

**Statement by the Managing Director  
on the Work Program of the Executive Board  
Executive Board Meeting  
November 20, 2017**

*This Work Program (WP) translates the strategic directions and policy priorities laid out in the Fall 2017 Global Policy Agenda (GPA) and the International Monetary and Financial Committee (IMFC) Communiqué into an Executive Board agenda for the next twelve months, with a focus on the next six months.*

*The Managing Director's GPA, fully supported by the IMFC, called on members to take advantage of the window of opportunity from the more favorable conjuncture to tackle key policy challenges by undertaking well-sequenced reforms to increase productivity, reduce policy uncertainty and future risks, and improve governance. Reforms should also aim to harness the benefits of technology and economic integration and ensure that their benefits are widely shared. Tackling challenges to the global economy continues to require cooperation and joint action across the membership.*

**The Work Program aims at:**

- i. Guiding the global policy dialogue**, including through discussions of the *GPA* and IMF flagship reports, with a focus on shifts in global manufacturing activity and employment, as well as global productivity spillovers (*World Economic Outlook (WEO)*), corporate credit allocation and financial stability (*Global Financial Stability Report (GFSR)*), and digitalization and fiscal policies (*Fiscal Monitor (FM)*), all in Spring 2018). The *External Sector Report (ESR)* will provide a multilaterally consistent and integrated assessment of the external sector positions and policies to address excess imbalances.
- ii. Supporting efforts to sustain the recovery, tackle and identify vulnerabilities, and raise prospects for sustained growth**, in addition to the flagship work/reports, through an *Update of Fund Work on Macro-Structural Issues* and a discussion on *Assessing Fiscal Space—An Update and Stocktaking*. The *Interim Surveillance Review (ISR)* will assess progress made in strengthening surveillance and help shape the next Comprehensive Surveillance Review scheduled for 2019. The Board will have various opportunities to discuss issues relevant to low-income countries, including the *2018 Review of Facilities for Low-Income Countries*.
- iii. Assisting members in harnessing the benefits of technological progress and integration for all** by analyzing *Measurement in a Digital Economy, Digitalization and International Taxation, Fintech and Financial Services—The Road Ahead*, and the *Future of Work*.
- iv. Promoting trust, resilience, and cooperation on shared challenges** by completing the *Update of the Role of the Fund in Governance Issues* and the *Review of Fund Policies on Multiple Currency Practices*. The Board will also hold discussions on how to further strengthen the global financial safety net (GFSN), including through the *Review of FCL/PLL*, and *Considerations on the Role of the SDR*. As part of the workplan for completing the 15<sup>th</sup> Quota Review, the Board will consider *Fifteenth General Review of Quotas—Further Considerations*.

**I. Key Priorities of the Fall 2017 Work Program**

## Guide the Global Policy Dialogue

### Global Policy Agenda

The *GPA*, discussed ahead of the Spring and Annual Meetings, will continue to facilitate engagement with the IMFC, benefiting from early Board feedback.

### Global, regional, and other economic developments

The flagship reports—covering the current conjuncture, the outlook, risks, and trends in financial stability and public finance—will be discussed in March and September 2018 (ahead of the Spring and Annual Meetings) in joint Board sessions on the *WEO*, *GFSR*, and *FM*. For Spring 2018, the *WEO* will analyze shifts in global manufacturing activity—including employment, output, and spending patterns across countries—and appropriate policy responses; and study productivity and technology spillovers across countries and their drivers. The *GFSR* will consider the interlinkages of corporate credit allocation and financial stability by analyzing the quality and evolution of corporate credit issuance in relation to macroeconomic and financial variables. The *FM* will explore how digitalization can make fiscal policies more efficient and equitable, including by looking at new policy designs and how fiscal policy can mitigate the disruptions generated by new technology. Presentations of flagships will be complemented by the *World Economic and Market Developments (WEMD) Updates* in January and July 2018.

Following the Board engagement on *Reviewing the External Assessment Methodologies* in February 2018 (with additional interaction as needed), the Board will consider the annual *ESR* in July 2018, which presents a multilaterally consistent assessment of the largest economies' external sector positions and policies, integrating analysis from the Fund's bilateral and multilateral surveillance. The Board briefing on the *Review of EBA-Lite Methodology*, covering a broader set of countries, is scheduled for March 2018.

