

**Statement by the Managing Director  
on the Work Program of the Executive Board  
Executive Board Meeting  
November 23, 2015**

**1. Policy priorities.** The *Managing Director's Global Policy Agenda* (GPA) presented to the IMFC last month highlights the challenges associated with a rapidly changing and uncertain world. The limited room for policy maneuver and the need to adapt to new realities pose difficult trade-offs between supporting demand and current activity, reducing financial risks as financial conditions tighten, and implementing needed structural reforms to revive growth. Against this backdrop the GPA called to support growth today, invest in resilience and safeguard financial stability, improve the sustainability of the public finances, implement the structural reforms needed for sustainable and inclusive medium-term growth, and secure the effectiveness of the 2010 reforms (Figure 1).

**Figure 1. Summary of Policy Priorities Going Forward**



Source: Based on Fall 2015 Global Policy Agenda.

**2. Achieving a policy upgrade.** The Fund will assist members in making a necessary policy upgrade to address the multiple challenges posed by ongoing transitions. Policy advice will combine macroeconomic, financial, and structural perspectives, and assess how policies in individual countries affect, and are affected by the rest of the world. Staff will also seek to build policy momentum by showing the global benefits of taking action and by monitoring closely the traction of Fund advice.

**3. Fall 2015 Work Program.** This document translates the policy priorities and strategic directions laid out in the Fall 2015 GPA and the IMFC communiqué into an Executive Board agenda for the next twelve months. The key focus of this agenda is to continue to refine and adapt the Fund’s core activities—surveillance, lending, and capacity building—to the challenges faced by member countries. The 2015 Work Program continues the implementation of the 2014 Triennial Surveillance Review (TSR) recommendations and underpins a broader effort of the Fund to respond to the needs of the membership in an even more agile, integrated, and member-focused manner (Box 1).

#### **Box 1. The AIM Approach**

The Fund has both the universal membership and mandate to address growth and economic stability issues at the national and global levels. To support member countries effectively as they are undergoing several transitions and managing spillovers, this Work Program supports a broader focus on three priorities by the Fund:

- **Agility.** Advice will focus on policies to help 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-focus.** 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.

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Source: Fall 2015 Global Policy Agenda.

## **I. CONJUNCTURE AND RISKS**

**4. A rapidly changing and increasingly uncertain world.** The global economy is experiencing three transitions—global financial conditions are tightening as the United States prepares to raise interest rates amid its 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. As a result, financial and exchange rate volatility have increased, and global trade has decelerated significantly. Prospects for actual and potential growth have been repeatedly marked down, highlighting concerns of a new mediocre. Downside risks remain elevated and have rotated to emerging market and developing economies, while economic and financial linkages are becoming more complex and difficult to assess. Against this background and mindful of the need for agility under the current circumstances, the Work Program provides for a continued assessment and discussion of the conjuncture, associated risks, and appropriate policy responses, and takes into account that requests for financial support from the Fund are likely to increase in the year ahead.

- **Global policy agenda.** The GPA will continue to serve as a key vehicle to engage the IMFC during the Spring and Annual Meetings. With the early input of the Board, the GPA will review policy implementation by the membership, identify policy challenges for the period ahead, synthesize key policy messages from bilateral and multilateral surveillance, and help the Fund work to support the membership.
- **Global economic developments.** The global conjuncture and risks will be discussed as customary ahead of the Spring and Annual Meetings in joint Board sessions on the *World Economic Outlook (WEO)*, *Global Financial Stability Report (GFSR)*, and *Fiscal Monitor* (March and September 2016, respectively). This will be complemented with the *World Economic and Market Developments (WEMD) Updates* in January and July. The Board will also hold formal discussions on *Macroeconomic Developments in Low-Income Developing Countries* (December 2015 and October 2016), which will review recent developments and the near-term outlook for those countries. Staff work on prospects for commodity prices and its implications for policies in commodity-exporting countries will be presented to the Board in March 2016.
- **Regional developments.** The Board will receive regular updates and briefings on regional developments from area departments. There will be dedicated briefings on developments and prospects in emerging market economies ahead of the Spring and Annual Meetings; if warranted by developments, the Board will also be briefed on evolving trends in Fund program and near-program engagements. The Work Program also includes briefings on the cluster reports *China and Cambodia-Lao PDR-Myanmar-Vietnam (CLMV): Integration, Evolution, and Implications* (March 2016), and *ASEAN: Evolution of Monetary Policy Frameworks* (May 2016).
- **Balance of risks and spillovers.** The *Early Warning Exercise* will allow the Board to discuss key risks to the global economy ahead of the Spring and Annual meetings. Further analysis of the risks and implications from spillovers arising *inter alia* from monetary policy developments in advanced economies and from China's expected slowdown and rebalancing will be examined in the October *World Economic Outlook (WEO)*. Staff will also continue analytical work on the nature, scale, and transmission

channels of spillovers, including on how to strengthen the analytical underpinnings of vulnerability assessments in the Fund’s vulnerability exercise and the Financial Sector Assessment Program (FSAP).

