



October 2018

NINTH PERIODIC MONITORING REPORT ON THE STATUS OF IMPLEMENTATION PLANS IN RESPONSE TO BOARD-ENDORSED IEO RECOMMENDATIONS

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- The **Staff Report** on Ninth Periodic Monitoring Report on the Status of Implementation Plans in Response to Board-Endorsed IEO Recommendations prepared by IMF staff and completed on June 6, 2018 for the Executive Board's consideration on June 19, 2018.
- A **Proposed Decision** that was approved by the Executive Board on a lapse of time basis on September 12, 2018.

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NINTH PERIODIC MONITORING REPORT ON THE STATUS OF IMPLEMENTATION PLANS IN RESPONSE TO BOARD-ENDORSED IEO RECOMMENDATIONS

EXECUTIVE SUMMARY

The Ninth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations assesses the progress made over the last year on actions contained in two “new” MIPs arising from recent IEO evaluations, and another seven for which individual management actions were classified as “open” in the Eighth PMR. Overall, 42 of the 96 actions included in the Ninth PMR remain open, representing roughly the same proportion as the previous PMR. A 25 percent net increase in open management actions over the past year is accounted for by 24 new actions from two MIPs, and 16 actions that have been implemented over the period.

There is positive traction on the last four MIPs, but older actions appear challenging to implement. Better progress has been made with the implementation of the actions contained in recent MIPs. Fourteen of the actions implemented since the Eighth PMR relate to MIPs approved after October 2015, while only two actions (out of 24) from earlier MIPs were implemented.

Improvements in the follow-up process approved by the Board in October 2015 have contributed to speedier implementation of recent actions, but some challenges remain. There are lingering challenges with defining measures of success for numerous actions, but accountabilities are now clearer and many actions are at advanced stages at the time of the Board’s discussion of the MIPs. This PMR introduces indicators to support the process for resolving challenges with long-standing actions.

Despite the slower progress with the older actions, significant advances have been made over the past year in several key areas. These include: protocols for engaging the IEO; risk management and analysis; the mainstreaming of macrofinancial surveillance; an overarching strategy on data and statistics; guidance on cooperation with other organizations, including Regional Financing Arrangements (RFAs); improvements in External Stability Assessments; and ongoing analytical work on surveillance and program, including macrostructural issues, emerging topics, and debt sustainability analysis. On the other hand, progress has been slower on macro forecasting, outward spillovers, and cross-country knowledge sharing.

Approved By
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Glossary

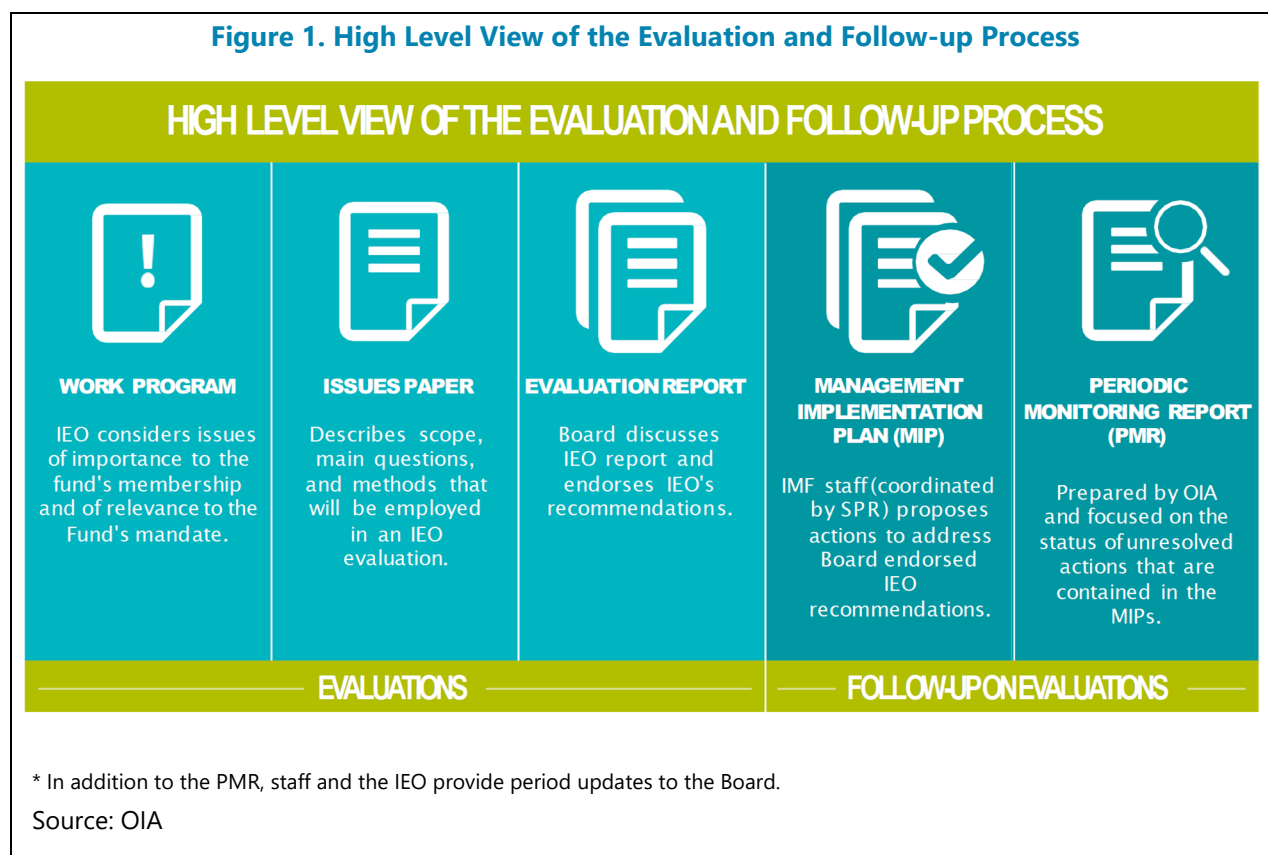
APC	Agenda and Procedures Committee
BSA	Balance Sheet Analysis
CD	Capacity Development
CSR	Comprehensive Surveillance Review
D4D	Data for Decisions
e-GDDS	Enhanced General Data Dissemination System
EVC	Evaluation Committee
FSAP	Financial Sector Assessment Program
FSSF	Financial Sector Stability Fund
GDP	Gross Domestic Product
G-RAM	Global Risk Assessment Matrix
ISR	Interim Surveillance Review
IEO	Internal Evaluation Office
LICs	Low Income Countries
MIPs	Management Implementation Plans
OEDs	Offices of Executive Directors
ORPL	Ongoing Research Project List
PMR	Periodic Monitoring Report
RBM	Results-Based Management
RFAs	Regional Financing Arrangements
ROSC	Report on the Observance of Standards and Codes
SC	Structured Curriculum
SDDS	Special Data Dissemination Standard
SDN	Staff Discussion Note
TSR	Triennial Surveillance Review
WEO	World Economic Outlook

OVERVIEW

1. The Ninth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations covers the MIPs arising from two recent IEO evaluations, and another seven for which individual management actions were classified as “open” in the Eighth PMR.

The MIPs being considered arise from the following evaluations: (i) *The IMF and the Crises in Greece, Ireland, and Portugal*; (ii) *Behind the Scenes with Data at the IMF*; (iii) *Self-Evaluation at the IMF: An IEO Assessment*; (iv) *IMF Response to the Financial and Economic Crisis*; (v) *Recurring Issues from a Decade of Evaluation: Lessons for the IMF*; (vi) *IMF Forecasts: Process, Quality, and Count Perspectives*; (vii) *The Role of the Fund as Trusted Advisor*; (viii) *Research at the IMF – Relevance and Utilization*; and (ix) *IMF Performance in the Run-Up to the Financial and Economic Crisis*.¹ A high level view of the evaluation and follow-up process is presented in Figure 1 below.

Figure 1. High Level View of the Evaluation and Follow-up Process



¹ The report does not include newly issued or ongoing evaluations. In July 2017, the IEO finalized the evaluation of The IMF and Social Protection; the associated MIP was issued in January 2018. The IEO evaluation of The IMF and Fragile States was also completed in March 2018. In addition, the IEO has recently completed updates of the 2007 evaluation of IMF Exchange Rate Policy Advice, the 2007 evaluation of Structural Conditionality in IMF-Supported Programs, and the 2006 evaluation of Multilateral Surveillance. Currently, the IEO is working on two new evaluations: IMF Financial Surveillance and IMF Advice on Unconventional Monetary Policies, in addition to the update of the 2008 evaluation of Governance of the IMF.

2. On March 21, 2017, the Evaluation Committee (EVC) reviewed the Eighth PMR and recommended its endorsement by the Board. The EVC welcomed the streamlined presentation of the report and acknowledged the good overall progress, but expressed concerns about slower traction on some long-standing actions that involve fundamental changes to institutional culture and practices. On April 14, 2017, the Executive Board endorsed the Eighth PMR on a lapse of time basis.

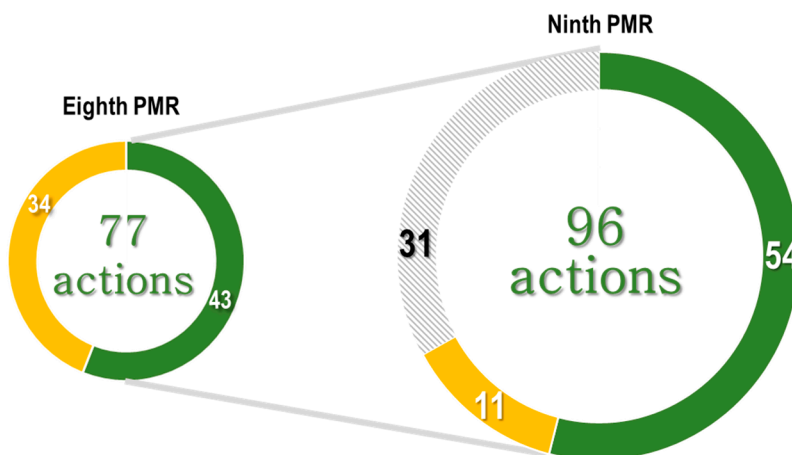
3. To prepare the Ninth PMR, OIA met with senior staff from the IEO, SPR, and all departments that have accountability for implementing management actions. The report relies on staff reports to the Executive Board and management, as well as other information obtained in meetings with these senior staff. As many of the management actions envisaged in the MIPs are qualitative in nature, the assessment of their implementation necessarily involves a degree of judgment.

4. There is positive traction on the last four MIPs, but older actions appear challenging to implement. Actions that are not implemented within the first few years after a MIP is approved tend to be more difficult or intractable. See Figure 2 below. Overall, 42 of the 96 actions included in the Ninth PMR remain open, representing roughly the same proportion as the previous PMR. Of the 42 open actions, 32 face a variety of challenges which require management or Board intervention. The net increase of eight open management actions from the Eighth PMR (slightly less than 25 percent) is accounted for by 24 new actions from two MIPs, and 16 actions that have been implemented since. Considerable progress has been made with the implementation of the actions related to the two new MIPs after the Eighth PMR. Five out of six actions related to the IEO evaluation of the *IMF and the Crises in Greece, Ireland, and Portugal* have been implemented. Two out of eighteen actions related to the IEO evaluation of *Behind the Scenes with Data at the IMF* have been implemented and the remaining sixteen actions are progressing well within their expected implementation dates but a few may require management or Board intervention. Regarding the MIPs that were covered in previous PMRs, seven of the actions implemented over the past year relate to two MIPs approved after October 2015, while only two actions (out of 24) from five earlier MIPs were implemented.

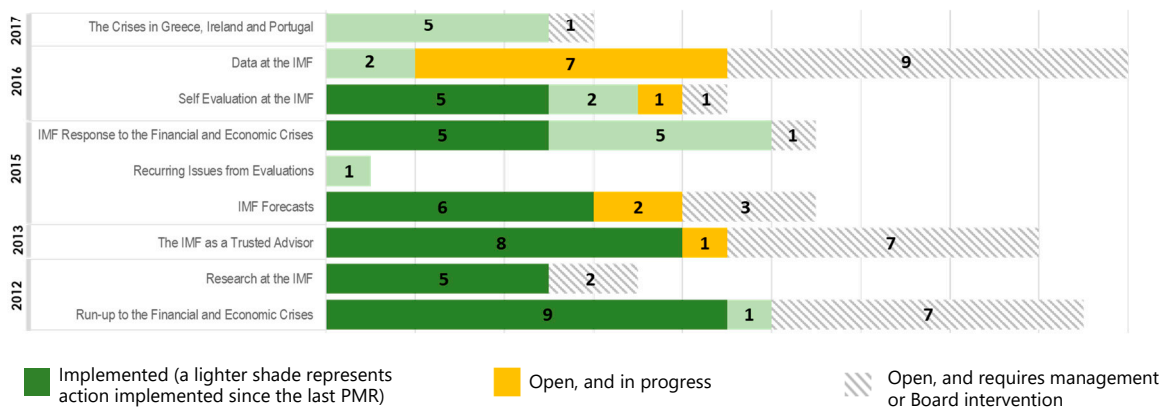
5. As noted in the Eighth PMR, improvements in the follow-up process approved by the Board in 2015 (Decision No. 15877-(15/95)) have contributed to speedier implementation of recent actions, but some challenges remain. There are lingering challenges with defining measures of success for numerous actions, but accountabilities are now clearer and many actions are at advanced stages at the time of the Board's discussion of the MIPs. More of the MIPs approved before October 2015 contain management actions that are broadly worded or relate to institutional and cultural issues that require more time for implementation, and in many instances, have no clear measures of success or timetable.

Figure 2. Status of Management Actions^{1/}

There are 96 management actions contained in all nine MIPS in this PMR. This represents an increase of 24 new actions from two MIPS and a decrease of five actions contained in the completed MIP for International Reserves: IMF Concerns and Country Perspectives. 42 of the 96 actions included in the Ninth PMR remain open. Of these, 32 face challenges that require management or Board intervention.



Traction continues to be slow on older MIPS, which involve fundamental changes to institutional culture and practices. Some more recent MIPS continue to have challenges



^{1/} **“Implemented”** refers to those actions that have been substantially addressed as intended, or another form of disposition has been endorsed by the Board. **“Open”** refers to actions that: (i) are planned but not yet commenced; (ii) are ongoing; (iii) have been implemented in form, but their outcomes are yet to materialize; and (iv) have not been implemented, or have stalled following partial implementation.

