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December 8, 2020

**Statement by Mr. Rosen and Ms. Shortino on The Managing Director's Statement on the  
Work Program of the Executive Board  
(Preliminary)  
Executive Board Meeting  
December 10, 2020**

We welcome the updated Work Program and recognize the extensive amount of staff work that has gone into responding to this crisis. Over the last nine months, the Fund's agenda has appropriately prioritized crisis response, rapidly adjusting IMF lending to make it more responsive and flexible to member needs and approving an unprecedented amount of emergency financing. Staff and management should be commended for effectively delivering on the IMF's core mission in the midst of a highly challenging and uncertain work environment.

We broadly support this Work Program and recognize the burdens on staff remain extremely high. A streamlined approach remains appropriate, and we agree that staff, management, and the Board need to work closely together to prioritize upcoming work. At the same time, we felt the Work Program could have placed greater emphasis on the next phase of crisis response. The document lacked recognition of the fact that the global economy remains in crisis, with a resurgence of COVID cases in many countries and the outlook for growth remaining highly uncertain. We would have liked to see a schedule for more frequent, shorter updates to the global outlook in advance of the flagship reports in April and the implications for IMF lending and resources, greater clarity on how the Fund will support members in designing fiscal and structural policies to restore growth, and more emphasis on capacity development efforts. We are also unclear as to the modalities for regular updates to the Work Program and would welcome an interim, informal Board discussion in 3 months on any adjustments that need to be made.

Surveillance: We welcome plans to complete the Comprehensive Surveillance Review and FSAP Review in March; these policy reviews will help enhance both a near-term and medium-term approach to surveillance. As we have repeatedly emphasized, accurate and

complete data is a prerequisite to high-quality surveillance. The review of data required under Article VIII Section 5 is long overdue, and we support the addition of a Board item on Immediate Data Needs as a first steps towards completing this review. *Can staff provide more details as to when there will be a formal Board review and update to the policy on the Article VIII Section 5 Data Provision to the Fund?* The temporary hiatus in bilateral surveillance over the last six months, while necessary, significantly increased risks to the Fund. A well-prioritized and strategic approach to a broad ramp-up in Article IV reviews, for example by targeting systemic or vulnerable economies, will be critical to mitigating these risks. We take note of the plan to provide more regional briefings and briefings on country matters, but the document lacked any discussion of staff's strategy for bilateral surveillance. *Could staff explain how they plan to sequence and prioritize the backlog of Article IVs? Could staff provide more details on how country matters briefings will supplement the Article IV process, and the extent to which such briefings could supplant individual country surveillance?*

Debt Sustainability: We strongly support the continued emphasis on debt transparency and sustainability. Rising debt levels combined with fiscal constraints, including the need for countries to maintain expenditures to ensure economic recoveries, will ensure that debt remains high on the Fund's agenda in coming years. We look forward to the conclusion of the MAC-DSA review and stress the importance of moving quickly to develop a Guidance Note to implement reforms to the policy. Likewise, next year's reviews of the Arrears Policies will be important to determine how the Fund engages in cases where official or private sector arrears do arise. We note that the perimeter of official and commercial debt is a key input to these reviews, but also factors heavily into the Fund's broader debt transparency agenda. We urge staff to conduct a standalone review of the perimeter of debt. As referenced in the Board discussion on the Multi-Pronged Approach for Addressing Debt Vulnerabilities, we look forward to further staff work on public debt transparency to tie this important workstream together across a range of policies, and we see merit in exploring voluntary standards for both borrowers and creditors.

Given the criticality of debt sustainability to the Fund's upcoming engagement in low-income countries (LICs), we would welcome an update on the implementation of the LIC DSF in the context of COVID. We also strongly urge staff to take a proactive role in supporting implementation of the Common Framework by encouraging countries to take advantage of this new framework, developing realistic DSAs, and providing support for member negotiations with creditors. We would welcome an update on the Multi-Pronged Approach this spring, or at a minimum an update to the Board on the G20 Debt Service Suspension Initiative and the Common Framework. Finally, while we appreciate the efforts to explore the Debt and Debt-Service Reduction Operations, we see this as lower priority relative to other, more pressing items on the debt agenda.

Support for Vulnerable Countries: We support upcoming reviews of concessional financing and plans to proceed with a third tranche of the CCRT. We also welcome plans to review governance safeguards in crisis-related spending as critical to determining the effectiveness of IMF emergency programs. We would have liked to have seen greater emphasis on the strategy for capacity development (CD), however, particularly in light of the donor response to the COVID-19 initiative. We call for the upcoming Board on Implementation of CD Priorities to include a thorough discussion of how additional CD resources will be targeted to maximize effectiveness, especially given the ongoing constraints to physical travel.

Promoting a Resilient Economy: We welcome the plan to review the Institutional View (IV) next year but would like more information on how the Integrated Policy Framework (IPF) will be incorporated into the review. *Could staff provide an update on the status of the IPF and efforts to further develop the models in response to Board input?* We would encourage staff to brief the Board on updates to the IPF prior to any discussion on the IV. We also urge staff to appropriately prioritize work on issues that are not directly relevant to the crisis, including for example work on central bank digital currencies (CBDCs), digital data, and rising corporate market power. Given the pressures on staff resources and the urgent need to ramp up bilateral surveillance and respond to lending requests, work on medium to long-term issues may need to be temporarily deprioritized. One exception to this is the Management Implementation Plan on the IEO Evaluation of IMF Collaboration with the World Bank – given the need for heightened collaboration in the wake of the crisis we would suggest that this MIP be delivered to the Board on schedule.

Fund Resources and Budget: We note that there is just one update on the adequacy of Fund resources in this Work Program. Given the likelihood of an increase in GRA lending and the potential for a NAB activation, we would encourage staff to provide regular updates. Likewise, we were puzzled by the single, informal Board discussion on SCA-1 and the potential for Sudan to reach HIPC Decision Point next year; *what is staff's plan to finalize a strategy for SCA-1 and develop a strategy for debt relief for Sudan?*

We recognize that the crisis has resulted in a sharp increase in workload for many divisions within the Fund, and we support the decision to reallocate funding in FY 2021 to support additional staffing needs. However, we are concerned that the decision to hire new staff was taken without explicit support from the Board and holds direct implications for future budget decisions. We expect the Board discussions early next year on the Fund's Income Position and on Preliminary Proposals for the Medium-Term Budget to make clear the tradeoffs associated with maintaining a flat real budget in the coming years.

We note that staff plan to review the Case for an SDR Allocation in June but there is no mention of the Review of the SDR Basket, which is also up for review this year. We would encourage staff to keep this review on the agenda as scheduled.

Risk: Finally, while we welcome the section on response to risks in the Work Program, we would also call for a Board discussion the final Risk Audit report and the process for implementation. We see this as a key workstream for the Fund in the coming months, and we urge management to incorporate regular updates to the Board on implementation of the Risk Audit in the Work Program.