September 28, 2021
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INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 19/45-4

3:33 p.m., June 3, 2019

4. The Managing Director's Statement on the Work Program of the Executive Board

Documents: BUFF/19/8 and Rev. 1

Staff: Muhleisen, SPR; Tsounta, SEC

Length: 1 hour, 39 minutes

Executive Board Attendance

C. Lagarde, Acting Chair

Executive Directors	**Alternate Executive Directors**
D. Mahlinza (AE)	
M. Raghani (AF)	
G. Lopetegui (AG)	
N. Ray (AP)	
A. Tombini (BR)	
	P. Sun (CC)
L. Villar (CE)	
L. Levonian (CO)	
	S. Benk (EC)
	A. Castets (FF)
	K. Merk (GR)
	P. Dhillon (IN), Temporary
D. Fanizza (IT)	
	Y. Saito (JA)
J. Mojarrad (MD)	
	S. Geadah (MI)
A. De Lannoy (NE)	
T. Ostros (NO)	
A. Mozhin (RU)	
M. Mouminah (SA)	
A. Mahasandana (ST)	
P. Inderbinen (SZ)	
S. Riach (UK)	
M. Rosen (US)	

J. Lin, Secretary
P. Cirillo, Summing Up Officer
D. Jiang / V. Sola, Board Operations Officers
L. Nagy-Baker, Verbatim Reporting Officer

Also Present
African Department: D. Robinson. Asia and Pacific Department: C. Rhee. European Central Bank: A. Meyler, K. Nikolaou. Fiscal Affairs Department: C. Matsumoto. Finance Department: S. Bradbury, A. Tweedie. Human Resources Department: K. Kochhar. Institute for Capacity Development: R. Powell. Legal Department: R. Weeks-Brown. Middle East and Central Asia Department: L. Dwight. Monetary and Capital Markets Department: P.

Ananthakrishnan, X. Feng, J. Morsink. Office of Budget and Planning: R. Brofft, B. Christensen, A. Richter. Research Department: G. Dell'Ariccia. Strategy, Policy, and Review Department: K. Chaman Ruiz, A. Corbacho, Y. Jung, L. Lusinyan, J. Mathisen, N. Meads, M. Muhleisen, C. Tovar Mora. Statistics Department: P. Tumbarello.
Alternate Executive Director: P. Fachada (BR), A. Guerra (CE), A. McKiernan (CO), P. Moreno (CE), K. Obiora (AE), D. Ronicle (UK), P. Rozan (FF), B. Saraiva (BR), F. Sylla (AF), P. Trabinski (SZ). Senior Advisors to Executive Directors: Z. Abenoja (ST), M. Choueiri (MI), M.Gilliot (FF), G. Heim (SZ), N. Jost (NE), K. Karjanlahti (NO), S. Keshava (SA), G. Gasasira-Manzi (AE), W. Nakunyada (AE), P. Pollard (US), J. Shin (AP), T. Sitima-wina (AE), A. Tolstikov (RU), J.Weil (CO). Advisors to Executive Directors: A. Abdullahi (AE), M. Albert (FF), O. Bayar (EC), S. Buetzer (GR), X. Cai (CC), D. Cools (NE), D. Crane (US), K. Florestal (BR), A. Grohovsky (US), J. Hanson (NE), M. Ismail (AE), U. Latu (ST), M. Merhi (MI), M. Mulas (CE), G. Nadali (MD), L. Nankunda (AF), B. Parkanyi (NE), A. Srisongkram (ST), N. Vaikla (NO), D. Vogel (AG), Y. Zhao (CC), K. Hennings (BR), J. Montero (CE).

4. THE MANAGING DIRECTOR'S STATEMENT ON THE WORK PROGRAM OF THE EXECUTIVE BOARD

Mr. Mojarrad and Mr. Nadali submitted the following statement:

We thank the Managing Director for her lucid and concise statement on the Board's work program (WP), which translates the institution's priorities into deliverables under a constrained resource envelope. The WP cycle appropriately remains harmonized with the financial year, classifies activities and outputs according to the refined Fund's thematic framework, and supports risk mitigation at the Fund. We are in broad agreement with the proposed WP, find merit in continued efforts to make the Board's workload more manageable, and wish to highlight the following points:

The global economic activity has lost momentum; policy space is limited in many countries; and risks to the outlook remain skewed to the downside amid high policy uncertainty. Against this backdrop, we welcome analytical chapters in the Fall 2019 flagship reports to discuss how to boost resilience and enhance inclusive growth (WEO), assess key vulnerabilities in the financial system (GFSR), and examine fiscal policy tools to mitigate the macro-critical impact of climate change (FM). We also take positive note of plans to develop a more systematic assessment of an effective policy mix under the 'Integrated Policy Framework'.

The open, rules-based multilateral trade has played a key role in fostering growth and development in an interconnected world. Trade tensions should be resolved cooperatively to avoid escalation of distortionary barriers. We welcome Fund's efforts to promote open trade through policy advice and analyses, in collaboration with the WTO and the World Bank, and look forward to updates on recent developments in trade issues as needed.

Helping fragile states is an international priority and merits Fund's close engagement in its surveillance, capacity development, and lending. We welcome the October 2019 update on implementation of measures to strengthen Fund engagement in fragile states, including under the new HR strategy. We expect that staff career development would be linked to experience in working with a broad range of the membership, including fragile states.

We welcome several Board meetings planned for the CSR and FSAP reviews in 2019-20. The CSR review should address forecast inaccuracy, insufficient coverage of outward spillovers across systemically important economies, and traction of Fund policy advice. The FSAP review should aim

at further integration of FSAP recommendations into surveillance and reducing the number of mandatory FSAPs to free resources to conduct more voluntary FSAPs in jurisdictions without systemically important financial sectors.

Scarce concessional resources on the one hand, and the need for economic transformation and development on the other, have made LICs shift toward more non-concessional borrowing and unconventional debt and debt-like instruments. In view of the weak and uncertain global environment, we call for increasing PRGT resources to meet the needs of poor and vulnerable countries. Given gaps and shortcomings in the implementation of the 2013/14 Debt Limits Policy (DLP), we stress the importance of greater flexibility in setting conditionality to take into account members' capacity and to avoid unduly constraining legitimate investment needs. In this regard, we look forward to further discussing the four-pillar reform option in the two Board meetings in 2020 to review the DLP.

Revised IMF policies on capacity development (CD) should allow for better integration of CD in surveillance and lending, broadening the CD donor and recipient bases, increasing the share of internal funding of CD, and addressing performance data issues and implementing the results-based management framework. We welcome Board briefings this year and next to showcase progress made by the AFR and APD departments in CD-surveillance-lending integration. Could staff indicate if and when such briefings would be held for other area departments, including MCD?

The Fund should at least maintain the current firepower of around SDR 700 billion and ensure the full implementation of the 2010 governance reform at an early date. Securing borrowed resources as a bridge to the next quota increase should not undermine incentives for timely agreement on the next quota increase under the 16th GQR. We look forward to future Board engagements on quota and governance reform.

An agile, diverse, and inclusive workforce is the most valuable asset of the Fund. Work should continue on HR strategy, 1HR, and CCBR to maintain adequate incentive structure and preserve staff morale, better manage staff workload, and address competitive pressures facing the Fund in talent recruitment and retention. In this context, we regret slow and uneven progress in recruiting, retaining, and promoting staff from the underrepresented regions, including from MENA+, which has made it highly unlikely to meet the relevant 2020 diversity benchmarks. We look forward to Board meetings on CCBR and diversity and inclusion later this year.

We welcome the Secretary's department efforts under way to address ongoing bunching in the Board calendar, including by not scheduling non-time sensitive policy items in June and July and advising departments to propose more realistic timelines. However, given continued busy schedule in June, July, and December, and notwithstanding the explanation provided, more needs to be done to smooth the Board workload in those three months.

Mr. Kaya, Mr. Benk, Mr. Just and Mr. Bayar submitted the following statement:

We thank the Managing Director and staff for the updated Work Program (WP) of the Executive Board which reflects well the policy priorities and strategic directions outlined in the Spring Global Policy Agenda (GPA) and the 39th IMFC Communiqué. We appreciate that the paper features more prominently the linkages between the risks to the Fund and the major policy reviews, as well as the gradual but sustained improvements in the strategic planning and prioritization processes. We broadly support the key priorities and sequencing of the deliverables of the WP and would like to add the following comments.

We welcome the focus of the Fall flagship publications. We note that the Fall WEO will continue to analyze forces shaping the global outlook and discuss policies to sustain growth, enhance inclusion, and boost resilience. In this regard, we would appreciate if staff could also elaborate on the analytical chapters of the WEO. The GFSR discussion on financial stability implications of US dollar funding of global non-US banks could help deepen the understanding on the evolving and increasingly more heterogeneous dollar-funding landscape and thus, provide valuable insights in case of a renewed surge in funding stress. The Fiscal Monitor analytical chapter on climate change mitigation is very appropriate, and we expect from staff to adopt a holistic approach that also captures the role of non-price and non-market instruments.

We appreciate the prominence given in the WP to the Integrated Policy Framework (IPF) as we believe that such a framework would prove to be a useful tool for a large part of our membership, as many countries strive to enhance their monetary policy frameworks, adjust their foreign exchange regimes, and cope with pressures arising from sizable capital flows. We look forward to further progress in the underlying analytical work through a more concrete timeline.

The recent escalation of trade disputes is a great concern as a major trade war can no longer be categorized as a tail risk. We therefore continue to firmly support the Fund's advocacy for a free, open, and rules-based multilateral trade system and encourage using every opportunity to highlight the shared benefits of trade and the downsides of protectionism. Going forward, we see support for open trade critically hinging on the ability of both the multilateral system and national governments to address the negative side effects of an open and rules-based multilateral system. To that effect, within its mandate and competence, the Fund could offer valuable policy advice to its members.

Building on the initial informal engagements with the Board, we look forward to the reviews on the Fund's surveillance, lending, debt, and capacity development policies. On the surveillance, we will continue to closely follow the works on the Comprehensive Surveillance Review, and the Review of the Financial Sector Assessment Program. We also welcome the progress recorded under the joint IMF-WB Multi-Pronged Approach to Address Emerging Debt Vulnerabilities and continue to contribute to the discussions on the Debt Sustainability Framework for Market Access Countries. We expect the Review of the Debt Limits Policy to address the identified gaps in the Policy, while taking into account the developmental priorities, particularly in low-income countries. We underscore the crucial importance of integrating capacity development, surveillance, and lending and thus, welcome the forthcoming briefings by the area departments.

We expect the follow-up work on the Bali Fintech Agenda, through a systematic stocktaking of Fintech experiences of our members to provide useful insights about the trends, and challenges in the financial sector as well as the legal and regulatory responses.

We attach great importance to the modernization of the Fund's human resources strategy and policies to enhance the frameworks for performance, and career and succession management. We welcome the factual and analytical approach so far to the Comprehensive Compensation and Benefits Review (CCBR) and reiterate our expectation that the CCBR will continue to be duly informed by the ORM's risk assessments – with a view to preserve the status of the Fund as an attractive employer.

We appreciate the Board's engagement on the detailed business cases and cost-benefit analyses of the Big 5 Modernization Agenda, starting with the 1HR Project. We also look forward to the Periodic Reports on the Big 5 which would clearly improve our budget and planning processes. Further,

against the background of the Fund's track record on project delivery and in view of the plans to significantly increase capital expenditure, we see the forthcoming discussion on the Updated Capital Investment Framework very relevant and timely. The Updated Framework covering the business case, project planning, selection and assessment as well as budgetary implications would also help with accountability and risk mitigation.

In view of the latest developments pertaining to the 15th General Review of Quotas, we strongly support the work on a package of reforms that would at least maintain the Fund's current resource envelope, while at the same time providing concrete governance assurances toward the next quota review. We expect that the Board will be updated in a timely manner and consulted at every critical stage.

Mr. de Villeroché and Mr. Castets submitted the following statement:

We fully support the proposed Work program of the Executive Board which translates faithfully the priorities spelled out in the IMFC communiqué. We thank the Managing Director for her well drafted statement which appropriately puts into perspective the calendar of work of the Board for the coming months.

Surveillance and Policy Research

The themes for the upcoming flagship reports are well chosen and will usefully contribute to the upcoming discussions. We particularly look forward to the upcoming Fiscal Monitor on the fiscal policy tools to mitigate climate change. On the implications of US dollar funding of global non-US banks, that will be covered in the upcoming GFSR, we strongly encourage staff to engage with the competent authorities well-ahead of the presentation to the Board so as to avoid any major gap on facts and measurements. We invite staff's comments on how MCM will engage with national authorities for the preparation of this edition of the GFSR.

Rising inequality and the related political discontent should remain a priority of the Fund's research and surveillance agenda, building on the analytical work already done. In this regard, and while we are grateful to staff for the preparation of a note for the G7 on Economic inclusion and social spending, we note that the issue would be dealt mostly through a staff discussion note (SDN) on Financial Services and Inequality. We would see merit in broadening the analytical agenda on the drivers of wage dynamics and the main factors for flat wages and purchasing power at the bottom of the

income ladder in many advanced economies. We would also see merit in studying more in-depth the potential impact of increases in the minimum wage levels in advanced economies, depending on the countries' specific circumstances and within currency unions.

In addition to the themes already covered in the work program, we would encourage deepening the research agenda on two main directions. Inflation puzzle and output gap measurement in advanced economies : in the context of durably below target inflation levels, low coefficient of the Philips curve, and difficulty to measure potential growth as well as the output gaps, we see a strong need for further research in that field. This is particularly true for Euro Area countries. The macroeconomic impact of demographic shifts: in our gray for a recent technical briefing on the macroeconomics of ageing, we called for the development of a more systematic and comprehensive framework within the Fund to support country teams' efforts to cover more systematically the consequences of ageing on interest rate, productivity and fiscal balances. So far, our view is that staff's analysis has been excessively fiscal-centric and insufficiently dynamic. We acknowledge the complexity of the task but are convinced that this is one of the biggest upcoming challenges for many advanced and emerging economies. Could staff indicate what will be the follow up of the technical briefing on ageing? We would encourage to have at least one meeting in the coming month to present the agenda of work.

Global Solutions

Against a background of persisting trade tensions and inward-looking policies, we particularly appreciate and support the strong emphasis of the Work Program on the analytical contribution of the Fund on ongoing international coordination efforts and discussions. On trade, we encourage staff and management to keep documenting, in both multilateral and bilateral surveillance exercises, the adverse impact of protectionist policies but also of managed trade on growth and employment.

We are strongly supportive of the agenda of work on climate change. The IMF is uniquely placed to inform the discussion on the most adequate and efficient economic tools to deliver on the commitments taken by Fund's members in the Paris agreement. This work will be particularly relevant as the next COP meeting is approaching (2020). We therefore welcome the emphasis put on this major issue in the Box 2 and look forward to discussing the upcoming Fiscal monitor. Nonetheless, beyond the multilateral surveillance dimension, we would expect the work presented by FAD last April to the Board to feed into an approach shared across departments, notably involving

MCM and SPR, to cover adaptation and mitigation strategies in bilateral surveillance going forward. In this regard, we would favor having a Board meeting to discuss a Fund's strategic and comprehensive approach covering some aspects that were not covered in the last paper (inclusion of the climate change impact into financial stress testing, fiscal framework, etc.) as well as a clear roadmap for coverage in bilateral surveillance. Having such a meeting ahead of the 2019 Annual Meetings would allow to insert the Fiscal Monitor's conclusions in a broader approach – staff's comments are welcome.

The specificities of surveillance, lending and technical assistance in LICs and Fragile states are commendably well covered in the work program. We particularly look forward to the presentation of the Macroeconomic developments and prospects in low income and developing countries in October, as well as the update on the implementation of the IEO recommendations on fragile states. Importantly, the implementation of the conclusion of the review of the LICs facilities will start this year and we encourage a strong ownership by staff of the new possibilities offered to adapt the conditions of Fund's engagement to the specificities of the concerned members. This is especially true for the possibility of longer engagements with a clear sequencing of reforms centered around the continuum Domestic Resource Mobilization-Debt Management-Governance. In this regard, we would recall that we would appreciate to have a technical briefing on how the review of conditionality will be translated into concrete changes of the guidance note based on the Board's guidance.

The agenda of modernization of the Fund is impressive, as well as the ongoing efforts to adapt our HR system to the evolving needs of the institution. Importantly, in a context where multilateral cooperation is questioned, we see the need to ensure that the Fund remains adequately funded and at the center of the global financial safety net. We are therefore ready to engage on a package that would at least maintain the Fund's current resource envelope and agree with the proposed approach to schedule Board engagements flexibly, while keeping in mind that progress would be expected by the upcoming Annual Meetings.

Mr. Ostros and Ms. Karjanlahti submitted the following statement:

We thank the Managing Director for her statement on the comprehensive work program (WP) reflecting the priorities outlined in the Spring 2019 Global Policy Agenda and the IMFC communique. We support the proposed work program and the main policy priorities with the following points for emphasis.

On the policy agenda, we would like to emphasize Fund's important role in promoting open trade through policy advice and trade related macroeconomic analysis. We much appreciate the planned briefs on the recent developments and continued cooperation with WTO and the World Bank. However, we missed specific analytical outputs or items on the Board calendar particularly related to trade, trade policies, or reforming the international trade system. We found the analysis in Chapters three and four of the April 2019 WEO very insightful translating into clear policy messages for the membership. We would encourage staff to continue to provide beneficial and ahead-of-the-curve insights on trade related issues supported by analytical products.

The current juncture of slowing global growth and diminished policy space underlines the importance of sound domestic policies in ensuring growth, stability, resilience, and inclusiveness. We appreciate the focus this has been given in the WP including the role of structural reforms in resilience building in the euro area. We would also like to highlight the importance of having thorough understanding of macro-financial linkages and how can the policy tools available be best used together to manage risks and respond to shocks. Thus, we welcome the inclusion of the Integrated Policy Framework to the WP and would be interested to better understand how this work will be taken forward. Could staff elaborate on the specific outputs and timelines planned under this very important work stream?

We welcome the focus on financial sector resilience building, regulation, and transparency. The on-going Comprehensive Surveillance Review and the Review of the FSAP will allow the Fund to reform surveillance practices and increase the focus on financial surveillance. We appreciate the planned update on the latest developments in financial regulation as well as the continued focus on Fintech. In addition, our constituency views the stock-take on the Fund's Work on Illicit Financial Flows (IFF), showcasing the Fund's IFF-related work, on AML/CFT and tax evasion, as very welcome and timely. We were missing an agenda item on addressing on the Excessive Delays Framework for Article IVs. A majority of directors called for strengthening the current framework in the informal session in March. Could staff elaborate on the plans to develop a formal proposal to take this forward?

We welcome the focus on increasing the effectiveness of capacity development and efforts to further integrate it with surveillance and lending activities. The discussions on the revised IMF policies on capacity

development together with the proposed regional updates should be very helpful to understand how the results from the review of the capacity development strategy are being implemented. This is also an important aspect of strengthening Fund's engagement in fragile states.

We are looking forward to the 2019 fall Fiscal Monitor discussing the role of fiscal policies for climate change mitigation. The ambitious focus on providing macroeconomic guidance in this important field is welcome and will support countries in analyzing the Paris pledges and how they can be reached in a timely and cost-effective way. Carbon pricing can be the most direct and cost-efficient way of reducing emissions and looking at the global coordination mechanisms and overcoming political obstacles will be important. In addition, we hope this analysis will be useful in further delineating the Fund's work in this area.

The broader efforts to mitigate risk to the Fund and taking a more holistic approach to risk is warranted. This will entail better integrated Board consideration of the medium-term budget, the Fund's Income Position, and the Review of Precautionary Balances to help increase visibility and awareness of risks supporting informed decision making and risk mitigation.

Mr. Di Tata and Mr. Vogel submitted the following statement:

We thank the Managing Director for her statement on the Work Program of the Executive Board. We broadly agree with the priorities and timelines included in the document.

As a general comment, we welcome that the Work Program is closely aligned with the Managing Director's Policy Agenda and provides responses to the different risk areas identified in the 2018 Risk Report. The efforts made to strengthen strategic planning and prioritization, including by classifying activities and outputs according to the Fund's Thematic Framework and aligning the FY 2020-22 Medium-term Budget with such framework, are noteworthy.

The Work Program presents a very busy schedule of activities comprising several important reviews in different areas. These reviews provide an opportunity to reshape the Fund's ongoing work to better address the main challenges faced by the institution under the current global environment characterized by geopolitical tensions, fragmentation, and lack of adequate coordination among the main economic players. Main reviews include the Comprehensive Surveillance Review, the FSAP review, the

Comprehensive Compensation and Benefits Review, the Review of Debt Limits Policy, the Review of the Debt Sustainability Framework for Market Access Countries, and the Review of the Fund's Policies on Multiple Currency Practices. In particular, the CSR and FSAP reviews should analyze how to address several outstanding issues, including forecast accuracy, spillover analysis, the traction of Fund advice, and the IEO recommendations regarding the Fund's work on financial sector surveillance.

Against an uncertain economic outlook, we agree with the focus of the Fund's flagships on sustaining growth, enhancing inclusion and boosting resilience (WEO); assessing key vulnerabilities in the financial system (GFSR); and examining fiscal policy tools to mitigate climate change (Fiscal Monitor). The discussion of complementarities and tradeoffs among different policies in the context of the Integrated Policy Framework will also provide important lessons about how to develop an effective policy mix, particularly in the context of external shocks.

We welcome the Fund's continued efforts to promote open trade through policy advice and trade-related macroeconomic analysis and look forward to the updates to be provided by staff on developments in trade issues. We notice that the 2019 External Sector Report will analyze the role of exchange rates in the external adjustment process, taking into consideration currency of invoicing and global value chains. Could staff elaborate on the plans to analyze the reasons behind the recent rise in corporate net savings, including its implications for global imbalances?

We see merit in the WP's emphasis on other emerging issues that have become relevant to the Fund's work. In this regard, we take positive note of planned engagements with the Board on the Implementation of the Framework for Enhanced Fund Engagement on Governance and on the Fund's work on illicit financial flows. We are also encouraged by the forthcoming staff discussion note (SDN) on Financial Services and Inequality, which constitutes another critical topic. In addition, we welcome the planned Update on the Implementation of Measures to Strengthen Fund Engagement in Fragile States, which will inform the Board on the actions being considered to increase effectiveness in this area, including through changes in HR policies.

Structural reforms have always involved complexities in their design and implementation. Political and social opposition, vested interests, and reform fatigue are among the factors that may pose substantial obstacles to these reforms. Therefore, we welcome the study on the Political Economy of

Structural Reforms, which will examine how economic policies might be adjusted to mitigate potential political costs, a key issue to consider when providing advice and designing Fund programs. Could staff comment on the plans to address some challenging structural areas identified in the recent Review of Conditionality, such as labor and product market reforms?

Following the completion of the 2018 capacity development review, the recent Risk Update notes that significant progress has been made on risk mitigation through alignment with strategic priorities, agility against emerging risks, and flexibility of TA delivery. Work is now focused on ensuring high quality and consistent data to support an outcomes-oriented approach. We take positive note of the planned engagements with the Board on Revised IMF Policies on Capacity Development and on the efforts under way in area departments to better integrate capacity development with Fund surveillance and lending.

Preserving a high-quality and competitive workforce is crucial to be able to address the many challenges faced by the institution. In this regard, we look forward to the discussion on the CCBR, as well as to updates on the ongoing work on the HR strategy, which focuses on the implementation of enhanced frameworks for performance management and career succession.

