention and more explicit coverage, including a coordinated set of Board engagements and linkages with the flagships.

We have seen some excellent regional and multi-country briefings come to the Board over the last year. These briefings have provided the Board with much needed information particularly in the context of high levels uncertainty and global divergence. We look forward to a greater role for thematically-driven, non-regional country matters discussions, as envisaged under the CSR. These will be necessary to inform policy considerations in the next stages of the crisis. Establishing proof of concept for the new format will be important.

We welcome all the proposed work on lending policies. There is an overwhelming moral, scientific and economic case for ensuring affordable access to Covid-19 vaccines, therapeutics and diagnostics around the world. G7 countries have already provided significant support including to all pillars of the ACT-Accelerator but more is needed to close the funding gap. Last weekend G7 Finance

Ministers and Central Bank Governors met and agreed to ask the Fund to explore adapting existing facilities to support vaccine financing. We therefore fully support plans to engage the Board on Vaccine/Pandemic Financing Options.

We welcome the timeline set out for concluding discussions on the new General Allocation of Special Drawing Rights. If agreed, this will provide immediate much needed unconditional liquidity to all IMF members. Along with other G7 countries, we are actively considering voluntarily channeling a proportion of our allocated SDRs to magnify the impact of this general allocation. Scaling up the PRGT is the first priority. We also encourage staff to work quickly with all relevant stakeholders to explore a menu of options for channeling SDRs to further support health needs, including vaccinations and help enable greener, more robust economic recoveries in the most affected countries.

Precautionary arrangements

We are pleased to see the intention – albeit tentative – for the review of the FCL and PLL to take place by end-2022. We continue to see an important role for precautionary facilities in the Fund's toolkit: these could have played a greater role during the last year, but where they have been used they have had a positive impact on country and regional positions. As part of this review, we hope that potential complementarity between the FCL and the new SLL will be considered. We also look forward to suggestions on whether there are ways to encourage a wider set of countries to make use of precautionary facilities, which when used well can cement good practices, send positive market signals, provide valuable tail-risk insurance, and reduce spillovers to other members.

Assisting the poorest and most vulnerable members

Tackling debt vulnerabilities and promoting debt transparency is essential to unlocking sustainable and inclusive growth in developing countries; the extensive program of work on debt is therefore welcome. Swift and successful debt treatments under the Common Framework are needed. We would specifically welcome an update on experience with the Common Framework ahead of the Annual Meetings, when expectations of progress with the first cases under the Common Framework will be extremely high given the expiry of the DSSI at the end of the year.

We note that the fourth tranche of the CCRT is still dependent on securing additional grants. We hope that further contributions will be secured from the membership to enable this critical fourth and final tranche to go ahead. Furthermore, we look forward to concluding the Review of Concessional Financing and Policies by the end of June. The economic and health challenges faced by low income countries are significant and these members need Fund support more than ever. We therefore ask staff to ensure that low income countries are adequately covered in the flagship documents for the Annual Meetings.

We strongly welcome the plans to devise a strengthened strategy for the Fund's engagement in Fragile and Conflict Affected States. We are pleased that the IMF has secured enough support to approve an ambitious financing plan that is needed for the IMF to cover its share of debt relief to Sudan. The UK has agreed to the transfer of its interest in the SCA-1 balances and proceeds of deferred charges adjustments. It is more important than ever that all countries come forward now to secure the necessary financing by the proposed end-June HIPC Decision Point.

Facilitating a transformational recovery

The Fund must do its part to promote a strong, sustainable, balanced and inclusive global economic recovery that builds back better and greener from the Covid-19 pandemic. To play this role effectively, the Fund needs to be clear-eyed about how its involvement in “emerging” policy areas aligns with the mandate and adds value, and how it will demonstrate effective collaboration with other IFIs to deliver maximum positive impact for member countries.

In this vein, the Fund has made excellent progress in outlining its role on climate issues. The attention to climate change issues in the work program is important and welcome. The Fund has a crucial role – including in public discourse – in the run-up to COP26. We would welcome more clarity on the climate component in the October WEO, as well as whether the Annual Meetings EWE will have a climate focus. Financial disclosure is one area where we see an important role for the IMF, but which is not explicitly mentioned in the draft.

The pandemic has had a disproportionate impact on certain groups including women, the young and vulnerable populations. So, we welcome the upcoming briefing on the Fund’s engagement on inclusion: inequality, gender and social spending and the planned gender strategy. UK CSOs have long called for the Fund to ensure that gender considerations are mainstreamed across its work. The new strategy is an opportunity for the Fund to systematically conduct ex-ante gender impact assessments across its policy advice. We also expect the strategy to advance the internal gender diversity agenda.

We welcome staff plans on digital currencies and look forward to discussing the Fund’s digital strategy in July. However, we reiterate our call to ensure a clear delineation between the work of the Fund and that of other institutions. We stress the importance of the Fund focusing on its comparative advantage, in particular the smooth functioning of the international monetary system, while relevant standard setting bodies should remain in the lead on policy development.

Risk and Evaluation

We appreciate the update on next steps following on from the audit of the Fund’s enterprise risk management framework (ERM). We are however disappointed that the Board has not had the opportunity to discuss the audit report yet, despite repeated calls from directors for a close cooperation with the Board on the ERM roadmap. We look forward to closer engagement on this in the coming months.

We also welcome the return of the Periodic Monitoring Report, Long-standing Open Actions and the pick-up in IEO work.

Format and process

Finally, we particularly welcome the detail included in this draft on policy review plans, abstracts for papers, and the long-run view of the tentative calendar. Even though some aspects of these may change, it is extremely useful to have sight of them at this stage. We hope the approach taken in this draft of the work program sets the new standard going forward.

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GRAY/21/1562

June 8, 2021

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

We welcome the proposed Work Program, which lays out well the priorities of the Global Policy Agenda and the IMFC Communique.

Surveillance and capacity development activities will be crucial in supporting a swift and durable recovery. In this context, we very much value the enhanced engagement of staff with the Executive Board on the implementation of the CSR and FSAP review recommendations. The foreseen updates should help inform the implementation and flag potential challenges early on. While we see merit in selective in-depth analyses of regional challenges, we underscore the importance of bilateral surveillance with its focus on country-specific policy advice.

Fund work on debt and debt related issues remains key. We support bringing forward the multipronged approach and to contributing to the implementation of the G20 DSSI and Common Framework. We also look forward to continuing the work on strengthening the sovereign debt restructuring framework and rolling out new tools to better assess debt sustainability and promote greater debt transparency.

The Work Program rightly stresses the importance of strengthening risk management at the Fund. One of the implications of increased lending, particularly under the emergency financing instruments, and to countries at risk of debt distress, is rising financial exposure. This calls for at least maintaining current safeguards to Fund lending and a commensurate build-up of reserves and precautionary balances. The case for potentially higher access under the PRGT, which would require further bilateral subsidy resources, depends crucially on the Fund maintaining its financial strength and credibility.

We see the need for a transparent summary of all resources needed for the Fund to meet its priorities, including new activities identified in the CSR and the FSAP review.

This is essential in light of a possible request for a budget augmentation and we ask management to keep the Executive Board regularly informed and involved. Further, the Fund's work should continue to be focused on key macro-critical issues, while maintaining the high quality of its expertise and advice.

We welcome the planned early engagement on the upcoming 16th General Review of Quotas with an outline of key issues. A transparent and candid analysis of the demand for Fund resources is also important in this context, as these issues are related and need to be treated as a package.

The Fund's efforts to promote a green, digital, and inclusive global recovery in a focused manner will be essential. Leveraging on work done by other IFIs and avoiding duplications should be key features of strategies in these areas. On topics like climate change, where there is a lot of attention from stakeholders, it is important that the Fund focuses on its macroeconomic and financial stability mandate and conducts careful and transparent cost-benefit analysis before launching any initiatives. A case in point is the work on data with respect to climate. With regard to digitalization, there is scope and demand for the Fund to increase its analytical capacity in line with its mandate, while building cooperation with other IFIs.

We note the upcoming Fund work on Vaccine/Pandemic Financing Options. There is, of course, merit in further engagement on adjustments to the Fund's emergency financing toolkit for countries that may experience balance of payments needs due to COVID vaccination programs. At the same time, we do not see a role for the Fund in providing grants in areas where MDBs or other donors have a comparative advantage.

