

**Statement by the Managing Director
on the Work Program of the Executive Board
Executive Board Meeting
December 10, 2020**

As the COVID-19 crisis continues to unfold, uncertainty remains exceptionally high. The Fund has provided extraordinary financial support as well as timely analysis and policy advice during the first phase of the crisis, but additional efforts are needed to help members secure a durable exit, minimize long-term scarring, and build a more sustainable and resilient economy. Against this backdrop, and in line with the strategic directions laid out in the Fall 2020 Global Policy Agenda and the International Monetary and Financial Committee (IMFC) Communiqué, this Work Program puts forward a prioritized Board agenda for December 2020 to June 2021, focused on activities of most critical importance to our members¹.

I. Key Priorities of the Fall 2020 Work Program

1. Restore confidence to foster jobs and economic growth

With the crisis creating unprecedented challenges to macroeconomic management, the Fund will continue to provide pertinent policy advice. The Spring **World Economic Outlook (WEO)** will discuss policy priorities to limit persistent scarring and set the stage for a resilient, inclusive, and green recovery. The Spring **Global Financial Stability Report (GFSR)** will analyze financial market developments, challenges in the corporate sector, financial stability risks in commercial real estate, and drivers of the credit and leverage cycle. In light of the impact of COVID-19 on people and societies, the Spring **Fiscal Monitor (FM)** will look into various aspects of inequality including inequality of access to basic services, and discuss tax and spending policies for fairer economies, and the role of public perceptions in determining support for redistribution. The **World Economic and Market Developments Update** will continue to provide interim information. Staff is also further enhancing the [Policy Tracker](#) and the [Database of Country Fiscal Measures in Response to the COVID-19 Pandemic](#) to facilitate peer learning and sharing good practice, while continuing to disseminate technical advice through the [Special Series on COVID-19](#), Capacity Development (CD) and surveillance. As usual, the Fund will provide rigorous, evenhanded, and multilaterally-consistent assessments of external positions for the full membership, including through the *External Sector Report (ESR)*. On macro risk work, the Board will continue to be engaged on the **Early Warning Exercise**.

¹ In light of the uncertainties ahead arising from the pandemic and its consequences, the Work Program will be adjusted from time to time to introduce relevant topics of a strategic, thematic, and/or cross-cutting nature that are closely-related to the crisis and its resolution.

Regional briefings will provide more granular views on crisis developments and tailored policy recommendations, while **Briefings on Country Matters** will present in-depth analyses of common challenges for specific groups of countries.

With the crisis exacerbating debt burdens across many countries, the Fund has an ambitious work agenda to reduce debt vulnerabilities, strengthen transparency, and improve the architecture for sovereign debt resolution. Following a discussion on the **Update to the Joint WB-IMF Multipronged Approach for Addressing Debt Vulnerabilities**, the Board has discussed the **Review of Debt Sustainability Framework for Market Access Countries (MAC DSA)** to assess the current framework and consider reforms to modernize it. Building on the previous briefing on *Staff's Work Program on Sovereign Debt Restructuring (in August)*, the Board will be engaged on **Fund Support for Debt- and Debt-Service-Reduction Operations** and discuss **Issues in Restructuring of Sovereign Domestic Debt**. The Board will also be engaged on the **Review of the IMF's Lending into Arrears Policies: Preliminary Considerations**. The Board will be briefed on the **Implementation and Extension of the G-20 Debt Service Suspension Initiative (DSSI)** ahead of the Spring Meetings, and in the interim receive a briefing on **The Common Framework and Extension of the G-20 DSSI**.

As the Board gradually resumes considering focused Article IV consultations, work on enhancing the Fund's surveillance framework will restart. Building on previous engagements, including a recent update to reflect on the impact of the crisis, and forthcoming discussions on **Data Provision to the Fund for Surveillance Purposes—An Update** and **Systemic Risk and Macroprudential Policy Advice in Article IV Consultations**, the Board is expected to conclude the **Comprehensive Surveillance Review (CSR)** in the Spring. The Board will also discuss the **Financial Sector Assessment Program (FSAP) Review** (jointly with the World Bank), following a recently completed informal meeting to engage Directors on progress since the mid-point review.

The Fund will continue to support the G-20 to catalyze a coordinated global response. The Board will receive the **G-20 Analytical Note on Italy's Framework Working Group Priorities** as well as **G-20 Surveillance Notes** ahead of relevant G-20 Meetings. Other deliverables as agreed with the G-20 will also be shared with the Board.

2. Assist the most vulnerable members

The forthcoming report on **Macroeconomic Developments and Prospects in Low-Income Developing Countries** will be streamlined and focus on the external financing needs of developing countries and sustainable financing options to fulfil the request from the IMFC for the Fund to prepare a report on external financing needs of low-income countries. This work will incorporate findings from a Staff Discussion Note (SDN) on **Post-Pandemic Assessment of Sustainable Development Goals (SDGs)**, which will present an analysis of prospects for progress toward the SDGs, accounting for the setback from the COVID-19 crisis.

The Board paper **Fund Engagement with Countries in Post-Conflict and Fragile Situations** will examine the follow up to the [2018 Management Implementation Plan \(MIP\)](#) and outline a strategy for

future Fund engagement. The briefing on ***Building Capacity in Monetary and Financial Policies in Fragile and Conflict-Affected States*** will describe approaches taken in designing and implementing central bank and financial system reforms, including on financial market development and debt management. More broadly on CD, following the recent briefing on the *COVID-19 CD Initiative and the Fund's External Financing of CD*, the Board will have a discussion on the ***Implementation of CD Priorities*** ahead of the budget meeting.

