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GRAY/20/3616

December 8, 2020

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

We thank management and staff for a streamlined and focused work program for the next six months. The last six months coincided with the worst of the COVID-19 pandemic and the work plan was appropriately driven by the unparalleled surge in demand on Fund resources and staff time. The institution rose to the challenge and delivered, thanks to the timely and proportional—albeit temporary—enhancement of access to its financial resources and the dedication and creativity of its staff. The unprecedented crisis called for unprecedented—and at times untested—measures, particularly in areas of fiscal and monetary policies, and financial market support. In the period ahead, the key challenge for the Fund is to provide members with sound policy advice to safely unwind the temporary measures as a part of a calibrated exit strategy, and to steer them towards sustained recovery. Although there are promising signs of economic recovery taking hold in 2021—bolstered in recent weeks by the roll out of vaccines—mass inoculation on a global scale is still many months and possibly 1-2 years away, and until the pandemic is stopped and ultimately eliminated, it is prudent to err on the side of caution. We are not completely out of the woods yet.

We believe that, in an environment of persistently elevated uncertainty and multiple global risk factors, the work program over the next semester would need to keep the focus squarely on the core mandates of Fund and the work streams that closely backstop them. The priorities of members clearly differ in some areas and, therefore, it is important that the work program keeps the priorities in balance. That said, a sustained global recovery benefits all.

We welcome the upcoming spring flagship, focusing on policies to underpin the recovery, limit scarring and boost potential growth (WEO); to promote financial stability as the impacts of the crisis continue to unfold in the banking sector, nonbank financial sector and the corporate sector, with the possibility of global spillovers (GFSR); and to explore the

various aspects of inequality—including in some advanced economies—that had been brought to surface and in most cases further exacerbated by the crisis, and the best way to address them (FM). The flagship reports are well placed to convey to the general public the innovative policies and the progress to deal with the crisis and the lessons learned, but more importantly the challenges lying ahead in the recovery period and beyond. The Policy Tracker and the Database of Countries Fiscal Measures in Response to the COVID-19 Pandemic continue to be valuable tools to disseminate the experience.

Surveillance work has just restarted and Article IV reports of only a handful of systemic countries have been brought to the Board in the current six-month work program. A clear priority in the next six months is to devote sufficient staff time and resources to catch up on the surveillance work, but with a clear prioritization. The conclusion of the Comprehensive Surveillance Review is timely to guide us through the process. Beyond surveillance, the demand for UCT facilities are also likely to rise—and possibly quickly—as membership emerges from the crisis and Fund-supported reform programs become pivotal to underpin the recovery and address the structural issues worsened by the crisis. That creates two sets of demands on the Fund: first, on its staff resources; and second, on its financial resources. We have full faith in the ability of Fund staff to rise to the occasion again, but we are far less certain about the adequacy of Fund resources.

We believe there is a sense of urgency for the Fund to address the issue of adequacy of its resources to meet the likely demand from membership in the near term, and more durably in the longer term. Accordingly, we attach great importance to the Review of the Temporary Increase in Fund Access Limits; Catastrophe Containment and Relief Trust, and Review of Concessional Financing and Policies that will help meet the resource demand of the current, and yet still unfolding, crisis. For longer term, however, there is no substitute for a permanent increase in Fund's core own resource base—its quota—that is also consistent with its role at the center of the global financial safety net. The 15th General Review of Quotas (GRQ) was a disappointment and we cannot afford another disappointment under the 16th GRQ. There should be a greater sense of urgency and, as such, we would support earlier and firmer scheduling of quota discussion and updates beyond what is envisaged in the Work Program. The time frame for the end-2023 completion of the 16th GRQ is already too tight. Fund's financial position should also be kept under close review to ensure its adequacy to serve the membership, consistent with the Articles of Agreement. We also strongly support early considerations of a general allocation of SDRs under the 12th Basic Period.

We commend the Work Program's emphasis on assisting the most vulnerable members, focusing on their external financing needs and financing options in response to the IMFC request. One of the major outcomes of the COVID-19 crisis has been the abrupt interruption of the progress of many developing countries towards achieving their SDGs; in fact, achieving the SDG targets by 2030 was already beyond the reach of many low-income countries even before the crisis. With that in mind, we look forward to staff's Post-Pandemic

Assessment of Sustainable Development Goals, including the magnitude of spending needs and external financing options to achieve the targets. We also welcome Fund's recognition of the difficult situation of conflict-affected countries and fragile states, and through enhanced engagement, we encourage staff to assess and meet their country-specific needs.

Fund's emergency financing during the COVID-19 pandemic was the lifeline for many emerging market and developing countries. Actions to ensure transparency and accountability in the use of pandemic-related spending evolved with experience and applied, at times not in a fully evenhanded manner. We look forward to a holistic assessment of Governance Safeguards in Crisis-Related Spending with the aim of establishing a coherent and evenhanded, Board-approved, framework for design and compliance of appropriate safeguards in the use of Fund resources as well as in surveillance.

We also believe it is important that the IEO evaluations are given the highest attention and the sense of urgency that they deserve. The IEO evaluation on Fund-Bank cooperation, recently discussed at the Board, provides an appropriate framework to be fully utilized in many areas of work that the two institutions overlap or complement each other, including debt vulnerabilities of low-income countries, climate change, and inequality.

Finally, the experience of the last few months has proven that the Fund is nimble, creative and pragmatic enough to adapt to new situations and address new challenges. It is important that we make full use of the positive experiences by applying them in the post-pandemic period, including streamlined work practices, focused Board documentation, use of LOT for approval, and CD provision.