

**FOR  
INFORMATION**

SM/20/86  
Revision 1

April 14, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **The Managing Director's Global Policy Agenda**

Board Action:	Executive Directors' <b>information</b>
Tentative Board Date:	The attached Managing Director's Global Policy Agenda was revised following the informal session to engage Executive Directors that was held on Wednesday, April 8 2020.
Publication:	This paper will be circulated to members of the IMFC and will be published on the Fund's external website following the Managing Director's press conference on Wednesday, April 15, 2020.
Questions:	Ms. Iancu, SPR (ext. 36098) Ms. Lusinyan, SPR (ext. 34898)



## THE MANAGING DIRECTOR'S GLOBAL POLICY AGENDA

### EXCEPTIONAL TIMES—EXCEPTIONAL ACTION

**The global health crisis caused by COVID-19 is taking a heavy human toll and threatening people's livelihoods.** The initial health crisis has rapidly developed into an economic and financial crisis. It has brought large parts of the world economy to a sudden stop, causing a deep recession. Binding constraints on demand and supply are permeating across countries, contributing to sharp price declines in financial and commodity markets. These shocks pose especially grave challenges for many emerging market and low-income countries as they cope with more limited health care capacity, insufficient medical supplies, large financing needs, and increasing debt burdens. We do expect a partial recovery next year, but the outlook will remain highly uncertain for some time to come.

**This is a critical moment for the international community, and extraordinary measures are needed to contain the outbreak to protect people and as a precondition for the global economy to rebound.** Defeating the pandemic means defeating it in each country as well as on a global scale. The immediate issue facing policymakers is to slow the spread of the virus and reduce the impact on health systems through enhanced monitoring, containment measures, and mobilization of resources for medical services, supply chains, and production. This requires an international coordinated effort.

**All available policy tools must be used to stabilize the economic and social situation.** Fiscal policy must aim to increase health spending to fight the virus. Targeted and sizable fiscal support is particularly critical to help the most-affected people and firms, including those in hard-to-reach informal sectors, and avoid widespread bankruptcies and layoffs while ensuring an efficient and equitable use of public resources. Such support will help end the crisis faster and at lower cost, creating the conditions to repair balance sheets and restore trade and financial flows once the recovery takes hold. Central banks must continue to support demand and confidence by providing ample liquidity and offsetting a tightening of overall financial conditions, helping stem a solvency crisis. Financial authorities should aim to preserve financial stability and sound banking systems, drawing on buffers and the flexibility built into regulatory frameworks to support credit to people and firms.

**The health emergency is a powerful reminder of the need for policy coordination and solidarity in an interconnected world.** While there has been decisive action on many fronts, many countries still need to scale up policies to match the size of the health and economic challenge, which they can do effectively only with the assistance of the international community. Policymakers must therefore step up efforts to help the most vulnerable and low-income countries by providing enhanced funding as well as debt service relief to ensure that scarce resources are dedicated to disease prevention and treatment and to mitigate the economic impact. This is in our collective interest, as the global community is as strong as its weakest member in a global pandemic.

**Coordinated and sustained multilateral action is key to restoring global growth.** With the recognition that domestic resources may not be sufficient, financing from all layers of the global financial safety net should be considered to support countries with elevated financing needs. This includes options to address foreign exchange shortages in emerging markets, which have been suffering from large capital outflows. Policymakers should avoid trade restrictions, particularly on medical supplies, and address the impairment to global supply chains. As the global economy stabilizes, coordinated stimulus may be needed to boost demand and restore growth.

**The Fund is supporting members by using its resources to the fullest extent possible, in close collaboration with international partners.** We are assessing the macroeconomic implications of the outbreak, providing members with policy advice to stabilize their economies, facilitating information sharing to help members learn from each other ([Policy Tracker](#)), and tailoring our capacity development to crisis circumstances. We have also stepped up collaboration at multilateral, regional, and country levels to provide a fast and coordinated response in lockstep with the World Bank and other international financial institutions.