We also welcome the envisaged Board engagements on the Big 5 projects, including in the context of the Update on Budget Trends and Initiatives as well as the additional discussions that are envisaged as the cost-benefit analyses of these projects near completion. Moreover, we appreciate the planned briefing on information security and the roadmap that is being prepared to mitigate risks in this area.

We look forward to the Board engagements on the Management Implementation Plans on the IEO Report on IMF Advice on Unconventional Monetary Policies and the IEO Report on IMF Financial Surveillance, as well as to the discussion on the paper on the Categorization of Open Actions in Management Implementation Plans, which will take stock of the progress that has been made in addressing actions in response to IEO recommendations and will propose ways to move forward with outstanding issues.

We notice that the agenda does not include an item on addressing the Article IV Excessive Delays Framework, which needs to be strengthened. Staff comments on this issue would be appreciated.

Lastly, we endorsed management efforts to promptly reach an agreement on reforms to mitigate the risk of a possible decline in the Fund's lending capacity and look forward to future Board engagements on quota and governance reform.

Mr. Mouminah, Mr. Alkhareif and Mr. Keshava submitted the following statement:

We thank the Managing Director for her statement on the Work Program (WP) for the next twelve months and broadly support key policy priorities and deliverables.

The focus in the WP is rightly on enhancing resilience and inclusion, upgrading global cooperation, adapting the Fund's toolkits, and modernizing the Fund.

The continuing effort to strengthen the linkages between risks and major policy proposals is a step in the right direction toward helping mitigate risks facing the Fund.

While the WP is largely focused on the Fund's core mandate, we would like to reiterate that the Fund should continue to work in collaboration with other institutions on any existing or new macro-critical issues, which are beyond its competencies and comparative advantage.

We appreciate SEC efforts to better balance the workload of the Board and would encourage further efforts to address ongoing bunching in the Board calendar.

We welcome:

the information on the themes to be covered in the Fall 2019 editions of the Flagship reports. At the same time, we would appreciate more information on the analytical chapters of the WEO and the GFSR.

the recently completed review of conditionality and reforms to LIC facilities.

We look forward to:

the comprehensive surveillance and FSAP reviews as well as reform proposals on the Fund's policy on multiple currency practices.

the upcoming Board engagement to update the 2014 Statement on Fund policies and practices on Capacity Development (CD). In this connection, we support continued efforts to increase CD effectiveness and to better integrate CD, surveillance, and lending activities and the planned briefings on how this integration is being carried out.

the work on the integrated policy framework, which will examine the interactions among monetary, exchange rate, macroprudential, and capital flow management policies, particularly in the context of external shocks. We would expect the planned integrated framework to be flexible enough to duly take into account country specificities. Indeed, it will be important to avoid developing a one-size-fits-all framework.

the paper on "Central Bank Governance After the Global Financial Crisis: In Search of Emerging Good Practices". The paper, as noted in the WP, will analyze how challenges to central bank governance could be addressed by looking at leading practices after the global financial crisis. We were wondering how this work will interact with the ongoing work on the new monetary and financial transparency code.

the work on political economy of structural reforms. Overcoming obstacles to implementing reforms in labor, product, trade and financial markets remains a challenge and, in this context, assessing both costs and benefits of different reform options would be helpful.

We have the following comments on climate change mitigation:

It seems that the focus of the upcoming FM analytical chapter will be on carbon pricing (Box 2). Here, we would encourage staff to also cover other fiscal instruments or regulatory measures that could have similar mitigation effects. Since countries have the discretion to decide and implement mitigation policies depending on their circumstances and preferences, a comprehensive work will gain more traction among the membership. In addition, it would be helpful to include in the analytical work the role that research and development (R&D) could play in mitigation efforts. Staff comments would be appreciated.

We would also appreciate elaboration on the work of the joint World Bank-IMF working group that is exploring more effective coordination on Climate Change Policy Assessment (CCPA) and Disaster Resilience Strategy. Will a full assessment of CCPAs being piloted in a few small countries also be conducted by the joint working group?

We would like to highlight some of the priorities below:

Strengthening Fund engagement in fragile and conflict-affected states is essential. In this context, we appreciate the planned briefing on the actions being taken, including in the area of HR policies

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Finalization of a package on Fund resources should be achieved in the near future to help preserve confidence. In this regard, we reiterate our view that borrowed resources, such as the NAB and bilateral borrowing agreements, remain indispensable components of the global financial safety net.

The CCBR provides an opportunity to modernize benefits program. In this regard, any decision on the total package should be data driven with the objective of ensuring that the Fund remains an employer of choice and continues to attract and retain high-caliber and diverse staff.

The forthcoming Diversity and Inclusion Report should present concrete steps and a definite timetable to enhance diversity in the Fund, particularly for staff from the under-represented MENA region. This is important as we are deeply concerned that the 2020 benchmarks for the representation of staff from the MENA region will not be achieved and remedial steps need to be taken.

Mr. Inderbinen and Mr. Heim submitted the following statement:

We thank the MD for her Statement on the work program, which reflects well the priorities laid out in the Global Policy Agenda and the IMFC Communique of the Spring Meetings. In particular, we look forward to the further work on the key policy reviews. We also welcome the Fund's ongoing efforts to promote the benefits of an open and rules-based multilateral framework for trade in goods and services. Furthermore, we look forward to the valuable analyses of the flagship reports, which constitute the core pillar of the IMF's multilateral surveillance, as well as to the new workstream on the Integrated Policy Framework. On the latter, we would be grateful if staff could provide more specifics on work plans and timing.

Fund policies

We look forward to the discussion on the mid-point notes of the Comprehensive Surveillance and FSAP reviews. The work on the CSR will be

key to enhance the relevance of Fund surveillance and policy advice. In this context, more specific analyses and proposals, e.g. on how the modalities of Fund surveillance should be modernized and adjusted to an evolving environment, are warranted. Furthermore, we emphasize again the need for greater efforts to enhance financial surveillance, including a better integration of Article IV consultations and FSAPs.

Against the background of mounting debt and fiscal vulnerabilities, including in LICs, the ongoing work on debt transparency and debt sustainability remains key. In this regard, the review of the debt sustainability framework for market access countries plays an important role. Likewise, the review of the Fund's Debt Limits Policy is crucial to prevent risks of debt distress, as are the continued efforts by the Fund, together with the World Bank, to implement the "multipronged approach" to address public debt vulnerabilities.

The Fund's efforts to increase the effectiveness of capacity development and to better integrate it with surveillance and lending activities are welcome, and we strongly support closer coordination to allow for an enhanced use of synergies. In this context, the briefings on how area departments are integrating these activities in practice are highly welcome.

Given the strong support by the Board to strengthen the current Article IV Excessive Delays Framework in the Board meeting of March 2019, we missed this topic on the WP's agenda, and we were wondering when staff intends to come back to the Board with a concrete proposal?

Global cooperation

We take note that the Fund puts considerable efforts into the work on Fintech, and it will be important to set the right priorities for future work in this area. We look forward to the stock-taking of countries' experiences. In our view, the Fund should primarily provide a platform for members to exchange their experiences and should continue to coordinate its work closely with relevant international organizations. Furthermore, it will be key to integrate the Fund's work on Fintech into surveillance, guided by the concept of macro-criticality.

The Fund's coordination role in the area of AML/CFT is welcome. At the same time, the Fund needs to continue its collaboration with relevant institutions and avoid duplication of work. In the planned stock-take of illicit financial flows (IFF), for example, the Fund will need to rely on the definition

used by international organizations such as the OECD and take a comprehensive view on the various factors that are commonly associated with IFF.

Within its mandate, the Fund can make important contributions to the ongoing discussions of the climate agenda. In this context, we welcome the ongoing work on climate change mitigation. Political economy considerations of carbon pricing should include due consideration of tax incentives, including for carbon taxation. We also look forward to analyses of climate related risk implications to financial stability.

We note that, compared to November 2018, the WP puts less emphasis on trade and demographics. We deem the Fund's work on the macroeconomics of aging and its policy implications important. Could staff provide an update on the workstreams related to demographics?

Governance and resources

We support a strong, quota-based, and adequately resourced Fund at the center of the global financial safety net. We welcome the close engagement of the Board on Fund resources and governance and stress the importance of these discussions exclusively taking place in the Board and the IMFC.

We note the heavy workload and use of resources related to the proposed work program, which demonstrates that prioritization of work and balanced resource allocation remains essential. As a general point, the resource implications of workstreams should be transparent and accessible to the Board.

Fund operations

We welcome the multiple Board engagements on the ongoing Big 5 projects, given their importance to the Fund's day-to-day work and the potential savings. These projects, and in particular their resource implications and risks, need to be closely monitored. This calls for sound governance structures and accountability frameworks. To this end, Board briefings on the business cases and cost-benefit analyses will be crucial.

Ms. Mahasandana, Mr. Abenoja, Mr. Mahyuddin and Mr. Srisongkram submitted the following statement:

We thank the Managing Director for a comprehensive statement on the Work Program of the Executive Board. The Work Program is well aligned with the strategic direction and policy priorities of the Spring 2019 Global Policy Agenda (GPA) and the International Monetary and Financial Committee Communiqué. We broadly support the Work Program and offer the following comments.

Work Plan scope and prioritization

We welcome the refinement of the Fund Thematic Categories, particularly in recognizing the surveillance reports and policy research as major standalone workstreams. Moreover, the Fund Thematic Framework that captures all workstreams against the economic and financial taxonomy would provide better appreciation of the sectoral focus of the Fund's activities. Nonetheless, we miss the explicit link drawn between the Work Program and the Risk Report (see for example Box 3 of June 2018 Work Program), which clearly integrates Work Program priorities with the specific risk considerations. We also welcome the ongoing efforts to manage the Board calendar and consider the proper sequencing of related policy items to avoid bunching and help ensure that Board decisions feed into related agenda items.

Policy advice and economic and financial research

We welcome the focus of the Fund to support domestic policies to enhance resilience and inclusion in its policy advice and research work. The emphasis of the flagship reports on analyzing the key drivers shaping global outlook in WEO and assessing key vulnerabilities in the financial system, with specific study on impact of US dollar funding of global non-US bank to financial stability in the GFSR are appropriate to reinforce policy discussions on promoting more robust economies and on expanding economic opportunities.

We commend the 2019 External Sector Report focus on well-tailored macro-structural policies and greater understanding of structural policies that affect external imbalances. That said, external imbalance assessment should better incorporate structural factors and other country specific considerations. In the same vein, we look forward to further analysis of the role of exchange rates in the external adjustment process, taking into account the currency of invoicing and global value chains and further study and better data collection

on the growing complexity of multinational cross-border activities. These are issues that are highly relevant to many countries in our constituency and critical for future EBA methodological refinements. The multi-dimensional and complex nature of the factors driving external imbalances underscores the importance for the external assessment to not rely solely on model-based estimates and for policy advice to not focus solely on a single macroeconomic policy or exchange rate to attain the desired external adjustment.

We look forward to the policy research on the Integrated Policy Framework. We consider this initiative as a priority, particularly among emerging market economies that continue to face capital flow volatility from external shocks. Analytical work on complementarities and tradeoffs among monetary, exchange rate, macroprudential, and capital flow management policies, in the context of external and internal shocks is an important work agenda for the Fund to develop a holistic framework to assess and provide advice on the appropriate policy mix that can support domestic policies to enhance resilience against heightened volatility and episodes of uncertainty. We also encourage staff to explore mechanism where the Fund as a multilateral institution can complement countries' policy tools in coping with short-term liquidity pressures arising from capital flows volatility.

Global Solutions

We commend the ongoing efforts to upgrade global cooperation in addressing shared global challenges. Joint efforts are needed to tackle common challenges and reap the shared rewards. The collaboration with the World Bank and other institutions on issues such as debt sustainability has shown clear potential benefit members facing the issues. The Fund also able to leverage on other global partners areas of expertise while remained focus on its core area of competence. In this regard, we welcome the joint WB-IMF working group in exploring effective coordination on Climate Change and Natural Disasters as well as the follow-up work to the Bali Fintech agenda and other areas of global cooperation. In previous years, the Fund has engaged Regional Financial Arrangements (RFAs) such as ESM and CMIM for global cooperation to enhance the Global Financial Safety net (GFSN). Can staff provide updates on the Fund's engagements with RFAs and elaborate if there are plans on how such cooperation can be improved?

Fund policies

The major reviews of Fund's assessment frameworks, analytical tools and lending programs are crucial in maintaining the Fund's leading role in

ensuring the resilience of international monetary system and in providing useful advice. We appreciate staff emphasis on greater understanding of countries' specificities and the close engagements with stakeholders in the ongoing work on review of surveillance, financial sector assessment, transparency codes, multiple currency policies and debt-related policies.

Fund governance and operations

We are disappointed that the 15th General Review of Quotas (GRQ) missed an opportunity to put Fund resources on a more permanent footing as well as advance governance reform in line with past calls by the IMFC. However, we look forward to the package of reforms that would at least maintain the Fund's current resource envelope. It is of utmost importance to the credibility and legitimacy of the Fund that governance reforms remain in motion, and that the halt is only temporary. The 16th GRQ should revisit the adequacy of quotas and agree on a realignment of quota shares for dynamic economies in line with their relative positions in the world economy, while protecting the voice and representation of the poorest members.

We support the efforts to modernize the Fund to enhance operational efficiency and improve organizational agility to respond to the evolving needs of its membership. The human resource initiatives in the work program will help retain and attract the needed expertise to fulfill the Fund's mandates. Furthermore, capital investments under the Big 5 Modernization Agenda is seen to significantly improve internal operations over the medium-term. In this regard, we look forward to the completion of the cost-benefit analyses as well as the timely updates from staff on the progress of the projects.

Mr. Raghani and Mr. N'Sonde submitted the following statement:

We thank the Managing Director for the proposed Spring 2019 Work Program (WP). We share the view that this WP broadly reflects the strategic directions and policy priorities set forth in the Global Policy Agenda (GPA) endorsed by the membership last April as well as the IMFC Communiqué. We appreciate the efforts to ensure that the proposed WP participate in broader efforts to mitigate risks to Fund's budget, surveillance, lending, capacity development activities, and corporate functions. We also recognize the efforts made in avoiding item bunching although more remains to be done on this front.

Proposed Spring 2019 Work Program

The themes for the envisaged analytical chapters of the flagships (WEO, GFSR, FM, ESR) and thematic reports are consistent with the global agenda to enhance resilience and inclusion. In particular, the focus of the upcoming Fiscal Monitor (FM) on fiscal policies for climate change mitigation is timely. We note however that the report on Macroeconomic Developments and Prospects in Low-Income Developing Countries (LIDCs)—2019, initially scheduled for September 2019, is now proposed for October 30, 2019. This rescheduling would be a setback to recent attempts to improve its traction with policymakers. We urge staff to reconsider this postponement and make their utmost efforts to ensure Board discussion and publication of this important report in the run-up to the Annual Meetings.

We welcome the planned Stock-take on the Fund's Work on Illicit Financial Flows next May, including the work on quantifying these flows which has been a subject of controversy of the late notably regarding the volume of flows from Africa. As underscored in the GPA, combatting IFFs is also an integral part of ensuring a level playing field and promoting international cooperation indispensable to address cross-border challenges. We expect this analysis to be as granular as possible, capturing the various categories of illicit flows and regional specificities.

Turning to global cooperation, we note the envisaged but unscheduled staff briefs to continue updating the Board on recent developments in trade issues. It is important for the Board not to fall behind the curve in comprehending the challenges and risks arising from trade-related challenges given their potential macroeconomic spillovers. Recent developments have shown a renewed escalation of trade tensions to a new level, which may warrant a timely Board briefing. Staff's comments are welcome.

The membership called on the Fund to assist countries, inter alia, deal with tax avoidance (to protect their revenue base) and cyber risks; two workstreams that are missing from the proposed WP. Similarly, we would have expected an update on Fund assistance to members in addressing the causes and consequences of the withdrawal of correspondent banking relationships, a challenge that has not abated in several low-income countries. Staff elaboration will be appreciated.

We look forward to staff's follow-up work to implement the outcomes of recently-completed reviews to enhance Fund's lending policies—notably the 2018 Review of Program Design and Conditionality, the 2018-19 Review

of Facilities for LICs, the Review of the Financing of Fund Concessional Assistance and Debt Relief to LICs and the Review of PRGT Interest Rate Structure—and expect the Board to be involved in these sequels, notably regarding the Guidance Note on Conditionality and the Handbook of Facilities for LICs.

We welcome the planned regional briefs on how area departments integrate capacity development, surveillance and lending but note that only two such departments (AFR, APD) are planned to present their work in the forthcoming twelve months. Can staff elaborate on the reasons why other area departments are not scheduled for similar briefings?

The Diversity and Inclusion Report is overdue, and we look forward to this discussion in November, notably on the outcomes of efforts to meet the 2020 diversity benchmarks.

Strategic Planning and Prioritization, and Work Program Implementation

The innovations that were gradually introduced since 2016 to enhance the link between strategic planning and prioritization (Section III, Pages 9-10) have helped strengthen strategic planning and prioritization, reflected in the reduction by one-third of the number of policy items in the Fall 2018 WP. This trend is confirmed for the proposed Spring 2019 WP.

That said, while we concur with the assessment that the Fall 2018 WP has been generally implemented as planned, several item delays (Table 3) has contributed to an unusual workload in May 2019. In addition, as summarized in Table 2, the typical bunching of June-July and December is expected to continue this year despite actions to avoid scheduling non-time sensitive policy items in the period immediately preceding the Board recess. This, coupled with the projected spike in the number of items per day in August, calls for further actions in item planning and prioritization. In this context, we see merit in implementing the March 2019 recommendations of the Agenda and Policy Committee. We also look forward to the outcome of the ongoing outreach with departments to address bunching in the Board calendar.

Mr. Gokarn and Ms. Dhillon submitted the following statement:

We welcome the concise and focused statement of the Managing Director supplemented by a calendar of Work Program of the Board. The broad direction for the work program has been set out by the Spring 2019

Global Policy Agenda and the International Monetary and Financial Committee. We broadly agree with the proposed Work Program and feel it integrates the Funds core mandate with the economic issues central to global prospects. The major challenge lies in how effectively and impactfully the policy vision is translated into strategic action plans for the next twelve months. We will focus our Gray on key aspects we consider pertinent to this. We look forward to working closely with the staff and benefitting from the Board engagement.

We welcome the focus of the flagships and thematic reports. Given the lingering global tensions, rising debt levels, and sluggish growth scenarios, the question arises as to whether the present level of assessments and policy research emanating from the Fund are adequate to guide member countries to take informed decisions. The attention of the World Economic Outlook on policies to sustain growth, enhance inclusion, and boost resilience and of Global Financial Stability Report on key vulnerabilities in the financial system are fitting. Likewise, the 2019 External Sector Report's analysis on the role of exchange rates in the external adjustment process is timely and relevant. We note that an analytical chapter in the Fiscal Monitor will be examining fiscal policy tools to mitigate climate change. In doing so, we would urge the Fund maintain a balance and avoid under-or-over projecting the responsibilities, bearing in mind country-specific circumstances.

We support the Integrated Policy Framework and the developing of a more systematic assessment of an effective policy mix encompassing monetary, exchange rate, macroprudential, and capital flow management policies. We consider this to be a priority, especially in the current conjuncture, even as its application may vary.

Against the backdrop of the challenging global environment, we highly support upgrading global cooperation and addressing other shared challenges. We stand by the efforts of the Fund to promote open trade through policy advice and trade-related macroeconomic analyses. We appreciate the Fund evolving the financial regulation agenda, drawing on countries' experiences and shaping the legal and regulatory frameworks. As the Fund elevates its convening role across many institutions, it is important that the Fund continue to leverage the expertise of and co-ordinate its initiatives with other institutions. This is particularly important for the upcoming work on A Stock-take on the Fund's Work on Illicit Financial Flows including AML/CFT efforts and the Fintech: The Experience So Far where it builds on the Bali Fintech Agenda.

We continue to highlight the importance of further strengthening the global financial safety net and emphasize fair voice and governance. We suggest its incorporation on the work underway for the package of reforms to maintain the Fund's current resource envelope.

We note that the Work program lists Staff Discussion Notes which raise very significant policy issues and topics covering The Role of National Structural Reforms for the Resilience of Euro Area Countries, Financial Services and Inequality and Political Economy of Structural Reforms. However, we feel that Board engagement on SDNs remains, at best, brief, without much opportunity for meaningful inputs. Notwithstanding this, this feature is not understood externally, including by country authorities, and the SDNs bear the risk of being erroneously perceived as being the official views of the IMF and of even being endorsed by the Board. Could staff offer their views on how this could be communicated more prominently including in the media channels of the Fund?

This work program encompasses a fundamental review of key Fund policies under both its surveillance and lending frameworks. We look forward to the Comprehensive Surveillance Review and the Review of the Financial Sector Assessment Program, with a candid assessment of experiences and lessons from programs, especially on the less successful ones We miss an agenda item on addressing on the Article IV Excessive Delays Framework and efforts to strengthen the current framework. Could staff elaborate when the formal proposal will be presented? Beyond this, we welcome the discussions on the major reviews to improve the Funds lending polices 2018 Review of Program Design and Conditionality and 2018 Review of Facilities for Low-income Countries—Reform Proposals and would encourage a continued engagement from the standpoint of how to make limited resources deliver better.

We highly appreciate the prominence of Debt in the work program and place a high value on the Fund's debt policies which will be improved through the Debt Sustainability Framework Review for Market Access Countries and the Review of the Debt Limits Policy. Updates on the Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities are much appreciated, and we would suggest that Fund swiftly develop early warning exercises for debt vulnerabilities and comprehensive data bases, which would clearly and exhaustively reflect the debt landscape. Furthermore, we look forward to the discussion on the Revised IMF Policies and Practices on Capacity Development.

Undoubtedly, executing the work program or more broadly the Funds mandate in the future will require high quality, diverse, and well-incentivized staff. It is important that the membership of the Fund has the opportunity to engage effectively on the Big 5 Modernization Agenda, the review on the Comprehensive Compensation and Benefits Review and the modernization of HR policies and practices, to ensure this objective.

Finally, the ambitious work program will need to be accomplished within the Fund's flat budget and available HR resources. We appreciate the efforts at avoiding bunching, but with some items such trade and Quota and Voice not presently listed in the broad Main items in table 1, a potential increase in the board agenda appears inevitable. We would appreciate if further efforts are made for better spacing and listing of the Board calendar items.

Mr. Tombini, Mr. Saraiva and Ms. Florestal submitted the following statement:

We thank the Managing Director for the proposed Work Program (WP) that highlights the need to make further progress in adapting the Fund's policies toolkit to lead and support change, upgrade global cooperation, strengthen its finances and governance, as well as modernize its operations as laid out in the Spring 2019 Global Policy Agenda and the IMFC Communiqué. Although the Fall 2018 WP was broadly implemented as planned, the WP for FY20 remains ambitious with the addition of some key policy items. We welcome efforts to strengthen strategic planning and prioritization in the Board's workload, as well as efforts underway to address bunching.

With the disappointing outcome of the 15th General Review of Quotas, the need to address the adequacy of the Fund resources has become paramount, as highlighted in the mid-year Risk Update. That said, as communicated to the Governors in April 3, "the delay in further quota and governance reforms should be only temporary". We are reassured by the Managing Director's confidence on the work underway to maintain the Fund's current resource envelope and ensure that governance reform will continue. Nonetheless, it would provide more comfort if we could see in the WP at least a tentative scheduling for Board engagement on the matter.