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GRAY/21/1563

June 8, 2021

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

We thank the Managing Director for this statement on the Work Program and broadly support the proposed agenda. After more than a year of crisis response, the Fund is slowly transitioning to a new normal, although the stresses and challenges caused by the pandemic will remain with us for some time. The Work Program appropriately lays out an ambitious agenda, including the resumption of surveillance and the completion of a number of major policy reviews. We also appreciate that the Work Program once again includes a longer-term horizon for planning purposes, and we welcome the inclusion of a medium-term schedule of policy reviews. At the same time, we believe this Work Program could have included a clearer prioritization of future Fund work including with regards to implementing the Fund's core mandate vs. coverage of emerging issues. Specifically, we are concerned that this heavy calendar may not be realistic and could result in delayed and overdue items, particularly given the outlook does not incorporate many upcoming program requests or reviews. We emphasize that the workload needs to be spread evenly across the year so as to optimize Board engagement and oversight.

Surveillance

We welcome the return of regular Article IV surveillance but stress that for surveillance to be effective several long-delayed policy reviews need to be accelerated. A number of surveillance-related policies—including the Data Provision to the Fund, Excessive Delays in Article IV Consultations, and the Transparency Policy—have not been reviewed in almost a decade, and the policy on Multiple Currency Practice has not had a completed comprehensive review since 1981. Following the successful conclusion of the Comprehensive Surveillance Review (CSR), we urge staff to move forward expeditiously towards concluding these policy reviews. We also did not see placeholders for any upcoming

Country Matters Meetings (CMMs) in the draft calendar. *Could staff comment on when they plan to launch CMMs and the initial list of topics to be covered?*

We support the planned focus of the flagship reports. The topics for the forthcoming WEO on prospects for growth and inflation and resilience to climate change are timely and well-chosen. Likewise, the Fiscal Monitor's focus on improving the credibility of fiscal frameworks presents an opportunity for the Fund to provide more granular fiscal policy advice that is tailored to a divergent recovery. We look forward to the Global Financial Stability Report's chapter on climate change and the framework for how a transition to a low-carbon economy could affect financial stability.

Debt

We strongly support the continued emphasis on debt transparency and sustainability, particularly as many members are likely to face challenging circumstances with regards to debt as they transition out of the crisis. We welcome the completion of the Market Access Country DSA but stress the importance of moving quickly to develop the Sovereign Risk and Debt Sustainability Framework Guidance Note. We also strongly support the addition of a new Board item on Debt Transparency as a way to tie together multiple workstreams together and consider ways to further advance transparency efforts. In the context of rising debt levels and the possibility of countries encountering debt distress, the Fund's arrears policies—including clarification on the perimeter of official debt—may unfortunately become more relevant, and we welcome the plan to complete these reviews in September. We also see significant value in having regular updates on the implementation of the Multipronged Approach for Addressing Debt Vulnerabilities.

Support for Low Income Countries

Supporting LICs must remain a priority for the Fund, and we strongly support the upcoming reviews of concessional financing and plans to proceed with a fourth tranche of the CCRT should grants allow. We are also very interested in the proposed discussion on Vaccine/Pandemic Financing Options. *Could staff preview whether this paper will include proposals potentially facilitating vaccine purchases via RCF/RFI financing or a separate lending window?* We also note that there have been multiple modifications to the emergency lending toolkit, including new facilities, modified access, and streamlined safeguards across both GRA and PRGT facilities. To that end, we look forward to the IEO Evaluation of Emergency Response to the Pandemic and would ask that the interim update on this report be included in the Work Program.

The upcoming general allocation of SDRs will be critical to supporting LICs' response to the crisis, including through greater transparency and accountability of the allocation as well as through channeling of SDRs. First and foremost, it will be important

that members use the new SDR allocation effectively and transparently. To that end, timely release of the Guidance Note—ahead of implementation of the allocation—coupled with proactive advice from mission teams to members on how best to utilize their SDRs will be critical to the effectiveness of the allocation. We also welcome next month’s Board discussion on channeling SDRs, which will provide an opportunity for members to amplify the impact of the allocation in particular for LICs. We urge all members not in need of their SDRs to consider ways that they can contribute to the PRGT or other vehicles.

Emerging Issues

We strongly support the proposed agenda for climate work and look forward to the opportunity to take stock of the Fund’s work on gender issues and digitalization. The July Board discussion on the Strategy for IMF Engagement on Climate Change will be key to shaping the future role of the Fund—including with regard to the division of labor with other institutions such as the World Bank—on climate issues. We look forward to seeing Management’s Implementation Plan for the IEO’s evaluation of the Fund’s collaboration with the World Bank on macrostructural issues prior to the Board discussion on the climate and gender strategies. In all cases on emerging issues, Management should be sure to clarify how the Fund will add value rather than duplicate work already being done elsewhere. *Could staff provide more information on the New Data Gaps Green Initiative (DGI Green) and how this initiative complements or augments the Fund’s Climate Dashboard?*

Budget

We remain open to a discussion on a structural budget increase, but we stress that Management will need to make a clear case on the need for additional resources. In particular, we look forward to further details on the specific needs, the tradeoffs associated with maintaining a flat real budget, and the potential implications of the New Ways of Working for the budget. We recognize that the crisis has resulted in a sharp increase in workload for many divisions within the Fund, and we support the decision to continue reallocating funding in FY 2022 to meet crisis needs.

Risk

We stress the importance of advancing implementation of the recommendations from the Enterprise Risk Management (ERM) audit. The audit identified a number of priority actions, including the establishment of a Board-approved ERM Policy as a first step to lay the groundwork for a stronger approach to risk management. We note that discussions on this roadmap will not begin until in October 2021; we would have liked to have seen a more accelerated timeline on this front. We welcome the elevation of the Director of the Office of Risk Management and look forward to engagement with the new Director.

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GRAY/21/1564

June 8, 2021

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

We thank the Managing Director and staff for the detailed Work Program (WP). We commend staff for their efforts to support the Fund's leading role in the global economy under the challenging circumstances of the COVID-19 pandemic.

The Fund's flagship documents need to provide a comprehensive update on the global **economic outlook**, in particular on the trajectory of recovery across regions to assess the level of scarring, including rising debt vulnerabilities and the pandemic's distributional impacts, as well as potentially increasing financial stability risks. We also look forward to the External Sector Report, which should shed more light on the differences between cyclical and structural economic changes resulting from the fallout of the pandemic, and their respective implications for the external positions.

The Fund's **lending policies** were modified to meet the pandemic-induced demand for emergency financing. We look forward to reviewing the temporary changes in access limits against the financing needs in countries hit hard by the pandemic, while maintaining a prudent approach to the Fund's financial risk management for both the GRA and PRGT. *We would welcome staff's comments on the newly proposed temporary modifications to access limits under the large natural disaster window for the RCF and RFI.*

We positively note the WP's attention to **debt agenda**, as the debt suspension initiatives will need to be followed by well-designed strategies for debt restructuring, drawing on complete and accurate debt data reporting. Against this backdrop, we support the Fund's work on debt transparency.

The Board's discussion on **capacity development** (CD) priorities for FY23-25 should be supported by a detailed evaluation of CD initiatives already implemented, in particular in cases where CD complemented the Fund-supported financing arrangements. We encourage staff to assess the efficiency of CD delivery in the virtual environment and propose best practices, as hybrid forms of engagement with the authorities might need to be in place going forward.

We welcome the more detailed discussion on the Fund's role in supporting the recovery, including to delineate its capacity, expertise and surveillance activities in **climate change** policies, which should be based on macro-criticality and respect the Fund's mandate. To this end, we encourage staff to establish clear criteria for country participation in the envisaged Climate Macroeconomic Assessment Program (CMAP), drawing on the informal Board engagement in May. The Fund's involvement in climate issues and **digitalization** need to be based on the outcome of the medium-term budget and income discussions, which should cover trade-offs relating to different spending priorities.

We note the WP's ambition to resume **policy reviews**, in particular on the lending and Fund finances fronts, which we deem critical in terms of our risk mitigation efforts. *We would welcome staff's comments on their plans to engage the Board on the future role of the SCA-1 as part of the Fund's precautionary balances, beyond the upcoming Board meeting on External Audit and Financial Statements for FY21.*

While the Fund's response to the pandemic was decisive, it led to a substantial increase in lending risks, coupled with elevated surveillance and operational risks. We underscore the need to enhance the Fund's resilience across these main areas to keep the **enterprise risk profile** firmly under control. To this end, we welcome that the Office of Risk Management began the development of a management action plan to address the Office of Internal Audit enterprise risk management recommendations, and encourage staff to present the plan to the Board in a timely manner.