The Board will discuss in February 2018 the report on *Macroeconomic Developments and Prospects in Low-Income Developing Countries*, which reviews recent economic developments and the outlook in LIDCs, and provides an analysis of the evolution of public debt and associated risks. The Board will be briefed on *Emerging Markets—Developments and Prospects* in April and September 2018. Area departments will continue to brief the Board regularly on regional developments and key issues.

### Balance of risks

In the *Early Warning Exercise*, the Board will discuss low-probability high-impact risks to the global economy and policies to mitigate them, ahead of the Spring and Annual Meetings (April and September 2018).

## Support Efforts to Sustain the Recovery and Raise Prospects for Sustained Growth

### Support efforts to sustain the recovery

Sustaining the recovery calls for adjusting policies in line with the evolving macroeconomic environment and countries' varying cyclical positions. To help the membership calibrate the policy mix, the Fund will continue to assist in identifying fiscal space and designing growth-friendly fiscal policies. To this end, the Board will discuss *Assessing Fiscal Space—An Update and Stocktaking* in March 2018, which builds on the experience from 39 country pilot cases.

Effective surveillance is essential for good policy advice. The Board will discuss the *Interim Surveillance Review (ISR)* in March 2018, following an informal engagement in December 2017. The *ISR* will provide an assessment of the implementation of priorities that emerged from the Managing Director's Action Plan (following the 2014 Triennial Surveillance Review), identify emerging pressure points, and help shape the next comprehensive review. The Board will also discuss *Strengthening Data Provision under Article VIII Section 5* (May 2018) to ensure that all members provide adequate information to the Fund. In addition, the Board will discuss the *Overarching Data and Statistics Strategy* (February 2018) that develops a new vision for the work of the Fund on data and statistics.

The Fund will continue to help its members identify and address vulnerabilities. The Board gave its endorsement in March 2017 to progressively include macro-financial analysis in surveillance across the membership; accordingly, the coverage of the pilot will be extended from 67 countries in 2016 to 128 in 2017. Starting from 2018, the pilots will conclude and analysis will be incorporated into surveillance where relevant. The Board will also receive for information in September 2018 the *Third IMF/FSB Progress Report of the Second Phase of the G-20 Data Gaps Initiative*, which helps improve the monitoring of financial sector risks.

### Assist in raising prospects for sustained growth

Proper identification of structural gaps and well-sequenced reforms are essential to boost productivity, investment, and growth. To this end, a toolkit for macro-structural analysis is being piloted in 32 countries. The Board will be briefed on the pilots and the way forward in *Update of Fund Work on Macro-Structural Issues* in February 2018. Also, in October 2018, the Board will receive for information the *G-20 Report on Strong, Sustainable, and Balanced Growth* which offers diagnostics and policy recommendations.

Public investment can spur economic growth, but its efficiency hinges on the institutional setting and how it is managed. As a part of the Infrastructure Policy Support Initiative, the Public Investment Management Assessment

(PIMA) tool can be used to help countries increase the efficiency of public investment. The April 2018 *Update of the Public Investment Management Assessment (PIMA)* will inform the Board on how public investment management practices have been evaluated in 30 countries (emerging, developing and advanced economies) and propose revisions to the framework. The Fund will also continue to support the G-20 Compact with Africa Initiative; the Board will be informed on an as-needed basis.

**Support low-income countries (LICs) and small states**

The Fund will continue to support the 2030 Development Agenda by integrating deliverables into its work. For instance, the Fund will continue to support revenue mobilization in LICs; so far there have been 27 pilot countries, with an additional 19 underway. Following engagement in November 2017, the Board will discuss the *2018 Review of Facilities for LICs* (March 2018) that takes stock of recent experience with the LIC facilities and establishes whether there is a case for modifications, including those used to support countries hit by severe natural disasters, and examine the case for adjustments to the various facilities. In October 2018, the Board will consider the *2018 Review of Facilities for LICs—Follow up*, which may propose modifications.

