January 2021

Office of the Nordic-Baltic Constituency

VIEWS AND POSITIONS ON POLICY DEVELOPMENTS IN THE INTERNATIONAL MONETARY FUND

2020 Annual Report

Contents

1 INTRODUCTION

This report provides an overview and status of the main Executive Board discussions and other IMF-related issues during the calendar year 2020 and outlines the views of the Nordic-Baltic constituency (NBC) on these issues. The first section of the report summarizes the global economic and financial developments, providing the backdrop for the work program of the Executive Board. The second section provides an overview of the Executive Board's work on surveillance and economic policy, including bilateral surveillance of the eight NBC countries, as well as some of the major economic policy items on the Board's agenda during 2020. The third section covers new Fund-supported programs and lending policy reviews conducted by the Executive Board during the year. The fourth section provides an overview of the Fund's capacity development activities. The fifth section gives an update on the IMF's resources and governance. The sixth section provides an overview of the evaluations completed by the Independent Evaluation Office (IEO) during 2020.

1.1 IMF During the Covid-19 Pandemic and NBC Views and Priorities

The onset of the Covid-19 crisis shifted the primary focus of the Fund in 2020 towards assisting its members in addressing the economic impact of the pandemic, restoring confidence, and setting a course towards recovery for the global economy under challenging conditions. At the same time, measures were taken to protect the most vulnerable members through emergency facilities and campaigns to raise funds to meet these needs. Throughout the year, the Fund deployed and, in many instances, enhanced its available tools and resources to better address the unprecedented crisis. To further focus its attention on the crisis, the Fund's traditional Article IV surveillance was postponed temporarily. Towards the end of the year, the Fund refocused its attention towards the next stage of the crisis, aimed at rebuilding economies, which included restarting its surveillance function, including through program lending, and capacity development. The Fund´s highly capable staff were instrumental in meeting these goals, working remotely since March under challenging circumstances, providing guidance and laying the groundwork for an unprecedented number of lending operations.

The key messages of the Nordic-Baltic constituency were strongly supportive to the Fund´s swift response to the crisis and its effort to support the membership in overcoming it, underlining that policies needed to remain supportive, but responsive to new developments and tailored to country-specific contexts. In general, transparency, predictability, and accountability through governance safeguards, and an adequately funded institution have been in the forefront of the NBC policy advice in the Board over the course of this challenging year.

The constituency has continued to champion the importance of enhanced multilateral cooperation and the role of the IMF in supporting a stable and well-functioning international monetary and financial system and preserving the IMF at the center of the global financial safety net. The constituency has emphasized that the IMF should be adequately resourced and committed to working towards maintaining the appropriate level of resources, in the context of satisfactory burden sharing and an appropriate link between financial contributions and representation. To this end, countries in the constituency committed in 2020 to participate in securing a doubling of the IMF's New Arrangements to Borrow and the new round of bilateral borrowing agreements, which as of January 2021 succeeded the bilateral borrowing agreements from 2016.

In the Executive Board, the NBC has emphasized the importance of rules-based multilateralism, transparency and good governance, open trade, appropriate fiscal and monetary policies in view of the crisis, emphasizing structural policies, financial stability, sustainable development goals, climate risks, as well as gender and economic equality, and underlined that the crisis should also be seen as an opportunity to foster structural change towards more resilient, green, inclusive, and digitalized economies.

1.2 Global Economic and Financial Developments

CONTEXT: The IMF's three flagship reports, World Economic Outlook (WEO), Global Financial Stability Report (GFSR), and the Fiscal Monitor were issued in April ahead of the Spring meetings, and in October ahead of the Annual meetings. Shorter updates of the WEO and the GFSR were released in June.

The October WEO (subtitled "A Long and Difficult Ascent") highlighted that the global economy was climbing out from the depths to which it had plummeted during the Great Lockdown in April. But with the COVID-19 pandemic continuing to spread, many countries had slowed reopening, and some were reinstating partial lockdowns to protect susceptible populations. While recovery in China had been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remained prone to setbacks. Global growth was projected at −4.4 percent in 2020, a less severe contraction than forecast in the June 2020 Update, but worse than projected in the April WEO.

The October GFSR (subtitled "Bridge to Recovery") emphasized that near-term global financial stability risks had been contained as an unprecedented policy response to the coronavirus (COVID-19) pandemic had helped avert a financial meltdown and maintain the flow of credit to the economy. For the first time, many emerging market central banks had launched asset purchase programs to support the smooth functioning of financial markets and the overall economy. The outlook remained highly uncertain, and vulnerabilities were rising, representing potential headwinds to recovery.

The October Fiscal Monitor (subtitled "Policies for the Recovery") emphasized that the COVID-19 pandemic, and associated lockdowns, had prompted unprecedented fiscal actions that amounted to close to 12 percent of global GDP, as of September 11, 2020. This forceful response by governments had saved lives, supported vulnerable people and firms, and mitigated the fallout on economic activity. However, the consequences of the crisis for public finances, combined with the revenue loss from the output contraction, had been massive. One key policy message was that new investments in healthcare, social housing, digitalization, and environmental protection would lay the foundation for a more resilient and inclusive economy.

NBC VIEW: At the Executive Board meeting on the flagship reports on September 30, the NBC broadly agreed with the assessments of the outlook for the global economy. The NBC noted that fiscal policy would remain a critical tool to foster economic recovery and agreed with staff that maintaining an accommodative monetary policy stance remained essential. The NBC also agreed that the unprecedented and broad-based policy response to the COVID-19 crisis had been a key factor in averting a broad financial crisis. The NBC raised concerns about the ability of countries with weak economic fundamentals and limited policy space to weather the difficult environment, while emphasizing the necessity of the current sizable policy response to continue, concentrating on limiting damages, securing resources to health care, and supporting recovery. At the same time, the NBC was concerned about debt accumulation resulting from the large fiscal stimulus combined with the contraction in output. The NBC also underlined the devastating effects of the COVID-19 shock on poverty and equality. Finally, the NBC emphasized that international policy coordination on climate change deserved further attention and encouraged staff to examine the best practices and policy responses to mitigate transition risks on financial stability.

FURTHER READING: World Economic Outlook reports GFSR reports Fiscal Monitor reports

1.3 The Work Program of the Executive Board and the Managing Director's Global Policy Agenda

CONTEXT: In January 2020, the Managing Director's Statement on the Work Program of the Executive Board was published. The Work Program (WP) translates the strategic directions and policy priorities laid out at the Annual Meetings into an Executive Board agenda for the next six months. This WP´s main priorities included making economies more resilient and inclusive, upgrade international cooperation, modernize the Fund's policy toolkits and safeguard the Fund's financial strength. The outbreak of the pandemic brought about changes evident from the Managing Director´s Global Policy Agenda: "Exceptional Times Exceptional Action" discussed at the Spring Meetings that, together with the International Monetary and Financial Committee Communiqué, laid the ground for the next Work Program issued in July that focused on helping countries mitigate the crisis, restore stability, and prepare for a strong and sustainable recovery. This WP implied a large increase in Board meetings compared to the previous year, reflecting mostly emergency financing requests and more frequent updates on how the rapidly evolving crisis affects economic and financial developments and relevant policies. For the Annual Meetings in October, the MD delivered the Global Policy Agenda: "Catalyzing a Resilient Recovery" with the focus on helping members work on a durable exit from the crisis, while also using the crisis as an opportunity for structural transformation.

