November 18, 2021
Approval: 11/29/21

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 19/99-4

2:30 p.m., December 11, 2019

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

Documents: BUFF/19/19

Staff: Muhleisen, SPR; Mathisen, SPR

Length: 2 hours, 17minutes

Executive Board Attendance

K. Georgieva, Chairman

Executive Directors	Alternate Executive Directors
D. Mahlinza (AE)	
M. Raghani (AF)	
G. Lopetegui (AG)	
	C. White (AP)
A. Bevilaqua (BR)	
Z. Jin (CC)	
L. Villar (CE)	
L. Levonian (CO)	
R. Kaya (EC)	
	P. Rozan (FF)
R. von Kleist (GR)	
	P. Dhillon (IN), Temporary
D. Fanizza (IT)	
T. Tanaka (JA)	
J. Mojarrad (MD)	
H. Beblawi (MI)	
	R. Doornbosch (NE)
T. Ostros (NO)	
	L. Palei (RU)
M. Mouminah (SA)	
	K. Tan (ST)
P. Inderbinen (SZ)	
	D. Ronicle (UK)
M. Rosen (US)	

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

Also Present
African Department: D. Robinson. Asia and Pacific Department: S. Roger. Communications Department: O. Stankova. Corporate Services and Facilities: B. Christensen, H. Yang. European Central Bank: D. Rakitzis, R. Rueffer. European Department: M. Petri. Fiscal Affairs Department: C. Matsumoto. Finance Department: S. Bradbury, T. Krueger, A. Tweedie. Human Resources Department: P. de Bruxelles. Institute for Capacity

Development: A. Bassanetti, S. Coorey. Independent Evaluation Office: C. Collyns, P. Loungani. Legal Department: G. Rosenberg. Middle East and Central Asia Department: L. Dwight. Monetary and Capital Markets Department: P. Ananthakrishnan, X. Feng. Office of Budget and Planning: P. Kongsamut, M. Shannon. Office of Risk Management: V. Arora, A. Jamaludin. Research Department: M. Chivakul. Secretary's Department: E. Budras, P. Cirillo, P. Hernandez. Strategy, Policy, and Review Department: A. Corbacho, P. Garcia Martinez, Y. Jung, S. Kim, K. Kostial, L. Lusinyan, J. Mathisen, N. Meads, M. Muhleisen, M. Takebe, Y. Wu, T. Zheng, J. Ziegler. Statistics Department: P. Tumbarello. Western Hemisphere Department: Patricia Alonso-Gamo, Sonia Munoz, S. Munoz.
Alternate Executive Director: R. Alkhareif (SA), K. Chikada (JA), M. El Qorchi (MD), A. Guerra (CE), C. Just (EC), I. Mannathoko (AE), A. McKiernan (CO), P. Moreno (CE), K. Obiora (AE), H. Razafindramanana (AF), B. Saraiva (BR), P. Sun (CC), F. Sylla (AF).
Senior Advisors to Executive Directors: Z. Abenoja (ST), M. Choueiri (MI), R. Farber (US), F. Fuentes (BR), K. Harada (JA), G. Heim (SZ), Y.Liu (CC), R. N'Sonde (AF), P. Pollard (US), C. Quaglierini (IT), J. Shin (AP), T. Sitima-wina (AE), L. Voinea (NE), J. Weil (CO).
Advisors to Executive Directors: A. Abdullahi (AE), W. Al Hafedh (SA), A. Arevalo Arroyo (CE), S. Buetzer (GR), E. Cartagena Guardado (CE), D. Cools (NE), A. Grohovsky (US), J. Hanson (NE), O. Haydon (UK), T. Iona (AP), A. Korinthios (IT), U. Latu (ST), M. Mehmedi (EC), P. Mooney (CO), M. Mulas (CE), T. Nagase (JA), L. Nankunda (AF), S. Yoe (ST), J. Montero (CE).

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

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

We thank the Managing Director for an insightful statement on the Work Program. We share the emphasis on monetary, financial and climate change issues and welcome the broad review of surveillance. Overall, we miss some references about how to buttress the economic growth, particularly investment and infrastructure. Also, we would have liked a more systemic assessment of risks for the Fund. Moreover, we would like to propose a review of the transparency policy, which seems rigid and potentially hampering constructive relations with authorities. We wish to highlight the following points:

Monetary policy and financial sector issues stand out in the Work Program. We support the several strands of work on fintech and digital currencies, implications of low-interest rates, and fully share the aim to better integrate bilateral surveillance and financial sector assessment. To that purpose, the two mid-point notes on the comprehensive surveillance and the FSAP reviews represent key instruments.

The emphasis on climate-change issues seem appropriate. We support the proposed work on the impact of climate change on financial markets, as envisaged by the GFSR and other streams of research. Indeed, it fills a gap in Fund’s analysis that has, so far, focused on fiscal policy implications. We believe we should seek to identify not only the risks in the transition to cleaner energy, but also the opportunities to build more resilient financial systems by increasing exposure to renewable energy.

The Fund should develop a more systemic assessment of its operational and financial risks. The IMFC Communiqué from the 2019 Annual Meetings called upon staff to take forward work on enterprise risk management as part of ongoing efforts to modernize the Fund. At the recent board discussion of the 2019 Risk Report, we and other directors made it clear that the current risk model has shortcomings, and the Fund should reconsider its risk practices in order to bring it more in line with modern standards. A discussion to define the optimal model for risk management for the Fund is needed. We request that this discussion is added to the Work Program. The Fund should consider whether it has now come the time to establish the position of Chief Risk Officer, who would identify and manage risk for the institution. We believe a key area where there is ample scope for improvement is providing the Board with timely information on program risks. We would also repeat our call for regular Board updates on developments in programs when reviews are delayed or programs are off-track – we have appreciated such engagements through the course of 2019, but we think there is further to go to make these systematic.

Growth and investments. We would have liked more emphasis on economic growth and employment, particularly for the youth. Additionally, we would have appreciated some analyses about how to finance both resilient infrastructures and the transition to renewable energy.

Review of the transparency policy. As this Chair has suggested in previous occasions, it would be appropriate to schedule a review of the transparency policy, which is too rigid, also in its operational aspects, and has constituted an obstacle toward building more constructive relationships with authorities.

Selected thematic topics are very well-focused. We appreciate the work on the state-owned enterprises envisaged in the next Fiscal Monitor, and the analysis of international migration in the incoming World Economic Outlook. Finally, the work on inequality and financial services as well as the G20 Note on Opportunities, which remain very prominent topics in policy makers' agendas, are very welcome.

Mr. von Kleist and Mr. Buetzer submitted the following statement:

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

We look forward to the various papers and Board discussions on challenges for monetary policy, including its undesired side effects, in an environment of low or negative interest rates.

We welcome the WP's heightened attention to debt policies with a view to effectively address debt vulnerabilities, including newly added notes for the G20 on collateralized sovereign lending, public sector definition and debt data coverage, and sovereign debt resolution. We also look forward to staff's proposals in the Reviews of the MAC DSA Framework and Debt Limits Policy and the eventual conclusion of these reviews as well as an update on the Joint Multipronged Approach.

While it is reasonable to expect that work on lending policies will decline, with the Reviews of Conditionality and LIC facilities largely complete, we call on Management and staff to vigorously implement effective risk mitigation measures as a matter of priority.

The respective guidance note drafts should be shared with the Board early on, as we would like to stay closely involved in this process, not least given that the lessons from the RoC will need to be spelled out and addressed in this document. Could staff give an update on (the timeline for) the preparation of the guidance note?

The envisaged comprehensive analysis of monetary policy conditionality and design in IMF programs ("to be considered by the Board in due time", p. 7) could also be important in this regard. Could staff already share any further insights on this at this stage?

We welcome the envisaged Board discussions on The Policy Safeguards for PRGT-eligible Countries Seeking High Levels of Access to Fund Resources. A current country case shows that there is a clear need to clarify the Fund's practice in such cases. It will be particularly important in this context to agree on how to proceed in blending cases, given that so far these may give rise to situations of overall (exceptionally) high access without any commensurate safeguards, including appropriate conditionality, or access criteria being in place.

We also look forward to the Update on Implementation of the Framework for Enhanced Fund Engagement on Governance, given that governance and corruption concerns might not be adequately reflected in program conditionality yet, as evidenced by another current country case.

We welcome the inclusion of the briefing on the Implementation of Capacity Development Priorities but would ask management to classify the board meeting as either a formal or as an informal to engage board meeting. Moreover, in view of the rising importance of better linking surveillance and lending operation with IMF CD, and in line with the agreed IMF Policies and Practices on Capacity Development, we believe the Board should discuss CD priorities more regularly.

Given the general rise in risks facing the Fund, the MD's reporting on the envisaged follow-up to the 2019 Risk Report is very fitting. As for Table 1, however, the list of activities responding to risks strikes us somewhat thin when it comes to UFR-related risks. Additional activities that might be listed in this context are The Policy Safeguards for PRGT-eligible Countries

Seeking High Levels of Access to Fund Resources and, possibly, also Misreporting Policies and Safeguard Assessments.

We welcome ongoing efforts to strengthen strategic planning and prioritization in the WP and to articulate more clearly the ex-ante institutional risk implications of policy proposals. On the latter, which kind of "large financial and operational decisions" (p. 10) has staff in mind for further efforts in this direction?

While some progress can be noted in these areas, bunching in the Board calendar remains an issue and is indeed particularly severe this December. We continue to call on Management and SEC to find solutions to this recurring problem.

Regarding the upcoming IMF work with a view to maintaining a strong, quota-based and adequately resourced IMF it should be noted that besides "continuing the process of IMF governance reform", the 16th General Review of Quotas does also comprise a revision of the adequacy of IMF quotas.

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

This is an ambitious and comprehensive work program that covers the policy priorities identified in the Fall GPA and IMFC communique. It promises to deliver relevant analysis to support the membership in making economies more resilient and inclusive, and in resolving cross-border trade tensions. The Work Program could elaborate on how the latter will be addressed. We touch on selected items in what follows:

We commend the choice of topics for the flagship reports, namely the WEO's analysis of capital flows to emerging markets, policies to counter the next downturn in advanced economies, effects of international migration, and climate change. To what extent will refugee flows be covered in the work on migration, including the cost to host countries? With respect to the feature on state-owned enterprises for the Fiscal Monitor, how comprehensive will be the coverage of the cross-country work, and are there concerns regarding data availability and comparability?

We look forward to the stream of work on macro-financial policies in an environment of lower-for-longer interest rates, including Distributional Effects of Monetary Policy and the Impact of Low or Negative Interest Rates, both of which are planned as "informal meetings to brief" to be followed by a paper and incorporated into the Fall 2020 GFSR.

We appreciate the overview of the Fund's work on climate change in Box 1. It provides useful clarification of the macro critical aspects of climate change that the Fund needs to address, what was recently covered and what is in progress. The planned analysis on the macroeconomic implications of climate mitigation policies is welcome. However, there is considerably more scope to include it in the Fund's core work. While the planned work seems to focus on mitigation, it could also look into the environmental implications of growth, and what can be done to achieve environmentally sustainable and friendly growth. The note on how to integrate climate change systematically into IMF surveillance, and the review of the pilot on Climate Change Policy Assessments are particularly useful for all economies, including small states.

We are very interested in the topics on Financial Services and Inequality and Financial Inclusion and Fintech. The topics are of great interest to many EMDCs, and it would be helpful if they are discussed as Board papers (instead of SDNs) to incorporate Board views.

We welcome the planned paper that will identify gaps that need to be addressed with respect to Illicit Financial Flows, which responds to members' call for more work in this area. While we also welcome updates on Trends in Correspondent Bank Relationship, we hope to see additional recommendations to help countries deal with them.

There are 10 papers to be prepared for the G20. We recognize that there are benefits to the Fund from its engagement with the G20, many are important topics, and the work serves the largest shareholders. It would be important to identify the cost of these work streams, in addition to the Fund's support to G20 meetings, if not now, then in the budget discussions.

Regarding the August 2020 presentation on Measuring the Informal Economy, it would be useful if it includes some estimates of the size of the informal economy in some of the countries where it is believed to be large, and an overview of the TA provided by the Fund in this area.

We highly value the Fund's role in the Work of the Platform for Collaboration on Tax. The Update planned for March 2020 focuses on issues in "selected" developing countries. Which countries were selected?

Regarding the Update on the Implementation of the Framework for Enhanced Fund Engagement on Governance, also planned for March 2020, it would be important to ensure that it includes a review of the use of Third-Party Indicators, consistent with the guidelines.

The work stream related to debt vulnerabilities and sustainability is important, especially in view of high and sometimes rising debt levels. We also look forward to the discussion of the paper on Building Capacity in Monetary and Financial Policies in Fragile and Conflict Affected Countries planned for June 2020. We look forward to initiatives aimed at assisting countries affected by conflict and refugee crises, as advised by the IMFC. And we welcome the upcoming discussion of Capacity Building in the Middle East and Central Asia in February 2020 and look forward to hearing initiatives aimed at enhancing TA provision in the region.

With respect to the Policy Safeguards for PRGT-eligible Countries Seeking High Levels of Access to Fund Resources, we trust that the case of Ethiopia was informed by ongoing work in this area, since the policy paper will be discussed next month.

Regarding the Board workload as shown on page 12, we note that the number of policy items for Fall 2019 was at an all-time high. We expect it to remain high, given the ambition and richness of the current WP. Does staff have a projection for the next 6 and 12 months? Nevertheless, we would not want staff to have more informal meetings and SDNs simply to streamline the workload, when topics are worthy of a full Board discussion.

Mr. Rosen, Mr. Farber, Ms. Pollard, Ms. Crane, Mr. Grohovsky, Ms. Senich and Mr. Shenai submitted the following statement:

We appreciate the efforts of the Managing Director and staff to develop an ambitious work program for the Board over the next year. We welcome many aspects of the work program including its commitment to bring several long-delayed items to the Board. We are, however, concerned that the program may be overly ambitious, noting the substantial increase in the number of items relative to last year. We are also concerned about the budgetary implications noting the sharp increase in FTEs as shown in Figure 2. We reiterate our request that the January 8 Board meeting on the medium-term budget provide an overview of budget priorities and trade-offs within the context of a flat real budget. Where budgetary and time pressures are binding, priority needs to be given to issues core to the Fund’s mandate. Further, we urge management and SEC to address the persistent bunching of Board items in certain months. Such bunching not only hinders the ability of the Board to fulfill its oversight function but also places an undue burden on some chairs with many program countries.

Multilateral Surveillance

We appreciate the update on topics for the spring 2020 flagship reports. The Fiscal Monitor's (FM) intended focus on state owned enterprises is particularly welcome. We also want to highlight a point we made in our gray statement on the fall 2019 FM, that an overview chapter on fiscal positions and outlooks would be useful. We note the spring Global Financial Stability Report (GFSR) will look at how climate risks are priced into financial assets. Will this be the focus of all the GFSR chapters or are other issues expected to be covered? We also would appreciate more information on the intended World Economic Outlook chapter on policies to counter the next downturn in advanced economies.

We welcome the February 2020 presentation on "External Sector Assessments for non-ESR countries." Could staff comment on whether there will be an update to the EBA methodology in 2020?

Bilateral Surveillance

As noted in our gray on the midpoint note on the Comprehensive Surveillance Review (CSR), we support staff's efforts to improve the effectiveness of surveillance and are open to innovations in modalities while preserving the focus on issues core to the Fund's mandate. We think it might be helpful to have a further informal update ahead of the final Board meeting scheduled in April, as was done in the Review of Conditionality. We think a similar process could also be helpful for the FSAP Review.

At a March 2019 informal Board to discuss excessive delays in Article IVs, a majority of Directors supported strengthening the current framework. A formal Board meeting was postponed until after the completion of the CSR. The proposed work plan has pushed this Board meeting until December 2020 (outside the period of this work program). We strongly object to this timing and want to see a Board meeting scheduled in spring 2020, shortly after the final CSR Board.

The "Review of Data Provision to the Fund for Surveillance Purposes and Article VIII, Section 5 Issues" was also postponed to after the completion of the CSR. We can support the timeframe for a November 2020 Board meeting but given the consequences of this review on member countries, early engagement with the Board would be welcome.

Monetary and Financial Sector Policies

We welcome the increased attention to monetary policy and financial sector issues in the work program. Deepening the Fund's expertise in these areas is key, and we look forward to seeing this focus implemented as part of the CSR. We appreciated the details in Box 2 on the planned work on understanding the factors behind "lower for longer" interest rates as this is critically important for policy makers. Such work should consider both factors behind subdued investment and policies that result in excess savings.

We are interested in the learning more about the work on "Systemic Risks Assessments and Macroprudential Policy Advice in Article IV Staff Reports: Operational Challenges." Is this work related to the CSR and what are the operational challenges staff is concerned about?

We continue to believe that work on fintech needs to be carefully selected to areas that are most relevant to the membership and within the IMF's mandate. In this regard we can support the work on "Digital Currencies—Prospects and Cross-Border Implications."

Debt Sustainability

We are also pleased there is a robust agenda on debt issues in the work program given the rising risk of debt distress in many countries and the increasing complexity and opacity of debt arrangements. The "Review of Debt Sustainability Framework for Market Access Countries" is essential to a better understanding of debt vulnerabilities in these economies. We look forward to the discussion of this work in January 2020. We appreciate the opportunity to revisit the "Evolution of Public Debt Vulnerabilities in Lower Income Countries" in January 2020. We also want to be briefed by IMF and World Bank staff on the "G-20 Note on Collateralized Sovereign Lending", which would provide an opportunity for the Board to discuss related issues surrounding the preferred creditor status and implications of the World Bank's negative pledge clause. We also were surprised to see that no Board meeting is scheduled to discuss the "G-20 Note on Sovereign Debt Resolution: Recent Developments, Implications for the International Finance Architecture, and Interactions with IMF Policies on Sovereign Debt" as this is a critical issue for the IMF. We would appreciate staff's comments on whether these items can be added to the Board agenda.

Low Income Countries and Fragile States

The planned briefing on “Revenue Mobilization in Developing Countries” is a welcome follow-up to the Review of Conditionality, which flagged the issue of the poor quality of fiscal adjustment. We also welcome the increased attention to fragile states in the work program, which is consistent with the Board-endorsed recommendations following the IEO report. We expect the paper on “Building Capacity in Monetary and Financial Policies in Fragile and Conflict-Affected States” will help support a more realistic and tailored approach to IMF policy advice to low-capacity fragile states.

Capacity Development

We look forward to the opportunity to discuss capacity development priorities in February 2020 and emphasize the importance of a detailed presentation provided well ahead of time to support a meaningful discussion. We welcome the February 2020 regional briefing on capacity development in Middle East/Central Asia. We are disappointed in the decision to combine the capacity development briefings by the Africa and Asia and Pacific Departments with the regional outlook as this reduces the attention given to this important issue.

Safeguards

We appreciate the scheduling of a January 2020 meeting to informally engage the Board on “Policy Safeguards for PRGT-eligible Countries Seeking High Levels of Access to Fund Resources.” It is important for the Board to develop a policy to address cases where a combination of PRGT and GRA resources results in de facto exceptional access.

We also look forward to the broader review of Experience with Safeguards Assessments. We think it may be useful to have some informal engagements ahead of the October 2020 Board date to discuss whether measures are needed to strengthen IMF Safeguards, including in the context of the increased use of collateralized lending.

Support to International Fora

We appreciate the Fund’s work with the G-20 but were surprised by the large number of items that are being produced this year and wonder whether this is the best use of Fund resources. Could staff provide data on trends in work produced and resource costs for the G-20. As noted above several of these items addressing debt issues are important to the work of the Board. We think these issues should be discussed by the Board as well as disseminated for discussion by the G-20.

Human Resources

We look forward to the formal discussion on the Comprehensive Compensation and Benefits Review next week. We appreciated the updates last month of the HR strategy and 1HR. We would welcome further updates as these important initiatives are implemented.

Risk Management

The October IMFC Communique called upon staff to take forward work on enterprise risk management as part of ongoing efforts to modernize the Fund. At the recent Board discussion of the 2019 Risk Report, we and other directors made clear that the current risk model has shortcomings, and that the Fund may need to reconsider its risk practices in order to bring it more in line with modern standards. While we welcome the link between risks identified in the Risk Report and the work program, work is needed to understand the optimal model of risk management for the Fund. We look forward to the internal audit of risk management and request that a Board meeting to engage on the results take place by the end of June 2020. A key area where the Board's visibility over risks is limited is timely information on program risk. We would also repeat our call for regular Board updates on developments in programs when reviews are delayed or programs are off-track – and we have appreciated such engagements through the course of 2019, though think there is further to go to make these systematic.

Prioritization

As we noted, the work program is extensive and we have requested some additional meetings. We think certain items can be de-emphasized or postponed. For example, the April 2019 WEO had a chapter on the rise of corporate power and found that macroeconomic effects have thus far been small. We question the usefulness of another Board discussion on this issue. In general, we are concerned about the proliferation of Staff Discussion Notes (SDNs). Six SDNs were produced in 2018 and eight in 2019. The work program includes six SDNs in the first half of 2020. As noted above we also are concerned about the resource cost of work solely for the G-20.

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

We thank the Managing Director for her Statement on the Work Program, which reflects the priorities of the fall 2019 Global Policy Agenda and the IMFC Communique well. We note the high workload associated with the work program. This seems at least partly justified by the ongoing work on the key policy reviews, which we welcome, and we look forward to their completions. At the same time, the continuous high workload demonstrates that prioritization of workstreams related to the Fund's core mandate, as well as a balanced resource allocation, remain paramount.

Economic and financial research

We welcome the timely focus on monetary and macrofinancial policies, including the implementation plan of the IEO recommendations on IMF advice on unconventional monetary policies. We also take note of the planned work on negative interest rates and the lower-for-longer environment and encourage staff to engage with the relevant country authorities in the course of preparing their reports on these issues.

We appreciate the ongoing work on the IPF, which should take due account of country-specific circumstances. We see strong merit in further exploring the constraints that some policy instruments can face in practice, such as the effective lower bound on policy interest rates. More generally, it will be key to ensure that the IPF is applicable and consistent in its findings and recommendations, as well as to manage expectations about the final outcome of this workstream. Until then, policy advice should continue to be guided by established frameworks and include interactions with exchange rate policies.

Furthermore, we look forward to the valuable work of the flagship reports which constitute the core pillar of the IMF's multilateral surveillance and, in this context, of work on the challenges of limited policy space in both advanced and emerging market economies. We also deem the focus of the next Fiscal Monitor on the fiscal impact of SOEs very topical and underline the importance of a chapter on monitoring fiscal and debt trends.

Global cooperation

We appreciated the recent briefing on developments in global trade policy. The multilateral trading system is at the crossroads and global trade remains under heavy stress, which is weighing on the global outlook. In this environment, the Fund's continued efforts are needed to promote the benefits of open trade policies, as well as to underline the need to strengthen the rules-based multilateral trading system. Going forward, we tend to agree with the IEO's conclusion that a holistic review of the IMF's "trade strategy" by the Executive Board is needed to ensure coherence of the Fund's work in this area.

While we welcome the work on Fintech, we underscore the need to set the right priorities. In our view, the Fund should mainly provide a platform for members to exchange their experiences and should continue to coordinate its work closely with relevant international organizations. In the same vein, work on global digital currencies should leverage and build on the work of other IFIs, in particular of the BIS. Furthermore, it will be key that the integration of Fintech into surveillance be guided by the concept of macro-criticality.

The Fund's coordinative role in the area of AML/CFT is welcome. At the same time, the Fund should be mindful of other institution's work on issues around AML/CFT and illicit financial flows (IIF) to avoid duplication. In the planned stock take of IFF, the Fund should work with the definition used by institutions such as the OECD and take a comprehensive perspective on the various factors that are commonly associated with IFF.

The Fund can make important contributions to the ongoing discussion on climate change, within the limits of its mandate and expertise. We welcome the recent work on the role of fiscal policies in climate change mitigation and in promoting resilience in countries vulnerable to natural disasters. We also look forward to analyses of climate related risk to financial stability, as well as to the GFSR's focus on how these risks are priced into financial assets. Here too, we find it important to coordinate with other fora, such as the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

Fund policies

We welcome the progress on the Comprehensive Surveillance Review (CSR) and its aim at increase traction and value added for members, including through country-specific tailoring of policy advice. The work on the CSR will be key to enhance the relevance of Fund surveillance and policy advice. In this regard, we urge staff to keep the Board closely engaged when revisiting the surveillance modalities and to present costed options to help the Board better understand tradeoffs prior to the formal Board meeting in Spring 2020.

