

THE MANAGING DIRECTOR'S

GLOBAL
POLICY
AGENDA
2026

Spring Meetings

MANAGING SHOCKS AND TRANSFORMATIONS

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The world faces the spillovers of a new war. In addition to the human toll, the economic effects of the war in the Middle East are global, and will once again hit the poorest and most vulnerable countries the hardest. This comes at a time when policy space has eroded and international cooperation is weaker. The appropriate policy response depends on how the shock propagates through the domestic economy, calling for pragmatism and agility, backed by credible policy frameworks. The IMF stands ready to deploy all its tools to assist the membership. We will support good policymaking—advising also that this new test must not derail essential medium-term priorities—and provide balance of payments financing where needed.

THE NEW SHOCK AND THE TESTS TO COME

The global economy, having shown resilience in the face of high uncertainty and repeated shocks, including from ongoing wars and conflicts, confronts a major new test. The severity of the economic impact of the war in the Middle East will depend on its duration, intensity, and spread. It is already clear from the infrastructure damage and transport disruptions thus far that the war poses a serious threat to the global economy. Fuel and fertilizer prices could remain high for a prolonged period, and shortages of key inputs could have implications for energy, food security, and other industries. The war has also triggered other spillovers, such as forcibly displaced people and reduced travel and tourism. Policymakers are left with multiple scenarios for where the world could be a few months from now.

At the same time, profound transformations in technology, demographics, and the environment continue creating complex challenges but also opportunities. Artificial Intelligence (AI) offers potential for creative destruction to lift productivity, income, and wealth, but the speed of change may also be disruptive and cause sectoral dislocations. Demographic shifts will further reshape the world's labor markets. And as environmental degradation continues, so too does climate change, demanding more efforts for technical solutions and investments in resilience.

Globally, the new shock is propagating through three channels. First, immediate supply constraints will push output down and prices up. Second, higher headline inflation, driven by effects that could stretch far beyond energy and food, can raise inflation expectations. And third, financial conditions can tighten with implications for financing costs. With higher interest rates, a prolonged period of global energy insecurity could put a further damper on economic activity. Eventually, these effects are likely to dissipate as supply responses kick in, but economic and financial impacts can still be substantial, especially in the near term.

Some countries will suffer more than others, with the poorest and most vulnerable particularly exposed. One obvious distinction is between energy importers and exporters, although all people will feel the effects of higher global energy prices. Having or not having significant fuel reserves is also relevant in the very near term. Another distinguishing factor is between countries with significant fiscal space and without. Yet another is between those that enjoy strong external buffers and policy credibility and those that do not. Some commodity exporters will see windfall gains, while importers will face a loss in output. In an interconnected world of recurring and often asymmetric shocks, fortunes could be reversed. Cooperation is critical.





POLICY PRIORITIES FOR TODAY AND TOMORROW

In a world where uncertainty is unusually high and shocks keep coming, fundamentals matter and policy agility is key. Countries that pair financial strength with credible policy frameworks, strong institutions, vibrant private sectors, and agile policymaking enjoy more resilience to shocks, and are better able to promote economic growth and job creation.

- *The IMF is closely monitoring and assessing developments at the country, regional, and global levels; running scenarios and sharing its findings with the membership to inform good and agile policymaking. We have engaged partners and stakeholders in the Middle East and other regions to share assessments and identify policy priorities. In addition, we have activated a coordination group involving the Fund, World Bank, and the International Energy Agency to monitor developments, align analysis, and coordinate support.*

Policymakers face many difficult choices. How best to ensure price stability while protecting growth? When to transition from policy restraint to stimulus or vice versa? How to control risk while embracing innovation? How to secure fiscal strength while promoting jobs and social cohesion? There are no easy answers, but lessons from the past guide us to the importance of central bank independence, fiscal rules, buffers, well-functioning markets, judicious regulation, and policy agility.

- *The Fund stands ready to act decisively and deploy all its tools in support of its membership. Informed by its global view, the IMF will advise members on policies tailored to their individual circumstances but also against distortive policies that create negative spillovers—such as price and export controls. We will help develop capacity, and provide financing where needed by fully utilizing our existing lending toolkit.*

Monetary and Financial Policy

Monetary policy must strike a balance. Central banks should remain vigilant and be prepared to act clearly and decisively in line with their mandates. They must guard against prolonged supply shocks destabilizing medium-to-long-term inflation expectations. Monetary policymakers should reserve the option to look through negative supply shocks—such as the current one—if the shock is transitory and monetary policy stance is already properly calibrated. Transparent communication and strong central bank independence are critical for credibility. Where an imminent risk of excessive or disorderly exchange rate movements emerges, temporary foreign exchange intervention and capital flow management measures may be warranted, provided they support appropriate monetary and fiscal policy stances.

