

THE MANAGING DIRECTOR'S

G P A

GLOBAL
POLICY
AGENDA
2025

Annual
Meetings

NAVIGATING A WORLD IN TRANSITION

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The global economy is undergoing a profound transformation, with major changes in the international frameworks that have long underpinned it. Sweeping policy shifts across many areas are reshaping economies and testing their resilience. As countries navigate this transformation, the priorities are to preserve macroeconomic and financial stability and to work together to ensure the smooth functioning of the global economy. The IMF stands ready to support them through tailored policy advice, capacity development, and financing when necessary. Guided by our medium-term direction outlined in the Spring 2025 Global Policy Agenda, we are modernizing our policy frameworks and internal processes to remain an agile and focused institution that responds to the evolving needs of our members, now and over the medium and long term.

THE CONTEXT

The global economy is undergoing a profound transformation, and uncertainty runs high. Major policy shifts across several countries—spanning trade, digital money, immigration, and spending priorities, including national security and foreign aid—are reconfiguring global markets and redefining policy frameworks. These changes bring prolonged uncertainty and associated risks but also present opportunities, including to build more resilient supply chains and diversify trade relationships. Navigating this transition will hinge on the strength and integrity of core national economic institutions, which are critical for effective and credible policymaking.

The global economy has been resilient thus far, but strains are emerging. The front-loading of investment and trade ahead of higher tariffs has boosted global growth in the first half of the year. As these

temporary effects fade, activity is slowing, and labor markets are softening. Global growth is now expected to slow to 3.2 percent this year, from 3.3 percent in 2024. Inflation is expected to decline globally with notable variation across countries. Previously muted pass-through of tariffs to U.S. consumer prices appears increasingly likely. In contrast, much of the rest of the world is facing an adverse demand shock that is keeping inflation subdued.

Uncertainty has elevated risks to the outlook. Further rise in protectionism and labor supply disruptions could weigh on growth. Financial sector risks have risen fueled by the rapid expansion of nonbanks and digital currencies. Disappointing productivity gains from AI and disruptions in private credit markets could trigger an abrupt repricing of assets, with potential financial stability implications. Geopolitical risks and domestic polarization are rising, highlighting the need for a risk-management approach to policymaking. Ongoing wars and armed conflicts continue to impose a heavy human and economic toll, further amplifying uncertainty. On the upside, potential catalysts include trade deals, renewed reform momentum, faster AI-driven productivity gains, and breakthroughs in conflict resolution.

Excess external imbalances pose a risk to the stability of the International Monetary System (IMS) and should be addressed.

The 2025 [External Sector Report](#) (ESR) shows that global current account balances widened by 0.6 percentage points of world GDP last year, with two-thirds of the increase arising from excess surpluses—mainly in China and the euro area—and excess deficits, primarily in the United States. Persistent and concentrated excess imbalances are costly domestically and globally and, if left unattended, increase the risk of a disorderly unwinding. They distort resource allocation, make countries reliant on unsustainable capital flows, and fuel financial market excesses that undermine economic and financial stability. Excess imbalances can also create sectoral dislocations and raise protectionist sentiment, with harmful effects on the global economy.



This context also underscores the urgency of tackling the low-growth high-debt challenge. With [public debt near record highs](#), many countries face depleted fiscal space even as they confront pressing spending needs, from population aging to rising national security demands. In some advanced countries and emerging economies, fiscal vulnerabilities heighten the risk of sudden disruptions in sovereign debt markets—with potential financial stability implications and cross-border spillovers. Pressures are acute in developing countries experiencing drops in foreign aid and in vulnerable economies where debt service is crowding out priority spending and stifling development. A fragmenting global landscape and persistent uncertainty are weighing on already [weak medium-term growth prospects](#), held back by flagging productivity in many countries, chronic underinvestment, and slowing labor force growth. Effective policies, supported by structural reforms and investment and mindful of political constraints, will be crucial to harness [transformative forces](#)—digital technologies, demographic shifts, and climate transitions—while mitigating their risks.

POLICY PRIORITIES AND IMF SUPPORT

The current conjuncture calls for policies that foster confidence, build resilience, and safeguard macroeconomic and financial stability. Countries need to restore their depleted policy buffers, which have proved crucial in underpinning resilience to successive shocks in recent years. Policies should ensure fiscal sustainability, maintain price and financial sector stability, and promote medium-term growth. In this regard, strong and independent core economic institutions—such as central banks, financial supervisors, fiscal councils, and statistical agencies—are essential for underpinning policy credibility and public trust. Finally, elevated uncertainty underscores the importance of contingency planning and readiness to cushion against shocks.