**The Fund is in a strong position, with its US\$1 trillion lending capacity, to meet the unprecedented demand for Fund resources from our members.** In particular, the Fund has taken the following steps to enhance its lending toolkit in a short period of time:

- The Fund is focused at present on providing financing for members' urgent balance-of-payments needs in an accelerated way, including through its rapid-disbursing lending vehicles—the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI)—and by augmenting existing arrangements. The Executive Board decided to double annual access limits for the RCF and RFI to 100 percent of quota for the duration of the pandemic.
- Going beyond its traditional lending facilities, the Fund is working on a short-term liquidity line that will provide predictable and renewable access to Fund resources to members with very strong policies. With our members, we are exploring additional tools that would meet financing needs, including those that involve Special Drawing Rights.
- We have reformed the Catastrophe Containment and Relief Trust to provide debt service relief to our poorest members and are raising funds to this end. This will allow these members to invest in their crisis response rather than repay the Fund. In parallel, we are raising funds for additional lending resources through the Poverty Reduction and Growth Trust. We support, together with the World Bank, an initiative by bilateral official creditors for a time-bound suspension of debt service payments for our poorest members that request forbearance and encourage private sector creditors to participate on comparable terms.

**Beyond the immediate efforts to fight the outbreak, the Fund will continue to work toward global economic recovery, resilience, and sustainability.** The Fund will assist members to mitigate risks from the fallout of the crisis and enhance resilience, including by tackling challenges arising from debt vulnerabilities, bankruptcies, unemployment, and growing inequality. We will help our members in steering the unprecedented deployment of resources toward making future growth more inclusive, sustainable, and environmentally friendly and fulfil our joint aspirations for a more prosperous world for all.

### **Annex. IMF Work Agenda and Operations**

The Fund is presently geared up to use all its resources for crisis-related work, and with most travel suspended, we are working remotely with our members to provide policy advice, financing, and assistance for capacity development (CD). Efforts to help members defeat the pandemic and minimize its economic fallout will be afforded priority in the foreseeable future. While other work streams will therefore be delayed to make space for crisis-related activities, we will aim to advance selected high-priority work, resources and conditions permitting, to help lay the conditions for a fast and strong recovery toward more resilient and inclusive growth.

***The Fund will focus on helping members enhance their policies to respond to the crisis and create the conditions for recovery.***

Tackling the acute crisis requires multiple policy levers. Our ongoing work on the Integrated Policy Framework will help members, especially emerging market economies, navigate the complex interactions among monetary, exchange rate, macroprudential, and capital flow management and other policies amid volatile global capital flows. We will also deepen our analysis of the implications of lower-for-longer interest rates.

The crisis will add to already-high public debt levels in many countries and could make them more persistent, thus intensifying debt vulnerabilities. We will assist countries in resolving unsustainable debt situations and retain our focus on helping countries contain debt vulnerabilities, including facilitating debt service relief for our poorest members as they address COVID-19-related impacts. We will continue to enhance debt transparency and build capacity to manage debt by pursuing our multipronged approach, jointly with the World Bank. We will also examine recent challenges in sovereign debt resolution and complete our reviews of the debt sustainability framework for market access countries and the debt limits policy.

Social spending is central to protecting vulnerable segments of the population from the impact of the crisis and promoting inclusive growth. We are helping countries calibrate their social policies based on the Fund's framework for engagement on social spending.

The Fund is helping members manage their public finances through the crisis, focusing on emerging market and low-income countries (LICs) and fragile states. As countries start to recover, it will be essential, ultimately, to rebuild fiscal space within a sound medium-term fiscal framework, including through revenue mobilization and public financial management reforms. We will also continue to support efforts to strengthen frameworks in the areas of governance, anticorruption, and anti-money laundering and combating the financing of terrorism.

Reigniting trade flows, which have brought tremendous benefits to the global economy over the past several decades, will be necessary for a strong and lasting recovery. The Fund will continue to support efforts to modernize the rules-based trading system through advocacy, policy advice, and analyses. We will continue to provide a rigorous, evenhanded, and multilaterally consistent assessment of external positions for the whole membership. Given the crisis, the 2020 *External Sector Report* will be delayed.

Our study for the Saudi G20 Presidency, jointly with the World Bank, will help identify policies to close gaps (which are likely to grow) in access to opportunities, including those for social

mobility and economic growth. We will also examine options for strengthening competition as a way to help boost productivity and growth potential. This work will be fine-tuned to integrate lessons from the current crisis.

