



# IMF POLICY PAPER

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

December 2022

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:

- A **Press Release** summarizing the views of the Executive Board.
- The **Staff Report**, prepared by IMF staff and completed on September 28, 2022 for the Executive Board's consideration on November 2, 2022.

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**International Monetary Fund**  
**Washington, D.C.**





## IMF Executive Board Concludes Twelfth Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board-Endorsed IEO Recommendations

FOR IMMEDIATE RELEASE

**Washington, DC:** *The Executive Board of the International Monetary Fund (IMF) concluded the Twelfth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations.*

Since being instituted in January 2007, the PMR has been reporting on the status of implementation of Board-endorsed IEO recommendations. The Twelfth PMR assessed the progress made over the past year on 88 actions contained in 10 MIPs. These include: two new MIPs issued in response to IEO evaluations issued after the Eleventh PMR; one new MIP to reformulate off-tracked management actions, and another seven MIPs in response to older evaluations.

The Twelfth PMR concluded that significant progress has been made, since the last PMR, with the implementation of management actions despite continued challenges associated with the COVID-19 pandemic and the shocks from the war in Ukraine and its spillover effects. The pace of implementation observed in the Twelfth PMR, with the 39 actions closed, was slightly faster than in the Eleventh PMR and significantly exceeded the previous trend of an average of 15 implemented actions per year. Strong progress has been made over the last year on actions in response to the IEO evaluations covering *IMF Collaboration with the World Bank on Macro-Structural Issues*, *IMF Advice on Capital Flows*, *IMF and Fragile States*, and *Behind the Scenes with Data at the IMF*.

### Executive Board Assessment<sup>1</sup>

Executive Directors welcomed the opportunity to discuss the Twelfth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations, and endorsed the assessment contained in the PMR.

Directors welcomed the significant progress achieved in the implementation of management actions since the last PMR, with a faster pace of implementation despite continued challenges associated with the COVID-19 pandemic and the new shock from Russia's war in Ukraine and its spillover effects. Directors also appreciated that several of the actions implemented over the last year were of a strategic nature and included the completion of important reviews to address pending issues that had been delayed because of the reprioritization of activities due to the COVID-19 pandemic.

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<sup>1</sup> At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.



Notwithstanding the overall positive assessment, Directors urged faster progress in actions relating to the financial sector workforce analysis and talent inventory, as well as other pending actions on social protection, data initiatives, adequate mission chief tenure and handover, the Fund's work with fragile states, advice on capital flows, role as trusted advisor, including through greater diversity and inclusion, and collaboration with the World Bank. A number of Directors also emphasized the need for additional efforts to ensure the effectiveness of the completed action on the advisory group on monetary policy. Given ongoing pressures from competing work priorities and resource constraints, Directors generally stressed the need for continued management engagement, as well as focus and vigilance by accountable departments, to maintain and build on the momentum achieved.

Directors welcomed the ongoing work by staff to develop a slippages framework, including the outline of guiding principles, and broadly agreed that the development of the framework will need to be closely aligned with that of the broader institutional ERM framework. They looked forward to additional details on the timeline and resource implications, as well as on the roles, responsibilities, and accountability under the new framework.





September 28, 2022

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

### EXECUTIVE SUMMARY

*The Twelfth 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 past year on 88 actions contained in ten MIPs.*

**Notwithstanding continued challenges associated with the COVID-19 pandemic and the shock from the war in Ukraine and its spillover effects, significant progress has been made since the last PMR with the implementation of management actions.** Overall, 39 of the 88 actions for which implementation progress was assessed in the Twelfth PMR were deemed to have been satisfactorily implemented, while 49 actions remain open. Despite the continued need to accommodate the urgent demands from the membership resulting from the pandemic, the pace of implementation observed in the Twelfth PMR is slightly faster than that in the Eleventh PMR and significantly exceeds the annual average of about 15 implemented actions registered before 2020. This implementation progress has been achieved despite the fact that the Fund has been dealing with a new shock – the war in Ukraine and its spillover effects. By way of additional context, it is important to note that many of the 15 actions envisaged in the MIP on *Growth and Adjustment in IMF-Supported Programs*, one of the three new MIPs, remain open because most actions have target implementation dates in the future.

**More importantly, several of the actions implemented over the last year are of a strategic nature and comprise the completion of important reviews and key steps to address pending issues that had been delayed because of the reprioritization of activities that took place when the COVID-19 pandemic started.** Specifically, the main actions implemented last year include: (i) completion of the Review of the Institutional View on the Liberalization and Management of Capital Flows; (ii) consideration by the Executive Board of the Review of Data Provision to the Fund for Surveillance Purposes; (iii) completion of the Tenth Review of IMF's Data Standards Initiatives; (iv) completion of the IMF Strategy for Fragile and Conflict-Affected States; (v) publication of an updated Guidance Note for Surveillance under Article IV Consultations; (vi) publication of a Guidance Note on Information Sharing between IMF



and World Bank Staff; and (vii) endorsement by the Board of the Budget Augmentation Framework and the FY2023-2025 Medium-Term Budget.

**Overall, strong progress was made since the Eleventh PMR on actions in response to the IEO evaluations on *IMF Collaboration with the World Bank on***

***Macro-Structural Issues (another new MIP), IMF Advice on Capital Flows, the IMF and Fragile States, and Behind the Scenes with Data at the IMF.*** In addition, the reformulation of eight off-track actions, which had been postponed due to the reprioritization of activities, took place in March 2022 through the issuance of the third new MIP, *The Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans*. In this regard, it is worth mentioning that implementation of the new “reformulated” action to address the issue of tenure of country teams and mission chiefs in country assignments is on track.

**Of the 49 actions that remain open after the Twelfth PMR, 12 are more than one year past their implementation due dates, but nevertheless making progress.** Progress has been somewhat slow in a range of areas relating to the financial sector workforce analysis and talent inventory – the work on these areas remains incomplete given delays in implementing the workforce planning module, and workload and bandwidth issues. On the statistical front, the update of statistical manuals has advanced with effective coordination across agencies worldwide but it is expected to take a few more years; work on unifying area department data management guidelines remains a medium-term objective; and a plan to further clarify the distinction between “official statistics” and data used by area and functional departments in surveillance activities awaits the issuance of a Guidance Note on Data Provision to the Fund for Surveillance Purposes (DPF). In addition, a guidance note needs to be prepared to support the roll-out of the Country Engagement Strategy (CES), and another follow-up guidance note to assist with the implementation of the strategy for social protection has been postponed until FAD completes a series of background papers.

**In response to the Executive Board’s call for a framework to assess the impact of slippages in the implementation of open management actions, an initial attempt was made by IEO to prioritize its recommendations based on the underlying enterprise risk profile in the context of the IEO Evaluation of IMF Engagement with Small Developing States (SDS).** However, as the work on the Fund’s Enterprise Risk Management (ERM) framework is still ongoing, any efforts to analyze enterprise risk are still seen by staff as premature. Nevertheless, staff continue to advance the work on the development of a slippages framework and have identified some core guiding principles that could underpin it. The timeline for developing the slippages framework will follow closely that of the broader institutional ERM framework, and the resource implications will need to be carefully assessed.

Notwithstanding the overall good progress achieved in this PMR relative to prior PMRs, continued focus and vigilance will be needed to preserve and build on this momentum, recognizing that implementation may be tested in some instances given competing work priorities and the resource and bandwidth constraints.



Approved By  
Nancy Onyango

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## Glossary

AG	Advisory Group
BOP	Balance of Payments
CES	Country Engagement Strategy
CFMs	Capital Flow Management measures
CMAF	Climate Macroeconomic Assessment Program
CSI	Common Surveillance Indicators
CPM	Career Path and Mobility Framework
CSR	Comprehensive Surveillance Review
CVU	Corporate Vulnerability Unit
DGG	Data Governance Group
DIGNAD	Debt, Investment, Growth, and Natural Disasters
DPF	Data Provision to the Fund for Surveillance Purposes
DSBB	Dissemination Standards Bulletin Board
DSGE	Dynamic Stochastic General Equilibrium
DSI	Data Standards Initiative
D4D	Data for Decisions Fund
EBA	External Balance Assessment
e-GDDS	enhanced General Data Dissemination System
EBV	Enterprise Business Vocabularies
ERM	Enterprise Risk Management
FM	Fungible Macroeconomist
FSAP	Financial Sector Assessment Program
FSB	Financial Stability Board
FTEs	Full Time Equivalents
GaR	Growth-at-risk
ICF	Integrated Competency Framework

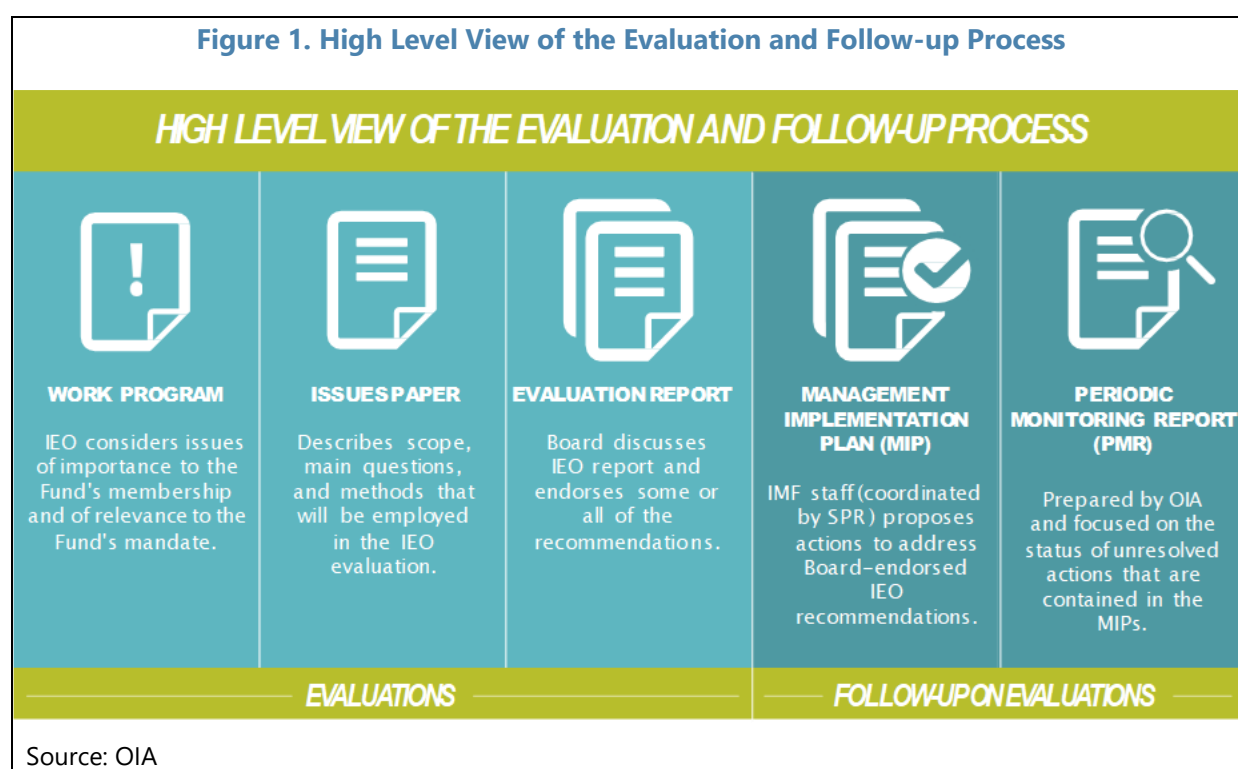


IEO	Independent Evaluation Office
IGs	Institutional Goals
IPF	Integrated Policy Framework
IV	Institutional View
JFCF	Job Family and Career Framework
LICs	Low Income Countries
MIPs	Management Implementation Plans
MPMS	Macroprudential Policy Measures
NGFS	Network for Greening the Financial System
OGN	Operational Guidance Note
PMR	Periodic Monitoring Report
RCDCs	Regional Capacity Development Centers
RST	Resilience and Sustainability Trust
SDS	Small Developing States
SDDS	Special Data Dissemination Standard
SGN	Surveillance Guidance Note
SIA	Statistical Issues Appendix
SSN	Social Safety Nets
UMP	Unconventional Monetary Policy
URRs	Under-Represented Regions
WG	Working Group



## OVERVIEW

1. In January 2007, the Executive Board instituted the **Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations to report on the state of implementation of Board-endorsed IEO recommendations.** Following the Executive Board's discussion of an IEO evaluation, Management and staff (SPR, in collaboration with other departments) prepare a MIP for those recommendations that are endorsed by the Board. Each year, OIA independently assesses the progress of open actions from preceding MIPs and prepares the PMR for Board endorsement.<sup>1</sup> A high level view of the evaluation and follow-up process is presented in Figure 1 below.



2. In July 2018, the Third External Evaluation of the IEO called on the Executive Board to make decisions to comprehensively address a backlog of open management actions in response to Board-endorsed IEO recommendations facing implementation challenges.<sup>2</sup> In response to that recommendation, in March 2019 the Board endorsed an OIA-proposed framework to comprehensively address this backlog.<sup>3</sup> The framework ("triage framework") set the parameters

<sup>1</sup> OIA assumed responsibility for preparing the PMR from SPR in February 2014.

<sup>2</sup> Kaberuka, Donald, C. Der Jiun and P. Meyerson, "Time for a Reboot at a Critical Time for Multilateralism—The Third External Evaluation of the IEO", July 2018. <http://www.ieo-imf.org/ieo/pages/ExternalEvaluation.aspx>.

<sup>3</sup> International Monetary Fund, Office of Internal Audit (OIA), "A Framework to Address Open Management Actions in Response to Board-Endorsed IEO Recommendations", March 2019.



for dividing the stock of open actions into five categories based on the root cause of their lack of implementation and provided guidance on how to tailor remedial actions. The categories were as follows: (1) actions that were open with no obvious challenges and would continue to be monitored in the PMR; (2) actions for which desired outcomes were not being achieved despite implementation guidelines being in place, and needed a different set of incentives; (3) actions that were insufficiently specific and needed clear measures of success to be defined; (4) actions that involved long-term technical or cultural change and were not suitable for a binary open-closed classification, and would be better addressed through a different mechanism; and (5) actions for which full implementation was no longer seen as valuable, had duplicates in other MIPs, or had become redundant. The Framework proposed that actions in categories 2 and 3 should be reformulated, actions in category 4 could be retired from PMR monitoring after five reporting cycles, and those in category 5 would be retired immediately from PMR monitoring. Categories 4 and 5 would still be subject to other oversight and monitoring mechanisms by the Executive Board.

**3. In December 2019, concurrently with the Tenth PMR, staff issued a paper on the Categorization of Open Actions in Management Implementation Plans (“Categorization Paper”), based on the framework endorsed by the Board in March 2019.**<sup>4</sup> The Categorization Paper placed 24 actions assessed as “off-track actions” in the Tenth PMR into categories 2-5 under the triage framework. Specifically, it proposed to move to categories 2 and 3 eight off-track actions that were not directly or fully tackled in other workstreams. These actions were reformulated in March 2022 through a new MIP, *The Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans* and will continue to benefit from follow-up through future PMRs. The remaining actions were placed in categories 4 and 5, and were retired from PMR monitoring, with the view that they would continue to be addressed through other institutional workstreams that are already subject to Board oversight. One action (on gender and diversity), originally classified in category 4, was extended for an additional five PMR monitoring cycles. In February 2020 the Executive Board endorsed the assessment contained in the Tenth PMR and the Categorization Paper.

**4. In September 2021, the Executive Board approved the Eleventh PMR, which covered 10 MIPs containing 72 actions.** Overall, 29 of the 72 actions for which implementation progress was assessed were deemed to have been satisfactorily implemented, while 35 remained open and eight actions were subsequently reformulated, as noted above. During the Board discussion, Directors were encouraged to see that the pace of implementing management action plans had accelerated despite the challenges brought by the COVID-19 pandemic. Directors welcomed, in particular, the strong progress that had been made in recent MIPs, but they regretted that about half of the open actions were more than one year past their implementation due dates. In this context, Directors encouraged accountable Fund Departments to expedite the implementation of all

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<sup>4</sup> International Monetary Fund, *Categorization of Open Actions in Management Implementation Plans*, December 2019. The paper was prepared by SPR in consultation with OIA and accountable departments.



delayed open actions and called for the development of a framework to assess the impact of slippages in the implementation of open actions (see Section III of this report).

**5. The Twelfth PMR covers ten MIPs containing 88 actions: two new MIPs in response to recent IEO evaluations issued after the Eleventh PMR (containing 31 actions); another seven MIPs in response to other evaluations (containing the 35 actions that were classified as open after the 11<sup>th</sup> PMR); and the third new MIP referred to above that reformulated eight off-tracked actions (containing 22 new actions).** Specifically, the ten MIPs being considered in the Twelfth PMR are those arising from the following evaluations: (i) *Growth and Adjustment in IMF-Supported programs (2021, new)*; (ii) *IMF Collaboration with the World Bank on Macro-Structural Issues (2020, new)*; (iii) *IMF Advice on Capital Flows (2020)*; (iv) *IMF Advice on Unconventional Monetary Policies (2019)*; (v) *IMF Financial Surveillance (2019)*; (vi) *The IMF and Fragile States (2018)*; (vii) *The IMF and Social Protection (2017)*; (viii) *Behind the Scenes with Data at the IMF (2016)*; (ix) *The Role of the Fund as Trusted Advisor (2013)*; and (x) *Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans (new, the “reformulation” MIP, 2022)*.<sup>5</sup> The MIPs corresponding to two other IEO evaluations, *IMF Forecasts: Process, Quality, and Country Perspectives (2014)* and *Research at the IMF-Relevance and Utilization (2011)*, have no pending actions for PMR monitoring because all the remaining actions in those two MIPs were reformulated.

**6. To prepare the Twelfth PMR, OIA held meetings with senior staff from the IEO, SPR, and the departments that have accountability for implementing the open management actions.**<sup>6</sup> The report relies on staff reports to the Executive Board and Management, research papers, official memoranda, as well as other information and documents obtained in the 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.

