April 17, 2020
Approval: 4/24/20

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 19/35-2

11:40 a.m., May 3, 2019

2. Review of Implementation of IMF Commitments in Support of the 2030 Agenda for Sustainable Development

Documents: SM/19/71 and Correction 1; and Supplement 1

Staff: Nolan, SPR; Fabrizio, SPR

Length: 1 hour 50 minutes

Executive Board Attendance

T. Zhang, Acting Chair

Executive Directors	**Alternate Executive Directors**
D. Mahlinza (AE)	
M. Raghani (AF)	
	J. Corvalan (AG), Temporary
	S. David (AP), Temporary
	B. Saraiva (BR)
Z. Jin (CC)	
	P. Moreno (CE)
L. Levonian (CO)	
	C. Just (EC)
H. de Villeroché (FF)	
S. Meyer (GR)	
S. Gokarn (IN)	
	M. Psalidopoulos (IT)
M. Kaizuka (JA)	
J. Mojarrad (MD)	
	S. Geadah (MI)
	V. Rashkovan (NE)
	J. Sigurgeirsson (NO)
	L. Palei (RU)
M. Mouminah (SA)	
A. Mahasandana (ST)	
	P. Trabinski (SZ)
S. Riach (UK)	
	P. Pollard (US), Temporary

G. Tsibouris, Acting Secretary
H. Malothra, Summing Up Officer
E. Mannefred, Board Operations Officer
L. Nagy-Baker, Verbatim Reporting Officer

Also Present
African Department: Zeine Zeidane. Asia and Pacific Department: Jarkko Juhani Turunen. Communications Department: Olga Ilinichna Stankova, Ting Yan. European Department: Ruben Vazgenovich Atoyan. Fiscal Affairs Department: Debra Adams, Arbind Modi, Delphine Juliette Prady, Rebecca Ann Sparkman. Finance Department: Charleen Gust, Christian Mumssen. Institute for Capacity Development: Robert Kenneth William Powell.

Independent Evaluation Office: Cyrus D.R. Rustomjee. Middle East and Central Asia Department: Allison Mary Holland, Padamja Singal Khandelwal. Monetary and Capital Markets Department: Veronica Bacalu, Udaibir Saran Das, Naomi Nakaguchi Griffin. Office of Budget and Planning: Brian Lund Christensen, Piyabha Kongsamut. Strategy, Policy, and Review Department: Sibabrata Das, Stefania Fabrizio, Edward Rene Gemayel, Rahul Giri, Daniel Zerfu Gurara, Dalia Sami Hakura, Kangni O. Kpodar, Christopher Eric Lane, Neil Antony Meads, Martin Muhleisen, Sean Nolan, Elisavet Zachou. Statistics Department: Qi He. World Bank Group: Mahmoud Mohieldin, Marco Scuriatti.

2. REVIEW OF IMPLEMENTATION OF IMF COMMITMENTS IN SUPPORT OF THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Mr. Obiora and Mr. Sishi submitted the following statement:

Since the turn of the century, we have witnessed significant progress towards the 2030 Development Goals, with improved public health outcomes, greater opportunities for women to participate in the economy as well as substantial declines in global poverty levels and infant mortality. We note that the achievements so far have been the result of strong domestic policies and international support. We believe this partnership between domestic and international institutions, donors and other stakeholders is critical to increasing the momentum going forward. In this light, we thank staff for the timely and excellent stock-taking of the IMF’s support towards the achievement of the 2030 Development Goals.

We support the focus areas of this review, which encompass eight items of work, ranging from domestic revenue mobilization to addressing climate-related issues. We also agree with the observation that country ownership is needed to achieve lasting success. Related to this, we strongly welcome the point that a medium-term horizon is important, and we consider that this is a minimum consideration when it comes to the SDGs.

We welcome the work of the Fund in this area, but we consider that an opportunity to be more detailed may have been missed. We note the point made in the paper that it is difficult to make a direct linkage between each action taken by the Fund and the well-being of recipient countries. Nevertheless, we consider that the paper would have benefitted from a more granular analysis and assessment of progress, perhaps in the form of a large annexure or appendix. Granular and country-specific progress reports give a better sense of the lessons-learnt, as well as the dynamics of sequencing certain types of reforms within a specific context. Indeed, the example of Sierra Leone that is mentioned in the paper is one instance in which sequencing and timing of reforms is a critical consideration. An annexure in which these issues are elaborated on would have been helpful.

We welcome the feedback on the Fund’s capacity support for infrastructure provision. We especially note the growing use of the Public Investment Management Assessment (PIMA) and the Debt-Investment Growth (DIG) model and agree that this should remain a priority for the Fund. But perhaps due to the lack of a detailed annexure, the paper does not deal with the differentiated economic and revenue impact of projects as part of the selection process. Going forward, we would welcome an evaluation of these programs, as well as some reflection on what staff have observed on the ground. Furthermore, we wonder how the DIG model assesses options for cost recovery on investments where one of the options is a user-pay system, and what elements in different countries affect the choice in this regard.

We appreciate the focus on issues of inclusion and distributional policies. We especially welcome the focus on gender and the impact of labor market dualities on inequality. Public finances in our region are struggling to meet obligations in the context of a weak tax base with which to fund social safety nets. In this regard, the issue of dynamic labor markets is important, especially with a growing youth population, and we look forward to more work related to this matter.

We note the growth of TA in financial sector issues, and we welcome the focus on non-bank financial institutions (NBFIs). On this, we wonder how the Fund's policy advice deals with cross-border dynamics, where NBFIs in one country are subsidiaries of banks or non-banks in another country. What has been the success rate for regulation agencies in managing related risks, without negatively affecting access and financial inclusion?

We continue to strongly encourage regular engagement with countries in fragile situations, within the constraints of security and internal capacity. We consider that doing so places the Fund in a position to have a positive impact, including when conditions change on the ground.

Finally, we broadly welcome the scaling-up of engagement and support on issues of governance and G20 commitments on investment.

Mr. Psalidopoulos, Ms. Lopes and Mr. Persico submitted the following statement:

We thank the staff for this review of the Implementation of IMF Commitments in Support of the 2030 Development Agenda. The report shows that the Fund has been playing an effective role to support the achievement of the Sustainable Development Goals (SDGs).

We note that several workstreams of this agenda are under review or were recently updated (LIC-DSF, social spending, capacity development, conditionality, LICs facilities, natural disasters), a testimony to the high level of dynamism of the Fund. In this regard, this stocktaking exercise presents a useful opportunity to coordinate our efforts to continue to serve the membership's commitment on the Development Agenda.

We believe that the paper should not pre-empt the Board's decision on PRGT access rules. Although we would fully support an increase in access for PRGT facilities and less strict rules for blending, the paper cannot assume that the Board will support that proposal – as it is stated in the executive summary of the report (7th bullet point, page 2).

We welcome the work of the Fund to support fragile states. Efforts should continue to deliver the IMF's 2018 strategy as developed in response to the IEO evaluation on Fragile states. Box 6 is encouraging as it shows good progress made in countries like Somalia, Côte d'Ivoire and Myanmar, and we look forward for the broader findings of the Capacity Building Framework (CBF). We welcome the increased resources in this action and invite staff to not limit it to single area/department but rather to consider it as a Fund-wide commitment. Moreover, it is key for the Fund to work constructively and in coordination with the other development partners. We would like to ask staff further details on ongoing cooperation in this field.

We also welcome the Fund's work to support the countries exposed to natural disasters and climate change risks. As recently stated in our joint gray, we think that a diagnostic tool on vulnerability and preparedness could be useful. We invite the staff to extend the existing workstream also to slower-onset disasters. We look forward for the results of the Climate Change Policy Assessment (CCPA) pilot to seek ways to complement its current coverage with a wider range of critical events.

We note that revenues remain well below the levels desirable in several developing countries, as in those countries tax revenue to GDP ratio didn't increase in recent years. In this context, the reported growing efforts to boost Domestic Revenue Mobilization in LIDCs are most welcome. Moreover, greater attention to countries' ownership and peer pressure to adopt the available diagnostic and analytical tools should be encouraged with increased use when delivering assistance and during regular surveillance.

The work to support an efficient and effective use of resources for infrastructure provision is welcome. Box 3 provides interesting insights on how to scale-up investment while maintaining macroeconomic stability. Given the deterioration of the debt outlook for many LICs, we would encourage the staff to incorporate these lessons in their country work.

We support the expanding analytical and policy work of the Fund on economic and financial inclusion. On the latter, we welcome the greater coverage of the issue in both surveillance and capacity building through the financial sector reviews and the dedicated technical assistance. In this regard, we wonder whether the report could refer also to the G20 efforts to reduce both costs and risks related to remittances' flows, also considering the Fund's active engagement in this task (as referred in para 44) [1]. In the future, this area could have a greater relevance when reviewing the Fund support to the 2030 Development Agenda. Staff comments are welcome.

Ms. Riach and Ms. Myers submitted the following statement:

We thank staff for the very clear, concise yet comprehensive paper reviewing the implementation of IMF Commitments in Support of the 2030 Development Agenda.

The Fund's critical role in broader efforts to deliver the Sustainable Development Goals is evident from the large and vital and relevant body of work that it has undertaken in the 3 ½ years since the adoption of the SDGs. A lot of this work would have taken place irrespective of the SDGs, reflecting the fact that analysis and thinking in the Fund has evolved to consider new emerging issues and challenges across the membership. Examples of this are the important new workstreams focusing on climate change mitigation and adaptation and resilience building in countries prone to natural disasters. The adoption of the new enhanced new framework on governance and corruption, which applies beyond LICs to Emerging Markets and Advanced Economies, is another good example where agendas have come together because they address the topical and complex issues of the day. The need for better data to help inform evidence-based policy making also remains high up on the international agenda and is something that the UK cares deeply about.

Given that a number of SDGs are at risk of being missed, we would see merit in re-calibrating the Fund's support to help accelerate efforts in critical areas. Ending poverty, arguably the first and most important of the SDGs, will rely heavily on making progress in FCS. As staff highlight in the paper, most of the world's poor (between 50 and 80 percent) will live in FCS by 2030. The IEO's evaluation on Fragile States, and the subsequent management implementation plan (MIP), are therefore of great consequence, and we cannot - as an institution and as the broader international community- afford anything but a full and timely implementation of the MIP.

[1] G20 Finance Communiqué Annex of March 2018, the IMF (jointly with the FATF, the WBG, the GPFI and with the coordination of the FSB) was asked to take-up the recommendations on Remittance Service Providers' Access to Banking Services.

Could staff provide an update on the progress made against the Fragile States MIP, including on HR issues?

Secondly, despite progress in raising tax revenues, many LICs' tax-to-GDP rations remain below the pivotal 13 percent threshold. We take note of the increased activity in this area in the IMF and in its sister organisations (the World Bank, the OECD and the UN) and agree that this is a particularly sensitive and difficult area where success depends on a multiplicity of factors, including institutional capacity, political will, the structure of the economy and different actors' time horizons. Nevertheless, we see scope for stepped up engagement and cooperation at the policy and the country-level, including through the Platform for Cooperation on Tax and the implementation of Medium-Term Revenue Strategies.

Finally, as is well known from the debt overhang literature of previous decades, high debt burdens can be detrimental to countries' development prospects and can even undo the hard-won gains of the past. We look forward to discussions on the joint WB- IMF Multi-Pronged Approach on debt later this month, which will be an important opportunity to consider whether the IMF and the World Bank are jointly doing enough to support their members in avoiding debt traps and dealing with debt vulnerabilities and in some cases debt crises. An issue that is rising rapidly up the agenda and has also been highlighted in the Review of Conditionality, is the question of whether more can be done by the Fund to help support timely, adequate and orderly debt restructuring operations. We would welcome staff views on whether this warrants further consideration in due course.

Mr. Johnston and Mr. David submitted the following statement:

We thank staff for this paper outlining progress on the Fund's commitments in support of the 2030 Development Agenda. Achieving the UN Sustainable Development Goals (SDGs) is not only an important goal for developing countries but also a challenging one. We therefore acknowledge the efforts of the Fund in assisting our membership towards achieving the SDGs.

In 2015, the IMF set out its areas of focus – in terms of both national and international priorities – and its specific commitments to support member countries' efforts to achieve the SDGs. In many cases, this involved new initiatives. As the paper shows, there has been extensive follow-through, which is to the Fund's credit. This is particularly the case in the area of capacity development, which has been made possible by increased donor support. The Fund's support to the membership in providing capacity development to foster economic inclusion, support fragile and conflict states, address climate change issues and improve macroeconomic data collection and dissemination is invaluable in helping achieve the SDGs. We encourage staff to continue tailoring TA and training to country-specific needs and circumstances.

We note the various toolkits and frameworks developed by the Fund to assist member countries boost domestic revenue mobilization. These efforts to improve tax policy and collection within countries are commendable. The Fund also has an involvement in cross-country tax issues like the base erosion and profit shifting initiative aimed at ensuring multinational corporations are paying a fair amount of tax in their host countries. For domestic revenue, it is also critical that resource-rich developing countries negotiate and obtain better fiscal terms for the development of their resources in the first place. In discussing revenue mobilization, staff make a good point that improvements in the quality of the tax system are also important. Is it also the case that improvements in expenditure efficiency are as valuable as revenue raising, and has there been additional support for this alongside revenue mobilization?

On recent initiatives, we commend staff for quantifying the costs of achieving key SDGs and for the growing focus on strengthening governance. Governance vulnerabilities are critical in many countries, especially where there is limited institutional capacity and weak regulation. We agree that given limited state resources and declining ODA, there is a need to boost private sector financing in developing countries. However, small developing states often have a very small and undeveloped private sector. Do staff have thoughts on whether something like the Compact with Africa initiative could be replicated in small states?

The paper largely measures Fund activities, for example the number of TA missions delivered. In time, it would be good to know the effect of these activities and whether and how they have contributed to progress on achieving SDGs. It would be very difficult to determine, as the paper puts it, "the impact of these actions on the well-being of recipient countries and their population", so aiming to measure final outcomes is likely to be a stretch. However, it would be useful to understand, for example, whether more TA on revenue mobilization has helped to raise extra revenue in recipient countries and if not what the roadblocks have been. This should be possible as results-based management evolves, at least for the capacity development activities.

Mr. Mouminah, Mr. Alkhareif and Mr. Keshava submitted the following statement:

We thank staff for the well-focused paper on the review of the progress made in implementing IMF commitments in support of the 2030 development agenda. We also welcome drawing of lessons from the implementation of the various initiatives to date, which would help in refining Fund support in the period ahead. We have the following comments:

We support continued Fund role, within its mandate and in close collaboration with other institutions especially the World Bank, in supporting the 2030 development agenda. In this connection, we take positive note of the lesson drawn from the implementation of various initiatives till date, which underlines the importance of coordination across various stakeholders, with a clearly agreed division of labor and responsibilities. Notably, such a division and closer coordination among all stakeholders will help avoid overburdening governments with limited absorptive capacity.

We agree that the areas in which the Fund has been delivering support to developing countries for the 2030 development agenda have been broadly appropriate and we would focus our remarks on a few issues.

Boosting domestic revenue mobilization is a priority in most developing countries to address sustainable development challenges. To this end, we are encouraged that the Fund has increased markedly its technical support to national efforts to strengthen domestic tax systems. We also welcome strong Fund engagement on international taxation issues of relevance for developing countries. While we agree that improving the quality of tax system is an important objective, success ultimately will be measured against the revenue levels achieved over the medium- and long-term as significant domestic revenues need to be generated to achieve the 2030 development objectives.

Given the importance of increased investment in public infrastructure in many developing countries, we welcome the expanded Fund technical assistance for building capacity in managing the scaling-up of public investment. In this connection, we are also encouraged that Fund staff have worked with many countries since 2015 to help develop medium-term debt management strategies, which are important to ensure investment scaling-up in a fiscally sound manner.

We welcome enhanced Fund support for fragile and conflict-affected states (FCS) in helping restore macroeconomic stability, build core areas of state competence where the Fund has specialist expertise, and catalyze donor support. In this context, we look forward to the implementation of the strategy developed in response to the IEO evaluation to improve the effectiveness of Fund engagement in FCS. Better tailoring of financing facilities to FCS needs is also a priority.

On climate change issues, we note that the focus of Fund engagement has been on providing support to member countries seeking to contain carbon emissions, including setting taxes at levels that internalize environment costs. In this context, we would like to underline that regulatory measures or fiscal instruments other than carbon taxes could have an important, and sometimes preferable, role to play, depending on country circumstances and preferences, a point highlighted in the recent Board meeting on the Paris Agreement. Here, we take note of tools developed by staff to examine the trade-offs between carbon pricing and other approaches but would like to underscore that country authorities should have discretion to decide among policy options.

We broadly agree with the cross-cutting lessons drawn from the experience to date in scaling-up Fund support for the 2030 development agenda. In particular, Fund engagement should be viewed as a medium-term commitment to help build institutional capacity in areas where the Fund has specialist expertise. This is especially relevant for FCS where even long-term commitment will be essential. We also agree on the importance of choosing TA delivery mechanisms suited to specific challenges facing the country. Furthermore, maintaining country ownership of reform programs over time is central for successful outcomes.

Finally, we welcome the focus on enhancing the impact and efficiency of Fund capacity development operations, by drawing lessons from the recent comprehensive review of Fund's capacity development strategy. In this connection, we are encouraged by the plan to make full use of results-based management system to achieve efficiency gains and to better identify lessons to be learned from project implementation.