The Executive Board has had the opportunity to recently review key Fund policies including many in relation to LICs, small states and countries in fragile situations. The Board also took stock of the Fund's progress toward its commitment under the 2030 Sustainable Development agenda. Nonetheless,

we would appreciate a follow-up briefing with more granular information on effective impact of the Fund's multidimensional contributions to achieving the 2030 goals. As discussed in the recent Review of LICs Facilities, going forward, the review of the adequacy of PRGT's overall resources envelope may be warranted. In the same vein, we encourage work to reduce risks of debt vulnerabilities, supports fiscal consolidation efforts while safeguarding LICs' ability to access funding for programs and projects with tangible growth and development dividends.

We also look forward to revisiting other critical areas of the Fund policies with high impact on each pillar of its mandate. Here the highlights are the Comprehensive Surveillance and the FSAP reviews – which should be undertaken in a mutually consistent way –, the discussions on debt limits and the Debt Sustainability Framework for countries with market access, and the definition of capacity building policies and practices, following on the 2018 review. Going forward, as called by many Executive Directors on several occasions, it is fundamental to ensure thorough and timely Board engagement, with sufficient time being assigned for outreach and informal exchange of views. In the case of the review of the Monetary and Financial Policies Transparency Code, for instance, full engagement of the central bank community in the early stages of the discussion, as well as ample consultation with other relevant international organizations, is warranted.

We welcome the emphasis on scaling up efforts to strengthen global cooperation. We are pleased to acknowledge that the discussions on strengthening resilience to natural disasters and climate change, including with Caribbean leaders, contributed to the recent review of lending. We look forward to integrating these discussions in surveillance and capacity building to help vulnerable member countries effective improve disaster preparedness and enhance their access to market instruments, including climate funds and insurance products. We also welcome the continuous updates on the Fintech agenda and the valuable experience being shared with member countries, as well as the stock taking on the Fund's work on illicit financial flows.

Yet again, the IEO brings to our agenda issues of utmost importance for the Fund and the membership, providing in-depth thoughts and a needed fresh look to our internal debates. The upcoming discussion on advice on unconventional monetary policies is a case in point. IEO evaluations have proven to be a crucial learning tool for the institution and we welcome management engagement in establishing effective implementation plans and the Board oversight of the overall process. We also welcome the opportunity

to test the new format of short evaluations on the subject of IMF-WB collaboration on macro-structural issues.

We welcome the work on the Political Economy of Structural Reforms, which provides an opportunity to deepen our understanding of reform dynamics, including its social impacts and political feasibility. Here, in addition to the requirements of proper prioritization and sequencing, political economy considerations may be crucial to help better design policies and institutional arrangements that not only enhances welfare, but also social support for reforms. In this regard, recent work done on IMF engagement on social spending will be instrumental. As in other topics, we would call for due attention to the peculiarities pertaining to small states and countries in fragile situations, as well as program countries.

We look forward to the conclusion of the several important workstreams related to human resources. Retirement perspectives may facilitate the transformation of the Fund's workforce in terms of diversity in educational and professional background, as well as in terms of gender and regional representation. Hence, we look forward to discussing more ambitious diversity benchmarks along these dimensions.

Mr. Rosen, Ms. Pollard, Ms. Crane, Mr. Grohovsky, Ms. Svenstrup and Mr. Vitvitsky submitted the following statement:

We appreciate the Managing Director's (MD's) statement on the Work Program for the Executive Board and broadly support the policy priorities. Significant progress has been made over the past year to strengthen two of the three core functions of the Fund: capacity development and lending. Attention this year rightly turns to the remaining function—surveillance.

Lending

The Review of Conditionality (ROC), completed in May 2019, made recommendations to strengthen program conditionality aimed at improving outcomes. Implementation of these recommendations will be key and as noted in the MD's statement reduce risks to the Fund. As we stressed in our gray for the ROC, "We are keen to see the recommendations robustly implemented through clear, specific additions to the Operational Guidelines for staff, with ongoing attention from review departments and the Executive Board to ensure they are fully applied in country cases."

We also welcomed the completion of the 2018 Review of Facilities for Low-Income Countries to strengthen lending to these countries. We found the frequent Board engagement on both of these reviews helpful and encourage similar engagement on the key surveillance reviews taking place in 2019/2020.

Looking ahead we are pleased to see that a review of implementation of the Fund's misreporting policies will be discussed at the Board in early 2020 despite the delay. We would appreciate more information on this review and its link to work on data transparency and debt issues.

Capacity Development

Capacity development is an important aspect of the Fund's work. We supported the 2018 Capacity Development Review and are pleased to see the continued attention to this issue in the Work Program. Looking at the integration of capacity development and surveillance using a regional lens is an excellent idea. We look forward to the initial engagements on Africa and Asia.

Surveillance

Three items on the Work Program agenda for the coming year are likely to shape surveillance over the medium term—the Comprehensive Surveillance Review (CSR), the FSAP Review, and the Integrated Policy Framework. We welcome the outreach to the Board through the upcoming CSR Scenario & Policy Engagement Workshop but also would like to have an informal Board update in late summer or early autumn. We welcome that the FSAP review has an additional Board meeting scheduled to discuss the list of mandatory jurisdictions, a key issue for the review. The Integrated Policy Framework (IPF) is increasingly mentioned in Fund reports, including in the IEO report on Unconventional Monetary Policy, but there has been no discussion of this important topic in the Board. We are disappointed that there is not even a notional date provided for a Board meeting on this topic. The Work Program notes that the IPF will assess the mix of monetary, exchange rate, macroprudential, and capital flow management policies. Given the IEO report's discussion about the importance of the appropriate monetary and fiscal policy mix, we would think fiscal policy should be added to the list.

We support staff's continued engagement to strengthen members' capacity to counter illicit financial flows and corruption. Boosting Fund technical assistance on AML/CFT could help in these efforts. We also look

forward to the report next spring on the implementation of the framework for enhanced engagement on governance.

We welcome the inclusion of several items on structural reforms in the Work Program. The work on the Political Economy of Structural Reform could be helpful to understanding how to prioritize reforms, including in fragile states where selectivity is key. Two briefings will focus on the euro area. While we welcome these briefings, we encourage staff to extend their focus on structural reforms to other areas.

A few important topics are missing from the Work Program. In the March 14 Board meeting, a significant majority of chairs pressed for finding a way forward to strengthen the framework for excessive delays in Article IVs. We continue to think the persistent failure of some members to meet the basic obligation of membership undermines the credibility of the Fund. We are also concerned that the Work Program does not include a Board meeting on Data Provision to the Fund under Article VIII Section 5. Can staff provide an update on when these issues may be brought to the Board?

Debt Issues

Debt issues feature prominently in the Work Program, and rightly so. We have been impressed with the quality of the staff work on debt issues at both the policy and country level and look forward to important ongoing work in applying the LIC-DSF, upgrading the MAC-DSA, and making the Debt Limits Policy more effective in helping countries to borrow transparently and sustainably in support of growth.

Human Resources and Budget

Modernizing the Fund's compensation and benefits system is crucial to attracting a workforce for the twenty-first century. We look forward to the July 9 Board on the Comprehensive Compensation and Benefits Review (CCBR): Market Analysis and Policy Discussion. We are concerned, however, that the timing of the concluding Board meeting keeps slipping. Can staff verify that the November 4 date will allow changes in the CCBR to be incorporated in the FY2021 budget?

Several recent reports from the IEO have highlighted the need to address staffing issues including tenure of country teams and mission chiefs. In this regard, we look forward to the update on the implementation of measures to strengthen Fund engagement with fragile states as well as

management's implementation plans on financial sector surveillance and unconventional monetary policy. The HR strategy is key to addressing these issues and we would welcome an update from staff.

The Big 5 modernization projects have the potential to increase the effectiveness and productivity of the Fund. Nevertheless, the projects all have risks, including to the budget. We appreciate the response to the Board's request for more information and updates on these projects through scheduled Board meetings scheduled in June, September, and January.

We continue to stress the importance of allocating resources to meet the core mandate of the Fund. Non-recurrent items in the Work Program show a sharp increase in staff time. We recognize that extensive resources are needed to conduct major policy reviews and the CCBR. Given the importance of this work, we wonder whether work on non-priority and non-core issues should be re-evaluated or scheduled in less busy times.

Board Issues

We welcome the continued attention to bunching but believe more can be done to smooth the work program. Table 2 highlights the paucity of Board items discussed in January, February, October, and November, where items per Board day ranged from 1.5 to 1.9, compared with May, June, August, and December, where items per Board day ranged from 2.5 to 2.8.

Mr. Mahlinza, Ms. Gasasira-Manzi and Mr. Nakunyada submitted the following statement:

We welcome the Managing Director's statement on the Work Program (WP) of the Executive Board for the next twelve months. We broadly support the agenda of the proposed WP which appropriately reflects the key priorities outlined in the Spring 2019 GPA and IMFC Communiqué.

Surveillance and Policy Research

We welcome the focus of the flagship reports on topical subjects including an examination of policies to sustain global economic growth, enhance inclusion and boost resilience; financial stability implications of US Dollar funding of global non-US banks; and fiscal policy tools to mitigate climate change. The focus on understanding the role of the exchange rate in the external adjustment process in the 2019 External Sector Report (ESR), will be a useful addition. In this respect, we would appreciate extending the

2019 ESR's coverage to include implications on Low-Income Developing Countries (LIDCs). Relatedly, we look forward to the report on Macroeconomic Developments and Prospects in Low-Income Developing Countries (LIDCs) that will also focus on inclusiveness of growth, including aspects of the much-needed revenue-generation and financial safety net arrangements. We welcome the staff discussion note on financial services and inequality that will examine how financial policies could enhance inclusion and opportunities for all. Relatedly, we look forward to the work on climate-related risks to financial stability in the context of the 2020 FSAP review. While we note that the GFSR will analyze the financial stability implications of US dollar funding of global non-banks, we wonder if this would cover the burden on small economies and LICs in fulfilling US regulations on the use of the US Dollar and the challenges of the associated loss in correspondent banking relationships. Staff comments are welcome.

We look forward to the paper on the integrated policy framework, which will cover country experiences and analytical work on the interactions between monetary, exchange rate, macroprudential and capital flow management policies. We also welcome the stock-take on the Fund's work on illicit financial flows, and discussions of how the Fund can better support countries, including through collaboration to develop an international platform to address these flows, both to and from developing countries. Further, we look forward to the update on The Implementation of the Framework for Enhanced Fund Engagement on Governance and the Analysis of Central Bank Governance: in Search of Emerging Good Practices after the Global Financial Crisis.

We support the Fund's continued work to advance structural reforms to enhance resilience and boost inclusive growth. In this regard, we look forward to a better understanding of the new comprehensive database on structural reforms developed by Fund staff. We also take note of the discussion on political economy of structural reforms that will examine how economic policies might be adjusted to mitigate potential political costs.

Global Solutions

The escalation of trade disputes remains a key risk to global growth, trade and financial stability. As such, we welcome, the Fund's efforts to play a central role in fostering global cooperation to level the playing field and address shared challenges as well as to ease global risks. In this regard, we support the efforts to promote open trade through policy advice,

macroeconomic analyses and joint work with other institutions, especially as trade continues to provide mutual growth opportunities for many countries.

As the GFSR appropriately focusses on financial vulnerabilities, financial regulations remain an important means to address various challenges if balanced well to support growth and innovation. We concur on the need to make progress on global regulatory reforms and we welcome the work in this area as well as the related work on the Fintech agenda to mitigate emerging risks to digitalization. We note the follow up work on the Bali Fintech agenda, including the upcoming discussion on Fintech: Experiences So Far in June 2019. Relatedly, the Fund is planning a High-Level Conference on "Balancing Fintech Opportunities and Risks – Implementing the Bali Fintech Agenda" scheduled to place on June 24-25, 2019 in Gaborone, Botswana. We would appreciate staff comments on how the outcomes of these related discussions will be integrated.

We found the recent discussion on the review of implementation of the Fund's commitments in support of the 2030 development agenda useful and we hope for more frequent updates, going forward. With only ten years to go, we continue to urge the Fund to work with the global community to consider the best ways to support countries to boost economic transformation and inclusive growth. This includes catalyzing access to adequate financing for development while addressing the interrelated challenges of debt, growth and poverty. In this regard, we welcome the Update on Implementation of Measures to Strengthen Fund Engagement in Fragile States.

Fund Policies and Internal Support

The Fund's efforts to regularly strengthen its toolkit to support the diverse membership and its evolving needs, remains warranted. In this regard, we appreciate staff's engagements in major reviews to improve the Fund's lending policies. Implementation of the recommendations from the reviews, particularly related to LICs facilities as well as conditionality and program design, should improve the effectiveness of program engagement and support to members. At the same time, we look forward to the upcoming discussions on debt and continued updates on the various initiatives being taken by the Fund, in collaboration with other institutions to address debt vulnerabilities, including capacity development efforts. Further, we support the integrated approach to strengthen the effectiveness of capacity development by integrating it into surveillance and lending activities and look forward to regional briefings from area departments on the capacity development-surveillance integration.

The Fund's internal organization remains a key enabler for the Fund to lead and support change. Specifically, adequate financing and governance reforms are critical to ensure that the Fund effectively executes its core mandate. Considering the insufficient support for the 15th General Review of Quotas, we encourage the Fund to swiftly work on the reforms aimed to maintain the Fund's current lending capacity, on the back of the rising global uncertainty. In this vein, we will continue to support efforts to advance governance reforms. Further, we look forward to regular discussions of the budget, income position, compensation, as well as discussions related to risk management and the communications strategy. We note the discussion of the Big 5 modernization projects and commend the Fund for being proactive and taking bold steps to modernize operations, while keeping in mind cost effectiveness, risk management, and the need for innovation.

We welcome regular updates on the human resources strategy implementation and the comprehensive compensation and benefits review. We would also like to emphasize the need for adequate communication and engagement with staff in addressing their concerns, to avoid unnecessary anxiety, demotivation and instability in the institution. Further, we reiterate the call for a more diverse and inclusive workforce and hope that the upcoming diversity and inclusion update will provide more positive results or at least a clear plan to address the under-representation of some regions and developing countries in recruitment and career progression, including at managerial levels.

Work Program Implementation

We welcome the continued strengthening of links between strategic planning and prioritization through harmonization of the work program with the financial year and the Fund's Thematic Framework (FTF). We note that the fall 2018 WP has been broadly implemented as planned, and that the delays on policy issues to accommodate further analysis and consultations, resulted in a heavier than usual workload in May. We also welcome the efforts towards better alignment of related workstreams. Further, we support efforts by the Secretary's Department's to accommodate new items, including additional technical briefings, while trying to smooth out the calendar, and welcome follow ups to the March 2019 Agenda and Policy Committee (APC) discussion. That said, we believe there is still room for improved scheduling of country items by area departments, with respect to mission planning and scheduling of subsequent board meetings, for instance avoiding reviews or

meetings being scheduled right at the end of the cycle, creating unnecessary urgency.

Ms. Riach, Mr. Ronicle and Mr. Hemingway submitted the following statement:

We thank the Managing Director and staff for the opportunity to discuss the Fund's Work Program. The coming period has a heavy agenda, with several major policy reviews ongoing and some significant analytical projects starting. We strongly support the broad direction set out by the Work Program, though provide some comments for consideration. In addition, we wish to emphasize our support for further integrating the findings of the 2018 Risk Report into this process and, while noting progress to date, see scope for additional efforts.

We note the pragmatic approach to quota and resources outlined in the Work Program. We view this as the most pressing issue for the Fund and offer our full support to this proposal.

We welcome the commitments to multiple engagement on several major reviews. We particularly welcome the proposal to engage the Board at the mid-point of the Comprehensive Surveillance Review and the FSAP Review, as well as the multiple engagements planned on the reviews of the Debt Limits Policy and the Debt Sustainability Framework for Market Access Countries. Similarly, we welcome the regular engagement proposed on the Comprehensive Compensation and Benefits Review and the additional briefing associated with the budget, notably linked to the 'Big 5' modernization agenda. However, we also note that at the recent board discussion on the budget, Directors made it clear that they expect to be briefed with more detailed information on each Big 5 project, including the robust business cases and cost-benefit analyses as they are finalized. The Work Program includes this for just one of the Big 5 projects, 1HR. We look forward to similar briefings for each of the remaining four projects and would be grateful if staff could indicate expected timings for these.

Robust implementation of policy decisions is critical to achieving changes in outcomes. We therefore welcome the updates on governance, following the adoption of the new framework in 2018, and on measures to strengthen Fund engagement in fragile states. We also look forward to discussing work on the political economy of structural reforms, noting the potential for this work to improve successful implementation of reforms if integrated with surveillance, lending and capacity development. Looking ahead, we wonder whether similar informal follow up could be useful in other

policy areas, including the policy reviews covered in this Work Program, allowing the Board to understand progress without overly burdening staff.

Notwithstanding these important reviews, we note the main change in this Work Program is additional work on Economic and Financial Research workstreams. We expect the proposed work to be of significant interest to Board members and country authorities. In particular, we recognise the major undertaking to develop an Integrated Policy Framework, welcome the proposal to bring together Fund work on illicit financial flows, and look forward to a series of Board discussions that will explore the evolution of the role of central banks in the last decade.

We are strongly supportive of the agenda for work on climate change. The IMF is uniquely placed to inform the discussion on the most adequate and efficient economic tools to deliver on the commitments taken by Fund members in the Paris agreement. This work will be particularly relevant as the next COP meeting is approaching (2020). We therefore welcome the emphasis put on this major issue in Box 2 and look forward to discussing the upcoming Fiscal Monitor. Nonetheless, beyond multilateral surveillance, we expect the work presented last April to feed into an approach shared across departments, notably involving MCM and SPR, to cover adaptation and mitigation strategies in bilateral surveillance going forward. In this regard, we would favour having a Board meeting to discuss the Fund's strategic and comprehensive approach, covering some aspects that were not covered in the last paper (inclusion of the impact of climate change in financial stress testing, fiscal frameworks, etc.) as well as a clear roadmap for coverage in bilateral surveillance. Having such a meeting ahead of the 2019 Annual Meetings would anchor the Fiscal Monitor's conclusions in a broader approach. Staff's comments are welcome.

We feel three topics were notable by their absence in this Work Program. First, the Review of Conditionality suggested several issues that justified follow up work, including debt restructuring, Board oversight of off-track programs and longer programs. Second, we would welcome an agenda item on addressing on the Article IV Excessive Delays Framework, noting that the 14th March Board meeting yielded a solid majority to strengthen the current framework. Third, while welcoming the focus on value added tax in this year's Macroeconomic Developments and Prospects in LIDCs report, we note the limited Board engagement planned on broader efforts to support domestic revenue mobilization, responding to the views expressed in the IMFC Communiqué. Can staff outline their planned work on these three topics.

We remain convinced that integrating the findings of the Risk Report into the Fund's Work Program will lead to better outcomes. Progress has been made in recent years and we note the effort to link items to risk areas. However, while an improvement, we would like to see more evidence that issues are prioritised to accelerate mitigation of risks that exceed acceptable levels; put another way, the process appears to map the agenda to the risk framework, rather than give confidence the agenda was informed by the current level of risk. In addition – and as we set out in the recent board discussion on risk mitigation – we would like to see risk monitored and presented to the board in a consistent format, in line with the ORM framework. In particular we look forward to a clear and consistent presentation of risk as part of discussions around the CCBR and Big 5 projects. We encourage staff and management to continue the integration of risk management into the Fund's decision making.

Finally, we look forward to discussing the modalities for Somalia's debt relief under the Heavily Indebted Poor Countries (HIPC) initiative, and in particular the financing of the Fund's share. We are grateful for management and staff's efforts to clarify and, where necessary, speed up internal preparations to ensure that the Fund is on track with the broader direction and timelines. We see merit in an informal technical briefing on this ahead of the July Board, to inter alia promote awareness and understanding among the membership.

Mr. Fanizza and Ms. Collura submitted the following statement:

We thank the Managing Director for the Board Work Program (WP) for the next twelve months. We believe that the WP largely reflects the current Fund's policy priorities as laid out in the most recent strategic documents, and we support it with the following remarks.

We appreciate that the strengthening of strategic planning and prioritization appears to continue producing results with a 30 percent drop in the policy items presented to the Board since Spring 2018. Indeed, we would even welcome further streamlining efforts to help better focus on strategy and oversight. Also, within the obvious operational constraints, we would call for reducing the bunching of country items in certain months.

Consistently with the Global Policy Agenda, the WP details the three areas of policy action that should shape a new multilateralism. All the listed policy items appear promising in order to advance the analysis and improving

the quality of the Fund's advice. Indeed, we support all the proposed areas of work, and we are particularly pleased with the recent reforms to better support PRGT-eligible countries. We would, however, have expected more clarity on how the Fund is helping define a new multilateralism. In particular, we would have liked to see some indications on how the Fund plans to work to help correct global imbalances symmetrically.

At the current juncture, sustaining higher growth should be our priority. Weak growth makes both fiscal consolidation and structural reforms more difficult. Therefore, we welcome the World Economic Outlook's focus on how to sustain growth, enhance inclusion, and boost resilience; we look forward to the briefing on the Political Economy of Structural Reforms, which might provide valuable inputs to the 2020 Comprehensive Surveillance Review (CSR) and help improve the traction of the Fund's advice.

Illicit activities might hamper inclusive growth: we hope that the planned work on estimating the size of illicit financial flows can contribute to develop common practices of measurement, reduce the current uncertainty about estimates, and eventually help to assess risks from illicit activities.

We are quite interested in how the Integrated Policy Framework will be developed as it would have a direct impact on some of the Fund's core areas. In this regard, we believe that more efforts should be devoted to preserve the Fund's expertise and revamp the analysis on monetary policy, including building upon the recommendations that the Independent Evaluation Office has elaborated in the context of its Report on the IMF Advice on Unconventional Monetary Policies. We note that the monetary policy review (announced on the occasion of the 2018 Review of Program Design and Conditionality) is not included in this WP and we would appreciate some information on the timing and the depth of this exercise, which is of utmost urgency and importance.

We appreciate that the WP assesses its responsiveness to the risks flagged in the 2018 Risk Report, in particular those related to budgetary resources. We believe, however, there is the need to further mitigate risks related to lending, and namely to large-exposure programs. In this respect, we wonder whether the WP should address the issue in a more holistic way, including sharing with the Board more details about the outcome of the credit quality assessment process of the Fund's loan portfolios – performed in accordance with the International Financial Reporting Standard 9 (IFRS 9), and revamping the discussions about provisioning. On the latter, we wonder

whether the Review of the Fund's Precautionary Balances could provide the appropriate setting.

Finally, financial and human resources are key for the Fund to remain successful. We are engaged to complete the 15th General Review of Quotas and ensure that the Fund's lending capacity is preserved. The Comprehensive Compensation and Benefits Review is a valuable opportunity to modernize the Fund and attract the most talented staff.

Mr. De Lannoy, Mr. Cools and Mr. Hanson submitted the following statement:

We support the proposed work program: it is well-balanced and translates correctly the strategic directions and policy priorities of the MD's GPA and the IMFC Communiqué. Regular reviews of the Fund's toolkit are high on the agenda, and so are shared challenges such as trade, structural reforms, illicit financial flows and adapting national prudential approaches.

We would like to add the following points for emphasis:

First, we welcome the briefing on the integrated policy framework. We see merit in a more systematic assessment of an effective policy mix, while we also wonder about its implication for the Institutional View on Capital Flows. Given its importance, could staff provide a progress update and a rough estimate for a Board date?

