THE MANAGING DIRECTOR'S

GLOBAL POLICY AGENDA

Annual Meetings 2021

Vaccinate, Calibrate, Accelerate.

VACCINATE, CALIBRATE, ACCELERATE.

Urgent policy action is needed to control the pandemic, limit scarring, and transform the global economy. The global recovery continues, thanks to unprecedented monetary, fiscal, and financial support over the past year. However, pandemic-induced divergences are persisting, driven by stark differences in access to vaccines and policy space. The rapid spread of the Delta variant and the threat of new variants add further uncertainty to the outlook. The world is also facing sweeping forces of longer-term change—first among them a climate emergency that demands immediate action, while we also navigate the new opportunities, and risks, of the digital revolution.

The Fund will continue to support the membership deal with these ongoing and new challenges. Our priorities are to: (i) **vaccinate** the world population to stem the spread of pandemic; (ii) **calibrate** policies to limit scarring, support the recovery, and counter growing divergences within and between countries; and (iii) **accelerate** the transformation of the global economy to achieve a more inclusive, greener, and digital recovery. Now is the time to come together and set things right for future generations by steering our way out of the crisis and setting course for a more prosperous future.

VACCINATE

Global cooperation to expedite universal vaccination is vital to secure the global recovery and limit health and economic divergences. The global rollout of COVID-19 vaccines is progressing at alarmingly different speeds: in low-income and developing countries, less than 5 percent of the population is fully vaccinated, compared to about 58 percent in advanced economies (AEs). The surge in the Delta variant suggests that the pandemic may be with us for longer, adding to the challenge of delivering and financing sufficient vaccinations. The global goal to vaccinate at least 40 percent of the population in all countries by end-2021 and 70 percent by mid-2022 remains a priority. Meeting these targets requires urgently ramping up supply to ensure availability of vaccines, diagnostics, and therapeutics in developing countries, including through sharing doses, removing trade barriers on vaccines and related materials, and addressing financing constraints. These efforts are not only moral imperatives but will be instrumental in achieving a more robust recovery. They are in the interest of all.

The Fund is collaborating closely with global partners in the fight against the pandemic. We are engaging with other international financial institutions and member groups, including the G20 and G7, in mobilizing resources to help countries address the ongoing health emergency and reduce vaccine and economic inequalities. The recently launched **Multilateral Leaders Task Force** is designed to facilitate coordination among international partners and amplify the impact of our collective efforts. It helps identify critical financing needs and sources and guide policy to support countries' vaccination, diagnostics, and treatment efforts. The IMF-WHO vaccine supply tracker also helps inform policymakers and our policy guidance.

"Now is the time to come together and set things right for future generations by steering our way out of the crisis and setting course for a more prosperous future."

CALIBRATE

Policies should be calibrated to the evolving pandemic conditions and available policy space to support the recovery, counter growing divergences, and limit scarring.

- *Fiscal policy:* Health spending remains a priority. Where fiscal space is becoming limited, lifelines should be increasingly targeted toward the most vulnerable groups, while facilitating reallocation of productive resources. As the pandemic is brought under control, policymakers can increasingly focus on measures to address scarring from the shock and secure a transformative and inclusive recovery. Bolstering medium-term fiscal frameworks to strengthen the credibility of public finances can help improve tradeoffs between providing near-term cyclical support and other objectives such as rebuilding buffers to address future shocks or advancing long-term structural goals. Implementing a multilateral agreement on fairer international corporate taxation will help support critical investments.
- *Monetary policy:* The risks of higher inflation pose vexing challenges for policymakers everywhere, with heightened uncertainty amid stop-start recoveries, as fluctuating infection rates translate into unprecedented swings in economic activity. Rapid food price inflation poses a particular challenge to economic and political stability in many emerging market and developing economies (EMDEs). Monetary policy can generally see through transitory inflation pressures, but will need to act decisively if the recovery strengthens faster than expected or risks of rising inflation expectations become tangible. Where inflation is rising and risks of inflation expectations de-anchoring are becoming concrete, monetary policy may need to be tightened. Inflation risks could materialize if supply-demand mismatches are prolonged, leading to rising inflation expectations. This could prompt a faster-than-expected monetary normalization in AEs, tightening financial conditions in many EMDEs, complicating their recoveries, and undermining financial stability. Careful communication of policy intentions will be critical to limit negative cross-country spillovers.
- *Financial sector policies*: Measures to support credit and stabilize balance sheets should become more targeted, while making use of macroprudential tools and strengthening risk management in the nonbank financial sector.
- *Structural reforms:* Reinvigorating growth and reversing pandemic-driven setbacks will require tackling deep-seated pre-pandemic challenges. Domestic reforms should be geared toward securing a recovery that is more inclusive, providing a foundation for deeper, transformative actions. Stronger efforts are needed to remove trade restrictions and strengthen the rules-based multilateral trading system.
- *Financial support:* Countries that have exhausted their fiscal space fighting the pandemic and face liquidity constraints and unsustainable debt burdens will need timely, orderly, and comprehensive debt restructuring, coupled with sustained liquidity support in the context of IMF-supported programs.