## II. ADDRESSING POLICY CHALLENGES

**5. Integrating activities and exploiting synergies.** Achieving the dual challenges of managing vulnerabilities and sustaining growth amid the ongoing global transition will require more effective integration of fiscal, monetary, exchange rate, financial, and structural issues. The Fund will seek to support the membership in this task by synthesizing its policy advice, and by further integrating and leveraging its expertise in different policy areas. This will include the development and dissemination of analytical guidance and tools to assess macro-financial linkages and fiscal policies, undertake macro-structural analysis, and manage capital outflows. Surveillance will also cover emerging issues such as inequality, energy/climate change, demographics, or gender where these issues are deemed to be macro-critical and there are policy gaps. Staff will also continue to integrate into its engagement with member countries the IMF’s deliverables under the post-2015 development agenda, as well as specific issues facing small states and fragile states (Box 2).

### Box 2. Engagement with Small and Fragile States

The international community underscored the need to provide customized assistance to small developing states facing exceptional vulnerabilities. Staff will continue to pursue work to assess the needs and challenges of small and fragile states, while delivering timely policy advice.

A pilot approach to support fragile states using a new capacity building framework will be rolled out in the coming year, and the protection of priority social spending will be strengthened in programs.

Ongoing staff work on small states will examine the resilience of small states of the Pacific against natural disasters, as well as possible options for enhancing insurance schemes against such disasters. Analytical work is also planned to examine pressing issues for the Caribbean, including the financial stability implications of financial integration and options for public pension reforms.

### A. Fiscal Policy

**6. Balancing demand support and sustainability.** Fiscal policies will need to be more supportive where conditions allow and carefully weighed against the need to manage vulnerabilities, while ensuring debt remains on a sustainable path. The Fund will continue to use a combination of policy advice, technical assistance, and training to assist members with developing and calibrating fiscal packages to support both short- and long-term growth, reducing public debt overhangs, and strengthening fiscal institutional frameworks.

- **Institutional frameworks.** The paper *Fiscal Anchors and Policy Frameworks* (May 2016) will brief the Board on medium- and long-term fiscal policy anchors and

best practices in managing fiscal risks. Work is also underway on medium-term budget frameworks in Africa.

- **Enhancing policy efficiency.** An informal session to brief on *Managing Government Compensation and Employment* (May 2016) will evaluate trends in the size and composition of public spending on employee compensation, and draw policy lessons. In addition, the Spring 2016 *Fiscal Monitor* will examine the link between fiscal policy and private investment. In June, an informal session to brief on *Tax Policy, Leverage and Macroeconomic Stability* will cover tax policy design to discourage excessive leverage and promote resilience. Analytical work is also underway on the long-term effects of fiscal consolidations in Central, Eastern and Southeastern Europe, as well as on the role of fiscal policies in driving firms' productivity.
- **Domestic revenue mobilization and public financial management.** Staff will continue to work on a wide range of issues in support of the objectives laid out in the July 2015 paper on *Financing for Development: Revisiting the Monterrey Consensus*, both in terms of its policy advice and its technical assistance. This includes enhanced support for domestic revenue mobilization, including intensified application of recently developed tax diagnostic tools, as well as rolling out new tools for countries seeking to improve public investment management.
- **International tax issues.** The Fund, in collaboration with the World Bank, will deepen the dialogue with developing countries on international tax issues, aiming to help increase their voice in the international debate on tax rules and cooperation. An initial dialogue on developing countries and the global tax agenda, held in Lima, underscored the broad support for this exercise, and for the wider efforts to boost domestic revenue mobilization in developing countries. Work will continue on developing improved assessment frameworks to help member countries evaluate and strengthen their tax policies.

## **B. Monetary, Macprudential, and Exchange Rate Policies**

**7. Maintaining accommodation while managing macroeconomic and financial risks.** In advanced economies monetary policy accommodation should continue, complemented by appropriate fiscal and structural policies that take into account underlying vulnerabilities and debt sustainability. In emerging market and developing countries, demand stimulus must be carefully balanced against heightened risks from macroeconomic and financial vulnerabilities. Clear communication of policy intentions and efforts to improve policy traction would be important across the entire membership. The Fund will continue to support the strengthening of policy frameworks and promote and deepen through policy advice and capacity building, an integrated view of monetary policy and financial stability.