6. Building on the improvements in presentation commenced last year, this PMR introduces several novel ideas to assist management and the Board with a clearer view of where management or Board intervention may be required. A progress chart is included for each IEO evaluation to show the evolution of management actions over successive years, as well as some indication of the challenges ahead. In addition, each action that requires some form of intervention by management or the Board is clearly highlighted through brief descriptions and other indicators.




7. Despite the slower progress with the older actions, significant advances have been made over the past year in several key areas. These include: protocols for engaging the IEO; risk analysis and management; the mainstreaming of macrofinancial surveillance; an overarching strategy on data and statistics; guidance on cooperation with other organizations, including Regional Financing Arrangements (RFAs); improvements in External Stability Assessments; and ongoing work on macrostructural issues, emerging topics, and debt sustainability analysis. On the other hand, progress has been slower on macro forecasting, outward spillovers, and cross-country knowledge sharing.

8. In commenting on this PMR, departments were in broad agreement with its substance. Departments provided several comments, especially to suggest improvements and consistency of presentation in the newly introduced indicators that are meant to highlight which actions may require management or Board intervention. These comments have been addressed.

IMPLEMENTATION STATUS OF MANAGEMENT ACTIONS

9. This section discusses the progress made in implementing the management actions contained in MIPs arising from two recent IEO evaluations, and another seven for which individual management actions were classified as “open” in the Eighth PMR. This section is organized by evaluation report date, starting with the most recent.

10. As previously mentioned, a progress chart is included for the update on each IEO evaluation, as well as some indication of where management or Board intervention may be required. Additional indicators are included for each action, with the following broad definitions:

Symbol	Definition
	Action has been implemented (in substance).
	Action is generally making progress towards full implementation, as intended. This includes instances where the action is progressing on a new track, following an intervention by management or the Board.
	Action requires an intervention by management or the Board. An intervention is needed to bring the action back on a new track, including decisions to redefine, substitute, or drop the action.


1. The IMF and the Crises in Greece, Ireland, and Portugal (2016)

The IEO evaluation found that the IMF's pre-crisis surveillance mostly identified the right issues but did not foresee the magnitude of the risks that would later become paramount. In responding to the crises, the IMF's policy on exceptional access to Fund resources, which mandates early Board involvement, was followed only in a perfunctory manner. The report noted that the Executive Board had approved a decision to modify the framework for exceptional access without the IMF's usual deliberative process. The report also identified issues of accountability and transparency, which created the perception that the IMF treated Europe differently. Further, the Fund had not articulated how best to design a program that included conditionality on policies under the control of regional institutions. On the conduct of the evaluation, the report indicated that some documents related to sensitive issues had been prepared outside the regular, established channels, and that there was no clear protocol on the modality of interactions between the IEO and Fund staff.



1.1 IEO Recommendation: The Executive Board and Management should develop procedures to minimize the room for political intervention in the IMF's technical analysis.

The Managing Director did not accept the premise of political intervention, and Executive Directors acknowledged that the procedures in place had been strengthened substantially in recent years. While the recommendation was not endorsed as written, the Board and management supported the principle of an independent technical analysis that underpins both surveillance and program design.

<p>MANAGEMENT ACTION:</p> <p>Ensure continuous improvements in the analytical underpinnings of both surveillance and program design, especially in the areas of economic forecasting, external sector assessments, and integrated surveillance, as part of the regular processes to continuously improve the technical analysis of the Fund.</p> <p>ACCOUNTABLE: All Departments</p> <p>TARGET DATE: Not Indicated</p>		<p>ACTION STATUS:</p> <p>OPEN (intervention required)</p> <p>INTERVENTION REQUIRED:</p> <p>The action involves long-term continuous improvement in the technical analysis underpinning core Fund outputs, with no clear measures of success. In any event, other Fund mechanisms exist for the Board to assess progress of these general improvements.</p>
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1.1.1. On April 5, 2018, the Executive Board considered the Interim Surveillance Review (ISR), and supported its main conclusions and recommendations. See *2018 Interim Surveillance Review (SM/18/52, 03/08/2018)*. Executive Directors noted that significant progress had been made in advancing the priorities laid out in the 2014 Triennial Surveillance Review (TSR). This has enabled the Fund’s surveillance to be more integrated and risk-based and better adapt to evolving developments and challenges facing the membership. Directors welcomed the progress in the Fund’s risk work and inward spillovers, fiscal and external sector assessments, and in the quality and integration of macrofinancial analysis into Fund surveillance. They considered the ISR’s detailed stocktaking a valuable input to the Comprehensive Surveillance Review (CSR) scheduled for 2019. Directors looked forward to further improvements and a full assessment of actions in the context of the 2019 CSR.


1.1.2. With respect to program design, progress has also been made in refining the framework for debt sustainability. In September 2017, the Board reviewed the joint IMF-WB Debt Sustainability Framework for Low Income Countries (LIC DSF). The review proposed a comprehensive reform of the DSF to adapt it to the evolving circumstances facing LICs, making it more comprehensive, transparent, and simpler. The revised framework is expected to become operational in the second half of 2018, following the completion of the associated Guidance Note and template. In May 2018, the staff plans to present to the Board preliminary considerations on the performance of the Markets Access Countries (MAC) DSA and possible options to strengthen the framework.

1.2 IEO Recommendation: The Executive Board and Management should strengthen the existing processes to ensure that agreed policies are followed and that they are not changed without careful deliberation.

Executive Directors supported the underlying principle that existing policies should be followed and should not be changed without careful deliberation by the Board. They considered that checks and balances were adequately in place and that the Managing Director was committed to following existing policies diligently. Therefore, no further action is envisaged regarding this recommendation.

1.3 IEO Recommendation: The IMF should clarify how guidelines on program design apply to currency union members.


One action was proposed in response to this recommendation.

<p>MANAGEMENT ACTION:</p> <p>Prepare a Board paper on program design for currency union members.</p> <p>The paper will review the Fund’s approach to setting conditionality with currency union members, with the aim of soliciting Board views on establishing clear guidance and principles for designing Fund-supported programs for currency union members.</p> <p>ACCOUNTABLE: SPR, LEG</p> <p>TARGET DATE: June, 2017</p>		<p>ACTION STATUS:</p> <p>IMPLEMENTED</p> <p>INTERVENTION REQUIRED:</p> <p>None</p>
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1.3.1. A paper on *Program Design in Currency Unions* was circulated to the Board in August 2017 and endorsed in February 2018.² The paper considered options on when and how the Fund should seek policy assurances from union-level institutions in programs with currency union members, and elaborated on the operational aspects. The staff’s proposed preferred option consists of formalizing current practices and providing general guidance regarding principles and modalities on policy assurances from union-level institutions in support of members’ adjustment programs. Executive Directors supported establishing general guidance on Fund engagement with currency union institutions in circumstances where the policies of these institutions are critical to the success of Fund-supported programs. With the Board’s endorsement, the guidance takes effect immediately, or from the next program review in the case of current arrangements.

1.4 IEO Recommendation: The IMF should establish a policy on cooperation with RFAs.

One action was proposed in response to this recommendation.


<p>MANAGEMENT ACTION:</p> <p>Prepare Board paper on “IMF cooperation with RFAs”.</p> <p>ACCOUNTABLE: SPR</p> <p>TARGET DATE: May, 2017</p>		<p>ACTION STATUS:</p> <p>IMPLEMENTED</p> <p>INTERVENTION REQUIRED:</p> <p>None</p>
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² See SM/17/237, 08/29/2017.

1.4.1. In July 2017, the Executive Board endorsed a staff paper on *Collaboration between RFAs and the IMF*.³ As part of a broader set of proposals to fortify the Global Financial Safety Net (GFSN), the paper proposed a conceptual framework and operational modalities for future Fund engagement with RFAs, both individually and collectively. Executive Directors broadly endorsed the proposed operational modalities; they encouraged staff to update the Board on experiences. Following the Board discussion, the Fund has also participated in a “test run” with the Chiang Mai Initiative Multilateralization (CMIM) that has led to updating the transmittal policy to facilitate document sharing with RFAs.


1.5 IEO Recommendation: The Executive Board and Management should reaffirm their commitment to accountability and transparency and the role of independent evaluation in fostering good governance.

Three actions were envisaged in the MIP.

<p>MANAGEMENT ACTION 1: Staff and Management will continue to follow established procedures to ensure proper record keeping on program-related documents and actions taken/decisions made.</p> <p>ACCOUNTABLE: All departments TARGET DATE: Not Indicated</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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1.5.1. The Board and the Managing Director respectively re-affirmed that the Board, Management, and staff had been, and will continue to be committed to accountability, transparency, and the role of the IEO. The re-affirmations of commitment were contained in the Chair’s Summing Up and the Managing Director’s Statement on the IEO evaluation. No further actions were contemplated.

³ See SM/17/190, 06/29/2017

<p>MANAGEMENT ACTION 2:</p> <p>The Agenda and Procedures Committee (APC) discussed in early 2017 (EB/APC/Mtg/17/1) to retain the transcripts of informal Board meetings. SEC agreed to explore ways to make these transcripts available to Directors in an expeditious and secure manner, and to reflect newly agreed procedures in the Board Compendium.</p> <p>ACCOUNTABLE: SEC</p> <p>TARGET DATE: Early, 2017</p>		<p>ACTION STATUS:</p> <p>IMPLEMENTED</p> <p>INTERVENTION REQUIRED:</p> <p>None</p>
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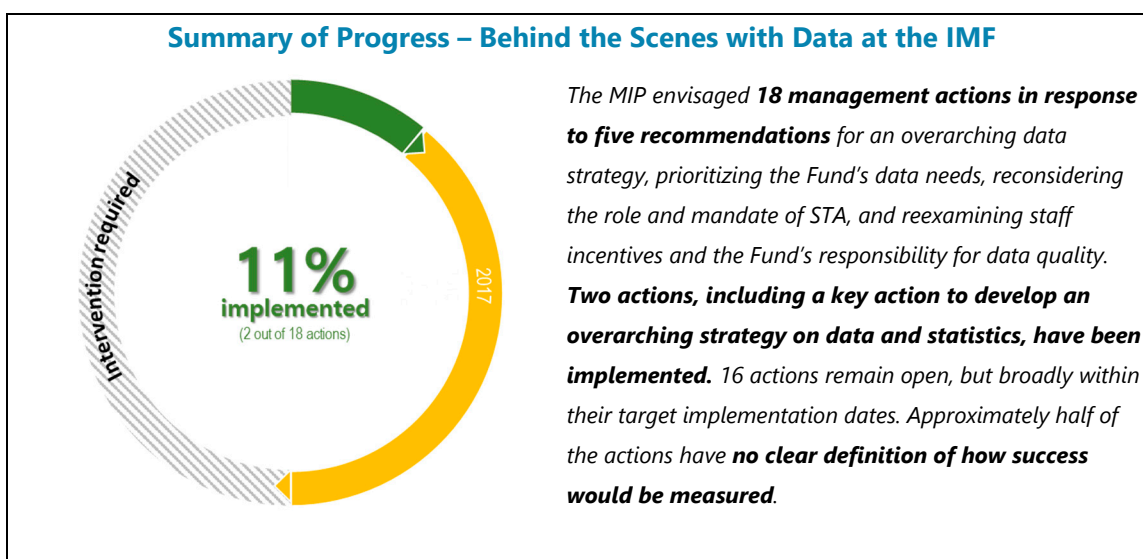
1.5.2. SEC has completed work on a secure method to provide access to transcripts of informal Board meetings through IMF Connect. Starting in June 2017, transcripts of informal Board meetings are available to Offices of the Executive Directors, except for restricted sessions which are only available to Executive Directors and Alternate Executive Directors. The APC has revised the Board Compendium in early 2018, formalizing the guidelines on accessing transcripts of informal Board meetings.

<p>MANAGEMENT ACTION 3:</p> <p>An IEO/Fund staff cooperation protocol would be developed and issued as an operational guidance to staff on cooperation with the IEO.</p> <p>ACCOUNTABLE: SPR, LEG</p> <p>TARGET DATE: Early, 2017</p>		<p>ACTION STATUS:</p> <p>IMPLEMENTED</p> <p>INTERVENTION REQUIRED:</p> <p>None</p>
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1.5.3 In July 2017, the Managing Director issued a memorandum to staff updating the guidelines for cooperation with the IEO. Under those guidelines, staff is obliged to comply with IEO information requests, with very limited exceptions that include (i) information subject to attorney-client privilege; (ii) documents containing personal information about Fund employees or candidates for employment; and (iii) confidential communications that fall within management's "zone of privacy." Staff are also encouraged to provide the IEO with all the information and documents they are aware of that would be pertinent to an evaluation, even if such information is not requested by the IEO.


2. Behind the Scenes with Data at the IMF (2016)

The IEO evaluation found that noteworthy progress had been made with data at the IMF – particularly with external data provision and internal data management – but that important obstacles to reform had yet to be tackled. Problems with data or data practices have, at times, adversely affected the IMF’s surveillance and lending activities. The report advocated, first and foremost, that the Fund should design and implement a long-term overarching data strategy going well beyond data management and recognizing data as a strategic institutional asset. It also made other recommendations which include: define and prioritize the IMF’s data needs; reconsider the role and mandate of the IMF’s Statistics Department (STA); reexamine staff incentives; and make clear the Fund’s responsibility regarding the quality of the data it disseminates. At the request of the Board, one year after the endorsement of the MIP, the staff issued a note on the implementation of the actions that were agreed in response to the evaluation (EB/EVC/17/24, 11/01/2017). The progress update below largely mirrors the above-mentioned staff note, after additional staff interviews and validation.



2.1 IEO Recommendation: Develop a long-term strategy for data and statistics at the Fund.

One action was envisaged in the MIP in response to this recommendation.