NBC VIEW: The NBC supported the policy priorities laid out in the Managing Director's statements on the Work Programs. The NBC welcomed the increased focus on inequality and climate change, where the Fund needs to find ways to help the membership to achieve better outcomes. The NBC also noted that the significant increase in debt vulnerabilities and recent advancements in the global debt architecture warrant continued focus by the Board.

2 SURVEILLANCE AND ECONOMIC POLICY

A core part of the Fund's implementation of its mandate is to conduct economic and financial surveillance. To enable the Fund to conduct bilateral surveillance, each member of the Fund is required to provide it with the necessary information and to consult with it when requested. However, to better respond to the unprecedented demand from the membership for emergency financing and crisis support in response to the Covid-19 pandemic, a temporary postponement of staff's work on Article IV consultations and mandatory Financial Stability Assessments was introduced in May. It was extended in July with a gradual resumption of remote engagement towards the end of the year. As a result, the Executive Board concluded 44 Article IV consultations across all regions in 2020 compared with 110 in 2019. Similarly, the Executive Board discussed six Financial System Stability Assessments in 2020 compared with ten in 2019. In addition, the Board was briefed by the various area departments of the Fund on regional developments, and the Board discussed several economic policy issues prepared by Fund staff.

FURTHER READING: Extension of Consultation Cycles Due to COVID-19 Pandemic; Further Extension of Consultation Cycles Due To Covid-19 Pandemic, and Suspension of Framework To Address Excessive Delays in Article IV Consultations and Mandatory Financial Stability Assessments

2.1 IMF Article IV Consultations and Financial System Stability Assessments

2.1.1 Estonia, 2019 Article IV Consultation

The Executive Board concluded the 2019 Article IV consultation for Estonia in January 2020. The Article IV report found that the economy has performed well in recent years, supported by prudent management and effective structural reforms. Growth remained strong and unemployment was at a record low. Inflation was above the euro-area average, consistent with Estonia's convergence process. Wages were rising, reflecting a tight labor market and skill shortages at the high end of the labor market. Absent reforms to boost productivity and manage demographic challenges, however, growth would slow notably. The authorities needed to guard against potential overheating in the near term, while taking advantage of sizable fiscal buffers in the medium term to support innovation and labor supply and reduce inequality. The report recommended that it is imperative to consider changes that preserve the pension system's viability and sustainability, while promoting policies that address inequality. This includes raising female labor participation through broader implementation of gender pay transparency and flexible childcare arrangements. The report also recommended to strengthen AML/CFT banking supervision by increasing the number of on-site inspections, ensuring timely and dissuasive fines, and considering its consolidation at the regional level. The Estonian authorities broadly agreed with staff's views regarding the economic developments and outlook, including the assessment of ageing-related headwinds to long-term growth. Over the medium term, they agreed that part of the substantial fiscal space should be used to contribute to raising potential growth, by spending more efficiently and effectively on R&D, health, education, and infrastructure.

FURTHER READING: Republic of Estonia : 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Republic of Estonia

2.1.2 Finland, 2019 Article IV Consultation

The Executive Board concluded the 2019 Article IV consultation with Finland in January 2020. The Article IV report found that Finland's economic performance in recent years had been solid, after a long recession, as yearly growth had averaged around 2½ percent, employment had continued to increase, and unemployment was close to historical lows. However, growth had slowed in 2019, household debt increased, and productivity weaknesses persisted. Risks were mainly to the downside: the recent improvement in employment could yet prove to be mostly cyclical, and the economy was exposed to further deterioration in external demand. The banking system was well capitalized and profitable. However, some borrowers looked vulnerable, especially from the rapid increases in housing company loans and consumer credit. The new government had committed to spending more on education, employment, infrastructure, and climate policies. A cornerstone of the new medium-term economic program was for employment to reach a rate of 75 percent by 2023. The fiscal expansion would provide useful cyclical support in the short run, but offsetting measures would be required to ensure the structural balance reached the government's medium-term target. The Finnish authorities broadly shared staff's assessment of the outlook and risks. They agreed on the need for structural reforms to boost employment and productivity. The authorities considered that containing vulnerabilities from the increase and change in the composition of household debt was a policy priority.

FURTHER READING: Finland 2019 Article IV Consultation-Press Release; and Staff Report

2.1.3 Denmark, Financial System Stability Assessment

In August 2020, the Financial System Stability Assessment (FSSA) for Denmark was released. Much of the work of the Financial Sector Assessment Program (FSAP) was conducted prior to the COVID-19 pandemic. Given the FSAP's focus on medium-term challenges and vulnerabilities, however, many of its findings and recommendations for strengthening policy and institutional frameworks remained pertinent. The report reflected key developments and policy changes since the FSAP mission work was completed and included illustrative scenarios to quantify the possible implications of the COVID-19 shock on the solvency of systemically important financial institutions (SIFIs). Prior to the COVID-19 pandemic, the Danish authorities had taken important steps to improve financial system resilience. The authorities had actively used macroprudential tools to bolster the robustness of the financial system. The supervision of the banking and insurance sectors had improved. Likewise, recent legislation had strengthened anti-money laundering and combating the financing of terrorism (AML/CFT) supervision. Major reforms, such as a new bank resolution framework, had also considerably improved Denmark's financial safety net and crisis management frameworks. The Danish authorities broadly concurred with staff's analysis and assessment and pledged to carefully consider the recommendations. They appreciated the overall assessment that the Danish authorities prior to the Covid-19 pandemic had taken important steps to ensure financial system resilience.

FURTHER READING: Denmark FSSA Press Release; and Statement by the Executive Director for Denmark

2.1.4 Norway, Financial System Stability Assessment

In August, the Financial System Stability Assessment (FSSA) for Norway was released. Much of the work of the Financial Sector Assessment Program (FSAP) was conducted prior to the COVID-19 pandemic. Since the previous FSAP in 2015, the Norwegian authorities had taken welcome steps to strengthen the financial system. Regulatory capital requirements for banks had been raised and actions taken to bolster the weak capital position of insurers. Alongside other macroprudential measures, temporary borrower-based measures for residential mortgages had been introduced, which seemed to have had some moderating impact on some segments of the housing market. Solvency stress tests indicated that, while the COVID-19 shock was expected to have a significant impact on capital ratios, all banks in the test would continue to meet conservative hurdle rates of around 10 percent. Liquidity stress tests suggested short-term resilience, but potential for tensions over longer horizons. Given the unprecedented nature of the pandemic, the findings were subject to uncertainty and downside risks. A novel assessment of climate-related transition risk suggested that sharp increases in carbon prices would have a significant, but manageable, impact on banks' loan losses. The macroprudential policy framework could be strengthened by defining a policy strategy and further improving interagency coordination, and the operational independence of the supervisory authority should be increased. The Norwegian authorities noted the conclusion that Norway had taken welcome steps to strengthen the financial system but agreed that several vulnerabilities and challenges remained. The analyses and policy recommendations were found to be valuable inputs to the authorities' work on improving the robustness of the Norwegian financial system.