Second, we welcome the work of the IMF on the issue of climate change. Box 2 provides a good overview of the Fund's work on climate change and natural disasters. We look forward to the upcoming Fiscal Monitor and welcome the work by MCM on climate-related risks in the financial sector. Nonetheless, beyond the multilateral surveillance dimension, the fiscal and financial impacts of climate-related risks should also be covered in bilateral surveillance. The Summing Up of the Board meeting on Fiscal Policies for Implementing Paris Climate Strategies calls for inclusion of the economic implications of countries' mitigation policies in Fund surveillance. This would require a shared approach across Departments, involving FAD, MCM and SPR. In this regard, we would favor a Board meeting to discuss a Fund's strategic and comprehensive approach covering some aspects that were not covered in the last paper (inclusion of the climate change impact into financial stress testing, fiscal framework, etc.) as well as a clear roadmap for coverage in bilateral surveillance. Having such a meeting ahead of the 2019 Annual Meetings would allow to insert the Fiscal Monitor's conclusions in a broader approach. Staff's comments are welcome. We also believe that a

detailed impact assessment of climate adaptation and mitigation measures on (potential) GDP growth would be highly useful and is missing from the Fund's climate-rated work. The 2008 April WEO includes a very interesting chapter: 'Climate Change and the Global Economy'. This chapter used a global dynamic model to examine the macroeconomic and financial consequences of policies aimed at addressing climate change. We think an update of this chapter would be topical and interesting. Does staff consider an update of this chapter, and if so, by when?

Third, we are looking forward to the follow-up work on the 2018 Review of Program Design and Conditionality. In that context, staff proposed a follow-up paper exploring the case for longer-duration arrangements in the General Resources Account (GRA) for members seeking to address large and persistent structural challenges. However, this is not mentioned in the Work Program. Is staff still contemplating such follow-up paper?

Fourth, we encourage the Fund to further integrate macro-critical risks related to Fintech, cyber, climate change, inequality and gender. We also support the ongoing integration of social spending and corruption into the Fund's surveillance and programs. We look forward to the update on implementation of measures to strengthen Fund engagement in fragile states, including a discussion on HR policies. We welcome the staff report on Fintech: The Experience So Far. Cyber risks should be high on the agenda, so we would welcome a Staff Discussion Note on the issue.

Fifth, we appreciate continued Board engagement on debt vulnerabilities in LICs. We welcome the Review of the MAC DSA and the Review of the Debt Limits Policy. As part of the latter review, we look forward to the development of guidance on collateralized debt. Regular updates to the Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities provide a good opportunity for Board engagement on the issue. We would therefore be in favor of a bi-annual Board update on the multipronged approach.

Sixth, we note that the current Work Program provides less emphasis on multilateral cooperation and international trade. We see a key role for the Fund in illustrating the significant benefits of international trade and further trade liberalisation. We appreciated the analysis in the recent WEO. The Work Program mentions staff will continue to prepare briefs with updates on recent developments in trade issues. Could staff elaborate on the work that is planned in this area?

Seventh, we continue to encourage staff to cooperate with other IFIs to assure complementarity between workstreams and to leverage knowledge that is available in other IFIs. In this context we welcome the forthcoming IEO evaluation on IMF collaboration with the World Bank on macro-structural issues. However, we believe that there is still scope for the IMF to further strengthen its cooperation with other IFIs, especially when assessing emerging issues.

Lastly, we miss an agenda item on addressing the Article IV Excessive Delays Framework. The March 14 Board Meeting yielded a solid majority to strengthen the current framework. When does staff intend to table a formal proposal?

Ms. Levonian, Ms. McKiernan and Mr. Weil submitted the following statement:

We commend the Managing Director and her team for translating the Global Policy Agenda (GPA) and Spring guidance from the IMFC into a compelling work program to help the membership cope with collective economic challenges, while ensuring that the Fund remains a well governed institution.

Our comments build on an already strong foundation to suggest areas where deliverables can even better align with priorities, as well as how the Fund can organize itself to deliver this ambitious work program.

Aligning Deliverables and Priorities

The inclusion aspect of the priority to "support domestic policies to enhance resilience and inclusion" could be reflected in a more focused way. As proposed, inclusion would be advanced primarily through the flagships, the 2019 ESR, the Integrated Policy Framework, and a staff discussion note on financial services and inequality. These are all rather indirect ways of advancing inclusion. Management might look for opportunities to bring forward additional staff research on inclusion to more fully deliver on this priority. One possibility is to preface the staff discussion note on the role of gender budgeting, a powerful tool to promote inclusion, with an informal Board discussion.

The focus on trade should be more firmly anchored in the work program. In 2018-19, the Fund produced seminal research on the benefits of free trade and the rules-based multilateral trading system that was highly valued by the international community. The Fund's work in this space should

not be performed “as needed”, as stated on page 3, because the Fund’s analysis and advice on trade is already needed. In 2019-20, the Fund should proactively throw its analytical weight behind the cause of free trade.

The time is right to advise the membership on managing the shared challenge of financial spillovers. Given heightened financial vulnerabilities and limited policy space, it seems like an opportune time for the Fund to re-energize its research and analysis on financial spillovers. This could underpin its advice to the membership on how to fine-tune domestic policies to minimize negative spillovers and foster greater international cooperation. One fruitful avenue for research would be focusing on macroprudential tools to reign-in vulnerabilities outside of the traditional banking space, such as in market-based finance and the non-financial corporate sector.

Climate change is the most pressing shared global challenge. Given widespread acknowledgement of the macro-criticality of climate change, we welcome the elements on this topic in the work program. We suggest a separate Board discussion on how the Fund can best support the climate agenda, as comprehensively as possible, through existing and potentially new areas of work. The proposed analytical chapter on fiscal policies for climate action in the Fall 2019 Fiscal Monitor is a welcome step in this direction.

Items that are related to the CSR should move in lock-step. We welcome the 2020 CSR to ensure that the Fund delivers on its core surveillance mandate in a way that is effective in a changing environment. However, the CSR is closely tied to several other policy items, including reviews of data provision requirements, the AIV excessive delays framework, the transparency policy, and the 2020 FSAP review. We encourage staff to work on these items in parallel as the CSR advances and to consider bringing them forward as a package. In the case of the AIV excessive delays framework, given the strong majority view on the Board, we would have expected the work program to include a formal discussion of a staff proposal.

The need to better integrate capacity development with surveillance and lending is a Fund-wide issue. We welcome the proposed briefings on this issue, including through the specific lenses of the AFR and APD regions, but suggest that a broader policy discussion, that is not grounded in a specific region, might better respond to IMFC guidance in this area. Such a broader discussion could be framed as a follow-up to the 2018 review of capacity development.

Organizing Ourselves to Deliver

The Board values the Fund's workplace modernization initiatives which foster a more efficient and collaborative organization. The planned discussions on the Big 5 Modernization Agenda are responsive to the Board's requests for closer engagement in capital decisions and demonstrate the Fund's commitment to sound project management. We would also welcome an update on the Fund's investments in its human capital through the implementation of the HR Strategy.

We welcome the proposal to treat CCBR decisions on benefits and pay through separate Board meetings. The much-valued CCBR technical seminars have hinted at several possible reforms that might be made to improve the quality and efficiency of the benefits system. Flexibility should be maintained in the work program to consider such reforms through a full Board meeting, rather than on a LOT basis.

We encourage more frequent ad-hoc updates on countries in crisis and on lending programs that may be experiencing acute challenges. Efforts to keep the Board apprised of critical country and program developments should be seen as part of the overall push to adopt a more comprehensive understanding of what constitutes risk to the Fund. We would be pleased to explore creative solutions that minimize the burden placed on staff and management by such updates.

The work program should accommodate off-cycle Board engagement on enterprise risks. We welcome the work program's discussion of how planned policy proposals will advance risk mitigation. Building towards the annual risk report, the work program should remain flexible enough to accommodate engagement between the Office of Risk Management, the Board, and management on specific enterprise risks.

We encourage staff to continue communicating and collaborating both internally and externally. Just as countries should upgrade cooperation to cope with shared challenges so too should the Fund. In the past year we have seen numerous examples of enhanced cross-departmental and cross-organizational collaboration, which has improved the quality of staff's advice and analysis. In delivering the work program staff should continue to prioritize internal and external communication and collaboration, including, where appropriate, with stakeholders such as CSOs and the private sector.

Mr. Villar, Mr. Moreno and Ms. Mulas submitted the following statement:

We thank the Managing Director for a comprehensive statement on the Board's Work Program, which is well aligned with the Global Policy Agenda and the IMFC Communique. In the context of rising the importance of emerging issues, we particularly appreciate the strong emphasis of the Work Program on the need to adapt the Fund's toolkit to lead and support change. We broadly agree with the initiatives and we largely support the document; we will focus our comments on a few areas that we find particularly relevant.

Integrated policy framework. We look forward to discussing the IMF's work on a more integrated policy framework that further considers the interactions between monetary, exchange rate, macroprudential, and capital flow management policies. We call on staff to adopt a holistic and open-minded approach including a reflection on how the policy toolkit has evolved and how it will continue to do so going forward. The GFC exemplified the saying of "desperate times call for desperate measures." The changes in policymaking and the toolkit need to be acknowledged, in a context of constrained policy space, for the Fund to provide the most effective advice. It is also important that the analysis reflects on spillovers and macro-financial and external linkages, which are crucial for the membership to determine the most effective policy mix. We note that a specific date is still to be determined. Could staff delimit, if possible, when it is foreseen for presentation?

Governance. We welcome the Update on the Implementation of the Framework for Enhanced Fund Engagement on Governance. Drawing lessons from this analysis and the impact to date of the new framework will be instrumental for further engagement with members as governance issues have become macrocritical for many countries in the membership. Moreover, we would also like to learn from the capacity development activities of the Fund in this regard. In addition, we consider that the work on Central Bank Governance after the Global Financial Crisis is very timely.

Inequality and inclusion. The IMFC Communique highlighted the need to promote policies to foster inclusion and opportunities. The recent agreed strategy on Social Spending was a step in the right direction and should be horizontally implemented as soon as possible. The Fund should move away from a short-term approach to social spending, where it is perceived as a cost to be contained, and rather move to a long-term approach focused on its economic value. We also welcome the presentation of the SDN on Financial Services and Inequality, addressing key issues such as access,

inclusion, and sustainability. The Staff Guidance Note on social spending is projected for end-2020. It would be useful to include in the timetable informal meetings for further discussion on how to consistently apply the key concepts. Further, it would be useful to develop a monitoring framework to effectively guarantee its continuity.

Structural reforms. We welcome the presentation of the SDN on Political Economy of Structural reforms (scheduled for September 2019) that will address implementation challenges that are recurrently arising—ownership, reform fatigue, reform reversal, political cost, social impact—which are determinant for the success of IMF recommendations. It would also be relevant to add the fiscal dimension to examine the influence of political costs on this type of reforms. On some occasions, policy advice is only based on an efficiency analysis de-linked from political economy and equity concerns, which diminishes traction. More generally, it will be important to instill in the institutional culture the objective of balancing growth and equity when assessing economic policies. We would also welcome IMF's further work on the labor market, which is arising as a major policy challenge with multiples objectives including adaptation to technological change and inclusion. The staff has just produced a very interesting SDN on labor market institutions in emerging and developing economies. We understand that there is also an ongoing analysis on minimum wage policies in the Euro area. We would welcome further work on labor market policies, including a Board meeting on a broad strategy on labor policy recommendations. Staff's comments are welcome.

Climate change. We welcome the emphasis on the report on climate change and natural disasters, including in box 2. Climate change is increasingly becoming a vertebral issue with potentially very high macroeconomic impact. We welcome the Fund's work on fiscal policies for implementing Paris Climate strategies and look forward to the upcoming fall Fiscal monitor. There is also scope for greater IMF's involvement in green finance issues for which the finance industry is showing an increasing interest and regulators are strengthening their surveillance instruments to include climate change considerations (such as in risk models or stress-testing). The Fund's expertise on the financial sector warrants its involvement in this issue along the lines of best practices, impact analysis and capacity building. Furthermore, the IMF is uniquely positioned through its surveillance to increase awareness of the global climate change challenge, both through its multilateral and bilateral surveillance, reflecting best practices and country progress towards climate objectives. This is also an effort that should cut across departments. In this respect, we would welcome a Board meeting to

discuss a Fund's strategic and comprehensive approach to climate change. Staff's comments are welcome.

External sector report. We welcome that the 2019 External Sector Report will feature new analysis on the role of exchange rates in the external adjustment process, considering currency of invoicing and global value chains. That said, we would like to highlight the still important role that flexible exchange rates play in the external adjustment process and as a first line of defense against shocks coming from outside

Debt reviews. We welcome that the work on IMF policy is expected to concentrate more on debt policies considering increased vulnerabilities. We see both reviews as a unique opportunity to strengthen debt sustainability and transparency and to improve debt management. We call for a close engagement with the Board and a smooth work program implementation in these reviews.

Capacity development. We take positive note of the efforts to integrate capacity development, surveillance, and lending activities. We are looking forward to being briefed on how area departments are integrating capacity development, surveillance, and lending. However, we note that in the 2019 Spring WP only two area departments are expected to inform. We would welcome presentations from all regions, including the Western Hemisphere. Staff's comments are welcome.

Risk management. We appreciate the ongoing efforts to improve Board calendar management and to better align the work program with the budget and risk management processes. In this regard, we see merit in including the update on the IMF Communications Strategy as a response to risks related to the reputational role of the IMF.

Mr. Geadah and Ms. Abdelati submitted the following statement:

We thank the MD for the Statement that reflects priorities set out in the Spring Meetings and that we endorse. We take note that the Fall 2018 WP has been broadly implemented as planned, with a few delays to allow for additional analysis and consultation. We also take note of the success in reducing the number of Board meetings for policy items and for informal briefings. We look forward to further efforts to reduce bunching.

We support the identified themes for the upcoming flagship reports and the emphasis on building resilience, greater cooperation, and more

inclusive growth. With rising inequality and broad political discontent, continued focus on upgrading global cooperation and addressing shared challenges remains paramount, as was underscored during the Spring Meetings. The Fund has an important role in promoting open trade and an effective multilateral system. We take note of the planned staff briefs on recent developments in trade through joint work with WTO and WB, and would welcome some elaboration of the planned analytical work in this area. It remains unclear how the Integrated Policy Framework will present tradeoffs within the policy mix in a way that substantially differs from current practice. We also look forward to learning more about this new initiative.

We would be interested to know the countries to be covered (or surveyed) in some of the planned work to the extent possible. This includes Fintech: The Experience So Far, Political Economy of Structural Reforms, and the SDN on Financial Services and Inequality. We attach high importance to the planned work on the Political Economy of Structural Reforms and look forward to suggestions on how economic policies can be adjusted to mitigate potential political costs, which we trust will provide useful input for the design of program conditionality.

We look forward to the Revised IMF Policies on Capacity Development and trust that this will cover all capacity development work, including that which is externally financed and self-financed by the authorities. We hope that greater emphasis will be placed on TA to fragile states and on debt recording and debt management, consistent with the recent informal discussion on the Review of the Debt Limits Policy.

We would welcome additional early discussions with staff on policy issues, as was carried out throughout the Review of Conditionality. We are therefore pleased to see proposed “Mid-Point notes” for the 2020 Comprehensive Surveillance Review, the 2020 Review of the Financial Sector Assessment Programs, and an early Board meeting on the Review of the Debt Limits Policy. On the latter, based on the informal meeting, we expect to see greater flexibility in the setting of conditionality related to concessionality and debt limits to avoid over-constraining the ability to finance development needs. We would also appreciate an early briefing by staff on how the review of conditionality will change the guidance to staff.

The CCBR, HR Strategy, and 1HR initiatives, which are to be approached from a risk perspective, should ensure that the Fund remains an employer of choice and continues to attract and retain high-caliber and diverse staff.

Lastly, we look forward to early agreement on reforms that would at least maintain the Fund's current resource envelope.

Mr. Ray, Ms. Preston and Mr. Shin submitted the following statement:

We thank the Managing Director and staff for the opportunity to discuss the Fund's Work Program. The Work Program helpfully translates the strategic direction laid out in the GPA into a rich and full agenda for the next 12 months. This work program strikes the right balance between useful analytical work to support the membership in addressing economic challenges and major policy reviews to sharpen the Fund's policy toolkit. We appreciate the continued efforts to better link the Work Program and the Risk Report but see scope for further efforts including integrating the findings of the 2018 Risk Report into the Work Program discussion and integrating risk management into the Fund's real time decision-making framework.

Maintaining a well-resourced IMF at the center of the global financial safety net is a top priority. We stand ready to contribute to further discussions on the Fund's resource and governance issues and the development of a concrete work plan at the earliest opportunity.

We welcome the topics and new analysis for the Fund's flagship reports and the 2019 External Sector Report. We look forward to the analytical chapter of the Fiscal Monitor, as well as the Fund's multi-faceted work on climate change and natural disasters. Could staff elaborate on what the IMF-World Bank Working Group is considering in relation to the CCPA? The analytical chapter of the GFSR on US dollar funding of global non-US banks also seems timely and relevant given the financial vulnerabilities accumulated through a prolonged period of low interest rates. Could staff explain the motivations of this topic and the possible policy implications? We also appreciate staff's efforts to include new analysis in the upcoming ESR on the role of exchange rates in the external adjustment process, taking into account invoicing currencies and global value chains.

We strongly support the Fund's ongoing efforts to support low-income, small and fragile states. We look forward to the next LIDCs report and to further work to progress issues of debt transparency. We also welcome an update on the implementation of new measures to strengthen the Fund's engagement in small and fragile states. In particular, we look forward to specific measures being developed in the context of the HR strategy to improve incentives for staff to work with these members, including to address high mission chief turnover.

Regarding capital flow issues, we are very interested in the Integrated Policy Framework. We understand that it is a comprehensive framework requiring a lot of groundwork. Nevertheless, given that it has been almost six months since it was first presented in the work program, could staff comment on a broad timeline for engagement with the Board and membership? We would also appreciate a short briefing in the near future on the direction of the project and developments made so far, including whether the framework will cover mechanisms for coping with short-term liquidity pressures arising from capital flow volatility?

We welcome regular updates from staff on the impact of trade issues as the situation evolves. We found the information and analysis on the trade tensions in the IMF Blog useful and timely. We welcome the study on the effects on consumers and look forward to more in-depth research on consumer surplus and social welfare losses from trade wars. Staff comments on this suggestion would be appreciated.

We strongly support initiatives to modernize Fund operations, including the Comprehensive Compensation and Benefits Review (CCBR), which is mission critical. We look forward to considering all options within the CCBR, ensuring that the Fund is competitive in attracting diverse talent, while modernizing its compensation and benefits system. We note that the HR Strategy is still under development and request that this is finalized ahead of the discussion on the CCBR. This will enable the Board to ensure alignment between the HR strategy and the incentives within the compensation and benefits system.

We welcome the briefing on the Big 5 modernization projects as well as periodic progress reports. As discussed during the discussion on the Fund's budget our expectation is that the investment in these initiatives will have a pay-off and result in efficiency gains, thus generating savings in both time and resources that can be redirected to higher-value add activities. Careful cost-benefit analyses of projects are critical. Consistent with the discussion on the Budget, we would like to see a more concrete timeframe for the cost benefit analysis to be brought forward, as well as a guarantee that no further spending will occur until these have been completed. We welcome the inclusion of an updated Capital Investment Framework into the Work program but think that it would be more appropriate for this framework to be formally approved by the Board.

We were disappointed that an update on the new 'Off-track' program reporting initiative was not included in the Work Program, especially

following a number of recent discussions at the Board, including during the 'Review of Conditionality.' The March 'Board Work Program Implementation - Updates' included a table on the 'Program Status' (Table 4, page 10refers) which we found very helpful. We would prefer that this table is maintained in both the Work Program and Work Program Implementation - Updates so that the Board retains ongoing visibility. In addition, it would be helpful if the work program could make clear that the Regional Economic Briefings are expected to cover major program developments, including where they may be off-track.

We welcome the statement that 'non-time sensitive policy items' are no longer scheduled in June and July. This approach should be broadened to cover the category of work covered under 'Analytical Work Representing Staff and Departmental Views.' On this basis, there does not appear to be a clear business case for two items currently scheduled for June and July to proceed on this timeline.

Lastly, new innovations to better estimate costs, while still evolving, point to some helpful trends. However, we find Figure 2 confusing as it implies a substantial increase in cost estimates for current Work Program compared to the previous one, while the number of board items remain almost the same. It is unclear whether these estimates represent forward looking costs of Work Program as well given the text reads that 40 percent of the costs have been already incurred. Could staff elaborate this in further detail?

Mr. Kaizuka, Mr. Saito, Mr. Ozaki and Mr. Komura submitted the following statement:

We thank the Managing Director and staff for the Work Program (WP). The WP well reflects priorities specified in the latest GPA with the concept of "new multilateralism" and IMFC Communiqué, including enhancing resilience and inclusiveness by domestic policies and improving debt transparency and sustainability. In this regard, we appreciate that staff has tried to improve prioritization in establishing WPs by explicitly discussing resource implications and risk profiles.

We also thank staff for its dedicated work for our G20 priorities, including demographic changes, global imbalances, and debt vulnerabilities. We ask the Fund for further supports to our G20 presidency.

On top of that, we would like to reiterate that prioritization remains a central issue to maximize effectiveness of the Fund work under the resource

constraint. The primary focus should be on Fund traditional core areas, including fiscal, monetary, and financial sector policies. The Fund should maintain its position as a leading policy advisor on these areas by preserving resources to review and update its policy advise, following changes in social and economic environment. As to emerging issues, we encourage the Fund to contribute to the work under the established criteria, including macro-criticality, expertise, and resource constraint.

Low Income Country Policy

We are concerned about rising debt vulnerabilities, especially in LICs. Debtors and creditors, both public and private, should work together to address these challenges. In this regard, the Joint WB-IMF Multi-pronged Approach is imperative to support their efforts. We welcome the staff briefing on the update of the Multi-pronged Approach in May. We are encouraged by observing several progresses in the briefing. Especially, considering the importance of capacity development (CD) to address debt vulnerabilities, we commend the visible progresses so far and look forward to steadily conducting CD projects together with the World Bank. We also welcome the Informal Session on the Review of the Debt Limits Policy in the following week. As we have indicated in the session, we strongly support incorporating debt transparency considerations within the debt limit policy. In particular, as further information disclosures of collateralized sovereign debt and identification of acceptable and necessary collateralization are warranted, we look forward to seeing specific suggestions to effectively promoting them. Finally, we welcome the issuance of the G20 note on Operational Guidance for Sustainable Financing.

Capacity Development

We encourage staff to improve CD activities continuously. In this vein, it is essential to exploit Result Based Management by conducting a follow-up project based on its evaluations, for CD activities to achieve better performance. In addition, further integrating CD with surveillance and lending is needed. In this regard, we welcome that staff plans to brief progresses and challenges in regional briefings or stand-alone sessions.

In the tax area, the Platform for Collaboration on Tax (PCT) is expected to be a mechanism for improving coordination and communication among TA providers, including four partners (IMF, WB, OECD, and UN). We welcome the staff briefing on the update of the work of the PCT in March as requested. We encourage staff to further improve coordination and

cooperation among TA providers especially in the ground and to update us in the work of the PCT, including individual cases of MTRS, on a regular basis. In addition, we appreciate that the Fund submits PCT Progress Report 2018 – 2019 to G20.

International Trade

The Fund should continue delivering clear messages to preserve open and rule-based international trade system. The Fund needs to keep emphasizing benefits from open and rule-based trade and investment system as well as costs from protectionism measures.

On global imbalances, as this chair indicated in the informal session about global imbalances last week, we underscore that global imbalances are best addressed by restoring saving-investment balances in the context of multilateral cooperation, rather than bilateral trade measures which would adversely affect global growth. The global economy should pay close attention to structural drivers behind saving-investment imbalances, such as the impact of population-aging and excessive corporate savings, and explore policy options to promote the required adjustments.