- *The IMF's advice on monetary policy remains grounded in rigorous analysis of inflation dynamics, fiscal-monetary policy interactions, policy tradeoffs, and capital flows, including by mainstreaming the [Integrated Policy Framework](#). Our latest [World Economic Outlook](#) provides advice on coping with negative supply shocks, underscoring the importance of preserving price stability while reserving the right to look through transitory shocks if the current monetary stance is properly calibrated. The Fund remains a strong advocate for central bank independence.*

Financial sector policies, in turn, are the sentinels of stability.

Given elevated risks and uncertainty, strong banking supervision and regulation should be complemented by greater use of systemic risk monitoring and analysis as well as tighter reporting requirements on, and oversight of, non-bank financial intermediaries—especially where leverage, liquidity mismatches, or connections with banks have increased. Consideration may also need to be given to reinforcing capital and liquidity requirements at weak financial institutions, in line with internationally agreed standards.

- The IMF is conducting real-time monitoring of systemic risks across financial markets and assessing emerging macro-financial vulnerabilities. Our latest [Global Financial Stability Report](#) identifies key channels that could amplify financial market volatility and feedback loops between financial stress and economic activity that are harder to contain. The [Financial Sector Assessment Program \(FSAP\)](#) has expanded its coverage of nonbanks, crypto, and cyber risks.

Fiscal Policy

In most countries, fiscal space is more constrained than just a few years ago. A succession of shocks, combined with limited consolidation during brief periods of calm, has left public debt and debt-service burdens elevated and reduced the room for policy maneuver. In low-income countries, declining donor assistance is adding to the challenge.

Countries' fiscal responses to the new shock should be anchored in credible frameworks. As in the energy market turmoil of 2022, countries face political pressure to cushion price pass-through to households and firms. However, by muting the price signal, such measures will weaken the necessary demand response, leading to higher increases in global prices. Any fiscal support should be temporary, well-targeted, and narrowly focused. Countries with sufficient fiscal space should allow automatic stabilizers to operate. For others, budget neutral reprioritization to protect the most vulnerable households and firms through existing transfer systems is preferable to deficit-financed measures that could undermine market confidence. In all cases, it will be important to focus on the quality of spending and rebuild policy space once conditions allow, supported by credible medium-term fiscal frameworks. Fiscal actions should be carefully calibrated to avoid adding to inflationary pressures; overly expansionary fiscal stances risk prolonging price pressures, forcing tighter monetary policy and dampening economic activity.

- The IMF is helping its members assess fiscal risks and vulnerabilities and design credible fiscal plans, taking into account long-term adjustment needs. The latest [Fiscal Monitor](#) assesses spillover risks

from high public debt in major economies as well as fiscal risks associated with declining development aid. We are also advancing our work to help members design [resilient policy frameworks](#) and reforms to social protection systems and tax policies given AI.

Structural and Regulatory Policy

Higher medium-term growth is the rising tide that can lift all boats, and no country can afford to neglect it. Structural reforms enabling private sector-led investment and productivity enhancement are key, encompassing judiciousness in regulation. Objectives must include improving the business environment, modernizing labor markets, enhancing human capital, strengthening competition, and erecting new guardrails where needed, while also addressing governance weaknesses and corruption where applicable. Harnessing new technologies, including for energy security and the climate transition, offers a powerful pathway to economic security and growth.

AI and financial innovation create new growth opportunities but call for careful management. AI, in particular, can be a powerful engine for productivity growth. But it can also disrupt the labor market and widen income disparities within and across countries. Ensuring the benefits are shared will require international cooperation, including to help emerging market and low-income countries access the tools and infrastructure and attract foreign investment. Similarly, the rapid rise of digital finance, including stablecoins, has the potential to reshape cross-border capital flows, creating new opportunities, new risks, and new ramifications for the international monetary system. Robust regulatory frameworks and oversight, guided by internationally agreed norms, can help mitigate risks while sharing the benefits.

- The IMF is placing increased emphasis on reforms to lift potential growth. Our recent analytical work identifies steps to improve [labor market](#) efficiency and flexibility, better utilize [competition policy](#) to guard against excessive concentration and weakened skills diffusion across firms, and promote [skills enhancement](#), including to maximize effective use of AI. We also continue to help countries integrate climate risks in their macroeconomic frameworks.