Mr. Di Tata and Mr. Corvalan Mendoza submitted the following statement:

We thank staff for the comprehensive paper on the implementation of the Fund's commitments in support of the 2030 Development Agenda. Since the Agenda's implementation started in 2015, the Fund has provided substantial support to developing countries in macro critical areas. Moreover, the Agenda has helped the Fund coordinate its work more effectively with other international and regional organizations.

We fully agree that the Fund is delivering its contribution in line with the specific commitments made to support the Agenda. As noted in the report, the Fund's primary contribution to global development has been to deliver on its mandate to help maintain macroeconomic and financial stability at both the global and national levels. Substantial work has been done to help developing countries in areas that are complementary and reinforce each other, such as (i) domestic policies to create more resilient economies and provide economic opportunities; (ii) upgraded global cooperation to provide a level playing field across borders; and (iii) a commitment to work together on broader global challenges. These three areas are also the focal points of the Managing Director's Global Policy Agenda.

The implementation record shows that the Fund has increased its capacity building efforts on domestic revenue mobilization, infrastructure policy, development of financial markets, support for fragile and conflict-affected states, and data compilation and dissemination. The Fund has also intensified its analytical and operational engagement on inclusion issues, strengthened the financial safety net for developing countries, and stepped up its engagement on climate change, as well as governance and corruption issues. In addition, staff has undertaken the 2018-19 SDG costing exercise to identify the additional spending needs to meet the SDGs in developing countries.

The Fund has launched several initiatives directly or indirectly related to the SGD targets. Drawing experience from the implementation of these initiatives is extremely valuable for policy advice calibration. Several of the issues being analyzed challenge common wisdom and will have a significant impact in the future. For example, several countries experiencing fast growth of the labor force are also confronted with rising rates of automation. Substituting capital for labor in routine tasks is putting pressure on the share of labor income and increasing income inequality. The effects of rising corporate market power also constitute a relevant phenomenon. Although the overall macroeconomic implications have been modest so far, further increases in the market power of large corporations could have important implications for investment, innovation, and income distribution, and could further complicate policymaking. Another important topic is how to better address profit-shifting and tax competition in developing countries. In this regard, the initiative launched by the Fund in 2016 on corporate taxation represents an important contribution.

Further progress has also been made in strengthening Fund surveillance in several areas, such as external sector assessments, integration of outward spillovers in Article IV consultations, better leveraging of cross-country experiences, and forecast accuracy.

Looking ahead, we agree with staff on the need to consider the buildup of institutional capacity within a medium-term time frame, achieve and maintain country ownership of reform programs, enhance coordination and establish a clear division of responsibilities when several development partners are involved in providing technical support, rely on the knowledge of other institutions when the Fund lacks the necessary expertise, and better prioritize capacity development in view of resource constraints. More generally, there is significant scope for enhancing the impact and efficiency of Fund capacity development operations drawing on lessons from the recent review of the Fund’s Capacity Development Strategy.

On the specifics, we believe that there is a need for the Fund to reassess and improve its strategy to strengthen revenue mobilization in developing countries through technical assistance, given the limited progress achieved so far in this area. To increase the chances for success, it is important that countries seek continuity by maintaining capable managers and teams for an extended period, beyond the life of a single government. We also see scope for further Fund engagement on governance and corruption issues. In this regard, the April 2018 framework for enhanced engagement on governance vulnerabilities provides a valuable basis for increased support in this area.

Finally, we would like to express our deep appreciation for the Fund’s continuous adaptation of its policy toolkit to respond to the evolving challenges faced by developing countries.

Mr. Moreno and Ms. Mulas submitted the following statement:

We thank staff for its informative paper on the Review of Implementation of IMF Commitments in Support of the 2030 Development Agenda.

We fully support Fund’s involvement on the 2030 development agenda, not only from the analytical and capacity building perspectives, but also from its surveillance one. The IMF, with its global membership and mandate to promote economic growth and stability, is well-positioned to contribute to support the 2030 development agenda. We very much welcome IMF’s commitment to deliver on this agenda by deepening policy diagnosis and advice, scaling up capacity building and enhancing the financial safety net. We find particularly useful to include references to the progress towards the Sustainable Development Goals (SDGs) in Art. IV consultations especially for LICs—as already done for some countries—such as recently noted for Uganda, or in program reports, such as the inclusion of an annex on the update on Angola's progress towards the SDGs in the context of the Request for an Extended Arrangement Under the Extended Fund Facility. We encourage staff to standardize these annexes in country reports. Staff's comments are welcomed. Also, we welcome the recent IMF Working Paper titled "Attaining Selected Sustainable Development Goals in Guatemala: Spending, Provision, and Financing Needs." Is staff planning to elaborate similar working papers for other members in the future?

An impact assessment would be more adequate to evaluate the progress made in implementing IMF commitments. We acknowledge that the objective of this paper is to take stock of the progress in implementing the 2015 IMF's commitments by listing all the actions taken or reinforced; however, we miss an identification of the impact of these actions on the well-being of recipient countries and populations. An impact analysis would not only allow us to better assess IMF's role in supporting the 2030 development agenda, but also to draw conclusions on which actions should be strengthened as they have a greater impact. That said, we are aware of the difficulties of elaborating such an assessment, as noted by staff in its paper, particularly considering that only three years have passed since the implementations of the IMF's initiatives. Going forward, we consider there could be scope to include impact analysis in the review, if not for every commitment, at least for some of them, or focus on some regions or countries.

Fund's involvement in domestic revenue mobilization, inclusion and climate change issues is particularly useful. A strong revenue generating capacity is fundamental for a developing country to sustainably generate financing for its own development. In this context, the sharp increase of IMF support for national efforts to strengthen tax systems is positive news. However, we note that this effort relies largely on a substantial donor support which entails greater financing uncertainty in the medium and longer term, precisely for projects that require a long-term involvement. Staff's comments are welcome. Regarding inclusion, we are very pleased that the IMF has significantly increased the volume of analytical work on achieving economic inclusion, including income and gender inequality, and has substantially expanded coverage in its surveillance work. The objective should be to instill in the institutional culture the objective of balancing growth and equity when assessing economic policies. On the challenges to climate change, we welcome Fund's involvement in the Paris Agreement objectives through its surveillance and analytical functions and by raising awareness of the importance of the global challenge of climate change While we welcome that IMF engagement on climate change issues has focused on policy advice for meeting carbon emission commitments and on working with countries vulnerable to natural disasters/climate change to develop adaptation strategies, we consider that there is scope for greater Fund's involvement in green finance due to its expertise on the financial sector.

We agree with the cross-cutting lessons, particularly on the need to achieve country ownership of reform programs and to ensure an effective cooperation with external organizations. Ownership of reforms plays a critical role in achieving an economically, socially, and environmentally sustainable development process. Therefore, it is important that Fund's involvement is tailor-made and flexible enough to adapt to country-specific elements, including political economy considerations. We also agree that collaboration with IFIs and other development partners is key in the implementation of IMF commitments in support of the 2030 development agenda. A strong collaboration is needed to ensure that best practices and knowledge is shared, and that interventions are designed to complement each other. Considering the cross-cutting lessons from the implementation of the various initiatives to date, is staff considering any action to improve Fund's involvement?

Fund's catalytic role is also key. The Fund can help catalyze the 2030 development agenda through intellectual leadership, global convening, and country-level uptake. We commend IMF Management for its extensive advocacy activities in support of the development agenda, and for supporting the global dialog on this matter.

IMF should continue to reinforce its commitment on the 2030 development agenda. IMF commitment is even more important under the current context as SDG implementation is facing setbacks and SDG-related spending could add to already rising debt burdens. Therefore, we very much welcome the additional initiatives in support of the 2030 development agenda, particularly on analyzing the costs of achieving SDGs, and we encourage staff to add new initiatives shortly. We encourage staff to continue monitoring the progress in 1-2 years to assess how the IMF is responding to the evolving needs and helping reinforce the international effort in these areas.

Mr. Sigurgeirsson and Mr. Bernatavicius submitted the following statement:

We thank staff for their comprehensive and informative report on the implementation of IMF commitments in support of the 2030 Sustainable Development Agenda. We note that the Fund continues to deliver on its commitments made to support the 2030 Sustainable Development Agenda. We especially welcome the Fund's additional support for countries seeking to boost domestic revenue mobilization and achieving greater economic inclusion (inequality, gender, financial); as well as developing their domestic financial markets and strengthening their statistical capacity.

The need to boost domestic revenue mobilization is a central effort towards achieving the Sustainable Development Goals. According to the recent FAD discussion note, the average additional annual spending required for low-income developing countries stands at 15 percentage points of GDP. In the context of higher borrowing on non-concessional terms and a major increase in interest payments, the IMF's technical support in this area is even more important. We agree that there is significant scope for enhancing the impact and efficiency of Fund capacity development operations to boost domestic revenue mobilization.

We very much welcome the expanding analytical work on the macro-critical elements of economic inclusion. The analysis of inequality and gender issues should become more prominent in the surveillance and program work. We also welcome expanded work on financial inclusion. The Bali Fintech Agenda provides a good example on how the Fund could positively contribute to promoting innovative solutions for better financial inclusion. The enhanced cooperation with external institutions should continue as well as further development of relevant in-house expertise.

Promoting domestic financial markets and strengthening monetary policy frameworks could increase economic resilience and dampen shocks. Shallow interbank and weak secondary bond markets stand in the way of improved monetary policy transmission and management of economic shocks. Without effective domestic financial markets, credit to the private sector continues to be squeezed, preventing a switch to private sector led growth in most of the low-income and developing countries. The Fund should continue working with member countries at restoring correspondent banking relationships by strengthening regulatory and supervisory frameworks.

Improved macroeconomic statistical data is indispensable as a guiding light for tracking SGD indicators. We take positive note that the IMF is now among the top five global providers of support for statistical CD. We also support the Fund's prominent role in the formulation and implementation of the SDG global indicator framework.

Mr. Agung and Mr. Srisongkram submitted the following statement:

We thank staff for the report which provided a comprehensive stock-taking of the Fund's achievement in support of the 2030 development agenda, as well as the lessons that could be applied to make the Fund's work on this front more effective going forward. Evidently, the Fund has made important strides to support its members, including some of our authorities who have benefited much from the Fund's technical assistance (TA) engagement over the years. We commend the Fund for the good work so far as we stress that more needs to be done to assist members if the 2030 development goals are to be met, especially under today's more challenging economic context. We offer the following comments.

TA is a core pillar of the Fund's work in supporting the 2030 development agenda and there is scope to further leverage on recommendations from the 2018 Review of the Fund's CD Strategy. We reiterate that strong integration of TA with surveillance and lending functions is key to delivering policy advice that recognizes countries' institutional constraints and capacity to better achieve meaningful policy outcomes. The implementation of the result-based management (RBM) framework is highly anticipated, and we see its effective use to go beyond the purpose of evaluating TA results to also facilitating more tailored TA support based on the recipients' needs and absorptive capacity. We invite staff to comment on the progress and timeline relating to the implementation of the RBM framework.

We agree with the cross-cutting lessons, particularly on the need for country ownership, medium-term focus, and strategic coordination. Operationalizing these key lessons is essential for the Fund to maximize value in the delivery of its functions. In general, the Fund should work closely with the authorities to prioritize TA support in areas where it is most needed to maximize impact and foster country ownership for effective follow-through. The Fund should also prioritize TA in areas where it can help to lay the necessary foundations for other priority areas over the longer term. Meanwhile, coordination between domestic agencies as well as the Fund and other development partners is crucial to avoid duplication and capitalize on comparative advantages of different organizations. More broadly, we also encourage staff to look into the lessons specific to each of the eight work areas and how to apply them to future work going forward. Could staff share their thoughts on how they plan to apply the cross-cuttings lessons, if any at this point?

The Fund needs to continue seeking ways to strengthen its role in providing financial safety net for developing countries. The upcoming LIC facilities review seeks to further enhance access to PRGT resources but the Fund should also explore solutions to achieve more timely disbursements under the ‘rapid’ facilities, especially for countries hit by natural disasters. Consistent analysis of disaster-related costs under standard surveillance cycles could be one way to help shorten the due diligence process for more timely disbursement. While the Fund’s policy advice and analytical support are essential for longer-term resilience to climate-related challenges, having short-term financial support that is readily available could be more meaningful to the authorities in some instances.

We would like to see the Fund expanding its contribution on the international front. The Fund’s work in supporting the 2030 development agenda is understandably focused on actions at the national level, and its engagement in areas such as international taxation ultimately links back to domestic policies. On the other hand, other areas of international cooperation highlighted in the MD’s GPA such as trade and financial innovation could foster a more conducive economic landscape to achieve the broader development goals. The Fund’s advocacy of free trade through its analytical work and policy advices, for instance, could help mitigate potential impact of trade tensions and promote trade liberalization in which the benefit could potentially be widely shared among the global community.

For future reviews, it would be helpful to have more clarity on how the Fund’s support has helped improve policy settings in the recipient countries. Breaking down the report into different work areas is indeed helpful in recognizing what the Fund has done, but it is still unclear whether these efforts were fruitful from the countries’ perspective. The latter would help to better gauge the Fund’s delivery of its commitment and may yield additional lessons learned that may otherwise be overlooked, although we recognize the inherent difficulty in drawing causality between Fund’s actions and effects on domestic policies.

Mr. Rashkovan and Mr. Hanson submitted the following statement:

We strongly support the IMF’s commitments to the 2030 Development Agenda. The IMF has an important role in achieving progress towards the SDGs. We welcome the clear overview of the implementation of IMF activities in support of the 2030 Development Agenda in the report.

Meeting the SDGs requires a sustained and accelerated effort.

There is considerable headway to make towards meeting the SDGs. The SDG composite index, which tracks implementation progress towards the SDGs, indicates a shortfall between 22 percent in advanced economies to 47 percent in low-income developing countries. Gaspar et al. (2019) estimate that meeting the SDGs on average requires additional spending of 15 percent of GDP in low-income developing countries and 4 percentage points of GDP in emerging markets economies.[2]

The economic landscape makes further progress towards the SDGs challenging. Lower-than-expected growth and rising public debt, as well as climate change and trade tensions, make it more difficult to achieve the 2030 development goals.

Adequacy and collaboration

Considering the additional efforts needed to achieve the SDGs, it is important to reflect on the effectiveness and adequacy of current IMF activities. Staff refers to the agreed operationalization "at a balanced pace, to allow learning from pilots". This also requires an evaluation of the effectiveness and adequacy of current activities. While we understand that it is difficult to precisely pin down the link between actions and effects, we would welcome an evaluation of the adequacy of current activities and a reflection on possible adaptations and reinforcements to further support achieving the SDGs. Staff comments are welcome.

We stress the importance of collaboration among development partners. We agree that maximizing effective use of resources requires strategic coordination across agencies. Here we see scope for further cooperation and information-sharing with partners. We also agree on the importance of a clearly agreed division of labor and responsibilities across partners. In this light, we wonder to what extent staff's activities relative to other agencies are currently clearly delineated and how a division of responsibilities is achieved?

Focus areas

We particularly welcome the IMF's efforts to increase domestic revenue mobilization, to address debt vulnerabilities, to support fragile and conflict-affected states, and to address challenges related to climate change, particularly in small states.

[2] Gaspar, V; D. Amaglobeli, M. Garcia-Escribano, D. Prady and M. Soto (2019). "Fiscal Policy and Development: Human, Social and Physical Investment for the SDGs". IMF SDN/19/03.

On domestic revenue mobilization, we encourage staff to work on improving the quality of tax systems, broadening tax bases, and supporting fairness, predictability and simplicity in taxation.

Debt vulnerabilities are a major impediment to achieving the SDGs. We support the different work streams of the IMF-WB multipronged approach, including efforts to strengthen debt transparency. We are in favor of guidance on collateralized debt in Fund programs under de Debt Limits Policy Review. Capacity development is also important to help countries develop stronger debt management practices.

We encourage staff to enhance its involvement in helping fragile and conflict affected states to reach the SDGs, in line with the implementation plan to strengthen the Fund's engagement in response to the IEO report. This involves forward-looking holistic country strategies that integrate policy advice, financial support and capacity building, and efforts to increase the impact of capacity development.

Developing and low-income countries are particularly vulnerable to climate change, taking into account their institutional and capacity constraints. In this context, the Fund has a clear role in helping vulnerable countries, particularly small states, to incorporate natural disaster resilience, preparedness and financing into their macroeconomic frameworks and development policies, and in using its convening power to focus attention on particular issues. The Fund, together with the World Bank and other key stakeholders, can help these countries find a proper balance between development needs, rising debt vulnerabilities and the benefits of ex-ante resilience building. However, closer cooperation will be essential to achieve this.

Mr. Meyer and Ms. Lucas submitted the following statement:

We thank staff for the informative review of the implementation of IMF commitments in support of the 2030 development agenda and value the progress made since 2015. We fully concur that the Fund's primary contribution to global development is to deliver on its mandate to help maintain macroeconomic and financial stability at both the global and national level. We highly value the IMF's cooperation with other relevant organizations such as the World Bank in supporting the development agenda. Close coordination between the World Bank and the Fund is essential on these cross-institutional issues.