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GRAY/21/1565

June 8, 2021

**Statement by Mr. Bhalla, Ms. Indraratna, Mr. Goyal, Mr. Natarajan, Mr. Dash, and Mr. Singh on The Managing Director's Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
June 10, 2021**

We broadly agree with the key priorities outlined in the Work Program as articulated in the Managing Director's statement with a focus to achieve a durable exit from the crisis, minimize long-term scarring, and a resilient, inclusive global economy. As the Fund has to deal with multifarious challenges ranging from advising on challenges from the pandemic to assessing medium to long-run issues, it may require **identifying a hierarchy of the near, medium, and long-term challenges and accordingly assign the priorities and resources of the Fund**. Our comments on the key messages of the GPA are presented below.

1. WEO:

In the light of ongoing uncertainties largely emanating from the pandemic, it is important that World Economic Outlook (WEO) undertakes a detailed analysis of the prospects for global growth and achieving sustained recovery and exit from the crisis. This flagship can spell out policy options to deal with economic disruption and support the recovery process. Particularly, the Fund would need to advise its membership as to **how the unprecedented policy support extended by the governments and central banks during the pandemic can be safely withdrawn** without compromising the recovery process.

2. GFSR:

The proposed focus of the GFSR on challenges faced by emerging and frontier market economies as they emerge from the pandemic seems to be contextual. While an assessment of financial stability risk from transition to a low-carbon economy is important for the medium-long run, there is a need to differentiate between the fast-moving and slow-moving risks to the financial system and to prioritize the focus of the multilateral surveillance reports. Since the GPA acknowledges that the outlook is marked by high uncertainty and great divergence, we believe that macro-financial risk analysis should continue to occupy the center stage in the Report. The priority should be to focus on a forward-looking analysis to anticipate and explore the risk build-up in different markets, sectors, and geographies,

and advise the membership during the incipient build-up of risks and vulnerabilities. For instance, **the non-banking finance channel has become an important source in the propagation of spillovers** and members would benefit from the emerging risks flagged by the multilateral surveillance reports and the policy advice. Similarly, **the systemic risk buildup due to inflated housing prices in several jurisdictions may need deeper assessment to understand how much of the rise is fueled by easy liquidity and relaxed regulatory norms, and how much due to changed home requirements post the pandemic.**

3. Fiscal Monitor:

The public finances of the low-income countries and many emerging markets have come under severe strain. In the initial stages of the pandemic, financial support measures were broad-based in order to support the health and livelihood requirements. The medium-term fiscal framework needs to be recalibrated in the context of the huge increase in spending, revenue compression, and rising public debt. A detailed review of the fiscal framework which can provide **contours of the balance between growth revival, sustained recovery, and fiscal prudence** is warranted and can be helpful to the membership.

4. Sovereign Debt:

Sovereign debt and debt sustainability issues are likely to get magnified due to the uncertainties surrounding the economic recovery and new waves of the pandemic. The G20 debt service suspension initiative has provided temporary debt service relief. However, the efficacy of the G20 common framework for the resolution of debt is not clear yet. It could be worthwhile to evaluate and expand the policy toolkits to address sovereign risk and debt sustainability issues.

5. Climate Change:

We feel the need for analysis to grasp the complexities of how countries may deal with the mitigation and adaptation challenges, given the great divergence in their state of development, fiscal and resource constraints. First, we would encourage greater emphasis on the Fund's work on ways and means to bridge the enormous financing gap in the post-pandemic world to ensure that the developing countries don't suffer from a transition to low emission due to a lack of commensurate financing and access to low-cost clean-energy technologies from the developed world. The focus should be on **in-depth assessment of financing requirements over the medium to the long run and the sustainable sources of financing** to achieve an ambitious climate transition in a post-Covid world. Second, while assessing climate change, the Fund should consider a balanced picture – both total emission and per capita emission. **The countries that have emitted more historically, continue to emit high in per capita terms, and have usurped a disproportionate share of carbon space, may need to decarbonize faster** to cede some space to others. Third, we would like to understand the contours of the integration of climate change in the Public Investment Management Assessment.

6. Digitalization:

While the rise of digital money is inevitable as we step further into the current decade and the next, there are greater challenges for the membership and the Fund from the fast proliferation of digital assets, growth of fintech, and other innovations. In our view, as the technological innovations in finance are fast-moving, membership in general, and EMEs in particular, face two kinds of challenges: first, the **risk of the digital divide within the society due to varying degree of access to and awareness of the tech-led financial services**; second, AML/FT and cybersecurity risks due to lack of/inadequate reach of the regulation and capacity constraints of certain jurisdictions. These challenges are likely to be more severe in developing countries and in-depth work, practical policy advice, and capacity development by the Fund would benefit the membership.

7. Capital Flows:

Multispeed recovery, which is becoming eminent, can potentially cause significant disruption in developing and low-income economies. Another round of sudden stops of capital flows to emerging and developing economies could soon be a reality. Therefore, an **early review of the existing Institutional View on the Liberalization and Management of Capital Flows (IV) is desirable**. We welcome the Staff's plans to review IV in the light of its continued work on Integrated Policy Framework and the Independent Evaluation Office (IEO)'s evaluation of the Fund's advice on capital flows.

8. Lending Policies and Access to the Fund's Resources:

More than a year after the pandemic, the financing requirement of countries has shifted from emergency financing to sustainable financing options with a medium-to-long-term outlook. In this scenario, **it is important to have a case-to-case approach as individual country macroeconomic and debt situations differ vastly**. Based on this approach, a review of concessional financing and Lending into Arrears Policy can provide beneficial outcomes. Vaccine financing is an important area that requires speedy assessment and support. Considering the specialized nature of the subject, Fund requires to work in coordination and collaboration with the institutions which have domain expertise on the subject.

9. Bolstering Fund Resources and Advancing Governance Reform:

We welcome the proposed work plan for the Sixteenth General Review of Quotas (GRQ). Meetings of the Committee of Whole scheduled twice during the year and plans for submission of first and second semi-annual progress reports to the Board of Governors would provide the needed push so that review is completed within the envisaged time frame. Meetings of the Committee of Whole would provide an opportunity to discuss revision in quota formula and realignment of quota shares reflecting the relative position of countries in the world economy.

10. Response to Risks:

While the Fund's response to support members during the pandemic has mitigated the strategic and reputational risks to the institution, key risks remain. Against this backdrop, **we welcome the focus of the Board Work Program on the Review of the IMF's Lending into Arrears Policies and initiatives related to debt sustainability, restructuring, and transparency, particularly as debt vulnerabilities have risen with increased**

borrowings. As the uncertainty associated with the duration and the extent of the pandemic has elevated risks to the adequacy of Fund resources, we appreciate regular updates on the demand for Fund resources and discussions on the Sixteenth GRQ while looking forward to discussions on the Review of Concessional Financing and Policies to ensure adequate support to LICs. We also **support work on surveillance, CD, and lending to the most vulnerable members** under the policy paper Enhancing the Fund's Engagement in Fragile and Conflict-Affected States. We welcome efforts to examine ex-ante institutional risk implications of policy proposals for selected policy papers and lending decisions. We **appreciate the ORM's work on further strengthening risk management** and look forward to the management action plan, incorporating, inter alia, the ERM Policy, ORM mandate, terms of reference for the Fund Risk Committee, communication plan, and training for staff on enterprise risk management.

The Managing Director's Statement on the Work Program of the Executive Board

Responses to Technical Questions Posed by Executive Directors in Advance of

EBM/21/58—June 10, 2021

Work program

1. **We note considerable delays in some medium-term policy reviews, notably projects pertaining to SPR (¶ Table 2), including on (i) Bank-Fund Collaboration, (ii) Role of Trade in the work of the Fund, (iii) Steps to address delays in the completion of Article IV Consultations, (iv) Transparency Policy, and (v) Misreporting Policies. These relate to global cooperation and surveillance and lending policies which are integral to the Fund's work and the core function of SPR. Looking at the usual frequency and previous reviews, the delays do not seem to be attributable to crisis-related work pressure. We would welcome staff comments on the reasons for the delays and the time frame for their completion.**
 2. **We would have liked to see a tentative schedule for reviews regarding "cooperation with and support to the international community", in particular Bank-Fund Collaboration—and more so in the current juncture of expected increased engagement—and the Role of Trade in the Work of the Fund.**
 3. **We thank staff for providing an updated policy review schedule in Table 2 of the work program. We encourage staff to expedite progress in this area. We note that some of the reviews continue to miss deadlines and would appreciate staff's additional elaborations on how to strengthen safeguards here.**
 4. **We are concerned that key policy reviews pertaining to the Fund's core mandate in surveillance and lending will be delayed (Table 2) and would appreciate staff's comments on the expected timeline for completing them.**
 5. **We took note that the last review of Bank-Fund collaboration was in 2010 with this work expected to be on a 5-year cycle. When will SPR next review Bank-Fund collaboration?**
 6. **We highlight the critical role that reinvigorating multilateralism and reforming the rules based multilateral trade system have in ensuring a global and sustainable recovery, and completely missed any mentioning of the trade agenda. The IMF has a clear mandate on fostering an open global trade system and we call for increased analysis and discussions in the IMF Board on this. For example, the review of the Role of Trade in the Work of the Fund, with a usual frequency of 5 years, is delayed without a specific date announced.**
 7. **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.**
- **In general, the current schedule of lending policy reviews reflects the work prioritization in face of an ongoing very heavy agenda, and substantial work envisaged in the period ahead. In particular, the misreporting review is on an "as needed" basis, and has been delayed to**

prioritize other tasks, given the intense (and possibly increasing) lending policy agenda for this fiscal year.