Furthermore, the update on the implementation of the Framework for Enhanced Fund Engagement on Governance is timely.

We look forward to the completion of the FSAP Review. While FSAP assessments are highly valuable and useful exercises, they are also rather resource intensive. Hence, it is important to further improve the impact and efficiency of FSAPs. In particular, we underline the importance of: (i) better integrating FSAPs and Article IV consultations, (ii) a more focused and risk-based scope for individual FSAPs, and (iii) making mandatory assessments more risk-based by differentiating their frequencies. We would expect such changes to result in cost savings.

Against the background of mounting debt and fiscal vulnerabilities, including in LICs, the ongoing work on debt transparency and debt sustainability remains key. We look forward to the conclusion of the Review of Debt Sustainability Framework for Market Access Countries and the Review of the Debt Limits Policy early next year. Growing debt is one of the biggest challenges facing the membership, underlining the importance of a strong Debt Limits Policy in Fund-supported programs, also to reduce risks to Fund resources. Likewise, the continued efforts by the Fund, together with the World Bank, to implement the “multipronged approach” to address public debt vulnerabilities are welcome.

We appreciate that a briefing on the implementation of Capacity Development (CD) priorities was added to the work program. Given the recent discussion on the Fund’s CD Policies and Practices and the involvement of the Board, we call for a formal Board meeting or an informal meeting to engage, rather than to brief. Staff’s comments would be welcome. We support the Fund’s ongoing efforts to increase the effectiveness of CD and to better integrate it with surveillance and lending activities. In this context, the briefing on Capacity Building in the Middle East and Central Asia is particularly welcome.

We welcome the discussion on the Review of Safeguards Assessments, in particular the cross-country experiences of improvements to the governance frameworks of central banks.

We look forward to the upcoming Board meeting on the Review of the Framework for Excessive Delays in Completion of Article IV Consultations. Given the strong support by the Board to strengthen the current framework in the last meeting in March 2019, we suggest to advance this meeting to

Q2 2020, right after the conclusion of the CSR. Staff's view would be welcome.

Strategic planning and prioritization

We take note that, along policy reviews, associated costs for economic and financial research work are increasing. We appreciate that work on some non-priority areas has tapered off somewhat. However, we would encourage further efforts to contain the increase in FTEs on non-recurrent items. Could staff elaborate on possible other areas where work could be streamlined?

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

We broadly support the Managing Director's Statement on the Work Program, which appropriately reflects the key priorities outlined in the Fall 2019 Global Policy Agenda (GPA) and the International Monetary and Financial Committee (IMFC) Communiqué. We appreciate the consideration of the risks identified in the 2019 risk report in the Work Program as well as the continued strengthening of links between strategic planning and prioritization through harmonization of the Work Program with the financial year and the Fund's Thematic Framework (FTF).

Surveillance and Policy Research

We welcome the focus of the flagship reports on critical challenges facing the membership including the limited policy space, capital flows and international migration; all of which will be covered in the Spring 2020 World Economic Outlook (WEO). The cross-country analysis of the role and fiscal impact of state-owned enterprises in the Fiscal Monitor (FM) is a timely topic. In addition, we support the Fund's continued work on climate change, building on previous analytical work. In particular, we welcome the focus of the Global Financial Stability Report (GFSR) assessing how the challenges from climate change are priced into financial assets and look forward to discussions in the Comprehensive Surveillance Review (CSR) and the Financial Sector Assessment Program (FSAP) review on the coverage of climate-related risks, given their impact on growth and financial stability.

We look forward to the workstreams to enhance the Fund's advice on monetary and macrofinancial policies and support efforts to deepen understanding on financial inclusion. In addition to the Integrated Policy Framework (IPF), we find the SDN on exchange rates and external adjustment, which will explore how dominant currencies in trade invoicing and finance can alter the effect of exchange rates on trade flows, timely. In the same vein, we welcome the SDN on Cyber-Security Risk and Financial Stability. We also see merit in addressing the challenges arising from unconventional monetary policies and looking at the impact of lower-for-longer or negative interest rates, as well as central bank governance and expanded mandates for central banks. We believe these issues are important in the current global conjecture and have implications for the entire membership.

Global Solutions

We broadly support the Fund's contribution to improving the multilateral system and strengthening international corporation to realize the benefits of integration. In this regard, the updates on developments in global trade policy, trends in correspondent banking relationships, the stock-take on the Fund's work on illicit financial flows and the continued work on the Bali Fintech Agenda, are welcome workstreams. We support the plans to increase coverage of fintech issues in capacity development and surveillance through the CSR and FSAP reviews. We find the Fund's work to support international fora, particularly the G20, very useful, and although it is circulated to the Board and published periodically, we wonder whether there could be a dedicated webpage for this work, similar to the other research on the IMF website. Staff comments are welcome.

Global financial regulations remain a means to address various challenges to financial and economic stability. In this regard, the paper on Adapting National Prudential Approaches to the International Reform Agenda will further contribute to strengthening financial stability. We hope that this work will draw lessons from the entire membership, including developing countries.

As revenue mobilization remains a crucial issue for developing countries, work on this area is welcome. Relatedly, we found the recent discussion on the implementation of measures to strengthen Fund engagement in fragile and conflict-affected states useful and look forward to the follow up paper on building capacity in monetary and financial policies for this group of countries. We welcome staff's efforts to increase the effectiveness of capacity development by better integrating it with surveillance and lending operations and look forward to the briefings on area departments' CD strategies.

Fund Policies and Internal Support

Surveillance is one of the core functions of the Fund and hence the importance of the 2020 CSR. Consequently, as this work unfolds, we hope that concrete proposals to strengthen surveillance and engagement with the membership will emerge. This should take into account the evolving global environment, emerging challenges and the need to strengthen traction. In a similar vein, the FSAP review and other reviews such as on Multiple Currency Practices (MCPs) and implementation of the framework for Fund engagement on Governance will strengthen surveillance and improve policy advice.

As we await the detailed guidance notes on the recently concluded reviews of the Fund's lending toolkits, we welcome further discussions on the eligibility to use the Fund's concessional financing and the update on the financing of the Fund's concessional assistance and the Catastrophe Containment and Relief Trust (CCRT). With respect to the upcoming discussion on safeguard policies for PRGT-eligible countries seeking high levels of access to Fund resources, due consideration should be given to the current safeguards embedded in the already existing access policies of the Fund as well as those included in the recently approved proposals under the review of Fund facilities for Low Income Countries (LICs). The aggregate of safeguards should not make it unduly difficult for countries with high Balance of Payments (BOP) needs, that meet the access criterion to Fund resources, to receive support from the Fund. Further, we look forward to the discussion on debt policies and the updates on approaches for addressing emerging debt vulnerabilities.

We support the Fund's efforts to ensure that the institution remains strong, quota-based and adequately resourced. In this regard, we remain committed to engaging cooperatively on the resource component of the agreed package to maintain the current level of Fund resources as we also look ahead towards further governance reforms under the 16th General Review of Quotas.

Finally, we look forward to discussions on strengthening the internal efficiency of the Fund. We welcome regular updates on the human resources strategy implementation and look forward to the formal discussion on the Comprehensive Compensation and Benefits Review (CCBR). We continue to reiterate the call for a more diverse and inclusive workforce and a clear plan to address the under-representation of some regions and developing countries in recruitment and career progression, including at managerial levels.

Mr. White, Mr. Shin and Ms. Park submitted the following statement:

We thank the Managing Director and staff for a well-focused work program that reflects the policy priorities set out in the GPA and the IMFC communique. This work program effectively presents the new MD's priorities and key policy directions within the existing Fund Thematic Framework (FTF). The focus on cross-border issues such as trade, capital flows, migration and digitalization, and the priority on turning evidence-based analysis into actionable recommendations, are commendable.

The topics and new analysis proposed for the 2020 flagship reports and External Sector Report are well chosen. We particularly look forward to the timely topics for the spring WEO on limited policy space for both emerging and advanced countries, and more specifically on capital flows in emerging markets and policies to counter the next downturn in advanced economies. We support the cross-country analysis on state-owned enterprises in the Fiscal Monitor and hope this will lead to a more complete picture of the public sector. Aside from these thematic issues, we see merit in continuing focus in the Fiscal Monitor on core fiscal issues such as monitoring trends in public debt. While welcoming the new assessment for non-ESR countries, we strongly encourage staff to make further progress on the analysis of invoicing currency and GVC issues covered in chapter 2 of the 2019 ESR. We would also welcome a regular update on trade-related issues and call for more active Fund involvement in this area. Could staff further elaborate on the plan for, and coverage of, the upcoming "5-yearly trade policy review" mentioned in the recent IEO report on IMF involvement in international policy issues?

We welcome the Fund's renewed focus on monetary policy issues. As the CSR mid-point note indicates, monetary policy is one of the areas that has had weaker traction in Fund surveillance. In this context, we welcome the Fund's intention to remain at the forefront on this topic, including through the Management Implementation Plan of the IEO report on IMF advice on Unconventional Monetary Policies. The Fund's work on negative interest rates and "lower-for-longer" will provide useful insights on the consequences of prolonged monetary easing and on monetary policy direction going forward. We especially look forward to the study of financial spillovers from unconventional monetary policy in the fall GFSR, which could inform the policy options for recipient countries, along with the ongoing IPF agenda.

We appreciate the continued Fund efforts on climate issues that are of utmost importance for small states. We welcome the work to scope out how climate issues could be integrated in surveillance by embedding them into flagships and are especially interested in the study of how climate change risks are priced into financial assets. We also welcome the plan to review Climate Change Policy Assessments to take stock and draw lessons from the pilot. We suggest this review need take no longer than six months to come to a recommendation on whether to roll out the initiative more widely. We particularly look forward to the work on building resilience in developing countries vulnerable to large natural disasters which will support comprehensive and multi-pronged disaster resilience strategies. While on the subject of small states, we also encourage staff to continue efforts to find actionable solutions for correspondent banking relationship (CBR) issues.

Modernizing various Fund approaches, modalities and policy toolkits remains a key priority ahead. We look forward to discussing concrete proposals arising from both the CSR and FSAP reviews. We would like to see additional engagement with the Board as more detailed proposals are developed, including on their resource implications. On the lending toolkit, we welcome the MD's commitment to review whether precautionary instruments are appropriately designed and deployable for a wide enough range of countries and call for further work in this area. We urge staff to have earlier discussion than planned (December 2020) on the framework for excessive delays in bilateral surveillance. We also encourage staff to improve capacity development activities while closely integrating them with surveillance and lending, with further involvement of the Board in setting CD priorities. A careful consideration of the resource implication of ongoing policy reviews, including the CSR and FSAP reviews, and major projects, needs to be taken. We expect the January discussion of the medium-term budget to provide an overview of budget priorities and trade-offs in the context of a flat real budget.

We support safeguarding the Fund's financial strength with further governance reform a key priority. We regret that the 15^{th} GRQ missed an opportunity to put Fund resources on a more permanent footing and to improve governance of the Fund. Those reforms are a cornerstone of much-needed multilateralism in the current global setting. We look forward to commencing discussion on the 16^{th} GRQ which needs to put resource adequacy and governance issues front and center.

The IMFC Communique from the 2019 Annual Meetings called upon staff to take forward work on enterprise risk management as part of ongoing efforts to modernize the Fund. At the recent board discussion of the 2019 Risk Report, we and other directors made clear that the current risk model has shortcomings, and that the Fund may need to reconsider its risk practices in order to bring it more in line with modern standards. Work to understand the optimal model of risk that would be best for the Fund also needs to be added to the Work Program. We believe a key area where there is ample scope for improvement is providing the Board with timely information on program risks. We would also repeat our call for regular Board updates on developments in programs when reviews are delayed or programs are off-track – we have appreciated such engagements through the course of 2019, but we think there is further to go to make these systematic.

Prioritization and sequencing of the board agenda will be important. We note the planned board workload is increasing again after a number of years in which fewer items were considered. While this in part reflects a busy policy agenda, we think the increase further reinforces the need to think about opportunities for streamlining to ensure the focus remains on strategy and oversight.

Mr. Kaya, Mr. Benk, Mr. Just and Mr. Mehmedi 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 and translates the policy priorities and strategic directions outlined in the Global Policy Agenda (GPA) and the IMFC Communiqué. We appreciate the continually improving structure and content of the document and recognize that the WP is being better adjusted to the budget and risk management processes. However, we note that further efforts are needed to improve strategic planning and streamline the Board workload. We broadly support the key priorities and sequencing of the deliverables of the WP and would like to add the following comments.

We find the topics for the analytical chapters of the spring flagship publications appropriate. The WEO analyses on capital flows in emerging markets and on policies to counter the next downturn in advanced economies are timely as the global outlook remains precarious. At the same time, analyzing the determinant and impact of international migration, which in part are driven by demographic challenges and affect the quantity and quality of labor as well as productivity, both in the source and destination countries, is essential for preempting and mitigating spillovers. The GFSR discussion on how challenges from climate change are priced in financial assets is well timed and provides valuable insights into how climate change increases financial sector risks (via higher volatility and uncertainty). We expect the thematic focus of the Fiscal Monitor to enrich our institutional focus on the economic importance and fiscal impact of state-owned enterprises and avenues for public sector reform. We reiterate our preference to have dedicated Board sessions for each of the flagships to allow for a more substantive discussion.

We look forward to the discussion on the impact of low or negative interest rates and would appreciate further details by staff on the focus of this work or whether a series of papers are planned covering risk allocation, market structure and behavior and most salient how they limit the potential space for monetary policy to respond to the next recession, the nexus to fiscal and prudential policies. We trust that the IEO Report on IMF Advice on Unconventional Monetary Policies and the upcoming study on the distributional effects of monetary policy will feed into staff's analytical work on this front.

We appreciate the prominence given in the WP to the Integrated Policy Framework (IPF), which will help members who are exposed to volatile capital flows with a more systematic assessment of the mix of policies that can be effective to achieve growth and stability. We expect staff to keep the Board engaged and informed throughout the stages of their work on the modeling as well as the empirical analysis and country cases. We again call for realism of what we can and cannot achieve,

The rise in trade tensions and disputes is threating the health of the global economy and puts multilateralism at risk. To this end, the Fund should continue to advocate a free, open, and rules-based multilateral trading system, while using every opportunity to highlight the shared benefits of trade and the downsides of protectionism. Going forward, we see support for open trade critically hinging on the ability of policymakers to work jointly in upgrading international frameworks and global cooperation, including through modernizing the rules-based multilateral trading system. The Fund can also contribute in its bilateral surveillance to promote a fairer trade by pointing to deficiencies in meeting WTO obligations.

We look forward to the reviews on the Fund's surveillance, debt, lending, data provision, and multiple currency practices. On surveillance, we are closely following the works on the mid-point review of the Comprehensive Surveillance Review, and the Review of the Financial Sector Assessment Program. Could staff clarify whether several other workstreams such as on Central Bank governance, Fintech or macroprudential policy advice will be reflected in the CSR and FSAP review? We take note of the upcoming briefing on the progress recorded under the joint IMF-WB Multi-Pronged Approach to Address Emerging Debt Vulnerabilities and underscore that this work should feed into the Review of the Debt Sustainability Framework for Market Access Countries. We expect the Review of the Debt Limits Policy to also address several of the identified gaps in the policy, while taking into account the developmental priorities of low-income countries as well as the evolution of debt and the changing landscape of official financing for LICs. Importantly, we should not lose sight of the elevated debt vulnerabilities in frontier economies, and low- and middle-income countries. We highly welcome the stock taking on illicit flows given the high social and financial costs they carry especially in LIDCs. We underscore the crucial importance of integrating capacity development, surveillance, and lending and thus, welcome the forthcoming briefing on the implementation of capacity development priorities.

We attach great importance to the modernization of the Fund's human resources strategy and policies to enhance the frameworks for performance, career and succession management. To this end, we underscore that the Comprehensive Compensation and Benefits Review should ensure that the Fund's compensation and benefits system remains competitive and modern, so as to attract, motivate, and retain high-caliber international and diverse staff who adequately serve our members in a fast-changing world. At the same time, we call on management and staff to continue briefing the Board on the implementation of the HR strategy.

We appreciate the Board's engagement on the detailed business cases and cost-benefit analyses of the Big 5 Modernization Agenda and look forward to the first Periodic Reports on the Big 5 which should also improve our budget and planning processes. We were surprised that the ongoing work on the updated Capital Investment Framework has been omitted from the WP. Staff comments are welcome.

A strong, quota-based, and adequately resourced IMF at the center of the Global Financial Safety Net is essential. To this end, promptly securing the package agreed by the membership during the 2019 Annual Meetings is essential to maintain the current level of Fund resources, and provide stronger assurance of the further governance reform under the 16th General Review of Quotas.

Mr. Doornbosch, Mr. Cools and Mr. Hanson submitted the following statement:

We support the proposed work program. It finds a good balance between efforts to make economies more resilient and inclusive, improve the multilateral system, and modernize the Fund's policy toolkits. The work program translates well the strategic directions and policy priorities laid out in the MD’s GPA and IMFC Communiqué.

We would like to add the following points for emphasis:

We fully subscribe to the importance of contributing to improving the multilateral system and upgrading international cooperation to bring the benefits of integration to all. The ongoing tensions and uncertainty about future trade relations remain a serious threat to economic growth. We encourage the Fund to monitor the developments in trade policy closely. More than ever, the world needs stronger multilateralism to tackle its toughest challenges. In particular, to overcome trade tensions, a stronger focus needs to be put on working toward a reformed, reinvigorated and strengthened rules-based multilateral system.

We look forward to the upcoming chapters on climate change in the WEO and GFSR and we welcome the efforts to systematically integrate climate change into bilateral surveillance. This would require clear guidance about when and how to cover climate change. We believe surveillance products should include regular assessment of mitigation strategies, analysis of carbon pricing strategies and advice on how to deal with distributional consequences, and assessments of climate transition risks for the financial sector. We also look forward to a clear strategy on how to achieve the integration of climate change in surveillance, including the need to strengthen analytical tools and to ensure sufficient capacity.

We welcome the section in the work program with responses to risks noted in the 2019 Risk Report. The IMFC Communique called upon Staff to take forward work on enterprise risk management as part of ongoing efforts to modernize the Fund. We think work is needed to understand the optimal model of risk that would work best for the Fund, and we request that this is added to the Work Program. A key area where the Board’s visibility over risks is limited is timely information on program risk. We would also repeat our call for regular Board updates on developments in programs when reviews are delayed or programs are off-track. We have appreciated such engagements through the course of 2019, though think there is further to go to make these systematic.

We appreciate the prominence of debt issues in the work program. High and rising debt levels across a wide range of countries remain a key concern.

We welcome the discussion on the Evolution of Public Debt Vulnerabilities in Lower Income Countries and the Update on the Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities. We request the integration of lessons from the three G20 Notes on debt issues in the Board update on the Multipronged Approach.

We look forward to discussions on the Review of the Debt Limits Policy and the Review of the MAC DSA.

We support the efforts of the Fund on collateralized debt and encourage the Fund to work closely with the World Bank in further efforts to create a better understanding of collateralized debt and to identify both costs and benefits to the use of collateralized debt. We would like to request a board discussion on the G20 Note on Collateralized Sovereign Lending.

We support the work on better understanding the implications of a ‘lower for longer’ interest rate environment. A prolonged period of low interest rates has implications for the stability of the financial system through search for yield, and on productivity through evergreening of loans to non-productive firms. We welcome upcoming work in the Spring 2020 WEO on policy challenges in an environment of limited policy space, further analysis on the channels through which low interest rates impact banks in the Spring 2020 GFSR, and the Staff Briefing on the Impact of Low or Negative Interest Rates. We believe that Staff’s work on lower for longer interest rates should also focus on the roles of monetary policy and macroprudential tools to address financial stability risks.

We welcome the SDN’s on Rising Corporate Market Power and Cyber-Security Risk and Financial Stability. Both topics are highly relevant for surveillance and we would appreciate if the presentations for the Board meetings would include a discussion of implications of the SDN for surveillance.

We welcome the inclusion of the informal to brief Board meeting on the Implementation of Capacity Development Priorities. Capacity Development is an important issue as about a third of the Fund’s resources are allocated to CD. We would ask management to change the informal to brief in a formal (or informal to engage) Board meeting to facilitate Board influence on CD priorities, as was agreed when the LOT on Capacity Development Policies and Practices was approved.

We request to bring forward the December 2020 formal Board on the Review of the Framework for Excessive Delays in Article IVs and mandatory FSAPs. This discussion should take place promptly after the conclusion of the CSR, with the conclusions of the CSR still fresh in mind. We do not think that further postponement is warranted in light of many Directors' request in March 2019 to schedule a formal Board on this matter.

Ms. Mahasandana, Mr. Tan, Mr. Abenoja and Ms. Yoe submitted the following statement:

We thank the Managing Director and staff for the comprehensive statement on the Work Program (WP) of the Executive Board. The WP reflects the priorities contained in the GPA and the IMFC Communique in promoting global cooperation to address shared challenges and in providing well-tailored policy advice to authorities in pursuing growth and stability objectives.

We welcome the focus on actionable recommendations as a guiding principle for policy research. Policy research should rightly be grounded on policy challenges facing the authorities with findings providing the basis of well-considered policy advice. The work on Integrated Policy Framework is a priority, particularly for emerging market economies that continue to face capital flow volatility from external shocks. While staff advice will continue to be anchored on current frameworks given the preliminary nature of results so far, we see scope for staff to reflect the insights from IPF, especially from the cross-country experience and case studies, to deepen ongoing policy discussions with authorities as they become available. We look forward to the update in March 2020, and having the IPF findings incorporated into the Fund's advice. We also encourage the Fund to sharpen its analysis and policy advice for spillover-producing countries to help them develop alternative policy options that can meet their domestic objectives while minimizing large adverse international spillovers. We welcome the work on understanding the implications of lower-for-longer rates, including the briefing on the Impact of Low or Negative Interest Rates. We suggest that the study looks into the financial stability implications not only through the banking channel but also via the non-bank financial system, non-financial corporate sector and households where debt and leverage have significantly built up in recent years. We also look forward to discussing the outputs from the newly-set up Monetary Policy Modelling Unit.

We appreciate the attention on bringing benefits of integration to all, as the Fund contributes to improving the multilateral system and addressing global challenges. We commend the Fund's efforts to remain at the forefront of emerging issues or global challenges, such as climate change, Fintech and trade-related issues. However, more care should be taken to ensure that the Fund's work remain focused on its core mandate. We support the follow up work on the Bali Fintech Agenda to enhance financial service provision and promote financial inclusion. In addition, we encourage the Fund's work on improving cyber resilience, including in formulating response and recover plans for cases of widespread systemic breakdown in the financial sector. Equally important is the Fund's policy advice and capacity building for the small states to help them better manage the associated risks of fintech / digitalization. Here we look forward to the Update on Trends in Correspondent Banking Relationship and discussion on how the Fund can help countries formulate and assess various approaches to manage the consequences of issues on correspondent banking relationship, including for instance, through fintech solutions. On climate change, while the Fund has contributed to the built up of a good analytical foundation, we hope to see greater coverage of transition risk in climate change-related analysis, including in the Spring 2020 GFSR study. Ongoing engagement and leveraging on other relevant IFIs' expertise would help in better targeting the Fund's role on climate change initiatives.

We are fully supportive of the Fund's efforts to continuously upgrade its policy framework and deepen its analytical toolkits to remain responsive to a fast-changing global environment. We like the ambition in the proposals of the CSR and FSAP review, but remain to be convinced by the implementation details. These reviews, including the review of the Central Bank Transparency Code, have far-reaching implications. Therefore, it is worthwhile to extend the timeline if needed in order to factor in sufficient time to consult with the authorities and the Board. We urge staff to continue to refine the EBA to better incorporate country-specific factors as well as to consider comments from previous Board discussions including the impact of stock imbalances and corporate savings. These could help further reduce unexplained residuals and the differences between various approaches in the external sector assessments. We also encourage staff to consider an earlier discussion than planned on the framework of excessive delays in bilateral surveillance and to explore including the issue of updating delayed programs in the work plan.

We firmly support the modernization program to make the organization more efficient and agile. With the various modernization projects running in parallel within a tight timeframe, we underscore the importance of ensuring that the projects remain clearly guided by the end objective of making the Fund more nimble and responsive to better serve the members' needs. We reiterate the crucial role of change management in encouraging buy-in and facilitating a smooth transition period. We are also supportive of the diversity and inclusion agenda. Greater diversity in thoughts, skills and experiences would benefit the Fund in adapting to the diverse needs of the membership.

