

INTERNATIONAL MONETARY FUND

The Managing Director's **Global Policy Agenda** Annual Meetings 2015

Responding to New Realities



THE MANAGING DIRECTOR'S GLOBAL POLICY AGENDA

Responding to New Realities

October 2015

The membership is facing a rapidly changing and uncertain world. The *United States* is poised to raise interest rates amid ongoing recovery, *China's* expected slowdown as it rebalances growth is creating larger-than-anticipated spillovers, and commodity producers are facing the end of a long cycle of high commodity prices. These necessary transitions pose challenges, particularly for *emerging and low-income developing countries*, where prospects have dwindled the most.

Policymakers are increasingly grappling with difficult policy trade-offs. Faced with limited room to maneuver and the need to adapt to new realities, what relative weight should be placed on supporting demand and current activity, on reducing financial risks as financial conditions tighten, and on implementing urgently needed structural reforms to revive future growth?

Policies need to reflect country circumstances and coalesce into a new multilateralism.

Mutually reinforcing policies are needed to support growth today, invest in resilience and safeguard financial stability, and implement the structural reforms needed for a sustainable and inclusive future. Policies should reflect member circumstances and also add up to a coherent whole—to ensure that demand is created not substituted, market resilience is enhanced not circumvented, and that structural reforms are enacted not delayed. Cooperation is vital in areas such as the global financial safety net, trade, climate change, international taxation, sustainable development goals (SDGs), and demographic transitions and migration.

The Fund will support the membership at this juncture. The Fund has both the universal membership and mandate to address growth and economic stability issues at the national and global levels. To support the membership most effectively, the Fund will focus on three priorities that best reflect this new **AIM**:

- ***Agility.*** Advice will focus on policies to support members cope with evolving transitions—respond to tighter and more volatile financial conditions and implement effective macro-structural reforms. The lending framework will deliver financial assistance quickly where needed. Delivery of technical assistance and training will be enhanced by greater use of online tools.
- ***Integration.*** In the face of growing policy trade-offs, the Fund will support its members by better integrating policy advice across sectors, embracing evolving priorities, promoting integration of global, regional, and bilateral safety nets, and better leveraging synergies between surveillance and capacity building.
- ***Member-Focused.*** With policy concerns evolving rapidly and advice becoming more dependent on country-specifics, the Fund will deepen its engagement with members, better deliver its knowledge, and ensure faster feedback to policymakers.

The Fund continues to refine its core work—surveillance, lending, and capacity building—and to attain greater intellectual and cultural diversity to respond to this changing global environment and its corresponding policy challenges. To further improve services to the membership, Fund activities need to be fully supported by adequate financial, human, budgetary, and technological resources.

CURRENT CONJUNCTURE

The membership is facing an increasingly uncertain global environment

The global economy is changing...

With recovery in the *United States* broadly on track, an increase in interest rates is approaching, signaling further tightening of global financing conditions. The expected slowing of activity in *China* as it transitions to safer, more sustainable growth and recent market volatility are having larger-than-anticipated spillovers. Commodity prices have fallen sharply and are likely to remain low for a prolonged period. Changes in the global financial landscape have pushed risks to less liquid and often less transparent parts of the system.

...and spillovers have intensified.

Rising financial volatility, large exchange rate movements, a sharp slowdown in global trade, weaker growth forecasts, and elevated downside risks are symptomatic of these transitions. Economic and financial linkages are becoming more complex and difficult to assess as business and financial cycles are diverging among *advanced* and *emerging and developing economies*.

Growth prospects have diminished...

Prospects for actual and potential growth have been repeatedly marked down, highlighting concerns about a new mediocre. Many *emerging market economies* are facing a major slowdown after years of rapid growth that was fueled by buoyant commodity prices, favorable external financial conditions, post-crisis credit and investment booms, and strong growth in *China*. *Low-income developing countries*, particularly commodity producers, have also been affected. In *advanced economies*, demand remains deficient and concerns about stagnation persist. Potential growth is constrained by slowing productivity and aging populations.

