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

We would like to thank the Managing Director for the very insightful work program that is being proposed. Priorities appear to be broadly aligned with the ones highlighted by the IMFC and through the Global Policy Agenda. Indeed, the Fund must deal with the challenges of transitioning from a crisis mode to assisting member cope with medium term challenges arising both from the crisis and from structural trends, in a context of very strong uncertainty. In this environment, specific attention has to be paid to the particular challenges faced by the most vulnerable.

As the work program rightfully sets out, the Fund has a foremost role to play to help restore confidence to foster jobs and economic growth. Resumption of bilateral surveillance, as set out in the prospective board agenda, is very much needed to reduce uncertainty and risks, and outline possible policy paths. We are of the view that regular timelines for bilateral surveillance should now be allowed to resume. *Could staff give us an indication of how many Article IV consultations will tentatively be discussed at the board in 2021?* The focus of the flagship reports appears appropriate, and we particularly welcome the forthcoming analysis on inequality, tax policies for fairer economies, and the role of public perceptions in redistribution. Regional briefings will be useful – a specific focus on programs and program pipeline in this context would be particularly warranted. This board has not had recent *Briefings on Country Matters*, which would be important for country cases that have not been discussed at the board in a long time. More broadly, we look forward to the completion of the Comprehensive Surveillance Review and the FSAP review, which should help us adapt and modernize our surveillance capability, while making sense of the developments related to the crisis. We wish to underline here the need to have a discussion on how to ensure sufficient resources to financial surveillance, in line with the IEO recommendations. Finally, we were surprised not to see any reference or engagement going forward on our lending strategy – we would wish to see how to work on the needed adaptation of our toolkit to the crisis period reach its conclusion.

More specifically, we very much welcome the very strong work program on debt issues. The IMF, in coordination with the Paris Club, G20, World Bank, and other stakeholders, has a key role to play to help countries implement sustainable borrowing practices and restore, when needed, their debt sustainability. In this context, we generally support the items outlined in the paper, and look forward to the upcoming discussion announced at the Multipronged Approach board last Monday on transparency. We wish to particularly highlight the role that the Fund will have to play in assisting countries in implementing the DSSI, and even more crucially, the Common Framework. The next six months are really key to make this very important piece of the multilateral effort work to alleviate sustainability pressures. In parallel, strong capacity development should complement these efforts. Within the MPA, and going beyond countries in acute risk of debt distress, we would like to have an opportunity to discuss fiscal policy advice in an integrated manner, which could be important to outline fiscal consolidation paths and modalities.

Beyond debt issues, we also welcome the work program devoted to assisting the most vulnerable members. We welcome that the report on Macroeconomic Developments and Prospects in LIDCs 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 Spring Meeting, and thereafter informing the now delayed Review of Concessional Financing. Could staff confirm these timescales? 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 reiterate here our support to looking at a wide range of options, and in particular, gold sales. We welcome the upcoming discussion on a General Allocation of SDRs during the Twelfth Basic Period and underline that there is a strong case for such an allocation at the current juncture.

Beyond these issues, work on FCS countries is warranted, and we welcome the upcoming follow up on this specific Management Implementation Plan and should outline a strategy for future Fund engagement. More specifically, as the institution needs to prepare for Sudan's HIPC process (and in particular, arrears clearance and debt relief), we wish to highlight that an upcoming discussion on the role of the SCA-1 account should be interlinked and informed by the development on Sudan's HIPC process (possibly through a single board discussion), so as to have a comprehensive view of the role SCA-1 should play.

We expect strong board oversight of Capacity Development issues over the next six months and beyond. The meeting on the implementation of CD priorities is welcome in this context, but we expect more attention over the period, given the strong importance that CD will have to assist members in implementing sustainable recovery policies. We expect such discussions at the board to cover issues related to funding, architecture of trust funds, priorities, integration into the surveillance-lending continuum, modalities of TA delivery and coordination with other stakeholders.

While we welcome the proposed discussion on the Internal Evaluation Office's work, we do feel that more attention could be paid to this in the board's activity over the next six months. While it is legitimate to prioritize crisis and recovery-related work at the board in a context of work pressures, it is important not to lose sight of the very important evaluation and implementation work.

The work on supporting a more sustainable and resilient global economy has advanced, and the work program appears promising. The Fund has an important role to play to help countries develop smart, green and fair recovery plans. We wish to highlight here useful work related to tax policies and revenue mobilization, digital issues and rising corporate market power (which has important policy implications), governance, and of course climate change. This week's board on climate in surveillance should pave the way for a streamlining of such considerations into Article IV reports and FSAP. In particular, we look forward to the coverage of mitigation issues in the article IV of big emitters going forward, and wish to have a clear discussion on resources and tradeoffs as part of our upcoming budget discussion. Finally, we look forward to important discussions on capital flows, and on unconventional monetary policies, in a context of lower-for-longer. It is very important that the Fund works in depth on disinflationary pressures.

Finally, while this issue is absent in the work program, and pending a favorable evolution of the health situation in the greater DC area, we would wish that this six-month period will allow for at least a partial resumption physical board meetings. *SEC's comments on this would be welcome. More information on the possibility on the format of the Spring Meetings would also be welcome.*