<p>MANAGEMENT ACTION:</p> <p>Develop a long-term strategy for data and statistics at the Fund to integrate Fund-wide work streams on data provision by member countries, international statistical standards, CD, and data management with a common statistical objective.</p> <p>ACCOUNTABLE: SPR, STA, EDT</p> <p>TARGET DATE: November, 2017</p>		<p>ACTION STATUS:</p> <p>IMPLEMENTED</p> <p>INTERVENTION REQUIRED:</p> <p>None</p>
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2.1.1 On March 9, 2018, the Executive Board endorsed the *Overarching Strategy on Data and Statistics at the Fund in the Digital Age*, supporting its forward-looking approach to gathering, processing, and sharing economic data and statistics.⁴ The strategy is based on a framework consisting of six strategic priorities: (i) be agile in identifying data needs for effective surveillance; (ii) build a global data commons through a cloud-based data dissemination system; (iii) support the use of Big Data in the Fund's operations; (iv) ensure secure and seamless access and sharing of high-quality data; (v) aim at greater cross-country data comparability to better integrate bilateral and multilateral surveillance; and (vi) address data weaknesses by integrating surveillance priorities with CD. Directors noted that the strategy, which recognizes data as a strategic institutional asset, is both ambitious and pragmatic in setting a course to enable the Fund and its members to better respond to the challenges and opportunities of digitalization. For the strategy to be successful, the Fund will have to continue building statistical capacity across the membership, acquire the right skills through innovation, training, and retooling, as well as leverage outside experts. The successful implementation of the strategy and its eventual impact will take time, and goes beyond the scope of the PMR.


2.2 IEO Recommendation: Define and prioritize the Fund's data needs and support data provision by member countries accordingly.

Four actions to address this recommendation were envisaged in the MIP, all of which remain on course.

⁴ See SM/18/29, 02/12/2018.


<p>MANAGEMENT ACTION 1:</p> <p>Comprehensive Surveillance Reviews (CSR) and their interim reports will continue to guide priorities regarding the Fund’s evolving data and statistical needs for bilateral and multilateral surveillance activities. These priorities will be operationalized in Reviews of Data Provision to the Fund for Surveillance Purposes (DPF).</p> <p>ACCOUNTABLE: SPR, STA TARGET DATE: December, 2017</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED:</p> <p>The CSR, by nature, is to foster continuous improvement in the technical analysis underpinning surveillance. Implementation guidance for the data and statistics strategy would need to define measures of success. In any event, other Fund mechanisms exist for the Board to assess progress of these general improvements.</p>
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2.2.1 Priorities regarding the Fund’s evolving data and statistical needs for bilateral and multilateral surveillance will be operationalized in the next review of *Data Provision to the Fund for Surveillance Purposes (DPF)* scheduled for 2019. The review will address the recommendations of the 2014 TSR and the 2018 ISR, weighing the benefits and costs of new data sources, including Big Data. It will also consider how to make better use of publicly available data and how to leverage data produced by other institutions. To strengthen the integration of CD in surveillance, staff will also propose, at the time of the upcoming review, a new tool to promote a more transparent and structured assessment of data adequacy for surveillance purposes.


<p>MANAGEMENT ACTION 2:</p> <p>The Tenth Review of the IMF’s Data Standards Initiatives will seek to further align data provision by member countries – to the extent feasible – with the broader initiative to promote publication of data required for surveillance by the Fund.</p> <p>ACCOUNTABLE: SPR, STA TARGET DATE: FY2019</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED:</p> <p>The contingent nature of the action (“to the extent feasible”) makes it difficult to determine the extent of alignment of data provision that would be deemed successful. In any event, other Fund mechanisms exist (e.g., review of the DPF) for the Board to assess progress of these general improvements.</p>
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2.2.2 The Tenth Review of the IMF’s Data Standards Initiative, scheduled for 2019, would explore options for upgrading the technologies supporting data dissemination to underpin the global data commons. The global data commons will allow publication of the data used by the Fund for surveillance. Country provision of data under Articles IV and VIII will continue to be an essential obligation of Fund membership, but the case would be made for publication of such data as a way of modernizing, and also because the Fund is no longer alone in monitoring and assessing

country economic conditions and policies.

<p>MANAGEMENT ACTION 3:</p> <p>Merge the frameworks of the Special Data Dissemination Standard (SDDS), SDDS Plus, and the enhanced General Data Dissemination System (e-GDDS), including new technologies for data provision, such as open data, to improve country provision of relevant, timely and quality data to Fund economists.</p> <p>ACCOUNTABLE: SPR, STA TARGET DATE: FY2020</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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2.2.3 In preparation for the Tenth Review of the IMF’s Data Standard Initiatives, STA has started working toward achieving a more progressive convergence between data standards and the Fund’s framework on data provision to the Fund, with the aim of integrating the two frameworks by 2025. The staff would seek to dynamically align requirements under the data disseminations initiatives (SDDS, SDDS Plus, and e-GDDS) with those set in the reviews of the DPF.

<p>MANAGEMENT ACTION 4:</p> <p>The review of Standards and Codes Initiative will aim to strengthen its integration with Fund surveillance and CD activities. In this regard, the new data quality module in revised Data Report on the Observance of Standards and Codes (ROSC) will help guide future CD and methodological work with member countries to facilitate data provisioning to the Fund.</p> <p>ACCOUNTABLE: SPR, STA TARGET DATE: FY2018</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: The action involves long-term continuous improvement in the technical analysis underpinning core Fund outputs. Further, no clear measures are defined for “successful” integration of data standards with CD and surveillance. In any event, other Fund mechanisms exist for the Board to assess progress of these general improvements.</p>
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2.2.4 Following the Review of Standards and Codes in July 2017, STA is working on a new approach to improve the targeting of CD and methodological work. The envisaged changes to the data ROSC include shifting to a thematic approach (by sector), making it more cost effective, and focusing on the operational data that country teams use for surveillance. A pilot will be designed in FY2019 in consultation with area departments, with a view to launching the new data ROSC in late FY2019. Full operationalization is expected during the Tenth review of the standards initiative.

2.3 IEO Recommendation: Reconsider the role and mandate of the Statistics department.


Six actions to address this recommendation were envisaged in the MIP, one action has been implemented and the other five actions remain on course.

<p>MANAGEMENT ACTION 1:</p> <p>Revisit the role and mandate of STA to ensure that it is in line with the Fund core operations. The decision on whether to move the new data management structure into STA will be taken in the context of the long-term strategy.</p> <p>ACCOUNTABLE: STA TARGET DATE: September, 2017</p>		<p>ACTION STATUS:</p> <p>OPEN</p> <p>INTERVENTION REQUIRED:</p> <p>None</p>
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2.3.1 A new governance framework for data and statistics, including a revised role and mandate for STA, was approved by management in January 2018. The interdepartmental task force converged on a new role for STA, making it responsible for steering Fund-wide efforts at an integrated approach to data and statistics (from “collecting” the dots to “connecting” the dots). While maintaining a member-focused approach, STA will seek greater consistency of its work with the Fund’s strategic priorities. The new governance framework consists of a Standing Committee on Data and Statistics chaired by management, and the integration of the Economic Data Team (EDT) within STA to allow for a more integrated approach to data management and publication. The Standing Committee will oversee the implementation of the overarching strategy, including on data management, and serve as a forum for discussing and guiding related efforts. In approving the new structure, management also appointed the Director of STA Director as Chief Statistician and Data Officer of the Fund responsible for the implementation of the overarching strategy. In addition to the governance structure, a review of the reorganization of STA’s data function was initiated in early December 2017, and expected to be finalized by Spring 2018. To conduct the review, STA has secured the services of an external consultant, which is tasked with proposing a blueprint for the realignment. Implementation of the new organizational structure is expected to take about a year.

<p>MANAGEMENT ACTION 2: Drawing on ongoing reforms, develop a time-bound, concrete plan to ensure that STA's work support data provision by member countries, international statistical standards, data dissemination initiatives, CD, and, if relevant, Fund-wide operational data management functions.</p> <p>ACCOUNTABLE: STA TARGET DATE: To be determined</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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2.3.2 The data and statistics strategy draws on ongoing initiatives to better align STA's work with Fund priorities, and includes a concrete, time-bound plan for execution up till 2023. The strategy includes an approach to guide future work on data and statistics, building on existing policy frameworks and ongoing initiatives. It sets the foundation, for example, for an integrated approach for treating data matters in the upcoming papers on the Review of the Fund's Capacity Development Strategy (2018), the Comprehensive Surveillance Review (2019), the Reviews of Data Provision to the Fund for Surveillance Purposes and Article VIII, Section 5 (2019), and the Review of the Fund's Data Dissemination Initiatives (2020). A more detailed list of activities underpinning each of the six priorities in the strategies is also being developed.

<p>MANAGEMENT ACTION 3: Review data publications, databases, and data sharing within the membership and among international agencies.</p> <p>ACCOUNTABLE: STA TARGET DATE: To be determined</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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2.3.3 A review to prioritize and streamline databases in STA is underway and is expected to be completed by mid-2018. STA plans to prioritize and retain the key databases relevant for surveillance, as well as streamline the detail currently collected through forms. Collection of data that are re-disseminated "as published by the authorities" without any additional validation would be discontinued. STA is also expected to retain those databases where the Fund is the sole compiler and publisher of data affording insights into global trends in reserve currency use, capital flows, and financial sector developments, including financial inclusion.


<p>MANAGEMENT ACTION 4:</p> <p>STA will engage in a more pro-active and structured consultation with area departments on methodological work to support surveillance priorities for LICs. Enhanced guidance will be provided for compiling data on LICs.</p> <p>ACCOUNTABLE: STA</p> <p>TARGET DATE: To be determined</p>		<p>ACTION STATUS:</p> <p>OPEN (intervention required)</p> <p>INTERVENTION REQUIRED:</p> <p>Action is of an ongoing nature, with no clear measures of how “proactive and structured consultation with area departments” will be assessed. There is some expression of “input” activities or intent, but no clear measure of outcomes.</p>
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2.3.4 Based on its new mandate, STA’s work on the crafting of methodologies to guide global compilation of key macroeconomic and financial statistics would be grounded on surveillance priorities. To further integrate STA work on data with area departments (especially on LICs), STA plans to invite senior desks in area departments to lead some e-GDDS missions. Further, the staff will work with country authorities to accelerate the implementation of the e-GDDS. Forty new LICs, in addition to 17 LICs as of October 2017, will have country websites (National Summary Data Pages) by the end of FY2020, and this number will be further expanded subsequently. STA has already started to prioritize BOP/IIP indicators to facilitate the implementation of the Balance of Payments and International Investment Position Manual – Sixth Edition (BPM6) for countries with low statistical capacity.

<p>MANAGEMENT ACTION 5:</p> <p>The ongoing efforts to align CD activities with Fund and membership needs will continue. CD will increasingly be geared toward closing data gaps hampering surveillance, ratcheting up data quality and broadening data dissemination to help detect economic vulnerabilities and risks, and improve economic decision-making.</p> <p>ACCOUNTABLE: STA</p> <p>TARGET DATE: Not indicated</p>		<p>ACTION STATUS:</p> <p>OPEN (intervention required)</p> <p>INTERVENTION REQUIRED:</p> <p>Action is of an ongoing nature. Further, no clear measures are defined for “successful” alignment of CD with member data needs.</p>
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2.3.5 The review of DPF, planned for 2019, provides an opportunity to align CD with current priorities, including closing data gaps, improving data quality, and broadening data dissemination. In response to increasing demands for CD, STA has started fundraising for two new multi-partner vehicles trust funds, i.e., the Financial Sector Stability Fund (FSSF) and the Data for Decisions Fund (D4D). These funds are designed to help finance expanded and well-targeted CD activities to support surveillance, especially in low-and middle-income countries and fragile states,


and will be leveraged to target data deficiencies. Twenty low and lower middle-income countries are expected to benefit over FY 2019–FY 2026. Conceptual development of the two funds involved close consultation with area departments and other CD providers.

<p>MANAGEMENT ACTION 6:</p> <p>Consistent with established Fund priorities, devote greater attention to CD in fragile states and vulnerable program countries, while also fostering greater integration with surveillance and reaping synergies between TA and training. Among other things, STA will work with other departments to continuously adjust its CD product mix, venture into online learning, implement a results-based management (RBM) framework, broaden and diversify the funding of its CD, participate in the design and implementation of the Fund’s new TA evaluation framework, and overhaul its approach to TA documentation to enhance understanding and buy-in from senior policy makers in-country and area department teams.</p> <p>ACCOUNTABLE: STA</p> <p>TARGET DATE: To be determined</p>		<p>ACTION STATUS:</p> <p>OPEN (intervention required)</p> <p>INTERVENTION REQUIRED:</p> <p>Action is of an ongoing nature. Further, no clear measures are defined for “successful” alignment of CD with Fund priorities. There is some expression of “input” activities or intent, but no clear measure of outcomes.</p>
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2.3.6 Work on the RBM and the reform of TA documentation are on course, but in their early stages. Dates and specific milestones for implementation have been developed in the context of the overarching strategy for data and statistics. Funding diversification will continue based on the D4D and FSSF trust funds, more reliance on delivery through RTACs, and greater selectivity on bilateral donor projects. New CD products have been rolled out recently in response to emerging policy needs (e.g., high-frequency indicators, residential property price indexes). The D4D Fund will include online learning in eight statistical areas and in up to six languages.

2.4 IEO Recommendation: Reexamine the staff’s structure of incentives in the area of data management.


Six actions to address this recommendation were envisaged in the MIP, all of which remain on course.

<p>MANAGEMENT ACTION 1: Adopt Fund-wide data management standards.</p> <p>ACCOUNTABLE: STA TARGET DATE: 2017</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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2.4.1 The proposed strategy on data and statistics envisages the development of Fund-wide data management standards, supported by area department guidelines. The goal is to ensure data management practices are guided by common standards across the institution. The Fund-wide standards are expected by FY 2019.

<p>MANAGEMENT ACTION 2: Unify area department data management guidelines.</p> <p>ACCOUNTABLE: STA TARGET DATE: Not Indicated</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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2.4.2 A first draft of the unified area department data management guidelines was discussed at the Economic Data Governance Group in April 2017. The goal is to minimize redundancies and promote harmonization across departments to the extent possible. Work is ongoing to understand departments’ unique needs and how they could be accommodated without excessive customization. The guidelines are expected to be finalized during 2018.

<p>MANAGEMENT ACTION 3: Undertake metadata cleanup.</p> <p>ACCOUNTABLE: STA, area departments TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Action is of an ongoing nature, with no clear measures of success. The measure of success for the ongoing “clean-up” of metadata, relative to clean-ups that occur periodically, is not clear.</p>
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2.4.3 A first round of metadata clean-up, focusing on economic variables in staff reports, is underway and will be completed in mid-2018. A more comprehensive metadata cleanup is envisaged thereafter, and is expected to be a long-term effort.