Through bilateral surveillance and our programs, the IMF provides its members with granular, country-tailored macroeconomic and financial policy advice. In response to elevated uncertainty, we have enhanced scenario analysis and contingent policy advice in our flagship and country reports. We remain firm advocates for strong institutions and policy frameworks which have been a key driver of resilience, including in emerging markets ([WEO](#) Chapter 2).

Countries must move decisively with sustained fiscal adjustments to ensure debt sustainability and rebuild fiscal buffers. Anchored in medium-term fiscal consolidation, these adjustments should be geared toward future growth and preserve social cohesion, by protecting essential investment and social spending, and ensuring fair burden sharing. They must pursue efficiency gains, prioritize measures that promote private investment—including broadening tax bases and improving revenue administration—and redirect spending to productivity-enhancing areas like R&D, infrastructure, and skill development. Where discretionary support is warranted for those severely hit by disruptions, it should be temporary, well-targeted, and offset by savings elsewhere. Low-income countries (LICs) facing cuts in foreign aid must redouble efforts to boost domestic resource mobilization, while donors are encouraged to enhance their support.

The IMF is helping members design fiscal adjustments, calibrating their pace and composition between spending and revenue while accounting for long-term needs, such as aging, national defense, and energy transition. Our latest [Fiscal Monitor](#) identifies reforms to improve the composition and efficiency of spending and introduces a dataset to help estimate growth gains from closing efficiency gaps. We are also advancing work on fiscal institutions and governance. A recent staff discussion note shows that strengthening fiscal rules through a prudent fiscal anchor and supportive fiscal institutions can improve compliance. With our capacity development, members are building credible fiscal frameworks. We continue to help countries integrate climate risks in their macroeconomic policies, including by building buffers and investing in resilience.





Central banks should preserve price stability, in line with their mandates. History has shown that central bank independence and clear communication are essential for keeping inflation in check and preserving financial stability. Monetary policy credibility can also support fiscal stability by helping reduce risk premia and foster more stable interest rates. Building public trust also requires further enhancing the quality of inflation forecast, which has been more challenging in a shock-prone world. In countries imposing tariffs, central banks will likely face a sharper trade-off between price stability and output. Conversely, in countries facing tariffs, gradual easing may only be feasible once disinflation is firmly established. Exchange rates should continue to act as a shock absorber, where applicable. Where exchange rate movements become disorderly, the [Integrated Policy Framework](#) (IPF) provides country-specific guidance on exchange-rate interventions and capital flow measures.

Our monetary policy advice to countries remains grounded in rigorous analysis. The [WEO](#) examines the price effects of higher tariffs, drawing lessons from past episodes. It also highlights the cost of political interference in central banks, finding that this tends to loosen policies, weaken currencies, and raise inflation and inflation expectations—often accompanied by higher risk premia and impaired market functioning. Related research shows that rising fiscal risks—high debt and deficit—compromise the credibility of monetary policy.

Financial sector policies must guard against rapidly evolving risks. Recent market developments have exposed risks from abrupt asset price corrections, disruptions in sovereign debt and FX markets, and the growing link between banks and non-bank financial institutions (NBFIs), which play an increasingly important role in sovereign and private debt markets. This calls for enhanced oversight, including systematic liquidity stress testing, and for bolstering capitalization of weak banks, with full implementation of internationally agreed standards. Strengthening the resilience of bond markets requires reducing fiscal risks, along with enhancements to market structures.

Furthermore, better data collection, coordination, and analysis—including cross-border cooperation—will be pivotal for effective oversight of NBFIs and digital assets.

The IMF is closely monitoring risks across financial markets and emerging macrofinancial vulnerabilities, including from climate risks where macrocritical. The latest [Global Financial Sector Report \(GFSR\)](#) examines risk and resilience in global FX markets and the evolving landscape of emerging market (EM) sovereign debt. Meanwhile, our Article IVs and [Financial Sector Assessment Program \(FSAP\)](#) provide in-depth country-specific advice to strengthen financial sector resilience. Finally, the Fund's technical assistance supports our members across a wide range of areas, including financial supervision and regulation, central banking operations, bank recovery-resolution, macroprudential policy, and payments and market infrastructures.