FURTHER READING: Norway FSSA Press release; and statement by the Executive Director for Norway

2.2 External Sector Report

In July 2020, the Executive Board discussed the 2020 External Sector Report, subtitled Global Imbalances and the Covid-19 crisis. The report found that current account surpluses and deficits narrowed modestly in 2019, and the outlook was highly uncertain for 2020. The COVID-19 pandemic had caused a sharp decline in global trade, lower commodity prices, and tighter external financing conditions. Implications for current account balances and currencies had varied widely across countries. The IMF's multilateral approach suggested that about 40 percent of the overall current account surpluses and deficits were excessive in 2019, only slightly less than in 2018. The outlook for external positions remained highly uncertain, with significant risks. A second wave of the crisis, with a renewed tightening in global financial conditions, could narrow the scope for emerging market and developing economies to run current account deficits, further reduce the current account balances of commodity exporters, and deepen the decline in global trade.

NBC VIEW: The NBC broadly supported the assessments in the report. The historically high stocks of external assets and liabilities raised concerns about the build-up of vulnerabilities and potential risks of disruptive adjustments. The NBC noted that the Covid-19 shock had been a major disruption to EMDE capital flows and financial conditions, particularly during the early spring. The NBC also noted the worrying assessment that the rise in debt ratios and the fall in foreign reserves currently underway in many EMDEs could increase the near-term likelihood of external stress episodes. This should be monitored carefully and called for preparation of contingency plans in case the economic situation and global financial conditions deteriorated further. The NBC also noted that, during the Covid-19 crisis, capital outflow measures had been used sparingly in EMDEs, which may have resulted from the quick improvement of financial conditions and market access. The NBC highlighted the importance of strong and credible policy frameworks and institutions as anchors of external stability. Avoiding trade restrictions and other protectionist policies, which could increase the long-term economic scarring from the crisis, remained important. Moreover, the NBC stressed that the medium-term policies to address excessive external imbalances should be growth-friendly and in line with the broader policy objectives of supporting sustainable, greener, and inclusive economies.

FURTHER READING: 2020 External Sector Report

2.3 Integrated Policy Framework

CONTEXT: In September 2020, the Executive Board discussed a staff paper on the Integrated Policy Framework (IPF). The paper summarized findings of staff's analytical work on the IPF and will serve as an input for a forthcoming review of the IMF's Institutional View on the Liberalization and Management of Capital Flows. At that stage, the paper did not propose changes to the IMF's operational framework. The IPF aims to provide a systematic and analytical approach to selecting an appropriate policy mix for managing large and volatile capital flows, and more generally, preserving macroeconomic and financial stability in the face of domestic and external shocks. It jointly considers the role of monetary, exchange rate, macroprudential, and capital flow management policies and their interactions with each other and other policies, accounting for country circumstances. The analysis suggests that the appropriate policy mix depends on the nature of shocks, country characteristics, and initial conditions. The framework draws on modeling for small open economies, some empirical analysis, and a review of country experiences; and has been developed by IMF staff from various departments.

NBC VIEW: The NBC welcomed the valuable analytical insights provided by staff and agreed that the use of different policy combinations may be warranted given the difficult trade-offs faced by policymakers in certain circumstances. Country characteristics, initial conditions, and the nature of the shock would be fundamental in determining the impact of shocks and shaping policy trade-offs. The NBC agreed that it is very important to clarify the conditions under which the use of the IPF instruments (foreign exchange interventions, macroprudential measures, and capital flow measures) is appropriate in order to provide robust and consistent guidance to policymakers. The NBC emphasized that the first line of defense against instability should remain sound macroeconomic fundamentals, robust and credible policy frameworks, and strong institutions. Exchange rate flexibility should remain a key adjustment mechanism. Given the mixed empirical evidence on the effectiveness of capital flow measures, the NBC agreed that these measures should not be a substitute for sound fundamentals. The NBC noted that there was a clear need for more tailored and country-specific policy advice on how to make capital flows more manageable while not disrupting or delaying warranted macroeconomic adjustment. The NBC emphasized that any potential use of the IPF tools should be timely, targeted and temporary, and considered in the context of their implications for market development, risk-taking, and potential cross-border spillovers.

FURTHER READING: Toward an Integrated Policy Framework; Blog on the IPF

2.4 Debt Related Issues

CONTEXT: The IMF Executive Board discussed several items related to the sovereign debt agenda in 2020. In January 2020, the Board discussed a joint IMF-World Bank staff paper assessing the evolution of debt developments and emerging debt issues in lower income economies (LIEs) since 2017. Directors noted that accommodative global financial conditions and expanded funding from non-Paris Club creditors had allowed LIEs to mobilize larger volumes of external financing. In this context, Directors highlighted the challenge countries face in striking a balance between boosting development spending and containing debt vulnerabilities. In October, the Board discussed the staff paper on “Reform of the Policy on Public Debt Limits in Fund-Supported Programs.” Executive Directors welcomed the opportunity to revisit the Debt Limits Policy (DLP), which guides the use of quantitative limits on public debt in Fund-supported programs. Directors agreed that, since the last DLP review in 2014, the policy has generally worked well, while noting that there is room to improve its effectiveness, including challenges in connection with the migration of debt-related risks off balance sheet and general debt transparency issues. In December, the Board discussed the joint IMF-World Bank staff paper “Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities”. Directors welcomed the update on the implementation of the multipronged approach (MPA) to address debt vulnerabilities in low-income and developing countries and emerging markets. They continued to support its four mutually reinforcing pillars, which seek to address debt vulnerabilities through debt transparency, capacity building, analytical tools, and debt policies. Directors agreed that the COVID-19 pandemic had heightened the importance of the MPA while recognizing that its implementation alone may not be sufficient to significantly reduce vulnerabilities. Moreover, the Board has been monitoring the implementation of the G20 Debt Service Suspension Initiative (DSSI) throughout the year. The IMF and the World Bank staff are providing technical support to the DSSI, with the country teams working to inform countries about the initiative as well as supporting the provision of information requested by the G20, such as monitoring the use of the resources released by the DSSI to address the pandemic shock.

NBC VIEW: The NBC expressed concerns about the high public debt levels and vulnerabilities in LIEs and called for close monitoring and enhanced capacity development in the field of fiscal policy and debt management. The NBC urged country authorities with significant debt burdens to focus on strengthening domestic revenue mobilization and ensuring sustainable financing practices and fiscal policies. Debt transparency has been a key focus area for the NBC. In the context of the DLP, the NBC requested a full breakdown of all creditors above a de minimis threshold for all program countries. Moreover, the NBC strongly discouraged the use of non-disclosure agreements for public debt and asked for systematic reporting of the total amount subject to confidentiality clauses.