The Fund will continue to help members navigate the exit from the pandemic with tailored surveillance, capacity development (CD), and financing. We will remain closely engaged with our member countries as they tackle the difficult policy tradeoffs.

- **Surveillance**: In this era of unprecedented economic uncertainty and stop-start recoveries, timely and **tailored surveillance** remains vital to share lessons and provide members with well-calibrated policy advice. Following the recent Comprehensive Surveillance Review and the review of the Financial Sector Assessment Program (FSAP), we are continuing to refine our bilateral surveillance activities and policy advice. Better **integrating risks and uncertainties** will be particularly important in the current circumstances, including more emphasis on the range of potential outcomes relative to the baseline and offering more contingent policy advice. We are deepening engagement on **macrofinancial issues** to strengthen systemic risk analysis and better anchor macroprudential policy advice. We are giving particular attention to improving our **forecasting and monitoring frameworks**, enriching the FSAP risk analysis toolkit, and furthering the work on **data provision and standards**. We are also strengthening guidance on **medium-term fiscal frameworks** and reviewing **monetary policy frameworks**. For countries facing structural setbacks due to the pandemic, our analyses of the pandemic's impact on **labor markets, productivity, and private sector viability** will help inform policy advice. To provide a more systematic assessment of the effective policy mix to achieve growth and stability objectives given differing country circumstances, we will continue to work on operationalizing the **Integrated Policy Framework** and complete the review of the **Institutional View on the Liberalization and Management of Capital Flows**.
- **CD**: As our member countries face increasingly complex and difficult policy challenges, we will continue to assist them in upgrading policy frameworks and operations, reforming institutions, and enhancing their economic management capacity. In the context of pandemic-related needs, we will continue to focus on country-tailored CD related to our core areas of expertise. We will further enhance CD effectiveness and efficiency with **greater dissemination** of CD information, increasing the **flexibility and agility** of CD delivery through regional CD centers, **integrating** CD seamlessly with surveillance and lending, **modernizing** CD management, and **expanding** our partnership base.

- **Lending**: We are committed to supporting our most vulnerable members with adequate financial support, increasingly through upper credit tranche arrangements. We are exploring options to magnify the impact of the historic Special Drawing Rights (SDR) allocation by calling on countries with strong external positions to voluntarily channel their SDRs to: (i) bolster pledges to lend and/or invest resources to strengthen the concessional lending capacity of the **Poverty Reduction and Growth Trust**; (ii) establish a new **Resilience and Sustainability Trust** to help low-income countries and vulnerable middle-income countries achieve a sustainable recovery; and (iii) support lending by multilateral development banks.
- **Supporting our most fragile members**: Fragile and conflict-afflicted states (FCS) represent almost one-fourth of our membership, and the Fund's effectiveness in helping them requires a **differentiated approach**. We are developing a new strategy to better **tailor our macroeconomic policy advice, CD, and program design** to each FCS's circumstances, supported by the rollout of **Country Engagement Strategies**. We are also reviewing our lending toolkit to ensure it fits the needs of FCS. The strategy will also guide closer collaboration with key partners, such as the World Bank and the United Nations, to leverage our complementary expertise.
- **Debt**: Helping members reduce debt vulnerabilities and restore much-needed fiscal space will be essential to create the conditions for a sustained recovery. To facilitate financial support to low-income countries (LICs) facing debt challenges, and in view of the expiration of the Debt Service Suspension Initiative (DSSI) at end-2021, together with the World Bank, we will help strengthen the effective implementation of the **G20 Common Framework for debt treatments**. We will also work on securing resources for the Catastrophe Containment and Relief Trust. As part of our **multipronged approach to address debt vulnerabilities**, we will roll out a new **debt sustainability framework** for market access countries, review the **lending into arrears policy**, and deepen the analysis of **debt transparency.** We will advance work on **corporate debt restructuring, sovereign domestic debt restructuring, enhancing contractual clauses in sovereign debt contracts**, and the appropriate use of **collateral in debt financing.**

ACCELERATE

Policymakers should seize the moment to accelerate the transformation of the global economy. The global economy is faced with a sweeping range of disruptive forces—the existential threat posed by climate change, a technological revolution, growing disparities in income and opportunity, demographic shifts, and political polarization, compounding divergences across and within countries. Decisively tackling these issues, to both counter the risks and capitalize on the opportunities, will be essential to strengthening resilience and long-term sustainability.