...and risks are rotating to emerging market and developing economies

Improved macroeconomic management and more robust financial structures have increased resilience in many *emerging market and developing countries*. But tighter financing conditions, slowing capital inflows, and currency pressures are adding to balance sheet and funding strains amid high corporate leverage and foreign currency exposures. The interaction of domestic and external headwinds renders many of these economies vulnerable to shifting global tides and abrupt changes in market sentiment. This could create spillovers and spillbacks into *advanced economies*.

Structural and fiscal reform efforts by members have lagged (Annex I)

Policy responses to these evolving transitions and the priorities laid out when we last met varied. Monetary policy remained supportive in *advanced economies*, with signs of policies gaining traction (*Euro area, Japan*). Some *emerging market and low-income developing countries* embarked on important policy adjustments, reducing energy subsidies (*Angola, India, Indonesia, Thailand, United Arab Emirates*), allowing for exchange rate adjustments (*Azerbaijan, Kazakhstan*) in response to falling export and fiscal revenues, and strengthening financial regulatory frameworks (*Indonesia, Poland, Ukraine*). But progress in implementing needed structural reforms and in strengthening fiscal policy frameworks fell short across the membership.

POLICY CHALLENGES

Policymakers are grappling with difficult policy trade-offs in adapting to new realities.

Supporting demand while managing macroeconomic and financial risks

In many *emerging market and low-income developing countries* room for policy maneuver to support demand is narrowing. The scope to ease fiscal and monetary policies is constrained by debt, inflation, or balance-sheet risks. Commodity exporters in particular face prospects of painful adjustment amid rising financial and external vulnerabilities, deteriorating fiscal positions, and expectations of a protracted period of low commodity prices. *China* is facing a delicate balancing act of avoiding growth from slowing too sharply while unwinding excess leverage and transitioning toward a more market-based financial system. In many *advanced economies*, sizeable output and inflation gaps still remain. Bringing high public debt down to safer levels in a low-growth and low-inflation environment remains a key challenge.

Navigating tighter financing conditions while safeguarding financial stability

Policymakers in many *emerging market and frontier economies* face difficult choices. Allowing for greater exchange rate flexibility is constrained in some countries by high foreign exchange exposures. Credit quality is also deteriorating in some. This raises questions about the relative role of better provisioning, insolvency regimes, foreign exchange intervention, and capital flow management measures to avoid disorderly market conditions and safeguard financial stability.

Quelling financial risks while encouraging investment

An extended period of monetary accommodation in *advanced economies* has led to emerging pockets of financial vulnerabilities, especially in the non-bank financial sector, and systemic market liquidity is fragile. Investment in the real economy remains tentative reflecting crisis legacies in some. Safeguarding financial stability while promoting real investment remains a major policy challenge.

Identifying sources of growth and needed structural reforms

Implementing complementary structural reforms to address growth challenges is gaining further urgency. But some reforms can have potential short-term negative effects that often go against vested interests and populist pressures. Decisively tackling structural rigidities and the misallocation of resources is urgently needed to lift growth potential and sustain and improve living standards. The exact needs vary by country and region and will require reforms that lift labor demand and supply, investment, and productivity.

Ensuring socially and environmentally sustainable long-term growth

Effectively addressing social and environmental stresses constitutes a defining global challenge with a bearing on growth sustainability, shared prosperity, and social cohesion. Inequality is rising, gender gaps persist, and unequal access to financial services remains widespread. Climate change and water scarcity are already afflicting many parts of the world. Growing migration pressures, reflecting demographic shifts and geopolitical conflicts, are creating fiscal and social costs but they also provide opportunities that need to be harnessed.

GLOBAL POLICY PRIORITIES

Mutually reinforcing policies to support durable, inclusive global growth

Striking the right balance between supporting demand, managing financial stability risks, and implementing urgently needed structural reforms to lift potential growth is crucial to adapt to new realities. Cooperation is essential in areas of mutual interest—the global financial safety net, trade, climate change, international taxation, SDGs, and demographics and migration.

