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CONFIDENTIAL

September 21, 2020

**Statement by Mr. Mojarrad on Sudan
(Preliminary)
Executive Board Meeting
September 23, 2020**

We thank staff for their work and Mr. Mahlinza and Mr. Ismail for their helpful Buff statement. We welcome this opportunity to discuss recent developments and prospects in Sudan and commend the authorities for the renewed signs of commitment to fundamental reforms and the progress being made in stabilizing the economy, strengthening governance, and seeking re-engagement with the international community.

We consider that the agreed Staff Monitored Program (SMP) is an appropriate vehicle to help the authorities address the significant policy and social challenges facing the country and establish the right track record of sound policies, necessary for reaching the HIPC Decision Point on debt relief.

We consider that the SMP includes policies of upper credit quality which could be helpful to build fiscal sustainability, unify the exchange rate, address external imbalances and financial stability risks, and improve governance. We endorse its content and modalities, while also recognizing the important risks and the limited public tolerance for policy adjustment at a time of additional hardship caused by the COVID-19 pandemic. *In this regard, while the elimination of the gasoline and diesel subsidies will be helpful to initiate the fiscal consolidation, we would like to be assured that its social impact has been taken into consideration. Staff elaborations will be welcome.*

The early review of overdue financial obligations to the Fund and complaint with respect to the suspension of voting rights is appropriate in view of the severe impact of the COVID-19 pandemic and the government's efforts to strengthen cooperation with the Fund in the context of the SMP. We also appreciate the coverage of donor coordination activities as suggested by the Management's Implementation Plan in Response to the Recommendations for the IEO Report on the IMF and Fragile States.

We agree with the staff proposal not to take further remedial action at this stage. In the same vein, because of the severe impact of the COVID-19 crisis and based on the authorities' commitment to implement the policy content of the SMP, we support the proposal to reduce Sudan's annual payments to the Fund to US\$2.5 million starting in 2021.

We wish the authorities all the success.