Policymakers should act decisively to unlock private sector-led growth. Limited fiscal space and a challenging external environment place the onus for reviving growth and job prospects on domestic reforms. These should aim to improve the business environment, address governance weaknesses and corruption, streamline excessive regulation, develop capital markets, promote entrepreneurship, and encourage competition. Labor market policies should help upgrade skills and increase participation, especially among women and new entrants. Well-designed reforms would not only raise growth and living standards but also enhance macroeconomic resilience. Their successful implementation depends on broad public and political support.



The IMF continues to advise countries on structural reforms to remove growth bottlenecks, including by drawing on the expertise of our partner institutions. Our analytical work identifies key reforms needed across regions. A study focusing on Europe highlights measures to deepen the EU Single Market and revive growth, such as harmonizing regulations, boosting labor mobility, completing the capital markets union, and integrating energy markets. A recent note on Africa highlights the importance of enhancing the business environment and governance, alongside improvements in infrastructure and deeper trade integration. A study on Latin America shows that phasing out regulations that disincentivize firm growth could boost business dynamism. In Asia, reforming the financial sector to improve capital allocation could better utilize the region's large savings and improve productivity. Focusing on the Middle East, a new study underscores the key role of strong institutions in post-conflict recovery.

Only through cooperation can countries resolve shared challenges,

and the IMF provides a platform to facilitate solutions. Coordinated actions are essential to reduce global imbalances and defuse trade tensions, safeguard IMS stability in the digital age, and support countries with debt vulnerabilities. Securing peace around the world remains essential for stability and prosperity.

- **Reduce global imbalances.** Rebalancing the global economy is a shared responsibility that requires concerted efforts to adjust policies giving rise to imbalances. Countries with excess surpluses should boost domestic demand—for example by promoting private consumption and/or increasing public infrastructure investment—while countries with excess deficits need to reduce fiscal deficits. Addressing persistent excess imbalances would help defuse trade tensions and preserve the large gains from trade and economic integration.

We are strengthening our efforts to support an orderly global rebalancing. Our latest [ESR](#) has assessed external positions across major economies, analyzed the spillover risks of large imbalances, and offered country-specific recommendations to achieve rebalancing. These issues are being discussed in depth in our Article IV consultations with major surplus and deficit countries. We will address data gaps, further refine the External Balance Assessment methodology, and strengthen the forward-looking analysis in the ESR. We will also review the state of global imbalances and assess policy options for adjustment from domestic and multilateral perspectives.

- **Defuse trade tensions.** Openness remains a proven driver of prosperity. Pragmatic solutions are needed to ease trade tensions and bring clarity to trade policies. To keep pace with the changes in the global economy, trade rules must be modernized for the digital age, which features significant trade in services, digital products, and cross-border data flows. Countries need to confine the use of industrial policies to narrow objectives where external or market failures prevent effective market solutions, and exercise prudence in their use, as these often create unfair competitive advantages and distort trade ([WEO](#) Chapter 3). Regional and plurilateral integration offers opportunities to enhance economic efficiency, stimulate new growth engines, and diversify partnerships.

We have ramped up our trade work in line with our mandate to facilitate the expansion and balanced growth of trade. New tools have been developed to monitor trade policy, such as the IMF-WTO Tariff Tracker. Our analytical work has explored the benefits of regional trade integration, including in a recent report on integration in the ASEAN. We have also stepped up our analysis of the costs and benefits of industrial policies, including in a recent [staff discussion note](#) and [WEO](#) Chapter 3.

- **Safeguard IMS stability in the digital age.** The rapid digitalization of finance—including the growing use of AI, blockchain, and digital assets—is transforming cross-border flows and creating new forms of digital money. These innovations promise faster, cheaper cross-border payments and greater financial inclusion, but they also increase capital flow volatility, give rise to regulatory arbitrage, and potentially heighten money laundering and terrorism financing, legal and cyber risks. Crypto assets, including stablecoins, could accelerate currency substitution and undermine monetary sovereignty in countries with weak currencies, high inflation, and low trust in central banks. As many of these challenges transcend borders, international cooperation is essential to harness benefits, manage risks, and ensure the smooth functioning of the IMS.