- We are deepening our analysis of the macro impacts of AI and stablecoins. Our research finds that AI could materially boost global growth, but could also widen income disparities, with productivity gains skewed toward better prepared advanced economies. Our recent paper on [Understanding Stablecoins](#) provides a bird's-eye view of the benefits, risks, policy frameworks, and regulations in this area, and will be followed by a paper offering initial considerations on policies to mitigate risks. We are also collaborating with the Financial Action Task Force to help counter digital fraud and will put a spotlight on safe and inclusive digital finance during the forthcoming Annual Meetings in Thailand.



POLICIES FOR PRAGMATIC COOPERATION

International cooperation becomes even more important in a world of frequent shocks and major structural shifts. Collective action is critical for managing global shocks and spillovers. Multilateral approaches can help address common challenges—for example, preserving trade as an engine of growth, moderating excessive global imbalances, addressing debt fragilities, and tackling climate risks. Pragmatic cooperation delivers better results than go-it-alone policies.

- *The Fund offers a trusted platform to facilitate economic cooperation and pragmatic solutions to shared challenges. We will continue to work closely with other multilateral institutions, regional bodies, and other stakeholders in support of our membership.*

Addressing Excessive Global Imbalances

Appropriate policy action in major economies is a prerequisite to reducing excessive global imbalances. Persistent excess imbalances distort resource allocation, build risks, and fuel protectionist sentiment. A disorderly rebalancing would be costly, involving capital flow reversals, asset price corrections, and negative impacts on economic growth. An orderly rebalancing, in contrast, requires coordinated policies: to increase domestic demand in surplus economies, including through stronger private consumption and higher public infrastructure investment, and to increase saving in deficit countries, including by curbing fiscal deficits.

- *The IMF is strengthening its work on imbalances, with a focus on measurement, diagnostics, policy advice, and policy coordination. We are refining our [External Balance Assessment](#) model, while analyzing more deeply the role of trade and industrial policies in our recent paper on [Understanding Global Imbalances](#), which shows how simultaneous domestic policy adjustments in major economies can help narrow imbalances while lifting global growth. Our [Comprehensive Surveillance Review \(CSR\)](#) will include proposals to strengthen and better integrate external sector*

analysis in bilateral surveillance. Our [2026 External Sector Report](#) will update our assessment of external imbalances and propose corrective policy actions.

Supporting Low-Income and Fragile and Conflict-Affected Members, and Addressing High Debt

Concerted efforts are needed to enhance the resilience and growth potential of low-income countries and fragile and conflict-affected states. This includes supporting domestic reform efforts in building strong institutions that can help attract private financing and investment. With traditional donor assistance on a downward trend, scarce concessional resources should be targeted toward the poorest and most vulnerable countries. To support countries with excessive high debt and debt-service burdens, there is scope—building on progress in recent years—to further enhance predictability and speed of debt restructuring processes.

- *The IMF's recent [LIC \(low-income country\) Report](#) analyzed how LICs can better navigate the shifting financing landscape. We are implementing the [2024 Review of the Poverty Reduction and Growth Trust](#) to bolster the Fund's capacity to support low-income countries in addressing their balance of payment needs. We are also advancing the implementation of our [Strategy for Fragile and Conflict-Affected States](#) to better support our most vulnerable members, while tailoring our engagement with [Small Developing States](#) given the shock-prone environment.*
- *Our [Three-Pillar Approach](#), a joint initiative with the World Bank, seeks to help countries implement key reforms to promote growth and investment while addressing short-term financing constraints. We remain actively engaged in supporting individual restructuring cases, including under the Common Framework, and are advancing the work at the [Global Sovereign Debt Roundtable](#) to further improve restructuring processes.*

ADVANCING THE FUND'S MEDIUM-TERM DIRECTION

The medium-term direction set for the Fund in our Spring 2025 Global Policy Agenda remains highly relevant to support our members in a changing world.

- **Sharpening our surveillance.** The [CSR](#) aims to upgrade our surveillance toolkit so we can better support our members in a more uncertain and shock-prone world that is undergoing major transformations. This includes more tailored and granular policy advice, an enhanced focus on risk assessment and management, and more comprehensive analyses of external sector issues and spillovers. It outlines principles for prioritizing coverage of issues and analysis and makes proposals for process modernization to make surveillance more agile and responsive to our members' needs. The [Financial Sector Assessment Program \(FSAP\) Review](#) aims to ensure the Program remains strategic, has traction, and maintains a flexible and risk-based approach to prioritizing systemic topics, such as AI and climate, and jurisdictions. We are also enhancing our [Data and Macro-Framework Consistency](#) and taking stock in our [Interim Update on the Implementation of the Framework for Fund Engagement on Governance](#).
- **Addressing debt challenges.** Alongside our concerted efforts to address near-term debt pressures, we are finalizing the review of the joint [IMF-World Bank Debt Sustainability Framework for Low-Income Countries](#) to further improve the assessment and monitoring of debt vulnerabilities and inform borrowing and lending decisions. Our proposed [Public Debt Management Governance Framework](#) guidelines are designed to help policymakers strengthen governance and transparency in debt management operations. We are also updating our guidance for the use of our [Sovereign Risk and Debt Sustainability Framework for Market Access Countries](#).