- **Policy frameworks.** Staff will develop an integrated view on the use of policy tools (e.g., monetary policy, FX intervention, regulatory measures) to respond to exchange rate, liquidity, inflation, and balance sheet pressures. The Fund will also continue to

support developing countries as they strengthen their monetary policy frameworks, through technical assistance/training, surveillance, and in the context of Fund-supported programs. In November 2015 the Board will be informally engaged on *Evolving Monetary Policy Frameworks in Low-Income and other Developing Countries*, with a focus on how monetary policy frameworks can be made more coherent, transparent, and forward-looking, and how the modernization process can be managed. Later, in January 2016, a new reference note will provide a conceptual approach to analyze the exchange rate implications of *Unconventional Monetary Policies and Foreign Exchange Intervention under Disorderly Market Conditions*.

- **External balances and exchange rates.** The *External Sector Report* (ESR), scheduled for July 2016, will deliver an integrated and multilaterally consistent assessment of the external sector positions and policies of the larger economies. The ESR process will continue to enhance its capacity to conduct interim assessments when required by significant global developments. The Fund is also sharpening its analysis of external imbalances and exchange rates to better reflect the assessment of individual countries. In particular, a new *Reference Note on the EBA-lite Methodology* (January 2016) will illustrate the use of External Balance Assessment (EBA) type-methodologies for a broad set of countries.
- **Reserve adequacy.** The new *Guidance Note on Reserve Adequacy* (December 2015) will inform the Board on the implementation of the agreed innovations and modifications of the framework for assessing reserve adequacy.
- **Macroprudential policies.** Activities will focus on embedding and integrating macroprudential policy advice more firmly into bilateral surveillance and capacity building. Staff will collaborate closely with external stakeholders to identify best practices of macroprudential policies, which will be the basis for establishing international principles or guidelines on the design and implementation of macroprudential policy frameworks. Staff will analyze the role of macroprudential policies in the non-bank financial sector and will conduct further analytical work on the effectiveness of macroprudential policies, which will quantify the economic costs and benefits of these policies in terms of GDP.
- **Capital flow management.** Activities will strengthen the integration of policy advice on capital flows into bilateral surveillance and capacity building. In December 2015, a note with further guidance on *Managing Capital Outflows: Further Operational Considerations* will be circulated to the Board for information. In late 2016, a broader review will take stock of the implementation of policies on the liberalization and management of capital flows. Staff will also continue work on issues related to capital flow management measures, which will be complemented with ongoing research on foreign exchange intervention.

### C. Financial Sector Policies

**8. Investing in resilience.** The membership needs to invest in resilience and safeguard financial stability. The Fund will continue to assess the progress and implications of the global regulatory reform agenda. Much of the membership faces the challenge of implementing comprehensive policies to boost financial resilience, while strengthening financial inclusion. The key priorities will be to deepen macro-financial analysis and support members in addressing financial stability risks including through effective macroprudential policies, provide analysis on financial deepening and inclusion, analyzing and addressing “de-risking” pull-backs by international banks. Equally important will be to offer technical assistance and training to our membership on supervision and regulation, macro-prudential tools, systemic risks, stress testing, and financial stability frameworks. The Fund will also help LICs build their capacity on financial policy issues, including prudential supervision.

- **Global regulatory reforms.** The Board will be briefed in February and June 2016 on progress in the regulatory environment for banks, insurers, and other financial institutions.
- **Macro-financial analysis.** Building on the approach to deepening macro-financial analysis discussed with the Board, staff will continue to integrate macro-financial analysis in surveillance and expand the use of tools to assess the links between the financial and other sectors and their impact on the macroeconomic outlook and the assessment of risks. Enhanced training, knowledge sharing, and greater use of ‘good practice’ examples provide an operational complement to the Article IV guidance note. In 2016, staff will expand its current learning-by-doing approach, substantially increasing the number of country teams to be supported in their macro-financial analysis to around 60 Article IV consultations. Staff will also engage with academics and policy makers, and lay out the analytical framework for the Fund’s approach to macro-financial surveillance drawing on lessons learned. The Work Program also contains a briefing in December 2015 on the *Future of Asia’s Finance*, which will explore how Asia’s financial sector has evolved and how it can overcome the challenges of increasing size, sophistication, and interconnectedness to continue supporting growth and ensuring resilience.
- **Financial stability.** The implementation of the FSAP continues in line with the recommendations of the 2014 FSAP Review. Three non-mandatory assessments under the FSAP will be discussed in early 2016 (Madagascar, Mauritius, and Montenegro) and another four in the second half of 2016 (Lebanon, Belarus, Guyana, and Jamaica). The second round of mandatory FSAPs is also well underway. Four mandatory FSAPs (Germany, Ireland, Russia, and United Kingdom) have begun or are about to start and are expected to be discussed by mid-2016, while six more are expected to be in progress during 2016 (China, Finland, Mexico, Netherlands, Sweden, and Turkey). Discussions with the European Central Bank and the Single Supervisory Mechanism to coordinate FSAP assessments of the euro area are

ongoing. Follow-up work on the 2014 FSAP Review continues, including on strengthening and improving Financial System Stability Assessments (FSSAs).