**7. Overall, in OIA’s assessment, of the 88 actions for which implementation progress is assessed in the Twelfth PMR, 39 are deemed to have been satisfactorily implemented, while 49 remain open.** The Twelfth PMR is being presented in the context of the ongoing COVID-19 pandemic, which caused the Fund to reprioritize many important activities in order to rapidly respond to the urgent needs of the membership. Early in the pandemic, the Fund focused on the immediate crisis response, deploying tools and resources. Other work streams were delayed to make space for crisis-related activities. Notwithstanding the continued effect of the reprioritization and resource constraints over the last year, with 39 actions closed, the pace of implementation in the Twelfth PMR is slightly faster than that observed in the Eleventh PMR and continues to significantly

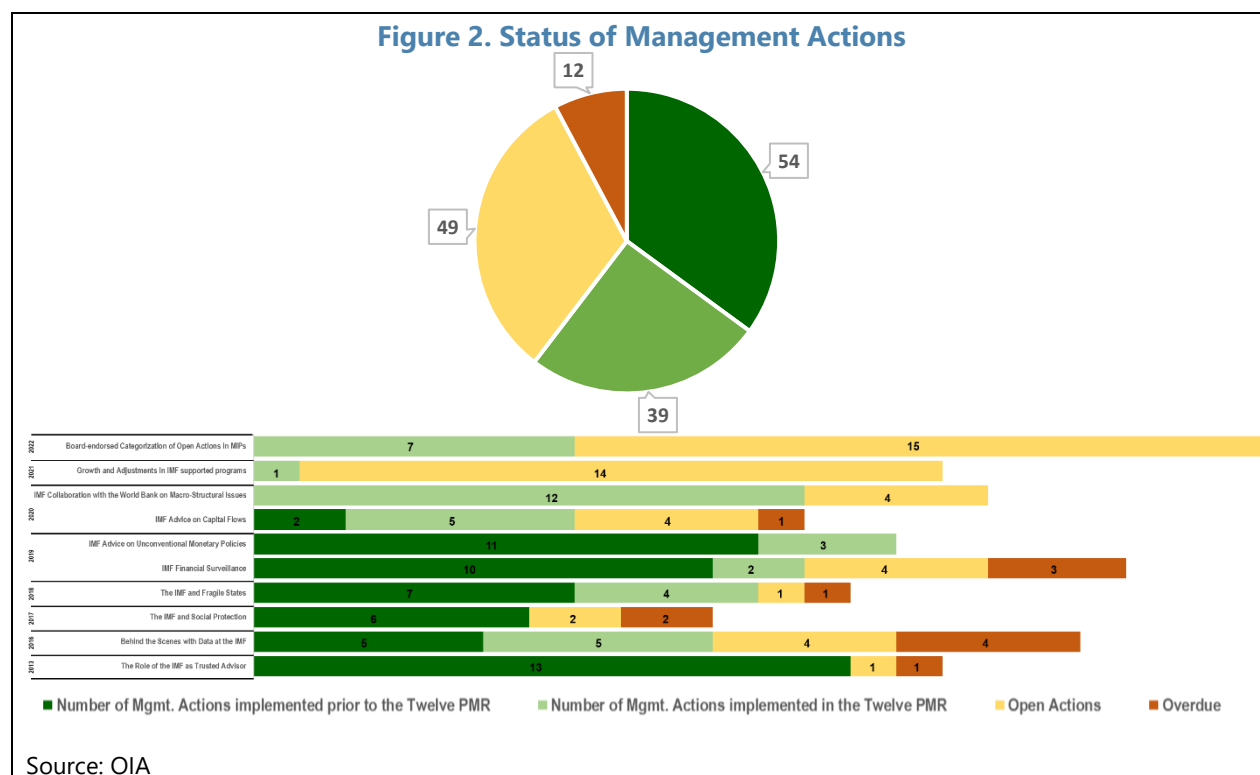
<sup>5</sup> This PMR does not include the following newly issued or ongoing evaluations. In May 2022, the IEO completed the evaluation on “IMF Engagement with Small Developing States”. The MIP associated with this evaluation has not yet been finalized. Evaluations in progress include “The IMF and Capacity Development” and “The IMF’s Emergency Response to the COVID-19 Pandemic”. A virtual conference took place in November 2021 to mark the 20<sup>th</sup> anniversary of the opening of the IEO in 2001, a successor to a tenth anniversary conference in 2011. The conference provided an occasion to discuss lessons from the experience with IEO evaluations over the past ten years and considered the challenges to independent evaluation at the IMF going forward.

<sup>6</sup> These include: COM, FAD, HRD, ICD, MCM, RES, STA, KMU, and others.



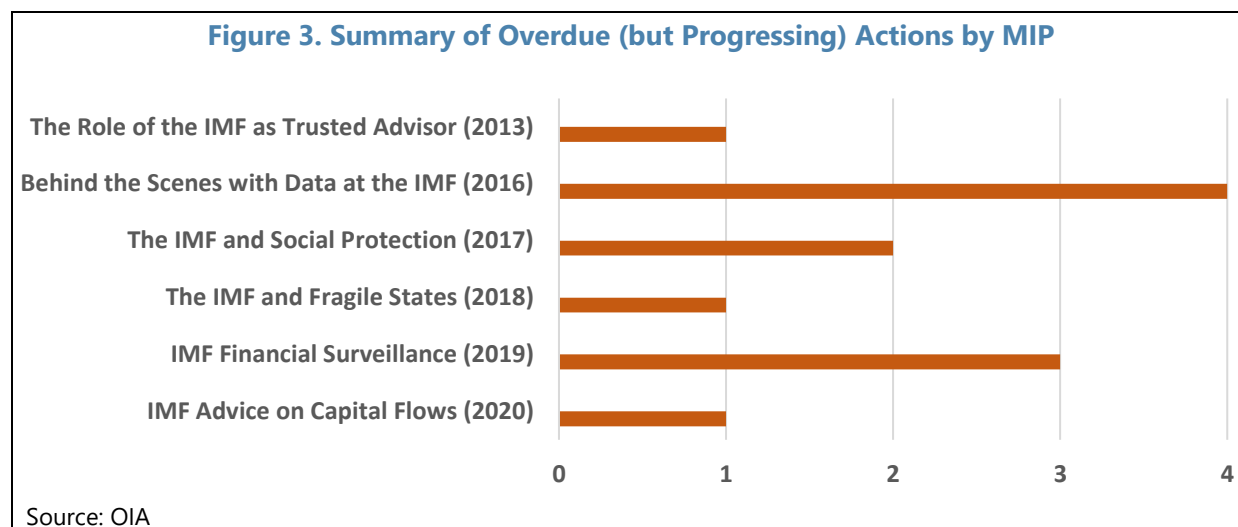
exceed the trend of 15 implemented actions a year recorded, on average, in the years before 2020. This performance took place despite the fact that the Fund has been dealing with a new shock – Russia’s war in Ukraine and its spillover effects. It should also be noted that a large part of the 15 actions envisaged in the MIP on *Growth and Adjustment in IMF-Supported Programs* (one of the three new MIPs) remains open because most actions are targeted to be implemented in the future.

**8. Several important reviews and key steps that had been postponed following the onset of the pandemic were implemented over the course of last year.** Specifically, the main implemented actions include: (i) completion of the Review of the Institutional View on the Liberalization and Management of Capital Flows; (ii) consideration by the Executive Board of the Review of Data Provision to the Fund for Surveillance Purposes; (iii) completion of the Tenth Review of the IMF’s Data Standards Initiatives; (iv) completion of the IMF Strategy for Fragile and Conflict-Affected States; (v) publication of an updated Guidance Note for Surveillance under Article IV Consultations; (vi) publication of a Guidance Note on Information Sharing between IMF and World Bank Staff; and (vii) endorsement by the Board of the Budget Augmentation Framework and the FY23-25 Medium-Term Budget. Overall, strong progress was made last year on actions in response to the IEO evaluations on *IMF Collaboration with the World Bank on Macro-Structural Issues*, *IMF Advice on Capital Flows*, *the IMF and Fragile States*, and *Behind the Scenes with Data at the IMF*. In addition, as indicated earlier, the reformulation of eight off-track actions, which had been postponed due to the reprioritization of activities, took place in March 2022. Figure 2 below summarizes the current status of management actions.





**9. Of the 49 actions that remain open after this PMR, 12 are more than one year past their implementation due dates and have been classified as overdue, but nevertheless reasonable progress is being made.** These 12 overdue actions are contained in six MIPs, as shown in Figure 3 below.



**10. Regarding the MIP on *IMF Advice on Capital flows*, one action is overdue, although substantial progress has been made in addressing it.** The action involves a presentation to the Executive Board on the interplay between capital flows, CFMs, and crises. Due to the reprioritization of activities, this Board item has been delayed. However, we confirm that most of the work has already been published or will be published shortly.

**11. With respect to the MIP in response to the evaluation on *IMF Financial Surveillance*, three actions are overdue.** In particular, the completion of a comprehensive workforce analysis supported by an enhanced talent inventory, to include profiles of financial sector experts and experiences, has advanced but is taking longer than originally expected. So far, staff analysis and presentations to the Board have focused on a narrow definition of financial expertise that mainly includes financial experts in MCM, but work on a more comprehensive definition is underway. Similarly, the workforce analysis exercise for the entire Fund, which was to be undertaken as part of the new HR strategy, is also overdue. The technology to facilitate an enhanced talent inventory of staff, including talent profiles for financial sector experts and data on macrofinancial experiences of fungible macroeconomists, continues to be rolled out with the implementation of the new human resource system, Workday. In the context of the same MIP, substantial progress has been made with another action that envisages the development of a new set of indicators for corporate vulnerability.

**12. One action in response to the evaluation of *The IMF and Fragile States*, while currently overdue, is making progress.** Building on past six pilot cases, several FCS teams have started work on developing a Country Engagement Strategy (CES) over the past year. It is expected that half of FCS (about 20 countries) will have completed CES by April 2024. A staff guidance note to be issued later this year will support the CES roll-out.



**13. Two open actions in response to the evaluation on *The IMF and Social Protection* are currently overdue but progressing.** As noted in the Eleventh PMR, a Guidance Note to assist with the implementation of the Strategy for IMF Engagement on Social Spending, which was already running behind schedule, has been further delayed by the COVID-19 pandemic. Staff has continued to work on four sectoral background notes (two of which have been completed) that are expected to form the basis of a consolidated guidance note. The second overdue action relates to the formation of an advisory group to support country teams with the implementation of the Guidance Note. Staff plans to leverage on the existing Inequality Advisory Group to monitor and report on progress, including on social spending and social inclusion issues, broadening the scope of the Group's terms of reference if necessary.

**14. Although substantial progress has been made in the last year in the case of the MIP in response to the evaluation on *Behind the Scenes with Data at the IMF*, four actions remain overdue, but are making progress.** In particular, STA is working proactively with area departments on methodological work to support surveillance priorities. In that connection, the preparation of revised Statistical Manuals to provide international methodological guidance, including for LICs, is advancing but is expected to take a few more years. Regarding data management, the unification of area department data management guidelines, a medium-term goal, is likely to require more time than originally anticipated. Following the transfer of oversight to the Data Governance Group (DGG), this action has been broken down into multi-year activities, with front-loaded milestones. In addition, a plan for further clarifying data sources in Fund publications has been developed but is pending operationalization through a DPF Guidance Note.

**15. In respect of *The Role of the Fund as Trusted Advisor*, work on diversity and inclusion continues.** The action to implement measures to raise the share of nationals from underrepresented regions among senior staff and for increasing the representation of women at senior levels was extended for an additional five PMR monitoring cycles, with approval from the Executive Board.

**16. A summary of the individual actions that are more than one year past their target implementation dates is presented in Table 1 below.** The Table is organized by IEO report date, starting with the most recent report.

**17. In addition to this section, the report comprises two other sections.** Section II describes in detail the implementation status of management actions, while Section III presents a preliminary discussion of the issues involved in designing a framework to assess the impact of slippages in the implementation of open management actions.



Table 1. List of Overdue Actions

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion date (as of July 31, 2021)	OIA's Commentary
<b>IMF Advice on Capital Flows</b>	Staff will brief the Executive Board on the interplay between capital flows, CFMs, and crises. - <b>MCM, RES</b>	Q4 CY2021	FY2024	<b>Substantially complete.</b> Due to reprioritization, this Board item has been delayed. However, the results of this work have already been published or will be published soon.
<b>IMF Financial Surveillance</b>	Roll out an upgraded version of the corporate vulnerabilities surveillance tool that expands country and firm coverage vis-à-vis the current version. - <b>RES</b>	April-2021	End-CY2022	<b>Substantially complete.</b> RES has developed a new set of monthly indicators for corporate vulnerability that will be circulated for internal use in the RES intranet.
<b>IMF Financial Surveillance</b>	Brief the Executive Board on the HR strategy, including on the ongoing workforce analysis for financial sector experts. - <b>HRD</b>	Jan-2020	End-FY2024	<b>Partially complete.</b> So far, staff analysis and presentations to the Board have focused on a narrow definition that mainly includes financial experts in MCM. Work on a more comprehensive definition of financial experts is underway.
<b>IMF Financial Surveillance</b>	Complete an enhanced talent inventory of staff to include talent profiles for financial sector experts and data on macrofinancial (and other) experiences of fungible macroeconomists. - <b>HRD</b>	Nov-2020	FY2024	<b>Partially complete.</b> HRD has prioritized monitoring of completion of the Career Profiles by A14 fungible macroeconomists. Over the course of FY23, monitoring will be expanded to include all fungible macroeconomists. Refinements to enhance the granularity for financial sector experts will be undertaken following the full implementation of the LIC FCS policy (a current priority guiding Talent inventory enhancements) and leveraging the completion of the Expert Track.



Table 1. List of Overdue Actions (Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion date (as of July 31, 2021)	OIA's Commentary
<b>The IMF and Fragile States</b>	Area Departments FCS country teams to prepare as part of staff reports for Art. IV and new program requests a succinct country engagement strategy that discusses country fragility, surveillance, and CD priorities and, if applicable, the complementary role for Fund financial support. <b>- Area Departments (monitored by SPR)</b>	Starting from Q1 2019	End-CY2022	<b>Partially complete.</b> A number of FCS teams have started work on CES over the past year. A staff Guidance Note will be prepared by October 2022 to support the CES roll-out. It is expected that half of FCS (about 20 countries) will have completed CES by April 2024.
<b>The IMF and Social Protection</b>	Staff will issue a follow-up Guidance Note to support the strategic framework for social protection. This note will address aspects of three of the IEO recommendations. <b>- FAD, SPR</b>	Dec-2019	End-FY2024	<b>Preparatory work underway.</b> The preparation of sectorial background papers, which will constitute the foundation of the guidance note, is now advancing. Progress had slowed down due to reprioritization towards urgent pandemic-related activities on social spending.
<b>The IMF and Social Protection</b>	An advisory group will be formed after issuance of the guidance note to provide support to country teams in operationalizing work on social protection. <b>- FAD</b>	After guidance note in 2020	After guidance note by end-FY2024	<b>Preparatory work under way.</b> Following completion of the Guidance Note, a dedicated group within FAD will continue to support country teams on operationalizing work on social spending. Staff plans to leverage the existing Inequality Advisory Group to monitor and report on progress, including on social spending and social inclusion issues, broadening the scope of the Group's terms of reference if necessary.



Table 1. List of Overdue Actions (Continued)

IEO Report	Action and Accountable Department	Original Target Date	Expected Completion date (as of July 31, 2021)	OIA's Commentary
<b>Behind the Scenes with Data at the IMF</b>	The review of Standards and Codes Initiative will aim to strengthen its integration with Fund surveillance and capacity development activities. In this regard, the new Data ROSC will help guide future capacity development and methodological work with member countries to facilitate data provision to the Fund. [A revised DPF Guidance Note, following the Review of the DPF, will operationalize the New Assessment of Data Adequacy for Surveillance]. <b>- SPR, STA</b>	FY2018	3Q FY2023	<b>Partially complete.</b> Level of effort required has turned out to be substantially more than anticipated. Pilot cases have been completed; process to be formalized with a technical note for country teams to operationalize the new data adequacy assessment Streamlining of Data ROSC is underway.
<b>Behind the Scenes with Data at the IMF</b>	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. [STA will be issuing revised Statistical Manuals (a medium-term project) to provide international guidance for the national accounts and the balance of payments, which will include specific considerations for LICs]. <b>- STA</b>	Not indicated	CY2025	<b>Partially complete.</b> Work on updating the System of National Accounts and the BOP and IIP manuals, including specific considerations for LICs, is advancing, with the updated manuals expected to be finalized in 2025. In addition, STA continues to develop more user-friendly ways for area department economists to access methodological advice.
<b>Behind the Scenes with Data at the IMF</b>	Unify area department data management guidelines. <b>- STA, Area Departments</b>	Not indicated	Late FY2024	<b>Partially complete.</b> Following initial delays, oversight was transferred to the Data Governance Group. Actions were then broken down into multi-year milestones, and progress is being made.



**Table 1. List of Overdue Actions (Concluded)**




IEO Report	Action and Accountable Department	Original Target Date	Expected Completion date (as of July 31, 2021)	OIA's Commentary
<b>Behind the Scenes with Data at the IMF</b>	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. [A revised DPF Guidance Note, following the Review of the DPF, will clarify expectations of staff with respect to the sources of data and estimates used by the Fund in surveillance activities.] - <b>STA, SPR, LEG</b>	Sep-2017	FY2024	<b>Substantially complete.</b> A plan for clarifying data sources in Fund publications has been drafted and is awaiting issuance of the DFP Guidance Note.
<b>The Role of the Fund as Trusted Advisor</b>	Implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels. - <b>HRD, with Others</b>	Steps begin in 2013	FY2025	<b>Partially complete.</b> Monitoring has been extended for five PMR cycles, and HRD continues to provide periodic updates to the Board in the context of the 2025 Diversity and Inclusion benchmarks. There has been significant progress against a number of benchmarks, which have been raised over time, but important challenges remain.

## IMPLEMENTATION STATUS OF MANAGEMENT ACTIONS

18. This section discusses the progress made in implementing the management actions contained in ten MIPs arising from two recent IEO evaluations, another seven MIPs for which individual management actions were classified as "open" in the Eleventh PMR, and the recent MIP that reformulated the eight off-tracked actions classified under categories 2 and 3 in the



**“Categorization Paper”.**<sup>7</sup> The section is organized by evaluation report date, starting with the most recent, except for the “reformulation MIP”, which is discussed at the end. The following key and broad definitions are used throughout the report.

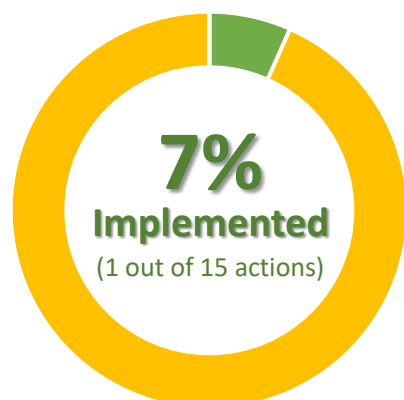
Table 2. Key for Status of Implementation Actions	
Symbol	Definition
	<b>Implemented.</b> Actions that have been substantially addressed as intended, or another form of disposition has been endorsed by the Board.
	<b>Open.</b> Actions that: (i) are planned with no obvious obstacles or delays; (ii) are ongoing; or (iii) have been implemented in form, but their outcomes are yet to materialize.
	<b>Overdue but progressing.</b> A sub-category of open actions, these are more than one year past their target implementation date, but nevertheless continue to make progress.

## A. Growth and Adjustment in IMF-Supported Programs (2021)

***The IEO Evaluation assesses how well IMF-supported programs have helped to sustain economic growth while delivering the adjustment needed for external viability, focusing on IMF financing arrangements over the period 2008-19. The evaluation found that the Fund's increasing attention to growth in the context of IMF-supported programs has delivered some positive results. No evidence was found of a consistent bias towards excessive austerity, with programs yielding growth benefits relative to a counterfactual of no Fund engagement. Notwithstanding these positive findings, the evaluation noted that program growth outcomes consistently fell short of program projections. In this regard, it identified several ways in which policy instruments could be applied more effectively in programs to support better growth outcomes. The evaluation concluded that the Fund should seek to enhance program countries' capacity to sustain activity while undertaking needed adjustment during the program and enhance growth prospects beyond the program. To that end, the evaluation recommended giving more attention to the growth implications of programs and their social and distributional consequences; supporting deep and more growth-oriented structural reforms with more effective capacity development and collaboration with the World Bank and other relevant partners; and continue building a toolkit of models and monitors that could be applied in the program context to assess growth-related developments, including social and distributional implications.***

<sup>7</sup> Two other MIPs corresponding to the IEO Evaluation on “Research at the IMF – Relevance and Utilization” (2011) and “IMF Forecasts: Process, Quality, and Country Perspectives” (2014) are considered to be fully implemented because the actions under those MIPs that remained open after the 11<sup>th</sup> PMR were all reformulated under the new “reformulation MIP”.



