April 14, 2020
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INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 18/97-1

2:30 p.m., November 20, 2018

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

Documents: BUFF/18/25

Staff: Mühleisen, SPR; Mathisen, SPR; Bauche, SEC

Length: 1 hour, 57 minutes

Executive Board Attendance

C. Lagarde, Chairman

Executive Directors	Alternate Executive Directors
D. Mahlinza (AE)	
M. Raghani (AF)	
G. Lopetegui (AG)	
N. Ray (AP)	
A. Tombini (BR)	
Z. Jin (CC)	
	C. Hurtado (CE)
L. Levonian (CO)	
R. Kaya (EC)	
H. de Villeroché (FF)	
S. Meyer (GR)	
S. Gokarn (IN)	
D. Fanizza (IT)	
M. Kaizuka (JA)	
	M. Daïri (MD)
H. Beblawi (MI)	
	R. Doornbosch (NE)
T. Ostros (NO)	
A. Mozhin (RU)	
M. Mouminah (SA)	
J. Agung (ST)	
P. Inderbinen (SZ)	
	T. Hemingway (UK), Temporary
A. Lerrick (US)	

J. Lin, Secretary
E. Tsounta / P. Cirillo, Summing Up Officers
V. Sola, Board Operations Officer
M. McKenzie, Verbatim Reporting Officer

Also Present
Asia and Pacific Department: S. Peiris. Communications Department: W. Murray. European Central Bank: A. Meyler, R. Rueffer. European Department: E. Detragiache, D. Iakova. Fiscal Affairs Department: C. Matsumoto. Finance Department: C. Gust, T. Krueger, A. Tweedie. Human Resources Department: L. Khaw. Independent Evaluation Office: L. de Las Casas Perez de Orueta, J. Kim. Information Technology Department: F. Gheriss. Legal

Department: K. Christopherson Puh, Y. Liu, R. Weeks-Brown. Middle East and Central Asia Department: L. Dwight, A. Sadikov. Monetary and Capital Markets Department: P. Ananthakrishnan, S. Elekdag. Office of Budget and Planning: R. Brofft, B. Christensen, D. Citrin, P. Kongsamut. Office of Risk Management: V. Arora. Strategy, Policy, and Review Department: T. Augsten, E. Boswell, A. Corbacho, A. Iancu, L. Kaltani, M. Kaufman, P. Koeva Brooks, K. Kostial, J. Mathisen, M. Mühleisen, D. Ostojic, C. Tovar Mora, J. Ziegler. Statistics Department: P. Tumbarello. Alternate Executive Director: R. Alkhareif (SA), J. Di Tata (AG), S. Geadah (MI), I. Mannathoko (AE), A. McKiernan (CO), P. Moreno (CE), K. Obiora (AE), L. Palei (RU), H. Razafindramanana (AF), P. Rozan (FF), B. Saraiva (BR), M. Siriwardana (IN), F. Sylla (AF). Senior Advisors to Executive Directors: A. Muslimin (ST), M.Gilliot (FF), G. Heim (SZ), S. Keshava (SA), Y.Liu (CC), G. Gasasira-Manzi (AE), R. N'Sonde (AF), O. Odonye (AE), P. Pollard (US), S. Potapov (RU), J. Shin (AP), G. Vasishtha (CO). Advisors to Executive Directors: A. Abdullahi (AE), F. Al-Kohlany (MI), O. Bayar (EC), S. Buetzer (GR), X. Cai (CC), K. Carvalho da Silveira (AF), D. Cools (NE), P. Dhillon (IN), D. Fadhel (MI), K. Florestal (BR), J. Garang (AE), A. Grohovsky (US), J. Hanson (NE), M. Merhi (MI), M. Mulas (CE), G. Nadali (MD), A. Nainda (AE), A. Park (AP), B. Parkanyi (NE), D. Vogel (AG), K. Hennings (BR), K. Lok (CC), J. Montero (CE).

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

Mr. Doornbosch and Mr. Manchev submitted the following statement:

We support the proposed Work Program (WP) of the Executive Board, which well translates the strategic directions set by the IMFC and identifies the right priorities for the period ahead. The WP is comprehensive and innovative, and at the same time it remains well-balanced, especially by focusing on core activities like the further work on monitoring capital flows to better understand best practices of capital flow management, and completion of the discussions on the IEO's evaluation of "IMF Advice on Unconventional Monetary Policy".

We particularly welcome the focus of the WP on international trade with the objective of enhancing cooperation to modernize the multilateral trade system. We see a key role for the Fund in illustrating the significant benefits of international trade and the effects of further trade liberalization. In the previous WEO, the Fund included a hamburger chart with the adverse effects of trade escalation. Going forward, we would welcome a similar chart of potential gains of further trade liberalization. At the same time, support for open trade depends on the ability of the multilateral system and more importantly on national governments to address externalities and adverse side effects, like increasing inequality, environmental damage and level playing field issues. The Fund should also proactively suggest solutions to address these challenges.

The WP strikes the right balance in integrating strategic issues with the update of existing IMF policies. Structural activities, such as regular reviews of the Fund's lending and surveillance policies, remain high on the agenda, while attention is also paid to the current challenges that relate to the Fund's mandate. We support the increased attention to emerging issues that are of strategic importance to the Fund's mandate within the Executive Board work program, including debt vulnerabilities in LICs, the IMF's engagement on social spending, climate change, corruption and inequality. The Fund should enhance its cooperation with the other IFIs when topics are overlapping, and the Executive Board should be more actively involved in identification of the needs for further cooperation with these institutions.

Addressing the Ongoing Important Policy Debates

Management of Capital Flows. Given the increasing importance of capital flows for external sector sustainability, the Fund needs to continue its in-depth monitoring, albeit more focused, to better understand the best practices of their management. We note with interest that staff is starting to work on an integrated policy framework, looking at the interaction between monetary policy, foreign exchange intervention, macro-prudential policies and capital flow management measures. Nevertheless, we would be in favor that the Fund would concentrate on explaining the application of its Institutional View on capital flows in practice, as announced in the GPA, while clarifying the definition of the capital flow management measures. In this regard, we encourage staff to shed some more light on the expected implications of the forthcoming analysis of the housing market risks on capital flow management and heterogeneous banking sector fundamentals for financial stability. We also suggest that the next GFSR goes beyond the discussion on the role of the financial conditions and assess risks arising from the ample liquidity in the global financial system.

Debt Vulnerabilities in the LICs. We highly appreciate the prominence of this topic in the WP in addition to the swift response from both the Fund and the World Bank to the ‘IMFC’s call for a close cooperation on a multipronged approach. We especially support the inclusion of the G20 note on sustainable financing and creditor practices. Furthermore, we would like to encourage the Fund to also integrate debt vulnerabilities in its surveillance work program and in the Conditionality Review, both scheduled during the first half of 2019. The work on creating an early warning system on debt vulnerabilities should accelerate, as well as a separate look on the macroeconomic implications of natural disasters, particularly in small states. The same applies to the use of IMF’s Debt, Investment and Growth models, which consistently produce overly optimistic outcomes, but actual growth in several countries has not been sufficient to reverse the increase in debt burdens due to higher public investments.

Emerging Issues. Integration of emerging issues such as fintech, digitalization, and cyber risks in the WP progresses, but operationalization of these and other issues like governance should be expedited in both bilateral and multilateral surveillance, while strongly observing the evenhandedness. The Board debate on the selection and mainstreaming of macro-critical emerging issues should continue. We also welcome the proposed work on demographics, including the G20 note on the different channels through which countries are impacted by population aging. We stress that the relevance of this work extends beyond the G20 membership. In addition, we look forward to the briefing on the political economy of structural reforms. We encourage staff to include the work on the political economy of reforms in the Conditionality Review that assesses the effectiveness of the program design and conditionality.

Consistency of the WP with the Fund's Income and Budget

We welcome the provided full-time employee (FTE) costs estimates which could facilitate stronger interoperability between the budget and the WP. To make informed strategic decisions, particularly in a constrained budget environment, it is important that the Board has all the necessary information and the medium-term budget and income position is better integrated in the cycle that starts with every new GPA and WP. During the previous discussion in June, staff mentioned that they are working as quickly as possible on interoperability between the budget and the WP, in particular by exploring how best to achieve correspondence between thematic categories, time reporting and the cost accounting system. Could staff provide an update on the progress? We welcome the fact that the IMF medium-term budget discussion and the review of the income position will be discussed ahead of the Spring Meetings. This should allow the Board to devote more time to these important issues. At the same time, we hope that the upcoming medium-term budget papers will provide the Board with more insightful data than in the past, to allow for a strategic and consistent allocation of resources and staffing.

Mr. Raghani, Mr. N'Sonde, Mr. Carvalho da Silveira and Mr. Olhaye submitted the following statement:

We thank the Managing Director and staff for the proposed Work Program (WP) which appropriately reflects the priorities and deliverables set out in the Fall 2018 Global Policy Agenda and adequately responds to the guidance provided by the International Monetary and Financial Committee (IMFC) last October. We broadly agree with the proposed agenda and propose a few points for emphasis.

The continued effort to more explicitly link risks flagged in the Risk Report to major policy items is critical to further risk mitigation at the Fund while aligning Fund's tools and resources with members' evolving needs. This inclusion of risk assessments, combined with the recent steps taken to enhance strategic planning and prioritization as well as address the bunching problem will strengthen the work program of the Executive Board.

Addressing Mounting Vulnerabilities

We take note of the proposed focus of the multilateral surveillance flagship reports for Spring 2019 on public and private financial vulnerabilities. The attention given to corporate market power in the WEO is warranted and timely in a context of tightening financial conditions and volatile markets. In the same vein, we welcome the upcoming GFSR's discussion of global financial risks. The proposed topic of the Fiscal Monitor is in line with Fund's new focus on governance and corruption issues and their fiscal and macroeconomic implications.

Regarding multilateral surveillance specific to low-income members, we continue to support the report on Macroeconomic Developments and Prospects in Low-Income Developing Countries. We reiterate our strong preference that the timing of discussion and the issuance of the report will be best suited in the run-up to the Annual Meetings, which will ensure greater exposure and traction to concerned policymakers. That said, we note that, unlike other multilateral surveillance reports the proposed work program fails to indicate the issue(s) to be addressed in the upcoming report on Macroeconomic Developments and Prospects in LIDCs. We would appreciate staff elaboration on this matter. In addition, noting that the last discussion took place in March of this year—i.e. 18 months prior to the next report—we would appreciate staff's clarification on the frequency of this flagship report. We strongly favor a regular 12-month cycle for this exercise.

We welcome the ongoing work on an integrated policy framework which looks at the interactions between policy areas core to the Fund's mandate (monetary policy, foreign exchange intervention, macroprudential policies, and capital flow management measures). We also support the continued efforts to address challenges in international taxation and domestic revenue mobilization, which we see from both a macroeconomic and development financing angles.

We appreciate the response to emerging structural issues and look forward to the discussion on the strategic framework for engaging on social spending, digital economy, inequality and climate change. The work on climate change, in particular, should be helpful in building ex-ante resilience to natural disasters without compromising macro-fiscal sustainability. It also represents an opportunity to further review the adequacy of the current lending toolkit in meeting the needs faced by members most exposed to the impact of climate change. We also appreciate the undertaking of the Political Economy of Structural Reforms. However, it should not be limited to a briefing but rather be expanded into a deeper analysis and a formal Board discussion that could give rise to a guidance note to steer Fund's engagement with members.

Enhancing Multilateral Cooperation

We welcome the efforts to strengthen the multilateral trade system, in line with the call made by the IMFC during the last Annual Meetings. The Fund work on trade, including the trade-related macroeconomic analysis, will play a key role in keeping members informed of possible spillovers of trade tensions, help mitigate risks, while enhancing confidence in an open, rules-based trade system. We therefore look forward to the Spring 2019 WEO discussion on trade imbalances and spillovers. However, we would caution against the Fund selecting only services and e-commerce as trade sectors to strengthen and modernize the multilateral trade system. Other long-standing sectors such as agriculture also carry significant open trade potential for an even larger set of the membership, especially LIDCs. In addition, the Fund should continue to play a strong advocacy role for regional trade initiatives such as the African Continental Free Trade Area (AfCFTA), as previously underscored by our chair.

We welcome the proposed pursuit of assessing—and communicating to the Board—the implications of digital transnational payments. We also encourage building on the Bali Fintech Agenda and other related work to further investigate the opportunities and challenges arising from digitalization. In this respect, the Fund should start exploring potential regulatory frameworks for crypto assets and related instruments and stand ready to provide guidance to the membership as needed. On a different front, we are concerned that the issue of withdrawal of correspondent banking relationships is merely seen as a backdrop to other issues. In this regard, we would request that staff frequently update the Board on most recent developments and how the Fund can further engage in helping affected countries address this challenge.

Cooperation with other International Financial Institutions (IFIs), including in support of countries' efforts in achieving the SDGs should be maintained. We look forward to the discussion on the Progress Toward the IMF Commitment under the 2030 Development Agenda. Regarding Fund work on demographics, we welcome the recognition in Box 2 of the different demographic transitions faced by many advanced economies on one hand and countries in Africa and Middle East on the other. It is however unclear whether and how the analysis on the benefits and costs of young populations in the latter regions will be carried out, notably as a follow-up to the Future of Work Conference planned for December 2018 in Ghana. Staff's comments will be appreciated.

Adapting Fund's Policy Toolkits

We agree with the priority and proposed Fund agenda on enhancing fiscal transparency, data provision, bilateral surveillance, program engagement with members, and support to LICs as set forth on page 5 of the proposed work program. We put high value on the ongoing Review of Facilities for LICs, and the Review of Conditionality and Design of Fund-Supported Programs the adequacy of the PRGT resources, and the interest rate structure of, and eligibility to, the concessional trust.

As highlighted in our recent informal Board discussion on the Multipronged Approach for Addressing Emerging Debt Vulnerabilities, all stakeholders should join forces to improve debt transparency, enhance debt analysis, strengthen debt management capacities, and reassess lending and borrowing practices. Overall, we endorse the proposed workstream on debt issues. However, a key item in the multipronged approach is missing from this work program, namely to strengthen creditor coordination in debt restructuring situations, drawing on existing fora, per IMFC Communiqué of October 2018. Staff's comment on this shortfall is welcome.

As countries that this chair represents are important recipients of capacity development and technical assistance, we are strongly engaged in the discussions on the 2018 Review of the Fund's Capacity Development Strategy and look forward to our contributions being reflected in the Revised IMF Policies and Practices on Capacity Development. Namely, that fragile states require a fundamentally different approach, that should focus on building institutional capacity and legitimacy. In addition, we are of the opinion, as expressed by other Directors, that more active consultation with Executive Directors would also help enhance the CD process.

Completing the 15th General Review of Quotas and Adapting Fund Operations

We look forward to the timely completion of the 15th General Review of Quotas considering rising downside risks to the global economy, in line with the agreed deadlines.

IEO's work remains invaluable and its forthcoming activities, in particular the Management Implementation Plans are of great interest. We look forward to the 10th Periodic Monitoring Report next year to assess management's progress in implementing previous IEO recommendations. Accountability is essential to ensuring that the Fund meets its mandate, is responsive to members' demands and remains pertinent.

The Fund should continue to put a high price on a diverse and inclusive workforce. We welcome the recruitment of the new Diversity Advisor and look forward to the resumption of Board discussions on diversity and inclusion. Given, this topic has not been discussed for an extended period, we would appreciate a shorter time frame between the informal and formal discussions.

Taking Stock of Spring 2018 Work Program Implementation

We welcome the assessment that the Spring 2018 WP has been broadly implemented as planned with some adjustments. However, in spite of the progress, we note the recurrence of typical bunching in January, December, and run-ups to Spring and Annual Meetings. We encourage staff and Secretary to continue to improve on planning regarding policy issues and Article IV country items.

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

We commend the Managing Director and staff for a well-focused and succinct work program that reflects the policy priorities in the Global Policy Agenda. We welcome the emphasis on surveillance, including the scheduled Comprehensive Surveillance Review and FSAP Review, which is timely given rising uncertainty in the global economy and financial markets. We appreciate the thematic grouping and costing of Board items which helps strengthen strategic planning and policy prioritization. We hope this prioritization will lead to more focused and in-depth consideration of policy items. We also applaud the efforts made to address bunching in the Board calendar. What lies behind the drop-off in non-country items shown in Figure 1—are there any particular types of items that have been reduced? We think in the future it would be useful to look at some of the purely briefing items on the work program and consider whether a Board item is the best way to convey information when directors' opinions are not being sought.

Given accelerating trade tensions, we fully support the work staff and management—including the MD—have been doing, and plan to do, on supporting open trade and the rules-based multilateral system. This should include using the Fund's analytical capabilities and convening power to demonstrate the benefits from trade, including the welfare losses from protectionist measures such as tariffs, in addition to growth effects. There are no specific Board items scheduled on trade, yet the work program states that trade is one of the Board's main policy priorities. We would therefore suggest some engagement with the Board to at least highlight what staff have been doing in this area and disseminate key messages.

We continue to highlight the importance of further strengthening the global financial safety net. The deadline for the 15th General Review of Quotas is just around the corner and we look forward to member countries narrowing the gap between their respective views in this area, and engaging in a constructive way to reach an eventual consensus. Are staff planning any more work on collaboration between Regional Financing Arrangements and the IMF?

We appreciate the continued efforts of the Fund to assist small states. In particular, we look forward to next year's Board discussions on Building Resilience in Countries Vulnerable to Natural Disasters and on Fiscal Policies for Mitigation and Adaption to Climate Change. Since these topics are closely related, could staff clarify what the scope of each of these items is, in a little more detail than Table 6? In addition, the Board used to receive an annual briefing on trends in correspondent banking relationships—while we are not asking for this to be put back on the Board agenda, it would be helpful to receive some regular information on this subject as the issue has not gone away and continues to pose serious challenges for many members.

The 'integrated policy framework' on page 2 is mentioned only briefly but could be a major stream of work in the future. Could staff outline the background, intention and next steps for this seemingly extensive framework?

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

We broadly support the main policy priorities and strategic direction for the period ahead, which are consistent with the October 2018 GPA and the IMFC Communique and are well embedded into our risk mitigation strategy. We continue to see the Fund as having a key role to play in helping to guide the global policy dialogue on efforts to promote multilateral solutions, address vulnerabilities, build resilience, and raise potential growth. With the growing coverage of the Work Program in line with growing global challenges, we remain concerned about increasing work pressures on staff, and would look forward to an increase in the Fund's budget as well as a balanced approach in the upcoming Comprehensive Compensation and Benefits Review that avoids a preoccupation with cuts that could leave us unprepared as we were for the GFC.

We agree with the choice of topics to be addressed in the three flagship documents, including on the implications of corporate market power, global financial stability risks, and improving governance of fiscal frameworks, and we consider them timely and relevant. We need to continue our work to analyze and address the spillovers from different trade policies, and to deepen collaboration with others to strengthen and modernize the open and rules-based multilateral trade system. We also need to build on the Bali-Fintech Agenda and support taking stock of fintech developments in the upcoming Fintech: The Experience So Far. The Fund should continue with its work related to harnessing the benefits of digitalization in areas within its mandate. In this regard, we welcome the recent briefing on central bank digital currencies, and welcome continued investigation of the implications of cross-border payments and for regulation. We should continue to exchange views with a broad spectrum of players as in the successful Fintech Week 2018 here in DC and in Singapore this November. In due time, we will look for staff to identify the specific areas of Fund policy advice and technical assistance.

We certainly welcome the intent to integrate macroprudential policies and capital flow measures into the more conventional macro framework. We were looking for a clear timeline on this agenda and would welcome a more concrete time proposal. As we have said on previous occasions, the experience with the Institutional View (IV) needs to take account of country experiences and we would welcome an evaluation by the IEO on the implementation of the IV broader response to capital flows, including the challenges faced by member countries in terms of capital flow volatility and how they have chosen to address these. The issue of pre-emptive use of CFMs is a legitimate area to explore and would be best addressed in a comprehensive review of the IV as well as in the integrated framework.

We look forward to the upcoming February Scoping Notes on the Comprehensive Surveillance Review and the FSAP Review. We expect to see how staff teams are managing the many additional topics added to Article IV mission work, without affecting the time spent on, and the quality of work on, core issues; this is an area of growing concern. We welcome outreach by MCD on their work on inclusive growth. Six months ago, we asked staff about the tool-kit on macro-structural issues and the online website, is it now operational? Regarding financial regulation, we take note of the planned regular update on Latest Developments in Financial Regulation and Review of the Fund's Strategy on AMLCFT. We are keen to see continued Fund work on the withdrawal of correspondent banking relationships with affected countries and regulators.

Fund work on demographics is welcome, including on the Implications of Aging, the Role of Pension Systems and the Future of Work. We trust that the Fund is working with others, especially on the subject of investing in education, for the conference to be held in Ghana in December 2018. In this regard, we would like to remind management that demographic transitions in Africa and Middle East also entail large numbers of displaced peoples, with high economic and humanitarian costs, as was highlighted in a recent Fund seminar. Fund work should continue to assess these economic costs and ensure adequate social spending to address them.

With respect to the Review of Conditionality and Design of Fund Programs, that was planned for November 2018, we trust that the document has benefited from the early outreach carried out, including as part of the African Caucus Meeting in Sharm El Sheikh last August. We would also like to hear staff confirmation that the question of evenhandedness will be addressed. We hope the upcoming Review of Facilities for Low-Income Countries—Reform Proposals will take a fresh look, including at our current instruments and resources, and take into account the views expressed by African Governors.

We support continued priority to a well-resourced Fund and to further strengthening the GFSN. Discussions related to the Fifteenth General Review of Quotas will need to retain the focus on the importance of maintaining a strong quota-based, and adequately resourced Fund at the center of the GFSN. This has become all the more important as we face rising global financial risks that may be compounded by a global cyclical recession.

We note the work planned to support the G-20 presidency. We would appreciate an estimate of the cost of this work, perhaps in the context of the budget discussions.

We look forward to discussing the interim and final 2019 Diversity and Inclusion Report, which had been postponed. The report of the Office of Risk Management concluded that most of the 2020 diversity benchmarks are unlikely to be met. It is therefore essential to articulate a clear plan of action on diversity and inclusion, with accountability at all levels in the institution.

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

We thank the Managing Director (MD) for her statement on the comprehensive work program (WP) which we endorse as it adequately reflects the priorities outlined in the Fall 2018 Global Policy Agenda (GPA) and IMFC Communique.

We welcome the ongoing pursuit for greater alignment with the budget and risk management processes. Stronger and more explicit linkages between the risk reports and major policy proposals presented to the Board help increase visibility and awareness and can facilitate continuous risk mitigation. We encourage the MD and staff to further develop this approach to ensure that the Board can make well-informed decisions and thereby strengthen the Board's central role in the governance of the Fund.

As regards policy advice and economic analysis, we fully support the WPs main policy priorities and the advice to member countries to urgently rebuild policy space, strengthen resilience, and advance structural reforms for the benefit of all amid rising risks. We also welcome the emphasis on promoting international cooperation and the need to modernize the multilateral trade system. We find the focus on different aspects of trade policies and the clarification of the Fund's role as an actor that can inform its member countries of the potential impact and spillovers of trade tensions and help facilitate a common understanding of the consequences of trade policies in an interconnected world, to be constructive. In regard to the phrase "modernizing" the trade system we think this should be based on a cooperative, constructive, and rules-based approach. And we agree with the earlier Board discussion on this topic that "modernization" of the trading system should involve maximizing the potential of trade, protecting the gains from trade, and sharing these benefits across all populations. We encourage staff to further analyze the benefits of trade liberalization and the costs of trade tariffs and distortions, and to undertake a thorough assessment of the recently announced USMCA agreement between Canada, Mexico and the US and, inter alia, its effect on global value chains.

We welcome the proposed focus of the upcoming IMF flagship publications. In particular, we would highlight the Fund's continued focus on governance and corruption issues and find the Fiscal Monitor's look at how improved governance in fiscal frameworks and institutions can improve policy outcomes timely. We also look forward to the analysis of housing market developments and related policy challenges, as this is a relevant dilemma for many of the countries in our constituency, and further refinements to Fund policy advice in this area would be useful. In addition, we encourage staff to provide some further details on the main focus of the upcoming GFSR.

We support the Fund's Institutional View (IV) on capital flow management measures (CFMs), although there continues to be differences of opinion regarding its application. To aid the learning-from-experience process with the IV, we particularly welcome staff's forthcoming work on an integrated policy framework, looking at the interactions between monetary policy, foreign exchange intervention, macroprudential policies, and CFMs.

We appreciated the Fund's evolving financial regulation agenda. Ongoing work on FinTech, Digitalization, and Central Bank Digital Currencies will enhance the Fund's policy advice and enrich engagement with the membership. We welcome greater guidance from the Fund on these issues and we look forward to regular briefings on these topics, considering the complexity and the speed of technical advances. International cooperation will also be important to understand the developments and handle possible challenges.