We are closely monitoring IMS developments, including currency configuration, payment systems, and capital flows. In collaboration with the Financial Stability Board (FSB) and other partners, we are advancing the work under the G20 cross-border payments roadmap. Building on earlier work on crypto assets, such as the [Elements of Effective Policies for Crypto Assets](#) and the [joint IMF-FSB paper on crypto asset policy frameworks](#), we are preparing a paper that will provide an overview of stablecoins—exploring their risks and benefits and usage in cross-border flows—and outline national and international efforts to develop policy frameworks.

- **Support countries with debt vulnerabilities.** Countries faced with unsustainable debt require timely and adequate debt restructuring. Having in place predictable and efficient processes is a key task for the international community. Important progress has been made in recent years, including on predictability and speed, but more can be done. Prompt efforts are also needed to support countries whose debt is sustainable but are facing high debt servicing costs. This is essential to protect their growth prospects and prevent a debt crisis.

We continue to actively support individual restructuring cases, both under and outside the [Common Framework \(CF\)](#), and to advance the work at the [Global Sovereign Debt Roundtable \(GSDR\)](#) to improve further restructuring processes. In parallel, we are working with the World Bank to help countries address debt service challenges, and to improve debt data reporting and disclosure.

MEDIUM-TERM DIRECTION: MAKING HEADWAY

We are advancing the priorities set by the medium-term direction in the [Spring 2025 Global Policy Agenda](#): (1) sharpening the focus of surveillance; (2) addressing debt challenges; (3) fortifying the lending toolkit and the Global Financial Safety Net; (4) enhancing capacity development; and (5) maintaining a strong and agile institution.

- **Sharpen surveillance.** The [Comprehensive Surveillance Review \(CSR\)](#) is underway. It is focusing on three strategic areas: promoting resilience and growth through tailored policy advice; strengthening assessment of external imbalances and cross-border spillovers; and supporting members' capacity to manage shocks through risk assessment and contingent policy advice. The CSR will also develop a prioritization framework to guide IMF engagement in new surveillance areas and proposals to streamline surveillance modalities. Advancing in lockstep is the [FSAP Review](#) that will outline our efforts to deepen macrofinancial analysis. Meanwhile, we continue to strengthen our engagement with fragile and conflict-affected states (FCS) and small states, guided by the [FCS strategy](#) and the [Guidance Note on Engagement with Small Developing States](#).





- **Address debt challenges.** We are further enhancing our support to global efforts to tackle debt challenges. Jointly with the World Bank, we are reviewing the [Debt Sustainability Framework for Low-income Countries](#) to better incorporate drivers of debt vulnerabilities and updating the [Guidance Note on the Debt Sustainability Framework for Market-access Countries](#). We are scaling up our support to actual restructuring cases, including to facilitate parallel negotiations across creditor groups, thus accelerating the overall restructuring. Our recent paper on the [Restructuring of Sovereign Debt Held by Private Creditors](#) highlights the progress made and the remaining challenges in the restructuring of non-bonded and/or collateralized commercial debt. Through our work at the [GSDR](#), we recently published the [Debt Restructuring Playbook](#), which offers country authorities a practical guide to key debt restructuring steps and processes, and is helping to further improve predictability and timeliness of debt restructuring. Together with the World Bank, we are also advancing the implementation of the [three-pillar approach](#) to assist countries with sustainable debt facing debt service challenges. Improving debt transparency remains a priority.
- **Fortify the Fund's lending toolkit.** The [Review of Program Design and Conditionality](#) seeks to strengthen program design to better support external viability and resilience, including in exceptional access cases. A review of recent programs has identified five areas for improvement: (1) high-quality, balanced macroeconomic adjustment and reforms; (2) robust program design amid high uncertainty; (3) timely engagement with the Fund; (4) addressing large and entrenched balance of payments needs; and (5) adequate financing. We are also exploring ways to boost the effectiveness of our precautionary facilities as crisis-prevention

tools, including in the context of the upcoming Review of the [Short-Term Liquidity Line](#). Continued support from all our members remains essential to fully implement the [Poverty Reduction and Growth Trust reform](#) and ensure our capacity to support LICs. In our recent paper on the [Global Financial Safety Net](#), we assess its adequacy against emerging challenges and outline areas for strengthening it: enhanced access, better predictability, improved crisis prevention, and stronger coordination across layers.