Following the Board's endorsement in April 2014, new PRGT resources have been mobilized to sustain the Fund's concessional lending to LICs over the medium term. To accommodate the better-than-expected resource mobilization, the Board will consider *Modifying the PRGT's Cumulative Borrowing Limit* (December 2017) to allow the use of additional resources. In April 2018, the Board will receive the annual *Update on the Financing of the Fund's Concessional Assistance and Debt Relief to LICs*, presenting recent developments in LIC facilities, including an update on the adequacy of PRGT resources.

Following the Board meetings on *Social Safeguards and Program Design in PRGT and PSI-Supported Programs* and *Large Natural Disasters—Enhancing the Financial Safety Net for Developing Countries* (both May 2017), the *2017 LICs Handbook Updates* (November 2017), the *2017 Guidance Note on Engagement with Small Developing States* (December 2017), and the *2017 Guidance Note on Social Safeguards* (March 2018) will be issued to the Board for information.

**Enhance capacity development**

Efforts will continue to enhance Board engagement on capacity development (CD) issues, including through *Staff Briefings by all CD Departments* (over the period November 2017 to May 2018). Following these briefings, the Board will consider the *2018 Quinquennial Review of the Fund's Capacity*

*Development Strategy* in September 2018, after an engagement on the *2018 Quinquennial Review of the Fund's Capacity Development Strategy—Preliminary Findings and Recommendations* in June 2018.

## **Assist members to broaden the benefits from technological progress and integration**

### **Analyze the impact of technological progress and integration...**

The Fund, in collaboration with other institutions, will analyze the macroeconomic and fiscal implications of technological progress and digitalization, to help members achieve inclusive growth. This WP includes various work streams, which are expected to lead to a comprehensive work plan on digitalization over the next years (Box 1). Following a June 2017 briefing, the Board will discuss *Measurement in a Digital Economy* in February 2018 focusing on the role of the digital economy in explaining the global productivity slowdown; staff is planning to work on the informal sector to leverage on the digital economy to make the sector more visible. The Board will receive for information in March 2018 the *Future of Work—G-20 paper* that will discuss the impact of new technologies on employment, wages and inequality, as well as policy responses. Building on the 2017 Staff Discussion Note (SDN) *Fintech and Financial Services—Initial Consideration*, the Board will be briefed on *Fintech and Financial Services: The Road Ahead* in September 2018. Staff is also exploring the implications of cyber risk, including on financial supervisory activities, and will inform the Board in due course. In addition to the work planned for the Spring 2018 *FM*, the Board will be engaged on *Digitalization and International Taxation* (March 2018), which takes stock of challenges and opportunities that digitalization poses for international corporate taxation.

### **... and promote inclusion**

The Board will be briefed on *Boosting Youth Labor Market Prospects in Emerging and Frontier Market Economies* in May 2018. Following an engagement on *Operationalizing Issues on Gender, Inequality, and Energy and Climate Change* in November 2017, the Board will be briefed on *Inequality and Poverty Across Generations in Europe* (January 2018). In March 2018, the Board will be briefed on the *Role of Gender in Enhancing Financial Resilience*, which analyzes the interplay between gender and financial resilience and *Financial Services and Income Inequality*, which examines the relationship between financial inclusion, financial stability, and income inequality. Inequality issues have been operationalized in 30 pilot countries, and 16 to be launched. There have been 27 pilots on gender issues, with one in progress and 12 to be launched. The Board will also discuss *Fiscal Policies for Mitigation and Adaptation to Climate Change* (October 2018).

Climate change issues have been operationalized in 24 pilot countries with another 3 ongoing.

### Box 1. Fund's Work on Digitalization

The Fund has already made important analytical contributions in the area of digitalization, including through SDNs on: (i) *Virtual Currencies and Beyond: Initial Considerations*; (ii) *Fintech and Financial Services: Initial Considerations*; (iii) *Big Data: Potential, Challenges and Statistical Implications*; and (iv) *Gone with the Headwinds: Global Productivity*. The flagship reports have also looked at issues related to technological progress, including analysis in the Fall 2017 *FM* on inequality, the April 2017 *WEO* on labor income shares, and the October 2017 *WEO* on wage dynamics.