The work of the G20 is mentioned several times in the WP and we stress that issues and analytical work pursued for the benefit of the G20 give added value, but that G20 issues should be handled without straining Fund resources. The G20's focus on trade and demographics is timely and aligns well with Fund priorities, but the number of Fund produced G20 notes is relatively high and we would urge staff to ensure the whole membership is informed about this work through the Board, preferably before or at the same time the work is circulated in the G20. Also, if a note prepared by Fund staff for the G20 contains new analysis or policy recommendations, it should be discussed by the IMF Executive Board first.

We join others in the call for all parties to work together to complete the 15th General Review of Quotas within the agreed time table, which is now fast approaching. We would therefore encourage a scaling up of efforts and we remain committed to sustain a constructive engagement with the Board on this issue. From our side, we are prepared to support an increase in quotas to ensure an adequate realignment of quota shares is achieved. We welcome that additional Board engagements will be scheduled as needed before the Spring Meetings.

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

We fully support the proposed Work program of the Executive Board which translates faithfully the priorities spelled out in the IMFC communiqué. We thank the Managing Director for her well drafted statement which appropriately puts into perspective the calendar of work of the Board for the coming months. In the current context of rising inward-looking policies, we particularly appreciate and support the strong emphasis of the Work Program on the analytical contribution of the Fund on ongoing international coordination efforts and discussions.

We also take positive note of the efforts made to integrate as much as possible the remarks made at our last engagement on the Work Program. While bilateral surveillance and program reviews do not appear as such in the WP, both represent a significant part of the everyday work of the Board and we would like to seize this opportunity to recall how much we valued the Board's engagement on those reports and decisions. The Board's attention, exchanges and guidance to staff contributes to ensure a widespread knowledge and understanding of the situation of particular members including the smallest or poorest, as well as evenhandedness. The Board's deliberations are therefore a key driver of the support to the Fund's engagement and recommendations among the membership.

The proposed Work Program adequately covers emerging sources of vulnerabilities for the global economy or part of its membership. As already stated, we highly value the Fund's contribution on the potential impacts and spillovers of trade tensions, as well as the efforts to contribute to a positive agenda on the modernization of the multilateral trade system. As trade tensions materialize, it will be paramount for the Fund to continue to shed light on their detrimental impact on both growth and unemployment, including for the lower end of the income distribution, notably in the upcoming flagship reports. In that regard, the Spring 2019 WEO chapter on the spillover of trade imbalances should be carefully framed and communicated to ensure that a consistent message continues to be sent on the fact that external imbalances cannot be addressed through protectionist policies since they reflect investment/saving imbalances. It is also against this background that we call for further attention to the persistent external imbalances, notably in the flagship reports and in the upcoming 2019 External Sector Report. The rising debt vulnerabilities as a source of concern notably for low income countries, even if a granular approach would be required to avoid too generic categorization. In this regard, we thank staff for its swift effort to prepare the Joint IMF-WB Multipronged Approach for Addressing

Emerging Debt Vulnerabilities as well as for the preparation of a note, also with the World Bank, on the G20 Operational Principles for Sustainable Financing: Creditor Practices.

As highlighted in the MD's statement, a significant share of the Executive Board's work will be dedicated to further adapting the Fund's toolkit and policies. As already stated in previous engagements, the importance of the Fund's engagement, as a trusted advisor and provider of financial support, in low income countries cannot be overstated. In this regard, we expect the ongoing Review of Facilities for Low Income Countries to further enhance the effectiveness of the Fund's engagements while ensuring the self-sustainability of the PRGT. We are reassured by the fact that those two objectives are compatible given the existing room for maneuver. The articulation between this review and the Conditionality review will be key to ensure a coherent framework of engagement, and we also expect the main conclusions of the IEO report on the Fund's engagement in fragile states to feed into the LIC facilities review. We look forward to engaging actively in the preparation of the institutional view on Social protection drawing upon the IEO's recent evaluation on this issue and an assessment of the Fund's engagement in different types of economies.

A large share of the Work Program is rightly dedicated to the Fund's contribution on acute issues for the international coordination. At the current juncture, the Fund's engagement in ongoing discussions is key to ensure further progress of international coordination and notably to deliver on the agenda of developing a more sustainable, balanced and inclusive growth. In this regard, we particularly look forward to the upcoming discussion on Corporate Taxation in the Global Economy. We wonder whether it would not be more adequate to foresee two engagements with the Board on this complex issue, so as to allow for a first discussion on the framing of the analytical work to be done and a second exchange on the result of staff's analytical work. Staff might want to comment. We also strongly welcome the attention dedicated to the integration of the macroeconomic impact of climate change into the bilateral and multilateral surveillance and particularly look forward to the discussion of Fiscal Policies for Mitigation and Adaptation to Climate Change which would be particularly useful if it would allow a stock-taking of carbon taxation initiatives. We are pleased to see that our request, with other directors, for enhanced attention to the macroeconomic impact of demographic changes has been fully interacted into the WP through an enlightening Box. The broad approach taken to prepare the G20 Note on Macroeconomic and Fiscal Implications of Aging is relevant. Looking forward, we would encourage additional work on demographic transitions, including for members where rapid population growth rates might raise some concerns for the macroeconomic stability.

Mr. Lopetegui, Mr. Morales and Mr. Vogel submitted the following statement:

We thank the Managing Director for a comprehensive statement on the Work Program of the Executive Board which appropriately addresses the most important challenges that the Fund and its member countries are facing in the short and medium term.

Since the global crisis, rising uncertainty has led us to rethink various aspects of macroeconomic and financial policies, and the Fund has been doing a great job in leading the global policy debate. While technological progress and innovation has created many opportunities, uncertainty has been potentiated by social concerns as many jobs are put at risk. Unfortunately, as was noted in the October 2018 WEO, risks are now skewed to the downside. Populism and nationalism are gaining ground; trade disputes, if unabated, may leave important consequences in the medium term. Lack of trust, and its detrimental effect on political and social ownership, could prevent countries from implementing needed structural reforms, including those necessary to address demographic change, like pension systems. Meanwhile, as vastly discussed over time in our flagship documents, public debt has surged, with historic highs among advanced and emerging market economies. Monetary policy normalization coupled with subdued productivity growth could bring further pressures, in advanced and emerging market economies alike. The most vulnerable countries in this regard, notably in the emerging world, may require financial assistance from the Fund.

Against this background, we support the focus of the work program. We welcome Fund work on trade to analyze the potential impact and spillovers of trade tensions and building a common understanding of the far-reaching consequences of trade policies. We also support work to strengthen and modernize the open and rules-based multilateral trade system.

As noted above, structural reforms in an ample range of areas are strictly required for many countries around the world to the extent that technological and demographic circumstances, have substantially changed. We look forward to discussing the briefing on Political Economy of Structural Reforms and the topics underscored in Box 2 on demographics. We also attach special importance to the upcoming discussions on the Fund´s Engagement on Social Spending.

Public debt has increased among advanced and emerging economies; thus, we are encouraged by the important focus of the proposed Work Program on debt sustainability, including through the forthcoming Debt Sustainability Framework for Market Access Countries. The Fund should redouble efforts to make debt statistics more consistent, for which it is essential to make debt coverage more comparable. As previously observed, risks related to debt should consider debt profiles in terms of maturity, fixed or variable interest rates, and currency composition.

Many industries are exhibiting significant transformations in terms of market power; thus, we welcome the topic chosen for the next World Economic Outlook on the macroeconomic implications of increased corporate market power. We also support the Fiscal Monitor´s study of institutions and fiscal frameworks, which could help to improve governance and fight against corruption.

We support work on an integrated policy framework, to explore interactions between monetary policy, foreign exchange intervention, macroprudential policies, and capital flow management measures. Could staff comment on the main objectives of this work and be more precise on the expected timeline?

We support work towards strengthening the global financial safety net and to arrive at a successful outcome of the 15th General Review of Quotas, in line with our recent discussion of the 2018 Risk Report.

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

We thank the Managing Director and staff for the statement on the work program. This work program captures well the priorities laid out in the Global Policy Agenda and the IMFC Communique of this fall. We look forward to important policy reviews, including those of surveillance, the FSAP, as well as conditionality and program design. The work on existing and emerging macro-critical issues should focus on the Fund’s core competencies and mandate, so as to add most value. We note a stabilization of the workload, which should allow for a better prioritization of resources. In addition, we welcome the link made between the work program and the risk assessment, and we look forward to a further refinement toward linking risk reports and major policy proposals.

Policy Advice

We strongly support the call to rebuild buffers, enhance resilience and advance structural reforms in the face of growing vulnerabilities. We note that the current maturing of the business cycle has reduced the window of opportunity to build the adequate policy space to respond to a future slowdown. We very much welcome the work on the political economy of structural reforms, which should enhance the traction of the Fund’s advice. Debt vulnerabilities continue to increase in many countries, including LICs, and we welcome continued efforts to address this issue.

We look forward to considerations regarding the development of an integrated policy framework for monetary, macroprudential and other related policies. Due attention should be given to country-specific institutions as well as legal and other requirements.

On structural policies, the ongoing work to develop a strategic framework for the Fund’s Engagement on Social Spending is welcome. We understand that this work builds on the recommendations of the related IEO report, which was published in July 2017. This report sketches two main approaches on the objectives of IMF involvement in social protection: a narrow approach focusing on short-term mitigation and a broader approach covering also risks to economic growth and stability. Could staff elaborate on how these two approaches have been further fleshed out in recent work?

Contributions to Global Stability

We welcome the Fund’s efforts to promote international collaboration and inform policy-makers of the consequences of mounting trade tensions. It is important that the Fund continue to promote the benefits of an open and rules-based multilateral framework for trade in goods and services. In this regard, we look forward to the examination of the determinants of trade imbalances, which we expect to also benefit from Fund work on demographics, and spill overs from trade policies.

The Fund’s forthcoming efforts to identify and monitor financial sector risks are welcome. In these areas, it remains important that the Fund continue to collaborate with other relevant institutions and avoid duplication of work. This also applies to the Fund’s expanding work on emerging issues, especially fintech. The Fund should focus on macro-relevant aspects and coordinate closely with other international organizations. Regarding fintech, the Fund should primarily provide a platform for members to exchange their experiences and offer technical assistance to those in need.

Fund Policies

The scoping notes on the Comprehensive Surveillance and FSAP reviews will be important milestones toward the 2020 Comprehensive Surveillance Review. We look forward to these discussions and welcome the early engagement of the Board. With regard to the FSAP, we expect the review to address the issues of how processes can be streamlined and better integrated in Art. IV consultations. We also welcome the coming update of the Fiscal Transparency Code as well as the review of the Code on Transparency in Monetary and Financial Policies (MFP). On the latter, we note that this will be the first review since the adoption of the Code in 1999. Given that the MFP lies at the core of the Fund's mandate, timely outreach to the membership and engagement of the Board would be welcome. Could staff elaborate on the process and timeline of the MFP review?

We deem the Review of Conditionality and the Design of Fund-Supported Programs another key item of the current work program. A candid assessment of past programs, especially of those that were less successful, is an important prerequisite to increase quality, impact, and effectiveness. Such an assessment will also help strengthen the resilience and stability of future programs.

We welcome the ongoing work on debt transparency and debt sustainability, as mounting debt and fiscal vulnerabilities, especially in LICs, call for increased vigilance. We support the ongoing work to strengthen fiscal frameworks, improve debt management capacity, and implement the updated DSF for LICs. In this respect, we would like to highlight the overall importance of DSF as well as DSAs. Engagement should go beyond the IMF and the World Bank, and include country authorities as well as other IFIs and lenders, both official and private.

Furthermore, we look forward to the discussion on the Revised Policies and Practices on Capacity Development (CD), which should build on the thrust of the recent Board discussion on the CD strategy review. During this discussion, the Board again flagged the need to ensure its adequate engagement in key strategic and priority decisions. In this context, we were wondering whether staff plans to integrate some of the proposals regarding Board engagement in this work?

Governance

We remain committed to completing the Fifteenth General Review of Quotas within the agreed timeframe and with the aim of maintaining a strong, quota-based, and adequately resourced Fund at the center of the global financial safety net.

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

We welcome the Managing Director’s statement on the Work Program (WP) of the Executive Board for the next twelve months that appropriately reflects the key priorities articulated in the Fall 2018 GPA and IMFC Communiqué. We broadly support this agenda, which we find to be balanced and well-structured to address the current challenges in the global environment and increasing vulnerabilities. We would like to make the following points for emphasis.

Enhancing Resilience and Addressing Mounting Vulnerabilities

The flagship reports rightly address the rising vulnerabilities and the need to improve policy outcomes to enhance resilience and advance reforms. In this context, we look forward to the report on Macroeconomic Developments and Prospects in Low-Income Developing Countries (LIDCs) and hope that work on LIDCs across several departments will be better coordinated under this report, and that there will be more granular analysis of topics that are pertinent to the authorities of this diverse group of countries. In addition, we hope that the flagship reports will still include wider coverage of the impacts of systemic issues on LIDCs and small states.

An integrated policy framework looking at the interactions between monetary policy, foreign exchange intervention, macroprudential policies and capital flow management measures is a welcome step. This would be useful to countries that are trying to modernize their monetary policy frameworks, those struggling to adjust foreign exchange regimes in light of shocks as well as those contending with substantial capital flows, including countries in the Sub Saharan African region as indicated in the Fall 2018 Regional Economic Outlook.

We welcome the various initiatives to advance structural reforms to enhance resilience and boost inclusive growth. In particular, we find the work on mitigating the impact of climate change and natural disasters as important. In this regard, we support collaborative work with the World Bank and other institutions in helping vulnerable countries build resilience and better manage the impacts of natural disasters. We also welcome staff's recognition of the challenges facing different countries with respect to demographics. Given the potential benefits and potential risks of the current demographic transitions in Africa and the Middle East, does staff anticipate any specific workstreams in this area to inform policy advice for these countries? That said, we note that the briefing on Measuring Competitiveness in a World of Global Value Chains has been dropped from the WP. This could have been a useful discussion in light of Fund advice to developing countries regarding diversification and improving competitiveness. We hope that this topic can be brought back into the WP for Board discussion, specifically looking at challenges faced by LIDCs in this regard. Staff comments are welcome.

We look forward to the discussions on social spending, Fund work on the digital economy, and staff briefing on financial services and income inequality. We note that the briefing on the Political Economy of Structural Reforms will examine the influence of political costs on structural reforms in labor, product, trade and financial markets. We hope that in future there could be a broader and deeper analysis of political economy issues and how they affect program implementation.

Enhancing Cooperation and Contributions to Global Stability

We continue to call on the Fund to take a central role in multilateral cooperation and international policy coordination to mitigate adverse spillovers and enhance global stability. To this end, we look forward to the work on trade and the potential impact and spillovers of trade tensions. International cooperation is critical to foster a rules-based and open international trading system that supports development, ensures shared prosperity and keeps pace with technological developments. Effective international cooperation is also necessary to develop fair tax rules, support domestic resource mobilization and combat illicit financial flows. We look forward to the discussion on illicit financial flows in the next work program, given its importance to developing countries in achieving the Sustainable Development Goals (SDGs).

The Fund's participation in supporting countries' efforts to achieve the SDGs is important. The assessment of the spending needs required to achieve the SDGs by 2030 revealed the large efforts needed to deliver on these goals. We urge the Fund to consider the best ways to support countries, including through accessing adequate financing for development and addressing the interrelated challenges of debt and growth. In this regard, we welcome the joint World Bank-IMF multi-pronged approach to address high and rising debt vulnerabilities and look forward to the review of the debt limits policy. We expect the policy to strike the right balance between supporting countries in achieving their development goals while mitigating risks of unsustainable debt.

Fund Policies

The Fund should remain agile in adapting its policy toolkits to the evolving needs of the membership. To this end, even-handed decisions in surveillance and lending are needed to help gain confidence with members, and to mitigate elevated risks in areas noted in the 2018 Risk Report. In this context, we look forward to the discussions related to the Poverty Reduction and Growth Trust (PRGT) including the ongoing Review of Facilities for Low Income Countries, reviews of the interest rate structure and PRGT eligibility, update on concessional financing, as well as the Review of Conditionality and Design of Fund-supported programs, which we hope addresses issues related to program performance, adequacy of financing and support to members. Further, we support the integrated approach to strengthening capacity development by incorporating technical assistance into Fund surveillance and lending.

The internal organization plays a key role in enabling the Fund to meet the needs of the diverse membership. In this context, we continue to support the work of the IEO in strengthening accountability of the institution. We also look forward to the discussions on the budget and the Fund’s income position, communications strategy, knowledge management strategy, as well as the Human Resources strategy. We continue to call for a more diverse and inclusive workforce and a clear plan to achieve the 2020 diversity goals, specifically related to staff from under represented regions.

Work Program Implementation

The harmonization of the WP cycle with the financial year and budget as well as the integration of assessed risks from the risk reports is welcomed. In addition, combined costing and FTC classification to strengthen strategic planning and prioritization remains appropriate. Finally, we commend staff for broadly implementing the Spring 2018 WP as planned and for the efforts underway to address the bunching problems. However, we still see room for improvement when it comes to mission planning and the scheduling of country items.

Mr. Tombini submitted the following statement:

I thank the Managing Director for the comprehensive work program for the next twelve months. I broadly support the proposal, which responds adequately to the current economic challenges and reflects well the priorities outlined in the Global Policy Agenda (GPA) and in IMFC Communiqués. The emphasis on adapting the surveillance, lending and capacity development activities will ensure that the Fund stays relevant while being better equipped to respond to new challenges. I also highlight at this stage the increasing relevance of Fund work on issues of international cooperation, particularly on international trade and taxation.

I welcome the focus of the Spring 2019 flagship publications. In particular, given recent market developments, I appreciate that the next GFSR will address the global financial stability risks arising from tightening financial conditions. I also welcome the focus of the Fiscal Monitor on how improved governance in fiscal frameworks and institutions can reduce corruption vulnerabilities and improve policy outcomes. Separately, I fully support the work on an integrated policy framework that looks at the interaction between monetary and macroprudential policies, capital flow management measures and foreign exchange policies. However, I am somewhat disappointed that this workstream will only be considered by the Executive Board at a date to be included in the next work program, without any clear time commitment. Staff’s comments would be welcome.

I welcome the commitment of the Managing Director to complete the 15th General Quota Review within the timeline approved by the Board of Governors. Amid increasing evidence of rising demand for IMF financial assistance due to tightening global financial conditions, I underscore, once again, the importance of a well-resourced Fund at the center of the global financial safety net. My chair remains committed to a constructive engagement with the Executive Board on the quota review, including the new quota formula, and I look forward to concrete progress ahead of the deadline. Accordingly, the language used in the work program (“additional Board engagements will be schedule as needed”) is somewhat vague and could be strengthened.

The work program for the next twelve months brings together fundamental reviews of key Fund policies. I look forward to the scoping note for the Comprehensive Surveillance Review in February, as well as the FSAP review in March. I also look forward to the upcoming Review of Conditionality and the Design of Fund-Supported Programs and welcome the increasing collaboration of the Fund with the World Bank on public debt vulnerabilities and transparency. On the LIC facilities and PRGT eligibility, any proposal for review needs to take into account the increased debt vulnerability of these countries, as well as their vulnerabilities to terms of trade, natural disasters and other shocks.

Inclusion in the work program of discussions about natural disasters and climate change is welcome. I expect many interlinkages between the discussion on Fiscal Policies for Mitigation and Adaptation to Climate Change and Building Resilience in Countries Vulnerable to Natural Disasters. The Fund is taking the leadership on the very important initiative to discuss strengthening resilience to natural disasters and climate change in small states in general, and in the Caribbean in particular. This segment of the membership has very limited fiscal space to adapt ex ante to the effects of natural disasters. The conclusion of these discussions should serve as input to further work by staff in surveillance, capacity building, and lending (e.g., access limits).

I expect a constructive discussion on the strategic framework for the IMF engagement on social spending, following the IEO recommendations in the evaluation The IMF and Social Spending. This is certainly one issue where the modalities of IMF engagement need to be clarified and reinforced. I recall, for instance, the consensus reached during the end-October Haiti Board briefing that some implementation of social mitigation programs are essential requisites to the adoption of reform measures that are anticipated to have severe social consequences. I also look forward to discussing the Responses to the Third External Evaluation of the IEO and the upcoming follow-up EVC activities, as well as the Board discussion of the new IEO evaluations on financial surveillance and unconventional monetary policy.

It is unclear if the ambitious work program can be accomplished within the Fund’s budget and HR realities, and increasing workload pressures may be inevitable. At the same time, it is important that the Executive Board have the opportunity to debate the modernization of HR policies and practices, and engage in the review of compensation and benefits, and in the progress with diversity and inclusion, among other issues of relevance to motivate and reward staff’s hard work.

Mr. Agung and Mr. Tan submitted the following statement:

We thank the Managing Director and staff for the updated work program (WP) of the Executive Board. The WP encapsulates the strategic direction and policy priorities outlined in the Fall 2018 GPA and IMFC

Communique. It also supports further strengthening of the Fund's work and policy advice, while embedding budget and risk considerations.

The proposed focus of the Spring Flagship reports and analytical work is appropriate. The focus of the GFSR and FM is pertinent given tightening global financial conditions and increasing debt vulnerabilities. We look forward to the discussion on the key drivers of housing market developments and policy considerations given the macro-financial impact of real estate markets as well as numerous Board conversations on the use of macroprudential policy measures (MPMs) and capital flow management measures (CFMs) in the housing sector.

We welcome staff's work on an integrated policy framework, reflecting the interactions between monetary policy, foreign exchange intervention, MPMs and CFMs. This chair has repeatedly pointed out the need for CFMs to be assessed in a holistic way with other macroeconomic policies, as CFMs constitute an important element of the overall policy mix to address the monetary policy trilemma amid highly volatile capital flows and their implications for financial stability. We consider this initiative to be a priority, especially in the current conjuncture, as emerging market economies continue to face capital flow volatility.

Against a challenging global environment, we support efforts to enhance multilateral cooperation and address shared challenges. In promoting the benefits of a rule-based multilateral trade system, the Fund must continue to fully leverage its unique convening power, wide cross-country experience and strong analytical capacity. With respect to efforts to strengthen and modernize the multilateral trade system, services and e-commerce are listed as new areas of work. Could staff comment on how this work interacts with the current work on digitalization and corporate taxation in the global economy? The financial landscape is fast evolving and we recognize the Bali Fintech agenda as a framework to support awareness, further learning and ongoing work in this area. The planned stock-take of fintech developments and implications for global monetary and financial stability fits neatly within the Fund's mandate, and should complement the work of other international standard setters and support authorities to respond to fintech developments. At the same time, EM public debt as well as EM corporate debt have risen to historically high levels. The collaborative approach with the Bank in addressing emerging debt vulnerabilities is rightly prioritized in the WP. This work is quite comprehensive, and we therefore caution due care in sequencing the various initiatives to the broad membership, and communicating the assessment results, including humility in the Fund's expectations of deliverables such as that for debt transparency.

Work on adapting the Fund's policies and toolkit is commendable. The comprehensive review on surveillance and the FSAP will be important in helping the Fund maintain credibility and strengthen policy traction. We welcome the progress made on the review of LIC Facilities and look forward to the reform proposals from staff. However, we see scope for better tailoring Fund advice and adapting the lending toolkit and capacity development (CD), especially for countries in conflict and fragile situations. In this light, we consider that the work on eligibility to use Fund facilities and the Fund's concessional assistance and debt-relief to LICs to be crucial in shaping staff's views. It is also important to strike the right balance in ensuring that capacity development continues to be tailored to the priorities and absorptive capacity of recipient countries, reflects the Fund's objectives, leverages new technologies for delivery and is coordinated with other providers. As such, we welcome the opportunity to embed risks to governance, oversight and donor funding of CD in efforts to introduce results-based management in this area.

We value initiatives reflecting effective engagement with the Fund's diverse membership. Planned work on mitigation and adaptation to climate change and building resilience in countries vulnerable to natural disasters will be beneficial for the entire membership, especially vulnerable small states and LIDCs. The briefing on political economy of structural reforms will also help shed light on addressing key reform constraints. While we value the Fund's efforts to incorporate emerging issues and traditional areas of work into its overall program, care must be taken to ensure that we continue to focus on areas in which the Fund could offer the most value and on which its advice would resonate with the broad membership. Macro-criticality, the flat real budget and close Board oversight serve as appropriate guiding principles in this regard.

We remain committed to completing the Fifteenth General Review of Quotas within the agreed time-frame in line with maintaining a strong, quota-based and adequately resourced Fund at the center of the global financial safety net. We are open to further Board engagement on this issue outside of the scheduled agenda.

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

We thank the Managing Director for this Work Program for the months ahead, which balances aspiration with realism. We see it as being well aligned with the priorities set out in the Global Policy Agenda and the IMFC Communique.