In this context, as we are of the view that the Fund has been performing appropriate works timely, for example in ESR, WEO, and G20 notes, with rich quantitative analysis, we encourage the Fund to maintain and intensify its efforts on this issue.

Integrated Policy Framework

To deal with external shocks, countries need an appropriate policy mix with taking into considerations complementarities and tradeoffs among monetary, exchange rage, macroprudential, and capital flow management policies, while they, especially emerging market economies, should steadily improve their fundamentals. We look forward to seeing progress on this work. We ask staff for early engagement with the Board in due course.

Monetary Policy

Many central banks have extended their mandate, including to ensure financial stability, after the Global Financial Crisis. In this context, we take note that challenges to central bank governance, including decision making structures, have arisen. However, it is not necessarily clear whether and how central bank governance and an expansion of balance sheets are correlated.

We would appreciate further elaborations by staff. We ask staff for early engagement with the Board, including bilateral meetings.

IMF resource and governance

Ministers and Governors gave the Managing Director a mandate to work on a package of key elements, covering IMF resources and governance reform in the Special Restricted IMFC Session at the Spring Meetings time. We understand that the Managing Director has been actively working based on the mandate and, in due course, we look forward to having a brief to the Executive Board on this front. We notice that the sentence on the 2016 Bilateral Agreements in page 7 is not completed. Since the agreement on one-year extension of the Bilateral Agreements is a positive step to ensure adequate IMF resources, we would suggest describing it in a positive manner when staff revises the sentence.

Mr. Merk and Mr. Buetzer submitted the following statement:

We thank the Managing Director for her Statement on the Work Program for the next twelve months. Overall, it appropriately translates the strategic directions and policy priorities laid out in the Spring 2019 GPA and the IMF Communiqué into concrete action for the Executive Board.

Enhancing resilience and inclusion, as well as promoting global cooperation, rightly rank at the top of the agenda. Associated analysis and policy advice in the Fund's flagship reports and other publications is very valuable for policymakers and the public debate alike.

Having said this, we would have appreciated somewhat stronger emphasis on the role of fiscal and debt policies in the context of strengthening resilience. Moreover, the importance of multilateralism – which was appropriately stressed strongly in the MD's GPA two months ago – should have been accentuated more explicitly.

We are also very much looking forward to engaging further on the various ongoing reviews, in particular the Comprehensive Surveillance Review, the Review of the FSAP, and the MAC-DSA Review, where further delays should be avoided.

With these general remarks in mind, we would like to offer the following more specific comments on the Key Priorities of the Spring 2019 Work Program:

We fully agree with the importance placed on supporting "domestic policies to enhance resilience and inclusion", which appropriately ranks high in the list of policy priorities. In addition to the WEO, GFSR, and ESR referred to in this context, we would have also liked to see the Fiscal Monitor mentioned here, given the strong link between sound fiscal policies and resilience. While we welcome the exploration of fiscal policies to support climate change mitigation, it appears somewhat lopsided that the FM is only mentioned in connection with this planned analytical chapter.

By the same token, we would have welcomed an explicit connection of the 2020 FSAP Review with the aim to enhance resilience. The mentioned staff work on "climate-related risks to financial stability" as part of the review is only one out of several important aspects to be discussed.

We look forward to the development of an Integrated Policy Framework and expect it to adequately reflect the opinions of the Board on the interpretation and application of the Institutional View on Capital Flows, as well as regards CFMs on capital inflows, which have been expressed on various occasions (e.g. very prominently during the last Article IV board discussion on Iceland). More generally, due regard should be paid to country-specific circumstances when applying the resulting concepts in the Fund's surveillance and lending work.

We welcome the work on the topic "Political Economy of Structural Reforms". Given that political decision-making processes can at times be complicated and protracted in the real world, the realistic timing and sequencing of reforms from a political point of view can diverge from what's economically optimal. As a consequence, aiming for – or settling for – the second-best outcome from an economic point of view may sometimes be the sensible course to achieve timely action. This aspect should be recognized and reflected in staff's work.

While we appreciate the statement that "work on IMF policy is expected to be concentrated more on lending and debt policies" (p. 10), we would have preferred a more direct link between the challenges presented by rising debt vulnerabilities and the Fund's surveillance activities, highlighting how issues such as debt transparency, debt management, and sustainable debt are aimed to be addressed under the various relevant work streams.

Can staff provide information on the timing of the announced items "Review of Data Provision to the Fund for Surveillance Purposes" and

"Review of Data Dissemination Standards" (cf. also staff's presentation "Data Provision to the Fund" on Feb 15th, 2019) as well as the "Article IV Excessive Delays Framework"? While we take note that staff has expressed a preference to defer work on these items until the completion of the CSR, we would stress the importance of timely work soon thereafter in order to avoid further delays and to strengthen the current framework.

We take note of the long delay of the MAC-DSA Review (more than half a year delay for the next informal-to-engage meeting and tbd for the formal decision-making meeting). Could staff please comment on the state of play?

In addition, could staff please comment on the issue of collateralized sovereign debt, which is being discussed by the G20 and is also relevant in the context of the Review of the Debt Limits Policy?

As regards the Responsiveness to Risks Flagged in the 2018 Risk Report, we welcome and fully support the inclusion of the chapter on the responsiveness to risks flagged in the 2018 Risk Report. With regard to the implementation of the findings of the recently completed RoC and LIC Facilities Review, however, we emphasize that the main objective should be to make the Fund-supported programs more effective with a view to achieving their statutory goals and safeguarding IMF resources. The sole reference to the alignment of the Fund's lending toolkit with "members' needs" in this section seems incomplete.

On the Work Program Implementation, it is somewhat encouraging to note that efforts to address bunching seem to be bearing fruit with regard to policy items. In terms of country items, however, the problem appears to have rather worsened, as a comparison with the previous Work Program indicates. Projections for June and July 2019 indicate an increase compared to last November's Work Program from 20 to 30 and 22 to 28 respectively. We also recall the last work week of December 2018, where 11 country items were discussed in one week alone as a particularly bad example of extreme bunching. Acknowledging the constraints staff is sometimes faced with in setting Board dates, we nevertheless urge staff to redouble their efforts to minimize bunching to allow sufficient time for preparing statements and positions, in particular when it comes to politically sensitive and difficult program reviews.

Looking forward, we welcome the inclusion of the Review of the IMF's SDR Holdings in the General Resources Account, albeit as a

LOT-item, for July 2019. Given that the actual SDR holdings by the IMF have greatly exceeded the agreed target range for numerous years, we consider the review, which has been rescheduled and delayed for years, long overdue.

Mr. Mozhin, Mr. Palei and Mr. Tolstikov submitted the following statement:

We thank the Managing Director for her statement on the work program (WP) of the Executive Board, which reflects the policy priorities laid out in the IMFC Communique and the Global Policy Agenda. We support the proposed program designed under pressure from the constrained resource envelop. Closer alignment of strategic considerations and short- and medium-term budget planning is welcome. We also appreciate attempts to address the bunching problem. We offer a few suggestions and comments.

Surveillance, lending, and policy research

We welcome the proposed themes of the flagship reports and their analytical chapters. The attention in the GFSR to the financial stability implications of the US dollar funding of global non-US banks remains relevant, while risks are becoming more pronounced in light of recent developments.

As a general idea, the development of an Integrated Policy Framework is attractive. However, at this stage, only limited details are available. We would appreciate additional information on the scope and key objectives of this initiative and on the possible schedule of this work. Do we understand it correctly that in the coming year the Board will informally engage on this topic only on the basis of a presentation?

The work schedule in the surveillance area is rich and busy. It includes several reviews of the Fund's key activities, such as the Comprehensive Surveillance Review (CSR), the FSAP review, and review of the Fund's Policies on Multiple Currency Practices. The in-depth CSR based on experience over the past seven years is essential for increasing the relevance of the Fund's advice and traction with the membership. It should lead to realigning surveillance priorities with the demands of the changing economic environment. In addition to improving financial sector surveillance, the FSAP review should aim at better integration with the Article IV process, and more effective use of the Fund's limited resources.

Based on the previous Board discussions, we believe that three issues deserve additional attention. First, we are concerned that the work on the

Fund's Lending into Arrears policy has been dropped from the Fund's agenda. We would appreciate staff's comments on the developments in this area.

Second, like several other directors, we note that the issue of the Article IV Excessive Delays Framework is absent in the WP. Given the variety of views on the costs and benefits of specific changes in the framework, we welcome cautious approach. We believe that the framework should build upon the CSR. Reviewing current rules on the surveillance cycle in the presence of a program should also be part of it. As the Board had recently extensively discussed the growing number of off-track programs, they pose an additional challenge in dealing with grossly delayed Article IV Consultations. We would invite staff comments.

Third, we believe that the work program should be ambitious in addressing the effectiveness of Fund's program engagement with members, especially with additional scrutiny of the off-track programs. There is a major gap on this subject in the MONA database. We have no meaningful information on the quality of design and conditionality in "off-track programs" and know very little about the authorities' performance in these situations. All off-track programs should be subject to higher scrutiny, including through greater Board oversight. In cases of missed reviews and with an appropriate grace period, we would favor periodic formal updates by staff to the Board on the reasons for the delays. Could staff elaborate on the options to discuss this topic?

Global cooperation

The Fund should continue to play key role in supporting multilateralism. The efforts to strengthen the international monetary system should be supported by work on the complementary macro-critical issues. In cooperation with the World Bank and WTO, the Fund should continue efforts to promote open trade through policy advice and trade-related macroeconomic analyses.

We welcome the follow-up work on the Bali Fintech agenda, including the update of the experience and progress in this area, as well as specific attention to the impact of Fintech on financial inclusion and cross-border payments. This work should continue to be closely coordinated with relevant international organizations to avoid duplication. We also welcome stock taking on the Fund's work on illicit financial flows, including related issues of AML/CFT and tax evasion. The stock taking is necessary for all IMF members.

Adapting the Fund's toolkit to changing environment

Given the growing debt vulnerabilities in AEs, as well as in many EMEs and LICs, we welcome the prominence of the debt issues in the work program. We look forward to the review of the Debt Sustainability Framework for Market Access Countries. The Fund should complete its work aimed at strengthening market-based approaches to resolving sovereign debt crises. In this respect, we appreciate the recent update on the WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities. We look forward for further discussion on the Debt Limits Policy, which should provide guidance on proper balancing between countries' debt sustainability and their investment and development needs.

Modernizing the Fund

We appreciate intensive Board engagement on the Big 5 projects. They have substantial potential to increase the effectiveness of the Fund, but at the same time carry certain risks, which should be closely monitored. Therefore, Board briefings on the budget implications and cost-benefit analyses will be important.

We also look forward to the update on the Knowledge Management, including on the issues of overhauling and better organizing high-value topical information and of extending the access by the Board and the authorities to the Fund's knowledge and its technical tools and data. In addition, we believe that dissemination of best practices and access to Fund's knowledge should become an integral part of the communication strategy. These issues should be reflected in the envisaged update on communication policy.

Retaining the most talented, competent and diverse staff is the main priority for the Fund. We believe that reforms in this area should in the end improve incentive structure, boost staff morale and enhance efficiency of staff work. Therefore, we look forward to the forthcoming meetings on the Comprehensive Compensation and Benefits Review (CCBR) and reiterate our expectations that the CCBR should be data driven and preserve the Fund's status as a first-rank employer. Could staff elaborate on the scope of the Board's "informal to engage" session on the CCBR in July? Can we expect that the Board will have a chance to discuss any possible amendments to the current CCBR package before the formal meeting in November this year?

Governance and resources

We remain committed to quota-based and adequately resourced IMF. We look forward to a formal completion of the 15th General Quota Review, which should be accompanied by the agreed package of measures that would at least maintain the Fund's current resource envelope and ensure that governance reform will continue. This process should be completed prior to the 2019 Annual Meetings.

Finally, like many directors, we appreciate efforts to mitigate the bunching in the Board calendar. June and July are traditionally overloaded with formal country discussions. We note that non-time-sensitive policy items are no longer scheduled in June and July. However, the Board schedule remains overcrowded over that period, which would seem to suggest the need to consider rescheduling some country discussions to other months, if possible.

Mr. Sun and Ms. Zhao submitted the following statement:

We thank the Managing Director for the comprehensive work program, which reflects the strategic priorities and directions outlined in the Global Policy Agenda and the IMFC communique. We broadly support the work program and would like to make the following points for emphasis.

The work program rightly focused on the use of domestic policies, which are often the root cause of many global challenges, to enhance resilience and inclusion. On this front, we encourage the Fund to conduct more research on spillover effects of domestic policies, especially the policies of systemically important countries. We appreciate staff's efforts to include new analysis in the upcoming ESR on the role of exchange rates in the external adjustment process, taking into account invoicing currencies and global value chains.

The call to upgrade global cooperation is critical against the backdrop of rising unilateralism. As an international organization with almost universal membership, the Fund, by its fundamental nature, should firmly and continuously support multilateralism, not only from the top-level, but also throughout every aspect of the Fund's work. Multilateral cooperation and coordination is key to achieve inclusive growth and ensure global economic stability. "A level playing field" is also an important concept that should be recognized and evaluated completely, and its substance should be clearly defined.

In the same vein, the Fund should continue to clearly advocate for a free, open, and rules-based multilateral trade system. We encourage the Fund to continue to highlight the shared benefits of trade and the downsides of protectionism. We see value in the concise analysis of the trade tensions in the recent IMF Blog and encourage staff to intensify efforts on in-depth research on trade issues and provide comprehensive policy advice.

The work program also rightly emphasized the need to continue the quota and governance reform. We believe that quota and governance reform is, in essence, an issue of supporting multilateralism. We need political wisdom and vision from all member countries to continue to support multilateralism and raise awareness on the importance of a strong multilateral IMF that maintains the stability of the international monetary system (IMS).

We take note of the plan to develop the Integrated Policy Framework (IPF) which is intended to provide a more systematic assessment of an effective policy mix by jointly considering the role of different policies and interactions with each policy. Given the ambition and complexity of this initiative, strategic and forward-looking deliberation is perhaps needed to guide the development of this framework. We look forward to staff's briefing on this important work, in due course.

We welcome the work to enhance debt sustainability and transparency. We appreciate the new approaches, including the balance sheet approach that is to be adopted in debt analysis to comprehensively capture all important elements including the quality of assets. We believe that there is room to further improve the Fund's debt policies by adopting a growth-oriented approach and by differentiating debt issued for productive investment and debt issued for non-productive expenses.

The Comprehensive Compensation and Benefits Review (CCBR) is a critical work, the goal of which should be more clearly conveyed to staff, as we are modernizing the Fund to deliver for the future. The review should be carried out in a strategic and well-communicated manner to ensure its consistency with the goal of the review, so as to make the Fund more competitive in attracting high-quality and diverse staff. We also look forward to the discussion of the 2019 Diversity and Inclusion Report. We encourage the Fund to continue to address the issue of under-representativeness of the East Asia and Middle East and North Africa (MENA+).

Last but not least, we welcome the planned Review of the IMF's SDR Holdings in the General Resources Account. Related to this issue, the Fund, who created the SDR with a vision to make it "the principal reserve asset in the IMS", should play a more proactive role in promoting the role of the SDR. The progress so far has been rather limited, and we encourage the Fund to step up efforts to conduct more in-depth research and make concrete progress in broadening the use of SDR so as to make the IMS more resilient.

The Chairman made the following statement:

I now turn to the last item of our agenda today, which is my statement on the Work Program of the Executive Board. I want to thank Directors for their constructive comments and suggestions. I know that Directors would like us to do even more work than what we are proposing, and unfortunately there is a time limitation; there are resource limitations; there is only so much that can be achieved; and I hope that the selection and the priorities that have been set up will not be too much of an issue. Directors' suggestions, in addition to what is already there, will be used as a roadmap and as guidelines for work that is done and that eventually finds its way into the work of the Board. I am thinking about the working papers and Staff Discussion Notes (SDNs), which are being done by staff in various corners of this institution.

I thank Directors for noticing the work that we are planning and that we are doing on issues pertaining to low-income countries (LICs), fragile and small states. It responds to a collective call to better serve that community in our membership.

The staff has already responded to many of Directors' questions in writing, and I know that Mr. Muhleisen has three other topics that he will touch on orally in his response to frame the debate.

I would like to take up three points myself. First, on trade, some Directors are advocating for continuous work in relation to a rules-based multilateral system of trade, and this is what we believe. This is what we work by and defend very strongly. Although I thought that our 3½ lines in the trade section seems a bit limited given the importance and the magnitude of the trade issue, I think we should understand that we are working almost on a continuous basis and responding to developments as they occur.

It is anecdotal, but as I was sitting in the room having that last supper with the Mexican team, we tried to help think through with them on the basis

of what we know and what we have, and Mr. Muhleisen will assure us about the exact tools that we have available in order to respond.

In addition to that, we are also discussing with the World Trade Organization (WTO) and with other institutions, including the World Bank, on producing yet another joint work paper. We have produced two already. We are generally trying to push the envelope and the boundaries of trade issues, and we would like to put together a new paper, and I know that Ms. Gopinath has recently briefed the Board on some ongoing work by the Research Department (RES) in that respect. As we go along and as there are developments, we well brief Directors with any such developments, conclusions, spillover impacts, and all the rest of it.

Second, on IMF resources and governance, there are probably two or three meetings that are not actually registered in the Work Program which will nonetheless take place as we make progress in relation to the resources and governance. Bilateral consultations are ongoing, and we will continue to engage with the Board as often as needed in the weeks and months ahead in order to come to some resolution as early as possible, so that we can stick to the October deadline. This is on the basis of the mandate that I have received in April, and I am fully committed to deliver, and I hope that Directors will help in trying to expedite the resolution of this particular matter. But let us make sure that we discuss that at the pertinent meetings that will be taking place.

The third item that some have mentioned in the comments is climate change, and it is a topic that I am particularly keen about myself, and I know that it is an important one for many countries. It is not only macro-critical, it is also consubstantial to the very existence of mankind that we need to pay special attention to. The staff has been pushing the agenda in many areas, including fiscal instruments for climate change mitigation, global estimates of fuel subsidies, adaptation strategies, green finance, stress testing for climate risks, and modeling the macroeconomic impact of natural disasters.

Climate change has featured in the Fund's flagship reports, as Directors will remember from the fall of 2017. We concluded 27 pilots on climate and energy in our Article IV consultations, and we will feature climate change again in the upcoming Fiscal Monitor that will be released in the fall, as well as in the Financial Sector Assessment Program (FSAP) review. It is particularly topical that 36 governors of central banks have identified under the leadership of the Bank of England, the Banque de France, and the People's

Bank of China (PBOC), climate change as a financial stability risk going forward.

We agree that a comprehensive and systematic approach is warranted for how to integrate climate change and other risks and policies in surveillance in a manner that is fully consistent with the Fund's mandate. This is a key area of focus for the Comprehensive Surveillance Review (CSR), as we noted in the scoping note that was discussed by the Board in March. Directors will have several opportunities to reflect on this issue later this year and next year as well.

Final point, on modernizing the Fund, we are working on what we call the Big Five. They are big projects so that we can serve the membership more efficiently and in a more streamlined and rich way. There is a full commitment to keep the Board fully informed of the developments. The briefing at the end of this month will provide more information and a rough timeline and a cost-benefit analysis on a project-by-project basis for the Big Five.

The Comprehensive Compensation and Benefits Review (CCBR) is not in the Big Five. It is an additional stream of heavy-duty work which has kept the HR Department and a few other departments very busy for long days and short nights. I want to reassure the Board that the work is continuing extensively, one year ahead of the original schedule, and we will begin to implement such changes, everything, as we say *deo volente*, in the FY2021 budget.

We are also proceeding with the HR strategy, and there will be an extensive briefing on the CCBR so that the Board will be in the loop as we continue in the process—from the staff survey to the preliminary proposals to the costing to the timelines. All of it will be included for consulting and reviewing.

We are also proceeding with the HR strategy and continue to work closely with our diversity and inclusion advisor, who eagerly wants to deliver results, including for the underrepresented regions where we still have progress to make.

The Director of the Strategy, Policy, and Review Department (Mr. Muhleisen) made the following statement:[1]

On trade, the issue is shifting to conjunctural issues rather than, say, fundamental papers about the multilateral trade system, although we continue with those. But the focus is really on understanding the developments in the trade system right now. For example, I believe the G20 Surveillance Note has some more simulations on the implications and spillovers of trade measures. I trust that the Western Hemisphere Department (WHD), RES, and others will look into that as well. There is the World Economic Outlook (WEO) coming up. We have a set of tools, models, that are being used to look into these issues, look at the impact on the global economy, spillovers, and as much as possible also on individual countries, and that will continue as the developments evolve.

I would like to talk about three topics. First, many Directors expressed concern about the timing of the Framework for Addressing Excessive Delays in the Completion of Article IV Consultations and the reviews of data provision to the Fund and data dissemination standards. Let me unequivocally say that addressing excessive delays in Article IV consultations is important, and so are data provision and data quality. Effective surveillance does depend on regular consultations based on high-quality information. There is no doubt about that. We have had success on these fronts. For example, in collaboration with country authorities, we managed to reduce to two the number of countries where excessive delays are not the result of a lack of capacity to consult with the Fund, and reengagement with one of these two remaining countries is also proceeding.

On the data reviews, we had an excellent Board discussion in March, and there was a good understanding on the scope and the overall approach regarding these reviews. Going forward, we will jointly consider with the Board new data requirements, and staff is already working toward greater debt transparency and encouraging more countries to publish foreign exchange intervention data, for example.

But let us also acknowledge the complexities of getting to concrete agreements on both issues. There has been good momentum recently, which the CSR work will help maintain, but agreeing on the fine print will probably require some more discussions and consultations. That is why we feel that the most efficient way forward, both in terms of the process and also regarding

[1] Prior to the Board meeting, SEC circulated the staff's additional responses by email. For information, these are included in an annex to these minutes.

the resources we have, will be to use the CSR to agree on the overall framework for Fund surveillance and then turn to the implications for the delayed Article IV framework and data issues right after that.

Keeping that in mind, we will propose a concrete and specific timetable for the delayed Article IV framework and the data reviews in the fall Work Program. On the CSR itself, staff will be engaging with you on the midpoint paper in December, and between now and then we will have informal consultations, and hopefully we will have a Fund event in the iLab coming up soon. This will provide us with the important feedback from the Board on how you see the surveillance priorities and possible tradeoffs.

Second, on plans about the Integrated Policy Framework (IPF), that work is proceeding. It is going on along four dimensions, modeling, empirical analysis, case studies, and engagement with authorities and external stakeholders. The initial focus is on the role of monetary exchange rate, macroprudential and capital flow management policies and their interactions, in particular in response to capital account pressures. At a later stage we can consider broadening the scope to include fiscal policy, for example.

To advance this work, the Monetary and Capital Markets Department (MCM) has established a new monetary modeling unit to enhance the focus on monetary policy and integrated policy advice to our members, which is in line with the Independent Evaluation Office (IEO) recommendation to deepen the Fund's expertise on monetary policy.

Also, we have an interdepartmental working group, including MCM, RES, and the Strategy, Policy, and Review Department (SPR), among others, that have already conducted six case study engagements with the authorities and external stakeholders, and there is one more planned in June. The nature of the work is challenging, not only for Fund staff but for the economics profession as a whole, since important tools to understand the full set of policy tradeoffs are still being developed. That is why we plan to take stock of our progress after the Annual Meetings, and we will propose a date to update the Board in the fall Work Program.

