

THE MANAGING DIRECTOR'S

GLOBAL POLICY AGENDA 2023

Spring
Meetings



Safeguard Economic Stability, Support Vulnerable Countries, Sustain Our Future Prosperity

“Strong policy action is needed together with pragmatic approaches to find areas of common ground to respond to shared challenges.”

The global economy is at another highly uncertain moment: tentative signs of stabilization earlier this year have receded, and the outlook is increasingly risky and uncertain. Strong consumer demand in advanced economies (AEs), together with the reopening of the Chinese economy, buoyed activity in the second half of 2022. However, successive shocks—including Russia’s war against Ukraine—and now recent financial market stress, in the context of tighter monetary policies needed to bring down inflation, are weighing on the global recovery and macro-financial stability. These factors are also casting a shadow on the outlook: global growth in the near and medium term is projected to remain weak by historical standards and could weaken further if financial stress continues and leads to a sharp tightening of financial conditions. And although declining commodity prices and synchronized monetary tightening helped moderate inflation, underlying price pressures are proving sticky.

At the same time, divisions within and across countries are deepening, exacerbated by rising fragmentation. A record 345 million people, mainly in low-income countries (LICs), face acute food insecurity, and more than 700 million people are living in extreme poverty. Within countries, the cost-of-living crisis is affecting vulnerable groups the most. Emerging markets (EMs) are vulnerable to spillover risks from continued but necessary tight policies in AEs from financial market stress. About 60 percent of LICs and 25 percent of EMs are already in or at risk of debt distress, whereas debt restructuring processes have been sluggish. Rising fragmentation could further entrench these divides by limiting resources to support the vulnerable, thus hampering global trade and investment flows, and delaying urgently needed action on a range of shared challenges, including the climate crisis.

Strong policy action is needed together with pragmatic approaches to find areas of common ground to respond to shared challenges. The key priorities are to: (1) **safeguard** economic and financial stability as a basis for stronger growth through resolute domestic policies to reduce inflation and debt while bolstering global trade; (2) **support** vulnerable countries through stepped up international financial assistance and debt relief; and (3) **sustain** our future prosperity by jointly tackling climate change and investing in a more inclusive and digital future.

The IMF is proactively engaging with our members to chart a clear course to a stronger and more sustainable path for the global economy. In collaboration with partners, we are focused on delivering prompt and tailored macro-financial advice, financial assistance—including on a precautionary basis—and capacity development (CD) to help member countries navigate the difficult and highly uncertain global economic context. In doing so, we aim to safeguard the International Monetary System (IMS) and to bolster resilience to current and future shocks. To deliver for our membership, we count on their unwavering support, particularly for scaling up financial assistance to our vulnerable members and for completing the 16th General Review of Quotas by December 15, 2023.



I. SAFEGUARD ECONOMIC STABILITY

Bolstering macro-financial stability and rebuilding the foundation for sustained growth require well-calibrated, decisive, and agile policies. Medium-term growth prospects are the weakest in decades. Debt is up, purchasing power is down, and uncertainty and downside risks have risen, especially related to financial sector stability. Inflation, while moderating, is still too high in many parts of the world. In this context, policymakers must remain steady with their anti-inflation stance, safeguard financial stability, reduce deficits and debt burdens while protecting the most vulnerable, and bolster long-term growth. International coordination is essential to support trade and to safeguard the stability of the IMS.

- **Monetary policy** must continue to prioritize durably bringing inflation down and guarding against a de-anchoring of inflation expectations. Given elevated uncertainty and risks, central banks must calibrate policies in a data-dependent manner, communicate their objectives clearly, and be ready to adjust and use their full set of policy instruments, including to address financial stability concerns, working closely with supervisory and regulatory authorities. Where market strains emerge, central banks should stand ready to provide appropriate liquidity support, while safeguarding their balance sheets.
- **Regulatory, supervisory, and macroprudential policies** must focus on strengthening the resilience of the financial sector, including to abrupt or sizable changes in interest rates and real estate and other asset prices. Country authorities will need to monitor developments carefully and take active steps to strengthen prudential oversight. Data, supervisory, and regulatory gaps will need to be addressed in both the bank and nonbank financial sectors. Macroeconomic and **exchange rate** adjustments remain the first line of defense in the face of external shocks. The use of preemptive **capital flow measures** (CFMs) on inflows and macroprudential policy measures may be useful in some circumstances to address financial stability risk. If capital flow and exchange-rate pressures emerge, currencies should be allowed to adjust, while temporary **foreign exchange intervention** could help address market dysfunction. Temporary capital flow management measures on outflows may help in imminent crisis circumstances.
- **Fiscal policy** needs to continue to reduce elevated debt levels, while buttressing monetary and financial sector policies in bringing inflation down and maintaining financial stability. Measures to address cost-of-living pressures must be better