- **Enhance capacity development (CD)** in line with the [Fund's 2024 Capacity Development Strategy](#). We continue to integrate CD with surveillance and lending and will further strengthen support for reforms to build institutional resilience and policy frameworks in the Fund's areas of expertise. Our new Strategic Results Framework will help evaluate CD traction, and progress is also being made in leveraging technology to boost CD reach and effectiveness. Finally, we are advancing work to mitigate funding risks and ensure sustained CD delivery.
- **Keep the IMF strong and agile.** Work toward implementing the 50 percent quota increase under the [16th General Review of Quota](#) is ongoing. We are also working with the membership to develop principles to guide future discussions on quota and governance. We have been a prudent steward of members' resources, with our budget broadly the same in real terms as it was two decades ago. Through a recent streamlining exercise, we have taken a hard look at our internal processes and identified efficiency gains, including through a greater use of AI, to make space for the highest priority needs and deliver best value to the membership. Our talented and dedicated staff are the IMF's greatest asset, and we remain committed to attracting top talent from around the world.

INTERNATIONAL MONETARY FUND AT WORK

Over a six-month period, the IMF conducts an average of around 60 Article IV consultations, 4 FSAPs, and delivers capacity development to a large number of mainly middle- and low-income developing countries. Loans disbursed to the membership currently support 87 countries. The selected engagements shown are illustrative of the depth and breadth of recent activities undertaken by the IMF.



HEADQUARTERS (Washington, DC)



COLLABORATIVE PARTNERS
Collaboration with multilateral, regional, and bilateral partners, including in Europe, is important in leveraging the engagement of the IMF around the world.

- The Organisation for Economic Co-operation and Development
- European Bank for Reconstruction and Development
- International Labour Organization



FINANCIAL SECTOR ASSESSMENTS
Recognizing the value of IMF financial sector stability advice, some countries have committed to undertake voluntary FSAPs—Uzbekistan, Moldova, Azerbaijan, and Oman.



POLICY ADVICE
Article IV consultations were held with almost half of all countries in Asia. Highlights included monetary policy advice concurrent with Papua New Guinea program reviews, the potential impact on Singapore from trade tensions, as well as the return of inflation to target in New Zealand and South Korea.



FINANCIAL SUPPORT
Argentina is benefiting from the largest IMF financial support, with outstanding credit of \$57bn. Other countries in Latin America and the Caribbean also access the broad range of IMF facilities, including the ECF, EFF, FCL, PCI, RSF, and SMP.



TRAINING
Training courses focused on exchange rate regimes, fiscal management, and AML-CFT were facilitated by IMF training centers, including in Austria, Saudi Arabia, and Kuwait.

- Democratic Republic of Congo
- Tanzania
- Mauritius
- South Africa



CAPACITY BUILDING EFFORTS
Emerging market and developing economies continue to be the main beneficiaries of capacity development. South Africa, Mauritius, Tanzania, and Democratic Republic of Congo engaged with the IMF on expanding their capacity in fiscal, monetary, and financial policy areas.

INTERNATIONAL MONETARY FUND AT WORK

SURVEILLANCE

All members consent to a periodic ‘health check’ of their economy and policy discussions.

