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IMPLEMENTATION PLAN IN RESPONSE TO THE BOARD-ENDORSED RECOMMENDATIONS FROM THE IEO EVALUATION REPORT ON IMF ADVICE ON UNCONVENTIONAL MONETARY POLICIES

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International Monetary Fund
Washington, D.C.

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This document was prepared before COVID-19 became a global pandemic and resulted in unprecedented economic strains. It, therefore, does not reflect the implications of these developments and related policy priorities. We direct you to the [IMF COVID-19 page](#) that includes staff recommendations with regard to the COVID-19 global outbreak



April 6, 2020

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EXECUTIVE SUMMARY

This Management Implementation Plan was prepared before COVID-19 became a global pandemic and resulted in unprecedented strains in global trade, commodity and financial markets. The actions in the plan and their timeline, therefore, do not reflect the implications of these developments and related policy priorities.

This Management Implementation Plan (MIP) proposes actions in response to the Board-endorsed recommendations provided by the Independent Evaluation Office (IEO) in the context of its assessment of the IMF's Advice on Unconventional Monetary Policies (UMP). Staff has already begun responding to some of the IEO recommendations and several of the actions proposed in this MIP reflect initiatives in train. Resource implications are therefore expected to be minimal in the near term as most of the actions proposed in this MIP have already been incorporated into departmental work plans and budgets for fiscal year FY2020. Medium-term resource implications including those related to the Comprehensive Surveillance Review (CSR) will be discussed in the context of the FY2021–23 budget as work progresses, including through follow-up to the CSR.

This MIP includes a package of self-reinforcing actions that aim to:

- **Strengthen in-house expertise on monetary policy** through the establishment of a new unit in the Monetary and Capital Markets Department (MCM), continued work on the Integrated Policy Framework (IPF), and ongoing changes to HR policies.
- **Deepen the work on UMP and related policies** through a rigorous research agenda and broad consultations both within and outside the Fund.
- **Further strengthen financial spillover analysis** as part of the CSR's identification of spillovers more broadly as a key surveillance priority and by increasing the prominence of the Fund's work on spillovers through high-level workshops and the Global Financial Stability Report (GFSR).
- **Explore ways to enhance the Fund's traction** in bilateral surveillance as part of the CSR.

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INTRODUCTION

1. The Executive Board welcomed the findings and recommendations from the IEO evaluation of the Fund’s advice on unconventional monetary policies. Directors welcomed the overall finding that the Fund’s response to the unprecedented challenges posed by the 2008 global financial crisis (GFC) has been wide-ranging and, in many respects, impressive. They appreciated the IEO’s valuable insights on how the Fund can further improve the value added of its contribution, traction with member countries, and timeliness of its advice on monetary policy issues. This was echoed in the Managing Director’s statement, which appreciated the report’s valuable insights on how to further enhance the IMF’s advice on UMP and therefore broadly supported the general thrust of the IEO’s recommendations.

2. This paper presents a management implementation plan (MIP) to take forward Board-endorsed recommendations from the IEO, including specific actions, timing, and responsibility for implementation. As staff has begun responding to some of the IEO recommendations, some actions discussed in this MIP are already incorporated into departmental work plans and budgets for FY2020–21. Budget implications of this MIP for the medium term will be discussed in the context of FY2021–23 budget as work progresses, including through follow-up to the CSR.

3. The actions are far-reaching and self-reinforcing in effect if adopted as a package. A strengthened institutional commitment to their full implementation in the next two years will ensure that the Fund plays and becomes increasingly well-equipped to continue to play a key role in analyzing the costs and benefits of UMP and related policies, including their spillover effects, and in advising central banks. This is especially important at a juncture where most central banks are easing and some are deploying UMP, including by cutting policy rates further into negative territory, to help anchor inflationary expectations, amid signs of a global slowdown and constrained fiscal space.