targeted to support the most vulnerable groups, while, to the extent possible, preserving the market signals from higher prices. Credible risk-based fiscal frameworks can help promote consistent macroeconomic policies aligned with monetary policy objectives, reduce debt vulnerabilities over time, and rebuild buffers to better respond to future shocks.

- **Supply-side policies** can help complement monetary and fiscal policies in bolstering growth, alleviating price pressures, and building supply-chain resilience. But such policies need to be carefully designed to avoid distortive practices that may be counterproductive to sustained, inclusive growth. Structural reforms should aim to address market power and rent-seeking behavior; improve regulations, planning processes, and the business environment; support education; and bolster labor-market flexibility and participation. Such reforms are key to address longer-term structural challenges and to help achieve the Sustainable Development Goals.
- **International coordination** can help bolster the stability of the IMS. Trade should resume its role as an engine for growth. Large benefits can come from refraining from distortive trade practices, avoiding wasteful subsidy races, and strengthening the multilateral trade system, including through the World Trade Organization.

Through our surveillance, the IMF provides targeted advice through in-depth analyses and sharing lessons across the membership.

- **Bilateral surveillance** emphasizes the need for a consistent policy mix tailored to country circumstances that recognizes trade-offs and is geared toward dealing with high uncertainty. Against the backdrop of increased financial stability risks, we continue to upgrade **macro-financial analysis** in surveillance, focusing on strengthening systemic risk analysis and policy advice to help members deal with shocks and develop contingency plans to address and preempt risks. The revised Institutional View and our ongoing work to operationalize the **Integrated Policy Framework**—guiding the use of multiple policy tools to address spillover risks if market frictions become elevated—support members to develop appropriate policies to manage capital flow and exchange rate volatility. And by enhancing our engagement on social spending and integrating our strategies—on [climate](#), [digital](#), and with [fragile and conflict-affected states](#) (FCSs), and more recently [gender](#)—in our surveillance and other core activities, we are better able to help our members develop stronger, more inclusive, and more resilient economies.



- Our just completed review of the **Framework for Enhanced Fund Engagement on Governance** reaffirms the criticality of strengthening governance, including by addressing corruption, to bolster the design and impact of domestic macro policies, with due attention to the importance of evenhanded engagement across members. And the recent **Review of the Role of Trade in the Work of the Fund** helps guide our policy advice on increasing supply-chain resilience while avoiding distortive protectionist measures.
- Our **multilateral surveillance** and analytical work prioritize macroeconomic policies to contain inflation, including monetary-fiscal interaction and policy responses to commodity-price shocks; the interplay between capital flows, CFMs, and crises; the role of fiscal policy in tackling elevated debt levels; digitalization of

public finance and infrastructure; and policies to address financial sector vulnerabilities. We are also analyzing the spillovers from fragmentation and working on helping members reach a common understanding of the implications of inaction or damaging unilateral actions and arrive at pragmatic solutions that preserve the stability of the IMS.

II. SUPPORT VULNERABLE COUNTRIES

Joint action to support vulnerable countries is critical not only to ensure their macroeconomic stability but also that of the global economy. Many countries are vulnerable to spillovers and confidence shocks in our increasingly shock-prone world. International support is imperative to mitigate risks and contagion and to avoid economic hardship, unrest, and displacement.