***We will seek synergies between our work on economic recovery and our commitment to contribute to addressing other shared challenges.***

As part of our policy advice to make economies more resilient, we will continue to integrate climate change issues into surveillance and CD, promote climate mitigation, and encourage climate risk disclosure standards for the financial sector, in collaboration with international standard setters and central banks. And we will strengthen our policy advice for addressing climate-related natural disasters in LICs and small states and our CD in green budgeting.

The Fund continues to examine the challenges and opportunities presented by fintech and especially digital currencies, for financial inclusion, monetary policy implementation, and the international monetary system, and will advance work on the implications of data proliferation for the global economy and policy coordination.

***The Fund continues to upgrade and adapt its policy toolkits to members' evolving needs and a fast-changing global landscape.***

Our CD activities will provide remote support where feasible, with priority placed on countries hit hardest by the crisis. Work on the Comprehensive Surveillance Review and the Review of the Financial Sector Assessment Program (with the World Bank), drawing also on emerging lessons from the crisis, will pick up again when crisis pressures subside.

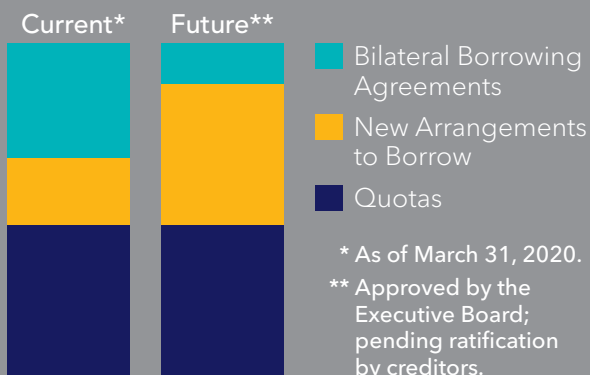
***Full implementation of the package on Fund resources and governance reform remains critical.***

Amid a highly uncertain outlook, it remains critical to maintain a strong, quota-based, and adequately resourced Fund at the center of the global financial safety net. The Board of Governors concluded the 15th General Review of Quotas (GRQ) with no increase in quotas but provided guidance for the 16th GRQ to ensure that the process of governance reform will continue. The Executive Board's decisions on the doubling of the New Arrangements to Borrow (NAB) and a new round of Bilateral Borrowing Agreements (BBAs) beyond 2020 send a strong signal that the Fund is able to support its membership. We welcome recent progress toward making the NAB and the new round of BBAs effective and encourage further swift action by creditors.

***Working remotely, Fund operations remain effective and quick, amid continuing efforts to advance internal modernization to be more efficient and environmentally friendly.***

We are leveraging new technologies in our crisis response and continue upgrading internal systems and processes to improve operational efficiency and knowledge management, along with continuing to increase the diversity of our workforce. Our budgetary policies continue to respond to members' evolving priorities in a cost-effective, prudent, and financially sustainable manner, and it will be important to ensure that budgetary resources are appropriate to meet the demands from the crisis. We are strengthening enterprise risk management and developing a broader strategy to reduce the Fund's climate footprint.

## IMF LENDING CAPACITY

**US\$ 1 trillion**

## COVID-19 RESPONSE

**102 countries** requested or inquired about emergency financing

11 requests approved  
about 40 more to be considered in April

**US\$1.4 billion**

to be raised for Catastrophe Containment and Relief Trust

Note: As of April 13, 2020;  
CD = capacity development.

## LENDING

**148 billion**

total lending commitments in Special Drawing Rights (SDRs)

63  
program reviews in 2019

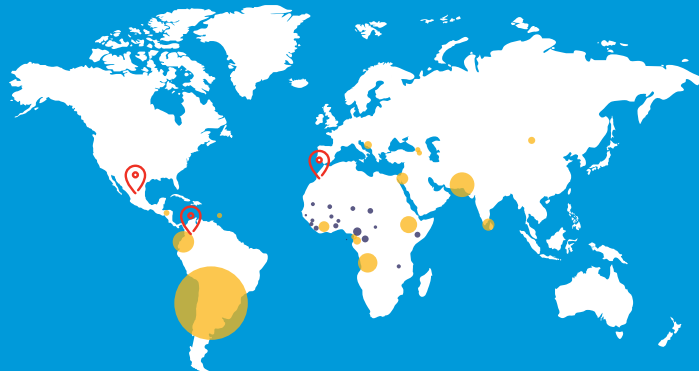
current lending arrangements to

**36 countries**

20 of which have a Poverty Reduction and Growth Trust (PRGT) facility

**Current GRA and PRGT arrangements**

Flexible Credit Line/  
Precautionary and Liquidity Line  
Other GRA PRGT



Note: As of March 31, 2020; GRA = General Resources Account.