We remain hopeful of advancing the governance reform under the 16th General Review of Quotas (GRQ) even as we reiterate our deep disappointment with the outcome the 15th GRQ. The 15th GRQ was a missed opportunity to put the Fund resources on a more permanent footing as well as to advance governance reform in line with the IMFC's calls. The Fund must remain as an adequately resourced quota-based institution to reinforce its role as the center of the Global Financial Safety Net (GFSN). The 16th GRQ should revisit the adequacy of quotas to reflect the increasing role of dynamic economies in the world economy while protecting the representation of the poorest members. We encourage staff to keep up the momentum on the preparatory work on the quota review including formulating the workplan with explicit milestones and clear indicative timelines. Likewise, we encourage staff to fully implement the 2010 round of governance reforms. As work on delivering the goals of the 16th GRQ is underway, the Fund should also consider ways to enhance its lending toolkit to address gaps in the GFSN. This includes deepening collaboration with regional financing arrangements (RFAs) such as ESM and CMIM to enhance the GFSN. With heightened global policy uncertainty and risks from spillovers, we welcome the Managing Director's commitment to review whether precautionary facilities are appropriately designed and deployable for a wide enough range of countries, especially those coping with short-term liquidity pressures arising from capital flows volatility.

The Fund must take a more proactive approach to address risk ex-ante. We would like to see the Fund reconsider its risk practices in order to bring it more in line with modern standards. In this regard, we appreciate more engagement to discuss the optimal model of risk that would work best for the Fund. This should contribute to a more conducive risk management culture.

We appreciate the Fund's on-going efforts to further deepen the integration of CD initiatives with surveillance exercises. Continued engagement with country teams would ensure the CD activities are demand driven and relevant to country authorities. We support staff's regular briefings to the Board on regional performance combined with detailed updates on trainings and technical assistance activities. Capacity development has been an increasing part of our constituency's engagement with the Fund as reflected in our authorities' interactions with regional training centers and the resident representative offices.

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

We thank the Managing Director and staff for the opportunity to discuss the Fund's Work Program. The coming period has a full agenda, with several major policy reviews due for completion and some significant analytical projects starting. We support the broad direction set out by the Work Program, and provide some comments for consideration
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We welcome in particular the continuing commitment to engage the board on the crucial reviews of Debt Sustainability Assessments, surveillance and FSAPs, as well as on the development of the Integrated Policy Framework. The coverage of financial sector issues is good, and we consider the discussion on systemic risk assessments and macroprudential policy advice in bilateral surveillance to be particularly important. We also look forward to the staff discussion note on rising corporate market power. Staff have indicated previously that they would broaden this analysis to cover market power in the digital economy, and we hope that the note will include this.

We are strongly supportive of the Fund's work on climate, and welcome the substantial forward agenda set out in the box in the Work Program. Systemically integrating climate change into macro surveillance should be of the highest priority for the Fund. We call for management and staff to prioritize the proposed WEO climate chapter for inclusion in the Fall 2020 WEO if at all possible, to deliver maximum traction ahead of the important UN climate conference in December. The Work Program notes that staff will review Climate Change Policy Assessments to take stock and draw lessons from their application in pilot countries. Will staff be updating the board on the outcome of this review through a separate board briefing, or will it be integrated into other climate-related board sessions or the Comprehensive Surveillance Review?

We are pleased to see more on LICs and development issues, after a quieter period in this area following the reviews of last year. There will be several important opportunities to consider follow-up to and implementation of these reviews, including through discussions on eligibility to use Fund facilities for concessional financing and on policy safeguards for PRGT-eligible countries seeking high levels of access to Fund resources. We welcome the planned briefing on revenue mobilization and on the work of the

Platform for Collaboration on Tax. We also look forward to engaging on the upcoming debt policy reviews and on the review of the adequacy of the Fund's precautionary balances, particularly in light of the discussions on Somalia's arrears clearance. We note that the update on the implementation of measures to strengthen Fund engagement in Fragile and Conflict-Affected States is only due to come to the board towards the end of 2020. We would like to see this discussed sooner given its centrality to the Fund's work in these countries.

The box on "Lower-for-Longer" sets out an ambitious agenda of analytical work. This is appropriate for what is one of the most significant challenges faced by policymakers, and we look forward to board discussions on this topic over the coming year. However, there is nothing explicit in the Work Program about the drivers of low equilibrium rates, which is ultimately what generates the challenges in terms of monetary, fiscal, financial and external policymaking. We would appreciate analysis from staff on these underlying drivers, including potential mitigating policy actions.

One notable omission from the section of the Work Program on the Fund's modernization agenda is risk management. The IMFC Communique from the 2019 Annual Meetings called upon staff to take forward work on enterprise risk management as part of ongoing efforts to modernize the Fund. At the recent board discussion of the 2019 Risk Report, we and other directors made clear that the current risk model has shortcomings, and that the Fund may need to reconsider its risk practices in order to bring it more into line with modern standards. Further work is needed to understand the model of risk that would work best for the Fund, and we request that this is added to the Work Program.

A key area where the board's visibility over risks is limited is timely information on program risk. We therefore repeat our call for regular board updates on developments in programs when reviews are delayed or programs are off-track. While we have appreciated such engagements through the course of 2019, we think there is further to go to make these systematic.

We have previously called for the Work Program to include work on debt restructuring, as a follow-up to the Review of Conditionality. The staff paper notes that a G20 note on sovereign debt resolution will be shared with the board. Will this address the outstanding follow-up questions raised in the Review of Conditionality, and will a board briefing be scheduled? If it does not cover these questions, how do staff plan to take this issue forward? Along similar lines, the board will soon receive a joint IMF-World Bank note on collateralized lending for the G20 IFA Working Group, for information. Along with other directors, we have previously requested a board discussion of the note. We expect that this would also provide an opportunity to discuss related issues surrounding preferred creditor status and implications of the World Bank's negative pledge clause.

Finally, while we welcome the inclusion of a board meeting to review the framework for excessive delays in Article IVs, we feel that the December 2020 target date is too far away, especially given directors have been calling for this for some time. We request that this issue be taken to the board promptly after the formal CSR board in April 2020.

Mr. Tanaka, Mr. Harada and Mr. Nagase 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 and organizes discussion items in relation to challenges with which the Fund is tackling. It is critical to maximize the effectiveness of the Fund's core works, namely Surveillance, Lending, and Capacity Development (CD) under the constraint of resources, and therefore prioritization is indispensable.

Traditional and Core Issue.

The primary focus of the Fund's work should remain in its traditional, core and macro-critical area such as fiscal, monetary and financial sector policies. In the current fast-changing economic and social environment, the Fund is being requested for providing appropriate policy advice to the member countries in a timely manner, based on accurate analysis of risks and policy challenges. We believe that it would be necessary for the Fund to devote sufficient resources to these macro-critical issues to keep the Fund's reputation as a reliable policy advisor.

In this connection, we emphasize the importance of securing debt sustainability and transparency of Low-Income Countries as prioritized in G20 under the Japanese presidency. To achieve this goal, it would be necessary to steadily implement the Joint WB-IMF Multipronged Approach. In this regard, we welcome the WP schedules to hold a board meeting to discuss this topic in May. In addition, it is worth to reviewing the Debt Limits Policy and making a note on Debt Data Coverage, clarifying the definition of debt and contributing to improving debt transparency. Furthermore, we highly appreciate that a meeting to discuss a note on Collateralized Sovereign Lending problem is scheduled in December.

It is important to improve policy planning and policy implementation ability of the member countries by CD. As a long-standing donor to CD, we have decided to make financial contributions to D4D and projects aiming to strengthening infrastructure governance. We expect that the board continue to engage in the discussion on which CD area should be prioritized and on how to integrate CD more effectively and efficiently with the Surveillance and Lending.

We welcome the comprehensive surveillance review (CSR) work. This is highly important issue and relevant to all member countries. In this context, we welcome additional informal board meeting will be scheduled before its formal meeting, as we discussed. In this relation, the issue of excessive delays in Article IVs could be relevant to the CSR and therefore discussion at closer timing to the CSR would be welcome.

Emerging Issues

The Fund contribution is expected for the international society to tackle with the cross-cutting emerging issues such as trade, demographic change, climate change and digitalization including international taxation and stable-coins in the context of the stability of international monetary system. We would like the Fund to contribute to solving these issues based on its mandate and expertise by appropriately allocating its constrained resources according to their macro-criticality.

We are very much interested in potential impact of stable-coins and other similar activities on exchange rate, capital flow and financial safety net, and on these relevant policies. In this context, we note that the WP plans to hold a board meeting to discuss stable-coins issues. As mentioned in the press release of the G20 in October, the Fund was asked to examine macroeconomic implications including monetary sovereignty issues and we encourage staff to complete this work. On this point, we hope that long-term accumulation of the Fund's researches on the dollarization of economies would be helpful. We also note that the analysis over impact of digital currencies on the stability of international monetary system is in the pipeline.

We would like to stress that both mitigation and adaptation policies are important to manage challenges arising from climate change. We believe that, along with its mandate, it would be useful to further discuss how measures such as utilizing insurance framework and introducing quality infrastructure be incorporated into CD accordingly. We note that climate change issues will be analyzed in various reports, including World Economic Outlook (WEO) and Global Financial Stability Report (GFSR). The Fund should analyze policy effectiveness and give useful advice to the member countries in the area of climate change, based on macroeconomic analysis regarding expectation and behavioral changes in each sector and its interaction in the diversified economic structure.

Administrative Issues

Noting the issue of concentration of the board meetings during July and December, we are concerned that this situation might prevent the board from fulfilling discussions. If there are institutional or structural issues, it is the board who should consider how to solve this issue. Having said that, the staff's cooperation is necessary to mitigate the current situation and accordingly deepen our work. We would appreciate if the staff sharply keep circulation period. It would be also helpful if the staff circulate explanatory remarks beforehand and add explanation on footnotes of their presentation materials.

As for the management of the Fund, we repeatedly highlight the importance of diversity, especially in relation to region. We welcome the discussion and progress on this matter in the board meeting for Diversity and Inclusion Report last week. We are expecting strong leadership of the MD to accelerate necessary discussion and implementation of measures, especially aiming toward to resolving issues of under-represented regions (URR).

Risk management framework should be discussed as one of urgent issues. In this regard, it would be appreciated if you could add this issue on the WP.

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

We thank the Managing Director for drawing on her Global Policy Agenda and the Spring IMFC Communiqué to develop an engaging and comprehensive work program. In particular, we took note of the more ambitious agenda in the areas of core monetary policy advice, financial surveillance, and climate change, which demonstrate responsiveness to priorities articulated by the Board in past work program discussions.

Our comments highlight opportunities to better align the draft work program with the evolving priorities and needs of a diverse membership, as well as ways that the Fund can best organize itself to deliver on this ambitious work program.

Aligning Deliverables and Priorities

With trade tensions as the main risk to the outlook, trade issues could feature more prominently in the work program. The Fund gained considerable traction from its flagship multilateral surveillance work in recent years highlighting the benefits of free trade and the rules-based multilateral trading system. As stated in the IEO's forthcoming evaluation update on IMF Involvement in International Trade Policy Issues:

"Thus, the Fund will need to sustain its current high level of advocacy and analysis on trade policy issues and consider how to increase the overall impact of this work, particularly since the next few years could be crucial to preserve an open, rules-based, multilateral system."

We would appreciate greater visibility into the Fund's research agenda on trade matters and plans to bring it forward over the planning horizon.

We welcome the work plan on climate change given the macro-criticality of the issue, especially for small states. We welcome the Fund deepening its analysis and further integrating the implications of climate change into core operations, including ways to promote country take-up of IMF and WB-supported Disaster Resilience Strategies. Looking ahead, the Fund should consider how to position itself as a trusted advisor to the membership on how to best manage the transition to a low carbon economy.

Engagement on surveillance should be strengthened and more comprehensive. To ensure that the Board has the necessary detail and analytical underpinnings to fully engage in advance of the formal meetings, we request that additional informal Board meetings on both the CSR and FSAP review be added to the work program. Related to this, we also request that the Board engagement on excessive delays in Article IVs, as well as a review of the transparency policy, be scheduled following the formal discussion on the CSR but before the Board recess given the thematic links to the CSR.

We welcome the proposal to broaden external sector assessments to non-ESR countries. This would represent an extension of one of the Fund's most valuable analytical products and, in an environment of escalating trade tensions, our authorities look to the ESR to keep the debate over imbalances grounded in facts. We would however appreciate early engagement regarding country selection and encourage staff to continue using country-specific context to minimize the EBA's limitations.

The Board has a role in validating proposed capacity development (CD) priorities. Given the importance of CD, in particular to small and low-income states, and the resources the Fund expends to deliver it, the Board must be engaged on CD priority setting. The proposed work plan includes only a discussion for information on the Implementation of Capacity Development Priorities in February 2020. In order for the Board to properly discharge its oversight role, this discussion should be expanded to include Board validation of forward-looking priorities. Alternatively, an additional CD priority-setting engagement could be added to the work program.

Organizing Ourselves to Deliver

We continue to call for better Board engagement on budgetary tradeoffs. This is particularly important given a perceived increase in the number of competing demands in this cycle under a flat real budget. We urge management to bring forward, through informal budget discussions, its proposals to address competing funding pressures under a flat real budget and not delay these discussions to fiscal year-end.

The work program should incorporate a more risk-sensitive approach. The Fund's current approach to risk management has shortcomings and should be brought in-line with modern standards, as discussed in the context of the 2019 Risk Report. We look forward to the internal audit of risk management and request that a Board meeting to engage on the results take place by the end of June 2020. In addition, as part of a push to mainstream risk, the work program should be flexible enough to accommodate more regular discussions of countries in crisis and off-track programs. Lastly, the Fund should make greater use of LOT for low-risk decisions throughout the year rather than deploying LOT as an instrument to manage seasonal 'bunching'. This would improve the Board's risk focus and provide flexibility in the Board calendar to accommodate higher priority items.

Adequacy of precautionary balances, the financial reporting framework and provisioning for impairment loss should be discussed in an integrated fashion. The work program currently sees key internal financial discussions separated, whereas the relevant decisions could be linked to significant extent. We request that these two Board items be scheduled on the same day and that the associated documentation draw appropriate linkages.

To lighten the Board calendar, research in its various forms should be brought to the Board more selectively. We recognize that the Board places competing demands on the work program. One way to accommodate these demands is by making more selective use of Board discussions to engage on Staff Discussion Notes (SDNs) or Working Papers, for example, if an issue is expected to be contentious or of broader Board interest. Less formal avenues could be used to share other SDNs with the Board without reducing their profile.

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 mentioned in the Fall 2019 IMFC Communique. We appreciate staff's efforts to improve the strategic planning and prioritization under the long-standing budget constraints. We broadly support the proposed program and would limit our comments to the following points.

Scope and risks

The 2019 Risk Report highlighted that the more challenging external and internal environment had aggravated risks for the Fund. Some substantial risks have materialized over the past year, contributing to the worsening of the Fund’s risk profile and its reputation. The work program features many important initiatives that can help address the risks and emerging challenges, including the major policy reviews and extensive research and analytical work to strengthen the Fund’s policy advice. In the current environment of elevated trade tensions and proliferation of unilateral actions, in our opinion, the Fund should be even more ambitious in supporting multilateralism and strengthening the international monetary system (IMS). We believe that the Fund should aim at better articulating its perspective and offer out-of-the-box thinking on how to improve the efficiency of the IMS and the global financial safety net.

Global outlook

We broadly welcome the proposed themes of the flagship reports. Given the limited policy space in many countries facing heightened risks to growth, we welcome the focus in the WEO on a right policy mix in advanced economies to counter the next downturn. The analysis of capital flows in the low interest rate environment could strongly benefit policymakers in emerging markets and small advanced economies. This work can also contribute to staff's efforts to develop the Integrated Policy Framework (IPF). Could staff elaborate on the topics of analytical chapters in the flagship reports?

We look forward to the Spring 2020 GFSR that will study how climate change risks are priced into financial assets. We would appreciate staff's comments on whether the next GFSR will examine the recent pressures in the U.S. dollar market for repurchase agreements and their potential implications for global financial stability.

Surveillance and lending

The Comprehensive Surveillance Review (CSR) provides an important opportunity to strengthen the Fund's surveillance against the backdrop of persistent uncertainty, subdued growth prospects, and limited policy space. We welcome many ideas presented in the midpoint note that can help achieve the CSR's priorities. At the same time, we remain more cautious about staff's proposals on how to change the practice of the Fund's surveillance. We believe that an overview of past attempts to achieve similar goals and a comprehensive assessment of risks and potential costs related to the proposals are essential to allow the Board to make an informed decision. In this context, we would highlight the need for an additional Board meeting on the CSR before the Board makes any decisions.

We welcome the enhanced focus in the work program on the risks and potential impact of widespread low and/or negative interest rates, the issues related to central bank governance, and the quality of staff's macroprudential policy advice. Could staff elaborate on how the outcomes of these workstreams will be incorporated in the CSR and the FSAP Review?

We look forward to the Board's paper on the IPF that should provide more information on the scope and key objectives of this initiative and on the possible outcomes of this work.

The Fund should continue to work with its members on strengthening governance and institutions. In this context, we welcome the plans to assess the implementation of the Framework for Enhanced Fund Engagement on Governance. Since the adoption of this Framework, the Fund has accumulated significant experience in this area. A growing number of Article IV reports, as well as other Fund's products have been featuring specific approaches to resolve governance and corruption challenges. In many program cases, staff proposed extensive structural conditionality aimed at strengthening governance and addressing corruption. The authorities in a number of countries in collaboration with staff have prepared very specific diagnostic reports on governance and corruption. Against this background, we believe that the Board should have an opportunity to discuss a comprehensive overview of the Fund's work and conditionality in the Governance Framework. We call for preparation of a Board paper on this topic and, also, changing the status of the Board meeting from a briefing to a formal one or to an informal to engage. Staff's comments would be appreciated.

On several occasions, we have raised our concerns about the extended breaks in the surveillance cycle in the countries where programs went off-track. We have witnessed several troublesome cases where programs did go off-track almost immediately after their approval, but it did not lead to the strengthening of surveillance. As it was emphasized at the time of the conditionality review, this gap concerns a growing group of countries. Some of them experience very long breaks in the surveillance cycle, frequently much longer than prescribed by the existing guidelines. We consider these cases to be a part of a more general issue of delayed Article IV consultations and look forward to expeditious improvements in this area. We ask staff to elaborate on how and when these issues will be addressed in the work program.

Debt issues

Given the debt vulnerabilities in advanced economies, as well as in many emerging markets and low-income countries, we welcome the prominence of the debt issues in the work program. We look forward to further discussions on the Debt Sustainability Framework for Market Access Countries, Debt Limits Policy, and IMF-WB Multipronged Approach for Addressing Emerging Debt Vulnerabilities. As a related matter, could staff elaborate on the scope and objectives of the formal Board paper on the Evolution of Public Debt Vulnerabilities in Lower Income Countries?

We believe that two G20 notes on "Collateralized Sovereign Lending" and on "Sovereign Debt Resolution" should be discussed by the Board before their presentation at the G20. Strengthening approaches to debt restructuring remains an important priority for the Fund and should not be sidelined in the agenda. We are also concerned that the work on the Fund's Lending into Arrears policy remains incomplete, presumably, due to resource constraints.

Modernizing the Fund

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

We also look forward to the in-depth analysis on the Knowledge Management, including the issues of overhauling and better organizing high-value topical information and of extending access by the Board and the authorities to the Fund's knowledge and its technical tools and data.

We are concerned that some of the final CCBR proposals may negatively affect the Fund's ability to attract and retain high quality and diverse staff and even harm the Fund's competitiveness. We are disappointed that the final CCBR report does not provide any assessment of substantial risks, despite the calls by many Directors.

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

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

We were surprised on the lack of trade related items on the agenda. We valued the recent briefing on global trade policies. However, this is the only item covering trade-issues on the WP. Considering the critical role of the Fund in defending the global multilateral rules-based trading system and the on-going trade tensions, the Fund should continue its analytical focus on the direct and indirect effects of tariffs, trade and tech disputes. We found that the analytical chapters in the flagships last spring gave grounds for effective and strong messages.

We strongly support the increased focus on strengthening the Fund's role in monetary, financial and macro-financial research. Understanding the current low inflation and low interest rate environment, the increasing use of the expanded monetary and macroprudential policy toolkit, as well as the linkages to financial sector vulnerabilities will be critical to gain a more solid understanding of the policy challenges our membership is facing and be prepared to calibrate effective policies. Furthermore, we see increased analytics and improved quality of advice as key in responding to the deficiencies identified in the IEO UMP report and the limited traction of IMF's monetary policy advice apparent from the CSR process. We commend staff for taking a holistic approach and very much appreciate the range of Board items including on the IPF, the briefing on the impact of low or negative rates as well as the looking at the distributional effects of monetary policy. Furthermore, given the challenges and increasing political pressure faced by central banks in a number of countries, the discussion on Central Bank Governance will be highly valued.

We value the Fund's work on climate change and see potential in further integrating climate risk into surveillance. The climate related chapters in the last fall's flagships were much appreciated. We look forward for the analysis and the discussion on the macro-economic effects of climate mitigation polices, which will be a welcome addition to previous work. We see an important role for the Fund in supporting its membership in transitioning toward greener policies in an equitable and politically feasible manner. For this we need to have full understanding of the tradeoffs involved. Furthermore, we would call for the final proposals of the CSR and FSAP-reviews to have concrete proposals on how to systematically integrate climate issues into bilateral surveillance.

Managing growth in debt levels amidst continued easy financial conditions remains a key priority. With this background we appreciate the strong focus on debt issues in the coming year. We look forward for the reviews of the MAC-DSA as well as debt limit polices. We appreciate the specific item addressing the evolution of LIC public debt vulnerabilities and the series of G20 notes on debt issues. Considering their relevance for the topic we would call for the notes on Collateralized Sovereign Spending and Sovereign Debt Resolution to be also discussed at the Board.

Ensuring efficient well prioritized capacity development (CD) in line with Fund lending and surveillance priorities will be key in improving traction. As outlined in the CD review, we also see a need to strengthen Board oversight of the Fund's CD work and appreciate the inclusion of a session on the implementation of capacity development priorities to the WP. However, we would call for this meeting to be either formal or an informal to engage to ensure it receives the appropriate focus and guidance from the Board matching the importance of the topic. Furthermore, we would call for regular (minimum once a year) Board discussions on CD issues going forward.

We were pleased to see a discussion on the PRGT safeguards policy. This is important both from the perspective of the sustainability of PRGT resources as well as ensuring we have a proper policy framework to create sufficient safeguards on countries that are blending and have very high access levels.

We welcome the upcoming Board meeting on the Review of the Framework for Excessive Delays in Completion of Article IV Consultations. Given that this is a long-standing issue and the broad support in the Board to strengthen the framework during the discussions last March, we would call to advance this meeting to Q2 of 2020, which would be quickly after the formal meeting on the CSR.

Mr. Villar, Mr. Guerra and Ms. Arevalo Arroyo submitted the following statement:

We thank the Managing Director for a comprehensive document on the Work Program aligned with the priorities laid out in the Global Policy Agenda and the IMFC Communiqué.

We welcome an enhanced focus on the monetary, financial and macrofinancial research. In this regard, we are pleased to see the inclusion of Box 2 on Negative Interest rates and Lower-for-longer. In the current juncture of limited policy space, the Fund cannot afford to lag behind in economic and financial research. Work in these topics should continue in order to remain as a trusted advisor for the membership in terms of the appropriate macroeconomic policy mix in lower-for-longer times. We look forward to the analysis of the implications of lower-for-longer in the Spring 2020 flagships. However, we believe that the briefing on Impact of Low or Negative Interest Rates is long overdue and might need to be advanced. Moreover, for this research to be relevant and timely it needs to be considered within the IPF workstream, specifically in the assessments that will be presented in March and June.

We support the scope of the analysis of the flagship reports. In particular, we look forward to insights of capital flows in emerging markets and to the expansion of the analysis of the External Sector Assessment to non-ESR countries. We welcome this as an opportunity to revamp the work of the IMF on the role that the exchange rate plays in the macroeconomic adjustment process and the analysis of policy options.

We welcome the focus on the determinants and effects of international migration. We look forward to the analysis, both in terms of international impact but also considering regional determinants, as the causes that determine migration are wide-ranging and in some cases region specific.