To help member countries achieve a durable and inclusive structural transformation, the Fund needs to adapt to the changing world. An appropriate budget envelope would help expand and refine the Fund's engagement in the following macro-critical policy areas, while ensuring that the Fund continues to fulfil its mandate and leverage opportunities to collaborate with other international partners:

- **Climate**: We will provide more granular and tailored advice to help countries integrate mitigation, adaptation, and transition into their macro and financial planning. We will strengthen our analysis of the global challenge of **climate mitigation**, including on an **international carbon price floor**, which could be designed to accommodate non-pricing approaches, differentiated prices according to development level, and climate transfer mechanisms for participating lower-income members. We will continue to strongly encourage Article IV coverage of mitigation policies for large emitters. Another priority will be supporting countries that are especially vulnerable to climate change: small states, LICs, and countries that rely on carbon-based activities. We are also enhancing and scaling up coverage of **adaptation** and resilience-building in Article IVs, facilitated by our new **Climate Macroeconomic Assessment Program**, alongside enhancing collaboration with the World Bank in these areas. Moreover, we are helping countries address **transition** issues, for instance reducing fuel subsidies while protecting vulnerable groups. We will also continue work on green public investment management. And we will advance work on assessing the financial stability implications of, and prudential policy responses to, climate risk; facilitating more harmonized data, disclosures, and classification approaches to align investments with sustainable goals; and assessing how central banks should respond to climate risks. These efforts will be complemented by the new **G20 Data Gaps Initiative**, which will prioritize climate change data.
- **Digitalization**: The diffusion of digital technologies and knowledge will create new opportunities for economic advancement, inclusion, and resilience; but also challenges. This calls for a digital transformation agenda at the Fund that matches the needs of our members. Among these needs, a top priority will be to continue to deepen our expertise on digital money and fintech and advance analytical work on the implications of **central bank digital currencies** (CBDCs) on the **International Monetary System**, including on capital flows, and the **Global Financial Safety Net**. We will continue our close collaboration with other international organizations to implement the G20 Roadmap to enhance cross-borders payments. To promote greater efficiency and transparency of public financial management, improved public service delivery, and enhanced revenue administration, we will support the **digital transformation of governments** on fiscal operations and policies. We will also develop a framework for technical assistance on CBDC issuance.
- **Inclusion and good governance**: The Fund will expand the breadth and depth of inclusion issues in **country work** and scale up its **distributional impact analysis**. We will bolster policy guidance on progressive taxation and strengthening social spending, with an emphasis on addressing inequality and promoting **transparency**. We are developing a **gender strategy** to strengthen our analysis of gender issues and apply a "gender lens" to the core operations of the Fund. We will strengthen our policy guidance on **illicit and tax-avoiding financial flows** and continue to implement the **framework for enhanced Fund engagement on governance**, including by following up on governance commitments made in the context of emergency financing.

An adequately resourced, responsible, and representative institution at the center of the global financial safety net is essential to anchor global financial stability. Concluding the **16th General Review of Quotas** by end-2023 will be key to preserve both the Fund's financial strength over the medium term and its governance and legitimacy. To deliver on the proposed medium-term agenda, we are exploring with members the **appropriate budget envelope** to strengthen our ability to tackle the new, evolving challenges and meet members' needs in the post-COVID-19 era. We will also advance the integration of risk management with our work agenda. Finally, to remain representative of our membership and operationally relevant, we will continue our efforts on **diversity and inclusion**, implement **modernization projects** to improve efficiency, and reduce our carbon footprint under the new **hybrid work model**.

