March 22, 2013
Approval: 3/29/13

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 12/102-1

10:00 a.m., November 8, 2012

## 1. Statement by the Managing Director on the Work Program of the Executive Board

Documents: BUFF/12/112 and Revision 1

Staff: Robinson and Riad, SPR; Hviding, SEC

Length: 1 hour, 38 minutes

**Executive Board Attendance**

C. Lagarde, Chairman
D. Lipton, First Deputy Managing Director

| **Executive Directors** | **Alternate Executive Directors** |
|---|---|
| M. Saho (AE) | |
| | N. Yambaye (AF) |
| | S. Chodos (AG) |
| J. Yoon (AU) | |
| P. Nogueira Batista, Jr. (BR) | |
| | P. Sun (CC) |
| J. Rojas (CE) | |
| | M. O'Dea (CO) |
| J. Prader (EC) | |
| A. Fayolle (FF) | |
| | S. Meyer (GR) |
| | K. Eapen (IN), Temporary |
| A. Montanino (IT) | |
| D. Momma (JA) | |
| J. Mojarrad (MD) | |
| | S. Geadah (MI) |
| | R. Mosch (NE), Temporary |
| B. Andersen (NO) | |
| | A. Lushin (RU) |
| | F. Alshathri (SA) |
| D. J. Chia (ST) | |
| | M. Peter (SZ), Temporary |
| M. Lundsager (UA) | |
| A. Gibbs (UK) | |

J. Lin, Secretary
K. Hviding, Summing Up Officer
F. Liu, Board Operations Officer
M. Yslas, Verbatim Reporting Officer

**Also Present**
Asia and Pacific Department: W. Schule. European Department: K. Fletcher. Fiscal Affairs Department: P. Gerson. Finance Department: S. Prowse, A. Tweedie. Institute for Capacity Development: J. Green. Independent Evaluation Office: N. Wagner. Legal Department: R. Leckow. Middle East and Central Asia Department: H. Al-Atrash, H. Finger. Monetary and Capital Markets Department: A. Holland, S. Iorgova. Research Department: D. Leigh. Strategy, Policy, and Review Department: H. Bredenkamp, L. Giorgianni, N. Ismail, B. Joshi, N. Riad, D. Robinson, S. Tiwari. Statistics Department: A. Leone. Western Hemisphere Department: A. Toure. Alternate Executive Director: T. Catsambas (IT), W. Kiekens (NE), M. Radziwill (SZ), T. Shimoda (JA), P. Fachada (BR), C. Yeates (UK).

Senior Advisors to Executive Directors: K. Beaton (CO), M. Choueiri (MI), M. Farid (MI), A. Gerdes (GR), M. Jakoby (EC), K. Korhonen (NO), N. Luu (AU), E. Meyer (UA), M. Nomura (JA), R. N'Sonde (AF), S. Rouai (SA), B. Saidy (AE), M. Zaher (MI). Advisors to Executive Directors: J. Cova (CE), C. de Resende (CO), C. Fookes (AU), I. Hafid (ST), B. Jajko (SZ), M. Kapur (IN), D. Marchettini (IT), G. Nadali (MD), L. Piana (FF), D. Tao (CC), B. Lischinsky (AG).

## 1. STATEMENT BY THE MANAGING DIRECTOR ON THE WORK PROGRAM OF THE EXECUTIVE BOARD

The Managing Director submitted the following statement:[1]

**Action.** The Global Policy Agenda (GPA) presented to the IMFC during the Annual Meetings charted a set of actions needed across the membership to secure the recovery and to lay the foundation for a more robust global financial architecture. The GPA also detailed the Fund's role in assisting the membership with these formidable tasks, building on the recent reforms to buttress the Fund's surveillance framework. This work program translates the broad policy directions laid out in the GPA into a specific agenda for the Fund for the next six months and, in order to foster more strategic planning and prioritization, our current plans regarding key policy items over the next year.

Securing the Recovery

**Restoring stability.** Global activity remains weak with the potential for renewed stresses still high. Through assessments in the various multilateral and bilateral products and active engagement with the broad membership through policy and financial support, the Fund will assist members in identifying systemic risks and designing strong policies to respond to threats to domestic and global stability.

- *Global developments.* The risks and outlook for the global economy will be discussed in a joint session of the *WEO*, *GFSR*, and *Fiscal Monitor* ahead of the Spring Meetings, with an Update in January. The Board will also have an opportunity to discuss the *Early Warning Exercise* before the Spring and Annual Meetings, and the *Vulnerability Exercise for LICs* (VE-LIC) in August 2013. The *Global Policy Agenda* will distill key messages and outline actions needed to deal with threats to economic stability, and report on progress on measures taken by the Fund and the membership—an interim stocktake on progress with the implementation of policy commitments will be included in the Updates to the *WEO*, *GFSR,* and *Fiscal Monitor*.

- *Advanced economies*. The Fund will continue its close engagement through bilateral and multilateral surveillance—including in the annual consultation on euro area policies—as well as in a program context

[1] The tables issued with the Managing Director's statement are included in an attachment to these minutes.

where appropriate. In the euro area, the staff will continue to assist in forging a common understanding through analysis and advice to the European authorities on options for banking and fiscal union. The Board will be informed of the progress in policy implementation in the advanced economies through periodic briefings by staff and Article IV consultations. In line with the feedback from outreach on the Integrated Surveillance Decision (ISD), Article IV consultations will incorporate an integrated view of both inward and—where appropriate—outward spillovers from policies. The impact of the crisis on the conduct of monetary policy and the implications of unconventional monetary easing will be assessed in *Monetary Policy—Its Role Now and in the Medium-Term* scheduled for discussion in February 2013. Work is also underway on the impact of financial flows to safe haven economies during episodes of sharp changes in risk appetite.

- *Emerging Market Economies*. The staff will continue to analyze the performance of EMEs during the crisis, including both the impacts and policy responses. This analysis will be brought to the Board in various contexts. Issues related to financial sector deepening in EMEs will be discussed in *Developing Financial Markets in Emerging Market Economies* in November 2013.

- *Low-income countries*. The Fund will continue to assist low-income members to weather adverse external shocks and rebuild buffers, supported by continuation of the pilot on financial surveillance in LICs. Building on the discussion in September 2012 of the *Review of LIC Facilities*, a follow-up paper in March 2013 will present to the Board specific proposals for refining the facilities to better fit the needs of LICs and review access limits under these facilities. Also in March 2013, the *Review of Eligibility to Use the Fund's Facilities for Concessional Financing* will be an opportunity to discuss the framework for determining eligibility and, in that light, revisit the list of eligible countries.

- *Small states*. Building on the high-level conferences in the Caribbean and the Pacific earlier this year, the Fund will further enhance its engagement while deepening the analysis of macroeconomic challenges facing small states. A paper on *Macroeconomic Issues in Small States and Implications for Fund Engagement* will be discussed in March 2013 and will provide input into our policy discussions with small states, including on growth strategies. Also in March, the paper

on *Exchange Rate Assessments in Special Cases* (paragraph 7) will be especially relevant for small states.

- *MENA countries*. Engagement in Arab countries will continue through policy advice, capacity building and financial assistance, as appropriate. Analysis planned on subsidy reform (paragraph 5) and inclusive growth (paragraph 6) are likely to help strengthen our policy advice to the region.

- *Capacity building*. *The Fund's Capacity Development Strategy—Better Policies Through Stronger Institutions*, planned for May 2013, refines the Fund's capacity building development strategy to strengthen policy formulation and implementation in member countries.

**Lending and the global safety net.** Well-designed programs and adequate safety nets remain key to crisis resolution and management:

- *Well-designed programs.* Following up on the discussion of the *2011 Review of Conditionality*, a staff briefing is scheduled in May 2013 on changes to the conditionality guidance note and a paper setting out options for enhancing risk diagnostics in Fund-supported programs will be issued for information in March 2013. The review of the Precautionary Liquidity Line (PLL) and the Rapid Financing Instrument (RFI) could be combined with an early review of the Flexible Credit Line (FCL) in November 2013.[2] A follow-up *Crisis Programs Review,* taking stock of crisis program cases and distilling further lessons, is envisaged for late 2013.

- *PRGT.* The recent receipt of assurances for the first distribution of the general reserves attributed to the windfall gold sale profits and the decision on a second distribution are important steps toward achieving the sustainability of the PRGT and securing the necessary capacity for the Fund's concessional financing for low-income countries over the longer term. Regular reports on progress toward securing the second distribution will be provided to the Board.

- *Other.* A review of *Access Policy and Surcharges* is envisaged for early 2013, ahead of the 14th Review quota increases. A paper exploring the scope of further cooperation between the Fund and

[2] The review of the PLL and RFI was originally planned for November 2012, and the FCL for 2014.

Regional Financing Arrangements will be issued for information in March 2013.

Anchoring the Future

**Strengthening financial systems.** The Fund's financial surveillance will follow the priorities outlined in the Financial Surveillance Strategy (FSS). In particular, the focus will be on: macroprudential policies; improving risk identification and macro-financial policy advice; support for the global regulatory reform agenda; stepping up engagement with key stakeholders; and strengthening integration in surveillance.

- *Macroprudential*. Several papers are planned for Board discussion to advance the Fund's understanding of macroprudential issues. In January 2013, the *Interaction of Monetary and Macroprudential Policies* will examine the complementarities and conflicts between these two policy tools and the need for effective coordination given underlying country-specific frameworks. In May 2013, *Key Aspects of Macroprudential Policy: Identification, Action, Governance,* and *Legal Aspects of Macroprudential Finance-Regulatory Policy* will provide a comprehensive perspective on the Fund's thinking on macroprudential policy issues.

- *Support for the global regulatory reform agenda*. The staff will continue to support the development and implementation of the global regulatory reform agenda, including through ongoing work on standards assessments and analysis of the potential unintended consequences of uncoordinated national initiatives to limit the size, legal structure, or activities of financial firms. The Board will be briefed in December 2012 on the Fund's work with the Financial Stability Board.

**High debt.** Fund surveillance and policy advice need to reflect that many members will be dealing with the legacy of high debt in an environment of low growth. Key aspects will be to identify the scope for growth-friendly fiscal adjustment and options to strengthen fiscal institutions and debt sustainability analysis.

- *Fiscal policy*. The staff continue to analyze the lessons from the crisis for the conduct and operation of fiscal policy. This analysis will be brought to the Board in a variety of formats, in addition to informing the analysis in the *WEO* and *Fiscal Monitor*. In February 2013, the Board will discuss *Energy Subsidy Reform: Lessons and Implications*

which will offer lessons on the design of effective subsidy reform programs, drawing on a broad range of country experiences including in Africa and the Middle East.

- *Fiscal institutions*. The staff will continue to work with the membership on options for strengthening fiscal institutions. Two papers covering components of this work will be issued to the Board for information: in February 2013, *The Functions and Impact of Fiscal Councils* will assess the effectiveness of independent fiscal institutions in instilling budgetary discipline; and in October 2013, *Budget Institutions in G-20 Countries: A Status Report* will provide an update on staff's earlier work assessing the quality of budget institutions and propose refinements to the evaluation methodology.

- *Debt sustainability analysis (DSA)*. Two operational guidance notes on strengthening the Fund's DSAs will be issued in March 2013. The first will cover advanced and emerging economies (following up on SM/11/211) and the second will cover LICs (following up on SM/12/10). The staff is continuing to analyze the impact of financial sector vulnerabilities on public debt sustainability and this work will be brought to the Board in a format to be determined later.

- *Debtor-creditor relations.* There has been growing interest in public fora on debtor-creditor relations in the context of sovereign debt restructurings. The Institute of International Finance has recently issued an Addendum to its Principles for Stable Capital Flows and Fair Debt Restructuring reaffirming a market-based and voluntary framework for creditor-debtor cooperation both at times of relative tranquility and in the context of crisis resolution. As on previous occasions when the IIF developed its Principles, staff will prepare a paper to brief the Board in the first quarter of 2013 on how the Principles compare with the Fund's policy framework for sovereign debt restructuring.

- *Debt limits*. In March 2013, the Board will discuss the *Review of the Fund's Debt Limits Policy*, which will examine the experience with the policy on debt limits in Fund-supported programs and propose options for reform.

**Supporting growth and jobs.** Analytical work is underway on issues related to growth and jobs in Fund surveillance and programs, including with the guidance of an interdepartmental working group. Board papers and reports on related topics—*Fostering Growth in Europe Now*, *Fiscal Policy, and*

*Employment in Advanced and Emerging Economies*—have already been published. Additional work underway includes:

- *Growth and labor markets*. In March 2013, the Board will have the opportunity to discuss recent work by Fund staff related to employment friendly growth and labor market policies in a paper on *Jobs and Growth: Analytical and Operational Implications for the Fund.* A related guidance note will be issued for information shortly after the Board meeting. Work is also underway on obtaining a better understanding of the determinants of long-term growth and how this is impacted by shifts in the global economy, such as demographic changes that are impacting investment and savings decisions.

- *Surveillance toolkit.* A new toolkit covering employment, growth, and income distribution will be made available to staff and the Board at end-2012. The toolkit draws on World Bank and ILO resources and will include relevant indicators, databases, models, and guidance notes and analytical results.

**Global imbalances and spillovers.** The ISD and pilot External Sector Report (ESR) should assist members in engaging more openly and candidly about policies to mitigate adverse outward and inward spillovers and in ensuring the multilateral consistency of policies.

- *Global imbalances*. The second pilot External Sector Report will be discussed in June, providing input to the Article IV consultations that are clustered around that time. Based on feedback from outreach, this will likely have a greater focus on global financial flows. A paper in February 2013 on *Exchange Rate Assessments in Special Cases* will review assessments for countries that do not fit easily in the External Balance Assessment framework, for example due to current account flows concentrated in sectors such as tourism, remittances, commodities, foreign aid, and offshore finance. The *Staff Umbrella Report for the G20 MAP* will be discussed ahead of the next Spring and Annual Meetings.

- *Interconnectedness and spillovers*. A spillover report will be presented to the Board in July to provide input into the relevant Article IV consultations. The staff will undertake pilots that consider approaches to cluster surveillance to bring key issues facing groups of countries with, for example close financial linkages, for the information of the Executive Board and as background to the relevant Article IV consultations. An experimental regional surveillance report covering

the Nordic region will be presented in the summer. *Interconnectedness: Implications for Policy and Fund Surveillance* planned for late-2013 will, in addition to drawing lessons from the pilots, further develop concepts and tools for analysis of interconnected systems and derive implications for the Fund's surveillance. The role of global supply chains, and their implications for Fund surveillance will be examined in *Trade Interconnectedness: Global Supply Chains*, which will be circulated for information in January 2013.

- *Capital Flows*. In early November 2012, the Board had the opportunity to discuss *The Liberalization and Management of Capital Flows: An Institutional View,* which articulates the Fund's view on cross-border capital flows, building on analysis in the preceding four papers. Drawing on that discussion, a guidance note will be issued for information by April 2013.

- *Implementation of the new Surveillance Framework*. As requested by the Board and in the context of the Financial Surveillance Strategy, a progress report on implementation of the recommendations of the Triennial Surveillance Review will be discussed in November 2012, which will set out actions to be taken.

**Governance.** Completing the 2010 quota and governance reform is essential to the Fund's legitimacy and effectiveness.

- *Quota and governance reform*. The thresholds for the effectiveness of the quota increases and the required number of member acceptances for entry into force of the Board Reform Amendment have been met. However, the required 85 percent of the voting power for the Board Reform Amendment is not yet in place. The Fund will continue to report monthly to the Executive Board on the status of votes.

- *Quota formula review*. The quota formula review is due to be completed by January 2013. In November, the Board will discuss *Quota Formula Review—Further Considerations*. The paper will explore alternative options for reform, building on the discussions to date. A draft report from the Executive Board to the Board of Governors will be discussed in January 2013. Work will commence shortly thereafter on the *15th General Review of Quotas,* which is to be completed by January 2014.