**Figure 4. Summary of Progress – Growth and Adjustment in IMF-Supported Programs**

● Implemented up to 11<sup>th</sup> PMR    ● Open Actions  
● Implemented in 12<sup>th</sup> PMR    ● Overdue

*In response to three recommendations in the IEO evaluation, the MIP envisages 15 actions, of which 14 remain open. At this stage, these recommendations face no obvious challenges and are expected to be implemented in reasonable time.*

Source: OIA

**IEO Recommendation 1: Attention to growth implications of Fund-supported programs should become more thorough, systematic, realistic, and sensitive to social and distribution consequences.**

Directors broadly supported this recommendation. They regretted that growth outcomes have often fallen short of program projections and concurred on the need to improve the realism of forecasts but also to pay greater attention to growth outcomes in program design. In this context, Directors considered that the findings of the IEO evaluation, together with the Review of Conditionality should provide important inputs to the ongoing review of the operational guidance note on conditionality. They agreed on the need to carefully discuss fiscal multiplier assumptions; pay more attention to contingencies for growth shortfalls; and strengthen the monitoring of key social and distributional aspects, whenever possible. **The MIP envisages four actions to address the IEO recommendation, of which one has been implemented.**

**MANAGEMENT ACTION 1.1:**

**Revise the operational guidance note (OGN) on program design and conditionality** with the objective of having a thorough, systematic, and realistic discussion of program implications for growth in program documents as appropriate and feasible in a given country context.

**Open**




**ACCOUNTABLE:** SPR

**ORIGINAL TARGET DATE:**  
FY23-H1



<p><b>1a.</b> The OGN will recommend that program documents will discuss prominently the <b>realism</b> of baseline growth projections by at a minimum leveraging the realism tools embedded in debt sustainability frameworks, including the tool to assess the consistency between fiscal adjustment and growth under a range of plausible fiscal multipliers.</p> <p><b>1b.</b> The OGN will recommend that Policy Notes (PN) should include – where appropriate and subject to confidentiality – <b>contingency plans</b>, including if baseline growth falls significantly short of program projections. In addition, the OGN on program design and conditionality will clarify that the PN review process and program discussions with authorities should cover <b>policy tradeoffs</b> in achieving adjustment and growth.</p> <p><b>1c.</b> The OGN will provide updated guidance regarding <b>social spending</b>, drawing on the ongoing work to operationalize the Strategy for IMF Engagement on Social Spending.</p>		
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**19. The plan remains to revise the OGN by FY23-H1, covering all the above-mentioned MIP issues. SPR has a first OGN working draft, which is subject to departmental review.**

<p><b>MANAGEMENT ACTION 1.2:</b>  <b>Clarify in the revised Surveillance Guidance Note (SGN)</b> that Article IV Staff Reports of members and Fund-supported programs are expected to address the implications of key policy measures (for example, fiscal consolidation and reforms) on growth and stability over the medium term where macro-critical, as defined in the 2012 Integrated Surveillance Decision.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> SPR</p> <p><b>ORIGINAL TARGET DATE:</b> FY23-H1</p> <p><b>IMPLEMENTATION DATE:</b> May 2022</p>
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**20. The new Surveillance Guidance Note (SGN), which was circulated to the Board in late May 2022, recognizes that key macroeconomic policies implemented in the context of Fund-supported programs are likely to have important bearings in the medium term, and that their implications for growth and stability (for example, of fiscal consolidation) should be addressed in Article IV reports.** The SGN's section on Policies underlines that staff reports should assess ongoing fiscal policy, identify vulnerabilities and challenges to stability, and provide fiscal policy advice that is well integrated into the overall policy mix. The note makes clear that policy advice should take into account relevant trade-offs, including between debt sustainability and supporting growth, as well as between efficiency and equity. The assessment of the public finances should consider fiscal space – the ability to provide fiscal stimulus without jeopardizing the sustainability of the financial position or the stability of the economy – based on the Fund's fiscal space framework. In considering the size and pace of proposed fiscal measures, staff should consider initial conditions, including the state and composition of the public finances, available fiscal space, fiscal risks, inter-temporal policy trade-offs (e.g., between short-term cyclical conditions and medium-term sustainability objectives), and the size of fiscal multipliers.

**21. Regarding macro-structural policies, the SGN indicates that the identification of key bottlenecks to inclusive growth determines where structural reforms would have the greatest impact on stability and growth.** The SGN underlines that staff should carefully assess the impact of structural reforms on the economy and integrate the reform agenda in the outlook and fiscal discussions, as appropriate. Policy advice could consider the impact of structural policy on fiscal positions, and complementarities and trade-offs among policies. It is mentioned that many structural reforms, such as labor and product market reforms, can have a positive impact on output, and this in turn may improve the fiscal position and debt dynamics over the medium-term. Conversely, especially under weak cyclical conditions, targeted fiscal support may facilitate structural reforms by alleviating transition and social costs. Also, fiscal policies may impact potential growth and hence have implications for fiscal space and the need for structural policies. The note indicates that assessments on these issues can be based on empirical analysis where possible.

**22. The SGN recognizes that Article IV consultations with members with Fund-supported programs provide an opportunity to step back from immediate program aspects and take a fresh and comprehensive look at the member's economic challenges and policies.** Recognizing that key macroeconomic policies implemented in the context of Fund-supported programs are likely to have important bearings on the medium term (for example, when fiscal consolidation is undertaken), the Guidance Note encourages staff to address these issues in Article IV reports.

**MANAGEMENT ACTION 1.3:**

**Review the role of Fund-supported programs in fostering growth in the next Review of Conditionality (RoC) and discuss the appropriateness of the**

**Open**



**ACCOUNTABLE:** SPR, LEG


**ORIGINAL TARGET DATE:**

By end-FY24



2002 Conditionality Guidelines in that regard.		
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**23. The next ROC, which is expected to be completed by end-FY24 (as planned in the MIP), will review the role of Fund-supported programs in fostering growth and discuss the appropriateness of the conditionality guidelines.**


<b>MANAGEMENT ACTION 1.4:</b> <b>Set up a training program for country authorities on the Sovereign Risk and Debt Sustainability Framework, including its realism tools.</b>	<b>Open</b> 	<b>ACCOUNTABLE:</b> SPR, ICD  <b>ORIGINAL TARGET DATE:</b> By mid-FY24
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**24. No obstacles on the implementation of this action are envisaged at this stage.** As part of the technical assistance work on macro-frameworks, ICD staff is developing and improving models/tools with different levels of complexity. These models include the Debt Dynamics Tool (DDT), the Comprehensive Adaptive Expectations Model (CAEM), the Quarterly Adaptive Expectations Model (QAEM), the Canonical Semi-structural Gap Model, and the Canonical Structural DSGE (Dynamic Stochastic General Equilibrium) model. The models are intended to help users (e.g., country officials and Fund staff) do forecasting and policy scenario and risk analysis, including on the effects of fiscal and monetary policies and external and domestic shocks on key macroeconomic variables such as growth, inflation, debt, the real exchange rate, and external variables. Available choices – from low to high complexity – would allow users to find the most appropriate model given their skills and knowledge level. Target dates for model development are end-FY23 for the DDT, the CAEM, and the Canonical Semi-structural Gap Model, and end-FY24 for the QAEM and the Canonical Structural DSGE model.


**IEO Recommendation 2: IMF-supported programs should pay greater attention to supporting deep, more growth oriented structural reforms, with more effective CD support and more effective collaboration with partners – such as the World Bank – in areas outside the Fund’s core mandate and expertise.**

Directors broadly concurred with this recommendation. They reiterated the need to keep structural conditionality parsimonious and prioritized in line with program objectives, and generally cautioned against veering too far out of core areas. Directors concurred on the need to assess how CD and surveillance could be better integrated with program design and implementation. While looking forward to the MIP for IMF Collaboration with the World Bank on Macro-Structural Issues, a few Directors encouraged staff and management to propose concrete steps on this matter and to review the experience with World Bank-Fund collaboration in Fund-supported programs. **The MIP envisages five actions to address this IEO recommendation.**



<p><b>MANAGEMENT ACTION 2.1:</b></p> <p><b>The revised OGN would encourage that Fund-supported programs pay greater attention to supporting deep, more growth-oriented reforms,</b> while continuing to keep structural conditionality parsimonious and prioritized in line with program objectives.</p> <p><b>1a. Explain in the revised OGN that country teams indicate in the PN the depth of each Structural Condition (SC) according to the criteria used in the past RoCs,</b> a process which could guide staff in adequate sequencing of SCs for successful reforms.</p> <p><b>1b. Recommend in the revised OGN the inclusion of an annex table mapping (whenever possible) structural benchmarks with CD findings and planned CD</b> from the Fund and other multilateral organizations or CD providers.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> SPR</p> <p><b>ORIGINAL TARGET DATE:</b> By FY23-H1</p>
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**25. The OGN will address the abovementioned issues, that is, the depth of structural conditions and relevant CD recommendations.**

<p><b>MANAGEMENT ACTION 2.2:</b></p> <p><b>Implement the 2021 Operational Guidelines for Integrating CD with Surveillance and Lending and report on progress in the 2023 CD Strategy Review, to help ensure that CD effectively supports growth-related policies in the program context.</b></p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> SPR, ICD in collaboration with other CD and Area Departments.</p> <p><b>ORIGINAL TARGET DATE:</b> By end-FY23</p>
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**26. The Operational Guidelines for Integrating CD with Surveillance and Lending are being incorporated into various surveillance and program guidance notes, notably the 2022 SGN, to further emphasize that all country teams, including program teams, should develop a CD strategy when capacity constraints are linked to macro critical issues.** This should ensure that CD is effectively targeted to support growth-related policies and takes into account other development partners. The guidelines are also expected to feed into the upcoming Guidance on



Conditionality. The CD Strategy Review concept note will be discussed by the Board in November 2022, with a subsequent mid-point meeting in mid-2023. Progress in implementing the guidelines will be discussed in those meetings and in the formal Board meeting for the CD Strategy Review, which is targeted for November 2023.


<p><b>MANAGEMENT ACTION 2.3:</b>  <b>Implement the broad principles for coordination with the World Bank or other relevant International Financial Institutions under the Resilience and Sustainability Trust (RST),</b> subject to the Executive Board approval of the RST and the underlying design and reform objectives.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> SPR</p> <p><b>ORIGINAL TARGET DATE:</b>  When the Trust is operational; expected mid-FY23.</p>
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**27. On April 13, 2022, the Executive Board approved the establishment of the Resilience and Sustainability Trust (RST), with effect from May 1, 2022.** The plan is to have the RST operational by end- 2022, starting with pilot countries. The RST seeks to enhance economic resilience and sustainability by supporting policy reforms that reduce macro-critical risks associated with select longer-term structural challenges and augmenting policy space and financial buffers to mitigate the risks arising from such challenges. RST lending operations would benefit from close coordination with the World Bank and other relevant agencies, including regional MDBs. RST loans would initially support measures addressing climate change and enhancing pandemic preparedness, given their global public good nature; other challenges could be added over time. IMF and World Bank staff have worked closely to develop broad principles for coordination on RST operations, which are presented in detail in Annex III of the RST paper. In line with the 1989 IMF-World Bank Concordat (SM/89/54, Rev. 1), coordination will be guided by principles that reflect each institution's respective mandate and expertise. The five key areas of coordination are (i) diagnostics; (ii) policy priorities; (iii) conditionality; (iv) implementation supervision; and (v) program documentation (i.e., a vehicle to document the coordinated approach for RST lending). A coordination framework is being prepared for pandemic preparedness by the start of RST operations. Based on a similar blueprint developed for coordination with the WB on climate change, staff are engaging with relevant stakeholders, including the WB and the World Health Organization, to develop broad principles for coordination with other institutions on RST lending for pandemic preparedness.


**28. The Executive Board would be able to consider requests for RST arrangements once the Managing Director provides notification that the RST is operational, i.e., that sufficient RST Loan Account resources and robust financial systems and processes are in place to start RST lending operations.** Fundraising was initiated immediately after the establishment of the RST. In the interim period, staff will leverage existing Fund systems and expertise to implement the financial infrastructure for the RST as soon as possible. Careful consideration will be given to ensuring that system configurations will adequately safeguard the financial resources of the RST and



its contributors. An assessment of system readiness will precede the commencement of lending operations.

<b>MANAGEMENT ACTION 2.4:</b> <b>Review the experience with Bank-Fund Collaboration (BFC) in Fund-supported programs based on lessons from ongoing initiatives,</b> including on growth-related issues, as part of the Board paper on the effectiveness of BFC.	<b>Open</b> 	<b>ACCOUNTABLE:</b> SPR  <b>ORIGINAL TARGET DATE:</b> By end-FY25
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**29. No obstacles on the implementation of this action are envisaged at this stage.**

<b>MANAGEMENT ACTION 2.5:</b> <b>Create an operational Guidance Gateway for staff to have access to the latest guidelines, including on collaboration with external partners,</b> such as the World Bank.	<b>Open</b> 	<b>ACCOUNTABLE:</b> KMU, SPR, ITD  <b>ORIGINAL TARGET DATE:</b> By end-FY25
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**30. No obstacles on the implementation of this action are envisaged at this stage.**


**IEO Recommendation 3: The Fund should continue to invest in building a toolkit of models and monitors that can be applied as a basis for analysis of the adjustment-growth relationship and for assessing growth-related development in the program context.**

Directors agreed with this recommendation. They welcome the set of already available models and encouraged staff teams to make use of them on a case-by-case basis and adapt them to better reflect country-specific circumstances. Directors agreed that investing in the Research Department's structural reform database would be helpful. **The MIP envisages six actions to address this IEO recommendation.**

<b>MANAGEMENT ACTION 3.1:</b> <b>Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis:</b>  <b>1a.</b> ICD's Financial Programming Environment (FPE)	<b>Open</b> 	<b>ACCOUNTABLE:</b> ICD, ITD  <b>ORIGINAL TARGET DATE:</b> By end-FY24
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**31. ICD, in collaboration with ITD, is developing the IMFE<sup>8</sup> project, a new analytical platform to manage macroeconomic frameworks and prepare projections.** The tool will introduce built-in user-friendly capabilities to generate alternative risk and policy scenarios. In addition, the macroeconomic framework under the IMFE could be linked to a broad range of forecasting tools to ensure consistency while allowing for tailoring to country specific circumstances. The IMFE will also offer the flexibility to integrate models from other sources and has the added advantage of making macroeconomic assumptions more transparent and minimizing human error. The IMFE prototype is currently being refined with pilot countries in EUR, WHD, and MCD. Following a successful pilot phase, ICD expects to have a revised production version of the tool ready for July 2023. A final version is expected to be made available to all country desks by end FY24. While staff take-up is expected to be gradual, it should benefit from ITD's continuous technical support and ICD's hands on training through its Internal Economics Training (IET) platform.

<p><b>MANAGEMENT ACTION 3.2:</b>  <b>Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis:</b></p> <p><b>1b.</b> A beta version of the panel nowcast toolkit.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> RES, AFR</p> <p><b>ORIGINAL TARGET DATE:</b> By end-FY23</p>
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**32. RES, in collaboration with AFR, is developing a panel nowcast toolkit to address challenges stemming from lack of timely data availability for monitoring economic activity and producing reliable growth forecasts.** Using machine learning techniques and high-frequency data, AFR started producing nowcast projections of GDP in April 2020 and, since then, has published a monthly nowcast note and featured these projections in the REO. The nowcast projections cover SSA GDP (proxied by 11 countries) and individual countries where quarterly GDP data are available. However, almost half of SSA countries do not publish quarterly GDP data, which does not allow using the current nowcast framework. To address this issue, the AFR nowcast team, jointly with RES, is developing a panel data technique to nowcast GDP for countries that do not publish quarterly GDP data. The proposed framework pools many countries to infer unobserved quarterly GDPs based on the statistical relations observed in countries with published quarterly GDP and other high-frequency indicators. Preliminary results were presented in an AFR seminar (November 2021) and were discussed bilaterally with some AFR country teams. Improvements on the framework have been in process to reflect the feedback received so far. Staff aims to operationalize a beta version of this toolkit by end-FY23.

<sup>8</sup> The Macroeconomic Forecasting Environment (FPE) project has been renamed Integrated Macroeconomic Forecasting Environment (IMFE).



<p><b>MANAGEMENT ACTION 3.3:</b>  <b>Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis:</b></p> <p><b>1c.</b> A user-friendly Excel-Based interface for DIGNAD.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> RES, FAD</p> <p><b>ORIGINAL TARGET DATE:</b> By end-FY23</p>
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**33. RES has been working on the Debt, Investment, Growth, and Natural Disasters (DIGNAD) model to assess the macroeconomic effects of natural disasters and associated policy trade-offs in developing economies, with a focus on growth and debt.** The model can be used to evaluate the outcomes of climate related natural disasters on macroeconomic variables such as GDP and debt, conditional on a set of ex-ante structural and financial protection policies and ex-post adaptation policies. Over the last year, the DIGNAD model was integrated in the Climate Macroeconomic Assessment Program (CMAP) and has been extended to evaluate the long-run implications of recurring natural disasters, climate change, and adaptation. By adopting an Excel-based interface, the toolkit will allow users lacking expertise in Matlab/Dynare programming to leverage the tool in producing analytical work. Staff are working on the last extensions to the model and have already started to develop the Excel-based front end. The DIGNAD toolkit is expected to be completed in the fall of 2022. In addition, FAD has developed an Excel-based macroeconomic framework to assess development strategies and the financial resources needed to achieve the SDGS. The framework is flexible enough to allow for an assessment of the long term-effects of policies and shocks and can be tailored to specific country circumstances. FAD is now working with ICD on the interface stage to increase usability, which is expected to be completed shortly. Last year, the longer-term macroeconomic framework was presented at a joint seminar with Oxford University, which was attended by African Ministers.

<p><b>MANAGEMENT ACTION 3.4:</b>  <b>Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis:</b></p> <p><b>1d.</b> The growth-at-risk model version "GaR 2.0".</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> MCM, ITD, ICD</p> <p><b>ORIGINAL TARGET DATE:</b> BY end-FY23</p>
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**34. The 2.0 version of the GaR tool will improve the original GaR tool, following the comments and suggestions received from external referees.** In particular, the Gar 2.0 will offer refinements in the estimation technique, more statistical options for density fit (including



multimodality) and a battery of new tests for model diagnostics. The computer programs which will support the tool are currently being developed. Once the programs are finished, they will be tested internally, using country cases. The following step will be for MCM to work with ITD to translate the programs into a user-friendly interface. MCM is on track to finish the project by end-FY23. An ICD Vulnerability Diagnostics course currently includes a module illustrating how the GaR tool can be used to assess tail risks in the real sector due to changes in financial conditions – more specifically, a workshop is dedicated to adapting the GaR tool to country data and quantify downside risks to future growth stemming from macro-financial factors. ICD plans to update the relevant part of this course once the new version of the GaR tool is released.

