



January 2021

## SUPPLEMENT TO THE GUIDANCE NOTE FOR SURVEILLANCE UNDER ARTICLE IV CONSULTATIONS

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The Report prepared by IMF staff and completed on January 11, 2021, has been released.

The staff report was issued to the Executive Board for information. The report was prepared by IMF staff. The views expressed in this paper are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board.

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**International Monetary Fund  
Washington, D.C.**

## **Supplement to the Guidance Note for Surveillance Under Article IV Consultations**

### **(Effective January 25, 2021)**

This note provides updated guidance to country teams on bilateral surveillance in the context of Article IV consultations in light of the COVID crisis. This guidance impacts the focus, format and presentation of staff reports while keeping intact the substance of all existing Board-endorsed requirements. Similarly, all aspects of the comprehensive *2015 Guidance Note for Surveillance Under Article IV Consultations* also remain in effect, except as modified below. This supplement aims to strengthen the focus of Fund surveillance on the fallout from the crisis and related challenges flexibly to adapt to a rapidly evolving context and will remain in effect, in the absence of further communication, until comprehensive new guidance is issued following the completion of the upcoming Comprehensive Surveillance Review.

- **Implementation of past Article IV recommendations.** Given the size of the COVID-19 shock, past policy advice may no longer be relevant in many cases, and a comprehensive review of past Fund advice may be difficult while authorities and staff face significant time and resource pressures. *Staff may opt to provide a focused follow-up on past Article IV recommendations, covering only those areas that are critical for the crisis and recovery. This discussion can be presented in a flexible format, including within the main text of the policy discussions, a table, or an Annex.*
- **Follow-up on previous FSAP recommendations.** Conducting a comprehensive review of the implementation of previous FSAP recommendations may be difficult while authorities and staff face significant time and resource pressures. In addition, significant delays in the implementation of some measures can be expected. *Staff may opt to provide a focused follow-up on previous FSAP recommendations, covering only those areas that are critical for the crisis and recovery. This discussion can be presented in a flexible format, including within the main text of the policy discussions, a table, or an Annex.*
- **External Debt Sustainability Assessment (DSA) for Market Access Countries (MAC).** Important elements of the assessment of external sustainability for MAC countries are already expected to be covered in the External Sector Assessment. Public sector debt sustainability assessments will also continue to be required in all cases. As such, a discontinuation of the separate external DSA for MACs would allow for a more focused discussion of relevant issues. If additional discussion on external debt is necessary beyond what is covered by the ESA, teams can include it in the write-up of the public DSA. *MAC external DSAs will no longer be required.*
- **External Sector Assessment.** The expected coverage of the external sector assessment remains unchanged. However, country teams should place focus on those areas particularly relevant in the context of the COVID pandemic. *Country teams have flexibility on the presentation of assessments in Staff Reports (for example, an Annex, a Box, or part of the main text), provided the discussion meets the needed coverage. ESR countries should continue to present their external*

sector assessments using the standardized ESR template. For the non-ESR countries, use of the ESR template for EBA countries or the more flexible non-ESR template for all other members remains optional, and country teams can decide on the most appropriate way of presenting the assessment.

- **Informational Annex.** The following elements usually found in the Informational Annex can be further streamlined.
  - **Capacity Development.** *A list of recent capacity development activities is not required. Where germane to the issues covered in the staff report, country teams are encouraged to reference CD priorities in the body of the staff report, so as to better integrate CD and surveillance. Heavy users of CD, who have produced a CD country strategy note (CD-CSN), are encouraged to reflect a summary of their CD-CSN in the body or annex of the staff report.*
  - **Relations with other IFIs.** *Country teams can streamline content in this section to focus more selectively. They also have the option of simply providing in the annex hyperlinks to the country pages of relevant IFIs on their own external websites.*
  - **Data issues.** *There is no expectation for country teams to report on the main websites for data. However, the requirement to report on statistical issues, including the assessment of data adequacy for surveillance, remains in effect*