- **Managing systemic risk.** The Fund will continue to deepen the understanding of the build-up and management of systemic risk. Staff has begun exploring emerging issues and potential risks in the area of finance and technology, and will informally brief the Board in February 2016 on *Virtual Currencies*. Later in May, the Board will be engaged to take stock on *Managing Systemic Financial Sector Distress: Lessons from the Global Crisis*. The Spring *GFSR* will also assess major trends in the insurance sectors' investment behavior and risk taking, and the evolving nature of the sector's contribution to systemic risk.
- **Assessing “de-risking” pull-backs by international banks.** Staff will continue to work with members and key stakeholders (including the private sector, home and host country authorities, the World Bank, and international standard-setting bodies) on assessing the impact of “de-risking” and developing possible policy responses. Staff will examine the drivers of the “de-risking” phenomenon and its impact on financial inclusion and intermediation, and the cost of remittances. Staff will also promote the implementation of relevant standards, including those to protect against abuse of the financial system for money laundering and terrorism financing, and help build capacity that can address risk perceptions of affected jurisdictions. The Board will be kept informed on these matters through the briefings on developments in global regulatory reforms and the regular global economic updates (¶4).
- **Financial development and inclusion.** Financial inclusion has become a policy target for many of our member countries. As envisioned in the *Financing for Development* Board paper (July 2015), staff will work to operationalize a framework for analyzing the macroeconomic linkages between financial development and inclusion. This work will deepen the analysis of the linkages between financial sector developments, economic growth, and inequality, helping integrate these links into Article IV consultations. Staff will also take stock of the main takeaways from ongoing and completed pilots on the macro-financial linkages of financial inclusion.
- **Islamic finance (IF).** The Fund will build on its prior work on Islamic Finance, co-hosting a global conference in November 2015 and covering related issues in Article IV consultations. In addition a new paper *Ensuring Financial Stability in Countries with Islamic Financial Systems* (September 2016) will address key aspects of Islamic banking and finance that are most relevant for Fund surveillance and TA activities with focus on ensuring financial stability, particularly in member countries with significant Islamic financial systems. This paper will allow the Board to formally express its view on adapting Fund policy advice and surveillance tools to incorporate best practices and standards for Islamic banking and finance.
- **Data gaps.** The Fund will maintain an active role in addressing data deficiencies among members, with the aim of better identifying macro-financial risks. In



September 2016 the Board will be informed on the *Progress Report to the G-20 on the Data Gap Initiatives*. This report provides a follow up to the September 2015 endorsement by the G-20 of the twenty recommendations for a second phase of the IMF/FSB Data Gaps Initiative.

#### D. Structural Reforms and Emerging Issues

9. **Widening the scope of advice to secure future growth.** The implementation of structural reforms is a priority to lift productivity and potential output, ensure inclusiveness, and enhance resilience. The Fund will work on macro-structural reforms, including their complementarity, potential short-term trade-offs, sequencing, and interactions with other policy levers to guide country-specific options for supporting growth. The Work Program also recognizes that securing future growth demands ensuring that growth is economically, socially, and environmentally sustainable. Surveillance and capacity building will therefore also focus on macro-critical issues that have a bearing on growth, sustainability, and economic stability within the Fund’s areas of expertise. The Fund will actively encourage collaboration in these areas across the membership and other organizations—to leverage their expertise—and contribute to the achievement of the Sustainable Development Goals (Box 3).
- **Reforms and the upgrade of economic structures.** Staff is taking an integrated view of the impact of structural reforms by examining their impact on growth and inequality in the April WEO and in other analytical work. Moreover, ongoing work is also assessing the impact of trade and foreign direct investment liberalization on growth and the complementarities between these and other structural reform priorities, the impact of labor market reforms on employment, the determinants of productivity at the firm level, and the macroeconomic dimensions of public-private partnerships. Staff will also continue work on strategies for economic diversification, with special focus on commodity exporters.
  - **Revitalizing trade.** Rekindling trade is an essential component to boost growth and avoid a new mediocre. A new reference note on trade and trade policy issues will be circulated to the Board in March 2016 as a follow-up to the *Review of the Role of Trade in the Work of the Fund* conducted last February. This note, which updates the *2010 Reference Note on Trade Policy, Preferential Trade Agreements, and WTO Consistency*, will provide staff guidance on macro-relevant trade and trade policy issues. Surveillance will also be supported by analyses of the potential economic effect of mega-regional trade initiatives.
  - **Benefits of financial integration.** In early February 2016 the Board will be engaged to discuss a new paper that takes stock of trends in *Financial Integration in Latin America*.