IEO RECOMMENDATIONS, BOARD REACTIONS, AND IMPLEMENTATION PLAN

4. The IEO report made four recommendations to improve the influence and value added of Fund advice on monetary policy. This section summarizes Directors’ reactions to the recommendations, reports on actions taken or initiatives in train since the completion of the IEO report, and proposes “SMART” (specific, monitorable, achievable, realistic, and timebound) actions to address the recommendations.

Box 1. The IEO Recommendations

#1—Build a small core group of top monetary policy experts at the IMF to keep abreast of and contribute to cutting-edge discussions on frontier issues in the central banking community, support institutional learning, and provide in-depth advice to country teams as and when needed.

#2—Deepen work on the costs and benefits of UMP and related policies to develop a playbook on policy responses for use in future downturns. Building on the IMF’s comparative advantages, this workstream could draw on cross-country experience to assess and advise on the macroeconomic impact of different UMP instruments, the relative uses of monetary and fiscal policies as countercyclical stabilizers, and the roles of monetary policy and macroprudential tools to address financial stability risks.

#3—Make sure that the Fund is at the forefront of financial spillover analysis and provision of advice on dealing with capital flows, drawing on its global multilateral mandate, universal membership, and breadth of country experience. The Fund’s advice on dealing with volatile capital flows could be reassessed in light of experience and changing circumstances. The recently initiated IEO evaluation on this topic could provide useful lessons for staff’s work on an integrated policy framework now getting underway. The IMF’s work on financial spillovers could be re-energized, including further research on how finetuning the policy mix in “source” countries could help to alleviate adverse spillovers on “receiving” countries, which would help to foster greater international policy cooperation.

#4—Draw on lessons from this evaluation to consider steps to deepen and enrich country engagement in bilateral surveillance. Longer tenure of mission chiefs, less turnover among country teams, and more engagement outside the Article IV cycle would help develop the deeper relationships and understanding of country circumstances that are critical for providing timely, value added advice on monetary policy and more broadly.

Recommendation 1. Build a Small Core Group of Top Monetary Policy Experts at the IMF to Position the IMF Among ‘Thought Leaders’ on Monetary Policy Issues.

5. Directors saw merit in building expertise in monetary policy issues to enhance the Fund’s role in this field. Board reactions: Directors noted the finding that a number of factors had limited the value added and influence of Fund advice on monetary policy, including lack of deep expertise in applied monetary policy and inadequate resources devoted to this area. They generally agreed that a core group of top, broadly-diverse monetary experts with experience in policymaking would better provide practical guidance, more effectively engage with senior officials on monetary policy and frontier central banking issues, and at the same time support institutional learning at the Fund. Directors saw the recent establishment of a new unit on monetary policy modelling in the Monetary and Capital Market Department as a welcome first step in this direction. They stressed the importance of collaboration with major central banks and the Bank for International Settlements (BIS). Directors also welcomed ongoing efforts to better leverage and enhance existing knowledge in the Fund, particularly work on interactions of monetary policy with other policies. They looked forward to learning more about the work program for the IPF and to discussing specific options for prioritizing monetary policy work in budget and HR strategy discussions.

Implementation Plan

- The effort to position the Fund as a thought leader on monetary policy and engage effectively in global policy debates rests on several complementary initiatives. While enhancing modeling

expertise—described in more detail below— will play a key role in boosting the Fund’s analytic capacity, it will be complemented by broader efforts to ratchet up the Fund’s engagement in monetary policy issues, including extensive cross-country empirical analysis and cases studies. The strategy hinges on the hiring of staff with hands-on monetary policy expertise, strengthening the dialogue within the Fund about key monetary policy issues and challenges, and intensified and regular engagement with external experts in the field.

