



INTERNATIONAL MONETARY FUND FACTSHEET

IMF Surveillance

A core responsibility of the IMF is to oversee the international monetary system and monitor the economic and financial policies of its 189 member countries, an activity known as surveillance. As part of this process, which takes place at the global, regional, and country levels, the IMF identifies potential risks to stability and recommends appropriate policy adjustments needed to sustain economic growth and promote financial and economic stability.

Why is IMF monitoring important?

Vigilant monitoring by the IMF is essential to identifying stability and growth risks that may require remedial policy adjustments. Moreover, international cooperation on these efforts is critical in today's globally integrated economy, in which the problems or policies of one country can affect many others. IMF membership, which includes all but a handful of the world's nations, can facilitate this cooperation. IMF monitoring includes both bilateral surveillance, focused on individual member countries, and multilateral surveillance, or oversight of the global economy.

Consulting with member states

IMF monitoring typically involves annual visits to member countries. During these visits IMF staff engage government and central bank officials in discussions about risks to domestic and global stability. These discussions focus on exchange rate, monetary, fiscal, and regulatory policies, in addition to macro-critical structural reforms. IMF staff also attempt to meet with other stakeholders, including members of the legislature and representatives from the business community, labor unions, and civil society, among other groups. Comprehensive discussions with a broad array of groups leads to better evaluations of each country's economic policies and outlook.

Upon completion of their evaluation IMF staff present a report to the [Executive Board](#) for discussion. The Board's views on the report are then transmitted to the country's authorities, concluding a process known as an Article IV consultation. In recent years, surveillance has become more transparent and most member countries now publish a [press release](#) summarizing the staff report and accompanying analysis, as well as the views of the Board.

Global oversight

The IMF also monitors regional and global economic trends and analyzes the impact that member country policies may have on neighboring countries and the global economy. It issues periodic reports on these trends and analysis. The [World Economic Outlook](#) provides detailed analysis of the global economy and its growth prospects, addressing issues such as the macroeconomic effects of global financial turmoil and the potential for global spillovers, especially those that may result from the economic, fiscal, and monetary policies of large, globally central economies such as the United States, China, and the euro area. The [Global Financial Stability Report](#) assesses global capital markets and financial imbalances and vulnerabilities that pose potential risks to financial stability. The [Fiscal Monitor](#) updates medium-term fiscal projections and assesses developments in public finances. The IMF also

publishes [Regional Economic Reports](#) that provide detailed analysis of major regions of the world.

The IMF cooperates closely with other groups, including the Group of Twenty industrialized and emerging market economies, and since 2009 has supported the G20's efforts to sustain international economic cooperation through its [mutual assessment process](#). The IMF analyzes member country policies to determine how consistent they are with the goal of sustained and balanced global growth. It also prepares [External Sector Reports](#) that examine the external positions of systemically large economies, begun on a pilot basis in 2012. And twice a year the IMF issues a [Global Policy Agenda](#) that pulls together the key findings and policy advice from multilateral reports and proposes a future agenda for the IMF and its members.

Improving IMF surveillance

The IMF reviews its surveillance and monitoring activities every three years. The 2011 [Triennial Surveillance Review](#) highlighted progress in addressing weaknesses in [pre-crisis surveillance](#), yet it also found that significant gaps remained. In particular, IMF monitoring activities were found to be too fragmented, with risk assessments lacking depth and sufficient focus on interconnections and transmission of shocks. The review recommended improvements in six key areas: interconnectedness, risk assessments, external stability, financial stability, traction, and the legal framework.

As part of broader efforts to improve surveillance, in July 2012 the Executive Board adopted the [Integrated Surveillance Decision](#), designed to strengthen the underlying legal framework for monitoring. In September 2012 the Board endorsed a [Financial Surveillance Strategy](#) that proposes concrete steps to further strengthen IMF monitoring activities. These actions help ensure that the IMF is in a better position to address spillovers from members' policies on global stability; to monitor members' external sectors in a more comprehensive manner; to better engage members in constructive dialogue; to more effectively safeguard the operation of the international monetary system; and to support global economic and financial stability.

The [2014 Triennial Surveillance Review](#) builds on these reforms by identifying five operational priorities for strengthening surveillance:

- Integrate and deepen risk and spillover analysis
- Mainstream macro-financial surveillance
- Pay more attention to structural policies, including labor market issues
- Deliver more cohesive and expert policy advice
- Develop a client-focused approach to surveillance with clear and candid communication.

The Managing Director's [Action Plan for Strengthening Surveillance](#) outlines concrete measures needed to advance all of these priorities, and work is under way to strengthen each of them in consultation with the Executive Board. IMF staff will prepare an interim implementation assessment in 2017 to update the Board on progress.