FURTHER READING: The Evolution of Public Debt Vulnerabilities In Lower Income Economies; Reform of the Policy on Public Debt Limits in IMF-Supported Programs; Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities; The G20 Debt Service Suspension Initiative (DSSI) and the IMF's role in this initiative

3 LENDING

3.1 Modifications to Lending Facilities

CONTEXT: In March 2020, the Executive Board concluded its review of the framework for determining eligibility of IMF member countries to use concessional financial resources under the Poverty Reduction and Growth Trust (PRGT) and of the current list of PRGT-eligible countries. The PRGT eligibility framework, which was introduced in 2010, includes transparent and rules-based criteria to guide decisions on the eligibility of countries to access the Fund's concessional resources. The review concluded that the existing framework remains broadly appropriate but proposed some methodological refinements. The Board supported the proposed graduation of Guyana from PRGT eligibility, noting that its graduation is a positive and welcome step signaling Guyana's sustained progress in achieving higher levels of income.

The rising demand for IMF resources caused by the pandemic (see also the next section on Emergency Financing) caused a need to adapt some of the IMF lending facilities. In April 2020, the Board decided to enhance the Fund's emergency financing toolkit through a temporary increase in access limits for both the Rapid Financing Instrument (RFI), available to all members, and the Rapid Credit Facility (RCF), available to the poorest members only (i.e. Poverty Reduction Growth Trust-eligible countries). The decision meant a doubling of annual access limits from 50 to 100 percent of quota and cumulative limits rising from 100 to 150 percent of quota.

IMF lending is also subject to annual limits on the total access to resources that a country can obtain from its facilities without triggering the application of the exceptional access framework. By the summer of 2020, many of the countries that have received financial support from the IMF since the onset of the pandemic reached, or were approaching, their total annual access limits. In July, the Board decided to temporarily raise these total annual access limits in order to enable member countries to obtain higher levels of financial support, given the unique circumstances created by the pandemic.

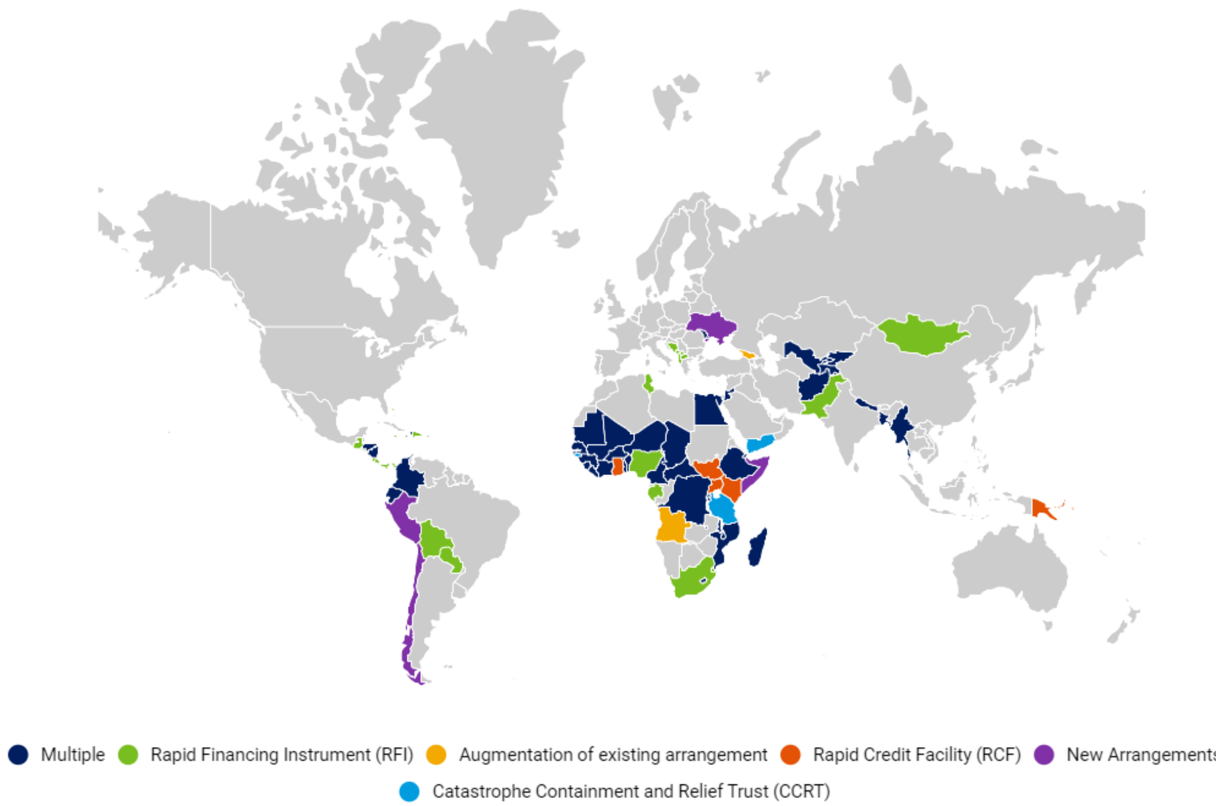
In addition to amendments to existing facilities, the Executive Board decided in April 2020 to establish a new precautionary facility called the Short-Term Liquidity Line (SLL). The SLL is designed to be a liquidity backstop for members with very strong policy frameworks and fundamentals, who face potential, moderate, short-term liquidity needs because of external shocks that generate balance of payment difficulties. This liquidity backstop is intended to complement the IMF's lending toolkit and other elements of the global financial safety net.

NBC VIEW: The NBC supported all the suggested modifications of the lending facilities. The NBC continued to endorse a transparent and rules based PRGT eligibility framework that ensures evenhanded treatment, targets scarce concessional resources for the poorest and most vulnerable, and is closely aligned with IDA practices. The NBC supported the proposals to increase IMF access levels, both for emergency facilities and the total annual limits, for a limited time period while highlighting the importance of ensuring that disbursed funds are used appropriately with suitable governance safeguards to be in place in cases where governance and corruption vulnerabilities are considered macro-critical. The NBC also raised concerns about the limited projected remaining lending capacity and the self-sustainability of the PRGT, displaying the need for IMF financing to play a catalytic role. To strengthen the global financial safety net and as a signal of multilateral support to the stability of the global financial system, the NBC supported the establishment of the Short-term Liquidity Line.