We take positive note of the considerably increased targeted support for national policies via policy advice and technical assistance in areas of IMF specialist expertise, such as boosting domestic revenue mobilization, managing public investment while safeguarding debt sustainability, development of domestic financial markets, and macroeconomic data compilation and dissemination. In particular, we welcome the Fund's role for fragile and conflict-affected states in providing technical assistance and training to help these countries which are facing exceptional development challenges. We take positive note of the efforts to further improve effectiveness of our capacity development activities. The Fund's engagement on selected macro-critical non-core issues and its "recent initiatives" are also acknowledged, notably the IMF's supporting role in the Compact with Africa.

On the Fund's financial safety net, we would highlight that the Fund's mandate and legal framework put clear limits to the form and the amount of financial assistance that can be expected from our institution regarding the diverse development needs. In this context, we caution not to draw any premature conclusions regarding the review of the Fund's lending facilities for LICs including on a potential increase in access to IMF concessional resources (para. 64); a topic which will be discussed by the Board later in May. From the perspective of the German chair the discussion on access levels, targeting of poorer countries and flexibility of the lending instruments must go hand in hand with tangible improvements in program conditionality (and therefore success rates of programs). There has to be a convincing rational and explanation how and when for example "higher access" (connected with effective conditionality) translates into more progress in achieving the objectives of the 2030 Development Agenda.

On a more technical note, staff might comment in more detail on how the use of FCL/PLL and IMF-RFA cooperation mentioned in paragraphs 62 and 63 can play a relevant role in implementing the 2030 Development Agenda.

We generally support staff's cross-cutting messages resulting from the various initiatives to date, i.e. the importance of maintaining country ownership of reform programs over time, the need to work with a medium-term time frame when seeking to build institutional capacity, and the importance of strategic coordination across development partners with a clear division of labor and responsibilities. We fully agree that – under a "flat real" Fund budget – generating more from existing resources from bilateral donors for development support is of the essence going forward. Making full use of the results-based management system to maximize the impact of IMF technical assistance is key in this regard.

Overall, further strengthening the effectiveness of Fund policy advice and TA is crucial to make tangible progress in support of the 2030 development agenda and with a view to eventually reducing the resource needs for these activities.

Mr. Tombini, Mr. Saraiva, Mr. Antunes and Ms. Florestal submitted the following statement:

We thank staff for the detailed report and welcome this important review of IMF's commitment to support the implementation of the 2030 Development Agenda. The Fund is decisively engaged in delivering on its commitments, and we commend the progress achieved on several fronts. Nevertheless, we see space for increased coordination among IMF initiatives, with a view to enhancing impact and facilitating the assessment of results. Going forward, we would like to see a more systematic evaluation of targets, and more focus on outcomes.

The contribution of the IMF for the 2030 Development Agenda is primarily through the fulfillment of its institutional mandate of guaranteeing global financial and economic stability. Without a stable, cooperative and prosperous international economy, member countries are unlikely to achieve the SDGs. Indeed, we second staff's assessment that less favorable economic developments since 2015 are making it more difficult for emerging and low-income countries to deliver on the 2030 Development Agenda. Therefore, we appreciate the IMF calls for enhanced international cooperation and the ongoing efforts to raise awareness of potential self-inflicted risks, such as trade tensions among systemic countries.

The Fund is playing an active role in providing analytical support and technical assistance (TA) to its membership, with particular attention to the specific needs of low-income countries (LICs). Accordingly, the report makes a convincing case that the IMF has been supporting the 2030 Development Agenda through increased efforts in several areas. These include domestic revenue mobilization, infrastructure policy support, analytical and operational engagement on social inclusion, the development of domestic financial markets, strengthening of the financial safety net for developing countries, as well as support for macroeconomic data compilation and dissemination. The Fund is deepening its engagement and analytical strength on crucial emerging issues such as taxation of the digital economy, climate change, governance gender and inequality. In addition to the sector issues, IMF has scaled up its support to fragile and conflict-affected states. We commend the Fund's efforts spanning on multiple fronts, but we see room for enhanced coordination among the varied initiatives mentioned in the report to mitigate the risk of fragmentation and duplication, promote synergies, and facilitate the assessment of results. Therefore, we see the opportunity for developing a systematic framework to analyze and assess the Fund's efforts to support the 2030 Development Agenda leveraging their effectiveness. This framework would be developed around measurable results or contributions to achieving specific results.

In many countries, it will be necessary to improve resource mobilization and boost investments to achieve the SDGs. Analytical work by staff has shown that enhanced resource mobilization in emerging market economies and LICs is crucial to create fiscal space for the needed increase in social and infrastructure investments. The Fund is playing an important role here, and we commend the progress achieved so far in providing TA and analytical support to improving tax systems in LICs. We agree with the principle that success should be assessed not only in terms of revenue levels, but also through the quality of the tax system, which must be fair, predictable and simple, contributing to better income distribution while minimizing economic distortions. We also commend the promising results achieved so far in the context of the Platform for Collaboration on Tax (PCT).

The Fund has an important role to play in helping Fragile and Conflict-Affected States (FCS) meet the SDGs. We took note of the assessment that ending absolute poverty at a global level (SDG-1) will depend heavily on strong progress in FCS, since an ever-increasing share of world's extreme poverty is to be found in this group of countries. Accordingly, we encourage the IMF to step up efforts in FCS through programmatic medium-term engagement, as progress may take time and not be linear. Whenever circumstances allow, the IMF should seek to establish Resident Representative Offices to coordinate capacity building efforts in FCS, as warranted. Special attention to local circumstances must be consistently incorporated in IMF-sponsored programs for fragile states. The substantial increase in IMF TA expenditures in FCS since 2015 is a positive development. Going forward, the Fund should focus its attention on countries that are lagging in terms of progress toward achieving SDGs, where capacity building may be the most needed, and marginal impacts the most positive. Moreover, we commend the IEO comprehensive evaluation of IMF engagement in FCS and look forward to management's implementation of its recommendations.

The Fund must continue to provide excellent analytical support to the membership, the UN and other partner institutions under the 2030 development agenda. The IMF participation in the formulation and implementation of the SDG global indicator framework is crucial. The analytical power of the Fund must continue to be at the service of the UN SDG database and report. Furthermore, we support ongoing efforts towards data dissemination and macroeconomic statistics capacity building. The Fund is in a privileged position to assist in the assessment of economic related SDG progress, taking advantage of its regular consultation exercises.

There is space to improve the cost-effectiveness analysis of IMF initiatives and enhance the Fund's engagement in the 2030 Development Agenda. There is no question about the Fund's efforts to deliver on its commitments in support of the 2030 Development Agenda. Nevertheless, as recognized on Paragraph 15, a detailed analysis of the impact of the various actions promoted by the Fund on the well-being of recipient countries and their populations is still lacking. Looking forward, it would be important to have a clear and comprehensive map of SDGs implementation across the membership, including the assessment of the impact of IMF initiatives, so as to evaluate our global institutional contribution and better target future actions.

Mr. Kaizuka, Mr. Ozaki and Mr. Naruse submitted the following statement:

We welcome this opportunity to stock take the IMF's work for achieving inclusive economic development. We are pleased to see that the IMF has undertaken many initiatives for supporting the implementation of the UN's 2030 development agenda. As illustrated in the staff's report, we believe that the IMF has provided member countries with valuable policy recommendations through surveillance and practical TA in various policy areas: boosting domestic revenue mobilization (DRM); addressing infrastructure gaps and manage public investment projects; achieving economic inclusion from inequality, gender, and financial perspectives; promoting financial sector stability and developing domestic financial markets; building capacity in fragile and conflict-affected states; enhancing macroeconomic data collection and dissemination; improving the financial safety net for developing countries; addressing the challenges of climate change; and tackling other challenges, such as governance and corruption. We also welcome the cases described in the staff's report where national authorities have made use of this IMF support to advance development objectives.

For economic development without dependent on external financial assistance, the DRM is imperative. Therefore, we welcome the IMF's support for strengthening national tax systems. To make the IMF's engagement effective further, we would like to offer two comments. First, we would ask staff to provide us with more information on the medium-term revenue strategy (MTRS). For example, while paragraph 20 says that the IMF provides technical support on the MTRS for 10 countries, we wonder which countries are and what progress has been made in the development and implementation of the MTRS. Also, the MTRS covers broad areas, so it is crucial to cooperate with other TA providers, including through the Platform for Collaboration on Tax (PCT). We expect the IMF to take a leading role to fully operationalize the PCT at an earliest possible timing. Second, we believe that it is important to promote coordination among the IMF's internal initiatives, such as Revenue Mobilization Thematic Fund (RMTF) and Tax Administration Diagnostic Assessment Tool (TADAT). More concretely, it is desirable to provide necessary TA thorough RMTF based on the diagnostic assessments on tax administrations done by TADAT.

We agree with the staff's view on the importance of strategic coordination across development partners, with a clear division of labor and responsibilities. However, we note that the staff's report does not describe well how much progress has made toward achieving each Sustainable Development Goals (SDGs)' targets by 2030 and what support the IMF, among other international organizations, should do in the future work to attain those targets. Although we acknowledge that the IMF has provided a variety of policy advices and technical support, one cannot tell whether these initiatives are enough to attain the SDG's targets. In this respect, we believe that it is helpful to have systemic and collaborative scheme assigning relevant roles among related international organizations in order to facilitate the implementation of necessary policy actions. In other words, it would be beneficial if we could see the whole picture clearly mapping out which international organization could have a role to work on what areas. This would also be useful for the IMF to avoid any duplications of work with other international organizations and ensure its legitimacy of its engagement to the work.

We agree with the staff's view on the importance of improving the effectiveness of the IMF's technical support within a limited budgetary resource. As the staff's report rightly says, this could be achieved by better prioritization of projects, operationalizing the lessons learned from the experience, and making full use of results-based management (RBM) system to maximize the impact of the IMF technical support. As paragraph 15 in the staff's report says, the IMF has, since 2017, required use of standardized RBM framework for all its capacity development projects, which we believe is a big milestone to progress outcome-oriented evaluation. We expect the steady implementation of the RBM in the future. Also, we thank staff to hold an informal Board meeting in this March to showcase the productive use of the RBM. We believe that this is a very enlightening process and encourage staff to keep informing the Board of the progress on the RBM as this is an issue of evolutionary nature. Also, at some point in time, we appreciate it if staff could share some implications on the generic lessons learned from the RBM experiences with the Board.

We agree with the importance of country ownership, so capacity development deliveries should be tailored to each country's circumstances depending on its authorities' institutional capacity or political and security situation. Furthermore, we emphasize the need for well-managed collaboration/coordination among area departments, functional departments, and the ICD. Such an approach could help integrate capacity development and surveillance further. Lastly, Japan has contributed to the IMF's capacity development activities as one of the largest external donors. We very much look forward to further cooperating with the IMF in the capacity development areas. For example, as part of Japan's contribution to the multi-pronged approach, we have committed a financial contribution to the IMF's Data for Decisions Fund. In addition, we will also make a financial contribution to the IMF's Infrastructure Governance Facility to improve infrastructure governance in low-income countries by facilitating the follow up actions to the assessments provided by PIMA.

Mr. Gokarn and Ms. Dhillon submitted the following statement:

We thank staff for the excellent and timely review of Implementation of IMF Commitments in Support of the 2030 Development Agenda. We strongly support the Funds' contribution to helping members achieve the SDGs through its core mandate of providing policy advice, capacity building and program lending and place a high value on its sustained delivery of these inputs for maintaining macroeconomic and financial stability.

The implementation record and progress made on the commitments through ongoing and new initiatives is all-inclusive and well spread out across all workstreams of the Fund. A refined focus within surveillance on domestic resource mobilization, infrastructure policy support, public investment management and creating the fiscal space for public services has been crucial for the overall execution of the strategy. Likewise, the analytical work and reviews, including on inclusion, inequality, gender, social spending, have served as key building blocks. Much of the agenda has unfolded amidst increasing risks to the achievement of the SDGs in a relatively less favorable economic landscape. Therefore, Fund's catalytic role in strengthening governance, boosting finance and the quality of spending is vital for closing the gaps on the outcomes. Coming to safety nets, the Fund's financial support to countries in need and strengthening collaboration between the IMF and the RFA, are all aspects that enter into the calculations for accomplishing the SDGs. For this, the Fund would need to keep up its activities, through its mandated action, effective communication and advocacy.

The Fund's success in capacity building for strengthening institutions, governance, financial and monetary frameworks, national statistics and its collaboration with other institutions is positively noted. The engagement in fragile and conflict-affected states with important success stories are commendable. As observed in the recent comprehensive review of the CD strategy, future interventions should stress on improving the effectiveness of technical support through greater ownership, selections, results-based management and collaborative partnerships regionally. Staff has indicated that the large scaling up of support so far from external financing could level off. Could staff offer a snapshot of some activities taken on with donor support that now have the potential of being scaled down?

The cross-cutting lessons bring into sharp focus the strength of collaborations between national authorities, development partners to address the SDGS and the need to operate within clearly defined and agreed upon responsibilities. As noted in the review, the Fund has long been active in most of these policy areas and in supporting policy co-operation amongst its membership. Going forward, coverage of these issues should continue to be incorporated in the operational aspects and the critical issues integrated into the macro frameworks of countries. In our view, the Fund's role in SDG implementation is inherently synergized and must be clearly delineated to ensure the best utilization of resources. We would like to hear more from staff on the specific elements envisaged of the scaling-up of Fund support for the 2030 development agenda and the resource implications of the same.

Mr. Jin and Mr. Huang submitted the following statement:

We thank staff for the comprehensive review of the Fund's work in supporting the 2030 Development Agenda. The Fund has a unique role to assist member countries in achieving the Sustainable Development Goals (SDGs). We commend the Fund for the work done and welcome the lessons drawn from the past experiences. Going forward, we encourage staff to continue to support the implementation of the 2030 Development Agenda.

The Fund's support for the 2030 Development Agenda underscores the importance of a development-oriented approach. We take note that the development in developing countries fell short of expectation since the adoption of the 2030 Development Agenda. The fragile states, with sluggish growth and rising public debt, are facing particular difficulties in achieving the SDGs. Looking forward, the global growth risks are tilted to the downside, with developing countries facing increasing uncertainties and potential spillovers. Against this backdrop, we encourage the Fund to continue its support for developing countries by providing more country-specific growth-friendly policy advice. A robust economy can give the authorities more policy space to pursue social and environmental developments. Some current challenges, including a rising debt in Low Income Countries (LICs), could be solved easier if the country's GDP is larger.

The Fund's support could be tilted more toward areas where the Fund has comparative advantages. As the center of the Global Financial Safety Net (GFSN), the Fund's financial support to member countries with urgent balance of payments needs is crucial to supporting the 2030 Development Agenda. For some LICs and fragile states, the Fund resource is their only financial safety net besides their foreign reserves. The Fund-supported programs, the implementation of the 2010 Quota and Governance Reform, the improvement of the lending toolkit, and the collaboration with Regional Financial Arrangements (RFAs) are commendable. However, recent challenges in the 15th General Review of Quotas should also be recognized. In this regard, we underscore the importance of the adequacy of the Fund's resources as well as the need for further quota and governance reforms.

The 2030 Development Agenda goes further than just development in developing countries. The SDGs call for action by all countries – poor, rich, or middle income. Some global challenges are highly relevant to advanced economies, such as inequality and climate change. Lacking progress of the advanced economies in achieving these goals can have significant impact on the global economy and severe spillover effects on developing countries, fragile states in particular. The increasing inequality in many countries has led to the recent rise of anti-globalization, distrust in institutions, and greater political uncertainties. The LICs contribute marginally to global greenhouse gas emissions but are more vulnerable to climate change. In this regard, we encourage the Fund to strengthen the surveillance in these areas.

We emphasize the overarching importance of country ownership of reform programs. Each country has the right and primary responsibility to choose its own development path. The Fund needs to continue to provide tailored policy advice and targeted technical assistance. As noted in the report, the Fund has developed a series of diagnostic and analytical tools in recent years. We encourage the Fund to fully consider each country's circumstances when deploying these tools and make necessary improvements based on member countries' feedback. The Capacity-Building Framework (CBF), aimed to enhance the effectiveness of the Fund's technical assistance and with a pilot program in five sub-Saharan African countries, is welcome. We look forward to the review of the CBF's effectiveness and the expansion of coverage where appropriate.

Ms. Pollard and Ms. Crane submitted the following statement:

We thank staff for the helpful paper and welcome today's discussion on how the IMF is supporting member countries in advancing their 2030 development goals. We support the spirit of the 2030 Agenda as a framework for development and recognize the important role the IMF can play in helping countries mobilize and carefully deploy public and private resources in support of their growth and development objectives. Given the long-term nature of the challenges faced by developing countries, strong national ownership of development plans over time will be central to their success. We believe the IMF's efforts have been broadly appropriate and would like to highlight a few specific points.

Sound Macro Frameworks and Economic Institutions. First and foremost, the IMF assists developing countries in strengthening their macroeconomic frameworks and economic institutions, which are necessary but not sufficient conditions for economic development and poverty reduction. Arming policy makers with adequate data is an important element of economic institution building, and we welcome the IMF's leadership in areas of its comparative advantage, including GDP, balance of payments and government finance statistics. For example, the IMF plays a key role in helping countries collect comprehensive debt data and develop medium-term debt frameworks, to better manage debt risks and support sustainability.

