

**Statement by the Managing Director  
on the Work Program of the Executive Board  
Executive Board Meeting  
November 20, 2018**

*This Work Program (WP) translates the strategic directions and policy priorities laid out in the Fall 2018 Global Policy Agenda and the International Monetary and Financial Committee Communiqué into an Executive Board agenda for the next twelve months. Its main policy priorities and deliverables are as follows:*

- **Advise member countries to rebuild buffers, enhance resilience, and advance structural reforms for the benefit of all to respond to mounting vulnerabilities.** The Spring 2019 *World Economic Outlook (WEO)* will analyze the macroeconomic implications of increased corporate market power. The *Global Financial Stability Report (GFSR)* will discuss global financial risks in light of tightening financial conditions, while the *Fiscal Monitor (FM)* will study how improved governance in fiscal frameworks and institutions can reduce corruption vulnerabilities and improve policy outcomes.
- **Promote cooperation to modernize the multilateral trade system and address other challenges that transcend borders.** The spillover chapter of the Spring 2019 *WEO* will examine the determinants of trade imbalances and spillovers from different trade policies. Building on the "Bali Fintech Agenda," staff will provide a stock-take of fintech developments and study the implications for cross-border flows, financial integrity, and global monetary and financial stability in *Fintech: The Experience So Far*. To support Japan's G-20 Presidency, staff will prepare a note on *Macroeconomic and Fiscal Implications of Aging*.
- **Adapt the Fund's policy toolkits to further enhance its surveillance, lending, and capacity development.** Scoping notes for the *Surveillance Review* and the *Financial Sector Assessment Program (FSAP) Review* will establish priorities. The *Review of Conditionality and the Design of Fund Supported Programs* will assess the effectiveness of Fund program design and conditionality. Building on an earlier paper, the *Review of Facilities for Low-Income Countries-Reform Proposals* will offer proposals on adjusting these facilities to better meet evolving membership needs. The Fund will implement a multipronged approach to enhance debt transparency and sustainable financing practices. Staff will also strengthen debt sustainability analysis by reviewing the *Debt Sustainability Framework for Market Access Countries* and the Fund's *Debt Limits Policy*. The *Revised IMF Policies and Practices on Capacity Development* will reflect on suggestions made in recent discussions.
- **Improve governance of the Fund and modernize its operations.** Work on the *15<sup>th</sup> General Review of Quotas* will continue with a view to completing it by the Spring Meetings, and no later than the Annual Meetings, of 2019. The Board will receive a briefing on *Modernizing HR Policies and Practices: A Progress Report on Key Initiatives* and continue the discussions on the *Comprehensive Compensation and Benefits Review*.

## I. Key Priorities of the Fall 2018 Work Program

### Policy Advice and Economic Analysis

**Address mounting vulnerabilities by using the expansion to rebuild buffers, enhance resilience, and advance structural reforms to boost inclusive growth.**

### Multilateral Surveillance

The Flagship reports will be jointly discussed ahead of the 2019 Spring and Annual Meetings. The Spring 2019 **WEO** will analyze the implications of corporate market power for the macroeconomy and policy. The **GFSR** will assess global financial stability risks in the context of tightening financial conditions and high medium-term vulnerabilities. The **FM** will study how improved governance in fiscal frameworks and institutions can reduce corruption vulnerabilities and improve policy outcomes. **Regional Economic Briefings** will provide further in-depth analyses and policy recommendations. The **2019 External Sector Report** (July 2019) will present a multilaterally-consistent assessment of the largest economies' external positions using the refined External Balance Assessment (EBA) methodology and discuss policies to address external imbalances in a growth-friendly manner. The Board will be engaged on the **Early Warning Exercise** in March and October 2019. The report on **Macroeconomic Developments and Prospects in Low-Income Developing Countries (LIDC)—2019** will be presented in September 2019. The presentation on **Current Policy Issues: Housing Market Developments and Related Policy Challenges** will update on housing market risks across advanced, emerging, and developing economies, discuss main drivers, and outline policy considerations (February 2019).