This work program comes at a critical juncture in which the economic landscape is dominated with uncertainty from trade wars, debt piles and financial risks. In this evolving situation, the Fund and the membership would need to step up efforts to reinforce global growth and preserve stability. Internally, adequate financial resources, solid human resources and updated technology would be vital for keeping the Fund strong.

The program also acquires a heightened significance with its keenly awaited deliverables encompassing the core of Fund mandate on surveillance review, capacity building strategy, multiple lending facilities and the accompanying modernization of the human resources- which will be central to leading the agenda. Against this background, we commend staff's impactful delivery on the past Work Program and broadly support the approach, scope and sequencing of the current work program. We would like to emphasize on the following aspects:

Policy Advise and Analysis

We welcome the analytical issues proposed for the Fund's flagship publications, particularly the WEO on macroeconomic implications of increased corporate market power, coming close to the external debates on the rising dominance of superstar companies. Similarly, the focus on global financial risks in the GFSR and on governance aspects in fiscal frameworks in the Fiscal Monitor, is pertinent and timely. These are prominent flagships, but the present role of the Board, limited to a briefing format is a concern for us. Directors mostly do not have enough time and opportunity to clarify positions in these publications. While we do not prescribe micro management, we do wonder if a middle of the road approach can be adopted, with perhaps a briefing prior to the published versions. Staffs views are welcome.

We are particularly interested in the integrated policy framework process. We see many recent Board discussions as justifying the need to take a holistic and integrated view of capital flow measures and macroprudential measures. Further, we believe that incorporating this perspective into the more traditional macroeconomic framework would serve the membership well in dealing with external shocks and their impact on domestic real and financial sectors. We urge that this workstream be prioritized and concrete commitments on timelines be made.

Global Stability

Against the backdrop of intense trade tensions, we support the Fund's strong agenda on the determinants of trade imbalances, spillovers from trade policies and the collaborations being undertaken with the WTO, OECD and G20. To demonstrate that multilateralism works, we would expect the agenda to be complemented with an equally strong approach of communicating the collaborative efforts, including on resolving tensions to promote open trade. Could staff offer more granular details on the initiatives being planned for this trade agenda? We look forward to the Board meetings on the progress of the Bali Fintech Agenda and to keep abreast with the swift technological advances and their macro-financial consequences. Likewise, given the disruptive potential of another element on the integrity of the financial system, we recommend that Fund effectively fill the gaps in implementation of Anti-Money Laundering and Combating the Financing of Terrorism agenda through enhancements in the lending and surveillance platforms. We would welcome AML/CFT implementation as an essential conditionality in all Fund lending programs.

Governance

We reiterate our support for a strong, quota-based and adequately resourced Fund at the center of the GFSN. With the deadline on the 15th General Review of Quotas fast approaching and many issues still open, we would like to see a more detailed roadmap for concrete progress. Greater engagement would be paramount for ensuring that there is adequate discussion before a more definite stance is adopted.

Fund Policies and Synergies

The Fund should retain its lead in guiding global policy debate and constantly reassess whether the mandate, actions and policy advise meet the expectations of the membership, including the more vulnerable. Therefore, we fully support the prioritization and the risk mitigation efforts through the work on Comprehensive Surveillance Review, FSAP Review, Debt Sustainability Framework, the Debt Limits Policy, Review of Facilities for Low-Income Countries and Capacity Development Strategy. Separately, the Fund should continue to exploit synergies and coordinate its work effectively with other institutions, particularly for the 2030 Development Agenda, corporate taxation, resilience on natural disasters, demographics and data gaps.

On a more granular level, with indebtedness becoming more ominous, we see value in the Joint Fund-Bank multipronged strategy for addressing vulnerabilities. With high inter-connectedness of reliable data, debt limits and Funds policy advise to check contagion risks of materializing debt exposures, we feel this agenda's prominence needs to be intensified at the multilateral surveillance level, with possible caps on lending decisions. A more result-driven and sequenced approach to debt analysis, debt transparency, debt management and debt policies could safeguard stability.

Finally, even as we acknowledge that some delays are inevitable with competing priorities and extensive consultations, we do see sizable delays in some of the items in the Work Program. We would like to encourage further efforts to minimize delays where possible, including by not overstretching resources for the addition of new subjects.

We wish the Management, the Staff and the Board all success in implementing this Work Program.

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

We broadly support the key policy priorities and deliverables in the well-focused Managing Director's Statement on the Work Program (WP) of the Executive Board. We thank SEC for continuing the informative structure of the statement and emphasizing stronger and more explicit linkages between the risk report and major policy proposals presented to the Board. We also appreciate SEC's recent efforts to better balance the workload of the Board. The WP generally focuses on the core activities of the Fund and we reiterate our view that the Fund should continue to work with other institutions in policy areas, which are beyond its expertise and comparative advantage.

We welcome the important upcoming reviews. These include the scoping notes on comprehensive surveillance and FSAP reviews, the review of conditionality and the design of Fund-supported programs, and the reform proposals for LIC facilities. The IEO evaluation on IMF Financial Surveillance will also provide an opportunity to identify policies to further enhance financial surveillance. On capacity development (CD), we welcome the recent review of the strategy and look forward to regular informal Board briefings on CD activities and more Board engagement on strategic direction and priority setting. To this end, we reiterate our suggestion to have an informal Board meeting, in the run-up to the forthcoming meeting on the budget, to engage the Board on the CD priorities for the medium-term. We also look forward to the Board engagement on the revised Fund policies and practices on capacity development.

We take note of the work on an integrated policy framework, which is looking at the interactions among monetary policy, foreign exchange intervention, macroprudential policies, and capital flow management measures. Since this is a core area of Fund work, we would appreciate staff elaboration, especially its link to the work on the application of the Fund's institutional view on capital flows and the ongoing study on the effectiveness of macroprudential policies.

On structural policies, we look forward to the upcoming discussion on a strategic framework for Fund engagement on social spending, which would provide useful guidance to staff and facilitate consistent interactions with member countries. We also welcome the planned briefing on political economy of structural reforms. Overcoming obstacles to implementing reforms in labor, product, trade and financial markets remains a challenge and, in this context, assessing both costs and benefits of different reform options would be helpful to policymakers.

On quota and voice, we have a comment on the text. While the words "against the backdrop of increasing downside risks to growth" were in the GPA and in the first draft of the IMFC communique, these words were dropped in the final version of the communique. In this context, we are surprised to see these words reappear in the text of the WP and ask staff to make suitable adjustments during the revision of the WP statement. As we have underscored repeatedly, we consider that the present quota and NAB resources are sufficient to meet the needs of the membership over the medium term, while bilateral borrowing provides a cushion for a temporary surge in Fund lending in shock situations. In this context, the planned Board meeting on the extension of 2016 bilateral agreements is welcome.

Following the February 2018 informal briefing, the planned meeting on international corporate taxation is welcome and we hope that it will be an important contribution towards advancing work on a globally fair and modern international tax system. Since the last staff briefing, the European Commission proposed in March 2018 to apply a digital services tax (DST) from January 2020. The UK has also announced plans to introduce a DST from April 2020. However, some concerns have been expressed on implementing interim tax measures as well as on double taxation of multinational companies. In this connection, we note that the recent IMFC communique has called for continuing to "work for a globally fair and modern international tax system, and where appropriate, address competition and tax challenges, including from digitalization". We look forward to staff's work, which hopefully would help advance building consensus on this issue.

We welcome the work on demographics. The planned G-20 note on the "Macroeconomic and Fiscal Implications of Aging" during Japan's 2019 G20 Presidency will be an important contribution on this important subject, including the international spillovers from differences in aging profiles across countries. In addition to aging-related challenges, the GPA had rightly underscored the need to deepen existing analysis of youth labor market prospects, which will be an important contribution for the MENA region in its efforts to harness demographic dividends. In this context, we wonder whether staff will share their analytical work ahead of the forthcoming Future of Work Conference, which will look into investing in education systems, physical and digital infrastructure, and deepening integration, as noted in the WP?

We look forward to the spillover chapter of the WEO on the determinants of trade imbalances and spillovers from different trade policies. In this context, we would like to note that the recent IMFC communique has recognized the need to "mitigate risks and enhance confidence in international trade, including on ways to improve the WTO to face current and future challenges". To this end, we look forward to staff's analytical work on how to strengthen and modernize the multilateral trading system in collaboration with the WTO and the World Bank. Still on the WEO, we note the planned analytical work on "the implications of corporate market power for the macroeconomy and policy". Will the chapter build on the Working Paper on "Global Market Power and its Macroeconomic Implications"? Does corporate market power currently represent a significant risk to the economic outlook?

Finally, we regret the limited Board engagement in diversity issues. Between 2015 and 2018, only one annual report on diversity and inclusion was issued and discussed by the Board (2016). It is indicated in the WP that the Board will be briefed on diversity issue in May 2019 with a formal Board meeting in 2020. At that time, it would be late for the Board to consider any policy options to help achieve the 2020 benchmarks. In this regard, we remain concerned by the mounting evidence that the 2020 benchmarks for the representation of staff from the MENA region will not be achieved and we reiterate our call to urgently take the necessary measures to address this shortcoming. We therefore call for advancing the upcoming Board discussions to allow the Board to consider concrete steps and a definite timetable to enhance diversity in the Fund, particularly for staff from the under-represented MENA region. In our view, the upcoming recruitment and retention paper will offer such an opportunity. Staff comments are welcome.

Mr. Hurtado, Mr. Moreno, Ms. Arevalo Arroyo and Mr. Montero submitted the following statement:

We thank the Managing Director for a comprehensive Work Program (WP) that operationalizes the main priorities of the Fund's Global Policy Agenda and guidance by the IMFC. The WP is extensive and addresses many important issues that merit our attention. We broadly agree with the initiatives and we largely support the document. At the same time, we have some comments and suggestions.

The WP has evolved to be more efficient in underpinning a challenging agenda. We continue to support the efforts to prioritize and streamline the Board workload, which include a substantial drop in both non-country and policy items. This will allow the Board to deepen its engagement in many of the relevant upcoming issues.

The Fund's Mandate

This chair continues to emphasize the importance of having an adequate focus on core issues pertaining to the Fund's mandate. In this regard, we are pleased to see work devoted to enhancing Fund surveillance, lending and capacity development activities. In our view, this version of the WP is more balanced with regards to emerging issues. For example, we welcome the focus on fiscal policies for mitigation when addressing climate change. We also believe that work on higher inclusion in the labor market, including gender-related topics, should continue when deemed macro critical.

We welcome the first steps to develop an integrated policy framework that addresses the interactions between monetary policy, FX intervention, macroprudential policies and CFM measures. This is a long-overdue topic and we call on staff to adopt a holistic and open-minded approach along the lines suggested by some researchers.

Policy Advice

We strongly support the upcoming work on macroeconomic implications of increased corporate market power. We would like to draw staff's attention to possible links between apparent market power in product markets and monopsonic power in labor markets. The existence of both monopoly and monopsony practices means welfare deadweight losses and could imply higher spending on state benefits. This interaction between both types of market power may also have substantial implications for antitrust regulation. We also welcome the work regarding housing market developments and related policy challenges as this is an issue worth following up in the context of multilateral surveillance.

We take note of the work on corporate taxation in the global economy and consider there could be a broader scope to assess this issue, including the study of base erosion and profit shifting, fiscal arbitrage and taxation of digital services. Also, we want to stress the need for this work to be complementary with OECD's BEPS.

We welcome the work on the political economy of structural reforms, which will provide interesting ground for considering feasibility issues when undertaking reforms: the interplay of political forces and public acceptance of reforms is a critical determinant for the success of the latter. It would also be relevant to add the fiscal dimension to examine the influence of political costs on this type of reforms.

The Fund's Role in International Cooperation

Consistent with the articles of agreement, we welcome the continued focus on promoting an open, multilateral and rules-based trade system. The Board has expressed interest in a briefing on the United States-Mexico-Canada Agreement (USMCA). Are there plans to include such a briefing in the upcoming months?

Regarding the need to modernize the multilateral trade system, as we have mentioned before, it is not yet clear what are the specific efforts related to the so-called modernization of the trade system. Staff comments are welcome. Additionally, we consider it relevant to keep highlighting the gains from trade while recognizing that there are both winners and losers. We believe it would be worth exploring the possibility of the eventual creation of a Globalization Adjustment Fund similar to those existing in the EU.

On Financial Regulation, we consider that continue monitoring the experience with Fintech will also provide useful insights into the trade-off between its benefits and challenges. There is scope, in order to foster a good balance between risks and opportunities from Fintech, for the IMF to develop guidelines on sandboxes.

Fund Policies

This WP presents a challenging agenda that includes central reviews to enhance Fund's surveillance. We welcome the work on debt and, in particular, the joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities. An adequate assessment of the debt distress situation in LIDCs and its roots is necessary to consider changes in access and conditions of the PRGT.

Furthermore, addressing high and rising debt vulnerabilities is of vital importance for the membership as a whole, including advanced economies. In this regard, we particularly welcome the work on Macroeconomic and Fiscal Implications of Aging and would like to know how this work will be linked to the multi-pronged approach to address high and rising debt vulnerabilities. Staff comments are welcome.

Governance

We welcome the continued work to completing the 15th General Review of Quotas. However, as the deadline approaches, we wonder if there are additional items that could contribute to advance the discussion and how the WP can be more explicit regarding prioritization of the steps needed for the Review. Staff comments are welcome.

Risk

We welcome the inclusion of an assessment of how identified risks in the Risk report have been addressed and how the WP impacts the risk profile. We believe that is a useful initial step to have a layout of how the items in the Fall 2018 WP are linked to the risk areas. Moving forward it will be beneficial to see the WP interaction with the proposed roadmaps in the different business areas.

We note that initiatives to reprioritize and reallocate under a flat budget will continue. But we would like clarification if the idea is to increase work on the priorities mentioned (comprehensive surveillance review, FSAP review, debt sustainability framework for MACs, debt limits policy, reviews of conditionality and of facilities for low-income countries and capacity development strategy) and, if so, which other activities will be deprioritized.

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

The relevance of an institution, such as the Fund, hinges on its capacity to adjust to the emerging needs and challenges of its membership. We believe that the Fund, and its current Management, has made significant efforts to do so. This has led to extremely dense – and at times not so focused – Work Programs (WP). However, the streamlining efforts appear to have already produced results: the number of Non-Country Items to be discussed by the Board appears to have peaked in the Fall of 2017, as it is shown on Figure 1. We would like to see a continued decline going forward.

Furthermore, we consider that the WP adequately reflects the Fund's policy priorities as decided by the IMFC and we support it with the following remarks.

Globalization's asymmetric impact has fueled waning support for multilateralism; this could undermine adequate responses to a possible downturn, both at country as at international level. We support the Fund's role in enhancing multilateral cooperation, which implies a fairer and open trade system. Nevertheless, the Fund should refrain from representing multilateral cooperation as an alternative to bilateral cooperation, but instead as two complementary mutually reinforcing approaches.

The Fund should continue to work with the G20, but its contribution should stay within its area of expertise and mandate, resisting pressures toward mission creep. However, we look favorably to the Fund's work on Demographics, it should contribute to better understanding its implications not only on the fiscal accounts but also on growth and productivity.

Still related with the need to protect those left behind by globalization, and the increasing evidence related with the negative impact of inequality, we welcome the development of a strategy framework for the Fund's engagement on social spending.

We also welcome the addition of the briefing on Political Economy of Structural Reforms. Adequately understanding the political economy constraints and reflecting those considerations in Fund's country work could contribute to the effectiveness of the Fund's advice. Insights from this work can benefit both surveillance and program design and improve traction. It is unfortunate that the Review of Conditionality won't be able to accommodate such findings, in light of the timeline of these two works.

In terms of the Fund's toolkit, we note that several important reviews of the Fund's surveillance will start in the first quarter of 2019 – notably with the scoping notes for the Comprehensive Surveillance and the FSAP Reviews. These will constitute opportunities to reflect on our toolkit all the research and evolving thinking of the institution.

Lastly, for the Fund to maintain its relevance it needs to be adequately resourced, being it in terms of financial capacity or human capital. On the first one, we remain committed to completing the 15th General Review of Quotas and look forward to a constructive engagement to achieve such goal. On the second, the comprehensive compensation and benefits review should aim at ensuring that the Fund is able to attract and retain the most talented staff at all levels and careers.

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

We welcome the opportunity to discuss the work program of the Executive Board. It reflects the policy priorities laid out in the Managing Director's Global Policy Agenda and the Fall 2018 IMFC Communique. The emphasis in the work program on rebuilding buffers, enhancing resilience, and advancing structural reforms is fully warranted. We would like to offer the following comments.

We welcome further improvements in the preparation of the work program. The work program strikes the right balance between addressing the core issues and better integration of the emerging topics that are macro-critical into the Fund's work. The enhanced focus on risk mitigation measures in line with the findings presented in the ORM reports and a better understanding of potential implementation costs should strengthen the alignment of the existing modalities of the Fund's operations with its strategic directions. Overall, the efforts aimed at improving strategic planning and addressing the bunching problem are encouraging.

We welcome the proposed themes of the flagship reports and their analytical chapters. The focus in the WEO on the implications of increased corporate power could be helpful for examining the reasons behind the slowdown in potential growth and growing inequality in advanced economies (AEs). The 2018 IMF Working Paper "Global Market Power and its

Macroeconomic Implications"[1] provided a background material on these issues, and we expect that its conclusions will be used in the upcoming work. Staff may want to comment.

The Fund should continue to play its key role in supporting multilateralism and strengthening the international monetary system. In view of escalating trade tensions in the global economy, we support the Fund's work on assessing possible impact of higher tariffs on global growth and on examining the determinants of trade imbalances and spillovers from different trade policies. We support Mr. Ray's call for the Board's additional engagement on trade issues.

Against the background of monetary policy normalization in the U.S. and increased capital flows volatility, we welcome the focus in the GFSR on global financial stability risks and medium-term financial vulnerabilities. AEs, emerging market economies (EMEs), and low-income countries (LICs) may face difficult times ahead, and the flagship reports should keep a balanced focus on the key developments and fundamentals in all of these country groups. The Fund should be striving to avoid under-or-overestimating the resilience of any country groups, while offering proper differentiation within the groups. Considering tighter financial conditions, the GFSR should analyze the challenges associated with Brexit and expansionary fiscal policies in some AEs. We also support Mr. Doornbosch's call to assess risks arising from the ample liquidity in the global financial system.

The Fund should continue to work with its members on strengthening governance and institutions. In this context, we welcome the FM topic on the strengthening of fiscal frameworks and institutions to reduce governance vulnerabilities. In our view, the Fund has accumulated valuable and unique expertise in the fiscal area and has developed a set of very useful tools and indicators to evaluate and address related vulnerabilities, including the Fund's Fiscal Transparency Assessment (FTA), Public Investment Management Assessment (PIMA), VAT c-efficiency, etc. We expect that the FM will reflect the progress in utilizing these tools in order to disseminate best practices within and outside the Fund. Staff may want to comment.

Against the backdrop of increasing downside risks to global growth, we look forward to a successful completion of the 15th General Review of

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[1] https://www.imf.org/en/Publications/WP/Issues/2018/06/15/Global-Market-Power-and-its-Macroeconomic-Implications-45975

Quotas. This work stream should be prioritized in the work program since any further delays along with the widening gap between calculated and actual quota shares is likely to severely undermine the legitimacy of the Fund. We would also appreciate staff's comments on whether there are any plans to further strengthen the IMF toolkit and cooperation between the IMF and RFAs.

Given the record high levels of public debt in AEs and rising debt vulnerabilities in many EMEs and LICs, we welcome the WB-IMF multipronged approach. The Fund should also complete its comprehensive work program on debt issues adopted by the Board in 2013 aimed at strengthening market-based approaches to resolving sovereign debt crises. Although important progress has been made, including the introduction of a reprofiling option, the elimination of the systemic exemption, and the improvements in the contractual framework (CACs and pari passu), significant gaps remain.

In this context, we are concerned that the work on issues relating to debtor-creditor engagement, including the Fund's lending into arrears policy, has been dropped from the Fund's agenda. As it was stated in the work program in June, the reason behind this additional postponement was the need for facilitating additional engagement with stakeholders and further preparatory work. We would appreciate staff's comments on any developments in this area and on a possible new timeline.

We note that staff are starting to work on an integrated policy framework on the interactions between monetary policy, foreign exchange intervention, macroprudential policies, and capital flow management measures. This work seems to go beyond the GPA, which was concentrated on the application of the IMF Institutional View on capital flows. We would appreciate greater details on the background, scope, and key policy objectives of this initiative.

We look forward to a number of important reviews of the Fund's policies in the key areas, such as the review of surveillance, review of the FSAP, review of conditionality, review of DSA for MACs and debt limits, review of facilities for LICs, and review of the Fund's policy on multiple currency practices. We also welcome the completion of the review of capacity development practices and call for timely implementation of the recommendations. Many issues that will be addressed under the upcoming reviews are interconnected and will have a substantial impact on the Fund's medium-term strategy.

We have some concerns about the current approaches to handling the Staff Discussion Notes (SDNs). Despite the appropriate disclaimers, the SDNs are often mistakenly perceived by external observers as the official view of the IMF. These perceptions are routinely reinforced by Management in their media pronouncements. Board members are only briefed on the SDNs, usually at a very late stage, and are not allowed to see the texts of the papers or even their summaries. The briefings themselves turn into lengthy discussions instead of being Q&A sessions. At the same time, the SDNs raise very important policy issues and topics that influence and even guide the Fund's work and functions. For example, the current work program assumes the preparation of an SDN on political economy of structural reforms. In our view, the analysis in such a paper can substantially benefit the comprehensive surveillance review and the review of conditionality. In this context, revisiting the role of the SDNs and the Board engagement on these topics would be needed to strengthen the Fund's work on core and emerging issues and mitigate reputational risks.

We look forward to the update on the Knowledge Management and would appreciate staff's comments on whether this update will address the access by the Board and the authorities in member countries to the Fund's Knowledge Exchange.

Given that global housing markets have been steadily climbing up becoming a source of financial and economic risks, we would encourage staff to reconsider the format of the upcoming Board meeting on housing market developments (February 2019) from a briefing to a formal discussion. Staff may want to comment.

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

We commend the Managing Director and her team for developing a work program that is well-aligned with the objective of delivering on the Fund's core mandate while responding to the evolving set of challenges currently facing the membership. We appreciate the focus the MD is bringing to the value - and values - of multilateral cooperation, and the need to modernize and strengthen cooperation on a range of issues. It will now be important that the work program of the Fund helps to deliver on this "new multilateralism." Doing so, in an environment of finite resources, will require a truly focused Fund agenda.

We will focus our Gray on the points that we believe are relevant to achieving this objective. More specifically, we believe that the delivery of the work program can be strengthened by clarifying priorities and gaps, better cooperation, and drawing links across work items, all underpinned by more deeply-integrated risk management considerations.

We encourage staff to combine high-quality surveillance with pragmatic, well-tailored advice that is focused on the main challenges facing the membership. By way of example: an analysis of trade tensions, spillovers, and reforms. We support the elements outlined in Box 1, but would welcome further analysis and Board engagement, including on specific developments with potentially wider global implications (e.g., USMCA and Brexit). Furthermore, we must not lose sight of other cross-border risks, including from tax policy, excessive global imbalances, and financial channels.

On debt vulnerabilities, we would emphasize the need to ensure that the sum of the joint IMF-WBG work streams is greater than their parts by zeroing in on debt vulnerabilities across surveillance, program design, and capacity development work in a systematic way. This should be grounded in a greater emphasis on debt transparency.

Enhancing the resilience of small states is a priority for a significant share of the Fund’s membership. Here we welcome the aspects of the work program focused on building resilience to natural disasters and mitigating and adapting to climate change. Can staff elaborate on how the work agenda will support a shift from ex post to ex ante resilience building in small states, and what new outputs are envisaged from this work? Further, we note that continuing to leverage the Fund’s convening power to help identify solutions to corresponding banking relationship challenges, while not included in the work program, remains an important part of the Fund’s ongoing engagement with many small, vulnerable states.

We welcome the topical focus on structural reforms and emerging issues that underpin sustainable, inclusive growth, including: housing market dynamics, social spending frameworks, achieving the SDGs, the future of work, and fintech. In particular, we encourage the Fund to continue its leadership in exploring how the gains from technological innovation are shared more broadly, and to identify approaches to unlock the economic potential of women and girls.

Leveraging strategic partnerships with other organizations will improve the quality and relevance of the Fund’s work. Staff could consider opportunities for additional joint presentations, building on the experience of recent IMF-WBG collaboration on debt issues.

We encourage staff to draw strong links between relevant aspects of the work program, and to avoid working in silos. For instance, the conclusions of the LIC Facilities Review should be informed by the findings of the Review of Conditionality and the Design of Fund-Supported Programs as well as the work streams related to debt and resilience to natural disasters. As another example, the Board's discussion of the findings of the forthcoming IEO evaluation on financial surveillance should be reflected in the FSAP Review and Comprehensive Surveillance Review.

