

GLOBAL
POLICY
AGENDA
Annual Meetings 2026

NAVIGATING AN UNCERTAIN WORLD

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The global economy has weathered the latest in a series of shocks better than expected, but outcomes have diverged across countries. Resilience should not be taken for granted—there is no room for complacency in a rapidly changing world marked by heightened uncertainty, profound structural transformations, and significant vulnerabilities. Caution is also warranted given that buffers and policy space have been further eroded. Policymakers must deploy tools at their disposal within credible fiscal and monetary frameworks to safeguard macroeconomic and financial stability, and deliver reforms that enhance private sector dynamism, growth, and prosperity. Fostering international cooperation is more challenging at a time of geoeconomic fragmentation, yet it remains essential to manage cross-border risks and bolster global stability. In this more complex environment, the IMF is prepared to act decisively and deploy all its tools in support of the membership. We are also updating and upgrading our surveillance, lending framework, and capacity development (CD) to better support our members and provide them with a trusted platform for cross-country cooperation.

CONTEXT

Global Resilience with Divergence

So far, the world economy has weathered the latest in a series of shocks better than expected. Two opposing forces are shaping economic developments. On one side, geopolitical conflicts—including the wars in the Middle East and Ukraine—are disrupting supply chains, raising commodity prices, and adding to uncertainty. On the other side, rapid advances in artificial intelligence (AI) are boosting investment and trade and hold the potential to lift longer-term productivity growth. Global growth has held up remarkably well because the economic impact of the negative energy supply shock has been smaller than initially feared—thanks to flexible supply responses, inventory drawdowns, demand compression, reduced oil dependency relative to recent decades, and fiscal support to cushion households and firms—and investment in the tech sector and buoyant stock markets have created an offsetting positive demand shock. As a result, a global downturn has been avoided for now, though growth remains modest and unbalanced, and inflation pressures persist.

This relatively stable global growth picture masks divergent outcomes across countries, reflecting different exposures to the energy shock, policy responses, and positions in the technology value chain. Energy exporters not directly affected by the conflict in the Middle East, economies embedded in technology value chains, and those with strategic reserves and policy space to cushion the impact of the war have fared better. Economies directly exposed to the war, energy importers, countries with limited buffers, and those with little participation in the technology boom cycle are seeing their activity and growth prospects weaken. With many low-income countries and fragile states falling into the latter group, this risks further widening growth and income divergence across and within countries.





No Room for Complacency

Looking ahead, significant vulnerabilities and downside risks cloud the near-term picture. In the face of continued disruptions, the global outlook remains highly uncertain. With narrowing policy buffers in the near term, the impact from ongoing wars could worsen further, especially if supply chain disruptions persist and add pressure on energy and food prices, compounding the adverse effects of the ongoing El Niño weather pattern on commodity markets and agricultural production. Rising sovereign bond yields in advanced economies are adding to fiscal pressures, with negative spillovers to emerging markets and developing economies (EMDEs), further tightening financing constraints, particularly for low-income and vulnerable economies facing high debt-service costs. Continued trade tensions could amplify supply bottlenecks, prompt further protectionist measures, and weigh on global activity. Market corrections related to the AI-driven boom could trigger a retrenchment in investment, with potentially broader macrofinancial implications. Vulnerabilities from the growing sovereign-bank and nonbank financial institutions (NBFIs) nexus, and increasing cyber threats, are adding to global financial stability risks.

Meanwhile, profound structural transformations continue to reshape the global economy, creating opportunities but also uncertainty and additional policy challenges. Major demographic shifts are underway, with populations in advanced economies and some emerging markets aging fast, whereas Africa and South Asia are experiencing a youth bulge. Climate risks continue to intensify and extreme weather events are becoming more frequent and costly. The rapid adoption of new technologies, including AI and digital finance, is creating new opportunities but could also prove disruptive, generate labor market and sectoral dislocation, increase inequality, and bring new financial-sector risks. There is also uncertainty about the implications of the AI-related investment boom for inflation, long-term interest rates, and monetary policy. Geopolitical tensions are reshaping economic relationships, affecting trade and investment patterns and creating increasing risks to global supply chains, including for critical commodities and technologies.