### Macroeconomic Policy

Staff is starting to work on an integrated policy framework, looking at the interactions between monetary policy, foreign exchange intervention, macroprudential policies, and capital flow management measures. The Board will consider this integrated approach at a date to be included in the next WP.

The Fund will continue to contribute to international tax issues and domestic resource mobilization, including by applying the experience with medium-term revenue strategies. The Board meeting on **Corporate Taxation in the Global Economy** (February 2019) will build on last February's engagement on international taxation in a digitalized world. There also will be an **Update on the Work of the Platform for Collaboration on Tax** (March 2019).

### Structural Policies

The Board will discuss **IMF's Engagement on Social Spending: A Strategic Framework** (January and May 2019), which will develop a conceptual and operational framework to guide when and how the Fund should engage on social spending issues with member countries. Staff will update the Board on progress made in various digital work streams at the briefing on **Fund Work on the Digital Economy—Update** (February 2019). Work on climate change will continue with the discussion of **Fiscal Policies for Mitigation and Adaptation to Climate Change** (February 2019). **Building Resilience in Countries Vulnerable to Natural Disasters** (November 2018 and March 2019) will develop proposals on how the Fund, in collaboration with the World Bank and other institutions, can better help vulnerable countries to flesh out and implement a strategy to build greater resilience to cope with large-scale natural disasters, which are likely to become both more frequent and more severe over time. The Board will be briefed on **Designing Labor Market Institutions in Emerging and**

***Developing Economies: Evidence and IMF Advice*** in January 2019 and on the challenges related to ***Financial Services and Income Inequality*** in February 2019. The briefing on ***Political Economy of Structural Reforms*** (May 2019) will examine the influence of political costs on structural reforms in labor, product, trade and financial markets.

**Contributions to  
Global Stability**

**Enhance cooperation to modernize the multilateral trade system and address other challenges that transcend borders.**

**Trade**

The Board will receive a briefing on ***Key Developments in the Global Trade System*** in February 2019. More broadly, Fund work on trade will focus on informing members of the potential impact and spillovers of trade tensions, building a common understanding of the far-reaching consequences of trade policies in an interconnected world, and deepening collaboration with the G-20 Presidency and other international institutions to strengthen and modernize the open and rules-based multilateral trade system, including in new areas such as services and e-commerce (Box 1).

**Box 1. Trade**

Open trade has delivered significant benefits, but waning support for multilateralism and recent trade tensions are threatening these gains. To foster stability and shared prosperity, the Fund will support efforts to modernize the multilateral trading system, resolve tensions to promote open trade, and provide analytical works in collaboration with others.

- The G-20 Presidency and other international institutions have asked the Fund to undertake efforts to understand the impact to the global economy of trade tensions and to contribute to discussions about how to modernize the multilateral trading system. As in the past, modalities may involve a joint paper or conference.
- Following the joint conference on trade with the OECD, World Bank, and World Trade Organization in Bali, the IMF's Research Department Annual Jacques Polak Conference (November 1-2, 2018) focused on how domestic policies can have far-reaching international consequences in an increasingly interconnected world, and included, among others, studies on value-added linkages, and the macroeconomic consequences of trade policies.
- The Spring 2019 WEO will feature a spillover chapter on trade imbalances, including whether they reflect the increasing fragmentation of production across countries, trade and FDI policy distortions, or macroeconomic imbalances. It will also analyze spillover effects of different trade policies/practices.

## Financial Regulation

The Board was briefed on ***Casting Light on Central Bank Digital Currencies***, which discusses the motivations for central banks to create digital currencies, their possible features, and their relevance for monetary policy, financial stability and integrity. Staff will further investigate the implications of digital cross-border payments and keep the Board abreast as the work progresses. The Board will also be briefed on ***Latest Developments in Financial Regulation*** in September 2019. Building on the “Bali Fintech Agenda,” the Board will discuss ***Fintech: The Experience So Far*** (May 2019). The ***Review of the Fund’s Strategy on Anti-Money Laundering and Combating the Financing of Terrorism*** (November 2018) built on the Board engagement of last September, including against the backdrop of technological innovations and the continuing withdrawal of correspondent banking relationships.