<b>MANAGEMENT ACTION 3.5:</b> <b>Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis:</b>  <b>1e.</b> The Country Data Annex (CoDA) tool.	<b>Open</b>  	<b>ACCOUNTABLE:</b> SPR, RES  <b>ORIGINAL TARGET DATE:</b> By end-FY24
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**35. The Country Data Annex (CoDA) tool will help country teams assess the quality of their macroeconomic frameworks by contributing to identify large deviations and check the consistency of policy advice.** The new Excel-based tool compares current macroeconomic framework projections of key variables to those of the latest published staff report and World Economic Outlook submission to highlight differences in country forecasts. Currently, CoDA runs as an excel-based tool, which will be phased out. In the long-run, CoDA will be run on a different software platform to be integrated with the IData platform, but with equivalent functionality. The current plan is to operationalize CoDA by the end of FY24 and offer it to country teams to be used on a voluntary basis during the review phase of Policy Notes and Article IV reports. SPR plans to organize outreach among country teams.

<b>MANAGEMENT ACTION 3.6:</b> <b>Create a Diagnostics Gateway</b> to improve accessibility to analytical tools and facilitate country analysis, including on growth.	<b>Open</b>  	<b>ACCOUNTABLE:</b> AFR, SPR, ITD  <b>ORIGINAL TARGET DATE:</b> By end-FY25
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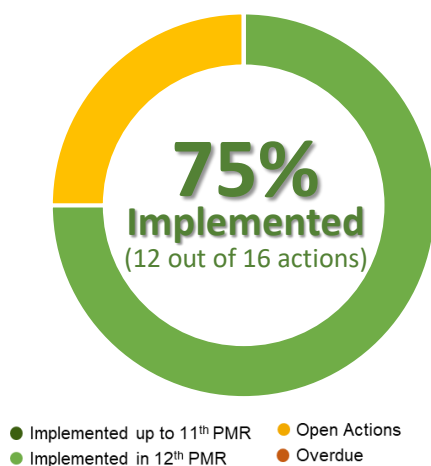
**No obstacles on the implementation of this action are envisaged at this stage.**



## B. IMF Collaboration with the World Bank on Macro-Structural Issues (2020)

**The IEO evaluation assessed IMF collaboration with the World Bank on certain macro-structural issues where the Bank has deeper experience and expertise, which are increasingly recognized as critical for achieving desired macroeconomic outcomes, such as inequality, gender, energy/climate, and macro-structural reforms.** The evaluation found that overall IMF collaboration with the Bank on these issues had been broad but uneven. While informal consultation is widespread, relatively few cases of in-depth collaboration were identified. The uneven character of Bank-Fund collaboration reflected a decentralized approach on these issues adopted in pilot exercises, where teams preferred to rely on internal IMF expertise rather than seek to leverage Bank expertise or joint work. Beyond the pilot exercises, the evaluation found that the forms and effectiveness of the Fund's external collaboration varied widely across policy areas, being deeper on debt and financial sector issues, where roles are well defined and tailored frameworks have been adapted over time. Against this backdrop, the evaluation recommended that the Fund seek to develop and agree on concrete frameworks in areas where collaboration is expected to bring the greatest strategic returns (such as climate issues); improve internal incentives to collaborate and address the reluctance to engage with external partners; work with the Bank to improve access to and exchange of information and knowledge across the two institutions; and strengthen the IMF Board's strategic role in overseeing external collaboration.

**Figure 5. Summary of Progress – IMF Collaboration with the World Bank on Macro-Structural Issues**




Source: OIA

In response to three recommendations in the IEO evaluation, the MIP envisages 16 actions. A Fourth recommendation on strengthening the IMF Board's strategic role in facilitating and supporting external collaboration falls outside Fund management's purview and is expected to be addressed by setting up a Joint Liaison Committee-COGAM Forum (LCF) that will deal with collaboration between the Boards of the two institutions, including on macro-structural issues. Of the sixteen actions, four remain open and face no obvious challenges. They are expected to be implemented in reasonable time.



**IEO Recommendation 1: The Fund should seek to develop and agree on concrete frameworks to ensure effective collaboration with the World Bank (or other relevant partner organizations) on key macro-structural issues where collaboration is judged to bring greater returns. Climate appears to be an issue particularly suited to such a framework at the current juncture, given the IMF's growing attention in this area, and the Bank's deep and complementary expertise.**


Directors broadly supported this recommendation on select macro-structural issues where the Fund and Bank roles are complementary and collaboration is judged to bring the most strategic returns, taking into account the costs of collaboration and the availability of resources. They also agreed that the activities in the climate workstream would be a strong candidate for such a tailored framework. However, the MIP does not include a commitment to develop a concrete over-arching framework for effective collaboration with the World Bank on climate, as recommended in the evaluation. Instead, it provides for a Board paper to review the effectiveness of Bank-Fund collaboration. In the future, following a stock-taking of the experiences with Bank-Fund collaboration in the new high-priority macro-structural areas, staff will revisit the need for and the feasibility of establishing tailored institutional collaboration frameworks on climate, as well as other areas. **The MIP envisages eight actions to address this IEO recommendation, of which six have been implemented.**

<p><b>MANAGEMENT ACTION 1.1:</b>  <b>Bank-Fund Strategic Coordination and Stock-Taking</b>  <u>Semi-annual meetings</u> between the Fund's Climate Advisory Group and the World Bank counterparts will ensure a systematic engagement between the Bank and the Fund climate teams to take stock of ongoing work, coordinate strategic priorities and policy messages, and explore avenues for further collaboration on climate related areas.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> IMF's Climate Advisory Group.</p> <p><b>ORIGINAL TARGET DATE:</b> First meeting by end-September 2021</p> <p><b>IMPLEMENTATION DATE:</b> December 2021</p>
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**36. The Climate Advisory Group (CAG) is an interdepartmental group chaired jointly by FAD and SPR that coordinates climate-related issues in the Fund.** The CAG meets every other month. Every third meeting can include staff representatives from the World Bank (WB) if there are matters of general interest that follow from technical discussions between the Bank and Fund climate teams. The first meeting between Fund's CAG and the WB's staff representatives took place in December 2021. It was well attended by senior WB staff working on climate and covered a wide range of topics – including CMAP/CCDR coordination, climate-related debt instruments, climate in DSAs, work on the RST, and climate in surveillance. Before the joint Bank-Fund meetings, staff from both institutions meet informally to discuss the agenda and identify collaboration opportunities. After the joint meetings, some issues are taken up bilaterally. In addition, a lot of coordinated work



including to propose climate-related topics for discussion between the two institutions takes place before the Spring Meetings and the Annual Meetings. In this regard, three meetings on climate finance, climate and debt, and energy security, took place in the run-up to the 2022 Annual Meetings.

<p><b>MANAGEMENT ACTION 1.2:</b>  <b>Bank-Fund Strategic Coordination and Stock-Taking</b>  <u>Background paper in the context of the Interim Comprehensive Surveillance Review (CSR)</u> will take stock of how the Fund has integrated select macro-structural areas (notably climate) into its surveillance, including how it has collaborated with other institutions such as the World Bank.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> SPR in collaboration with other departments.</p> <p><b>ORIGINAL TARGET DATE:</b> By FY2024</p>
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**37. In mid-July 2021, the Executive Board considered the IMF Strategy to Help Members Address Climate Change Related Policy Challenges – Priorities, Modes of Delivery, and Budget Implications.** The paper proposed a comprehensive strategy for the Fund’s on macro-critical, climate-related policy issues. It started from a stock-taking exercise that reviewed the Fund’s activities in these areas and presented a detailed concept note of adequate engagement to serve the needs of the membership, including the delivery of specific outputs and collaboration with other institutions. Moreover, the paper sketched budgetary and human resource management implications. The paper noted that in recent years Article IV consultations have covered climate change on an ad-hoc basis, reflecting requests from country authorities and staff capacity. For climate-vulnerable states, six Article IV consultations (about 2 per year) had been able to draw on Climate Change Policy Assessments (CCPAs) conducted jointly with the World Bank, which contained in-depth assessments of financing and investment needs and provided a road map for formulating disaster resilience strategies for climate change adaptation. At the same time, physical and/or transition risks assessments had been covered on average in two FSAPs per year, with existing capacity not allowing climate risks analysis in all FSAPs. Against this backdrop, the paper highlighted that the Fund needed to reinforce its workforce with additional staff and train its existing economists in order to increase its capacity for conducting climate-macro analysis.<sup>9</sup>


**38. Based on the IMF Climate Strategy, the Budget Augmentation Framework considered by the Board in late 2021 envisages that climate change would absorb resources equivalent to 37 percent of the overall proposed augmentation.** The augmentation for climate change-related activities would amount to close to US\$20 million over FY23-FY25 to cover an increase of around 65

<sup>9</sup> The CSR established an expectation to regularly cover the mitigation policies of the 20 largest greenhouse gas emitters, and to cover adaptation policies and transition management to a low-carbon economy whenever the corresponding policy challenges are macro-critical.




FTEs during the same period (after synergies), relative to 60 existing FTEs. In the steady state, the additional resources would permit: (i) a significant increase in country support to around 45-50 Article IVs per year to cover, among other issues, mitigation policies for the 20 largest emitters of greenhouse gases every three years and adaptation and resilience for the 60 most vulnerable countries every four years; (ii) transition risk to a low-carbon economy prioritized by need; (iii) 8 FSAPs per year covering climate risks, regulatory, and supervisory assessments; (iv) an increase in in-depth CD coverage to about 25 countries per year, as well as 5 CMAPs; (v) additional climate work in regional surveillance reports and other Board papers; (vi) development of a climate-related macroeconomic course and climate modules into existing courses; and (vii) training and support to staff through a "Climate 101" course and a "Climate Bootcamp". Key Fund partners in implementing the strategy will include the World Bank, the European Commission, OECD, various UN agencies, the International Energy Agency, the World Trade Organization, regional development banks, NGOs, FSB, BIS, the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), and the Sustainable Finance Working Group (SFWG).

**39. The background paper for the ISR will take stock of how the Fund has integrated select macrostructural issues (notable climate) into its surveillance, and how collaboration with the Bank is evolving.** The focus of the background paper will be on progress in the implementation of actions related primarily to Bank-Fund collaboration, strategic coordination and capacity building on climate issues. The background paper would be completed by SPR in collaboration with other departments by FY23-FY24. A follow-up Board paper by FY25 will address these issues comprehensively. The revised SGN issued in May 2022 provides staff-level guidelines consistent with the climate strategy, which is expected to be implemented in full from FY26, when the budget augmentation process will be completed.

<p><b>MANAGEMENT ACTION 1.3:</b>  <b>Bank-Fund Strategic Coordination and Stock-Taking</b>  <u>IMF Board paper on the Effectiveness of Bank-Fund Collaboration</u> will review experience with Bank-Fund collaboration on select macro-structural areas (notably, climate) and assess the need for tailored institutional frameworks; the effectiveness of the high-level strategic collaboration and the need for additional mechanisms; the experience with HRD guidance on improving incentives for collaboration (see Rec. 2); and the progress on information and knowledge sharing between the Bank and the Fund (see Rec. 3).</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> SPR in collaboration with other departments.</p> <p><b>ORIGINAL TARGET DATE:</b> By FY2025</p>
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**40. No obstacles on the implementation of this action are envisaged at this stage.**


<p><b>MANAGEMENT ACTION 1.4:</b>  <b>Bank-Fund Capacity Building on Climate Issues</b>          Develop <u>climate-focused training courses</u>, including by inviting Bank staff to deliver seminars in the Bank's areas of expertise, for delivery to IMF staff and other stakeholders (multiple offerings of a Climate Change course and five seminars).</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> ICD</p> <p><b>ORIGINAL TARGET DATE:</b> By April 2022</p> <p><b>IMPLEMENTATION DATE:</b> April 2022</p>
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**41. In FY 22, ICD in collaboration with several Fund departments (COM, FAD, MCM, RES, SPR, STA), developed and launched blended training on climate change for staff.** The training consists of the new mandatory Internal Economics Training Climate Change 101 online course, launched in October 2021 and follow-up interactive Climate Bootcamps that focus on specific tools and data (launched in April 2022). The online course has three components. The Overview addresses the science and economics of climate change, the framework for global actions, and how the Fund engages on climate change issues, while the two more advanced sections cover the use of fundamental analytical tools to merge climate change with macroeconomics and finance, with a view to helping staff teams conduct an effective and well-rounded economic policy dialogue. Fungible economists are expected to complete all three parts of the course by October 31, 2022. All other Fund staff and contractual employees are strongly encouraged to take the course. The course is supplemented with an email helpdesk to ensure that Fund staff receive the most up-to-date support and guidance on climate-related topics. In addition, in FY23 four Bootcamps are planned on climate risk data, carbon pricing assessment tools (CPAT), CGE models for climate scenarios, and climate stress testing of the financial sector. Several of the tools presented in the Bootcamps, including the Climate Change Indicators Dashboard, the CPAT, and some climate stress tests, were developed jointly with the World Bank and other organizations with climate expertise. World Bank staff, among other experts, are invited to deliver seminars in their areas of expertise.


**42. ICD has coordinated additional work to adapt and enrich the existing internal climate change training material into a series of online modules on the Macroeconomics of Climate Change for government officials and the general public.** The first module on "Science, Economics, and Policies", launched in the edX platform in April 2022, attracted over 2,300 global participants. The second module on "Mitigation Strategies" was launched in June 2022, while the third module on "Transitioning to Net Zero" was launched in July 2022. Subsequent modules are expected to be released on a near-monthly basis for the rest of 2022. Complementing the online course, four innovative interactive microlearning videos will be published on selected climate change topics. ICD plans for FY23 also include developing the curriculum for the new "Macroeconomics of Climate Change" external training course leveraging on the Climate Change



101 material as well as the online learning solutions. ICD continues to engage in discussions with WB staff to ensure effective collaboration. In addition, ICD, in collaboration with WHD, has developed a DSGE model to assess climate risks (natural disasters) as well as adaptation and mitigation policies. The model has been applied in Surveillance and Program Review work for St. Vincent, St. Lucia, and Costa Rica, and an extended version of the model, which introduces migration issues, will be applied to Guatemala. A team comprising AFR, ICD, and RES is also developing a model-based framework for the quantitative assessment of macroeconomic and distributional effects of climate change and transition risks in low-income countries. The framework will provide a dynamic toolkit tailored to country-specific calibration and will help analyze the macroeconomic impact of climate shocks and macro-climatic policies, as well as the policy tradeoffs associated with building resilience to climate change. A key element of this project is to develop, in parallel, a friendly interface to facilitate user access (e.g., Fund desks and country officials) to the underlying model to conduct policy scenario analysis.

<p><b>MANAGEMENT ACTION 1.5</b>  <b>Bank-Fund Coordination on Climate Issues</b>  <u>Coordination in international fora:</u>          Produce and sign an MoU delineating the respective roles of the Bank and the Fund in the context of the Coalition of Finance Ministers for Climate Change.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> FAD</p> <p><b>ORIGINAL TARGET DATE:</b> H2-21</p> <p><b>IMPLEMENTATION DATE:</b> September 2021</p>
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**43. The MoU on the Fund-Bank hosting of the Coalition of Finance Ministers for Climate Change’s Secretariat was finalized last year and signed on September 21, 2021.** It was signed between the Fund and the Bank and the co-chairs acting on the behalf of the Coalition. The MoU formalizes the Secretariat’s function, which includes the provision of technical and strategic advice to the Coalition’s co-chairs and members in areas consistent with the Fund’s mandate, the organization of meetings and events, and support for the activities and organization of the Coalition’s workstreams. It specifies that Fund staff would provide some administrative support to the work of the Secretariat but that the bulk of this work would continue to be undertaken by the Bank.

<p><b>MANAGEMENT ACTION 1.6</b>  <b>Bank-Fund Coordination on Climate Issues</b>  <u>High-Level Advisory Group on Sustainable and Inclusive Recovery and Growth (HLAG):</u> Coordinate analytical efforts of Bank and Fund staff in the context of the HLAG aimed at developing policies to ensure a</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> SPR</p> <p><b>ORIGINAL TARGET DATE:</b> April 2021-December 2022</p> <p><b>IMPLEMENTATION DATE:</b> June 2021</p>
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sustainable green and inclusive recovery (Policy and analytical notes).		
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**44. The High-Level Advisory Group on Sustainable and Inclusive Recovery and Growth (HLAG), launched in June 2021 consists of prominent representatives from academia and high-level officials, including management and senior staff from the Fund and the World Bank.** It aims to advance understanding of key policy and institutional issues that will inform a response to multiple interconnected challenges – COVID-19 and climate change, which are exacerbating poverty and inequality, as well as structural weaknesses that existed before the pandemic. Climate issues figure prominently among the topics discussed by the Group, including policy and analytical notes with global implications produced by its members. In this regard, both the Bank and the Fund, among others, provide input for the discussions.

<b>MANAGEMENT ACTION 1.7</b> <b>Bank-Fund Collaboration on Climate Issues</b> <u>Joint work on climate risks in FSAPs:</u> Prepare a Board briefing based on the early experience with identifying relevant material on climate-related risks in FSAPs.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> MCM  <b>ORIGINAL TARGET DATE:</b> March 2022  <b>IMPLEMENTATION DATE:</b> March 2022
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**45. In early March 2022, MCM staff briefed the Board on “Climate Risks in FSAPs”. The objective of the presentation was to lay out the staff’s current approach to assessing banking sector stability risks from climate change in FSAPs.** This work informs the Fund’s surveillance and capacity development engagement with members by evaluating the magnitude of risk and potential pressures on the financial system stemming from physical climate shocks and the transition to a low-carbon economy. The presentation noted that the resulting analysis can raise awareness of the need for banks to develop tools to manage risks and for financial sector supervisory authorities to adequately supervise those risks. Staff emphasized that while climate risk analysis is based on stress testing methodologies, it should not be understood as a standard stress test. Unlike conventional stress testing, climate risk analysis is not focused on quantifying possible capital needs of financial institutions relative to regulatory minima. This is due to different challenges, mainly uncertainty regarding climate modeling and long simulation horizons in conducting the analysis.


**46. The focus of MCM’s presentation was on the methodologies used for climate stress testing.** Staff presented the results of a few climate risk analyses conducted in recent FSAPs to illustrate the different approaches and challenges encountered in modifying the standard FSAP risk analysis. Staff explained the analytical approaches to physical risk (the physical impact of climate changes) and transition risk (changes in climate policy, technological advances, and consumer and market sentiment during the adjustment to a lower carbon economy), with applications from recent FSAPs. The presentation noted that the experience from pilots highlighted the importance of



additional and more granular climate risk data, as well as the complexities of modeling climate risk and integrating the analysis into macro-financial scenarios and stress testing. As noted above, the budget augmentation document envisages that in the steady state 8 FSAPs per year would cover climate risk, regulatory, and supervisory assessments.