### Box 3. Implementing the Sustainable Development Goals

The formal launch of the Sustainable Development Goals (SDGs) sets the global development agenda through 2030, placing significant emphasis on promoting social and environmental sustainability alongside economic growth and poverty reduction. Meeting the SDGs will require actions across a wide range of areas by both national governments and the international community.

The IMF is uniquely positioned to support countries as they pursue the SDGs. With its focus on macroeconomic-criticality and its global membership, the IMF can work directly with its member countries and help to ensure a supportive, enabling global environment for sustainable development. Recognizing the need for a holistic view of growth, the IMF is increasingly emphasizing policies to promote sustainable growth, including through (1) economic diversification and structural transformation within a stable macroeconomic framework; (2) economic, gender, and financial inclusion; and (3) climate and environmental sustainability.

Although there is no one-size-fits-all strategy, some common threads can be identified, which can help countries—supported by the international community—to implement their development agenda:

- **Sustainable growth.** Macroeconomic and financial stability are necessary for sustainable growth, but they are not sufficient on their own. For developing countries, economic diversification and structural transformation are also critical. Of paramount importance are policies to strengthen infrastructure and its efficiency, enhance human capital, support financial deepening, and boost agricultural productivity.
- **Inclusive growth.** Widening economic and social disparities can pose a threat to durable growth, emphasizing the importance of economic and social inclusion. Addressing inequality across its various dimensions—income, gender, financial—is key. Such efforts can include fiscal policies that balance distribution and efficiency objectives, regulatory measures to increase access to finance while preserving financial stability, and structural reforms to promote economic participation.
- **Environmental sustainability.** Building resilience to climate-related events—and reforming energy and water prices—can go a long way toward addressing environmental sustainability. Mitigating the impact of price reforms on the most vulnerable is critical from an equity perspective and for gaining public support for reforms.

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Source: *Policies in Support of Selected Sustainable Development Goals*, SDN/15/18.

- **Implications of climate change.** In November 2015 the Board will have the opportunity to discuss the *Managing Director's Statement on the Role of the Fund in Addressing Climate Change* prior to the COP21 conference in Paris in December. This statement will be complemented with a staff discussion note (SDN) that takes an integrated view on how to address the macroeconomic challenges of climate change. This work will examine the implications and risks for macroeconomic performance and fiscal systems that arise from policies to mitigate climate change. It will also

discuss international policy coordination issues to finance and mitigate climate change, adaptation, financial sector implications, and the role of the Fund.

- **Demographic transitions, migration, and refugees.** Particular attention will be given to examining the macroeconomic consequences of demographic transitions, migration, and refugees. In November 2015, a background paper on the causes, consequences and policy implications of migration prepared for the G20 Summit, will be circulated to the Board. This paper will be complemented by staff work on the macroeconomic implications of migration from both a recipient and sender country perspective (SDNs), and on the impact of conflicts and the refugee crisis on the Middle East.
- **Inclusion and equity.** The Fund will conduct analytical work on inclusion and equity issues that are macroeconomically-relevant, collaborating with other organizations, such as the World Bank, to leverage their expertise and contribute to this agenda.

**10. Integrating emerging issues.** Pilots have now been undertaken in 17 countries to operationalize the Fund’s work on inequality, energy/climate change and gender where these issues were deemed to be macro-critical and there are policy gaps. Work has also continued on developing and disseminating tools—for example, templates for suggested indicator tables—and knowledge exchange sites have been launched.

### III. IMF LENDING FRAMEWORK, DEBT SUSTAINABILITY, AND RESTRUCTURING

**11. Lending framework.** In an uncertain global environment the Fund must be agile and ready to handle a greater demand for its resources and quickly deliver financial assistance. Financial assistance—including through crisis prevention instruments—may need to be extended for longer terms, while ensuring timely exit. This will require maintaining sufficient availability of resources for crisis prevention and resolution within a sound and evenhanded lending framework. In this context, the Work Program will seek to ensure that the Fund’s lending framework remains in tune with the needs of members. The *Crisis Program Review* (now planned for December 2015) will distill lessons from Fund arrangements during the global financial crisis. The Board will also discuss in February 2016 a paper on *Strengthening the Post-Program Monitoring Framework*, which presents a proposal to revise the policy for participation in Post-Program Monitoring in light of the recent Board discussions on streamlining.