Resource mobilization. We encourage the IMF to continue efforts to support the mobilization and effective use of domestic resources, with particular attention to growth-friendly, base-broadening measures for countries with chronically low tax/GDP. Countries also need to stay focused on improving the business climate to attract private investment, while being mindful of contingent liabilities that come with PPPs. As the staff's proposed strategy on Social Spending has highlighted, efficiency of spending is key, and the IMF can help reinforce spending efficiency goals in collaboration with other development partners with sectoral expertise. The IMF's policy advice on public financial management and specific tools including the Public Investment Management Assessment, can be very helpful in this regard.

Economic Inclusion and Governance. We support the IMF's attention to the impact of policies on inequality and IMF advice in support of economic inclusion, including workstreams on financial inclusion/financial literacy and gender equality. We welcome the IMF's development of analytical tools for distributional analysis, which have informed its policy advice in areas such as compensating for adverse impacts of fiscal consolidation and boosting female labor force participation. In many countries, strengthening governance and combatting corruption are also directly relevant to increasing the resources available to support economic growth and poverty reduction.

Fragile States. More effectively supporting fragile states in meeting their development goals is a key challenge for the IMF, as highlighted by the Independent Evaluation Office's review of IMF engagement. We welcome the IMF's enhanced efforts outlined in the paper, and underscore the importance of supportive HR policies, including hiring staff with interest in fragile states and properly recognizing and rewarding staff work on difficult country cases. We would highlight several of the lessons learned in paragraph 53, particularly the need to focus on a few key objectives to avoid overwhelming capacity constraints, and the potentially high returns of deploying long-term advisors. Can staff provide examples in Sub-Saharan Africa of where IMF's long-term advisors have been and are being used effectively in fragile states?

Capacity Development. Capacity development work is central to the IMF's engagement in low-income developing countries and we welcome the increased visibility that has accompanied the increase in resources for this work. We also appreciate the attention to results-based management of CD, which can improve the shared understanding among country authorities and the IMF on the objectives of CD and raise flags when efforts go off track and require additional attention. Following a significant increase in the volume of IMF CD in recent years, we agree that now is a time for consolidation and focus on efficiency gains and lessons learned.

Mr. Raghani, Mr. Razafindramanana, Mr. Sidi Bouna and Mr. Carvalho da Silveira submitted the following statement:

We thank staff for a comprehensive report on the “Review of Implementation of IMF Commitments in Support of the 2030 Development Agenda.”

We welcome the progress achieved by the Fund to fulfill its commitments in supporting the 2030 Development Agenda, and positively note further headway made since the 2017 update of IMF deliverables. In collaboration with other international organizations, the IMF has undertaken several steps to contribute towards the achievement of the Sustainable Development Goals (SDGs), while focusing on its core mandate. These include notably technical assistance (TA) to enhance revenue mobilization and to improve management of public investment and debt, and further analytical work on inclusion. Going forward, in the current challenging economic context, we agree that there is scope for enhancing the impact and efficiency of Fund capacity development (CD) activities, while also developing more robust monitoring and closely following potential risks that may arise from the reliance of Fund CD programs on external financing from donors.

There remains significant room to further increase resources required to meet the SDGs. We are convinced that supporting capacity building in tax systems remains important as can be seen by the tangible improvements in revenue collection achieved in recipient countries. In this connection, the role played by the Revenue Mobilization Thematic Fund (RMTF) in supporting the efforts by Emerging Markets (EMs) and Low-Income and Developing Countries (LIDCs) in revenue mobilization is noteworthy. Despite the steps taken, as noted in the report, fiscal revenues remain significantly below the level required to finance the development needs of many LIDCs. The significant financing needs require supplementing tax revenues efforts with additional approaches. To this end, we believe that deepening the work stream on international corporate tax arrangements and illicit financial flows merit further attention.

As LIDCs infrastructure investment needs remain large, increasing financial resources to close infrastructure gaps while enhancing investment management capacity is paramount. We welcome the various initiatives undertaken by the Fund to assist developing countries to enhance the efficiency in the management of investment scaling-up, notably the PIMA and DIG, under the Infrastructure Policy Support Initiative (IPSI). In addition to this contribution, it will also be important to improve access to external financing and foster private sector investment. To enable adequate infrastructure financing in developing countries while preserving debt sustainability, we call on the Fund to give due consideration to this issue during the upcoming Review of Fund's Debt Limit Policy. This will help address the concerns raised by many Low-Income Countries, including in our Constituency.

Promoting economic inclusion should remain a priority and requires strengthening coordination with other institutions. We are encouraged that the Fund has broadened its country work to include macro-critical elements of inclusion such as inequality, gender, and financial access. In this regard, effective division of labor and close collaboration with other institutions will be essential. We also appreciate the development of the Financial Access Survey (FAS) database given its importance in monitoring SDGs financial inclusion indicators.

We encourage the Fund to continue to promote the development and stability of financial markets in developing countries, including domestic-currency bond markets. We recognize that the IMF has provided valuable support aimed at strengthening the financial stability framework. While we note the expansion of Fund's technical support, the stagnant level of Financial Sector TA in Fragile States deserves close attention.

Effective engagement of the Fund with fragile and conflict-affected states (FCS) remains critical for exiting fragility and should be enhanced. In this connection, the Capacity-Building Framework (CBF) is a commendable initiative that should be widely disseminated. We note that meeting key SDGs by 2030 remains challenging for most FCS. While recognizing the relevance of the IEO recommendations on Fragile States, we call on the Fund to pay special attention to FCS that are facing poor prospects of meeting the SDGs. Could staff inform of the work underway, if any, to address this issue?

We welcome the Fund's support in helping developing countries improve macroeconomic data collection and dissemination. Given the importance of higher-quality data provision to monitor SDGs progress and inform policymaking, we would like to stress the need to support initiatives such as the D4D Fund and the National Summary Data Pages (NSDPs).

Reforms undertaken towards improving the Financial Safety Net for Developing Countries should continue. We welcome the efforts to strengthen Fund collaboration with Regional Financial Arrangements (RFAs) to further enhance the Global Financial Safety Net (GFSN). However, given its central position in the GFSN and its universal membership, it is of utmost importance that the Fund resources remain adequate to meet the evolving needs of all members, including developing countries. Against this backdrop, we look forward to a meaningful increase in access to PRGT resources in the upcoming review of LICs Facilities. We also call for greater eligibility to GRA/PRGT blending.

We are encouraged by the preventive approach integrating risks posed by natural disasters and climate change into economic framework and policy analysis. To enhance developing countries' resilience to natural disasters and climate change, we appreciate the Fund's work to understand linkages between risk attached to climate change and macro-financial stability, including the new Climate Change Policy Assessment (CCPA). We encourage the strengthening of Fund's collaboration with other institutions that have developed effective mitigation and adaptation mechanisms.

Mr. Geadah and Ms. Merhi submitted the following statement:

The IMF together with MDBs play a critical role in supporting country efforts to translate the SDGs into meaningful targets and projects. Country efforts have focused on strengthening macroeconomic management, enhancing tax capacity, tackling spending inefficiencies, addressing the corruption that undermines inclusive growth, and fostering business environments where the private sector can thrive. Within its mandate, IMF support for these goals has been through financing in cases of balance of payments need, and/or indirectly by helping to catalyze public and private resources. The IMF has also provided policy advice and technical assistance to build domestic capacity. We welcome this paper and focus on a few areas that may warrant further attention:

Recent initiatives. The 2018-2019 costing exercise on the spending needed to meet key SDGs in developing countries is very important, and we note that the Fund has identified a financing gap of US$0.5 trillion for LIDCs. We hope that the Fund can help to close this gap, though its policy advice, financing and capacity development. We are also disappointed that SDG1 goal to eliminate absolute poverty globally will not be met, and we wonder if stepping up collaboration efforts with other MDBs can accelerate progress in critical areas, such as poverty reduction.

Domestic Revenue Mobilization. We welcome the increased support for countries seeking to strengthen national tax systems and boost domestic revenue mobilization. An increase in tax revenues by 5 percent of GDP may suffice for emerging market economies to achieve the SDGs, but this increase is unlikely to be sufficient for most low-income developing countries.

Notwithstanding progress in increasing revenues, revenues in LICs remain well below the pivotal 13 percent threshold of tax-to-GDP ratio. We note the tangible improvements undertaken in several cases under the Revenue Mobilization Thematic Fund.

Infrastructure Policy Support. We take note of the significant support under the IPSI initiatives, including through the PIMA assessments, which some of our countries have benefited from, and through the introduction of the new LIC-DSF. Working on developing medium-term debt management strategies is also crucial in this regard, and we note that 21 countries have already benefitted from Fund TA in this area since 2015. Given the importance of public investment for development and job creation, and the lack of fiscal space to meet these needs, could staff elaborate on the ongoing initiatives to encourage private investment such as the Compact with Africa?

Development of Domestic Financial Markets. We note the significant technical support being given to strengthen the financial stability frameworks in more than 130 countries. Can staff elaborate on how they plan to factor in the several lessons highlighted in paragraph 48 into the design of future TA?

Support for fragile and conflict-affected states. While it is too early to draw conclusions on the effectiveness of the new capacity building framework, we welcome that the Fund doubled the capacity development resources it devoted to pilot countries. We fully support staff's view that Fund engagement with fragile and conflict affected states should be within a medium to long term commitment since fragilities and (re)building state legitimacy and institutional capacity could take a long time. We also look forward to the implementation of the IEO recommendations to enhance the effectiveness of the Fund's engagement in FCS.

Macro Data Collection and Dissemination. We support the Fund's efforts to enhance the availability and quality of macroeconomic data that underpin reliable economic policies. Could staff elaborate on the extent of coverage for LICs under the donor-financed Data for Decisions (D4D) initiative?

Strengthening the Financial Safety net for developing countries. We look forward to upcoming discussions to evaluate access limits for LICs, steer concessional resources towards poorer countries, and increase the flexibility of lending instruments to better support fragile states.

Climate change issues. The report states that tools have been developed to project fuel use and emissions, and to quantify the impact of carbon pricing and trade-offs between carbon pricing and other approaches. We encourage the ongoing work on how to support countries vulnerable to natural disasters, specifically how to integrate risks posed by natural disasters and climate change into a macroeconomic economic framework as well as policy advice on building resilience to natural disasters and climate change to improve economic outcomes.

Mr. de Villeroché, Mr. Castets and Mr. Bellocq submitted the following statement:

We thank staff for a comprehensive paper dealing with the IMF commitments to support the 2030 Sustainable Development Goals (SDGs).

As well illustrated by the staff's paper, the IMF has a major role to play in supporting the implementation of the 2030 Development agenda through research activities, surveillance, lending and technical assistance. We think that this valuable review of the IMF commitments to the 2030 agenda has to feed in the ongoing discussions about the facility toolkit for Low Income Countries (LICs), the comprehensive surveillance review, the review of conditionality and the strategy on social spending. Indeed, the stocktaking and lessons of this review has to be mobilized to further enhance the effectiveness of IMF's policies and programs in low income countries. For those countries, we note with concern that their growth prospect has become weaker as indicated by the downward revision of their GDP cumulative growth per capita between 2015 and 2020 (Table 1). We also note that GDP per capita growth could be lower in low income countries for the period 2015-2020 than at the global level, which is a sign of persisting development gaps. This context calls for maintaining the resolute engagement of all the partners of those countries, among which the IMF has a key role to play.

One of the main lessons of the review is that a significant financing gap remains for achieving the SDGs by 2030. In that regard, we are of the view that Domestic Resources Mobilization has to be at the top of the IMF's agenda supporting the SDGs. Improving customs and tax administration, reviewing tax exemptions, enlarging the tax base, introducing new taxes which are non-distortive and redistributive should be seen as a first priority in programs' design in Low Income Countries. In that regard, we think that increasing programs' length can be appropriate in order to implement an ambitious as well as realistic DRM strategy. We look forward to seeing the implementation of such a strategy in a couple of countries looking forward.

We also think that IMF's Technical Assistance (TA) has to play a critical role in order to build up appropriate capacities in tax and custom administrations. This TA has to be appropriately coordinated with those provided by other donors. We also think that TA resources have to be designed while taking into account the specificities of LICs with limited capacity. Since we understand that the Medium Term Revenues Strategies (MTRS) are not intended to enhance and adapt the support provided to fragile and low-capacity LICs, we recall our request to staff to design an alternative tool that would be deemed more adequate for those countries while duplicating the relevant features of MTRS (ownership by the authorities, ex ante coordination with other TA-providers in the tax field, medium-term objectives, adaptation of the TA modalities). In this regard, the role of the Platform for Collaboration on Taxation could be strengthened to help coordinating the different TA providers engagement on the ground.

On the expenditure side, we strongly support the "Infrastructure Policy Support Initiative" (IPSI) which includes analytical tools such as the Public Investment Management Assessment (PIMA), the Debt-Investment-Growth (DIG) modeling framework, the PPP Fiscal Risk Assessment Model (P-FRAM). When they are realized with a strong ownership by the authorities, these tools result in a strengthening of public investment planning.

Still on the expenditure side, we also believe that staff's efforts to take into consideration the criticality of social spending and the redistributive impacts of fiscal policies have to be pursued, especially under IMF-supported program implemented in LICs and fragile states. While the volume of analytical and policy work on inclusion and redistribution has increased, as underlined in the staff's report, there is significant room to further integrate these issues into program's design and implementation, especially in LICs. During phases of program design and where a significant fiscal consolidation has to be implemented, the way to protect the poorest should become one of the main aspects of the discussion with the authorities. In Fragile and Conflict Affected states, this is instrumental to ensure that the IMF-supported program can be socially and politically sustainable and that the root-causes of fragilities are not exacerbated.

Regarding climate change, we see merits in the institution's willingness to address more systematically the macro-criticality of this agenda, in accordance with the Paris agreement, as underlined by staff. Since Low Income countries are highly exposed to climate change consequences and natural disasters and have limited room to adapt and mitigate, we would see merit in a more systematic coverage of these aspects in the Fund's surveillance, in close cooperation with the World Bank. This challenge should notably be addressed more systematically during Article IV reviews, but also in programs design and implementation.

Finally, we would recall our attention to the human resources dedicated to low income and fragile countries within the Fund. Indeed, as well illustrated by staff's stock-taking, reaching the SDGs will be challenging for many members of the Fund and will require an enhanced support from the Fund. Moreover, it is probably where capacities are the more limited that the Fund brings the more added value and that its engagements are the more transformative. In this regard, we warmly welcome the announcement made in the context of the budget discussion for FY2019 that FAD would increase the number of its staff working on fragile countries. We would encourage other departments, notably SPR and MCM, to engage a reflection on how to step up their workforce on fragile countries.

Mr. Kaya and Mr. Just submitted the following statement:

We thank staff for this comprehensive and timely overview on the state of play of the implementation of IMF Commitments in Support of the 2030 Development Agenda.

We concur that the Fund is broadly delivering on its specific commitments but stress that we should have been more vocal on debt developments at an earlier stage. Equally, we may have underestimated the strength of the spillovers from structural economic changes in advanced and some emerging market economies on the economic prospects of LIDCs. Automation, digitalization but also decarbonization will have a profound impact on the economic fortunes of LIDCs, which requires more medium-term thinking by staff with a view to help LIDCs manage possible risks but also take advantage of these developments.

We commend management and staff for their flexibility to adapt to evolving needs. The subsequent expansion of the Fund's support was quite in line within its mandate. In this context we underscore that the enhanced governance framework is possibly the most important recent initiative and may have been a missing link in our development agenda. Effective institutions, accountability and transparency, efficient public financial management are critical to make progress in areas such as revenue mobilization, public spending efficiency or a better business environment.

We highly value the cross-cutting themes staff has extracted. Building on those and against the background of the Fund's limited fiscal space we would like to take a more panoramic view of the opportunities this may offer.

We note the Fund's support for the 2030 Development Agenda will have to increasingly live within its budgetary means. We believe this is overall positive as it provides an excellent opportunity to optimize how we work and to advance change management from within the institution along several dimensions. First, it should result in a more stringent application of the macro-criticality test to determine the areas of Fund engagement as well as the depth. Second, the need to find efficiencies will require concrete progress on a Fund wide knowledge and talent management. Third, a benefit of a tighter budget environment should be increased cost consciousness by staff and more attention to the effectiveness of technical support and on results. Fourth, results should be sustainable over time which stands a higher chance of success if the Fund cooperates and coordinates closely with other IFIs, MDBs and development partners and most importantly national authorities.

Mr. Mojarrad and Mr. Sassanpour submitted the following statement:

We thank staff for a comprehensive stocktaking of IMF support for the 2030 Development Agenda. Spearheaded by Management's forceful and vocal advocacy, IMF support of SDGs—covering a broad spectrum of areas relevant to the IMF's core mandates of financial stability and inclusive economic growth—has been timely and appropriate. Achieving SDGs by the end of the next decade, however, is a tall order for many LIDCs, particularly in the context of an unfavorable global environment and growing automation with its attendant input-switching in favor of technology and capital and against labor. Time is of the essence. As highlighted by the October 2019 WEO, one-fourth of Fund membership, with close to 1 billion in population, continue to fall behind in income convergence.

We agree with cross-cutting lessons gained over the past 3 ½ years in scaling up Fund support for SDGs in partnership with members. Going forward, the key imperatives, on the part of the Fund, are to ensure close alignment of medium-term development objectives in surveillance and programs with the countries' plans and priorities; to maintain close cooperation with other development partners especially in non-core areas; and to support capacity building in member countries. On their part, countries' ownership of, and commitment to, reforms and their firm resolve to tackle governance shortcomings are the other key ingredients of this partnership.