- **Fortifying our lending toolkit.** Our ongoing [Review of Program Design and Conditionality](#) looks back at program performance to assess what worked well, and less well, to develop proposals that would enhance program effectiveness in an environment of greater uncertainty, more frequent shocks, and eroded policy space. Our forthcoming paper on [Monetary Policy Frameworks for Crisis and Near-Crisis Countries](#) seeks to further enhance our understanding of effective conditionality and program design issues related to monetary and exchange rate policy in Fund-supported programs.
- **Enhancing our capacity development (CD) work.** We continue to assess CD priorities and budgets to ensure alignment with the Fund's overall priorities, strategic direction, and needs of the membership by providing country-tailored CD that also reinforces the Fund's surveillance and lending. Building on the April 2024 [CD Strategy Review](#), we are strengthening our CD work by mitigating risks associated with external financing while enhancing the flexibility and diversity of funding resources. Further analysis is underway on the design and funding of a future [CD Stabilization Mechanism](#).
- **Keeping the IMF strong and agile.** Our membership continues to work toward the implementation of the 50 percent quota increase under the 16th General Review of Quotas, which will strengthen the Fund's capacity to respond to global crises. The adoption of the Diriyah Guiding Principles is a major step that will help guide discussions on quota and governance reforms, including under the 17th General Review of Quotas. We continue to enhance our enterprise risk management and advance our streamlining exercise to maximize the impact of our resources and remain nimble in our operation. The IMF is committed to leadership among multilateral institutions in responsibly adopting AI to enhance analytical quality and operational efficiency. Finally, and importantly, our staff are our finest asset, and we remain committed to attracting and retaining top talent.



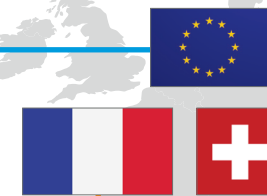
GLOBAL ENGAGEMENTS IN ACTION

In the last six months, the IMF delivered economic assessments and policy advice to 51 countries and completed financial system assessments in 3. It also provided financing to 39 countries and delivered capacity development to 158 countries. The selected engagements below illustrate some of the IMF's recent activities.



ADVANCING GLOBAL COOPERATION

Supports a range of international/plurilateral fora by producing analyses that inform discussions on global economic conditions and policy challenges. It also partners with other international institutions to support global cooperation.



SAFEGUARDING FINANCIAL STABILITY

Recent Financial Sector Assessment Programs in the euro area, France, Switzerland, and China examined the resilience of their financial systems and policy frameworks and provided policy recommendations.



ASSESSING ECONOMIC DEVELOPMENT AND POLICIES

Holds regular Article IV consultations with members to discuss economic development and provide policy recommendations. Recent engagements covered a range of economies, including China, Japan, and the U.S.



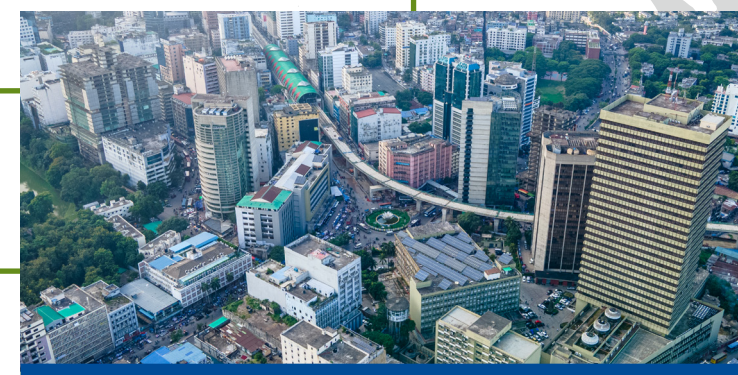
SUPPORTING CAPACITY DEVELOPMENT NEEDS

Targeted technical assistance and training, through Regional Capacity Development centers and innovative new modalities.



STRENGTHENING THE GFSN

A recent paper "The Global Financial Safety Net—A Stocktaking" highlights the importance of stronger global coordination. A renewed partnership with the Arab Monetary Fund expands cooperation across key areas, such as enhancing data and knowledge sharing.