These challenges come at a time of eroded policy buffers after successive shocks, making policy choices more constrained, complex, and consequential. Public debt continues to rise, approaching 100 percent of GDP globally, exacerbated by the cumulative cost of policy responses, including fiscal support to counter spillovers from the war in the Middle East. Spillovers from rising sovereign yields in advanced economies are compounding challenges for EMDEs, putting hard-won stabilization gains at risk and leaving less room for addressing development needs and weathering future shocks. At the same time, after a prolonged period of above-target inflation, higher commodity prices are complicating the global disinflationary process, constraining central banks' ability to support activity without jeopardizing price stability and policy credibility. Calibrating the fiscal-monetary policy mix has therefore become increasingly difficult. Meanwhile, ongoing structural transformations are creating urgent and competing spending demands—from demographic, climate, and defense-related spending to AI investment costs—further compounding fiscal pressures.

As IMF members gather in Thailand for the 2026 Annual Meetings, Asia's diverse economies offer powerful lessons. The region's rise as an engine of global growth shows how sound policies and institutions, openness, and regional integration can lay the foundations for sustained prosperity and strengthen economies' capacity to withstand shocks.

MANAGING UNCERTAINTY AND ENHANCING RESILIENCE

Successive shocks and uncertainty are in part a reflection of a world that is rapidly and fundamentally changing. Policies must be agile and deployed with courage to keep pace with mounting challenges. How to adapt policies to elevated global uncertainty? How to respond to successive negative supply shocks? How to benefit from new technologies while mitigating related risks? There are no simple answers, but three guiding principles can help build stronger economies. First, credible policy frameworks and focus on macroeconomic and financial stability are critical foundations for withstanding disruptions. Second, a vibrant private sector is an essential engine of growth, job creation, and prosperity. Third, international cooperation to address shared challenges can help deliver better outcomes for all.

Policies to Promote Macroeconomic and Financial Stability

Addressing fiscal vulnerabilities is increasingly urgent. Ensuring fiscal sustainability through credible consolidation efforts is a top priority, particularly in systemic countries, given risks from elevated debt, rising borrowing costs, and spillovers to global financial conditions. Higher benchmark rates have major implications for EMDEs via increased borrowing costs, higher debt service burdens, and capital outflows, all at a time when official development assistance (ODA) has become even scarcer. Many EMDEs have strengthened their institutions and policy frameworks in recent years, although continued efforts are needed to rebuild fiscal buffers. In all countries, fiscal adjustments should be anchored in credible medium-term frameworks that rest on efficient and high-quality revenue and spending frameworks. Better tax design and administration, including in the age of AI, and spending reprioritization will help protect growth-enhancing and critical investments, and essential social expenditures. Supportive measures to prevent hardship from shocks, where warranted, should be temporary and tightly targeted.

- The IMF continues to help members assess fiscal risks, advise on fiscal response to shocks, and assist in designing credible fiscal adjustments. Our latest [World Economic Outlook \(WEO\)](#) reinforces the importance of well-designed fiscal policy: Targeted and temporary support is the most cost-effective way to protect vulnerable households during cost-of-living crises, while preserving price signals and scarce fiscal space. Complementing previous analysis of public spending efficiency, our latest [Fiscal Monitor](#) focuses on revenue. It identifies reforms to tax systems that lower production costs, encourage investment and firm growth, improve incentives to work and innovate, and ease compliance burdens, while preserving tax revenues. CD on tax policy, public finance management, and revenue administration will complement our policy advice to support countries.

Monetary policy should remain firmly focused on central banks' mandates, including to preserve or, where necessary, restore price stability. Amid persistent inflationary pressures, a restrictive policy stance remains generally warranted but should be well-calibrated to country-specific circumstances and evolving risks. Maintaining a cautious stance is appropriate for energy importers outside the technology value chain and with inflation at or below target. The case for policy tightening is strongest for energy exporters embedded in the technology value chain and with above-target inflation. Monetary policy must tighten if inflation expectations are at risk of becoming unanchored. Exchange rate flexibility, where applicable, should continue to act as a shock absorber. Temporary foreign exchange intervention and capital flow management measures may be warranted where there is an imminent risk of excessive or disorderly exchange rate movements, while not substituting for warranted macroeconomic adjustments.