- **Ending Russia's war in Ukraine** remains the single most impactful action.
- **Overcoming the food crisis and addressing poverty** require lifting restrictions on food and fertilizers and mobilizing new concessional support, including through voluntary channeling of Special Drawing Rights (SDRs).
- **Accelerating progress in addressing debt distress** hinges on more effective implementation of the G20 Common Framework (CF) for debt treatments, which is also supported by the Paris Club. More broadly, enhanced creditor coordination is necessary to promote timely restoration of debt sustainability for all countries that need it, including vulnerable middle-income countries (MICs).

The IMF has stepped up its lending to countries with balance of payments needs and continues to reassess its lending toolkit to ensure our ability to proactively respond to emerging needs:

- **Support to LICs and FCS:** Since fall 2022, six countries (Ukraine, Malawi, Guinea, Haiti, South Sudan, and Burkina Faso) have benefited from emergency financing (Rapid Financing Instrument (RFI)/Rapid Credit Facility (RCF)) under the new Food Shock Window (FSW), while four others (Mauritania, Bangladesh, Guinea Bissau, and Papua New Guinea) benefitted from upper-credit tranche (UCT) arrangements to address their balance of payments needs. Going forward, we plan to undertake a **review of the RFI/RCF access limits and of the FSW**, and to begin work on the 2024-25 **review of the Poverty Reduction and Growth Trust (PRGT)**.
- **Support to EMs:** Seven countries (North Macedonia, Barbados, Armenia, Egypt, Serbia, Sri Lanka, and Ukraine) have received financing under new General Resources Account (GRA)-supported programs. EMs continue to benefit from access to the IMF's precautionary facilities, with currently about SDR 66 billion committed, including Morocco's recently-approved Flexible Credit Line (FCL). To facilitate an effective response to the increasing needs in a period of multiple global shocks, we have temporarily raised the normal **access limits** in the GRA and are **reviewing our precautionary facilities**. Changes to the

IMF's financing assurances policy now allow the possibility of UCT engagement with members facing exceptionally high uncertainty, subject to adequate safeguards.

- **Resilience and Sustainability Trust (RST):** Five countries (Costa Rica, Barbados, Rwanda, Bangladesh, and Jamaica) are benefiting from the RST to enhance their resilience to climate-related shocks by putting in place strong policies and reforms that could also help catalyze additional climate financing. We are assessing experiences with these requests to draw early lessons.

The historic \$650 billion SDR allocation in 2021 helped address the long-term global need for reserves, build confidence, and bolster the resilience and stability of the global economy.

It also helped create fiscal space to address immediate needs. We are now reviewing the **use of SDRs**, including an assessment of how it has supported LICs, its impact on members' reserves, SDR channeling, and consistency with the principles of transparency and accountability.

For the IMF to be able to continue to fulfill this role at the center of the global financial safety net (GFSN), members will need to come together to achieve a timely and successful conclusion of the 16th General Review of Quotas (GRQ) by December 15, 2023.

In the current context of heightened uncertainty and risks, it is paramount to ensure a strong, quota-based, and adequately resourced IMF that can respond effectively to members' needs. To bridge the time until an agreement on the GRQ can become effective, we will also need members' support for extending the Bilateral Borrowing Agreements through the end of 2024 to avoid a decline in IMF resources at the end of 2023.

We equally count on our economically strongest members to close funding gaps for the PRGT and RST.

For the PRGT, we have sought SDR 12.6 billion in additional loan resources and SDR 2.3 billion in new subsidy resources to support zero-interest lending—which has increased more than fourfold since the pandemic began—and to finance the [2021 reforms](#). So far, pledges amount to around three-fourths of the loan resources target but less than half of the subsidy resource target, whereas financing needs are expected to increase further on account of strong demand for IMF support and sharply higher interest rates. We rely on our membership's support to meet the agreed 2021 fundraising target by the Annual Meetings in Morocco. By then, we will lay out the principles of a burden-shared medium-term strategy to place the PRGT on a sustainable footing that could guide the upcoming PRGT review. And timely delivery of existing pledges, as well as new pledges toward the SDR 33 billion

fundraising goal for the RST, are essential to enable the Trust to support countries implementing strong policies, which can help them address climate challenges and catalyze financing from other sources.