<p>MANAGEMENT ACTION 4: Update the Catalogue of Time Series (CTS).</p> <p>ACCOUNTABLE: STA TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Action is of an ongoing nature with no clear measures of success. A measure of “successful” update of the CTS is unclear.</p>
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2.4.4 In support of improved data sharing through the Common Surveillance Database, STA and EDT launched the Catalogue of Time Series (CTS) “clean-up” in May 2017. With the short-term objective of reviewing the codes for the most used variables, the review is proceeding sector by sector. The review for the national accounts has already been completed, and that for the external sector started in October 2017. STA is also providing CTS training to area departments (training on the external sector has been completed).

<p>MANAGEMENT ACTION 5: Incentivize use of the Common Surveillance Databases.</p> <p>ACCOUNTABLE: STA TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Action is of an ongoing nature, with no clear measure of “successful” broad usage of the CSD.</p>
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2.4.5 The Common Surveillance Database is already being harnessed directly for various multilateral interdepartmental exercises, such as the AFR and MCD Regional Economic Outlooks, the Vulnerability Exercise, MONA, and the Quota Review. Further initiatives are being considered to provide even more incentives to increase its use, but this involves changes to long standing practices.

<p>MANAGEMENT ACTION 6:</p> <p>The next Review of Data Provision to the Fund for Surveillance Purposes (DPF) will also propose how to incorporate results of the new assessments of data adequacy for surveillance (revised ROSC) into a revised statistical issues appendix (SIA), and review the requirement to discuss the SIA in the main body of the Article IV staff report.</p> <p>ACCOUNTABLE: SPR, STA TARGET DATE: FY 2019</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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2.4.6 As indicated above, the requirements to operationalize the data priorities will be identified in the next DPF scheduled for 2019. The report of the interdepartmental taskforce on data and statistics notes that the proposed new tool to assess data adequacy, to be piloted with SPR and area departments, will bring more candor and rigor to the assessment of operational data. In addition, the profile of data issues in the main text of staff reports will be raised when data represents a macrocritical risk to the analysis. The report also envisages that the list of minimum data required for the Fund to discharge its duties may need to be updated. In this regard, the next paper on DPF (which will include Strengthening the Effectiveness of Article VIII, Section 5) would propose ways to update the list of indicators required for surveillance. The Table of Common Indicators Required for Surveillance included in all staff reports would also be harmonized with the list of minimum required data, as part of the next review of DPF. Consultations will take place within the Fund and with member countries on these proposals.

2.5 IEO Recommendation: Make clear the limits of IMF responsibility regarding the quality of disseminated data, and clarify the distinction between “IMF data” and “official data”.

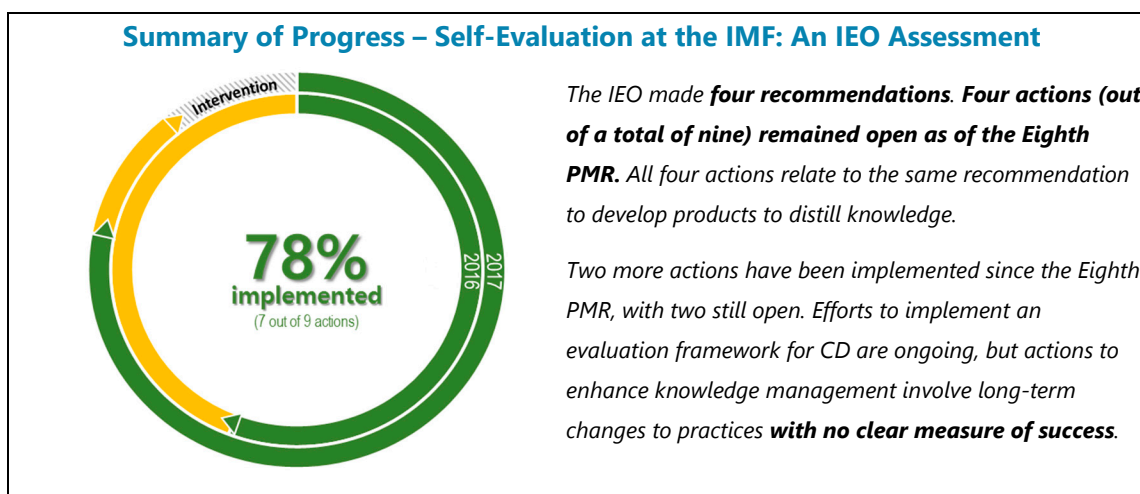
One action was envisaged in the MIP to address this recommendation.

<p>MANAGEMENT ACTION:</p> <p>Building on the implementation of the previous recommendation, a plan will be developed to clarify the distinction between “official statistics” and data used by area and functional departments in surveillance activities.</p> <p>ACCOUNTABLE: STA, ITD TARGET DATE: September, 2017</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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2.5.1 The report of the interdepartmental taskforce on data and statistics has proposed upgrading the review process to seek full observance of the 2012 staff guidance note on data provision to the Fund. Existing guidance already requires Article IV reports to distinguish between the authorities' data and staff estimates. The taskforce report also proposed adding a disclaimer to the Dissemination Standards Bulletin Board highlighting that the IMF does not validate the data member countries disseminate through the IMF's data dissemination initiatives.


3. Self-Evaluation at the IMF: An IEO Assessment (2015)

The IEO report on Self-Evaluation at the IMF found that many self-evaluation activities and reports were of high quality, but concluded that the Fund takes an ad hoc approach to self-evaluation. The report identified some gaps in coverage, weaknesses in quality, and shortcomings in distilling and disseminating lessons, in part due to the absence of an explicit, conscious, institution-wide approach to self-evaluation. Further, previous streamlining exercises appear to have adversely affected the resources available for self-evaluation. The IEO recommended that the IMF adopt an overall policy for self-evaluation, setting its goals, scope, key outputs, expected utilization, and follow-up. Such policy should be general to allow practices to evolve with the operational environment.




3.1. IEO Recommendation: Develop products and activities aimed at distilling and disseminating evaluative findings and lessons in ways that highlight their relevance for staff work and facilitate learning.

All four actions in response to this recommendation remained open as of the Eighth PMR.

<p>MANAGEMENT ACTION:</p> <p>Develop a plan to enhance knowledge management. Expected actions include:</p> <ul style="list-style-type: none"> (i) produce concrete plans to make available high-quality, web-based information on critical topics for Fund staff; (ii) enhance internal information classification and retrieval tools; (iii) provide recommendations on the respective responsibilities of area, functional, and other departments, as well as each staff member, in strengthening KM; and (iv) propose a permanent KM structure. <p>ACCOUNTABLE: KMU</p> <p>TARGET DATE: Not indicated</p>		<p>ACTION STATUS:</p> <p>OPEN (intervention required)</p> <p>INTERVENTION REQUIRED:</p> <p>Action is of an ongoing nature, with no clear measures of when knowledge management would be deemed “enhanced”. Even after clear measures of success are defined, the individual actions are expected to take a long time to produce measurable outcomes.</p>
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3.1.1. Efforts to enhance knowledge management at the Fund have continued, but substantial progress in this difficult area will take time. In December 2016, Management took the critical step of establishing the Knowledge Management Unit (KMU), with the task of developing and implementing a strategy to better harness Fund knowledge. The KMU has made important strides towards the key priorities identified at its establishment.⁵ In addition, the KMU is playing a key role in coordinating several KM-related activities underway across departments, developing a strategy to allow for enhanced text analysis, and improving knowledge sharing from CD. In March 2018, the KMU provided an update to the Board on the progress made in developing and implementing the strategy to make Fund knowledge more easily accessible to staff and member countries.

<p>MANAGEMENT ACTION 2:</p> <p>Develop a common evaluation framework, including self-evaluation, for IMF CD.</p> <p>ACCOUNTABLE: ICD</p> <p>TARGET DATE: Not indicated</p>		<p>ACTION STATUS:</p> <p>OPEN</p> <p>INTERVENTION REQUIRED:</p> <p>None</p>
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3.1.2. In July 2016, ICD finalized the New Common Evaluation Framework for IMF CD, but the new methodology/guidance note on how to use the framework is not expected to be completed until later in 2018. In July 2017, the Committee on Capacity Building (CCB) discussed the evaluation agenda for CD, and endorsed a three-year work plan for both externally- and

⁵ These priorities include: the development of enhanced websites on selected high-value topics, a revamp of enterprise search, the development of an expertise locator, support to communities of practice, and sharing “good colleague” notes.

internally-funded evaluations. A review of past evaluations pointed to an overall positive view of Fund CD but identified several shortcomings that needed to be addressed, including making the achievement of objectives the central focus of evaluations, implementing a common methodology and definitions, increasing the focus on results and substantive issues, and refining and clarifying objectives and success indicators. The CCB agreed that the implementation of the New Common Evaluation Framework and RBM would help address these issues. To that end, ICD is currently working on developing the methodology/guidance note on how to use the new framework, which is expected to be ready by the end of 2018.

<p>MANAGEMENT ACTION 3: Identify and disseminate examples of good practices in Article IV staff reports.</p> <p>ACCOUNTABLE: SPR TARGET DATE: Not indicated</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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3.1.3. SPR has continued to update its bilateral surveillance site with good practices in ten key policy areas, based on Article IV reports. The policy areas are fiscal policy, macrofinancial analysis, macrostructural issues, external assessment, risks and spillovers, macroprudential policies, monetary policy, policy mix, cross-country analysis, and past policy advice. In addition, the “What’s Important in Review Group” created in 2015 continues to meet periodically to discuss best practices related to country work and to disseminate lessons learned in the review process.

<p>MANAGEMENT ACTION 4: Assess the Fund’s risk profile at regular intervals, and identify areas for additional risk analysis and mitigation efforts.</p> <p>ACCOUNTABLE: ORM TARGET DATE: Not indicated</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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3.1.4. The ORM has continued to assess the Fund’s risk profile at regular intervals, identifying areas for additional analysis and mitigation efforts. In addition, risk governance has been enhanced through the creation of the Fund Risk Committee, the incorporation of risk mitigation actions into departments’ accountability framework scorecards, and coordination of the risk and budget cycles.⁶ The 2017 Risk Report marked the first full “assessment-mitigation-

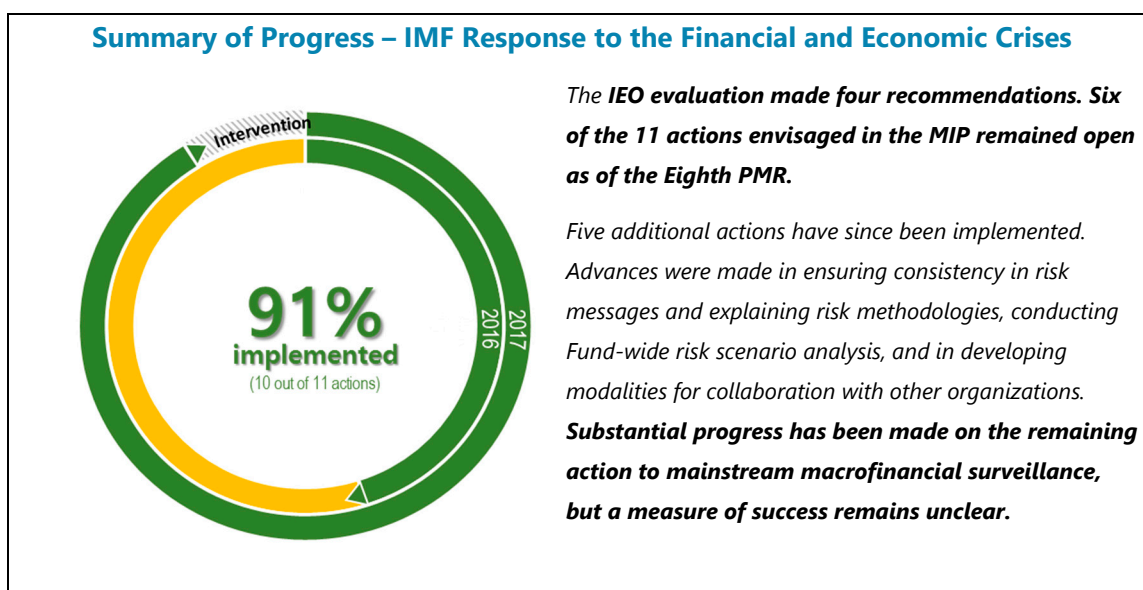
⁶ The Fund Risk Committee (FRC) was established in July 2016. The FRC has corporate responsibility to prioritize and assess mitigation efforts, and where needed commission new work to ensure alignment vis-à-vis the Fund’s enterprise acceptance framework. It is also expected to facilitate further integration of the risk function across the Fund. The FRC is chaired by Management and comprises Heads of Department from FIN/HRD/OBP/ORM/SPR and

(continued)

assessment” cycle. The report concludes that risk mitigation in individual areas has progressed over the past year, although the Fund’s overall risk profile remains broadly unchanged in reflection of entrenched underlying issues and the evolving environment. During the Board discussion of the risk report, Executive Directors underscored the need to further advance risk mitigation efforts in the areas where risks remained elevated and recommended that policy papers provide an explicit assessment of the potential effects that decisions may have on the Fund’s risk profile.

4. IMF Response to the Financial and Economic Crises (2014)


The IEO evaluation of the IMF Response to the Economic and Financial Crisis assessed the IMF’s actions to help contain the global crisis and navigate the recovery. The evaluation concluded that the Fund played an important role within the global response to the crisis, with resource mobilization and lending. However, the Fund’s record in surveillance was assessed as mixed. Although the Fund’s calls for global stimulus in 2008-09 were timely, its endorsement of fiscal consolidation in 2010-11 in some of the largest advanced economies was considered premature. The evaluation recognized that many initiatives had been taken to strengthen macro and financial sector surveillance and the Fund’s collaboration with other organizations. Looking forward, it called for developing guidelines for structuring collaboration arrangements that clarify the parties’ roles and accountabilities.



4.1 IEO Recommendation: Develop guidelines for structuring engagements with other organizations, whether as a member or a partner.

One action in response to this recommendation remained open as of the Eighth PMR.

one representative from area departments on a rotating basis. It meets on a quarterly basis around an agenda prepared by the ORM, which serves as the Secretariat of the Committee.

<p>MANAGEMENT ACTION: Take stock of the IMF's modalities and engagement with other organizations, including Regional Financing Arrangements, and make any specific proposals for change deemed necessary.</p> <p>ACCOUNTABLE: SPR (with others) TARGET DATE: Early 2017</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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4.1.1 As noted earlier, the Board considered and endorsed a staff paper on Collaboration between the Fund and RFAs in July 2017. The paper proposed operational guidelines/modalities across different types of engagement (surveillance, CD, non-financial support, and lending), which were broadly endorsed by the Board.