On climate change, we welcome the continuation of work in embedding these issues into multilateral and bilateral surveillance as a horizontal theme, as highlighted in Box 1. We are encouraged by the upcoming GFSR on pricing of climate risk, and while acknowledging time constraints, we would encourage staff to have the macroeconomic implications of climate mitigation policies by the Fall 2020 WEO. We look forward to the ongoing work on the how-to note on integrating climate change systemically into surveillance.

We also welcome further work on gender issues and look forward to the systematical inclusion of this topic in economic and financial research. We are encouraged by the SDN Women in the Labor Force: The Role of Fiscal Policies to analyze the impact of fiscal policy interventions on gender inequality. Considering the relevance of this topic, we believe there is scope to include it in the Fiscal Monitor. Moreover, it would be useful if other SDNs such as Financial Services and Inequality and Financial Inclusion and Fintech include a gender dimension.

On the CSR, as highlighted at the Informal Board meeting, given the large number of proposals at stake, we would like to see significant Board involvement, including an informal to engage meeting, as requested. In addition, this engagement can be most effective with thematic seminars. Issues such as how risk analysis is communicated, and the definition of sustainability would be important to discuss under this format.

On capacity development (CD), while the informal to brief meeting on The Implementation of CD Priorities is welcome, the Board should continue to be engaged regarding the priorities of CD delivery. We consider there should be either an informal to engage or a formal meeting to allow the Board to discuss the determination of CD priorities. Additionally, we also would call for a specific briefing on Capacity Building in other regions such as the one covered by CAPTAC-DR.

On Fintech, we welcome the ongoing work within this workstream in line with membership demand. Focus on cybersecurity should continue due to its prominence and implications for financial stability in many countries. Moreover, the integration of Fintech issues in CD is encouraging and we agree that increased coverage of this area in CD is warranted. On other analytical work planned in this vein, as this chair has stated previously in other Fintech related briefings, we consider that appropriate terms should be used to refer to digital assets, for instance Crypto Assets should be used instead of Digital Currencies and Asset-Backed Tokens instead of Stable Coins. This is in line with the language many Central Banks and other standard setters have used to refer to these digital assets, as its legal and regulatory treatment varies among jurisdictions.

We support the modernization efforts of the Fund to become a more agile and effective institution. On Human Resources, 2020 will marks the start year for implementation of the CCBR and HR strategy. Beyond the work program, we look forward to a smooth and well-communicated implementation with a clear engagement of the Board and staff. On the Big 5, we look forward to meetings regarding cost-benefit analyses.

On risk, we welcome the continuous integration of the Risk Report and the Work Program but would also like to see further detail on the implementation of the risk mitigation strategy. We welcome Table 1 and consider that going forward it would be useful to lay out how the specific operationalization of the risk mitigation strategy will be planned, particularly with regards to the meetings related to the risk road maps implementation.

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

We thank the Managing Director for her statement on the Work Program of the Executive Board. We broadly agree with the policy priorities and timelines included in the document. As a general comment, we welcome that the Work Program is closely aligned with the Managing Director’s Policy Agenda and provides responses to the different risk areas identified in the 2019 Risk Report. The ongoing efforts to strengthen strategic planning, including by classifying activities and outputs according to the Fund’s Thematic Framework are noteworthy.

The Work Program presents a heavy schedule of activities comprising several important reviews in different areas. These reviews provide an opportunity to reshape the Fund’s ongoing work to better address the main challenges faced by the institution under a global environment characterized by geopolitical tensions, fragmentation, and lack of adequate coordination among the main economic players. As the reviews and other policy papers will demand a significant amount of time and effort by the Board, we would reiterate our support for greater use of lapse-of-time basis in the consideration of country reports. We also call on Management and SEC to find ways to avoid persistent bunching of items for discussion in certain months of the year.

Main reviews include the Comprehensive Surveillance Review (CSR), the FSAP review, the Comprehensive Compensation and Benefits Review, the Review of Debt Limits Policy, the Review of the Debt Sustainability Framework for Market Access Countries, the Review of the Fund's Policy on Multiple Currency Practices, and the Review of Data Provision to the Fund for Surveillance Purposes. As we noted in the context of the discussions on the Mid-point Note, although we agree that the CSR cannot ignore key longer-term trends (such as advances in technology, demographics, and climate change), we are concerned that the proposed scope for Fund surveillance is too ambitious and may end up giving lesser priority to several important issues in need of further work that constitute core areas for the Fund. These include macro financial surveillance and monetary policy, external sector assessments, fiscal sustainability, outward spillovers, and forecast accuracy. Clearly, going forward, there is a need to determine priorities in an orderly manner within the constraints imposed by a flat budget.

We welcome the focus of the Fund's flagships on capital flows in emerging markets and policies to counter the next downturn in advanced economies, as well as the determinants and effects of international migration. The focus of the Fiscal Monitor on the fiscal impact of state enterprises also seems appropriate. We also welcome the planned discussion on the Evolution of Public Debt Vulnerabilities in Lower Income Countries and believe that this should be followed eventually by a similar discussion for advanced and emergent market economies.

We appreciate the IPF, which is expected to provide a more systemic assessment of an effective mix of monetary, exchange rate, macroprudential, and capital flow management policies. At the same time, we note the focus of major workstreams on unconventional monetary policies, the impact of low or negative interest rates, the distributional effects of monetary policy, financial inclusion, the role of dominant currencies in exchange rate and external adjustment, and cybersecurity risk. In the current environment characterized by limited space for interest rate policy, we would have welcomed greater emphasis on the role of fiscal policy to address external imbalances and a possible pronounced downturn in economic activity. We expect the Fiscal Monitor to cover these topics. In the same vein, in assessing the trade-offs among different policies and developing an appropriate policy mix, the IPF should incorporate fiscal considerations. Moreover, in analyzing the interaction of macroeconomic and structural policies to raise productivity and potential growth, it is crucial to consider the role of trade policy. We would also reiterate the importance of analyzing the reasons behind the recent rise in corporate net savings, including its implications for global imbalances. Could staff also comment on the plans to address some challenging structural areas identified in the recent Review of Conditionality, such as labor and product market reforms?

Regarding the work envisaged on improving the multilateral system and upgrading international frameworks, we welcome the Fund's continued efforts to promote open trade through policy advice and trade-related macroeconomic analysis, as well as the recent update by the IEO on Fund Involvement in International Trade Policy Issues. We also take note of the Fund's ongoing work on digital currencies, fintech, and measuring the informal economy, as well as of the planned update on trends in corresponding banking relationships.

With respect to financial regulation and development issues, we are encouraged by the work on strengthening Fund engagement in fragile and conflict-affected states and building capacity on monetary and financial policies in those states, as well as on revenue mobilization in developing countries. Regarding the latter, it would be important to discuss the effectiveness of the substantial TA that has been provided by the Fund in strengthening revenue mobilization.

We see merit in the WP's emphasis on other emerging issues that have become relevant to the Fund's work. In this regard, we take positive note of the planned Update on the Implementation of the Framework for Enhanced Fund Engagement on Governance, as well as of the Fund's work on illicit financial flows. We also welcome the planned engagements on Implementation of Capacity Development Priorities, which will brief the Board on the Fund's delivery against priorities and the progress in integration with surveillance and lending. We appreciate the MIP on the IEO report on IMF Advice on Unconventional Monetary Policies to be discussed early next year, as well as the ongoing preparation of the IEO Evaluation on Working with Partners: IMF Collaboration with the World Bank on Macro-Structural Issues, which will provide recommendations on how to strengthen the interaction with the World bank on emerging structural issues.

Preserving a high-quality and competitive workforce is crucial to be able to address the many challenges faced by the institution. In this regard, we look forward to the formal discussion on the CCBR in December. We also take note of the steps underway in the context of the HR strategy (enhanced performance management, leadership and change, succession management), and of the planned sequenced rollout of other strategy initiatives on career paths, mobility, and talent inventory throughout the year. We would encourage staff to keep the Board informed about developments in this area.

We welcome the continuation of Board engagements on the Big 5 projects, including the additional discussions that are envisaged as the cost-benefit analyses of these projects near completion. We also appreciate the planned briefings on the FY2021-FY2023 Medium-Term Budget ahead of the formal meeting in April, as well as the envisaged updates on the IMF Communications Strategy, Integrated Digital Workplace, and Knowledge Management.

We appreciated the recent discussion on the Categorization of Open Actions in Management Implementation Plans, which took stock of the progress made in addressing actions in response to IEO recommendations and proposed sensible ways to move forward with outstanding issues. We also appreciate that the agenda includes an item on addressing the Article IV Excessive Delays Framework, which needs to be strengthened, and support Mr. Rosen's suggestion to bring this discussion earlier in the year after the CSR is finalized.

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

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

We thank the Managing Director for the comprehensive work program that adequately reflects the strategic directions and priorities of the Fund outlined in the Global Policy Agenda and the IMFC communique. We support the well-focused work program and would like to make the following points for emphasis.

We welcome the well-chosen themes for the upcoming flagship reports. We support the focus of analyzing capital flows in emerging markets (WEO) and spillovers from advanced economies to emerging markets. We encourage the Fund to play a more active role in sending early warning signals for cyclical capital flows and conduct deeper analysis in this area. We look forward to the upcoming Fiscal Monitor featuring cross-country analysis on the role, economic importance, and fiscal impact of state-owned enterprises (SOEs). We view that the SOE issue should be treated equally across different countries rather than focusing on select countries to ensure evenhandedness in analyzing similar issues. We encourage a deep dive into country experiences by leveraging more expertise from other IFIs, especially the World Bank. The 2020 ESR should continue to provide a multilaterally-consistent assessment of the largest economies' external positions. During the time of trade tensions, it is more important to follow a multilateral approach in addressing persistent excessive imbalances. We call for continued efforts in providing objective and constructive policy advice, as this is crucial for the traction of the Fund.

The work program rightly focused on enhancing the Fund's advice on monetary and macrofinancial policies. Against the backdrop of lower for longer interest rates amid limited macroeconomic policy space, policymakers could face significant macroeconomic and financial stability risks. We support the forthcoming major workstreams to further strengthen the Fund's leading role in monetary, financial, and macrofinancial research. Given the broad implications, it would be useful to have different workstreams working on different issues relating to negative interest rates and "lower for longer." Given the heavy workload and busy schedule, careful sequence and close coordination is highly desirable to create synergies and provide coherent policy advice.

There is room to improve surveillance, the Fund's core mandate. We welcome the 2020 Comprehensive Surveillance Review (CSR) and the 2020 Financial Sector Assessment Program Review (FSAP) and look forward to concrete proposals in the forthcoming Board papers to enhance the quality and traction of Fund analysis and advice. On the CSR, some fundamental issues need to be addressed, including the structure, governance, and potential systemic impact of global systemically important financial infrastructure, including global payment systems for major currencies. Some important structural issues should also be further analyzed in the Fund's surveillance, such as labor and land market, and rising inequality.

Advancing the Fund's work on fintech with its comparative advantage is encouraged. We take positive note that the Fund is pursuing a multi-faceted strategy, including through analytical work, surveillance, capacity development (CD), and global dialogue to meet increasing demands from the membership in the area of fintech. The Fintech Notes have been a useful addition, providing good insights to topical issues in a timely manner. With deepened coverage of fintech issues in bilateral surveillance, it would be useful to see how the Fund can make better use of its universal reach to identify cross-cutting trends and common issues as well as good practices for the benefit of the membership. We encourage the Fund to closely follow the rapid development of digital currency and conduct comprehensive studies to explore the use of e-SDR. We would welcome management/staff's comments on any plans to advance this work. We also support the Fund's role in servicing as a platform for global dialogue, collaboration, and knowledge sharing on fintech issues that have macroeconomic significance. Is there room to improve collaboration with the private sector and standard setters in order to create more synergies and better assist the Fund in this regard? Staff comments are welcome.

We welcome the Fund's work to enhance debt sustainability and transparency, including increasing the effectiveness of CD by better integrating it with surveillance and lending operations. Debt limit policy needs to be growth-oriented, and we believe there is room for further improvement by differentiating debt issued for productive investment and debt issued for non-productive expenses. We also encourage staff to use the balance sheet approach in debt sustainability analysis.

We support the Fund's efforts in deepening its analysis of climate change. The work program rightly focused on climate change by embedding it into multilateral and bilateral surveillance where it is macro-critical.
We encourage the Fund to continue to work closely with country authorities to explore most suitable solutions to climate change challenges, recognizing that there is no one-size-fits all approach.

We support a strong, quota-based, and adequately resourced IMF to preserve its central role in the global financial safety net. We are deeply disappointed that the 15th General Review of Quotas failed to agree on a quota increase and a quota share realignment. The Fund should continue to push ahead with quota and governance reforms, which are a prerequisite for the IMF to fulfill its mandate. Quotas, rather than temporary funding arrangements, are the IMF's main source of financing. Quota share adjustments with a clear timetable and roadmap are critical for the strengthened voice and representation of emerging market economies and developing countries, and for reduced distortion in quota structure to reflect member's relative positions in the global economy. Meaningful progress must be made under the 16th review.

Mr. Bevilaqua, Mr. Saraiva and Mr. Fuentes submitted the following statement:

We thank the Managing Director for her comprehensive statement on the Work Program (WP) of the Executive Board. We broadly support the proposed WP and the prioritization established for the next 12 months, as it balances topical analytical work to support the membership in addressing macroeconomic challenges and major reviews to sharpen the Fund's toolkit, in particular the Comprehensive Surveillance and FSAP Reviews. Still, as Mr. Rosen and colleagues, we are concerned that the proposed work program may be overly ambitious, even accounting for staff's statement that the workload in policy items may be somewhat below earlier peaks. In any case, we would call for close monitoring of the work program implementation in order to avoid excessive bunching that could compromise the quality of Board discussion on key issues.

The ongoing and upcoming reviews of several of the IMF policy frameworks provide an opportunity to improve Fund's delivery on its mandate, while adjusting to new challenges. The Comprehensive Surveillance Review (CSR) and the Financial Sector Assessment Program (FSAP) Review will be crucial to provide greater traction to Fund surveillance and policy advice. Having both reviews in parallel offers a chance to better integrate financial surveillance into Article IV consultations and explore the synergies of those work processes, in line with Board endorsed recommendations from the relevant IEO evaluation.

We look forward to the progress on the workstream on monetary policy and financial issues, in the context of protracted low interest rates and extended use of unconventional monetary policies (UMP). Developing a fuller understanding of monetary policy's effectiveness, transmission channels, and unintended consequences in such a challenging environment is crucial for policymakers. Prolonged use of low interest rates and UMP, even if required to face extraordinary circumstances, tend to raise risks associated with subordinating monetary policy to financial and fiscal dominance by fueling asset volatility and debt accumulation. Along with the paper discussions, we welcome the new Monetary Policy Modeling Unit tasked with strengthening the Fund's surveillance and policy research on low interest rates. In addition, we concur with Mr. Lopetegui and Mr. Di Tata that the role of fiscal policy in addressing imbalances and supporting activity sustainably in such a context of limited monetary policy space in many advanced economies deserves greater attention.

Moreover, we welcome the continuing work on developing the Integrated Policy Framework (IPF) to provide a more systematic assessment of a robust and effective policy mix. The initiative to develop an IPF shows the Fund's ability, and its privileged position to learn with the experience of the membership. The specific challenges posed by excessive and volatile capital flows in countries with floating exchange rates have highlighted the importance of combining different instruments (namely, macroprudential measures, exchange rate interventions, CFMs, in addition to conventional monetary policy) to avoid disruptive exchange rate volatility and achieve price and financial stability. Such an innovative workstream strengthens the role of the Fund as a trusted advisor by providing informed guidance for improving policy robustness across the membership. In addition, we commend staff for establishing an active modeling agenda to assess policy responses in more complex settings, including analyzing cross-border spillovers of various policy tools.

The work of the Fund highlighting the costs of trade barriers and the importance to mitigate trade-related risks continues to be essential for sustainable growth. In that vein, the focus of the Spring 2020 World Economic Outlook (WEO) on capital flows in emerging markets, countering the next downturn in advanced economies and international migration, as well as the 2020 External Sector Report (ESR) will cast further light on the growing challenges facing multilateralism. At this juncture, we encourage the Fund to continue highlighting the common benefits of trade and expand its assessment on the rising protectionist bias and ongoing trade disputes on foreign investment, cross-border credit growth and trade diversion.

The Fund's ambitious modernization projects are advancing, and its various workstreams require closer monitoring. Given the strategic importance of the Big 5 projects and the associated large-scale capital outlays, it is imperative for the board to thoroughly review cost-benefit analyses for all programs, as recommended by the External Audit Committee (EAC). Against this background, the scheduled board briefings on the Big 5 projects and the prospects of adding supplementary meetings as the work on cost-benefit analyses is completed are welcome developments. In addition, as the implementation of the HR Strategy continues, the importance of the CCBR outcomes to support more efficient human resource management in the Fund cannot be overstated.

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

We welcome comprehensive statement of the Managing Director supplemented by a calendar of Work Program of the Board. The broad direction for the work program has been set out by the Annual Meeting Global Policy Agenda and the International Monetary and Financial Committee. We broadly agree with the proposed Work Program and the integration of the economic issues central to global economy with the Funds core mandate. We look forward to working closely with the staff and benefitting from the Board engagement.

We welcome the focus of the flagships and thematic reports from the standpoint of their application to guide member countries to take informed decisions. The attention of the World Economic Outlook on the capital flows in emerging markets and policies to counter the next downturn in advanced economies, as well as the determinants and effects of international migration, is well timed. Overall, we support the spotlight on climate change in the work program as well as on Fintech and interest rates. We note that the Global Financial Stability Report will examine how challenges from climate change are priced into financial assets. Also, the Fiscal Monitor will be offering a cross-country analysis of the on the on the role, economic importance, and fiscal impact of state-owned enterprise. In doing so, we would urge the Fund maintain a balance, develop practical implementable policy actions and avoid under-or-over projecting the responsibilities, bearing in mind country-specific circumstances.

On the main policy priority and deliverables on page one, we support the emphasis on turning evidence-based analysis into actionable policy recommendations to make economies more resilient and inclusive. Here however, we do see the focus confined to monetary and macro financial policies and not fiscal policy or structural aspects, so pertinent to inclusive growth. Since use of policy levers encompassing fiscal and structural facets would be essential for an effective policy mix in the current conjuncture, we would suggest it being mainstreamed in the work program. Separately, the Funds work on Impact of Low or Negative Interest Rates is very pertinent and we look forward to the analysis presenting the influence of interest rates across the spectrum to fully understand the causes, consequences as well as the nuanced policy actions to be deployed from a stability and capital flow perspective.

The work program lists Staff Discussion Notes on key areas of Financial Services and Inequality, Financial Inclusion and Fintech and

Women in the Labor Force: The Role of Fiscal Policies. These areas are very significant especially for the emerging markets. However, the Board engagement on SDNs remains, at best, brief, without much opportunity for meaningful inputs. This feature is not understood externally, including by country authorities, and the SDNs bear the risk of being erroneously perceived as being the official views of the IMF and of even being endorsed by the Board. Could staff offer their views on whether there could be any opportunity to engage with the staff on the SDNs more extensively both from the perspective of guiding deeper analysis and developing actionable policy recommendations for the membership?

Against the backdrop of the challenging global environment, we highly support the contributions for improving the multilateral system and upgrading international frameworks and cooperation. In particular, we appreciate the extensive coverage on fintech issues through a multi-pronged approach of analytical work, surveillance, capacity development and global dialogue. In terms of the Funds convening role across many institutions, it is important that the Fund continue to leverage the expertise of and co-ordinate its initiatives with other institutions. On trade, we see a brief refence to staff updates on the trade-related issues. Beyond this, is further work envisaged on the Funds efforts to promote trade through policy advice and trade-related macroeconomic analyses?

We highly appreciate the work being done on debt including internally on the Review of Debt Sustainability Framework for Market Access Countries and Review of the Debt Limits Policy. We also see that considerable work is being done for G20 in this sphere. On balance, we look forward to the updates on the Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities and remain hopeful of progress on a comprehensive debt database to clearly and exhaustively reflect the debt landscape and hence help membership better manage the evolving risks.

This work program encompasses an extensive listing of elements under the modernizing of Fund Policy Toolkits to meet the challenges of a fast-changing world. We look forward to the Comprehensive Surveillance Review and the Review of the Financial Sector Assessment Program and Review of Data Provision to the Fund for Surveillance Purposes. A candid assessment of experiences, anticipating the evolving digital transformations and incorporations of lessons from programs, especially on the less successful ones, would be crucial to develop reviews which work in the future. We welcome the inclusion of the agenda item on addressing on the Article IV Excessive Delays but would like to stress that this is essentially a key aspect of surveillance and hence should be aligned with the Comprehensive Surveillance review. We would urge that this subject be taken up sooner than December 2020, and even along with the April 2020 review of Comprehensive surveillance. We invite staff comments.

Beyond this, we welcome the discussions on the major reviews including Eligibility to Use the Fund's Facilities for Concessional Financing and Policy Safeguards for PRGT-eligible Countries Seeking High Levels of Access to Fund Resources and would stress on its growth-oriented oriented focus and a continued engagement to make limited resources deliver better.

Undoubtedly, executing the work program or more broadly the Funds mandate requires a high quality, diverse, and well-incentivized staff. It is important that the membership of the Fund engage effectively on the Comprehensive Compensation and Benefits Review, Big 5 Modernization Agenda, to ensure this objective.

Finally, the ambitious work program will need to be accomplished within the Fund's flat budget and available HR resources. We appreciate the efforts at avoiding bunching, and efforts are made for better spacing and listing of the Board calendar items currently mentioned in the Program but listed in the Calendar.

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

We would like to thank the Managing Director and staff for this opportunity to discuss the work program, which is well aligned with the most recent Global Policy Agenda and the October IMFC communiqué. We are generally pleased with the steps the IMF has taken and is taking to adapt itself to the needs of the membership, to be proactive in analyzing and responding to global and domestic vulnerabilities and trends, and to tackle long term challenges. We generally support the steps highlighted in the work program and wish to offer the following comments.

The priorities for multilateral surveillance appear warranted. The themes of the Spring 2020 WEO on capital flows in emerging market and on policies to counter the next downturn in advanced economies are highly relevant. Specific attention should be paid to the way fiscal policy is to be used in this context. Continued Fund work and engagement on trade-related issues will also be instrumental going forward, building on the knowledge and the advocacy work that has been developed over the past several years, even though this issue is not featured prominently in the work program. We welcome the work outlined to improve the Fund's advice on monetary and macro-financial policies and look forward to the policy papers described in the work program regarding the reinforcement of the Fund's institutional capacity on monetary policy. This is all the more warranted in an environment of lower-for-longer interest rate, which has important implications for the conduct of monetary policy. We highly value the work outlined in box 2 in this regard. Finally, we welcome ongoing work on digital currencies and illicit financial flows and look forward to useful policy advice on correspondent banking relationships, given the worrying trends in several regions.

The staff discussion note on rising corporate market power is much welcome, building on the excellent WEO chapter. This should provide useful input for policy makers, at a time where there is additional consideration paid to the role and tools of competition policy across the world. Another staff discussion note will also be particularly useful, regarding the role of dominant currencies, and we hope the Board will be able to engage on this issue.

In addition to the themes already covered in the work program, we would encourage deepening the research agenda in several directions. First, the inflation puzzle and output gap measurement in advanced economies: in the context of durably below target inflation levels, low coefficient of the Philips curve, and difficulty to measure potential growth as well as the output gaps, we see a strong need for further research in that field. Second, the treatment of the issue of inequalities in the work program remains piecemeal. We would see merit in broadening the analytical agenda on the drivers of wage dynamics and the main factors for flat wages and purchasing power at the bottom of the income ladder in many advanced economies. We would also see merit in studying more in-depth the potential impact of increases in the minimum wage levels in advanced economies. Staff comments on these two issues would be welcome.

Work on low income countries is advancing to better tailor the Fund's engagement to their specific needs and constraints. Given the constraints these countries face in balancing their development needs and their often limited fiscal space, we look forward to the discussion in February regarding revenue mobilization in developing countries, and to the board meeting in January on the evolution of public debt vulnerabilities. More generally, we look forward to the reviews of the DSF for market access countries, and of the Debt limit policy.

Adequate articulation between policy advice, lending operations, and technical assistance programs is essential to have strong traction and reform ownership, in particular in low income countries with low capacity. We hope that the February 2020 board discussion on the implementation of capacity development priorities will offer a useful opportunity for the board to engage meaningfully on the work going forward.

