



IMF POLICY PAPER

CANCELLATION OF THE 2025 INTERIM SURVEILLANCE REVIEW—PROPOSED DECISION

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- The **Staff Report**, prepared by IMF staff and completed on November 21, 2024 for the Executive Board's consideration on lapse-of-time basis on December 2, 2024.

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CANCELLATION OF THE 2025 INTERIM SURVEILLANCE REVIEW—PROPOSED DECISION

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The paper was prepared by Laurent Kemoe (SPR) and David McDonnell (LEG), with inputs from Julianne Ams (LEG), Sergio Rodriguez, Sarah Sanya, and Aleksandra Zdzienicka (all SPR), under the overall guidance of Anna Ilyina (SPR) and Nadia Rendak (LEG).

- 1. The Interim Surveillance Review (ISR) was introduced in 2014.** In the 2014 Triennial Surveillance Review, the Board approved the shift from a three-year to a five-year cycle for Comprehensive Surveillance Reviews (CSRs) in line with the standard review cycle of policy papers. In addition, the Board requested a smaller-scale interim report after 2½-3 years to assess implementation, identify emerging pressure points, and help shape the subsequent CSR. The Board concluded the first ISR in April 2018.
- 2. In 2024, the Board endorsed Management’s proposal to cancel the planned 2025 ISR, to focus staff’s efforts on completing the CSR by May 2026, five years after the 2021 CSR.** Staff’s heavy workload due to multiple shocks affecting the membership, operationalization of the 2021 CSR (the update of the Surveillance Guidance Note was completed in June 2022), as well as development and implementation of Fund’s strategies in the new policy areas (climate, digitalization, gender) have delayed the interim stocktaking of the implementation of the 2021 CSR. This delay, in turn, would have delayed the expected completion of the next CSR to 2027-28. Therefore, the Board endorsed Management’s proposal for the one-time cancellation of the ISR to ensure the completion of the CSR by May 2026.
- 3. This Board paper provides the background; the decision to cancel the ISR is attached for adoption by the Board.**
- 4. Advancing the work on the 2026 CSR would allow for an earlier, more robust, and comprehensive assessment of the Fund’s surveillance challenges and priorities.** A fast-changing global economic landscape requires adopting a more holistic approach to the Fund’s surveillance activities and may warrant changes to surveillance priorities. This cannot be done through the ISR, which focuses on a backward-looking assessment of the implementation of the CSR priorities, the implementation gaps, and proposals for operational adjustments. In contrast, the CSR allows for a more holistic evaluation of strategic and operational surveillance priorities. In particular:

- The CSR allows a broader assessment of surveillance priorities and activities. This includes an assessment of the implementation of the 2021 CSR strategic and operational surveillance priorities as well as a forward-looking assessment of evolving surveillance landscape and priorities. The CSR also provides an opportunity for a deeper engagement with a broader range of stakeholders on both backward- and forward-looking surveillance priorities.
- The CSR allows to adjust the strategic surveillance priorities and the Fund’s surveillance framework. Such adjustment may be needed to better support member countries facing an increasingly shock-prone environment and multiple disruptive transitions.
- The 2026 CSR will be based on more data points than the planned 2025 ISR. This will help to provide a more robust assessment of the implementation of the 2021 CSR recommendations. In addition, a more comprehensive assessment of surveillance gaps will help to better inform the way forward, including the Fund’s engagement in the new policy areas and the merits of surveillance modalities proposed in the 2021 CSR.
- The 2026 CSR will allow to take a holistic approach to engaging in the new policy areas going forward]. The CSR will also follow the recent IEO evaluation of the IMF’s mandate and related Board discussion to outline the high-level principles for Fund’s engagement in the new policy areas based on the forward-looking surveillance priorities, staff’s expertise, and discussion of tradeoffs grounded, for instance, in enterprise risks assessment.

5. The cancellation of the 2025 ISR could yield moderate resource savings over the medium term. Savings will be possible due to merging the ISR and CSR production, including related consultation processes, and eliminating the need for two separate Board papers and two sets of background notes. Staff will assess the Fund’s wider resource implications of the 2026 CSR in early FY26.

6. Risks related to canceling the 2025 ISR are well mitigated. Some stakeholders—including Executive Directors—expressed concerns about (i) delayed diagnostic of implementation of the 2021 CSR recommendations and surveillance gaps, (ii) missing an opportunity to make operational adjustments in the implementation of the 2021 CSR priorities, and (iii) insufficient time for operationalization of some new surveillance modalities (such as the Country Matters Meetings) proposed by the 2021 CSR. In staff’s view, these risks are well mitigated:

- Staff have already started assessing the implementation of the 2021 CSR surveillance priorities and surveillance gaps in the context of the ongoing CSR, that will provide a holistic evaluation of the implementation of the 2021 CSR. The preliminary findings are expected to be presented at an informal Board meeting before the end of FY2025. Staff will also continue to explore ways to better operationalize different surveillance modalities, including through the focus group discussions (FGDs) on specific topics related to the CSR. Allowing the assessment of the implementation of the 2021 CSR modalities to be completed by May 2026 leaves more time for their operationalization.

- Management and staff will continue regular consultations with the Board on surveillance issues, including in the context of discussions of the Managing Director's Global Policy Agenda, the Management Implementation Plan in Response to the Board-Endorsed Recommendations from the IEO Evaluation on the Evolving Application of the IMF's Mandate, as well as through surveys, FGDs, and informal and formal CSR related Board meetings. In the context of the ongoing CSR, staff will consider options to keep the Board updated on the implementations of Fund's surveillance priorities in a cost-effective manner going forward.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

Cancellation of the 2025 Interim Surveillance Review

1. The Fund decides that the interim review of progress with the implementation of the 2021 Comprehensive Surveillance Review referred to in SU/21/62 is hereby cancelled.