Central bank independence and clear communication are key for policy credibility and anchoring expectations. Legal and operational independence of central banks is critical to safeguarding credibility and containing fiscal-dominance risks. Effective communication should aim at clearly explaining the central bank’s reaction function, the role of incoming data, and policy decisions. In a more volatile world, scenario analysis and associated policy responses can provide a better understanding of how policy may adjust to alternative economic outcomes.

- Our monetary policy advice remains grounded in rigorous analysis of inflation dynamics, fiscal–monetary policy interactions, policy tradeoffs, and capital flows. Our [latest Global Financial Stability Report \(GFSR\)](#) advises central banks facing above-target inflation and greater pass-through of energy price increases to remain vigilant and stand ready to tighten monetary policy, while our latest [WEO](#) discusses specific monetary policy actions considering countries’ growth and inflation outlook. Where exchange rate movements interact with frictions to cause adverse amplification of shocks, the [Integrated Policy Framework \(IPF\)](#) provides specific guidance on exchange rate interventions and capital flow measures. Through our CD, we continue to help central banks strengthen monetary operations, policy frameworks, and communications. We remain strong advocates of central bank independence.

Financial-sector policies must keep pace with structural transformations and emerging risks. Policies should aim at containing excessive leverage, particularly in tech-related exposures, addressing debt vulnerabilities and improving bond market structure—including through greater central clearing of bonds and funding instruments—enhancing incident reporting, oversight, and operational defenses against cyber threats. Supervisors should also intensify monitoring of the sovereign–bank and –nonbank nexus, NBFIs’ leverage strategies and funding sources, foreign currency exposures, and liquidity mismatch. Stress tests should reflect prevailing risks—asset price correction, energy price spikes, higher term premia, tighter financing conditions, and currency depreciation.

- The IMF is conducting real-time monitoring of systemic risks across financial markets and assessing emerging macrofinancial vulnerabilities. Our latest [GFSR](#) assesses risks from AI valuations, cyber threats, bond market fragilities, and hedge funds. A forthcoming Board paper on the structural transformations in finance, including NBFIs and stablecoins, will explore macrofinancial stability and policy implications. Our recent work on [agentic AI](#) argues that its impact on payment systems will depend not only on technology but also on institutional design and governance choices. The [Bangkok Blueprint](#) seeks to strengthen digital finance safeguards, enhance cyber protections, and support international efforts to combat digital fraud.

Fostering Private Sector Growth

A vibrant private sector is essential to drive innovation and growth.

Governments have a critical enabling role for private sector development by promoting macroeconomic stability, providing effective institutions and infrastructure, establishing predictable regulatory frameworks, promoting competition, and investing in human capital. This creates the conditions for private investment, innovation, resource reallocation, and job creation. Policies to strengthen energy security, including through diversifying energy sources and supply chains, while investing in the climate transition, will help protect activity and build resilience.

Structural reforms can help foster private sector growth amid ongoing transformations. Creating a better business environment calls for streamlining regulations and compliance burdens, strengthening competition and governance, expanding access to finance, and designing efficient tax systems, while preserving openness to trade and investment in an increasingly fragmented global economy. Modernizing labor markets amid demographic and technological transformations requires expanding reskilling and upskilling, strengthening labor force participation, facilitating mobility, and supporting workers through transitions rather than preserving specific jobs. Demographic change in countries with aging populations requires reforms to labor markets, as well as pension and health care systems, while countries with growing youth populations should prioritize investment in human capital.

Unlocking the benefits of AI and digitalization depends on investment in digital infrastructure, sustainable energy, and skills for AI.

In doing so, policies should support the diffusion of new technologies and innovation, manage associated financial, labor-market, distributional, cyber, and dislocation risks with appropriate guardrails, and ensure that productivity gains translate into broad-based improvements in living standards.

- We are deepening our analysis and policy advice to boost productivity, and to identify and implement reforms to labor markets and skills enhancement. We are also sharpening our assessment of the economic and financial implications of AI. [Recent scenario analysis](#) examines how the pace and breadth of AI diffusion could generate substantial but uneven productivity gains, reshape labor demand and the task composition of work with potential labor displacement, and create financial stability risks through leveraged investment, market herding, and concentrated exposures. Our [recent research](#) shows that with an appropriate foundation for adoption, AI can boost GDP by up to four percent cumulatively over the next decade in sub-Saharan Africa, while deeper banking integration and reduced cross-border barriers, complemented by reforms to improve business dynamism and innovation, could boost the [European Union's](#) long-run GDP by up to four percent.