The IMF is also working with its partners to support members' debt restructuring efforts and strengthen the global debt architecture:

- **Common Framework (CF):** We continue to help bolster and accelerate the implementation of the CF by exploring options to make the processes more predictable, timely, and orderly. Early lessons from the successful case of Chad can help inform further progress for ongoing cases (Ghana, Zambia, and Ethiopia). To facilitate the restructuring process under the CF, we are working with the World Bank (WB) to improve the provision of information to creditors, including on information underlying our debt sustainability analyses.

- **Global Sovereign Debt Roundtable (GSDR):** Together with the WB and the Indian G20 Presidency, we have launched the GSDR to bring together key stakeholders involved in sovereign debt restructurings, from members of the Paris Club to new official bilateral creditors such as China, Saudi Arabia, and India, as well as the private sector and borrowing countries. The roundtable aims to foster greater common understanding on concepts and principles that can, in turn, facilitate individual restructurings. Building on the first meetings held since February, we will strive to strengthen consensus on the best ways to address rapidly the current shortcomings.
- **Debt sustainability and transparency:** We continue to monitor and assess practices for the contractual approach to sovereign debt restructuring and to improve debt transparency, including through technical assistance. In collaboration with the WB, we will lay the groundwork for the **next review of the LIC Debt Sustainability Framework**.



III. SUSTAIN OUR FUTURE PROSPERITY

Multilateral cooperation is a must to protect our future. The pervasive and devastating effects of climate change are increasingly visible on all continents. Digitalization brings new opportunities, including for greater inclusion and productivity, but it also carries risks, as recent crypto collapses illustrate. Understanding our shared vulnerabilities can serve as a motivation to connect and support each other:

- **Climate:** Global action is essential to reduce greenhouse gas emissions and to deliver on the Paris Agreement, lest global warming become uncontrolled, posing an existential threat to all of us. Large emitters need to urgently come together to decisively cut emissions. This needs to be complemented by stepping up climate finance from all sources to support adaptation and transition efforts. Bringing in private sector finance is key, which requires harmonizing climate-disclosure standards, reinforcing the climate-information architecture, and addressing other impediments such as capital market development and the business climate.
- **Digitalization:** Leveraging new digital technologies to deliver transformative enhancements in payment systems can help advance financial inclusion and productivity gains. At the same time, globally coordinated regulation of digital services and the development of global standards are needed to help minimize risks from new digital technologies. Robust design and coordination of central bank digital currencies (CBDCs) and other digital platforms can avoid fragmentation of payment systems and support greater payment efficiency.

In collaboration with our partners, and within our mandate, the IMF is working toward multilateral solutions:

- We will continue to work on **climate policies** and their macroeconomic—especially cross-border—impact on members. And we are providing analytical work on energy security and climate mitigation, climate stress testing, and the impact of the green transition on innovation. We also aim to help members strengthen policy frameworks for climate resilience, which can help **mobilize additional climate financing**. A coordinated effort with countries, donors, and Multilateral Development Banks is essential to support development financing for climate mitigation and adaptation; maximize synergies; and unlock green, resilient, and sustainable growth. We are also working to improve

the availability and quality of climate data, including through the IMF's **Data Standards Initiative** and by contributing to the G20's Data Gaps Initiative. And we are reviewing our **Climate Macroeconomic Assessment Program**.

- The IMF is analyzing the macroeconomic implications of digital money and assets and helping develop global principles that can shape the policy approach to new public and private digital infrastructure. Our work on **cross-border multilateral currency exchange and contracting platforms** emphasizes the importance of digital public goods, including access to CBDCs, that could improve cross-border payments and finance. Following the IMF Executive Board's endorsement of our paper on **elements of effective policies for crypto assets**, we have stepped up efforts to analyze their macro-financial implications, seeking to inform future debates on adequate policy responses, working closely with standard-setting bodies and other stakeholders. And we are analyzing the implications of **digital money for the IMS** with the aim to develop policy principles to foster cooperation and stability.

IMF CD continues to support members' efforts to build macroeconomic resilience. We continue to integrate CD with surveillance and lending, focusing on tailored technical assistance and training. In addition to being active in our traditional areas of CD, including fiscal and debt-related issues, we are responding to growing CD demands from FCSs, and providing support in other emerging areas such as digital and climate issues. With the 2023 **Review of the Fund's CD Strategy**, we are modernizing its management, administration, and delivery.