Technical analysis and diagnostics in support of capacity building have been, and should remain, at the core of Fund support for SDGs, guided by the findings of the recent review of the IMF CD strategy. Given the budgetary constraints going forward, however, prioritization of projects, increasing efficiency, and greater coordination with other development partners are essential to maintain the coverage and effectiveness of the Fund TA. We also believe there should be some scope for scaling up external donor support.

The success of countries to achieve their development goals ultimately hinges on the availability of financing. As documented by the IMF 2018-19 SDG costing exercise, the countries' financing needs to meet their SDGs are indeed substantial. Are there plans to update and sharpen these estimates periodically? No doubt domestic revenue mobilization is central, and IMF technical support in this area has been significant, including its engagement on international taxation issues of relevance for developing countries. But even despite the most optimistic revenue scenarios, SDGs will likely be beyond the reach of many LICs given the scale of required financing. With this recognition, a global effort is needed to mobilize non-debt creating external resources. As noted in the paper, the official development assistance (ODA) from DAC donors has been declining as a share of recipient GDP in this decade, more pronouncedly once outlays on refugees hosted in donor countries—not typical ODA—are excluded. The Fund also has a central role in this global initiative and its efforts in support of SDGs should be dovetailed with its parallel efforts to expand its toolkit and increase LIC's access to concessional resources—as also stressed by Mr. de Villeroché and other Directors.

Fragile and conflict-affected states are facing exceptional development challenges in tackling fragility and rebuilding their economies, and deserve special consideration—a point also stressed by Mr. Raghani and Ms. Riach and other Directors. The 2018 IEO evaluation identified areas where IMF engagement with these countries could be strengthened—we encourage staff to report to the Board on the progress in this area periodically.

Staff have also produced solid analytical work in some non-core areas, including inclusion issues (gender, income inequality, financial access and labor market policies) in developing countries, and the impact of climate change—all directly relevant to meeting SDGs. Fund's pioneering analytical work on policies for climate mitigation and adaptation in support of the 2015 Paris Agreement is commendable. We urge staff to intensify work on environmental issues in support of countries vulnerable to natural disasters related to climate change—particularly small island developing countries and lower income countries in tropical areas—and expand the coverage of the issue in discussions with members, where it is deemed macro-critical.

Given the expansive staff workstream in support of the 2030 development agenda, and the criticality of the issues, we encourage staff to update the Board more frequently.

The Acting Chair (Mr. Zhang) made the following statement:

As the Managing Director said a moment ago, this topic is very important, close to the heart of our work, and our contributions to supporting the global development agenda are basically through the deliveries of our core mandate, maintaining macroeconomic and financial stability at both the global and national levels. In 2015, we undertook a careful review of the emerging 2030 Development Agenda to identify in which areas we should increase our targeted support with our expertise. A few areas were identified, which are already included in the paper. This paper and this discussion will provide an opportunity to check how we deliver, how we keep our commitment. I have the general reflection that we are walking the talk on our commitment, facilitated by all the support we provided together with other development partners to our member countries. We will continue to maintain our commitment and try to maximize our impact in this area. This is a good start, and we will continue on this track and continue to look at ways going forward so that we can do better.

The staff representative from the Strategy, Policy, and Review Department (Mr. Nolan) made the following statement: [3]

> This is a very simple paper, simple in the sense of saying: i) we undertook an analysis in 2015 of areas in which we could effectively contribute to achievement of what was then called the post-2015 Development Agenda (aside from our core mandate of contribution through working to maintain global and national domestic macroeconomic and financial stability); ii) we identified seven or eight areas where there was a good fit between what the Fund could deliver and what fitted well with the needs of developing countries; iii) we now look to see what we have delivered since 2015. We gave the Board a briefing on this in May 2017 and a PowerPoint presentation, which was a little on the long side, and many Directors asked for a paper the next time. On this occasion, we let some time pass and have come back to you with a paper with more hard numbers than I expected we would have . I wanted to pick up on five points that we did not address in the written answers, and I will pass over to Ms. Fabrizio to address a few more.
>
> First, a number of Directors asked about the issue of request for greater granularity in the report, for greater efforts to tease out the success of the efforts that had been made; the report relies a lot on input measures to assess what we have been doing rather than at looking at how effective are contributions have been. We agree that examining results achieved is essential: we just did not see this paper as the forum in which to do that. For example, assessing the effectiveness of domestic revenue mobilization (DRM) support is something that needs to be done; the Fiscal Affairs Department (FAD) will need to undertake such an assessment at some point. The Independent Evaluation Office (IEO) may want to look at the issue. We did not try to that in this report. We took a shortcut and said let’s try and give a few examples of where things are working well, where particular interventions are delivering results, to give the reader a feel of what was happening.
>
> The second question a few Directors asked was the issue of promoting private investment, and could we elaborate on ongoing initiatives to encourage investment, such as the Compact with Africa (CwA). Could this be extended to small states and underdeveloped private sectors? I will not elaborate fully on the CwA and its status. There was an overview presented by the World Bank to the Africa Advisory Group in April at the Spring Meetings

[3] Prior to the Board meeting, SEC circulated the staff’s additional responses by email. For information, these are included in an annex to these minutes.

which offered an assessment, a message of qualified success. There are still many teething problems, certainly in regard to the general issue of how to leverage official development assistance (ODA) to generate private investment. The contractual structures needed for this have been a work-in-progress for four years; there is not quick end in sight. But there is positive movement on the macroeconomic situation in the countries engaged in the CwA and there is pretty solid progress in improving the business environment. The last piece of catalyzing new investment is the one where more work and time are needed.

On the issue of extending that work to smaller states and to other countries with underdeveloped private sectors, it is not something that we have given thought to. Private-sector development is an area of expertise for our colleagues at the World Bank, and at the International Financial Corporation (IFC) in particular. A caveat I would offer from the experience with CwA is that even when one gets the business environment right, attracting private investment into modest size countries (say countries like Guinea, or even countries with a remarkable reform record like Rwanda) is not easy; small markets do not attract significant amounts of investment, except where there is strong export potential. You will get tourist investment in many countries; you'll get mining investment, but attracting other forms of investment is not an easy task. In this context, the development of the African Continental Free Trade Agreement is an important initiative, if it is vigorously implemented.

The third question posed related to fragile states and our collaboration with other development partners, and also the efforts we were making in particularly difficult contexts. Just to flag a few areas in which we have intensified our engagement with other stakeholders: we are engaged in a conversation with the Bank's Fragile, Conflict, and Violence Group on the overhaul of the Bank's strategy for engagement in fragile- and conflict-affected states (FCS). We have had staff participate in World Bank training courses on fragile states both here and in Beirut, and we are particularly interested in the issue as to how macro policies fit in within the fragility and conflict piece.

We are also engaging with the World Bank and the United Nationals Development Program (UNDP) as to how the Fund can participate effectively in what are called recovery and peace building assessments, which are done jointly by the Bank and the UNDP in post-conflict situations and looking to see how we can inject and tackle the macro aspects that are important where both we and they see us as bringing a special expertise to the table.

We have engaged actively and reengaged with the OECD’s International Network on Conflict and Fragility (INCAFP), a network of collaboration across a range of international institutions: we delivered a presentation of our Management Implementation Plan (MIP) at a November INCAF meeting and we are participating regularly in these meetings to see where we can learn more.

There was a difficult question posed, which was what are we doing in countries where the issue of meeting the Sustainable Development Goals (SDGs) is particularly difficult, and do we focus special attention on these countries? It is a difficult tradeoff here because lesson number one is assistance is helpful when there is national ownership. If countries have poor prospects of meeting the SDGs and yet little ownership or interest in economic reforms, the Fund injecting a large amount of resources into the situation will not change things. If I could pick an example, the Democratic Republic of the Congo (DRC) is probably a case where most forecasts suggest the number of people in poverty will rise steadily, but is this an area where the Fund should be injecting large amounts of technical assistance (TA)? Clearly in niche areas where we think there is ownership—I use it as an example, not to comment specifically on the case of DRC—but we have to be assured of ownership and interest in reform; otherwise, as we have learned repeatedly, we are wasting our resources.

The fourth question I wanted to pick up on was the issue of the transactions costs associated with sending remittances, where one Director wondered whether the report could discuss the G20’s efforts to reduce these costs and risks. First, we did not really refer to the G20’s efforts to reduce costs and risks relating to remittance flows because we do not believe there is much effort going on, and we did not discuss the Fund’s active engagement in this task as the Fund is not engaged at all. Whether it should be or not is a different question, but we have not looked at the issue of the cost of sending remittances. There is a G20 commitment to reduce it from 7, 8 percent of the transaction on average to 3 percent over time, but it is not an area in which the Fund has invested resources.

The last question related to how we handle the SDGs in surveillance and the role of the costing exercises. We are working on the issue of generating a standardized approach to dealing with the SDGs on an regular (but not necessarily frequent) basis in surveillance, remembering that surveillance is intended to be selective. It is up to the country teams to identify what is particularly important and pressing in the country context. We will definitely not be producing a standardized annex for use across all countries.

We will want countries to produce a customized annex, first, because the challenges differ from country to country—tracking literacy rates in Denmark will not be very interesting for Article IV surveillance—and second; the availability of data on the various 169 indicators will vary sharply across countries. In a country context and given the availability of the data, we will be making suggestions to teams as to how to incorporate the SDGs into staff reports.

Regarding the Millennium Development Goals (MDGs), we had a requirement that all Poverty Reduction and Growth Trust (PRGT)-eligible countries report on progress related to the MDGs. Two things stood out. One was that things do not change very much on the big indicators from year to year; furthermore, the data are produced with substantial lags. The table in a 2014 report often showed what had been achieved through 2011, which was not necessarily very useful. That said, we do see an advantage in including an SDG annex or SDG table, if only as a general marketing exercise in support of the 2030 development agenda. We did require a table on the MDGs for all PRGT-eligible countries, but this involved an element of uneven treatment. It is certainly consistent with the purposes of the PRGT to require such tables in the context of PRGT-supported programs; but simply because a country is PRGT-eligible does not mean that an annex on the SDGs should be required as a "price" for PRGT eligibility. We hope to issue guidance on this within a few months. We are also discussing the issue with the UNDP.

Lastly, on the costing estimates, there is a lot of discussion, and we are preparing some suggested guidance for country teams on how to handle costing exercises. A question in this context that is under discussion is the value of the costing exercises. Surveillance focuses on the medium term and policies pertaining to medium-term objectives. Where is the payoff to the policy dialogue today from estimating the costs in 2030 of achieving goals that in some cases are clearly unattainable? Is this a valuable use of time and resources.. This is an area where we would encourage selectivity on the part of staff: where there is strong desire from country authorities to conduct a costing exercise, then staff, operating within the existing resource envelope, will seek to work with the authorities.

The staff representative from the Strategy, Policy, and Review Department (Ms. Fabrizio) made the following statement:

About the SDGs costing exercise, the question was if we are planning to update it periodically. As of now there is not a plan or calendar to update it periodically, but the issue would be mostly taken up at the bilateral surveillance level by working with countries that are interested in undertaking such an exercise and developing cost estimates related to the key SDGs areas.

I would like to add to what Mr. Nolan said in terms of reporting on the SDGs. We are not going to make it mandatory, but we are working to make information available for our teams. In fact, our Statistics Department (STA) is undertaking initiative of creating a platform that grabs the data from the UN and create a data set internally that would be available to our country teams to facilitate the information on a systematic way.

Mr. Palei made the following statement:

We thank staff for the report on implementation of the 2030 Development Agenda and broadly agree with its conclusions. We believe that the Fund delivered on promises regarding its own contribution to broad efforts of the international community. Moreover, the Fund was proactive in raising many development issues in various fora and conducting innovative analytical work inspired by its own expertise in the macroeconomic area. In the traditional areas of expertise, the Fund upgraded attention to fiscal revenue mobilization, the quality of public investments, fiscal transparency, improvements in governance, fiscal sector stability, and social consequences of economic reforms in low-income countries (LICs). The recently completed and ongoing reviews of capacity development, program design and conditionality, financial sector, and overall surveillance, as well as the communication policy will benefit the quality of the Fund’s work going forward.

At the same time, we are very concerned that the prospects of reaching development goals by 2030 remain rather bleak in the absence of stronger potential growth. We agree with the staff that the likely shortfalls call for the surge of additional improvements and strategic coordination of efforts between the staff and many other development partners.

Under the current circumstances, it becomes even more essential to be open to experiments with new approaches. Instead of focusing on average results and repeats of recommendations, an emphasis on the lessons from the experience of countries with a proven track record of successful development seems to be more promising.

Finally, the challenge of country ownership of reforms is not a new one, and we agree with the staff that revisiting of approaches in this area is essential for any international assistance to be effective.

Mr. Trabinski made the following statement:

I thank the staff for a very clear overview of the progress achieved in implementing the 2030 Development Agenda. The paper offers a strategic view of the Fund’s activities in realizing the SDGs since their adoption in 2015. In general, we broadly support the Fund’s contribution to global development, primarily within its mandate. In this regard, we join Ms. Pollard in welcoming the Fund’s leadership in areas of its comparative advantage. We agree that the activities in which the Fund has been delivering additional support have been appropriate. Taking into account the considerable and growing financing gap remaining to achieve the SDGs, we consider the domestic resource mobilization as one of the key pillars of the Fund’s development agenda. We agree with Ms. Riach that ending poverty, which is arguably the main target, will heavily rely on making progress in FCS.

We support the Fund’s efforts to help developing countries enhance the efficiency and management of their investment initiatives in scaling them up. Therefore, we regard the introduction of infrastructure policy support initiatives aimed at helping policymakers in managing and scaling up investment projects as a proper response to large investment needs of many of the Fund’s members. Specifically, tools such as Public Investment Management Assessment (PIMA), Debt-Investment Growth (DIG) model, public-private partnerships (PPPs), and the Fiscal Risk Assessment Model, are crucial in delivering much-needed capacity support for managing public investment.

We welcome Fund’s work in promoting financial sector stability within its TA and advice given to central banks and financial sector supervisors. We take note of the Fund’s support for FCS with new tools designed to efficiently guide authorities in their reform efforts. We also welcome the focus of the Fund’s engagement on climate change, specifically as it comes to taxation and subsidy reforms, as well as resilience to natural disasters. In this regard, we agree with Mr. Moreno that besides the policy advice for meeting carbon emission commitments and developing adaptation strategies for countries vulnerable to natural disasters, there is a scope for greater involvement in green finance due to Fund’s unique expertise.

Last but not least, we agree with the cross-cutting lessons, particularly on the need for country ownership, the medium-term focus and strategy coordination. We associate ourselves with Mr. Kaizuka in emphasizing that the staff’s report does not describe enough what support the Fund should provide in the future to attain the SDGs. We agree it would be helpful to have a comprehensive scheme assigning relevant roles among related international organizations in order to facilitate the implementation of necessary policy actions.

Finally, on a more general note, the report would benefit from relating the Fund's work and achievements with relevant SDGs in order to see the progress against the backdrop of SDG aims.

Ms. Levonian made the following statement:

I thank the staff for this comprehensive overview of the Fund's activities in supporting the 2030 Development Agenda. This report makes clear that delivering on the Fund's mandate is in itself making an important contribution. In addition, we welcome the effort over the last three years in scaling up the Fund's efforts in areas where there is a clear need and the Fund can provide value added, for example, and as mentioned in the communiqué, costing the SDGs: A Greater Focus on Governance. In our experience the Fund's new or renewed focus in this area has provided a meaningful contribution to our members' policy development. I am struck by how much this work is complementary. Yes, it is still early, and in discussions in the future, we would expect to be able to draw on a better sense of progress and outcomes from this work rather than just inputs. It would also be useful to include a discussion about resources and tradeoffs including asking what we should be doing less of. This is particularly relevant in a world where the Fund's capacity to absorb new TA from donors is reaching its limits.

On communications, we would be eager to hear from the staff how they plan on packaging this information for an external audience, and we have seen the communiqué. On communications, as the staff rolls out this communications plan, I would urge a degree of restraint. Since we do not yet have a good sense of outcomes, our messaging in this space should be appropriately measured. Finally, we have heard a lot about communications as a policy tool, and in this context, there are many stakeholders. Coordination and capacity constraints are a real challenge, and so we would ask how the communication strategy is helping the Fund in its catalytic role.

Mr. Rashkovan made the following statement:

I thank the staff for the clear and insightful report, which provides a good overview of Fund activities in support of the 2030 Development Agenda. We strongly support these initiatives, and the report illustrates clearly that the Fund has gained an important role in meeting and has become an important contributor to meeting SDGs.

After the Spring Meetings, together with Ms. Riach, Mr. de Villeroché, Mr. Kaizuka and the other Directors, we participated in UN Economic and Social Council (ECOSOC) meeting in New York, which was organized as a part of the Forum for Financing of Development. During that visit, it became clear that lower-than-expected growth, rising public debt, rising climate change, and trade tensions endanger meeting the SDGs, while shortfalls related to the SDGs are significant in many countries. Catching up requires a serious reflection on current efforts, and in the words of UN Secretary-General Guterres, the world will not achieve the SDGs without a fundamental shift in the international financial system that enables us to address urgent global threats and restore trust in international cooperation.