- *Transparency*. Candor and openness are key elements in the legitimacy of the Fund with the outside world. The *Review of Transparency Policy* scheduled for May 2013 will review and assess the Fund's publications policy to align it with the move toward greater integration of bilateral and multilateral surveillance products.

Management of the Institution

**Human resources and diversity.** As emphasized in my buff statement on the IEO report earlier this year,[3] to bring in more accountability and candor, it is important that we keep advancing the human resources initiatives underway, while following a comprehensive long-term approach. A *Corporate Workforce Planning* briefing is scheduled in December 2012, followed by a Board discussion on *Salary Structure Adjustment* in March 2013. *Categories of Employment*, scheduled in May 2013, will review the existing employment framework and the recommendations emanating from the workforce planning paper. The *Diversity Annual Report* will be discussed in June 2013.

**Internal operations.** The Board agenda includes the following key meetings on the internal operations of the institution:

- A briefing on Risk Management Framework—Action Plan is scheduled for March 2013. An informal discussion on 2013 Report on Risk Management will be held in early May 2013, followed by a formal meeting in June 2013.

- Results of the ACES—Costing the Fund's Outputs will be presented in an informal session in November 2012. Briefing by the External Audit Committee is scheduled in February 2013, followed by a committee meeting on Contours of the FY2014–16 Medium-Term Budget in the same month. The Fund's Income Position and Medium-term Budgets will be discussed shortly after the Spring Meetings.

- In December 2012 the Board will discuss Broadening the Fund's Investment Mandate: Strategic Implementation Issues which will present new rules and regulations for the Investment Account requiring a Board decision.

[3] Implementation Plan in Response to Board-Endorsed Recommendations for the IEO Evaluation of IMF Performance in the Run-Up to the Financial and Economic Crisis, May 2012.

- Two IEO-related papers, IMF Advice on Reserves and The Fund's Role as a Trusted Advisor, are scheduled for December 2012 and January 2013, respectively. The Management Implementation Plan for the IEO Review of International Reserves—IMF Concerns and Country Perspectives will be presented in March 2013.

**Board schedule.** The interdepartmental Task Force on Calendar Management continues to explore options for smoothing the work flow of the Board and ensuring a focused Board agenda in peak periods. Staff-chaired sessions, for which attendance of OED staff is understood to be optional, have been used to limit the number of Board meetings but still provide opportunities for the staff to inform the Board of key issues. Executive Directors will have an opportunity to regularly discuss the progress in implementing the Work Program and issues related to Board scheduling, with the first meeting scheduled for early January.

**Box 1. "Anchor" Policy and Administrative Items**

| Dept | Subject | Date |
|---|---|---|
| HRD | Corporate Workforce Planning | 14-Dec-12 |
| SPR/RES | Jobs and Growth: Analytical and Operational Considerations for the Fund | 13-Mar-13 |
| SPR | Review of Low-Income Facilities: Proposed Reforms and Decision | 18-Mar-13 |
| RES/MCM/FAD | WEO/GFSR/Fiscal Monitor | 25-Mar-13 |
| SPR | Managing Director's Global Policy Agenda | 12-Apr-13 |
| OBP | FY14-16 Medium term Administrative and Capital Budgets | 24-Apr-13 |
| ICD | The Fund's Capacity Development Strategy—Better Policies Through Stronger Institutions | 15-May-13 |
| Coordinating Group | Pilot External Sector Report | 24-Jun-13 |

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

We thank the Managing Director for the proposed work program, which builds on the Global Policy Agenda that was presented at the Annual Meetings. We concur with the focus on the Fund's role in supporting the membership in its efforts to secure the recovery and lay the foundation for a more robust global architecture. In this regard, we would welcome information on the tentative list of topics to be covered in the WEO and GFSR. Having just restructured the Consolidated Surveillance Report and Action Plan into the Global Policy Agenda, we see merit in continuing with this format at least for a few years as frequent changes can reduce its effectiveness.

We would like to stress the importance of informing the Board of developments in Advanced Economies, particularly Europe, including progress in policy implementation. We welcome the planned paper that will assess the implications of unconventional monetary easing. We also see merit in the work underway on the impact of financial flows to safe haven economies, and would like to know if a Board discussion is planned.

Regarding the forthcoming work on lending and the global safety net, we support the planned paper on setting out options for enhancing risk diagnostics in Fund-supported programs that is tentatively scheduled for March 2013. Consideration should be given to provide an opportunity for Board views rather than issue the paper for information only. The staff's views would be appreciated.

We broadly support the proposed work agenda on strengthening the financial system, which follows from the priority areas recently outlined in the Financial Surveillance Strategy. We look forward to the paper that will address complementarities and conflicts between monetary and macro prudential policies. We also look forward to the briefing on the Fund's work with the Financial Stability Board. Since several Directors have asked for this briefing and may have views on the future working relations, a formal Board discussion may be warranted.

As recognized in paragraph 5, we need to support members in addressing the legacy of high debt in a low growth environment. The work streams related to strengthening fiscal institutions, debt sustainability analysis, and debtor-creditor relations appropriately support this objective. In addition, it is proposed to identify the scope for growth-friendly fiscal adjustment, which we also endorse. However, a clarification of the analytical or empirical

work that is intended to address this would be useful, in addition to Energy Subsidy Reform.

Regarding MENA countries, we support Fund continued engagement and see a need for ensuring adequate staff resources to provide useful analytical work and operational policy advice. The planned work on subsidy reform, referred to above, should aim to provide operationally relevant advice to member countries and to guide staff on what constitutes useful country analysis for members regarding reform options. The Fund could also assist in assessing the distributional impact of alternative options. With regard to policies to foster "inclusive growth," we see only a reference to one planned paper on Jobs and Growth. Could this paper specifically address issues relevant for MENA countries? We would welcome further elaboration of other areas of work planned with a focus on the MENA region. For example, we see merit in assessing the adequacy of social safety nets and providing guidance on options for their development according to a country's financial resources. The existence of appropriate social safety nets could facilitate subsidy reduction, civil service reform, and reduce the potential for social unrest. We also see merit in the burden of taxation and the distribution of the burden of fiscal adjustment. These topics are immediately relevant for the countries in transition, whether or not engaged in Fund programs, and staff analysis could support domestic policy formulation.

A number of papers are planned that involve spillover analysis and analysis of interconnected systems (second bullet in paragraph 7). We found the first report on trade supply chains useful. In what way will the proposed paper differ and add to existing work? More information on the planned "pilots that consider approaches to cluster surveillance" would be welcome. How many papers, which topics and countries are to be considered, and are these similar to the spillover reports but under a new name?

In the next few months, we expect a conclusion to the quota formula review. We trust that staff will incorporate scenarios reflecting Directors' proposals, including the concern that the gains to dynamic economies should not be primarily borne by other EMDCs.

In closing, while the agenda is ambitious, we are not proposing to drop items at this time. However, the agenda should be carefully monitored to ensure Executive Directors' offices are given sufficient time for meaningful deliberations.

Mr. Alkholifey and Mr. Rouai submitted the following statement:

We welcome and support the MD's statement on the work program and we note with satisfaction that it builds on the Global Policy Agenda presented to the IMFC. We will limit our remarks to a few areas.

We appreciate the way priorities have been set under the proposed work program, emphasizing the need to secure the recovery and anchoring the future. After conducting extensive reviews and reforms of its surveillance framework and its lending toolkit and securing adequate resources, the Fund should focus its attention, going forward, on the actual implementation of the agreed policies. This is crucial for restoring confidence and providing high-quality policy advice to member countries to help achieve sustainable growth and promote job creation.

We note that the work program is being set for the next twelve months. While it is important to have a longer view on the planned work of the Board, it is also important, for scheduling purposes, to have an updated projection of the Board calendar up to the Spring Meetings. We would appreciate indications from SEC on when this calendar will be provided.

We agree with the MD on the importance of securing the global recovery and restoring stability. We consider that the selected topics are relevant to the task, and we offer the following comments:

We appreciate periodic briefings by staff and we look forward to an early briefing on the status of negotiations with Greece.

We continue to support Fund involvement with countries in transition in the MENA region and look forward to more frequent briefings by staff.

We look forward to the review of experience under the FCL/PLL and RFI and we would appreciate if staff could cover the issue of repeated use of these facilities and the need for an exit strategy.

Finally on this topic, we would appreciate if the Board continues to receive the "IMF-FSB early warning list" before the regular discussion by the Board of the Early Warning Exercise.

We support the policy papers slated for discussion on anchoring the future and we offer the following comments:

We note that a number of guidance notes will be updated or introduced and we would appreciate if the Board is involved before their issuance.

With regard to staff contribution to the work on global regulatory reform, it is important to pay attention to the implications that these reforms could have on EMDCs.

We look forward to the forthcoming discussion on "Energy subsidy reform: Lessons and implications." It is important that the issue be broad and covers both renewable, e.g. bio-fuel, and non-renewable energy. We would have also preferred that this topic addresses the important issue of agricultural subsidies which have major budgetary implications for many countries.

The planned briefing by staff in the first quarter of 2013 on the issue of debtor-creditor relations is welcome. We would suggest that staff take that opportunity to present also the paper on "A survey of experiences with emerging market sovereign debt restructuring (SM/12/132)" distributed for information in June 2012. We would appreciate if staff could, at that time, elaborate on any implication on the Fund's preferred creditor status of the recent ruling by a New York judge against any discrimination between holders of restructured debt and holders of defaulted bonds.

On governance, we consider that the extensive work and discussions on the quota formula review have shown the limits of members' support for any far-reaching reform that could disrupt the delicate balance underlying the governance of the Fund. We consider that the current quota formula is already contributing to achieving the targeted shift in voting power in the Fund.

Finally, with regard to management of the institution, we would appreciate some clarification on the item "a corporate workforce planning" which is planned as a briefing but which is also considered as an "anchor" among policy and administrative items.

Mr. Prader and Mr. Jakoby submitted the following statement:

The proposed work program is reasonable with respect to the coverage of issues as well as the distribution of the agenda over time.

Besides the "standard" policy items we particularly appreciate the planned discussions on analytical work focusing on implications of unconventional monetary policy (February 2013), the two meetings on macroprudential policies (January and May 2013) as well as the follow-up

discussion on interconnectedness. We are also pleased to note the inclusion of the discussion on jobs and growth (March 2013). Due to the linkages to further improvement of Fund surveillance we suggest that all these meetings should be at least "to engage" rather than just "to brief" in order to accentuate the importance of the Board's input. Similarly, we would expect the highly relevant discussion on sovereign debt restructuring (scheduled for February 25) also in "to engage" format.

The envisaged agenda on public finance is also welcome. The review of the Fund's Debt Limit Policy exploring the linkages between financial sector stress and the public debt sustainability will be of particularly high value. At the same time, the proposed timing (March 22) appears to be too close to the flagship discussion on the WEO/GFSR/Fiscal Monitor (March 25).

With respect to the Fund's lending toolkit we support the proposal to combine the reviews of PLL, RFI and FCL.

In the context of "internal operations" issues the recent decision to distribute the remaining part of the "windfall profit" from the gold sales, we would welcome the inclusion of an update on the status of the Fund's precautionary balances within the first half of 2013, possibly alongside the paper on the Fund's liquidity position.

Mr. Yoon and Ms. Luu submitted the following statement:

Ongoing uncertainty around the global economic outlook and persistent threats to financial stability provide fertile ground for the development of the Work Program for the Executive Board. The challenge will be to ensure that critical issues are prioritized and addressed in a timely manner, while recognizing that some issues will require ongoing analysis and discussion. For policy items that are less straight-forward, and more contentious, it would be prudent to discuss these early in the work program to enable greater buy-in from the Executive Board and to allow sufficient time to develop the policy advice.

The distribution and geographical coverage of the work program over the next year appears to be well balanced. The issues identified are relevant to advanced and emerging market economies, and appropriate attention is given to the Middle East North African countries as they undergo historical transitions. We also welcome greater focus given to small states and low income countries in the Work Program.

The following comments are grouped under the broad heading outlined in the Managing Director's statement.

Securing the Recovery

We look forward to the March papers on the Review of LIC Facilities: Proposed Reforms and Decision and the Review of Eligibility to Use the Fund's Facilities for Concessional Financing, particularly as these issues affect many of the members of our constituency.

For the work captured under Lending and the Global Safety Net, it is important that the examination of 'well-designed programs' draws upon lessons from recent programs, particularly in the euro area.

The discussion on Monetary Policy—Its Role Now and in the Medium-Term is long overdue and we welcome its inclusion in the work program. Striking the right balance between the spillover effects and the domestic objectives of monetary policy will be important in gaining traction with policy makers.

Anchoring the Future

Given the protracted nature of the global recovery, and considering the upmost importance of employment-friendly growth at the current juncture, we support work on Jobs and Growth, particularly with respect to the work on understanding the determinants of long run growth and employment in a post-crisis environment. Incorporating the Fund's work on Jobs and Growth into surveillance should be a key priority. It is important that the Fund focus on, and relate their broader analysis back to, issues that are of high priority for policymakers in order to enhance traction.

Other priorities include the External Sector Report and the Spillover Report, as well as progressing work on interconnectedness. In particular, more work on interconnectedness was a key recommendation of the 2011 Triennial Surveillance Review and we think that drawing out implications for policy and surveillance should be a high priority. We do not think the suggested Board date of November 2013 gives appropriate urgency to this work.

In contrast, while we agree that expanding spillover analysis beyond key systemic countries (for example, to Nordic countries) is a worthwhile

exercise, we think this could be a lower priority, particularly at a time of heightened global uncertainty and risk.

With regard to the 15th General Review of Quotas, we would expect that the discussion on the size of quota should consider the desirability or otherwise of the current ratio of quota to borrowed resources.

We believe it would be more useful to discuss Key Aspects of Macroprudential Policy before the discussion on the Interaction of Monetary and Macroprudential Policies. Discussion of the first paper may provide valuable insights and background information in which to consider the second paper.

More generally, we support further work on income inequality in analyzing the global recovery. For some countries, the dispersion of income within country is just as important as growth itself. While income inequality is becoming an increasing concern in emerging market economies, it will also be critical to advanced economies that are facing the prospect of a weak and uneven recovery.

Management of the Institution

We strongly support the work and role of the IEO, and look forward to the papers on IMF Advice on Reserves and The Fund's Role as a Trusted Advisor. As such, the forthcoming Board discussion on the IEO possible topics for evaluation over the medium term will be important in influencing the external reputation and credibility of the Fund. In this context, the IEO could consider surveying the views of the broad membership, as a key client of the Fund, and exploring ways to improve the Fund's performance.

Job satisfaction of staff is fundamental to the provision of high quality output and advice. We whole-heartedly support management's effort to enhance diversity and to review the existing employment framework.

Mr. Andersen and Mr. Korhonen submitted the following statement:

We welcome the well-prepared work program. We support the emphasis on securing the recovery and achieving a better anchoring for the future. We welcome the more strategic approach and extension of the planning horizon. We offer the following comments:

Identification of anchor policy items highlights usefully the main deliverables on which such a strategy is based. Sustainable job creation and economic growth in general, including its inclusiveness, is an appropriate focus in the current circumstances, considering the huge costs arising from high unemployment, and specifically youth unemployment, in many parts of the world. Also the emphasis of the IMFC on debt sustainability figures appropriately in the program through a number of diverse policy discussions and technical deliverables.

We look forward to finalizing the review of the quota formula. As mandated by the IMFC, the process must remain fully anchored in the Board with input from the IMFC deputies. In addition to the planned Board discussion in late November, we should be prepared to have further discussions, formal or informal, as needed to meet the deadline.

Further efforts could be made to streamline Board discussions on the various surveillance reports. While substance from the specialized reports will be a necessary ingredient, coherence of the key policy messages in the umbrella reports is of primary importance. Good progress has been made with the flagship reports. We believe that spillover reports and the ESR could be approached in a similar fashion.