Executing on work program will require efforts to maintain a high quality, diverse, and appropriately-incentivized staff. Therefore, we emphasize the importance of maintaining momentum for modernizing the Fund's human resources policies and practices, with a view to completing the Comprehensive Compensation and Benefits Review later in 2019.

Finally, we welcome the effort to integrate risk considerations more deeply into the work program in a more coherent way. We support refining this work further. However, as we noted above, risk considerations are much broader, and must be framed in the context of the Fund delivering on its mandate as part of the "new multilateralism." In that context, the Board needs to be kept abreast of developments in critical areas – including large country and program risks – in a timely manner. It will be important to leave sufficient flexibility in the Board schedule to allow for this.

Mr. Jin, Ms. Liu and Ms. Ma submitted the following statement:

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

The flagship reports rightly focus on vulnerabilities in the world economy. We strongly support open and rules-based multilateral trade systems. Given the threats from trade protectionism to the global recovery, we welcome the Fund's efforts to analyze in the WEO the determinants of trade imbalances and spillovers from different trade policies. We urge staff to do so in a WTO-consistent manner and use reliable data sources. We see urgency in improving IMF's trade statistics that should properly identify and measure trade imbalances based on value-added rather than gross trade statistics, which could greatly reduce exaggeration of trade imbalances between the major trade partners and lend support to multilateral cooperation. We support the GFSR's focus on global financial stability risks in the context of tightening financial conditions and encourage more emphasis on emerging markets and spillovers. While agreeing with the FM's focus on fiscal governance, we call on staff to continue to improve the balance sheet approach unveiled in the 2018 Fall FM.

We also welcome the Fund's support and cooperation with other establishments such as the G20 and the OECD on other topical issues, including the Macroeconomic and Fiscal Implications of Aging.

We call on all parties to work expeditiously to complete the 15th general review of quotas as scheduled. At the current juncture of more elevated downside risks and weakening economic recovery, timely completion of the 15th Review with an adequate lending capacity and improved governance and representation will be instrumental to shore up market confidence and ensure that the IMF has the necessary resources to continue to serve well the international monetary system.

We welcome the work to enhance debt sustainability and transparency. The Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities outlined an overarching framework to improve the relevant workstreams. We appreciate new approaches, including a balance sheet approach that will be adopted in debt analysis. The new approach has the merit of being able to take account of productive debt issuance, and quality of assets should also be carefully analyzed. Debt transparency should be rules-based and achieved through improving the existing data reporting standards, such as SDDS and GDDS, that all member countries should follow.

We look forward to the Comprehensive Compensation and Benefits Review. In our view, the focus of the review should be rationalizing and streamlining the current compensation and benefits policies, so as to better enhance the Fund's attractiveness for high-caliber professionals.

We also look forward to discussions on the financing issue of capacity development during the Revised IMF Policies and Practices on Capacity Development.

Finally, we take positive note that both the number of Board policy items and estimated costs of the Fund's work have declined. However, some Board items are delayed by an extended period. We call on more realistic agenda setting and better planning, and look forward to the discussion of the important topic on Diversity and Inclusion Report, which has been delayed for over one year.

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

We welcome the chance to discuss how the Fund is operationalising the priorities set out in the Global Policy Agenda (GPA) and the IMFC communiqué, and to consider the sequencing with which these issues will be discussed by the Board. We largely agree with the proposed Work Program, feeling it strikes a good balance between engaging on the issues of the day and the need to complete regular reviews of the Fund's policies and practices. We also appreciate the further integration of risk analysis into the Work Program process. However, there are a few issues that we feel would benefit from more engagement with the Board, noting that these are predominately additional updates rather than new work, so should imply minimal additional resource burdens.

The IMFC communiqué highlighted a number of risks to the global economy and we welcome the attention given to these issues in the Work Program. We see the proposed work on the digital economy, including papers building on the Bali Fintech agenda, analysis on trade and support for countries' efforts to achieve the SDGs as fully consistent with the requests from the IMFC and build on valuable contributions from the Fund in recent years. Indeed, as we have said before, the Fund's work on trade is highly valued and we believe it should be seeking to provide a drum beat of information and analysis to support the case for trade, so while we support the approach set out in their box, if there are additional opportunities to publish papers or have conferences we encourage staff and management to take them. We also welcome the increased engagement on climate change, particularly the focus on building resilience in countries that are vulnerable to natural disasters. We look forward to continued Board engagement on these issues.

We are pleased that the Fund continues to take on the major policy questions of the day. We agree that corporate market power is an important issue, noting the changing trends in market concentration over the last decade or so. We expect the Fiscal Monitor's study on improving governance in fiscal frameworks to provide valuable insight. The planned analysis of demographic change will be useful for the many countries with ageing populations or that seek to harness a demographic dividend, both of which are long-term trends that have already started to bite. We also welcome staff starting work on an integrated policy framework, looking at the interactions between monetary policy, foreign exchange intervention, macroprudential policies and capital flow management measures. We expect significant interest across these items and suggest staff consider additional engagement as the work develops. In addition, we note the change in timing for the Macroeconomic Developments and Prospects in Low-Income Developing Countries Report and look forward to the engagement with Executive Directors on its contents, as agreed earlier this year.

It is important that the Fund's work continues to be well coordinated with other institutions. This could perhaps be brought out more clearly in the Work Program. We see this as being particularly important in upcoming work on corporation taxation in the global economy, AML/CFT and climate change and natural disasters. The Fund should also build on the positive experience in the Bali fintech agenda, where we felt the Fund played a very valuable convening role across a disparate set of institutions. We also see scope for the Fund to complement work on regulatory fragmentation. In each case, there are other bodies with highly relevant expertise and we encourage staff to work effectively with them.

The upcoming reviews provide an opportunity to discuss fundamental issues in Fund operations, as well as to address some of the weaknesses in Fund frameworks. Given the wide-ranging nature of these reviews, we encourage staff and management to plan for more rather than less Board engagement, noting the additional burden should be minimal given the work is ongoing. We would find additional Board engagement particularly valuable in the run up to the Combined Compensation and Benefits Review meeting in February 2019. As discussed elsewhere, Fund staff are the institution's most important resource, so it will require significant progress on HR issues to tackle many of the weaknesses and risks identified elsewhere, including those identified in the IEO's report on fragile states. It will also be important for the upcoming reviews to integrate the analysis done by the IEO and the ORM. For example, the Comprehensive Surveillance and FSAP Reviews should reflect the findings of the IEO report on financial surveillance and reflect on the findings in the Risk Report. We also welcome planned analysis on the political economy of structural reforms and believe there is scope for the surveillance reviews and the Review of Conditionality to take greater account of these issues. It is important the Board remains abreast of the progress of these reviews and understands how they interact given the important links between them.

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

We thank the Managing Director and staff for the Work Program (WP) of the Executive Board which is well-aligned with the policy priorities and strategic directions outlined in the Global Policy Agenda (GPA) and the IMFC Communiqué. We welcome the sustained improvement in the structure and content of the document, notably by the inclusion of an assessment of how risks identified in the Risk Report are to be addressed. We broadly concur with the main policy priorities and sequencing of the deliverables of the WP, and would like to add the following comments.

We welcome the topics for the analytical chapters of the spring flagship publications. The WEO analysis on macroeconomic implications of increased corporate market power is an appropriate focus on one of the increasingly defining features of the global economy, and also a useful follow-up to the emerging emphasis on erosion of trust to institutions. The GFSR discussion on global financial risks in light of tightening financial conditions could not be more timely. We expect the thematic focus of the Fiscal Monitor to enrich our institutional focus on the macroeconomic implications of broader governance issues. We look forward to more-focused and accessible reports as foreseen by the Modernization and Streamlining Initiative and would like to reiterate our suggestion to have dedicated Board sessions for each of the flagships to allow for a more substantive discussion.

In the past, our Chair has expressed keen interest in the forthcoming work on the drivers of natural real interest rates in view of the far-reaching consequences it has for monetary policymakers. We note in this regard that this agenda item has been cancelled as staff apparently no longer consider publishing the item as a Staff Discussion Note. Staff comments are welcome.

We are particularly interested in swift progress on the integrated policy framework. We see many recent Board discussions as justifying the need to take a holistic and integrated view on capital flow measures and macroprudential measures. Equally, a better understanding of the role of monetary and exchange rate policies, whether and how foreign exchange interventions can be effective could help put the Fund back at the forefront of the policy discussion. Further, we believe that incorporating this perspective into the more traditional macroeconomic framework would serve the membership well in dealing with external shocks and their impact on domestic real and financial sectors. We would like to see this workstream prioritized and that concrete commitments on timelines are made.

We strongly support the emphasis on the multilateral trade system and see it as a concrete reflection of our institutional call for enhanced international cooperation and multilateral solutions. We appreciate that the WP very clearly delineates the Fund’s contribution to the ongoing debate in this field, and welcome the analytical work, including the spillover chapter of the Spring 2019 WEO and those associated with the 2019 G20 agenda. We remain cautious about the use of the verb ‘modernize’ to describe the Fund’s efforts in this field, given the current state of play and the fact that these efforts are in the WTO’s domain.

We look forward to the discussions on policy toolkits to enhance the surveillance, lending and capacity development activities. The Scoping Notes for the Comprehensive Review, and the FSAP Review will give the Board a welcome opportunity to provide early guidance to these key processes. We appreciate the extensive policy agenda under the lending framework and the implementation of the joint IMF-WB multi-pronged approach to address emerging debt vulnerabilities. We appreciate the discussions on Misreporting Policies and on Data Provision to the Fund—Developments and Emerging Issues including under Article VIII. We see a strong need to address the gaps in the Fund’s legal and policy framework regarding repeated data non-provision by our members.

The radically changing landscape of official financing for LICs requires the equally radical rethinking of mechanisms to coordinate official creditors and the Fund is well-positioned to play a central role in facilitating the dialogue and sharing information between debtors and creditors. We welcome in this regard the contribution, including the joint note with the WB, to the G20 workstream on sustainable lending practices.

We support further work on the digital economy, including the fintech and cyber risks, as well as assessing the macroeconomic and fiscal implications of ageing. Both workstreams are highly relevant as the phenomena will influence economic policymaking for years to come. We look forward to the results of the planned systematic stocktaking of Fintech activities by our member which will be useful to help identify trends, challenges, and initial policy reactions which could facilitate our Bali Agenda work going forward. We welcome in this regard the insights of the recent Staff Discussion Note on central bank digital currencies.

We appreciate the continued emphasis on the 15th General Review of Quotas and, given the major differences of views among the shareholders, we look forward to more substantive discussions on the possible pillars of a workable solution soon.

In view of the risks pertaining to the HR management, we very much value the agenda on the Modernizing HR Policies and Practices to address these risks and preserve the status of the Fund as an attractive employer. As reflected in the Board discussion on the 2018 Risk Report, we expect that the forthcoming Comprehensive Review of Staff's Compensation and Benefits be duly informed by the ORM's risk assessments.

Finally, we would like to reiterate our Chair's preference to keep the LOT procedure as an exception for policy items and program reviews that result in disbursement, especially if modifications to the design of the program are occurring or there are deviations from program targets.

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

We thank the Managing Director and staff for the Work Program (WP). The WP well reflects priorities specified in the latest GPA and IMFC Communiqué, including trade tensions and debt transparency and sustainability.

Prioritization remains a central issue to maximize effectiveness of surveillance and capacity development (CD) under the resource constraint. The primary focus should remain in Fund traditional areas, including fiscal, monetary, and financial sector policies. The Fund should maintain its position as a leading policy advisor on these areas by preserving resources to review and update policy advise, following social and economic changes. As to emerging issues, we encourage the Fund to contribute them, following the established criteria, including macro-criticality, expertise, and resource constraint.

The WP plays an important role for ensuring steady implementation and bringing concrete deliverables of priorities set out in the GPA and IMFC Communiqué. In this regard, we appreciate that staff has improved this function of the WP by explicitly discussing resource implications and risk profiles as mentioned in the III Strengthening Strategic Planning and Prioritization. Having said that, we see further room for improvements because, for example, the Figure 1 and Figure 2 does not clearly tell us why board items would decrease in Fall 2018. In this vein, the WP mentions that "going forward, staff will continue to build on the combined costing and FTC classification to strengthen strategic planning and prioritization." We would appreciate if staff could elaborate more on what staff will specifically do.

Demographic Changes

We welcome that the WP sets out work agenda for demographic changes, following requests by many Directors. The Box 2 correctly mentions that demographic changes would have large impacts on the economy, including potential growth, productivity, sustainability of social security, and financial sector. The Fund would benefit from strengthening its work on demographic changes. In this regard, we welcome that staff will prepare and brief a note on Macroeconomic and Fiscal Implications of Aging to support our G-20 Presidency. While staff is working on IMF's Engagement on Social Spending: A strategic Framework, will this work cover sustainability of social security, not limited to provisioning of social protection to vulnerable group?

International Trade

The Fund should continue delivering clear messages to preserve open and rule-based international trade system. The latest GPA and IMFC Communiqué well emphasize its importance. As the MD has been taking a strong initiative, the Fund needs to keep stressing benefits from open and rule-based trade and investment system as well as costs from protectionism measures. In this regard, as the so-called "hamburger chart" in October 2018 WEO has attracted attentions, we encourage staff to update and expand such work based on developments going forward.

Low Income Country Policy

We are concerned about rising debt vulnerabilities and increasing complexity of debt portfolios. To address this challenge, both debtors and creditors should take their respective responsibility. On the debtor side, enhancing debt transparency by improving data and statistics, and building capacity on debt management, public financial management, domestic resource mobilization, and invest management, are essential. We encourage debtor countries to improve the quality of infrastructure investment, especially in terms of its governance. On the creditor side, creditor countries should follow basic principles, including deeply understanding debt sustainability in debtor countries, carefully examining viability of projects, and ensuring debt transparency. In this regard, we commend that the Fund and Bank will issue a joint note regarding policy options based on voluntary self-assessments (Operational Principles for Sustainable Financing: Creditor Practices).

The multi-pronged approach is imperative to support such efforts by debtors and creditors. On this front, we first commend staff's efforts until now. Also, we welcome work agenda laid out in the WP. Staff briefed an overall picture of the multi-pronged approach by the Fund and Bank recently. We expect staff to steadily implement the work agenda enhancing the systematic linkage between the two institutions.

On facilities for low-income countries, “the Review of Facilities for Low-Income Countries—Reform Proposals”, currently scheduled on March 13, and “the Poverty Reduction and Growth Trust—Review of Interest Rate Structure”, currently scheduled on March 15, are scheduled to a different day. As the interest rate structure has an impact on the self-sustainability of PRGT facilities, we believe these two issues should be considered as a package and thus, the Board discussions should be on the same day. Staff comments are welcome.

Macroeconomic Policies and Capital Flow Management Measures

Fund policy advice regarding capital flows becomes increasingly more important. Amid monetary policy normalization, member countries, especially Emerging Markets, increasingly faces risks from volatile capital flows. Against this backdrop, the Fund is required to make proper policy advice to those countries, based on the Fund relevant policies, including the Institutional View (IV). While we highly appreciate staff’s efforts on the stocktaking exercises about applications of the IV, recent economic development mentioned above suggests that practical and granular guidance of the IV would be especially valuable.

We note staff’s work on an integrated policy framework, looking at the interactions between monetary policy, foreign exchange intervention, macroprudential policies, and capital flow management measures. We ask staff for early engagement with the Board.

Capacity Development

We thank staff for the board meeting on the Review of the Fund CD strategy. We encourage staff to improve CD activities by implementing its recommendations. In this vein, it is especially essential to exploit Result Based Management for CD activities to achieve better performance. In addition, the recommendation, “improved external coordination and communication” is also critical. In the tax area, the Platform for Collaboration on Tax (PCT) is expected to be an instrument for improving coordination and communication among TA providers. While the WP places this board meeting in the section of Macroeconomic Policy, the PCT should be associated with capacity building and development because the PCT contributes effective implementations of Medium Term Revenue Strategy (MTRS) which plays a critical role in enhancing DRM and proper coordination among CA/TA providers which is necessary for achieving the Sustainable Development Goals (SDGs). We welcome that staff will brief the update on the work of the

PCT which should includes a particular reference to updated implementations of MTRS.

Diversity and Inclusion

We are concerned that the Fund is still falling behind the 2020 diversity benchmark for under-represented regions. We first welcome the appointment of the new Diversity Advisor. We note that staff will issue an interim report in May 2019 while Diversity and Inclusion Report will be further delayed. Since the Fund is still falling back behind the benchmark for under-represented regions, we urge the Fund to accelerate efforts to address the under-representativeness from the perspective of recruitment and promotion under the new Diversity Advisor so that we could take necessary actions prior to the benchmark deadline.

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

We appreciate the Managing Director's statement on the work program for the Executive Board and support many of its priorities. We note the upcoming Board meetings on several important policy issues including the Review of Conditionality. We look forward to working closely with staff as work proceeds on policy-related issues such as the FSAP Review, the Comprehensive Surveillance Review, and a range of important debt-related issues, as highlighted in the recent debt vulnerabilities Board meeting. We also look forward to engaging on internal issues such as the Comprehensive Compensation and Benefits Review and Modernizing HR Policies and Practices.

We welcome efforts at prioritizing work and believe the Fund needs to remain focused on its core mandate. Prioritization and streamlining, however, should not come at the expense of the oversight role of the Board. We are concerned by the significant drop in policy Boards for the fall 2018, especially given the number of key policy issues staff are working on. On a related note, it appears as though bunching of board meetings has gotten worse over the past year, despite frequent board requests to smooth them out.

Multilateral Surveillance

We appreciate the update on the topics for the spring 2019 editions of the WEO, GFSR, and FM. We particularly welcome the focus of the FM on how enhancing governance in fiscal frameworks and institutions can reduce corruption and improve policy outcomes. We are pleased that staff's analysis of trade imbalances in the WEO will include a discussion of trade and FDI policy distortions. We urge staff to take a thorough look at trade distortions, going beyond a simple analysis of tariff rates, to include the full range of government policies that distort trade.

We commend staff for their work and engagement with the Board, which culminated in the revisions to the EBA models released this past summer. We also welcome the increased attention given to the External Sector Report, including the press conference linked to its release. Can staff verify that this will be the case for the 2019 report?

Bilateral Surveillance

Looking ahead, two major policy reviews are scheduled to be completed in 2020, the Comprehensive Surveillance Review and the FSAP Review. We welcome the planned engagement with the Board in early 2019 through the scoping papers. We encourage staff to follow the lead of the Review of Conditionality by holding small group discussion sessions with Directors early in the planning process to gather informal Board input. We agree that these reviews can help strengthen surveillance, which should help reduce risks to the Fund.

The MD's statement notes that "staff is starting work on an integrated framework, looking at the interactions between monetary policy, foreign exchange intervention, macroprudential policies, and capital flow management measures" (CFMs). We are surprised that there is not already an integrated framework and note that the 2012 paper setting out the Institutional View has an excellent diagram looking at the integration of monetary policy, exchange rate policy, and CFMs. Could staff provide some insight into what is missing from the current framework?

We have repeatedly stressed that a fundamental obligation of each IMF member country is to undergo surveillance of its macroeconomy as required under Article IV. We have also noted repeatedly that for too long excessive delays in Article IV consultations have occurred with no consequence for the member country. We welcome the Board meeting scheduled for March 2019 to engage on this topic but are surprised that it will have taken nine months to hold this meeting, following the June 2018 survey of Board members. Can staff explain why the process is taking so long?

Turning to Article VIII, we appreciate that after 38 years, a review of the Fund's policies related to multiple currency practices will take place. We are also pleased to see that there will be a discussion of data provision to the Fund, including under Article VIII, noting that this Board meeting has been delayed twice.

Debt Issues

The work program rightly includes a substantial number of items related to debt issues. Such issues are increasingly important and challenging given the rising risk of debt distress in many countries and the increasing complexity and opacity of debt arrangements. We expressed our views on this aspect of the work program at the recent Board on the Joint WB-IMB Multipronged Approach for Addressing Emerging Debt Vulnerabilities. As mentioned there, we strongly support this work program and look forward to regular updates including on ways to increase debt transparency and the breadth of data coverage. We also reiterate our concern that the work on the perimeter of official claims, which is important to the lending into arrears policy remains off the work program. Can staff comment on any remaining obstacles to getting this onto the Work Program, other than workload which we recognize is heavy?

Human Resources

The work to modernize HR practices and policies and the Comprehensive Compensation and Benefits Review (CCBR) are important as the Fund looks to maintain its high-quality work force who can work on emerging challenges, while also recognizing the importance of budget discipline. For example, both the recent IEO report and the Capacity Development review have highlighted the need to recruit and retain staff with the interest and skills to handle the challenges faced by fragile states. We recognize the complexity of the CCBR but emphasize the importance of maintaining the timeline to complete this review.

Other Issues

We appreciate the sequencing of the Review of Facilities for Low-Income Countries to follow the Review of Conditionality (ROC), as the latter should provide insights that can inform the facilities review. We also expect the ROC will provide lessons that can help reduce risks to the Fund by improving program conditionality, the realism of forecasts, and policy advice.

We broadly welcome the work program related to financial sector issues, but would appreciate greater clarity on the fintech agenda, noting the Board is scheduled for May 2019. The Bali Fintech Agenda was a broad document and we had expected that staff would seek Board guidance prior to determining their future fintech work plan. Staff comments are welcome.

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

We thank the Managing Director for her clear and succinct statement on the Board's work program (WP), which reflects the strategic directions and policy priorities laid out in the Fall 2018 Global Policy Agenda (GPA) and endorsed by the IMFC. The WP cycle appropriately remains harmonized with the financial year and the budget, classifies activities and output according to the Fund's thematic categories to enhance consistency and monitoring, and assesses the two-way interaction between the WP and the risk report. We broadly support the proposed WP, find merit in continued prioritization and streamlining effort to make the Board's workload more manageable, and wish to highlight the following points:

The global economic recovery continues but has lost some momentum and become uneven across and within regions and country groups. More pronounced downside risks to the outlook, including from the declining and reversal of capital inflows, warrant continued efforts to rebuild buffers, restore confidence, and advance structural reforms to boost inclusive growth. We welcome analytical chapters in the Spring 2019 flagship reports on analyzing the implications of corporate market power for the macroeconomy and policy (WEO), assessing global financial stability risks in the context of tightening financial conditions (GFSR), and evaluating the impact of enhanced governance in fiscal frameworks and institutions on improving policy outcomes (FM). We take positive note of the work initiated on the 'integrated policy framework', which would be taken up by the Board in the next WP. We also look forward to discussing the strategic framework for Fund's engagement on social spending, consistent with the Board-endorsed IEO recommendations.

Retreat from globalization threatens economic gains from open trade and access to global finance. International financial institutions (IFIs), including the Fund, should use every opportunity to highlight the shared benefits of free trade and the adverse impact of protectionism on growth and development in an interconnected world. We welcome the Fund's efforts and its collaboration with other IFIs to modernize the multilateral trading system, help resolve trade tensions, and provide analytical works, including the spillover chapter on trade imbalances in the Spring 2019 WEO.

We welcome the Board's engagement under the CSR and FSAP reviews scoping notes early next year. The CSR review should address, among other things, issues related to forecast accuracy, uneven coverage of inward and outward spillovers across systemically important countries, and traction of Fund policy advice. The FSAP review should seek ways to further integrate FSAP findings and recommendations into surveillance and streamline mandatory FSAPs program to ensure that, in a budget-constrained environment, sufficient resources are available to conduct more voluntary FSAPs in jurisdictions without systemically important financial sectors.

We note the indication that the 2019 evenhandedness report will be added in the WP in the event of any reported evenhandedness concerns. We are of the view that the current process may not be appropriate, since EDs or members may be reluctant to name other countries in raising their evenhandedness concerns. It would therefore be preferable to rely on IEO or an external independent advisor to discuss with EDs or members their potential perception of lack of evenhandedness on a confidential basis, assess the extent to which any such perceptions are founded, and report to the Board. Moreover, evenhandedness issues should be identified and addressed not only in surveillance but also in lending activities.

The Fund's concessional lending toolkit should be aligned with LICs' needs and challenges, and be cognizant of their administrative, institutional capacity, and political economy constraints to deliver adjustment and reforms. We look forward to the update on the financing of the Fund's concessional assistance and debt relief to LICs, and to increased mobilization of such financing to raise LICs' access norms and limits under the PRGT. Given limited access to concessional resources for many LICs, in particular for frontier countries, the scope for access to nonconcessional financing, in particular when used for pro-growth spending, should be used, while preserving debt sustainability. We look forward to the forthcoming reviews on program conditionality and design, LICs' facilities, debt sustainability framework for market access countries, and the debt limits policy. We would suggest scheduling a staff briefing by next summer to take stock of experience with the new LIC debt sustainability framework.