With last month's meeting in mind, I read the paper for today, and the report itself pays great attention to the things we do to achieve the SDGs and the lessons we learn from that, more particularly, 34 pages of what we do in one paragraph under lessons learned. I asked myself two questions. First, are we working efficiently to meet these targets, and second, do we need to do more to meet the targets?

The first one, efficiency, the Fund works with and alongside other organizations such as World Bank and UN agencies, and we support further collaboration and information sharing with partners. At the same time, we wonder whether the staff has reflected on the efficiency of the current division of labor. Given the wide scope of the SDGs and the large number of actors involved, it remains important to avoid overlap and to reflect on the division of labor. Or phrased differently, we should avoid a situation where many organizations do a bit of the same when it is maybe better if everyone focus on a limited number of areas with clear leadership responsibility and institutional accountability. This topic is worth more discussion both in the IEO pilot and the evaluation of the Fund-World Bank work, also during the upcoming discussion at the UN on the interim results of achieving SDGs.

Second, many of these activities from 34 pages seems to be the bread and butter of the Fund, at least from the last few years' perspective. My question is whether we are doing things we would otherwise not do to contribute to meeting the SDGs targets. In other words, where do we need to do more than we would normally do? Unfortunately, the report does not provide us with a clear assessment of this issue. Based on such an evaluation, it would be good to recalibrate the Fund's support, as mentioned by

Ms. Riach, in order to help accelerate efforts in critical areas to make sure they make as much progress toward the targets as possible.

Besides these two comments, I would like to make three small remarks on the priorities of work. First, effective engagement with FCS is crucial to meet the SDGs, and here we strongly support implementation of the EU recommendations. Second, debt vulnerabilities can become a major impediment to achieving the SDGs. We support the ongoing work and the multipronged approach and look forward to the update in the Board later this month. As I mentioned today in the previous meeting, we are in favor of the guidance and collateralized debt in Fund programs under the debt limits policy.

Third, we support the integration of analogies and advice about the effects of climate change into the Fund's surveillance. The recent Board discussion about fiscal policies for implementing Paris Climate strategies, as well as the discussion about resilience building in developing countries vulnerable to natural disasters, clearly established the important role the Fund can play in the area to achieve SDGs.

Mr. Kaizuka made the following statement:

I thank the staff for the informative paper and the informative oral intervention. I have already issued a gray statement which touched upon the many specific issues. I will not make any specific comment on the paper, but I would like to make a few suggestions for the future activities.

First, as Ms. Levonian and Mr. Nolan mentioned, we need to focus on the output in the coming years moving toward 2030. I believe this is continuous work and an evolutionary engagement. We may have another occasion to discuss the progress. In the next round of discussions, we need to focus more on the output or detailed impact analysis.

Second, I appreciate the attendance of the World Bank staff today, and my assumption is the World Bank will discuss its own version of this work on the 2030 Development Agenda in its own Board, but I think collaboration is a key issue for achieving the 2030 agenda. Let me suggest a joint paper or joint Board meeting, which is similar to the one we had in the past in the Liaison Committee. It is valuable to see what the other institution is doing on this common agenda.

Lastly, on the timing of the paper, as Mr. Rashkovan mentioned, the Liaison Committee, led by Ms. Riach, two weeks ago went to New York to have discussion with ECOSOC. If the paper was ready for that particular meeting, we may have had a discussion based on the findings of the paper. In the future round of the paper, I urge the staff to consider timing the Liaison Committee with the ECOSOC discussion, which would make the paper more valuable for everybody.

Mr. de Villeroché made the following statement:

We all know that achieving the SDGs by 2030 will be highly challenging, and I thank Mr. Nolan for recalling that attracting investment in small markets is a challenge, and counting on private financing flows as a main tool for development is not something we can rely on across the board. Having said that, we greatly value this stocktaking exercise. We believe it needs to lead to concrete results on how the Fund is engaged, and we have currently many issues at stake regarding the toolkit for LICs. We have the surveillance review. We have the conditionality review. We recently had the strategy on social spending. All in all, our objective should be to enhance the Fund's engagement in LICs.

My first message is not a surprise, it is on domestic resources mobilization, something on which we put a high priority but are struggling to deliver. There are many ways to increase domestic resources through customs, improving the functioning of tax administration, introducing new taxes. But we are not completely convinced that we are at the frontier of what we can bring to LICs.

How to do it, certainly ahead of any program design with more TA, with joint mission from FAD, if we really have an agenda on domestic revenue mobilization, it goes with longer programs, otherwise it will not deliver. We think that the medium term revenue strategy (MTRS) needs to be finetuned in a way that makes it suitable for LICs with weak capacity and for fragile states, and here we will be happy to hear from the staff how it sees this issue.

On the expenditure side, we see the need for enhanced attention to the criticality of some spending. We have social spending, and we had a Board meeting yesterday on that. Cutting down investment spending as well may prove to be unsustainable in the long run, and we believe that if we need to improve the quality of adjustment, we need to work more on resources than cutting down too abruptly spending where development needs are high, and it would question the sustainability of what we recommend and what we push countries to do.

My last point will be on HR policy. We are not at the frontier in terms of creating incentives for staff to work on LICs and fragile states. The way to create incentives has been already discussed, but now it is time for the institution to take decision regarding this; otherwise the same difficulties will remain in attracting the best people to the most difficult countries.

The Acting Chair (Mr. Zhang) noted that the Fund was working to address HR issues related to LIC work.

Mr. Mouminah made the following statement:

We thank the staff for the important work in supporting the 2030 Agenda for Sustainable Development. This shows a clear definition of where the staff is working on issues that matters and the core mandate of the Fund. We support the continued Fund role in advancing the agenda within its mandate of global economic and financial stability and where it has a specialist expertise.

In this context, we welcome the focus on a clear division of labor and responsibility across the stakeholders. To this end, we look forward to the continued strong cooperation with other institutions, including the World Bank, as demonstrated today in this meeting. We would also like to underline that sustaining country ownership of the reforms over time will be a key for success in achieving the SDGs. We issued a detailed gray statement and would like to make the following additional points.

First, we echo calls made by a number of Directors for the full and timely implementation of the MIP in response to the IEO evaluation on fragile states. Indeed, the paper has rightly brought attention to the needs for making progress FCS to help achieve the SDG Goal 1 to end poverty. In this context, we welcome the update on the progress in the staff’s written answers and today’s update by Mr. Nolan.

Second, we did not find any mention of the dealing with macroeconomic consequences of energy scarcity, a point noted in the recent and previous IMFC communique. To meet both environmental targets and development goals, the global economy will require investment in all energy sources, including proven energy sources as well. This is especially important for many developing countries since they suffer from energy poverty.

Notably, the SDG Goal 7 sets a target for ensuring universal access to affordable, reliable, and sustainable and modern energy by 2030. The target indicators include increasing the share of renewable energy in the global energy mix, improving energy efficiency, and facilitating access to clean energy research and technology, including advanced and clean fossil fuel technology. We hope the energy access issue will find due attention in future reports.

Mr. Saraiva made the following statement:

The Fund has been taking important steps toward the implementation of its commitment on the 2030 Development Agenda. We issued a gray statement, and I would just focus on three points. I will very briefly touch upon the first one because many Directors and the Acting Chair have already underscored the role of the Fund at the center of the global financial safety net as an important contribution to supporting the 2030 Development Agenda. I just want to highlight the important advocacy role that the Fund also has been playing by raising international awareness of pressing contemporary challenges with potential impact on its most vulnerable members. I cite, for example, the resilience building issue for small states.

Second, the paper claims that success in delivering on the SDGs will increasingly depend on the performance FCS. I appreciate what Mr. Nolan has said at the opening of this discussion regarding the collaboration with other international organizations and also the pilot in Zimbabwe. I would like to associate myself with Mr. Mouminah’s call for full and timely implementation of the IEO’s recommendations and the MIP. We know that the Fund is already doing important work in support of those members, nevertheless, considering that several countries are facing difficulties in achieving the SDGs, the Fund must be ready to step up its efforts, and TA is an essential tool in that regard. In several cases, it will be necessary to boost domestic resource mobilization, as Mr. de Villeroché has emphasized, in order to create fiscal space for social investment.

The third point that I would like to touch here is that even though we appreciate the multifaceted engagement of the Fund in support of the 2030 Development Agenda, we missed a more systematic approach in the report for a way to center on outcomes and see more clearly the impact of different interventions on this area as part of a coherent whole. We agree with several Directors that have called for an impact assessment exercise and think that it would be impossible to make well-informed prioritization choices if we do not have a clear map of the initiatives. Going forward, we would like to see the

Fund concentrate its TA and capacity building efforts as much as reasonably possible in high impact initiatives tailored for countries that are lagging in terms of SDG implementation.

Ms. Riach made the following statement:

I thank the staff for the paper and for the introductory remarks this morning. It is clear from the paper that there is a huge amount of work going on across the Fund on issues which are relevant to the overall effort to meet the SDGs, and many of them are things that we have touched on in various Board discussions this week. I agree with Ms. Levonian's point that it is clear that delivering on the Fund's mandate will have a significant impact. As I said in my gray statement, a lot of the work that is highlighted in the paper are things that might well have gone on regardless of the SDGs, but I do think it is helpful to bring it together in a stocktaking paper of this sort, partly because it ensures that the Fund is speaking the same language on this as the rest of the international community. Mr. Rashkovan mentioned the ECOSOC meeting in New York, and in that dialogue and in many of the other dialogues we have with stakeholders, they are very focused on the SDGs. So it is important that we are able to translate what we are doing in the Fund into those terms, but it is also important because it highlights the size of the challenge, and we did hear that clearly at ECOSOC. We see it in the Fund's SDG costing exercise and also in the UN SDG report 2018, which makes clear that there is an enormous challenge ahead if we are to meet these challenges including importantly on SDG 1 to end poverty, which many of us would argue is the most important of all the SDGs. It is useful to have this stocktake, and the question we should be asking ourselves is in light of the challenge ahead, what more could the Fund be doing in order to help meet the targets?

In my gray statement, I highlighted a number of issues, many of which have also been picked up by other Directors, so as Mr. Mouminah said, the full implementation of the fragile states is incredibly important. I am particularly hearing Mr. Nolan's comments about the challenges of tackling issues in the most difficult countries. Often fragile states are the most difficult countries, so making sure that we follow through on that is incredibly important.

I absolutely support Mr. de Villeroché's points on the importance of domestic resource mobilization. In particular, we should be focusing on ensuring that the Platform for Cooperation on Tax (PCT) plays the coordinating role that we have envisaged for it, and on full implementation of the MTRS approach.

As I said in my gray statement, debt is an important issue. We fully support the multipronged approach, and as I said this morning in the discussion of conditionality, we do believe that it would be worth the Board considering further the role that debt restructuring can play in successful Fund programs.

Finally, I absolutely support Mr. de Villeroché's point on the importance of getting the HR strategy right to ensure that we have the right incentives for the best people to be working in LICs.

Mr. Just made the following statement:

Simple things are often the best. We are discussing a simple paper, but it is fairly important, and Mr. Nolan and his team should be commended for the excellent job in bringing together the different workstreams that support the 2030 Development Agenda and distilling common themes and challenges. It is a work in progress but should help us in connecting the dots so that we can move toward a more strategic structured framework and engagement.

One strong message from Directors is the call for getting a better idea of the impact of our TA, which is understandable both from a recipient as well as a donor perspective. We agree with Mr. Johnston and other Directors that we should make the leap from counting missions to what difference we are actually making. While the results-based management (RBM) is critical in that respect, it should have been up and running for some time; and we hope that its teething problems will be overcome soon so that we finally get some bites.

Another strong message is that we need to coordinate our efforts across the donor community, to send a signal to staff on both sides of 19th Street that this is not yet another mantra, and appropriate use of the Bank-Fund Liaison Committee and more joint Board meetings should be considered.

We support Mr. de Villeroché's call for more SDG resources and would like to add a longstanding request of this chair that staff's important work on low-income developing countries (LIDCs), and in particular FCS, needs to be duly recognized and rewarded in terms of career development.

Lastly, we echo Mr. Meyer that the Fund's mandate and legal framework put clear limits to the form and the amount of financial assistance for the diverse development needs. Also, the discussion of access levels, targeting of poorer countries, and flexibility of the lending instruments must go hand in hand with more tangible improvements in program success.

Mr. Meyer made the following statement:

I thank the staff, and the initial comments are very welcome. We fully support the efforts, and we think the paper gets it broadly right. The core of what this institution can do is help maintain macro and financial stability. Revenue mobilization is extremely important in that regard. With the debt issue, the multipronged approach is an important element. Managing public investment is a third one that is crucial in this regard, and then helping generate private investment. I thank Mr. Nolan for the elaborations on the progress made but also the difficulties with regard to the CwA. That was to the point.

I have just one comment. Mr. de Villeroché mentioned that it might be difficult to generate private investment in some of the smaller countries. While this is true, I would just flip it around a bit. What is clearly true is that we will not close the gap with just ODA, so working on private investment is a crucial element.

We come to the conclusion that next to policy advice, TA is very important, and I would fully support Mr. de Villeroché on the HR policies. That is an area where we need to see progress and the right incentives.

On financing, we put that into our gray statement because we understand we have a certain role where we can help, but there are, as Mr. Just also put it, clear limits on where we cannot help. I did not participate in this morning’s discussion on prior actions and the staff had given an answer there that we might need to take it a bit more easy on prior actions. I wanted to highlight there are cases, where if the adjustment that we want to see, that we need to see is not happening, if there is no commitment, then the answer sometimes is that we might not be in a position to help with a program, and the focus needs to be on policy advice and TA.

I would ask the staff to respond to my perhaps naïve question in the gray statement about what is the contribution that regional financing arrangements (RFAs) and the Flexible Credit Line (FCL) and the Precautionary and Liquidity Line (PLL) would give to our SDGs. It might be around emerging markets, as indicated. I would still think, as others indicated, that maybe we should be a bit selective and not put everything in such a document. I did not fully capture what an FCL has to do with the SDGs.

I have a final point. In the press release, the first part that is supposed to put the context is on the long side, but that is fine; but it should be factual and not go into the normative and certainly not prejudge outcomes of future Board discussions. On page 2, the second-to-last bullet says limits on access to the Fund's concessional lending facilities were increased by 50 percent in 2015— that is fine; backward looking—with another increase expected to occur by end May. Could we change that to something like "with another review of access limits to occur by end May?" It is a matter of principle to not prejudge the discussions of the Board. I know it is expected that the access will be increased, but as a matter of principle, I would like to see that changed.

Ms. Mahasandana made the following statement:

First, we thank the staff for the comprehensive report, which highlighted the Fund efforts in supporting the 2030 Development Agenda. Like other Directors, we believe this review was a good stocktaking exercise and is a first step in the right direction as we move forward. It is clear that the Fund has done a lot these past few years through its surveillance, policy advice, and capacity building activities. The areas from revenue mobilization, infrastructure delivery, inclusion, climate change, and so on are all highly relevant to meeting the SDG. Our authorities benefited greatly from the Fund's TA and capacity building. We greatly appreciate the Fund's support and expect such engagement in the Southeast Asia region to deepen further, including to the newly renamed IMF Capacity Development Office in Thailand (CDOT).

On the substance of the review, I have two comments relating to the effectiveness of the Fund's effort. First, we share the view expressed in gray statements by several Directors that the review could benefit from further assessment on how the Fund support has helped strengthen policy setting and could continue to bring us closer to the SDGs. This engagement is a two-way street, and so knowing how it has helped from the other countries' perspective would give a more complete evaluation and maybe additional lessons. We are aware that drawing such linkage is not easy, but we encourage staff to explore ways to do this going forward.

Second, we believe that cross-cutting lessons are rightly identified, but more importantly is how the Fund will apply them going forward. There is an overreaching theme on the Fund's collaboration with other stakeholders whose expertise are more attuned to the macro structural issue covered by the Fund.

We agree with the view expressed by Mr. Kaizuka's gray statement regarding division of labor and would stress that this collaboration will be important to help the Fund scale up its engagement, especially on the non-core issues and mandates within the Fund's resource constraints.

While there is broad agreement on the principles, the "how" remains to be discussed. The upcoming IEO review of Bank-Fund collaboration on macro-structural issues may provide a good starting point, and so we look forward to seeing what comes out of that review.

Ms. Pollard made the following statement:

I want to agree with Mr. Meyer's comments on the appropriate role of the Fund and also support the comments by Mr. Just and Mr. Meyer on the Fund's financing role, noting that the Fund's lending is not really geared toward development finance. I agree with Mr. Mouminah and others on the importance of the implementation of the IEO recommendations on fragile states and in particular Mr. de Villeroché's point on developing an HR strategy to increase the quality and the quantity of staffing on fragile states.

I also want to echo Mr. Obiora, Ms. Riach, and Mr. Di Tata's gray statements on deepening the Fund's work on governance and anti-corruption where these are seen as macrocritical and as a key contribution to the SDGs.

On this issue of inputs versus outputs, I fully agree that what we should care about are outputs, but I would caution against doing an impact assessment of the Fund's capacity development activities at this point noting that, as Mr. Just said, we just developed this RBM structure, and we should look at this first to see if this is a useful tool to allow us to assess activities and outputs. I also think that Mr. Nolan's idea of having a joint FAD-SPR Board engagement on the domestic resource mobilization could be useful, and more generally, I take his point about not having in every Article IV a list of the 2030 SDG goals, but a Board briefing in the next year on the progress toward the SDGs, particularly on those where the Fund is most engaged, could be quite helpful.