Supporting growth today

Economic slack and low inflation justify continued accommodative monetary policy in major *advanced economies* (*Euro area, Japan*). Fiscal policy needs to be more supportive where conditions allow (*Germany, Netherlands*). In some advanced economies, credible medium-term budget plans are a priority, and unnecessary disruption should be avoided (*United States*).

In *emerging market and developing economies*, demand support should be carefully weighed against the need to manage vulnerabilities. Those with policy flexibility should use it, including to smooth adjustment to lower commodity prices (*GCC*). Other countries should rely on growth-friendly fiscal rebalancing, including tax reforms (*Bangladesh, India, Tunisia*), energy pricing reforms (*Egypt, Nigeria*), and expenditure prioritization to preserve essential social and infrastructure spending.

Clear and effective communication about policy stances in larger members is essential to help limit excessive market volatility and spillovers (*United States, China*). Policy action by both surplus and deficit countries can support external adjustment and help foster balanced global growth and financial stability. Excessive reliance on exchange rate depreciations to spur domestic activity should be avoided.

Investing in resilience

Advanced economies should strengthen regulation and supervision of rapidly expanding financial activities outside the banking system. Addressing low structural market liquidity (*United States*) and reducing nonperforming loans and improving and harmonizing insolvency rules (*Euro area*) are also priorities.

In *emerging market and low-income developing countries*, solid policy frameworks will be crucial, including ensuring adequate provisioning of bad loans, flexible insolvency procedures, and avoiding market dysfunction. Where feasible, exchange rate flexibility should serve as a shock absorber. Foreign exchange intervention can provide short-term insulation against disorderly market conditions. Capital flow management measures on outflows could also play a temporary role in a broad policy response to crises.

In *China*, upgrading the policymaking framework, broader financial sector reforms to address shortcomings in regulation and supervision, and moving consistently to a more market-based financial system are priorities.

Swift implementation of the global regulatory reform agenda, including establishing macro- and micro-prudential policies for non-banks, is essential for managing systemic risks. An adequate and integrated global financial safety net is vital for bolstering the international monetary and financial system.

Securing the future

In *emerging market and developing countries*, addressing energy infrastructure bottlenecks (*India, Indonesia, South Africa, Tanzania*), improving business conditions (*Brazil, Russia, Senegal, Middle East and Central Asia*), and education, labor, and product market reforms (*Brazil, China, India, South Africa*) can lift productivity and pave the way to higher income levels. In *China*, fiscal, social security, and state-owned enterprise reforms are needed to transition to more domestically-driven growth, which will benefit the global economy over time. In *commodity exporters and low-income developing countries*, policies to promote economic diversification are essential.

In *advanced economies*, reducing tax wedges that hurt job creation, targeted labor market policies to boost demand, and immigration reforms can boost trend employment and labor force participation. Overcoming crisis legacies (*Euro area*) will also support stagnant demand by reviving investment. Invigorating waning productivity will involve infrastructure investments, removing product and labor market barriers (*Euro area, Japan*), and providing better incentives for innovation (*Canada, Euro area, Japan, United States*).

On a global level, decisive efforts to reach the post-2015 Sustainable Development Goals and ensure adequate financing for development can help secure economically, socially, and environmentally sustainable growth. Trade deals within a multilateral agenda can help revitalize global trade.

Implementing quota and governance reforms

Implementation of the 2010 reforms remains an imperative for Fund credibility and legitimacy. It is also crucial for ensuring sufficient permanent resources to effectively meet members' needs and support the stability of the international monetary and financial system.

HOW THE FUND WILL HELP THE MEMBERSHIP

The Fund has continued to refine its core activities (Annexes II and III)—surveillance, lending facilities, and capacity building—and is adapting to support the membership as they face the multiple challenges of the ongoing transitions. The Fund will deliver critical policy advice by combining macroeconomic, financial, and structural perspectives and assess how policies in individual countries affect, and are affected by, the rest of the world. The Fund will deliver for its members with purpose and *AIM*: to be even more *Agile, Integrated* and *Member-focused* to support the transition to a new era of durable, inclusive growth.