Building on the recent Board review of the capacity development (CD) strategy, the revised IMF policies and practices on CD are expected to strengthen the effectiveness and accountability of Fund's CD activities. This should include better integration of CD in surveillance and lending, broadening the CD donor and recipient bases, increasing the share of internal funding of CD, and addressing performance data issues and implementing the results-based management framework.

The reduced ability of near-term quota resources to meet potential demand and the more material risks to the adequacy of Fund resources in the medium and long term place a premium on efforts to bolster the Fund's permanent firepower. We look forward to timely completion of the 15th general review of quotas that would result in an adequately-resourced and quota-based Fund at the center of the GFSN.

The Fund should continue to ensure an agile, diverse, and inclusive workforce. Several meetings scheduled on human resources strategy and comprehensive compensation and benefits review provide the Board with the opportunity to address competitive pressures facing the Fund in recruiting and retaining talent. We welcome the recent recruitment of the Diversity Advisor and look forward to the Board briefing and formal discussion on diversity and inclusion, including on progress toward achieving the 2020 diversity benchmarks for underrepresented regions, in particular MENA+.

We note the indication that while new initiatives could raise risks to the Fund, their net impact on the Fund risk profile can only be assessed once they are fully implemented and changes have taken root. We would appreciate staff indication on whether such ex-post assessment has been made for any new initiative, and whether any lessons can be drawn for future consideration of new initiatives.

The Secretary's department is doing a commendable job in smoothing the workload of the Board and addressing the ongoing bunching, including by not scheduling non-time sensitive policy items in June and July, and advising departments to propose more realistic timelines. However, the workload in December appears heavy, reflecting the increasing number of country program reviews that need to be completed by the year-end. We would appreciate indication on the extent to which the attention given to the Annual Meetings distracts from scheduling missions for such reviews earlier, and how mission planning can be improved to avoid excessive concentration of Board reviews in December. On costing, we note that despite substantial decrease in the number of non-recurrent items being costed, their estimated cost in this WP remains close to that of Spring 2018 at 71 FTEs. Is it because the increasing work on internal organization and IMF finance issues is more resource intensive? We appreciate SEC's elaboration.

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

We thank the Managing Director for her Statement on the Work Program for the next twelve months as it translates the strategic directions and policy priorities laid out in the Fall 2018 GPA and the IMF Communiqué into concrete action for the Executive Board in a balanced way.

We share the view that rebuilding buffers, enhancing resilience, and advancing structural reforms remain crucial at the current juncture. Associated analysis and policy advice in the Fund's flagship reports and other publications is very valuable for policymakers and the public debate alike. At the same time, the absence of items on the agenda which discuss topical fiscal and monetary issues in-depth outside of these flagship reports is of concern to us.

We strongly support the Managing Director's call to promote multilateralism and to strengthen and modernize the open and rules-based multilateral trade system. In order to foster public support for it, making it more inclusive will be one of the challenges that will have to be addressed in this regard. The Fund's work in providing input to ongoing policy debates on this matter, e.g. in the context of the G-20, is highly appreciated.

We are also very much looking forward to the upcoming comprehensive reviews of the Fund's surveillance and conditionality which will hopefully yield useful insights with regard to how to improve the Fund's effectiveness and program design.

Naturally, we stand by the Managing Director in her efforts to further improve governance at the Fund and the associated initiatives as laid out in the statement.

With these general remarks in mind, we would like to offer the following more specific comments:

Review of Conditionality and Facilities

We welcome that insights from the Review of Conditionality and the Design of Fund-Supported Programs will inform the Review of Facilities for LICs. In our view, reforms of the LIC facilities should be based on a careful review of why Fund programs in LICs might not have achieved the envisaged outcomes.

Key Priorities of the Fall 2018 Work Program

We would like to suggest that the statement on the ESR (p. 2, para. 1) should be augmented by the word “sustainable” in front of global growth, in line with the overall thrust of the Statement and in view of mounting vulnerabilities.

Against the backdrop of rising debt vulnerabilities in low-income countries, we welcome the decision to keep up the report on Macroeconomic Developments and Prospects in Low-Income Developing Countries.

The envisaged work on the interactions between monetary policy, FX interventions, macro-prudential policies, and CFM measures seems highly relevant. While the label "integrated policy framework" might suggest otherwise, due regard should be paid to country-specific circumstances, when applying the resulting concepts in the Fund’s surveillance and lending work.

We welcome the intention to develop a guidance framework on when and how the Fund should engage with members on social spending issues. This should help support the efficient deployment of staff resources and the consistency of related Fund advice across member countries. We wonder whether this Board item will be informed by work by or prepared in cooperation with the WB.

On structural policies and emerging issues more generally, including issues related to climate change and natural disasters, we reiterate our call on staff to be selective in its work according to relevance and macro-criticality.

The Political Economy of Structural Reforms strikes us as an interesting topic, which should help support the traction of the Fund’s advice and conditionality. In this context, IMF advice should also take into account that there may be windows of opportunity for reforms from a political point of view that may not always be optimal from an economic point of view, and vice-versa.

Regarding the planned WEO chapter on determinants and spillovers of trade imbalances, we trust that this will entail a balanced analysis, duly recognizing that bilateral imbalances need not pose a problem, but rather are a natural reflection of the international division of labor (including the elaborate system of global supply chains). Of course, this does not preclude that there may be undesirable market distortions in some instances, which warrant careful analysis on the part of staff. Furthermore, to the extent that macroeconomic imbalances are at play, bilateral balances are not the relevant concept to focus on and restrictive trade policies are clearly not an appropriate remedy.

We would like to underscore the importance of completing the 15th General Review of Quotas by the Spring Meetings of 2019, and no later than the Annual Meetings of 2019. We reaffirm our commitment to a strong, quota-based, and adequately resourced Fund. Since this is a regular review, we expect the review to be completed by the set date. We caution against an overly pessimistic tone ("against the backdrop of increasing downside risks to growth"), which could be interpreted as denigrating the Funds ability to support its members in need, regardless of the outcome of the 15th General Review of Quotas. With its quota resources and supplementary NAB resources, the IMF is well endowed to also cope with adverse scenarios (not even taking into account the BBAs).

Risk Assessments

We appreciate the now regular inclusion of a risk assessment in the Work Program. A clear assessment in the Work Program whether it appropriately responds to risks flagged in the Risk Reports should help to facilitate continuous risk mitigation and increase the awareness for the necessity as well as the visibility of mitigation measures.

Strengthening Strategic Planning and Prioritization

We thank staff for more detailed cost estimates as requested in conjunction with the spring Work Program and especially welcome the breakdown of cost estimates by thematic areas in Figure 2 (p. 10).

The expected heavy bunching of country items in December constitutes a setback. We would firmly call on staff to avoid a relapse into the former habit of bunching Board items in the busiest weeks of December and summer. We understand that SEC is working with Departments to reduce bunching, but feel that more progress is needed and encourage Management and staff to diligently work in that direction.

We appreciate an early update on budget plans for the next financial year and the medium-term budget. Therefore, we would prefer to either keep the informal session to brief or to move the "Preliminary Proposals for the FY2020-22 Medium-term Budget" (informal to engage) closer towards the beginning of the year (p. 11, para. 4).

Annex I. WP Implementation

Could staff explain why the 2018 Review of Facilities for LICs and the Update on the Financing of the Fund's Assistance and Debt Relief to Low-Income Member Countries will be treated as one item (p. 13/Lending)? Given the complexity of the LIC facilities review, it would seem pertinent to discuss it as a stand-alone Board item.

We would be interested in why the number of country items is projected to decline considerably (179 in 2017/2018 vs. 146 in 2018/2019, p. 15)?

We take note of the amount of delayed Board items from the Spring 2018 WP and find it somewhat concerning that several items are delayed for more than three months (pp. 16-18). Given the large number of new Board items (Table 5, p.19), we worry that the current WP might not realistically reflect the amount of work that can actually be done within this time period. Staff comments would be welcome.

Other Issues

The actual SDR holdings by the IMF have greatly exceeded the agreed target range for numerous years. However, the necessary review has been rescheduled and delayed for years and a discussion on the level of the Fund's SDR holdings is overdue.

In the Spring 2018 WP, the "Review of the Level of the SDR Holdings by the IMF" was scheduled for June 11, 2018. With this item not being included in the list of planned or delayed policy items in the current WP, we would like to ask when this review is envisioned to take place. The most recent Financial Transactions Plan simply states that "staff is assessing the level of SDRs that may be appropriate to hold in the GRA and will make a proposal following informal consultations with members" (EBS/18/93, p.9) whereas a specific timeline would be helpful.

The Chairman made the following statement:

I wish a warm welcome to those Directors who have joined the Board in the last three weeks. I will make sure that I have the opportunity to say hello and to more properly get acquainted. We will have a chance to do that in depth at our retreat.

We meet today on my Statement on the Work Program of the Executive Board. For those who are not familiar with the process, it is an important, strategic document because it comes after a series of other milestones in that strategic process. The first one that is discussed twice—in the Spring and Annual Meetings—is the Global Policy Agenda (GPA), which is the foundation for the work that is then done for the International Monetary and Financial Committee (IMFC), and which gives rise to a communiqué, which sets the various important items, directions, principles, policies, orientation that the membership would like us to observe. The GPA leads to the IMFC communiqué, which gives rise to this document. It is a document that is refreshed every six months, but which states what work we will be doing for the next 12 months. It tries to flesh out the informal work, the formal work, and it draws from the thinking that has been generated by the GPA and the IMFC.

There are two follow-ups from that. One is the work that is already underway and that is proceeding at the same time as the Work Program, and that is the budget, which we will be discussing as well. Then there is the accountability framework, which is a document of a more internal nature, which really sets department-by-department the tasks, the objectives, the milestones, the ways in which departments will discharge on the basis of the three documents that I have mentioned.

I thank Directors for their constructive comments and suggestions on the Work Program. I know that Directors had many questions that have been addressed by Mr. Mühleisen and the Strategy, Policy, and Review Department (SPR) and I hope it has been a satisfactory process.

I would like to respond to four points raised by Directors. The first one is trade. Many Directors have identified trade as an area where we need to focus on and continue to do work. In all instances, we continue to advocate for modernizing the multilateral trade system. The word “modernizing” was questioned at some point, and I hope that everybody understands now the need for this modernization, which is about strengthening the rules-based multilateral system and moving forward in sectors that have great potential to promote productivity and growth, such as services, e-commerce, the digital economy, which we see emerging and taking more space on a daily basis. Those who attended all or part of the statistics conference that has just finished will appreciate how critically important the digital economy and our ability to apprehend those values and the numbers associated with it are.

We had an informal Board briefing on trade in September, and we will brief the Board early next year on key developments in the global trading system. That will include taking stock from the various regional free trade agreements, including the United States-Mexico-Canada Agreement (USMCA), which has been recently concluded. We will also update the Board on how to improve the World Trade Organization (WTO)—the multiple channels of proposals that abound at the moment. We should not be an active participant in the details and in the nitty-gritty technicalities of it because this is not our game. But equally, given the impact it has on trade and how important it is for stability, we should contribute to the macro-critical dimension of the debate. We are also discussing with both the WTO and other institutions, such as the World Bank and the Organization for Economic Cooperation and Development (OECD), the scope for a further joint paper. We produced one last year, which was highly valued by the membership. We should see whether we can do better and continue the job in that respect.

Second point, on the quota, several Directors have insisted on the work that is needed and the impulse and the momentum that we need to keep and to probably accelerate the process. I could not agree more with that. As many Directors have seen, a significant amount of technical work has been put into this project in response to Directors' guidance, which was reflected in the Committee of the Whole in July. The staff is conducting some further, hopefully final, work to help the membership consider the quota review. I hope that by the time this work is completed, there will be a consensus around the fact that all the technical work that could be done has been done and that we are now at a political juncture where the membership has to engage and work to complete the review in a spirit of flexibility, pragmatism, and compromise, with a view to making sure that the institution is strong enough and is financially endowed with enough solid and predictable financing in order to respond to what could be a difficult time going forward.

The Board will play an important role in moving us toward this goal. I count on all Directors to make sure that there is engagement on the part of the membership. I will spare no efforts myself, but it is incumbent on all of us to reach that ultimate goal and complete the work by the next Annual Meetings and earlier, if possible.

The third point was on capacity development. I understand that Directors want to be continuously and further informed and engaged. As a start, we are adding an informal briefing in early 2019 on how results-based management (RBM)—which is the process by which output is measured—is being applied in the Fund with respect to capacity development.

The final point, which is dear to many Directors and is certainly dear to me, is on diversity. We understand and share the Board's deep commitment to a diverse Fund and continue to strive for progress in that respect. We have had targets that we have reached and sometimes exceeded. In other segments, we have not reached those targets, and I would like us to succeed in that respect. Our new Diversity and Inclusion Advisor, Ms. de Bruxelles, started last month, and she is also keen to deliver further results. In the coming months, we will look forward to regular Board involvement on various diversity issues.

I just want to add one point as a follow-up to Directors' comments. We will advance the preparation of the diversity report, if possible, to the end of 2019 at the latest. As some Directors have observed, 2020 is a long time away, given that the last diversity report was in 2017.

The Director of the Strategy, Policy, and Review Department (Mr. Mühleisen), in response to questions and comments from Executive Directors, made the following statement:[2]

I thank Directors for the positive and constructive comments. It is now a well-established dialogue that goes from the GPA meeting to the IMFC communiqué to the Work Program. We try to listen carefully to where the consensus of the Board goes. We are glad that this found some positive echo in the comments.

In terms of the priorities and the number of Board items, this year is perhaps more different than in the past, in the sense that we now have a few ongoing reviews in the Work Program, such as conditionality, and low-income country (LIC) facilities. We will turn to the debt limits policy eventually. We have a market access countries' debt sustainability framework discussion and the Comprehensive Surveillance Review (CSR) that is now getting underway, and the Financial Sector Assessment Program (FSAP) Review. These are all big-ticket items that take up a lot of resources. They also require extensive consultation. We want to engage with the Board. They also require collaboration with many outside players and internally. It is perhaps no surprise that the number of policy discussions in the Board is a bit less than usual because these are such important and big reviews. That explains, at least partially, the lower number of Board meetings that we have going forward. But they will be very intense and interesting discussions.

[2] 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.

In terms of priorities, in terms of delays and deciding on the timing of some of this work, we need to realize that it has been a busy time and it will remain busy for the staff, for the Fund. We have had new programs come on-stream that are quite complex; in many cases, involving difficult debt constellations and debt discussions. That takes up a significant amount of time for the teams to settle on policy lines and to sort things out internally. We have also had work streams that are beginning to be quite intense, that were not necessarily anticipated—for example, on debt transparency and low-income debt, where we need to do a lot of hand-holding of country teams and a lot of hand-holding also for authorities and work intensely with them. There is the issue of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and governance policies that will have to be implemented.

There is a significant amount work going on that involves a good many pockets of the Fund. These are also involved in some of the policy work. One hits a limit at some point. Over time, it is quite high for many of these colleagues. We need to shift things around a bit so as to keep it manageable.

Of course, we are trying to accommodate the needs by reallocating resources and training people to do some of this work, but it takes time. The residual is sometimes that we need to push out reviews in time, and that is not always foreseeable.

Lastly, before I turn to the questions on the integrated policy framework, I want to reassure Directors that there is a lot of collaboration underlying this Work Program. For example, internally, we have now established a group on the fragile states that will follow-up on the management implementation plan. But this is just one example. It is just the latest, where we have put together an institutionalized group. But we do a lot of work with other institutions, including the World Bank. We have worked closely with the WTO on trade. The work on fintech and financial sector issues is proceeding at a very fast pace with the Financial Stability Board (FSB) and the other institutions that are involved. And we collaborate also quite intensely with the OECD and multilateral development banks, for example.

We are very mindful. While it is not always explicitly listed in the documents, I can reassure Directors that we are trying to leverage the expertise of others wherever we can.

On the integrated policy framework, for the last 75 years the Fund has looked at policies in an integrated view. We have always had an Integrated Policy Framework, so to speak. The Institutional View on Capital Flows is a manifestation of the staff looking at different policies that have to hang together. The Institutional View will continue to guide our policy advice to member countries. There is no intention to change that, but the Integrated Policy Framework is more than just the Institutional View.

For some time, we have felt that when it comes to capital flows and dealing with some of the developments that the emerging markets have been facing over the last few years, we need to go back to the drawing Board and look at the analytics and whether the relationships that we have been assuming, that we have been modeling, that we have been applying, whether they still hold or whether they need to be adjusted to reflect some of the events that we have observed. For example, given the taper tantrum or the bout of market volatility involving China a few years ago, and with the normalization of monetary policy and some of the policies and the complex policy frameworks that have been adopted by emerging markets and developing countries in response, we want to know whether that analytical framework is still appropriate. For that, we have now started a more explicit way of collaborating between different departments and we will try to develop a more systematic understanding of the interaction of different policy tools. For example, for macroprudential policies, we have now a taxonomy. We have more of a list of what countries have done. We did not have that available when we put together the Institutional View in 2012. We also have a taxonomy now on capital flow management measures (CFMs) that will come into play.

That work would proceed roughly along three fronts. First, we will do new modeling work on the effectiveness of various policy combinations, responding to external shocks, and looking at specific circumstances of countries that were subject to these shocks.

Second, we will also consider how an inflation-targeting framework links with other policies, such as, for example, leaning against the wind and/or well-targeted macroprudential measures.

The third one is drawing on case studies and country experiences, not so much theoretical work but an applied look at things. We do these case studies by discussing episodes with current and former policymakers, using multiple tools in the face of shocks, and seeing what they felt the complementarities were and the tensions between them and what were the outcomes of the policies they undertook.

We intend to organize seminar sessions in the context of the 2019 Spring Meetings next year. We will also look into this issue in the CSR. We are awaiting our new Economic Counsellor, who will certainly have some views on this topic.

This is open-ended work. We do not know exactly yet what results we are going to get and by what time. It is looking at things from the ground again. With analytical work, it is always a bit hard to tell how quickly one will come to conclusions. But we hope that we will have more of a concrete idea of the timeline underlying that work after the Spring Meetings, and we will certainly engage with the Board at the next Work Program or hopefully already sometime before the Annual Meetings next year.

We also understand that the Independent Evaluation Office (IEO) is considering whether an evaluation of the Fund's advice on capital flows could complement this work. It would be quite useful from our perspective, but this is not for us to discuss. This is left for a meeting with the IEO that Directors will have in due course.

Mr. Raghani made the following statement:

First, let me reiterate our appreciation to management and the staff for the proposed Work Program. We also thank the staff for their efforts in answering the many questions raised by Directors in their gray statements. We also appreciate the Chairman's introductory remarks, particularly the point related to diversity, and we appreciate the idea to advance this report. I would also like to thank Mr. Mühleisen for the complementary information.

As noted in our gray statement, we broadly agree with Directors' agenda set forth in the Work Program, which appropriately reflects the priorities and deliverables set out in the recent GPA and IMFC communiqué. Therefore, building on the staff's responses to Directors' questions, I will limit myself to three issues for emphasis or clarification.

First, regarding multilateral surveillance, we appreciate the staff's indication that the report on Macroeconomic Developments and Prospects in low-income and developing countries (LIDCs) will follow an annual production cycle, with the Board discussion around the Annual Meetings. This will help improve its traction with concerned policymakers. We welcome that the thematic chapters will likely include clear lessons to be drawn from the extensive capacity development in those countries. We would also encourage the staff to consult with concerned chairs ahead of time regarding the thematic chapters in these reports.

Second, on international taxation, the description in Table 6 of the Work Program, page 23, of the planned February discussion on corporate taxation in the global economy focuses on certain economic issues of the international tax framework but seems to leave out the important issue of tackling tax evasion and tax avoidance, which can be a key element of efforts to enhance domestic revenue mobilization. During the February discussions, we expect the Board to provide some guidance on how to take this element of the work forward. Could the staff indicate whether there is also that expectation?

Third, regarding debt issues, we note the staff's response to our question on the multipronged approach that strengthening creditor coordination in debt restructuring situations is represented in the Work Program through the G20 Note on Operational Principles for Sustainable Financing: Creditor Practices. We also welcome the indication, that the staff will consider in their Technical Assistance Report for the G20 good practices and policy options for creditors to make concrete use of this principle on creditor coordination in debt restructuring situations. That being said, we note that the G20 Note will be presented to this Board only for information.

Related to this issue, we look forward to the discussion under the FY2020-22 medium-term budget on the resource implications of Fund support to external forums.

Ms. Levonian made the following statement:

I thank the staff for a comprehensive Work Program that balances the objective of delivering on the Fund's mandate and responding to the evolving risks and challenges facing the Fund.

I would like to reflect on the fact that we are discussing more than the Work Program here. We are also discussing how to ensure that the Fund continues to be a valued and valuable institution at the core of the multilateral system over the medium term, and what the Chairman referred to at the Annual Meetings as the new multilateralism for the new economic landscape. It is through that lens that I would like to make a few comments.

In the context of finite resources, this means focusing on the highest priorities and not overreaching. We believe the current Work Program does a good job of delivering on the Fund's core mandate while responding appropriately to the so-called macro-critical challenges. However, we would welcome a better understanding of how this prioritization has happened, like how it provides or puts meat around the objective of this new multilateralism.

I will give an example that might help shed some light on what I am saying. For example, last week we heard that the review of the debt limits policy is likely to be delayed. We understand there are many reasons. There are resource capacity issues at play, and there may be other issues at play as well. But given the prominence of the debt vulnerabilities in the IMFC's communiqué and the GPA, I wonder whether that is one of the things that we would want to slow down or not. But it is just a question that I would pose.

The other one, the Chairman also mentioned that trade is becoming an issue that we all want to focus on. But how does the Work Program lend itself to further those objectives?

As far as executing on the Work Program, I would reemphasize the points that we made in our gray: That we want to leverage partnerships with other organizations. I take note that the staff mentioned that as well. We want to draw strong linkages—and not just linkages but also leveraging across different aspects of the Work Program. I know it is not like this is not happening. It is just, how can we push that envelope further, as well as modernizing internal operations and the organization as a whole so that the Fund is equipped to tackle the challenges that we will be facing.

The other point I would like to make is that the Work Program should also increasingly be informed by risk considerations. We had a very good discussion around risk last week. I know that is something that is evolving and that we will be doing, but it is something to always focus on.

Here, I would note that some of the biggest risks that are facing the Fund are reputational in nature. Therefore, we would welcome continued close dialogue with the Board on the major country and program-related risks that, if realized, could have a major impact on both the Fund and its membership.

To conclude, I would say each of the chairs around the table have items on this agenda—including myself—that we would value more highly than others. But collectively, we need to be clear about where we are heading as an institution. I look forward to the conversation as we go forward.

Mr. Mahlinza made the following statement:

We welcome the opportunity to discuss the Work Program and appreciate the Chairman's opening remarks and Mr. Mühleisen's comments as well.

Overall, we find the Work Program balanced and ambitious enough to address the diverse needs of the broad membership, while also highlighting the critical need for international cooperation and collaboration in dealing with the current global challenges and mounting vulnerabilities. In this regard, as the current challenges and vulnerabilities will have impacts on advanced economies and emerging developing economies alike, we would like to strongly agree with Mr. Mozhin's gray statement, that the flagship reports should keep a balanced focus on the key developments in all the different country groups that make up the membership of the Fund without losing the differentiation within the country groups. In this context, we hope for enhanced coverage of LIDC, small, and fragile states issues in the flagship reports.

We note a broad interest by Directors in demographic issues and believe that analytical work would be useful, with a comprehensive view of the impact of demographic transitions on macroeconomic stability and growth for countries seeking to harness the demographic dividend and those with ageing populations.

We also wish to add our voice to Directors who have called on the Fund to keep an eye on issues regarding correspondent banking relationships (CBRs) and the need for regular updates to the Board. We welcome the ongoing and planned work on the Poverty Reduction and Growth Trust (PRGT), as well as the Review of Conditionality and Design of Fund-Supported Programs. We would like to reiterate the continued need for the Fund to strengthen its internal policies and governance in order to remain relevant and play a key role in LIDCs, noting that the membership in this grouping derives significant benefits from the Fund's advice, lending, and technical assistance (TA) in support of their development goals. We also continue to emphasize the importance of a diverse and inclusive workforce. In this regard, we look forward to the interim diversity and inclusion report scheduled for May 2019.

Finally, we welcome efforts to broadly implement the Work Program, as planned, and reduce delays. However, we continue to urge for the smoothing of the Work Program to allow for adequate attention, engagement, and consultation with the authorities and the Board. For example, we still see scope for better mission planning and scheduling for country items, especially for large constituencies like ours.

Mr. Tombini made the following statement:

I want to reiterate my thanks to the Chairman for this comprehensive Work Program and the staff for the extensive answers to our questions.