Staff is working on a strategy to assess the global economic implications of rapid digitalization in finance and the real economy. The strategy will aim to draw implications for the Fund's work and the steps needed to fulfil its mandate by:

- Defining the key challenges from digitalization and objectives for the Fund;
- Identifying areas where policy advice needs to be developed;
- Taking stock of the Fund's existing work on issues related to digitalization, realizing synergies, and agreeing on the direction of analytical work; and
- Identifying analytical tools and methods for examining the implications of digitalization.

This WP outlines further deliverables but, given the complexity and interconnectedness of the issues as well as the wide array of possible implications for the Fund, developing a comprehensive strategy for work on digitalization will take some time. Staff will engage with the Board on the broader strategy in due course.

## Support policies that can bolster trust and resilience

### Help to strengthen policy frameworks

The Fund will continue to assist members bolster trust and resilience by strengthening their policy frameworks. Following a discussion in July 2017 and a Board engagement in January 2018, the Board will consider the *Update on the Role of the Fund in Governance Issues* in April 2018 to update and clarify Fund policies. A *Staff Operational Guidance Note on Governance Issues* will be issued for information in July 2018. The Board will also consider *Use of Third-Party Indicators in Fund Reports* in November 2017 ahead of the issuance of a *Guidance Note on Use of Third-Party Indicators in Fund Reports* (June 2018).

Following briefings in December 2017 and February 2018, the Board will consider *Review of Fund Policies on Multiple Currency Practices (MCP): Initial Considerations* (March 2018) that assesses developments in members' exchange and payment systems since the last review of the MCP Policy in

1981 and provides preliminary considerations for possible policy reforms in March 2018 ahead of the discussion of *Review of Fund Policies on Multiple Currency Practices: Proposed Decisions* in May 2018.

The Fund will assist members build resilience by improving fiscal frameworks. In March 2018, the Board will be briefed on *Second-Generation Fiscal Rules*, which will take stock of past experience with fiscal rules and review reforms of the past decade. A briefing on *Demographic Changes, Pension Systems and National Savings* is scheduled for March 2018. Following the 2017 *Review of the Low-Income Countries Debt Sustainability Framework (LICs DSF)*, the *Staff Guidance Note on the LICs DSF* will be circulated to the Board for information in December 2017. The Board will also be engaged in the *Review of the Market-Access Countries Debt Sustainability Framework (MAC DSF)* in May 2018 (the formal review of the performance of the framework and options for strengthening will be included in the next WP). Relatedly, timely involvement of debtors and creditors in orderly debt restructuring is critical for more orderly crisis resolution, and staff is continuing to assess how the Fund's policies can best support debtor-creditor engagement. Staff will also explore how to enhance the transparency of public debt reporting and will inform the Board in due course.

**Assist in enhancing financial surveillance**

To enhance financial integrity and financial sector resilience, the Fund will continue to assist members' efforts to strengthen regulatory and supervisory frameworks, particularly on AML/CFT, which will be discussed in the *Review of the Fund's AML/CFT Program* (June 2018). The Board will also consider *FSAP: A Review of the List of Systemically Important Financial Sectors* (April 2018) and discuss the *Assessable Standard on Islamic Banking* (May 2018), which will propose a methodology to assess compliance of Islamic Financing with the Islamic Financial Services Board (IFSB) Core Principles of Supervision. Following the 2017 work to help countries affected by the withdrawal of correspondent banking relationships, the Board will receive an *Update on Trends in Correspondent Banking Relationships* (April 2018), including on the implementation of solutions identified by staff. The Board will be briefed on staff analysis on the *Trade-offs in Bank Resolution* in January 2018, which provides a framework for considering the trade-offs involved in dealing with systemic bank failures.

Staff will help members safely harness the benefits of financial integration by offering enhanced communication on the Fund's Institutional View on capital flows and ensuring its effective and consistent implementation. To this end, the Board will discuss the *Update on the Work on the Role of Macprudential Policies to Guard Against Financial Risks and Increase*

*Resilience to Capital Flow Volatility* (March 2018; part of the workstream proposed for the G-20).

## Promote Cooperation Across Countries to Address Shared Challenges

### Facilitate multilateral solutions

The Fund, in collaboration with other institutions, will continue to advocate for an open and rule-based multilateral system that adjusts to emerging challenges and needs of an increasingly connected global economy. The Board will receive for information a paper jointly prepared with the WTO on *Reinvigorating Trade and Inclusive Growth* (April 2018).