## IFIs / Development

The Fund will continue to actively participate in international fora and cooperate with other International Financial Institutions (IFIs) to support countries’ efforts to achieve the SDGs. It will provide an assessment of its contributions to the SDGs in ***Progress Toward the IMF Commitment under the 2030 Development Agenda*** (March 2019). Staff will also brief the Board on the ***Implementation of the Management Implementation Plan for Countries in Fragile Situations*** by end-2019 as committed last September. A stock-take on the Fund’s work on illicit financial flows will be included in the next Work Program.

## International Fora

The Board also will be briefed on the G-20 note on the ***Macroeconomic and Fiscal Implications of Aging*** (February 2019), which will discuss the challenges posed by population aging and the international spillovers from differences in aging profiles across countries. As in the past, G-20 notes on ***Assessment of the G-20’s Growth Strategies*** (November 2018), the ***G-20 Report on Strong, Sustainable, Balanced, and Inclusive Growth*** (September 2019), and the ***G-20 Surveillance Note*** (June 2019) will be shared with the Board for information. The annual ***Progress Report on the G-20 Data Gaps Initiative*** (September 2019) will be shared with the Board for information.

### Box 2. Fund Work on Demographics

The world is undergoing significant demographics changes driven by declining fertility and increased longevity, albeit at varying paces across countries. The best policy response will differ based on the specific demographic shock and countries’ institutional settings and policy space. Given the Board’s interest in the topic, staff is working on building blocks to help member countries address challenges.

- For countries facing challenges from aging populations, staff is working on the ***G-20 Note on Macroeconomic and Fiscal Implications of Aging***. The note will study the different channels through which countries are impacted by aging, focusing on economic growth, savings and investment, productivity, current account dynamics, and financial systems, concluding with a menu of policy options. The note also reflects Board discussion on ***The Future of Savings: The Role of Pension System Design in an Aging World*** from last May; a briefing is scheduled for late February 2019.

- Some countries, particularly in Africa and Middle East, are encountering different demographic transitions. The focus for these countries will be on how to harness demographic dividends, analyze drivers and global implications, as well as assess fiscal costs of providing adequate social spending to support the enhancement of skills and productivity of youth in the face of rapid technological change. For instance, a ***Future of Work Conference***, to be held in Ghana in December 2018, will look into investing in education systems, physical and digital infrastructure, and deepening integration.

## Fund Policies

**Prepare for the future by adapting policy toolkits to enhance the Fund’s surveillance, lending and capacity development activities.**

### Surveillance

With the 2020 Comprehensive Surveillance Review approaching, the Board will be engaged on the ***Comprehensive Surveillance Review—Scoping Note*** and the ***FSAP Review—Scoping Note*** (both March 2019). The Board will also be engaged in March 2019 on ***Data Provision to the Fund—Developments and Emerging Issues including under Article VIII***, focusing on recent experience, emerging data needs, and the framework for data provision.

The ***Fiscal Transparency Code: Updated Framework*** will be issued in January 2019 and the ***Approach to the Review of the Monetary and Financial Transparency Code*** will be discussed in November 2019. The Board will discuss the Fund’s policy on ***Multiple Currency Practices*** and possible proposals over a series of meetings (November 2018 and January 2019). The Board will also be engaged on the ***Results from the Board Survey on Excessive Delays Framework in Article IV Consultations*** in March 2019.