International Efforts to Support Resilience and Shared Prosperity

Countries must take decisive action to address excess global imbalances. Excess imbalances in major economies can signal uneven growth patterns and heightened macrofinancial risks, and result in cross-border spillovers, trade tensions, and economic fragmentation. With the increase in excess global current account imbalances, correcting domestic macroeconomic imbalances has become more important, and doing so simultaneously across countries will yield the best outcome. Surplus countries should advance reforms to boost domestic demand, while deficit countries should pursue fiscal consolidation to rebuild buffers and raise saving. Countries should also strengthen domestic financial markets and improve policy credibility to attract stable capital flows.

- The [2026 External Sector Report](#) assesses excess current account imbalances and identifies policy actions for sustained rebalancing. The paper on [Understanding Global Imbalances](#) provides a framework for identifying the drivers of external imbalances, helping countries design domestic policies that narrow imbalances while lifting global output. The updates and refinements of the [External Balance Assessment \(EBA\)](#) and [EBA-lite](#) models provide a more robust analytical framework for external sector assessments and policy actions.

Maintaining global trade as an engine of growth requires international efforts to resolve ongoing trade tensions.

This entails promoting transparent, predictable, and mutually beneficial trade frameworks. Trade and industrial policies should be targeted, transparent, and fiscally sustainable. Distortive policies that create adverse cross-border spillovers should be avoided.

- The Fund closely monitors developments in global trade and trade policies, providing real-time data on global maritime trade through its [PortWatch](#) tool, and tracking changes to trade policies through the [WTO-IMF tariff tracker](#). The Fund also engages its members on trade policy issues and spillovers.

To support growth prospects in low-income countries (LICs), it is critical to keep the momentum on addressing debt vulnerabilities.

Many LICs have made progress in recent years to address risks to debt sustainability, despite lower inflows of ODA. To sustain the progress, credible approaches, including domestic policy actions and financial support from development partners, are required to prevent and resolve debt distress.

- The 2026 report on [Macroeconomic Developments and Prospects in LICs](#) examines the shifting landscape of external financing for low-income countries and how they can attract foreign direct investment. Under the [Strategy for Fragile and Conflict-Affected States \(FCS\)](#), the Fund is strengthening country-specific engagement and coordination with partners to help these economies navigate a more challenging external environment. Together with the World Bank and other partners,



we are implementing the [Three-Pillar Approach](#), where our efforts to support reform implementation, domestic resource mobilization, and effective liability-management operations are yielding results. We remain actively engaged in supporting individual debt restructuring cases, including under the [Common Framework](#), and are advancing the work at the [Global Sovereign Debt Roundtable](#) to further improve restructuring processes.

Cross-border cooperation would help harness the benefits of AI and digitalization in finance, while mitigating associated risks.

Without support in accessing the relevant tools, infrastructure, and investment, many EMDEs could be left behind. Sound regulatory frameworks and an open international dialogue are essential for containing potential risks from digital finance and AI.

- The Fund is advancing its analytical work on AI to sharpen policy advice. Our [analysis of AI-related cross-border risks](#) suggests that international cooperation—involving governments, the private sector, and other stakeholders—is critical to managing cross-border cyber risks, strengthening common digital infrastructure, promoting information sharing, and coordinating responses to large-scale cyber threats posed by AI.

THE IMF: RESPONDING TO MEMBERS' NEEDS

In a fast-changing and uncertain world, the IMF is upgrading its ability to support members. Throughout its history, the Fund has adapted its policies and toolkit to meet changing global challenges. The deep structural transformations of today—driven by demographic, climate, technological, and geopolitical changes—alongside more frequent shocks and eroded policy buffers call for enhanced efforts to strengthen resilience. The Fund will continue deploying the full range of its toolkit and provide financial assistance to members with balance of payments difficulties.



This year, the Fund has undertaken a deep and comprehensive set of policy reviews to update and upgrade its surveillance, program design, financial-sector assessments, debt analysis, and external sector assessments. The overarching goal is to better help members identify risks and manage uncertainty, understand macrofinancial linkages of ongoing structural transformations, and put in place strong policy frameworks. Members are actively shaping these reforms through the Executive Board and consultations with national authorities, facilitating a cooperative international policy dialogue.