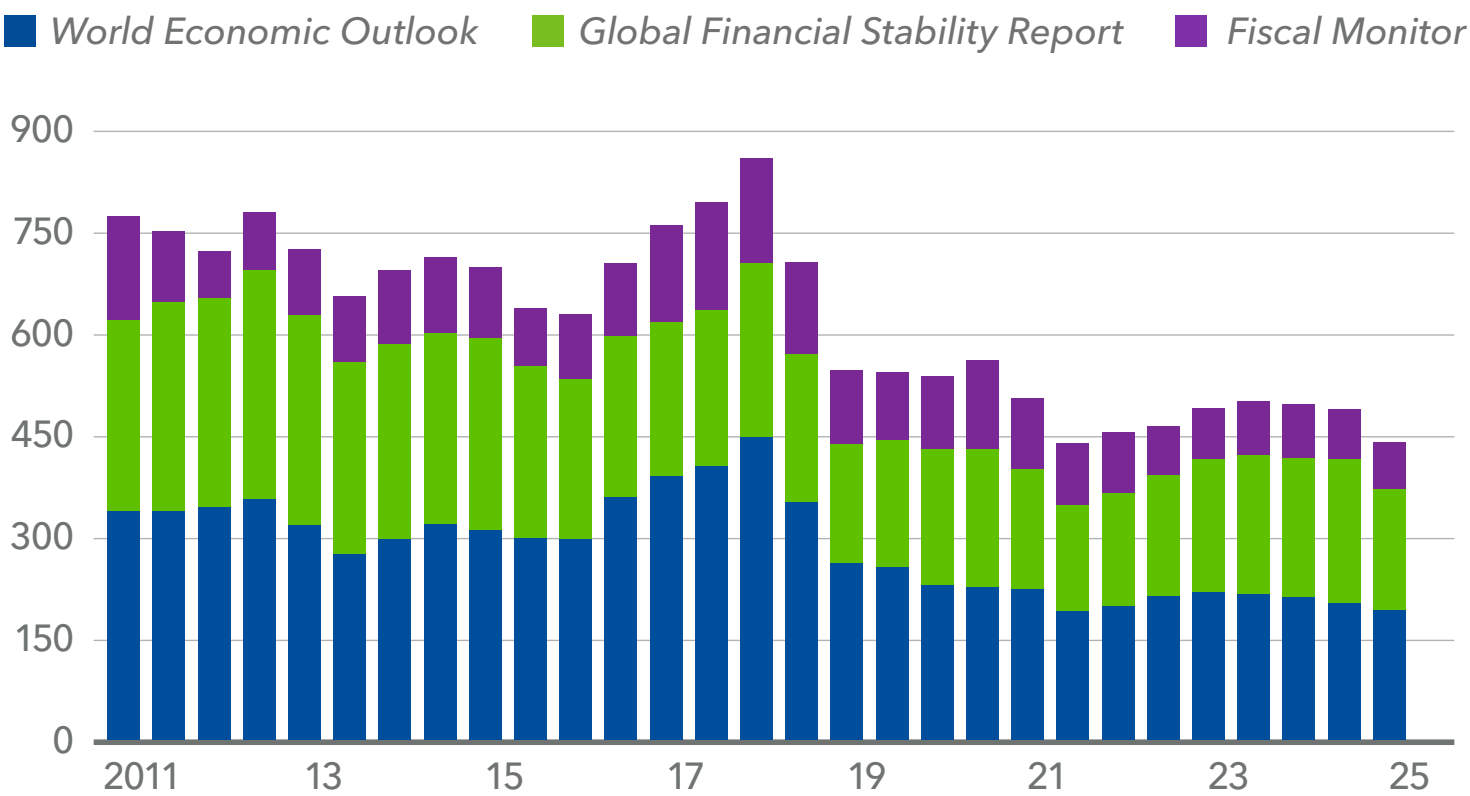
BILATERAL SURVEILLANCE—ARTICLE IV CONSULTATIONS
Number of consultations conducted for 191 members (Oct. 2024 to Sept. 2025)

	Total	Advanced Economies	Emerging Market & Middle-Income Economies	Low-Income Developing Countries
Africa	22	0	6	16
Asia and Pacific	25	5	13	7
Europe	33	26	7	0
Middle East & Central Asia	21	0	15	6
Western Hemisphere	23	0	21	2
World	124	31	62	31

Usually conducted on a 12- or 24-month cycle.

More succinct Flagships have improved the policy focus.

FLAGSHIP FOCUS
(Rolling annual number of analytical pages)