Third, on the relation between risk management and the Work Program, many Directors have asked for a more explicit link between the Risk Report and the Work Program. We have made good progress on integrating risk management considerations into the Fund's decision-making progress. For example, recent versions of the Work Program and the risk management Board papers have developed clearer and more explicit links to each other.

The section on risks in the Work Program is now a regular feature to address this, and the risk management papers also have a discussion of the previous Work Program. We can look into making these links still more explicit, but please do keep in mind that the Board Work Program is not what one could call a Management Implementation Plan (MIP) of the Risk Report. Rather, we should not be defensive. The Work Program is a tool to translate the forward-looking strategy laid out in the Managing Director's Global Policy Agenda (GPA) and the International Monetary and Financial Committee (IMFC) Communiqué into concrete action. It needs to lay out a convincing way forward, which should be informed by, even if it is not limited to, considerations of risk assessment and mitigation, but also consider the very heavy load of policy reviews that we have been completing or that we will conclude over the next year. Each of these reviews starts out by probing for weaknesses, gaps, and risks in the Fund's policy toolkit, and each one ends with proposals to address any shortcomings that were identified, including to minimize risks going forward.

As Directors have noted from my answer to the delayed Article IV question, we do need to consider sequencing and resource issues when scheduling reviews and other policy papers. Even if the word "risk" may not be the first association that comes up with many of the items on this Work Program, the current Work Program strikes a strong and reasonable balance on risk management in this regard.

Having said that, we will also continue to engage the Board on risk issues on an informal basis. For example, there were sessions on cybersecurity risks in November 2018 and on emerging risks for the Fund in February 2019. We stand ready to continue this practice.

Mr. Merk made the following statement:

We thank the chairman for her statement on the Work Program and we thank her and Mr. Muhleisen for the introductory remarks. In general, we see the strategic direction and policy priorities laid out in the GPA and IMFC Communiqué as being well translated into action for the Executive Board. As we have issued a gray statement, I would focus my remarks on mainly three points.

First, enhancing resilience and inclusion, as well as promoting global cooperation, rightly rank at the top of the agenda. Associated analysis and policy advice in the Fund's reports and in management's communication, we consider highly valuable for policymakers and the public debate alike. In the

context of strengthening resilience, our chair would stress strongly the role of fiscal and debt policies.

Second, we welcome the Chairman's remarks underlining the importance of multilateralism and the benefit of open and rules-based international trade for the Fund, which were rightly emphasized very strongly in the GPA two months ago.

Third, with regards to the implementation of the findings of the recently completed Review of Conditionality and the LIC Facilities Review, the reference to the alignment of the Fund's lending toolkit with members' needs seems somewhat incomplete. Making the Fund-supported programs more effective with a view to achieving their statutory goals, as well as to safeguarding Fund resources, could deserve mentioning.

Lastly, we are looking forward to engaging further and in-depth on the many topics laid out in the Work Program..

Mr. Castets made the following statement:

First of all, I would like to thank you, Madam Chair, for your introductory remarks and the staff for the very well-drafted Work Program that we fully support. As said by Mr. Merk, it translates well the priorities set in the IMFC Communiqué. As a general comment in a context of high uncertainty and rising risks, including in the trade sphere, we would insist on maintaining a balance between the insistence on resilience that is very much there already and the attention to growth.

It is also important to maintain a strong focus on how to tackle income inequality and to keep having a clear message on the benefits of multilateral cooperation and a rules-based trade system, as the Chairman did again in reference to the situation in Mexico.

We published a gray statement, and I would like to emphasize a few points where we would see added value for maybe even more engagement than is already foreseen in the boardroom. The first one is on climate change. We fully agree that much work has been done already, and partly due to the Chairman's strong leadership in that field, and we are very supportive of that approach. Like many other Directors, we would see a need for developing a Fund-wide strategy on how to tackle this major issue in the bilateral surveillance of the Fund, and the words bilateral surveillance are probably important there.

Indeed, we see a strong momentum. The Cup 2020 is approaching. Central bank governors are intensifying their work in that field. Finance ministers are creating a network to be more involved, and it is a major step. We see a need to develop consistent macroeconomic strategies across the membership to reach the Paris Agreement objectives. To take the example of my own country, France, we just had the country statement published today for the 2019 Article IV review, and one of the main messages from my authorities was that we would expect the coverage of climate and environment next year since it was not covered this year. Beyond the excellent work done by the Fiscal Affairs Department (FAD), we would strongly support having an interdepartmental work presented to the Board on how to deal with this major issue.

A few additional points. On aging, I deeply thank the staff, in particular RES, for work building on what has been done for the Japanese G20 presidency. We are enthusiastic about the idea of developing a model-based approach on that, and we will recall that there is the growth of population issue notably in sub-Saharan Africa.

On LICs and fragile states, I thank the Chairman for the strong focus. It is a key priority, notably in the HR field, and we would also add our voice to the request made by Ms. Riach, Mr. Ronicle, and Mr. Hemingway on how to have more Board engagement on domestic resource mobilization in these countries.

On the Global Financial Stability Report (GFSR) and dollar funding, we were wondering—and it has been covered several times already in the recent GFSRs—whether there were any specific risks identified that would justify having a full analytical chapter on this issue.

Finally, we fully support the approach presented by Mr. Muhleisen today on Article IV delays and the articulation with risk. We think it is a reasonable one.

Ms. Levonian made the following statement:

I thank the staff opening remarks as you touched on two of the items that I would have raised, and your remarks are very reassuring in that respect.

As always, we found the proposed work program to be well calibrated against institutional priorities and guidance from the IMFC. There are simply

too many engaging Board items planned for us to attempt to name them all. I will not. This burden of choice is a reflection of the staff's and management's hard work and dedication under your leadership, Madam Chair. Our gray statement outlined a few areas where we thought the Work Program could be made even stronger, and so I will highlight a few points.

First, like Mr. Ostros and Mr. De Lannoy, we would have welcomed specific items regarding the Work Program on multilateral cooperation and international trade. Now, you did comment on that, and so I would just say that this past year has been a banner year for the Fund in that area with some seminal research produced, so we would like to see that momentum continue, and you articulated that.

Second, having prioritized the assessment of the impact of trade spillovers this past year, we wondered whether this is not the right juncture to be advising the membership on financial spillovers, and specifically such advice could focus on how best to adapt the macroprudential toolkit to manage the risks posed by financial spillovers outside of the traditional banking space, which was a key vulnerability identified in the GFSR.

Third, and like many of my colleagues, including Mr. de Villeroché and Mr. Villar, we saw scope for the Work Program to build on the success of the Fund's work on fiscal policy for implementing the climate change strategy. Again, you highlighted this, but from our angle, I would welcome plans to discuss how to broaden the issue of climate change beyond fiscal policy and into surveillance or analysis of the greening of the financial sector. This approach would necessitate the participation of a wide range of departments, such as FAD, SPR, the Middle East and Central Asia Department (MCD), and RES, which takes me to my last point, which is that like Mr. De Lannoy, we encourage the staff to continue taking a cooperative approach to their work. That means working closely with other international financial institutions (IFIs), particularly as the Fund deepens its engagement on emerging issues but also ensuring strong interdepartmental cooperation.

We have seen some shining examples of interdepartmental cooperation at the Board these past few months, and we hope to see that continue. I have a quote here, and I was not going to read it, but I have come to realize it is quite cute. I am such a big basketball fan, and Michael Jordan said it best: "Talent wins games, but teamwork wins championships."

Mr. Geadah made the following statement:

I thank the Chairman for her opening remarks and the staff for its responses, which actually took care of a couple of my points, including the one on trade.

On the issue of climate change, I wonder if there is scope for closer integration between this issue and the WEO. At least from what you read from the press, the increase in greenhouse gas emissions in the last years has been attributed to the recovery in growth. So maybe the WEO in the future, maybe the background chapter, can show the tradeoffs between growth and climate degradation under different mitigation measures, which might give an impetus to these measures. I have a few more comments which are of specific concern to this chair.

One is on the Fund's work to support the withdrawal of correspondent banking relationships (CBRs). We note that there have been roundtables in the Pacific region, and two are planned in Africa. The Fund supported the Arab Monetary Fund and stocktaking in the Arab countries. We hope that some follow-up engagement of this work can be done for the Middle East region.

On assistance to countries dealing with refugee inflows, I know there is not anything on this, but this issue has been raised in successive IMFC Communiqués. The World Bank has made a special International Development Association (IDA) allocation to Jordan and Lebanon in current fiscal years for accepting refugees, so I wonder if the Fund can do something similar, perhaps in the context of the program with Jordan.

Finally, we are concerned that the flat budget environment is becoming increasingly constraining for us to do our work effectively, so as always, we are open to an increase in resources. I know there is not much support for this, but we would be happy to see it.

Mr. Mahlinza made the following statement:

We find the Work Program appropriately balanced to address the current challenges and vulnerabilities in the global environment and welcome the efforts to strengthen internal policies to improve efficiency and better position the Fund to meet the diverse and evolving needs of its membership. In this regard, we welcome the workstreams to enhance the Fund's surveillance, lending, and capacity-building efforts.

We continue to support the Fund's efforts to strengthen global cooperation and address shared challenges, including trade and climate change. In particular, we call for regular and timely briefings on trade in light of the renewed escalation of trade tensions. In this respect, we just wanted to thank the Chairman for her remarks on this matter.

We also encourage the Fund to continue work aimed at supporting low-income developing countries (LIDCs) as they implement their development priorities toward achieving the 2030 Sustainable Development Goals. In this respect, we welcome the planned stocktaking on the Fund's work on illicit financial flows, and like other Directors, look forward to an in-depth and granular analysis.

We also echo the call by other Directors for the Fund to continuously monitor developments regarding CBRs and the need for regular updates to the Board on this.

On IMF finances and governance, we remain supportive of the ongoing efforts to conclude a package of reforms to maintain the Fund's current resource envelope and ensure that governance reforms continue. We thank the Chairman for her remarks indicating that there will be additional meetings of the Board on this item.

Finally, we want to thank the U.K. chair for raising the issues on the modalities for Somalia's debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. We also join the call for internal preparation to ensure that the Fund is on track with the related work to deliver on this objective. We see merit in an early engagement of the Board on the mechanics of the IMF modalities for debt relief. In the same vein, we would hope for similar support towards Sudan once they are ready for debt relief.

Ms. Dhillon made the following statement:

We thank the Chairman for her opening remarks and for formulating a very balanced and comprehensive agenda for the Board. We issued a gray statement and will not be repeating what was mentioned in that, and we thank the staff for the answer to our queries today and before that.

Today, in the context of the broad policy issues that the agenda will address, we would like to request some granular analysis on two specific points. First, in this interplay between trade and the IPF, we believe that the investment activity is a significant variable. A major policy question which

most countries nowadays want answered is how to stimulate investment. The Fund has done commendable work in identifying the possible reasons for the post-crisis investment slowdown. Trade patterns are a possible contributor; therefore, given the recent developments on the trade front, specifically the rising tensions, it would be important to understand what impact these may have on investment activity.

A related factor is the presence of excess capacity in several industries, something that has also been seen as a contributor to the sluggish investment, so the interrelationships per se between excess capacity, the trade policies, the outcomes, and the investment activity would, in our view, are an important study.

The second area, and this comes from the recent context and the decision which we all supported, is to deploy the Fund's resources in infrastructure assets. We would like to know more about the potential for deployment of long-term savings resources, be it pension, sovereign wealth funds, insurance, et cetera, of advanced economies into the infrastructure asset classes of emerging markets and developing countries (EMDCs) and LICs. How significant are they now? Where exactly are we placed, and where can this move, and how can we increase them? Work on some of these issues may be ongoing, and our request would be that some analysis is brought in on these issues, and we will be briefed on it.

Mr. Saito made the following statement:

We thank the Managing Director and the staff for the comprehensive Work Program and also today's opening remarks. We also thank the staff for their dedicated work for our G20 priorities, including demographic changes, global imbalances, and debt vulnerabilities. We expect a fruitful discussion during the upcoming G20 meeting in Japan based on the Fund's contribution. As we issued a gray statement, I would like to highlight five points for emphasis, most of which are related to early or more frequent engagement with the Board.

First, prioritization remains crucial to maximize effectiveness of the Fund's work under the resource constraints. This chair underscored that the primary focus should be on the Fund's traditional core areas. In this context, we support Mr. de Villeroché and Mr. Castets's request for further research on the inflation puzzle in advanced economies.

As to the flagship reports, we support the themes of the analytical chapters in the GFSR and the Fiscal Monitor. To facilitate the digestion of the rich analytical work in the analytical chapters, along with the Board and the authorities, we would ask the staff to consider early engagement with the Board, for example, in informal briefings prior to the flagship Board meetings.

Second, on the LIC policies, we strongly support the joint World Bank-Fund multipronged approach. We look forward to seeing steady progress on this front, including the review of Debt Sustainability Analysis for Market Access Countries (MAC DSA) and the review of the Debt Limits Policy. In particular, we strongly encourage the staff to incorporate debt transparency and constellation, including collateralized debt, in designing the Debt Limits Policy.

Third, on trade, we highly appreciate the Fund's contribution in this area. We welcome that the Work Program and the Managing Director's opening remarks indicate that the Fund continues its efforts on this front and ask for the staff's timely update of the trade issue as the situation evolves.

Fourth, on the IPF, this would be important work to improve policy advice on the appropriate policy mix to deal with external shocks. Since this is a comprehensive work, including country experiences, modeling and empirical work, we would ask the staff for early engagement with the Board in an informal setting on each of the workstreams.

Finally, on the delayed Article IV framework, a majority of Directors called for strengthening the framework in the last Board meeting. We fully understand that the staff has been very busy working on the important reviews and also understand the nature and complexity of this issue. We would urge staff to accelerate the work for formal proposal right after the CSR is completed, as Mr. Muhleisen suggested.

Mr. Rosen made the following statement:

I would also like to thank the Chairman and the staff for this very thorough Work Program and for the Chairman's comments at the beginning. Regarding the IPF, we agree with other chairs about emphasizing the importance of early engagement with the Board on this and its objectives, including how it could affect the Institutional View on capital flow management.

On Article IV delays and data provision under Article VIII, I would also like to thank Mr. Muhleisen for the update and stress the importance of these obligations to the Fund.

Regarding off-track programs, we agree with Mr. Ray that the Board needs a listing of delayed program reviews to be included in the Work Program report and we would hope the regional economic briefings would also include a discussion of program delays.

As noted in our gray statement, we very much welcome the Work Program's focus on debt issues. We look forward to the completion of the MAC DSA, as well as to improvements in debt data and the revisions to the Debt Limits Policy. We echo the comments of Mr. Ostros, Mr. Fanizza, and Ms. Levonian on the need to take a more holistic view of the risks to the Fund. And it may be time for the Fund to review its overall approach to managing risk, and this is something that we hope we can come back to in the next Work Program.

In the responses to the technical questions, the staff notes that it will take 15 to 18 months to update the Guidance Note on Conditionality, which we understand. But can the staff comment on whether the recommendations from the Review of Conditionality will start to be incorporated into new programs before the guidance note is updated?

We welcome the indications that Somalia is rapidly moving toward the HIPC decision point; however, given that it has been 10 years since the last country reached this point, we support Ms. Riach's call for an informal technical briefing on the HIPC process ahead of the scheduled discussion of Somalia's Article IV consultation in July.

Finally, we agree with Mr. Inderbinen's gray statement that it will be important to set the right priorities for the Fund's fintech work agenda given the pressures on the Monetary and Capital Markets Department's (MCM) resources through the call to increase both financial sector surveillance and monetary policy expertise, both of which we believe should take a priority over the Fund's work on fintech.

Mr. Ostros made the following statement:

I thank the staff for the Work Program. It is a very good Work Program. It follows the GPA, and it follows the IMFC Communiqué, as it should. In my gray statement, I highlighted the issue of trade. The

reassurances from the Managing Director and from Mr. Muhleisen are very important, because we have been so successful in framing the debate on trade globally. The products that have come out from the staff's work have been excellent, and it has given the platform for the Managing Director and Deputy Managing Directors to have a role in the debate. You need seminal new work to be able to come into that debate and discussion, so I would encourage staff to continue to work with this, and I am reassured with the message. We have the slowdown in manufacturing. We have a possible slowdown in investments. Maybe sentiment plays a greater role when it comes to trade tension than we believe, and there are many issues to dig into deeper, so I look forward to that.

The other important issue, in our view, is the IPF, and all of us are very positive about this work, but maybe the reason for this is that we do not know what the outcome will be from this work, so we are still putting our own hopes and wishes on it.

Since it is announced to the world, everybody is very curious about this, so it is important—Mr. Sun and Mr. Rosen mentioned this—that we need to come very early, maybe also before the staff has formed a view. We all know there are differences in views among staff. We hear that, and there is a big debate going on, but it should involve the Board in an early stage because this is important. It was difficult to reach an agreement on the Institutional View a few years ago, so I guess when we come to the concrete proposals, it will be a difficult debate sooner or later.

Just a short note on the FSAP review. I see that we have a briefing on the data and methodology used for updating the list of mandatory FSAP jurisdictions. I wonder if this is an attempt to have a new methodology, or if it is an update of the old one, and I would rightly remember that we agreed to have a holistic view on the FSAP review both on the mandatory jurisdictions and how we conduct the FSAP itself.

Finally, on the lending and debt policies, it is a very important workstream that we have ahead of us, the MAC DSA, the Review of the Debt Limits Policy. I would like to highlight the importance that debt transparency, debt management, and sustainable lending and borrowing practices are addressed not only in lending policies but also in surveillance and capacity development activities.

Ms. Levonian had in her gray statement an important note on more frequent ad hoc updates for the Board on countries in crisis and on countries

facing challenges related to program implementation. We had a good example of that earlier this year when the African Department had a very informal brief update on a handful of countries where they saw some development that we should be aware of. We should use that. You do not have to have a paper, not even a formal presentation, but just to inform the Board in an early stage where we are working toward solving a problematic situation.

Mr. Inderbinen made the following statement:

We are grateful to the Chairman and the staff for putting together this comprehensive and ambitious Work Program that we are discussing today. As a general remark, like Mr. Gokarn, Ms. Dhillon, Mr. Rosen, and Mr. Mozhin and others, we appreciate the emphasis of the Work Program on debt issues, and we welcome the ongoing work on debt transparency and debt sustainability.

Also, we sympathize with the concerns the staff expressed on continued requests for additional work, and we think this is where Mr. Saito's remark on prioritization comes in. The IEO evaluation on unconventional monetary policies that we will be discussing in a couple of days concludes, "IMF resources specifically devoted to monetary policy issues over the past decade have been quite limited," which is quite surprising given the developments in monetary policy over the past decade. We think that this message from this evaluation should serve as a further reminder to be cautious when expanding the Fund's role beyond its core mandate and expertise. In this context, we echo Mr. Rosen's remark on the importance of allocating resources to meet the core mandate of the Fund.

Second, we welcome the update on the implementation of the Framework for Enhanced Fund Engagement on Governance, and it will be important to draw lessons from the experiences of the framework's implementation so far, in particular for the further engagement with members. This update might also be a good opportunity to invite members who have not yet done so to undergo a voluntary assessment of their legal and institutional frameworks on the so-called supply side of corruption.

Third, on the Monetary and Financial Transparency Code, we are glad to see that an informal meeting is scheduled this fall on this work, and we also welcome the planned outreach to Directors at an early stage, and we look forward to engaging with staff on this important work.

Fourth, on the issue of delayed Article IV consultations, we welcome the remarks by Mr. Muhleisen, but we would caution not to delay this work further given that it is already quite late, and we share Mr. Saito's remarks that this should be a priority. We support Mr. Ray's call for reporting on off-track programs, be it in the update of the Work Program implementation and in the regional briefings that are offered by area departments. This is an important work, as Mr. Ostros and Ms. Levonian have mentioned.

Mr. Fanizza made the following statement:

I have the advantage that I agree with many people who have talked before me, so I can piggyback on their statements. In that vein, let me start with stressing that I could not agree more with Ms. Riach and Mr. Mahlinza on the importance of holding discussions on the modalities of the possible Somalia debt relief in the context of the HIPC initiative. It is of utmost importance, and we support it strongly.

I fully share another point raised by Mr. Mahlinza's and Mr. Raghani's gray statements on the importance of assessing the impact of withdrawal of CBRs in many LICs but let me add that there are not only LICs suffering from that. There are also small countries. At least one in our constituency faces similar problems.

Let me come more on the substance of two issues. Mr. Rosen has already mentioned the importance of increasing discussions of emerging risks, and I fully agree with him but would like to be a bit more explicit. I believe that risk discussions have proceeded well in the sense that there is increased attention to the issue at the Board, but we have not had any discussion, and I do not see any prospect for moving forward with updating the Board on how to monitor risks connected to lending operations of the Fund, in particular concerning large programs. It has come to the time that we have to discuss this issue at the Board.

Finally, on monetary policy, we look forward to the discussion that we will have on the recommendation in the IEO, but I would say that our concern is not only on general discussion on unconventional monetary policy and the IPF but also in terms of applying the medium monetary policy within standard small country open economy models. We have seen a number of program cases in which disinflation has become a problem, which in the past was not the case.

Mr. Tombini made the following statement:

We issued a gray statement in which we had a chance to go through some issues in more detail and express our appreciation for this Work Program. This is a comprehensive, intense, and yet well-balanced Work Program which will keep the Board busy with a highly relevant agenda in the future. I will make four comments and reiterate one call from our gray statement.

First, I appreciate the progress in Board involvement on the discussions of key policy issues. The process of Board engagement on policy discussions has been generally positive. In addition to the regular outreach and informal sessions, I value the more innovative approach in the form of iLab sessions and workshops. We were one of the chairs that were concerned when Mr. Muhleisen first said that he was going to adjust the outreach, but after a while, we realized that we had more instruments available for this outreach. I am very happy with the progress in this area. That said, sometimes the Board discussions are planned with little room for a wider debate. For instance, the ongoing discussion of the Poverty Reduction and Growth Trust (PRGT) eligibility shows that it is important to give leeway for the Board to ponder different perspectives and nuances so as to better represent the membership. In this respect, I appreciate the flexibility recently shown in terms of rescheduling the discussion on this important issue.

Second, I appreciate the relevance and timeliness of the proposed issues to be covered in our flagships. What could be improved is a discussion of the thematic chapters prior to the Annual and Spring Meetings. The effect of a single Board session to present all chapters of the flagships in practice means that we do not give sufficient attention to the discussion of the thematic chapters. Along the same lines, there was a point made by Mr. Saito, and I wonder whether we could explore having Board seminars on those chapters in advance of the formal Board discussions on the flagships.

Third, I continue to miss the opportunity to discuss global financial economic developments on a more regular basis at the Board. The quarterly discussions we have – in preparation for the Spring and Annual Meetings and the two updates in January and July – seem to be not frequent enough to keep us collectively abreast of the main developments in the global economy. I wonder whether there could be more regular meetings to discuss this fluid global economic and financial environment that we live in, perhaps monthly. Of course, all of us have means to update ourselves and have our own views,

but collectively we should more frequently discuss global economic and financial issues.

Fourth, I am pleased with the staff's summary of the different workstreams on CBR issues and the clarification that CBRs will also be taken up in the upcoming work on illicit financial flows. Nonetheless, we still see scope for expanding the analysis of the nexus between financial inclusion and CBRs.

Finally, I reiterate our call for more ambitious diversity benchmarks going forward.

Mr. Benk made the following statement:

I thank the staff for the Work Program, and we believe this appropriately covers the policy priorities of the GPA and the IMFC Communiqué, and it also reflects throughout the gradual but sustained improvement in the Fund's planning and prioritization process. Relating to our gray statement, let me follow up on three issues.