LENDING FOR STABILITY AND GROWTH

Through the GRA and the PRGT, the IMF provides financing to members facing BOP needs. Recent programs in Ethiopia, Zambia, Sri Lanka, and Papua New Guinea have stabilized economies and strengthened resilience for sustained growth.



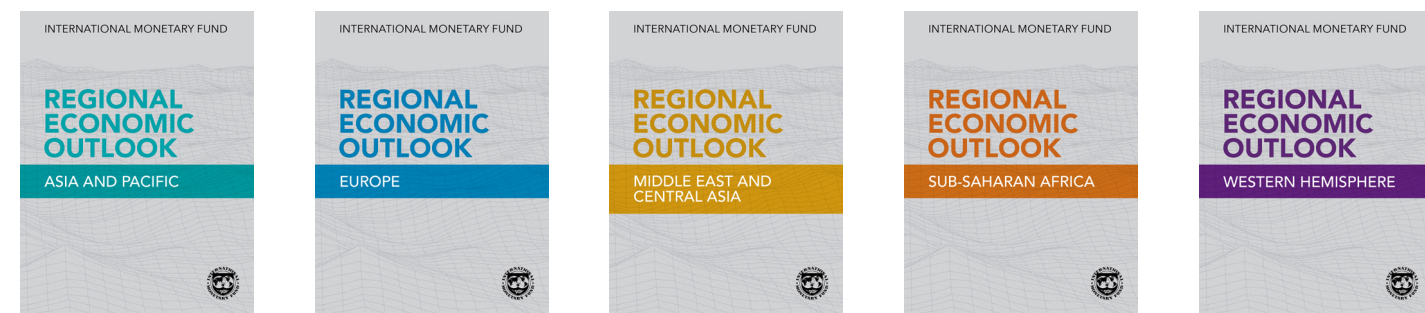
INTERNATIONAL MONETARY FUND AT WORK

SURVEILLANCE

Regional Economic Outlooks assess economic conditions, identify risks, and provide policy advice.

NUMBER OF MEMBERS BY INCOME AND DEVELOPMENT CATEGORY

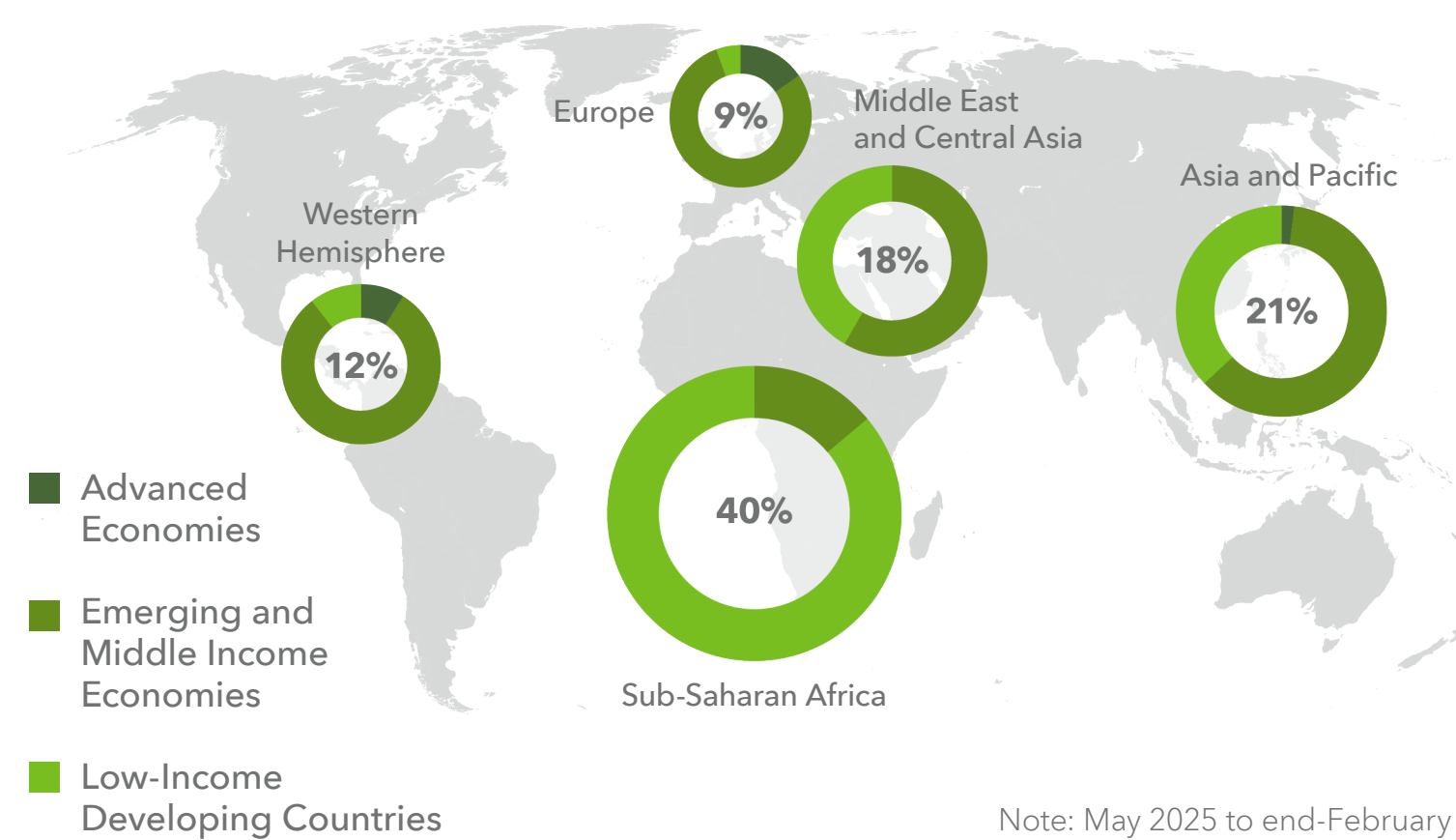
Asia and Pacific	Europe	Middle East and Central Asia	Sub-Saharan Africa	Western Hemisphere
Low-Income and Developing Countries				
10	1	10	35	3
Emerging Market and Middle-Income Economies				
20	13	21	10	29
Advanced Economies				
5	32	0	0	2