Becoming more agile**Policy advice will assist members manage multiple transitions**

Policy advice will center on managing short- and medium-term risks and spillovers from tighter financing conditions and *China's* ongoing growth transition. This includes managing disorderly market conditions and balance sheet strains in *emerging market and low-income developing countries*. Fiscal policy advice will focus on managing risks and developing appropriate long-term anchors. Staff will expand work on macro-critical structural reforms, including complementary reforms, potential short-term tradeoffs, sequencing, and interactions with other macroeconomic policy levers to guide country-specific options for supporting growth.

Lending must be delivered quickly.

The Fund must be ready to handle greater demand for its resources and quickly deliver financial assistance. In an increasingly uncertain global environment, financial assistance—including through crisis prevention instruments—may need to be extended for longer terms, while ensuring timely exit. The Fund will assess the possible implications of these developments on its size, financing structure, and lending toolkit; distill lessons from previous crisis lending; and propose modifications to promote more efficient resolution of sovereign debt crises.

Delivery of capacity building will be improved.

Capacity building will provide more high quality advice by improving the efficiency of delivery, including by using online tools, a results-based management framework, and developing a common evaluation framework. Key areas include managing fiscal risks, debt and public investment management frameworks, monetary and financial stability policies, and closing data gaps. Technical assistance will further exploit lessons from cross-country experiences. This year's push on SDGs will focus on assistance in areas of Fund expertise, such as boosting domestic revenue mobilization—including international taxation—promoting financial sector deepening, and supporting small and fragile states.

Integrating activities and exploiting synergies**More holistic policy advice**

Achieving the dual challenges of managing vulnerabilities and sustaining growth requires more effective integration of fiscal, monetary, exchange rate, financial, and structural reform advice. Developing and disseminating analytical frameworks (for example, guidance or toolkits) for macro-financial linkages, macro-structural analysis, and management of capital outflows will support this effort. Macro-financial linkages will be integrated more fully into projections, risk assessments, and policy advice. The Fund will take stock of members' policies with respect to handling capital flows, in the context of the IMF's institutional view. Refining the coverage of cluster reports and quantifying alternative risk scenarios will better integrate bilateral, multilateral surveillance and risk analysis.

Widening the scope of advice

Surveillance and capacity building will incorporate macro-critical issues with bearing on growth stability and sustainability in the Fund's areas of expertise. For example, fostering economic diversification, financial deepening and inclusion, assessing fiscal and other economic implications of climate change and inequality, and identifying country-specific policies in support of SDGs. Particular attention will be given to examining the macroeconomic consequences of demographic transitions and migration for source and recipient countries. The Fund will strengthen collaboration on these issues with relevant international institutions, and better leverage their expertise.

Strengthen the resilience of the international monetary and financial system

The IMF will continue to foster policy cooperation to support growth and limit stability risks and ensure that its policy advice takes account of member circumstances but also adds up to a coherent whole—so that demand is created not substituted, market resilience is enhanced not circumvented, and

that structural reforms are enacted. The Fund will continue to assess the progress and implications of the global financial regulatory reform agenda. The Fund will also review the adequacy of the global financial safety net architecture and leverage its surveillance capabilities and strength in monitoring developments to better integrate bilateral, regional, and multilateral safety nets.

Synergies between activities

Surveillance, technical assistance, and training will be further integrated to effectively identify and address emerging vulnerabilities and deliver a stronger overall package of capacity development. External training programs will be redesigned to better complement and enhance policy analysis and advice.

Supporting safe financial integration

Policy advice and technical assistance will seek to help *emerging market and low-income developing countries* reap the benefits of foreign financing. This will support economic convergence while minimizing risks of capital flow reversals and avoiding “de-risking” pull-backs by international banks. Advice will focus on financial sector deepening, developing macro-prudential and regulatory frameworks, and maintaining debt sustainability.