4.1.2 Basic agreements have also been reached with several international organizations on structural issues. In May 2017, Fund staff reached understandings with staff from the World Bank, OECD, WTO, and ILO on enhancing collaboration with these institutions on macrostructural issues. The initiative focuses on seeking opportunities for joint authorship of technical work, exploring the scope for staff exchanges, enhancing mechanisms for knowledge exchange, and launching an annual conference on macrostructural issues. Departments are in the process of identifying countries and topics for collaboration, with those proposed for the World Bank being in the most advanced stage. More broadly, staff will look at developments on collaboration with other agencies in the context of the review of the initial experience with the macrostructural initiative.


4.1.3 In response to a request from the G-20, in February 2017, staff also prepared a note on Coordination between the Fund and Multilateral Development Banks (MDBs) on Policy-based Lending, which was circulated to the Board for information. The note took stock of the coordination of practices between the Fund and MDBs regarding the provision of financial assistance to countries facing significant balance of payments pressures and offered some suggestions on how these practices could be strengthened. The note is expected to be updated by July 2018.

4.2 IEO Recommendation: Consolidate and simplify the current framework to identify and assess risks and vulnerabilities, including making the early warning exercise more user friendly and enhancing the outreach on its results.

Management proposed four actions, three of which were open as of the Eighth PMR.

<p>MANAGEMENT ACTION 1:</p> <p>Consider a proposal for a Fund-wide stress test exercise, as a possible tool to rationalize existing risk products and scenario analyses across the Fund within an integrated and common framework, with a view to avoiding duplication of work and minimizing demands on area departments.</p> <p>ACCOUNTABLE: ORM TARGET DATE: Not indicated</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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4.2.1 The ORM, under the recently developed risk management framework, has continued to run risk scenarios drawing on risk identification tools developed with the cooperation of other departments. These scenarios have included, for example: an assessment of the implications for the Fund’s balance sheet and human resources that could arise from changes in surveillance and program activities as risks shift; the pressure points that could emerge across the Fund’s various business areas from a negative scenario of the kind envisaged in multilateral surveillance but augmented with emerging risks; the potential impact of a cyberattack on the Fund; and the adequacy of the Fund’s quota resources under different assumptions regarding potential requests for the use of Fund resources by member countries, using both baseline and downside simulations. In addition, as part of the Global Risk Assessment Matrix (G-RAM) exercise, RES and SPR have been developing scenarios that incorporate several risks in a consolidated way, which are used in the context of the Vulnerability Exercises. In addition to the usual exchange of views on the G-RAM within the Senior Risk Group, RES and SPR are also working on coordinating their operational work more closely by involving World Economic Outlook (WEO) teams at an early stage of the G-RAM process. The surveys of Executive Directors conducted for the ISR indicate that the quality of risk assessments in the WEO and the Global Financial Stability Report has improved considerably since 2014.

<p>MANAGEMENT ACTION 2:</p> <p>Identify efficiencies between the IMF Risk Group, the Tail Risk Group and the early warning exercise team, and other groups working on economic and financial risk assessments.</p> <p>ACCOUNTABLE: SPR TARGET DATE: Not indicated</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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4.2.2 Efforts have continued to exploit synergies and achieve efficiency gains by minimizing overlaps in the work of the Risk, Tail Risk, and early warning exercise groups. In addition to

previously reported synergies, and in the context of a recent restructuring of SPR, a Macro Risk Unit (SPRRU) has been established to bring a risk-based consistent perspective to strategy, policy development, and review. The SPRRU is expected to conduct analytical work on emerging country risks and spillovers, the Vulnerability Exercise, and to build on the Long-Term Uncertainties project to inform Fund operations and country review. The Tail Risk group and early warning exercise remain separate risk exercises due to their unique purposes. Further steps have also been taken to ensure the consistency of the messages delivered through the Fund’s multilateral products. Following several measures towards consolidation already reported in the previous PMR, additional steps have been adopted to enhance the alignment of messages from the flagship publications and regional reports. SPR has instituted a policy by which a single reviewer coordinates departmental comments on all these products. The IEO’s 2017 evaluation update on multilateral surveillance welcomed the recent measures to consolidate and streamline multilateral surveillance products.


<p>MANAGEMENT ACTION 3: To enhance transparency, publish a note describing the Vulnerability Exercise methodology, presenting the broad contours of the exercise.</p> <p>ACCOUNTABLE: SPR TARGET DATE: Not indicated</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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4.2.3 In May 2017, the staff published a technical guidance note on Assessing Country Risk – Selected Approaches, which describes some of approaches used by staff to assess risk in the context of the Vulnerability Exercise. The note provides a view of the theory and methodologies employed to examine a wide array of systemic risks across advanced, emerging, and low-income economies. A companion guide providing more technical details on the methods and data inputs is separately available online. The guide will be updated as Fund staff’s methodologies for assessing country risk continue to evolve with experience and feedback.

4.3 IEO Recommendation: Update annually the Financial Sector Assessment Programs (FSAPs) for the world’s five to seven largest systemic financial centers in conjunction with IMF bilateral surveillance.

Most Executive Directors saw limited merit in the IEO recommendation and instead looked forward to the broader proposal by management to mainstream macrofinancial surveillance and report periodically to the Board.


Two management actions were open as of the Eighth PMR.

<p>MANAGEMENT ACTION 1: Introduce measures to fully embed macrofinancial analysis in Article IV surveillance, including through Balance Sheet Analysis (BSA) and promoting uptake of user-friendly tools.</p> <p>ACCOUNTABLE: SPR, MCM, area and functional departments</p> <p>TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: The action involves long-term continuous improvement in the technical analysis underpinning core Fund outputs. A measure of “successful” mainstreaming is unclear. In any event, other Fund mechanisms exist for the Board to assess progress of these general improvements.</p>
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4.3.1. Considerable progress has been made over the last three years in mainstreaming macrofinancial analysis. The mainstreaming initiative started in 2015 with a group of 24 countries and was expanded to cover 66 countries in 2016 and 128 countries in 2017. It is expected that macrofinancial analysis will be fully integrated across the whole membership by the end of 2018. The survey of Executive Directors conducted for the ISR indicates that over 70 percent of Directors characterize the quality of staff’s advice and analysis of macrofinancial issues as having improved to some or a great extent. The 2018 ISR and the ongoing IEO evaluation of IMF Financial Surveillance will also discuss, among other issues, the extent to which the analysis of financial risks and their macroeconomic impact has been strengthened. The IEO evaluation could result in new recommendations that may require a revision of existing actions.

4.3.2. A recent study conducted by MCM in November 2017 concluded that despite good overall progress with the macrofinancial pilots, recent pilots seemed to be lagging. The study included an assessment of macrofinancial integration in staff reports for the pilots conducted in 2016 and 2017. To carry out the assessment, MCM staff assigned scores between 1 and 4 to the pilots, with 4 being excellent.⁷ The results show that while the average scores for experienced pilots remained broadly unchanged at 2.8-2.7 in 2016 and 2017, the average scores for new pilots fell from 2.6 in 2016 to 2.2 in 2017. Based on feedback obtained by MCM from area departments, the apparent loss of momentum in the macrofinancial initiative may be due to competing pilots/initiatives and issues expected to be covered in Article IV consultations. The results of the macrofinancial mainstreaming initiative will be further evaluated in the context of the CSR in 2019.

⁷ The methodology assesses the degree of integration of macrofinancial issues in three dimensions of Article IV reports: baseline, risks, and policy recommendations. Every staff report is reviewed and rated independently by 2 MCM staff members, and discussed with reviewers and supervisors.

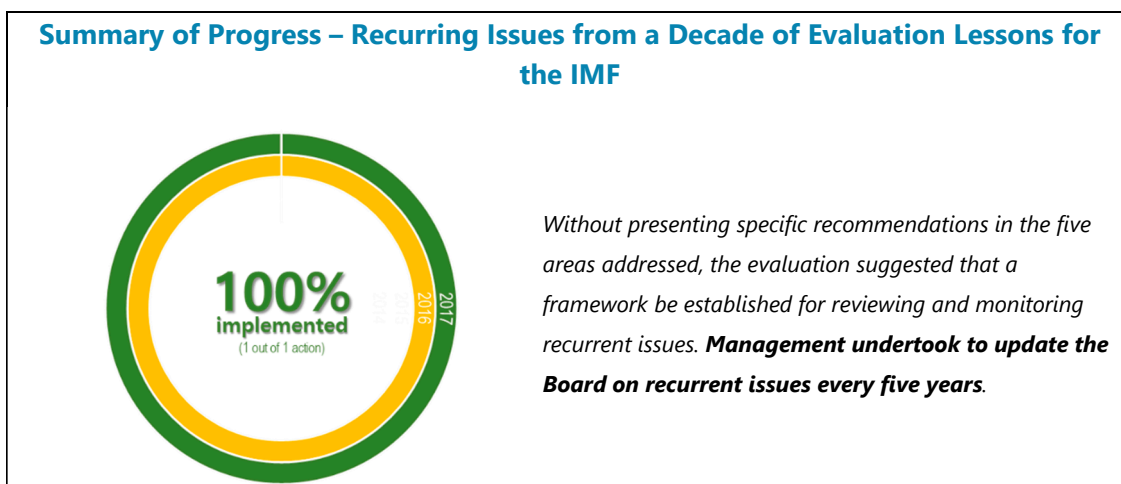
<p>MANAGEMENT ACTION 2: Brief the Board periodically on mainstreaming macrofinancial surveillance.</p> <p>ACCOUNTABLE: SPR, MCM TARGET DATE: Not indicated</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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4.3.3. MCM and SPR have continued to brief the Board periodically on the progress made on the macrofinancial mainstreaming effort. In March 2017, the Board considered a staff paper on *Approaches to Macrofinancial Surveillance in Article IV Reports*, which provided a summary of the contribution of macrofinancial analysis to Article IV surveillance based on experiences from the ongoing mainstreaming effort.⁸ The paper focused on the staff's efforts to integrate macrofinancial analysis across three key components of Article IV consultations: baseline macroeconomic projections, risk assessments, and policy advice. The paper analyzed several approaches used by country teams to assess real-financial linkages, the links between financial and business cycles, external spillovers to the financial sector, fiscal and monetary-financial linkages, as well as stress tests used by country teams to assess the resilience of the financial sector to macro shocks. Executive Directors supported the Fund's macrofinancial surveillance initiative, while also emphasizing the need to better understand the outlook for credit and growth, deepen the analysis of the macroeconomic effects of financial shocks, improve the availability of financial data, explore the contribution of the financial sector to long-term growth and financial inclusion, and further integrate macrofinancial perspectives into the advice on the overall policy mix.

5. Recurring Issues from a Decade of Evaluation: Lessons for the IMF (2014)


This IEO evaluation sought to help the IMF enhance its effectiveness by identifying major recurring issues from the past. The report served as a mechanism to review "generic and substantive" issues from past evaluations that are not "encapsulated in specific recommendations" but deserve monitoring. The evaluation therefore focused on recurring issues in five areas: Executive Board guidance and oversight; organizational silos; attention to risks and uncertainty; country and institutional context; and evenhandedness. The evaluation concluded that the Board and management had taken actions to address issues in the aforementioned five areas, but challenges remain and are likely to persist.

⁸ See SM/17/22, 02/03/2017



5.1 IEO Recommendation: Prepare a high-level report to monitor the progress of identified recurring issues.

One action in response to this recommendation remained open as of the Eighth PMR.

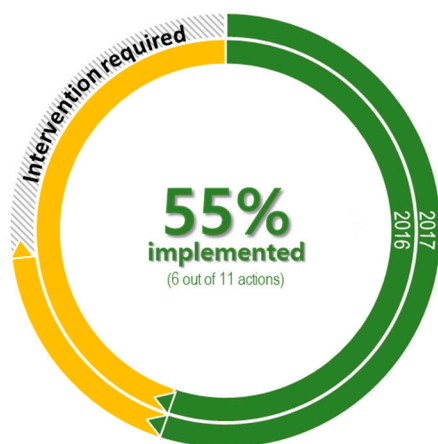
<p>MANAGEMENT ACTION: Prepare a high-level report to gather evidence to analyze the status of identified issues from various sources such as surveillance, conditionality, technical assistance, HR, and Executive Directors.</p> <p>ACCOUNTABLE: SPR (with others) TARGET DATE: July, 2016</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: None</p>
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5.1.1. In March 2017, the staff presented to the Executive Board a high-level status report on the IEO Evaluation of the Fund’s recurring issues. The report assessed the progress made in addressing the five recurring issues identified by the IEO in its report on *Recurring Issues from a Decade of Evaluation*. The report concluded that the Fund had made progress, while acknowledging that achieving the related objectives would require taking actions on an ongoing basis for an extended period. The question of the appropriate modality for future monitoring of these issues was left open, to be considered in the ongoing external evaluation of the IEO in the broader context of the mechanisms for strengthening the follow-up of IEO recommendations.

6. IMF Forecasts: Process, Quality, and Country Perspectives (2014)

The IEO evaluation found that IMF forecasts have no significant biases in general, but that there is a tendency for significant over-predictions of Gross Domestic Product (GDP) growth in the WEO during regional or global recessions, as well as during crises in individual countries. In addition, short-term forecasts of GDP growth and inflation made in the context of IMF supported programs tend to be optimistic in high-profile cases characterized by exceptional access to IMF resources. Institutional risk assessments have continued to highlight concerns about optimistic bias in macroeconomic forecasts, in varying degrees, across the membership. The risk assessments found that Fund forecasts for the world economy remain persistently overoptimistic and appear slow to incorporate new information. Emerging market and low-income forecasts have both been optimistic, although LICs are less optimistic than previously. The forecasts for advanced economies turned out accurate in aggregate, but this reflected forecast errors in opposite directions across major countries. The risk assessments pointed out that data quality continued to be a problem, with forecasts being more accurate for countries with better data.


Summary of Progress – IMF Forecasts: Process, Quality, and Country Perspectives



The IEO evaluation made five recommendations. Management proposed 11 actions, of which five remained open as of the Eighth PMR. No additional actions have been implemented since then. Tools to monitor and analyze the causes of forecast errors at the country level are being deployed. An external study of the predictive accuracy of WEO forecasts is delayed, and further progress on the development of medium term forecasting models is unlikely. Improvements in the handover of country assignments is similarly challenging.