**12. Debt sustainability and restructuring.** The Fund will continue the planned work to strengthen the Fund’s framework for engaging with members in debt distress. In November and December 2015 the Board will hold discussions on *Reforming the Fund’s Policy on Non-tolerance of Arrears to Official Creditors*. The Board will follow-up on *The Fund’s Lending Framework and Sovereign Debt—Further Considerations*, discussing specific proposals to reform the exceptional access framework to better calibrate lending decisions to members’ debt sustainability. The November discussion of *Public Debt Vulnerabilities in LICs: The*

*Evolving Landscape* will inform the upcoming review of the IMF-World Bank Low Income Country Debt Sustainability Framework (LIC-DSF), which will be brought to the Board in late 2016.

#### IV. MULTILATERAL COOPERATION

**13. A more resilient international monetary and financial system (IMFS).** Policy cooperation to support growth and limit stability risks must not only take into account members' circumstances, but also add up to a coherent whole.

- **Strengthening the IMFS.** The global economy is becoming more multi-polar and interconnected, underpinned by rapid growth in large emerging market economies. Despite some reforms after the global crisis, questions remain about the resilience of the IMFS. In January 2016, the Board will be engaged to discuss avenues for *Strengthening the International Monetary and Financial System*. The paper will provide an overview of the challenges facing the international monetary and financial system, including the implications of recent structural shifts in global economic and financial relations, and will identify possible areas of reform. This work will be complemented over the course of the year with the quinquennial *Review of the Method of Valuation of the SDR* (November 2015), which assesses the currency composition of the SDR basket; a new informal discussion to engage on the *Adequacy of the Global Financial Safety Net Architecture* (March 2016); and, finally, a formal discussion of the *SDR Allocation in the Eleventh Basic Period—Initial Considerations* (June 2016).
- **Standards and codes.** In October 2016, the Board will discuss the *Review of the Standards and Codes Initiative*, a five-yearly joint review with the World Bank on experience with the 12 areas and standards associated with this initiative. The review will have a special focus on more recent macroprudential developments and a risk-based approach to macro-financial standards assessments as called for in the 2014 FSAP review.
- **Fund governance and resources.** The effectiveness of the 2010 Quota and Governance reforms remains the highest priority for the IMF. Its approval is necessary to strengthen its credibility, legitimacy, and effectiveness, and help ensure the institution has the necessary resources to assist its membership. Meetings to advance the work on quota and governance reform, including on the 15<sup>th</sup> review and on meaningful interim steps towards the 14<sup>th</sup> Review will be scheduled as appropriate. In March 2016, the paper *Adequacy of Fund Resources—Preliminary Considerations* will provide the basis for an initial Board discussion on the appropriate size of the Fund over the medium term to ensure that it has sufficient resources to fulfill its mandate. Subsequently in May, the Board will discuss the future of the *2012 Borrowing Agreements and Review of Borrowing Guidelines*, and in October it will consider the renewal of the New Arrangements to Borrow

(NAB). Staff will update the Board in April 2016 on the status of PRGT finances, including the ongoing fund-raising activities to mobilize adequate concessional loan resources for the medium-term. Finally, in July 2016, the Board will discuss the annual *Quota Formula—Data Update*.

## V. A MORE AGILE, INTEGRATED, MEMBER-FOCUSED IMF

**14. Two-way dialogue.** As policy concerns rapidly evolve and advice becomes more dependent on country-specifics, the Fund will address perceptions of evenhandedness and stigma, including developing a framework for countries to voice specific concerns. The Fund will continue implementing the recommendations of past reviews such as the TSR, learning from past experience and outside evaluations, and deploying internal resources in line with emerging priorities. It will also seek to leverage the role of capacity development in the engagement with members.