CAPACITY DEVELOPMENT

CD helps countries across all income groups design and implement policies for macroeconomic growth.

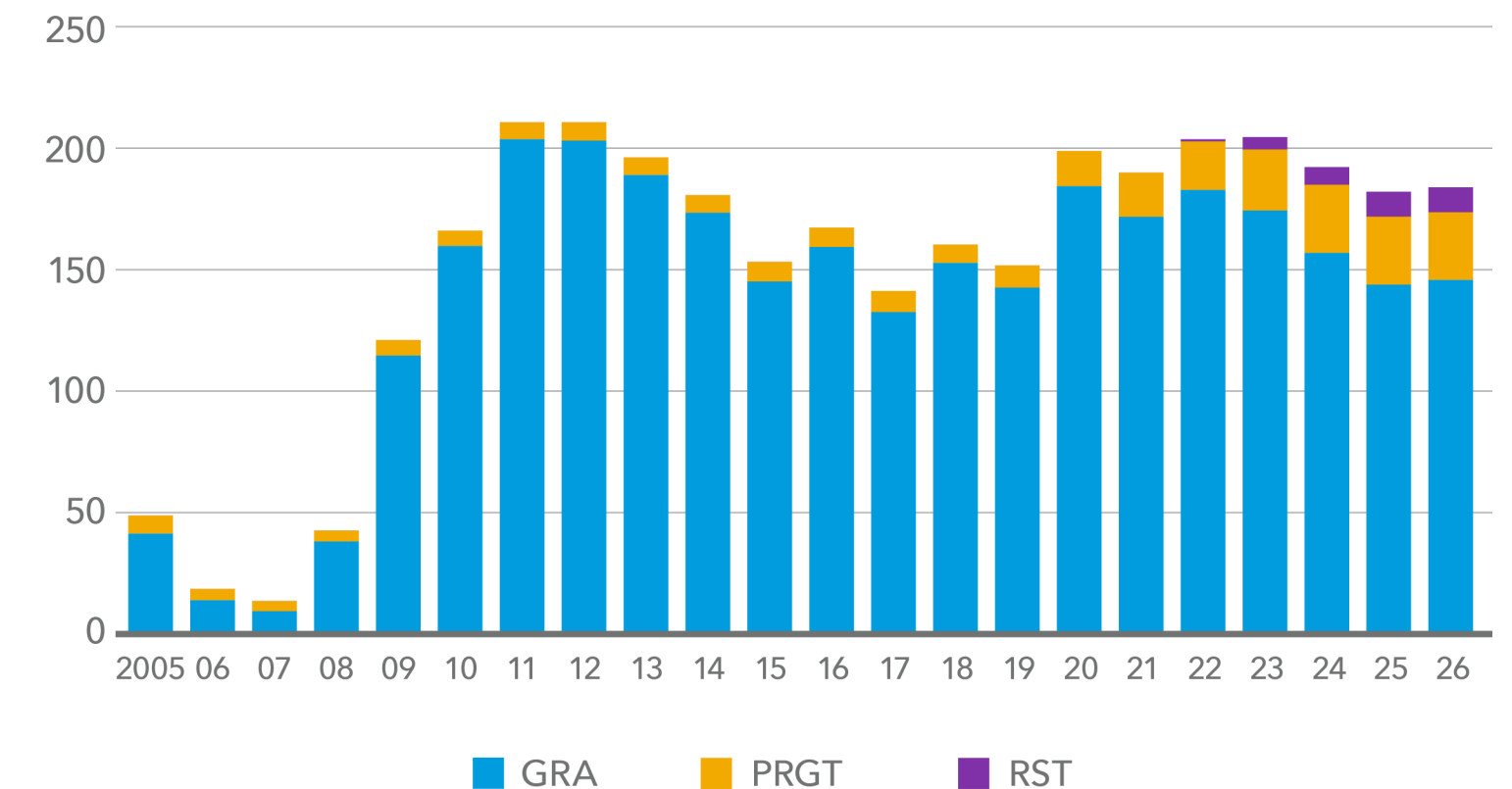