Mr. Raghani made the following statement:

I thank the staff for the comprehensive stocktaking of the Fund's commitment toward the achievement of the 2030 Development Agenda. We recognize that important progress has been made in the implementation of the Fund's commitments. However, moving forward, we call on the staff to further assess the impacts of the Fund’s actions, which is an issue that has been raised by many chairs in their gray statements, including Mr. Obiora, Mr. Johnston, Mr. Moreno, Mr. Agung, and others. We have issued a gray statement and would like to emphasize the following four points.

First, on domestic revenue mobilization, we have encouraged the staff to supplement their assistance on tax policy implementation and collection by further deepening work and advice on other major tax issues, particularly on international corporate tax arrangements, base erosion and profit shifting (BEPS), given that fiscal revenue remains well below the level required to finance development needs.

On fragile states, like Ms. Riach, Mr. Tombini, and Mr. Rashkovan, we have expressed concern over the challenges faced by many fragile states and many FCS in their efforts to meet the SDGs by 2030. We have therefore urged the staff to focus more attention on the countries that have the least favorable prospects of achieving the SDGs. We would also like to associate ourselves with the comments made by Mr. de Villeroché on the need to ensure that the Fund has adequate human resources working on fragile states.

My third point is on enhancing countries’ resilience to natural disasters. We believe the Fund has an important role to play in this area by better integrating risks posed by natural disasters and climate change into macroeconomic frameworks and providing policy advice on building resilience to natural disasters and climate change, as also underscored by Mr. Rashkovan and Mr. Geadah. Strengthening Fund collaboration with other institutions, especially the World Bank, will be crucial to improve outcomes in this area.

Finally, on promoting development of financial sector, we echo Mr. Sigurgeirsson’s call on the Fund to continue its work with the membership in order to strengthen or restore correspondent banking relationships (CBRs) as this issue is critical to develop the financial sector. If nothing is done, there is a risk that the efforts and progress made on financial inclusion and deepening of the financial sector will be undermined.

Mr. David made the following statement:

We join other Directors in thanking the staff for this paper updating progress on the Fund’s commitment in support of the 2030 Development Agenda. We also thank the staff for their responses to the questions in our gray statements.

Many developing countries face a daunting task in achieving the SDGs. This is the case for many countries in our constituency given their small size, limited capacities, and resource constraints. We therefore commend the efforts of the Fund in assisting countries toward achieving the SDGs by 2030.

We agree that the Fund's main contribution is in helping to maintain macroeconomic and financial stability. In 2015, the Fund also set out some specific initiatives in support of the newly adopted SDGs. We cannot stress enough the importance of capacity development. If there is one particular area the Fund can contribute toward the 2030 Development Agenda, this is it. As mentioned in our gray statement and by other Directors, we would encourage the staff to continue tailoring TA and training to country-specific needs and circumstances.

We commend the Fund for the various toolkits and frameworks it has developed to assist countries to boost revenue, including through better tax policy and better collection. My own country, Papua New Guinea, is currently rolling out an MTRS with Fund TA support. While it is early days yet, we look forward to its full implementation with the goal of raising revenue and building buffers to assist the country achieve the SDGs.

We support the call by other Directors to track Fund activities against progress toward achieving the relevant SDGs. However, we note the difficulties in measuring the impact of the Fund's SDG-related activities in areas such as TA and training. Once again, we thank the staff for the work in this important area.

Mr. Mojarrad made the following statement:

I thank the staff for the comprehensive and well-written paper and for the opening remarks this morning. The Fund's multipronged efforts to help its developing members achieve their SDGs by the end of the next decade are commendable. We appreciate management's commitment to and vocal advocacy of helping developing members within the Fund's mandate to meet the development aspirations and eradicate absolute poverty. We have issued a gray statement, and I would like to make the following points.

A key element of the success of this initiative is close alignment of development objectives with the authorities' medium-term plans and priorities in the context of surveillance and programs. In this effort, the authorities' ownership of and commitment to reforms and their resolve to fight corruption are equally critical. There are, however, heavy headwinds. The global economy is slowing. There are serious threats to free trade and globalization, and development financing has become scarce and more costly at a time when many developing countries are burdened by high debt. There are also threats from automation and climate change. While financial stability, structural reforms, and capacity and institution building are all critical elements, success is ultimately contingent on financial availability without compromising debt sustainability. As the staff's estimates suggest, the scale of financing needs is sizeable, and that is despite the countries' best efforts to mobilize domestic revenue. With this recognition, and unless there is a global effort to mobilize sufficient non-debt creating resources, the SDGs may be beyond reach for many developing countries.

The FCS have their own set of challenges to transition out of fragility or to reconstruct their economies. As indicated by other Directors, the recent IEO evaluation on these countries concluded that the Fund's engagement has fallen short, and more could have been achieved. These countries deserve special attention.

We believe that the IMF has a central role to play. The Fund's policy advice, technical support, and capacity building should be part of a broader initiative to increase LICs' access to Fund's concessional resources. The upcoming evaluation of the adequacy of IMF lending facilities in meeting the needs of LICs could not have been more timely.

Finally, there is an increasing recognition of the scale of the potential impact of natural disasters most related to climate change. The recent devastating cyclone in southern Africa and the historical floods in an arid country are reminders of climate change-related disasters that are happening more frequently and with more severity. We support the Fund's initiatives in dealing with the macroeconomic challenges of climate change in line with the mitigation commitments made under the Paris Agreement.

Mr. Gokarn made the following statement:

We join other Directors in appreciating the paper and also recognizing that this is a good opportunity to take an aggregate and holistic picture of what the Fund is doing to support the SDG process. As many Directors have said, much of this work would have been done in any case even if the SDG motivation did not exist. It is good to see the priorities within the Fund aligning so closely with the requirements of countries as they pursue the SDG agenda.

The key message that comes out of this is that all SDG initiatives have to be linked explicitly to a macro framework. It is difficult to visualize this range of initiatives, this range of policies and programs, going through successfully without them being seen in the context of overall resource availability and the impact that this might have open macro stability. That is really the main contribution of the Fund's work, as has been emphasized in terms of domestic resource mobilization, creating resources for the implementation of the programs. But when one goes beyond that macro perspective, the picture becomes a little fuzzy. As I have been saying in my comments on the capacity development strategy and in other contexts, much of the implementation work that is required to meet SDG objectives is being done outside of the traditional constituencies of the Fund's engagement, outside of the ministries of finance, outside of the central banks, except perhaps for fintech or financial inclusion, and this makes it difficult for the work that is going on in the Fund to reach directly that last mile, the component of the process, the women and child development ministries for example, or education ministries and so on, which are actually entrusted with the task of delivering on SDG goals.

When we are talking about a CD strategy, which clearly will play an important role, we have to be careful in terms of how we can best deliver the messages, the learnings, the capacities to the people to whom it actually matters and who will actually be responsible for delivering SDGs. We have to be realistic about this in terms of content, in terms of communication, in terms of outreach, and that is certainly part of the larger set of dilemmas or challenges that we are dealing with in the capacity development context.

Relating back to a discussion we were having earlier this morning on the Review of Conditionality, the issue of ownership, which Mr. Nolan addressed in his opening remarks, is very important, and there the perception was that if countries have a national development strategy, a national economic strategy, it makes ownership of Fund conditionality a little easier. Is that also an element to be brought into this discussion? Is a national SDG strategy a useful platform on which to manage the engagement with not just the Fund, but also other multilateral agencies so there is a coordination and a much more explicit division of labor between international agencies and international institutions as the SDG agenda is pursued.

Mr. Jin made the following statement:

I would like to join our colleagues in thanking the staff for the comprehensive report. We fully support the Fund's efforts to support the 2030

Agenda. The Fund should play a catalytic role of mobilizing more resources from its willing and able members to achieve these goals. Our country has incorporated the 2030 Development Agenda into not only our national development strategy but also our bilateral development cooperation and our multilateral Belt and Road Initiative. Our bilateral and multilateral programs and initiatives help to close the financing gaps for achieving the SDGs can both supplement and complement the Fund's efforts. The staff's review can fully take into account its partnership with those member countries that are very active in this regard.

Mr. Moreno made the following statement:

In the Main Themes in Grays, there was a mention of one Director requesting an impact assessment. However, in this meeting, I have heard many Directors asking for an impact assessment, so maybe that could be reflected somewhere.

The other thing is the involvement of the Fund mainly on macro stability and growth. I agree with that, but a common theme that we have had this week in a number of meetings—conditionality, social spending, IMF-World Bank collaboration—not only this week but in general, is that the Fund also has much to do in dealing with social stability. The focus only on growth is no longer enough, and economic policies have to balance growth and equity when assessing policy recommendations, and the SDGs directly fit into this approach that the Fund is now undertaking, and it was also stressed by Mr. Gokarn in a previous meeting, when it fits perfectly inside, in the new multilateralism and specifically in some of the goals of the SDGs, like No. 8, which specifically talks about work and economic growth to link the two institutions together. I do believe the Fund has to be clearly involved in most of the topics, and I am happy to see in the Appendix 1 of the paper that the Fund is contributing to all 17 SDGs in different ways.

I will highlight nonetheless the important role that the Fund has to play in revenue mobilization. Mr. Trabinski just highlighted finance, and there has been some debate here on the issue of private investment versus development aid. There also might be a role for the Fund to play on multilateral surveillance or on taking this into account, because we all get the feeling that we will not get from billions to trillions with this initiative, so maybe the Fund can do some assessment on what we can use better practices and what we can do globally to mobilize the resources that we need that seem not to be there.

I fully subscribe to Mr. de Villeroché's proposal on the HR policy. I have one question on the annex. I was not sure from the answer at the beginning. The Fund has an important role in terms of signaling the importance of the SDGs and our commitment to it, so having an annex in every single Article IV report, one that is customized and not standardized, would be useful. For example, and annex for Angola very useful. The SDGs are universal, so that applies to all the countries in the constituency, so it is evenhanded. An annex would be a strong signal, and I am not sure if the staff is saying that they will propose to include it or not. We would be in favor of that.

Mr. Mahlinza made the following statement:

I thank the staff for their comprehensive report and Mr. Nolan for his opening remarks, which basically highlight the challenges in this area. There is clearly a lot of work the Fund is doing in this area. It is important to ensure that this results in impact, and therefore we support the call for future reports to focus on outcomes, as has been made by Ms. Levonian and Mr. Kaizuka.

We also support Mr. de Villeroché on the importance of domestic revenue mobilization. As we have argued in the past, domestic revenue mobilization is even more important in achieving the SDGs, so we would basically support this point. We also support the call for focus on the HR issues and incentivizing staff to work on fragile states. We continue to strongly encourage engagement with countries in fragile situations, as doing so would place the Fund in a position to have an impact.

Finally, we would support other Directors who have called for more TA to assist countries having difficulty in achieving SDGs.

Mr. Sigurgeirsson made the following statement:

I thank the staff for correcting the title of today's meeting. The sustainability aspect is very important. It would not be obtainable if it would not be sustainable, as they say.

This stocktaking is important and timely, and I would like to thank the staff for the informative report and comprehensive list of the Fund's contribution to global development. It also serves as an important tool for external communication, which we should never forget.

Rising debt burdens, especially in LICs, call for the need to reaffirm efforts to boost domestic revenue mobilization. This is a central objective toward achieving the SDGs. The Fund should continue providing its support for building effective institutions, domestic financial markets, and improved statistical capacity, which is the foundation of our work and often goes unappreciated.

Last but not least, I want to highlight our efforts to foster economic inclusion, including financial inclusion, and we welcome the fact that the work in this area is expanding as it will become more prominent going forward.

The staff representative from the Strategy, Policy, and Review Department (Mr. Nolan), in response to questions and comments from Executive Directors, made the following statement:

I thank Directors for many interesting ideas. We hear very clearly the message about the need for assessing effectiveness, and that is a message we will communicate to our colleagues.

I wanted to just correct Ms. Pollard on one thing when she suggested I was proposing a joint FAD-SPR board paper on domestic revenue mobilization. I would probably suffer severe career damage, particularly from FAD, were I to be associated with that remark; I was suggesting that FAD should consider such a paper, with SPR being fully supportive of their efforts.

Let me take up a point raised at the outset by Mr. Rashkovan, where he posed two questions. One was where do we need to do more than we do, and what are we doing that we would not do otherwise? The whole exercise in 2015 was to identify where we need to do more than we were already doing; the 2015 paper answered that question. It said, here is our core business. Here is how it feeds into global development, SDGs, et cetera. Where should we be doing more? That is where the eight topics came from, such as domestic revenue mobilization, but all the other topics also popped up as areas where there was both a need and where also we had a competitive advantage. That explains why we have scaled up in these areas. We made it clear in 2015 that much of the proposed expansion would be conditional on obtaining donor support; this donor support was forthcoming, which allowed the substantial increase in activities. There has been a lot of voting through pocketbooks by donors in support of the agenda that we proposed. We provided an answer to the question of where do we need to do more than we used to do before 2015.

Maybe we got the answer right, maybe we need to rethink it, but we certainly have pursued the stated objectives with vigor.

What are we doing that we would not do otherwise is a more interesting question because it asks where should we be stepping out of our areas of comparative advantage and seeking to contribute. I will not answer for staff as a whole, but we have a conservative bias in this area in terms of sticking within the areas that we are reasonably familiar with.

On the issue of coordination with UN agencies, the point is very well taken. The Secretary has recently circulated to the Board the report of the Inter-Agency Task Force on financing for sustainable development, which is an annual document. This is produced by 50 UN agencies. The Fund is one of five institutional stakeholders, along with the Bank, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Program (UNDP), and the World Trade Organization (WTO), and it is a work program to which we contribute extensively, as a part of our contribution to the efforts of the UN system. We also contribute in part to ensure that in key areas—such as debt restructuring, for example, or macro policies—the Fund's views are fairly reflected in UN policy statements and are not crowded out by the views of other agencies that do not have the same expertise on the topic.

Lastly, I would like to recognize the presence at our meeting today of Mr. Mahmoud Mohieldin, the World Bank Senior Vice President for the 2030 Development Agenda, for UN relationships, and for broader partnerships in support of the agenda. He is "Mr. 2030 Development Agenda" at the Bank, and we very much appreciate his attendance. We have worked closely with him in the UN context and elsewhere.

I have heard Directors suggest a joint board meeting at some point. The scale of that topic—if you recall going back even to the 2015 paper, how does the Fund contribute to SDGs, and the PowerPoint that we bombarded Directors with in 2017—is very large. If we try to do that with the World Bank, I guarantee it will be several dimensions larger. We have to think of a useful way of crunching that into a package that would be useful for the Board. We will give thought to it and we will talk to the Bank about it as well. I am certain they would be equally interested in either simultaneous briefings or a joint briefing but let us think about exactly what would be both tractable and useful for the Board.

On the issue of the timing of the paper that Mr. Kaizuka raised, to be candid, much of the timing of the paper was driven by resource constraints. This paper was produced in the same unit that produced the natural disasters paper on Wednesday. But in a sense, while we missed the collaboration of the Liaison Committee meeting with ECOSOC, the Managing Director is heading to meet with the chief executives of these various UN agencies in about a week, we have the High-Level Political Forum at the UN in July, so there are other opportunities to leverage this product into the UN discussion, which is an important point for us.

Mr. de Villeroché posed a question on the issue of modifying MTRS for FCS. That is a question I am not in a position to answer and would urge him to take up directly with FAD.

I wanted to pick up a point that Mr. Mouminah made on energy scarcity: this is very much an issue when one talks about scaling up of public investment, where the big-ticket item is usually energy production. Nobody questions the issue that energy-poor countries face major development problems and that these need to be addressed. How they are addressed is a different issue, and we do not have a position on it, but we do give great emphasis to scaling up public investment in this area.

Mr. Meyer posed a question about the FCL and the PLL and how they contributed to supporting developing countries and the financial safety net, and this offers a useful opportunity to clarify language, because “developing countries” in UN-speak equals “emerging market and developing economies (EMDEs) in Fund-speak. In Fund-speak, we usually distinguish between the advanced economies, emerging market economies, and developing economies. We are here using UN-speak rather than Fund-speak for external communication reasons; and so our remarks on financial safety nets refer to the entire safety net for emerging market and developing economies.

I heard Mr. Moreno’s point on the issue of doing more work on best practices to mobilize private investment, recognizing that billions to trillions is not moving very fast. I believe that other parts of the Bretton Woods system are better positioned to do this than we are. We rely on WBG work in such areas as Doing Business Indicators. We rely on the WBG for work on issues like structuring deals project preparation, et cetera. It is a bit out of our league, and to be candid, any output we would produce would likely be a little generic. This is a very important issue, but it is an issue that the World Bank Group is better positioned to address.

I hear the point on the case for a customized annex for every country. We take note of these remarks. As I mentioned earlier, it does not quite fit with the flavor of surveillance, the Surveillance Guidance Note, but we will conduct further work and seek to develop an institutional position.

The staff representative from the Strategy, Policy, and Review Department (Ms. Fabrizio), in response to questions and comments from Executive Directors, made the following statement:

I would like to elaborate on the communication strategies. There was a question on what we are doing, the kind of activities. We are considering several activities, products such as infographic, brochures, and possible videos. We also want to make use of the website and other Fund platforms like broadcasts and leveraging social distribution channels like the UN one. Additionally, we are also planning roadshow outreach and leveraging key events, for example, the UN High-Level Political Forum in July.