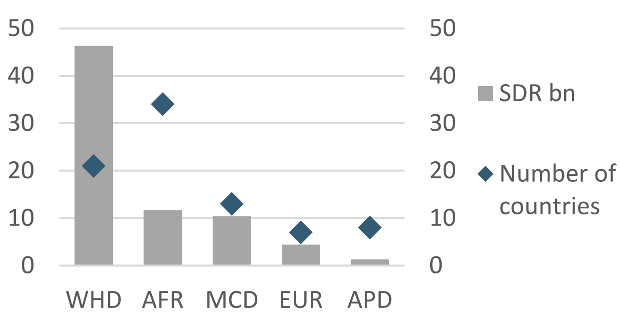
FURTHER READING: Review of Eligibility to Use Fund's Facilities for Concessional Financing; Increased access limits for the emergency facilities, RFI and RCF; Review of the Enhanced Access Limits under the RCF and RFI; Temporary Modification to the Fund´s Annual Access Limits

3.2 COVID-19 Financial Assistance and Debt Service Relief

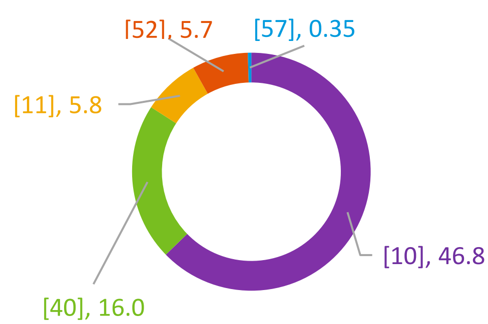
As of December 31, 2020[1], the Fund had provided financial assistance since late March to 83 countries, totaling SDR 74.2 billion / USD 102.4 billion. Additionally, 29 countries received debt service relief from the Catastrophe Containment and Relief Trust (CCRT), totaling SDR 351.5 million / USD 488.7 million.



By region:



By type of instrument:
[number of arrangements], SDR billion



[1] Amounts calculated using the SDR/USD exchange rate of the day of approval. Aggregate USD amounts are presented for illustrative purposes. The regional distribution of countries follows the organizational distribution at the IMF: Western Hemisphere Department (WHD), African Department (AFR), Middle East and Central Asia Department (MCD), European Department (EUR), Asia and Pacific Department (APD). The figures in this report differ from the IMF Annual Report 2020 as the latter's reporting shows lending for the period May 1, 2019 to September 15, 2020.

FURTHER READING: COVID-19 Financial Assistance and Debt Service Relief

3.3 Standard Lending Facilities

As of December 31, 2020, the Fund was engaged in 18 active programs and made a total of approximately USD 152 billion available in lending commitments across the globe under the General Resources Account. During 2020, the Executive Board approved nine new loans or precautionary arrangements under the standard non-concessional lending facilities for Chile, Colombia, Ecuador, Egypt, Guatemala, Jordan, Paraguay, Peru, and Ukraine. The Executive Board also completed several regular reviews of ongoing Fund-supported programs. The NBC supported requests for new programs, as well as the reviews completed during 2020. Some of the major Fund-supported programs are described in more detail below.

FURTHER READING: Active IMF Lending Commitments as of December 31, 2020

3.3.1 Argentina

CONTEXT: IMF staff and the Argentinean authorities maintained discussions throughout the year due to the Fund´s heavy engagement in Argentina, constituting its largest financial exposure. An IMF staff visit in February concluded that Argentina's debt and debt service capacity had deteriorated decidedly compared to the IMF's last Debt Sustainability Analysis (DSA) published in July 2019, thus staff assessed Argentina's debt to be unsustainable. In March 2020, at the request of the Argentinean authorities, IMF staff prepared a technical note to provide their view on the envelope of debt relief that could underpin a debt restructuring consistent with restoring debt sustainability with high probability. This note was instrumental in guiding the authorities´ debt restructuring negotiations with its private creditors. In August, Argentina's government reached an agreement with its major foreign private creditors to restructure 65 billion USD in debt. In July 2020, the SBA arrangement with the Fund (that was agreed in 2018) was cancelled at the authorities' request and later in August, President Fernández notified the IMF Managing Director of the request by his government to start discussions on a new IMF-supported program. IMF staff visited Buenos Aires in November to begin formal discussions with the Argentine authorities regarding this new IMF-supported program. The IMF team welcomed the authorities' intention to request an Extended Fund Facility (EFF) arrangement, and to underpin it with a broad political and social consensus.

NBC VIEW: The NBC supports the Fund´s engagement in Argentina but has pointed to the many challenges. Amongst the most pressing issues will be finding a way out of the extensive central bank financing, to establish a credible monetary policy framework, and containing inflation. Agreeing on a proper reform agenda under a potential new program will be key, as well as strong ownership. The NBC also found it important to take the opportunity to draw lessons from the Argentine case in order to inform ongoing discussions about debt restructurings and the role of the Fund.

FURTHER READING: IMF statement on Argentina, February 2020; Argentina - Staff Technical Note on Public Debt Sustainability; IMF Staff Statement on Argentina, November 2020

3.3.2 Egypt

CONTEXT: In May 2020, the IMF Executive Board approved Egypt's request for emergency financial assistance of SDR 2.04 billion (100 percent of quota) to meet the urgent balance of payments needs stemming from the outbreak of the COVID-19 pandemic. In June, the Board also approved a 12-month Stand-by Arrangement (SBA) for Egypt, with access equivalent to SDR 3.76 billion (185 percent of quota). In addition to covering external financing gaps, the SBA would help the authorities preserve the achievements made over the past four years, support health and social spending to protect vulnerable groups, and advance a set of key structural reforms to put Egypt on a strong footing for sustained recovery with higher and more inclusive growth and job creation over the medium term. The Board completed the first SBA review in December.

NBC VIEW: The NBC supported the requests for emergency financial assistance and an SBA, as well as the completion of the first SBA review. The NBC welcomed the transition to a full-fledged upper credit tranche program with conditionality after the Board's approval of emergency financing. In addition, the NBC welcomed the authorities' swift fiscal response to the crisis, while taking note of the inevitable impact on public debt and highlighting the importance of bringing debt on a downward path once the crisis abates. The NBC also urged the authorities to step up their structural reform efforts, including measures to increase female labor force participation and the role of the private sector in the economy.

FURTHER READING: Arab Republic of Egypt: Request for Purchase Under the Rapid Financing Instrument; Arab Republic of Egypt: Request for a 12-Month Stand-By Arrangement; Arab Republic of Egypt: First Review Under the Stand-By Arrangement and Monetary Policy Consultation

3.3.3 Ukraine

CONTEXT: In June 2020, the IMF Executive Board approved an 18-month Stand-by Arrangement for Ukraine, with access equivalent to SDR 3.6 billion (about USD 5 billion or 179 percent of quota). The approval of the SBA enabled the immediate disbursement of the equivalent of SDR 1.5 billion (about USD 2.1 billion). The new program aims to help Ukraine to cope with COVID-19 pandemic challenges by providing balance of payments and budget support, while safeguarding achievements to date and advancing a small set of key structural reforms, to ensure that Ukraine is positioned to return to growth when the crisis ends. The new arrangement succeeds the 14-month SBA that was approved in December 2018. The Executive Board also discussed the ex-post evaluation of exceptional access under Ukraine's 2015 extended arrangement under the Extended Fund Facility (EFF), which concluded that the extended arrangement helped restore macroeconomic stability and growth but did not fully address Ukraine's underlying balance of payments vulnerabilities. Soon after the program's approval, the Ukrainian central bank (NBU)

Governor, Mr. Y. Smolii, resigned referring to systematic political pressure. In July, MD Georgieva issued a statement emphasizing the importance of preserving the independence of NBU.

NBC VIEW: The NBC supported the request and encouraged staff to maintain ambition in their engagement with the Ukrainian authorities and develop a longer-term strategy with a more ambitious EFF program as a possible follow-up going forward. The NBC stressed the importance of institution building, as strong and independent institutions have proven to be better able to resist possible backtracking in reforms. The NBC strongly emphasized the importance of maintaining central bank independence.