- As a key step in implementing Recommendation 1—and with the overall aim of strengthening Fund monetary policy advice—the new Monetary Policy Modeling Unit (MMU) in the Monetary and Capital Markets (MCM) department has been fully staffed, with a goal of 6.5 FTE, as of end-2019 (see proposed action in Annex I). The unit is overseen by a Deputy Director with deep monetary policy expertise and will be staffed with economists who have strong expertise in both monetary policy and macroeconomic modeling as well as substantial practical experience, including at central banks. The MMU will develop model-based frameworks that allow for more in depth analysis of key features of monetary policy transmission and foreign exchange intervention, interactions with macroprudential policy tools, and analysis of UMP and spillovers. These model-based frameworks can be flexibly applied to tailor policy advice to individual countries and used in capacity development, and will be complemented by relevant empirical work and case studies. In addition, MCM’s Monetary and Macprudential Policies division has recently hired staff with strong research and policy track records in monetary policy. MCM also plans to bring in visiting monetary policy experts on a regular basis to enrich staff understanding about key monetary policy challenges as well as to provide guidance about cutting-edge analytical approaches for addressing them.
- To create venues for regular collaboration and sharing of expertise with area departments, an interdepartmental Monetary Policy Advisory Group will be created by mid-2020 in which MCM will play a leading role (see also Recommendation 2).
- The Fund will also engage with high-level monetary policy practitioners and experts from academia, major central banks, the BIS, and think tanks. These efforts will include convening outside experts on a regular basis through an External Advisory Group (EAG) to discuss current monetary policy topics and solicit input on the Fund’s work program in these areas, and by seeking opportunities to bring in experts from academia and other institutions. The remit and composition of the EAG will be published in September 2020, affording some time to complete key analytical projects that will facilitate productive engagements as well as to draw on Fund-wide perspectives about the appropriate structure of the group (see proposed action in Annex I).
- Other workstreams are also underway, including developing a toolkit by the Research Department (RES) to assess monetary policy frameworks along 5 dimensions (**I**ndependence, **A**ccountability, **P**olicy **S**trategy, **O**perational Framework and **C**ommunication Strategy)—IASOC toolkit, with the data and methodology paper to be published by Fall 2020; and a Board paper on Cross-Border Implications of Digital Currencies that will look into the implications for monetary policy transmission of new innovations such as Libra in Summer 2020 (MCM, RES, SPR, and LEG).

- To further raise the profile of the Fund’s work on monetary policy and stimulate discussions both inside and outside the Fund with top experts (academics and practitioners), the Fund is planning to broaden the annual Michel Camdessus Lecture event to become a full-day conference with a focus on monetary policy issues, including UMP and spillovers of such policies (see proposed action in Annex I).
- The HR Strategy, which will continue to be rolled out through FY2021, will facilitate the building of monetary policy expertise.¹ In particular, the strategy will include the launch of a talent inventory, which will allow the identification of talent gaps in different areas and the launch of an expert track, which is expected to create a number of positions for experts in critical areas (see action in the MIP in response to the IEO Evaluation—The IMF and Financial Surveillance).
- Changes in the HR policy will be complemented by ongoing internal training initiatives including efforts by the Institute for Capacity Development (ICD) to continually explore best monetary practices and alternate frontier analysis and tools in the 5-day monetary policy course taught by a leading academic each year. The ICD will also revamp courses and capacity development work for country officials to further help engage on these topics with practitioners in a relevant and effective way. Finally, the ICD will increase the number of periodic events on monetary policy topics under the Internal Training Seminars by renowned monetary policymakers, academics, and financial market professionals from two currently to six in 2020 and gear the Open Forum Series to focus further on the interaction between monetary policy and markets under unusual circumstances.²

Recommendation 2. Deepen Work on the Costs and Benefits of UMP and Related Policies, to Develop a Playbook on Policy Responses for Use in Future Downturns.

6. Directors broadly supported the idea of developing a playbook to guide policy responses in the future. Board reactions: Directors supported developing a playbook by deepening work on the costs and benefits of UMP and related policies. They concurred that, as UMP has become part of the central banking toolkit, there is merit in drawing on the Fund’s cross-country experience to assess the macroeconomic and distributional impacts of different UMP instruments, and the role of monetary policy relative to fiscal policy and macroprudential policies. In developing a playbook, Directors emphasized the need to avoid over-prescriptive approaches, allowing sufficient flexibility to adapt to country-specific conditions and evolving circumstances. Directors generally recognized that the IEO’s recommendation cuts across a wide range of work. Many Directors supported work to update the 2013 paper on the global impact and challenges of UMP, and the 2015 paper on monetary policy and financial stability. Directors welcomed management’s intention to present the specific agenda in future work program discussions.

