

July 21, 2023

**Statement by the Managing Director on the FY 2024 Work Program of the Executive Board
Executive Board Meeting
May 30, 2023**

The global economy faces weak growth prospects and persistent inflation, with the outlook marked by high uncertainty and elevated risks to macro-financial stability. Multiple shocks, including Russia's war in Ukraine, and growing fragmentation have deepened divisions within and across countries. Low-income economies continue to face food insecurity and increasing poverty, and emerging markets remain vulnerable to spillover risks from necessary tight policies in advanced economies. About 60 percent of low-income countries and 25 percent of emerging markets are in or near debt distress.

Policymakers thus face complex challenges. These include reducing inflation durably, safeguarding financial stability and fiscal sustainability, and bolstering medium-term growth prospects, while protecting vulnerable parts of their populations. At the same time, there is a need for international cooperation to support vulnerable countries with financial assistance and debt relief, tackle climate change, and invest in a more inclusive and digital future.

This Executive Board Work Program (BWP) for FY 2024 (May 2023 to April 2024) focuses on supporting the membership in responding to these challenges through prompt and tailored policy advice, financial assistance—buttressed by efforts to support debt restructuring processes—and capacity development.¹ It ensures that the Board can continue to closely monitor economic and financial developments and discuss macro policy responses. The BWP also provides opportunities to deliberate on key Fund policies and operations. Given continued high uncertainty, the BWP will need to remain flexible and adaptable to prioritize the membership's changing needs, while recognizing the Fund's constrained budget environment.

Policy advice. The Fund's tailored advice as part of bilateral surveillance and programs remains critical to support members' efforts to address ongoing economic challenges. Key policy priorities as well as analytical work on cross-cutting pressing issues will be covered in the flagships, regional reports, and Board briefings on country matters. Analytical work will include *Effective Monetary-Fiscal Interaction in a High-Inflation Environment*, *Interplay between Capital Flows, CFMs, and Crises*, as well as *Can Energy Subsidies Help Reduce Inflation*. In light of increased global financial stability risks, the Board will receive briefings on financial sector issues and an *Update on Financial Sector Regulatory Policies and Reform*. The Board will also review the Fund's AML/CFT Strategy. Given the weaker medium-term growth outlook, which calls for renewed impetus on structural reforms, the Board will be briefed on analytical work on *Market Reforms and Public Debt Sustainability in Emerging Market*

¹ The work program builds on guidance from the Managing Director's Global Policy Agenda ([Fall 2022](#) and [Spring 2023](#)) and the International Monetary and Financial Committee ([Fall 2022 Chair's Statement](#) and [Spring 2023 Chair's Statement](#)). The scope of this statement is policy and administrative work, and the Board is also expected to be heavily engaged in country work.

and Developing Economies, How Structural Reforms Can Ease Policy Trade-offs and Boost Sustainable Growth in EMDEs, and Green Innovation and Adoption: How Can Policies Accelerate Them and What Impact to Expect on Macroeconomic and Firm-Level Performance. Finally, the Board will review the report on *Macroeconomic Developments and Prospects in Low-Income Countries*, which will focus on strengthening social safety nets to alleviate the cost-of-living burden on the most vulnerable.

Fund policy and outputs. The Board will look at relevant Fund policies to ensure they remain relevant to support members' needs at the current conjuncture.

- **Surveillance.** The Board will be updated on the *Integrated Policy Framework Operationalization*, which guides members in implementing appropriate policies to manage capital flows and exchange rate volatility. More broadly, to support our surveillance function and increase its effectiveness and traction, the Board will discuss the *Policy for Addressing Excessive Delays of AIVs and Mandatory FSAs, Data Provision to the Fund for Surveillance Purposes*, and will be updated on progress with the *Transparency Policy Review* (to be concluded in FY24-25).²
- **Lending.** The BWP envisages considerable work on lending policies to ensure the Fund's ability to respond to members' financing needs in a shock-prone world.
 - To support countries with strong policies and institutions navigate ongoing uncertainty, the Board will consider the *Review of the Flexible Credit Line, Precautionary and Liquidity Line, and Short-Term Liquidity Line*.
 - Amid the continued global food insecurity crisis and persisting vulnerabilities, the Board will review the *Food Shock Window and Cumulative Access Limits under the RFI/RCF, Program Monitoring with Board Involvement in Staff Monitored Programs* and the *Policy Coordination Instrument*.
 - To ensure continued strong support to low-income countries, the Board will have an initial engagement (planned for April 2024) on the *Review of the Fund's Concessional Facilities and Financing* (expected to be concluded in FY25) and review the *Eligibility to Use the Fund's Facilities for Concessional Financing*.³ The Board will engage in discussions on a burden-shared medium-term strategy to preserve the self-sustainability of the PRGT, with preliminary technical work by staff on the full range of options available, including potential use of internal resources and illustrative examples of potential changes to the PRGT financing terms. As a first step, ahead of the 2023 Annual Meetings, staff will present initial technical work and analysis in the context of an update on the *Adequacy of PRGT and RST Resources*.
 - To support resilience and sustainability, staff will engage the Board on the *Interim Review of the RST* and *Adoption of Interest Rate Cap for the RST*, aiming to preserve low financing costs for the poorest members.

