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Statement by Mr. Andrianarivelo and Mr. Diakite 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 (WP) of the Executive Board, and find it broadly consistent with the strategic orientations spelled out in in the Fall 2020 Global Policy Agenda and the IMFC Communiqué. We find that this WP reflects the Fund's continued efforts to respond appropriately to the unprecedented challenges of restoring macroeconomic stability in the context of the Covid-19 crisis. It also keeps the focus on the need to strengthen the foundations for achieving a more resilient and sustainable economic recovery, as well as enhance the effectiveness of the Fund's governance and operations.

On the key priorities of the Fall 2020 Work Program, we support the full use of the Fund's surveillance, capacity development and analytical work, notably the flagship reports, WEO, GFSR, FM to convey pertinent policy advice. This will be important to prepare the membership for a resilient, inclusive and green recovery, while addressing the near-term challenges of the current difficult times. In particular, we view the theme of the next Fiscal Monitor on inequality of access to basic services as very timely and revealing of one negative aspect brought to light by the pandemic. We encourage staff to examine this issue in depth and come up with pertinent recommendations on how to enhance social safety nets for vulnerable and low-income groups hit by the crisis. In this regard, we are of the view that the analysis should be broad and encompass large segments of disadvantaged groups. We would be interested in further comments on the scope of this report.

We welcome the extensive work planned on debt issues and the agenda to reduce debt vulnerabilities. This issue is very relevant for many member countries as debt vulnerabilities have been exacerbated by the Covid-19 pandemic. That said, we continue to stress the need to always strike the right balance between containing debt vulnerabilities and providing room to finance the development needs of a large portion of the membership. In our sense, the two are not mutually exclusive and will require a careful balancing exercise on the part of staff to constantly have in mind the dual objectives of flexibility in the approach and safeguard of sustainability when it comes to tackling debt issues. We also look forward to the briefings on the G-20's Debt Service Suspension Initiative and expect an identification of the implementation problems faced by some countries, and the ways to enhance and extend its framework to ensure full participation of public and private creditors in this important initiative. We also stress the importance of capacity development activities in the effort to improve debt management and contain debt vulnerabilities.

Regarding the assistance to the most vulnerable members, we look forward to the forthcoming report on macroeconomic developments and prospects in low-income developing countries. We reiterate our desire to see this report published regularly and would like it to become a self-standing flagship publication. In this respect, we note staff's intention to streamline the report and limit it to external financial needs. While we recognize the importance of this issue for many developing countries, this may limit traction as the theme may not be relevant for some other developing economies. *Does staff envisage the focus on a particular theme for each edition of the report and in that case, what would be the frequency of its publication?* We would be very interested in a discussion of the Post-Pandemic Assessment of the Sustainable Development Goals (SDGs) and the obstacles towards achieving them, as well as the response of the global community.

We see merit in a briefing on tax policy in the COVID/post-COVID World, and the examination of the role of taxation at different stages of the crisis, and for boosting the recovery. In this regard, domestic resource mobilization remains a central challenge, notably in low- income developing economies where fiscal policy need to support development objectives. As these countries face the daunting challenge of increasing spending to address important infrastructure gaps and achieve the Sustainable Development Goals (SDGs), while at the same time preserving debt sustainability, domestic revenue mobilization remains a key priority. We look forward to due consideration of these aspects in the forthcoming work on tax policy.

We welcome the discussion on the Fund's engagement with countries in post-conflict and fragile situations and the follow up to the Management Implementation Plan. The envisaged development of capacities in areas like monetary and financial sector is appropriate and should be strengthened. *We note however the lack of explicit items on the engagement with small states in the WP and would appreciate staff's clarifications.*

It will be important for the Board to be briefed periodically on issues related to the Fund's governance and operations. The WP rightly provides for important discussions on the sixteenth review of quotas and other issues related to quotas, and these will be key to help the membership monitor progress towards agreed objectives prior to the conclusion of the review.

The Fund's response to the crisis will continue to occupy a central priority in its activities. As countries continue to face the shock created by the Covid-19 pandemic, they will continue to require increased support from the Fund. In this regard, we look forward to the discussion on the third tranche of debt service relief under the CCRT and the means to ensure that donor contributions meet the target in terms of resource mobilization. Likewise, we welcome the review of the temporary increase in Fund access limits and expect bold proposals to make this increase permanent to ensure that the emergency financing needs of the membership are effectively met. Beyond that however, we also call for increasing the normal annual and cumulative access limits under UTC-quality programs as countries move from the containment to the stabilization and the recovery phases. With the demand for Fund resources likely to increase, we continue to consider the option of expanding the allocation of SDRs as an appropriate avenue to help address global liquidity shortfalls.

It is clear that a number of enterprise risks assessments will need to be done in many aspects of its policies. However, it will be important that these assessments in areas such as the review of the temporary increase in Fund's access limits or lending policies should help inform the Fund's decision-making process in this period of crisis and the establishment of adequate safeguard but not bring the Fund to shy away from its important role in ensuring global macroeconomic and financial stability.

Given the intensive workload of the Board, especially in this period of crisis, we support greater streamlining and prioritization of the Board's activities. In particular, we agree that the use of LOT should be done as much as possible when the criteria are met, including for country programs.