Continued work is needed on Fragile and Conflict-affected states. The agenda item on building capacity in monetary and financial policies is promising, as it can drive better CD delivery going forward. Beyond this item, we look forward to further Fund work regarding revenue mobilization strategies in low income and fragile states, to help support better medium-term development and institutional outcomes. Staff welcome on this point would be welcome. More generally, frequent and thorough engagements with the Board would be welcome. In this regard, it would be positive if a Board discussion on the Fund’s FCS engagement could be scheduled sooner than end-2020.

The work undertaken on climate change over the past few years is demonstrating its macro criticality and the impact it is having on the conduct of the countries’ fiscal, monetary, financial and structural policies. The key issue is now to further integrate this work into the Fund’s surveillance. The current surveillance reviews, and in particular the CSR, will be instrumental. We hope that they will be able to clearly articulate the Fund’s strategy for engagement with authorities on climate issues as part of the bilateral surveillance. The upcoming themes for the GFSR and the WEO will be very useful to further deepen the Fund’s institutional ability to give the best advice. We hope that the work on the macroeconomic implications of mitigation policies can bear fruit for the Fall 2020 WEO, given its implication on bilateral surveillance. Finally, we look forward to the review of the Climate Change Policy Assessments, to learn the lessons from this excellent product for the benefit of the wider membership.

Last, we would like to underline the importance of safeguarding the Fund’s institutional strength. This requires in particular completing the last steps towards securing the Fund’s resources in early 2020. It also requires ensuring the alignment of the HR strategy with the Fund’s strategic priorities, through maintaining an up-to-date skillset, either by recruiting the adequate expertise, enhancing collaboration with other international organizations, or developing trainings. This will be particularly relevant as the Fund deepens its engagement on issues such as climate, social spending, inequalities or fragility. Finally, we hope that the next discussions on the budget and on ongoing policy reviews will offer the Board the opportunity to discuss a range of options and policy tradeoffs, so as to better plan resource allocation and align resources with priorities.

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

We thank the Managing Director for the comprehensive Work Program (WP), which is broadly aligned with the policy priorities and strategic directions outlined in the latest Global Policy Agenda (GPA) and the IMFC Communiqué.

We broadly concur with the main policy priorities and sequencing of the deliverables of the WP, and welcome the approach to address concerns highlighted in the 2019 Risk Report. We would like to add the following comments for clarification and emphasis:

The Fund should continue to focus on issues within its core mandate and rely on the expertise of other specialized international organizations on other emerging issues when macro-critical. The current global environment, where growth is weaker, inflation and interest rates are low, and debt and policy uncertainty remain high, requires more Fund work in the traditional areas, such as fiscal, monetary, and financial policies. In this context, we take positive note that the WP will cover such key issues, including the Integrated Policy Framework (IPF), the Financial Sector Assessment Program (FSAP) Review, the Review of Debt Sustainability Framework for Market Access Countries, and the Review of the Debt Limits Policy.

We also thank the Fund for the dedicated work on the G20 deliverables, including on debt vulnerabilities, sovereign lending, digital currency implications, global tax solutions, and access to opportunities. This is very much appreciated by our authorities, and we look forward to working together for successful G20 outcomes in 2020.

We appreciate SEC efforts to better balance the workload of the Board and would encourage further efforts to address the occasional bunching in the Board calendar. We underscore the need to focus on completing the CCBR before the end of the year.

It is essential that the Fund step up its efforts to promote global trade. We encourage the Fund to step up its efforts in this area, with a view of fostering trade and global cooperation. In particular, the Fund should continue its efforts to promote open trade through advocacy, policy advice, and analyses, in collaboration with the WTO and other international organizations.

On climate change work, it is important that the Fund works closely with the WB and other international organizations that have technical expertise, and within its mandate. We get the impression that the climate change work envisioned in the WP focuses heavily on “mitigation” policies rather than “adaptation” measures. In our view, the Fund should pay due attention to the importance to consider, when relevant, climate adaptation options in line with the 2019 Fall IMFC communique language. Can staff provide specific examples of the expected IMF work on adaptation measures in the context of climate change work?

We regret the limited Board engagement on diversity issues. It is indicated in the WP that the Board will be briefed on diversity issues in October 2020 in an informal Board meeting. By that time, it would be late to engage on the 2025 Diversity & Inclusion benchmarks, especially considering the elevated risk level. Our authorities are keen on receiving reports of the Fund’s progress in this area, especially after the disappointing regional diversity progress results in the FY 2018-2019 report. We therefore call for advancing the upcoming Board discussions, as called for by many other Executive Directors on the 2019 Diversity & Inclusion most recent meeting, to allow the Board to consider concrete steps, particularly for staff from the under-represented regions.

The CD priorities should be set and explored by the Board. We encourage management to further strengthen the Board engagement on CD issues. In particular, we encourage staff to respond to the call by the Board members during the discussion on CD review to strengthen Board engagement on this subject. Additionally, figure 3 on Fund Policies by Thematic Category shows that work on CD policies is decreasing since it peaked on 2018 Spring, Staff comments are welcome on this trend.

Also, we look forward to discussing departments’ CD strategies in the Capacity Building for the Middle East and Central Asia Department. Further strengthening Fund engagement in fragile and conflict-affected states is essential. In this context, we appreciate the planned briefing on the actions being taken, including in the area of building capacity in monetary and financial policies. Could staff comment on the envisaged HR incentives for Staff to work on Fragile states?

Finally, we encourage closer engagement with the authorities before the Board meeting on the Review of Data Provision to the Fund for Surveillance and Article VIII, Section 5 Issues which is planned in November 2020. Due consideration should be given by management to the authorities’ capacity and views on the reviews.

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

We thank the Managing Director for her Statement on the Work Program of the Executive Board for the next twelve months. We share the view that the proposed work program (WP) broadly reflects the strategic directions and priorities contained in the Global Policy Agenda (GPA) Update of last October as well as the Fall 2019 IMFC Communiqué. However, some improvements could be made to fully align it with the IMFC's recommendations.

We appreciate that this WP strives to ensure that, in an environment marked with significant policy uncertainties and elevated downside risks, the Fund remains at the center of global efforts to elaborate actionable policy recommendations to strengthen economies' resilience, enhance the multilateral system and upgrade international cooperation, reinforce the institution's policy toolkits while maintaining its financial resources and pursuing its governance reform as per the membership's request. We also acknowledge the efforts made in reducing item bunching although, once again, more remains to be done in this regard.

The Proposed Fall 2019 Work Program

We welcome the proposed analytical chapters for the Spring 2020 flagships (WEO, GSFR. FM) which focus on issues pertaining to global risks (capital flows in emerging markets, policies to cope with the next global downturn, fiscal risks from state-owned enterprises) as well as on emerging challenges (international migration, financial asset pricing of climate change). In particular, we appreciate the fact that the climate change challenge is increasingly embedded in multilateral surveillance and expect that bilateral surveillance consultations draw from it when relevant. Regarding the External Sector Report, we note dual reports, one on the assessment of the largest economies' external positions (ESR) and the other on the assessment of non-ESR countries. We are puzzled with the idea of creating two such reports. Can staff explain the rationale for such duality considering the need to safeguard resources?

While we find the planned Board discussion on "Evolution of Public Debt Vulnerabilities in Lower-Income Countries" in January 2020 a pertinent undertaking, we wonder why this report is limited to lower-income countries as opposed to low-income countries. We would also inquire the reason(s) behind the formal meeting format for such fact-finding report. Moreover, we note that this item has been added on a short notice as it was absent from the previous WP but is scheduled to be discussed in January 2020. Can Staff elaborate on these three points?

Regarding the workstream to enhance Fund's leading role in monetary, financial and macro-financial research, we take positive note of the focus on the implications of lower-for-longer interest rates, not only through the flagships but also the Management Implementation Plan on the IEO Report on IMF Advice on Unconventional Monetary Policies. This is timely, and we look forward to this discussion which has significant implications for the broader membership.

On improving the multilateral system and upgrading international frameworks and cooperation, we regret the postponement of the planned Stock-take on the Fund's Work on Illicit Financial Flows from May to September 2020 due to "competing work pressures" (Table 3). We caution against continuing to treat this issue as second-thought considering its potential significance for boosting resource mobilization in low-income countries. As underscored in the Spring 2019 Global Policy Agenda, combatting IFFs is also an integral part of ensuring a level-playing field and promoting international cooperation indispensable to address cross-border challenges. We expect this analysis to be as granular as possible, capturing the various categories of illicit flows and regional specificities.

We also look forward to the Board's Update on Trends in Correspondent Banking Relationships (CBR) scheduled for March 2020. However, as the IMFC called for "further efforts to address the causes and consequences of CBR withdrawals and help countries deal with them", we would be interested in knowing the next steps following this informal Board meeting to brief.

We welcome the continued support to international fora. We are however a bit concerned that, although the broader membership can benefit from the G-20 notes prepared by Fund staff through prior dissemination to the Board, Fund support to other fora seems exclusively directed towards the G-20 and this assistance is quite abundant. We would hope that the Fund agenda remains driven by the whole membership.

Considering the importance of the matter for the membership, we would have expected some initial work for the Committee of the Whole on the 16th General Review of Quotas towards the end of the 12-month period covering the proposed work program. Given the lengthy discussions required to achieve a consensus on those issues, it would be desirable to begin as early as possible, particularly given the shorter period for the 16th Review.

On lending program policies and debt relief, the IMFC has expressed last October its support for further efforts to strengthen the global financial safety net and promote a resilient international monetary and financial system, including by reconsidering elements of the lending toolkit. We do not see how this guideline is translated into the work program. Also, it seems to us that the limited capacity of the Catastrophe Containment and Relief Trust (CCRT) to respond to the needs of members that are vulnerable to natural disasters warrants a more urgent discussion than the informal meeting to engage scheduled in September 2020.

Lessons from the Implementation of Spring 2019 Work Program; Strengthening Strategic Planning and Prioritization

We agree that the innovations that were gradually introduced since 2016 to enhance the link between strategic planning and prioritization have helped facilitate strategic considerations of tradeoffs in setting institutional priorities, which contributed to reducing somewhat calendar bunching.

We welcome the finding that the implementation of the Spring 2019 WP has been broadly as planned but December remains a month of high bunching as are months leading up to the Board recess, notably June and July, despite actions to avoid scheduling non-time sensitive policy items in those months. This calls for better item planning—including for country matters at the area department level—and prioritization.

The Chair made the following statement:

I want to thank you for your engagement and for putting forward very helpful comments in the grays. My sense of unity of purpose got stronger after reading your comments because by and large, it seems that we have a common view on the priorities for the Board. My starting comments are to first emphasize the key areas where you expect us to focus on—and we are committed to do so—on the broad agenda, on monetary policy and macrofinancial issues including initiating work on digital currency, a topic that is becoming more pressing for our member countries. Second, as it has become clear at the Annual Meetings, central banks and finance ministries are very keen to see the Fund do more work in our area of expertise on climate change. Third, your encouragement that work in fragile and conflict-affected countries ought to be a priority. Your support is particularly valuable to us on a topic that surfaced as top of mind during the Annual Meetings, namely the lower-for-longer and the agenda we have on addressing the issues of interest rates and implications for monetary and financial policies. Our determination is to further enhance our leading role in these areas, including through flagship reports, our response to Independent Evaluation Office (IEO) reports on financial surveillance and unconventional monetary policies, and through the Integrated Policy Framework, which for many chairs is a very important part of our work.

We recognize that when it comes to climate change, it is our duty to reach out and work with others. We are not going to replicate skills and capabilities of institutions with whom we partner well, but it is our responsibility to give staff guidance on how to interpret issues related to fiscal policy or fiscal risks and how to tap into expertise of other institutions. I want to be the Managing Director who leaves behind a legacy of the Fund being strong everywhere but especially in the weakest of our members, and that is where we have been stepping up the work on fragile states, including through the Platform for Collaboration on Tax (PCT), which is an issue of critical importance for many of these countries

We would like to hear more from you about how you see us prioritizing in the Work Program. It is a very ambitious Work Program, and we know that it would be very helpful for us to hear on agenda priorities in the months to come. Before I pass the floor to speakers, let me touch on two issues.

First is trade. I want to reassure you that we will continue to monitor developments and will schedule updates with the Board as needed. We will very carefully consider where we are, what the future developments are in the international trade system for the scope and timing of the next trade policy review.

Second, on the work on enterprise risk management, we really appreciate you pushing us to take this front and center as a priority issue. We are now in the process of obtaining the audit from the Office of Internal Audit on the Fund’s risk management framework. We will have it by mid-2020; and meanwhile, the Office of Risk Management will continue to give you regular updates, including a mid-year risk update. What we want to see is how we are going to approach risk management on the basis of thoughtful audits first being done, and we will continue to engage with you on this topic. As always, we will have our briefings on a regular basis.

Mr. Mojarrad made the following statement:

First, I would like to thank you, Managing Director, for a comprehensive Work Program and broadly support the four priorities set for the period ahead. We also take this opportunity to thank the Secretary for the efforts to balance the workload of the Board. Like Mr. Beblawi, we do not consider that more informal meetings and Staff Discussion Notes (SDNs) are the right solution to streamline the workload of the Board. In this connection, we note that the six SDNs included in the Work Program for the next six months cover important areas like exchange rate and external adjustment, financial services, inequality, and financial inclusion.

SDNs are staff work and therefore are not endorsed by the Board, but we note that SDNs are being used as a vehicle for implementing the priorities under the Work Program. While we appreciate the staff answer to similar concerns expressed by Mr. Bhalla, the perception in the media remains that SDNs are IMF documents representing IMF views. We remain of the view that excessive reliance on SDNs may weaken the role of the Board and we would appreciate some elaboration on additional efforts to address this risk.

Important policy reviews will be completed during the next six months, in particular, the Comprehensive Surveillance Review (CSR) and the Financial Sector Assessment Program (FSAP) reviews. We hope that the Board will be kept closely engaged in the finalization of complete proposals to help enhance surveillance and the traction of the Fund's policy advice. We support the Fund's effort to ensure that the institution remains strong, quota based, and adequately resourced.

While the Work Program includes a clear timetable on what is needed to safeguard the Fund's resources, there are no indications about the timing of the discussion by the Board on the governance component of the package, and we would appreciate if staff could offer some indication on how and when the work on governance reform will proceed. We look forward to the work on measuring the informal sector, and we note that it will be limited to defining and estimating its size. In view of the importance of this sector in many countries, we encourage the staff to also document countries' experiences in reducing the size of the informal sector.

We continue to support the Fund's engagement in fragile states and look forward to the discussion on building capacity in monetary and financial policies in these countries. In the same vein, we share the concerns expressed by Ms. Riach about the delayed update on the implementation of measures to strengthen Fund engagement with these countries and support her proposal for an early meeting.

Finally, we share the concerns expressed by Mr. Mouminah on the limited Board engagement on diversity issues and support his call for advancing the upcoming Board discussion. On another topic and as this morning's discussion on Mauritania has shown, there is an urgency to review the Fund's Transparency Policy (TP), as also suggested by Mr. Fanizza.

The Director of the Strategy, Policy, and Review Department (Mr. Muhleisen), in response to questions and comments from Executive Directors, made the following statement:[1]

This is quite an ambitious Work Program, as many of you said. We have about 70 items compared to the 50 items that were agreed two years ago in the context of a streamlining exercise, so it has been quite some work to put this together. Thus, I would like to thank my staff and the Secretary's staff who put this together. They have done quite a job in a very short time.

We are still thinking of the best formula for how to get back to you on the CSR. We need to reflect on the very interesting and good feedback on the midpoint Board discussion, and we will think about the best format of how to engage with the Board. But be assured that we will get back very soon, and there will not be progress without quite intensive consultations with you.

On the delays in Article IVs and the Transparency Policy, it is a question about sequencing and resources. We need to get through the CSR, and after that, we will start with the work on the delayed Article IV framework. We will need to reach out to the Board and seek a way forward, and we are just being realistic that it will probably take a little bit of time. We do not want to get into a situation where we have to delay papers because we are too optimistic. It is the same group of staff that works on the CSR and the Transparency Policy, so we have no choice but to go in sequence. We understand your sense of urgency and we are trying to do our best, but it will take until after the CSR engagement, when we can be more precise on when the Board meeting can take place.

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

On the Integrated Policy Framework (IPF), we intend to reflect on the insights from developing that framework to deepen policy discussions, especially from the cross-country experience and the case studies. To this end, we have scheduled two Board meetings, in March and June 2020, to solicit your feedback on how to take this important work forward.

Several Directors have asked about our work for the G20. That is an important global forum, and some of us are just back from the first Deputies meeting and Sherpa meeting in Ryadh, which was very successful for the Saudi Arabian authorities. We have had a tradition of helping all G20 presidencies in the recent past with dedicated resources, because we believe it is in the interest of the Fund to help each member country that does that. There are also synergies for our work by being able to highlight some of the work that has been happening at the Fund to the authorities there and by publishing some of this work, for example, the surveillance notes, to get out the message of the Fund in a global context.

The papers that go to the G20 do not involve new policy work, so there is nothing in these papers that would affect any Fund policies if we would not run past the Board first. In most cases, these are updates and summaries, sometimes going back and digging out some papers that were written two years ago because they are becoming relevant again. We use existing policy and analytical work to minimize costs too. The other cost that goes into the G20 is one or sometimes two staff being deputized to the G20 presidency, but I can’t remember actually when we had two for a while. So, we have one economist in Ryadh, for example, at the moment, as we did have economists before in other G20 presidencies. The Fund is only paying for the staff salary. Costs are generally covered by the host countries, and that has been in our experience a very useful arrangement.

On limiting the number of SDNs, there is an intradepartmental committee among staff that includes the Communications Department and some Directors from key functional departments, which looks at all the proposals for SDNs that have been brought forward by staff. We go through them collectively, and there are certain quality standards that are being applied and, in general, the aim is to keep the number of SDNs at about eight per year. These proposals then go to management for approval. We are very mindful of the fact that we do not want to exceed the number and that we do not want to overburden the Board.

SDNs are quite useful in presenting and positioning the Fund on issues that are in the public debate, but where it is too early to come to conclusions and to come to the Board for a formal policy discussion. If questions of Fund policy are involved then, of course, we would come to the Board. The SDNs have proven to be a very good outreach vehicle, for example, launched by the Managing Director in various locations and conferences, and have attracted quite a lot of attention. We have always been careful in pointing out that these are not the Fund's official views as endorsed by the Board.

On governance reform, I am not yet in a position to give you any firm timetable, but one option that we are considering together with the Finance Department is to recall some technical work that has been done in the past, just to make sure we are all on the same level, as far as the technical work is concerned. Please understand that finalizing the New Arrangements to Borrow (NAB) itself and then turning to bilateral borrowing arrangements will require resources. I think it is important that once the NAB has been approved, we then turn to securing the bilateral borrowings that we will need for the coming years, and that process will also take up some time. Let me come back to that precise question somewhat later when we have a better sense of how this work can proceed.

Ms. Levonian made the following statement:

We are generally quite pleased with the Work Program and found that it achieved a better balance between core and emerging issues, in particular, the attention paid to monetary and macro financial issues. We were also pleased to see several forthcoming discussions around the theme of diversity and inclusion, which are very much welcome.

In our gray, we suggested a few areas where the Work Program could be more responsive to the current conjuncture and the IMFC, and I am just going to highlight three points and touch on a few other issues.

First, we felt that the agenda regarding climate change was better calibrated than in previous editions. This is an impending existential challenge for many members, in particular, small island states. These members are looking for our leadership to accelerate the Fund's resilience building agenda, and such an agenda could include things like natural disaster clauses in IMF loans, piloting disaster resilience strategies, supporting regional efforts to scale up insurance coverage, and technical assistance (TA) to access green climate funds. And we were hoping to see a discussion of the Fund's resilience building agenda in the Board's work plan.

Second, we would highlight that the trade issue requires more coverage. Trade tensions are the number one risk in the outlook, and there is surely an ambitious trade research agenda underway and it deserves more visibility.

Third, we feel that the Work Program could have been more responsive to the Board request to improve risk management and the risk framework. This includes following up on the discussion during the 2019 Risk Report and leaving flexibility in the Work Program for meetings to discuss off-track programs and crisis countries. A very recent example of this is Ecuador.

We were pleased with the rollout of the multi-pronged approach to debt issues, but like Mr. Rosen and Ms. Riach, we feel that we should not delay a Board discussion on the implications of the World Bank's use of the negative pledge clause to protect preferred creditor status. I urge expediency in the discussion on the Transparency Policy, because we feel that the rigidity in the policy is undermining traction and the Fund's role as a trusted advisor with many members. I understand the sequencing, but the sooner we get to it the better.

We proposed being more selective in bringing research to the Board. We value the discussion held at the Board on engaging research topics, but they are ultimately discretionary, and we propose a focus on contentious and/or highly globally relevant research. We would also suggest that there would be significant efficiencies in the Board calendar if lapse of times (LOTs) for decisions were used as intended rather than to deal with bunching.

Mr. Tan made the following statement:

Overall, this is a well-thought-out Work Program, one that presents a thorough response to the Global Policy Agenda (GPA) and the IMFC communique, and that continues to strengthen the underpinnings of Fund policies and modernize its toolkits and operations. Especially in a highly dynamic and rapidly changing global environment, one constant is that this cycle reinventing itself and staying ahead of the game.

Firstly, while the work program helps provide a succinct view of the myriad priorities, it is important not to lose sight of the bigger picture and to consider engagement between workstreams. One example is the integration between the CSR and FSAP reviews, as well as between these reviews with other policy workstreams, such as the IPF, data provision, broader organizational efforts on HR strategy, and the medium-term budget. Another example is the ongoing work on the Comprehensive Compensation and Benefits Review (CCBR) and recent Diversity and Inclusion (D&I) Report, which can be mutually reinforcing in supporting efforts to increase the diversity of staff.

In relation to strategic planning and prioritizing, looking at the priorities as a whole and in a coherent manner will enable the Fund to better understand and find the right balance between building on its core mandate and responding to new emerging issues, as well as between leveraging its core expertise vis-a-vis those of other international partners. Here we share the view of Mr. Rosen, Mr. Bevilaqua, Mr. Von Kleist, and others on the potential challenge of a heavy Work Program and persistent bunching of Board items. Beside the medium-term budget, we wonder if a more deliberate and focused discussion on prioritization and reprioritization is warranted as part of the Work Program process.

Secondly, a good program requires great execution. In this context, we see two key streams of priorities. One, for workstreams at a critical milestone, such as the CSR and FSAP review, or at the tail end of the review process, such as those on Fund lending and debt policies. Here, it would be good practice if a cogent understanding of the resource implications and implementation modalities could be a clear prerequisite for making well-informed decisions as proposals are finalized. Two, for priorities at implementation stage, such as those on enhanced Fund engagement on governance, CD priorities including their integration with surveillance lending, as well as sound Big 5 projects, it is incumbent on all those involved to avoid the last-mile problem and not to stop at implementation but continuing to set clear expectations on what needs to change, manage communications well on the "why" and "how", measure tangible progress, and realign plans as necessary.

Thirdly, this brings us to a need to ensure close and timely country engagement to foster strong buy-in and well-tailored recommendations in order for the Fund to deliver the most value-added advice to the membership.

We highlight three cases in point, among others. One, on the important review of data provisions where Directors have cautioned against overburdening countries unnecessarily. Two, on the central bank Transparency Code where the Board has raised concerns with the tight timeline and called for broader consultation with country authorities. And, three, on integrating macroprudential policy frameworks into surveillance where members have called for a differentiated approach to the risk assessment and policy advice for housing-specific issues, given their far-reaching implications on households and financial stability, as well as on social outcomes.

Lastly, we agree with Directors on many of the comments raised in their grays. For example, like Mr. Fanizza, Mr. Kaya, Mr. White, and others, we welcome increased attention to monetary policy and financial sector issues and the timely analytical work on drivers and implications of lower-for-longer interest rates. We also support Ms. Levonian's remarks on the importance of the Fund's resilience building work, particularly for small island states, and agree with her, Mr. Ostros, and Mr. Mouminah that more emphasis should be given to trade-related issues. Following up on the IEO's discussion on this topic will be instructive, such as in translating multilateral surveillance messages into more impactful bilateral advice.