The Fund is making surveillance more risk-based, tailored, and responsive. In a more uncertain world, the [Comprehensive Surveillance Review \(CSR\)](#) places greater emphasis on risk identification and risk management, including through scenario analysis and contingent policy advice to underpin resilient macroeconomic policy frameworks. Policy advice will aim to be more tailored and granular to reflect country-specific circumstances, including institutional capacity, vulnerabilities, and policy constraints. Article IV consultations will be complemented by a continuous policy dialogue that is responsive to changing circumstances, supported by close engagement at the bilateral, regional, and plurilateral levels.

The Fund is also strengthening its ability to detect and address emerging financial, external, and debt vulnerabilities. The [FSAP Review](#) will make assessments more nimble, modular, and tailored to each jurisdiction's structure, sharpen early warning signals, expand coverage of risks from nonbank financial institutions, digital finance, AI, and cybersecurity, and integrate financial stability findings more systematically into bilateral surveillance. The [CSR](#) calls for more comprehensive and forward-looking external-sector analysis, including of domestic-external links, trade and industrial policies, capital flows and stock imbalances, and international spillovers. The revised [Low-Income-Countries Debt Sustainability Framework \(LIC-DSF\)](#) will deepen the analysis of domestic debt, sovereign-bank linkages, and challenges stemming from climate and development needs, while providing more differentiated analysis of debt stress risks.

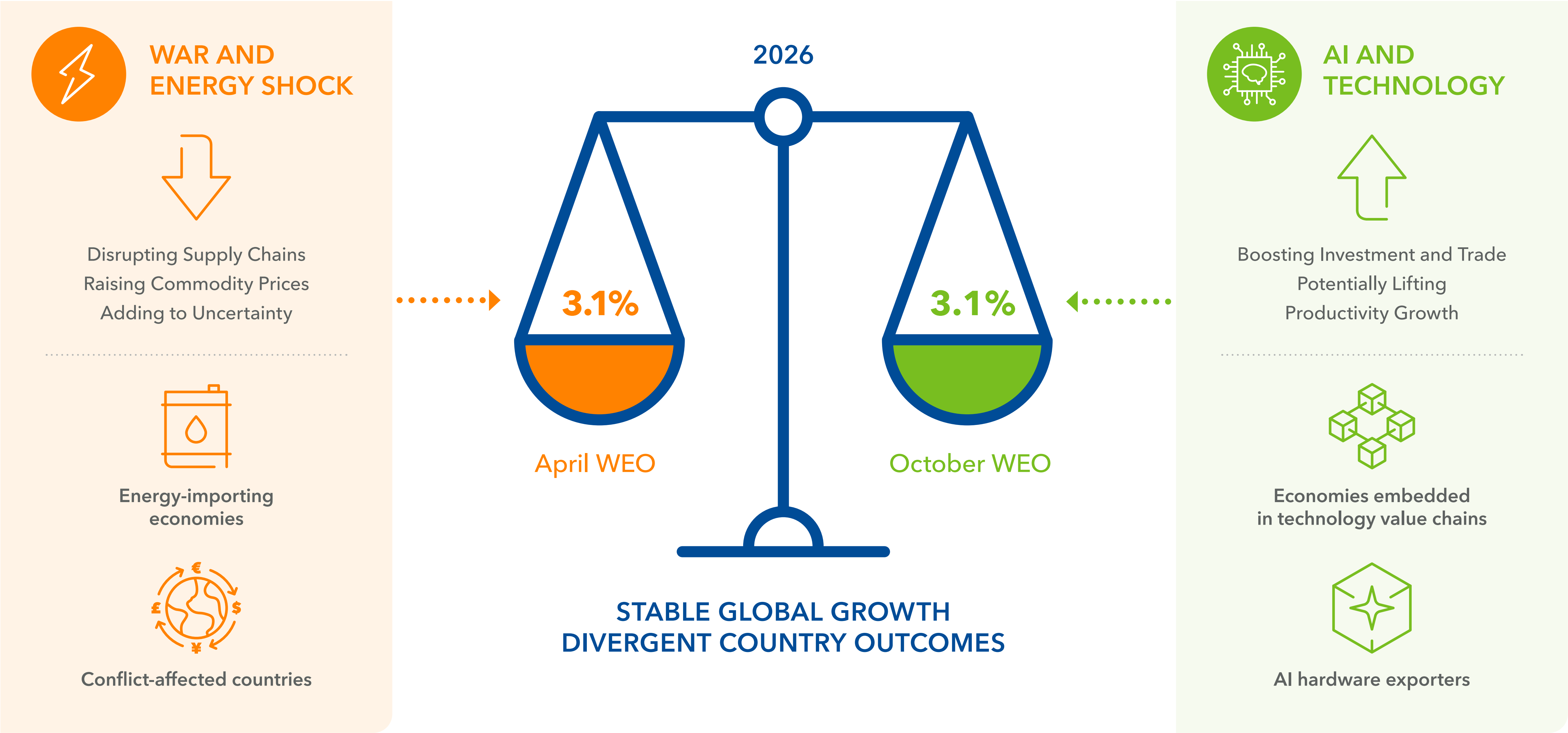
At the same time, Fund-supported programs are becoming more agile, selective, and realistic. Drawing on the lessons from successive global shocks, the [Review of Program Design and Conditionality \(ROC\)](#) places greater emphasis on policy coherence, realism and risk management, adaptability when circumstances change, and rebuilding policy buffers when impacts recede. Program design will focus on achieving a balanced mix of fiscal, monetary, and external sector policies, supported by structural reforms that are more selective and embedded in a longer-term reform agenda, with close attention to implementation capacity. The overall aim is to bolster country ownership and underpin more durable results.