CD DELIVERY BY REGION AND INCOME GROUP



LENDING

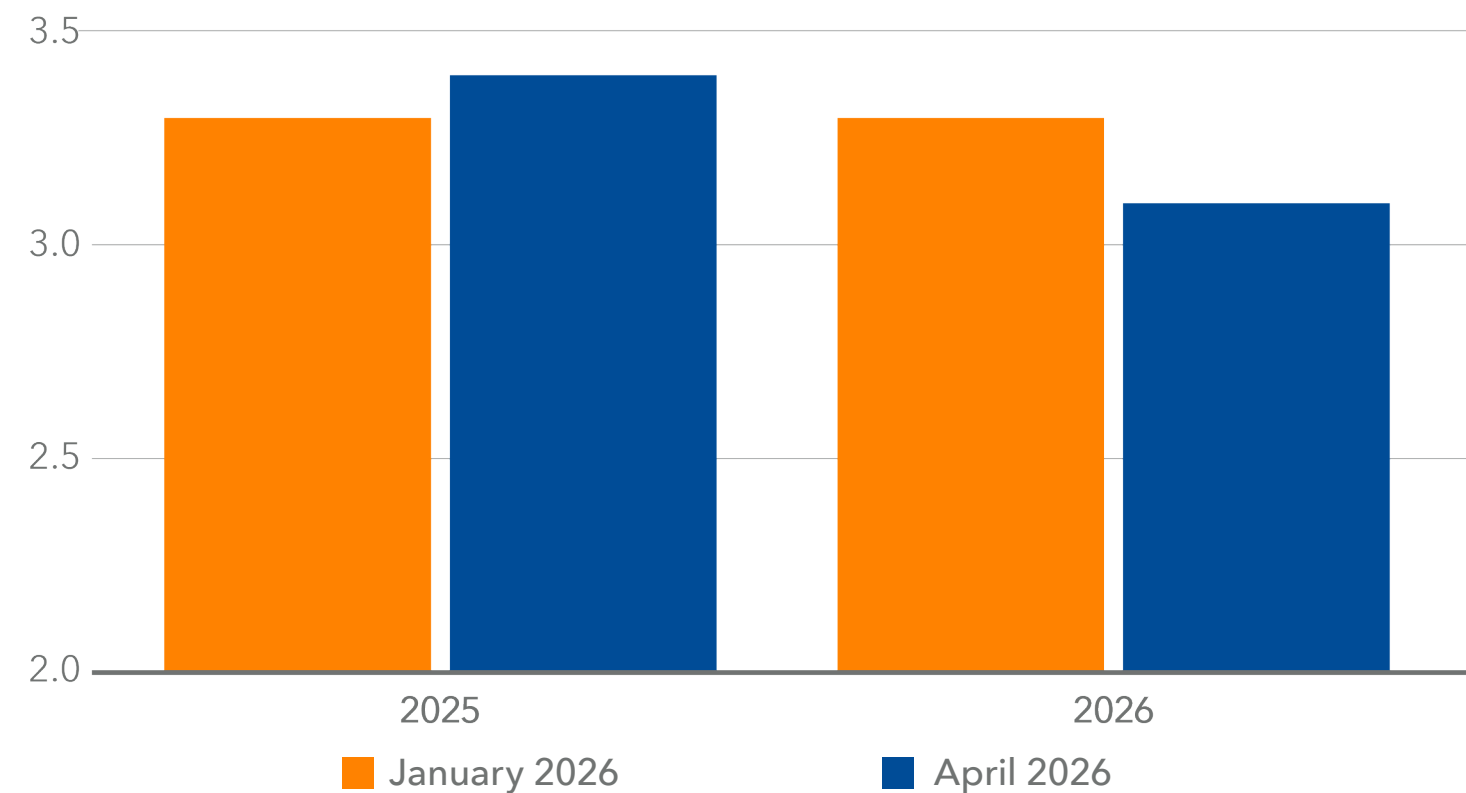
The IMF has active arrangements with 39 members.