- Although a misreporting review is needed, the reforms to policies are not expected to be fundamental changes, so staff have considered this to be less urgent than other work.
 - With respect to the reviews under surveillance policy, after the completion of the CSR, the sequence of planned reviews in the Work Program reflects the reviews that are essential to strengthen and make effective the Fund’s surveillance priorities—as endorsed by the Board—as soon as possible. With this in mind, the review of the Data Provision to the Fund (DPF) has been prioritized. Upon completion of the DPF review, staff intends to take forward the Transparency policy review, followed by the review of the Article IV Delays Framework. This sequence also helps address the very stretched resources available to handle all reviews concurrently.
 - On Bank-Fund collaboration, the Work Program follows a sequenced approach. As a first and important step, we are currently working on the Management Implementation Plan (MIP) for the IEO Evaluation of the IMF Collaboration with the World Bank on Macro-Structural Issues, which will provide several actions as follow-up to the recommendations and Board responses. We expect to submit the MIP to the Evaluation Committee in the course of this month.
 - The review of the role of trade in the work of the Fund was delayed because the unsettled trade landscape called for using limited resources toward assessing and evaluating evolving conditions. More recently, the increased attention of members to strengthen the multilateral system and rekindle efforts towards open rules-based trade creates a more fertile ground to conduct an evaluation and articulate a strategy for the Fund for the next five years.
- 8. The formal meetings are also better suited to accurately reflect members’ views and maintain institutional memory at the Fund. At the same time, we call for reducing the number of meetings of secondary importance and/or limited value for the Board. The Agenda and Procedures Committee should reevaluate current trends.**
- SEC will continue to be guided by the APC regarding the appropriate format of Board meetings based on their scope and final output. Many of the informal briefings included in the Work Program update the Board on global, regional, and other thematic developments . On key policy and administrative issues where there may not yet be consensus at the Board on the way forward, staff typically proposes informal sessions to engage so that Directors can express their views in an informal setting and provide staff with valuable guidance. At the end of this process, the Board concludes its deliberations in a formal session that may include a decision, summing up, and comprehensive minutes.
- 9. We ask staff to elaborate on the current plans to advance the following topics in the work program after conducting the Board’s informal discussions: (i) Voluntary Post-Allocation Channeling of SDRs; (ii) “International Corporate Taxation–Update”; (iii) International Carbon Price Floor and Border Carbon Adjustment; (iv) Vaccine/Pandemic Financing Options; (v) Developing an Analytical Framework for Central Bank Digital Currency; (vi) Briefing on Fund’s Engagement on Inclusion: Inequality, Gender, and Social Spending; and (vii) Gender Strategy.**

- Staff intend to move as quickly as feasible following the informal work streams on SDR channeling and vaccine financing, based on the feedback received from Directors and engaging with stakeholders to build the necessary consensus.
- On international taxation, staff will provide its reflections on the outcomes and status of the discussions in the G20/OECD Inclusive Framework and other ongoing developments. Staff plans to provide a formal board paper in the next calendar year, reflecting new staff analysis in this area.
- Staff intends to launch the technical Climate Note on the International Carbon Price Floor for Large Emitters at Brookings Institution on June 18, 2021. The launch of the second Climate Note on Border Carbon Adjustments is planned for early July, though the format has not yet been finalized.
- The paper on the analytical framework for Central Bank Digital Currency aims to help structure our capacity development. Staff will update this framework as new issues arise and as experience across countries is built.
- Staff will present to the Board in July its proposals and work priorities going forward on inequality, gender, financial inclusion and social spending, and the corresponding resource implications. This is part of the broader Board discussions on the Fund's budget.
- In due course, staff will come to the Board with a Gender Strategy paper (currently listed in the Work Program for April 2022). Staff has begun to engage EDs for their input.

Multilateral surveillance

10. The focus of the flagships appears broadly adequate and useful – however, the themes of the WEO itself are not completely clear, could staff further comment?

- The WEO will focus on policies for securing a sustainable and inclusive recovery, including economic and public health responses to the pandemic; policies to mitigate climate change, harness the benefits of the digital transformation, and boost productive capacity; and measures to arrest rising inequality. As the divergent recovery gives rise to the prospect of divergent policy stances and prospects of volatile capital flows to emerging market economies, the WEO will also cover policies to enhance financial resilience and improvements to policy frameworks to create space for economic stabilization.

11. We would welcome more clarity on the climate component in the October WEO, as well as whether the Annual Meetings EWE will have a climate focus.

- The October WEO will build on the recent G20 note on reaching net zero emissions and lay out a multipronged strategy comprising: a green investment push; carbon pricing; support for green R&D; and measures to ensure the social fairness of the transition. It will also reflect on labor market aspects of the green transformation, attempting to assess the share of jobs most directly affected and the demographic characteristics of workers in those jobs.
- The EWE topic for the Fall has not been decided yet.

12. Regarding inclusion at the global level, can staff clarify how the WEO's economic divergence analysis will be carried forward?

- The WEO spillover chapter in April 2021 looked at how a divergent recovery between advanced and emerging market economies could trigger adverse financial spillovers to the latter, and what the policy options are for different economies to limit and manage those spillovers. This topic will also be carried forward in the G20 Surveillance Notes, which will continue to document the ongoing and expected divergence, and will highlight the multilateral policy actions that can arrest and correct this divergence.

13. Is there a global tracking mechanism following progress of countries on a divergent path post-COVID, that staff and the Board use for reference?

- For the WEO, we follow and analyze the cross-country differences in economic performance, both realized and anticipated, in the recovery from the pandemic crisis. We also track pandemic developments (e.g., deaths, cases, vaccinations, and news on vaccines/treatments/variants). These indicators shape our evolving WEO forecasts.
- COVID-19 statistics on vaccinations, tests, and number of cases for 210 countries are provided in [STA's COVID-19 high-frequency data hub](#). Fund staff regularly use this resource to easily track vaccination progress by country. These statistics are sourced from [Our World in Data](#), a publicly available dataset populated with official numbers from governments and health organizations worldwide. In addition, UNICEF recently released a [dashboard](#) to measure the impact of COVID-19 on children.

14. We also welcome the proposed September Board briefing on “Emerging Markets: Landscape, Prospects and Risks”. This is timely and relevant for a broad subset of the Fund’s membership considering the great divergence in near-term growth prospects between the developed economies and rest of world, and the risks associated with possible spillover and spillback effects of divergent macro policies as highlighted during 2021 Spring Meeting. We are therefore very much interested to learn how this work will ultimately feature publicly, whether through the upcoming flagship reports or Staff Discussion Notes.

- The presentation is for the Board only and there are no plans on featuring it with the public.

15. Could you also clarify whether the analysis on Emerging Markets: Landscape, Prospects and Risks will include the large number of middle-income countries that form the bulk of the membership but are not part of the more limited EME classification in the Fund? Many of these “missing middle” MICs face higher risks of divergence than large EMEs.

- The presentation will have broad country coverage, including emerging market economies and frontier markets.