### Lending

Building on previous Board engagements, the Board will discuss the ***Review of Conditionality and the Design of Fund-Supported Programs*** (February 2019), followed by the ***Review of Facilities for Low-Income Countries—Reform Proposals***, the ***Poverty Reduction and Growth Trust—Review of Interest Rate Structure***, and ***Update on the Financing of the Fund’s Concessional Assistance and Debt Relief to Low-Income Countries*** (all in March 2019). The Board will also discuss the biennial paper on the ***Eligibility to Use the Fund’s Facilities***, which will review the eligibility framework and the list of countries eligible for PRGT financing (May 2019). The paper on ***Misreporting Policies—Selected Issues*** (May 2019) will address cases where inadequate data submissions compromise the quality of Fund-supported programs.

### Debt

The Fund will continue the implementation of its multi-pronged approach with the World Bank to address high and rising debt vulnerabilities. The Board has been briefed on the overarching work streams in the ***A Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities*** this month. Building on the G-20 note on debt transparency of June 2018, the Fund will produce a joint note with the World Bank on the ***G-20 Operational Principles for Sustainable Financing: Creditor Practices*** (May 2019), which will identify policy options based on voluntary self-assessments by participating G-20 members. To strengthen debt sustainability analysis, the Board will be engaged on separate

occasions on the **Debt Sustainability Framework for Market Access Countries** (including in April 2019). The Board's engagement on the **Review of the Debt Limits Policy—Preliminary Considerations** will start in May 2019.

**Capacity  
Development**

The Fund will continue strengthening the effectiveness and accountability of its capacity development activities, including by better integrating technical assistance and training in Fund surveillance and lending. Building on the recent discussion on the **2018 Review of Capacity Development Strategy**, the Board will be briefed on **Results Based Management in Capacity Building** (February 2019) followed by the **Revised IMF Policies and Practices on Capacity Development** in June 2019.

**Governance and  
Internal  
Organization**

**Complete the 15<sup>th</sup> General Review of Quotas, leverage institutional experience, modernize Fund's operations and continue to adapt to members' needs.**

**Quota and  
Voice**

Against the backdrop of increasing downside risks to growth, work will continue with a view to completing the 15<sup>th</sup> General Review of Quotas by the Spring Meetings of 2019, and no later than the Annual Meetings of 2019, to maintain a strong, quota-based, and adequately resourced Fund at the center of the global financial safety net. Additional Board engagements will be scheduled as needed, and the Board will consider a **further Progress Report to the Board of Governors** in April 2019.

**IEO**

The Board will discuss the IEO evaluation on **IMF Financial Surveillance** (January 2019), which will be followed by its **Management Implementation Plan** (August 2019); and the Board will discuss the IEO evaluation on **IMF Advice on Unconventional Monetary Policies** (May 2019). The Board will also consider **Responses to the Third External Evaluation of the IEO**, including, among others, measures to enhance management's implementation of IEO recommendations in the coming months. On this basis, the Board will consider the 10<sup>th</sup> **Periodic Monitoring Report** (June 2019) that assesses management's progress in implementing previous IEO recommendations.

**Internal  
Organization**

The Fund continues its efforts to ensure an agile, diverse, and inclusive workforce. The Board will receive a briefing on **Modernizing HR Policies and Practices: A Progress Report on Key Initiatives** (December 2018), followed by the **2019 Review of Staff Compensation; Staff Recruitment and Retention Experience in CY2018** (March 2019). The Board will be engaged twice on the **Comprehensive Compensation and Benefits Review** (February, June 2019) before the formal discussion in October 2019. Following the recent recruitment of the Diversity Advisor, the Board will be briefed on the **2019 Diversity and Inclusion Report—An Interim Report** in May 2019, ahead of the formal discussion of the **2019 Diversity and Inclusion Report** in November 2019. At the request of several Directors, the **FY2020-FY2022 Medium-Term Budget** and the **Review of the Fund's Income Position for FY 2019 and FY 2020** will be discussed ahead of the Spring Meetings (following extensive early engagement). The formal meeting on the **Investment Account Review—Further Considerations** is scheduled for April 2019. An Update of the **IMF Communications Strategy** is scheduled for January 2019 followed by a briefing on the **Knowledge Management Strategy** in May 2019.