Mr. Doornbosch made the following statement:

Reading the Work Program is always a bit of a mixed experience. On the one hand, it is slightly intimidating to see such an ambitious agenda for the next six months. On the other hand, it is very exciting to see so many interesting Board items. This time, I think an excellent effort has been made to make sure that the excitement exceeds the intimidation and not least because you have included boxes on the issues I like most and that are of crucial importance for the Fund, such as climate, the implication of low rates, fintech, and digital currency.

On climate, we welcome the efforts to systemically integrate climate change into bilateral surveillance, and we look forward to a clear strategy on how to do it. In that context, I was pleased with the commitment last Monday in the CSR Board discussion to share the how-to note before our next Board meeting on the CSR.

On the implications of low rates for monetary and macroprudential policy, we believe that more work can still be done to understand the supply-side determinants for low inflation. When I read the Work Program, the emphasis seems to be very much on the consequences and on how monetary policy and macroprudential policy should respond to the effects of prolonged low rates on financial stability. I think that is important, and we should do that. I was wondering whether we are also doing enough to understand the causes of the low inflation. Any comments would be appreciated.

Furthermore, most work seems to be done in the context of the WEO and GFSR. That seems appropriate, and I was wondering whether it would be an option to have a dedicated Board meeting on one or two of the analytical chapters, because if we do it all together, it might get lost in terms of building on our mutual understanding as a Board on how to look at these issues. We also appreciate work on the distributional effects of monetary policy and the Board briefing that is scheduled on this.

Staff is again working on a very interesting set of staff discussion notes. We noted the SDNs on corporate market power and on cybersecurity risk and financial stability. I think it would be interesting to see if we can make the Board discussions on these SDNs more interesting by focusing more on the lessons for our surveillance. In response to a question by Mr. Bhalla, staff writes that the SDNs shall not make policy recommendations, and that was a bit of a surprise to me. I was thinking, for example, about the SDN on the central fiscal stabilization capacity in the euro area, and I think staff is often using these SDNs to get to policy recommendations, so maybe you could clarify that response in the answers to technical questions.

I was very pleased to see debt issues remain high on the agenda. The final weeks of January promise to be very interesting with discussions on the MAC DSA, Debt Limits Policy, and the evaluation of public debt vulnerabilities in LICs. We would be interested and would like to request a separate discussion on the G20 note on collateralized sovereign lending. I think that would be very interesting, and I would appreciate a response to that.

Like others, we agree that work needs to be done to assess the optimal model for risk management for the Fund. Like Ms. Levonian, we would like to request a Board meeting on the results of the internal audit of risk management by June. I am not sure if I should understand your opening remarks as confirming this.

Like many Directors, we think the Board should be actively involved in setting the priorities for capacity development and discussing capacity development implementation. To this end, we request to change the Informal to Brief on the implementation of capacity development priorities to either a Formal Board or an Informal to Engage.

Finally, on excessive delays, I think we have an excessive delay of the excessive delays. So, I understand the sequencing, but if there is anything we can do to bring this a little bit forward, that would be appreciated.

Mr. Ostros made the following statement:

First, I think it is a very good focus on monetary policy, macrofinancial, and debt issues. There are really core for us, not least as we have this low-for-long environment, and the authorities are really in need of a qualified discussion on how to adapt to this new environment and how to manage the risks related to this environment. We are also very pleased with the plan focus in the WEO on cyclical policies looking at policy options when policy space is so limited, as it is now. That will focus our discussion in a very good way in the coming six months.

I also would like to thank you, Madam Chair, for addressing the trade issues from the start this afternoon. This is such a success story for the Fund, swinging ourselves up to the top institution in the intellectual debate on trade and the damage that trade tensions can cause. After this period, we have a much greater understanding of these issues, and we have done some seminal work. We should continue to do that, because there are still many issues left but also probably many negative actions left on the world stage. I would like to encourage staff to think about how to produce more on these interesting topics regarding trade that will also focus our activity in the trade debate.

I would suggest looking at managed trade. We see at the recent trade deals that there are more managed trade components. How will that affect productivity and trade flows going forward? We have the tendency of a tech divide that could really influence trade flows and productivity going forward, and we have the issue of services trade that we need to understand better.

Thirdly, on the CSR, I welcome Mr. Muhleisen’s comments on this very important topic. I was very glad that the Managing Director opened up for another meeting before the formal Board meeting, because the abstract level is too high to really understand what we are doing, and I do not want to have a situation where the staff guidance note actually declared that this is what we meant. I think the Board needs more understanding in detail what this means, including on cost implications, on how the Article IV processes will look like, and on how it will realign with the FSAP process. We have that discussion tomorrow. I think we are going in a very interesting direction there, but how does that align with the CSR process? I would very much like to see that we put the new meeting on the table to have that discussion.

On the G20 notes, it is important that if there is new information, new analytical efforts, not only new policy things, it should be discussed in the

Board because we are not a subcommittee to the G20, and this is sort of where this discussion should be. I would like to support Mr. Doornbosch on the collateralized sovereign lending and the sovereign debt restructuring. These are issues that should be discussed firstly in the Board, and then we can issue a note to the G20.

When it comes to the capacity development (CD) priorities, I also agree with Mr. Doornbosch and others that we need a Formal or Informal to Engage discussion on that. We have had many interesting interactions on that issue in the Board, and I think the Board involvement is important. We have many CD donors around the table, and they want to feel comfortable that the Board is deeply involved.

Mr. Bevilaqua made the following statement:

I reiterate our support for the proposal and appreciate the efforts to cover quite a large number of relevant issues for the Fund and the membership. For instance, the number of proposed discussions on the issues related to central banking and monetary policy is very much welcomed. My understanding is that we have substantive policy challenges on this front, and it is right at the core of the Fund mandate. Yet I would like to echo some concerns raised by several Directors regarding the Board workload.

The proposed Work Program is highly relevant, but prioritization may be crucial to ensure that the Board continues to deliver high-quality work on the wide array of issues on which we are called to take a stance. Similarly, ongoing efforts to smooth out the Board calendar and support better distribution of items along the year are very much welcomed. Regarding the implementation of capacity development priorities, the inclusion of the informal session to brief the Board is a welcome proposition. However, considering the rising integration between surveillance and lending with capacity building activities, we associate ourselves with the recommendation of other Directors calling for greater Board involvement in setting capacity development priorities. We strongly agree with the views that have emphasized the need to increase the profile of capacity development strategic issues at the Board.

We see merit in Mr. Bhalla’s observation regarding the limited opportunity for meaningful inputs during Board engagement on SDNs. In this sense, providing more details in the presentations and giving enough time in advance will enhance the efficiency and the use of Board time in the discussion of SDNs. I believe that some small changes in procedures could boost the depth and quality of Board discussions on such issues.

Finally, in assessing this new Work Program, we acknowledge the fact that one of the most important subjects in previous work programs, the 15th General Review of Quotas (GRQ), will be closed without delivering on the commitments made by the membership. We look forward to completing this debate and implementing the agreed decisions to safeguard the current resource envelope. We understand that the 16th GRQ is not an issue for this Work Program. That said, we would encourage staff to continue working on refining the methodology for assessing the adequacy of Fund resources, as well as in ways to make quota shares better reflect the relative economic weight of members. With that I renew my appreciation to the proposed Work Program.

The Chair made the following statement:

The fact that we are not proposing any specific engagement on the 16th GRQ does not mean that staff is not going to be gearing towards a successful 16th Review. As I have said many times, we cannot have the 16th GRQ to finish like the 15th GRQ, so to give you comfort that this is something we will continue to work on.

Mr. Mahlinza made the following statement:

We find the Work Program appropriately ambitious and balanced to ensure that the Fund meets the members’ evolving needs while strengthening internal policies. In this regard, we welcome the reviews to enhance the Fund’s policies on surveillance, lending, and capacity development and the efforts to integrate them. We also welcome the extension of the assessment of external sector developments to non-ESR countries. We think this will help them improve their policy implementation.

On the Fund’s financial strength, we want to emphasize the importance of promptly securing the package agreed by the membership during the Annual Meetings and providing assurances on further governance reforms under the 16th GRQ. To this end, we look forward to completing this work.

Further, as the Fund works to strengthen its internal capacity, we join other Directors in calling for further engagement on diversity and inclusion at the Fund to advance issues of underrepresented regions (URRs).

As usual, we welcome the workstreams to support developing countries as well as fragile and conflict-affected states. In particular, the discussion on debt briefings and revenue mobilization in developing countries and the planned stock-taking on the Fund's work on illicit financial flows. Like Mr. Raghani, we regret the delay in the discussion on the illicit financial flows paper, given the importance of this topic to developing countries in their resource mobilization efforts. Nevertheless, we look forward to an in-depth and granular analysis on illicit financial flows which will identify remaining gaps and how they can be addressed.

We also want to highlight the importance of work on correspondent banking relationships (CBRs), including continuous monitoring and efforts to help countries to deal with this challenge. The recent discussion shows that pressures on correspondent banking relationships are emerging, and we would like more focus on this by staff.

Finally, we look forward to the update on the financing of the Fund's concessional assistance and debt relief to low-income member countries. This is particularly important in the context of expected arrears clearance and debt relief for Sudan.

Mr. Mouminah made the following statement:

The Work Program is broadly aligned with the policy priorities and strategic direction outlined in the latest Global Policy Agenda (GPA) and IMFC communique. The current global environment requires more Fund work on traditional areas, such as fiscal and monetary and financial policies. In this context, we welcome the risk-based approach that the Work Program takes, and the focus laid on the most pressing global issues. Continuing the work on fragile states is extremely welcomed and appreciated.

We also welcome the active engagement in the international fora. We would like to thank staff for the high-quality support provided to the Saudi G20 presidency. This is very much appreciated by my authorities, and we look forward to working together for the success of the G20 outcomes in 2020. Continuing the work has been completed by the Japanese presidency, and both the IMF and the Saudi G20 presidency are focusing on key global challenges. We have spent a lot of time trying to align efforts and make sure we do not add a lot more work to the Work Program. It has to be more efficient and effective. I am encouraged that the Work Program is well aligned with the G20 priorities. I will cite some examples.

Addressing high debt vulnerabilities remains a key global challenge. The G20 agenda supports the Fund's work in this area, including on the IMF-World Bank multi-pronged approach to strengthen debt management capacity, fiscal transparency, and sustainable financing. Other areas of focus include enhancing access to opportunity, boosting capital market development, and discussing macro implications of stable coins. The recent Deputies meeting discussed the finance track priorities and the Work Program in 2020, and the G20 presidency is determined to advance work on realizing opportunities for the 21st century. Let me assure other Directors that the IMF work is a very efficient and very effective model. It is different than other international organizations. Let me tell you that my authorities put more pressure, but they are getting the most effective input from the IMF.

On the Work Program, we take note of the diversity issue that will be covered. We appreciate your commitment, Managing Director, on this issue. However, I would like to reiterate that it would be late to engage in October 2020 on the new benchmark and improved accountability framework. We therefore call for advancing the upcoming Board discussion to allow the Board to consider concrete steps, particularly for staff from underrepresented regions.

On capacity development (CD), we would like to reiterate our position of having higher engagement of the Board to set the priorities for CD. Based on your question, Managing Director, on what is the top of mind, some of the policy work on the IPF and continuous engagement on that, given the high expectation on it, are appreciated.

On trade, I associate myself with Mr. Ostros' intervention on this topic. We have to be in the middle of the discussion, and especially the upside of it, if you will, and you have made a lot of comments on that.

On internal operation, the Big 5 progress and change management specifically, and as we come closer to the CCBR discussion, having it coupled with the right communication is going to be extremely important.

The Chair made the following statement:

I want to recognize that this kind of membership feedback on the efficiency and effectiveness is most welcome. In this particular case, it is very positive, and I am delighted to hear it, but I just want to say that we want to hear from you any time you believe that feedback provided to us would help us do better.

Mr. Rozan made the following statement:

Thank you very much, Managing Director. Thanks to staff, in particular to SPR, for this excellent Work Program. It is, as others have said, very dense, but it is a very good sign that the IMF is staying on top of the issues and continuing to upgrade staff's work to ensure that the IMF remains committed to its mandate.

On climate, we are very glad to see the work advancing. It is very promising. We see two areas as key in this regard, namely the work on the CSR to really strategize the Fund's engagement on bilateral surveillance and the forthcoming chapter of the WEO on the macroeconomics of mitigation actions. These are areas where the Fund has real value added. It is the core mandate of the Fund, because we cannot give good advice on fiscal policy, debt, or financial sector if we do not take into account the issue of sustainability.

I would like to echo also the point made by Ms. Levonian on the question of resilience and the review of the Climate Change Policy Assessment (CCPA). The CCPA will be instrumental in this regard.

Second, in our gray we have called for greater attention on the question of the inflation puzzle and the output gap measurements, because we think that there is still work to be done. The answer that we received was that there has already been work done on this issue, but if I am not mistaken, there was an annex in the last WEO on this issue, which seemed to open more questions than to be resolved. Given the importance of this issue for surveillance, it is important that the Fund continues to work on this issue. Related to that, I associate myself with those Directors who are advocating for a deeper look at how fiscal policy can address imbalances. The issue of global imbalances should continue to remain a central point of focus for surveillance going forward.

Third, I think we are very impressed by the work that has been done by the Fund on LICs and on fragility. We see particular value in the Fund continuing to assist countries along the continuum between policy advice, programs, technical assistance, revenue mobilization, to help strengthen these countries' framework. A lot of things have been ongoing, and we look forward to deeper engagement on CD priorities, but also on the IMF's engagement with fragile states. I think something is scheduled for the end of 2020 on fragility but having something a bit sooner would be very welcome.

Lastly, we have seen that a number of Directors have mentioned the issue of risk management in their grays, and we welcome the points that you have made in your introduction. The Office of Internal Audit is assessing the question, so we look forward to reading it before deciding what to do if something needs to be done.

The Chair made the following statement:

A number of Directors brought up the importance of engaging in a more structured informal manner on capacity development, and we would, of course, reflect on that. It is in our joint interest to make best use of country sources to support members, especially those that have most serious institutional constraints and difficulties to overcome.

Mr. Inderbinen made the following statement:

Thank you, Madam Chair, and thank you and to staff for this comprehensive and ambitious Work Program, which sets the right priorities. We appreciate the emphasis on debt issues given the high relevance to the entire membership. Besides the ongoing reviews and workstreams, we look forward to the Board discussion on the note on collateralized lending, which is being prepared for the G20, as mentioned by others.

We also welcome the focus on monetary and macrofinancial policies, and we take note of the planned work on negative interest rates, in particular, in the lower-for-longer environment. We encourage staff to engage with relevant country authorities in the course of preparing reports on these issues, and I thank you for the opening remarks you made that underlined the importance of this issue for the entire membership.

On the Risk Report, we were among those calling for the Fund to reconsider its practices in order to bring it more in line with best standards. We think that further work is needed to understand the model of risk management that would best fit the Fund’s work, and we look forward to engagement on this, as you also mentioned in your opening remarks.

On the monetary and financial Transparency Code, we are glad to see that the next informal meeting has been pushed back to February, as we requested when we had the briefing. This will allow a longer circulation period and allow us to collect more substantive comments from monetary policy practitioners, which are the ones who will be affected by the standard or the code. It will be very important to secure a good outcome on that.

On technical assistance (TA), we look forward to the briefing on TA in the Middle East and in Central Asia. I would strongly agree with Mr. Doornbosch, Mr. Ostros, and others on scheduling a Formal Board discussion, or at least an Informal to Engage Board meeting on this matter, so thank you for your readiness to reflect on this. I think it is quite clear in the outcome of the last year's review which called for the Board giving more strategic directions and priority setting on a regular basis on this, rather than just a briefing on how these priorities are implemented.

I was interested in listening to the comments and the concerns on the SDNs, both on the usefulness of engaging the Board on these notes and on the clarity on the status of policy conclusions that are drawn in these notes. It might merit rethinking on whether this instrument is the best one and whether we have to convey certain conclusions or not.

Finally, I would like to agree with Ms. Levonian on the importance of reflecting on how to brief the Board on research and to achieve selectivity there and to get the best use of the Board's time.

Mr. White made the following statement:

Thank you, Chair, and thank you very much to staff as well for a very comprehensive and ambitious Work Program, which we support. Given its comprehensiveness, I am going to focus my comments on a few selected issues, both drawing from our gray and picking up on one or two comments that other Directors have made.

Firstly, alongside Ms. Levonian, Mr. Ostros, and others who have highlighted the challenging environment for global trade. We agree that the Fund should sustain a high level of advocacy and analysis on trade policy issues. The IEO has provided a good set of signposts on where the Fund might focus. The IMF's trade strategy, which is due to be reviewed in 2020, would be a good opportunity to consider where the Fund's comparative advantage lies and where its efforts should best be targeted, because we cannot do everything in that space.

Secondly, I would like to draw attention to one item where work is underway, but it is not yet in the Work Program. As I understand that, it is because it is at a too early stage, and that is the IEO's evaluation of the Fund's engagement with small states. Small states face some unique challenges, and, Managing Director, I really appreciate your comments at the start of this meeting about the priority of the Fund focusing on supporting and lifting up its weakest members. They face some unique challenges due to scale, remoteness, and vulnerability to natural disasters. I very much endorse Ms. Levonian's focus on that issue and on climate change. We welcome the chance to think about how the IMF can best contribute to this space in this context and look forward to a Board discussion on an issues paper, as we understand it, towards the middle of the year.

Thirdly, like Mr. Rozan, we welcome the plan to review the climate change policy assessments (CCPA). We think this is a terrific product, and we would like to see a review completed quickly, and we would like to see the assessments rolled out more broadly. There have been two pilots in our constituency, the Seychelles and Micronesia, and the authorities have really emphasized to us how useful they have been in identifying gaps in the policy framework and actions needed to close them. One Finance Minister told us at the Annual Meetings that he is meticulously checking off the recommendations. How is that for traction? Many other members are interested, in particular, they are interested in respect of help accessing finance to build climate resilience. We find it is a common experience that more countries find it hard to bank adaptation projects.

Finally, I just want to touch on the question of enterprise risk. This is a critical function for any Board and one that perhaps this Board has not focused on sufficiently in the past. I very much welcome your comments at the start of the meeting indicating that this will come forward for a full Board discussion by the middle of the year based on the internal audit.

One last thing, to jump in with Ms. Levonian on the suggestion, and this is in the context of risk as well, on the suggestion that the Board can prioritize perhaps more effectively its time through greater use of LOTs.

The Chair made the following statement:

If you want to make best use of our interactions, it is really upon us to prioritize in a way that gives the Board a most appropriate role and gives management and staff best value from the engagement for the service of the membership. It is not for us. Not for you. It is for the service we provide to our membership. We will have our January retreat. It will be a very good moment to more systematically and comprehensively reflect on that point.

Mr. Ronicle made the following statement:

First, let me welcome the breadth and depth of the work proposed on what we see as the two biggest challenges facing policymakers: low-for-long and climate change. The proposed items on low-for-long are impressively broad, and like Mr. Doornbosch, we think as a coherent program of work, it would benefit from something that explicitly covers the drivers of low equilibrium rates, which we think is an important context for thinking about policy implications and solutions.

On climate, let me reiterate our call for ambition here, not least given the opportunity presented by the Conference of the Parties (COP 26) to the UNFCCC in December next year. We hope that the proposed coverage in the WEO can be delivered for next autumn. I think Mr. White’s comments clearly signal the value of discussing the CCPAs at the Board, and we support Ms. Levonian’s points on resilience.

We were similarly pleased to see the rich coverage proposed on issues related to development in fragile states, particularly on revenue mobilization. We found the update on Fund engagement in fragile states valuable, but it was also clear there is further to go to deliver the IEO’s recommendations. We would like to see the Work Program reflect the commitments to bring a review of fragile states engagement to the Board in early 2020. Ideally that would be earlier than the proposed date of end-2020. If that is not possible, we would welcome another informal update in the interim.

On risk, your comments at the beginning of this meeting were helpful, and we think the approach of waiting to see the review of the internal audit is a sensible one, and I wonder if you could confirm the dates as we understand it being mid-2020.

On a related topic, while we welcome the engagement we have had on off-track programs, regular reporting on these to the Board does not yet seem to have become systematic, and we would welcome further progress in this area.

Lastly, there were two G20 briefings that particularly caught our eye. We along with other Directors have already asked for a Board briefing on the paper on collateralized debt. Would you confirm whether that is going to happen? We would find it valuable to have one briefing on the paper of debt restructuring. Thank you.

The Chair made the following statement:

Our intention is to have the internal audit completed by mid-2020 and engage with the Board. What I am not quite yet confident about is what exactly the nature of this engagement would be. Ideally, we should have a proposal to say how we are going to evolve the risk management function that we can discuss with you. Since I have not yet seen the internal audit, it is a bit premature to be that precise on what exactly we can bring to the Board, but it is our intention to have a meaningful advancement of the risk management function in mid-2020. I can tell you it creates a lot of excitement inside the Fund, but nobody is against bringing forward enterprise risk management. The support in the institution is quite broad. The ways in which people envisage this being done are diverse, so we will come to that point hopefully with a proposal, not just the audit report.

Mr. Kaya made the following statement:

We note that the ambitious Work Program will need to be accomplished within the constraints imposed by the Fund's flat budget for the current fiscal year and the available HR resources. To this end and against the backdrop of competing demands, the Fund's contribution in addressing emerging issues should be gauged by the macrocritical criterion. Like Ms. Levonian in her gray, we underscore the importance of greater Board engagement on the budgetary tradeoffs on competing funding pressures under a real flat budget, including on nonrecurrent items. Going forward, an open discussion on the appropriate size of the Fund's budget in view of increasing and competing demands is warranted.

On a specific note about the Fund's flagship reports, we welcome the focus of the Fund's flagships on capital flows in emerging market and policies to counter the next downturn in advanced economies, as well as the determinants and effects of international migration. While the Fiscal Monitor's focus on the fiscal impact of state enterprise is appropriate, we note the forthcoming Fiscal Monitor should also include an overview chapter on fiscal positions and outlooks, which was missing from the October report.

In view of high and rising debt vulnerabilities across a wide range of member countries, we very much appreciate the focus on and prominence of debt issues in the Work Program. In this vein, we look forward to the staff's proposal in the reviews of the MAC DSA framework and debt limits policy, as well as update on the joint multi-pronged approach with the World Bank.

Like Mr. Doornbosch and Mr. Ostros and other chairs, we also call for the G20 notes on collateralized sovereign lending and sovereign debt solution to be discussed by the Board. Integrating capacity development with surveillance and lending remains critical, and to this end, Board involvement in regularly discussing CD priorities is warranted to absorb CD priorities going forward.

Like Mr. Doornbosch and Mr. Ostros and others, we request to change the format of Board meeting on the implementation of CD priorities from an informal session to a formal meeting.

Mr. Rosen made the following statement:

We welcome the focus of the Work Program on monetary, financial, and debt policy issues, and particularly the work on lower interest rate issues. We share Mr. Doornbosch and Mr. Ronicle’s view that work should be done on the causes of this low interest rate issue, but also it is key for the IMF to join the debate and do work on how countries can get out of this problem.

We are glad to hear your comments today, Managing Director, on the subject of risk and risk management. As we noted in our gray, we expect more frequent engagement on risk, including monthly information on risk issues and particularly on the enterprise risk to the Fund from large programs. We join others in calling for a Board meeting to discuss the findings of the internal audit on risk by the end of June 2020, even if the final proposal of management on what changes should be made to risk management is not yet ready at that stage, so the Board can give you input as you formulate your views.

On trade, as we mentioned in the IEO Board meeting on trade yesterday, our view is that a lot of work has been done by the Fund on detailed estimates of the impact of tariffs and managed trade on global growth. However, the IMF seems to have been almost silent on estimating the specific output costs to global growth and policies that distort trade, including domestic subsidies, forced technology transfers, breaches of intellectual property (IP), required joint ventures, and other non-tariff barriers. We think that it is critical that the Fund analyze what country-specific and global growth benefits would be of removing these trade barriers. As Mr. Mouminah put it, what is the upside from trade? I would appreciate if you could comment on the prospects for doing work in this area.

We look forward to the March 2020 Board to provide an update on the implementation of the Framework for Enhanced Fund Engagement on Governance. We agree with Mr. Von Kleist that there needs to be improvements in some cases on how governance and corruption are addressed in conditionality.

On the excessive delays, we are also concerned about this issue in the Article IV excessive delays Board meeting. This is a key issue for surveillance, and a formal Board meeting should be held, in our view, in spring, shortly after completion of the CSR.