Successful implementation of these reforms will include stronger integration with CD. Our continuous dialogue with member countries—together with our extensive CD activities to support institution building through tailored and granular policy support—is vital to turn surveillance and program design into effective and sustained policy actions. Consistent with the 2024 Review of the Fund's CD Strategy, integration will remain flexible, align with member needs, and focus on macrocritical constraints.

The Fund will implement this reform agenda in close collaboration with its membership. Together, we will strengthen the crisis prevention and resolution frameworks that underpin a resilient Global Financial Safety Net. Continued support from the membership is critical to fully implement the Poverty Reduction and Growth Trust (PRGT) financing framework and maintain adequate support for LICs in a difficult global context. We are working toward implementation of the 16th General Review of Quotas (GRQ) without further delay, and will advance discussions on quota and governance reforms guided by the Diriyah Guiding Principles. All the while, the Fund continues to invest in staff, its finest asset, to remain agile, responsive, and fit for the future, including by bolstering internal AI adoption.

GLOBAL RESILIENCE WITH DIVERGENCE

So far, the world economy has weathered the latest in a series of shocks better than expected. But this growth picture masks divergent outcomes across countries.



POLICIES TO MANAGE UNCERTAINTY AND ENHANCE RESILIENCE

Policies to Promote Macroeconomic and Financial Stability



Rebuilding fiscal buffers



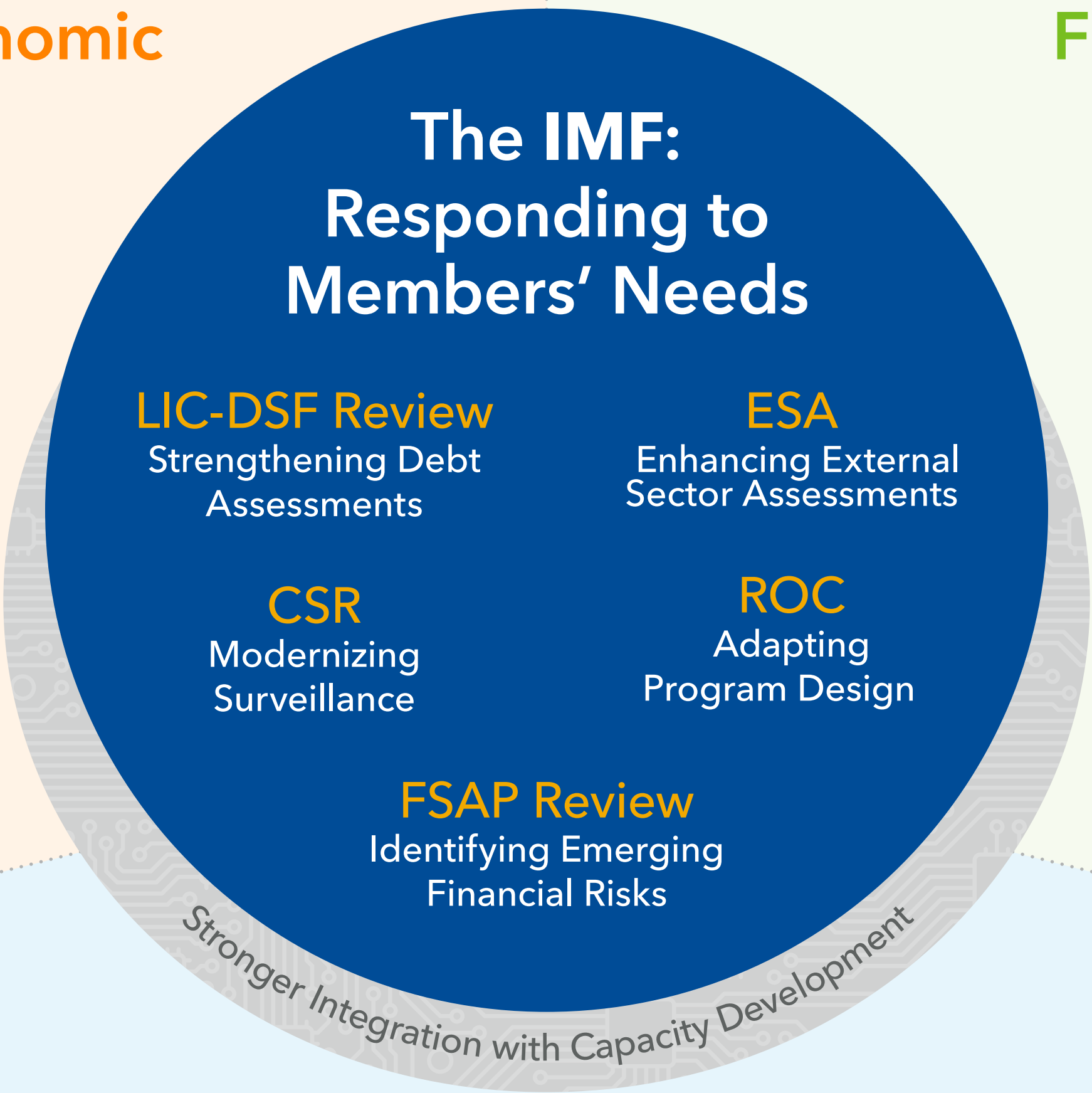
Preserving price stability



Managing emerging financial risks



Addressing external imbalances

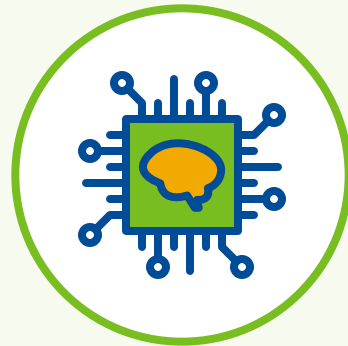


Fostering Private Sector Growth

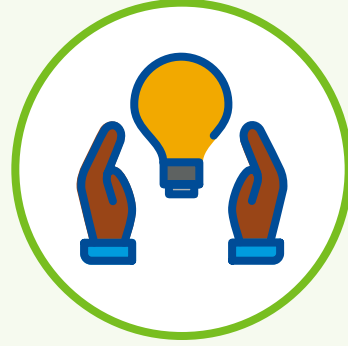
Improving business environment



Harnessing AI and digitalization



Modernizing labor markets and skills



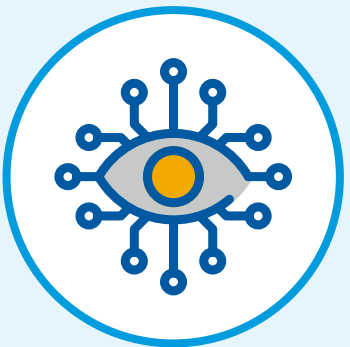
International Efforts to Support Resilience and Shared Prosperity



Correcting Global Imbalances



Addressing Debt Vulnerabilities



Advancing AI and Digital Cooperation



Preserving Open Trade