ANNEX: IMF HIGHLIGHTS

VACCINATE

IMF-WHO COVID-19 **Vaccine Supply** Tracker

World Health Organization

- Comprehensive database
- Weekly update
- Monitors number of secured vaccines
- Tracks vaccine supply channels

Coordinate with the World Bank Group, WHO, and WTO on **Multilateral Leaders Task Force**

Global Population Vaccination Target

40% by 2021

70% by mid-2022

CALIBRATE

54 Article IV consultations*

2 Financial System Stability Assessments under the FSAP*

Concluded the **Comprehensive Surveillance Review** and the **FSAP Review**

Total financial assistance **$118 billion** for **87 countries** since March 2020

75 approved for RCF, RFI, or RCF-RFI blends

54 are PRGT eligible

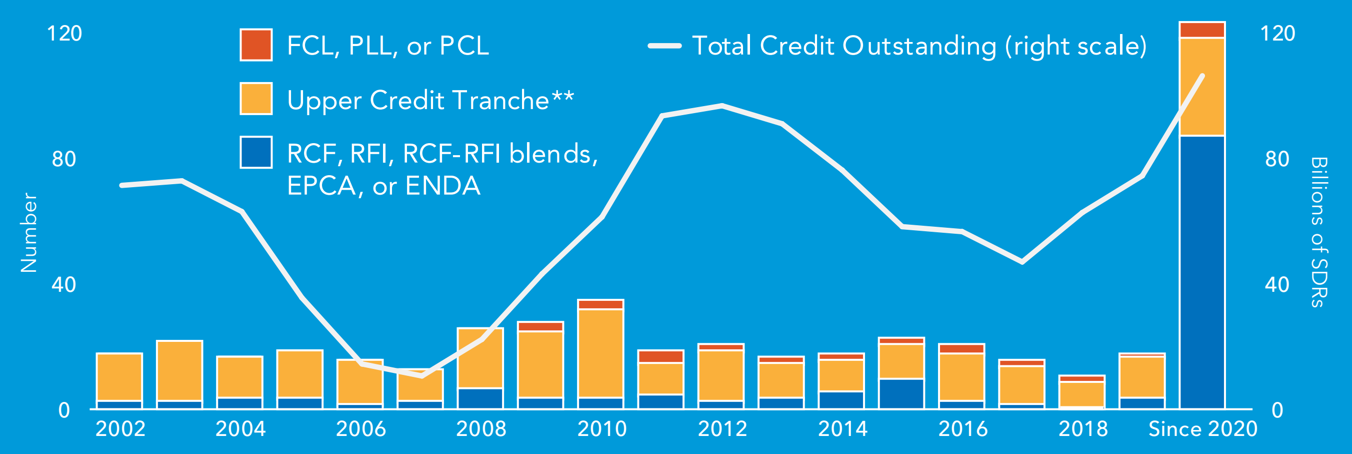
Supported multilateral efforts to provide **$10.3 billion** debt service relief under the **Debt Service Suspension Initiative**

8.9 million visitors to flagship publications*

WORLD ECONOMIC OUTLOOK · GLOBAL FINANCIAL STABILITY REPORT · FISCAL MONITOR · EXTERNAL SECTOR REPORT

Approved **$727 million** debt service relief to **29 countries** under the **Catastrophe Containment and Relief Trust**