The staff representative from the Strategy, Policy, and Review Department (Mr. Nolan), in response to questions and comments from Executive Directors, made the following statement:

Perhaps I could speak to Mr. Meyer's point about the statement in the press release. We concur entirely with him that staff statements should not be anticipating Board results. We felt, in drafting that bullet, that we were careful not tosay that limits will be increased at the end of May; we felt that we were saying there was an expectation that this would occur. Fund expectations, as in forecasts, have a solid track record of being too optimistic, so this may be the case again. We do not see this as a rigid statement that it is going to happen. It will be considered by the Board, but we do not see this as saying the Board is going to endorse any particular proposed increase.

I want to underscore also that we made no reference to the possible scale of any increase. We think this is not a pre-commitment statement about the position of the Board but rather a message in the context of a document that is aimed at an external audience to flag that we are doing something else as well. We are likely to be doing something else. After the facilities review, we will engage in outreach around that event as well.

Mr. Meyer made the following statement:

What I had asked for is actually not that much of a change. I basically think that the cross references that we have seen in the last one or two weeks have been normative, prejudging expected outcomes in various meetings, and we did not criticize as we thought it is fine. We had numerous closely linked documents and Board meetings.

But in this case, just to be in line with the compendium for Board meetings, it is very clear that this context should be short and brief and neutral. All I am asking is for the language, "with another increase expected to occur by end May," to be altered to "with another review of access limits to occur by end May," which would be basically in line. One could have asked to shorten it. It should be short. It is almost two pages. I am not sure how long the summing up is. The summing up might be shorter than just a brief setting of context. I am a bit sarcastic here, but if the staff cannot accommodate this small change that is in line with what we usually do, then I will be a bit surprised, to be honest.

The staff representative from the Strategy, Policy, and Review Department (Mr. Nolan) asked if Mr. Meyer would accept the phrasing "with another increase to be considered by end May."

Mr. Meyer responded that such language would be acceptable.

Ms. Levonian made the following statement:

The staff's answer to my communications question actually worried me more than had they not responded to it at all. In my comments, I said that as we roll out this communication plan, I would urge a degree of restraint because in essence we have no good sense of outcomes yet. Then my question was how is the communications strategy is helping the Fund in its catalytic role? The staff did not really answer my question, and the staff made me worry that we were going to do a big spread on something that does not have the outcomes resolved yet.

The staff representative from the Strategy, Policy, and Review Department (Mr. Nolan), in response to further questions and comments from Executive Directors, made the following additional statement:

We hear Ms. Levonian's point on the need for restraint in communications given that, while we are doing a lot more, what it is achieving remains to be determined. We very much agree that going out and saying we are saving the world and are doing amazing things is not a sensible message; our communications have to be appropriately calibrated. We do think an important message of the paper is that we said we were going to A, B, and C is we received donor support; we did receive the donor support, and we are seeking to do A, B, and C. We are not saying that we got everything (or even a lot of things) right. Rather, we made commitments and are delivering on them. I see this paper as an exercise in public accountability on the part the Fund. It is easy to talk the talk about supporting development, a bit harder to deliver on commitments. It was a useful exercise to ask what has actually happened in terms of delivery? We see the outcome as strengthening the credibility of the Fund in saying “we said we would do this; this is what we have done,” not in the more grandiose sense of saying we are necessarily achieving huge results with it. I heard Mr. de Villeroché express concern that much of what was being done was not necessarily yielding results. Ms. Riach in some ways conveyed the same message, particularly in regard to revenue mobilization. We clearly now need to assess what results are being achieved with the additional outputs delivered.

The following summing up was issued:

Executive Directors welcomed the opportunity to review the implementation of commitments made by the Fund to support the 2030 development agenda. They agreed that the Fund has a critical role to play in supporting the achievement of the Sustainable Development Goals (SDGs), consistent with the Fund’s mandate and areas of expertise.

Directors welcomed the Fund’s strong track record in implementing its specific commitments, while noting that, going forward, it will also be important to assess the effectiveness of Fund support. They commended the significant increase in technical assistance in strengthening tax systems, which is critical if countries are to increase development spending on a lasting basis. Directors also welcomed the intensified Fund engagement on international taxation issues of relevance for developing countries.

Directors agreed that scaling up of investment in public infrastructure is needed to support economic development in many developing countries, while emphasizing that the trajectory for public spending should be consistent with maintaining or regaining a sustainable debt position. They welcomed the increased use of the Public Investment Management Assessment as a tool to guide efforts to increase the efficiency of public investment. Directors also emphasized the importance of strengthening debt management capacity in many countries and called for expanded Fund support for country-owned efforts to build such capacity.

Directors welcomed the substantive work the Fund has undertaken on the macro-critical elements of inclusion, as well as the increased coverage of inequality, gender, and financial inclusion issues in surveillance work. They also welcomed the increase in technical support for countries seeking to develop financial markets. Directors supported the collaboration with the World Bank, based on the clear division of responsibilities between the two institutions on financial sector issues.

Directors supported the Fund's work on climate change and on countries exposed to natural disasters. They welcomed the increase in Fund support for the development of statistical capacity, which is expected to deliver significant improvements in national economic and sociodemographic statistics. They also underscored the importance of full implementation of the Fund's 2018 framework for engagement on governance issues for improving development outcomes.

Directors welcomed the Fund's intensified engagement in fragile and conflict-affected states, focused on achieving macroeconomic stability and building core state capacities, and considered this work to be critical for ending global poverty (SDG 1). They looked forward to an assessment of the effectiveness of the Capacity-Building Framework introduced on a pilot basis in 2017 and called for full and timely implementation of the 2018 Management Implementation Plan to increase the effectiveness of Fund engagement in fragile and conflicted-affected countries.

Directors agreed with the cross-cutting lessons drawn from implementation of the various initiatives, including the importance of maintaining country ownership of reform programs over time and the need for strategic and effective collaboration with development partners, including the World Bank.

Directors emphasized the need to maintain the high level of support being provided to developing countries in areas of Fund expertise that are critical for supporting growth and attainment of the SDGs. With scope for further large increases in the volume of support limited by budget constraints, Directors called for an increased focus on enhancing the impact and efficiency of Fund assistance, drawing on the conclusions of the recent review of the Fund's capacity development strategy and making full use of the results-based management framework. They also called for aligning the HR strategy accordingly. An appropriately measured communications strategy is also warranted.

APPROVAL: April 24, 2020

JIANHAI LIN
Secretary

Annex

The staff circulated the following written answers, in response to technical and factual questions from Executive Directors, prior to the Executive Board meeting:

General

1. ***Is there any initiative to standardize annexes on progress towards SDGs in country reports?***

- Staff will respond to this question during the Board meeting.

2. We would like to hear more from staff on the specific elements envisaged of the scaling-up of Fund support for the 2030 development agenda and the resource implications of the same.

- Staff will respond to this question during the Board meeting.

Boosting Domestic Revenue Mobilization

3. ***Could staff elaborate on whether the Fund can do more to support timely, adequate, and orderly debt restructuring operations?***

- The recent revamp of the debt sustainability framework is expected to provide stronger debt sustainability frameworks that can better discriminate between sustainable and unsustainable situations, including detecting more borderline cases. This would then encourage countries to take timely decisions to seek appropriate restructurings. The review of the methodology for assessing debt sustainability in market-access countries is expected to come to the Board for formal consideration by end-year. Concerning supporting orderly debt restructuring operations, this is the preserve of our policies on debtor-creditor engagement and arrears; some aspects of these policies warrant further consideration, including the specification of the perimeter of official versus private debt.

4. Improvements in expenditure efficiency are as valuable as revenue raising; has there been additional support for this alongside revenue mobilization?

- Enhancing the efficiency of spending is crucial to reaching the SDGs. Staff estimate that countries could save as much through efficiency efforts in education, health care, and infrastructure as they could raise through tax reform (SDN/19/03). Similarly, the 2015 Board Paper on "*Making Public Investment More Efficient*" found that, on average, around one third of the potential value of public investment is lost due to inefficiencies in the public investment process. The Fund has developed databases and tools to help analyze expenditure allocation and efficiency of public investment, including FAD's public investment and PPP database, public investment efficiency scores, the Public Investment Management Assessment (PIMA) tool, and the Expenditure Assessment Tool.

5. ***The increased IMF support to strengthen tax system relies largely on substantial donor funding, which entails greater financial uncertainty in the medium and longer term in particular for projects that require a long-term involvement. What are staff views?***

- Most of the increase in external finance in the tax capacity building area comes through two thematic funds (on revenue mobilization and natural resource management). These funds—and, in fact, most of our bilateral externally-financed CD—are now programmatic, with donors committed to providing support over the medium-term to ensure financing for medium/longer-term projects. Donors to the thematic funds provide general oversight of the focus and location of spending, and are kept informed, through semi-annual meetings of their Steering Committees.

6. ***Could staff provide more information on the medium-term revenue strategy (MTRS)? In particular which countries and what progress has been made in the development and implementation of the MTRS?***

- MTRS are being developed in several countries, including: Papua New Guinea and Lao PDR (early implementation); Indonesia, Egypt, Uganda, Thailand, Ethiopia (formulation stage); Georgia, Myanmar, Mongolia, Senegal (dialogue pre-formulation). Benin and Honduras have expressed strong interest in initiating dialogue on developing a possible MTRS.

Supporting State Capacity for Infrastructure Provision

7. ***How does the DIG model assess options for cost recovery on investments where one of the options is a user-pay system, and what elements in different countries affect the choice in this regard?***

- The DIG model includes user fees as a source of revenue in the public sector budget constraint. The model is calibrated based on country-specific average cost recovery ratios on public infrastructure services. The decision whether to fully recover cost or not depends on the socio-economic priorities of countries, financing modalities (PPPs vs public), and feasibility of cost recovery (e.g., tolling is only economic above a relatively high minimum traffic threshold).

8. ***Given the importance of public investment for development and job creation, and***

the lack of fiscal space to meet these needs, could staff elaborate on the ongoing initiatives to encourage private investment such as the Compact with Africa?

- Staff will respond to this question during the Board meeting.

Promoting Sustainable Development of Domestic Financial Markets

9. How does the Fund's policy advice deal with cross-border dynamics, where NBFIs in one country are subsidiaries of banks or non-banks in another country? What has been the success rate for regulation agencies in managing related risks, without negatively affecting access and financial inclusion?

- Our regulatory and supervisory approach to NBFIs is to calibrate it based on the type of activities and business model employed and the risks these activities pose. Reflecting the wide range of NBFIs (within and across jurisdictions), there are many different business models, with many different risk profiles. For example, NBFIs that take deposits from the public and lend to consumers could be subject to a regulatory framework that is very close to that for banks; NBFIs that do not take deposits and lend to corporates might not be subject to the same regulation. Regulation and supervision should be proportionate but effective, protecting the most vulnerable (and financially less literate) consumers and thereby working with the goals of financial inclusion, rather than against them.

10. With regard to economic and financial inclusion, we wonder whether the report could refer also to the G20 efforts to reduce both costs and risks related to remittances' flows, also considering the Fund's active engagement in this task (as referred in para 44)?

- Staff will respond to this question during the Board meeting.

11. How do staff plan to factor in the several lessons learned from the increased technical support to strengthen financial stability frameworks (paragraph 48) into the design of future TA?

- Actions recently taken to factor in lessons learned from MCM evaluations including: (i) dissemination of good practices in TA Strategy updates, TA Annual Reports, and periodic TA forums; (ii) provision of guidelines; and (iii) establishment of a trust fund that embeds these good practices. The Financial Sector Stability Fund (FSSF) is a good example. FSSF TA conducts a diagnostic of gaps and TA needs; establishes a roadmap for reforms in collaboration with the authorities taking account of their priorities and absorption capacity as well as synergies with other TA providers including the RTACs. The follow-up TA integrates regular stock taking and frequent dialogue with the authorities.

Enhanced Support for Fragile and Conflict-Affected States

12. Could staff provide details of ongoing cooperation with other development partners in the area of engagement with Fragile and Conflict-Affected States (FCS)?

- Staff will respond to this question during the Board meeting.

13. Could staff provide an update on the progress made against the Fragile States MIP, including on HR issues?

- The OIA will be reporting on progress on all MIPs in the summer; staff will separately brief the Board on progress with engagement on fragile and conflict-affected states (FCS) by end-2019. There has been steady progress in implementing actions in the MIP: (i) improvements to the RCF and RFI tailored to FCS needs are tabled for decision at the Board on May 24; (ii) analysis of conditionality and program success in fragile states featured in the review of conditionality; (iii) additional staff support for FCS country teams from FAD has been included in the FY20 budget; (iv) the high-level inter-departmental committee on FCS has met and discussed a paper and recommendations on HR issues, which will be sent to management for consideration; and (v) engagement with the OECD, UN and World Bank has been significantly stepped up, with Fund staff attending WB training courses on fragility.

14. Can staff provide examples in sub-Saharan Africa of where IMF's long-term advisors have been and are being used effectively in fragile states?

- **Guinea:** two FAD long-term advisors have been instrumental in the recent progress achieved on budget execution, by building institutional capacity to improve expenditure controls, cash management and accounting.

- **Malawi:** FAD long-term advisors have been instrumental in strengthening bank reconciliation practices and government banking arrangements and in supporting development of a new integrated financial management information system, expected to live in 2020.

- With assistance from the resident tax administration advisor, the following reforms have been achieved in Niger and Togo:

- **Niger:** (1) creation at HQ level of units in charge of the management of taxpayers and recovery of tax debts; (2) introduction of a performance plan with KPIs; (3) IT system overhaul; and (4) implementation of action plan to strengthen VAT administration.

- **Togo:** (1) the operationalization of two medium-size taxpayers' offices; (2) the introduction of e-procedures for large companies; and (3) the enhancement of exchange of information between the tax and customs administrations.

15. Could staff inform on the work underway, if any, to focus special attention on FCS that are facing disproportionately poor prospects of meeting the SDGs?

- Staff will respond to this question during the Board meeting.

Increased Support for Macroeconomic Data Collection and Dissemination

16. Could staff elaborate on the extent of coverage for LICs under the donor-financed Data for Decisions (D4D) initiative?

- The D4D Fund, launched in June 2018, is specifically targeting low- and lower-middle-income countries (LLMICs), including fragile states; as such, it has global coverage. The work program for FY20–21 aims to benefit countries within these income groups from all regions through regional peer-learning workshops and TA missions.

Improving the Financial Safety Net for Developing Countries

17. Could staff comment in more detail on how the use of FCL/PLL and IMF-RFA cooperation mentioned in paragraphs 62 and 63 can play a relevant role in implementing the 2030 Development Agenda?

- Staff will respond to this question during the Board meeting.

Capacity Development

18. Could staff elaborate on the progress and timeline relating to the implementation of the Result-Based Management (RBM) framework?

- An informal briefing for the Executive Board on progress with implementing of RBM took place on March 29, 2019. RBM is now being implemented for most CD activities, and the Fund is already seeing benefits, particularly in supporting outcome-based planning and monitoring using standardized objectives, outcomes, and indicators. Large numbers of staff have now been trained in usage. Data collection is underway, with accompanying work efforts to ensure data consistency and quality. high-quality data.

19. Could staff offer a snapshot of some activities taken on with donor support that now have the potential of being scaled down?

- Staff will respond to this question during the Board meeting.

Measuring Outcomes and Lessons Learned

20. While it is difficult to precisely pin down the link between actions and effects, could staff provide an evaluation of the adequacy of current activities and a reflection on possible adaptations and reinforcements to further support achieving the SDGs?

- Staff will respond to this question during the Board meeting.

21. Could staff share their thoughts on how they plan to apply the cross-cuttings lessons, if any, to future work going forward?

- Staff will respond to this question during the Board meeting.

Cooperation with Other Institutions

22. To what extent staff's activities relative to other agencies are currently clearly delineated and how a division of responsibilities is achieved? Considering the cross-cutting lessons from the implementation of the various initiatives to date, is staff considering any action to improve Fund's involvement?

- Fund staff, and counterparts in other agencies, are fully alert to the issues of coordination and complementarities across development partners. On the revenue mobilization side, for example, the development of the medium-term revenue strategy (MTRS) was designed in part to take into consideration complementarities between development partners. As was referenced in the FAD/LEG presentation to the Board in March on the Platform for Collaboration on Tax, the PCT partners are drafting an annex to a June report to the G20 regarding complementarities across the four institutions in the context of revenue mobilization and reform. Similar points regarding on-the-ground coordination and collaboration can be made on the expenditure side as well.

Other

23. Given limited state resources and declining ODA, do staff have thoughts on whether something like the Compact with Africa initiative could be replicated in small states, that have small and underdeveloped private sector?

- Staff will respond to this question during the Board meeting.

24. ***Is staff planning to produce working papers similar to the recent IMF paper titled "Attaining Selected Sustainable Development Goals in Guatemala: Spending, Provision, and Financing Needs"?***

- A joint working paper along similar lines is being prepared for Rwanda and Benin, while a selected issues paper is being prepared for Vietnam. Annexes on costing the SDGs were included in the recent Article IV staff reports for Benin and Myanmar.

25. ***Are there plans to update the SDG costing estimates periodically?***

- Staff will respond to this question in the Board meeting.