6.1 IEO Recommendation: Maintain the practice of commissioning external evaluations of IMF forecasts by recognized experts.


One action in response to this recommendation remained open as of the Eighth PMR.

<p>MANAGEMENT ACTION: Commissioned studies will be undertaken on a regular schedule, every 5-8 years, starting in 2015.</p> <p>ACCOUNTABLE: RES TARGET DATE: End 2015</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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6.1.1. Efforts aimed at undertaking a study to assess the predictive accuracy of the WEO forecasts ran into several obstacles, but have resumed recently. A study was initially expected to be delivered by the end of 2015, after preliminary thoughts on approaches were developed. However, progress stalled in February 2015 due to the unavailability of the external consultant. More recently, RES has re-commissioned the external study with a new consultant on board.⁹ The study's findings and recommendations are now expected to be published by the end of 2018.

6.2 IEO Recommendation: Enhance processes and incentives for learning from past forecast performance.


Five actions were envisaged in the MIP, of which two were open as of the Eighth PMR.

<p>MANAGEMENT ACTION: Policy consultation meetings for Article IV consultations and program reviews will discuss the underlying causes of significant forecast errors (not pertaining to data revisions) for key macroeconomic variables.</p> <p>ACCOUNTABLE: SPR, Area departments TARGET DATE: January, 2016</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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6.2.1. RES and SPR have developed a forecast review tool that is circulated to reviewers and country teams, starting with the October 2017 WEO cycle. For each economy, this tool compares GDP, inflation, and the external current account forecast errors against historical and peer country errors. The tool also helps to evaluate the external sector forecasts against those of trading partners to assess the multilateral consistency of the bottom-up projections. In addition, SPR is currently analyzing the drivers of forecast errors in program cases and is in the process of piloting a template

⁹ The study will be conducted by Professor Timmermann of the University of California San Diego. The terms of reference indicate that the study will evaluate the forecasting performance of the WEO point forecasts at different forecast horizons (i.e., their absolute accuracy) during recent years, including the global Financial Crisis, with special attention to emerging market and developing economies and cross-country spillovers in forecast errors. This will involve an assessment of the efficiency of the forecasts, including biases; serial correlation in forecast errors; and the predictability of forecast errors more broadly (e.g., by means of information from asset markets). The project will also evaluate the predictive accuracy of the WEO forecasts relative to those from Consensus Economics (where available).


on the realism of growth forecasts in programs given planned policy adjustments. The Interdepartmental Forecasting Group, which was created in 2011, remains the forum for departments to provide feedback to each other regarding the forecasts for large countries.

<p>MANAGEMENT ACTION 2: Issue guidelines establishing minimum requirements and recommending best practices for the handover of country assignments.</p> <p>ACCOUNTABLE: SPR, KMU TARGET DATE: End 2016</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Guidance is in place to facilitate the implementation of the action, but ensuring compliance with handover guidelines remains a challenge.</p>
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6.2.2. After several years of persistent noncompliance with the handover guidelines, the Knowledge Management Unit (KMU) has been tasked to explore different approaches for maintaining and sharing country desk knowledge. As noted in the previous PMR, a staff survey conducted by SPR (with support from HRD and ITD) in 2015 to assess improvements in handover practices revealed that there had been little adherence to the requirements and guidelines for the transition of country assignments. The KMU is planning to experiment with alternative ways to enhance the entire process through pilots. However, unless proper incentives to staff are introduced, it is difficult to envisage major improvements in this area.


6.3 IEO Recommendation: Extend guidance to desk economists about how best to incorporate advances in forecasting methodologies for short- and medium-term forecasts.

Two actions proposed by management remained open as of the Eighth PMR.

<p>MANAGEMENT ACTION 1: RES will start a pilot process (to be broadened gradually for most major economies and country groups) with top-down guidance for medium-term forecasts in the spirit of the approach used for short-term forecasts.</p> <p>ACCOUNTABLE: RES TARGET DATE: 2015</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Implementation of the action is unlikely due to unforeseen technical challenges. The Board's guidance may be needed on whether follow-up will cease or substitute actions will need to be proposed.</p>
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6.3.1 Further expansion of the medium-term forecasts project, beyond the successful pilot conducted with the desks for China, Germany, and the US, has stalled due to technical challenges. As indicated in the previous PMR, the application of the methodology on a bigger scale

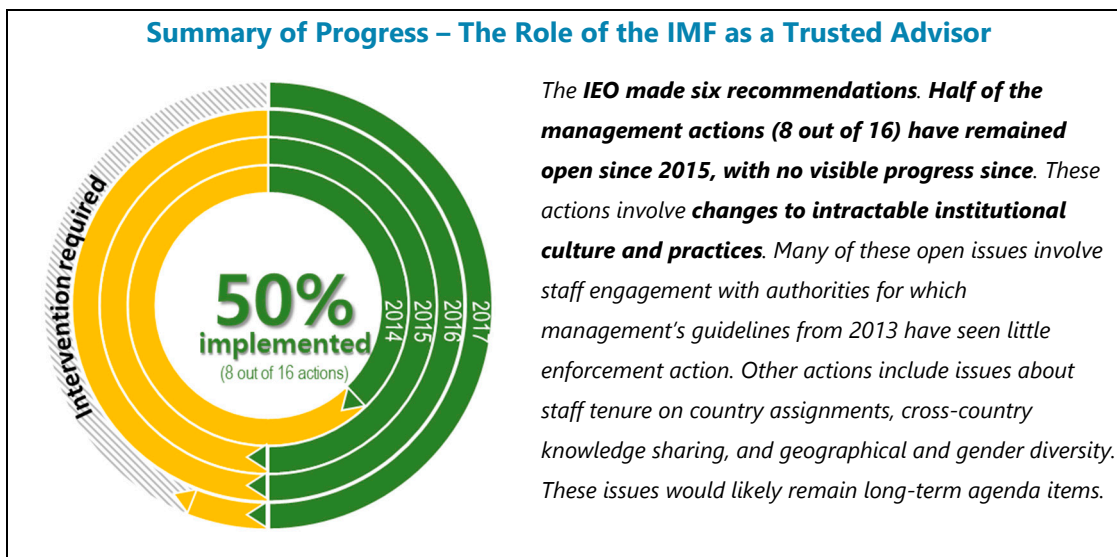
across many desks, in real time, requires simulation capabilities beyond what is currently technically feasible or efficient. An attempt to extend the model to the G-20 countries proved too complex and time consuming, even with the help of an external consultant. The RES team is considering some options to circumvent these difficulties, including for instance the linearization of the model to make it simpler. Given the constraints in computational efficiency, and in light of other competing model-development work, RES has decided that further investment of resources in the medium-term forecasts project is not feasible. However, the staff will continue to monitor developments in computational capabilities.

<p>MANAGEMENT ACTION 2: Develop a multi-country macro-econometric forecasting model to ensure medium-term consistency of forecasts.</p> <p>ACCOUNTABLE: RES TARGET DATE: 2015</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Same as Management Action 1 above.</p>
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6.3.2. The development of a multi-country macro-forecasting model to ensure medium-term consistency constitutes a more advanced stage of the pilot process described above. The application of the model on a large scale remains unlikely.

7. The Role of the IMF as Trusted Advisor (2013)


The IEO Evaluation found that the Fund's image had improved in the aftermath of the financial crisis, and was perceived as more open, flexible, and responsive. The evaluation emphasized the importance of the quality of advice and the relationship between staff and country authorities in achieving traction and becoming a trusted advisor. The evaluation further noted that additional efforts were needed to enhance the value and relevance of policy advice, strengthen the continuity of relationships, and address concerns about the perceived lack of evenhandedness.



7.1 IEO Recommendation: Enhance the value-added of Article IV consultations for country authorities.

Four of the five actions proposed remained open as of the Eighth PMR.


<p>MANAGEMENT ACTION 1: Early consultations with country authorities will now be expected of all teams.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Steps begin in 2013</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Guidance is in place to facilitate the implementation of the action, but improvement in results remains slow. There is no consistent monitoring to confirm or deny anecdotes about compliance with existing guidelines.</p>
<p>MANAGEMENT ACTION 2: Mission teams will be expected to share major policy questions and global assumptions underlying projections at least one week ahead of the mission.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Steps begin in 2013</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Same as Management Action 1 above.</p>

<p>MANAGEMENT ACTION 3: Mission chiefs will be tasked to better explain the rationale for Fund policy advice.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Steps begin in 2013</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Same as Management Action 1 above.</p>
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7.1.1. The recently completed 2018 survey of the Offices of Executive Directors (OEDs) continues to show mixed results with respect to engagement for the purpose of Article IV consultations. Overall, 91 percent of respondents were satisfied or very satisfied with country teams' engagement with their office, a slight increase from 88 percent in an identical survey in 2016.¹⁰ In addition, 82 percent of respondents were satisfied with the country teams engagement prior to the policy discussion, 79 percent were satisfied with the country teams engagement during the policy discussions, and 77 percent were satisfied with the country teams engagement after the policy discussions.

7.1.2. The survey suggests scope for more timely consultation on major policy issues and topics ahead of Article IV missions, despite improvements from the prior year. One quarter of the respondents (compared with one third in 2016) indicated that they were consulted at least two months in advance of Article IV missions on the prospective policy issues and topics. About 45 percent of respondents (compared with less than 40 percent in 2016) indicated that OEDs are informed at least one week in advance of the Article IV missions on major policy issues and key assumptions. In addition to the variations between departments, many OEDs noted that there were considerable differences in the level of engagement across countries within their constituencies. Management intends to share the disaggregated results and country-specific suggestions by OEDs to the accountable departments, as well as update the existing guidelines on engagement with authorities that were issued by the FDMD in June 2013.

¹⁰ Another survey conducted in 2017 for the ISR similarly shows that 94 percent of respondents value Fund advice on country-specific issues to some or a great extent, and that the Fund's advice on core areas of expertise is highly appreciated.


<p>MANAGEMENT ACTION 4: Enhance the use of cross-country examples by functional department economists.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Steps begin in 2013</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: The action involves long-term continuous improvement in the technical analysis underpinning core Fund outputs. A measure of “successful” cross-country sharing is not clear. In any event, other Fund mechanisms exist for the Board to assess progress of these general improvements. Even after clear measures of success are defined, the individual actions are expected to take a long time to produce measurable outcomes.</p>
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7.1.3. Progress on cross-country work remains a challenge. Advances have been made in identifying and disseminating examples of good practices in Article IV reports as well as relevant work on financial and fiscal issues. However, the 2018 ISR suggests that country teams still rely on reviewers and informal networks for advice on cross-country policy experiences, with resources, time, and incentives being the main obstacles to expand cross-country knowledge sharing. The preliminary findings suggest that the use of cross-country knowledge in surveillance remains largely unchanged from the 2014 TSR. While cross-country comparison indicators continue to be used in 80 percent of Article IV reports, use of policy experiences remains at about 30 percent while empirical cross-country analysis may have fallen below 20 percent. The KMU has identified cross-country knowledge sharing as a priority.


7.1.4. To speed up the cross-country knowledge agenda, staff and management are considering ways to strengthen efforts to systematically collect and identify information in some priority areas. These efforts would rely on improved technological solutions and would build on the ongoing work of the KMU and FAD’s experience, which is regarded as well aligned with country-team interest. Emphasis will be placed on a handful of specific topical areas with high promise in generating cross-country lessons. To that end, staff will hold on-demand sessions to identify relevant cross-country experiences early in the Article IV consultation process. Further systemic efforts would be made to identify good practice examples as part of the review process; disseminate lessons through “How to Notes”; and improve reporting on the implementation of policy recommendations, including by cross referencing relevant analytical materials. The ISR and the CSR are expected to assess progress in leveraging cross-country knowledge.

7.2 IEO Recommendation: Strengthen the continuity of the relationship between the Fund and member countries.

Three out of six actions remained open as of the Eighth PMR.


<p>MANAGEMENT ACTION 1: Target three-year average tenure for country assignments to be monitored by HRD.</p> <p>ACCOUNTABLE: HRD TARGET DATE: Steps begin in 2013</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Guidance is in place to facilitate the implementation of the action, but there is the lack of mechanisms to ensure desired outcomes. The action, while extremely important to the membership, appears to conflict with other objectives such as career development and promotions.</p>
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7.2.1. No visible improvements have been made in the tenure of country assignments over the last few years. The target of an average of three years' tenure for country assignments has not been achieved and is unlikely to be attained without specific changes. Since 2013 average tenure for mission chiefs has remained unchanged at less than 2.5 years, with variations across departments. No reliable data for desk economists' tenure is available, since monitoring is done on an ad hoc basis. The ongoing HR strategy review is expected to reexamine the three-year target in the context of other conflicting staff career goals. Currently, the three-year tenure target conflicts with other objectives, such as career development, promotion opportunities, staff mobility, and the need to preserve flexibility in the allocation of scarce resources. Moreover, especially for fragile states, safety considerations favor keeping the duration of some assignments significantly below three years. Under these circumstances, the three-year tenure has been regarded by departments as a soft target to aim for rather than as an objective to be fully achieved.

<p>MANAGEMENT ACTION 2: Implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels.</p> <p>ACCOUNTABLE: HRD (with others) TARGET DATE: Steps begin in 2013</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Raising the share of underrepresented staff at the senior level involves changes to institutional culture and processes, and are also of a long-term nature. Other Fund mechanisms exist to periodically update the Board on general progress, such as through HR-related discussions.</p>
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7.2.2. Significant progress has been made recently towards achieving the 2020 benchmarks for B-level women and B-level staff from underrepresented regions, but sustained efforts are required in the future.

The net recruitment inflow of underrepresented nationals continued to remain below the level required to meet the diversity targets. The CY 2017 net inflow for nationals from Africa, East Asia, and MENA+ was 19 staff—a sharp decrease from 25 staff in 2016, and below the minimum net inflow of 31 required. A minimum recruitment target of 58 external hires is required to meet the annual net staff inflow of 31 staff comprising: 34 East Asian nationals, 18 MENA+ nationals, and 6 African nationals. The Fund hired 40 percent fewer and less diverse B-level staff in 2017. A total of eight B-level (down from 14 in 2016) were hired; of which, five were economists and three were in other career streams. The B-level hires were also less diverse: apart from one secondee, none of the B-level hires were nationals of underrepresented regions (URR), compared to 2016 where one-fifth of the hires were URR nationals. In addition, there were no women hired at the B-level in 2017, compared to 2016 when one-third of the hires were women.