TOTAL LENDING COMMITMENT, 2005 TO 2026 (in SDR billions)

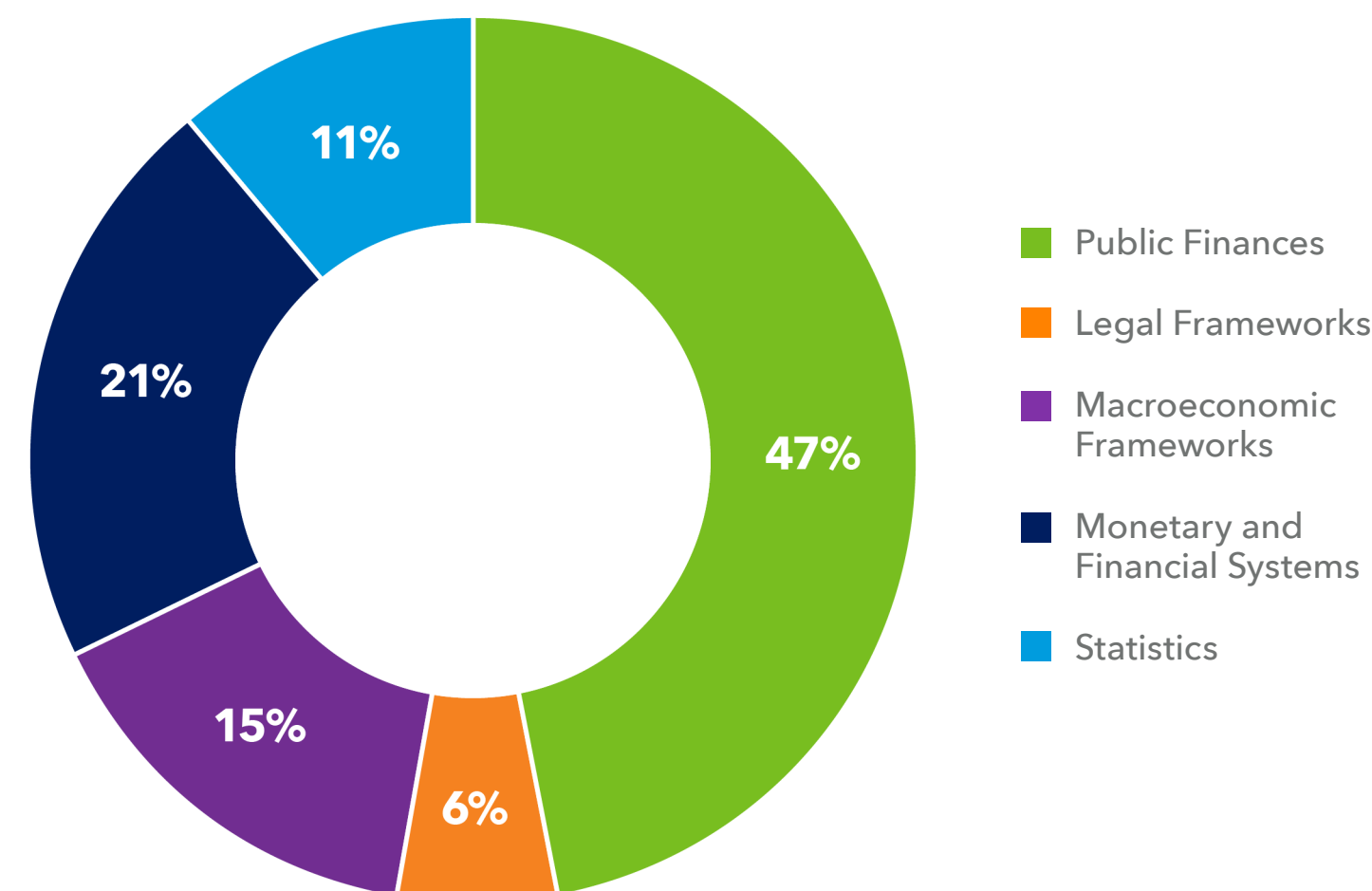


Middle-East conflict offsets tailwinds, weighing on growth perspectives in 2026.

GLOBAL GROWTH



CD DELIVERY BY TOPIC



IMF programs help promote economic resilience and increase market confidence.

CUMULATIVE SOVEREIGN SPREADS CHANGES AFTER IMF PRESS RELEASE (bps)