The Fund will continue to advocate for completing the financial regulatory reform agenda and the Board will be briefed on the *Latest Developments in Financial Regulatory Reforms* in November 2017 and July 2018. Staff will also produce a paper on *Corporate Taxation in the Global Economy*, which will be discussed in December 2018 and included in the Spring WP.

### Further strengthen the GFSN with an adequately resourced Fund at its center

The Fund will continue to strengthen the International Monetary System (IMS), underpinned by a strong, reliable, and coherent global financial safety net (GFSN). The Board will consider *Program Design in Currency Unions*, which provides guidance to staff on program design with members of currency unions in February 2018. It will discuss the *Adequacy of the Global Financial Safety Net—Review of the Flexible Credit Line and Precautionary and Liquidity Line, and Proposals for Toolkit Reform—Revised Proposals* in December 2017. To ensure that Fund-supported programs achieve desired goals and are tailored to members' needs, the Board will consider the *Review of Conditionality and the Design of Fund-Supported Programs* in November 2018 to be included in the Spring 2018 WP. The provision of accurate and timely information by members is critical for economic assessment and program design; with that goal, the *Misreporting Policies—Selected Issues* (April 2018) will update the Board on specific aspects of the implementation of the Fund's misreporting policies including in the context of non-disbursing instruments and precautionary arrangements. In March 2018, the Board will discuss how the Special Drawing Rights (SDR) can contribute to smoothing the functioning of the IMS in *Considerations on the Role of the SDR*.

The Fund needs to remain strong, quota-based, and appropriately sized to fulfill its role at the center of the GFSN, to help countries smooth adjustment through lending. The Board will continue to work on the 15<sup>th</sup> General Review of Quotas. The Committee of the Whole will consider *Fifteenth General Review of Quotas—Further Considerations* (February 2018) that further discusses the adequacy of Fund resources and analyzes possible options for quota increases and their distribution, and a new quota formula, with further



work to be determined. There also will be discussions of reports to the Board of Governors on *Progress on the Fifteenth General Review of Quotas* in April and October 2018. In addition, the Committee will consider the paper on *Quotas—Data Update* (July 2018), which updates the quota database with 2016 data.

## **Maintain an Agile, Integrated, and Member-focused Fund**

### **Managing the budget and internal risks...**

Providing agile, integrated and member-focused support to the membership requires adequate financial, human and technological resources. Following informal sessions (December 2017 and March 2018), the Board will deliberate on the *FY2019–FY2021 Medium-Term Budget* after the 2018 Spring Meetings in April, as well as *The Fund's Income Position for FY2018 and FY2019–20*. Earlier in 2018, the Board will discuss the *Review of the Rules and Regulations of the Investment Account* (January 2018) and the *Review of Adequacy of the Fund's Precautionary Balances* (February 2018). To ensure that the Fund's strategy remains aligned with identified risks, the Board will discuss the *2017 Risk Report* (November 2017) and the *2018 Spring Update of the Risk Report* (May 2018). In addition to quarterly progress reports, the Board will receive an *Update on the HQ1 Renewal Project* in January 2018.