NUMBER OF APPROVALS FOR FINANCING AND TOTAL CREDIT OUTSTANDING



1,423 virtual technical assistance visits*

171 countries worked with

58.3% FCS, LICs, and **small states**

ACCELERATE

Climate Change Indicators Dashboard

12 indicator groups

12,333 users

736% increase in **climate-change related** CD spending in FY21

Publications on new areas of work***

36 climate change

7 digital

8 inclusion

Microlearning

via YouTube*

170,900 views

122 videos added

2,800 new subscribers

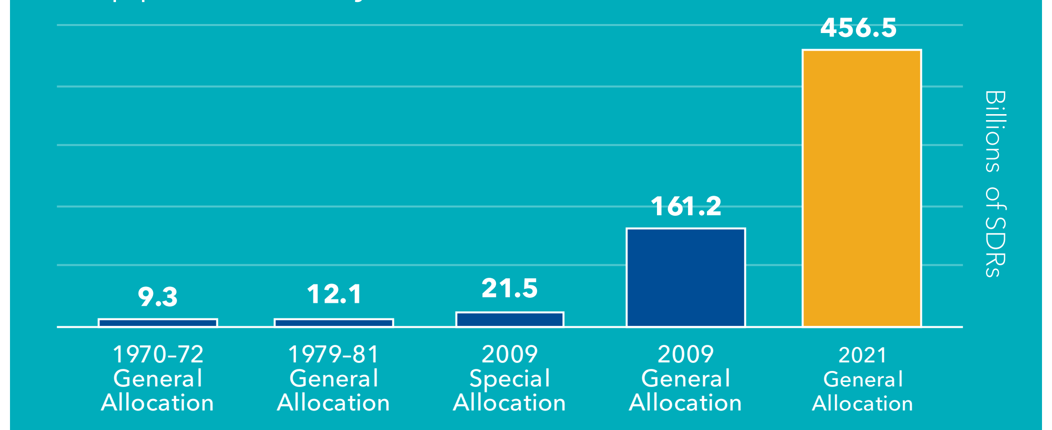
IMF online courses*

8,590 active users

2,822 government officials who completed online courses

SDRs

New **SDR** allocation of **$650 billion** (approximately SDR 456.5 billion)



of which about **$275 billion** to **EMDCs**

Voluntary SDR channeling options

Poverty Reduction and Growth Trust (PRGT)

Resilience and Sustainability Trust

supporting lending by **multilateral development banks**

Note: As of September 30, 2021.
SDR=Special Drawing Rights; EMDCs=emerging markets and developing countries; LICs=low-income countries; FCS=fragile and conflict-affected states; CD=capacity development; FCL=Flexible Credit Line; PLL=Precautionary and Liquidity Line; PCL=Precautionary Credit Line; RCF=Rapid Credit Facility; RFI=Rapid Financing Instrument; EPCA=Emergency Post-Conflict Assistance; ENDA=Emergency Natural Disaster Assistance.
* Since April 2021.
** Includes both new programs and augmentation of existing programs.
*** Includes working papers, policy papers, departmental papers, and staff notes.

OUTSTANDING CREDIT AND COMMITMENTS

(as of the end of September 2021, in billions of SDRs)[1]

GENERAL RESOURCES ACCOUNT FINANCIAL ARRANGEMENTS

	CURRENT PROGRAM SIZE	OUTSTANDING CREDIT[2]
MEMBERS WITH CURRENT ARRANGEMENTS		
Stand-By Arrangements		
Armenia	0.31	0.31
Honduras	0.36	0.28
Senegal	0.30	0.30
Ukraine	3.60	6.69
Extended Fund Facility		
Angola	3.21	2.68
Barbados	0.32	0.29
Cameroon	0.32	0.08
Costa Rica	1.24	0.58
Ecuador	4.62	4.32
Equatorial Guinea	0.21	0.08
Ethiopia	0.75	0.39
Gabon	0.39	0.67
Jordan	1.07	0.86
Kenya	1.25	0.34
Pakistan	4.27	5.02
Seychelles	0.07	0.06
Flexible Credit Line		
Chile	17.44	-
Colombia	12.27	3.75
Mexico	44.56	-
Peru	8.01	-
Precautionary and Liquidity Line		
Panama	1.88	0.38
Total Current Arrangements	**106.45**	
o/w Undrawn Balance[3] (A)	**92.20**	
Total Outstanding Credit (B)		**27.07**
MEMBERS WITHOUT CURRENT ARRANGEMENTS		
Total Outstanding Credit (C)		**62.61**
Upper Credit Tranche		**50.17**
o/w Argentina		30.59
o/w Egypt		12.20
o/w Greece		1.51
Rapid Financing Instrument		**12.44**
o/w South Africa		3.05
o/w Nigeria		2.45
o/w Egypt		2.04
TOTAL GRA COMMITMENTS (A)+(B)+(C)		**181.88**

POVERTY REDUCTION AND GROWTH TRUST FINANCIAL ARRANGEMENTS

	CURRENT PROGRAM SIZE	OUTSTANDING CREDIT[2]
MEMBERS WITH CURRENT ARRANGEMENTS		
Extended Credit Facility		
Afghanistan, Islamic Republic of	0.26	0.38
Cameroon	0.16	0.75
Central African Republic	0.08	0.21
Congo, Democratic Republic of	1.07	0.69
Gambia, The	0.06	0.07
Kenya	0.41	0.82
Liberia	0.16	0.19
Madagascar	0.22	0.59
Mali	0.14	0.42
São Tomé and Príncipe	0.01	0.02
Sierra Leone	0.12	0.40
Somalia	0.25	0.22
Sudan	1.73	0.99
Uganda	0.72	0.54
Standby Credit Facility		
Honduras	0.18	0.14
Senegal	0.15	0.15
Total Current Arrangements	**5.72**	
o/w Undrawn Balance[3] (D)	**3.27**	
Total Outstanding Credit (E)		**6.58**
MEMBERS WITHOUT CURRENT ARRANGEMENTS		
Total Outstanding Credit (F)		**7.66**
Upper Credit Tranche		**3.71**
o/w Ghana		0.65
o/w Côte d'Ivoire		0.52
o/w Bangladesh		0.35
Rapid Credit Facility		**3.95**
o/w Ghana		0.74
o/w Mozambique		0.31
o/w Papua New Guinea		0.26
TOTAL PRGT COMMITMENTS (D)+(E)+(F)		**17.51**