First, we are gravely concerned about the recent escalation of trade tensions between the United States and its major trade partners, which many now see as a full-blown trade war. The Fund has played a visible and constructive role so far to promote a free, open, and rules-based multilateral trade system, as identified by the analytical chapters of the recent WEO. In anticipation of such high-quality deliverables, like many other Directors, we would have preferred to see some more prominently featured trade-related workstreams in the Work Program.

Second, we welcome the work on the IPF, which is to analyze the complementarities and tradeoffs among monetary and exchange rate policies and macroprudential and capital flow management measures (CFMs). Such a framework promises to provide useful guidance, particularly for emerging market economies, as they are faced with intermittent bouts of stress.

Like Mr. Rosen, Mr. Inderbinen, and Mr. Mozhin, we are somewhat disappointed that this workstream is presented without many details on its modalities and with no clear time commitment.

Third, we look forward to the Board engagement on the detailed business cases and cost-benefit analysis of the Big Five Modernization Agenda, as well as the periodic reports. We welcome the staff's confirmation

that these updates will cover all major transformational projects and be scheduled sufficiently in advance of the capital budget discussions.

On a similar note, we welcome the inclusion of the updated capital investment framework in the Work Program, and I look forward to a substantive discussion. We believe that these steps will clearly enhance the Board's oversight and improve our budget and planning process.

Mr. Mojarrad made the following statement:

We have issued a gray statement and would like to associate ourselves with other chairs on the following workstream.

On the recent escalation of trade disputes, we appreciate the Chairman's opening remarks and join Mr. Kaya and Mr. Sun in urging the Fund to use every opportunity to highlight the shared benefits of an open and rules-based multilateral trading system and the adverse impact of inward-reaching policies and trade protectionism on growth and development in an interconnected world.

On the Debt Limits Policy, we encourage work to closer identify gaps and reduce debt vulnerabilities while safeguarding LICs' ability to access funding for programs with tangible growth and development dividends, as indicated by Mr. Tombini. Scarce concessional resources also necessitate reviewing the adequacy of the PRGTs' overall resource envelope.

On the Fund's quota and governance reforms, we remain committed, like Mr. Mozhin, to a quota-based and adequately resourced Fund and agree with Ms. Mahasandana on the importance of ensuring that reforms remain in motion and that the delay is only temporary to safeguard the Fund's credibility, legitimacy, and effectiveness.

On CBRs, we echo Mr. Raghani and Mr. Mahlinza's call for an update on the Fund's assistance to members in addressing the causes and consequences of the CBR withdrawal, a challenge that has not abated in several low and middle-income countries, including Middle Eastern countries, as noted by Mr. Geadah.

On climate change, we join Mr. Gokarn in urging the Fund to maintain a balanced approach, avoid under- or over-projecting its responsibilities, and pay due regard to country-specific circumstances. As noted by Mr. Mouminah, the analytical chapter in the Fall 2019 Fiscal Monitor should also

cover regulatory measures and fiscal instruments other than carbon pricing to mitigate the macrocritical impact of climate change.

Finally, on diversity and inclusion, we underscore the need for a more diverse and inclusive workforce. Like Mr. Mahlinza, we expect that the upcoming diversity and inclusion reports will present a clear plan to address underrepresented regions, including Middle East and North Africa-Plus (MENA+) and developing countries, in recruitment and career progression, including at the managerial level.

Ms. Mahasandana made the following statement:

We issued a gray statement, and we are broadly supportive of the priorities in the Work Program. We would like to highlight four points for emphasis.

The first is on the IPF. We appreciate the Fund's commitment to work on the IPF. Like Mr. Benk, we feel that the IPF is a key work agenda item. The global economic and financial environment continues to be uncertain with large and rapid capital flow movements posing significant challenges for policymakers. In this context, several emerging economies have expanded their policy toolkits in previous episodes of surges and reversals of capital flows to maintain macroeconomic stability. It will be important to study and learn from these experiences in applying an appropriate policy mix and addressing the efficiency of this real-life application for future policy guidance.

Specifically, the Fund should consider establishing a complementary mechanism to support countries' policy frameworks, particularly in coping with short-term liquidity pressure arising from exogenous shocks. We urge the staff to undertake future work to explore this.

Second, we support further global cooperation to ensure global economic and financial stability. We welcome the ongoing joint IMF-World Bank initiatives and would like to encourage the Fund to explore further cooperation with other important global experts, such as the Bank for International Settlements (BIS), and to strengthen collaboration with other financial arrangements, such as the European Stability Mechanism (ESM) and Chiang Mai Initiative Multilateralization (CMIM). In particular, greater cooperation to understand current and future global risks, as well as effort to find mechanisms to support economic and financial stability can be further enhanced. For instance, cooperation with IFIs should go beyond facilitating

operational guidelines and test runs and should focus more on ensuring sufficient financial safety net resources and more effective complementarities between each element of global financial safety nets.

Third, we would like to call on the Fund to continue its work to address global imbalances. The enhancement of countries' imbalance assessment and policy advice to further incorporate structural and country-specific issues that affect external imbalances, as well as explorations of wider range of policy tools other than exchange rate policy, would serve the Fund well in helping the membership to attain the desired outcome of imbalance adjustment in the global economies.

Last but not least, we appreciate Managing Director's firm commitment on the issue and discussions regarding the adequacy of Fund resources and governance reform of the Fund. We look forward to engaging in productive discussion that would translate into a firm timeline.

Mr. Mouminah made the following statement:

Tomorrow is Eid for all Muslims, and it is usually an occasion to celebrate good works and deeds, so it seems like the Work Program is timely to celebrate the Chairman's good work, so congratulations for that. I would like to thank her for her opening remarks and the staff for their comprehensive responses to our questions. We issued a detailed gray statement broadly agreeing with and endorsing the policy priorities and deliverables. We agree that it reflects the discussion that is happening in the GPA and the IMFC, but we have a few additional comments to raise.

First, we support the prominence given to the debt issues in the Work Program due to emerging debt vulnerabilities. In this connection, we welcome the recent briefing on the multipronged approach, which provides a useful update. Looking ahead, we endorse the workstreams.

Second, we welcome the ongoing efforts to modernize the Fund's operations. We look forward to the upcoming update on the Big Five projects, including indication about the timelines for presenting the cost-benefit analysis.

Third, we welcome the staff's response to our questions for the forthcoming Fiscal Monitor's analytical chapter. We are assured to know that the chapter will not only cover issues related to the carbon pricing but also

include alternative instruments to carbon pricing, as well as the relevant R&D and technology policies, a point already brought up by Mr. Mojarrad.

Fourth, on risk management and integrating the work with the Work Program, I have to agree with Mr. Muhleisen. This is actually a very balanced approach, and we need to build a culture of thinking about managing risks rather than overdoing it, and it becomes burdensome to do the process of risk mitigation, so the way we are doing it now balances the work in this regard.

Finally, regarding the Board engagement, I would like to associate myself with Mr. Tombini's comment—both in terms of appreciation of the current models and tools of engagement with the Board, but also on the areas of development that he mentioned.

Mr. Villar made the following statement:

We broadly agree with the initiatives, and we largely support the document. We issued a gray statement, so I will focus my comments on a few messages around five issues.

First, on the IPF, we look forward to discussing the Fund's work on a more integrated policy framework that further considers the interaction between monetary, exchange rate, macroprudential, and CFM policies. It is important that the analysis reflects on spillovers and macrofinancial and external linkages, which are crucial for the membership to determine the most effective policy mix under different circumstances.

On structural reforms, we welcome the presentation of the SDN on Political Economy of Structural Reforms scheduled for September that will address the implementation challenges that are currently arising, such as ownership, reform fatigue, reform reversal, political costs, social impact, which are determinants for the success of Fund recommendations.

On climate change, we welcome the Fund's work on fiscal policies for implementing the Paris Climate Strategy and look forward to the upcoming Fall Fiscal Monitor. In addition to several topics mentioned by Mr. Castets, Ms. Levonian and others, there is also scope for greater involvement in green finance issues for which the finance industry is showing an increasing interest related to strengthening their surveillance instruments too.

Fourth, on trade and on the External Sector Report (ESR), we welcome that the 2019 report will feature new analysis on the role of

exchange rates in the external adjustment process, considering currency of invoicing and global value chains. That being said, we would like to highlight the need for caution in communication so that this discussion does not undermine the important role that flexible exchange rates play for many member countries as a first line of defense in the external adjustment process against shocks coming from outside.

Also, I would like to support other Directors' views about the need for a stronger focus on trade in the Work Program. It is true that trade issues have been highlighted in the flagship reports in the recent past, but the evolution of trade tensions in recent weeks is so worrisome that unfortunately it may become too important for the world economy in the years to come.

Finally, on capacity development, we are looking forward to being briefed on how area departments are integrating capacity development, surveillance, and lending. However, we note that in the 2019 Spring Work Program, only two area departments are expected to inform, so we will welcome presentations from all regions, including the Western Hemisphere.

The Chairman noted that two departments were holding a separate Board meeting with a particular focus on capacity development, but that all departments were expected to present on capacity development.

Ms. Riach made the following statement:

We strongly support the proposed Work Program, which well translates the GPA and the IMFC Communiqué. It is far reaching, and it demonstrates a commitment both to considering longstanding issues in new ways and also to tackling emerging issues, and we are grateful for that. We issued an extensive gray statement, so I will focus on a few points.

On the IPF, we join others in welcoming this work and echo the calls by Mr. Rosen and Mr. Ostros for early engagement with the Board. We thank the staff for their answer to our question on domestic resource mobilization (DRM), and we look forward to the progress report on the Platform for Collaboration on Tax (PCT) that staff are preparing for the G20. Following the useful Board discussion earlier this year, it may be helpful to have a follow-up discussion on the PCT and more broadly, on efforts to support domestic resource mobilization in LICs.

We welcome the proposed focus on value-added tax in the report on macroeconomic developments and prospects in LICs, but we support Mr.

Raghani's request that the report be discussed by the Board ahead of the Annual Meetings. Last year's report, which focused on debt issues, was published ahead of the Spring Meetings and was extremely impactful in informing debates at those meetings. Like Mr. Raghani, we believe the report would have more influence on policymakers if it is available ahead of the Annual Meetings.

On climate, we very much welcome the Managing Director's introductory remarks, and I can align myself with Mr. Castets's comments. The March Board discussion on fiscal policies for implementing Paris Climate Strategies was an interesting discussion which ended up being somewhat far more reaching than we had perhaps anticipated, and this reflects the enthusiasm and interest in these issues at the Board. In our gray statement we joined others in calling for a broader Board discussion to discuss the Fund's strategic and comprehensive approach to climate change to cover the full range of Fund activity in this area, including how it can most usefully be covered in bilateral surveillance.

On risk, I hear Mr. Muhleisen's introductory remarks on this, and we do welcome the progress that has been made in recent years. However, we do think that we can go even further in this area, and we would like to be sure that work programs are fully informed by the risks identified and by the risk appetite, even while recognizing Mr. Muhleisen's point that in essence the Work Program takes forward the GPA and the IMFC Communiqué. The work on risk informing the Work Program, but also more broadly, will be best served if in each of the projects risks are identified and presented to the Board in a clear and consistent way.

I would like to strongly support Mr. Tombini's suggestion for more informal and regular discussions on global and economic and financial developments. This would be extremely helpful, and I echo the comments by Mr. Mahlinza and others this afternoon on the importance of full consideration of the modalities around HIPC debt relief for Somalia.

Mr. Ray made the following statement:

I thank the Chairman for her opening remarks which touched on what I might call the Big Four. Given the number of technical questions we put in our gray statement, I warmly thank the staff for attempting to respond to all of them. In our gray we said this, but I think it is important enough to repeat. This chair's absolute priority in the period ahead is maintaining a well-resourced Fund at the center of the global financial safety net. Managing

Director, as you know, you have our support in reaching this objective, and we stand ready to contribute to further discussions on resourcing and governance issues as soon as you see fit.

I agreed with everything Mr. Ostros said, particularly on the IPF and on trade. On the IPF, we agree with Mr. Rosen, Mr. Ostros, and Ms. Riach that early engagement with the Board would be helpful, particularly as there has been some engagement with our authorities who are a little skeptical, and it would be helpful if we were fully informed.

On trade, like Ms. Levonian and Mr. Ostros and others, it is important to maintain momentum, and it is a rule of politics, you have to keep saying things until you are sick of saying them, and to do that you need to have hooks to do it with, and staff need to keep giving, particularly you, Madam Chair, hooks in order to keep saying things that you are probably sick of hearing already, but clearly you need to keep doing it.

On capital flows, we agree with Ms. Mahasandana that it would be useful for the Fund to consider mechanisms to assist the membership further with short-term liquidity pressures. We have had a good blueprint for that in the past, and at some point, it might be useful to dust it off and have an informal discussion about it, but we need to find the right time to do that, and we appreciate that.

On off-track programs, we note the staff's responses about the need for more reflection on what is possible for the Monitoring of Fund Arrangements (MONA) database, but the table that the Secretary's Department (SEC) provided for the first time in the last implementation update was straightforward, easy to produce, and very helpful. We think at minimum this should be continued in both the Work Program and the implementation update, and perhaps that table could be updated and circulated after this discussion. It would be helpful to us.

On risk, we agree with Mr. Muhleisen that there has been considerable progress, but we fully support Ms. Riach's call that we need to make more progress on this, as Mr. Fanizza has stressed, and Mr. Rosen's suggestion that at some point we need to take a stock-take, particularly about how we as a Board are handling this, would be helpful.

On the CCBR, we continue to stress that the HR strategy should be finalized first because that way we can assure alignment between the HR strategy and incentives within remuneration. Related to this, we have had

several excellent discussions at the Board recently about the experience of small and fragile states within the membership, including around collaboration with other donors, an innovative product that the Asia and Pacific Department (APD) is planning to help communicate with ministers, and, importantly, mission chiefs' tenure. We are pleased that within APD there has been some change on that front prospectively. However, as Mr. Sun and others have said many times, this is a broader issue, and it speaks to a longstanding call for the CCBR and HR strategy to address incentives for staff to work on small and fragile states.

I fully support Mr. Tombini's suggestion at the informal discussion about global developments. In a committee meeting, Mr. Raghani pointed out that on bunching, there is no need for decisions on disbursements to all be made together even if the disbursements are together, and I would like to continue to support him in that suggestion for research around that topic.

Mr. De Lannoy made the following statement:

I agree with colleagues that the Work Program reflects very well the priorities of the GPA and the IMFC Communiqué. I had prepared some speaking points, but the Chairman and Mr. Muhleisen have already responded very effectively to most of my questions and remarks, especially with regard to, trade, climate change, and the Excessive Delays Framework, so I can be brief.

I support today's interventions by Mr. Castets, Ms. Levonian, and others on trade and climate change and also Mr. Inderbinen's intervention on the Excessive Delays Framework.

I have three brief remarks. First, we look forward to the Fall 2019 Fiscal Monitor's chapter on fiscal policies for climate mitigation and the discussion of financial climate stress testing in the 2020 FSAP review. Like Mr. Castets and Ms. Levonian and others, we support a Board meeting to discuss a strategic and comprehensive approach toward climate change, including its integration into bilateral surveillance.

Second, we favor regular Board engagement on the approach toward debt vulnerabilities in LICs, and we would welcome regular Board updates on a multi-pronged approach like the one we had two weeks ago. Finally, we also support Mr. de Villeroché, Mr. Raghani, and Mr. Rosen's request for a briefing on how the Review of Conditionality will be translated into the staff guidance note. Until now, this guidance was of a purely operational nature,

but we understand from the Board meeting on the Review of Conditionality that the guidance note will be turned into a real handbook for drafting programs, including cross references to important new workstreams such as social spending. We think this handbook is a great idea, but given the substantial upgrades of the guidance note, a discussion at the Board level would be welcome.

Mr. Raghani made the following statement:

As noted in our gray statement, we share the view that this Work Program broadly reflects the strategic directions and policy priorities set forth in the Global Policy Agenda, GPA, and the IMFC Communiqué.

We do not want to come back to points we wrote in our gray statement except that related to the report on macroeconomic development and prospects in LICs that Ms. Riach has mentioned, we continue to believe scheduling discussion of this report in the period immediately preceding the Spring or Annual Meetings would enhance its traction with policymakers. We urge the staff to make their utmost efforts to ensure that this is the case.

We support the point made on the HIPC for Somalia by Mr. Mahlinza, Mr. Fanizza and Ms. Riach. We support the point related to more informal discussions on global economic and financial development made by Ms. Riach and Mr. Tombini.

I would like to take this opportunity to highlight the importance of the interest that should be paid to bunching, particularly for our constituency, and I would like to note that in December and in June we are going to face a very busy schedule for our constituency.

Mr. Mozhin made the following statement:

We have issued our written statement, and I can be brief. This Work Program is effectively a list of priorities to be addressed by the Fund in the next six months, as seen by the Managing Director, and we are in broad agreement with this list of priorities. Out of these many priorities, I would like to single out several, and these are addressing the IMF governance issues, addressing trade issues, and addressing debt issues.

Another point I would like to make is that we would want to see more Board engagement in discussing the developments in off-track programs, and also for that, we need a better definition for an off-track program. How long

should be the delay from the last review for the program to be considered off track?

Mr. Sun made the following statement:

We thank the Chair for her comprehensive Work Program and her opening remarks at the outset. We especially appreciate her emphasis on the Fund's work on trade and on global cooperation, among many other important topics.

It is much needed for the Fund to use its comparative advantage to continue to promote open trade and provide trade-related macroeconomic analysis and policy advice, as we all agree that an open, rules-based and multilateral trade system is crucial for preserving global growth and prosperity. It is equally important for the Fund to continue its efforts to strengthen global cooperation and address shared challenges, as being rightly laid out in the Work Program.

In our gray statement we also emphasized the need to continue to actively engage in the quota and governance reform, which we always view as a fundamental issue for this institution. We are glad to hear from you and Mr. Mahlinza that the work is continuing and will be strengthened.

We are also supportive of the Fund's work on climate change, capacity development, small states, the Big Five projects, although these points are not mentioned in our gray statement.

Finally, on flagship reports and the issue of developing the integrity of the policy framework, we agree with Mr. Ostros, Mr. Saito, and others that early engagement with the Board is necessary. We also agree with Mr. Tombini, Ms. Riach and Mr. Ray that there is the need for more informal briefings of the macroeconomic and financial developments.

The Director of the Strategy, Policy, and Review Department (Mr. Muhleisen), in response to further questions and comments from Executive Directors, made the following additional statement:

Thank you for your positive feedback on the overall Work Program, and also thank you for many additional suggestions. As you said, it is sometimes difficult to balance all those, especially given the resource constraints. In that sense, what I heard today was that some Directors said we want a bit more of this and maybe a bit less of that. I can only encourage you

to be more explicit about your own constituency's tradeoffs. That is very useful for us, and it is sometimes better to know what you do not like so much. If there is only support for a couple of issues around the table, we do not always know what the tradeoffs are. Obviously the more we hear from you, the more we can include that in the next rounds.

On the issues of climate and also global financial developments, global updates, and trade, please be assured that we are on the job, and we are observing things carefully and will come to you if there are any issues where we need to brief you. Beyond that, we will engage with you now on the CSR in the iLab sessions that I already mentioned. There will be scenarios that you will go through, and that is a great opportunity for you share how you think the Fund should deal with these scenarios, what is important, in what areas should the Fund embark on. For example, in the CSR, the question of how frequently we should engage with the Board on country issues will be an interesting one.

Let us perhaps save a bit of the issues that you mentioned today for the discussion of the CSR. That in a way will set the framework for how we do surveillance going forward in the next few years.

On Somalia and the HIPC briefings, we heard you loud and clear. Some of us in SPR were reminded the other day of the very complex approaches of the HIPC initiative, and I can tell you for someone who was not as engaged in it 10 years ago, it is a very daunting field, and I understand why there is a need around the table for some update, and we will look into that.

On the Review of Conditionality, the recommendations, we mentioned at the time of the review itself that we are already incorporating some of the lessons from the review in the ongoing programs and that it will certainly remain the case, even before we finalize the new note.

On the IPF, we will come back to you as soon as we are ready to engage, and I do not think I would agree with the characterization that there is a big debate among staff, at least not in the sense of being controversial. There are many dedicated people thinking very hard about the issue. It is a fascinating field. As soon as we feel that there is something that we can present to you that makes sense after we have tested and checked, we will come to you.

What I would like to say, though, is there is no explicit link to the Institutional View. For now, we are looking into the analytical and the

economic angles of it. A discussion of the Institutional View may happen or may not, but we have to await the report of the IEO, which is also looking into these issues. Whether we need to have a debate about the Institutional View itself, we have no position on that right now. We will have to await the outcome of the work. But, again, we are working hard on it. It is a very interesting field. It is difficult, and we will brief you as soon as we have something.

The staff representative from the Strategy, Policy, and Review Department (Mr. Mathisen), in response to questions and comments from Executive Directors, made the following statement:

There was a question regarding the GFSR and the motivation for the study on the U.S. funding of non-U.S. banks. As you can see from the written answers, I believe it is No. 3, rather than being motivated by a specific concern or a specific issue, this is a rather broad analytical piece on the potential financial stability implications of U.S. dollar funding for non-U.S. banks looking at the development since the global financial crisis, as well as the large U.S. dollar positions of these banks and looking at the potential for shocks, as well as the implications.

There was also a request to clarify the purpose of the briefing on data methodology used to develop the list for mandatory FSAPs. This is a follow-up from the March briefing that looked at different options. I believe there were three options. This September briefing then will follow up from that and provide more details on the underlying data and the methodology used, and perhaps also explore further options that would then feed into the mid-term discussions on the FSAPs in December.

The staff representative from the Secretary's Department (Ms. Tsounta), in response to questions and comments from Executive Directors, made the following statement:

Let me take up the question about the off-track programs and providing more updates to the Board. The Secretary's Department, starting in May, is including the table that Mr. Ray noted as part of the Work Program Implementation Note, so you will be getting the table probably in the next month, providing an update on the status of all programs. But starting in the spring, we also have two extra avenues to do that. One is that all area departments are now requested to improve on the update of off-track programs as part of their semi-annual regional briefings, so that has already started. In January, the African Department (AFR) provided a standalone briefing on its own cases, and they plan to do that on a semi-annual basis, so a

standalone briefing should be coming shortly. Other area departments are also very open to doing that on an as-needed basis, so we are here, and we are committed to provide these briefings as early as possible. Thank you.

The Chairman made the following concluding statement:

There is one point that Mr. Tombini raised and a few others endorsed, which is the need for more frequent reports about the financial and monetary situation around the world. It is a matter that maybe we should take up with Mr. Adrian as head of MCM, because he is generally delegated to attending the Basel Committee meetings. After these meetings, maybe he could have an informal debriefing on that particular topic, because that is one that he is privy to and which would be of use to the Board, so we will take it up with him and see whether that can be arranged.

With that, thank you again for your comments and feedback. There will be a few tweaks and changes, particularly in relation to the HIPC Somalia and Sudan pre-engagement.

On the IPF, I share Mr. Ostros's views, because there are expectations, hope, and good work that has put into it; my only hope is that we do not raise expectations way too high, because my sense is that there will be work; there will be reviews; there will be introspection into this, but I do not think we should see more to it than what there is. Certainly I can assure you that as soon as there is enough maturity to the work that is being done under the leadership of Mr. Lipton, I promise that it will be back in this room and not talked about in other forums, so that you are fully briefed and on board.

With that, as is usually the case, we will be slightly modifying the Work Program. It will be circulated to all of you, and then it will be up for publication.