**47. The staff's presentation also discussed MCM's collaboration on climate risk analysis with other departments within the Fund, the World Bank, and the Network for Greening the Financial System (NGFS), which was established in 2019 by central banks around the world.**

Within the Fund, the Inter-Departmental Climate Group has been a key mechanism for close collaboration with departments. Fund staff has also been cooperating closely with World Bank staff, leveraging their deep technical expertise to improve scenario design while maintaining the Fund's primary role in undertaking stability assessments. Scenario design for physical risk has benefitted from the Bank's expertise in catastrophe modeling, as demonstrated in the collaboration on the Philippines and Mexico FSAPs. Another collaboration opportunity has been provided by the detailed cross-border sectoral modeling of scenarios associated with the potential impact of the Carbon Border Adjustment tax policies adopted by some members. The Fund has also participated as an observer in the NGFS work on climate risk modeling and scenario design, has acted as a co-leader on disclosure, and is heavily engaged on regulation and supervision. In addition, staff has leveraged knowledge from the NGFS on climate and macro scenarios in the design of the approach proposed for FSAPs and intends to use scenarios designed by NGFS for deriving carbon taxes. Looking forward, MCM staff will continue to work closely with the Inter-Departmental Climate Group on macro and sectoral modeling and will disseminate climate data and tools to Article IV teams for use in bilateral surveillance. Moreover, collaboration with the WB will continue on modeling climate risk scenarios and with the NGFS to leverage on their experience.


<p><b>MANAGEMENT ACTION 1.8</b>  <b>Bank-Fund Collaboration on Climate Issues</b>  <u>Joint work on climate modelling:</u>  Organize quarterly technical-level meetings between relevant Bank and Fund staff to discuss refinements and applications of the Carbon Pricing Assessment Tool (CPAT).</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> FAD, RES</p> <p><b>ORIGINAL TARGET DATE:</b>  First meeting by end-September 2021</p> <p><b>IMPLEMENTATION DATE:</b>  August 2021</p>
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**48. The CPAT is a joint tool of the Fund and the WB; staff from both institutions have been in continuous contact over its development.** This has included weekly meetings at a technical level as well as project lead meetings every month (the first meeting took place in August 2021). At these meetings, discussions have focused on the methodology of the tool as well as on the timeline for its publication and delivery.




**IEO Recommendation 2: The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners, given the inevitable limitations of top-down exhortations and structures in ensuring that collaboration happens at the right time in the right way.**

Directors broadly concurred with this recommendation. They stressed that management should emphasize the importance of collaboration, as well as provide guidance on when and how to engage with the Bank and give better recognition of successful collaboration. A number of Directors encouraged enhancing incentives for collaborative behavior under the Integrated Competency Framework (ICF). Some Directors saw merit in fostering staff exchanges at the senior level, which should be discussed within the Fund and with the Bank. **The MIP envisages four actions to address this recommendation, of which two have been implemented.**

<p><b>MANAGEMENT ACTION 2.1</b></p> <p><b>Incentives for Bank-Fund Collaboration:</b></p> <p>Prepare an updated version of the <u>Guidance Note</u> for Departments/SPMs on how the new HR performance management system could be used by Departments to incentivize Bank-Fund collaboration (including through objective setting and cascading down the objectives, seeking feedback from Bank staff and Fund staff involved in projects that require close Bank-Fund collaboration, and performance assessments).</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> HRD</p> <p><b>ORIGINAL TARGET DATE:</b> Q4-2021</p> <p><b>IMPLEMENTATION DATE:</b> Fall 2021</p>
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**49. The Objective Setting Briefing Note has been available online since Fall 2021.<sup>10</sup>** It includes guidance on how managers should assign institutional team objectives to enhance collaboration with other IFIs, providing some concrete examples. Feedback is collected through the established mechanisms of the performance management process, with multisource inputs and check-ins via Workday from Fund staff and offline from the World Bank staff, given their lack of access to Workday.


<p><b>MANAGEMENT ACTION 2.2</b></p> <p><b>Incentives for Bank-Fund Collaboration:</b></p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> SPR and HRD</p> <p><b>ORIGINAL TARGET DATE:</b> By FY2025</p>
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<sup>10</sup> Objective Setting – Briefing Note Manager.pdf (service now).



Review the experience with the HRD guidance on improving incentives for collaboration as part of the IMF Board Paper on Effectiveness of Bank-Fund collaboration (see Rec. 1).		
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**50. No obstacles on the implementation of this action are envisaged at this stage.**

<b>MANAGEMENT ACTION 2.3</b> <b>Supporting Staff Exchanges:</b> Launch intranet feature(s) highlighting the positive experiences of Fund staff (both senior level and otherwise) returning to the Fund after external assignments, including at the Bank.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> COM/HRD  <b>ORIGINAL TARGET DATE:</b> April 2022  <b>IMPLEMENTATION DATE:</b> July 2022
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**51. COM, in collaboration with HRD, has launched intranet features highlighting positive experiences of staff returning to the Fund after external work experiences.** These include a video of a conversation with the current Director of SPR (10/29/2021), and an article on “Meet the Director”, with the new WHD Director. These communication products have highlighted the experiences of working for and with external partners, including the World Bank Group, and how these experiences have helped staff grow professionally and personally.

<b>MANAGEMENT ACTION 2.4</b> <b>Supporting Staff Exchanges:</b> Prepare a briefing note for managers on reintegrating staff returning from staff exchanges, including for senior staff.	<b>Open</b> 	<b>ACCOUNTABLE:</b> HRD  <b>ORIGINAL TARGET DATE:</b> By end FY2023
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**52. No obstacles on the implementation of this action are envisaged at this stage.**

**IEO Recommendation 3: The Fund should work with the Bank to identify, prioritize, and implement practical steps to improve access to and exchange of information and knowledge across the two institutions.**


Directors broadly supported this recommendation. While acknowledging that the current framework for Bank-Fund collaboration remains adequate, they called for further progress on the ongoing initiative to foster information sharing between the Fund and the Bank and emphasized the importance for staff to be able to readily access up-to-date and comprehensive information on appropriate contact persons and experts in the Bank. Directors also noted the importance of enhancing knowledge sharing and suggested exploring practical solutions that could address security, confidentiality, accountability, and other concerns. They indicated that success would also



hinge on reaching understandings with the Bank and on cost considerations. **The MIP envisages four actions to address this recommendation, all of which have been implemented.**

<b>MANAGEMENT ACTION 3.1</b> <b>Information and Knowledge Sharing</b> Prepare a <u>joint Bank-Fund Staff Guidance Note</u> summarizing best practices in information and document sharing processes in place, including in the context of mission work, and identifying areas/scope for improvement.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> SPR, FAD, MCM, ADs, ITD, KMU  <b>ORIGINAL TARGET DATE:</b> By end-2021  <b>IMPLEMENTATION DATE:</b> February 2022
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**53. A Guidance Note describing good practices on information-sharing across key areas in which the World Bank and the IMF interact was issued in late February 2022.** The note is based on the existing policies and legal frameworks of the two institutions and builds on a track record of collaboration. The note outlines general principles consistent with these frameworks and discusses best practices that the staffs of the two institutions are expected to follow to exchange information related to country operations, technical assistance, and policy work. These practices include active participation, where possible, in relevant internal review processes and key meetings at the other institution, routine sharing of country data, systematic upstream exchange of views, cross-mission participation, easy access to TA reports prepared by the other institution and sharing of rosters of long-term experts.

<b>MANAGEMENT ACTION 3.2</b> <b>Information and Knowledge Sharing</b> Provide staff with access to up-to-date and comprehensive information on current rosters of managerial, technical, and operational focal points in both institutions in the areas of tax administration and climate.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> SPR, FAD, MCM, ITD  <b>ORIGINAL TARGET DATE:</b> By end-2021  <b>IMPLEMENTATION DATE:</b> December 2021
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**54. Regarding climate work, a roster was compiled in December 2021, which served as the basis for organizing the first meeting between the Climate Advisory Group (CAG) and the World Bank.** The participant list (equivalent with the roster) was shared with all members of the CAG, who are the key contact persons for climate work in their respective departments. In addition, the Fund has designated a senior staff member as a focal point to help coordinate the work on different subjects with World Bank counterparts. The roster is regularly updated by departments.



**55. FAD has also been working with the Bank to share information on CD related activities, including within the framework of the Platform for Collaboration on TAX (PCT), by providing up-to-date information on all CD projects and undertaking bi-weekly meetings to organize joint events between PCT partners and discuss tax-related issues.** Overall, the PCT has been an effective platform for exchange of information on major tax-related initiatives at the working level. FAD's Immediate Office has designated representatives who attend regular PCT meetings with WB counterparts. At the divisional level, the focal points in FAD are the management teams of the CD divisions, while the World Bank's Manager of the Fiscal Policy and Sustainable Growth Global Unit has provided FAD with a list of regional focal points. Moreover, under the aegis of the PCT, there is an Online Integrated Platform, which provides information on the CD projects that the four PCT partners (IMF, OECD, UN, and World Bank) have underway. In addition to the PCT, which focuses on international and environmental taxation issues, collaboration extends to climate-related taxation, including mitigation. FAD reports are regularly share with Bank colleagues upon demand, usually in the context of CD activities in a specific country. Bank staff may also share reports, although the direction of sharing tends to be more intensive from the Fund to the Bank, in part due to the nature of Banks' project reports, which usually cover tax issues as part of a broader spectrum of topics. FAD staff also "peer review" Bank project documents with a tax component, upon request by Bank staff. Regular meetings between WB and FAD senior management teams have resumed following the pandemic, with discussions ongoing on how to further improve collaboration, including on CD coordination on the ground in specific country cases.

<p><b>MANAGEMENT ACTION 3.3</b></p> <p><b>Information and Knowledge Sharing</b></p> <p>Make Microsoft Teams platform available for external collaboration, including with Bank staff, after security accreditation.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> SPR, ITD, KMU</p> <p><b>ORIGINAL TARGET DATE:</b> By end-2021</p> <p><b>IMPLEMENTATION DATE:</b> July 2021</p>
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**56. Since late July 2021, the MS Teams and OneDrive platforms enable Fund staff collaboration with external parties, including World Bank staff.** In particular, Fund staff can share and co-author files as well as invite external parties to join a Fund team space. Guidance on how to use these features is available at <http://Teams> under the "External Collaboration" tab.

<p><b>MANAGEMENT ACTION 3.4</b></p> <p><b>Information and Knowledge Sharing</b></p> <p>In designing the new IMF Intranet, explore feasibility of having different access levels for non-Fund staff users, including a privileged access for Bank staff.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> ITD, KMU</p> <p><b>ORIGINAL TARGET DATE:</b> By end-2021</p> <p><b>IMPLEMENTATION DATE:</b> July 2022</p>
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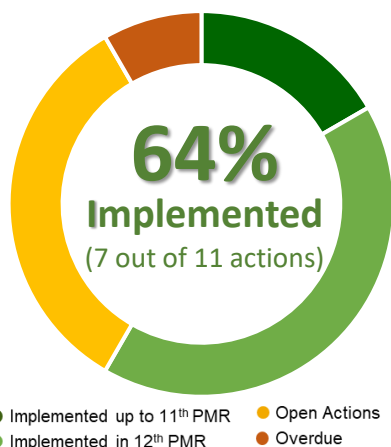


**57. The project scope for the new intranet includes developing a foundational mechanism for collaboration and information-sharing with the World Bank.** The project team has finalized (in July) high-level requirements for a “Bank-Fund Collaboration Space”, where appropriate staff from either institution could post or access documents and information determined to be part of the scope of institutional collaboration. The project team expects the new collaboration space to be delivered in the last phase of the intranet project (summer of 2023).

## C. IMF Advice on Capital Flows (2020)

*The IEO evaluation focused on the influence and added value of IMF advice on capital flows since the approval of the Institutional View on the Liberalization and Management of Capital Flows (IV) in 2012, which sought to provide a coherent framework for IMF advice in this core area. The evaluation found that the IV represented a considerable step forward, as it had endowed staff with a stronger conceptual template for engaging with country authorities on risks associated with capital flow volatility, while garnering long-term benefits from international financial integration. The evaluation also noted that, in practice, most countries’ policy approaches had been in line with the IV and that in general countries had avoided using unconventional tools as substitutes for warranted macroeconomic adjustment. Notwithstanding these accomplishments, the evaluation pointed to a number of concerns about the Fund’s advice on managing volatile capital flows, including with regards to the pre-emptive use of capital flow measures, making fine labeling distinctions between very similar measures that has led to disagreements with the authorities, the role of foreign exchange intervention, the use of capital account measures outside of a “crisis or imminent crisis” context, and the impact of capital flow measures on distribution and other social objectives. The evaluation also pointed to technical challenges associated with reliance on some metrics and quantification of thresholds. Against this backdrop, the evaluation recommended revisiting the IV in the light of recent experience and research; building up the monitoring, analysis, and research of capital account issues; and strengthening multilateral cooperation on policy issues affecting capital flows.*

**Figure 6. Summary of Progress – IMF Advice on Capital Flows**




*In response to four recommendations in the IEO evaluation, the MIP envisages 11 actions, of which nine remained open after the 11<sup>th</sup> PMR. Five additional actions have been implemented since the 11<sup>th</sup> PMR. One of the remaining actions is overdue but nevertheless progressing. The other three remaining actions face no obvious challenges and are expected to be implemented in reasonable time.*

Source: OIA



**IEO Recommendation 1: Revisit the Institutional View in the light of recent experience and recent research.**

Directors broadly agreed on the need to revisit the IV in the light of recent experience and research while underlying that its core principles remained valid, emphasizing the need to establish adequate safeguards against possible misuse of capital flow management measures (CFMs) and calling for continued evenhanded application across countries. **The MIP envisaged one action to address this recommendation, which has been implemented.**

<b>MANAGEMENT ACTION 1.1:</b> Staff will undertake a review of the IV on the basis of research and experience (including from the COVID crisis) and make an informal presentation to the Executive Board to discuss preliminary proposals in 2021 Q3. Staff intends to complete the review in the second half of 2021.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> LEG, MCM, RES, SPR  <b>ORIGINAL TARGET DATE:</b> Informal briefing – Q3 CY2021 Review of IV – Second half of CY 2021 <b>IMPLEMENTATION DATE:</b> March 2022
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**58. On July 21, 2021, staff made an informal presentation to the Executive Board to discuss preliminary proposals for the IMF’s Institutional View on the Liberalization and Management of Capital flows (IV).** In the presentation, staff indicated that the IV review would examine the combinations of policies to respond to capital flow shocks proposed in the IV; revisit the policy on capital flow management measures (CFMs) and those that are both CFMs and macroprudential policy measures (CFM/MPMs) on inflows; elaborate certain concepts that have an important bearing on assessments and policy advice on CFMs; define the conditions under which capital account liberalization may be considered premature; and provide guidance on some operational issues encountered in the implementation of the IV. While broadly endorsing the proposals and direction of the review, Executive Directors provided several additional suggestions for consideration.

**59. On March 21, 2022, the Executive Board concluded the IV Review.** The review aims to bring the IV up to date with advances in theoretical and empirical research and policy experiences and was informed by the work on the Integrated Policy Framework (IPF), the findings of the IEO’s evaluation, and IMF staff’s experience with the implementation of the IV. The review preserves the core principles of the IV, i.e., the overall presumption that capital flows can bring substantial benefits for countries, and that capital flow management measures (CFMs), while useful in certain circumstances, should not substitute for warranted macroeconomic adjustment.

**60. The review paper examines and introduces two changes to the existing policies under the IV.** First, based on insights from the IPF, it recognizes that the use of CFMs that are also macroprudential measures (CFM/MPMs) on debt inflows in a preemptive manner (i.e., in the absence of a capital inflow surge) may be appropriate in the presence of stock vulnerabilities in




certain circumstances, most notably where elevated currency mismatches make countries vulnerable to systemic financial risks in the event of capital flow reversals. Second, the paper establishes a special treatment for certain categories of CFMs, which because of their special nature, should not be subject to the appropriateness assessments applicable to other CFMs under the IV. The IV's policy advice on managing capital inflow surges, disruptive outflows, and capital account liberalization remains unchanged. However, the paper offers additional guidance to make assessments that play an important role in the implementation of capital flow policies, such as the assessment of macro-criticality and the identification of capital flow surges, imminent crises, and premature liberalization.

**61. Executive Directors underlined that the core principles of the IV remain valid, namely the overall presumption that capital flows are desirable and can bring substantial benefits for countries.** A number of Directors emphasized that strong macroeconomic frameworks and sound financial regulation and supervision, as well as structural reforms and market development to reduce underlying market imperfections, are the first defense against excessive capital volatility. Directors supported the proposal on the use of measures that are both capital flow management measures and macroprudential policy measures (CFM/MPMs) on debt inflows in a preemptive manner in some circumstances. They noted that if preemptive CFM/MPMs produce adverse spillovers, in line with the Integrated Surveillance Decision, staff should examine whether alternative policy actions could achieve the same domestic policy objectives while minimizing the negative outward spillovers. Directors broadly agreed with the proposal to accord special treatment to certain categories of CFMs and concurred that the IV is not the right framework to assess the appropriateness of such measures, while noting that they should still be categorized as CFMs if those measures qualify as such under the definition of CFMs in the IV and discussed in surveillance if they are macro-critical or may generate significant spillovers.


**IEO Recommendation 2: Build up the monitoring and research of capital account issues as part of a sustained Fund-wide medium-term agenda.**

Directors broadly supported strengthening monitoring, analysis, and research of capital account issues as part of a Fund-wide medium-term agenda to help maintain the Fund as a thought leader and increase the traction of Fund policy advice. **The MIP envisaged six actions to address this recommendation, of which four remained open after the 11<sup>th</sup> PMR. Since then, two of these actions have been implemented. One of the two remaining actions is overdue but nevertheless progressing, while the other open action is expected to be implemented in reasonable time.**




<b>MANAGEMENT ACTION 2.2:</b> Staff will brief the Executive Board on analytical work being undertaken on the interplay between capital flows, CFMs and crises.	<b>Overdue but progressing</b> 	<b>ACCOUNTABLE:</b> MCM, RES  <b>ORIGINAL TARGET DATE:</b> Q4 CY2021.  <b>EXPECTED COMPLETION DATE:</b> FY2024
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**62. A brief to the Executive Board was originally planned for Q4 CY2021.** However, considering competing priorities and staff workload, the Board briefing has been rescheduled to FY24. The presentation is expected to focus on progress made on analytical work on capital-flow-related issues as part of a broader, medium-term oriented research agenda, and as a continuation of the IPF empirical work to further support staff's policy advice on capital flow issues. In any case, most of this work has been completed and its results have already been published in the context of the IV and in working papers, or will be published soon, making them available to the Board even if not in the form of a dedicated briefing.


<b>MANAGEMENT ACTION 2.4:</b> Staff will publish on the IMF external website indices of capital account openness using the AREAER database.	<b>Open</b> 	<b>ACCOUNTABLE:</b> MCM  <b>ORIGINAL TARGET DATE:</b> Binary and change indices by Q4 CY2021; indices also accounting for type of CFMs by Q4 CY2023.
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**63. Plans are advancing for staff to publish indices of capital account openness on the IMF external website.** For capital account openness, two forms of indices are expected to be available: a binary index based on existing controls and another one that also incorporates changes to controls over time. The work on these indices is expected to be completed and published on the AREAER website by early 2023 (there has been a delay in publishing the indices data online because of unanticipated IT issues). In addition, by end-2023 staff is expected to construct and publish indices of capital account openness accounting for diversity in the type of CFMs. Over time, once the indices have been tested, staff intends to extend the dataset to cover all member countries.