On the budget, our main concern is not with the topics in the Work Program, but with the number of items being covered, as indicated by the rise in Fiscal Transparency Evaluations (FTEs) for nonrecurring items. We have made a few suggestions to reduce the workload and encourage staff and management to consider ways to further streamline the Work Program. We are also concerned about the number of new initiatives that the Fund is pursuing, with perhaps insufficient attention to reviewing existing activities to ensure that we are actively pursuing tradeoffs, so that we remain within the flat real budget. We look for more focus on this in the next six months.

Finally, we support Ms. Levonian's comments on the need to accelerate the Fund's effort to build resilience to natural disasters in small states, and we welcome the work generally on fragile states. Thank you.

The Chair made the following statement:

Just to respond immediately that it has been the bread-and-butter work of the Fund and for that matter the institution on the other side of the street in terms of removing non-tariff barriers, and that has to continue. We have to keep our eye on ways in which we create an environment that is fair and conducive for everybody.

I am also keen to hear, as you take the floor, whether you see something that we can live without, do not be shy. We would appreciate hearing it. Our problem is that usually we get lots of suggestions of what more we can do, but very few on what less we might be able to do. However, for fairness, you did make recommendations in that regard in your grays.

Yes, I do hear the point on resilience building. I hear it loud and clear. It is paramount to prioritize that in the spirit of what I said about the role of the Fund in supporting our most vulnerable and weakest members.

Mr. Tanaka made the following statement:

The Work Program well reflects the priorities described in the latest Global Policy Agenda and IMFC communique. I would like to try to put comments in accordance with the Fund's core mandate, namely surveillance, lending, and capacity development (CD) under the constraint of resources, with much focus and prioritization needed.

First, we welcome CSR work. We appreciate we will have an additional informal Board meeting. The primary focus of the Fund's work should remain in its core and macrocritical areas, such as fiscal, monetary, and financial sector policies. At the same time, in the current fast-changing economic and social environment, it is a prerequisite to keep the Fund's reputation as a reliable trusted advisor to the member countries in a timely manner on various emerging and macrocritical issues as well. The Fund's contribution to the international society and further collaboration with the international organizations are expected to tackle cross-cutting emerging issues such as trade, demographic challenge, climate change, international taxation, and AML/CFT in the context of the stability of the international monetary system. I echo the Managing Director on the resilience building agenda in climate change.

In relation to the possible critical impact on the stability of the international monetary system, we are interested as well in the potential impact of stable coins on the exchange rate, capital flow, and financial safety net. As mentioned in the press release of the G20 in October, we take note that the Fund is asked to examine various macroeconomic implications.

As to the lending as the second pillar, we should secure debt sustainability and transparency of low-income countries in a strategic and well-organized way that will be necessary to steadily implement the joint World Bank-IMF multi-pronged approach. In Sub-Saharan Africa, government debt as a percentage of GDP has doubled in the past decade. It is urgent and worthwhile to review the debt limits policy and make a note on debt data coverage, which would further clarify the definition of debt and contribute to improvement of debt transparency. We highly appreciate it to have a chance to discuss a note on the collateralized debt matter soon.

In this context, we would move on to the third pillar, CD. It is indispensable to include policy planning and implementation capability of member countries in order to enhance debt transparency and to strengthen infrastructure governance. As a longstanding donor to CD, we have decided to make financial contribution to Data for Decisions (D4D) and Global Infrastructure Facility (GIF), which support Public Investment Management Assessment (PIMA). We expect that the Board will continue to promote the integration of CD with surveillance and lending in a more effective and efficient way.

Lastly, as to the administrative issue of concentration of Board meetings in both July and December, we are concerned that this schedule might prevent the Board from fulfilling satisfactory discussions. If there are institutional or structural issues, the staff's cooperation on any proposal will be welcome to mitigate the current situation to further enhance the quality of our function.

As to risk management framework, as Mr. Rosen touched upon, we appreciate the Managing Director's mentioning to add this issue in the coming Board discussion.

Mr. Raghani made the following statement:

In our gray, we stated our view that the proposed Work Program broadly reflects the strategic direction and priorities contained in the last Global Policy Agenda update and IMFC communique. However, we raised a number of important issues for consideration. Here I will limit my intervention to a few points for emphasis.

We appreciate staff's response to the issues of the External Sector Reports and on the scope, format, and timing of the forthcoming reports on the evolution of public debt vulnerabilities in lower income countries. This is a pertinent undertaking, and we look forward to the findings and discussion.

As Mr. Mahlinza, we regret the postponement of the stocktaking on the Fund's work on illicit financial flows from May to September 2020 due to competing work pressures, according to Table 3. I would like to highlight the potential significance of these issues for resource mobilization in low-income countries. Moreover, and as underscored in the spring 2019 Global Policy Agenda, combating illicit flows is an integral part of ensuring a level playing field and promoting international cooperation indispensable to address cross-border challenges.

On lending program policies and debt relief, it seems to us that the limited capacity of the Catastrophe Containment and Relief Trust to respond to the needs of members that are vulnerable to natural disasters warrants a more urgent discussion than the Informal Meeting to Engage scheduled for September 2020.

We support Mr. Mouminah's point echoed by other Directors, like Mr. Mahlinza, and Mr. Mojarrad, on the insufficient engagement on the Board's diversity, and we support Mr. Fanizza and Mr. Mojarrad on the need to review the Fund's Transparency Policy.

Finally, on calendar bunching, we agree that progress has been made to reduce the frequency of item bunching. However, months leading up to Board recess, notably June, July, and December, continue to experience a high volume of bunching. Better item planning, including for country matters at the departmental level are needed.

Mr. Beblawi made the following statement:

As others noted, this is an ambitious and comprehensive Work Program, and it promises to deliver relevant analysis to support the membership in making economies more resilient and inclusive during times of high policy uncertainty. We commend the choice of topics of the flagship reports. These are highly relevant for the current economic context, including the analysis of capital flows to emerging markets, policies to counter the next downturn in advanced economies, FX, and international migration and climate change. We appreciate the overview of the Fund's work on climate change in Box 1. It provides useful clarification of the macrocritical aspects of climate change that the Fund needs to address what was recently covered and what is in progress. However, there is considerably more scope to look into the environmental implication goals and what can be done to achieve environmentally sustainable growth. We are very interested in the topics of financial service and inequality and financial inclusion and fintech. We hope to have a stocktaking of country experience to highlight more successful practices. We welcome the planned paper that will identify gaps that need to be addressed with respect to illicit financial flows and update on trends of correspondent banking relationships (CBRs). We hope to see additional recommendations to help the countries deal with CBRs.

There are ten papers to be prepared for the G20. We recognize that there are benefits to the Fund from its engagement with the G20. It would be important to identify the cost of this workstream in addition to the Fund support to G20 meetings if not now, then in the budget discussion.

Regarding the update of implementation of the Framework for Enhanced Fund Engagement on Governance, it would be important to include a review of the staff practice with respect to the use of third-party indicators (TPIs). We would like to see in the August 2020 presentation on measuring the informal economy some estimates of the size of the informal economy in some of the countries where it is believed to be large and an overview of technical resources that can be provided by the Fund.

Finally, we welcome Ms. Levonian's comments on resilience and support Mr. Mouminah on regional diversity.

Mr. Villar made the following statement:

We thank you and the staff for a comprehensive paper on the priorities of the Work Program, which are aligned with your Global Policy Agenda and the IMFC communique. We are pleased to see a considerable focus on monetary policy and macrofinancial issues. This is in line with the recommendations of the IEO evaluation on unconventional monetary policies. Most importantly, the Fund cannot afford to lag behind on this front, and countries need timely and accurate advice in the context of limited policy space and lower-for-longer.

We reiterate our request to advance the briefing of the impact of low or negative interest rates to an earlier date next year, preferably before the Spring Meetings. It is crucial to discuss this issue as soon as possible to be able to have effective traction. It will also be crucial as an input to the Integrated Policy Framework workstream.

We also welcome the ongoing work on issues relevant to the membership, such as climate change, gender, fintech, and migration. On migration, we are encouraged to see analysis of the determinants and effects of international migration. This is key for our constituency. We encourage the staff to do the analysis taking into consideration the regional differences with respect to determinants of the impacts of migration.

On climate change, we welcome the further inclusion of change in the core operations of the Fund. We found Box 1 as a useful update in this regard. In this context, we agree with other chairs on the need to accelerate the Fund'' efforts to build resilience to natural resources, especially in small states.

On fintech, we take note of the different workstreams that are analyzing this issue. We welcome the focus on cybersecurity and financial inclusion. On the work on the digital assets, we consider it is important to use language that many central banks and other standard setters have used to refer to them. For instance, crypto assets should be used instead of digital currencies and tokens instead of stable coins to avoid misperceptions about these assets.

On the CSR, as highlighted at the informal Board meeting, given the large number of proposals at stake, we would like to see significant Board involvement with informal meetings and thematic seminars.

Finally, as discussed yesterday in the IEO informal seminar on trade, we would like to point out that the five-year trade policy review envisioned for 2020 is not included in the Work Program. We would like to see how we could enhance the Work Program with trade issues, as you suggested in your introductory remarks.

Mr. Jin made the following statement:

Thank you for the insightful Work Program, which provides strategic direction and policy priorities for the Fund in line with the Global Policy Agenda and the IMFC communique. Given the lower-for-longer interest rate environment and the global challenges today, we agree that it is important for the Work Program to focus on monetary and macrofinancial issues. Regardless of how busy we are, international monetary and financial issues should always remain the Fund’s core business.

Specifically, the Fund should pay more attention to the impact of a potentially competitive monetary loosening and the risk of overvalued equity market under a prolonged low interest rate environment. The Fund should also assess the impact of e-commerce and the digital payment system and explore the use of e-SDR given the challenges and opportunities that are associated with the rapid development of digital currencies in the world.

Like some other Directors, we welcome the upcoming Fiscal Monitor discussion on the issue of state-owned enterprises (SOEs). Staff should not only focus on SOEs but also the public sector and government budget in general to analyze resources mobilized and distributed through the public sector and through budget revenue and the expenditure, which accounts for a big share of GDP in many countries.

A clearer definition and more appropriate classification should be made to differentiate listed public companies from non-listed SOEs, and to differentiate SOEs as independent legal entities from SOEs with unlimited budget support. We should not lose sight of the rising public debt levels in some advanced economies, which deserves the Fund's thorough analysis, as this could entail significant risks and spillover effects.

We support strong efforts for an adequately resourced IMF. We must work harder to push ahead with quota and governance reforms under the 16th General Review of Quotas. Regarding New Arrangements to Borrow (NAB) doubling, we welcome the progress made so far but also recognize there may be uncertainties ahead. We urge all parties to make more efforts in realizing quota increase to fundamentally safeguard the Fund's legitimacy and credibility.

Ms. Dhillon made the following statement:

Firstly, we like the focus on monetary and the macrofinancial policies, in particular the lower-for-longer interest rates and hope that going ahead we can have a spectrum of analysis on this, including on the causes and consequences, particularly for the emerging markets.

Secondly, we welcome the Work Program's attention to debt, and we see this as a very important way to address debt transparency and vulnerability. In line with this focus and as suggested by many Directors today, including Mr. Doornbosch and Mr. Ostros, we would suggest the Board meetings on the G20 papers, including on collateralized sovereign lending and the note on debt resolution, we see this format of the meeting as something which needs to be elevated, and in this, we hope that the Fund will be driven more by the criticality or the macrocriticality of the aspect rather than the precedence and the past practices.

We appreciate the attention which has been given in the Work Program to integration, especially on the cross-cutting emerging issues of climate change, fintech, trade, and digitization, and as mentioned by many Directors again, we should not lose sight of the balance which is required to fulfill this very high workload and a prioritization on the critical aspects of the Fund's mandate, especially on the resource allocation.

Coming to SDNs, a topic which has been mentioned by many Directors today, we understand the format. We understand the present practice. But the fact is that our constituency and the public do not understand that these documents come out from the Fund without an intervention or an association with the Board. Perhaps there is time to enhance our ways to think of how we can enhance the Board engagement before these papers come out, because it is there in the public for everybody to read.

On capacity development, we would stress that it is a critical pillar of the Fund. We are devoting a third of our resources to it, and clearly a more strategic Board engagement is required, and I hope that will be ensured.

Finally, a word on the bunching. Mr. Doornbosch said and we agree that we are excited by the diversity that the Work Program offers. But as we move forward, there is a sense of intimidation because the subjects are many, and we hope that the SEC and the management will find a way of preventing the bunching in a few months to preserve quality and have more meaningful interactions.

The Chair made the following statement:

We will take on that topic during the January retreat on how we can secure allocation of Board time on the basis of priorities and significance of issues to be discussed.

Mr. Von Kleist made the following statement:

We see the strategic directions and policy priorities laid out in the Global Policy Agenda and the IMFC meetings and communique being well translated into actions for the Executive Board. As we have issued a gray and since we agree with many of the things that have been said around the table, I can be quite brief.

We are the International Monetary Fund. In that context, we appreciate the attention that is devoted to challenges from monetary policy, including its undesired side effects in an environment of low and negative interest rates, and look forward to the corresponding papers and meetings.

We also welcome the prominence of debt policies in the Work Program, because debt in the end is the result of failed structural and failed fiscal policy. In that sense, if a country has a debt problem, there is something wrong on the fiscal side, and there is something wrong on the structural side. In that sense, it is very important to look at these debt issues. That will provide timely opportunities for discussions on how to effectively address debt vulnerabilities and emerging issues, such as those pertaining to collateralized lending, preferred creditor status, and sovereign debt restructuring.

We share the comments of others regarding the importance of work on climate and enterprise risk, and I would just mention two other issues. We look forward to the update on the implementation of the Framework for Enhanced Fund Engagement on Governance, because bad governance, especially if a bad government follows on a good government, it can destroy a lot of good work that has been built up and make it very difficult for the next government to again get the country onto a good path. In that sense, we feel that is a very important issue.

Regarding capacity development priorities as a third pillar of the Fund, we would like to underscore the importance of more regular engagement in order to better link surveillance and lending operations with IMF capacity development.

Lastly, we would appreciate a timely discussion on the review of the framework for excessive delays in Article IVs soon after the conclusion of the Comprehensive Surveillance Review.

Mr. Fanizza made the following statement:

I would like to thank staff and management for the excellent work for this program, on which we are broadly in agreement. I am about to violate one of my rules, which is not repeating what we have said in our gray and not touching upon these points. This will be a case in which if you allow me the Latin quotation, repetita iuvant, meaning that it helps repeating things in these circumstances, so I will cover a few issues raised in our statement and by other Directors.

Let me start with risk assessment. I think it is reasonable the approach to wait for the outcome of the audit but, at the same time, I agree with Mr. Rosen that it would be important to start work immediately thinking what the issues are and how we could tackle them. Meanwhile, it is also important to push the work of the Fund toward the lines that we have suggested taking into consideration what we call enterprise risk for the Fund, meaning lending credit risk. I think we need to do it immediately. I want to guard against the possibility that we wait until June 2020.

Secondly, regarding the Transparency Policy. Let me say, nobody is happy with it, so we need to do something to solve it.

On the External Sector Assessment, the work on this issue is welcome and remains central. It is true that global imbalances are not as big as they used to be. Nevertheless, there are many imbalances concentrated in surplus countries and we do not have really good experience in how to adjust. That is very important, and that is something we should develop tools and discussions on how to implement the adjustment in this case.

On debt issues, our main concern is that we move forward swiftly on the issue of the negative pledge clause of the World Bank and the preferred creditor status, and this issue needs to be solved. In general, we would welcome work to improve the coordination with the World Bank. I will not say anything about the G20 issues that have already been discussed on that, and I am fully in agreement.

Finally, on climate change, I fully agree with Ms. Levonian. We like to stress importance of the issues, and we are also keen to support the need for other Fund work on small states in this area.

The Chair made the following statement:

On risk management, as I said, we are actually quite engaged on that topic internally, but I hope you would all agree with us that we should not put the cart before the horse. We do need to get the audit as it is a very important input. Let us see how that would inform our discussions, and I give you my assurance that I personally think it is a very important topic. I have been engaged from the day I started to make sure that we lean forward, because we live in a world that is riskier. In operating in an environment that is less predictable, there is more uncertainty. Therefore, we have to work hard to make sure that we can stand in front of our shareholders with confidence that we have the best risk management system in place.

Mr. Palei made the following statement:

I congratulate staff and you on a very good Work Program, and I think I will skip praise because others already did this job. I just join them that we share the support for the Work Program overall. I will focus on a few areas which from our point of view require additional attention. One of them is more attention to off-track programs. Several previous speakers have already referred to this issue, but I think we need to do more here. When a program goes off-track, the distinction between surveillance and lending becomes less clear. It is muddy. In this case, many of the economies need more intensive surveillance. But they fall into a gap between the rules tied to the lending activities and rules guiding surveillance, so some of them do not have surveillance for two or sometimes even three years. It is a very long gap, and we need to know more about these programs, and we need to monitor them and act on a timely basis.

The second point I would like to make is about knowledge management. We just discussed the midpoint note on the Comprehensive Surveillance Review (CSR), and one of the key themes there is to have more discussions on specific topics and make Article IV reports more thematic. This is a recognition that we have room for improvement in this area. One of the proposals was to create centers of expertise, which was immediately opposed by some of us, partially because of the budget considerations. Here I would like to recall that several years ago, management created the Knowledge Management Unit (KMU) and allocated specific budget to this structure in our organization, and knowledge exchange has thematic areas there. The Board of Directors does not have access to these materials because some of them are confidential or strictly confidential. The Board needs to get more involved and to know more about the developments in the knowledge exchange and knowledge management within the Fund. I would appreciate if staff could explain where in the Work Program we will address these issues.

The third point I would like to make is the one on review of enhanced engagement on governance. I think Mr. Von Kleist made this point that we need to pay attention to this specific review. Now it is scheduled as a briefing, and on the written responses staff told us that when we approved the new framework, the agreement was to review it in three years. However, today we had a request from a group of Directors that account for about a third of total votes, and they requested to delay the discussion on Equatorial Guinea for three months, so there is a major gap between the understanding of staff and management on how this enhanced framework should be applied and the expectations of a large group of Directors at the Board. I do not think we should have a briefing. We should have at least a discussion in the format of Informal to Engage, or I would prefer a Formal Board meeting on these issues. We should not wait until the middle of 2021.

The fourth point is much easier, and it refers to the so-called new IMF data set on structural reforms. At the time when we discussed the last World Economic Outlook, we were told that the Fund now has this data set which is the best in the world, and we were promised that we will have a discussion on this data set sometime in May, but I did not see it in the Work Program. And I apologize, as we forgot to ask this question in our gray statement, so maybe you could tell us when the Board will have a chance to discuss this data set on structural reforms in a comprehensive manner. Again, they are just additions to an excellent Work Program we already have.

Mr. Lopetegui made the following statement:

On bunching, which is almost a fact of life having very heavy work schedules in July and December, so I am starting to wonder whether it is unavoidable or not. I am not convinced that it is unavoidable. As Mr. Tanaka said, there is a risk that comes with bunching, which is a risk of us not doing a good job given the quantity of papers that we have to look at, so I would propose to think whether we can discuss on this in the retreat. When the Board does its self-assessment, there are a number of ideas that we all provide, and perhaps we need to candidly and informally discuss whether we can find some ways to reduce this.

On the flagships, I think we could think of splitting the flagship meeting before the Spring and Annual Meetings in two, the first one to discuss the special chapters and the second one to discuss the Chapter One of each flagship document. As you know, the circulation is probably very heavy for the special chapters because presumably they are completed way ahead of the deadlines, and perhaps the staff want to wait until the last minute to finalize the main chapters, so it makes sense to me to have two discussions.

On macro issues, I echo the view of Mr. Doornbosch and Mr. Rosen and others on keeping in mind the causes for low inflation and low interest rates and not only their implications. When it comes to implications, we would have expected to see more emphasis on the role of fiscal policy, including to face a possible pronounced downturn in economic activity, but also in relation to addressing external imbalances. We expect the Fiscal Monitor to cover these topics.

In assessing tradeoffs among different policies and developing the appropriate policy mix, the IPF should incorporate fiscal considerations. We know that that will take time, but we should not lose that objective. We would reiterate today also the importance of analyzing the recent rise in corporate net savings and its implications on global imbalances.

Finally, I am also in the camp of those who would like to see faster progress on the discussion of the excessive delays in Article IV consultations, and I would like to echo Mr. Palei's point of exploring ways in which we can improve the review of off-track programs.

Ms. Mannathoko made the following statement:

I will just have two short points to add. The first is really on the issue of debt. Mr. Tanaka gave the example of debt in Sub-Saharan Africa being doubled. I just wanted to flag the importance of looking at the triggers for debt escalation and looking at the structural issues in the region, because in our constituency, if you chart it since 2014, the rise in debt is mainly driven by the oil exporters in fragile and conflict-affected states (FCS), as 2014 was around the time of the commodity shocks. Understanding the underlying reasons will help us reach lasting solutions.

Also, still on debt, late last year there were several discussions and bilateral papers which featured something on collateralized debt, and the Board made several requests for a Board paper which articulates the Fund's position on collateralized debt. At that time, staff was telling us there are different types of collateralized debt and that treatment might be different. So we had asked for a Board paper, but then we saw this G20 paper. Thus, I just wanted to find out whether the Board paper is still going to happen on collateralized debt, and I would also support those who had requested that we have a Board briefing on the G20 papers on debt.

The second issue was relating to trade. I appreciate the ongoing work that is informing the resolution of trade tensions. We think it is very important, but just to flag some other discussions we had in the IEO evaluation meeting yesterday where the 2009 evaluation had discussed work on trade in services, financial services, and we were talking about other issues like fintech and the implications of fintech and trade in digital services. Maybe in the next upcoming Work Program, we could start considering things like that, because it is changing the trade landscape, and policymakers would value inputs about how to deal with that.

I just wanted to associate myself with Mr. Ronicle and Mr. Raghani on prioritizing work on the support for fragile states.

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

> On multilateral surveillance, there was a question on dedicated meetings on WEO chapters, which I am happy to pass on to our Research Department colleagues. I am sure there are ways to engage on some of these interesting topics.
>
> On global issues, first, on the review of governance, I think a review of an important workstream such as governance should take into account not only Article IV work and the background work going into that, but also our experience with different countries. I understand that Mr. Palei asked for advancing the review because we had this one experience, this one country case, where Directors were concerned. I think it would not be good practice just to take one country case and decide because of that to advance it. There are a lot of other countries to consider. We are still implementing the policy and I would caution about the resource costs of reviews. These are usually being done by people that are actively pursuing the country work and the real implementation of it. The more reviews you do and the faster you are going to do the reviews, the less time there is for implementing the policy itself. There is a tradeoff between these considerations. It is not just for the governance policy. It is also for other issues such as the Transparency Policy, where a lot of division chiefs have difficulties with the policies because of time constraints, but in the end, they are being protected by it. My point here is that the Work Program that has been approved by management tries to strike a balance between these things, between the reviews and the actual work, and it is a very careful balance that has gotten a lot of thought.
>
> On debt issues, just to assure you that the request to have a meeting on the G20 note on collateralized lending and some aspects of the World Bank's policy will be followed. As the Board of Directors, you have the right to request Board meetings. That request was noted, and we will have a meeting on it. We could also have a meeting on the note on debt restructuring, which is really a summary of the existing policies and a review of some country cases, and we will look into that.
>
> On the G20 notes, they give the Fund and country authorities an opportunity to better understand the Fund's work. It showcases the work. It provides synergies. The discussions there are often useful. They provide feedback to the Board, and because they do not involve new policies, they do not involve a lot of staff costs in it. We can look at the numbers. I do not know

whether they are readily available, but I can assure you they are much less than what would go into a typical Board paper.

On the briefing on off-track programs as well as the briefing on programs more broadly, we are having discussions about it internally, and we will get back to you as soon as we have completed those.

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

First, let me just complement what Martin said earlier regarding the SDNs. We very much appreciate the feedback that we are continuing to get in this context on the SDNs and the usefulness and the reflection on the SDNs. The purpose of the SDNs is unique. It is trying to allow staff to contribute to the public debate on topical issues with a fresh and sometimes preliminary analysis. They are not supposed to be too technical. They are also not supposed to lay out policy positions, but to contribute and solicit feedback. There is a fine line there. We will look at the specifics that you mentioned. I would also like to mention that we will continue to be vigilant to ensure that there is a proper delineation between the staff views and Fund policies. The SDNs are not to introduce or make recommendations about policies, and that has certainly been the purpose.