FURTHER READING: Ukraine: Request for Stand-by Arrangement and Ex-Post Evaluation of Exceptional Access Under the 2015 Extended Arrangement

3.4 Precautionary Lending Arrangements

3.4.1 Morocco and Colombia

CONTEXT: In May 2020, the Executive Board of the IMF approved a successor two-year arrangement for Colombia under the Flexible Credit Line (FCL) in an amount equivalent to SDR 7.85 billion (about US$10.8 billion) and noted the cancellation by Colombia of the previous FCL arrangement (SDR 7.85 billion). In September, the Executive Board approved a request by the Colombian authorities to increase access under its FCL arrangement by USD 6.5 billion (SDR 4.4 billion). Subsequently, in December 2020, the Colombian government made a drawing of US$ 5.4 billion under the FCL arrangement in the context of the pandemic. Colombia was the first country to draw down on the FCL. The second country to make a drawing under precautionary lending arrangement this year was Morocco. In April 2020, the Moroccan authorities purchased all available resources (about US$ 3 billion) under the Precautionary and Liquidity Line (PLL) arrangement. In December 2020, the PLL arrangement for Morocco expired without a successor arrangement.

NBC VIEW: The NBC supported the request for a successor FCL arrangement for Colombia and its augmentation. Nevertheless, the NBC reiterated a concern that the concurrent augmentation and drawing on the FCL will set a precedent and an expectation. The NBC emphasized that the FCL arrangement is fundamentally intended as a precautionary facility and a backstop in case of exceptional pressure on a country's balance of payments.

FURTHER READING:

Colombia: Request for an Arrangement Under the Flexible Credit Line and Cancellation of the Current Arrangement and Request for Augmentation of Access

3.4.2 Chile and Peru

CONTEXT: In May 2020, the Executive Board of the IMF approved two Flexible Credit Lines for Chile and Peru, amounting to SDR 17.4 billion (about US$ 23.9 billion, 1,000 percent of quota) and SDR 8.0 billion (about US$11 billion, 600 percent of quota) respectively. Both countries qualified for the FCLs by virtue of their very strong fundamentals and institutional policy frameworks and track record of economic performance and policy implementation. The Peruvian and Chilean authorities intend to treat the FCL arrangements as precautionary and temporary. The Chilean authorities intend to exit the arrangement as soon as the 24-month period is completed, conditional on a reduction of risks at the time of the mid-term review. The Peruvian authorities intend to exit the arrangement conditional on the reduction of external risks, in line with their strategy that sees the use of the facility as temporary.

NBC VIEW: The NBC supported both requests. The NBC emphasized that it is important for the IMF to prepare for a simultaneous use of the outstanding credit lines, as precautionary arrangements concentrate regionally in countries with similar vulnerabilities, such as high inequality and labor informality, correlated risks and possible negative spillovers. The NBC cautioned against tying up a large share of the Fund's resources to large precautionary arrangements over longer periods.

FURTHER READING: Chile: Request for an Arrangement Under the Flexible Credit Line

Peru: Request for Arrangement Under the Flexible Credit Line

3.4.3 Mexico

CONTEXT: In November 2020, the Executive Board of the IMF completed its mid-term review of Mexico's qualification for the arrangement under the Flexible Credit Line (FCL) and affirmed Mexico's continued qualification to access FCL resources. The current two-year FCL arrangement for Mexico in an amount equivalent to SDR 44.6 billion (about US$61 billion, 500 percent of quota) was approved by the IMF's Executive Board in November 2019. At the time of approval, the authorities stated their intention to request a reduction in access to SDR 35.7 billion (400 percent of quota) at this mid-term review, conditional on a reduction of relevant external risks, and consistent with their strategy to gradually phase out use of the FCL. Given the elevated global risks around the Covid-19 shock and heightened uncertainty, the authorities have not requested a reduction in access.

NBC VIEW: The NBC supported the completion of the mid-term review under Mexico's 2019 Flexible Credit Line. Given the elevated pandemic-related external risks, the NBC considered it prudent to retain the FCL at unchanged access. The NBC has always considered the FCL as a temporary instrument and welcomed the authorities' commitment to continue the exit strategy announced in 2017 once the exceptional risks in the global economy decline.

FURTHER READING: Mexico: Review Under the Flexible Credit Line Arrangement

3.5 LIC Programs

As of December 31, 2020, the Fund was engaged in 12 active programs and had made a total of approximately USD 4.1 billion available in lending commitments under the Poverty Reduction and Growth Trust (PRGT). During 2020, the Executive Board approved a new Fund-supported program with financial resources under the concessional lending facilities for Afghanistan, The

Gambia, and Somalia. The Executive Board also completed several regular reviews of ongoing Fund-supported programs. The NBC supported requests for new programs, as well as the reviews completed during 2020. One of the new PRGT programs is described in more detail below.

FURTHER READING: Active IMF Lending Commitments as of December 31, 2020

3.5.1 Somalia

CONTEXT: In March 2020, the IMF and the World Bank's International Development Association determined that Somalia had taken the necessary steps to begin receiving debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative, and Somalia reached the HIPC Decision Point. Debt relief will help Somalia make lasting change for its people by allowing its debt to be irrevocably reduced from USD 5.2 billion at end-2018 to USD 557 million in net present value terms once it reaches the HIPC Completion Point in about three years' time.

The Executive Board of the IMF approved three-year arrangements under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF) for Somalia in the amount of SDR 292.4 million (about USD 395.5 million or around 179 percent of quota). The three-year financing package will support the implementation of the authorities' National Development Plan and anchor reforms between the HIPC Decision and Completion Points. Reforms will focus on a continued strengthening of public finances to meet Somalia's development needs in a sustainable manner, a deepening of central bank capacity, improvement of the business environment and governance, and enhancing statistics.

Somalia's arrears to the IMF were cleared in March 2020 with the assistance of bridge financing from the government of Italy, which the authorities have reimbursed using the front-loaded access under the new IMF financial arrangement. At the HIPC Completion Point, Somalia's current debt due to the IMF will be paid with the proceeds of financial contributions that have been received from over 100 IMF member countries.

NBC VIEW: The NBC agreed that Somalia qualifies for assistance under the Enhanced HIPC Initiative and has reached the Decision Point. The NBC supported the three-year arrangement, which will help Somalia on its path to poverty reduction and inclusive growth. The NBC underlined, however, that reaching the HIPC Decision Point is only the first step of a continuous and long process towards building and sustaining a durable, peaceful, and resilient Somalia. The NBC noted the challenges arising from the fragile political and security situation, as well as the adverse impacts of climate change, and the ongoing pandemic. Therefore, the NBC urged the Somali authorities to maintain the momentum on economic, fiscal, and legal reforms, as well as investing in key infrastructure. All eight NBC countries provided financing pledges to allow the Fund to deliver comprehensive debt relief to Somalia.