¹Staff briefed the Board in November 2019.

²ICD’s Open Forum is a recurring series that brings some of today’s top minds to the Fund to discuss current issues in macroeconomics and beyond. For the first time last year, the series featured a monetary policy topic.

Implementation Plan

- The development of a playbook requires a broad stock-taking of the experience with increasingly complex UMP and related circumstances in recent years, and a long-term strategy. The challenge is to not only advance the analytical work agenda but also help identify what constitutes good policy in a world that looks very different than envisioned in the immediate aftermath of the GFC, when interest rates were still expected to return to pre-crisis norms. The extensive near-term work agenda of the MMU and the Monetary and Macroprudential Policies Division is a first step toward this end. The interdepartmental Monetary Policy Advisory Group and the EAG will further inform longer-term priorities. The outputs of the work program, in turn, will eventually help develop a “recession playbook,” in the form of progressive and continued stock-taking of experiences and lessons learned, and will be the focus of a Board briefing in mid-2021 (see proposed action in Annex I). This distilled knowledge will help tailor the Fund’s advice to specific circumstances and country characteristics. The structural models are particularly helpful in assessing the effects of alternative policy frameworks and tools that have little historical precedent, and thus will be a key plank of implementation of Recommendation 2. In addition, the MMU’s and the Fund’s broader work program (as described below) will include empirical work and case studies.
- The MMU is working on: (i) a small open economy model capturing key features of monetary policy transmission and foreign exchange intervention; (ii) a medium-sized model that incorporates macroprudential policy tools and can be used to analyze e.g., housing risk issues; and (iii) a larger-scale model allowing for the analysis of unconventional monetary policies, including negative rates as well as spillovers and possible spillbacks from such policies (see proposed action in Annex I).^{3 4}
- In addition, the April 2020 WEO Chapter 1 will present work on the factors driving persistently low long-term interest rates, and the April 2020 GFSR will include a box on the effectiveness of negative interest rates. More generally, implications of low interest rates will be examined in a number of upcoming projects as discussed in the MD statement on the [work program](#) (see Box 2 on the Fund’s work on negative interest rates and “lower for longer”). Monetary policy strategy, tools, and communications must also be adapted to an environment of persistently low equilibrium interest rates. Staff intends to contribute actively to the discussion of appropriate frameworks and tools in the context of monetary policy framework reviews by the U.S. Federal Reserve, the European Central Bank (ECB), the Bank of England, and the Bank of Canada.⁵

³ The assessment of spillbacks will capture how the spillovers from a policy action to recipient countries in turn affect the country initiating the policy action.

⁴ The economic modeling division in RES will continue to contribute to the analysis of monetary policy, e.g. recently by quantifying the impact of monetary easing on global growth.

⁵ Topics examined will likely include possible shifts in strategy, such as to average inflation targeting or to symmetric inflation bands; using new tools to increase policy space; and ways to improve forward guidance and communication.

- A thematic briefing on the macrofinancial and distributional impacts of monetary policy and their potential implications for the role of monetary policy relative to fiscal policy in averting a significant downturn, will be presented to the Board by May 2020 by SPR, MCM, and RES (see proposed action in Annex I). The briefing will include an analysis of how fiscal policy could help mitigate some of the adverse distributional effects of monetary easing.
- Building on the results of the research and consultations outlined above and under Recommendation 1, MCM will lead a Board briefing on UMP and related policies in late 2020 (see proposed action in Annex I). Broadly speaking, the Fund’s work plan will reflect the significant evolution and increased complexity of UMP in recent years, and will aim to identify strategies that can enhance the ability of UMP to achieve policy objectives while taking account of possible limits on the effectiveness of particular tools. In this new environment, where UMP increasingly has become a permanent part of central banks’ toolkit, updating the 2013 policy paper on UMP and the 2015 policy paper on monetary policy and financial stability may not be the most efficient approach. Taking a broader perspective based on a thorough stocktaking of developments and experiences is needed, which will also help determine the specific outlets for presenting the findings and formulating work program commitments. Toward this end, MCM has initiated a stocktaking paper on negative interest rates that will be completed in mid-2020.
- Work is ongoing on updating the 1999 Code of Good Practices on Transparency in Monetary and Financial Policies. Following a Board discussion on the Staff Proposal to Update the Monetary and Financial Policies Transparency (MFPT) Code on April 29, 2019, staff are engaged in transforming the MFPT into a Central Bank Transparency (CBT) code that will include consideration of the wide range of activities in which central banks have been engaged in recent years. The CBT paper will be presented to the Board in May 2020 (see proposed action in Annex I).

