

The contents of this document are preliminary and subject to change.

GRAY/20/3611

December 8, 2020

**Statement by Mr. Palotai, Mr. Azal, Mr. Just, and Mr. Meizer on The Managing Director's Statement on the Work Program of the Executive Board
(Preliminary)
Executive Board Meeting
December 10, 2020**

We welcome the Managing Director's statement on the Work Program of the Executive Board, with its emphasis on the current crisis.

Given that the global economy still faces a long, uneven and uncertain recovery, the Fund continues to play a crucial role through its pertinent policy advice to help the membership overcome the crisis and build a more sustainable post pandemic world. We therefore support the key priorities in the work program. In this vein, we welcome staff's commitment to further develop the Fund's assessment tools as well as to facilitate peer learning and sharing good practices. Regional briefings can also provide useful additional information on crisis developments. In the period ahead, the authorities will have to balance short-term priorities of economic support against medium-term priorities of restoring policy space, for which the Fund's ambitious work agenda to reduce debt vulnerabilities, as well as the analytical chapters of the flagships, will be beneficial.

We fully concur with the emphasis on assisting the most vulnerable members and building capacities in economic policy making in fragile and conflict-affected states. During the initial stage of the crisis the Fund's emergency assistance not only helped to maintain the room for maneuver in the recipient countries but also made a significant contribution to maintaining global financial stability. We welcome the proposed discussion on governance safeguards and *would welcome comments whether this should be integrated into a general review of our emergency financial assistance framework*. The Fund should also be prepared for the likely increasing demand for upper-credit tranche arrangements. To this end, we look forward to the review of the temporary increase in Fund access limit. It will be equally important to assess the impacts of debt service reliefs and to operationalize the common framework.

As the Fund's surveillance activities remain crucial, we consider it important to relaunch the Article IV consultations, also facilitating a more in-depth assessment of economic policies and overall economic conditions, which we see as essential to mitigate risk. We also welcome that the work on enhancing the Fund's surveillance framework will restart and underscore the increasing need to integrate Capacity Development into surveillance. We reiterate the importance of continuous engagement with the Board on the evolving developments regarding the pandemic and its economic implications. Maintaining flexibility will be also crucial in the coming period, even with a thorough assessment of the risks.

We put a premium on the Fund's adequate budgetary resources to deliver on its reprioritized agenda. The Fund needs to maintain its commitment to the quota-based operation as well as the continuation of governance reform. We look forward to the discussion on the Sixteenth General Review of Quotas. We should be ambitious in the underlying analytical work and would propose to formulate milestones to focus our ambition.

Lastly, streamlining and prioritization should neither come at the expense of our internal review processes to ensure the continued high analytical quality of Fund work, nor at the expense of the Board's oversight function.