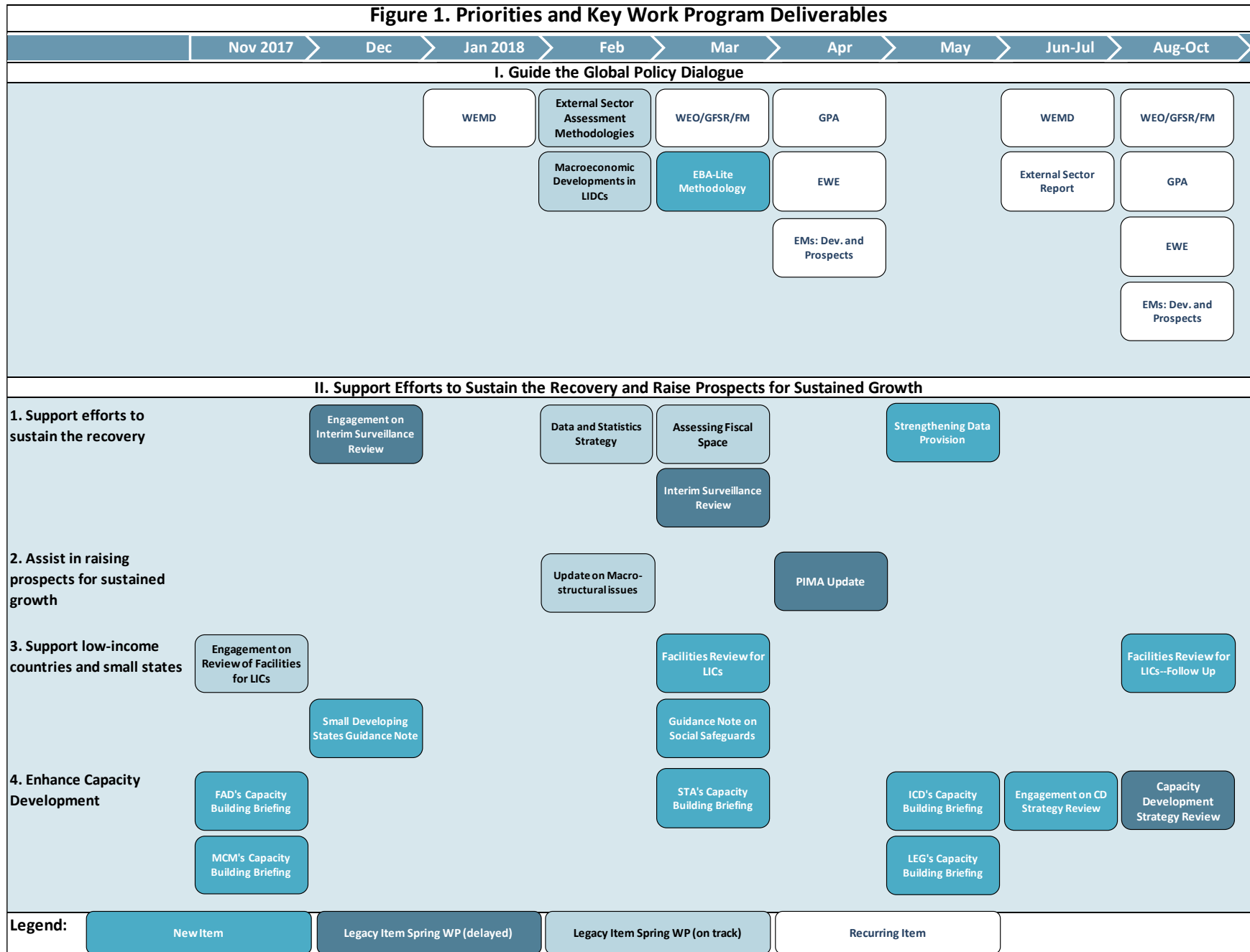
### **...while keeping the Fund strong.**

The Fund will continue to strengthen its leadership capacity and to ensure that its workforce is well positioned to address the changing needs of the membership. The Board will be briefed on *HR Strategy Update*, as well as internal controls related to HR activities. In addition, the Board will receive a *Technical Briefing on the Compensation System* (December 2017) and a *Staff Briefing on the Scope of the Compensation and Benefit Reviews* (February 2018), ahead of the *2018 Review of Staff Compensation; Staff Recruitment and Retention Experience in CY2017* (April 2018), which includes a full review of comparator market salaries. In February 2018, the Board will receive a *Briefing on the Knowledge Management Strategy*. Work will continue on meeting the diversity benchmarks and progress will be assessed in the *Diversity and Inclusion Report* by end-2018. In January 2018, the *Update of the IMF Communications Strategy* will be presented.