Recommendation 3. Make sure the Fund is at the Forefront of Financial Spillover Analysis and Provision of Advice on Dealing with Capital Flows.

7. Directors agreed that the Fund should be at the forefront of financial spillover analysis and provision of advice on dealing with capital flows. Board reactions: Directors noted the many initiatives that the Fund had taken over the past decade to assess spillovers, improve financial risk assessments, develop the macroprudential policy toolkit, and advise countries on how to deal with capital flow volatility. A number of Directors called on the Fund to pay greater attention to the challenges faced by emerging market and developing countries from financial spillovers and capital flow volatility, including additional work on the appropriate mix of policies in “source” countries, be it advanced or emerging market economies. A few Directors stressed that all countries have the responsibility to implement sound macroeconomic policies, mindful of both spillover and spillback effects, and that the Fund has a role to play in providing advice to its membership on how to handle cross-border effects and enhance resilience. While recognizing that stronger international monetary cooperation would be desirable, many Directors felt that developing a code of conduct for central banks may be impractical and unduly constrain policy implementation in pursuit of their domestic objectives. Directors encouraged using the insights from the ongoing work on spillovers and the IPF

as input for the CSR, including consideration of approaches to better address spillovers and options to strengthen surveillance modalities.

Implementation Plan

- The CSR is presenting proposals to further strengthen spillover analysis and coverage in surveillance as part of its work on establishing surveillance priorities for the Fund (see proposed action in Annex I). Key CSR recommendations on spillovers include: (i) providing the Spillover Task Force (STF)⁶ an explicit mandate to periodically identify systemic spillover issues in a consistent format and timeframe to inform bilateral surveillance and commission analytical work across the institution to investigate them; (ii) closing data gaps to better equip teams to identify spillover channels and impacts; and (iii) leveraging the Fund’s unique role in enhancing dialogue between spillover-receiving and spillover-producing countries. Concrete guidance will be formulated in the updated Guidance Note on Surveillance following the CSR. In addition, work on how to manage capital flows will to a considerable extent be informed by the forthcoming IEO evaluation of IMF advice on capital flows, which will lead to concrete steps to be implemented.⁷
- The Integrated Policy Framework (IPF) work will continue to develop a novel analytical framework combining models, empirical analysis, and case studies to enhance understanding of key policy tools and their interactions, including monetary policy, foreign exchange intervention, macro-prudential policies, and capital flow management measures. Development of the IPF (by SPR, RES, MCM) will provide members, particularly those exposed to volatile capital flows and spillovers of policies, with a more systematic assessment of the appropriate mix of policies. Staff updated the Board on October 7, 2019 on the IPF work program going forward, which includes work on innovative models with complex financial frictions to help assess the policy mix. Informal Board engagements to further update the Board on progress on the IPF work will take place in the Spring and Summer of 2020 (see proposed action in Annex I). A cross-departmental advisory group on the IPF has been formed to exchange views and experiences to coordinate advice and work on the IPF.
- Other work (by RES) in the implementation phase includes: a model comparison exercise that looks at transmission of shocks to financial conditions and other shocks that were relevant during the GFC, and the role of the zero lower bound in amplifying those shocks; and an analytical contribution to the next ESR on the role of stock imbalances (structure of international investment positions) as an important determinant of sudden stops and external crises.