<b>MANAGEMENT ACTION 2.5:</b> Staff will publish an update of the IMF Taxonomy of CFMs on the IMF external website.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> MCM, SPR  <b>ORIGINAL TARGET DATE:</b> End-CY2021  <b>IMPLEMENTATION DATE:</b> June 2022
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**64. The Taxonomy update of CFMs has been posted on the IMF external website under IMF Data (click on the “Capital Flow Management Measures Taxonomy” link listed under the “Additional IMF Data Resources” section).** The CFM taxonomy is a public good that serves both to monitor capital flow policies and to undertake research on capital flow-related issues. The taxonomy contains information about measures assessed by Fund staff as CFMs or CFM/MPMs and discussed in published staff reports since the adoption of the IV.


<p><b>MANAGEMENT ACTION 2.6:</b> Staff will explore refinements to capital account-related aspects in the EBA models (informal presentation to the Executive Board).</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> RES, SPR</p> <p><b>ORIGINAL TARGET DATE:</b> Q1 CY2022</p> <p><b>IMPLEMENTATION DATE:</b> March 2022</p>
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**65. An informal presentation to the Executive Board on refinements to the EBA model took place in March 2022.** The refined EBA models (including the current account and REER models) changed the variable used for measurement of capital account openness. In this regard, staff explored alternative measures of de jure capital account restriction indices (Quinn, Chinn and Ito, Financial Account Restriction Index-FARI) and de facto financial integration measures (sum of foreign assets and liabilities as percent of GDP). Based on favorable statistical results, staff decided to replace the Quinn index that was used in previous versions of the EBA model with the FARI index, which is produced by MCM based on the annual AREAER questionnaire. The in-house FARI index has the additional advantage of being available for the full membership, making it possible to use a single capital control measure for both EBA and EBA-lite. This was explained during the presentation. Further details of this exercise will be provided in a forthcoming IMF Working Paper that discusses the 2022 refinements to the EBA model.


**IEO Recommendation 3: Strengthen multilateral cooperation on policy issues affecting capital flows.**

Directors agreed with the need to strengthen multilateral cooperation on policy issues affecting capital flows, calling for close collaboration with other multilateral organizations, with due regard to their different mandates, purposes, and memberships. **The MIP envisaged four actions to address this recommendation. All of them remained open after the 11<sup>th</sup> PMR. Since then, two of these actions have been implemented.**




<p><b>MANAGEMENT ACTION 3.1:</b> Staff will brief the OECD as the review of the IV takes place and once it is completed. Following the completion of the review, staff will brief the Executive Board on the IV and the OECD Codes of Liberalization. Staff will also invite OECD staff to present their revised Codes of Liberalization at the IMF's Capital Flows Group forum and hold jointly with the OECD a workshop on capital flow-related research.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> LEG, MCM, SPR</p> <p><b>ORIGINAL TARGET DATE:</b> Brief to the OECD – Q4 CY2021; Brief to the Board – Q4 CY2021; OECD staff presentation – Q2 CY 2021; Joint workshop – Q4 CY2022</p>
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**66. Outreach to OECD staff on cooperation with respect to codes of liberalization is underway.** On April 27, 2021, the Capital Flows Group hosted a presentation by the staff of the OECD Secretariat. The seminar was in response to calls by Executive Directors in the context of the IV review to better understand the OECD capital flow management framework and to the related commitment in the MIP. In addition, staff briefed the OECD on June 22, 2022, at the OECD Advisory Task Force on Codes (ATPC) meeting. The Joint-workshop on capital flows-related research is under preparation and will take place on October 17, 2022, while the briefing to the Executive Board on the IV and the OECD Codes of Liberalization is currently planned for November 2022.


<p><b>MANAGEMENT ACTION 3.2:</b> Staff will present a proposal through a Board paper to consider the use of the assessment letter framework to respond to OECD requests for information.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> LEG, MCM, SPR</p> <p><b>ORIGINAL TARGET DATE:</b> Q1 CY2022.</p> <p><b>EXPECTED COMPLETION DATE:</b> End CY 2022.</p>
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**67. Staff plans to propose an amendment to the current assessment letters policy to cover the OECD.** The assessment letters policy has been used routinely to provide assessments to other IFIs and donors/creditors. Recent amendments to the OECD's Codes of Liberalization envisage that the OECD may ask for the Fund's view "on any questions relating to the balance of payments and the state of the monetary reserves of a member" and on "any questions relating to the liberalization of capital movements". Under the Board's Work Program, the presentation is planned for December 2022.



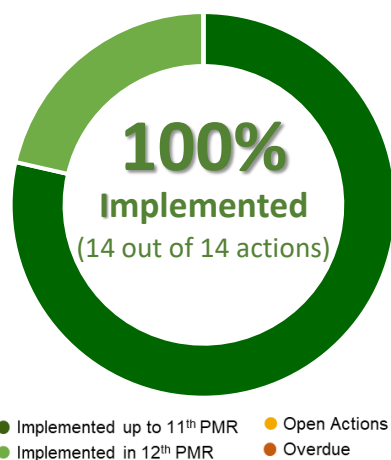
<b>MANAGEMENT ACTION 3.3:</b> Staff will address inadvertent and unintended tensions between the IV and the Basel III framework as part of the review of the IV.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> MCM, SPR  <b>ORIGINAL TARGET DATE:</b> Second half of CY2021  <b>IMPLEMENTATION DATE:</b> March 2022
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**68. The IV review established that certain CFM/MPMs implemented in line with internationally agreed prudential standards, including mutually agreed reciprocity arrangements, will not be assessed for their appropriateness under the IV.** These revisions to the IV aim to mitigate the risk that measures that are implemented in accordance with the Basel Framework (Basel III reforms have been integrated into the consolidated Basel Framework) and international agreements on the reciprocation of certain prudential measures may be assessed as inconsistent with the Fund's framework for capital flow management. The Fund has supported post-global financial crisis reforms and has called for further international and regional cooperation to expand reciprocity of MPMs beyond countercyclical capital buffers. Hence, in line with the Fund's calls for international cooperation in this field, measures that are implemented in accordance with certain Basel prudential standards outlined in the review will not be assessed for appropriateness under the IV. Similarly, staff will not assess the appropriateness under the IV of multilateral, regional, or bilateral agreements among countries to reciprocate macroprudential measures as outlined in the paper, whereby a country implements a macroprudential measure that is the same, or substantially the same, as the measure in effect in another country to address a financial stability risk related to specific exposures in the other country.

<b>MANAGEMENT ACTION 3.4:</b> Staff will prepare a departmental paper on "NBFIs and Market-Based Intermediation", to support the participation of Fund staff in discussions at international working groups at the FSB and SSB.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> MCM  <b>ORIGINAL TARGET DATE:</b> Q2 CY 2021  <b>IMPLEMENTATION DATE:</b> September 2021
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**69. The departmental paper on "NBFIs and Market-Based Intermediation" was published in September 2021 under the title "Investment Funds and Financial Stability – Policy Considerations".** The policy analysis and tools identified in the paper have formed the basis for inputs to the participation of MCM senior management at FSB committees like the Steering Committee, Steering Committee on NBFIs, Standing Committee on the Assessment of Vulnerabilities, and Working/Expert Groups of the FSB staffed by MCM (Technical Expert Group on Money Market Funds, Workstream on Dealer Behavior, and the FSB-IMF Working Group on US dollar Funding and Emerging Market Economy Vulnerabilities).



**Figure 7. Summary of Progress – IMF Advice on Unconventional Monetary Policies**

*In response to four recommendations in the IEO evaluation, the MIP envisaged 14 actions, of which three remained open after the 11<sup>th</sup> PMR. Since then, these actions have been implemented.*

Source: OIA

## D. IMF Advice on Unconventional Monetary Policies (2019)


***The IEO evaluation of IMF Advice on Unconventional Monetary Policy (UMP) found that, overall, the Fund's response to the unprecedented challenges posed by the 2008 global financial crisis had been wide-ranging and, in many respects, impressive.*** The evaluation also recognized, however, that there was room to further improve the added value of the Fund's contribution, as well as the traction and timeliness of its advice on monetary policy issues. The evaluation concluded that the Fund provided early support and validation to the major advanced economy central banks on UMP, helped develop a new macroprudential policy toolkit to manage risks, analyzed cross-border spillovers through new products and techniques, and introduced the new Institutional View on managing capital flows. At the same time, the IEO identified several shortcomings in the IMF's engagement on UMP. In particular, it noted that the Fund's ability to provide cutting-edge advice was limited by the absence of deep expertise on monetary policy issues, that staff did not go sufficiently far to appreciate the policy challenges faced by emerging market countries from financial spillovers and volatile capital flows, and that the Fund confronted long-standing limits on traction in encouraging international policy cooperation. Against this background, the evaluation recommended keeping abreast of, and contributing to cutting-edge discussions on frontier issues in the central banking community; deepening work on the costs and benefits of UMP and related policies; ensuring that the Fund is at the forefront of spillover analysis and provision of advice on capital flows; and considering steps to deepen and enrich country engagement in bilateral surveillance.

### **IEO Recommendation 1: Build a small core group of top monetary policy experts at the IMF to position the IMF among "thought leaders" on monetary policy issues.**

Directors saw merit in building expertise in monetary policy issues to enhance the Fund's role in this field. They generally agreed that a core group of top, broadly diverse, monetary experts with



experience in policy making would better provide practical guidance, more effectively engage with senior officials on monetary policy and frontier central banking issues, and at the same time support institutional learning at the Fund. **The MIP envisaged five actions to address this recommendation, of which two were still open after the 11<sup>th</sup> PMR. Since then, these two actions have been implemented.**


<p><b>MANAGEMENT ACTION 1.2:</b> A press release will announce the remit and composition of a high-level external advisory group.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> MCM</p> <p><b>ORIGINAL TARGET DATE:</b> September 2020</p> <p><b>IMPLEMENTATION DATE:</b> September 2022</p>
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**70. Although MCM has not created an external advisory group, it has put together an alternative structure that addresses the IEO recommendation.** Toward that end, MCM has introduced a more flexible arrangement consisting of longer-term external advisors, shorter-term rotating visiting scholars, and an Internal Monetary Policy Advisory Group that meets on a monthly basis. Given budgetary considerations, this flexible arrangement seems preferable to markedly expanding the group of longer-term external advisors. However, regardless of the arrangement, it will be important to make sure that the Fund has access to cutting-edge advice from this group of external experts. During the last two years, MCM has hired two eminent economists who have been senior central bank officials, in addition to having distinguished academic credentials.<sup>11</sup> These experts have been extremely useful both in the context of frequent discussions on monetary policy issues and in providing formal feedback on MCM work, including on appropriate monetary policy strategies, the integrated policy framework, and central bank governance. Both of them participate regularly in the Internal Monetary Policy Advisory Group, which brings together senior staff from all area and relevant functional departments in the Fund to discuss key monetary policy issues. In addition, just recently MCM added a third monetary policy expert with particular expertise in emerging market issues,<sup>12</sup> and is now complementing its “regular” advisors with shorter-term visiting scholars to assist with more targeted projects. MCM also contemplates adding a fourth advisor (ideally, someone with expertise on monetary challenges in LICs), pending a return to more normal working conditions. The completion of this action, in conjunction with prior actions reported in earlier PMRs have collectively addressed the spirit of this IEO recommendation.

<sup>11</sup> Mr. Lars Svensson (former Deputy Governor at the Swedish Riksbank) and Mr. Andrew Levin (former Special Advisor to the Federal Reserve Board Chairman Ben Bernanke).

<sup>12</sup> Mr. Roberto Chang.




<b>MANAGEMENT ACTION 1.5:</b> The Independence, Accountability, Policy and Operational Strategy, and Communications (IAPOC) toolkit, with the data and methodology paper, will be published.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> RES  <b>ORIGINAL TARGET DATE:</b> Fall 2020  <b>IMPLEMENTATION DATE:</b> June 2022
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**71. An IAPOC index of monetary policy frameworks has been developed by RES, as part of the work related to governance and transparency.** The work was presented in the NBER Summer Institute and was published as a working paper in January 2022. The data toolkit was developed and became internally available in May 2022, and externally in June 2022.

**IEO Recommendation 2: Deepen work on the costs and benefits of UMP and related policies to develop a playbook on policy responses to use in future downturns.**

Directors broadly supported the idea of developing a playbook to guide policy responses in the future by deepening work on the costs and benefits of UMP and related policies. They emphasized the need to avoid over-prescriptive approaches, allowing sufficient flexibility to adapt to country-specific conditions and evolving circumstances. They welcomed Management's intention to present the specific agenda in future work program discussions. **The MIP envisaged five actions, of which one was still open after the 11<sup>th</sup> PMR. This action has been implemented.**

<b>MANAGEMENT ACTION 2.5:</b> A thematic briefing on the components of a playbook will be presented to the Board.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> MCM  <b>ORIGINAL TARGET DATE:</b> Summer 2021  <b>IMPLEMENTATION DATE:</b> March 2022
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**72. Although a thematic briefing on the components of a playbook has not been presented to the Board, there have been numerous engagements with the Board on the costs and benefits of UMP, among other things, which constitute the elements of a playbook for central banks on how to react to different monetary policy challenges, depending on country circumstances.** The challenge has been not only to advance the analytical work agenda but also to identify what constitutes good policy under circumstances different from those envisaged in the immediate aftermath of the global financial crisis. Staff has continued to do extensive work on these issues and has regularly engaged with the Board. A briefing on the merits of new monetary frameworks took place in February 2021. The presentation discussed the changes in the Fed and ECB monetary frameworks and provided an assessment of their potential advantages. Staff also briefed the Board on unconventional monetary policies in advanced and emerging market economies in

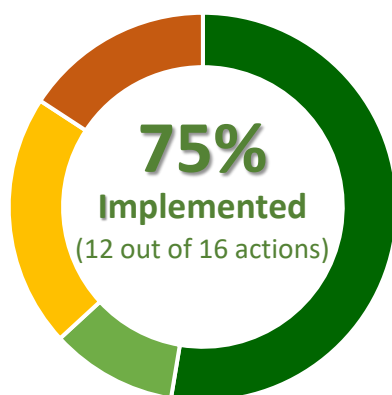


April 2021, covering the effectiveness, limits, risks, and spillovers of these policies. In addition, a Board briefing in July 2021 discussed the question of whether a closer interaction between fiscal and monetary policies, in an environment where many countries face limited policy space, could help foster a robust economic recovery. Moreover, in March 2022 staff made a presentation to the Board on “Central Bank Exit Strategies”, which analyzed to which extent central banks should rely on policy rates or on balance-sheet policies when tightening monetary policies (a companion paper is forthcoming in FY23 Q2).

## E. IMF Financial Surveillance (2019)

**The IEO evaluation found that the many initiatives that had been put in place in response to the global financial crisis had delivered a substantial upgrade of the Fund’s financial surveillance work.** The special attention given to systemically important financial sectors in the FSAP has provided high-quality assessments; the Fund has contributed by developing new diagnostic tools and exploring new policy approaches; and Article IV surveillance has stepped up attention to macrofinancial linkages. While recognizing these achievements, the evaluation noted that the quality and impact of the Fund’s financial surveillance had been uneven. In particular, there was a need to further strengthen financial and macrofinancial analysis in Article IV consultations, including through closer integration with the FSAP; to increase the traction of multilateral surveillance through greater rigor and transparency, including by strengthening the Fund’s contribution to the global regulatory agenda in its areas of expertise; and to intensify the Fund’s efforts to become a global center of excellence on financial and macrofinancial research. The latter requires expanding research on issues within the Fund’s comparative advantage, enhancing tools, and further developing financial expertise among staff. The evaluation also recommended that the Fund give consideration to increasing the resource envelope for financial surveillance in order to meet its goals and mandate.

**Figure 8. Summary of Progress – IMF Financial Surveillance**



*In response to six recommendations in the IEO evaluation, the MIP envisaged 16 actions, of which 6 remained open after the 11<sup>th</sup> PMR. Since then, two actions have been implemented. Three of the other four actions are overdue but progressing. The remaining open action is expected to be implemented within reasonable time.*


● Implemented up to 11<sup>th</sup> PMR    ● Open Actions  
● Implemented in 12<sup>th</sup> PMR    ● Overdue

Source: OIA



**EO Recommendation 1: Deepen financial and macrofinancial analysis, particularly in Article IV consultations, including by taking practical steps to better integrate FSAP analysis in Article IV consultations and increasing financial skills and expertise among staff.**

Directors supported the recommendation to strengthen financial and macrofinancial analysis in Article IV surveillance and noted that the Comprehensive Surveillance and FSAP reviews would provide an opportunity to consider this recommendation and related specific suggestions. **The MIP envisaged two actions, of which one remained open after the 11<sup>th</sup> PMR. This action has been implemented.**

<p><b>MANAGEMENT ACTION 1.2:</b> Publish an updated guidance note on surveillance under Article IV consultations containing practical steps to implement the Board-approved CSR recommendations, including on financial surveillance.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> SPR</p> <p><b>ORIGINAL TARGET DATE:</b> by April 2021</p> <p><b>IMPLEMENTATION DATE:</b> May 2022</p>
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**73. As noted earlier, following the approval of the CSR by the Board, in May 2022 staff issued a new SGN that contains practical steps to implement the CSR recommendations, including on financial surveillance.** The note supersedes the 2015 Guidance Note and its supplement. It lays out the coverage of and formal requirements for Article IV consultations and staff reports and outlines best practices aimed at enhancing the traction of Fund analysis and policy advice. The note recaps the four priorities identified in the 2021 CSR (confronting risks and uncertainties, preempting and mitigating spillovers, ensuring economic sustainability, and adopting a more unified approach to policy advice) and provides guidance on sharpening the focus and selectivity of Article IV staff reports. It also discusses the content of surveillance in the areas of fiscal policy, macrofinancial analysis and financial policies, monetary policy, external sector policies, and macrostructural policies, and considers several applications of such policies (such as with respect to the Integrated Policy Framework and climate change). In addition, the note describes the Article IV consultation cycle and process, lays out drafting and publication guidelines for staff reports, and covers the treatment of confidential information.

**74. The SGN indicates that macrofinancial analysis is an integral part of Article IV consultations, both in the baseline and the assessment of risks.** In this regard, it emphasizes that Article IV consultations should identify key macroeconomic linkages and ensure consistency between financial conditions and the baseline macroeconomic outlook. The analysis should evaluate how effectively the financial system facilitates the intermediation of funds and supports economic growth; whether any disruption in the well-functioning of the intermediation process can cause negative consequences to the baseline outlook; and should consider, where possible, the balance sheet health of households, the corporate, and the government sectors. It should also discuss how financial deepening or other structural changes impact growth over a longer time horizon, when deemed macro critical. Staff's baseline projections can be informed by an assessment of the




country's position in the financial cycle and the risk it entails. The note highlights the need to adopt a flexible and pragmatic approach when conducting the analysis, reflecting the diversity and evolution of financial systems across countries, as well as uneven data availability. Beyond the baseline, the note indicates that Article IV consultations should include a systemic risk analysis that identifies and quantifies risks to the stability of the financial system. To that end, the note presents a list of steps that can guide staff's analysis, highlighting that the FSAP risk analysis, when available, constitutes an important resource. Regarding digital money, the note argues that coverage needs to be tailored to country circumstances and suggests several topics for surveillance.