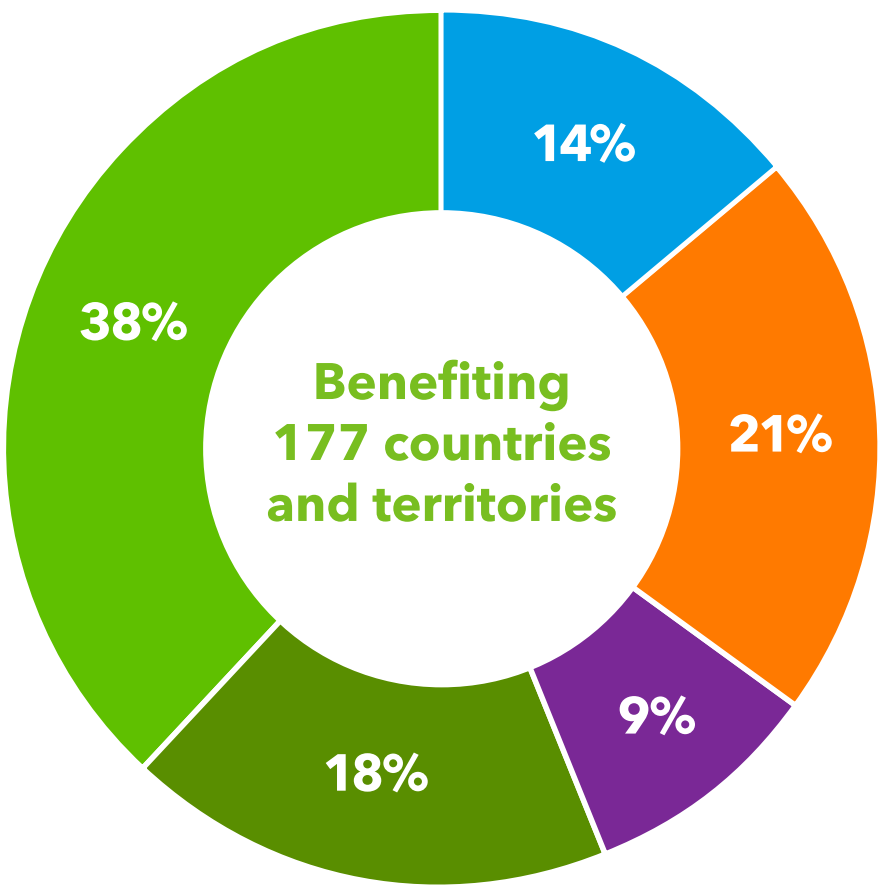


CAPACITY DEVELOPMENT

Delivery of technical assistance and training reaches all regions, benefiting economies in Africa, Asia-Pacific, Middle East and Central Asia the most.

FY25 CD DELIVERY BY REGION

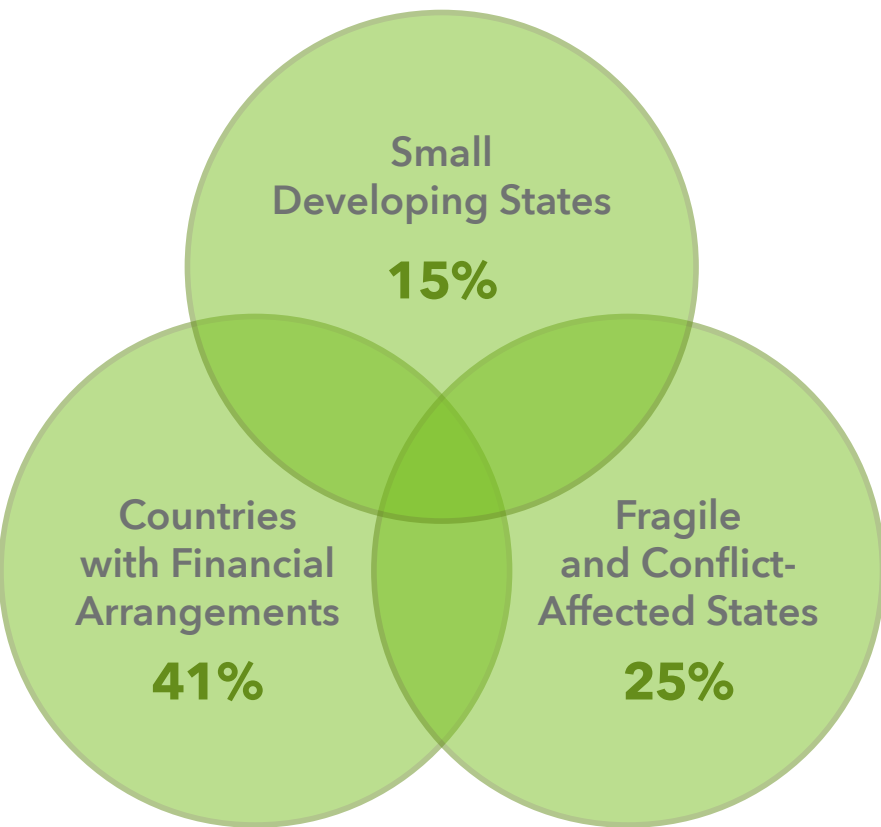
- Asia and Pacific
- Europe
- Middle East and Central Asia
- Sub-Saharan Africa
- Western Hemisphere



Countries with IMF financial arrangements, small states, and those that are fragile and conflict-affected receive a considerable share of capacity development delivered to members.