16. Could staff also share the proposed topics for the analytical chapters of the 2021 External Sector Report?

- The analytical chapter in the External Sector Report will cover fiscal policies and external adjustment. It will examine how the unprecedented ongoing global fiscal expansion and the expected consolidation in the coming years will affect economies' external positions, including trade balances and exchange rates.
- 17. We note the upcoming “External Sector Developments and Assessments for the Wider Membership during COVID-19”, and would like to confirm whether this will also cover the EBA model refinement (including capital account-related issues), that was planned for 2022Q1 in the Management Implementation Plan on IEO recommendations on IMF advices on capital flow but did not feature in the Policy Review Schedule. Given the many concerns that have been raised in numerous Board discussions on EBA, staff comments/updates are welcome on this workstream.**
- The presentation on “External Sector Developments and Assessments for the Wider Membership during COVID-19” complements the External Sector Report (ESR) and will cover external sector developments and assessments for member countries (primarily Emerging Market and Developing Economies) not covered by the ESR. The presentation will focus on the impact of the pandemic on external balances, highlighting cross-cutting themes from external assessments for the wider membership during 2020. Informal technical briefings to the Board on the refinements to the EBA and EBA-lite models will be scheduled by March 2022.
- 18. We are of the view that the underlying assumption behind the current assessment methodologies which links the evaluation of exchange rates with that of the current account no longer holds, and it is necessary for the Fund to fundamentally reconsider the methodologies. On this point, we took positive note of the plan to review the methodologies as expressed in the Spring 2021 Global Policy Agenda, and we look forward to hearing the staff’s proposal.**
- Work is underway to update the EBA methodologies, including reassessing exchange rate elasticities.
- 19. Management previously indicated that the review of the EBA and EBA-lite frameworks would be planned for Q1 2022, yet we did not see this item anchored in the BWP. Staff comments are welcome.**
- Work is underway to update the EBA and EBA-lite methodologies. Informal briefings to the Board on the refinements will be scheduled by March 2022.
- 20. A focus on low-income countries is most warranted as the yearly report on Macroeconomic Developments and Prospects in LIDCs, typically issued in the run up to the Spring meetings, is worryingly missing from the proposed work program. Staff elaboration on this gap is welcome.**
- The LIDC report is usually not prepared on an annual cycle. It has previously been produced on an as-needed basis, typically covering macroeconomic developments and prospects, with one or two chapters focused on relevant and topical thematic issues. The 2021 report had a different focus, as it responded to a request from the IMFC for an analysis of external financing needs and sustainable financing options for the next five years. These numbers

should not change significantly from one year to another. Conversely, the focus should now be on the operational ways to meet the financing needs. The proposed focus of this Work Program is therefore on continuing the Board discussions of how the IMF can best contribute to meeting those financing needs rather than producing another estimate of the financing needs for the next five years.

- 21. We recall that at the time of the CSR completion, it was proposed that the topics and formats of CMMs should be defined by the Board in the work program. We would appreciate staff's comments on the key topics of the country matters briefings.**
- 22. Can staff elaborate on plans for how to operationalize country matter meetings and what topics will be covered for the remaining fiscal year?**
- 23. We also did not see placeholders for any upcoming Country Matters Meetings (CMMs) in the draft calendar. Could staff comment on when they plan to launch CMMs and the initial list of topics to be covered?**
 - Staff will work on the operational aspects of CMMs in the coming weeks and propose possible topics and format in the next Board Work Program, including by drawing on the suggested topics by Directors during the CSR discussion.

Analytical work

- 24. We appreciate the presentation on Effective Monetary-Fiscal Coordination scheduled for July. We encourage a timely circulation of the document ahead of the meeting. Staff's comments on the format of document that is envisaged (SDN, et.) would be welcome.**
 - Staff will circulate a presentation with detailed speaking notes prior to the meeting. The analytical work underpinning the presentation is expected to be published through working papers. Following the Board briefing, staff will assess whether more work on this topic is needed, given the relevance of the topic in the recovery.
- 25. Relatedly, we note an analytical piece "Interplay between Capital Flows, CFMs and Crises" to be presented to the Board in November 2021, and welcome staff comments on how would this influence the IV review that will take place shortly after in December 2021.**
 - The presentation to the Board is one of the commitments under the MIP of the IEO assessment on the Fund's advice on capital flows. It will cover the results of ongoing empirical work related to capital flows and the use of capital controls during surges and crises. The policy implications will inform the review of the IV together with other pieces of research, including the Integrated Policy Framework and other analytical work.

Global cooperation and standard setting

- 26. 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.

- Contingent on the outcome of ongoing discussions, staff plans to update the Board in November 2021. (Following the recent G7 agreement, the issues will be discussed in the Inclusive framework at the end of June, and then presented to the G20 in July. The expectation is that further details of the agreement will be discussed by the G20 in October.)

27. Could staff provide more information on the New Data Gaps Green Initiative (DGI Green) and how this initiative complements or augments the Fund’s Climate Dashboard?

- In their April 2021 communiqué, the G20 Finance Ministers and Central Bank Governors (FMCBGs), asked the IMF to prepare, in close cooperation with the Inter-agency Group on Economic and Financial Statistics and the Financial Stability Board, a concept note on a possible new Data Gaps Initiative (DGI), in recognition that improving data availability and provision, including on environmental issues, will be critical to better inform policy decisions
- The new DGI has the potential to close new data gaps, notably related to climate change. It would result in greater availability of more timely results and increased comparability of national data based on harmonized methodological guidance. G20 members would be responsible for collecting, compiling, reporting and disseminating data, while the IMF would work with other international organizations to provide methodological advice and a reporting/disseminating framework, coordinating with other international initiatives on climate-related data gaps to avoid duplication of work.
- The Climate Change Indicators Dashboard (CID) is effectively a first draft or a blueprint for how data produced by official statistics on the impacts of climate change on the economy and finance can be presented. The CID is expected to pave the way for identifying the scope and feasibility of the climate change data to be agreed with the G20.

Fund policies (Cross-cutting themes)

28. We look forward to staff guidance notes on climate-related engagement to help mission teams to support countries appropriately, tailoring interventions to fit the context – given the huge differences in the level of emissions and adaptation requirements across countries. Staff comments are welcome.

- Further guidance on climate-related engagement is planned in the context of the revised Guidance Note for Surveillance under Article IV Consultations, and possibly also through other outlets that would cover more specific and granular aspects of climate-related macroeconomic policy challenges. This will include guidance on how to reflect country-specific circumstances appropriately.

29. Regarding the proposed work on carbon pricing arrangements, we urge to go beyond issues related to carbon emissions and pay also attention to carbon absorption

matters which could be macro-critical in countries with large rainforests. Staff comments will be appreciated.

- Continued absorption of carbon through natural sinks will remain crucial to ensuring that efforts to decarbonize consumption of global energy is not undermined by degradations in natural land and ocean carbon sinks. Additionally, efforts to enhance the land use and forestry sector can help global mitigation efforts, and fiscal policy can make a contribution. Staff continues to consider carbon absorption through natural sources and the instruments necessary to support those efforts in its climate work.
- 30. Could staff indicate if there will be a Board briefing on capacity development in the Fund's Digital Money Strategy, including to help address abovementioned areas of concerns?**
- Capacity development will need to play a very central role to avoid a digital divide, and to help countries leverage benefits while managing risks of digital money. Infrastructure development will also be key to support the spread of new digital forms of payment.
 - The upcoming Board paper and formal meeting will touch on capacity development issues as part of the overall strategy. Staff is also currently delivering bilateral capacity development and will start engaging with regional seminars, including in the African region.
- 31. 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.**
- The agenda is ambitious, and the Fund will partner with other stakeholders to deliver satisfactory value to member countries.
 - To build successful partnerships, the Fund will seek to leverage its core competencies; minimize overlaps; seek to collaborate through standing arrangements, if not on a project-by-project basis; be transparent about workplans and priorities; recognize, cross-reference, and disseminate the work of other stakeholders; engage in debates with, and seek feedback from, other stakeholders. Within such a collaborative approach, the Fund will develop its independent policy views.
 - Based on its core competencies, the Fund will seek to collaborate with five key groups of stakeholders, including: (i) the World Bank; (ii) other institutions active in the area of digital money, such as the Bank for International Settlements (BIS) and the BIS Innovation Hub (BISIH); (iii) entities that are especially effective at creating consensus around policy views and standards of immediate priority; (iv) country authorities, including central banks, ministries of finance, and regulatory, supervisory, legal, anti-trust, and other agencies; and (v) other stakeholders, such as entrepreneurs.
 - Building on the April Board Paper on the digital money strategy, the upcoming July Board Paper will provide further details on collaboration.

32. The agenda on digitalization is welcome if somewhat narrow. The COVID-crisis has accelerated structural trends in economies worldwide as digital adoption by businesses and governments took quantum leaps. We would have expected the Fund's digitalization agenda to focus on associated transition risks for economies and the necessary structural policy agenda to harness the potential of digitalization.