I have issued a gray statement, so I have five points to make, two of them the Chairman and Mr. Mühleisen have addressed at the beginning of the meeting.

First, like Mr. Gokarn and other Directors, I welcome the proposal to work on developing an integrated policy framework, covering monetary policy, foreign exchange interventions, macroprudential policies, and CFMs. The Fund has made important progress in organizing this somewhat fragmented knowledge into a more systematic thought structure in each of these streams. I would like to know more about the challenges to integrate those interrelated areas of policy action. In this regard, I heard Mr. Mühleisen, but I would like us to have an informal meeting of the Board on this issue earlier rather than later, to keep the Board engaged on this important area.

Second, on the Fifteenth General Review of Quotas, I heard the Chairman clearly, and I know she is on top of this issue. This is an important question to be resolved. She gave us the timeline. This Work Program has more steps on this issue, but this is not a technical issue anymore. I would encourage the Chairman to use informal channels through the Board to help in this quest for some consensus on this issue because we have little time going forward.

Third, like other Directors, including Mr. Mahlinza, we would like to underscore the need to keep an eye on the issue of correspondent banking, which is still a critical issue affecting particularly small states and countries in fragile situations. We also encourage the promotion of fintech to see if we can address the derisking of correspondent banks with these new technologies.

Fourth, we join Mr. Lerrick and others in underscoring the need to recruit and retain staff with the interest and the skills to handle the challenges faced by countries in fragile situations in line with the IEO report and the Capacity Development Review.

My fifth and final issue, I want to support, like Ms. Levonian, the steps taken to integrate the risk analysis into the Work Program. We are moving in the right direction in making our risk assessment an important tool to inform different dimensions of our planning and our daily work.

Mr. Mouminah made the following statement:

We welcome the statement on the Work Program and the introductory remarks by the Chairman and Mr. Mühleisen and broadly support the main policy priorities and deliverables for the period ahead. We also thank the staff for their responses to our questions.

We are pleased with the continued, informative structure of the statement and efforts to align the Work Program with the risk management process, which was highlighted already. We also appreciate the ongoing efforts to better balance the Board's workload.

We have issued a comprehensive gray statement and would like to limit our remarks to four main issues. The first is on the quota and voice. The second is on limited engagement on diversity. The next point is on staff discussions notes (SDNs) and disclaimers, which were raised by many Directors. Finally, we will discuss the Board's engagement on the Comprehensive Compensation and Benefits Review (CCBR).

First, on quota and voice, we flagged the words in the Work Program statement, which were deleted in the final version of the IMFC communiqué, in addition to Mr. Meyer, who has rightly cautioned against an overly pessimistic tone. We also agree with him that the Fund, with its quota and supplementary New Arrangements to Borrow (NAB) resources, is well endowed to cope with adverse scenarios. Against this background, we would reiterate our suggestions to make the needed adjustments during the revision of the statement.

Second, we expressed our disappointment with the limited Board engagement on the diversity issue. In this regard, we welcome the Chairman's introductory remarks. We also echo the comments made by Mr. Beblawi, Mr. Daïri, Mr. Kaizuka, Mr. Mahlinza, and Mr. Raghani, and we look forward to the upcoming recruitment and retention paper and the discussions that will take place on the Diversity and Inclusion Report. We appreciate that the staff will be bringing it forward to the end of 2019. We actually want to push for it to be done before that.

Third, we share the concerns expressed by Mr. Mozhin regarding the proper delineation between the staff's views expressed in the SDNs and the Fund's policies. We have also repeatedly urged the staff to give more prominence to appropriate disclaimers and their publication. In our view, this issue needs to be discussed further in the Agenda and Procedures Committee once it is in its new format.

Finally, we take note of the planned Board engagement on the CCBR. It is important to ensure that the compensation and benefits help recruit and retain high-caliber personnel in a cost-effective manner as well. In addition, the Fund should further strengthen its efforts in recruiting highly talented personnel from underrepresented regions.

Mr. de Villeroché made the following statement:

I thank the Chairman for the document and her introductory remarks and Mr. Mühleisen as well for his statement. Overall, we are very satisfied by the documents, and I would like to particularly welcome the strong emphasis on the ongoing discussions on how to enhance cooperation and multilateralism. I issued a gray statement. I will limit myself to three comments.

First, on trade, we can read in some gray statements that some Directors would favor having a formal engagement dedicated to this issue. On our side, we feel that ensuring that the risks attached to inward-looking policies are well detailed in the flagship reports and in the bilateral surveillance, is the right way forward. We would caution, nonetheless, on how to frame the concept of trade imbalances. That could be misinterpreted.

Second, on international corporate taxation, we look forward to the paper that will be presented in February. We are reassured by the staff's answer to our written question on the fact that the next engagement will allow the staff, management, and the Board, to define an agenda for further work on this complex but relevant issue. This will be necessary on the taxation of digital activities. The recent Article IV consultations on the United Kingdom and Chile illustrated the fact that a rising number of members are now introducing a tax on digital activities and that the cautious view taken by staff so far—which means waiting for an international agreement within the OECD—might be slightly outdated.

My last point is on the review of LICs facilities. Once again, it is clear from our first discussions that we must finance programs better, where possible, while preserving the self-sustainability of the PRGT. We have great expectations of this for this review. It needs to be well articulated with the Review of Conditionality, as allowed by the Work Program, as it stands.

Mr. Agung made the following statement:

I thank the Chairman for the detailed Work Program and her opening remarks and I thank Mr. Mühleisen for the response and clarifications. We have issued a gray statement, and I will limit my comments to the following points.

First, we value the ongoing pursuit of the Work Program to respond to the diverse needs of the membership. This has been reflected in the increased integration of both emerging issues and traditional work areas, including major policy reviews, into the Work Program. We welcome efforts to further build on the Bali Fintech Agenda, as the broad membership will increasingly look to the Fund for policy guidance. Coordination with other international standard-setters will be key to ensure there is value in the Fund’s involvement in this area.

We also take positive note of the growing engagement on climate change and strengthening the resilience to natural disasters, especially for small states. We also welcome early Board engagement via planned scoping notes on the Comprehensive Surveillance and FSAP Reviews. In this regard, garnering and building on the Board’s feedback and guidance will serve as key inputs for the 2020 CSR. The CSR should also draw on the findings from the IEO and Risk Reports, pointing to the need for different work stream to be done in a holistic and integrated manner.

This brings me to the second point, on the work on the integrated policy framework. In contrast with the current application of the Institutional View, we are of the view that the CFM and macroprudential policy should be assessed in a holistic way, with other macroeconomic policies. An assessment of whether a country’s policy mix—fiscal or monetary, CFM, and macro—is appropriate in managing macro and financial stability. Like many chairs, we are quite supportive of this for the forthcoming agenda. We agree with Mr. Gokarn, Mr. Kaya, Mr. Tombini, and others, on the need for prioritizing and firmly committing to this work stream, as countries will continue to face capital flow volatility, and we encourage early engagement with the Board in a staff briefing on this work stream. We also support Mr. Beblawi, who raised an important point on the need for an IEO evaluation on the application of the Institutional View as a starting point. We also associate ourselves with Mr. Hurtado's call for an open-minded approach, listening to policymakers and research findings, including those presented in the recent IMF Annual Research Conference.

Third, we remain committed to sustaining constructive Board engagement that will help in completing the Fifteenth General Review of Quotas within the agreed timeframe.

Mr. Jin made the following statement:

We thank the Managing Director and the staff for their comprehensive and well-focused Work Program. We join most other Directors in welcoming the focus on the potential impacts and spillovers of trade tensions. We agree with Directors like Mr. Ostros, that reforming the existing trade system should be based on a cooperative, constructive, and rules-based approach. I also want to emphasize that this approach should also be inclusive, rather than exclusive.

While the global value chain has become a widely recognized phenomenon and the subject of academic research and policy discussions, the Fund's statistical methodology relating to trade has become increasingly outdated. We call on the Fund to put a strategic emphasis on improving trade statistics that should properly identify and measure members' trade based on value added, rather than gross statistics, in order to eliminate the obvious exaggeration of trade imbalances between the major trade partners.

We look forward to a timely engagement on the CCBR. We echo Mr. Beblawi that a balanced approach is needed. High-quality human resources are the most valuable asset of the Fund, and a prejudgment of the review's outcome should be avoided.

We appreciate the new approaches to enhance debt sustainability and transparency, including a balance sheet approach that will be adopted in debt analyses. The new approach has the merit of being growth-oriented, able to take account of productive debt issuance, and has the potential to analyze assets' quality. Debt transparency should be rules-based and achieved through improving and upgrading the existing debt data reporting standards, such as the Special Data Dissemination Standard (SDDS) and the General Data Dissemination System (GDDS) that all member countries should follow.

Finally, while we see merit in looking at monetary policy, foreign exchange intervention, macroprudential policy, and CFMs in an integrated and holistic manner, we wonder whether a broader policy mix should be incorporated. For example, changes in fiscal, tax, and tariff policies could also influence the member country's balance of payments and the equilibrium level of its exchange rate and the investment decisions. The staff's comments are welcome.

Mr. Ostros made the following statement:

I thank the Chairman for the remarks that explained and answered many of the questions that have been raised in the gray statements.

I thank Mr. Mühleisen for his explanation on the integrated policy framework. Not least, the integrated policy framework issue is a very interesting work stream. We have had several discussions on the application of the Institutional View in different individual cases. Iceland, in my constituency, had another interesting discussion on that. We see many angles. It is wise to broaden the discussion and the analytical perspective to fully understand how to deal with these issues going forward. That is an interesting field.

I like the Work Program, so I am fully supportive of it. It is a demanding Work Program, since we have so many reviews on different types of surveillance, conditionality. I would highlight the FSAP Review as one of the most important, the last in the line, but that is maybe one of the products that is in the highest demand in our member states. Our authorities complain when they are under FSAP Review because it takes a lot of resources, but it is one of the products that nobody else can deliver. It will be important to go through how we do it and also the resources that we devote to it, because it is also a basis for macro-financial reviews in Article IV consultations. Without a thorough FSAP, it is hard to make a thorough macro-financial assessment. I welcome that.

Mr. Tombini has an important point when it comes to the integrated policy framework, that we should probably have an informal Board meeting to brief to discuss this issue. It is such a broad and interesting and complicated issue. That would be helpful.

In the last 12 months, staff, management, and the Board has been supportive. They have been doing important work on trade issues. We have delivered analysis. We have delivered reports. We also have communicated the content well. Thereby, we have been in the center of the debate on trade issues. That is quite an accomplishment, and it is important that we also have, in the work stream going forward, items that can contribute to that, because we have to come with new analyses, new angles to be able to be in that debate. That is a contribution that is important for us to make. I welcome that.

I also welcome that we will look deeper into the USMCA issue because some of the requirements there will probably come up in other trade negotiations. It is not self-evident how they will affect productivity and trade going forward—like rules of origin, minimum wage levels, potential agreements with non-market economies, these requirements that are in the USMCA. That could also be a contribution to the debate.

We are something of a supplier to the G20 meetings. I fully understand that it is important given our partnership with the G20, but we must be careful in how we do it. Especially if we have new seminal reports, analyses, policy recommendations, these should always be discussed in the Board first before we deliver them to the G20. We are on a slippery slope in that respect.

Lastly, on the bunching issue, I believe we can make progress on it, but it demands that we are very careful in also changing the Work Program when we see that we are going into another bunching period.

Mr. Kaizuka made the following statement:

When I entered this room this afternoon, I did not have any intention to speak; but hearing the Chairman’s opening statement and that of Mr. Mühleisen, I was induced to speak.

The Chairman mentioned trade. Yes, this is an important subject. But our discussion on trade, the Chairman said we are going to pick up some regional agreement, and that discussion should not be limited to the market access of goods and services or just a mere concession on tariffs. But more importantly, those regional agreements may have some positive implications for the structural reform, which is necessary for the participating countries, and some deregulation measures. Our focus should be wider than the mere trade agreement and should also include those aspects of a structural adjustment which are necessary for the participant country.

On capacity development, I thank the staff for taking up RBM. When we had the discussion on capacity development last week, I was a big advocate for the necessity of demonstrating this important concept and how it is applied in practice. We welcome the discussion early next year on RBM in capacity development.

On diversity, this is also very encouraging. The staff was going to frontload our discussion—not wait for 2020 but have it at some time in 2019. The important thing is that the responsibility of tackling the underrepresentation issue should not only be shouldered by the staff, but it should be equally shouldered by the country of the underrepresentation, including my country. That type of collaborative work is necessary to tackle those issues.

In that regard, I really welcome the newly appointed diversity officer. As a member of the Working Group on Diversity, I hope this still exists even after the departure of the very capable chairman, Mr. Sembene. With this working group, we were ready to accelerate our work and actions and consider how to tackle the underrepresentation issues this year, together with the staff.

Lastly, on the integrated policy framework, which was articulated by Mr. Mühleisen, I welcome this approach. In the face of normalization of monetary policy, this is a challenging issue for many emerging countries, how to tackle the reversal of capital outflows.

We already have a number of applications of the CFM in practice. Based on the stocktaking exercise, we can identify what kind of a policy framework is necessary, what kind of a prerequisite is necessary for the measure to be judged as appropriate or not. This type of practical discussion should be necessary to work further on capital flow management, without reopening the Institutional View.

Mr. Gokarn made the following statement:

We also join others in thanking the Chairman for presenting this well-focused Work Program, which balances aspiration with realism. It is a full and rich agenda, which I hope that we can achieve in large measure.

Many of the issues I was going to refer to were addressed in the Chairman’s opening remarks. I will not go any further on those issues. Mr. Mühleisen’s statement on the analytical framework is also important. It is an issue which is also very close to our agenda, and I will probably say a few words on that. But before I come to that, let me make a few points on issues that others have also raised.

The issue of multilateralism is very important. Ms. Levonian made the point that it needs to be fleshed out. Perhaps I will add that it needs to be synchronized across the Fund's communication platform. The Chairman has done a great job in advocating for a new multilateralism, pointing out that its benefits are significant, but it also has costs. These have to be mitigated in some way to create the consensus around it. In that context, issues like social spending and how it can be used to mitigate some of the adverse consequences of multilateralism are an important part of the overall agenda. In the communication aspect, a systematic approach across the flagships and other publications, putting out this message of balance between the benefits and the mitigation, is something that would help this whole agenda move forward.

The second point is about financial stability. The Fund is doing an important job in mainstreaming two significant issues.

One issue is AML/CFT, and bringing it out of a somewhat niche discussion into the domain of macro-criticality. We understand this to be a significant threat to financial stability in many situations. The spillover effects into other countries is also something that the Fund has been emphasizing. We believe this Work Program is significant, and particularly with respect to AML/CFT, we believe that integrating this into Fund practices—surveillance, program design, conditionality—is a very positive way forward.

A second issue concerns debt. We had a presentation last week on the multi-pronged approach to debt. We were in broad agreement with the approach, but we felt that sequencing the various components might pay some dividends. In particular, we felt that transparency—just understanding the nature and the significance and magnitude of the problem—would help all of the other components come together in a more effective way. The issue of debt limits was mentioned. That will flow from understanding the full magnitude of the problem.

On fintech, the Fund has succeeded in opening the debate or widening the debate from just the development aspect of this very promising stream, to the risks and the consequences that these risks might have for financial stability. We saw a good example of this in the joint Fund-Bank Board discussion, and this is something that we need to take forward.

Coming to the point about the integrated analytical framework, I fully agree with the many Directors who have addressed this issue in their gray statements. We are fully supportive of the desire to prioritize it and to flesh it out, to concretize it. I fully agree with Mr. Tombini, Mr. Ostros, and others, who have said that there should be Board engagement on this agenda as soon as possible. A good way to start perhaps would be a presentation on the case studies that are being developed to see how different countries have dealt with this. We see this in the Article IV discussions, but it has not yet been presented in an integrated and combined fashion. That may be a useful starting point.

Mr. Beblawi made the following statement:

We broadly support the main policy priorities and strategic direction, as presented in the Chairman's statement. We issued a gray statement and appreciate the staff's responses to our questions. I will add a few points that were also touched upon by other Directors.

Like Ms. Levonian, Mr. Ray, Mr. Agung, and others, we support that the planned stocktaking of fintech development will be based on a comprehensive country survey. We consider this a good first step to help identify areas for future Fund engagement in terms of policy advice and TA. Will this paper include some proposal on the Fund's role?

There is also considerable interest in the topic of the future of work and the subject of investing in education. Like Mr. Mouminah and Mr. Raghani, we would like to know whether, in addition to the conference to be held in Ireland in December 2018, there is a plan for a similar event focusing on the Middle East?

We highlighted in our gray statement the impact of displaced peoples in Africa and the Middle East. In addition to continued Fund work to assess the economic cost, we would like to know whether the planned work on social spending and social protection will explicitly address the costs of providing social services to displaced people and their fiscal and financial implications. We consider it important to consider the costs and the benefits of different reform options when recommending social protection measures.

We join Mr. Lerrick, Ms. Riach, and Mr. de Villeroché, who highlighted the importance of addressing the challenges identified in the IEO report on fragile states.

We look forward to discussing the 2019 Diversity and Inclusion Report in May and to hear about the initiatives taken to address the gaps in the March 2019 recruitment and retention paper.

Mr. Inderbinen made the following statement:

I thank the Chairman for the introductory remarks. We are also grateful to the staff for the comprehensive Work Program. It captures well the gist of the October GPA and the IMFC communiqué. There were four points I would like to add to what we have put out in our gray statement.

First, on the broad list of emerging issues, like Mr. Hurtado, Mr. Kaizuka, Mr. Lerrick, and others, we note that constant effort will be required to retain focus on the Fund's core mandate. It is also important to keep working on coordination with other relevant institutions and bodies to exploit synergies and avoid duplication. We are reassured by the remarks offered by Mr. Mühleisen, and there are certainly good examples of successful collaboration. One is with the Financial Action Task Force (FATF) on AML and also the work with the FSB on the CBRs.

Second, given that the Work Program will cover reviews of several key policy areas, as emphasized by others, we would also like to stress the importance of early Board engagement. In this context, the scoping notes on the CSR and the FSAP review are welcome. We also appreciate that the paper on the revision of the Code on Transparency in Monetary and Financial Policies will be presented to the Board in due course. I would like to add that it is high time to engage on the review of this code, which is one of the key international standards that has not been reviewed since its adoption nearly 20 years back.

Third, we were happy to read in the staff's answers that the revised capacity development policies and practices statement will reflect last week's Board discussion on the capacity development review, including the important issue of Board engagement. We look forward to the briefing on RBM that the Chairman mentioned.

Fourth, we welcome the explicit link to the Risk Report in the Work Program. As Ms. Levonian, Ms. Riach, and others point out in their gray statements, it will be important to establish substantive links between the various important items, such as the review of the low-income facilities and the review of conditionality in program design.

Mr. Kaya made the following statement:

We thank the Chairman and the staff for a Work Program that is well aligned with the policy priorities and strategic direction of the IMFC communiqué and GPA, as well as for the helpful introductory remarks. We also commend the sustained improvement in the structure of the document, as exemplified by the inclusion of an explicit link with the assessment of the 2018 Risk Report. We issued a gray statement and would like to use this opportunity to follow up on four issues.

First, the focus on global trade as one of our policy priorities is highly appropriate, and we join those Directors who called for using every opportunity to highlight the shared benefits of trade and the downsides of protectionism. Obviously, the Fund is well positioned for laying a solid analytical foundation, including on the risks arising from trade tensions. Like Mr. Doornbosch, we see support for open trade critically hinging on the ability of both the multilateral system and the national governments to address the negative side effects of an open and rules-based multilateral system. Meeting its mandate and competencies, the Fund should provide policy advice to its members. To that effect, we see the work streams on trade as a whole, and like Mr. de Villeroché, we expect that careful and balanced communication is applied to avoid giving any ground to protectionist measures.

Second, our chair in the past has expressed a keen interest in the forthcoming analysis on the drivers of natural real interest rates. We understand from the Chairman's statement that the format of the paper has been changed to a working paper; hence, the respective Board meeting was canceled. However, the staff's written responses state that priority should be given to work on macro-financial linkages and global financial stability during 2019 and on monetary policy issues in 2020. The analysis of the drivers on natural interest rates might resume at a later point. We would, therefore, appreciate further clarification. Is the staff currently preparing a working paper with no planned Board engagement? Or can we expect the resumption of this work next year as an SDN?

Third, we appreciate the work on an integrated policy framework that examines the interactions between monetary policy, foreign exchange interventions, macroprudential policies, and CFMs. Such a framework would provide a useful tool for a large part of our membership, as many countries strive to enhance their monetary policy frameworks, adjust their foreign exchange regimes, and cope with the pressures arising from sizable capital flows. We appreciate the clarification by the staff and look forward to further engagement as this work advances.

Finally, in view of the fast-approaching deadline, we welcome the emphasis on the completion of the Fifteenth General Review of Quotas. Nevertheless, we remain concerned about the major differences of views among two shareholders and look forward to more substantial discussions on the possible future of a compromise. We believe the Chairman’s continued leadership and encouragement in this regard will be essential to render a consensus in this rather limited timeframe. Our chair will continue to support her endeavors, and we are committed to contribute constructively.

Mr. Hurtado made the following statement:

We thank the Chairman for sharing with her Work Program, and we support it fully. I would only like to make four comments in addition to the gray statement that we issued.

First, we welcome what we see as more emphasis put on the vulnerabilities and identifying the vulnerabilities in different parts of the work of the Fund.

Second, regarding the joint work with the World Bank on the Multipronged Approach for Addressing Emerging Debt Vulnerabilities, in our gray state,emt, we say that an adequate assessment for the debt distress situation in LIDCs and its roots is necessary. I would like to add that we would encourage work on the adequacy of monetary unions that sometimes maintain fixed exchange rates in the face of important external shocks.

Third, it is also stated in the Work Program that the Board will be briefed on financial services and income inequality. This work is important, but it would also be pertinent to include some work on the problems for the financial sector, and for inclusion and penetration of the different instruments in cases when the rule of law is weak and the financial sector faced important risks, which may explain the low inclusion and penetration.

Fourth, we agree with others on several points, but I would like to highlight the continuous work on risk assessment, the points on recruitment, and a further analysis of the USMCA agreement.

Mr. Lopetegui made the following statement:

I thank the Chairman for her opening remarks and Mr. Mühleisen for his remarks as well.

We have issued a gray statement supporting the Work Program and the specific initiatives detailed in the paper. As stated, we believe that the Fund has been doing a good job in leading the global policy debate. At this moment, I would like to add three comments.

Looking in detail at the Work Program, one cannot avoid reflecting on the diversity in scope and the criticality of the different work streams. Successful progress in all of them will put heavy pressure on the staff, which is, as we often say, the institution’s core asset. In this regard, I would like to make a comment on HR issues, in light of the upcoming discussion on the strategy and CCBR. We agree that we need to protect the ability of the Fund to recruit diverse staff of the highest caliber. These initiatives will give us the opportunity to enhance work practices, perhaps by better aligning the rewards with the staff’s effort and the institution’s business needs. We have agreed on a timeline, but what I want to highlight is that, given the long-term implications of decisions in this area, it would be important that the Board is allowed sufficient time to assess reform proposals.

My second comment is that this is also an important year because we are going to address big-ticket items regarding the reviews of key Fund policies, the CSR, the FSAP Review, the Review of Conditionality, the Review of LIC facilities, and various debt issues. We look forward to these discussions, aiming always to increase the effectiveness of the Fund in this area and perhaps having the opportunity to incorporate suggestions that have been made by the IEO, the staff, and certainly the Board.

Finally, we welcome the Fund’s work on trade to analyze the potential impacts of the spillovers of trade tensions and to build a common understanding of the far-reaching consequences of trade policies. As we know, and as indicated in a recent working paper by Fund staff, barriers to trade take different forms, including: import tariffs, regulatory barriers, restrictions on services trade, and controls on foreign investment. We know that there are important data gaps; in particular, regarding issues like standards and regulations, subsidies, government procurement, and intellectual property regimes—all variables that affect trade. We trust in the ability of the staff to produce a robust analysis, but it will be important for the institution to continue conveying this message, that progress by the international community in addressing these data gaps will contribute to a more comprehensive assessment of trade restrictions globally.

Mr. Doornbosch made the following statement:

I thank the Chairman and the staff for this ambitious and comprehensive Work Program for the Board. It meets the high expectations and sets the right strategic priorities. Our compliments for capturing in this short document the discussions on the GPA and the guidance provided by the IMFC.

On this, we feel that clear progress has been made over time, and particularly on the improved sequencing and integration of the Work Program, also with the Fund's income and budget.

Like many other Directors, we are keen to see the results from the staff's work on the interoperability between the budget and the Work Program of the Board. This is also something I am still struggling with—the oversight role of the Fund. With this Board Work Program, we set our own strategic priorities, and we provide, in that way, also strategic direction to the Fund. It is clear how it impacts the 70 full-time equivalent staff that are working on the recurring items, but it is not so clear how this shifts the direction of the whole ship. We are looking forward to continuing this discussion in the context of the budget.