- **TSR implementation.** The paper on *Evenhandedness of Fund Surveillance—Principles and Mechanisms for Reporting Concerns* (First quarter of 2016) will establish a clearer understanding of the evenhandedness of surveillance and a mechanism for authorities to report concerns, as recommended in the 2014 TSR.
- **Knowledge management.** The Fund will further strengthen knowledge management (e.g., data gathering and processing, and technology investment) to better organize information, and increase on-demand access for the membership.
- **Leveraging capacity development.** Functional and area departments will leverage existing capacity development efforts to strengthen dialogue with member countries. A particular effort will be made to build synergies between training, TA, and surveillance, in order to make the best use of scarce resources to better build capacity, both in member countries and in the Fund, and to make all three activities more effective.
- **Policy implementation.** In January 2016 the Board will be informed of delayed Article IV consultations through the *Annual Report on Delayed Article IV Consultations*. The Board will also be briefed on *Implementation of the IMF Communications Strategy* in December 2015.
- **Independent Evaluation Office (IEO).** The evaluation *Statistics for Global Economic and Financial Stability: The Role of the IMF* (now planned for February 2016) is carried over from the 2014 Fall WP. The evaluation on *The IMF and the Euro Area Crisis* is now planned for Board discussion in June 2016. Moreover, staff will prepare in early-2016 a management implementation plan on the IEO's assessment of self-evaluation at the Fund.

## VI. MAINTAINING ADEQUATE RESOURCES AND MANAGING RISKS

**15. Adequate financial, human, and technological resources.** To improve the 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. Efforts to reallocate resources, achieve efficiencies, and strengthen leadership capacity will continue (Box 4).

- **Budget, finances, and audit.** Discussions on the *FY2017–19 Medium-Term Budget* will start in December 2015 with a Budget Committee meeting on the budget strategy. Another committee meeting on initial proposals for the FY2017–19 budget will be held in February 2016, and the formal Board meeting will be held in April 2016, together with the review of the *Fund’s Income Position for FY2016 and FY2017–18*. In February 2016, the Board will discuss the regular biennial *Review of the Fund’s Precautionary Balances*. The External Audit Committee will continue to provide oversight over the Fund’s financial statements through regular briefings (January and July 2016). In April, the Board will have an initial discussion of the *Investment Strategy for the Trust Accounts*.
- **Managing human resources.** The *2015 Diversity and Inclusion Annual Report*, to be discussed in December 2015, will review initial progress toward the new 2020 diversity benchmarks. The report will also discuss issues of inclusion and flexibility in the work environment. This will be followed by a discussion on the actuarial assumptions and methods for the *Staff Retirement Plan* by the Pension Committee. The Board will also discuss in January the lessons learned for the Fund from an *External Study on Compensation Practices* in other organizations. This will be followed in March 2016 by the *2016 Review of Staff Compensation* and a paper on *Staff Recruitment and Retention Experience in CY2015*. The annual review of staff compensation will be conducted before the Spring Meetings to allow time to better integrate the findings into the discussion on the budget. In addition, the Fund is strengthening its leadership development framework (Box 4).

**16. Managing risks.** The Work Program responds to the Board’s call to include and integrate risk assessment within the Fund’s strategic planning, accountability framework, and budget cycle. Stronger risk ownership and integration of risks across departments, as well as greater feedback between high-risk areas, management action, and regular Board engagement will ensure that the Fund’s strategy remains broadly aligned with identified risks. The Board will be informally engaged to discuss the *Update on the Risk Appetite Statement* in November 2015. This will be followed next year by the *Risk Report—Spring Update* in March, and the *2016 Risk Report* in October.

#### **Box 4. Leadership Development Framework**

An agile, integrated and member-focused IMF (see Box 1) needs to cultivate the capability that enables the organization to respond in a timely, effective, and sustainable way when changing circumstances require. This dynamic capability needs to be supported by an internal organizational culture that is more open and inclusive, allows greater diversity of thought, and that capitalizes on and also develops staff to its full potential.

For this reason, the IMF's leadership development framework encourages a more open approach in communication that empowers and fosters teamwork across the organization. It promotes a managerial culture that enables staff to speak their minds more freely and where managers focus on developing people, including delegating responsibility more appropriately, rather than managing process and projects.

The leadership development framework recognizes that this transformation will only be possible by aligning and integrating the desired organizational and leadership culture in the Fund. While good process management, strong technical expertise and sound intellectual leadership will always be important throughout the Fund, senior leaders will have to work through others rather than directly managing processes themselves. To effectively develop staff, managers will have to delegate responsibility, nurture innovation and risk taking, and coach and mentor staff. Senior leaders can then leverage their own intellectual capacity and technical expertise to strengthen staff capabilities at all levels and contribute to the overall transformation of the organization.