- Digitalization is indeed a very broad concept and has multiple ramifications. In defining the Fund's strategy and work program, staff was careful to identify transformations that would have the most direct relevance for the Fund's mandate on helping ensure the stability of the international monetary system, as well as countries' economic and financial stability. In particular, the development and adoption of digital money could have significant implications and thus our strategy emphasizes this aspect within the expected broader transformation of society toward greater digitalization.
- The Fund's work on digitalization has accelerated during the pandemic and been developing along six key lines to support our membership. These are: (i) fintech; (ii) digital currencies; (iii) artificial intelligence; (iv) data policy frameworks; (v) e-government; and (vi) measurement. The e-government agenda, for example, is supporting members accelerate the speed and the resilience of the recovery by improving revenue mobilization and increasing efficiency of public spending. The related ongoing CD projects cover IT strategies, data analytical capabilities, taxpayer e-services and e-payment, system integrations, compliance improvement plans, cash management systems, big data techniques and visualization.

Fund policies (Surveillance)

33. The resumption of bilateral surveillance is being led by individual area departments and not guided by an overall Fund strategy. This has led to some small developing states – who benefit most from, and rely on, Fund advice – going nearly three years between Article IV consultations – while other members are already onto their second Article IV since surveillance resumed. Staff comments welcome.

- Small developing states (SDSs) are an important part of the membership, whose special needs have been recognized by the Fund. Regarding surveillance, only one out of 34 SDSs has not had an Article IV consultation in three or more years (for the full membership, this figure is 21 out of 190). Moreover, staff engaged with many SDSs in the context of emergency financing in response to COVID-19.

34. Given the importance of the topic in the current environment, we believe that a Board meeting on structural reforms, including the update and a more detailed presentation of the structural reform database should be a part of our work program. Staff comments would be appreciated.

- Staff agrees on the importance of examining the role of structural reforms, especially in the context of post-pandemic economic recovery. As such staff is planning a public launch of the structural reform database this year so that it becomes widely available for the membership.

Fund policies (Lending)

35. On lending policies, we welcome the planned Board engagement on Vaccine/Pandemic Financing Options scheduled for September 2021. However, given the urgency of availability of affordable vaccines globally, but particularly in low income countries, we would recommend an earlier Board meeting. Staff comments are welcome.
36. On financing, given the immediate urgency of broad-based global vaccination, could staff clarify the rationale for scheduling an informal discussion of vaccine financing options at the end of September? Will the informal session present options that have already been discussed with G7 and G20?
37. Noting from the abstract (page 16) that the proposal could be for adjustments to the Fund's emergency financing toolkit to serve as a further line of defense for BOP needs owing to COVID-19 vaccination programs, we call for staff to be open to similar adjustments being made, to cater for other aspects of members' resilience building, for non-emergency financing tools.
38. The proposal of Vaccine/Pandemic Financing Options is a positive step in that direction. We would prefer discussing those options before the Board Recess.
39. Can staff offer more information on the considerations and proposals underlying the planned Board engagement on Vaccine/Pandemic Financing Options? Specifically, we would be interested to know more about which group of countries staff has in mind under this initiative.
40. In this context, we are interested to understand in more detail the rationale and objective of the proposed discussion on vaccine/pandemic financing options. Given the importance of vaccination for a sustainable global recovery, we welcome the Fund's call to intensify multilateral cooperation and help low-income countries gain access to vaccines. At the same time, we wonder what role, if any, Fund emergency financing could play in this regard. We believe UCT-quality programs are well-tailored to support countries in the current phase of the crisis. Could staff elaborate on the rationale for potential adjustments to the emergency toolkit?
41. We also want to underscore the discussion on Vaccine/Pandemic Financing Options to deal with the potential involvement of the IMF in the vaccination needs of the membership and reiterate our support for these initiatives. We wonder if a more expedited timeline for this discussion is warranted, given its crucial relevance for many countries in the membership.
42. We are also very interested in the proposed discussion on Vaccine/Pandemic Financing Options. Could staff preview whether this paper will include proposals potentially facilitating vaccine purchases via RCF/RFI financing or a separate lending window?
 - The current toolkit provides financing for all countries that need BOP support, including for vaccine financing. In line with the recent SDN by Aggarwal and Gopinath on pandemic response, we envisage and have been advocating for grants and no/low cost financing from MDBs as the two main lines of defense for vaccine financing. MDBs, including the World

Bank, are well-placed to support procurement oversight and healthcare delivery, given their expertise in these areas, and these institutions still have significant untapped financing available for vaccination programs. To the extent that such financing becomes insufficient for vaccination needs, IMF financing remains a third line of defense. In that context, staff is exploring if further adjustments to the lending toolkit, including possibly as a window in the RCF/RFI, would help ensure that this safety net remains adequate. Staff will engage with the Board informally in the coming weeks and finalize the proposal for Board consideration as soon as feasible.

43. The temporary adjustments of the Fund’s lending instruments and facilities provided greater breathing room, and thus enabled timely crisis responses, for many members. However this chair would like to reiterate our call for the Fund to provide more customized assistance for the small state islands with their unique vulnerabilities. We welcome staff’s update on progress, if any, on financing windows tailored to meet the needs of small island states.

- Staff analysis to explore options for a donor-financed trust fund to support Small Developing States (SDS) experiencing large shocks and targeted support to strengthen resilience to natural disasters has not gained sufficient traction with potential contributors. Staff continues to explore alternative options that could benefit SDS, including in the context of the SDR post-allocation channeling.

44. We take note of the planned Board discussion on a proposed temporary increase in access limits of the RFI/RCF large natural disaster windows. This initiative is new to us and we would like to know more about what considerations motivated this proposal. A staff comment would be welcome.

45. We would welcome staff’s comments on the newly proposed temporary modifications to access limits under the large natural disaster window for the RCF and RFI.

- Directors will have received today a paper proposing to increase access limits on emergency financing under the “Large Natural Disaster (LND) window” of the RCF and RFI. It would address a gap that emerged when emergency financing access was temporarily increased for the pandemic. Since LND windows were not changed, countries facing qualifying LND events are not eligible for higher EF access as intended. Staff is available to discuss with interested Executive Directors in the coming week.

46. While we remain open to supporting consideration of enhancements to the emergency financing toolkit and modified access levels for existing facilities, we remain of the view that the Fund would benefit from an overarching lending strategy to guide Fund support throughout the pandemic. Staff comments welcome.

- The paper “Lending Strategy during the Pandemic and Beyond” (FO/DIS/20/141), which the Executive Board discussed at an informal session on July 1, 2020, set out a framework for thinking about the impact of the pandemic on Fund lending. The diagnosis continues to be relevant and the identified next steps have helped guide the Fund’s work. Consideration by the Board of the proposed Pandemic Support Facility (EBS/20/141) on September 25, 2020 underscored Board support for a flexible application of current Fund policies. Additional measures include temporary increases in annual access limits and limits for the RCF and

RFI, and ongoing efforts to review concessional facilities and policies to ensure fit-for-purpose of Fund policies for our poorest members.

Fund policies (Capacity development)

47. We noted that the review of the capacity development strategy would normally occur in 2023 but is scheduled for Q3 in FY2024. We should not wait too long to update the strategy with the lesson-learned from the crisis which has been especially disruptive in the area of technical assistance. Is there any reason that the capacity development strategy cannot be reviewed in 2023?

- The CD Strategy Review is scheduled for Board discussion in Q3 FY24, which corresponds to around November 2023. This would be on the standard five-year interval (the 2018 CD Strategy Review Board discussion took place in November 2018).

Fund policies (Debt)

48. On the implementation of the Common Framework, staff last updated that the first few test cases (Chad, Zambia, Ethiopia) should come to the Board soon, but we note that these country cases have yet to be reflected in the tentative board schedule up till October. Staff's update on progress in operationalizing the Common Framework in these cases is welcome.

- A creditor committee for Chad has been formed and had its initial meeting on April 15 with two subsequent meetings. The aim is to receive financing assurances from the creditor committee for Chad as soon as possible. In the case of Ethiopia, a creditor committee has not yet been formed as one creditor is seeking the necessary internal approvals to participate. While Zambia has made a request under the Common Framework, the work with creditors has not started, as staff-level agreement on an IMF-supported has not yet been reached.

49. In addition, the recent analysis shows that other than LICs, a large number of EMDEs are also at high risk of debt distress. Staff's comment on whether the Common Framework can, and should, be expanded to include EMDEs is welcome.

