

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

GRAY/20/3613

December 8, 2020

**Statement by Mr. Trabinski and Mr. Tola 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 well thought-through statement on the Board Work Program, which appropriately reflects the priorities from this fall's IMFC Communiqué and Global Policy Agenda.

1. Restoring economic growth

Immediate action is still needed to stabilize global economic activity, prevent further reduction of incomes as well as long-term scarring. The Fund's work takes place in a context of high uncertainty caused by a crisis of unprecedented magnitude. Going forward, it will be key to lay the ground for strong, sustainable, and inclusive growth. In this light, the IMF's surveillance, capacity development, and lending remain more important than ever to support the membership's efforts. We want to underscore that the return to normal Fund operations and regular policy work must be one of the top priorities. To this purpose, the resumption of Article IV consultations is crucial as in-depth bilateral surveillance remains a cornerstone of tailored Fund advice. Timely policy advice through the flagship reports as well as other multilateral and bilateral surveillance activities is equally important.

Advice on the policy mix should help countries address challenges, some of which have increased in the wake of the pandemic, such as those related to financial vulnerabilities and globally unprecedented levels of public debt. In this context, we welcome the work on key Fund reviews, such as the FSAP Review, the Comprehensive Surveillance Review and the Review of the Institutional View on Liberalization and Management of Capital Flows. The latter should also take into account insights from the IEO's Evaluation of the Fund Advice on Capital Flows and the work on the Integrated Policy Framework.

2. Addressing debt vulnerabilities

We support the strong emphasis put on improving the overall global debt architecture.

Given elevated debt levels and an uneven debt burden across the membership, we are encouraged by the comprehensive coverage of this topic in the Work Program. We agree with the three main objectives of Fund work in this regard: (i) reducing debt vulnerabilities, (ii) strengthening debt transparency, and (iii) addressing sovereign debt resolution.

We welcome that Fund advice will also put a focus on medium- to long-term fiscal frameworks, which are necessary to maintain the credibility of fiscal sustainability and the confidence of private investors. Public investment should target specific areas and/or projects, which are conducive to higher future productivity, including digitalization and green technologies. Fund advice will need to be tailored to country-specific circumstances and consider the regulatory uncertainties investors may face in these areas. Mitigation and adaptation to climate change require above all conceptual work on policy instruments and sharing of country experiences.

3. Supporting the most vulnerable members

We very much welcome an ambitious work agenda on debt and support for low-income and developing countries (LIDCs). Lending activities should be guided by credible debt sustainability analysis and debt sustainability frameworks. It is also of utmost importance to bring forward the discussions related to enhancing sovereign debt resolution. Relatedly, Fund lending activities should systematically take into account risk implications, given the high-risk exposure to some particular regions. This will be particularly important in the discussion of Fund access limits.

We stress the importance of ensuring the self-sustainability of the PRGT to meet the needs of LIDCs in the longer term. In this context, we would welcome an update on PRGT resources, considering that the last update took place in July and the informal discussion on the Review of Concessional Financing and Policies has been postponed.

4. Streamlining and prioritizing work

We welcome further streamlining of the Board's work, yet we caution against undermining the Executive's Board oversight function. We see scope for prioritizing and streamlining the Board's work, including by more frequent use of the LOT procedure. Nevertheless, strong Board oversight is crucial for ensuring proper governance. Within this context, we were also concerned by the decision to postpone the Periodic Monitoring Report, which remains an important foundation for follow-up work of IEO evaluations as well as for providing this information to the Board, and would welcome an explanation on the rationale behind the decision to postpone its discussion.