We take note of a plan to produce an experimental regional surveillance report covering the largest Nordic countries keeping in mind close connections in the region. Such a pilot is a welcome initiative in developing a tool that will regularly address policy needs among clusters that are not necessarily systemically important countries on which the spillover reports focus. This underscores the Fund's support for increased regional focus in surveillance. We expect the IMF to draw lessons from the experiment for strengthening the foundation of its regional surveillance. The participation of the authorities in this exercise obviously also reflects their support for increased regional focus. They, nevertheless, feel that it is important that this experiment aims at providing value-added to the bilateral surveillance. We call on staff to take stock of the lessons learned from experimental regional FSAPs and specify the modalities well in advance.

In the same vein, we particularly welcome the upcoming paper on the scope for further cooperation between the Fund and Regional Financing Arrangements. The paper should also draw on lessons from such cooperation so far.

Furthermore, we would welcome if, on the financial sector agenda, staff followed up on Directors' call for further guidance on principles for cross-border burden sharing. The efforts to develop macro-prudential policy tools should remain in the forefront in accordance with the Financial Sector Surveillance Strategy. We encourage increased transparency in IMF communication on financial sector risks at the global level and strengthened follow-up on policy advice.

While advanced economies in many cases suffer from a heavy debt burden under slow growth, accumulation of rollovers and public contingent liabilities, growth has decelerated largely due to structural barriers. Policy advice that helps accelerate such reforms would be welcome. We encourage staff to closely monitor potential spillover effects from key emerging economies to regional trading partners and the global economy. Also, developments in those low income economies where fiscal deficits are still rising would be a good addition to the program as suggested by ourselves in the discussion on WEO.

We highly value management's engagement in HR related issues, including the efforts to bring in more accountability and candor. In the context of workforce planning, we look forward to addressing the pressing issue of re-allocation of resources considering the Financial Sector Surveillance Strategy and its full integration in the surveillance agenda. We also look forward to the informal session on the costing of IMF outputs as this is important for sound budget decisions.

Finally, on procedures, we welcome the effort to smooth out the Board calendar in order to ensure a focused Board agenda. One area where there still seems to be room for improvement is the optimal division between informal and formal Board sessions. Some of the informal sessions could seemingly work better as formal ones. We note this for example in the area of financial sector items.

Mr. Montanino and Ms. Quaglierini submitted the following statement:

We thank the Managing Director (MD) for the well-focused Work Program of the Executive Board for the next six months, based on the Global Policy Agenda presented at the latest Annual Meetings in Tokyo. As we broadly share the proposals which have been set out, we limit ourselves to a few comments.

Though improved, the current financial environment remains characterized by uncertainty. Thus, we agree that it is critical to strengthen the Fund's surveillance by regularly updating the main multilateral surveillance documents, such as the WEO, GFSR and Fiscal Monitor.

Regarding lending activities and ongoing programs, we look forward to the Crisis Programs Review paper in order to better understand how to improve their design and maximize the likelihood of success of Fund's programs. We also agree with the special attention assigned to the LICs, and we look forward to the follow-up on the Review of the LIC Facilities and on the updates on the second distribution of the windfall profits so as to ensure the long-term sustainability of the PRGT.

Strengthening the financial system and addressing possible conflicts between policies is necessary to secure the conditions to sustain the recovery. We support the emphasis on the challenges posed by high debt in a low growth environment. We strongly agree that supporting growth and jobs is essential to ensure the sustainability of fiscal consolidation.

We consider it important to keep working on how to strengthen fiscal institutions and fiscal rules, so as to secure financial sustainability going forward. In this context, we wonder whether the Revised Code of Good Practices on Fiscal Transparency would benefit from a Board's discussion, instead of a consideration by a lapse of time basis. On a similar vein, the papers on Functions and Impact of Fiscal Institutions, Budget Institutions in G20 Countries: Status Report might have been considered by the Board, instead of being scheduled for information.

Finally, we wonder whether an update regarding the 2012 Borrowing Agreements would have been appropriate going forward, following the commitment delivered by part of the membership at the Annual Meetings in Tokyo, with the signature of a number of agreements.

As for the distribution of the work across the semester, we note that, at the present, June is very dense while July is lighter. We wonder whether a more homogenous distribution could help smooth the work of the Executive Board.

Mr. Saho submitted the following statement:

We welcome the Managing Director's buff statement on the work program of the Executive Board. We would like to underscore the following

areas: On securing the recovery, we agree that identifying, and in addition mitigating systemic risks, remain critical in restoring sustained global recovery. In this regard, we look forward to a discussion of the WEO, GFSR and fiscal monitor in good time before the Spring Meetings. While we further welcome the vulnerability exercise for LICs, we note that the timing has been pushed towards the end of the third quarter. An earlier consideration could have been more appropriate in order to allow for a more timely understanding of the prospective risks faced by LICs. The discussions of the above papers are not only important in the context of fragile growth in advanced economies but also the resultant downside risks to sub-Saharan Africa growth. We believe that these papers will better inform macroeconomic policy responses to mitigate these challenges and risks.

We commend the Board on its recent decision to ensure sustainability of PRGT financing over the longer term. This support is important in order to allow the remaining LICs benefit from the HIPC and the MRDI reliefs thereby bring their debt to sustainable levels. In order to better fit LIC facilities to the needs of LICs and also align them to the global dynamics, we welcome a follow-up paper on the review of LIC facilities and eligibility to use the Fund's concessional financing facilities. Following our call on the Fund to explore ways in which non HIPC and small states could be supported, and to recommend policies that would ensure inclusive growth in May, we welcome continued work in this direction, including a paper on macroeconomic issues in small states and implications for Fund engagement. We encourage staff to closely collaborate with the World Bank, the International Labor Organization and others in this area.

On anchoring the future, while we are in support of the outlined initiatives, our concern is that the work program seems to be weak on issues pertaining to LICs, for which we would have preferred to see more coverage. In this regard, we would welcome consideration of work that looks at the constraints to regional trade in Africa and how these can be addressed systematically through identifying the role of intra-Africa trade in generating and sustaining inclusive growth as we had pointed out in May, to be covered in the areas of inclusive growth and global imbalances. We consider this to be important in order to enhance the resilience of African growth to fragilities in the euro area recovery and moderating strong Asian growth. We look forward to a feed back in future.

On management of the institution as it pertains to the Board schedule, we commend management's efforts in trying to avoid bunching up. However, we still note some bunching up in the month of December with total planned

Board items being the highest at 32, while items with grays stand at 3.2 per day. Given the compressed nature of this month, we once more encourage management to continue to explore means of smoothing the schedule of meetings for this month in order to ensure effective Board discussions.

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

We thank the Managing Director for her lucid and succinct statement. Against the backdrop of deteriorated global outlook and increased policy uncertainty, we endorse plans and priorities set for the period ahead, and offer the following remarks:

In light of weak global activity and high potential for renewed stresses, the emphasis on helping the membership in identifying systemic risks and designing strong policies to counter threats to domestic and global stability is well placed. We welcome periodic Board briefings on progress in banking and fiscal union in Europe, discussions on financial sector deepening in emerging market economies, continued assistance to low-income members to weather adverse external shocks and rebuild buffers, and adequate support to Arab economies in transition through policy advice, capacity building and financial assistance, as appropriate. In this context, we look forward to a follow-up paper in March 2013 on the Review of LIC Facilities, and the paper on The Fund's Capacity Development Strategy in May 2013.

Steadfast implementation of well-designed programs and provision of adequate safety nets are critical for effective and durable crisis management and resolution. We welcome the proposal for a combined review of the PLL/RFI/FCL, although it would seem preferable to schedule it in 2014 to accumulate more experience with the facilities. A follow-up Crisis Programs Review should help enhance risk diagnostics and distill further lessons in Fund-supported programs.

Insufficient attention to macro-financial linkages and transmission channels, especially in systemic countries, was a prime reason for the Fund's failure to identify the mounting risks and buildup of vulnerabilities that led to the financial crisis. We, therefore, welcome several papers planned for Board discussion to advance the Fund's understanding of macroprudential issues, further measures to integrate financial stability assessments in bilateral and multilateral surveillance, and continued support to advance the global regulatory reform agenda.

High debt and low growth in many member countries render growth-friendly fiscal adjustment, and strengthened fiscal institutions and debt sustainability analysis quite relevant. We welcome continued efforts to improve the conduct and operation of fiscal policy, and look forward to Board discussion in February 2013 of Energy Subsidy Reform, given the wide interest shown in this subject by the membership. We expect the Fund paper to focus on the macroeconomic implications of subsidy reform and related policy advice, including targeting of subsidies, price hedging, and taxation of energy products, while the World Bank should focus on broader issues of energy sector reforms. The staff may wish to comment.

A combination of underlying structural problems and cyclical conditions has resulted in a substantial increase in unemployment over the past few years. We therefore welcome the planned new toolkit covering employment, growth, and income distribution that draws on World Bank and ILO resources, and look forward to the paper on Jobs and Growth in March 2013.

We agree with the Managing Director on the usefulness of the ISD and ESR in helping members formulate multilaterally consistent policies to mitigate adverse outward and inward spillovers. The second pilot ESR, the spillover report, and the paper on interconnectedness slated for mid to end-2013 should provide valuable inputs to the relevant Article IV consultations and derive implications for the Fund's surveillance more generally. On liberalization and management of capital flows, and following the November 7 Board meeting, we wonder why the guidance note to staff is to be circulated to staff in April 2013 and not earlier. Moreover, we propose that the note be discussed by the Board rather than be circulated for information.

Quota and governance reforms are fundamental to the credibility and legitimacy of the IMF in a rapidly changing world. Assuming completion and implementation of the 2010 reform at an early date, efforts should now focus on completing a comprehensive review of the quota formula that will feed into the 15$^{th}$ General Quota Review in 2014. This requires pragmatism and flexibility of the membership to reach a consensus to increase the share of emerging market and developing countries, while protecting the voice and representation of the poorest members, including through higher basic votes.

Strong institutional performance and avoiding group thinking warrant diversity in staff cultural, academic, and work experience backgrounds, including by the presence of more qualified candidates from

under-represented regions at senior positions. We welcome the human resources initiatives underway and look forward to discussing the next Diversity Annual Report in June 2013.

The interdepartmental task force on calendar management is doing a commendable job in smoothing the work flow of the Board and ensuring a focused Board agenda in peak periods, including through staff-chaired sessions and greater use of criteria-based LOT. However, a rebalancing of agenda items might prove helpful, given the very heavy workload in December 2012, January, and June 2013, against light Board schedule in March and July 2013. With regard to the grouping of Board meetings on Article IV consultations with systemic advanced economies in a relatively short period, we believe that the practice may not allow all Board members to do justice to the variety and complexity of issues raised in the staff reports and SIPs of these countries. Moreover, with the current heavy Board meeting agenda, some crowding out of non-systemic countries may be unavoidable. The Secretary's comments are welcome.

Mr. Chia and Ms. Hafid submitted the following statement:

We broadly endorse the proposed work program. We find it generally consistent with the Global Policy Agenda presented in October, as well as the guidance from the IMFC. The program clearly sets out the priorities of the Fund to address the risks to global economic recovery and balances these with efforts to enhance governance and institutional culture to support the Fund's legitimacy and effectiveness.

We welcome the importance that management has given to issues facing Low Income Countries and Small States, and look forward to the "Review of Low Income Facilities: Proposed Reforms and Decisions," a review of eligibility for concessional financing which we hope will recognize the special vulnerabilities facing small middle-income countries, and a discussion of the macroeconomic challenges facing small states and implications for the Fund's engagement. We look forward to strengthened Fund engagement that would help LICs and Small States cope with the challenges brought about by the global economic uncertainty.

We look forward to the review of the Precautionary Liquidity Line (PLL), Rapid Financing Instrument (RFI) and Flexible Credit Line (FCL). In particular, we see merit in drawing on the experience with the FCL and PCL thus far to see how certain modalities could be refined. The review can explore the conditions for the timely exit from these facilities.

Notwithstanding the near-term debt-related crisis, the key global challenge which is a consequence of simultaneous deleveraging of the sovereign, corporate and household sectors in many Advanced Economies is a deficit of GDP and employment growth. In the medium and long-term, demographic shifts in both advanced and developing regions will have a profound impact that merits analysis as proposed. We therefore support the identification of Jobs and Growth as an "anchor" policy item.

Under strengthening financial systems, we agree with the focus as outlined in the MD's statement. We are encouraged that several papers are planned for Board discussion to advance the Fund's understanding of macroprudential issues. We would appreciate seeing the papers touch on the relative effectiveness, benefits and unintended effects of macroprudential tools and policies. We also welcome the ongoing work to advance the Fund's understanding of interconnectedness and its implications for surveillance. We underscore the importance of inward spillovers for small and medium-sized countries from large systemic economies, and that bilateral surveillance based on country-specific considerations remains the cornerstone of the Fund's surveillance mandate.

Under strengthening financial systems, we note that the work program on "Crisis and Asset Allocation: Some Lessons for Managing International Reserves" intends to seek approval of decision to endorse the revised guidelines on a lapse of time basis. We wonder if the informal to brief meeting can adequately address related discussions at the Board before the final guidelines is presented for approval.

The paper on "Monetary Policy—Its Role Now and in the Medium Term" has the potential to make impactful contributions to national policy-making and international policy coordination, provided the analysis does not stop at an assessment of effectiveness and what we already know about its spillover effects. The Fund can make a meaningful contribution if it advances the understanding of the conditions under which unconventional monetary policy is desirable and justified, what its targets should be, how effectiveness should be measured, its effects on reducing and introducing new distortions, whether there should be limits to its duration, and how orderly exit should be planned.

On governance, the quota reform is a crucial step to enhance the legitimacy of the Fund. Completion of the comprehensive review of quota formula by January 2013 and the general quota review by January 2014

remains a formidable challenge that requires flexibility from membership to reach a consensus. To achieve timely conclusion, emphasis in our next discussion should center on issues where there are converging views.

On the management of the institution, the continuing effort to strengthen the Fund through the outlined agenda on human resource and internal operations is commendable. We also appreciate the effort of the staff to even out the workload. We welcome the significant cutback in the number of items scheduled for take up in July when the Article IV of S-5 plus one countries are expected to be due. This strategy will provide room for possible new assignments and spillover discussions.

On matters for information, we have the following comments:

We welcome the paper on "IMF Relations with Regional Financing Arrangements." We view that it is important to explore scope for cooperation with RFAs to complement the surveillance work of the Fund at the regional level as well as to strengthen the Global Financial Safety Net. We note that this will be the first step and we look forward to the follow up of this initiative.

The paper "Enhancing Risk Diagnostics in Fund-Supported Programs" aims to provide proposals for enhancing risk diagnostics. The paper will be "for information" only. We wonder if there is plan for a follow up meeting to further engage the Executive Board on the proposals.

Mr. Assimaidou submitted the following statement:

We welcome this discussion on the Work Program of the Executive Board, and thank the Managing Director for her comprehensive statement which is well-aligned with the Global Policy Agenda presented to the IMFC. We strongly support the work program as it is centered on the efforts needed on the part of the Fund and the membership to put the recovery on a more robust and sustained path while addressing the longer-term global challenges related to fiscal policy, debt, financial system, inclusive growth and spillovers issues.

On Securing the Recovery

The multilateral surveillance instruments (WEO, GFSR, Fiscal Monitor, EWE and VE-LICs) remain critical to addressing the risks to the global outlook and to restoring stability. We understand that the Global Policy

Agenda takes over the endeavors of the Consolidated Multilateral Surveillance Review. It should help better assess global risks as they evolve and highlight, in a coherent and straightforward manner, the required policies and reforms needed for the individual countries and the global economy to resume with stability.