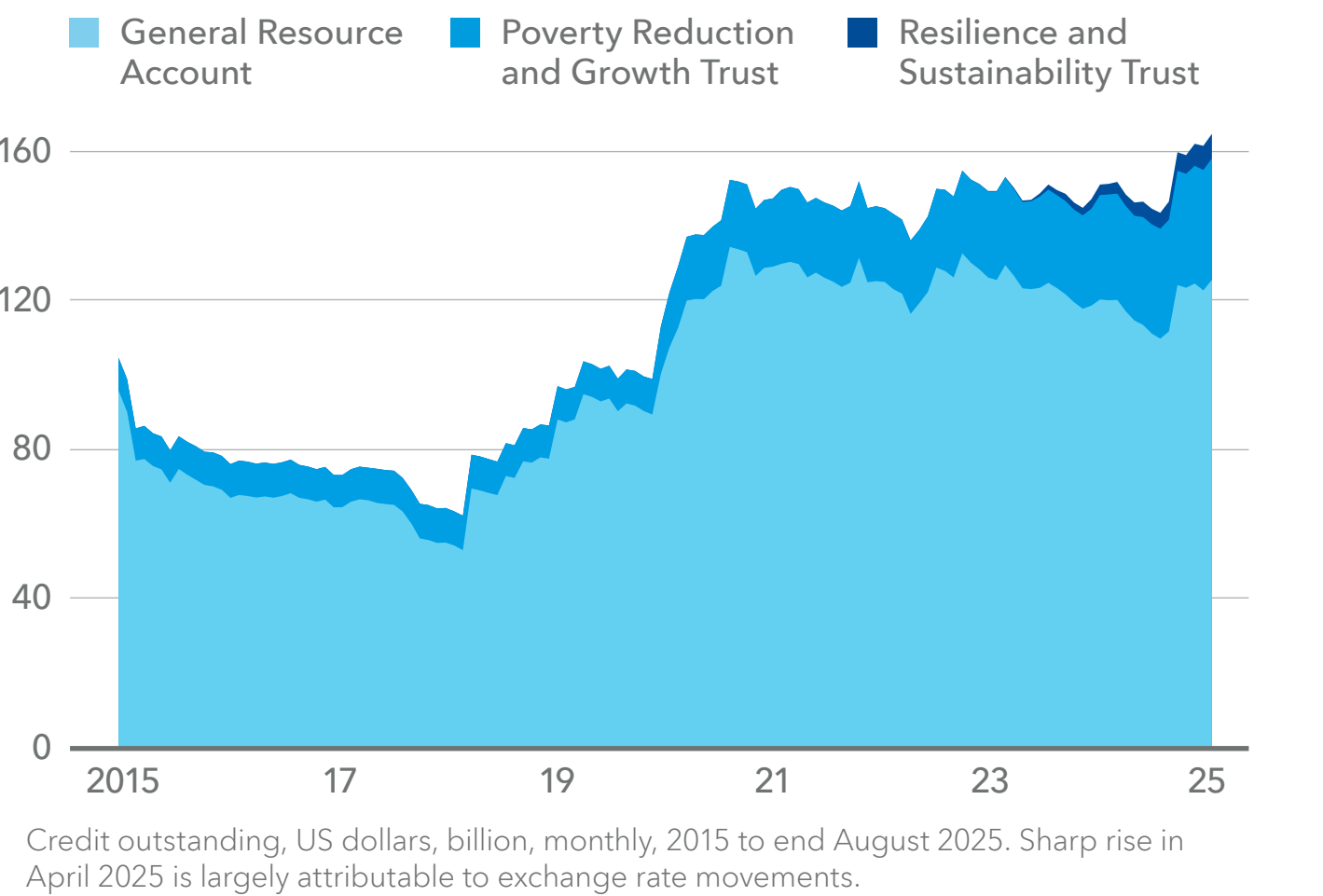
FY25 CD DELIVERY BY SELECTED COUNTRY GROUPS

CD is also delivered to countries not classified in the segments shown (such as Emerging Market Economies that are relatively large, not conflict affected, and do not have IMF arrangements).



LENDING

Financial support provided to the membership remains substantial amid rising uncertainty.



A significant portion of financial support remains precautionary and boosts market confidence.

ACTIVE FINANCIAL COMMITMENTS
(As at end August 2025, USD billion)