**75. The SGN mentions that the Fund's macroprudential framework provides operational guidance for staff's policy advice, and that country teams should leverage key FSAP recommendations through an adequate follow-up in Article IV consultations.** Given prevailing uncertainties over the medium term, the operationalization of CSR priorities will proceed in gradual steps to allow for learning and efficiency gains. An interim review would take place in about two years to take stock of progress and make adjustments as required.

**IEO Recommendation 4: Enhance the IMF's analytical tools and strengthen efforts to be a global center of excellence on financial and macrofinancial research.**

Directors supported the recommendation to continue to enhance the Fund's analytical tools to improve the understanding of macrofinancial linkages. They considered that exchange of views between the Fund and major central banks, as well as developing simplified tools and increasing internal outreach, is helpful to this purpose. **The MIP envisaged five actions, of which one was open after the 11<sup>th</sup> PMR. This action is overdue but progressing.**

<p><b>MANAGEMENT ACTION 4.3:</b> To enhance the IMF's analytical tools: Roll out an upgraded version of the corporate vulnerabilities surveillance tool that expands country and firm coverage vis-à-vis the current version.</p>	<p><b>Overdue but progressing</b></p> 	<p><b>ACCOUNTABLE:</b> RES</p> <p><b>ORIGINAL TARGET DATE:</b> By April 2021.</p> <p><b>EXPECTED COMPLETION DATE:</b> End-CY2022</p>
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**76. RES has developed a new set of monthly indicators for corporate vulnerability – measuring corporate distance to insolvency (DI) from 1978 to the present. The set of indicators will be available for internal use in the RES intranet and will be periodically updated.** Following Atkinson et al. (2017),<sup>13</sup> country-level DI indicators are calculated at a monthly frequency for all publicly traded firms in a country. The set of indicators includes the mean, median, and other percentiles of DI and the fraction of distressed firms suggested by a low DI value. One main advantage of DI compared to alternative measures of corporate vulnerability is its minimum


<sup>13</sup> Atkinson, Andrew G, Andrea L. Eisfeldt, Pierre-Olivier Weill, 2017: "Measuring the Financial Soundness of U.S. firms, 1926-2012". Research in Economics, 71: 613-635.



data requirements. It only requires data on equity prices but does not require accounting of market value information for the assets or liabilities of firms. Therefore, DI can be computed for a larger set of firms (including financial firms for which liabilities are hard to measure), a large sample of countries, and a long period using historic data. The new set extends the Corporate Vulnerability Unit (CVU) in several ways. It has a broader country coverage (89 countries compared with 71 for the CVU) and a longer time coverage, which has been extended from 1990 to 1978 through the present. The new indicators are also available with a monthly frequency, compared with an annual frequency for CVU indicators.


**IEO Recommendation 5: Intensify efforts to attract, develop and retain a deeper pool of financial talent, as well as to ensure that area department fungible macroeconomists have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations.**

Directors underscored that it was critical to ensure that country teams have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations. They noted that targeted enhancements from the HR Strategy can help ensure that Fund staff develop the expertise needed for effective macrofinancial surveillance. **The MIP envisaged five actions, of which three remained open after the Eleventh PMR. Two of these actions are overdue but progressing, while the other one is expected to be implemented within reasonable time.**

<p><b>MANAGEMENT ACTION 5.1:</b> Brief the Executive Board on the HR strategy, including on the ongoing workforce analysis for financial sector experts.</p>	<p><b>Overdue but progressing</b></p> 	<p><b>ACCOUNTABLE:</b> HRD</p> <p><b>ORIGINAL TARGET DATE:</b> by January 2020</p> <p><b>EXPECTED COMPLETION DATE:</b> End-FY2024</p>
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**77. Since the last dedicated HR Strategy Board update in November 2019, the Board has been informed of progress on actions across various areas covered in the Strategy.** These have included information on fungible macroeconomist career paths and the talent inventory in the context of the discussion on LICs/FCS, and Enhanced Performance Management in the context of the 1HR rollout. In addition, HRD has developed a database of missions and relevant codes related to financial sector work that is linked to staff information, including participation in FSAPs and MCM CD missions and tenure in country teams for MCM staff. Looking forward, this new database will allow for further refinements and update of staff with macrofinancial experiences, enabling a more robust analysis of financial sector experiences among fungible macroeconomists. Previous financial sector workforce analysis had focused on a narrow definition that only includes financial sector experts with FSE titles mostly in MCM and, to a lesser extent, in LEG.



<b>MANAGEMENT ACTION 5.3:</b> Complete an enhanced talent inventory of staff to include talent profiles for financial sector experts and data on macrofinancial (and other) experiences of fungible macroeconomists.	<b>Overdue but progressing</b>  	<b>ACCOUNTABLE:</b> HRD  <b>ORIGINAL TARGET DATE:</b> by November 2020  <b>EXPECTED COMPLETION DATE:</b> End-FY2024
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**78. As noted in the Eleventh PMR, the technology to facilitate an enhanced talent inventory of staff, including talent profiles for financial sector experts and data on the experiences of fungible macroeconomists, has been rolled out with the implementation of Workday.** As part of the technology roll-out for the program to modernize HR processes and systems, Talent Cards are now available for all employees to complete. The Talent Card, supported by a comprehensive talent profile, provides a high-level summary of staff's corporate and work experience, education, qualifications, skills, career interests, certifications, training, publications, and more. Work experience includes areas of expertise and type of assignments (e.g., advanced economies, fragile states, LICs, event management, etc.) as well as duration and countries covered.

**79. With the implementation of Workday, all staff have been strongly encouraged to complete their Career Profiles (the source for the Talent Card).** Completion of the Career Profile is voluntary, but is a requirement to apply for vacancies, mobility, promotion, and other talent activities, which naturally promotes an institution-wide update of staff experiences. At the departmental level, in alignment with policy commitments, HRD has prioritized monitoring of completion by A14 fungible macroeconomists, including compliance with LIC/FCS service requirements. This has already been done as of April 2022. Selected profile fields of staff (who have already updated the Career Profile) are currently searchable and visible Fund-wide by all those with access to Workday. Over the course of FY23, monitoring will be expanded to include all fungible macroeconomists, with the view of including specialist economists once this phase is completed. Refinements to enhance the granularity for financial experts will be undertaken following full implementation of the LIC FCS policy (a current priority guiding the Talent Inventory enhancements) and leveraging the completion of the Expert Track.

<b>MANAGEMENT ACTION 5.4:</b> Publish implementation details of the new HR strategy, which will include strategic workforce planning supported by a talent inventory of staff (with expertise profiles, including macrofinancial), a career mobility framework, and an expert track.	<b>Open</b>  	<b>ACCOUNTABLE:</b> HRD  <b>ORIGINAL TARGET DATE:</b> By April 2022  <b>EXPECTED COMPLETION DATE:</b> FY24
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**80. Implementation of the new HR strategy has continued.** After the introduction in May 2019 of the Enhanced Performance Management approach, in July 2020 Management launched new career tools and guidance to support staff with their career development at the Fund. A new Job Family and Career Framework (JFCF) was designed to help enrich and support career development. The JFCF has three main deliverables: an updated job architecture which demonstrates how jobs are organized in the Fund; an Integrated Competency Framework (ICF) that provides insights on the competencies and specialty knowledge needed for roles under each family; and Career Playbooks to help staff navigate their careers and explore development options. The ICF competencies are grouped as Behavioral, People Management, and Technical and are expected to strengthen the quality of career guidance, performance management, and learning development for staff and managers.


**81. Alongside the new career tools, Management issued the Fungible Macroeconomist (FM) Career Path and Mobility Framework (CPM).** A new benchmark encouraging a maximum tenure on a country team of 3.5 years (in addition to the current minimum assignment tenure of 2 years) is encouraged from July 2020. Interdepartmental mobility for A14/B3s continues to be required after seven years in the same department and has been expanded to include A12-A13 FMs. Mobility remains predominantly market based. Enhanced mobility support will be provided, including with improved tools (new staff profile, talent inventory, institution-wide talent pools for specific types of assignments, etc.). The new mobility framework for fungible macroeconomists includes policy requirements that incentivize work on low-income countries and/or fragile states, which are covered below in the MIP on The IMF and Fragile States.

**82. Alongside the aforementioned talent profiles and inventory, the new system is expected to have more data on skills (and experiences) that will allow better granular identification of skill gaps, particularly in areas across job functions.** As noted above, the career mobility framework for fungible economists and the expertise profiles are already in process. At the same time, work on an Expert Track is expected to commence by the end of the current fiscal year. The Expert Track will seek to provide a career path to certain specialists, including financial sector experts, with a clear expectation that they will support the work of the Fund and build institutional capacity. Positions in the Expert Track could cover areas of strategic importance to the Fund and would be based on a validated need for long-term expertise in those areas.

**IEO Recommendation 6: Consider devoting significant additional resources to financial surveillance.**

Directors agreed that to fully meet its responsibilities and objectives, the Fund should devote adequate resources to strengthening financial surveillance and concurred with the need for additional resources for this work. **The MIP envisaged one action, which was overdue but progressing at the end of the 11<sup>th</sup> PMR. This action has been implemented.**



<b>MANAGEMENT ACTION 6.1:</b> The FY21-23 Medium-Term Budget discussion will consider the on-going FSAP Review and CSR and reflect on medium-term trade-offs.	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> OBP  <b>ORIGINAL TARGET DATE:</b> February-April 2020  <b>IMPLEMENTATION DATE:</b> December 2021
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**83. In the last decade, the Fund has expanded some activities, including macrofinancial surveillance, through broad-based reprioritization and savings.** It is estimated that recent Fund budgets reprioritized an average of about 4 percent of the aggregate envelope, releasing resources for expanded activities in response to evolving needs within a flat real budget context. This process has provided space to expand core work and address new priority areas, including mandatory FSAPs, external sector and spillover work, governance, broader macro-structural work, and macrofinancial surveillance. However, the process of reprioritization within a flat budget has reached a limit, with work pressures increasing to unsustainable levels during the pandemic. At the same time, in its Fall 2021 communique, the IMFC called on the Fund to help members to achieve a durable and inclusive structural transformation, including through stepped-up work on macro-financial risks and macro-critical implications of climate change, digital money, fragility, and inequality.

**84. To support these efforts, in early December 2021 the Board approved a budget augmentation to be implemented through annual increases in the real net administrative budget averaging 2 percent each year during FY23 to FY25 relative to FY22, returning to a flat real budget trajectory thereafter.** The augmentation allows for a ramp up in the new areas, as well as for strengthening macrofinancial surveillance. The Board's decision built on the discussions on the principles and timeline for a potential augmentation in the context of the FY22 Medium-Term Budget in February and April 2021, as well as on the 2021 CSR and the 2021 FSAP review and strategies for different activities presented to the Board in April-October 2021. Macrofinancial surveillance accounts for 12 percent of the total budget augmentation over the FY23-FY25 period. After synergies, the augmentation for macrofinancial surveillance amounts to US\$ 8.7 million over the three-year period (relative to US\$ 83 million in FY22), providing for an increase of 23 FTEs (from 168 FTEs in FY22), which is in line with the CSR's proposal to expand macrofinancial talent. Over 80 percent of these additional resources (19 FTEs) would provide direct country support with the goal of eliminating identified gaps in the depth and integration of macrofinancial linkages, systemic risk analysis, and macroprudential policy advice. The remaining resources (4 FTEs) would help better integrate and deepen macrofinancial analysis of systemic risk. In the steady state, resources for direct country support would be split between ADs (11 FTEs) and FDs (8 FTEs), with staff deepening skills in MCM and then rotating to ADs.

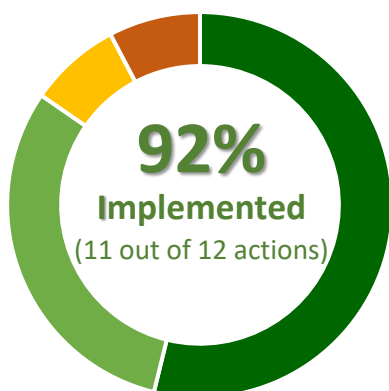


**85. The augmentation framework approved in December sets out the parameters for the FY23-FY25 Budget, including for macrofinancial surveillance, while recognizing that the budget is subject to annual approval within a medium-term context.** The FY23-25 Medium Term Budget document, which was considered by the Executive Board in late April 2022, indicates that in the steady state about 30 percent of the augmentation will support work on digital money and strengthening macrofinancial surveillance. Staff will regularly report to the Board on progress against the issue-specific strategies, with a Board update on the macrofinancial surveillance strategy scheduled for FY24 Q4. Against this backdrop, the FY23 Budget provides for an increase of US\$3.5 million in new spending on macrofinancial surveillance, equivalent to about 40 percent of the three-year augmentation approved in December 2021. This will allow for an increase of about 10 FTEs of the 23 FTEs envisaged for the three-year period. Fungible economists with macrofinancial expertise will be recruited into MCM for onboarding and support to country teams. In parallel, MCM staff will rotate to area departments to support mainstreaming. SPR and MCM will conduct in-reach to help disseminate and familiarize desks with tools and models for macrofinancial analysis, and the additional staffing is expected to help eliminate gaps in the depth and integration of macrofinancial analysis (found in about 60 Article IVs at the time of the CSR), particularly in the areas of systemic risk analysis and macroprudential policy advice.

## **F. The IMF and Fragile States (2018)**

***The IEO evaluation found that the IMF has made important contributions in fragile states by helping to restore macroeconomic stability, build core macroeconomic policy institutions, and catalyze donor support, but it also considered that the Fund's approach to fragile states seemed conflicted and that the outcomes from its engagement fell short of its full potential. In particular, the evaluation noted that the IMF's efforts at adapting policies and practices to the special situation of fragile states had not always been sufficiently bold or adequately sustained. Against this background, the evaluation found scope for the IMF to provide a strong public signal of its commitment to work on fragile states; create institutional mechanisms to promote its work and coordinate it internally and externally; and develop individual country strategies that integrate the roles of policy advice, financial support, and capacity building in fragile states. It also recommended improving the adequacy of its financing instruments; enhancing the delivery of its capacity development support; strengthening the IMF's teams working on fragile states; and seeking pragmatic ways to increase its presence on the ground in risk-locations, while minimizing the risk exposure of staff.***



**Figure 9. Summary of Progress – The IMF and Fragile States**

● Implemented up to 11<sup>th</sup> PMR    ● Open Actions  
● Implemented in 12<sup>th</sup> PMR    ● Overdue

Source: OIA

*In response to six recommendations in the IEO evaluation, the MIP envisaged 12 actions of which five remained open after the 11<sup>th</sup> PMR. Since then, four actions have been implemented. The remaining action is overdue but progressing.*

**IEO Recommendation 2: Establish an effective institutional mechanism to better coordinate the work by the Fund and other stakeholders.**

Directors broadly agreed with this recommendation. Some cautioned that such a mechanism should not be duplicative or unduly resource intensive, while a few suggested that the mechanism be chaired by management, and some others noted that they would appreciate regular reporting to the Board. A few Directors were not convinced that a new institutional mechanism was the most effective way to address the issue. ***The MIP envisaged three actions, one of which remained open after the 11<sup>th</sup> PMR. Since then, this action has been implemented.***

**MANAGEMENT ACTION 2.3:**

Staff will prepare a Board paper on Review of FCS Engagement.

**Implemented**



**ACCOUNTABLE:** SPR (with other departments)

**ORIGINAL TARGET DATE:**  
End-2020

**IMPLEMENTATION DATE:**  
March 2022

**86. Following some delays due to the COVID pandemic, in early March 2022 the Executive Board discussed the staff paper on *The IMF Strategy for FCS*.** The Strategy paper makes the case that the implications of fragility and conflict are macro-critical as they destabilize balance of payments positions, disrupt trade and financial flows, and hinder the development of productive resources. Social, economic, political and security crises in FCS can also threaten macroeconomic stability and growth prospects in neighboring countries and regions.




**87. The FCS Strategy draws on the insights of the IEO Evaluation Report and lessons learned; it proposes a framework and a set of measures to address FCS challenges and be better positioned to support the most vulnerable members.** Specifically, the Strategy calls for adopting principles of engagement to ensure that the Fund’s mandate and comparative advantage will be effectively leveraged to help country authorities achieve better macroeconomic outcomes. In this regard, the Strategy encourages greater tailoring, underscoring the importance of distributional aspects and calibrating the pace and timing of structural reforms to political economy dynamics and institutional capacities. It also proposes rolling out Country Engagement Strategies (CES) across FCS and improving Fund modalities of engagement to better serve the needs of these countries. To that end, the FCS Strategy indicates that surveillance and analytics should address more systematically the macro-critical implications of fragility and conflict; that field presence should be expanded to improve country-specific capacity development; and that the existing flexibility in the lending framework should be used to improve program design, tailored to the specific situation of each FCS. For FCS facing an urgent BOP need but where a UCT-quality program is not feasible, the Strategy supports the use of emergency financing instruments provided that requirements are met. In addition, the Strategy emphasizes the importance of enhancing partnerships to amplify the Fund’s comparative advantage, including by strengthening collaboration with the World Bank. The Fund will adopt the methodology, thresholds, and criteria of the Bank’s FCS list to achieve greater consistency, and both institutions will share diagnostics more systematically. The Strategy will be phased in starting in FY22, with implementation gradually accelerating between FY23 and FY25. Progress will be monitored through a set of indicators, starting with a Staff Guidance Note.

**88. Directors agreed that the implications of fragility and conflict are macro-critical and relevant to the Fund’s mandate and expressed strong support for the proposed FCS strategy and its measures.** Directors endorsed the proposed principles of engagement, emphasizing the importance of focusing engagement on areas within the Fund’s core competencies, promoting greater tailoring of instruments to country specific circumstances, and enhancing partnerships with humanitarian, development, peace, and security actors. Directors strongly supported the proposal to roll CES across the FCS, emphasizing the importance of dialogue with country authorities throughout the CES process. They generally agreed with the proposed measures to further calibrate the Fund’s instruments and modalities of engagement to FCS conditions, supported an expanded field presence to step-up CD provision, and endorsed full use of existing flexibility in the lending toolkit. Directors also supported enhancing partnerships to amplify the impact of Fund engagement in FCS.

**IEO Recommendation 3: Develop forward looking, holistic country strategies that integrate the roles of policy advice, financial support, and capacity building as part of the Article IV surveillance process.**

Directors broadly endorsed this recommendation and stressed that the requirements for such strategies would need to be flexible and adaptive to avoid being a bureaucratic administrative requirement and should not overburden the Article IV process. ***The MIP envisaged one action, which remained open after the 11th PMR. This action is overdue but progressing.***



<p><b>MANAGEMENT ACTION 3.1:</b> Area department FCS country teams to prepare as part of staff reports for Art. IV and new program requests a succinct country engagement strategy that discusses country fragility, surveillance, and CD priorities, and, if applicable, the complementary role for Fund financial support.</p>	<p><b>Overdue but progressing</b></p> 	<p><b>ACCOUNTABLE:</b> Area Departments (monitored by SPR)</p> <p><b>ORIGINAL TARGET DATE:</b> Starting from Q1 2019</p> <p><b>EXPECTED COMPLETION DATE:</b> End-CY2022</p>
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**89. The FCS Strategy proposes ways to implement the CES in FCS and provides broad guidance in this area.** The strategy notes that the CES will provide an assessment of fragility and conflict drivers and serve as a high-level longer-term strategic anchor for Fund's engagement with FCS. It indicates that pilot CES have been valuable in tailoring modalities of engagement in FCS and strengthening surveillance, lending, and CD integration, and calls for country teams to tailor the coverage of CES as needed to reflect specific country circumstances. While staying focused, concise, and flexible, all CES should cover to varying degrees six pillars: (i) a candid assessment of fragility and conflict drivers; (ii) an overview of possible constraints to reform implementation; (iii) an overview of policies and reforms; (iv) an outline of sequenced CD priorities integrated with surveillance and lending objectives; (v) the scope for partnerships; and (vi) an identification of the main risks to Fund engagement (including for CD delivery and program success) stemming from fragility and conflict-related constraints in the near term (1-3 years) and the medium/long term (3-5 years).