More member-oriented

Two-way dialogue

As policy concerns rapidly evolve and advice becomes more dependent on country-specifics, the Fund will put increasing weight on its field presence and more frequent two-way discussions with members. It will also deepen existing engagement with regional bodies (such as ASEAN and the GCC), to facilitate multilateral cooperation. Efforts are underway to address perceptions of evenhandedness and stigma, including developing a framework for countries to voice specific concerns.

Knowledge management

The Fund will further strengthen knowledge management (e.g., data gathering and processing, and technology investments) to better organize information, and increase on-demand access by the membership. A new web management system is being launched to give the global community easier access to global and country-specific policy advice and lessons.













More timely feedback

Reducing the time between discussions with policymakers in countries and publication of Staff Reports is important for gaining traction. While progress has been made, more can be done.

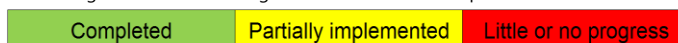
Maintaining distinct competences and adequate financial resources

To further improve services to the membership, Fund activities, which have already been extensively reprioritized, will need to be fully supported by adequate financial, human, and technological resources. A dynamic and diverse work force able to provide appropriate policy advice and capacity building is crucial. It requires more diverse staffing to match changing skill requirements, to increase gender and regional diversity, and to improve talent management. It also requires adequate budgetary resources.