APPROVAL: October 5, 2021

CEDA OGADA
Secretary

Annex

The staff circulated the following written answers, in response to technical and factual questions from Executive Directors, prior to the Executive Board meeting:

Multilateral Surveillance

1. [WEO] ***We would appreciate if staff could also elaborate on the analytical chapters of the WEO.***

- The topic proposals for the analytical chapters will be discussed with management in June, and once approved the proposed topics will be shared with the Board.

2. [WEO topic suggestion] ***The 2008 April WEO includes a very interesting chapter: 'Climate Change and the Global Economy'. This chapter used a global dynamic model to examine the macroeconomic and financial consequences of policies aimed at addressing climate change. Does staff consider an update of this chapter, and if so, by when?***

- Staff is indeed considering the possibility of a follow up chapter.

3. [GFSR] ***We would appreciate more information including motivations and policy implications on the analytical chapters of the GFSR. We invite staff's comments on how MCM will engage with national authorities for the preparation of this edition of the GFSR. While we note that the GFSR will analyze the financial stability implications of US dollar funding of global non-banks, we wonder if this would cover the burden on small economies and LICs in fulfilling US regulations on the use of the US Dollar and the challenges of the associated loss in correspondent banking relationships. Staff comments are welcome.***

- As mentioned in the Work Program, the GFSR will include a comprehensive analytical piece on the financial stability implications of US dollar funding of global non-US banks. Given the role played by US dollar liquidity shortages in the Global Financial Crisis, and the large US dollar positions that persist today for many non-US banks, the GFSR will explore to what extent there is potential for US dollar funding shocks to disrupt financial stability and spillover to cross-border lending. The analysis is ongoing and possible policy recommendations will be discussed with Management in July. MCM will also engage with relevant authorities to ensure that available data appropriately reflect the US dollar funding positions of non-US banks. The themes of other, shorter analytical pieces will be discussed with Management in June.

- We note that the implications of the US regulations on the use of the US dollar and correspondent banking relationship are interesting related topics, but they fall outside of the scope of the analysis planned for this particular issue of the GFSR.

4. **[FM]** ***We would encourage staff to also cover other fiscal instruments or regulatory measures that could have similar mitigation effects with carbon pricing since countries have the discretion to decide and implement mitigation policies depending on their circumstances and preferences. It would be helpful to include in the analytical work the role that research and development (R&D) could play in mitigation efforts. We would also appreciate elaboration on the work of the joint World Bank-IMF working group that is exploring more effective coordination on Climate Change Policy Assessment (CCPA) and Disaster Resilience Strategy. Will a full assessment of CCPAs being piloted in a few small countries also be conducted by the joint working group?***
What will be considered in the Working Group in relation to the CCPA?

- Staff plans to include a conceptual and quantitative comparison of alternative instruments to carbon pricing. Related R&D and technology policies will also be discussed.

- CCPAs have been conducted for Belize, Grenada, St Lucia, and Seychelles and going ahead for Micronesia. A stocktaking will follow once six pilots have been completed. Staff envisages to engage the World Bank on the modalities for collaboration on the CCPA or a CPPA-like instrument in coming weeks, following exchanges on the IMF paper on Building Resilience in Countries Vulnerable to Natural Disasters, discussed by the Board on May 1.

5. **[ESR]** ***Could staff elaborate on the plans to analyze the reasons behind the recent rise in corporate net savings, including its implications for global imbalances?***

- The 2017 ESR highlighted the key role played by net corporate saving in accounting for current account differentials between surplus and deficit countries. The 2018 ESR decomposed the sources (operating surplus, dividends, interests) and uses (cash holding, debt repayment, share buybacks) of gross corporate saving in surplus economies, and introduced complementary tools to assess the role of structural (product and labor markets) distortions, which are correlated with corporate net saving.

- The forthcoming edition of the ESR will further refine the decomposition of sources of corporate net saving to study, among other issues, the role of labor compensation. The goal is to begin uncovering potential policy distortions that may underlie the rise in corporate savings.

- Staff work on this issue will continue to be multifaceted, drawing not only on work by the ESR team, but also related WEO analytical chapters (e.g., falling labor shares, corporate market power) and insights from country teams (e.g. SIPs on corporate saving for the Netherlands and Malaysia, and forthcoming analysis for Germany).

Economic and Financial Research

6. [Fintech] ***The Fund is planning a High-Level Conference on "Balancing Fintech Opportunities and Risks – Implementing the Bali Fintech Agenda" scheduled to place on June 24-25, 2019 in Gaborone, Botswana. We would appreciate staff comments on how the outcomes of these related discussions will be integrated. We would be interested to know the countries to be covered (or surveyed) in Fintech: The Experience So Far.***

- The Conference in Botswana is the last in a series of five regional high-level outreach conferences on the Bali Fintech Agenda (Vienna January 2019 for Europe and Central Asia; Rabat March 2019 for Middle East and North and West Africa; Costa Rica April 2019 for the Americas; Bangkok June 2019 for Asia; and Gaborone June 2019 for East and Southern Africa).
- The objective of these conferences is to give member countries the opportunity to reflect in depth on the issues raised in the Bali Agenda and share country experiences. The conferences are also an opportunity for staff to gain further insights on countries' practices and the challenges facing them.
- The Fintech paper draws on the Global Fintech Survey carried out by Bank-Fund staff and sent to all members. The response rate was 47 percent.

7. [Inflation and output gap] ***We see a strong need for further research in inflation puzzle and output gap measurement in advanced economies in the context of durably below target inflation low coefficient of the Philips curve, and difficulty to measure potential growth as well as the output gaps.***

- We take note of these suggestions, which remain on our broader work agenda. For your information, staff published a working paper (WP/18/188) last year investigating the reasons for persistent low inflation in the Euro area, using a Phillips Curve framework and including a comparative assessment with the US. Currently, the EUR is undertaking a project on the empirics of output gaps, comparing real time output gap estimates against revised estimates, and planning a chapter in the Fall REO on the wage-inflation relationship in Europe.

8. [Labor Market] ***We understand that there is an ongoing analysis on minimum wage policies in the Euro area. We would welcome further work on labor market policies, including a Board meeting on a broad strategy on labor policy recommendations. Staff's comments are welcome.***

- Staff has analyzed the design and macroeconomic effects of labor market policies in recent years, including in the SDN on *Designing Labor Market Institutions in Emerging and Developing Economies: Evidence and Policy Options*. Further work will be carried out, including based on a new IMF database on employment protection legislation across a wide range of countries and a longer time period than existing indicators.

9. [Demographics] ***Could staff indicate any plan for a follow up work on demographic issues including ageing?***

- As a follow up of the technical briefing on ageing, RES is currently developing a model-based framework that will allow for more in-depth analysis of the macroeconomic impact of demographic changes in an open economy context. Given the complexity of the issues involved, a variety of approaches will be employed, aiming to capture the impact on different economic variables and examine the interaction of demographic changes and institutional factors.

- Other workstreams are also underway, including on the financial stability risks associated with rapid aging (by MCM), and the political economy of fiscal policy in aging societies, fiscal multipliers, and aging (by FAD).

10. [Social Spending] ***The Staff Guidance Note on social spending is projected for end-2020. It would be useful to include in the timetable informal meetings for further discussion on how to consistently apply the key concepts.***

- The *IMF Strategy for Engagement on Social Spending* provides a broad conceptual framework to guide the Fund's work. The implementation of this strategy is in progress, supported by extensive in-reach and out-reach. In particular, staff is already monitoring progress through the ongoing review of country documents. Moreover, a Staff Guidance Note is under preparation. Consistent with current policy, the Note will be circulated to the Board for information by end-2020. The Note will also be periodically updated to reflect the evolving nature of social spending issues and as the Fund acquires more experience in this area.

11. [Political Economy of Structural Reform] ***We would be interested to know the countries to be covered (or surveyed) in the Political Economy of Structural Reforms.***

- The analysis covers 90 developing and advanced economies over 1973-2014.

12. [Financial Services and Inequality] ***We would be interested to know the countries to be covered (or surveyed) in the Financial Services and Inequality.***

- Coverage varies across the underlying analytical pieces, but the bulk of the work includes 140 countries, providing broad coverage in terms of regions and levels of development.

13. [Central Bank Governance] ***We were wondering how this work will interact with the ongoing work on the new monetary and financial transparency code. It is not clear whether and how central bank governance and an expansion of balance sheets are correlated. We would appreciate further elaborations by staff.***

- As discussed at the Board in April, the *Update of the Monetary and Financial Transparency Code* will focus on central bank transparency (CBT), which is one element of central bank governance. As such, the work on CBT will inform the paper on *Central Bank Governance After the Global Financial Crisis*.

- The expansion of central banks' balance sheets has significantly increased their footprint in the economy beyond historical norms, raising concerns about the governance of these autonomous but unelected institutions, the consistency with often narrowly defined mandates, and central bank decision-making structures. Additional concerns relate to transparency of the central bank over the use of tools that underpin an expansion of its balance sheet, and the subsequent accountability of the central bank to the public.

14. [SDNs] ***We feel that Board engagement on SDNs remains, at best, brief, without much opportunity for meaningful inputs. Notwithstanding this, this feature is not understood externally, including by country authorities, and the SDNs bear the risk of being erroneously perceived as being the official views of the IMF and of even being endorsed by the Board. Could staff offer their views on how this could be communicated more prominently including in the media channels of the Fund?***

- We appreciate Directors' continued feedback on the SDN process and note their concern on ensuring that SDNs are not perceived as endorsed by the Board. SDNs are to allow staff to contribute to the public debate with fresh analysis, which is typically at an exploratory stage. They include appropriate disclaimers making clear they represent staff's views, not those of the Board. Management and staff will continue to emphasize this point in public engagements.
- The Agenda and Procedures Committee could discuss any concerns/feedback from Directors in this area.

Global Solutions

15. [Tax avoidance / DRM] ***The membership called on the Fund to assist countries, inter alia, deal with tax avoidance (to protect their revenue base) and cyber risks;***

two workstreams that are missing from the proposed WP. We note the limited Board engagement planned on broader efforts to support domestic revenue mobilization. Can staff outline their planned work?

- Staff prepared two new reports on tax/DRM matters for the G20, which are being circulated to the Board for information. The first is the *2019 IMF-OECD Progress Report on Tax Certainty*. It provides updated summary information about the Fund's activities in improving tax law systems and their implementation by tax administrations, including results and lessons learned. The second is *the 2018-19 Progress Report of the Platform for Collaboration on Tax (PCT)*, co-authored by staff of the four Platform partners. This Report provides an overview of achievements and future plans of Fund staff, in coordination with PCT partners, to support revenue mobilization, including through analytical work (e.g. toolkits, how-to notes on tax expenditures and on customs administration in fragile states, etc.), training and outreach.

- Going forward, staff stands ready to update the Board on the expanding work program in tax issues, on PCT-related activities or other specific topics as requested.

16. [CBR] ***We would have expected an update on Fund assistance to members in addressing the causes and consequences of the withdrawal of correspondent banking relationships, a challenge that has not abated in several low-income countries. Staff elaboration will be appreciated.***

- Following the *2018 Review of the AML/CFT Strategy*, the Fund continues to leverage its convening power to help identify solutions to mitigate CBR pressures at the regional and national levels. The report on actions to address CBR pressures in the banking and remittances sectors from the 1st Pacific CBR roundtable was published in May 2019. As a follow-up, the 2nd Pacific CBR Roundtable was recently held in New Zealand, where supervisors, banks, remittance service providers, and international financial institutions further committed to advancing the agenda and implementing actionable solutions. Two more regional CBR roundtables for Africa are scheduled in June (in Ghana and Senegal), with a potential third event for Eastern Africa in July or August.

- Several of the Fund's AML/CFT capacity development projects (e.g., Angola, Seychelles, Belize, Jamaica) have also assisted in strengthening Fund members' regimes to mitigate their underlying money laundering and terrorist financing risks, which are factored in the decisions of correspondent banks. A June training event at the Singapore Training Institute will gather technical staff from Pacific Island countries to further explore remedial responses/actions necessary to mitigate the existing regional CBR pressures.

- Fund staff also continues to monitor developments with respect to CBR pressures through Article IV surveillance (e.g., Samoa) and engages authorities on how to address them, including potential regional solutions. In this respect, the Fund staff adopts a collaborative approach and works closely with other international partners, such as the World Bank, the Financial Stability Board, the International Finance Corporation, and the Asian Development Bank.

- Finally, staff will provide targeted updates on CBR pressures in the context of the upcoming paper on illicit financial flows, considering the close linkages between the flow of illicit money and the reputational risks in a given jurisdiction.

17. [Cyber Risks] ***The membership called on the Fund to assist countries, inter alia, deal with tax avoidance (to protect their revenue base) and cyber risks; two workstreams that are missing from the proposed WP.***

- MCM will shortly publish a Departmental Paper on *Strengthening the Supervision of Cyber Risks in the Financial Sector* and is starting work on an SDN on *Financial Stability and Cyber Risk*. The Board briefing will be scheduled as the SDN takes shape.

18. [Fragile States] ***What is the plan to link staff career development to experience in working with a broad range of the membership, including fragile states?***

- As part of the HR Strategy, HRD has been working to finalize consistent and clear internal mobility guidance for macroeconomists. This guidance, to be implemented in FY 2021, will help staff manage their own professional growth in ways that better meet member needs, including encouraging mobility to “hard-to-staff” assignments.
- HRD has also been working on an inventory of staff experiences to support staff and managers to monitor progress in ensuring staff profiles are well-rounded and member-focused.

Fund Policies

19. [Misreporting Policies] ***We would appreciate more information on this review and its link to work on data transparency and debt issues.***

- The review will cover selected issues related to misreporting policies. The specific topics are still being discussed but will likely include, among other, misreporting policies in precautionary arrangements. (Currently, misreporting procedures are not typically triggered in precautionary arrangements because there are no

non-complying disbursements). Misreporting of debt-related data—as other data subject to misreporting policies—is another potential topic.

20. **[Review of Conditionality]** ***We would recall that we would appreciate to have a technical briefing on how the review of conditionality will be translated into concrete changes of the guidance note based on the Board's guidance. Staff comments would be appreciated on justified follow up work, including debt restructuring, Board oversight of off-track programs and longer programs. Is there a work plan for a follow-up paper exploring the case for longer-duration arrangements in the GRA for members seeking to address large and persistent structural challenges. Is there a plan for an update on the new 'Off-track' program reporting initiative was not included in the Work Program, especially following a number of recent discussions at the Board, including during the 'Review of Conditionality.' Could staff comment on the plans to address some challenging structural areas identified in the recent Review of Conditionality, such as labor and product market reforms? We note that the monetary policy review (announced on the occasion of the 2018 Review of Program Design and Conditionality) is not included in this WP and we would appreciate some information on the timing and the depth of this exercise, which is of utmost urgency and importance.***

- The precise timing of follow-up workstreams for the Review of Conditionality (RoC) is being discussed. As they are unlikely to be completed within this fiscal year, staff plans to include them in the Fall Work Program.

- Updating the *Operational Guidance Note on Conditionality* is expected to take 15 to 18 months. Once completed, the Note will be issued to the Board for information, in line with standard procedures. Directors can then request a technical briefing, as necessary.

- Work on the *Monetary Policy Conditionality* paper will begin shortly; staff is currently finalizing the scope of the review. Staff is open to briefing the Board on the work as it progresses.

- The follow-up Board paper on *Longer Fund Engagement* to support structural reform agendas is likely to come to the Board after the monetary policy paper, unless there is a clear demand to expedite.

- The RoC recommendation on sharpening debt sustainability tools to ensure a more balanced consideration of debt operations is being taken forward in the ongoing MAC DSA Review.

- The RoC also made a number of recommendations on structural conditionality, including improving the identification, prioritization and sequencing of reforms;

building expertise in critical shared reform areas; and ensuring greater realism of implementation timetables and reform payoffs. These recommendations will be followed through ongoing initiatives, such as mainstreaming of macro-structural pilots and analytical work, and the update of the Guidance Note.

- Staff is consulting internally on how best to take forward the work to improve Board monitoring of off-track programs, leveraging the more easily accessible information on program review delays from the recently launched MONA-Tableau pages.

21. [RFA] ***Can staff provide updates on the Fund's engagements with RFAs and elaborate if there are plans on how such cooperation can be improved?***

- Since the last Board meeting on the Work Program, staff has continued to support the CMIM on revisions to its operational guidelines and has engaged with all RFAs through seminars and bilateral exchanges. In this context, there has been some potential interest in test-run exercises. An informal Board briefing on our engagement with RFAs could be provided upon request.

22. [MAC DSA] ***We would have preferred a more direct link between the challenges presented by rising debt vulnerabilities and the Fund's surveillance activities, highlighting how issues such as debt transparency, debt management, and sustainable debt are aimed to be addressed under the various relevant workstreams. We take note of the long delay of the MAC-DSA Review. Could staff please comment on the state of play?***

- The Review of the MAC DSA framework covers a critical tool for Fund surveillance of debt vulnerabilities that will also encourage greater debt transparency. The framework indeed applies in 120 countries, and this Review is a key element of the Work Program.

- The MAC DSA review is complex and requires considerable technical work and testing, along with consultations with internal and external stakeholders. This work is proceeding on schedule. The formal Board could take place very quickly after the next informal consultation, but staff also needs to plan for sufficient time to reflect on and incorporate Directors' suggestions. Hence, the Formal Board was left as TBD.

- There are also previous Work Program items in the implementation phase that will work towards improving our surveillance of debt vulnerabilities. This includes the implementation of the revised LIC DSF framework, with its enhanced disclosure requirements, as well as the implementation of actions identified in last year's G20 Notes on improving debt transparency, many of which are featured the joint Fund-Bank Multi-pronged Approach to Address Debt Vulnerabilities.

23. [Debt Limits Policy] ***Could staff please comment on the issue of collateralized sovereign debt is also relevant in the context of the Review of the Debt Limits Policy?***

- As staff noted in recent Board meetings, the issue of collateralized sovereign debt will be handled in the context of the Debt Limits Policy Review and subsequent guidance.

- Staff produced a Board paper in 2003, SM/03/210, *Assessing Public Sector Borrowing Collateralized on Future Flow Receivables*, which contains still very relevant analysis. The issue to update is how to handle collateralized debt in Fund programs when it is a macro-critical issue.

24. [Lending into Arrears] ***We are concerned that the work on the Fund's Lending into Arrears policy has been dropped from the Fund's agenda. We would appreciate staff's comments on the developments in this area.***

- This item remains in our broader medium-term debt work program, as noted in the presentation on the Multi-Pronged Approach on debt vulnerabilities, discussed by the Board last November. However, other more urgent priorities have taken precedence in the near-term. We will come back to this issue as available resources permit.

25. [Capacity Development] ***We welcome Board briefings this year and next to showcase progress made by the AFR and APD departments in CD-surveillance-lending integration. Could staff indicate if and when such briefings would be held for other area departments, including MCD?***

- Area departments are committed to briefing the Board on their CD-related activities and how they are integrated with surveillance and lending. EUR, MCD, and WHD plan to include regular briefings on CD, either as part of their semi-annual regional briefings, or, if needed, as standalone briefings. EUR briefed the Board on their CD-related activities in the context of the March 2019 REO presentation.

Internal Support

26. [Big 5] ***The Work Program includes cost-benefit analyses for just one of the Big 5 projects, 1HR. We look forward to similar briefings for each of the remaining four projects and would be grateful if staff could indicate expected timings.***

- The Board will be updated on all the Big 5 projects, including the expected timing of the cost-benefit analyses, during the June 25 meeting.

27. **[CCBR]** ***Can staff verify that the November 4 date will allow changes in the CCBR to be incorporated in the FY2021 budget? Flexibility should be maintained in the work program to consider such reforms through a full Board meeting, rather than on a LOT basis. Could staff elaborate on the scope of the Board's "informal to engage" session on the CCBR in July? Can we expect that the Board will have a chance to discuss any possible amendments to the current CCBR package before the formal meeting in November this year?***

- The CCBR timeline set out by staff last July remains unchanged. The intention is to seek policy guidance from the Board in July, with the goal of presenting a package of policy reform proposals this Fall, enabling implementation to begin in May 2020.

- The meeting in July will be an occasion to both assess the CCBR staff survey and external benchmarking results, as well as the opportunities for policy changes.

- The *Comprehensive Compensation and Benefits Review—Amendments to the Benefit Plans* would entail technical changes to the GAOs, and thus is scheduled on an LOT basis for February 2020.

28. **[Costing]** ***Figure 2 is confusing as it implies a substantial increase in cost estimates for current Work Program compared to the previous one, while the number of board items remain almost the same. It is unclear whether these estimates represent forward looking costs of Work Program as well given the text reads that 40 percent of the costs have been already incurred. Could staff elaborate this in further detail?***

- Cost estimates for non-recurrent items include both costs that have been incurred and future costs. This is because the work usually begins well before the item is included in the Work Program, and the cost estimate covers the overall cost in staff time.

- In this Work Program, several major workstreams have been ongoing for some time (e.g., Fintech, resilience to natural disasters, social spending, LIC facilities and conditionality reviews, CCBR) and account for a significant part of costs already incurred. The forward-looking cost estimate for the current Work Program is estimated at 52 FTEs, out of the total cost estimate of 91 FTEs. Unfortunately, this breakdown is not available for previous Work Programs. Staff is still experimenting with the best and most efficient way to cost the Work Program, including in the context of strengthening links between strategic priorities and the budget.

- The elevated cost estimate also reflects that, though the number of policy papers has remained stable, some ongoing workstreams are quite resource-intensive, such as the Integrated Policy Framework, the work on governance, and the expansion of work on

structural policies (e.g., Euro area resilience, political economy of structural reforms, corporate market power).

29. [Bunching-SDNs] ***Why are two Staff Discussion Notes scheduled in June and July, despite efforts to minimize bunching?***

- As noted, SEC will continue to address bunching, including by not scheduling non-time sensitive policy items in June and July. However, the two SDNs were deemed time sensitive and thus included in the June/July calendar.

- ➢ The SDN on *Capital Markets Union in the Euro Area* will be published in late June. Since some of the findings will be featured in the Article IV for the Euro Area (Board discussion in July), some synchronicity was seen as desirable.

- ➢ The SDN on *Financial Services and Inequality* will be published in early September ahead of the UN General Assembly and the Sustainable Development Goals Summit. Thus, it was scheduled for a briefing right before the Board recess.

30. [Bunching-General comments] ***Several Directors emphasized the need for continued efforts to avoid bunching.***

- Several Directors noted that bunching remains an issue, especially in June, July and December. As you may recall, in March 2019, the APC considered several ideas to address bunching, including the scope for better coordination of mission scheduling, flexible use of clustering "Systemic 5" Article IV and Euro area country discussions in July, better use of days preceding and following the Board recess and holiday breaks. At the same time, the APC also advised a more cautious use of LOT for program cases.
- Staff's efforts are focused on implementing Directors' guidance. For example, staff is planning to utilize fully the available Board dates in August; currently 12 formal discussions are tentatively scheduled for August versus 3 last year. Staff is also scheduling non-time sensitive policy items in the less busy months of November and May. For instance, this year there were only 7 policy items scheduled in June/July compared to 11 in the same period in 2018.

- However, concerns about bunching remain. Data suggest that the Board workload is essentially unchanged this June/July from a year ago, as an increasing number of formal country meetings (51 in 2018 versus 60 tentatively planned for this year) is counterbalanced by fewer policy items. The increase in country items partly reflects the decline in the use of LOT procedures following Directors' guidance (3 planned LOTs this year versus 7 last year). Regarding December 2018, there were fewer Board dates than in 2017 (9 versus 12), including due to the Board retreat, which cut

3 working days from the calendar. SEC will continue to work closely with departments to improve planning and smooth the Board calendar.