We welcome the distinct agenda for advanced economies, emerging market countries, low-income countries, small states and Arab countries in transition—along the lines of the IMFC advice—as these various groups of members face specific challenges. In particular, on low-income countries, we look forward to the upcoming discussion and decision on the Review of LIC Facilities as an "anchor" item, as well as the Review of Eligibility to Use the Fund's Facilities for Concessional Financing which is appropriately scheduled beforehand.

Regarding capacity building, we welcome the planned discussion on The Fund's Capacity Development Strategy—Better Policies Through Stronger Institutions which is scheduled for May 2013. This strategy will be of interest to many members but most acutely to developing and low-income countries, due to their relatively weak institutional capacity. In this regard, we wonder whether this theme should not be considered as an anchor item in light of its bearing on a whole set of fiscal and debt management issues laid out in the statement by the Managing Director (paragraph 5). We would appreciate staff's position on this matter.

We fully share the Managing Director's view that well-designed programs and adequate lending capacity and global safety net are of critical importance for crisis resolution and management. Hence, we look forward to the follow-up on the 2011 Review of Conditionality in the form of conditionality guidance note and options for enhancing risk diagnostics in Fund-supported programs; the follow-up Crisis Program Review; the envisaged review of Access Policy and Surcharges as well as the reviews of the PLL, the RFI, and the FCL.

As regards the PRGT, we commend the Managing Director for her continuous efforts to ensure its sustainability and secure the necessary capacity for the Fund's concessional financing over the longer term to meet the needs of its low-income members. The recent Board discussion on the global risks and vulnerabilities facing those members has shown that, in the current state, the PRGT may not be able to meet these needs even in the short term in light of the tremendous financing gaps that could be brought about by a sharp global growth decline, a protracted global slowdown or commodity

(food, fuel) price shocks. As the recent two decisions of distributing general reserves attributed to windfall gold sale profits are part of a broader strategy to ensuring the PRGT self-sustainability (see IMFC Communiqué of October 13, 2012), we would expect a discussion on supplementary efforts to reach this objective. Should not the contingent measures envisaged under this strategy—and that would be activated if average financing needs were to exceed the annual base envelope by a substantial margin for an extended period—be identified beforehand? The staff's elaboration will be appreciated.

On Anchoring the Future

The Fund's financial surveillance will continue to follow the priorities outlined in the Financial Surveillance Strategy. The agenda on advancing macro-prudential policies and supporting the global regulatory reform while stepping up engagement with key stakeholders is welcome.

On efforts to address the high debt legacy, we note that all income categories of members have a direct interest in this agenda. The planned discussion on Energy Subsidy Reform Lessons and Implications (February 2013) should provide insights from country experiences in Africa and the Middle East. The social and political economy factors in those countries and the capacity constraints they face in implementing measures to remove subsidies should help better guide the Fund's policy design in this area.

It is not clear whether the surveillance toolkit covering employment, growth and income distribution will be discussed by the Board or at least presented in an informal setting. The staff's elaboration will be appreciated.

We welcome the work on global imbalances and spillovers, which stem from the need to address adverse outward and inward spillovers and ensure general consistency of policies. We note however that the work agenda on these issues for the period under consideration is quite abundant and wonder whether this program could be adequately met with substantive inputs from the Board in such a short period.

Management of the Institution

We welcome the Managing Director's continuous emphasis on advancing the human resources initiatives, including staff diversity, and support her comprehensive approach.

On internal operations, we only hope that the very long agenda for the period leading to the next Annual Meetings can be manageable.

As for Board schedule, we welcome the efforts made by the Secretary to lower item bunching. Considerable progress has been made to reduce the heavy workload that has recently characterized the month of July. But we wonder whether the scale has not been moved too far in the other direction in light of the number of Board items and daily average for July 2013 vs. other months notably December, January and June (Table 1). Therefore, we encourage further efforts to smooth the work flow of the Board.

Mr. Zhang and Mr. Tao submitted the following statement:

We thank the Managing Director for her comprehensive statement. We broadly agree with the priorities set out by the Global Policy Agenda (GPA) for the Board in the period ahead and note that efforts have been made to reduce bunch of meetings before the Spring Meetings. Although we understand some bunching cases are unavoidable, we still expect the program to strike a better balance on scheduling the policy items and systemically important country items. We have the following comments on some specific topics.

We welcome the IMFC's call for an effective and timely policy implementation to rebuild confidence. Whilst we believe that the Fund will continue its close engagement through bilateral and multilateral surveillance with individual member countries, we also expect the Fund's outputs and strategies put in place for a broad range of policy items covering monetary, fiscal, financial and external polices across advanced and developing economies, which in our opinion, are necessary to incorporate an integrated view. We would like to invite staff to elaborate on how coverage of these policy items are distributed in the GPA.

The 2010 quota and governance reforms have not been completed as set in the existing timetable. As we cannot predict the exact date to make these reforms effective, the pace and rhythm to schedule formal meetings of the update on the progress should be kept the same as before. We note that there are two meetings scheduled separately in February and March 2013, from which we wonder what phased progress staff might expect to achieve. We encourage staff to continue their work with the members who have yet to complete the necessary steps. We look forward to the planned work on the ongoing quota formula review and the Fifteenth General Review of Quota in order to deliver the Los Cabos commitments on time.

A more general issue related to meeting format, staff may elaborate on how meeting format is assigned, and if there is a need for a change of meeting format during the implementation of GPA, what procedure should follow?

As the agenda is ambitious and heavy, we concur with Mr. Shaalan's view that it should be carefully monitored and adjusted to ensure more flexibility and potential future requests in context of the rapidly changing world.

Mr. Weber and Mr. Peter submitted the following statement:

We welcome the main thrust of this work program. We particularly appreciate the further strengthened top-down approach in which it was developed, with involvement of the IMFC via the Managing Director's Global Policy Agenda. It appropriately prioritizes securing the recovery, while at the same underscoring the importance of anchoring the future. On the latter, we continue to believe that the Fund's work should put a stronger emphasis on helping members reduce crisis-related public support, while dealing with the crisis legacies of large fiscal deficits and high debt. We have a number of more specific comments which follow.

Even as the Global Policy Agenda was helpful in distilling the key messages for policy makers in the IMFC, we see two areas where the IMFC process could be further improved. First, we find that having two separate documents as in the past—the Consolidated Multilateral Surveillance Report for policy makers and the MD's Action Plan for the Fund—would enhance the focus and clarity of the discussions in the IMFC. Second, and relatedly, we see scope in better focusing the discussions in the IMFC by reducing the significant overlap of topics in the different sessions (i.e., Introductory Session, Early Warning Exercise, Restricted Breakfast, and IMFC Plenary).

In advanced economies, the Fund should focus its surveillance on countries where risks are of systemic significance. The promised periodic briefings on progress in policy implementation will be appreciated. In particular, we are looking forward to be briefed about developments in Italy and Spain, as well as to be updated on the status of negotiations with Greece.

We would appreciate staff's elaboration on the planned refinement of the Fund's capacity building strategy. This strategy was thoroughly discussed and well received in November 2011. Adjusting our frameworks and strategies too frequently could turn out to be counterproductive.

On lending and the global safety net, Fund analysis and advice on how to exit from crisis-related public support will be pivotal, as mentioned at the outset. In this regard, the relationship between the Fund and the European Union could be thoroughly assessed, possibly in the context of the paper on IMF Relations Regional Financing Arrangements. Second, regarding the PRGT, it will be important to also report on how self-sustainability is being achieved and ensured. Last but not least, the review of Access Policy and Surcharges in February will be an opportune moment to gauge the risks to the Fund's finances.

On strengthening financial systems, we would favor the discussions on Key Aspects of Macroprudential Policy and Legal Aspects of Macroprudential Finance-Regulatory Policy to take place in formal Board meetings, preceded by informal meetings to engage, if necessary. The Fund's advice in this field should be endorsed by the Board, in our view.

The need to deal with high (or indeed: excessive) debt cannot be overemphasized. Two comments in this regard. As regards fiscal policy, we believe the Fund ought to put more emphasis on the importance of proceeding with fiscal consolidation. While the Fund has sent a strong message on the need to preserve growth, an even stronger message should be that there will be no way around decisive fiscal consolidation in most major economies. Second, we welcome the paper on The IIF Principles and the Fund's Policy Framework for Sovereign Debt Restructuring, which will provide an opportunity to delineate more clearly the Fund's policy framework for sovereign debt restructuring.

While the work on global imbalances and spillovers is at the core of the Fund's mandate, it will be important not to lose sight of the main issues and to avoid duplication. The next Pilot External Sector Report should be accompanied by a discussion of the conditions under which this pilot exercise will cease to be a pilot. As regards spillover analyses, we are of the view that they should be part of Article IV reports where warranted. We are unconvinced that a special Spillover Report provides value added. And on the other pilots mentioned in paragraph 7, we note that the term "pilot" suggests the intention to create a new product line. We would strongly caution against adding further surveillance products to the already (too) many that we have.

On the Board schedule, we would, first, appreciate staff's elaboration on the so-called "staff-chaired sessions." What is brought to these sessions, based on what criteria? Similarly, some elaboration on the Anchor Policy

Items box could be helpful. The Working Group on Committees' Report on Board Practices (FO/DIS/10/223 Rev. 1, paragraph 6, bullet 1)—the origin of this box—specifies that "fixed dates [should be] established for key policy discussions at the Board, and the work program should identify such items." How are key policy discussions identified? Why, for instance, is the January 2013 paper on Quota Formula Review—Report to the Board of Governors not a key policy item?

Finally, we urge the Managing Director to give the Board sufficient time to consider the work program going forward. We agree that the standard three-week circulation period applicable to policy items tabled for formal Board discussion would be too much to ask in this particular case. However, three business days between the moment when the work program is issued and the moment when grays are due—as was the case this time—are clearly insufficient. For future editions of the work program, we suggest that a minimum circulation period of 10 days be respected.

Mr. Yeates and Mr. Duggan submitted the following statement:

We endorse the work program set out in the Managing Director's statement.

Given the number of important policy papers and country items due to come to the Board in the coming year, it will continue to be important to prioritize appropriately, smooth the workload of the Board and ensure that sufficient time is provided for consideration of papers. We agree with the thrust of the proposals in the work program, but offer a few specific comments below.

Securing the Recovery

We note that the work program contains some important items, and in particular look forward to discussing the Review of Low-Income Facilities, the Crisis Program Review (2.0), and the Review of the PLL/RFI/FCL. We are particularly keen to ensure that the timetable for these items does not slip.

Anchoring the Future

The papers on high debt are a welcome innovation. In addition, it seems that one lesson from the crisis is that the Fund's analysis of debt sustainability could be improved and made more risk-based, so the two guidance notes to staff on the debt sustainability framework are also very

important and we hope these lead to improved analysis in Article IV reports and program reviews.

We also look forward to seeing the staff's analysis and conclusions on strengthening fiscal institutions and note the plans to circulate this as a paper for information. Given recent experience of how deficiencies in this area can affect economic and financial stability, both of individual members and the broader membership, we think this topic is important and we would be open to a Board discussion of this work, rather than simply circulating it for information. In a similar vein, we also look forward to reading the papers for information on Enhancing Risk Diagnostics in Fund-Supported Programs.

On spillovers, we note the proposal for another spillover report to be presented to the Board in July. The Fund produced standalone reports for the systemic economies in 2011 but then moved to an overarching report in 2012. Could staff provide more details on how this next round of the spillover exercise will be conducted? Following agreement of the new Integrated Surveillance Decision, we would also welcome more detailed information on how the Fund now plans to integrate spillover analysis into its bilateral and multilateral surveillance products.

On quota and governance, we welcome plans to continue monthly meetings to monitor progress on the implementation of the 2010 reforms and look forward to further discussions on the ongoing quota formula review and the 15th General Review of Quotas.

Mr. Garcia-Silva and Mr. Hendrick submitted the following statement:

We support the proposed Work Program, which seems broadly focused and well balanced. Four years after the beginning of the worst economic and financial crisis in recent history, global recovery is still uncertain, and the challenges to the Fund to maintain its relevance in a fast changing world will continue to shape the work agenda in the near future. To help in restoring stability and anchoring the future, we need to pay close attention to governance issues, including the approval of the 14th Quota Review, and the medium-term budget consistent with the corporate workforce planning. We should internalize that the world as we knew it has changed and that this is no longer a "temporary situation." This is evident in the revamping of our lending tools and surveillance review in the last few years.

We welcome the expected beginning of the work for the 15th General Review of Quotas by the first quarter of 2013. Hopefully, the Board will be

able to make additional progress on the quota formula review scheduled for November 28, 2012. Regarding the 14th Quota Review, we look forward for its final approval in early 2013. As stated by the Managing Director in her buff statement, quota and governance reform is essential to the Fund's legitimacy and effectiveness.

A well qualified and diverse staff, with compensation adequate to their responsibilities and qualification is essential to maintain the Fund's relevance and traction with the membership. In this regard, we look forward for the discussion on the corporate workforce planning, salary structure adjustment and categories of employment, scheduled to be discussed in the next 4 months. We expect that the outcome of the Board discussions would be reflected in the documents for the forthcoming discussion of the FY2014-16 Medium-Term Administrative and Capital Budget.

The review on monetary and macroprudential policies is a critical element in the Financial Surveillance Strategy. There is not a well establish "best practices" in this area, and the Fund may provide important contributions, based on its cross-country experiences.

We take note of the forthcoming paper on debtor-creditor relations. We find the comparison of the Fund's policy framework for sovereign debt with the Principles for Stable Capital Flows and Fair Debt Restructuring by the Institute of International Finance useful. Yet, we do not see this as a priority, unless management is planning to review the Fund's framework for sovereign debt restructuring.

Mr. Meyer (GR) and Ms. Gerdes submitted the following statement:

We thank the Managing Director for this useful outlook on the work program of the Executive Board and broadly concur with its proposed priorities. The general workload on the Board remains definitely a challenge, and all efforts to smooth the work flow and the relative high volatility are welcome. Unfortunately, a sharp concentration of board items still occurs in December prior to the Holiday season and in July prior to the Board recess. Furthermore, many policy items are scheduled for March. We encourage SEC and the interdepartmental Task Force on Calendar Management to consider options to reschedule some of the items to smoothen the workload over the year.

We fell that the choice of anchor items should principally be focused on IMF policy items with the format of a formal meeting. We therefore

wonder about the criteria for selecting anchor items which are supposed to be not subject to any rescheduling. The staff's comments would be welcome.

We acknowledge that the new surveillance toolkit will also cover income distribution, a rather new field in the Fund's work. We welcome that the Fund has drawn on relevant databases of other institutions with more expertise on this field. We would appreciate more information about the role this issue will play in the Fund's future surveillance and advice as well as its macroeconomic analysis, and how to avoid overlapping work with other International Organizations.

The Review of Access Policy and Surcharges should be scheduled sufficiently before the doubling of quotas under the 14th General Review comes into effect. Therefore, we are concerned that February 8, 2013 might not meet this criterion. The staff's comments are welcome.

Given recent developments and a growing public interest in the Fund's role in sovereign debt restructurings, we welcome the Review of the Fund's Policy Framework for Sovereign Debt Restructuring scheduled for end-February 2013. However, we encourage allowing for an engagement of Directors in the respective informal session. In this context, we would like to emphasize that besides the growing public interest in debtor-creditor relations the discussion on this topic is directly related to other topics on the work program, e.g. the review on debt limits in Fund-supported programs, the refinement of the Fund's DSA tools, and with regard to its financial involvement also with the Fund's risk management framework. Possibly, there would be synergy effects, if those items were to be discussed in a cluster.

We are looking forward to the Review of the PLL, RFI and FCL that is now scheduled for November 2013, later than originally planned for PLL and RFI. With regard to the FCL, the review should also consider an "Exit Strategy" from the FCL and discuss the option of a "temporary use" of these precautionary arrangements. It deems an important aspect in light of the prolonged use of some FCL arrangements.