FURTHER READING: Somalia : Enhanced Heavily Indebted Poor Countries (HIPC) Initiative-Decision Point Document, Somalia : Poverty Reduction Strategy Paper-Joint Staff Advisory Note, Somalia : Second Review Under the Staff-Monitored Program and Request for Three-Year Arrangements Under the Extended Credit and The Extended Fund Facility-Press Release; Staff

Report; and Statement by the Executive Director for Somalia, and Somalia : First Review Under the Extended Credit Facility-Press Release; Staff Report; and Statement by the Executive Director for Somalia

4 CAPACITY DEVELOPMENT

Capacity development (CD) and technical assistance is one of the three core pillars of the Fund's work. Its main objective is to help member countries build institutions and capacity necessary to formulate and implement sound economic and financial policies. The Executive Board received regular briefings by staff from the Fund's area and functional departments on the ongoing delivery of capacity development. The NBC countries contribute with financial resources and/or technical expertise to the Fund's capacity development work. Further details on the Fund's work on capacity development can be found here.

4.1 IMF Policies and Practices on Capacity Development

CONTEXT: In response to the pandemic, the IMF has provided real-time policy advice and CD to over 160 countries to address urgent issues such as cash management, financial supervision, cybersecurity, and economic governance. In December 2020, the Board discussed the scope for an upcoming IEO evaluation of the IMF CD activities since 2012, based on a draft issues paper. The issues paper noted that IMF CD activities have expanded dramatically in the last decade and several long-standing issues continue to pose challenges. These challenges are related to measuring the impact of CD, as well as the allocation, prioritization, and delivery of CD activities.

NBC VIEW: The NBC supported the upcoming evaluation and found it well motivated as CD is a central part of the Fund's work and has grown substantially. The NBC hoped the evaluation would find ways to further improve the transparency and governance structure of CD, as well as provide ideas on how to prioritize, and potentially streamline, CD activities whilst striving for strong ownership.

The NBC also welcomed that the results from the evaluation would be able to feed into the upcoming internal CD strategic review, planned for 2023, and encouraged the Internal Evaluation Office to be as clear and focused as possible in its final report to simplify the implementation of the recommendations.

FURTHER READING: The IMF and Capacity Development – Draft Issues Paper

Annual Report 2020: Capacity Development

5 IMF RESOURCES AND GOVERNANCE

5.1 15th and 16th General Review of Quotas

CONTEXT: On February 7, 2020, the Board of Governors of the IMF adopted a Resolution concluding the 15th General Review of Quotas with no increase in IMF quotas. However, the package of measures endorsed as part of the quota review preserved the Fund's financial firepower. These measures included a doubling of the New Arrangements to Borrow (NAB) and a new round of bilateral borrowing arrangements (BBAs) with reduced amounts, which became effective in January 2021.

Following the completion of the measures by end 2020, the IMF informed that, with the support of creditors for a doubling of the NAB and a new round of BBAs, the IMF has maintained its lending capacity at around US$1 trillion for the coming years. This is of particular importance in the context of increased demand for IMF resources due to the COVID-19 pandemic and ongoing heightened risks.

The NAB reform, that included a doubling of the size of the NAB and setting a new NAB period through 2025, was approved by the Executive Board in January 2020. Creditors have since provided the necessary consents, and the reform took effect, as targeted, on January 1, 2021. Following the effectiveness of the reform, 38 NAB participants, including Denmark, Finland, Norway, and Sweden, stand ready to contribute an aggregate amount of SDR 361 billion (USD 521 billion) to the Fund's resource envelope.

In addition, work proceeded to maintain bilateral borrowing agreements (BBAs) as the third line of defense. On March 30, 2020, the Executive Board approved a framework for a new round of bilateral borrowing, to succeed agreements in place through end-2020. Within this framework, a new set of agreements beyond 2020 (2020 BBAs) have been introduced to replace the 2016 BBAs, which expired at end-2020. New bilateral borrowing agreements with 37 creditors, including Denmark, Estonia, Finland, Lithuania, Norway, and Sweden for a total of SDR 128 billion (USD 185 billion) have become effective. Estonia and Lithuania joined BBAs as new creditors.

The Board of Governor's resolution also provided guidance for the 16th quota review: "The 16th Review … to revisit the adequacy of quotas and continue the process of IMF governance reform, including a new quota formula as a guide, and ensure the primary role of quotas in IMF resources. Any adjustment in quota shares would be expected to result in increases in the quota shares of dynamic economies in line with their relative positions in the world economy and hence likely in the share of emerging market and developing countries as a whole, while protecting the voice and representation of the poorest members." The Executive Board started its internal discussions on the 16th Review in December 2020.

NBC VIEW: In an Executive Board meeting in January 2020, the NBC supported the NAB doubling and a proposed Board of Governors resolution for concluding the 15th Review and providing guidance on the 16th Review. Reiterating the views in the NBC's IMFC Statements at the Annual Meetings in October 2020, the NBC underscored that our constituency supported a strong, quota-based, and adequately resourced IMF to preserve its role at the centre of the GFSN. The NBC regretted the insufficient support for a quota increase in the 15th Review, as an increase of quotas would have ensured a firmer resource base for the Fund. As a second-best solution, the constituency supported the doubling of the NAB.

In the Executive Board meeting in March 2020, the NBC supported the proposed new temporary round of bilateral loans as the Fund's third line of defence after quotas and the NAB. The NBC noted that the current Nordic and the future Baltic BBA creditors are willing to participate in the 2020 BBAs subject to domestic approval processes. The constituency underscored that, at a time of exceptional uncertainty and downside risks, ensuring that the Fund remains adequately resourced is essential.

FURTHER READING: IMF press release; Board of Governors resolution

5.2 Review of Precautionary Balances

CONTEXT: On October 30, the Executive Board reviewed the adequacy of the Fund's precautionary balances. Precautionary balances, comprising the Fund's general and special reserves and the Special Contingent Account (SCA-1), are one element of the IMF's multi-layered framework for managing financial risks. These balances provide a buffer to protect the Fund against potential losses, resulting from credit, income, and other financial risks. This review of the adequacy of the Fund's precautionary balances took place on the standard two-year cycle, despite being delayed by a few months to allow for an assessment of the impact of the COVID-19 pandemic on Fund financial risks. The framework includes an indicative range for precautionary balances, linked to a forward-looking measure of total IMF credit, that is used to guide decisions on adjusting the target for precautionary balances over time. The framework also allows for judgement in setting the target.

NBC VIEW: The NBC emphasized that during a period of large demand for Fund support, exceptional uncertainties and a riskier global environment, it is essential that precautionary balances are strengthened to provide protection to the Fund's balance sheet and members' reserve positions as well as to allow to meet the increased demand. The NBC noted that credit risks in the Fund's lending portfolio had significantly increased since the last review. Moreover, the constituency emphasized that well-designed programs, together with prudent implementation of lending policies and safeguard assessments, are crucial elements of the Fund's multilayered risk management framework. As a credit risk mitigation measure, the NBC considered a shift from emergency lending to the more traditional multi-year programs with strong and tailored conditionality to be paramount and welcome. The NBC also agreed that there is a strong case for raising the medium-term target of precautionary balances to SDR 25 billion. Considering the exceptional uncertainties in the global economic environment, the need for a higher medium-term target needs to be kept under close watch. Therefore, the NBC called for an interim Executive Board discussion with an opportunity to revisit the decision on the medium-term target prior to the next regular review.