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Source: *Leadership Development Framework: Roles, Responsibilities, and Competencies for IMF Managers.*

## **VII. IMPLEMENTATION OF THE PAST WORK PROGRAM AND PROJECTED WORKLOAD**

### **17. The Spring 2015 Work Program has been implemented broadly as planned.**

Additional Executive Board meetings were scheduled to brief Directors on policies in support of the Sustainable Development Goals; to take stock on progress and discuss interim options for quota and governance reforms; and to engage on climate change issues ahead of the UN Climate Change Conference (COP21). For a number of major policy items, informal meetings were scheduled ahead of the formal discussions to enable an early engagement with Executive Directors. Most policy meetings were concluded on schedule but a few encountered delays, mainly to extend consultations with the membership. While several country items—in particular program reviews—experienced delays, a series of additional meetings were scheduled on Greece adding significantly to the workload in July. The workload of the Executive Board in the next 12 months is expected to be broadly comparable to that of the Spring 2015 Work Program.

Figure 2. Priorities and Key Work Program Deliverables

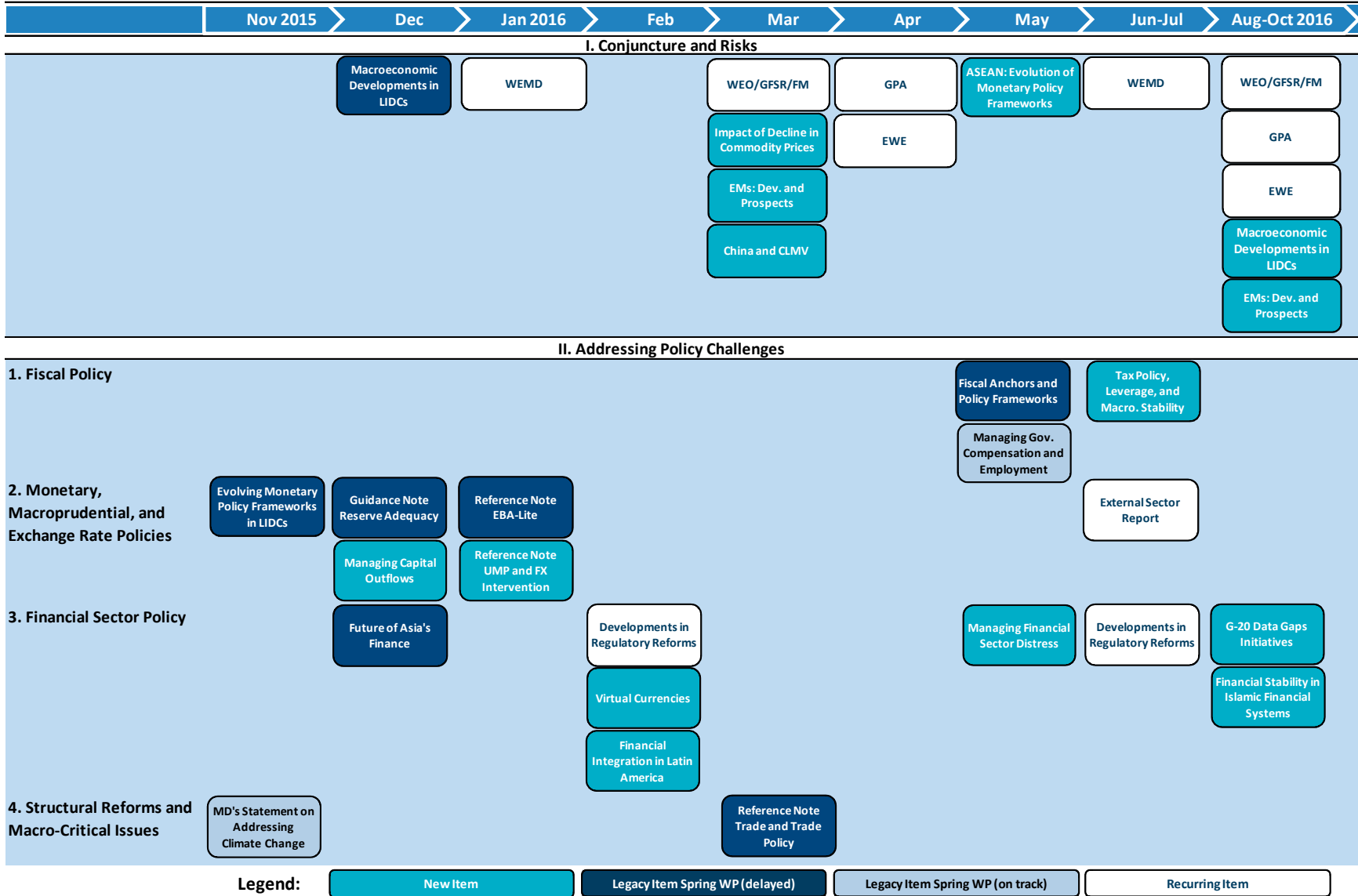




Figure 2. Priorities and Key Work Program Deliverables (cont.)