We take note that the IEO item on International Reserves has been postponed again. In our view, the priority of IEO items should not be unduly lowered, but they should be discussed in a timely manner after the completion of the reports. Furthermore, the Management Implementation Plan for the IEO Review of International Reserves is now scheduled as a committee meeting for March 7, 2013. However, it is unusual to include committee meetings in

the work program. Will future work programs principally include these meetings?

Asset Allocation and Enhancing risk diagnostics in Fund supported programs are two issues with the format informal to brief and for information. We believe that both topics deserve more attention. Given possible policy implications of the proposals, a more active and formal participation of the Board would be welcome.

We welcome the item Monetary Policy—Its New Role Now and in the Medium Term and look forward to staff's analysis of the effectiveness and spillover effects of measures in advanced countries. In our view, it would be important to also include analysis on the long-term impact of these measures as well as possible exit strategies.

With regard to the Eligibility to use the Fund's Facilities for Concessional Financing and other LIC-related topics, it would be desirable to ensure close cooperation with the World Bank and other relevant organizations in order to avoid double work and to achieve consistent results.

We welcome regular reports on the progress with regard to the second distribution of windfall gold sales profits for the PRGT. In this context, we would also welcome a regular briefing on the implementation of the three pillar strategy for securing the self-sustained PRGT.

Furthermore, we would appreciate regular Board information about the progress on negotiations of those bilateral borrowing agreements not yet signed.

Finally, we would like to propose to correct the title "Global Policy Agenda" in "Managing Director's Global Policy Agenda" as agreed ahead of the recent annual meetings, and as correctly cited in Box 1, page 8.

Mr. Mohan and Mr. Eapen submitted the following statement:

We welcome the statement by the Managing Director translating the broad policy directions laid out in the Global Policy Agenda (GPA) presented to the IMFC during the Annual Meetings into a specific agenda for the Board for the next six months, as well as identifying key policy items for examination over the next year for the Fund. We note that the GPA will now provide the basis for defining the issues, topics and priorities for the Board in the foreseeable future as evidenced by its listing in 'informal sessions to

engage' by the Board on April 12, 2013 and September 27, 2013, respectively, just prior to the Spring and Annual Meetings of 2013. The description of the GPA in Table 2 as synthesizing the conjuncture of global risks and outlining the policy actions by the membership and the Fund needed to address them is clear and we welcome the consistency of approach that is revealed through it in terms of briefing the Governors in the IMFC.

We broadly agree with agenda items identified under the thematic heads of 'securing the recovery,' 'anchoring the future' and 'management of the institution' as well as the plans/ dates for the meetings which, we note in case of some policy items, are fixed as much as a year ahead in November 2013. While this shows strategic planning and foresight, it runs the risk of postponing to a much later date the discussion of issues which could have benefitted by earlier considerations. For example, theVulnerability Exercise for LICs will be considered rather late (on August 30, 2013) though it is slotted under the topic of 'restoring stability' under the 'securing the recovery' theme. Similarly, we do not see why the review of methodology and the determination of a revised list of jurisdictions with systemically important financial sectors should be taken up as late as November 6, 2013, notwithstanding the commitment to the Board given in September 2010, as this is an important component of strengthening the international financial system and of the financial regulatory agenda.

Further, while we welcome the assurance that in advanced economies, the Fund will continue its close engagement through bilateral and multilateral surveillance including the annual consultation on euro area policies and in a program context 'where appropriate,' we note that the specific commitment to provide frequent briefings to the Board on developments in Europe made in the last statement by the MD has been replaced by a much more general commitment that the Board will informed of the progress in policy implementation in the advanced economies through periodic briefings by staff and Article IV consultations. We feel that this somewhat underplays the centrality of the crisis in Europe to global stability; further, it should also be noted also that the G20 Ministers in their recent meeting have pointed to the dangers posed to global growth by the fiscal cliff in the United States. Indeed our view is that developments in any part of the world with global stability implications should always be briefed to the Board on priority. We would therefore request a renewed commitment for regular and comprehensive reviews as well as briefings on European and U.S. developments particularly in the six months going ahead. In addition, staff's analysis and advice to European authorities on options for banking and fiscal union should be shared

with the Board (if necessary in restricted sessions) as these have implications far beyond European borders.

We note that there will be another review of LIC facilities on March 18, 2013, fairly soon after the full review of LIC facilities discussed by the board in September 2012. This review is to discuss the framework for determining eligibility and in that light revisiting the list of eligible countries. We request a relook on whether this is important at this stage of the crisis when LICs are deeply affected by the lack of demand in developed country markets and because of volatility in financial flows. The review could be postponed to after the recovery is secured; indeed, the aim of any immediate review should be on how to increase the level of additional concessional financing to take care of poor and vulnerable bystanders.' Further, there is, in addition, no indication on plans by the Fund to achieve full sustainability of the PRGT except the indication that progress toward securing the second distribution will be provided to the Board.

We welcome the increased focus on fiscal policy, fiscal institutions, operational guidance notes on strengthening Debt Sustainability Analysis and debtor-creditor relations. We look forward to the findings of the paper on Energy Subsidy Reform. We would however recommend that the paper on IMF relations with Regional Financing Arrangements (RFAs) be discussed in an informal session to brief, as there is sufficient experience now available. Further, rather than confining the analysis just to IMF relations with RFAs, the paper could also include aspects of IMF coordination with other international monetary and financial organizations as part of the effort for safeguarding global stability. Some of the papers identified at page 17 to be circulated for information like Enhancing Risk Diagnostics in Fund-Supported Programs, Functions and Impact of Fiscal Councils and on Trade Interconnectedness could well benefit by a Board discussion even in informal sessions. On Capital Flows, we hope that the views expressed in the session on November 7, 2012 on Liberalization and Management of Capital Flows: an Institutional View will be followed by a renewed appreciation of the position of many emerging economy chairs about the timing and contours of an institutional approach to the subject.

On governance, we note that the next paper on Quota Formula Review—Further Considerations promises to explore alternative options for reform, building on the discussions to date. We hope this examination and options will also reflect more specifically views expressed in past G20 and IMFC communiqués and not unnecessarily meander into new areas. We also

welcome the planned focus on the 15th Review of Quotas exhibited by the series of formal board meetings starting March 2013.

Finally, we look forward to the papers on supporting growth and jobs. On the theme of 'management of the institution,' we request information on the broad contours of the briefing on Corporate Workforce Planning in December 2012. As a general point we support the increased use of lapse-of-time (LOT) procedures to the extent possible. However, as brought out above, there is some need to review the large number of papers circulated "For Information" as grays and Board meeting minutes are essential to the effective functioning of the Board and ensuring staff accountability.

Mr. Lushin submitted the following statement:

We broadly support the work program of the Executive Board as presented in the Managing Director's statement. We would like to make the following observations for emphasis.

We very much welcome and attach high importance to the paper Monetary Policy—Its Role Now and in the Medium-Term to be discussed in February. The implications of unconventional monetary easing require full attention of the Fund at this point due to the many risks and spillovers that such policies may result in. We hope that the fiscal dimension of the unconventional monetary policies will also be covered in this paper.

We appreciate the Fund's efforts in helping the euro area countries to overcome the crisis but feel that the Board remains insufficiently informed of staff's and management's work in this important area. Since in the end the Board will be asked to approve corresponding programs/reviews, often at a very short notice, it is very important for the Board to be well prepared in advance.

In the work stream on LICs, we agree with Messrs. Weber and Peter that reporting on how self-sustainability of PRGT is to be achieved and ensured would be very desirable, particularly in view of the recent decisions on the gold sales profits.

An early review of the FCL together with the review of PLL and RFI is welcome and would even benefit from being brought forward. The pattern of the FCL use is becoming increasingly weird and requires an attentive Board consideration.

We welcome a considerable amount of attention devoted in the work program to the issue of high debt. This problem will stay with us for many years to come and one of its negative consequences is suppressed growth. Operational guidance notes on strengthening the Fund's DSA will be an important output, as well as the paper with a fresh look at the Fund's policy framework for sovereign debt restructuring. We note a reference in the work program to staff analysis of linkages between financial sector vulnerabilities and public debt sustainability. While this topic is very interesting and timely and we very much anticipate the results of this work, we wonder if staff could take a broader look at the relationships and interaction between private and public debt revealed during the current crisis. On debt limits, we believe that this work is important not only in the UFR context, but on broader scale as well.

We note that a spillover report will be presented to the Board in July before Article IV consultations with a group of systemically-important countries. As we mentioned on a previous occasion, we believe that discussion of spillovers could be better placed in respective Article IV reports.

We are not quite clear about the pilot approach to cluster surveillance. Will it be done on a thematic basis (e.g., oil exporters) or regionally (the Nordic region mentioned in the work program)? The staff's comments would be appreciated.

On capital flows, we anticipate with interest a guidance note to be issued in April. We would prefer that the Board could consider it and not than just get it for information. We understand that this is not a usual practice since issuing guidance notes for staff is a prerogative of management. Still, we think that this special case can be treated differently in order to achieve a broad consensus on this rather controversial issue.

After a key uncertainty has been removed, we look forward to a fast completion of the 2010 quota and governance reform. We also attach high importance to completing the work on the quota formula review by January 2013 as stipulated by the Board of Governor's resolution. A newly revised quota formula should serve as a basis for the 15$^{th}$ General Review of Quotas, which should be completed by January 2014.

Finally, we re-iterate our dissatisfaction with the serious bunching of the Board Agenda that happens regularly in July and December despite all the efforts to smoothen the work flow of the Board. While we appreciate the

efforts of the Secretary's Department in this area, we believe that management should also contribute more forcefully to the resolution of this difficult issue.

The Chairman made the following statement:

I thank Directors for taking the time and trouble to review the Work Program that we have worked on to develop our work schedule for the next few months. I also thank Directors for their comments on the Work Program.

We have tried to streamline and focus the work program. The Global Policy Agenda, which is the paper that I presented at the IMFC Plenary Session, was a consolidation of the Consolidated Multilateral Surveillance Report (CMSR) and the Managing Director's Action Plan, which was generally well received. The work program is the development of the Global Policy Agenda and is intended to focus our collective attention on what work products, what kind of sessions, what kind of discussions we will have to develop the Global Policy Agenda. It follows the same logic as the Global Policy Agenda.

In constructing this paper, some Directors have noted that for certain items we have not indicated what format the discussion will take. This is because the work is ongoing and we are not absolutely sure as to how technical, how deep, how thorough, and how well digested it will be for Board consideration. It is not intended to be elusive or evasive, nor is the intent not to present papers and reflections that have been properly developed. As work progresses and as we see the development of what will be presentable, we will then offer to Directors the format under which we propose to discuss those projects with the Board.

Directors have asked for several clarifications. The staff has provided written responses to the technical questions and will answer all the remaining questions on this Work Program. It has been structured in a relatively traditional way. Securing the Recovery is the main and first topic. This is followed by Anchoring the Future, which hopefully has longer-term aspects. The third section covers the Management of the Institution.

Ms. Lundsager made the following statement:

I picked up on the Chairman's theme while reading this paper. In yesterday's Board discussion, I was also emphasizing global consistency. The focus on the Global Policy Agenda, on growth and jobs, on how all our

member countries have to work together to achieve results is important, and the Work Program carries through on that.

I also appreciated that the Global Policy Agenda focused on effective implementation of the various policy initiatives that we have advanced over the last year. It is important to continue that work.

On the theme of global consistency, I am pleased to see the External Sector Report (ESR) included in the Work Program. I hope it can be on a regular schedule, perhaps with the spring and fall World Economic Outlook (WEO), Global Financial Stability Report (GFSR) and Fiscal Monitor. That is important and I look forward to its continuing development.

On the spillovers, I have the same questions that Mr. Yeates and Mr. Duggan mentioned in their gray statement. I wonder how the spillover exercise will be integrated in bilateral and multilateral surveillance as we are moving forward on implementing the Integrated Surveillance Decision (ISD). Mr. Hagan yesterday provided the Board with a sense of how the ISD will impact the work of the Fund. We look forward to hearing more about that issue.

The United States is not a small state. During the election there were a few small states that seemed to matter a lot. Our chair is interested in further details from the staff on what is envisaged for the small state work stream beyond the exchange rate paper that was noted. We also welcome the continued focus on the Middle East North African (MENA) area. Updates as warranted are welcome.

I appreciate the Chairman's leadership on the Poverty Reduction and Growth Trust (PRGT) and low-income countries (LICs) issues. The work that the Board did on gold sales before the Annual Meetings was helpful. I continue to urge maintaining the zero interest waiver for another two years. I hope the Chairman will bring forward a recommendation on that issue before the end of the year. It is an important signal of IMF support for LICs that continue to face a difficult environment. Last Friday, the Board had a discussion that went through the vulnerabilities and highlighted that policy buffers are narrower. There is not so much room and there is still a difficult global environment. The zero interest waiver would be an important signal of the IMF's continuing commitment to LICs.

Our chair welcomes the various products that bring together the macroprudential, financial, and monetary policies. This work is helpful. It is

an important part of the Financial Surveillance Strategy and complements the work on capital flows that the Board discussed so extensively yesterday. The work stream on debt seems fairly extensive. We hope that efforts on fiscal policy are being undertaken in close cooperation with the World Bank, as that institution does a significant amount of work in this area.

Our chair also noticed the staff's proposed paper on creditor-debtor relations following up on recent Institute of International Finance (IIF) work and we welcome these staff updates. I urge Directors to be cautious regarding any reopening of the Sovereign Debt Restructuring Mechanism (SDRM) or going farther down that road. That would be a difficult discussion.

The important review of the Transparency Policy is mentioned in the Work Program. The Board has returned to transparency issues on many occasions. It is important for accountability. I hope we could make further strides on these issues that I have advocated over the years; for instance, the earlier publication of minutes.

Finally, I welcome the Chairman's focus on the integration of publications. She mentioned this issue in her introductory remarks in terms of enhancing the power, the weight, and the influence of the IMF's message in these various publications.

Mr. Chodos made the following statement:

I commend the paper and its reference to the International Labor Organization (ILO) concept for growth and jobs in Item 6. It is included in the surveillance toolkit. Including ILO resources in the toolkit is of the utmost importance. However, our chair would like to see a linkage of analysis between the concept of growth and jobs vis-à-vis debt restructuring exercises. After all, sustainability depends on the endurance of growth and the capacity of the economy to create jobs.

Having said that, I will focus on the point that Ms. Lundsager made about the debtor-creditor relations. I am a bit concerned. The G20 just discussed this issue. In the drafting session, there was a clear consensus not to incorporate references to the addendum and the principles. The principles for stable capital flows and the addendum were approved, and there was a wide consensus not to include it.

It is important not to go down that road for several reasons. The principles are basically outdated and refer to another reality than what we are

facing. The addendum does not update them significantly. There are only references to efforts by debtors, the sanctity of contract as a matter of principle, and analysis of debt restructurings that are weak and only based on the idea of market accessibility.

The whole problem of sustainability is proposed to be addressed by market access only. There is not a single reference to repayment capacity. This struck me. I remember reading Kenneth Rogoff's paper after the Argentine restructuring, which pointed out the level of tolerance from debt-to-GDP, and that the difference between emerging and main countries is 60 percent of GDP, and why emerging countries could tolerate a level of up to 30 percent of debt-to-GDP.

If the Fund is going down the route of the Debt Sustainability Analysis (DSA) and is going to incorporate concepts of growth and jobs, I do not see how we can make them work together with principles that are totally based on a lobbying group or a private sector enterprise that has its own interest and not the general public interest.

Mr. Nogueira Batista made the following statement:

I thank the Managing Director for the Work Program and I broadly support her proposals. On quota and governance reform, our chair welcomes the proposal to continue to report monthly to the Board on the status of acceptances of the Board amendment. Although the October deadline has been missed, efforts should be carried out to complete the process as soon as possible.