⁶ The STF is an interdepartmental group that coordinates the Fund’s work on spillovers (including the annual WEO spillover analytical chapter) and provides a forum for discussing conjunctural and longer-term spillover issues involving spillovers (and potential spillbacks) of policy actions.

⁷ The issues paper was discussed at the Board on July 23, 2019.

- The GFSR will continue discussing financial spillovers regularly. In Fall 2020, the GFSR will include a chapter on financial spillovers from UMP (see proposed action in Annex I).⁸
- To achieve more external prominence on spillover topics, workshops on the Institutional View (IV) in Practice will be held with country authorities at the 2020 Spring and Annual Meetings (see proposed action in Annex I), following workshop at previous meetings. The objective will be to ensure that Fund advice is well understood and to allow a deeper discussion of trade-offs with the authorities.
- The Fund will continue to convene annual spillover workshops coordinated by RES jointly with the ECB, Bank of England, and (started in 2019) the BIS. The most recent one in April 2019 focused on financial spillovers and policies to address them. Going forward, the workshop will continue to address financial spillovers in depth and the profile of the workshop will be raised, including by regularly inviting a keynote speaker.

Recommendation 4. Draw on Lessons from this Evaluation to Consider Steps to Deepen and Enrich Country Engagement in Bilateral Surveillance.

8. Directors recognized the relevance of the lessons from the evaluation in considering how to deepen and enrich country engagement in bilateral surveillance. Board reactions: Noting with concern the IEO’s observation regarding frequent turnover in mission chiefs and country teams, most Directors shared the view that increased staff continuity, including longer tenure of mission chiefs and better transitions, would help deepen understanding of country circumstances and relationships with authorities, thereby improving the Fund’s potential as a trusted advisor. They concurred that these issues would be best considered in the context of the CSR and the HR strategy. Directors also acknowledged that, while lessons from the experience with UMP would help inform the CSR currently underway, formulating general recommendations on bilateral surveillance would need to take a broader perspective and consider Fund engagement with members in its entirety.

Implementation Plan

- Recommendation 4 has two components, the first on tenure of mission chiefs and country assignments and the second on country engagement more broadly. The former is a long-standing open MIP action and the Board, in the context of the [paper on Categorization of Open Actions](#), has approved that staff will reformulate this action. In line with the Board-endorsed framework to address open Management actions responding to IEO recommendations, a reformulated action will be proposed for Board consideration by August 2020. The revised action to address the tenure of mission chiefs and turnover among country teams will aim to design a relevant, yet attainable action that will focus on addressing the underlying issue of

⁸ The Statistics Department (STA) has developed a series of [statistical tools](#) for use in bilateral surveillance including to support the analysis of spillovers and intersectoral linkages.

improving traction and balance trade-offs, possibly using milestones envisaged in the HR Strategy.

- On country engagements more broadly, this pertains to the quality and effectiveness of Fund engagement, which is a factor influencing traction of Fund advice more generally. It requires a holistic understanding of Fund traction in surveillance, which is being taken up primarily in the context of the CSR. The CSR is also exploring ways to enhance traction of Fund surveillance and strengthen the Fund’s value added as a trusted advisor (see proposed action in Annex I).

RESOURCE IMPLICATIONS

9. The commitments outlined above would have marginal resource implications in the near term. Staff has already begun responding to the IEO recommendations and as a result several actions proposed in this MIP⁹ have already been incorporated into departmental work plans and budgets for FY2020. Therefore, the additional costs resulting from this MIP are expected to be minor in the near term as staff resources are expected to be fully sufficient to implement these commitments absent the realization of material risks. The resource implications of the EAG will be clarified depending on the specific modalities and members of the group. However, these costs are expected to be minimal as members may not need to be compensated for their participation, similar to the practice with the EAG for the CSR. As work progresses, discussions of medium-term resource needs for prioritizing monetary policy work and building further expertise as well as those related to the CSR proposals on spillovers and traction are expected to be initiated in the context of the FY2021–23 Medium-term Budget, with changes to be implemented over time.

