

SM/14/224
Correction 2

October 2, 2014

To: Members of the Executive Board

From: The Secretary

Subject: **2014 Triennial Surveillance Review—External Study—Structural Policies in Fund Surveillance**

The attached correction to SM/14/224 (7/30/14) has been provided by the staff:

Typographical Error

Page 1, Title, line 2: for “POLICES” read “POLICIES”

Questions may be referred to Ms. Koranchelian (ext. 38592), Mr. Weisfeld (ext. 37482), and Mr. Dwight (ext. 39518) in SPR.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads



July 30, 2014

2014 TRIENNIAL SURVEILLANCE REVIEW—EXTERNAL STUDY—STRUCTURAL ~~POLICES~~ POLICIES IN FUND SURVEILLANCE

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EXECUTIVE SUMMARY

In the aftermath of the global financial crisis the priority of policymakers around the world is to revive economic growth. With limited scope for expansionary macroeconomic policies in many countries, boosting growth through ambitious structural reforms will be required. In responding to the crisis the Fund has deepened its surveillance of structural policies relating to the financial sector.

Our report addresses two crucial questions for future Fund surveillance: Should the Fund's surveillance work venture further into the domain of structural policies and if so, how should the Fund go about it? Our goal is to identify the macro-critical structural policy areas that are most relevant to the Fund's member countries in the aftermath of the crisis.

We use three criteria to determine which structural policies would be appropriate for an enhanced role for the Fund. First, in the context of the country the policy should be macro-significant, in the sense that it should be important for macro sustainability. Second, the policy should currently be under-emphasized by the country authority and other international agencies. Third, the policy should be reasonably proximate to the Fund's existing capacities.

Using our three criteria, we identify five specific structural policies that would be appropriate for enhanced Fund surveillance: curtailment of rent-seeking; reform of public sector accounting; utility regulation; tax reform; and pension reform.

We suggest a change in the modalities designed to increase the influence of Fund surveillance. These can be summarized as practical examples, menus, partnerships, and broader local engagement. We present some illustrative examples that apply our approach to country surveillance.

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² This paper represents the views of the authors and does not necessarily represent IMF views or IMF policy. The views expressed herein should be attributed to the authors and not to the IMF, its Executive Board, or its management.

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