<p>MANAGEMENT ACTION 3: Emphasize and monitor the role of OED in liaison processes through an annual survey.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Steps begin in 2013</p>		<p>ACTION STATUS: OPEN</p> <p>INTERVENTION REQUIRED: None</p>
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7.2.3. As noted earlier, the annual survey of OEDs continues to show mixed results with respect to engagement with authorities prior to Article IV missions.

Satisfaction with overall staff engagement remains above 90 percent of respondents, but there is significant scope for more timely consultation on major policy issues and topics ahead of Article IV missions. It would be useful to gain a better understanding of authorities’ expectations to inform future revisions to the guidance on engagement with authorities and to the survey questions.

7.3 IEO Recommendation: Reduce unnecessary disclosure concerns that may inhibit authorities from using the Fund as a true sounding Board for informal advice at an early stage when formulating their policies.

One action in response to the recommendation remained open as of the Eighth PMR.

<p>MANAGEMENT ACTION: Staff will be expected to inform the authorities of the Fund’s policy on the treatment of confidential information. At the same time, staff will be encouraged to have informal/brainstorming discussions with country authorities during the policy discussions.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Steps begin in 2013</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Guidance is in place to facilitate the implementation of the action, but improvements are not being consistently measured. In the absence of any objective evidence, assessing implementation is difficult.</p>
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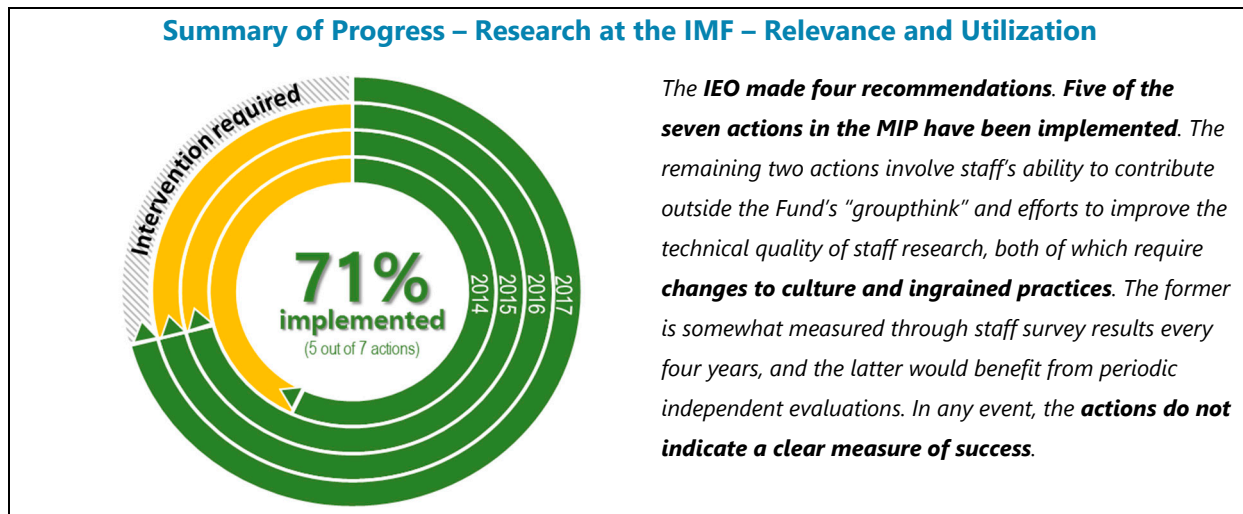
7.3.1. The survey of OEDs does not specifically seek views on evenhandedness, an important finding in the IEO evaluation. Evenhandedness continues to be an area of concern in the Fund’s interaction with the membership. Among stakeholders with an unfavorable view of the Fund, the perception of lack of evenhandedness appears to be the most prominent negative factor, according to the 2017 *Risk Report*. In February 2016, the staff issued a paper on Evenhandedness of Fund Surveillance that sought to articulate a “risk-adjusted input-based” approach to evenhandedness. The paper also outlined the details of an Evenhandedness Mechanism to address perceptions and instances of lack of evenhandedness in Fund surveillance. In July 2017, the staff completed the 2017 *Annual Report on the Evenhandedness Mechanism*, which updated the Board on evenhandedness concerns raised over FY 2017. The ISR will examine progress in implementing the “risk-adjusted input-based” approach to evenhandedness. As further experience is gained, the 2019 CSR will conduct a stocktaking exercise to consider whether to extend the application of the Evenhandedness Mechanism to Use of Fund Resources cases.

7.3.2. Guidelines for improved engagement with authorities were issued by the FDMD in June 2013, but there are no mechanisms for assessing staff’s treatment of confidential information. In the absence of any objective evidence, assessing implementation is difficult and goes beyond the scope of this PMR. Going forward, the effectiveness of the treatment of confidential information could be measured as part of the annual survey of OEDs.

8. Research at the IMF – Relevance and Utilization (2011)

The IEO evaluation of Research at the IMF noted that Fund Research was widely read and included many high-quality products. The evaluation also found that IMF research, outside of the analytical chapters in the flagships, was of uneven quality and perceived to be message driven. In addition, some country authorities indicated that some important and relevant issues were not always

adequately covered, at times due to the lack of consultation with authorities. Several steps to address these issues were identified in a subsequent independent study that was commissioned by management.



8.1 IEO Recommendation: Researchers should be allowed to explore issues without preconceived conclusions or messages.

One action in response to the recommendation remained open as of the Eighth PMR.

<p>MANAGEMENT ACTION: A statement of workplace values to be published should emphasize, among other things, that staff should contribute their ideas to the work program of departments, even if these are not in line with the Fund's "groupthink."</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Action involves changes in institutional culture, with no clear measures of success. Staff surveys, which provide some measure of progress, are administered every four years, with an interim survey in-between. Therefore, outcomes can only be measured in the long-term.</p>
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8.1.1. The Fund embarked on a major campaign to encourage staff to speak truth to power, following the staff survey in 2013. Several initiatives to enhance innovation, such as the leadership development framework and innovation labs, followed the publication of the statement of workplace values in 2012 which encouraged diverse views. The results of the 2017 staff survey suggest that, despite the steps that have been taken in recent years to encourage innovative ideas, progress on empowering the staff, including by creating an environment of openness in which diverse perspectives are valued, has been limited.

8.1.2. Management is seeking to balance the push for openness to alternative perspectives with institutional and strategic priorities and an efficient use of resources. Staff are free to conduct research in any area of interest, subject to work priorities and efficient use of time and resources. In November 2015, COM (in cooperation with ITD) established the Ongoing Research Project List (ORPL), with the purpose of providing staff interested in specific topics with a snapshot of ongoing work across the Fund in order to improve collaboration and avoid duplication. The guidelines of the ORPL establish that papers will not be published unless they have been posted on the site for at least two months. In January 2016, staff discussion note (SDN) guidelines were also revised to better align this publication series with institutional priorities and high-level policy messages. Progress with these new initiatives was recently reviewed by COM. The review proposed some remedial steps to incentivize the use of the ORPL and cross-collaboration, and to enhance the SDN process by clarifying the SDN's objectives, process, and alternative research outlets; changing the guidelines to streamline selection and review procedures; and better assessing the SDN's impact and resource implications.

8.1.3. The results of the new initiatives on staff research have been mixed. In the context of the ORPL, staff can choose research topics for Working Papers (WPs), but a perception of "policing" remains. The new SDN guidelines, in turn, have helped position the Fund well in the public debate not only on traditional macro issues but also on emerging topics such as productivity growth, income inequality, migration, and the economic implications of climate change. However, there is an inherent tension between the SDN's purpose of helping to convey institutional and communication priorities and the view held by many staff that, given their high profile, SDNs should serve primarily as a vehicle to promote innovative research targeted at policymakers and academics.

8.2 IEO Recommendation: Management and staff need to allocate adequate time and resources to each research project ... the IMF needs clear standards for technical quality of different research projects ... incentives to improve the quality of research should be strengthened.

One of two actions remained open as of the Eighth PMR.

MANAGEMENT ACTION:

Adopt new procedures to ensure the quality of working papers.

ACCOUNTABLE: Not indicated

TARGET DATE: Not indicated



ACTION STATUS:

OPEN (intervention required)

INTERVENTION REQUIRED:

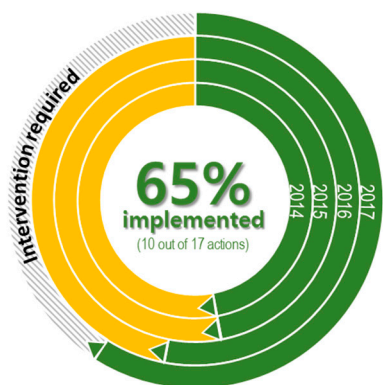
Action is of an ongoing nature, with no clear measure of improvements. Departmental procedures vary widely, and a measure of outcomes is beyond the scope of the PMR.

8.2.1. As noted in the previous PMR, no clear mechanisms have yet been implemented to evaluate whether the procedures for approval of working papers and certification of sufficient quality are properly followed. Departmental practices for reviewing research papers continue to vary widely. Given that the last external review of working papers took place in 2012, it would be useful to conduct a new external review to determine if the procedures put in place have been effective in improving quality.

9. IMF Performance in the Run-Up to the Financial and Economic Crisis (2011)

The IEO report on the Run-Up to the Financial and Economic Crisis noted that the Fund provided few clear warnings of the build-up of vulnerabilities and risks in the global financial system. In particular, the report found that surveillance paid insufficient attention to risks of contagion and spillovers from the crisis in advanced economies. Some of the risks that subsequently materialized were identified in various staff papers, but only in general terms and without an assessment of the scale or urgency of the problems. The Fund's ability to correctly identify the mounting risks was hindered by group-think, intellectual capture, inadequate analytical approaches, lack of incentives to work across units and raise contrarian views, and a review process that did not "connect the dots". The 2014 TSR (SM/14/227), and related actions by management (SM/14/313), sought to address many of the issues identified in the IEO report.

Summary of Progress – IMF Performance in the Run-up to the Financial and Economic Crisis




The IEO made five recommendations. Eight out of 17 actions remained open as of the Eighth PMR. One additional action has been implemented since then. Progress has slowed down significantly in the past four years, and **many long-term actions remain open.** Work is ongoing in many areas where actions are expected to take relatively lengthy periods to have an impact, such as: changing the professional diversity of staff; strengthening the analysis of macrofinancial linkages and financial spillovers; improving information sharing and coverage of cross-country experiences; and strengthening the interaction with country authorities.

9.1 IEO Recommendation: Change the insular culture of the IMF through broadening the professional diversity of the staff, in particular by hiring more financial sector experts, analysts with financial markets experience, and economists with policy making backgrounds.

This was under the broader recommendation to create an environment that encourages candor and diverse/dissenting views.

One action remained open as of the Eighth PMR.


<p>MANAGEMENT ACTION: Efforts will continue to broaden the professional diversity of staff, including their educational background and skill mix. HRD will provide regular reports to the Board on progress.</p> <p>ACCOUNTABLE: HRD (with others) TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: The action is redundant as it broadly duplicates a similar action in progress.</p>
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9.1.1. Efforts have continued to enhance the professional diversity of staff. See paragraphs 9.4.4 and 9.4.5 for an update on efforts to broaden professional diversity.

9.2 IEO Recommendation: Management should encourage staff to ask questions and challenge Management's views and those of country authorities. Well-founded analysis should be supported by Management and the Board even when the diagnosis might not be shared by country authorities.


This was under the broader recommendation to strengthen incentives to "speak truth to power."

Two actions remained open as of the Eighth PMR.

<p>MANAGEMENT ACTION 1: Staff will report on the traction of past advice.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Guidance is in place to facilitate the implementation of the action, but reporting on the traction of past advice remains inconsistent.</p>
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9.2.1. The traction of past advice is generally discussed in staff reports, but changes in Fund advice are not regularly reported. The formal requirements for Article IV consultations include "a brief assessment of the authorities' response to the policy recommendations on the key issues

raised in previous Article IV consultations.” SPR reviewers are responsible for monitoring the implementation of this requirement during their review of country papers. The assessment is expected to highlight changes in staff advice and to acknowledge, where relevant, if the authorities have successfully implemented policies that differed from those recommended by staff. Although many staff reports discuss the traction of past advice, preliminary findings from the ISR indicate that changes in Fund advice are not regularly reported. More generally, an analysis included in the 2017 Risk Report on the broader issue of traction of Fund policy advice suggests that traction is still limited. Based on the analysis, although monetary and financial sector policy advice has increasingly been implemented, fiscal and structural reform policy implementation has lagged. The issue of traction of Fund advice figures prominently on the list of topics to be assessed in the CSR, including through surveys and consultation with other stakeholders.


<p>MANAGEMENT ACTION 2: Staff will exchange views with the authorities on key issues for discussion prior to Article IV missions, but without compromising the IMF’s capacity – and obligation – to raise relevant, and at times, difficult issues.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Guidance is in place to facilitate the implementation of the action, but survey results suggest that there is scope for improvement in early consultation with authorities.</p>
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9.2.2. As noted earlier in the PMR, although recent surveys show generally positive results regarding the overall quality of Fund advice, timely engagement with authorities on major policy issues remains a concern. Management intends to share the disaggregated results of the recent survey to accountable departments, and update the existing guidelines.

9.3 IEO Recommendation: Conduct regular IMF-wide self-assessments to look at the health and functioning of the organization.

This was under the broader recommendation to strengthen incentives to “speak truth to power.”

One action remained open as of the Eighth PMR.

<p>MANAGEMENT ACTION: Regular self-assessments with input from both authorities and external stakeholders will be conducted also in the context of strategic and policy reviews.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Not indicated</p>		<p>ACTION STATUS: IMPLEMENTED</p> <p>INTERVENTION REQUIRED: Not indicated</p>
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9.3.1. Self-assessments through policy and thematic reviews, with inputs from country authorities and external stakeholders, have continued to take place on a regular basis. Following the IEO report on Self-Evaluation at the IMF, a high-level statement of principles for self-evaluation was approved by management, which includes several best practices to be followed when undertaking policy and thematic reviews. Examples of recent Fund reviews include: The Adequacy of the Global Safety Net (November 2016); Capital Flows: Review of Experience with the Institutional View (December 2016); Approaches to Macrofinancial Surveillance (February 2017); the High-Level Status Report to the IEO Evaluation of Fund’s Recurring Issues (March 2017); the 2017 Risk Report (May 2017); the Review of the Standards and Codes Initiative (July 2017); and Adequacy of Fund Resources (September 2017). The Board also considered the Ex-Post Evaluation of Exceptional Access Under the 2012 Extended Arrangement with Greece (February 2017) and the Ex-Post Evaluation of Exceptional Access Under the 2013 Stand-By Arrangement with Romania (May 2017).