I have just four remarks. First, on the Work Program, we welcome the progress and further work on strengthening the enhanced knowledge on fintech, on the digitalization of the global economy, and the related AML/CFT and cybersecurity risks.

Second, on monetary policy, we understand that the discussion on the drivers of the natural real interest rate was dropped from the agenda because the staff wants to focus on the macrofinancial linkages and global financial stability in fiscal year 2019, and on monetary policy in fiscal year 2020. While these are very broad terms that can go in many directions, they are very interlinked. Monetary policy, easy financial conditions have a direct and significant effect on financial stability. This follows clearly from the interesting recent work done by the Monetary and Capital Markets Department (MCM). We assume that this will be an important item also for this year. In that context, I am still digesting Mr. Mühleisen's remarks on the integrated policy framework, but I am looking forward to this work in the future. Another reason why this is important is that it could also inform the Board in its response to the IEO's findings of the Fund's advice on unconventional monetary policy this year.

Third, I would like to echo Mr. Agung on the importance of the work on mitigation and adaptation to climate change and building resilience to natural disasters. We will have a conference this Monday, and this is particularly relevant for small states.

Finally, we appreciate the efforts by the staff to expand its knowledge on demographic effects on growth and development. This was highlighted in Box 2. The Fund's work aims to help member countries address challenges to ageing populations, in the context of the G20 agenda; and in the context of African countries, the work will explore how countries could best harness the demographic dividends. There is a third group of countries that is interesting in this respect. We know this from the countries in our constituency, in Eastern Europe, that are faced with ageing populations, while at the same time have the challenges being amplified by output labor migration of the young in this context of a digitalized and continued trade integration. There might be some angle that would be interesting to take into account, if there is room for that.

Mr. Hemingway made the following statement:

I would like to join others in thanking the Chairman and Mr. Mühleisen for their opening remarks today and the team for the papers.

As we noted in our gray statement, we thought this Work Program did a good job of balancing the need to take on the issues of the day and the big policy questions that we are dealing with at the moment, against the need to deal with the more regular review cycle of the Fund's policies and practices. We appreciated that balance. It was difficult and struck well within a tricky resource or flat resource environment.

I could go through things we liked, and I would echo the points on climate change and reviews. But instead, we wanted to emphasize one of the points we made in our gray statement on Board engagement and where we saw that going next.

Mr. Mühleisen spoke about the big-ticket nature of the items coming up, and we appreciated that when we were reading the gray statements. There will be lots of work going into these reviews. We saw that with capacity development review and other angles. In our gray statement, we flagged the CCBR as a particularly important one, but we could have said the same about the CSR. I also echo Mr. Ostros on the importance of the FSAP Review.

We do not necessarily think this needs to have a series of formal engagements or many different Board meetings. We have trialed these group sessions, where we get together and have information. I know many people do not like that. But the point was that, in terms of doing these reviews as efficiently as possible, helping us engage with the issues, the experts, and our authorities on those topics, having repeat conversations and the current conversations to understand where the work was going would be valuable and make the process a bit more efficient than just having an update at the end with these chunky papers, where one get reams and reams to go through and try to engage with. We are open to whatever is the right way to do that is, but that is what we wanted to use the Work Program to call for, to have that kind of engagement.

In terms of why we think that is important, Mr. Mühleisen, himself, flagged the fragile states work and how that sits across many different parts of the Fund. I believe that is true with many issues that these reviews will raise. How do we deal with the thematic issues that sit across different reviews in different parts of the Fund? Our authorities will want to know how they fit together, and that across the Fund, we are making progress on the things that they care about.

I recognize the points on coordinating with others that were raised at the start of the meeting. But again, we often are asked whether the Fund working well with the World Bank on issues like capacity development. We talked about that last week. That process can help us be assured that that work is going on, and though we hear about it, now we can see the evidence.

That goes beyond the reviews. Mr. Tombini said this about the integrated policy framework, as did others, and I would agree with that. That will be a piece of work that has great interest from our authorities. Understanding where the work is going, it does not have to be a formal engagement, but understanding the thinking and what is going on and where we are getting to would be valuable.

Having said all that, we thought this was an excellent Work Program. It highlighted that the Fund will continue to take on the major policy questions of the day. Providing that information, as the Fund has on trade recently, is valuable to us and across the membership. The proposals in the Work Program, particularly in the flagship reports, do this well.

We encourage the Chairman to continue looking for opportunities to highlight the work the Fund is doing. We had a good example of that early this month, with the central bank digital currency work, which we had on the agenda on very short notice, which then allowed the Chairman to highlight the work that the Fund was already doing publicly. That was valuable and a good example of how we can be flexible in the Work Program.

Mr. Ray made the following statement:

Like others, I thank the Chairman and Mr. Mühleisen for the helpful opening remarks, which addressed most of the issues that we raised in our gray statement. I wanted to talk about two broad issues.

First, I wanted to join with others in supporting the efforts to integrate risk analysis into the Work Program. There are just too many examples around the world these days, where boards have failed to do just that. Particularly in relation to reputational risk, many institutions are being damaged by that. In our case, it would flow back into what Ms. Levonian said was our key critical objective around the ongoing development of the multilateral system. It is important to us, as a Board, but it is also very important to our broad objectives.

Second, as others have said, the Fund's key resources are a high-quality, diverse, and appropriately incentivized staff; therefore, there is a need to modernize. There is broad agreement that there is a need to modernize the Fund's HR policies and practices. The proof, though, is in the outcome of policy, not just in changing policy and practice; it is in the outcome. Therefore, we welcome the Chairman's commitment to bring forward the Diversity and Inclusion Report into 2019. I would encourage it not to be perfect, necessarily, the first time. What I am hearing is a desire to see that report, even if it is not perfect. I would suggest that the staff might want to consider timing, rather than comprehensiveness.

Lastly, a constituency issue, like Mr. Tombini and others, we appreciate the increased efforts that the Fund has made to assist small states on a range of issues. One that is ongoing is correspondent banking. Like others, we would like to see a regular update to the Board, not necessarily a Board discussion, but a regular update because it is an issue that has not gone away for many of our members.

Mr. Mozhin made the following statement:

In our written statement, we raised a number of questions. We have received answers to all of them in the staff's written responses; and this is appreciated. Although when I say that, I do not mean to say that all answers were equally satisfactory. Let me go through some of these questions and answers.

Our first question was whether the recent working paper on global market power and its macroeconomic implications is going to be built upon in the writing of the World Economic Outlook (WEO). We are reassured here that the April WEO chapter will be built on this working paper. That is good news.

Second, we suggested that the forthcoming briefing on housing market developments could be perhaps turned into a formal Board meeting, but the response is that it is perhaps too early to have the full Board's consideration of this very important topic, but that there will be a chapter in the April Global Financial Stability Report (GFSR) devoted to the housing market developments and all the many aspects that are very important to look at.

The third question was on the knowledge exchange website. The answer is that the knowledge exchange website on structural reforms and growth contains a wealth of information on data, tools, and internal and external resources for macrostructural analyses, and that an important innovation in the making is the publication of cross-country macrostructural indicators from a wide range of sources, together with a web-based solution, which sounds very good. But we have no access to that. Directors' offices have no access to 95 percent of what is on the website.

Fourth, we raised an issue of creditor coordination in debt restructuring situations and, more broadly, the debtor-creditor engagement project. This was promised to the Board one year ago. But the response we get now is that there is no money for that, so this project is abandoned. What we hear is that there are many priorities in the multipronged approach on debt, and some of these need to be completed to free resources to finalize the debtor-creditor engagement project. This is disappointing

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Finally, on the SDNs, the staff has responded that before publication, Directors are now briefed on the SDN received for information and can provide feedback on country-specific references. I cannot recollect one single SDN that was received by my office—not one single SDN.

Mr. Meyer made the following statement:

I thank the Chairman for her remarks and Mr. Mühleisen for his statement. Let me state from the outset that we fully support the Work

Program. It is broad, ambitious, and it covers many crucial topics. It reflects well the latest IMFC communiqué and the last GPA. The summary page of the Chairman's buff statement, with its four main elements, demonstrates this clearly. I will not go into details, but the trade issue is very important, as is the Review of Conditionality, the Debt Sustainability Analysis for Market Access Countries (MAC DSA) Review. I would echo those who argued that the FSAP Review will be an important one with regard to how many resources we can devote to that. The CSR and the CCBR and then the review of debt transparency and sustainable finance practices are very important.

As a general note, I agree with Ms. Riach that it will be an important challenge to make the links between the different work streams.

For example, like Mr. Kaizuka and Mr. Lerrick, we also look carefully at the core areas of our work, and there, I want to develop the one point that I have. This means surveillance, lending, and capacity development, on the one hand; and we are doing a significant amount of work in that regard. One the other hand, that means fiscal policy, monetary policy, and financial sector policies, and there is a lot of work ongoing.

Now comes my point: This work is mainly structural in nature. On fiscal issues, we are doing work on ageing. This is important. We are doing work on fiscal frameworks and institutions. This is important. The one element that we are missing in the Work Program is a look at the challenges for macro policies, looking at the current state of the global economy. We are doing that in the flagship reports, but that is not a full discussion in the Board. Why do not we do an update, for example, on where we stand on resilience? Or this could include whether fiscal policy is going roughly in the right direction, considering where we are in the global recovery. This could be an update on the fiscal space assessment later this year. This could include monetary policy. We understand the postponement on the work of the natural rates, but still, should the staff not work more on the question of how countries should prepare the process of normalizing monetary policy or how they should adjust if interest rates stay low for even longer? This is just a thought. It is maybe not for this Work Program; but going forward, one could have a yearly update on global resilience, where one looks at the current state of the macro policies.

I have two more comments. First, on modernizing HR, compensation, diversity, knowledge management, this is a lot of work in a short timeframe and often involving the same staff. We need to be careful that this work leads to substantive and effective results and that we do not overburden the staff in this regard.

Second, we appreciate the improved integration of risk assessment, the strategic planning. We might have to make more progress with regard to the budgeting. But it is greatly appreciated from our side. On the bunching, this is a recurrent item. Generations before us had the same problem. We should strive to make progress. I have great confidence in our Secretary to keep up the hard work.

We should stick to the Work Program that we have, and we have a review cycle. It could be a good idea to attach this review cycle to the Work Program so that we are sticking to that cycle and are not advancing too many items.

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

I thank Directors for the follow-up questions and comments. The points are well taken. Let me respond on the broader issues.

I will begin with multilateralism and how it ties into the Work Program. Obviously, I am speaking under the control of management. But when we were thinking about multilateralism and putting the Work Program together, our understanding is that multilateralism is really delivering solutions that enhance the global good. We can talk about and communicate about multilateralism, but this institution is about delivering solutions that help the membership. What we need are efficient policies that can be implemented in a way that the outputs are there. That is why the reviews are so important. We touched upon that briefly over the lunch organized by the Secretary a few days ago.

We are facing many changes in the world. It is not only the trade conflicts. It is also digitalization. It is shifts in the center of global activities. It is, in some countries, migration. There are many changes in this world. The concentration of income inequality plays a role. When we did all these reviews last—in some cases five years ago, like the surveillance review, for example—there was not quite the same sense of uncertainty and lack of knowledge about what was going to happen. We need to get the Fund into a place where, in this new world—what some call the “industrial revolution

4.0"—we can function and go forward. That makes these reviews so important.

Reviews also do not mean that we have a paper at some point and that we then move on to the next paper and then another one in that sequence. As we discussed, reviews involve consultations. Then once the Board has found a common policy position, then comes the implementation. That is the part that is not in the Board Work Program because that is something that the staff has to do in its work with country authorities.

It is quite an extensive process. It is about educating the staff. It is about producing guidance notes. It is about implementing these guidance notes in the review. It is not only training staff; it is also conveying and communicating these changes to authorities. It is a lot of work, and it takes significant resources.

I mentioned the work on governance, for example. We have a new framework. Now we are starting to roll it out. It means that many people are involved in providing support to the area department teams. It requires substantial resources from different departments in order to review. It will take some time until the lessons are absorbed and people know how to go about it and do the right work with the authorities so that the output is then there. It does not happen by itself just because we have a policy. That is why shifting and spacing these reviews is so important.

One could argue that we need to just bring in a few people from one department and have them work on particular issues, but it is not that simple because often what is involved is specialized expertise. People in other departments also have a full agenda.

What I am trying to say is, the privatization involves choices. Yes, it is disappointing that some papers get pushed out. But what we put forward and what was discussed and approved by management is this sense of putting the resources there where they are most important. The issue of debt transparency and low-income debt, for example, which is very labor-intensive, again, is something that is important because it is an acute issue. The surveillance review is already somewhat overdue. For the new world that we are facing and the new economies out there, it is important that the Fund develop that.

Just to come back on the external links that Ms. Levonian mentioned. Other Directors have stated that we do work well with the World Bank, with the OECD, the other institutions such as the FSB, and these relations are, to some extent, institutionalized. We can think about whether we should deepen our institutional links, but the issues that we are facing are quite diverse. There is also a risk that we are creating too many structures that then become a bit too rigid, so there is a bit of an ad hoc element.

I can assure Directors that we are very mindful of trying to access experts on certain areas. For example, on fintech, we have external advisory groups. On the surveillance review, we have an illustrious group of experts on economic issues but also on digital issues, just to make sure that we capture these elements properly. Once the work is over, these groups are disbanded. We will look for new external contacts in other areas. We are always trying to think about what we can do better and how can we access this external expertise more.

On the internal organization, I will comment on how we are trying to optimize the internal management of work processes and capture synergies. There are a few big IT projects underway on the HR side, on knowledge management, on a new digital user interface, on capacity development. These projects will all integrate with each other. They are all tightly managed together. The point is that we are trying to use these new technologies, the cloud, the way of integrating and bringing knowledge together, using a common terminology for Fund work. That will allow us eventually to capture many of the ongoing processes and outputs, and we can also hopefully then measure the inputs that go into these papers so that management and the Board eventually will have a better picture of the real-time work that is going on. This will take a few quarters, maybe. I do not know how many years, but it is quite an elaborate process. It is not so much the IT that is important here. The IT comes at the end. The real work is mapping and looking at the work processes that are going on and trying to reduce the processes to certain standard sequences that can easily be mapped into an IT system. That work is currently going on. That is not in the Work Program of the Board because it is something that the staff is developing. We hope that eventually when we come to the Board with the projects, we can demonstrate how this will help in enhancing the efficiency of the staff and improving the amount of knowledge that is available and that goes into each of the papers when they are written.

To address Mr. Mozhin's point, that will also facilitate information sharing with the Board in a more organized way so that we make sure that Directors have the appropriate information to do their work here at the Board.

On the integrated policy framework, the analytical work that is currently going on requires a lot of brain power, but it takes a little time until we will have some results. It is a difficult issue. We do not just sit down and write a model where we have macroprudential measures and foreign exchange intervention. If we had these kinds of models, our lives would be much easier. It is just very difficult to do.

I would ask the Board for a bit of patience, to give us some time. Country cases are interesting to discuss, but we are not yet at a point where we have really drawn out some interesting findings or theses or something that is worth discussing with the Board. What we are all committed to is that we come to the Board at an early point, as soon as we have something that is really worth discussing, because at this point, it is a lot of very detailed assessments, comparisons. Again, we are trying to put together some taxonomies. It is a significant amount of work. We will come to the Board hopefully soon, but I do not want to put any timetable to it.

In response to Mr. Jin, we are also keeping in mind that there are fiscal issues that lie in the background. But while we always conduct a full-fledged macroeconomic analysis, this work is focusing on the interactions more on the monetary side, involving monetary policy, macroprudential policies, exchange rates, capital flow measures, and so forth.

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

There were some specific questions raised regarding tax avoidance and also the forthcoming paper on corporate taxation. Including yesterday's discussion on AML/CFT, there is a significant amount of work going on regarding combating tax avoidance and tax evasion, including AML/CFT and building up financial integrity and collaborating with the member countries. There is also a whole work stream on TA directly associated with those international standards. There are also several other work streams, some that frequently engage with the Board.

Regarding the specific paper, in terms of corporate taxation, there was a discussion in February defining the scope of this paper. Clearly, this could part of the discussion with the Board. The scope of the paper includes the challenges regarding digitization and international taxation. The staff would look forward to engaging with the Board on these issues at that point in time. This is an active work stream that continues to evolve. This would be a good opportunity.

There was also a question on social spending and migration and demographics. The two engagements on the overall social spending framework—one in January—are meant to engage with Directors on the operational framework based on the concept of macro-criticality. For some of these countries, such as in African region, as we mentioned in Box 2, these issues are very important and will be part of those discussions in January and later on when it comes to the formal framework.

There was also a question regarding natural interest rates in the paper. We had an answer in the written responses. At this time, we put it on hold, but it could be considered for publication as a working paper in 2020.

There was also a question regarding trade statistics. There is an active work stream regarding trade statistics and capturing value added in a better forum. That is through the BOPCOM that I believe was established by this Executive Board, and which is expected to make progress in this regard going forward. It has been doing some work regarding indicators on capturing value added for trade.

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

On Mr. Meyer's point about the review cycle, we would be happy to provide the review cycle in every Work Program. Currently, we do circulate it once a year in the Work Program implementation note.

On Mr. Mozhin's point about the SDNs, the current process is that Directors are briefed on the SDNs prior to publication in the context of a Board seminar. We take comments on the country-specific information contained in the SDN, and the SDN can be revised, if needed, for accuracy. When the piece is finalized, Directors then receive the final piece prior to publication. It could be that the SDN comes to Directors' offices late in the process but prior to publication.

I would like to comment on the bunching in the Board Calendar, since it was raised in the gray statements by Messrs. Mouminah, Mahlinza, and Ostros.

Some Directors have noted that efforts to balance the calendar are starting to pay off. For instance, this December we have 25 Board items on the agenda, compared to 31 last December, despite having less Board days: 9

Board days in December this year versus 13 last year, in part because of the retreat.

Despite having fewer country items considered on a lapse-of-time (LOT) basis—2 versus 8 last year—based on the Agenda and Procedures Committee (APC) guidance, we are now erring even more on the side of caution when considering proposals for LOTs involving disbursements. In parallel, we are spreading out policy items as much as we can, especially in the less busy months of November and May. For instance, we will have 10 non-country Board items this November, compared to 7 last year.

This is progress, but we can continue to do better. We agree with Mr. Ostros that more needs to be done. We will continue to work with staff and management to improve the situation. For instance, we are encouraging more realistic guidelines on the completion of policy papers. When a meeting is delayed, we move it, to the extent possible, into the less busy months. In this Work Program, we moved more than 60 percent of delayed meetings into more quiet months. This does not always make the Secretary's Department the most popular department in the Fund, so we will count on the Board's support going forward.

We cannot overpromise either because there will continue to be heavy days because we continue to face structural constraints. Many missions usually go out after the Spring and Annual Meetings. We take Mr. Mahlinza's point that we need to look at mission planning for the larger constituencies. Every June, July, and December, we have program reviews that are hard to move around, given the disbursement needs of the countries. Some program discussions are more difficult than others. They tend to unlock late in the year, in December, because the Christmas break tends to focus the minds. In July, we have to pack two months' workload into one month, given the three-week recess. We also have the end-year holiday period, which cuts short the month of December.

These are some constraints. These are not excuses. We can do better. We will continue to press for a more balanced Board calendar. In doing so, your support and guidance will continue to be invaluable.

The Chairman made the following concluding statement:

On that latter point, there are many Board members who recognize that there has been progress and that bunching, though it still exists, has been reduced.

I do not have much to add. I simply wanted to mention to Mr. Mozhin that it could well be that he is not properly listed among those who receive the SDN five days before publication. We will look into it.

I did ask the Secretary to look into the latest ones, and they were sent out. We need to check whether there is a loop that is not properly closed. We will investigate that to make sure that Directors all receive them. They were all sent at least five days prior to publication in their final version. That was after the discussion. I am particularly attentive to that because I do not want to mention in a blog or a speech or other engagement that there is an SDN, if it has not been circulated ahead of time, because I know that it is not pleasant to be taken by surprise. We will happily check.

APPROVAL: April 21, 2020

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:

Policy Advice and Economic Analysis

Multilateral Surveillance

1. **[WEO]** ***Will the forthcoming WEO chapter build on the Working Paper on "Global Market Power and its Macroeconomic Implications"? Does corporate market power currently represent a significant risk to the economic outlook?***

2. ***The 2018 IMF Working Paper "Global Market Power and its Macroeconomic Implications" provided background material on these issues, and we expect that its conclusions will be used in the upcoming WEO. Staff may want to comment.***

- The April WEO chapter will indeed build on the Working Paper. The chapter will try to estimate the macroeconomic implications of market power. Given that the work is ongoing, we are not yet in a position to comment on whether rising corporate power represents significant risk to the outlook.

3. **[GFSR]** ***Could staff to provide some further details on the main focus of the upcoming GFSR?***

- The April GFSR will study how the likelihood of a reversal in house prices responds to macro-financial conditions. It will do so by calculating the conditional value-at-risk of house prices (HaR) in a broad sample of countries. It will build on the growth-at-risk framework of the October 2017 GFSR and study (i) how determinants of house price valuations (e.g., income growth, leverage, and interest rates) help predict downside risks to future house price growth at various horizons, (ii) the implications of an elevated HaR for growth and financial stability, and (iii) how policies (especially on the macroprudential front) may affect these relationships.

4. **[FM]** ***The Fund has accumulated valuable and unique expertise in the fiscal area and has developed a set of very useful tools and indicators to evaluate and address related vulnerabilities, including the Fund's Fiscal Transparency Assessment (FTA), Public Investment Management Assessment (PIMA), VAT c-efficiency, etc. We expect that the FM will reflect the progress in utilizing these tools in order to disseminate best practices within and outside the Fund. Staff may want to comment.***

- The April Fiscal Monitor will indeed draw on analytical work and accumulated experience, including the approaches mentioned above. The goal is to disseminate best practice on promoting good fiscal governance to reduce corruption vulnerabilities and improve policy outcomes.

5. [ESR] ***We welcome the increased attention given to the External Sector Report, including the press conference linked to its release. Can staff verify that this will be the case for the 2019 report?***

- Staff will continue to give increased attention to the External Sector Report (ESR). The 2019 ESR will be discussed by the Executive Board in a formal session in July, and a press conference will be held in tandem with the publication of the report. In line with Board feedback, continued efforts will be made to strengthen the presentation and transparency of the assessments and the associated policy advice.

- Staff does not envisage any important methodological changes to the External Balance Assessment (EBA) models for this round. Outreach efforts to explain the recent refinements (including to the EBA-lite) will continue internally and externally.

6. [Flagships] ***The present role of the Board in discussing flagships is limited to a briefing format which is a concern for us. Directors mostly do not have enough time and opportunity to clarify positions in these publications. While we do not prescribe micro management, we do wonder if a middle of the road approach can be adopted, with perhaps a briefing prior to the published versions. Staffs views are welcome.***

- The Flagship analytical chapters are meant to represent the findings of staff's analytical work and conclusions derived from that. The analytical chapters are circulated three weeks ahead of the Board meeting, and the published version reflects Executive Directors' comments. Staff plans to follow the same engagement with the Board as with previous flagships.

7. [LIDC Report] ***Which issue(s) will be addressed in the upcoming report on Macroeconomic Developments and Prospects in LIDCs. We would appreciate staff elaboration on this matter?***

- The paper will be a joint product of several departments and will follow an annual production cycle with Board discussion around the Annual Meetings.

- Departments are currently discussing the possible topics for the next edition. Consistent with broader streamlining efforts, thematic chapters will likely cover key lessons to be drawn from extensive Capacity Development in LIDCs.

8. **[Housing Markets]** ***Given that global housing markets have been becoming a source of financial and economic risks, we would encourage staff to reconsider the format of the upcoming Board meeting on housing market developments (February 2019) from a briefing to a formal discussion. Staff may want to comment.***

- The briefing aims to bring common understanding of issues and policy options. Please also note that housing will continue to feature in the overall work agenda in the period ahead, in particular in the April GFSR (see response to question 3).
- After such stock taking of housing issues, staff remains open to the possibility of further discussions, as needed. This could be considered in the context of the Spring Work Program.

Macroeconomic Policy

9. **[Corporate Taxation in the Global Economy]** ***We wonder whether if it would be more adequate to foresee two engagements with the Board on this complex issue, so as to allow for a first discussion on the framing of the analytical work to be done and a second exchange on the result of staff's analytical work. Staff might want to comment.***

- Staff plans to maintain an active analytical agenda in the fast-moving area of international taxation. We look forward to guidance from the Board at the discussion in February on how best to take such work forward.