To be able to deliver efficiently and effectively for our member countries, we continue to strengthen our internal practices.

We are implementing our Enterprise Risk Management framework to ensure an institution-wide risk culture that allows for effective identification, assessment, and treatment of risks. We are following up on the recommendations of the Institutional Safeguards Review—including by strengthening the IMF's internal Dispute Resolution System—to ensure that our governance structure remains robust. And we are reviewing our Transparency Policy to improve openness and clarity while strengthening our traction and accountability.

Our exceptional staff remains dedicated to delivering the best quality work in service of our membership. To support them, we continue to make efforts to improve staff diversity and inclusion.



SURVEILLANCE

56 Article IV consultations

6 Financial System Stability Assessments

Publications on Climate, Digital, Inclusion

55 Climate change

58 Digital money

12 Inclusion and Gender

16.4 million visitors to flagship publications, blogs, F&D, and Country Focus webpages

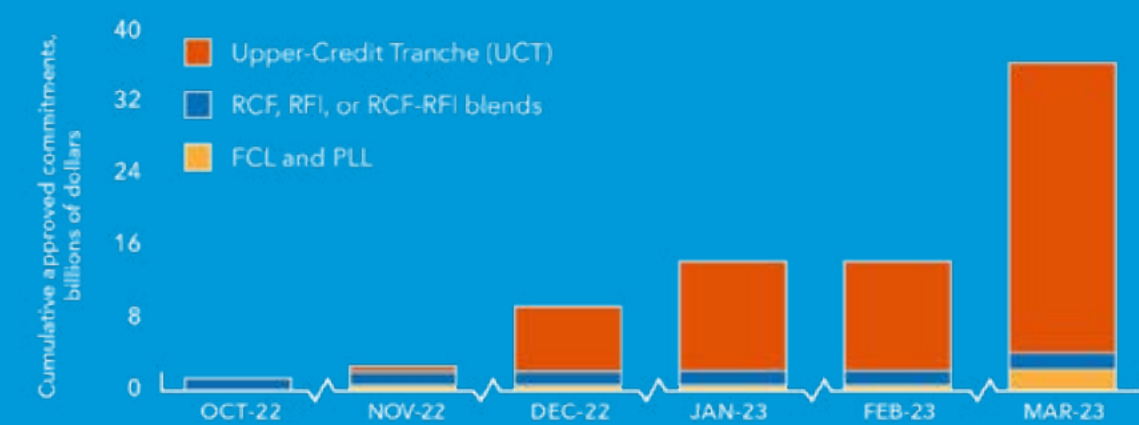


Note: October 2022 to March 2023.

LENDING

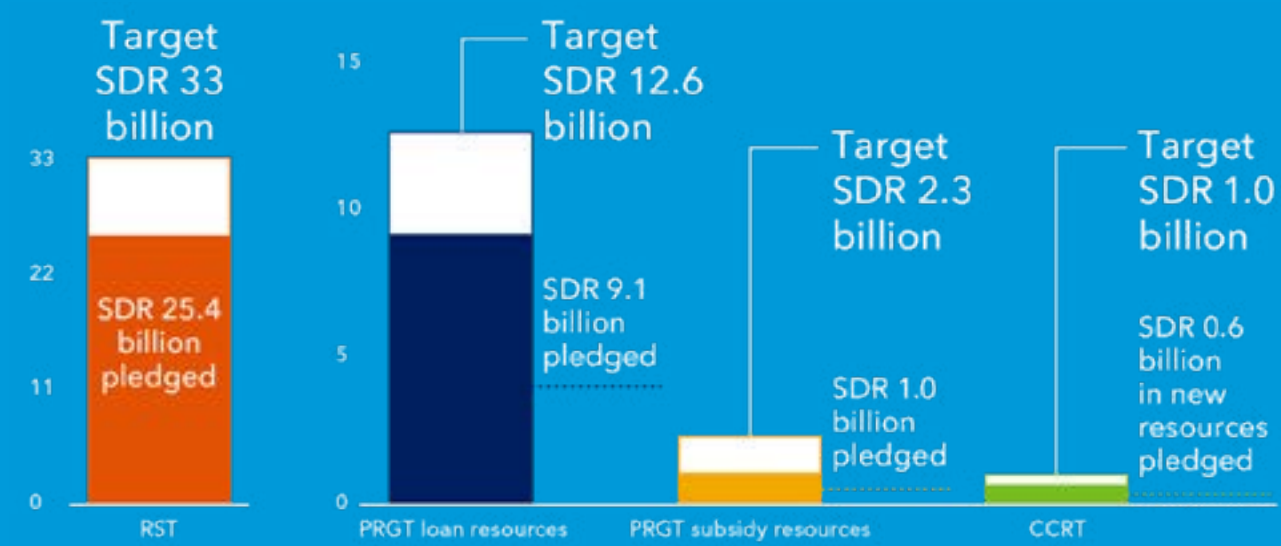
21 countries received **\$35.9 billion** total financial assistance since October 1, 2022