Let me just conclude on the SDNs to say that the Agenda and Procedures Committee (APC) could discuss further this feedback from the Executive Directors in this area.

There was also a question regarding access to data and the thematic approach that was also discussed in the context of Monday’s discussion on the Comprehensive Surveillance Review. There has been a lot of progress especially in terms of country dimension. A lot of this work is led by the Knowledge Management Unit. They have regular briefings, and their next briefing is now scheduled for May next year. This could be a part of that discussion on how to move forward in terms of having a topical dimension of overall Fund work and making it easily accessible.

Finally, it was also mentioned access to data regarding macro or structural reforms. Let me just say that there is a paper and there is work going on in terms of the macrostructural toolkit. The intention is to create a toolkit based on the model, and also to create a searchable database on structural reforms. This would be then completed in the spring of 2020 or if not 2021 but soon, over the next year or so.

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

We acknowledge the Directors' concerns on bunching and we thank you for your guidance. There have been numerous discussions on this issue, including here in the Board room, and similar discussions also at the APC. This is because it is a persistent issue largely driven by structural factors. It has to do with mission planning, the timing of the Annual and Spring Meetings, data availability and budget cycles, which are particularly important for program reviews, like we have so many in this December.

We agree with Directors that more needs to be done, and we will continue to work with staff and also with management to improve the situation. In that context, we would truly appreciate your assistance and your support as well, especially with regard to mission planning, because this is an area where you interact with staff and the authorities to agree on a mission date and that has consequences to the Board date at the end. The APC will continue to discuss this issue, including LOTs and how we can use LOTs to alleviate some of the problem if appropriate, but we will have to tackle this discussion further during the Board retreat.

Mr. Palei made the following statement:

I would like to react to the comment on this one country case that was driving my reaction on the review of the governance framework. This is not just one country case. We had many countries where the Fund has become forceful, including conditionality on governance and anti-corruption measures, and we have had many Board discussions on these issues here. What we have seen today is a warning about an impending disaster. Here we may have reputational risks involved and issues related to traction in relations between the Fund and various authorities. I do not think we should diminish the scale of this challenge and delay for too long the review of what is happening in this area. Again, my call is to have a comprehensive discussion of these issues soon.

The Chair made the following statement:

If I understand you correctly, what you would like is for us to take stock on how placing more emphasis on issues of governance and anti-corruption is reflected in programs and what may be occurring as a result in terms of relations with authorities. I do not have any wisdom in terms of how quickly we can come to the Board for engagement on that. I recognize it is a very significant issue. Why not reflect after this meeting on what we can do to engage the Board as early as possible?

Let me just add regarding the SDNs to say that I hear what you are saying. This is something that comes from people who work for the Fund, but it is not the position of the Fund because it has not come to the Board. What I can suggest to you is let us not kill the opportunity for early engagement on significant topics, but increase the scrutiny from management and then make an appropriate judgment on whether or not this really allows us to get to an engagement, or maybe we have to come and have a conversation in some form, informally or otherwise, with the Board. I hear this is something that is of concern to you, but having seen some of the SDNs, it is good to give space for quick engagement on topical issues, not necessarily to go through the whole process before we do it. Because by the time we do it, we may be slightly off mark in significance on that engagement.

Mr. Doornbosch made the following statement:

I am a big supporter of the SDN, as it is a very valuable instrument. I was trying to see whether we can make the Board discussion on the SDNs more valuable. The Board discussion sometimes gets a bit technical. If you focus more on the policy implications for surveillance, then we can make the Board discussion more interesting and valuable.

The Chair made the following statement:

Like you, I think these are very valuable. We should be leaving space for them.

I appreciate all the inputs we have received. We will reconvene as a team to look into all the points that have been made, reflect them in the revised Work Program, and then send to you. I hope you would be amenable for us to disclose the Board Work Program once those revisions have been done. Thank you.

APPROVAL: November 29, 2021

CEDA OGADA
Secretary

Annex

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

Surveillance and Policy Research

Flagships and Thematic Reports

1. We note the spring Global Financial Stability Report (GFSR) will look at how climate risks are priced into financial assets. Will this be the focus of all the GFSR chapters or are other issues expected to be covered? We also would appreciate more information on the intended World Economic Outlook chapter on policies to counter the next downturn in advanced economies.

- A topical chapter (GFSR) will discuss how climate change risks are priced into financial assets. The contours of the other chapters are still under discussion.
- The chapter (WEO) will examine how cyclical policies can best counter the next recession in advanced economies, given low interest rates and high public debt. With monetary policy responses constrained by low rates across the term structure in many economies, fiscal policy will likely be key to any countercyclical response. The chapter will study interest rate-growth differential dynamics and fiscal policy options to prepare for and respond to the next recession.

2. We would appreciate staff's comments on whether the next GFSR will examine the recent pressures in the U.S. dollar market for repurchase agreements and their potential implications for global financial stability.

- Yes; the April 2020 GFSR will examine the recent pressures in the USD repo market.

3. To what extent will refugee flows be covered in the work on migration, including the cost to host countries?

- The chapter will provide stylized facts covering refugee flows and will present an analysis of their impact on recipient economies.

4. With respect to the feature on state-owned enterprises for the Fiscal Monitor, how comprehensive will be the coverage of the cross-country work, and are there concerns regarding data availability and comparability?

- The analytical chapter will analyze the evolving role of state-owned enterprises (SOEs) and provide broad policy advice. SOEs can promote public policy goals, including the provision of infrastructure and public goods and services, as well as economic development and stabilization more generally. The evolving nature of SOEs has rekindled a debate on their role, their efficiency, and the fiscal risks that may bring. The chapter will seek to cover a wide range of economies and sectors and to be relevant for countries at different levels of development. It will draw on various sources, review existing studies, and use case studies. Despite imperfect data availability and comparability, staff expects that it will be adequate for the analysis.

5. Could staff elaborate on the topics of analytical chapters in the flagship reports?

- Please see the responses to questions 1-4.

6. We welcome the February 2020 presentation on "External Sector Assessments for non-ESR countries." Could staff comment on whether there will be an update to the EBA methodology in 2020?

- The 2020 ESR will follow the same approach as the 2019 ESR. There is no plan to update the ESR methodology in 2020 as there was an update in 2018.

7. Regarding the External Sector Report, we note dual reports, one on the assessment of the largest economies' external positions (ESR) and the other on the assessment of non-ESR countries. We are puzzled with the idea of creating two such reports. Can staff explain the rationale for such duality considering the need to safeguard resources?

- The presentation on non-ESR countries will cover external sector developments and assessments for all member countries not covered by the ESR and will summarize external sector assessments (ESAs) in 2019 Staff Reports for non-ESR countries.
- Building on the 2018 upgrade to the EBA-lite methodology, this presentation aims to ensure high-quality ESAs for the broader membership. The presentation will identity cross-cutting macro themes to inform surveillance and will develop recommendations to improve the quality of ESAs.

Policy Research

8. ***We look forward to the discussion on the impact of low or negative interest rates and would appreciate further details by staff on the focus of this work or whether a series of papers are planned covering risk allocation, market structure and behavior and most salient how they limit the potential space for monetary policy to respond to the next recession, the nexus to fiscal and prudential policies.***

- Staff are engaged in assessing the implications of low or negative interest rates for macroeconomic and financial stability, building on the analysis featured in the Spring 2017 Policy Paper on "Negative Interest Rate Policies – Initial Experiences and Assessments" and the GFSR chapter prepared around the same time.
- Forthcoming work includes a Spring 2020 GFSR chapter on assessing how a low interest rate environment encourages risk-taking, a stock-taking departmental paper on negative interest rates to be completed in the summer, and a Board paper on the distributional effects of monetary policy to be completed next fall (with a Board briefing in May). In addition, MCM's new modeling unit is building large-scale structural models that will be used to assess the scope for unconventional monetary policies (UMPs) – including negative interest rates – to mitigate the effects of recessions, and staff will brief the Board on UMPs next fall.

9. ***We encourage the Fund to closely follow the rapid development of digital currency and conduct comprehensive studies to explore the use of e-SDR. We would welcome management/staff's comments on any plans to advance this work.***

- As EDs will recall, the Board discussed a paper on "Considerations on the Role of the SDR" in 2018 (SM/18/50). Most Directors were uncertain or unconvinced that there is a greater role for the SDR in support of the smooth functioning of the IMS, but supported further analysis on how economic and technological developments will affect the future IMS.
- Several workstreams are underway. Especially the Board paper on Digital Currencies—Prospects and Cross-Border Implications covers
    - IMS challenges and policy options. Responding to the Board's request, this work examines whether technological advances will accelerate the transition to a more multipolar reserve currency configuration and thus reshape the IMS.
    - Selected issues related to digital currencies, including the impact of possible global stable coins on monetary sovereignty.
- Staff will also continue to carefully monitor the rapid development of digital currencies and potential macroeconomic implications.

10. ***We also support the Fund's role in servicing as a platform for global dialogue, collaboration, and knowledge sharing on fintech issues that have macroeconomic significance. Is there room to improve collaboration with the private sector and standard setters in order to create more synergies and better assist the Fund in this regard? Staff comments are welcome.***

- We agree that the Fund is well placed to offer an international platform for knowledge sharing and policy development on fintech given its universal membership and the wide diversity of experiences and approaches in this area.
- Staff are seeking to glean lessons from the diversity of country experience to respond also to increasing requests from many members for policy advice and measures to mitigate risks, in the context of surveillance and technical assistance. We continue to cooperate closely on this work, within our mandate, with other international bodies. For example, the Bali Fintech Agenda was prepared jointly with the World Bank; Fund staff organized a roundtable on the margins of 2019 annual meetings with international bodies to discuss their respective programs on Fintech. The integration of fintech work into surveillance and CD is guided by macro-criticality.

11. ***We would encourage deepening the research agenda in several directions. First, the inflation puzzle and output gap measurement in advanced economies. Second, we would see merit in broadening the analytical agenda on the drivers of wage dynamics and the main factors for flat wages and purchasing power at the bottom of the income ladder in many advanced economies. We would also see merit in studying more in-depth the potential impact of increases in the minimum wage levels in advanced economies. Staff comments on these two issues would be welcome.***

- On the inflation puzzle, the WEO has been looking at this topic closely, for example with chapters on drivers of low price and wage inflation (October 2016; October 2017), a box on tradables and nontradables inflation (April 2018), and a box on business cycle properties (October 2019). The WEO will continue to examine the sources and implications of persistently low inflation.
- The issue of labor market and wage dynamics has been extensively studied in the literature. Increasing inequality has been attributed to a range of factors that have been studied in IMF work, including: the globalization and liberalization of factor and product markets; skill-biased technological change; increases in labor force participation by low-skilled workers; declining top marginal income tax rates; increasing (weakening) bargaining power of high (low) earners; minimum wages; and the growing share of high-income couples and single-parent households (for example, among recent IMF studies, Clements, De Mooij, Gupta and Keen, IMF Book 2015; Dabla-Norris and others, 2015, IMF SDN No. 15/13; IMF, 2017, April WEO Chapter 3; Jaumotte and Osorio Buitron, IMF SDN No. 15/14). Labor market issues have also

been prominent in the work programs of country teams as part of the operationalization of inequality issues in surveillance.

Analytical Work Representing Staff Views

12. Could staff offer their views on whether there could be any opportunity to engage with the staff on the SDNs more extensively both from the perspective of guiding deeper analysis and developing actionable policy recommendations for the membership?

- The current SDN guidelines aim to strike a balance between providing an outlet for original staff research while giving the Board an opportunity to provide input. The latter is achieved primarily through Board seminars but also through ad hoc consultations with EDs, especially when the paper relates to specific countries.
- The SDN guidelines were recently modified to clarify that SDNs shall not introduce or make recommendations about policies. When publishing and presenting SDNs, staff makes every effort, including through mandatory and prominent disclaimers, to stress that they do not represent the views of the IMF, the Executive Board or management.

Global Solutions

Development and climate change

13. We highly value the Fund's role in the Work of the Platform for Collaboration on Tax. The Update planned for March 2020 focuses on issues in "selected" developing countries. Which countries were selected?

- The briefing will cover countries where discussions on Medium-Term Revenue Strategies are in progress or completed.

14. The Work Program notes that staff will review Climate Change Policy Assessments to take stock and draw lessons from their application in pilot countries. Will staff be updating the board on the outcome of this review through a separate board briefing, or will it be integrated into other climate-related board sessions or the Comprehensive Surveillance Review?

- The CCPA review is at an early stage, among other things because the pilots have not yet been completed yet. Once the work is more advanced, staff will, in consultation with Management, consider how to best brief the Board.

15. ***Can staff provide specific examples of the expected IMF work on adaptation measures in the context of climate change work?***

- CCPAs, conducted jointly with the World Bank so far on a pilot basis, are mostly about adaptation. 5 pilots have been completed, a 6th is planned for early 2020, and FAD, with assistance from SPR, has started a review of the CCPAs. The results from the CCPAs are reflected in the corresponding Article IVs, and some Article IVs in small states have climate adaptation components even without a CCPA. Further, the work on how to integrate climate change into surveillance has a significant adaptation component.

International For a

16. ***We find the Fund's work to support international fora, particularly the G20, very useful, and although it is circulated to the Board and published periodically, we wonder whether there could be a dedicated webpage for this work, similar to the other research on the IMF website. Staff comments are welcome.***

- G-20 papers are regularly published on the IMF's external website (https://www.imf.org/en/Research/IMFandG20) and also disseminated in the respective G-20 presidencies website.

Fund Policies

Surveillance

17. ***We are interested in the learning more about the work on "Systemic Risks Assessments and Macroprudential Policy Advice in Article IV Staff Reports: Operational Challenges." Is this work related to the CSR and what are the operational challenges staff is concerned about?***

- The paper will assess progress in integrating the Fund's Macroprudential Policy framework in Article IV surveillance. Given that the main objective of macroprudential policy is to contain the buildup of systemic risk, the paper will start by looking into how systemic risk is assessed in staff reports. The paper will then examine the scope of macroprudential policy advice in Article IV consultations and its integration with systemic risk assessments. The paper will seek to document progress but also operational challenges—e.g. lack of consensus in the profession on how to best measure systemic risk, and the growing but still limited experience with applying and assessing the impact of macroprudential policy—to deepen the integration of macroprudential policy advice in Article IVs. The analysis conducted for this paper will inform the CSR and its recommendations to strengthen financial and macrofinancial analysis in surveillance.

18. Could staff clarify whether several other workstreams such as on Central Bank governance, Fintech or macroprudential policy advice will be reflected in the CSR and FSAP review?

- The CSR will continue to draw on other relevant workstreams, including on coverage of systemic risk assessment and macroprudential policy in Article IV consultations. It will also consider including persistent, low equilibrium interest rates into the future macro-financial landscape more explicitly.
- The FSAP Review will cover, among other things, analytical foundations of policy advice in the FSAPs. In that context, the FSAP Review will draw on other relevant work streams, such as those on low/negative interest rates, central bank governance, fintech, and macroprudential policy.

19. We welcome the enhanced focus in the work program on the risks and potential impact of widespread low and/or negative interest rates, the issues related to central bank governance, and the quality of staff's macroprudential policy advice. Could staff elaborate on how the outcomes of these workstreams will be incorporated in the CSR and the FSAP Review?

- The CSR will continue to draw on other relevant workstreams, including on coverage of systemic risk assessment and macroprudential policy in Article IV consultations. It will also consider including persistent, low equilibrium interest rates into the future macro-financial landscape more explicitly.
- The FSAP Review will cover, among other things, analytical foundations of policy advice in the FSAPs. In that context, the FSAP Review will draw on other relevant work streams, such as those on low/negative interest rates, central bank governance, fintech, and macroprudential policy.

20. We believe that the Board should have an opportunity to discuss a comprehensive overview of the Fund's work and conditionality in the Governance Framework. We call for preparation of a Board paper on this topic and, also, changing the status of the Board meeting from a briefing to a formal one or to an informal to engage. Staff's comments would be appreciated.

- When the Framework for Enhanced Engagement on Governance was adopted in mid-2018, staff committed to (i) undertaking a formal review of the framework (i.e., a stocktaking Board paper) in 3 years (i.e., mid-2021) and (ii) providing an interim update on implementation in advance of the formal review.

- The Board meeting in Spring 2020 is intended to provide this interim update in advance of the formal review. It is not intended to provide a formal and comprehensive review, as this is scheduled for mid-2021, in line with the timeline established when the Framework was adopted.

Lending

21. While it is reasonable to expect that work on lending policies will decline, with the Reviews of Conditionality and LIC facilities largely complete, we call on Management and staff to vigorously implement effective risk mitigation measures as a matter of priority. The respective guidance note drafts should be shared with the Board early on, as we would like to stay closely involved in this process, not least given that the lessons from the RoC will need to be spelled out and addressed in this document. Could staff give an update on (the timeline for) the preparation of the guidance note?

- Preparation of a Guidance Note on Conditionality and Program Design that incorporates key lessons from the 2018 Review of Conditionality, addresses challenging structural areas identified in the review, and more broadly provides a compendium for staff on lending policies, is underway. It is expected to be completed in mid-2020.

22. The envisaged comprehensive analysis of monetary policy conditionality and design in IMF programs ("to be considered by the Board in due time", p. 7) could also be important in this regard. Could staff already share any further insights on this at this stage?

- Work is underway on the analysis of monetary policy conditionality, led by SPR and MCM and in collaboration with other departments. Completion is expected in early 2021. It is too early to provide preliminary insights beyond those presented in the 2018 Review of Conditionality.

Fiscal policy and debt

23. We look forward to further Fund work regarding revenue mobilization strategies in low income and fragile states, to help support better medium-term development and institutional outcomes. Staff welcome on this point would be welcome.

- The Fund is focusing on deliveries of capacity development to fragile and conflict states, and revenue mobilization is one of the priorities. Fiscal Affairs Department is working with Area Departments to align available resources with country needs, and continue to analyze what worked and did not work for each country cases, as recently reflected in the LIC Board paper.

24. We have previously called for the Work Program to include work on debt restructuring, as a follow-up to the Review of Conditionality. The staff paper notes that a G20 note on sovereign debt resolution will be shared with the board. Will this address the outstanding follow-up questions raised in the Review of Conditionality, and will a board briefing be scheduled? If it does not cover these questions, how do staff plan to take this issue forward?

- The G-20 note on sovereign debt resolution is about the framework for debt restructuring. It would help the Fund identify potential issues to address with existing policies (i.e. our lending into arrears and debtor-creditor engagement policies) to guide us in supporting countries undertaking debt restructurings. These policies will be reviewed in the future, and staff will engage the Board accordingly.
- Further work on debt, including the review of the Debt Limits Policy and DSA review, along with Guidance Note on Conditionality and Program Design will incorporate key lessons from the 2018 Review of Conditionality.

25. We look forward to further discussions on the Debt Sustainability Framework for Market Access Countries, Debt Limits Policy, and IMF-WB Multipronged Approach for Addressing Emerging Debt Vulnerabilities. As a related matter, could staff elaborate on the scope and objectives of the formal Board paper on the Evolution of Public Debt Vulnerabilities in Lower Income Countries?

- The paper will update the analysis of debt developments in "Macroeconomic Developments and Prospects in Low-Income Developing Countries—2018" (IMF 2018) and "Debt Vulnerabilities in IDA Countries" (World Bank 2018). It will analyze public debt trends and vulnerabilities in lower-income economies and small states, and quantify the implications of the changing creditor landscape and increasing complexity of debt instruments. The paper will provide a summary of the key risks and challenges facing lower-income economies in addressing public debt vulnerabilities and the priority policy actions that need to be taken.

26. ***While we find the planned Board discussion on "Evolution of Public Debt Vulnerabilities in Lower-Income Countries" in January 2020 a pertinent undertaking, we wonder why this report is limited to lower-income countries as opposed to low-income countries. We would also inquire the reason(s) behind the formal meeting format for such fact-finding report. Moreover, we note that this item has been added on a short notice as it was absent from the previous WP but is scheduled to be discussed in January 2020. Can Staff elaborate on these three points?***

- The paper covers a wider group of countries than low-income developing countries that have been the focus of recent IMF reports on macroeconomic developments and prospects in low-income developing countries (LIDC), including select frontier economies and small states. For this reason, the countries are labeled lower-income economies.
- The paper is intended to meet the Board's request to enhance monitoring and reporting of the debt situation of lower-income countries and extends earlier analysis in "Macroeconomic Developments and Prospects in Low-Income Developing Countries—2018" (IMF 2018) and "Debt Vulnerabilities in IDA Countries" (World Bank 2018). This explains the formal format of the Board meeting.
- The paper on developments in LIDCs was in the Work Program as staff had intended to include this work in the 2019 LIDC report. In the event, staff saw merit in a separate paper and this is why it was only entered in the WP now.

Capacity Development (CD)

27. ***We appreciate that a briefing on the implementation of Capacity Development (CD) priorities was added to the work program. Given the recent discussion on the Fund's CD Policies and Practices and the involvement of the Board, we call for a formal Board meeting or an informal meeting to engage, rather than to brief. Staff's comments would be welcome.***

- In the CD area, the informal briefing proposed in the Work Program is in line with the process outlined in the recent paper on CD Policies and Practices. It provides Directors further details on CD to allow them to engage more effectively in the annual budget process and is intended to be a regular event.
- The increased engagement over recent years with the Board on CD matters is expected to continue. There are forthcoming area department briefings on CD matters, either in the context of regional briefings or, in the case of MCD, as a standalone briefing. At the same time CD matters are increasingly being incorporated into individual Article IV discussions and CD departments will provide additional briefings in FY21.

28. ***Figure 3 on Fund Policies by Thematic Category shows that work on CD policies is decreasing since it peaked on 2018 Spring, Staff comments are welcome on this trend.***

- Figure 3 understates the engagement on CD as CD has been integrated in the context of discussions that appear in the chart as "surveillance" but in fact also cover CD-related activities – for example, the recent Board discussion on fragile states and AFR's specific briefing on CD to the Board, in parallel with the briefing on the Regional Economic Outlook.

Structural reforms

29.

Could staff also comment on the plans to address some challenging structural areas identified in the recent Review of Conditionality, such as labor and product market reforms?

- Preparation of a Guidance Note on Conditionality and Program Design that incorporates key lessons from the 2018 Review of Conditionality, addresses challenging structural areas identified in the review, and more broadly provides a compendium for staff on lending policies, is underway. It is expected to be completed in mid-2020.

Internal Support

30. ***We were surprised that the ongoing work on the updated Capital Investment Framework has been omitted from the WP. Staff comments are welcome.***

- Staff plans to present an overview of the updated Capital Investment Framework in the context of the FY21-23 Medium-Term Budget proposal.

31. ***Could staff comment on the envisaged HR incentives for Staff to work on Fragile states?***

- We will soon launch an updated Career Paths and Mobility framework for Macroeconomists and expect to announce details early in 2020. The updated framework includes guidance for service on different types of country assignments, including on fragile and conflict-affected states (FCS).

Responses to Risks

32. We welcome ongoing efforts to strengthen strategic planning and prioritization in the WP and to articulate more clearly the ex-ante institutional risk implications of policy proposals. On the latter, which kind of "large financial and operational decisions" (p. 10) has staff in mind for further efforts in this direction?

- The work on ex ante risk assessments for large financial and operational decisions is done in response to the Board requests made in the recent discussions on the Risk Update and Risk Report. Staff are working on the specific modalities of such assessments and expects to report progress in the coming months. The "large financial and operational decisions" refer to the programs and operational decisions, such as the key modernization projects, that may have significant enterprise risk implications for the Fund.

Strengthening Strategic Planning and Prioritization

33. Regarding the Board workload as shown on page 12, we note that the number of policy items for Fall 2019 was at an all-time high. We expect it to remain high, given the ambition and richness of the current WP. Does staff have a projection for the next 6 and 12 months?

- The Figure on page 12 captures the projections for the next 12 months since the Fall 2019 WP is for the period Nov 1, 2019 to October 31, 2020.

34. We take note that, along policy reviews, associated costs for economic and financial research work are increasing. We appreciate that work on some non-priority areas has tapered off somewhat. However, we would encourage further efforts to contain the increase in FTEs on non-recurrent items. Could staff elaborate on possible other areas where work could be streamlined?

- The expanding work burden of the work program reflects increasing policy challenges and various demands of the membership. Discussions on the FY 21-23 Medium-term Budget will provide opportunities to discuss priorities and possible areas for streamlining.