² The *Interim Surveillance Review* is expected to be discussed in FY 2025, allowing sufficient time since the Comprehensive Surveillance Review completion and the Surveillance Guidance Note issuance, and reflecting increasing work pressure.

³ If necessary, *Eligibility to Use the Fund's Facilities for Concessional Financing* could be rescheduled to FY25 to follow closely the *Review of the Fund's Concessional Facilities and Financing*, as has been done in the past.

- **Debt.** Given the urgency of dealing with debt vulnerabilities and improving debt restructuring processes, the Board will discuss *Reform Options to Promote the Fund's Capacity to Support Countries Undertaking Debt Restructurings*. There will also be a staff-chaired Q&A session on the Global Sovereign Debt Roundtable to update the Board on developments. As debt transparency is essential to manage debt risks and improve restructuring processes, the Board will review *Making Public Debt Public: Ongoing Initiatives and Reform Options*. The Board will also receive the G20 note on *Guidance on Collateral in Debt Financing*, taking stock of the recent practices and providing recommendations. Finally, to enhance the Fund's debt sustainability analysis toolkit, staff will engage the Board on the *Review of Debt Sustainability Framework for Low-Income Countries*, jointly with the World Bank.
- **Trade.** Given the criticality of trade issues amid risks of fragmentation and supply-chain disruptions, the Board will be provided with an update on *Trade Policies*.
- **Capacity development.** Amid strong demand for the Fund's capacity development, the Board will engage on *Capacity Development Priorities* for the medium term (FY 2025-27) and discuss the *2023 Review of the Fund's Capacity Development Strategy*, aiming to modernize its management, administration, and delivery. It will also discuss policy papers covering some capacity development areas, including *Building Statistical Capacity in FCS*.

Transformation and resilience. The Board will continue to discuss key issues in emerging macro-relevant workstreams, while leveraging collaboration with partners.⁴ Staff will update the Board on *Implementation Reports on Climate and the RST, Digital, Gender and Inclusion, and FCS Strategies*. The Board will also discuss the review of the *Climate Macroeconomic Assessment Program, the G20 Data Gaps Initiative Report*, which has an important focus on climate data, and *Fund Work on Green Finance*. And the Board will receive the *G20 Note on Joint IMF and FSB Guidance on Policies for Crypto Assets*, briefings on *Global Digital Cross-Border Payments Platforms* and on *Initial Guidance for the CBDC Handbook*. The Board will formally discuss *Digital Money and the International Monetary System*, with the aim to developing principles to reap benefits and mitigate risks from digital money by guiding policies and fostering global cooperation. Staff will also present to the Board analytical work on *Building Tax Capacity in Developing Countries* and *Transforming Public Finance Through Gov Tech*, discussing ways to improve state capacity and transform the role of government.

Institutional work. The Board will discuss relevant internal policies and operations aimed at strengthening resources and governance, enhancing modernization, and promoting diversity and inclusion:

- **GRA Resources and Fund governance.** To ensure the Fund can continue to fulfill its role at the center of the global financial safety net, staff will engage with the Board on the *Sixteenth General Review of Quotas*, which is due to be concluded by mid-December 2023; further engagements will be scheduled as needed.⁵

⁴ A review of *Bank-Fund Collaboration* is expected in FY25.

⁵ The renewal of the *New Arrangements to Borrow* is expected to be discussed in FY 2025.

- **SDR Allocation.** Following the historic SDR allocation in 2021, the Board will consider the *Ex-Post Report on the Use of SDRs* to assess how it has supported low-income countries and other vulnerable countries and its impact on members' policies, as well as SDR channeling and consistency with the principles of transparency and accountability.
- **Modernization, diversity, and institutional safeguards.** The Board will receive updates on *Key Transformation and Modernization Programs*, the implementation of the *Hybrid Work Model*, and the *Fund's Carbon Footprint and the Work of the Environmental Sustainability Council*. The *2022-2023 Diversity & Inclusion Report* will provide an update on progress toward meeting key diversity and inclusion objectives, including actions taken since the last report and next steps. The Board will also receive an update on the *Institutional Safeguards Review* work.

Independent Evaluation Office. The Board will discuss the Management Implementation Plan (MIP) on the IEO evaluation of the *IMF's Emergency Response to the COVID-19 Pandemic*.

Response to Risks

Enterprise risks. Building on the omnibus policy paper on Enterprise Risk Management (ERM) Policy and related papers, the Board will engage on a paper assessing *Initial Experience with Pilot Implementation of the ERM Framework*, which will also cover the resource needs for the application of the Administrative ERM policy to all Fund operations. And the Board will discuss key enterprise risks and the status of risk treatment actions in the context of the *2023 Mid-Year Risk Report*, which will also preview progress on monitoring Risk Tolerance Levels and progress on further development of the Risk Tolerance Framework and associated Key Risk Indicators (KRIs).