12 of which have a PRGT facility



Note: October 2022 to March 2023; *This bar focuses on the RST pledges that include resources for lending. There are additional pledges of SDR 5.1 billion in 'standalone contributions' to reserves and deposits; CCRT = Capacity Containment and Relief Trust; PRGT = Poverty Reduction and Growth Trust; RST = Resilience and Sustainability Trust; SDR = special drawing right.

RST*, PRGT, and CCRT Fundraising



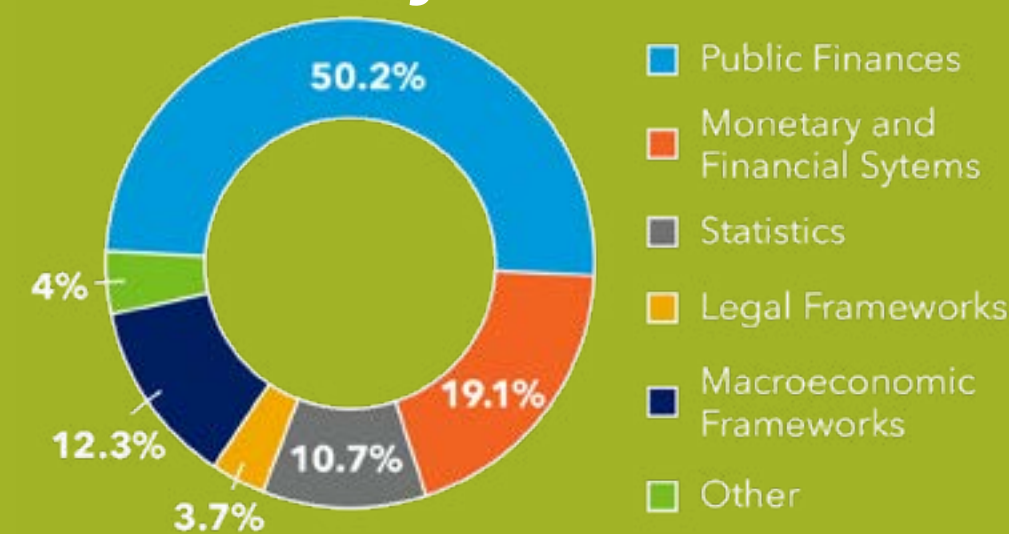
CAPACITY DEVELOPMENT

1,321 single country CD Projects

to **173** countries

66% to LIDCs, FCS, and small states

CD Delivery in FY23*



Microlearning via YouTube**

1.1m views, **251** videos, **13.4k** subscribers

IMF Online Learning***

164k active users, **199** countries, **6** languages

Note: *October 2022 to March 2023; ** March 2020 to March 2023; *** Since the launch of Online Learning Program (2013) to March 2023; CD = capacity development; FCS = fragile and conflict affected states; FY = financial year; LIDCs = low-income developing countries.

