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**Statement by Mr. Bevilaqua, Mr. Saraiva, Mr. Velloso, and Mr. Barroso on The  
Managing Director's Statement on the Work Program of the Executive Board  
(Preliminary)  
Executive Board Meeting  
December 10, 2020**

We thank management and staff for the very good and ambitious work program proposal, which is quite comprehensive while trying to keep the focus on the most pressing issues. However, the current juncture requires the program to become even more focused and responsive to critical issues related to the global pandemic. Such unprecedented environment will certainly require extraordinary attention from the Board—on top of the attention already required to engage in the highly consequential policy reviews and lending operations.

**Adequate room should be secured in the work program to deal with a likely surge in demand for upper-credit tranche quality programs to support macroeconomic stabilization and growth after the pandemic.** Given the high level of uncertainty surrounding the next stages of the pandemic, the Board should have leeway in its work program to consider complex Fund-supported programs and, therefore, to allocate enough time for the discussion of new lending requests. Of course, lending operations should run in parallel with strong surveillance efforts, which should recover full steam as soon as feasible. It is also important to increase the attention in the work program to core issues consequential to economic development on the wake of the crisis, which seem under-represented vis-à-vis perhaps more fashionable research topics that are arguably much less urgent. We welcome the two proposed meetings on issues affecting countries in fragile and post-conflict situations. That said, we missed an allotment for resuming the discussion on the adequacy of the IMF toolkit in the post-pandemic context, in which the use of precautionary facilities could also be covered.

**The work program should give priority to Fund resources and governance issues.** The Fund must be ready for a short-term increase in demand for its financial resources. Given the ongoing crisis, there are clear limits on how far the IMF can go on borrowing resources from the membership. The most legitimate and stable solution is to increase the Fund's own

resources and to anchor the institution solidly at the center of the global financial safety net. Hence, the Sixteenth General Review of Quota (GRQ) is unquestionably critical and, although expected to be concluded only by end-2023, we cannot afford another failure as in the case of the 15<sup>th</sup> GRQ. The delicate balance that must be reached to attain consensus for a quota increase includes addressing governance issues, particularly the quota formula, as a precondition. Therefore, beyond the two informal meetings envisaged for the next semester, we encourage further early engagement in more informal settings to help build consensus on some of the more intricate issues. In addition, we urge timely attention to a general SDR allocation combined with proposals to facilitate the flow of liquidity to support members most in need—we are concerned that the discussion may have been pushed too late in the agenda.

**We welcome that the report on Macroeconomic Developments and Prospects in Low-Income Developing Countries will focus on the external financing needs of developing countries and sustainable financing options to fulfill the IMFC’s request.** This analysis should provide a basis to consider the role of the IMF vis-à-vis other IFIs and ensure adequate support for PRGT countries in the pandemic and post-pandemic environment. We look forward to this analysis being made available ahead of the IMFC Spring Meeting, and thereafter informing the now delayed Review of Concessional Financing. In the meantime, we recognize that some countries are near cumulative access limits and as such, the Fund’s potential to support much needed strong adjustment programs in these countries will be impeded. We therefore reiterate our call to increase cumulative access limits and ask for proposals to this effect to be considered in the context of January’s Board on Temporary Access limits. Accordingly, addressing the case for commensurate PRGT lending and subsidy resources also requires suitable attention from the Board.

**We support the discussion of government safeguards on crisis related spending, both in the context of Fund lending and more broadly under surveillance.** It is important for the Board to discuss how to ensure the application of a common set of rules that can adjust to country-specific circumstances without losing evenhandedness. We need to avoid situations where governance safeguards in emergency finance are not consistently applied across the membership. In the context of surveillance, it is important to have a Board approved framework.

**Regarding research themes, we need to focus on topics with high impact on the economic outlook and close to the core mandate of the institution.** In such cases, it is important to retain ample opportunities for Board engagement. To be concrete, unconventional monetary policy and monetary policy frameworks are clearly critical for the Fund, given the need to better understand how major central banks will be able to provide stimulus given constraints on transmission channels. On the other hand, it is open for debate whether digital data frameworks or corporate market power issues command the same level of urgency in the current juncture. Similarly, post-pandemic assessments would be opportune once the pandemic has fully run its course. In the case of staff discussion notes, it would be important to have them shared with the Board with enough time for a proper analysis, and perhaps coupled with the now usual pre-recorded presentation and talking points. This would

provide enough information to allow a Board or otherwise more technical meeting to be scheduled ahead of the final publication.

**The Board cannot delay the highly consequential ongoing reviews of core aspects of Fund policies, as well as IEO evaluations and related work.** We see with reservation that for each of the CSR and FSAP reviews only one formal Board meeting is being envisaged. The Board may need more time to discuss issues that have not been fully resolved, and the work program should provide more leeway for the Board before the decision point. The issue of restructuring of domestic debt also seems to require additional room for discussion, to avoid adopting a one size fits all approach in case of a rushed decision. We are very concerned with the proposal to delay the periodic monitoring review (PMR) and some of the IEO evaluations and management implementation plans to a later, non-specified date. The work program should not interrupt the flow of evaluations that is critical for the success of the work of the Fund. In case of any PMR delays, we would need some form of reporting to sustain the Board's engagement.

**In sum, while we thank management for the well-rounded work program, we suggest further streamlining, based on the economic urgency of the times and proximity to the Fund core mandate.** This would be helpful not only to provide critical room for surveillance but also for an increase in the demand for Fund resources.