## CAPACITY DEVELOPMENT

**3,137**

technical assistance visits

**16,930** officials trained**27%** online

CD is focused on



Public finances



Monetary and financial systems



Legal frameworks



Statistics



Macroeconomic frameworks

**7**

fragile states

among  
**top 20**

CD recipient countries

Note: For 2019 calendar year.

CD engagement with over  
**90** countries



Live tracker of  
policy responses



CLICK  
HERE **193** economies

## SURVEILLANCE

**140**

2019 Article IV  
consultations



**11**

Financial  
System Stability  
Assessments in  
2019 under the

Note: FSAP =  
Financial Sector  
Assessment Program.

**FSAP**



**17**

Regional CD centers  
covering all fragile  
states and low-income  
developing countries



including the new  
center, CCAMTAC,  
serving the Caucasus,  
Central Asia, and  
Mongolia

# OUTSTANDING CREDIT AND COMMITMENTS

(as of the end of March 2020, in billions of SDRs)<sup>1</sup>

## GRA FINANCIAL ARRANGEMENTS

	CURRENT PROGRAM SIZE	OUTSTANDING CREDIT <sup>2</sup>
<b>MEMBERS WITH CURRENT ARRANGEMENTS</b>		
<i>Stand-By Arrangement</i>		
Argentina	40.71	31.91
Armenia	0.18	0.12
Honduras	0.15	0.08
<i>Extended Fund Facility</i>		
Angola	2.67	1.07
Barbados	0.21	0.11
Bosnia-Herzegovina	0.44	0.13
Côte d'Ivoire	0.56	0.43
Ecuador	3.04	1.21
Equatorial Guinea	0.21	0.03
Ethiopia	0.90	0.09
Gabon	0.46	0.38
Georgia	0.21	0.18
Jordan	0.93	0.41
Mongolia	0.31	0.16
Pakistan	4.27	4.72
Sri Lanka	1.07	0.95
<i>Flexible Credit Line</i>		
Colombia	7.85	–
Mexico	44.56	–
<i>Precautionary and Liquidity Line</i>		
Morocco	2.15	–
<b>Total Current Programs</b>	<b>110.9</b>	
<b>o/w: Undrawn Balance<sup>3</sup> (A)</b>	<b>73.2</b>	
<b>Total Outstanding Credit (B)</b>		<b>42.0</b>
<b>MEMBERS WITHOUT CURRENT ARRANGEMENTS</b>		
<b>Total Outstanding Credit (C)</b>		<b>23.7</b>
o/w: Egypt	–	8.60
o/w: Ukraine	–	6.49
o/w: Greece	–	4.55
<b>TOTAL GRA COMMITMENTS (A)+(B)+(C)</b>		<b>138.9</b>

## PRGT FINANCIAL ARRANGEMENTS

	CURRENT PROGRAM SIZE	OUTSTANDING CREDIT <sup>2</sup>
<b>MEMBERS WITH CURRENT ARRANGEMENTS</b>		
<i>Standby Credit Facility</i>		
Honduras	0.07	0.02
<i>Extended Credit Facility</i>		
Benin	0.11	0.13
Burkina Faso	0.11	0.16
Cameroon	0.48	0.43
Central African Republic	0.08	0.17
Chad	0.22	0.29
Congo, Republic of	0.32	0.03
Côte d'Ivoire	0.28	0.63
Ethiopia	1.20	0.15
Gambia, The	0.04	0.03
Guinea	0.12	0.24
Liberia	0.16	0.16
Malawi	0.11	0.18
Mali	0.14	0.25
Mauritania	0.12	0.11
Niger	0.12	0.20
São Tomé-Príncipe	0.01	0.01
Sierra Leone	0.12	0.26
Somalia	0.25	0.21
Togo	0.18	0.16
<b>Total Current Programs</b>	<b>4.3</b>	
<b>o/w: Undrawn Balance<sup>3</sup> (D)</b>	<b>2.3</b>	
<b>Total Outstanding Credit (E)</b>		<b>3.8</b>
<b>MEMBERS WITHOUT CURRENT ARRANGEMENTS</b>		
<b>Total Outstanding Credit (F)</b>		<b>3.2</b>
<b>TOTAL PRGT COMMITMENTS (D)+(E)+(F)</b>		<b>9.3</b>

**TOTAL LENDING COMMITMENTS =  
SDR 148 BILLION**

<sup>1</sup>Numbers may not sum exactly to totals because of rounding.