On LICs, we look forward to the discussion of PRGT eligibility and to the review of the LICs facilities in March. We expect that the recent Board discussion on Global Risks, Vulnerabilities, and Policy Challenges will feed into both meetings.

On small states, our chair welcomes the scheduling of a Board discussion of the paper on small states. When the Managing Director mentioned that for the first time in the breakfast with the Caribbean Governors, in Tokyo, there was a strong, favorable repercussion. The Governors of these countries are interested in this discussion.

We expect that the conclusions of this discussion on small states will also feed into the review of the PRGT. That is an important point. Small states are an important subgroup of the PRGT-eligible countries. We reiterate our

proposal, which was made informally to Deputy Managing Director Mr. Zhu that the informal Executive Board working group on small states composed of seven chairs be consulted in the process of preparing this important paper.

On high debt, we concur with the Managing Director that Fund surveillance and policy advice need to reflect the fact that many members will be dealing with the legacy of high debt. There is a need to start thinking about innovative solutions to address the debt overhang of several member states, including program advanced countries and small and middle-income states in the Caribbean. The Work Program seems to limit the scope of the discussion to merely strengthening existing policies while keeping the same approaches, including primarily considering fiscal consolidation as the avenue to address high debt. This may be insufficient in some cases.

Second, the Board may need to start discussing a possible institutional view on debt restructuring drawing on country experiences. I say this cautiously because you never know where these discussions end. I am referring to the Board discussion yesterday on capital flows.

However, our chair does not support the proposal that the Board be briefed on or the IMF be in any way involved in discussing the IIF's Addendum to its Principles for Stable Capital Flows and Fair Debt Restructuring. The IIF is an advocacy group with specific interests. Its role in Greece in 2011 has been arguably detrimental to the country's interests. I am reluctant to accept highlighting the IIF as a topic in this important discussion of debt restructuring.

On capital flows, after the Board meeting yesterday, I expect that there will be an updating of this Work Program to have the Guidance Note on Capital Flow Management for discussion in the Board instead of for information only. I believe that is understood, but I am checking.

I support the proposal to have unconventional monetary policy easing as a topic for Board discussion. That is related to the capital flows issue.

On lending facilities, the Precautionary and Liquidity Line (PLL) and Rapid Financing Instrument (RFI) discussion in the Board one year ago was difficult. There were many disagreements. As part of the compromise solution, the Board agreed to review the PLL and RFI after one year. This review is expected to occur by this month at the latest; this is the decision of the Board. We find the proposal to delay the review unwelcome.

Our chair could support the combination of the review with the Flexible Credit Line (FCL) if it were viable, though we doubt that it is. We cannot agree with delaying this review until November 2013. We would like to understand how this is being proposed. With the three current FCLs near expiration, and indications in the press of successor arrangements being considered, the anticipation of the FCL Review to an earlier date might be recommended. This would allow the Board to reexamine its use in a period of still-substantial demand for Fund resources.

This chair has a heavy engagement with the FCL. We were at the origin of this proposal in 2008 so we have a specific interest in the matter. We never saw the FCL as a low-cost, permanent supplement to international reserves—which is what it is becoming. The Board may want to consider an earlier review of the FCL.

Our chair welcomes the paper on IMF Relations with Regional Financial Arrangements (RFA). I ask it be presented in a formal Board meeting or an informal session to engage instead of only for information. This will become an increasingly important issue in many regions of the world. Korea has a special interest in this and our chair shares Korea's interest in this matter.

Finally, on staff diversity, I reiterate our position that there should be a formal discussion of this strategic governance issue of the Fund.

Mr. Kiekens made the following statement:

The Work Program is ambitious, good, and well-sequenced over time, so it will facilitate the work of the Secretary and Directors. The Chairman has my support to constructively work with her, the staff, and members of the Board to deliver on the agenda and to implement it.

I commend the Chairman for focusing on four topics, namely, macroprudential policies; nonconventional monetary policies; enhancing risk diagnostics in Fund-supported programs; and a further strengthening of the DSA. These are four topics, among many others, that our chair would like to highlight.

I also welcome the intention to include in the WEO, GFSR, and Fiscal Monitor an overview of progress with policy implementation as recommended by the Fund and achieved by countries. The same could be included in the Global Policy Agenda.

Mr. Nogueira Batista suggested building an institutional view on debt restructuring. However, the Fund—by and large—has already developed such a view. We discussed the SDRM at length about 10 years ago. We concluded that these collective action clauses are the way to go and that this is an issue to be discussed, arranged, and negotiated between creditor and debtor countries.

In that respect, the IIF is clearly one of the partners but on the side of the creditors. That is one of the views. The main point of the Fund is that we need to see sustainable debt. How to advise that is mainly a topic for creditors and debtors, but the Fund may develop further views. There is more than what Mr. Nogueira Batista believes in our institutional achievements and views.

Finally, I agree that we should also focus on aspects of the management of the institution and how to deal with our staff, which is an important asset. I encourage a further follow-up on the Independent Evaluation Office's (IEO) reports with respect to discussions on human resources and diversity. I look forward to the two IEO reports; namely, the Advice of the Fund on Reserves and the Role of the Fund as a Trusted Advisor.

Mr. Yoon made the following statement:

This is a good agenda for newcomers because it is helping us understand what is going on in the Fund and what is discussed in the global arena.

I would like to emphasize the importance of RFAs. In the process of revolving this global financial crisis, many RFAs have been emerging, including the ESM for the euro area, the Chiang Mai Initiative, and multilateralization for ASEAN+3. There were some other similar measures for countries in the Middle East and Latin America. I understand that the BRIC countries are considering currency swap arrangements among countries and reserve pooling.

Financial regionalism is emerging and it has implications for the Fund's operations. Those arrangements should be somewhat complementary rather than conflicting. Given its implications for Fund work, I agree with the point raised by Mr. Mohan and Mr. Chia, and I would prefer this item be discussed in an informal session rather than issued for information only.

I welcome that this Work Program includes an element on growth and jobs. From the policymakers' point of view, employment is not less important than growth. The Fund's operation tends to assume that employment follows growth automatically, sometimes with a lag.

For example, the Article IV report has various macroeconomic and financial indicators such as the real sector and fiscal area policies. In most cases, there are just two employment-related indicators—the unemployment rate and real wages—that does not sufficiently cover the economic situation of employment.

Even the unemployment rate is misleading. For example, the unemployment rate in Korea is not even 3 percent, which seems to be good, but nobody in Korea agrees with that number because those people who exited the labor market because of the difficulty of finding jobs are not counted. It is similar to the 8 percent unemployment rate in the United States.

Given the importance of this issue, which has also been raised in Mr. Andersen's gray, I fully agree that this work should be incorporated into Fund surveillance as a key priority.

Mr. Rojas made the following statement:

Our chair welcomes the Managing Director's Work Program—a comprehensive and ambitious program that takes into account not only the short-term necessities but also the medium- and long-term funding for the institution. The Work Program fulfills the appropriate priorities of the institution, that there is a good distribution of subjects, and is also timely distributed.

Regarding the LICs, our chair calls for complementary work to cover developing financial markets not only in small countries but also in LICs, because sometimes there is difference between them.

Our chair would also like a broader risk assessment. There are some new risks that appear in some countries of our constituency. The Fund should have more deep analysis of those risks and some methodology that is independent of the methodology used by ratings agencies. Sometimes the assessments by the Fund and ratings agencies are coincident, which is normal. However, we must also have some different assessments of the risks that have no market judgments but may have high impact. Perhaps the Fund could have

an objective way of assessing risks that is separate from that of the ratings agencies.

The other theme we would like to pay attention to is the risk of financial fragmentation. Perhaps with this turmoil we have to preserve the global financial integration and maybe the Fund can play a good role. It is easy to disturb but it is difficult to build financial integration. For that reason, it is important to preserve global financial safety nets and to assess the instruments to this aim.

The other theme is to see how adapted our instruments are in these difficult times and think outside the box to see if there is something that we could do beyond what we have done.

On monetary and macroprudential analysis, we welcome this interaction of monetary policy and macroprudential issues and this is a good way to go forward.

Finally, our chair supports including growth and jobs in the Work Program. We support keeping the monetary function of the IMF in this regard and not overlapping with the World Bank or another development institution. The Fund should think about how monetary and financial issues can be a factor in the development of all these countries and creating jobs. On this, success is welcome.

Mr. Eapen made the following statement:

Like Ms. Lundsager, our chair also appreciates the consistency of the approach that is revealed by listing the Global Policy Agenda well in advance of the Spring and Annual Meetings. It would help in many ways, especially in the briefing of the Governors at the IMFC.

Having said that, some items planned toward the latter half of the year could be brought forward. If it is part of Securing the Recovery, the discussion on the Vulnerability Exercise for LICs, which is slotted for August 20, 2013, comes a bit too late and could be brought forward.

Similarly, the review of the methodology in the determination of the revised list of jurisdictions with systemically important financial sectors could also be brought forward rather than slating it for November 2013. Some of these timing issues could be examined.

This report, unlike the previous one, did not specifically mention briefing the Board from time to time on issues related to global stability and on developments in various parts of the world. I suppose this would be continued, as evidenced by the briefing that the Board will have on Greece today, so I do not want to belabor that point.

On the Review of LICs, the review will look at eligibility and revising the list of LICs. Although that is important, I wonder if that is the priority. The LICs could benefit from looking at whether the level of additional concessional financing to take care of the poor and vulnerable LICs is sufficient and whether there could be a better approach to evaluating the sustainability of the PRGT. That issue could have been the priority and focus of the review of LICs.

Our chair agrees with Mr. Yoon and Mr. Chia that IMF relations with RFAs could be discussed in an informal session to brief, as there is now sufficient experience available. From the point of view of global stability, perhaps this discussion could be expanded to evaluate IMF relations not just with the RFAs but with other international monetary and financial organizations in one session, because that would examine the issue of coordination between different organizations, including the RFAs, for safeguarding global stability.

Our chair looks forward to the discussion on the Quota Formula Review. Our chair has expressed our views about what the discussion should focus upon. We also welcome the Chairman's focus on the briefing on Corporate Workforce Planning planned in December 2012. From the staff's responses to technical questions, we see that the paper will focus on issues along five workforce characteristics: appointment types, tenure composition, skill needs, diversity characteristics, and grade distribution.

Our chair suggests that this review should also look at aspects of overall promotion. That is a major issue related to staff morale. Perhaps the Board could be briefed on whether the five workforce dimensions would also include this aspect.

Ms. O'Dea made the following statement:

Our chair did not issue a gray statement because we agreed with the broad thrust of the Work Program. In particular, we noted that it builds on the Global Policy Agenda. As was supported by Ms. Lundsager and Mr. Eapen,

this was a good grounding for the work, and we would welcome this when setting out the Board's own Work Program.

As a general point, it would be useful to set the Work Program in the context of an IMF strategy that would give the lead to all departments, no matter whether they are support departments or frontline departments. The Financial Surveillance Strategy earlier this year benefited from taking that approach and going through that discipline. A similar approach setting in a working context on an organization-wide basis could be useful in the spirit of the continuing innovation that the Chairman mentioned in her introductory remarks.

As emerging markets increasingly face new risks on some specific points, this Work Program would benefit from an increased focus on the new risks faced by emerging markets in addition to the work plans on their performance over the crisis. Perhaps the planned work could be complemented by a briefing from the Asia and Pacific Department (APD) and the Western Hemisphere Department (WHD) on developments in emerging market economies in each of these different regions.

As this chair has voiced several times, we feel strongly about the importance of the Fund enhancing its engagement with small states. We are particularly pleased to see that this paper and this work is included in the Work Program. We trust that it will not be restricted to evaluating only growth strategies but will also consider how the special circumstances and challenges faced by small vulnerable states may merit changes to the Fund's overall strategy of engagement, including the lending toolkit, surveillance, TA, and the interlocutory role that the Fund might play with other IFIs. I agree with Mr. Nogueira Batista that it would be useful to consult the working group on small states on this important work.

We fully agree with the importance that is placed in the Work Program on well-designed programs and this chair places particular value on the lessons that can be garnered from the follow-up to the Crisis Program Review. Perhaps this could be moved up earlier in the Work Program, allowing for better follow-up to concerns raised in earlier crisis program reviews and perhaps allowing for a formal Board discussion with an associated Board paper.

We note that work is planned on the impact of financial flows to safe-haven countries and we ask that this work address whether there are any lasting changes in risk appetite across the board, especially considering how

risk is now measured by ratings agencies compared to how they would have measured that risk in the past. We are pleased to see that the priorities with respect to financial surveillance are aligned to the well-designed Financial Surveillance Strategy.

We welcome the series of papers that are planned on macroprudential policies, and we agree that it is important to continue to advance the Fund's understanding of these issues. We agree with Mr. Yoon that it may be useful to reverse the order of the discussion of these two papers. Like Mr. Weber, we believe that both items should be discussed in formal Board meetings, as Fund advice in this field should be endorsed by the Board.

In the capital flows discussion in the Board yesterday, there was a call for work on understanding the difference between capital flow management measures and macroprudential measures and the impact of macroprudential measures on capital flows. Perhaps a paper could be added to the Work Program that would address these important issues.

We welcome the focus on the challenges arising from the high debt/low growth environment outlined in the Work Program. This is an important focus. We particularly welcome the work related to employment-friendly growth. This is an area that Directors have mentioned a number of times, led many times by Ms. Lundsager. This should include a discussion of a segmented labor force, particularly looking at the youth and the longer-term unemployed. The surveillance toolkit referred to in the Work Plan looks like a promising development and we look forward to seeing more work on it. We agree with Mr. Chodos that this could be something useful.

Our chair continues to place considerable importance on the Fund's work on global imbalances and spillovers. We agree that the planned discussion on this should include a move toward formalizing the report as a flagship project.

On the Spillover Report, as our chair has suggested in the past, with the adoption of the ISD, there is no longer a need for a separate Spillover Report, as these issues should now be embedded in the bilateral and multilateral surveillance products.

We look forward to the Diversity Report scheduled for June. We ask that it include specific actions for areas where there continues to be a lack of diversity. We strongly support the work of the IEO and agree with Mr. Meyer (GR) on the importance of timely consideration of IEO reviews. This appears

to be a regular problem and it dilutes the important role played by the IEO if the issues are not discussed in a timely way in the Board.

We also agree with Mr. Shaalan and Mr. Eapen on the importance of keeping the Board updated on developments in large program countries. We appreciate the briefing on Greece that is planned for this morning. These briefings are particularly important, given the short time period that the Board sometimes has to review these program issues.

On the Board calendar, we agree with Mr. Mojarrad that the grouping of Board meetings and Article IV consultations with systemic economies in a short period does not allow the Board to do justice to the variety and complexity of issues raised in the staff reports. We would like this practice to be revisited.

We welcome the planned discussion on Corporate Workforce Planning and the clarification provided yesterday that indicated that the HR strategies to support this Work Program will be addressed through Corporate Workforce Planning. There is no doubt that the Work Program is challenging, but it is also interesting, dare I say exciting, and also highly relevant. We therefore encourage management to continue to work with the staff to motivate and facilitate a team-based approach to getting the best quality of work with input from diverse views across the organization.

Mr. Andersen made the following statement:

I thank the Chairman for a well-focused and well-structured Work Program, which I support. I have three additional remarks.

I am pleased that there have been so few comments about bunching in this discussion. In this regard, both the Secretary's Department (SEC) and also the interdepartmental Task Force on Calendar Management deserve to be commended. There may still be room for improvement, but this room has narrowed significantly over the last year.

We would always like more time to consider the Work Program. Mr. Weber mentioned three business days before issuing a gray statement. I would appreciate it if this was kept mind, but I also welcome that we are discussing this Work Program so shortly after the Annual Meetings.