⁹ Except broadening the Michel Camdessus lecture event and creating the EAG as described under Recommendation 1.

Annex I. IEO Evaluation of the IMF Advice on Unconventional Monetary Policies: Recommendations, Board Responses, and Proposed Follow-up

IEO Recommendation	Executive Directors' Response	Follow-up Plan and Timeline	Accountability
1. Build a small core group of top monetary policy experts at the IMF to position the IMF among 'thought leaders' on monetary policy issues.	Directors saw merit in building expertise in monetary policy issues to enhance the Fund's role in this field. They generally agreed that a core group of top, broadly-diverse monetary experts with experience in policymaking would better provide practical guidance, more effectively engage with senior officials on monetary policy and frontier central banking issues, and at the same time support institutional learning at the Fund.	<ul style="list-style-type: none"> The new Monetary Policy Modeling Unit (MMU) in MCM will be fully staffed (end-2019). 	MCM
		<ul style="list-style-type: none"> A press release will announce the remit and composition of the high-level external advisory group (September 2020) 	MCM
		<ul style="list-style-type: none"> The internal Monetary Policy Advisory Group will be created (mid-2020). 	MCM
		<ul style="list-style-type: none"> The 2020 Michel Camdessus Lecture event will be broadened to a full-day conference with a focus on monetary policy issues, including UMP (Fall 2020). 	MCM, RES
		<ul style="list-style-type: none"> IASOC toolkit, with the data and methodology paper, will be published (Fall 2020). 	RES
2. Deepen work on the costs and benefits of UMP and related policies to develop a playbook on policy responses for use in future downturns.	Directors broadly supported the idea of developing a playbook to guide policy responses in the future, by deepening work on the costs and benefits of UMP and related policies. Directors welcomed management's intention to present the specific agenda in future work program discussions.	<ul style="list-style-type: none"> The MMU will issue at least two of the following research products: a small open economy model capturing key features of monetary policy transmission and FX intervention, a medium-sized model incorporating macroprudential tools, and a larger scale model allowing 	MCM

IEO Recommendation	Executive Directors' Response	Follow-up Plan and Timeline	Accountability
		<p>for analysis of UMP, including negative interest rates, and spillovers (April 2020).</p> <ul style="list-style-type: none"> • A thematic briefing on the distributional impact of monetary policy will be presented to the Board (May 2020). • An informal board briefing on UMP and related policies will be presented to the Board (end-2020). • The Central Bank Transparency code will be presented to the Board (May 2020). • A thematic briefing on the components of a playbook will be presented to the Board (Summer 2021) 	<p>SPR, MCM, RES</p> <p>MCM</p> <p>MCM</p> <p>MCM</p>
<p>3. Make sure the Fund is at the forefront of financial spillover analysis and provision of advice on dealing with capital flows.</p>	<p>Directors agreed that the Fund should be at the forefront of financial spillover analysis and provision of advice on dealing with capital flows.</p>	<ul style="list-style-type: none"> • The CSR to present proposals to further strengthen spillover analysis and coverage in Article IV surveillance (April 2020). • Update the Board on progress on the IPF (Spring and Summer 2020). • The GFSR will include a box or chapter on UMP financial spillovers (Fall 2020). 	<p>SPR</p> <p>SPR, RES, MCM</p> <p>MCM</p>

IEO Recommendation	Executive Directors' Response	Follow-up Plan and Timeline	Accountability
4. Draw on lessons from this evaluation to consider steps to deepen and enrich country engagement in bilateral surveillance.	Directors recognized the relevance of the lessons from the evaluation in considering how to deepen and enrich country engagement in bilateral surveillance. They concurred that these issues would be best considered in the context of CSR and HR strategy.	<ul style="list-style-type: none"> <li data-bbox="863 281 1261 390">• The CSR is exploring ways to enhance traction of Fund surveillance (April 2020). 	SPR