10. **[Natural Interest Rates]** ***We note that the item on drivers of natural real interest rate has been cancelled as staff apparently no longer consider publishing the item as a Staff Discussion Note (SDN). Staff comments are welcome.***

- In starting to work on the SDN on Drivers of Natural Real Interest Rate, staff felt that priority should be given to work on Macro-Financial Linkages and Global Financial Stability during FY19 and on monetary policy issues in FY20. Staff might revert to analysis on the drivers of natural real interest rates on a later point.

11. **[Social Spending]** ***The IEO report (July 2017) sketches two main approaches on the objectives of IMF involvement in social protection: a narrow approach focusing on short-term mitigation and a broader approach covering also risks to economic growth and stability. Could staff elaborate on how these two approaches have been further fleshed out in the ongoing work to develop a strategic framework for the Fund's Engagement on Social Spending?***

- The framework will set out various channels through which social spending can be macrocritical and therefore should potentially be discussed during surveillance and program activities. The channels will relate to the efficiency of social spending to help mitigate short-term risks and, regarding the longer term will relate to the fiscal sustainability of social spending and the adequacy of social spending for achieving country social objectives.

12. ***Will the work on IMF's Engagement on Social Spending: A strategic Framework cover sustainability of social security, not limited to provisioning of social protection to vulnerable groups?***

- The Strategic Framework on Social Spending is central to management's response to the Board-endorsed recommendations of the IEO Report on "The IMF and Social Protection."

- The Framework will set out conceptual and operational guidance on when and how the IMF should engage on social spending issues with member countries, based on the concept of macro-criticality. The framework will cover both mitigation policies, such as social assistance and elements of social insurance (e.g., pensions and unemployment benefits), as well as social spending in support of inclusive growth, such as health, education, and pensions. The discussion of how to engage will span both surveillance and program activities and reflect staff expertise, IMF resource constraints, and the availability of external resources.

- A formal Board discussion will follow the informal session to engage.

13. ***We wonder whether the Board item on social spending will be informed by work by or prepared in cooperation with the World Bank.***

- In developing the Strategic Framework on Social Spending, Fund staff are consulting with a wide range of development partners, including the World Bank. For instance, Fund and World Bank staff have both participated in outreach activities with Civil Society Organizations. Also, the World Bank's Senior Director of Social Protection participated as a panelist in the Fund's Annual Meetings seminar on "Social Protection and the Future of Work," as well as in the joint LSE-IMF Workshop on "Social Protection in a Changing World." In addition, World Bank and staff are routinely sharing and reviewing analytical work on issues such as the design and financing of universal and targeted transfers.

14. **[Climate Change]** ***Could staff clarify what the scope of each Building Resilience in Countries Vulnerable to Natural Disasters and on Fiscal Policies for Mitigation***

and Adaption to Climate Change in a little more detail than Table 6, since topics are closely related?

- The Board Paper "Building Resilience to Natural Disasters" will discuss the need for action along three pillars: (i) structural protection, (ii) financial protection, and (iii) emergency response systems. Resilient infrastructure based on upgraded zoning rules and building codes help limit public and private losses from disasters and raise returns to investment. The financial impact of disasters could also be mitigated by investing in financial protection (e.g., insurance or hedging). Innovative risk sharing instruments (e.g., catastrophe bonds and state contingent debt instruments) are plausible options. Once disaster strikes, having concrete emergency plans for recovery, reconstruction, and rebuilding aids speedy and less costly recovery.

- The Board Paper "Fiscal Policies for Mitigation and Adaption to Climate Change" will look at fiscal tools for implementing climate mitigation and resilience strategies submitted for the Paris Accord. It will summarize key cross-country findings, including on carbon prices, their broader fiscal and economic impacts, and trade-offs with other instruments. The paper will also discuss overarching approaches to building resilience to climate change within a sustainable macro-fiscal framework.

15. ***Enhancing the resilience of small states is a priority for a significant share of the Fund's membership. Here we welcome the aspects of the work program focused on building resilience to natural disasters and mitigating and adapting to climate change. Can staff elaborate on how the work agenda will support a shift from ex-post to ex-ante resilience building in small states, and what new outputs are envisaged from this work?***

- Planned work includes:

  - On surveillance: (i) identification of the circumstances under which resilience-building should be featured, ii) the appropriate treatment of disaster risks in macroeconomic frameworks, iii) topics to be addressed in policy discussions on resilience-building, and iv) analysis to inform policy discussions.
  - Further analysis of the value and commercial viability of state contingent sovereign debt instruments.
  - Enhanced collaboration with the World Bank, including through joint assessments of the adequacy of existing resilience-building strategies (such as the Climate Change Policy Assessment).
  - Dialogue with other development partners on the scope for enhanced and coordinated support to countries with coherent resilience-building strategies.

- o Increased Fund engagement, focusing on resilience-building as a key element of national economic management strategies in disaster-vulnerable countries.

- The initial output will be a staff paper, with possible follow-up with a staff guidance note on engagement with countries vulnerable to natural disasters.

16. [Competitiveness] ***We note that the briefing on Measuring Competitiveness in a World of Global Value Chains has been dropped from the WP. This could have been a useful discussion in light of Fund advice to developing countries regarding diversification and improving competitiveness. We hope that this topic can be brought back into the WP for Board discussion, specifically looking at challenges faced by LIDCs in this regard. Staff comments are welcome.***

- Given the technical nature of the analysis, it was more suitable to publish the material as a Working Paper, which was published on November 1. The findings will be used in future work where relevant.

Contributions to Global Stability

17. [Demographics and the Future of Work] ***How will the analysis on the benefits and costs of young populations in the AFR and MCD regions be carried out, notably as a follow-up to the Future of Work Conference planned for December 2018 in Ghana. Staff's comments will be appreciated.***

18. ***We also welcome staff's recognition of the challenges facing different countries with respect to demographics. Given the potential benefits and potential risks of the current demographic transitions in Africa and the Middle East, does staff anticipate any specific workstreams in this area to inform policy advice for these countries?***

- The demographic transition underway in sub-Saharan Africa has featured strongly in AFR's work in recent years and will continue to do so going forward. Most recently, the October Regional Economic Outlook for sub-Saharan Africa considered the Future of Work in Africa in the context of a rapidly growing youth population. Further work will focus on demographic trends, drivers, and policies in sub-Saharan Africa, the costing of the Sustainable Development Goals (SDGs)—in particular education and health spending for a growing young population—and identifying sources of financing.

- MCD is partnering up with other institutions (WB, UNICEF) to gain a better understanding of demographic trends and their drivers in the MENA region. Further work could focus on costing of the SDGs in education, healthcare, and infrastructure, and identifying financing at a country/regional level, building on FAD's recent work.

19. ***We wonder whether staff will share their analytical work ahead of the forthcoming Future of Work Conference, which will look into investing in education systems, physical and digital infrastructure, and deepening integration, as noted in the WP?***

- The Future of Work Conference is underpinned by the analytical chapter of the October 2018 Regional Economic Outlook for sub-Saharan Africa, which has already been published.

20. **[Fintech]** ***We broadly welcome the work program related to financial sector issues, but would appreciate greater clarity on the fintech agenda, noting the Board is scheduled for May 2019. The Bali Fintech Agenda was a broad document and we had expected that staff would seek Board guidance prior to determining their future fintech work plan. Staff comments are welcome.***

- At the request of Executive Board, the staff will prepare a stock-taking paper as a follow-up to the Bali Fintech Agenda Board paper, covering fintech developments and plans in member countries that are relevant to the issues raised in the Agenda. It will be informed by a comprehensive survey that will document international experiences and emerging practices, supported by in-depth reviews of selected fintech topics and country cases. Based on this stock take, we are looking forward to further Board guidance.

Fund Policies

Surveillance

21. **[Macro-structural Issues]** ***Six months ago, we asked staff about the toolkit on macro-structural issues and the online website. Is it now operational?***

- The Knowledge Exchange website on structural reforms and growth contains a wealth of information on data, tools, and internal and external resources for macro-structural analysis. It is constantly being updated and enriched: for example, staff updated lists of relevant OECD projects and contacts last week.

- An important innovation in the making is the publication of cross-country macro-structural indicators from a wide range of sources, together with a web-based, user-friendly data visualization tool. Staff expects to complete this work within 3 months.

22. **[Code on Transparency in Monetary and Financial Policies (MFP)]** ***Given that the MFP lies at the core of the Fund's mandate, timely outreach to the membership and engagement of the Board would be welcome. Could staff elaborate on the process and timeline of the MFP review?***

- The 2017 Review of Standard and Codes Initiative (RSCI) recommended proceeding with updates to the MFP, taking into account the recommendations of the 2011 RSCI to remove the overlap on financial policies currently covered by other standards and to update the Code in light of the global financial crisis.

- The review called for a Board Paper during FY19 that will discuss concrete concepts/proposals for revising the code, and the way forward, including the timeline. Staff are working on the paper, which will be presented it to the Board in due course.

23. **[Excessive Delays in Article IVs]** ***We have also noted repeatedly that for too long excessive delays in Article IV consultations have occurred with no consequence for the member country. We welcome the Board meeting scheduled for March 2019 to engage on this topic but are surprised that it will have taken nine months to hold this meeting, following the June 2018 survey of Board members. Can staff explain why the process is taking so long?***

- The survey of the Board on the framework for excessive delays in Article IV consultations and mandatory financial stability assessments was initiated in June 2018. A full (100 percent) response rate was received in late summer, following which the summary results of the survey were circulated to Executive Directors on a confidential basis on October 4.

- With the November 2018 arrival of the new Executive Board members, staff plans to use the upcoming engagement to take stock of the main options outlined in the 2015 Board paper (SM/15/68) for the benefit of new Board members, seek the Board's guidance on outstanding issues, provide more granular information on the survey itself, and outline the next steps.

Lending

24. **[RFAs]** ***Are staff planning any more work on collaboration between Regional Financing Arrangements and the IMF?***

- Since the Board meeting in July 2017, staff has worked on strengthening collaboration with Regional Financing Arrangements (RFAs). Staff's work since May 2018 includes: (i) continued participation in the 2018 CMIM-IMF joint test run (our third since 2016) and technical support in the revision of the CMIM Agreement and Operational Guidelines; and (ii) continued participation in a high-level seminar on the role of RFAs, most recently in October 2018. Staff continues to seek opportunities to enhance our collaboration with RFAs.

25. **[Toolkit]** ***We would also appreciate staff's comments on whether there are any plans to further strengthen the IMF toolkit?***

- We have completed the review of GRA facilities last year and are now working on the LIC facilities to strengthen our lending toolkit.

26. **[RoC]** ***How will staff address the question of evenhandedness in the Review of Conditionality and Design of Fund Programs?***

- The work on the Review of Conditionality and Design of Fund-supported Programs is ongoing and has greatly benefited from outreach discussions. In this respect, the issue of evenhandedness will, indeed, be carefully analyzed as part of the Review.

27. **[Debt Relief for LICs]** ***Could staff explain why the 2018 Review of Facilities for LICs*** **and** ***the Update on the Financing of the Fund's Assistance and Debt Relief to Low-Income Member Countries will be treated as one item (p. 13/Lending)? Given the complexity of the LIC facilities review, it would seem pertinent to discuss it as a stand-alone Board item.***

28. **[LIC Facilities/PRGT]** ***The Review of Facilities for Low-Income Countries—Reform Proposals" and "The Poverty Reduction and Growth Trust—Review of Interest Rate Structure" are scheduled on different days. As the interest rate structure has an impact on the self-sustainability of PRGT facilities, we believe these two issues should be considered as a package and thus, the Board discussions should be on the same day. Staff comments are welcome.***

- The *Update on the Financing of the Fund's Assistance and Debt Relief to Low-Income Member Countries* is a companion paper to the LIC Facilities Review and has been previously discussed on a LOT basis.

- Staff proposes to have Board discussions on the LIC Facilities Review, the Update on the Financing of the Fund's Concessional Assistance, and the PRGT-Review of the Interest Rate Structure in close proximity with each other given the synergies of these workstreams.

- Staff with the Secretary will look into the exact modalities of Board engagement to ensure that the Board has sufficient time to consider all these papers as related workstreams. Any revisions will be reflected in the revised Work Program Statement following the Board discussion.

Debt

29. **[LIC Facilities/PRGT]** ***Which item in the multipronged approach is related to strengthening creditor coordination in debt restructuring situations, drawing on existing fora, per IMFC Communiqué of October 2018. Staff's comment on this shortfall is welcome.***

- This item is represented in the Work Program through the G-20 Note on Operational Principles for Sustainable Financing: Creditor Practices. The operational principles include that countries should "[Commit] to the long-term debt sustainability of borrowing countries, notably by aiming at ensuring that commercial creditors adequately contribute to debt relief when required, and by ensuring that official creditors deliver on their own commitments. When unavoidable, debt restructuring should be conducted in good faith in a timely, orderly, and effective manner, facilitating appropriate burden-sharing." In the Technical Assistance Report for the G-20, we will consider good practices and policy options for creditors so they can adhere to this principle.

- Outside of the Board Work Program, Fund staff will remain engaged in supporting creditor coordination on a case-by-case basis in its operational work.

30. **[Debtor-creditor Engagement/Lending into Arrears]** ***We are concerned that the work on issues relating to debtor-creditor engagement, including the Fund's lending into arrears policy, has been dropped from the Fund's agenda. As it was stated in the work program in June, the reason behind this additional postponement was the need for facilitating additional engagement with stakeholders and further preparatory work. We would appreciate staff's comments on any developments in this area and on a possible new timeline.***

31. ***We also reiterate our concern that the work on the perimeter of official claims, which is important to the lending into arrears policy remains off the work program. Can staff comment on any remaining obstacles to getting this onto the Work Program, other than workload which we recognize is heavy?***

- We do not have any new developments to report concerning the work on debtor-creditor engagement. It would be important to resume consultations with key stakeholders. In any event, currently there are many priorities in the multi-pronged approach on debt, and some of these need to be completed to free resources to finalize the debtor-creditor engagement project. It may be possible to restart this work in FY20.

32. **[Debt and Aging]** ***Furthermore, addressing high and rising debt vulnerabilities is of vital importance for the membership as a whole, including advanced economies. In this regard, we particularly welcome the work on Macroeconomic and Fiscal Implications of Aging and would like to know how this work will be linked to the multi-pronged approach to address high and rising debt vulnerabilities. Staff comments are welcome.***

- Staff is considering, in the context of the Review of the Market-Access Countries Debt Sustainability Analysis, introducing a module to help teams assess risks from long-term costs associated with adverse demographics.

33. **[LIC DSF]** ***We would suggest scheduling a staff briefing by next summer to take stock of experience with the new LIC debt sustainability framework.***

- We will continue to brief Executive Directors on the implementation of the new LIC debt sustainability framework (DSF) in the context of our briefings to the Board on the debt work program. A full stock take of experience would need more than one year of implementation to be meaningful.

Capacity Development

34. **[Policies and Practices on Capacity Development (CD)]** ***We were wondering whether staff plans to integrate some of the proposals regarding Board engagement in Revised IMF Policies and Practices on Capacity Development?***

35. ***We also look forward to discussions on the financing issue of capacity development during the Revised IMF Policies and Practices on Capacity Development.***

- The revised CD Policies and Practices statement will reflect the Board discussion of the CD Strategy Review, including as regards Governance (e.g., Board engagement) and Donor Partnerships and Funding.

Governance and Internal Organization

36. **[Knowledge Management and Exchange]** ***We look forward to the update on the Knowledge Management and would appreciate staff's comments on whether this update will address the access by the Board and the authorities in member countries to the Fund's Knowledge Exchange.***

- The Board briefing on Knowledge Management (KM) will aim to update the Board on (i) the strategic direction of KM, (ii) the exchange of information and collaboration with other institutions around KM, and (iii) progress in building the proper foundations to allow better and faster dissemination of Fund knowledge internally and externally.

- Regarding Knowledge Exchange, the briefing will not consider changes to dissemination policies, as those are the purview of different Fund processes. KMU will be relaunching the KE pages in coming months to ensure easy access to all documents by EDs within the existing policy framework.

37. **[Diversity]** ***We call for advancing the upcoming Board discussions on Diversity to allow the Board to consider concrete steps and a definite timetable to enhance diversity in the Fund, particularly for staff from the under-represented MENA region. Staff comments are welcome.***

- Work continues in the area of Diversity and Inclusion (D&I) including through strengthened attention in all aspects of the HR strategy, and in the Comprehensive Compensation and Benefits Review (CCBR) (with respect to benefits design). We will make a strong effort to narrow the gap in the timing of Board papers but note that one of the ways to manage HRD’s very heavy workload is to space out our commitments on reports. This does not mean any less commitment to the actual policies and processes.

- The D&I Office continues to facilitate and monitor the departmental action plans for recruitment, promotion, and retention toward meeting the gender and underrepresented regions benchmarks. Staff looks forward to presenting the 2019 Interim Diversity and Inclusion Report in May and providing a progress update on actions that are underway.

- In the meantime, the March 2019 Recruitment and Retention paper offers the first opportunity for staff to discuss the initiatives undertaken as part of a broader sourcing strategy and action plan to improve the Fund’s diversity outcomes.

38. **[Staff Discussion Notes (SDNs)]** ***Revisiting the role of the SDNs and the Board engagement on these topics would be needed to strengthen the Fund’s work on core and emerging issues and mitigate reputational risks.***

- We appreciate Executive Directors’ continued feedback on the SDN process, which has evolved considerably over the years under the Board’s guidance. For example, before publication, Directors are now briefed on the SDN, receive it for information, and can provide feedback on country specific references.

- The purpose of the SDNs is unique. SDNs are staff papers intended to allow staff (and not the Fund) to nimbly contribute to the public debate on topical issues with fresh, and sometimes preliminary analysis. They are largely focused on emerging issues where staff's work is typically at an exploratory stage. In that context, SDNs include appropriate disclaimers making clear they represent staff's views, not those of the Board. The language of disclaimers was strengthened a few years ago, and Management and staff continue to emphasize this point in public engagements.

- SDNs stay clear of laying out IMF policies, which are the purview of the Board. As topics covered by SDNs benefit from public debate and further research, they may evolve into Fund policies and, if so, they are presented to the Board for formal discussion. Examples include the SDNs on digital currencies and fintech. These SDNS were used as inputs to the Fintech Bali Agenda that was endorsed by the Board.

- Staff will continue to be vigilant to ensure the proper delineation between staff views and Fund policies. The Agenda and Procedures Committee could discuss any concerns/feedback from Executive Directors in this area.

Strategic Planning and Prioritization

39. **[Risk]** ***We note the indication that while new initiatives could raise risks to the Fund, their net impact on the Fund risk profile can only be assessed once they are fully implemented and changes have taken root. We would appreciate staff indication on whether such ex-post assessment has been made for any new initiative, and whether any lessons can be drawn for future consideration of new initiatives***

- Such impacts have not been assessed yet, because the incorporation of risk profile implications in policy papers is still a very new initiative. Several key policy papers are still in train, as the recent Risk Report noted. Their implications for the Fund's risk profile will become clear only when they are discussed and implemented.

- The experience with current efforts to include risk assessments in policy papers suggests that the incorporation of risk considerations at the early stages of policy work, as well as clear and systematic deliberation on the linkages among the various risk areas, can help inform thinking on the impact of new initiatives on the Fund's risk profile going forward.

40. **[Budget and the WP]** ***During the previous discussion in June, staff mentioned that they are working as quickly as possible on interoperability between the budget and***

the WP, in particular by exploring how best to achieve correspondence between thematic categories, time reporting and the cost accounting system. Could staff provide an update on the progress?

41. ***The WP mentions that "going forward, staff will continue to build on the combined costing and FTC classification to strengthen strategic planning and prioritization." We would appreciate if staff could elaborate more on what staff will specifically do.***

- Staff continues to work to align the Fund Thematic Categories, time reporting, and cost accounting systems. Good progress has been made on the definition of the Categories and specifications for a new time reporting system are being developed as part of the 1HR project. Staff teams are coordinating across these different initiatives so that old and new systems can be bridged and meet business as well as administrative needs. This is a large undertaking and will take time.

42. **[Costing]** ***We note the work planned to support the G-20 presidency. We would appreciate an estimate of the cost of this work, perhaps in the context of the budget discussions?***

- Information on support to the G-20 and other multilateral forums will be provided at the time of the FY20-22 Medium-Term Budget discussions.

43. ***We would appreciate indication on the extent to which the attention given to the Annual Meetings distracts from scheduling missions for such reviews earlier, and how mission planning can be improved to avoid excessive concentration of Board reviews in December. On costing, we note that despite substantial decrease in the number of non-recurrent items being costed, their estimated cost in this WP remains close to that of Spring 2018 at 71 FTEs. Is it because the increasing work on internal organization and IMF finance issues is more resource intensive? We appreciate SEC's elaboration.***

- The Annual Meetings (and the Spring Meetings) are valuable and efficient opportunities for Directors, management, and staff to engage the entire membership. In particular, most staff country teams engage directly with authorities on country and program issues, which are useful and constructive and inform subsequent mission visits. There may be a marginal impact on the December calendar, as a number of missions are planned after the Annual Meetings, although these missions would have been planned to take place during the Fall anyway. As you know, most of the program reviews are undertaken on a semi-annual basis, with many of the performance criteria based on data that are released on a quarterly basis. In addition, many authorities request disbursements at specific times, especially ahead of the new calendar year. Therefore, this is a more fundamental, structural issue, driven mostly by the demands of the membership.

- The Fall 2018 Work Program's estimated cost of 71 FTEs remains close to that estimated in the Spring 2018 Work Program because of more resource-intensive work partly on internal organization, which include the Comprehensive Compensation and Benefits Review and partly on IMF finances, which includes the review of the investment account.

44. **[Delays]** ***In the Spring 2018 WP, the "Review of the Level of the SDR Holdings by the IMF" was scheduled for June 11, 2018. With this item not being included in the list of planned or delayed policy items in the current WP, we would like to ask when this review is envisioned to take place. The most recent Financial Transactions Plan simply states that "staff is assessing the level of SDRs that may be appropriate to hold in the GRA and will make a proposal following informal consultations with members" (EBS/18/93, p.9) whereas a specific timeline would be helpful.***

- Staff has undertaken considerable work on the level of the Fund's SDR holdings, which increased significantly following the implementation of the 14th General Review quota increase. Staff intends to meet informally with Executive Directors over the next two months to discuss this work and obtain views that will inform the way forward.

45. **[Prioritization]** ***What lies behind the drop-off in non-country items shown in Figure 1—are there any particular types of items that have been reduced?***

46. ***We would be interested in why the number of country items is projected to decline considerably (179 in 2017/2018 vs. 146 in 2018/2019, p. 15)?***

- The decline in the number of non-country items largely reflects a decline in policy Board items. This is primarily driven by the completion or near completion of various policy workstreams that included sustained Board engagement over the past year (e.g., governance framework review; review of Capacity Development Strategy including briefings by all TA departments; work on fiscal space, third-party indicators, the Bali Fintech Agenda, and the LIC facilities review; and the completion of various SDNs).

- The Fall 2018 Work Program does not yet include all items related to some of the new major policy workstreams. For example, it includes only the scoping note for the Comprehensive Surveillance Review and the FSAP review. On SDNs, submissions have been reflecting a more cautious approach by departments for proposals in their preliminary stage.

- There was a technical problem in our system and country submissions were not updated in real time. Once data are updated, the discrepancy does not exist and the number of formal country items for the twelve-month period (2018/19) is 178, i.e. the same level as last year. This update will be reflected in a revised WP following the Board discussion.

47. **[Delayed items]** ***We take note of the amount of delayed Board items from the Spring 2018 WP and find it somewhat concerning that several items are delayed for more than three months (pp. 16-18). Given the large number of new Board items (Table 5, p.19), we worry that the current WP might not realistically reflect the amount of work that can actually be done within this time period. Staff comments would be welcome.***

- Staff continues to strive for a realistic timeframe for completing the various workstreams. However, unexpected competing work pressures, in particular related to country work, may in some cases result in delaying less time-sensitive items. In some other cases, the topics end up being more complex than initially envisaged, requiring additional analytical work and/or consultations, hence meriting more time. Staff will continue to aim for timely completion of this Work Program.

48. ***We would like clarification if the idea is to increase work on the priorities mentioned (comprehensive surveillance review, FSAP review, debt sustainability framework for MACs, debt limits policy, reviews of conditionality and of facilities for low-income countries and capacity development strategy) and, if so, which other activities will be deprioritized?***

- Many policy workstreams appear in multiyear cycles. As reviews are completed, they drop off the Work Program until the next cycle. This allows for a natural shift in resources. For example, as the work on the review of the Low-Income Countries Debt Sustainability Framework was completed, resources shifted to the review of the Market-Access Countries Debt Sustainability Analysis. Also, the Capacity Development Strategy review is mostly completed. Moreover, work is now starting to pick up for the Comprehensive Surveillance Review, following the completion of the Integrated Surveillance Review.