Several Directors, Mr. Eapen and Ms. O'Dea for instance, have requested more periodic briefings on specific countries and on policy

implementation in Europe. I do not disagree and the briefing on Greece is welcome and timely, but I would also appreciate briefings on other regions, particularly on the MENA region. I agree with Ms. O'Dea's remarks that there may be room to look at other parts of the world. We should ensure that the Board is kept informed about homegrown vulnerabilities in other parts of the world. I would welcome a session on the U.S. fiscal outlook in the not-too-distant future.

On Africa, I have sympathy for Mr. Saho's suggestion to examine the constraints of regional trade in Africa, which is an important issue. I am also a bit hesitant to add to the Work Program. There may not be an optimal family-friendly workload or balance for the staff, and I would appreciate this issue would be kept in mind because it is an important topic, and I thank Mr. Saho for bringing this to the Board's attention.

Finally, I agree with the emphasis on the IMFC's call for effective and timely policy implementation to rebuild confidence. Determining how the Fund can support trust in the private sector is important. It is also important for the size of multipliers. Clear and consistent policy measures are essential in that regard. It is also connected to the transparency issue, and I fully support Ms. Lundsager's remark that the upcoming Transparency Review is of key importance. I look forward to that.

Mr. Montanino made the following statement:

I thank the Managing Director for the well-focused Work Program. It is tough, but we will be able to deliver and to do our job.

I give my support to the idea from some Directors to have more in the Work Program on the high debt issue. This is an area that is relevant and maybe we can have some Board discussion. I would suggest three subareas on that issue: management of high debt; the restructuring of debt; and the DSA.

On this last point, the Fund has a long tradition of analysis. The first seminar work on that issue came from the Fund in the mid-1990s. Planning a Board discussion on how to build a clear view about how to manage the three subareas would be helpful. I also support Mr. Andersen's idea to have this kind of briefing from time to time when there is something new. It can be helpful to keep the Board up to date.

Mr. Prader made the following statement:

The Work Program is good and we can support it. I can agree with most of the comments made today. I would like to add only a few points for emphasis.

Like Mr. Weber, I am concerned about the proliferation of pilot projects. This can lead to a lack of focus in the Fund's work, budgetary consequences before we even notice it, and mission creep.

The issue of high debt is extremely important, in particular because no one outside the institution is sure what the Fund's policy is, or the Fund's advice on fiscal policy, because the crisis has gone on longer than expected. For the sake of the Fund's consistency and reputation, it is important that it is clear that the Fund not only emphasizes growth but also consolidation in major advanced countries, which is unavoidable, and the Fund has to come up with intelligent advice.

I support Mr. Kiekens's point about the need to increase analytical capacity. Ultimately, the Fund's reputation rests only on two things. The first is country work and the second is the reputation of the fund's analytical department, the Research Department (RES). Even in the worst years of the Fund, in the years of seeming irrelevance, the Fund was always lucky to have excellent Research Directors and they have saved the Fund more than anything else.

Finally, Mr. Nogueira Batista has emphasized the importance of making sure that the FCL does not turn into a supplement to international reserves. It was never meant to be a permanent feature of member countries at low cost unless the Fund is to become an institution similar to the Bank for International Settlements (BIS). That should be addressed.

Mr. Peter made the following statement:

I thank the Secretary's Department and the interdepartmental Task Force on Calendar Management for their constant efforts to manage and improve the workflow of Board meetings. Several Directors have mentioned this. We can see positive effects. In particular, I thank the staff for their answer to question No. 12 in the staff's responses to technical questions. I can only repeat the two suggestions they made on how to address the bunching problem and note that we should stick to the agreed timetable and reduce

delays, and schedule more items that are not time-sensitive in the period immediately after the Spring and Annual Meetings.

I support the points made by Mr. Meyer (GR) and Ms. Gerdes in their gray statement. I would like to highlight one of their points and agree that it would be a good idea to discuss the paper on Enhancing Risk Diagnostics in Fund-Supported Programs together with the Staff Guidance Note on Conditionality. I also support Mr. Montanino's suggestions about the work on high debt.

Finally, now that a new Board has started, the moment would be particularly opportune for the Secretary to remind Directors of the main principles of good Board practices that we have recently established, especially those on efficient Board meeting preparations and the conduct of Board meetings.

Mr. Momma had no major objections to the proposed Work Program. With regard to bunching, he noted that it was inevitable that some of the scheduled Board items would be delayed or that new and urgent issues would arise. In such cases, he counted on SEC to effectively manage the Board schedule.

Mr. Meyer (GR) made the following statement:

We support the Work Program, but have two comments on procedures.

Our chair has been a bit critical about the workload and bunching, but we agree that this is a difficult topic. We appreciate that there is the interdepartmental Task Force on Calendar Management. It is important to examine December and July Board schedule again, to see if something can be done for those two months.

The other general point is on anchor items. Anchor items should be mostly policy items that have a formal discussion in the Board whenever possible, and those items that concern the core mandate of the Fund. We would be reluctant to have other topics that deviate from the core of the Fund's mandate as anchor items.

On the lending facilities, when discussing the FCL, PLL, and the RFI, especially with regard to FCL, exit from this program is important. It is important to have a close look at what we can do, to make sure that we have an exit strategy, and that we will come back to the temporary use of these programs, especially the FCL.

On monetary policy, the exit is also important. We appreciate that we are discussing monetary policy and unorthodox measures in that regard. We would like to see the Fund being ready to give policy advice for an exit from those measures.

On the PRGT and the LICs, we note that there will be the papers in March on eligibility and the LIC facilities. We agree with Ms. Lundsager that the zero interest waiver is an important topic. The Board also decided on a three-pillar strategy for the windfall profits from the gold sales and it is important to remind ourselves that all three pillars are important.

There are contingent measures in case demand is higher for a protracted period, but we also decided to have a close look whenever we change facilities' eligibility and be sure to stick to the base envelope that we have with the gold sales on the demand side. It was a difficult decision for a number of chairs, including my chair.

Our chair will have to go through parliament in Germany to once again ensure that when the German Bundesbank is giving the money to Germany's federal budget, parliament agrees to give this money back to the PRGT. To achieve this, it is important that there are no signals that the self-sustainability will not work out.

With regard to small states, we support the work that is being done on those states with special characteristics. I understand there is a group of seven Directors whose constituencies include small states and it is absolutely fine that they are working together. If there is a paper coming in March 2013, outreach to these seven Directors would not be enough. Other Directors will be interested in knowing in advance what is going on so as to better understand what will be coming up. There should be a more general outreach and not only to this group of seven Directors.

Sovereign debt restructuring is an important topic. We agree with the growing public interest that we should have another look at this issue. There are a number of other issues closely linked to that topic and some bunching could make sense. There will be a Review on Debt Limits; the Board will consider refining the Fund's DSA tools; and the Board will examine the Fund's risk management framework. It could make sense to link these into one topic.

We appreciate that we keep picking up those issues that were discussed last year and also in the G20 with regard to the international monetary system. Against this background, we appreciate that the Board will have a look at RFAs and also have a meeting on financial deepening in emerging market economies. That is captured for end-2013 only. Can the Board have an informal update on local currency bond markets? The G20 is working on that, and there was a progress report. The G20 will work on that issue in 2013. Giving an update to the Board of where are we, where it is going, what the role of the Fund is, could be helpful earlier than at the end of 2013.

My final point is on the IEO. I echo Ms. O'Dea's comments that more timely dealing with the report is important, as is how we deal with the proposals. Otherwise, an impression could take hold that management and the staff are not taking those issues seriously. I am sure that this is not the case, but that means we should work on those issues in a more timely manner.

Mr. Yeates made the following statement:

Our chair's gray statement endorsed the Work Program. However, I wanted to react to a few comments raised by other Directors.

On the Spillover Report plans, we agree with the importance of integrating spillover analysis into the bilateral and multilateral surveillance products, and are interested to see how that will be done. That is a process that will probably take some time. There is something of a transition involved. At least in the interim, our chair would support an ongoing standalone Spillover Report to make sure that we do not lose focus on the important issues it raises.

On debtor and creditor relations and sovereign debt restructuring, like Mr. Meyer (GR), our chair believes it is an important issue and we would welcome a briefing on that. The IIF is a creditor body, but it is a stakeholder in the process. We would be interested to see how its frameworks compare with the Fund's frameworks, and would support a briefing on that.

Finally, on the LICs, we could support Ms. Lundsager's call for looking at the zero interest rate policy and options to continue extending that waiver.

Mr. Chia made the following statement:

I will disappoint Mr. Prader by trying to draw an obscure linkage between some of the borrowing surveillance papers and the highly incendiary governance issues.

There are two papers on interconnectedness that have been planned, one on trade interconnectedness, a for information paper that is coming up in January 2013; and there is another one that reviews the methodology for determining jurisdictions with systemically important financial sectors.

Mr. Kiekens some months ago drew my attention to the fact that the Fund's work on this is hardly new. There have been many papers written about interconnectedness, both financial and trade. I have looked up those papers and found that they always use gross flow numbers. I have tried to look into the footnotes to see if the staff had said that these gross flow numbers are flawed, inaccurate, and contain double or triple counting, but I seem to have missed such footnotes.

What is the purpose of these surveillance papers and notes? The purpose is to determine where the weight of surveillance by the Fund should fall upon—which jurisdictions, and which economies. In other words, they determine the importance of particular economies to the global system, whether it is the global trade system or the global financial system. They determine economic position.

This is my tenuous link to the governance issue. The Board of Governors has instructed the Boards to work toward better reflecting economic positions. This is a core issue. Fund staff cannot remain agnostic on the issue of whether gross trade flows are flawed or not flawed. It is not just a political issue; it is a technical issue.

If the weight of surveillance is to fall on particular economies for gross flow purposes and this is not reflected on the governance side, that is an issue to be addressed. As the staff does this work, the staff should think seriously about whether it should be using value-added numbers or gross numbers.

The staff representative from the Strategy, Policy, and Review Department (Mr. Robinson), in response to questions and comments from Executive Directors, made the following statement:[4]

> There was a general question about how the priorities were established for different groupings of countries. Although the general headings came from the Global Policy Agenda, the detailed issues to be examined differ by country groupings.
>
> Our priorities are linked directly to what we are seeing from the Fund's analysis in the surveillance exercises—the WEO, the GFSR, Fiscal Monitor, Early Warning Exercises, our vulnerability work—but also what is coming through in terms of requests from the Board and from country authorities in the context of bilateral surveillance. The staff tried to ensure that the issues that are identified are timely and pertinent for the country groupings.
>
> In terms of the stress that was put on the importance of regular briefings—not just on developments in the euro area and the Arab countries in transition, but other groups as well—Directors' request is noted. This has been done in the past. The intent was to continue with this practice.
>
> On the PLL, the RFI and the FCL review, there were two questions that came up during the discussion. First, there was the issue of timing and the proposal in the Work Program to delay the review of the PLL and RFI. This is driven by the limited experience with the instruments. The first PLL was only recently approved, and there has not yet been a request for RFI support. At the current time, there is little experience to review.
>
> In terms of the exit strategy, and whether this will become a permanent feature of the FCL, we are still in the midst of a major global crisis. There are countries that have renewed and potentially may come back again for renewal, but at this point it is premature to make the case that there are countries that are viewing the FCL as a permanent tool. So far, it has been a tool that has proven useful and countries have demanded access to the facility.
>
> On the financial sector, a question was raised about the degree of attention to the implications of the global regulatory reforms on emerging markets. This is a fairly broad agenda which is well under way. The staff is

[4] 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.

working with the entire membership through this process. This comes through in the context of Financial Sector Assessment Program (FSAP) work, the Article IV consultations, the multilateral surveillance products, and the capacity-building exercises that are under way.

In addition, there is also feedback that is provided by the Fund to the standard-setting bodies on any unintended consequences that come through, not just in terms of the emerging markets, but also advanced economies and LICs. In this particular aspect, the staff is working with the Financial Stability Board (FSB) on a follow-up report about the unintended consequences of the reforms, and this will be brought to the Board at an appropriate time.

In terms of cross-border burden sharing, there was a recent briefing by the Legal Department (LEG) and the Monetary and Capital Markets Department (MCM) to the Board on the ongoing work in this area. This is work that is also being undertaken in collaboration with the FSB. As this work advances, briefings will be brought to the Board as appropriate.

On the macroprudential tools, as laid out in the Work Program, there is a fairly large work stream under way on this topic. A few Directors asked about the sequencing of the various papers that are listed. The paper on macroprudential and monetary policies examines a number of important issues, but the paper on macroprudential policies that the staff was considering later in the year is a comprehensive assessment of both the conceptual framework and the empirical work. Thus it seems a natural sequence to do the comprehensive umbrella paper toward the end of the year.

In terms of the issue of the local currency bond markets, that work is under way as part of the G20 work stream. The staff could do an informal briefing on this topic if there is interest when we are at an appropriate juncture in the analysis.

On the briefing on IIF principles, in the past—and there have been at least two occasions we could identify—this has been done as a matter of course. The intent is not to seek Board endorsement. It is a case of putting out the facts so there can be an informed debate around it and so we are all aware of what the IIF is talking through. It is intended to be a critical review. It is not in any shape or form seeking an endorsement.

On the issue of the Spillover Reports, now that the ISD is in place, there is an expectation that the Article IV consultations will include the spillover analyses. One message that the staff has received from all the

ongoing outreach about the new surveillance toolkit is that the membership attached significant value to the spillover analysis. The staff saw it as important that the spillover analysis not be lost in the transition period as we move more toward the implementation of the ISD.

The proposal that is reflected in the Work Program is to undertake a further report. It is probably too early to narrow down the scope of the precise content, but what we are looking through will be a bit more thematic and would also serve as background for relevant Article IV consultations.

On the ESR we are still at the stage that the reports are pilots. The External Balance Assessment was a pilot report and a new methodology. The staff is in the midst of conducting outreach on how to refine the analysis. It will take the staff a while to build in the messages from that outreach and refine our models before we bring the next report to the Board in June 2013.

In terms of frequency, the staff's current assessment is that an annual report seems about right. There would always be internal updates, maybe an interim update, of the EBA methodology so that the staff would be able to use this in the Article IV consultations.

On interconnectedness, several Directors highlighted the importance of this work—and the staff shares the assessment of the importance of this work. The main concern raised by Directors was why the staff would bring the next wave of papers to the Board only in November.

The basic models and tools are being integrated in the regular analysis that the Fund staff put together in a wide range of circumstances—for example, in the Spillover Reports discussed last July looking at the resilience of the global financial system, and in the October Regional Economic Outlook for sub-Saharan Africa.

Additional applications and developments will be made. Work is ongoing through regular projects. The intent of the paper in November was to be more of a stocktaking exercise, to bring together what the staff is doing, and also to identify areas where there are remaining questions, such as what is needed to make this a more effective tool and how the work can be better integrated.

In this regard, one component that was mentioned, including in the Triennial Surveillance Review, was the potential to move toward more cluster-based surveillance. The one example mentioned in the Work Program

was the issue of the Nordic Report, for which the content, issues, and format are still under discussion with the authorities. It is premature to give a concrete answer on modalities.

On the RFAs, the staff would agree that these are an important component of the global financial safety net. The need to ensure that there is an effective, coherent, and complementary relationship between the Fund and the RFAs is well taken. The Work Program does include a paper on this, which will be issued for information in March.

In terms of the small states agenda, there were two items included at this point. The first is the exchange rate assessment in special cases. The focus is on developing models to examine exchange rate assessments for countries that have fairly concentrated sources of foreign exchange income. These countries do not typically fit well into the standard EBA or Consultative Group on Exchange Rate Issues (CGER) methodologies. These include economies based on tourism, remittances, maybe financial centers, and many of these happen to be small states, not just the low-income variety but also the middle-income variety.