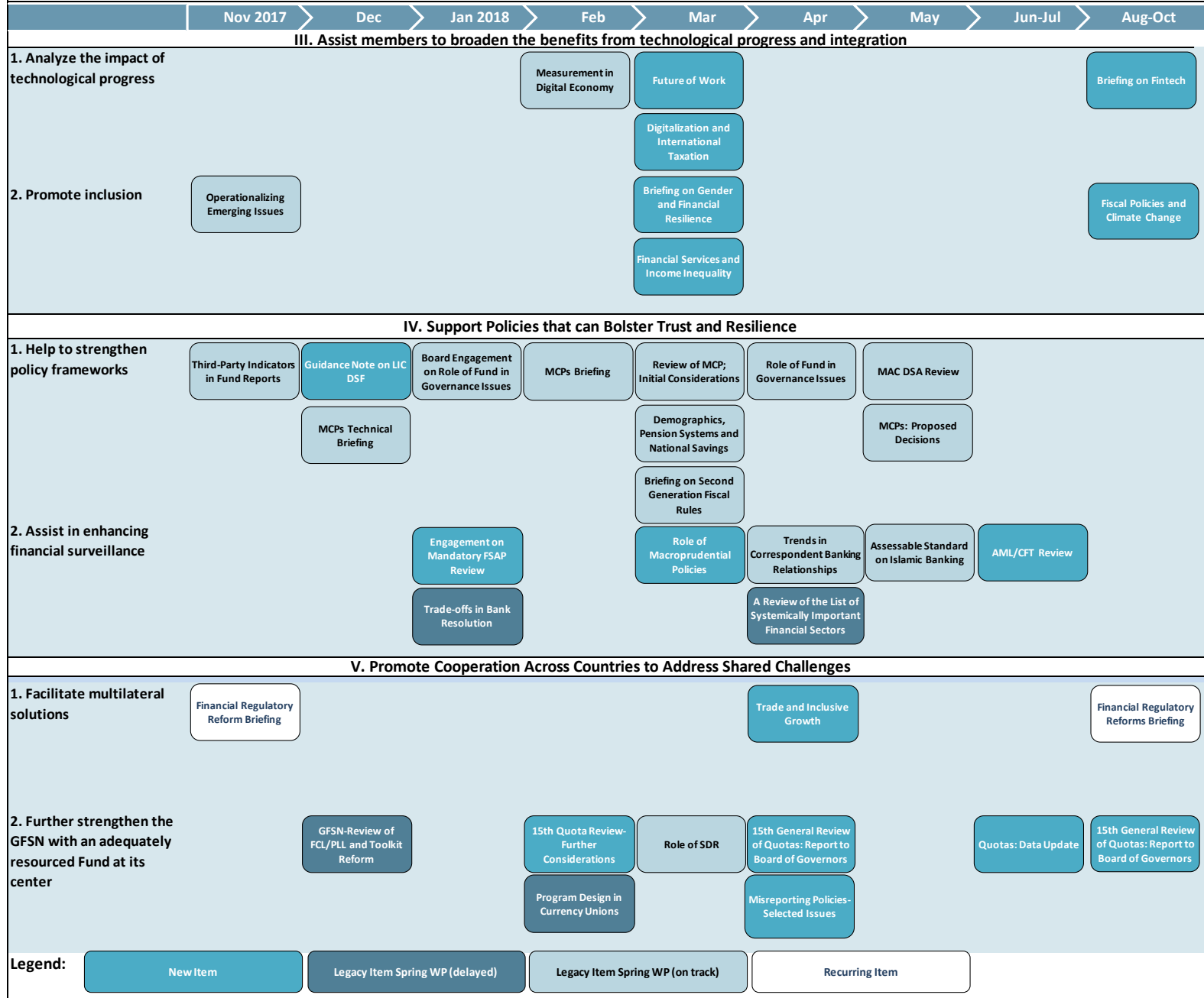
Independent Evaluation Office (IEO) oversight will continue to keep the Fund accountable and enhance its learning culture. The Board will discuss in March 2018 the *IEO Evaluation: The IMF and Fragile States*, followed by the preparation of the *Management Implementation Plan* in July 2018. The *Management Implementation Plan* for the *IEO Evaluation: The IMF and Social Protection* is planned for January 2018. The Board will consider in July 2018 the *Third External Evaluation of the Independent Evaluation Office*.

This will be followed in September 2018 by the *IEO Evaluation: IMF Financial Surveillance*.

**Figure 1. Priorities and Key Work Program Deliverables**



**Figure 1. Priorities and Key Work Program Deliverables (continued)**



**Figure 1. Priorities and Key Work Program Deliverables (concluded)**