OUTSTANDING CREDIT AND COMMITMENTS

(as of March 31 2023, in billions of SDRs)¹

GENERAL RESOURCES ACCOUNT FINANCIAL ARRANGEMENTS		
	CURRENT PROGRAM SIZE	OUTSTANDING CREDIT ²
MEMBERS WITH CURRENT ARRANGEMENTS		
Stand-By Arrangements (SBA)		
Armenia, Republic of	0.13	0.35
Georgia	0.21	0.47
Serbia, Republic of	1.90	0.79
Extended Fund Facility (EFF)		
Argentina	31.91	34.23
Bangladesh	1.65	0.59
Barbados	0.09	0.34
Benin	0.32	0.23
Cameroon	0.32	0.21
Costa Rica	1.24	0.99
Egypt, Arab Republic of	2.35	13.42
Gabon	0.39	0.75
Jordan	1.15	1.46
Kenya	1.25	0.75
Mauritania, Islamic Republic of	0.04	0.01
Moldova, Republic of	0.40	0.29
Pakistan	4.99	5.57
Papua New Guinea	0.46	0.04
Seychelles	0.07	0.09
Sri Lanka	2.29	1.04
Suriname	0.47	0.08
Ukraine	11.61	9.04
Flexible Credit Line (FCL)		
Chile	13.95	-
Colombia	7.16	3.75
Mexico	35.65	-
Peru	4.00	-
Precautionary and Liquidity Line (PLL)		
Jamaica	0.73	0.54
North Macedonia, Republic of	0.41	0.22
Total Current Arrangements	125.12	
o/w Undrawn Balance³ (A)	93.73	
Total Outstanding Credit (B)		75.26
MEMBERS WITHOUT CURRENT ARRANGEMENTS		
Total Outstanding Credit (C)		23.47
Other Upper Credit Tranche (UCT)		13.00
o/w Ecuador		5.63
o/w Angola		3.21
o/w Morocco		1.50
Rapid Financing Instrument (RFI)		10.47
o/w South Africa		3.05
o/w Nigeria		2.45
o/w Tunisia		0.55
TOTAL GRA COMMITMENTS (A)+(B)+(C)		192.46

POVERTY REDUCTION AND GROWTH TRUST FINANCIAL ARRANGEMENTS		
	CURRENT PROGRAM SIZE	OUTSTANDING CREDIT ²
MEMBERS WITH CURRENT ARRANGEMENTS		
Extended Credit Facility (ECF)		
Bangladesh	0.82	0.46
Benin	0.16	0.30
Cabo Verde	0.05	0.05
Cameroon	0.16	0.80
Chad	0.39	0.56
Congo, Democratic Republic of	1.07	1.14
Congo, Republic of	0.32	0.23
Gambia, The	0.07	0.10
Guinea-Bissau	0.03	0.03
Kenya	0.57	1.01
Liberia	0.16	0.19
Madagascar, Republic of	0.22	0.65
Mauritania, Islamic Republic of	0.02	0.24
Moldova, Republic of	0.20	0.20
Mozambique, Republic of	0.34	0.44
Nepal	0.28	0.25
Niger	0.20	0.36
Papua New Guinea	0.23	0.29
Sierra Leone	0.12	0.36
Somalia	0.25	0.24
Tanzania, United Republic of	0.80	0.51
Uganda	0.72	0.81
Zambia	0.98	0.14
Total Current Arrangements	8.16	
o/w Undrawn Balance³ (D)	4.64	
Total Outstanding Credit (E)		9.37
MEMBERS WITHOUT CURRENT ARRANGEMENTS		
Total Outstanding Credit (F)		7.12
Other Upper Credit Tranche (UCT)		3.83
o/w Sudan		0.99
o/w Ghana		0.52
o/w Côte d'Ivoire		0.38
Rapid Credit Facility (RCF)		3.28
o/w Ghana		0.74
o/w South Sudan		0.25
o/w Côte d'Ivoire		0.22
TOTAL PRGT COMMITMENTS (D)+(E)+(F)		23.41
RESILIENCE AND SUSTAINABILITY TRUST ARRANGEMENTS		
Resilience and Sustainability Facility (RSF)		
Bangladesh	1.00	-
Barbados	0.14	-
Costa Rica	0.55	-
Jamaica	0.57	-
Rwanda	0.24	-
TOTAL RST COMMITMENTS (G)	2.51	

TOTAL LENDING COMMITMENTS = SDR 216.09 BILLION

¹ Numbers may not add up due to rounding.

² Includes outstanding credit under expired arrangements and outright disbursements.

³ Available balance not yet drawn under current arrangements.