The ***Review of the Temporary Increase in Fund Access Limits*** will assess the initial experience with the use of the higher access limits taking account of the global economic outlook, and propose modifications, if needed. And the Board will consider proposals to extend the ***Catastrophe Containment and Relief Trust (CCRT)—Third Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic***, which will also update on the beneficiary countries' policy responses and the use of resources freed up by the relief. To ensure adequate resources for the Poverty Reduction and Growth Trust (PRGT) and debt relief under the CCRT and the Heavily Indebted Poor Countries (HIPC) Initiative, the Board will discuss the ***Review of Concessional Financing and Policies***.

3. Support a transformational recovery for a more sustainable and resilient global economy

Building on work on the [Integrated Policy Framework](#), the Board will have a discussion (to engage) on the ***Review of the Institutional View on Liberalization and Management of Capital Flows***, which will also draw on the [IEO's evaluation of the Fund's advice on capital flows](#), and the subsequent ***MIP on IEO Evaluation—The IMF Advice on Capital Flows***.

In an environment of lower-for-longer interest rates, ***Unconventional Monetary Policy (UMP)*** will assess the macroeconomic impact and financial stability risks of prominent UMP tools. ***Monetary Policy Framework Reviews*** will provide an overview of the framework reviews of major central banks, considering key factors motivating the reviews such as falling equilibrium real interest rates and a decline in inflation expectations.

To provide support for the members on revenue mobilization, a briefing on ***Tax Policy in the COVID/post-COVID World*** will examine the role of taxation in different phases of the crisis and the recovery therefrom.

The Fund will help members harness the full potential of accelerating digitalization to expedite and secure a resilient recovery. A briefing on ***Developing an Analytical Framework for Central Bank Digital Currencies (CBDCs)*** will suggest a framework to weigh the costs and benefits of CBDCs, taking into account design features, countries' levels of development, and policy objectives. An SDN on ***Considerations for a Global Approach to Digital Data Frameworks*** will present a framework for understanding the macroeconomic, financial stability, and individual privacy implications of the use of customer data generated and exchanged in digital commercial and financial transactions, which have gained further importance since the pandemic. Another SDN on ***Rising Corporate Market Power: Emerging Policy Issues*** will provide new evidence of rising corporate market power and discuss policy implications.

Following a briefing on ***Integrating Climate Change into Article IVs and FSAPs: Conceptual and Strategic Issues***, the Board will receive an ***Update on the Review of the Climate Change Policy Assessment (CCPA) Pilots***. The SDN on ***Carbon Pricing: What Role for Border Adjustments?*** will explore the potential for Border Carbon Adjustments that could raise the effectiveness of carbon pricing without resorting to discriminatory or trade-distorting measures.

At the request of the Board, ***Governance Safeguards in Crisis-Related Spending*** will provide an update on compliance with commitments in Letters of Intent on transparency and accountability by members that received Fund emergency financing. The briefing will also discuss experiences with similar governance crisis-related measures in advanced and emerging economies.²

Staff will continue its constructive work with the IEO to strengthen the Fund's learning culture. The Board will discuss the ***MIP on the IEO Evaluation on Working with Partners: IMF Collaboration with the World Bank on Macro-Structural Issues***. In light of ongoing crisis work, the discussion on the *Periodic Monitoring Report* will be postponed to September 2021 and the MIP on long-standing open actions will be scheduled for November 2021, with the 6-month time requirement for the completion following the formal IEO discussion extended for the time being. Finally, given crisis work as well as the extension of consultation cycles for all countries in April, the issuance of the *Annual Report on Delayed Article IV Consultations* is suspended for this year by a Board decision.

4. Continue efforts to ensure that the Fund remains adequately resourced and governance reform continues, alongside internal resource optimization and business practice modernization

Staff will continue to keep the demand for Fund resources under close review and brief the Board as warranted. The ***Update on the Reform of the New Arrangements to Borrow—Status of Consents and Effectiveness Conditions*** covers the latest developments on the demand for Fund resources. A staff briefing on the ***Sixteenth General Review of Quotas—Background and Key Issues*** laid out the key issues to be covered in the 16th Review, and will be followed by an informal engagement on the ***Adequacy of Fund Resources—Initial Considerations***. Other work related to the 16th Review including the *2021 Quota Data Update*, and preliminary considerations on *Quota Formula and Realigning Shares* will be scheduled as appropriate, with the first semi-annual report on progress to the Board of Governors due by the 2021 Annual Meetings.

The Board will discuss income and budget discussions on a frequent basis. There will be informal sessions on the ***Fund's Income Position for FY2021—Midyear Update*** and on the ***Preliminary Proposals for the FY2022-FY2024 Medium-Term Budget***, ahead of the formal income and budget discussions. In addition, the Board will have a discussion on the future role of the ***First Special Contingent Account—Preliminary Considerations*** and the ***Review of the Investment Account***

² The completion of the review of the Framework for Enhanced Fund Engagement on Governance is now planned for Spring 2022 given the delays in AIV consultations due to the pandemic.

and Trust Assets: Initial Considerations. As mandated by the Articles of Agreement, the Board will also discuss **The Case for a General Allocation of SDRs during the Twelfth Basic Period.**

To enhance the operational efficiency and streamline work processes, the Board will be briefed on the **Update on Key Digital and Business Modernization Projects** and receive updates on change management initiatives. The Board will regularly discuss human resources issues, including the **2021 Review of Staff Compensation; Staff Recruitment and Retention Experience for CY2020** and consider the **Five-Year Review and Staff Retirement Plan (SRP) Reforms.** The Board will be briefed on **Planning for Return to Offices During COVID-19** and receive further updates as warranted. The *Update of the IMF Communications Strategy* will take place when crisis pressures abate and conditions allow, likely in the second half of 2021.