Annex I. Implementation of Policy Priorities by the Membership



























Spring 2015 GPA Policy Priorities	Assessment of Implementation
Advanced Economies	
<p>Monetary policy: Enhance the efficacy of asset purchase programs in the Euro area and Japan. Clear and careful communication in the United States in order to minimize disruptive market adjustments.</p>	 <p>Some steps taken to enhance the efficacy of asset purchase programs in the Euro area and Japan. Regular communication, explaining the Federal Reserve's data dependent approach, in the United States.</p>
<p>Fiscal policy: Attune fiscal consolidation to economic conditions. Boost infrastructure investments. Increase tax revenues and improve compliance. Reform energy taxes. Strengthen fiscal institutions. Adopt medium-term consolidation plans in Japan and the United States. Simplify fiscal governance frameworks in the Euro area.</p>	 <p>Some progress in attuning fiscal consolidation to economic conditions, raising tax revenues and reforming energy taxes. More progress needed on infrastructure investments and fiscal institutions. Credible medium-term fiscal consolidation plan is still missing in the United States. Complicated fiscal governance frameworks remain an issue in the Euro area.</p>
<p>Financial sector policies: Full and prompt implementation of the global financial regulatory reform agenda, including for shadow banking. Address private debt overhangs and impaired corporate and bank balance sheets in the Euro area. Strengthen macroprudential policies in the United States.</p>	 <p>Continued implementation of the global financial regulatory agenda. Progress in addressing private debt overhangs in some Euro area countries. Further strengthening of macroprudential policy framework needed in the United States.</p>
<p>Structural reforms: Implement reforms to labor and product markets. Raise productivity in the services sector. Improve access to finance for smaller firms. Foster financial inclusion. Incentivize innovation. Improve access to education and health care. Design well-targeted social policies.</p>	 <p>Some steps taken to reform labor markets, raise productivity in the services sectors, improve access to finance for smaller firms and enhance access to health care. Limited reform progress in the areas of product markets, financial inclusion, innovation, education and social policies.</p>
Emerging Market Economies	
<p>Monetary policy: Ease monetary conditions in oil-importing countries with credible frameworks. Increase exchange rate flexibility in oil exporters with limited policy space. Let exchange rates act as a shock absorber. Strengthen monetary frameworks.</p>	 <p>Monetary easing in some oil-importing countries. Exchange rates allowed to adjust in several countries. Uneven progress in strengthening monetary policy frameworks.</p>
<p>Fiscal policy: Boost infrastructure investments. Reform energy subsidies. Mobilize revenues and prioritize expenditures in countries with less policy space. Use financial buffers to smooth the impact of lower oil prices on spending in commodity exporters. Establish multi-year budget frameworks. Strengthen fiscal institutions. Improve natural resource management.</p>	 <p>Use of financial buffers to smooth spending in some commodity exporters. Reduced energy subsidies in a few commodity importers. Uneven progress in establishing multi-year budget frameworks and more transparent natural resource management. Ongoing efforts to mobilize revenues, prioritize expenditures, execute infrastructure investments and strengthen fiscal institutions.</p>
<p>Financial sector policies: Strengthen regulation, supervision and macroprudential frameworks, including for shadow banking. Maintain liquidity in local currency bond markets. Full and prompt implementation of the global financial regulatory reform agenda.</p>	 <p>Good progress in strengthening regulation, supervision and macroprudential policies, including the continued adoption of international standards. Challenges in maintaining liquidity in local currency bond markets.</p>
<p>Structural reforms: Implement reforms to labor and product markets, and education. Incentivize innovation. Ease limits on investment and improve the business climate. Deepen financial markets and economic diversification. Liberalize trade and anchor the economy to global value chains.</p>	 <p>Some steps taken to deepen financial markets. Limited and uneven progress in implementing labor and product market reforms, incentivizing innovation, improving business climate, undertaking education reform, deepening economic diversification and liberalizing trade.</p>
Low Income Developing Countries	
<p>Monetary policy: Allow for greater exchange rate flexibility. Strengthen monetary policy frameworks.</p>	 <p>Exchange rates allowed to adjust in some countries. Some steps taken to strengthen monetary policy frameworks.</p>
<p>Fiscal policy: Boost infrastructure investments. Reform energy subsidies. Mobilize revenues and prioritize expenditures in countries with less policy space. Use financial buffers to smooth the impact of lower oil prices on spending in commodity exporters. Establish multi-year budget frameworks. Strengthen fiscal institutions. Improve natural resource management.</p>	 <p>Large infrastructure investment projects in some countries. Ongoing reforms to increase the transparency of natural resource management and reduce energy subsidy. Uneven progress on fiscal institutions and multi-year budget frameworks. Further progress needed on revenue mobilization and expenditure prioritization. Limited availability of financial buffers.</p>
<p>Financial sector policies: Strengthen regulation, supervision and macroprudential frameworks. Maintain liquidity in local currency bond markets. Full and prompts implementation of the global financial regulatory reform agenda.</p>	 <p>Some progress in strengthening regulation, supervision and macroprudential policies, including steps taken to adopt international standards. Development of local currency bond markets remain an issue.</p>
<p>Structural reforms: Implement reforms to labor and product markets, and education. Ease limits on investment and improve the business climate. Deepen financial markets and economic diversification. Address traditional trade barriers and avoid protectionist measures, including non-tariff barriers.</p>	 <p>Ongoing efforts to improve the business climate and implement reforms to education. Uneven progress in deepening financial markets and economic diversification, and reducing trade barriers. Labor and product market reforms remain an issue.</p>

Note: Policy priorities in the first column are drawn from the Spring 2015 Global Policy Agenda. The assessment reflects progress in implementation since then. Income groups are aggregated using PPP GDP weights. The color coding of the assessment of implementation is as follows:



Annex II. Implementation of IMF Deliverables

(April–November 2015)