50. Debt burdens are not limited to the poorest countries, and we would like to suggest consideration of an extension of the Common Framework to cover MICs as many of them are facing rising debt vulnerabilities. We would appreciate staff's comments on this proposal.

- In staff view it would be desirable for the scope of the Common Framework to be broadened at some point, as some emerging market and developing economies can benefit from this creditor coordination if part of their debt is due to official creditors outside the Paris Club. Until the scope is broadened, the debtor can seek a coordinated response from official creditors, and official creditors could determine the appropriate approach, such as joining a Paris Club treatment or an ad hoc approach similar to the Common Framework.

51. Regarding the new debt sustainability tool to assess debt sustainability in market access countries, we would be interested in staff elaborating on the scope of those briefs and indicating whether it will also be used on frontier market countries?

52. We would welcome further information on considerations on the “New Debt Sustainability Tool Based on the IMF’s Sovereign Risk and Debt Sustainability Framework”.

- Staff has yet to evaluate the performance of the new MAC SRDSF on frontier markets. From a conceptual standpoint, shallow domestic debt and FX markets, and a significant share of external concessional debt, are LIC characteristics that may still be present in frontier market economies that are better considered within the LIC DSF framework. The appropriate use of the new tools in the MAC SRDSF—which have been calibrated using market access countries only—on frontier market economies would likely require a case-by-case approach.

53. It is not entirely clear whether the brief on a New Debt Sustainability Tool was something new compared with what was presented and endorsed by the board as part of the new market-access Debt sustainability framework. Could staff elaborate?

- The Board paper for the review of the MAC DSA provided a high-level overview of how the tools for analyzing sovereign risks could also be utilized to assess debt sustainability. The proposed briefing on the New Debt Sustainability Tool follows up on the commitment at the January Board meeting to provide a more comprehensive presentation on this issue.

54. We urge consideration of Fund-supported debt and debt service restructuring operations (DDSROs) during the Review on Concessional Financing and Policies and the Review of the IMF’s Lending into Arrears Policies. An effective higher access to Fund facilities could support countries achieve DDSROs that will meaningfully improve debt sustainability, especially given the relatively low cost of Fund financing. Country teams should be encouraged to communicate to the authorities this alternative when feasible during program negotiations or reviews. This was clearly reaffirmed in a Board meeting on DDSROs in March 2021. Given the wide recognition of the macro-criticality of domestic debt in some countries, lending into arrears policies should consider covering also this debt in order to ensure consistency with the agenda to reduce debt vulnerabilities. Staff comments will be appreciated.

- Fund staff recently presented a paper on DDSROs at an informal Board meeting. The conditions under which such operations can deliver significant efficiency gains are narrow. The paper noted that the Fund could support a member’s use of buybacks, cash sweeteners, or collateral in the context of a Fund-supported program, provided that (i) debt restructurings using those instruments offer significant efficiency gains relative to debt restructurings that do not rely on such instruments, but are underpinned by a regular Fund-supported program; and (ii) an adequate cushion of non-multilateral debt remains after the operation (so as not to complicate future market access and any future debt restructurings). Fund support for DDSROs when these conditions are met does not require a change in Fund policy.
- The Lending into Arrears (LIA) policy guides Fund financing in post-default contexts and is premised on the principle that arrears are an inappropriate way to address a balance of payment problem since they undermine a member’s capacity to normalize relations with

creditors and are detrimental to the member's own prosperity, the international payment and credit system, and the member's capacity to repay the Fund. The LIA policy has therefore long been focused on external arrears. Nonetheless, domestic arrears can also be detrimental to the health of domestic banks and firms, such that resolving domestic arrears often features in IMF programs, as a reform supporting growth and sound fiscal management.

55. Considering the lack of experience on the Common Framework at this stage, we expect that the Update on Implementation and Extension of DSSI and Common Framework scheduled in September 2021 will be followed by another update towards the end of the year, with the expectation that the three countries that have applied thus far would have benefited from the framework and more countries would have added to the list by December 2021. Comments will be appreciated.

- Following the September briefing on an Update on Implementation and Extension of DSSI and Common Framework, staff will provide further briefings as needed. The timing of these briefings would depend on the availability of new data on DSSI implementation together with developments on Common Framework cases, including their completion or the initiation of new cases.

56. Can staff provide a brief update on the funding status of the fourth tranche of the CCRT?

57. Regarding the CCRT, can staff please advise what resources are required for the fourth tranche of the CCRT debt service relief and contingency plans if sufficient resources cannot be secured?

- The cost of a fourth and final tranche of CCRT debt service relief is approximately SDR 160 million. Given that so far we have received pledges amounting to a little over half of the SDR 1 billion fundraising target, additional grant contributions will be necessary in order to ensure the delivery of relief for the maximum of two years.

58. On June 1, 2021, at an event on Debt Relief for MICs, Carmen Reinhart also saw a need for a large liquidity facility because MICs will be facing liquidity, not solvency problems, and will need further support than the pandemic finance currently provided by the Fund and Multilateral Development Banks. We would be interested in staff's views, particularly on whether MICs' needs should be addressed as a liquidity and not solvency matter.

- The IMF has multiple means to help address the potential financing needs of MICs. The GRA currently has a substantial forward commitment capacity of over \$220 billion, and an additional \$550 billion can be activated in borrowed resources. Most MICs have substantial space under IMF access limits. In addition, consideration by the Executive Board and the Board of Governors later this month of an SDR allocation of \$650 billion, of which about 40 percent will be allocated to MICs, should also help address liquidity needs. Furthermore, staff are also exploring options to support MICs in the context of post-allocation channeling of SDRs.

59. We note the informal nature of the Board’s discussions on restructuring of sovereign domestic debt and debt transparency and invite staff to elaborate on their plans to further advance the work on these issues and on how to incorporate possible conclusions in the Fund’s respective policies.

- On debt transparency, an initial informal meeting is intended to identify the nature of the issue, present a preliminary analysis of factors underlying shortfalls in transparency, outline potential approaches to addressing these shortfalls and provide a preliminary assessment of those approaches. Feedback from Directors will help guide the development of a subsequent Board paper, which could lay the basis for follow up work including consideration of Fund policies.
- On the restructuring of sovereign domestic debt, the paper will discuss the complex issues involved, especially concerning domestic financial stability, which will inform subsequent work in debt restructuring cases.

60. According to the Fall 2020 survey of departments’ risk perceptions, the Fund was perceived to be less prepared for the materialization of credit risks and risks to the Fund’s preferred creditor status. We would appreciate staff’s comments on how the envisioned work on debt issues will help mitigate these risks.

- The Fund’s debt-related policies help safeguard Fund resources as part of multi-layered safeguards including program conditionality. The Fund can only lend when debt is assessed to be sustainable on a forward-looking basis (and in the case of exceptional access, only if it is sustainable with high probability or if financing from other sources safeguards Fund resources). There is an active work program on debt issues, including the Multi-Pronged Approach, the recent reviews of the Debt Limits Policy and of the MAC DSA, and an upcoming review of the LIA and Lending into Official Arrears policy. These streams of work can help identify sovereign debt risks, promote fiscal and debt management policies that contain debt and financing risks for countries, and enable the Fund to support countries in external arrears while also encouraging their resolution, which together help attenuate credit risks to the Fund.

Fund governance and membership

61. We expect to see the inclusion of the IEO evaluation on “The IMF’s Emergency Response to the COVID-19 Pandemic” on the list. We understand that there will be a mid-point engagement with the Board to discuss emerging findings and lessons, ahead of the expected completion of the first-stage evaluation in 2022H2.

62. We look forward to the upcoming IEO evaluations. In the draft issues paper on the evaluation of the IMF’s Emergency Response to the COVID-19 Pandemic, the IEO noted the strong interest in early lessons and envisaged a mid-point informal engagement. Does the IEO already have a planned date for this engagement?

63. We look forward to the IEO Evaluation of Emergency Response to the Pandemic and would ask that the interim update on this report be included in the Work Program.