9.3.2. A full staff survey is now conducted every four years, with an interim survey in-between, to seek staff input on ways to enrich career experiences and improve work practices. The results of the 2017 survey show favorable responses relative to the 2013/15 surveys for many questions, but they also point to the need for improvement in several areas, including: bottom-up communication; empowerment (authority to make decisions, climate to change traditional ways of doing things); teamwork and workload/flex-work; career development/performance management; and accountability/fairness. In addition to the departmental Accountability Frameworks (AFs), progress with remedial actions to address these issues will continue to be tracked through subsequent surveys.

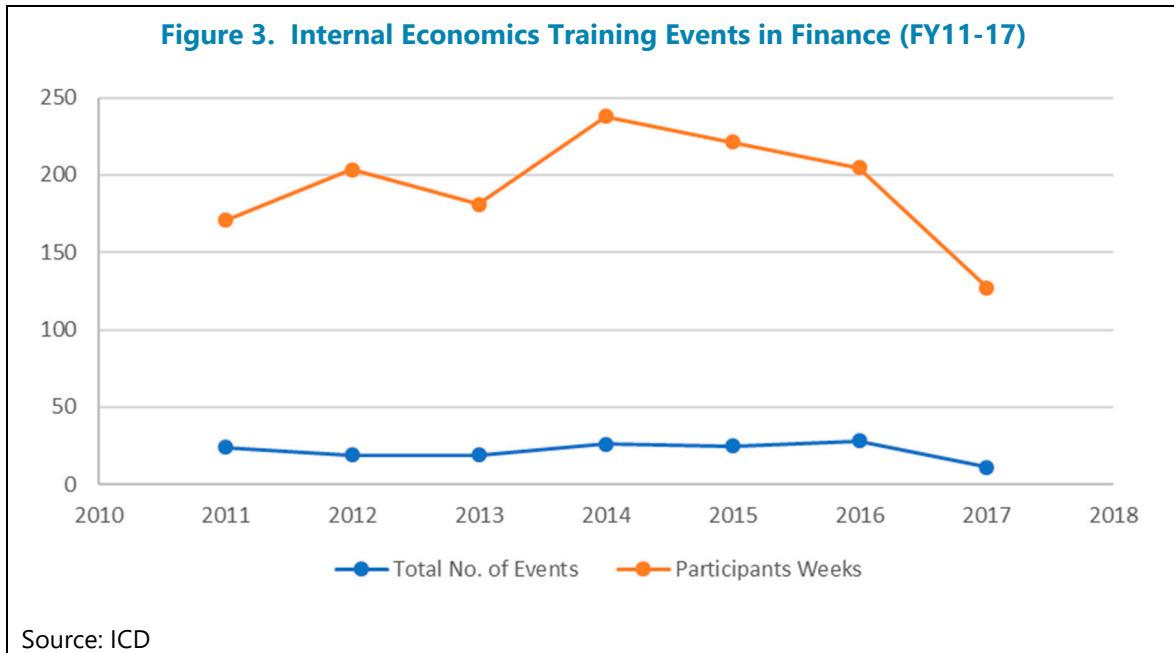
9.4 IEO Recommendation: Continue to strengthen the FSAPs and address the problems ... which limited its effectiveness in the run-up to the crisis.

This was under the broader recommendation to better integrate financial sector issues into macroeconomic assessments. In the absence of sufficient support from Executive Directors for increasing the frequency of mandatory FSAPs for systemic economies, alternative modalities were proposed to include five actions, of which three are still open.


Three actions were open as of the Eighth PMR.

<p>MANAGEMENT ACTION 1:</p> <p>Coverage of financial issues in Article IVs will be strengthened by stepped-up training and dissemination of vetted tools and good practices, as well as cross-country thematic studies.</p> <p>ACCOUNTABLE: Not indicated</p> <p>TARGET DATE: Not indicated</p>		<p>ACTION STATUS:</p> <p>OPEN (intervention required)</p> <p>INTERVENTION REQUIRED:</p> <p>The action involves long-term continuous improvement in the technical analysis underpinning core Fund outputs. There is no clear measure of what constitutes adequate training and tools for financial issues. In any event, other Fund mechanisms exist for the Board to assess progress of these general improvements.</p>
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9.4.1. ICD training events on financial issues and the number of attendees continue to decline after peak periods in 2014-15. See Figure 2 below. The number of events in finance and participant weeks declined in FY 2017 owing mainly to two factors: (i) the demand for training fell following the unusually high demand by country teams involved in the initial pilot of the initiative to mainstream macrofinancial surveillance, resulting in a reduction in the number of offerings of Structured Curriculum (SC) courses in finance; and (ii) there has been some crowding out of, and reallocation of resources from, finance events to accommodate courses and clinics on macrostructural issues in support of the ongoing macrostructural pilots. Overall, the total number of economists that attended SC events in finance reached 377 over FY 2015-17 (which represents less than half of the total number of Fund fungible economists), while the total number of economists that attended non-SC finance events reached 1055 over the same period. It is worth noting that staff has also benefitted from the practical learning experience acquired through the macrofinancial pilots. To better address the Fund's evolving needs, ICD is updating the financial sector curriculum. Workshops and case studies in the SC courses are being updated to reflect methodological advances, data availability, and rapid changes in the finance industry. In this connection, ICD is exploring possible events on fintech, machine learning, and artificial intelligence.



9.4.2. Following the revamping of MCM’s tool box in 2015, MCM has continued to improve access to financial tools. Tools available on the MCM website are categorized based on four key risk categories: macrofinancial environment, financial institutions, sovereign-financial linkages, and interconnectedness/cross border analysis. More recently, MCM also created the Mainstreaming Macrofinancial Surveillance site. This site allows easy access to staff to: (i) a comprehensive list of documents providing context to the mainstreaming effort; (ii) material on the main macrofinancial topics, including the issues addressed in the pilot cases; and (iii) MCM tools and presentations, quantitative methods, MCM seminars for area departments, and available Fund training. Some of the topics addressed include: Cross Border Issues and Spillovers; Financial Development, Deepening and Inclusion; Financial Cycle and Macro Implications; BSA; Macroprudential Policy; Financial Supervision and Regulation; and Macroeconomic Shocks and Financial Stress.

<p>MANAGEMENT ACTION 2: Intensify efforts to draw cross-country lessons from FSAPs.</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: The action involves long-term continuous improvement in the technical analysis underpinning core Fund outputs, with no clear measure of “successful” cross-country sharing. In any event, other Fund mechanisms exist for the Board to assess progress of these general improvements. Even after clear measures of success are defined, the individual actions are expected to take a long time to produce measurable outcomes.</p>
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9.4.3. Work is ongoing on leveraging cross-country lessons from FSAPs. The MCM’s FSAP site contains information about FSSAs and other related documents, while the “Knowledge Exchange” website has been further populated with FSAP documents on different countries and topics. In addition, a new Risk Assessment Database (RAD) is under construction that will allow FSAP teams to store, retrieve, and analyze key information on risk analysis and stress testing, facilitating comparisons across different countries.

<p>MANAGEMENT ACTION 3: Continue to broaden the professional diversity of staff, including their educational background and skill mix, and to hire more staff with financial sector experience.</p> <p>ACCOUNTABLE: HRD (with others) TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: Diversity actions involve changes to institutional culture and processes, and are also of a long-term nature. Other Fund mechanisms exist to periodically update the Board on general progress, such as through HR-related discussions.</p>
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9.4.4. Efforts have continued to enhance the professional diversity of staff by hiring more financial and fiscal experts and mid-career economists with policy experience. Mid-career economist recruitment fell by 20 percent in 2017. A total of 64 mid-career economists (Grades A11–A15) were recruited into the 12 economic departments, compared to 80 in 2016. In terms of skills mix, over half of the mid-career economists (35) were fungible macroeconomists, while the remainder (29 staff) were specialist economists. Hiring of specialist economists fell by one-third compared to 2016. Over the past five years, six economic departments have hired the major share of fungible mid-career macroeconomists from the external market. Three area departments (AFR, WHD, MCD) and three functional economic departments (FAD, MCM, SPR) continue to account for


the majority of the 178 fungible mid-career economists hired. Most financial sector experts are hired into MCM. HRD continues to monitor trends in financial sector expert hiring. As part of the Human Resources Medium-Term Strategy currently under review, HRD is expected to compile a centralized inventory of employee skills and experiences to support more robust workforce planning, including better forecasts of the specialist skills in need.

9.4.5. Balancing professional diversity with geographical representation continues to be a challenge. The share of all mid-career economists hired from underrepresented regions (both fungible and specialist economists) increased in 2017 to 33 percent (from 26 percent in 2016), slightly higher than the aggregate diversity benchmark for the three underrepresented regions of 31 percent. The number of MENA+ nationals hired as mid-career economists almost doubled (from 4 to 7), while African nationals remained the same, and East Asia nationals fell by one-third. Of the 29 specialist economist hires, 14 percent (4) were nationals of underrepresented regions, compared to 50 percent (17) for the 35 fungible economist hires. This represents an improvement from 2016 where the share of URR nationals hired as fungible economists was 11 percent. Among the 24 Economist Program (EPs) who joined in September 2017, 42 percent were women, 38 percent were nationals from underrepresented regions, and 50 percent were graduates from non-US universities. Recruitment outreach has been broadened to more non-US universities, but the educational profile of Fund staff has not changed markedly in recent years. More than two-thirds of all staff with a PhD or masters obtained their degrees from US and UK universities, broadly reflecting the ranking of economics programs across the globe. While US nationals were the single largest nationality obtaining PhDs from US universities (88 staff), nationals from 94 countries also obtained their PhDs from US universities, comprising half of the total membership countries of the Fund. Nationals from Argentina, China, India, Italy, and Japan accounted for one-quarter of candidates receiving PhDs from U.S. universities.

9.5 IEO Recommendation: Management should clarify the rules and responsibilities for the internal review process, in particular for “connecting the dots.”

This was under the broader recommendation to overcome silo behavior and mentality.

One action was open as of the Eighth PMR.

<p>MANAGEMENT ACTION: Better analyze linkages and spillovers across sectors and countries, as well as bring more cross-country experience to bear (as included in the 2011 TSR).</p> <p>ACCOUNTABLE: Not indicated TARGET DATE: Not indicated</p>		<p>ACTION STATUS: OPEN (intervention required)</p> <p>INTERVENTION REQUIRED: The action involves long-term continuous improvement in the technical analysis underpinning core Fund outputs. There is no clear measure of “successful” analysis of linkages and spillovers. In any event, other Fund mechanisms exist for the Board to assess progress of these general improvements.</p>
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9.5.1. Significant progress has been made in recent years in enhancing the analysis of linkages and spillovers, but advances have been slow in certain areas. Internal analysis show that while inward spillovers are generally well covered in staff reports, the coverage of outward spillovers has been uneven (with most systemic country staff reports not addressing them adequately). This is confirmed by the survey of OEDs and the preliminary findings from the structured review conducted for the 2018 ISR.¹¹ Further work is required to improve and expand the identification of balance sheet vulnerabilities, enhance the analysis of long-term trends and uncertainties, and address data gaps. In addition, as noted earlier, progress on cross-country knowledge management has been limited.

9.5.2 In the context of the ongoing preparation of the ISR, staff and management are considering several steps to strengthen the coverage of outward spillovers. Among others, these include: (i) increasing area department ownership of the analytical work while elevating the role of the Spillover Taskforce to identify short-term spillovers relevant for bilateral and multilateral surveillance, commission and organize analytical work to investigate them, and report to management; (ii) delivering earlier the WEO spillover chapter to improve the timeliness of the Article IV consultations for systemic countries; (iii) ensuring, through the review process, that Article IV policy notes and staff reports discuss outward spillovers; and (iv) encouraging country teams to engage early with the authorities on outward spillovers to enhance the discussions.

¹¹ Three-quarters of Board members found the Fund’s risk assessments for their constituency to be about right and 67 percent considered the analysis of inward spillovers to be useful. However, the survey highlighted outward spillovers as an area where a deeper discussion was needed. At the same time, preliminary findings from the structured review indicate that only one-quarter of the Article IV reports for the systemic countries (S5) and euro area from 2014 through 2017 had a high degree of coverage of outward spillovers over this period.

PROPOSED RECOMMENDATION

The Executive Board supports the following conclusion:

As with several past years, progress on implementing the actions envisaged in the management implementation plans continues to be uneven.

Despite challenges with defining measures of success, considerable progress has been made with the implementation of the actions contained in recent MIPs, partly as a result of improvements in the follow-up process approved by the Board in 2015 (Decision No. 15877-(15/95)). Many of the older MIPs approved before 2015 contain management actions that are broadly worded or relate to institutional and cultural issues that require more time for implementation, and in many instances, have no clear timetable. There are also challenges with closing out actions that are part of ongoing improvements in technical analysis, and which by their nature are unending. The Board is considering additional steps to resolve challenges with the long-standing actions.

Overall, the Board considers that management and staff are committed to the implementation of open actions.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

The Executive Board supports the following conclusion:

1. As with several past years, progress on implementing the actions envisaged in the management implementation plans continues to be uneven. There are lingering challenges with defining measures of success for numerous actions, and stronger accountability is needed in other areas.
2. Despite the challenges, considerable progress has been made with the implementation of the actions contained in recent MIPs, partly as a result of improvements in the follow-up process approved by the Board in 2015 (Decision No. 15877- (15/95)). Many of the older MIPs, approved before 2015, contain management actions that are broadly worded or relate to institutional and cultural issues that require more time for implementation, and in many instances, have no clear timetable. There are also challenges with closing out actions that are part of ongoing improvements in technical analysis, and which by their nature are unending. The Board will soon consider additional steps, including deciding on "triage" process, to resolve challenges with the long-standing actions.
3. Overall, the Board considers that management and staff are committed to strengthening accountability to accelerate the implementation of open actions.