<sup>2</sup>Includes outstanding credit under expired arrangements and outright disbursements.

<sup>3</sup>Available balance not yet drawn under current arrangements.



## KEY IMF ACTIVITIES SINCE THE FALL 2019 GLOBAL POLICY AGENDA



- Analyzed fiscal, central bank, and financial sector policies in response to COVID-19.
  - Discussed a new approach for fiscal policies to reinvigorate growth, as well as institutional frameworks for state-owned enterprises.
  - Advanced work on the Integrated Policy Framework.
  - Incorporated machine-learning models to more robustly identify vulnerable countries.
  - Studied the role of cyclical policies in an era of low rates and high debt in advanced economies.
  - Examined channels through which low or negative interest rates affect financial institutions.
  - Analyzed the role of macroprudential policies in dampening global financial shocks in emerging markets (EMs).
  - Advanced work on a new Central Bank Transparency Code.
  - Advanced work on emerging competition policy issues.
  - Delivered studies on gender-responsive fiscal policy and relationships between inequality and financial depth, inclusion, and stability.
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- Presented external sector assessments for countries not covered by the *External Sector Report*.
- Analyzed the evolution of debt vulnerabilities in lower-income countries, jointly with the World Bank. Presented a report on macroeconomic developments and prospects in low-income developing countries.
- Discussed the implementation of measures to strengthen Fund engagement in fragile and conflict-affected states.
- Investigated how climate-change-related risks are priced into financial assets.
- Initiated assessment of progress in implementing the framework for enhanced Fund engagement on governance.
- Advanced analysis of cross-border implications of digital currencies.
- Initiated a stocktake on the Fund's work on illicit and tax-avoiding financial flows.
- Launched the update of the international statistical standards and organized the 7th IMF Statistical Forum: "Measuring the Informal Economy."
- Delivered notes to the G20 on surveillance, collateralized sovereign lending, public debt data coverage, the Data Gaps Initiative, and developments in local currency bond markets in EMs. Advanced work on a G20 note on enhancing access to opportunities.



## IMF POLICIES

- Advanced work on the 2020 Comprehensive Surveillance Review and the 2020 Review of the Financial Sector Assessment Program (the latter coordinated with the World Bank).
  - Reviewed eligibility to use Fund facilities for concessional financing.
  - Engaged the Executive Board on policy safeguards for PRGT-eligible countries seeking high-level access to Fund resources.
  - Presented proposals for toolkit reforms and broader policy measures in response to COVID-19. Reformed the Catastrophe Containment and Relief Trust and engaged in fundraising.
  - Advanced work on the reviews of the debt sustainability analysis for market access countries and the debt limits policy.
  - Engaged on CD priorities and the implementation of the CD Strategy Review.
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## GOVERNANCE AND INTERNAL SUPPORT

- Advanced work on securing the package of IMF resource and governance reform; in particular: delivered a report to the Board of Governors on the completion of the 15th General Review of Quotas and guidance on the 16th General Review of Quotas and engaged on the approval of a doubling of the New Arrangements to Borrow and on a new framework for maintaining access to Bilateral Borrowing beyond 2020.
- Completed the Comprehensive Compensation and Benefits Review.
- Delivered the 2019 diversity and inclusion report.
- Discussed the management implementation plans (MIPs) in response to IEO recommendations on the Fund advice on unconventional monetary policy and on the IMF's financial surveillance.
- Presented the *Tenth Periodic Monitoring Report on the Status of MIPs in Response to Board-Endorsed IEO Recommendations* and the *Categorization of Open Actions in MIPs*.
- Continued to implement a multiproject modernization agenda to upgrade internal systems and processes and adopt digital tools.
- Delivered the 2019 risk report.