Analytical Work and Policy Reviews Identified in the Spring 2015 GPA	
Lending	
 Review of Concessional Financing Eligibility	 Enhancing the Financial Safety Net for Developing Countries
 Sovereign Debt and the Fund's Lending Framework	 Official Sector Involvement and Lending Into Arrears Policy ¹
 Access Limits and Surcharge Policy: Specific Proposals	 Crisis Program Review ¹
Surveillance	
<i>General</i>	
 Revisiting the Monterrey Consensus	 Fund's Engagement in Fragile States
 Strengthening the International Monetary System	
<i>Fiscal</i>	
 Fiscal Policy and Long-Term Growth	 Making Public Investment More Efficient
 Fiscal Policy Anchors	 Tax Incentives in LIDCs
 Public Debt Vulnerabilities in LIDCs ¹	
<i>Monetary</i>	
 Monetary Policy and Financial Stability	 Reserve Adequacy (incl. Guidance Note)
 Monetary Policy Frameworks in LIDCs	
<i>Financial</i>	
 Balance Sheet Analysis in Fund Surveillance	 Financial Inclusion
 Developments in Regulatory Reforms	 Mainstreaming Macro-Financial Surveillance
<i>Structural</i>	
 Climate Change	 Structural Reforms and Macroeconomic Performance
General Operations	
 Review of Valuation of the SDR ¹	 2010 Quota and Governance Reforms
 15th General Review of Quotas	

¹ Board papers/reports scheduled to be delivered beyond the horizon under consideration; ongoing work.

Note: IMF deliverables identified in the Spring 2015 Global Policy Agenda. The color coding of the assessment is as follows:

Completed	Ongoing	Delayed
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Annex III. Key IMF Activities since the Spring Meetings

IMF provided financial assistance to members in need.

- Access to concessional Fund resources for all Poverty Reduction and Growth Trust (PRGT)-eligible countries and support under the Rapid Financing Instrument (RFI) for all members was increased.
- New disbursements under the Rapid Credit Facility and the RFI were approved for Iraq, Nepal and Vanuatu to the tune of \$1.3 billion. New arrangements were also approved for *Ghana*, *Guinea-Bissau*, *Haiti*, *Kosovo*, the *Kyrgyz Republic*, and *São Tomé and Príncipe* involving a resource commitment of \$1.3 billion. A successor arrangement for *Colombia* under the Flexible Credit Line (FCL) was approved in the amount of \$5.5 billion.

A number of major policy reviews are ongoing or have been completed.

- Steps were outlined to operationalize the MD's action plan on the 2014 Triennial Surveillance Review (TSR) to cover the main building blocks of surveillance.
- Operational guidance notes on the FCL and the Precautionary and Liquidity Line (PLL) as well as the new debt limits policy were published. The Crisis Program Review (CPR) is underway to distill lessons from Fund arrangements during the global financial crisis.
- Staff published a report laying out initial considerations for the quinquennial review of the method of valuation of the Special Drawing Right (SDR) currency basket.

Analytical and policy work focused on challenges facing the membership.

- Staff analyzed policy options to accelerate financing for development and support select SDGs. Work on monetary and financial sector policies focused on the link between monetary policy and financial stability, balance sheet analysis, tackling non-performing loans in Europe, housing finance and real estate booms, and Islamic finance. Analysis of fiscal issues included the nexus between fiscal policy and long-term growth, public investment management frameworks, energy tax and subsidy reform, fiscal consequences of shrinking populations, and fiscal governance reform in the Euro area. Analytical work on structural issues covered topics such as the causes and consequences of inequality, financial inclusion, managing water challenges, and implications of financial deepening for growth and stability in emerging market economies.

Capacity building activities supported the global policy agenda.

- Most technical assistance and training has been provided to priority groups, including low-income countries, Arab Countries in Transition, fragile states, small states, the financial sector and highly vulnerable or program countries. In West Africa, capacity building has recently focused on compliance management to boost domestic revenue mobilization. Despite difficult security and political situations, the Fund remained engaged with its members in the Middle East, focusing technical assistance on banking supervision, public financial management, revenue administration, and macroeconomic statistics.
- In line with 2014 TSR's recommendation to strengthen the linkages between surveillance and capacity development, two successful pilot workshops were held in Bangkok and *Fiji* on macro-financial linkages and strengthening fiscal frameworks for officials from *Cambodia*, *Lao PDR*, *Myanmar*, *Vietnam*, and Pacific island countries. Online learning has continued to grow strongly and the first online course in French further extended its reach to Sub-Saharan and North Africa. Training delivery through regional technical assistance centers has also increased significantly.