FURTHER READING: : Press release review of precautionary balances

5.3 Poverty Reduction and Growth Trust Loan Resources Mobilization

CONTEXT: In order to meet the unprecedented demand for concessional financing during the COVID-19 pandemic, a fast track PRGT loan mobilization round was launched in April. The loan mobilization round has been instrumental to allow the Fund to raise access limits and scale up emergency financing to low-income countries.

As of October 2020, the ongoing loan mobilization campaign had already secured over SDR 15 billion in effective loan agreements and formal pledges from 13 donors, well in excess of the SDR 12.5 billion target. This will provide sufficient resources to accommodate the surge in crisis-related demand by low-income countries for Fund financing, supported by the temporary increase in PRGT and RCF access limits.

The new agreements and augmentations of existing agreements that had been finalized, including from Norway and Sweden, provided a total of SDR 10.6 billion in new PRGT loan resources for LICs. The loan mobilization round is ongoing, and as of January 2021, Denmark was about to finalize its agreement.

NBC VIEW: In April 2020 the Executive Board endorsed a policy decision to mobilize SDR 12.5 billion in additional PRGT loan resources immediately. While the NBC has been very supportive of the loan mobilization, it has on several occasions stressed the importance of preserving the PRGT's self-sustainability (see Chapter 3.1) and called for a review of concessional financing.

FURTHER READING: PRGT loan agreements

6 INDEPENDENT EVALUATION OFFICE (IEO)

6.1 IMF Advice on Capital Flows

CONTEXT: In September, the *IEO Evaluation: IMF Advice on Capital Flows* was released. The evaluation assessed the IMF's advice on how to manage volatile capital flows and capital account liberalization, focusing on the period since the approval of the IMF's Institutional View (IV) on this set of issues in 2012.

The evaluation credited the IV as a widely appreciated upgrade to the Fund's framework for advice on capital flow issues and found that the IV has generally been applied carefully and consistently across countries. However, the evaluation identified a range of issues with the IMF's approach that could undermine the value added and influence of the Fund in this core area. In particular, advice under the IV discouraging the pre-emptive or long-lasting use of capital flow measures is at odds with country experience and recent research that such use can, in certain circumstances, be helpful to address financial stability concerns and to provide more space for macroeconomic policy. The IV could also pay more attention to the use of capital flow measures for social objectives, such as housing affordability, and to the distributional impact of capital account liberalization.

The report made concrete recommendations on how to refresh the Fund's Institutional View to align the IMF's advice on capital flows to recent country experience and research and on other steps to raise the Fund's capacity to provide timely and well-tailored advice.

NBC VIEW: The NBC welcomed the IEO's evaluation and found many of the observations and conclusions important and deserving of further analysis, specifically regarding the cases where the IV may have been too narrowly interpreted. However, the NBC was not convinced of the necessity of significant changes to the IV, which it found to be a good and flexible framework that has generally served the membership well. Furthermore, the NBC emphasized that any potential changes to the IV need to be carefully prepared and built on analysis of empirical evidence.

FURTHER READING: IEO Evaluation: IMF Advice on Capital Flows
Statement by the Managing Director on the Independent Evaluation Office Report on IMF Advice on Capital Flows

6.2 IMF Collaboration with the World Bank on Macro-Structural Issues

CONTEXT: In November 2020, the IEO Evaluation *Working with Partners: IMF Collaboration with the World Bank on Macro-Structural Issues* was released. The evaluation assessed the IMF's collaboration with the World Bank as the Fund worked to raise the quality and influence of its work on issues such as equality, gender, energy/climate, and macro-structural reforms following the Global Financial Crisis.

The IEO report found that IMF collaboration with the World Bank on macro-structural issues has been broad but uneven. While informal consultations were widespread, the initial aspirations that the Fund would be able to systematically leverage Bank expertise proved over-optimistic, and there were relatively few examples of in-depth collaboration. This reflected in part the decentralized approach adopted in the pilots, and the IMF staff's tendency toward self-reliance, as well as the institutional complexities of working with the Bank.

The evaluation concluded that collaboration can bring significant benefits to the quality and influence of Fund work, but also poses challenges and is not a panacea for extending the IMF's ability to cover a widening range of issues. The report recommended four broad steps to foster more effective collaboration: developing tailored frameworks for collaboration in areas of key strategic importance; taking steps to improve information exchange between the institutions; strengthening incentives for engagement with the Bank and other partners; and increasing the Executive Board's role.

NBC VIEW: The NBC broadly agreed with the IEO's main message that collaboration has been broad, but uneven, and that consistent benefits from collaboration have so far been elusive. The NBC saw the highest potential pay-off from increased collaboration between the Fund and the Bank to come from coordinating country-level work and policy advice, as well as through specific themes that are relevant for the mandates of both institutions. Finally, the NBC strongly agreed that the Fund should adopt a more strategic approach to collaboration with the Bank and with other potential partners.

FURTHER READING: Working with Partners: IMF Collaboration with the World Bank on Macro-Structural Issues
Statement by the Managing Director on the Independent Evaluation Office Report on IMF Collaboration with the World Bank on Macro-Structural Issues

ABOUT

THE IMF's EXECUTIVE BOARD

The International Monetary Fund (IMF) has 190 member countries. Its highest decision-making body is the Board of Governors where all countries are represented. The Board of Governors approves only a few of the Fund's major decisions and has delegated the rest of its decision-making powers to the IMF's Executive Board where all countries are represented by 24 Executive Directors. Some of the Executive Board's 24 chairs are single-country chairs, whereas the majority of the chairs represent multi-country constituencies. The task of the Executive Board is to conduct the daily business of the IMF in all aspects of its work, including surveillance, lending, and capacity development. The Board normally takes decisions based on consensus, but in some cases formal votes are cast. Each member country's voting power is determined predominantly by its quota, and the quota in turn is calculated to reflect member countries' relative position in the world economy.

THE OFFICE OF THE NORDIC-BALTIC CONSTITUENCY

The Nordic-Baltic Constituency (NBC) comprises Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden. The Office of the Nordic Baltic Constituency (ONBC) presents the views of our member countries in the Executive Board in close coordination with the national authorities. The office also regularly meets with representatives from the member countries' administrations or private delegations. All positions in the office rotate between the eight member countries according to an agreed schedule and all countries are represented at all times. As of December 2020, our staff included:

Mika Pösö	Executive Director, Finland
Jon Sigurgeirsson	Alternate Executive Director, Iceland
Åsa Ekelund	Senior Advisor, Sweden
Jannick Damgaard	Senior Advisor, Denmark
Snorre Evjen	Advisor, Norway
Nils Vaikla	Advisor, Estonia
Ieva Skrīvere	Advisor, Latvia
Marijus Bernatavičius	Advisor, Lithuania
Maria P. Marin	Administrative Assistant
Tammy Timko	Administrative Assistant

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