- As the Director or the IEO indicated at the June 1 IEO webinar, the IEO is planning to come back to the Board before the 2022 Spring Meetings to present preliminary findings in an informal seminar. The exact date for the seminar has not been set yet.
- 64. We note the planned IEO Evaluation of IMF's Engagement with Small States in February 2022. We encourage staff to give briefings on small states until an implementation plan is designed following the IEO evaluation. Staff comments are welcome.**
- As per established procedures, following the completion of all IEO evaluations, staff will work to prepare the MIP within six months, and the EVC will be consulted in the process. Separately, staff will continue its periodic updates of the Board on relevant SDS issues as in the past.
- 65. According to the IEO, we need to evaluate and update guidance on the core process of reviewing the documents at the Fund. Staff's views on the urgency of this task would be appreciated.**
- Staff has continued to strengthen the review process, including by bringing to bear new tools that can aid in ensuring consistency and evenhandedness, since the 2010 audit of the review process by the OIA, which had found that the changes introduced then had resulted in a sharper prioritization of issues. Another comprehensive examination of the review process could provide additional insights. However, such an exercise will require substantial time and resources across multiple departments. As such, and consistent with the recommendation in the recent OIA report to leave the timing and scope of such a review at Managements discretion, staff will come back to this issue after the demands related to the crisis have subsided.
- 66. We noticed that in the category "Institutional risk management and audit" only the mid-year and yearly update of the risk report have been scheduled. In this regard, we are wondering about the future of the quarterly risk updates. Staff comments are welcome.**
- In addition to the Mid-Year Update and the annual Risk Report, ORM has scheduled two meetings in October and November to engage the Board on (i) the ERM action plan in response to the audit; and (ii) the outline of the ERM policy. In addition, a meeting scheduled in early 2022 will focus on the risk taxonomy and risk acceptances. ORM may also discuss various specific steps in the ERM roadmap with Executive Directors in informal meetings and seminars.
- 67. While we welcome progress on the ex-ante articulation of risks related to policy proposals and the elevation of the ORM head, we would have welcomed a deeper and earlier engagement following up on the OIA's recommendations. As the maturity assessment found Fund practices to be in the development phase, we see the case for speedy progress, not least because of the increased enterprise risk profile and continued uncertainty. Could staff explain whether it would be possible to begin work on a Board-approved ERM policy while the MIP is being prepared?**

- At the request of Management, in response to the OIA ERM audit, and being informed by industry standards and best practice, ORM is developing a management action plan, which is will present to the Executive Board in November 2021. One of the immediate priorities is to draft an ERM Policy and ORM mandate with Board engagement (the meeting is scheduled for this Fall). Work on the ERM policy has begun with a common risk taxonomy, a common risk rating scale, and the prioritization of critical business processes for risk assessment. Each of these items is foundational to an ERM policy and requires extensive collaboration across departments and subject matter experts. Prior to the final Board approval, the policy also needs to be extensively socialized across the various Fund stakeholders to ensure buy in, implementation, harmonization, and resourcing. ORM will discuss some of these details with Executive Directors at the Mid-Year Risk Update meeting.

Fund finances

68. We would emphasize the importance of measures to enhance transparency and accountability in the use of SDRs in this general allocation as well as the importance of updating the Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations. We would welcome informal Board engagements, such as an informal seminar or technical Q&A, on these topics.

- Staff is planning to host a Q&A session for Executive Directors on June 22, ahead of the Board discussion on the general allocation of SDRs. The Guidance Note is expected to be published when the allocation is made effective at end-August. The Guidance Note will be circulated to the Board for information ahead of its publication. Staff is also engaging in extensive outreach to country teams.

69. We support staff's work on the 16th General Review of Quotas and the proposed \$650 billion general SDR allocation, as well as considerations for a voluntary post-allocation channeling. In this context, we highly appreciated the updates on demand for Fund resources, which took place last year, and we would welcome the resumption of such regular updates. Staff's comments are welcome.

- Staff has continued to monitor the demand for Fund resources and sees at this stage no substantial change compared to the Informal Update provided to the Board last March. However, staff will keep the demand for Fund resources under close review and will update the Board if there are new developments. Moreover, staff will continue to assess the need for a possible activation of the New Arrangements to Borrow (NAB) in the period ahead.

70. We would welcome staff's comments on their plans to engage the Board on the future role of the SCA-1 as part of the Fund's precautionary balances, beyond the upcoming Board meeting on External Audit and Financial Statements for FY21.

71. We look forward to staff's recommendation on a solution to isolate the impact of pension-driven volatility on reserve accumulation and the path of precautionary balances. When does staff expect to bring this work forward to the Board?

- Given that the SCA-1 balances are part of the Fund's precautionary balances, staff is planning to revisit the question of a possible successor SCA in the context of the interim review of the adequacy of precautionary balances, which is expected to take place in

December 2021. Staff also plans to revert at that time on options to isolate the impact of pension-driven volatility on reserve accumulation and the path of precautionary balances.

72. What is staff's assessment on the need for a possible activation of NAB in the near future?

- The recent and potential new demand for the Fund's GRA resources has tapered off compared to the beginning of the pandemic. As a result, and given the Fund's current, quota-based liquidity position, the need for an activation of the NAB in the near-term has become somewhat less likely than anticipated a few months ago. Staff will continue to monitor developments closely.

73. According to Table 1, staff plans a formal board endorsement on a budget augmentation well before any engagement concerning the regular FY23 budget. We would welcome a staff comment to clarify the process.

- The Board Work Program as it relates to the proposed budget augmentation follows the process outlined in the FY22-24 Medium-Term Budget Paper. The Board will discuss strategies for issues for which staff will seek a budget augmentation (as agreed in April: Climate; Digitalization and Macrofinancial; Inclusion), as well as background on new ways of working in June and July. The Board will then have an informal engagement on the scale and framework for the proposed augmentation at end-July. Feedback from the Board would be reflected in the formal paper planned for October where Board endorsement will be sought on the budget augmentation scale and framework. This will allow for implementation of the augmentation to begin in the FY23-25 Medium-Term Budget.

74. The 2020 Risk Report called for a review of the guidance on assessing capacity to repay, which was last updated in 1990. Do staff plan to conduct this review in the upcoming years, given the Fund's elevated lending risks?

- Staff are in the process of enhancing the analytical tools that underpin the capacity to repay analysis, including for GRA borrowers and for PRGT-eligible countries with higher Fund exposure, as requested by the Board at the March meeting on higher access limits. Enhancements resulting from this work could be reflected in updated guidance at a later stage.

Internal support

75. Could staff comment on how the work on the Roadmap to the Future of Work at the Fund and the Modernization Projects is envisaged to feed into the Medium-Term Budget and income discussions?

- The Board will be briefed on June 22 on the roadmap for the Future of Work at the Fund, with this work taking on board lessons from the crisis and work-from-home period. The overarching objective will be to best serve the membership, while providing a safe and productive working environment for staff in a cost-effective way. This work is expected to continue over several years in a sequenced and iterative manner. In the short run, we anticipate that there will be modest upfront capital costs, as we make changes to adopt a

hybrid work environment. In the medium term, new ways of working will have an uncertain impact, requiring significant additional work to assess the balance between costs and savings. Staff will continue to engage with the Board and discuss any resource implications in dedicated sessions and in the budget context.

76. As the world is considering the recovery, so the Fund must prepare for the post-pandemic workplace. We consider a fundamental rethinking of the nature of work at the Fund to be a strategic consideration, which warrants the full implication of the Board. We welcome the envisaged briefing on this topic in June, but we believe a follow-up informal Board to engage would be warranted. Staff's comments are welcome.

- We consider the work around the future of work at the Fund to be medium-term in nature. We expect to regularly consult the Board both in its strategic oversight role and as a stakeholder. The June briefing is one point of engagement and seeks to inform the Board on work underway or to be launched. In addition, discussions will also continue in the Committee on Administrative Matters, and the Agenda and Procedures Committee.

CONSTITUENCY CODES

OEDAE

Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe

OEDAF

Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé & Príncipe, Senegal, Togo

OEDAG

Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay

OEDAP

Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, and Vanuatu

OEDBR

Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, and Trinidad and Tobago

OEDCC

China

OEDCE

Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, and Spain

OEDCO

Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines

OEDEC

Austria, Belarus, Czech Republic, Hungary, Kosovo, Slovak Republic, Slovenia, and Turkey

OEDFF

France

OEDGR

Germany

OEDIN

Bangladesh, Bhutan, India, and Sri Lanka

OEDIT

Albania, Greece, Italy, Malta, Portugal, and San Marino

OEDJA

Japan

OEDMD

Afghanistan, Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

OEDMI

Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, United Arab Emirates, and Yemen

OEDNE

Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, Netherlands, Republic of North Macedonia, Romania, and Ukraine

OEDNO

Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden

OEDRU

Russian Federation and Syrian Arab Republic

OEDSA

Saudi Arabia

OEDST

Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Philippines, Singapore, Thailand, Tonga, and Vietnam

OEDSZ

Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan

OEDUK

United Kingdom

OEDUS

United States