TOTAL LENDING COMMITMENTS =
SDR 199.40 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.

FINANCIAL POSITION OF THE GENERAL DEPARTMENT

(as of the end of financial year 2021 (FY21), in billions of US dollars)[1]

Total Assets	730
Currencies	659
o/w Usable currencies	427
o/w Credit outstanding	129
SDR holdings	32
Investments	33
Other assets (including gold)	6

Total Liabilities, Reserves, Retained Earnings, and Resources	730
Borrowings	7
Quota	683
Other liabilities	3
Reserves of the GRA	34
Retained earnings of the Investment Account	3

FINANCIAL POSITIONS OF THE CONCESSIONAL LENDING AND DEBT RELIEF TRUSTS

(as of the end of FY21, in billions of US dollars)[1]

	PRGT	PRG-HIPC	CCR Trust
Assets	**30.4**	**0.5**	**0.2**
o/w Cash and cash equivalents and investments	12.2	0.5	0.2
o/w Loans receivable	18.1	–	–

	PRGT	PRG-HIPC	CCR Trust
Liabilities and Resources	**30.4**	**0.5**	**0.2**
o/w Borrowings	18.8	0.1	–
o/w Resources	11.5	0.4	0.2

IMF'S LENDING CAPACITY

(as of the end of FY21, in billions of US dollars)[1,2]

454 Quotas | **409** NAB[3] (expire 2025) | **153** Bilaterals[4] (expire 2023)

TOTAL: 1,016

CONSOLIDATED OPERATIONAL INCOME AND EXPENSES IN SELECTED YEARS[5]

(in millions of US dollars, unless otherwise noted)[6]

	FY19	FY20	FY21
A. Operational Income	**2168**	**3192**	**2929**
Lending income (including surcharges)	1649	2600	2796
Nonlending income	519	592	133
o/w Investment income	427	502	128
B. Expenses	**1220**	**1230**	**1199**
Net administrative budget	1131	1150	1126
o/w Personnel	995	1028	1049
Other[7]	89	80	73
C. Net operational income (A-B)	**948**	**1962**	**1730**
Memorandum items:			
Net administrative budget in FY21 dollars[8]	1193	1186	1186
SDR interest rate (end of period)	1.14	0.05	0.05
Gross Spending on:[9]			
Country operations	591	581	503
Lending	109	124	142
Surveillance	213	198	159
CD-Fund financed[10]	94	91	84
CD-Externally financed[11]	175	168	118
Multilateral surveillance, analytics and policy work	260	270	276
Fund governance and membership and Fund finances	122	122	117
Internal support	348	342	347

[1] Figures in US dollars based on an exchange rate of 1.435990/SDR as of April 30, 2021.
[2] The IMF's lending capacity is calculated after setting aside a liquidity buffer of 20 percent and considering that only resources of members and participants with strong external positions are used for lending.
[3] New Arrangements to Borrow.
[4] Bilateral Borrowing Agreements. The 2020 Borrowing Agreements have an initial term through the end of 2023 and may be extended for a further year through the end of 2024 with creditors' consent.
[5] Latest three financial years.
[6] Figures in US dollars based on average exchange rates for respective years ($1.40/SDR for FY19, $1.38/SDR for FY20, $1.41/SDR for FY21).
[7] Net difference between Expense and Net administrative budget, excluding net periodic pension cost.
[8] Deflated with the global external deflator (a price index applied to the administrative budget, formulated in real terms, to obtain the nominal budget).
[9] Excluding expenditures that currently cannot be allocated to specific outputs within the Analytic Costing and Estimation System model (roughly $30m).
[10] Reflecting CD Direct Delivery only, residual is reflected mainly in internal support and wide category of multilateral surveillance, analytics and policy work.
[11] Based on externally financed gross expenditures from PeopleSoft Financials, including management and administration.