The second paper is on the macroeconomic issues in small states and the implications for Fund engagement. Much of the content will draw on the recent high-level conferences that were held in the Caribbean and the Pacific. However, it will examine a large series of issues: the overall development record; to what extent is size a factor, and if it is, how this constraint works; what is the role of aid; what is the role of volatility, given the concentrated income sources; what is the role of natural disasters; and how do these factors affect what is a feasible or logical adjustment strategy. This would also pick up issues such as the design of DSAs and the relationships with the Fund, including the kind of Fund surveillance, intensity of Fund surveillance, the adequacy of program facilities and capacity-building. It is still a work in progress, but those issues will firm shortly.

In terms of PRGT financing, several Directors have raised the concern that the interest waiver will expire at the end of this year, before the scheduled discussions on LIC facilities and eligibility. The interest waiver only impacts a small number of countries, mostly those with outstanding exogenous shocks facility loans. All the new Extended Credit Facility and RCF loans are currently extended at a zero interest rate. One of the consequences is that the financial cost of the waiver is fairly small. The staff has heard the Board's views on this issue and we are assessing where to take this.

In terms of the vulnerability assessment for the LICs, a few Directors have raised the question of why this will only be done in August 2013. We had done an exercise in October 2012, and the anticipation had been that this was going to be an annual exercise. Bringing it forward to August was designed to ensure that the analysis will be out before the Annual Meetings, to be used as a backdrop to those meetings.

Finally, on the issue of the anchor items, although the staff agrees fully with the concept that anchor items should reflect the Fund's core mandate, some of the items that are included this time are important for enabling the Fund to effectively implement its core mandate and, hence, workforce planning and the budget were included.

Directors asked why the Quota Formula Review is not an anchor item. The Quota Formula Review is central to the Fund's mandate, but at the time when the staff was preparing the paper, the sequence of the discussions was fluid. In terms of fixing a specific date, the staff did not feel comfortable categorizing the Quota Formula Review as an anchor item. That does not reflect a lack of importance to the mandate.

Ms. Lundsager remarked that she was aware that the ESR was still a pilot. However, given that the WEO, GFSR, and Fiscal Monitor came out four times a year—two large reports, and two smaller statements—it was odd to review the external sector only once a year. She noted that the point of the ESR was to evaluate the big picture, and that issuing the ESR once a year seemed too infrequent. She noted that the staff had mentioned the EBA without being specific about how it would be presented.

Mr. Nogueira Batista made the following statement:

On the review of the PLL and the RFI, I heard the staff's answer that experience is limited. There has been only one PLL after one year of history with the facility and no requests for an RFI.

Our chair was always skeptical about the need to create these new facilities. There is a reputational cost and an institutional cost in creating facilities for which there is no demand or little demand. But now I understand better the proposal to postpone the review.

However, there is an advantage in having the review of the PLL and the RFI together with the review of the FCL. Given the points that were made in the Board, I would suggest that we consider bringing forward the review of the FCL to November of 2013 together with the new date for the proposed

review of the PLL. This would mean anticipating by one year the deadline for the review of the FCL and joining the two in one year's time.

I have a question for the Legal Department (LEG). This would require a Board decision for the postponement of the PLL, because that would require amending the PLL/RFI decision. If the Board decided to anticipate the FCL, we would also need a Board decision amending the same decision, because both deadlines were set in the same decision, the FCL/PLL/RFI.

In terms of the IIF, the staff replied that no endorsement would be sought for the IIF. That would be the height of strangeness. The point that was made is that this is an important issue to which there are many contributions. Why should we highlight the contribution made by an advocacy group? That is the point that the staff did not address.

Finally, I misspoke when I referred to the small states paper. I did not mean to say that I wanted the seven-chair working group to be involved in the drafting. What I meant to say is that we would be consulted ahead of the finalization of the paper. However, I never miss an opportunity to agree with the German chair: I agree that there should be an outreach to all interested Directors and not only to the seven members of the working group.

Mr. Sun agreed that the IIF should not be mentioned in the Work Program, but that the work could still be done. No other institution's name was mentioned in the Work Program and the IMF needed to have its own independent judgment.

Mr. Meyer (GR) fully agreed with Ms. Lundsager's point about the ESR. While the ESR was a pilot, it was acceptable to have it once a year. However, the ESR was a broad overview of capital flows, current account, and international reserves. As such, it was a good idea to have this overview twice a year, before the Spring and Annual Meetings. Whether this analysis was done as a standalone report or in one of the other flagship reports was a question that could be solved later.

Mr. Nogueira Batista clarified that he supported the proposal in the paper to have the review of PLL/RFI/FCL in November 2013.

Mr. Mojarrad noted that the staff had mentioned that the planned paper on growth and jobs would cover Africa. He asked whether the issues related to inclusive growth in MENA countries would be included in the paper.

The Chairman made the following concluding statement:

The answer to Mr. Mojarrad's question is yes.

I thank Directors for their comments, their support, and for understanding management's determination to articulate cohesively and consistently the strategic objectives of the Global Policy Agenda, so that we see where we are and how accountable we are vis-à-vis the Governors, and vis-à-vis Directors. I hope we can maintain that degree of consistency and cohesion between the whole.

I thank Directors for understanding that we want to focus on the issues of growth, unemployment, inclusiveness, and certainly some of the topics that have been highlighted as important to our large constituencies and the membership of the IMF—whether it is on the general issue of the debt legacy, restructuring and the DSA, including the fiscal consolidation policy.

I do not mean to disagree with Mr. Prader, but after the real interest taken by many, and the media in particular, to elevate fiscal consolidation to a topic of contention, our staff is trying hard to come up with an understandable and clean recommendation in terms of fiscal consolidation. The recommendation is not oblivious to the necessity of growth, but it is equally well-structured and articulated around what the staff recommends on a country-by-country basis.

With regard to the Board rules and the operations of the rules that Mr. Peter mentioned, the Secretary will conduct a special effort to remind the newcomers about the good governance of the Board, the rules of the Board, and our attempt to be as efficient as possible. That will be open to anybody who cares to participate.

Mr. Prader identified many pilot projects. In a way, the pilot projects should be contained, but they have the purpose of containing, because we are trying to identify whether it works, what the cost will be, and to assess the validity and importance of a pilot, before we take any decision to embark on a much broader perspective. We will look into it and make sure that we do not have a proliferation of pilot projects without drawing the conclusions of the efficiency or inefficiency of the work that we do in that regard.

As we progress with work that is of particular interest to certain chairs, we will open the same degree of cooperation, review, interest, and sharing of knowledge to all chairs on the Board, which is the way it should be.

Finally, on the IIF, I totally share the view that we should not highlight the IIF as an institution. The financial sector is full of advocacy groups, semi-approved institutions, and groups which have been delegated. Certainly that is the case in the accounting world and the financial world.

One could argue that the Basel Committee is an example of something that is institutional but also not quite institutional. As much as we have to address the points that they have made because they often bring together the constituency of private creditors, we should not highlight them as one of the key partners that we work with, or cooperate with, or respond to. I hope that we can delete that without failing to do the work, because it is important that we do the work.

The Secretary will prepare a follow-up memorandum for Executive Directors addressing points and answering queries raised during this meeting, which will pick up on the staff's comments and my comments. I take it that Executive Directors have no objection to the publication of the Work Program statement as amended in light of today's discussion. If there is no objection, we shall so proceed.

APPROVAL: March 29, 2013

JIANHAI LIN
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:

**General**

**1.** ***Merits of having a consolidated document of GPA versus two separate documents, the CMSR and MD's Action Plan.***

- The key objective in consolidating the CMSR and the MD's Action Plan into a single document—the Global Policy Agenda—was to ensure a close alignment between the analysis of policy challenges facing the membership and the priorities of the Fund. The initial feedback from IMFC members during the Annual Meetings was very positive, but we will continue to look at ways to improve the product.

**Restoring Stability**

**2.** ***Can the paper on Jobs and Growth address issues relevant for MENA countries.***

- The paper is intended to address issues of concern to the entire membership, including the MENA countries. Many of the issues covered, including for example inclusive growth and youth employment, are of direct relevance to many MENA countries.

**3.** ***We would welcome further information on the tentative list of topics in the WEO and GFSR analytical chapters.***

- Given the need to ensure the timeliness of the topics, it is too early to provide information on the analytical chapters for both the WEO and GFSR.

**Lending and the Global Safety Net**

**4.** ***What is the staff's view on bringing onto the Board's agenda the item on "Enhancing Risk Diagnostics in Fund-supported Programs?"***

- If there is sufficient interest from the Board, the paper can be discussed, for example in a joint session during the staff briefing on the *Guidance Note to Staff on Conditionality* currently scheduled for May 2013.

**5.** ***As the recent two decisions of distributing general reserves attributed to windfall gold sale profits are part of a broader strategy to ensuring the PRGT self-sustainability (see IMFC Communiqué of October 13, 2012), we would expect a discussion on supplementary efforts to reach this objective. Should not the contingent measures envisaged under this strategy be identified beforehand? The staff's elaboration will be appreciated.***

- The range of contingent measures that could be activated, if necessary, is set out in SM/12/244 paragraph 11. Activation of contingent measures could be considered by the Board based on information provided in the semi-annual PRGT financing update papers or future reviews of LIC facilities.

**High Debt**

**6. *Can the staff comment on focus of the "Energy Subsidy Reform" paper and whether it will cover agricultural subsidies and social safety nets, especially in MENA countries?***

- The paper is in response to the request from ministers for a paper on energy subsidies. It will focus on the macroeconomic implications of energy subsidy reforms and cover issues related to subsidy targeting and taxation of energy products, as well as social safety nets in the context of subsidy reforms. These social safety nets can also be used, for example, when implementing civil service reforms. The coverage of the paper is as broad as possible, depending on the availability of data. The paper does not cover broader issues of energy sector reform, which is a more appropriate focus for the World Bank, or the issue of agricultural subsidies, which would be more appropriately dealt with in a separate paper.

**Supporting Growth and Jobs**

**7. *Need for more work on intra-Africa trade and its role in generating inclusive growth*.**

- Considerable work is already underway Fund-wide, including in AFR, on the broad area of inclusive growth—including a recent REO chapter (Fall 2011) and a book on "*Oil Wealth in Central Africa: Policies for Inclusive Growth"* produced by Fund staff."

**8. *It is not clear whether the surveillance toolkit covering employment, growth and income distribution will be discussed by the Board or at least presented in an informal setting. The staff's elaboration will be appreciated.***

- The surveillance toolkit is expected to be available before the end of 2012 and will be discussed in the Board paper on *Jobs and Growth* scheduled for Board discussion in March 2013. The toolkit will be adapted over time to reflect experience with these tools and as new analysis and tools are developed.

**Internal Operations**

**9.** ***Update on the status of the Fund's precautionary balances in the first half of 2013.***

- The staff would plan to cover the Fund's precautionary balances briefly in the mid year *Review of the Fund's Income Position* (For information, December) and more fully in the year end paper *The Fund's Income Position for FY 2013 and FY 2014-15* (Formal meeting, April).

**10.** ***Can the staff elaborate on the planned refinement of the Fund's capacity building strategy, which was thoroughly discussed and well received in November 2011, giving that adjusting our frameworks and strategies too frequently could be counterproductive?***

- There have been significant developments since the Board's discussion on the technical assistance strategy in November 2011. The proposed paper will explore the synergies expected with the merger of technical assistance and training strategies into a *capacity development strategy* and ways capacity development can better support surveillance and program activities.

**Board Schedule**

**11.** ***Can the SEC staff indicate when will an updated projection of the Board calendar up to the Spring Meetings be provided?***

- Shortly after the meeting, the Secretary's Department will circulate a Board calendar projection up to July 2012, (including both policy and country items) together with any modifications to the Work Program reflecting the Board discussion.

**12.** ***Could a more homogenous distribution help smooth the work of the Board, noting the daily averages for July versus December, January and June?***

- Our experience has been that the Board calendar tends to be particularly heavy in December, July, and September. *December* is heavy due to the large number of program reviews that need to be completed before year end; *July* due to the Systemic 5 and the number of items, both policy and country items, that need to be completed before the summer recess; and *September* due to the need to complete important policy items before the Annual Meetings. In an attempt to reduce the pressure on the Board calendar in these peak periods, SEC has agreed with other departments:

  (i) Not to schedule Article IV consultation and to avoid heavy policy items in the last three weeks of December. This allows the Board to focus, primarily, on the completion of program reviews that need to be completed before year end.

  (ii) Not to schedule any more Article IV consultations than the Systemic 5 plus one per area department in July.

(iii) To schedule less time-sensitive policy and administrative items in the period immediately after the Spring and Annual Meetings, e.g., May, early-June, and September.

- As a result of these efforts, combined with the likelihood that new policy items will be scheduled after the Spring Meetings and the tendency that unforeseen events lead to some delays of program reviews, July looks much lighter than what is likely to materialize.

- In light of this, further efforts on smooth the Board calendar should focus on reducing the tendency of policy and administrative items to bunch up in March and September, immediately before the Spring and Annual Meetings. This can be done by: (i) sticking better to the agreed timetable and reducing delays; and (ii) scheduling more items that are not time-sensitive in the period immediately after the Spring and Annual Meetings. SEC and SPR are working with other departments on achieving this through the interdepartmental Task Force on Calendar Management.

**13.** ***The practice of grouping meetings on Article IV consultations with systemic advanced economies in a relatively short period may not allow all Board members to do justice to the variety and complexity of issues raised in the staff reports and SIPs, some crowding out of non-systemic countries may be unavoidable. The Secretary's comments are welcome.***

- The purpose of scheduling the systemic-5 in July is in part a reflection of the established Article IV cycles in these countries and in part to allow the Board to better discuss cross-country and spillover issues for the key systemic economies. The need to reduce the number of Article IV consultations of non-systemic countries reflects the need to allow for sufficient time for the Executive Directors to prepare for all the meetings.

**14.** ***Can the staff elaborate on how meeting format is assigned, and if there is a need for a change of meeting format during the implementation of GPA, what procedure should follow?***

- The format of Board meetings can be changed if there is clear consensus among Executive Directors for such a change or at the discretion of the Managing Director based on developments that require a change in format.

**15.** ***We would appreciate staff's elaboration on the so-called "staff-chaired sessions." What is brought to these sessions, based on what criteria? Similarly, some elaboration on the Anchor Policy Items box could be helpful.***

- Staff-chaired sessions were introduced to alleviate the Board Calendar, while enabling staff to present work of a more technical nature to interested staff in the Executive Directors' offices. Items are chaired by staff and attendance by Executive Directors or their staff is optional. Initial experience with this format has been good,

and consequently we plan to use this option in a limited number of cases up to the Spring Meetings for similarly technical items. We will reassess the usefulness of this format at the time of the next Work Program discussion

- Anchor items reflect meetings that are deemed to be of key importance to the work of the Fund for which the dates are not expected to change. Thus, the criteria for inclusion of an item as an anchor includes both an assessment of the importance of the item as well as the ability of staff and management to commit to a fixed date.

**16.** ***Is a Board discussion planned for the work on the impact of financial flows to safe haven economies?***

- Work on this issue is underway. The precise form at which it will be brought to the Board is still to be determined.

**17.** ***Can the staff comment on the possibility of updating the Board on the 2012 borrowing agreements*****?**

- The Board will be updated on the progress with bilateral borrowing agreements as these are submitted for approval. The staff expects to submit a second batch for approval in coming weeks.

**18.** ***Can the staff clarify on the item "a corporate workforce planning" which is planned as a briefing but which is also considered as an "anchor?"***

- The meeting on corporate workforce planning will provide an opportunity for the Board to learn about and discuss key medium-term HR priorities aimed at ensuring that the Fund's workforce remains well positioned to meet the evolving expectations of its membership. Specifically, the paper will explore issues along five workforce dimensions: the mix of appointment types, tenure composition, skills needs, diversity characteristics, and grade distribution. Consistent with its broad scope, it will suggest general recommendations relevant across the institution; the paper will not discuss department-specific matters.