**90. The FCS Strategy indicates that the CES will also provide the critical context for the policy advice and reform strategy underpinning the Fund's engagement with FCS on surveillance, CD delivery, and lending (the Strategy presents a Table linking CES with the core IMF functions).** CES will be developed through a broad consultative process led by Area Department country teams. This process will involve sustained engagement with country authorities; active consultation of country teams with staff from Functional Departments and Regional Capacity Development Centers (RCDCs), where relevant; and external consultations with partners. In addition, CES will draw on the Fund's engagement with CSOs, the private sector, members of parliament, and other civil society actors. The preparation of the CES will result in two output documents: (i) the full-fledged stand-alone CES, which will be a confidential staff-level assessment that covers the six pillars mentioned above, and (ii) for each new or updated CES, a summary to be incorporated in the relevant Policy Note and Staff Report (Article IV or program document). A Staff Guidance Note on the Implementation of the FCS Strategy will provide guidance on the scope of information to be included in the summary.


**91. The Staff Guidance Note on the Implementation of the FCS Strategy, to be prepared by October 2022, will support the CES roll-out, providing further details on operational aspects as well as the basis for considering this action as implemented.** Building on past six pilot cases, a number of FCS teams have started work on CESs over the past year. Circumstances



permitting, it is expected that a half of FCS (about 20 countries in total) will have completed a CES within 18 months of the issuance of the updated Staff Guidance Note – by April 2024. Thereafter, CES will be updated at least once every three years, though staff may undertake more frequent updates when warranted. Within that timeframe, country teams can decide when developments or further updates of the CES add the most value to enhance engagement. A survey of FCS Mission Chiefs will take stock of initial lessons learned on the successes and possible areas for improvement of CES – by October 2024. In line with the phased rollout of the FCS, CES across all FCS are expected to be completed by end-FY25.

**IEO Recommendation 5: Take practical steps to strengthen the impact of Fund’s capacity development (CD) support to countries in fragile and conflict situations.**

Directors supported this recommendation, including increasing the use of on the ground experts, employing realistic impact assessment tools, and making efforts to ensure that adequate financial resources are available for CD work in these countries. Directors saw merit in a multi-donor trust fund for FCS, provided a business case could be made while also protecting RTAC funding. Directors also agreed on the importance of effective coordination with other TA providers. ***The MIP envisaged three actions, of which two remained overdue after the 11<sup>th</sup> PMR. Since then, these two actions have been implemented.***

<p><b>MANAGEMENT ACTION 5.2:</b> Report to management on the case for a dedicated Multi Donor Trust Fund (MDTF) or a coordinated set of bilateral projects for FCS to target CD gaps.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> ICD (with other departments)</p> <p><b>ORIGINAL TARGET DATE:</b> September 2019</p> <p><b>IMPLEMENTATION DATE:</b> April 2022</p>
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**92. Options to achieve a balanced mix of internal and external funding of CD while maintaining flexibility in external funding are being explored.** These efforts are expected to lead to an increase in the share of CD delivery to FCS, in a manner consistent with absorption capacity. In June 2021, ICD made a presentation to the Committee on Capacity Building (CCB) about different options regarding the CD funding model. The exercise aimed to identify a medium-term strategy and funding model ensuring that CD is firmly rooted, reliable, and secure through (i) predictable and ideally, enhanced internal funding, to support core Fund priorities, and (ii) a strategy for providing well-aligned, flexible, and sustainable external funding. The presentation discussed the trade-offs for finding the right funding mix, with the existing reliance on bilateral agreements and multi-donor vehicles implying the possibility of accessing more funding but at the expense of greater earmarking in the allocation of resources.


**93. On April 15, 2022, the ICD Director sent a memorandum to management on “External Fundraising for Capacity Development: Update and Outlook”.** The memorandum indicates that



staff has been exploring establishing a dedicated FCS CD Initiative modeled on the Fund's COVID - 19 Crisis CD Initiative (CCCDI), whose structure has proven to be quite agile. The memorandum argues that the creation of an FCS Initiative would allow donors to support IMF CD in FCS while complementing existing financing vehicles. The proposed structure would involve more flexibility on the use of donor funds, including through the hiring of long-term experts in RCDCs (which are already receiving donor support through other mechanisms); would allow for streamlined reporting; and would provide donors with additional visibility related to an FCS dedicated initiative. The proposed initiative is not yet operational. The next step before fundraising consists of finalizing the preparation of appropriate work programs by interested departments. A robust internal coordination framework would also have to be established.

**94. The Budget augmentation framework approved in December 2021 envisages an increase of Fund-financed CD of US\$17 million over FY23-FY25, equivalent to about one quarter of the total augmentation.** Half of the proposed increase for CD will focus on higher field presence in FCS and greater funding stability for RCDCs facing financing issues. The remainder would help increase CD related to climate change and digital money as an integral part of the respective strategies. About 43 percent, roughly 12 FTEs, of the share of augmentation allocated to work in FCS will contribute to the increase in Fund-financed CD. Ten additional long-term advisors, either in RCDCs or in-country will help increase responsiveness to FCS-specific CD needs. These resources will support engagement across all FCS members in core CD areas (domestic revenue mobilization, expenditure reviews, public financial management, monetary and exchange rate policy and operations, financial market development, statistics, country-specific macro frameworks, forecasting and policy analysis).

**95. After the maintenance of a flat financing envelope on a real basis since FY19, the FY23-25 strategy allows for a significant increase in externally funded CD.** In recent years, significant progress has been made in strengthening supporting policies, processes, and systems for externally financed CD. This supports the new strategy for FY23-FY25, which allows for an increase in the aggregate envelope of 9 percent, with a return to a stable path in FY26. The additional IMF02 funding will be sought through the CCB process and is expected to fund up to 20 additional CD experts in RCDCs or directly in FCS, along with related HQ-based backstopping to provide additional space in areas covered by the Fund's structural transformation agenda. The increase in externally financed CD complements the additional resources available through the IMF01 augmentation, supporting the maintenance of the balance of CD spending with other Fund outputs. The strategy for FY23-FY25 envisages that the complementarity, quality, and tailoring of capacity building will be improved by closer upfront coordination of CD efforts across partners, including by expanding the range of partners and strengthening collaboration with the World Bank in FCS.

<b>MANAGEMENT ACTION 5.3:</b> Prepare a staff paper for Board discussion with analysis of experience	<b>Implemented</b> 	<b>ACCOUNTABLE:</b> MCM and STA  <b>ORIGINAL TARGET DATE:</b> December 2019
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and lessons from building financial and statistical capacity in FCS.		<b>IMPLEMENTATION DATES:</b> May 2021 and February 2022
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**96. As noted in the Eleventh PMR, in May 2021 MCM made an informal presentation to the Executive Board on *Building Capacity on Monetary and Financial Policies in Fragile and Conflict-Affected States*.** Staff briefed Executive Directors on MCM's ongoing CD activities in FCS, the outlook and challenges for these activities, and lessons learned. The presentation drew on recent experiences in FCS in respect of the approaches taken by Fund TA to design and implement central bank and financial system reforms, including financial market development and debt management. In particular, trends and modalities of TA delivery to these countries were analyzed to derive lessons for the future.

**97. A companion WP by STA (No. 2022/045) on building statistical capacity was published in late February 2022.** STA's WP examined the characteristics of FCS affecting CD in Statistics, highlighted common challenges in FCS, and covered recent CD developments, including how COVID-19 has impacted the delivery and effectiveness of engagement. Based on internal data, the paper found that STA's CD program has prioritized technical assistance and training to FCS and that these interventions have yielded only slightly weaker results than in other states. However, CD is constantly needed to make up for the insufficient resources that FCS allocate to the statistical function, inadequate inter-agency coordination, and the pervasive impact of shocks exogenous to the statistical system. Some of the main policy recommendations include: (i) tailor CD to countries' level of fragility; (ii) increase the use of long-term experts stationed in the RCDCs; (iii) make training to FCS an integral part of CD, especially during the early phases of fragility; (iv) build on the training experience to advance blended learning; (v) continue to leverage the potential of remote delivery of CD even when travel resumes; (vi) advance FCS participation in the IMF's Data Standards as a key objective; and (vi) coordinate with the WB and other CD providers, and within the Fund, to help address low absorptive capacity. Depending on the availability of resources and priorities, the WP would form the basis for a presentation to the Board tentatively planned for FY23.

**IEO Recommendation 6: The IMF should take practical steps to incentivize high quality and experienced staff to work on individual countries in fragile and conflict situations, ensure that adequate resources are allocated to support their work, and find pragmatic ways of increasing field presence in high-risk locations while taking necessary security arrangements even at high cost.**

Directors supported this recommendation and called on the upcoming review of the HR strategy to proactively consider ways of providing stronger recognition of the staff's work in these countries to reduce turnover and attract more experienced staff, and to consider changes to recruitment practices. Directors noted that an increase in field staff presence in high-risk locations should be weighed against the paramount objective of protecting staff safety. ***The MIP envisaged two actions, of which one remained open after the 11th PMR. Since then, the action has been implemented.***



<p><b>MANAGEMENT ACTION 6.1:</b></p> <p>The HR Strategy Review will look into strategic workforce and career planning, including recruitment, and will consider actions to ensure that the Fund has appropriate staff expertise and experience to work effectively in fragile states, including the introduction of a “career” playbook to incentivize staff to work on FCS.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> HRD</p> <p><b>ORIGINAL TARGET DATE:</b> Progress assessed at end-2020 in the review of FCS engagement</p> <p><b>IMPLEMENTATION DATE:</b> December 2021</p>
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**98. In July 2020 management launched a new policy including a career path and mobility framework (CPM) for fungible macroeconomists at grades A12-A14.** The CPM for FMs provides the range of experiences expected from FMs at grades A11-A14. As part of these experiences, the framework establishes that starting July 2023, without exception, promotions from A14 to A15 will require country team or equivalent experiences in low-income countries and/or fragile states. The requirement can be fulfilled by either of the following assignments: (i) country team assignment(s) for a minimum of two years (not required to be continuous) on LICs/FS; (ii) a minimum of five CD missions focused on LICs/FS country work (considered as equivalent to the minimum of two years on a country team); (iii) a combination of a minimum of one year LICs/FS country team assignment(s) and three CD missions focused on LIC/FS country work; or (iv) a minimum of two years of equivalent external experience on LIC/FS, e.g. midcareer experience with Central Bank, Ministry of Finance, International Financial Institution, or International Organization at the professional level in LICs/FS. The framework for FMs also establishes supporting mechanisms and resources to acquire the recommended experiences and fulfill mobility requirements. An Interdepartmental Committee (the LIC/FS Advisory Group), which is already operational, will systematically review the experiences of FMs to determine if they meet the LIC/FS requirements.

**99. Although the HR Strategy Review has not taken place, the FCS Strategy discussed further actions to enhance staff incentives and recognition for FCS work, as well as to step up training, skills development, and support to teams.** The long-term aim is to shift the perception of FCS work within the Fund, nurture and attract the right skills mix, and provide adequate support for staff health and safety. Given the Strategy’s gradual implementation (FY22-FY25), the process will be iterative. Identified gaps in staffing are expected to be closed through institutional reforms that will be closely monitored, regularly evaluated, and adjusted as needed. First, the new HR policy adopted in 2020 will increase the number of experienced internal candidates that apply for FCS and LIC vacancies, with metrics being established to assess results two years after implementation. The FCS Strategy provides for adjustments to ensure adequate transitions as experienced staff move to FCS positions. Candidates from the mid-career pipeline and the Economist Program will backfill vacancies that arise from experienced economists moving to LIC and FCS roles, including Resident Representative positions. Departments will strengthen accountability for adequately recognizing staff work on FCS and will publish annually aggregated metrics related to staff ratings and



promotions for FCS versus non-FCS (starting in FY24). The metrics will be designed and utilized for the FY23 performance cycle to account for, inter alia, the policy effective date of July 2023. A Fund-wide special recognition scheme will also be explored to highlight contributions to key organizational priorities.

**100. The FCS Strategy also envisages a range of ongoing and new IMF-wide and departmental initiatives to help increase the visibility of staff working on FCS, with concrete proposals to be specified and assessed during the Strategy's implementation.** These include activating a new FCS Community of Practice to exchange best practices and lessons learned, highlight analytical work, and strengthen the institutional culture around FCS. Progress in implementing these measures will be tracked through the following indicators: (i) the new promotion policy to attract experienced fungible macroeconomist staff to work on FCS and LICs – effective July 2023; (ii) an FCS learning curriculum to support the implementation of the Strategy – due in FY23; (iii) activation of the FCS Community of Practice – due in FY2023; and (iv) increased transparency on ratings and promotion decisions at an aggregate level for FCS vs non-FCS staff – due in FY24.

**101. In line with the FCS strategy, the augmentation document envisages an increase of US\$21.2 million for FCS over FY23-FY25, relative to an existing US\$76 million.** Direct country support deliverables consist of 4 additional resident representatives; an increase in field staffing to an average of 2 local economist per FCS field office (requiring 40 local economist hires); strengthened support for CD surveillance integration through 10 additional FTEs at ADs at HQ; expansion of in-depth and regionally provided CD support through 10 additional RCDC advisors or in-country long-term experts; and an additional US\$3 million to cover administrative costs at RCDCs. Other activities include centralized analysis of the drivers of fragility (including climate change and natural disasters) and enhanced collaboration with other partners (2 FTEs); and specific training through the dedicated FCS curriculum (1 FTE). The process is expected to be backloaded, leaving space to adjust to experience. As noted earlier, although a dedicated session to provide an update on the HR Strategy has not been held, the Board has been informed of progress on actions across various areas in the Strategy.

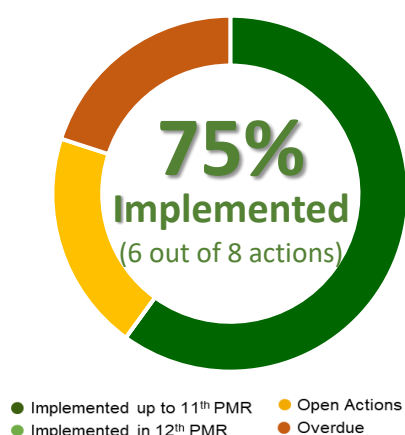
## G. The IMF and Social Protection (2017)

***The IEO evaluation found that the Fund had stepped up its attention to social protection, but also indicated that its level of engagement varied across countries and that implementation outcomes had been mixed.*** While engagement in some countries was deep, covering different activities (bilateral surveillance, technical assistance, and/or program work) and involving detailed analysis of policy options and distributional impacts, engagement in other countries was more limited, with little detailed analysis or follow-up. This varied treatment, particularly in surveillance, seemed to partly reflect the lack of a uniform view among staff on the IMF's role in social protection and the work they were expected to do in this area. The evaluation noted that in the program context, the IMF almost always took account of social protection concerns, but with mixed success in implementation. While this outcome partly reflected capacity constraints and differences in country commitments,



sometimes the authorities also viewed the Fund as insufficiently attuned to local conditions. Against this background, the IEO evaluation recommended that the Fund establish a strategic framework to guide its work on social protection, provide tailored policy advice, and adopt more effective approaches for program design and conditionality. The evaluation also found scope for strengthening the IMF's collaboration with other developing partners and enhancing external communications regarding its approach to social protection and its boundaries for involvement, given its mandate and limited resources and expertise.

**Figure 10. Summary of Progress – The IMF and Social Protection**



In response to five recommendations in the IEO evaluation, the MIP envisaged eight actions. Six of these actions had been implemented as of the 11<sup>th</sup> PMR, including the fundamental one of establishing a strategic framework for Fund involvement in social protection issues. No actions have been implemented since then. The remaining two actions are overdue but nevertheless continue to make progress.

Source: OIA

### **IEO Recommendation 1: Establish a clear strategic framework to guide the Fund's involvement in social protection.**

Directors agreed on the need to establish a clear strategic framework to guide the Fund's involvement in social protection. This framework could be set out in a Board paper that would delineate the scope, objectives, and boundaries of the Fund's engagement in social protection.

**The MIP envisaged three actions, of which two remained open after the 11<sup>th</sup> PMR. Both of these actions remain overdue, but nevertheless making progress.**

#### **MANAGEMENT ACTION 1.2:**

Staff will issue a follow-up guidance note to support the strategic framework for social protection.

**Overdue but progressing**



**ACCOUNTABLE:** FAD and SPR

**ORIGINAL TARGET DATE:**


End-2019

**EXPECTED COMPLETION DATE:**

End-FY24



**102. The Guidance Note to assist with the implementation of the strategy for social protection will be completed after a series of background papers (BPs) are finalized.** It has been delayed because of reallocation of resources to provide immediate assistance on social spending to country teams and to support other priorities (e.g., surge in emergency lending, analysis of COVID impact) in the context of the COVID 19 pandemic. Nevertheless, staff has issued a note (in September 2020) on “How to Operationalize IMF Engagement on Social Spending During and After the COVID-19 Crisis”. Moreover, a background paper on pensions has been published in the Fund website under the Technical Notes and Manuals series, while another background note on social safety nets is in the process of being published in the same series. Two other BPs (Health and Education) are expected to be finalized by the end of FY23, and work on the guidance note would be completed during FY24. The guidance note will rely on the content of the four background notes and will support staff in deciding when and how to engage on social spending issues in different country settings.

<p><b>MANAGEMENT ACTION 1.3:</b> An advisory group will be formed after issuance of the guidance note to provide support to country teams in operationalizing work on social protection.</p>	<p><b>Overdue but progressing</b></p> 	<p><b>ACCOUNTABLE:</b> FAD</p> <p><b>ORIGINAL TARGET DATE:</b> After issuance of the guidance note in 2020</p> <p><b>EXPECTED COMPLETION DATE:</b> End-FY24</p>
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**103. Staff will continue to provide support to country teams in operationalizing work on social spending following the issuance of the Guidance Note.** At the same time, staff is of the view that creating an additional advisory group to complement the review process risks generating duplications and uncertainties. Presently, a team in FAD provides advice to country teams on engagement on social spending in the context of the review process. Moreover, an Inequality Advisory Group chaired by FAD and AFR, which supports country teams on inequality issues and facilitates collaboration and communication with internal and external experts, was established in September 2019. Following the publication of the Guidance Note expected by the end of FY 2024, a dedicated group within FAD will continue to support country teams in operationalizing work on social spending in the context of the standard review process. In addition, staff plans to leverage on the existing Inequality Advisory Group to monitor and report on progress, including on social spending issues, and more generally on social inclusion issues (e.g., redistributive taxation, financial inclusion), broadening the scope of the Group’s terms of reference, if necessary.

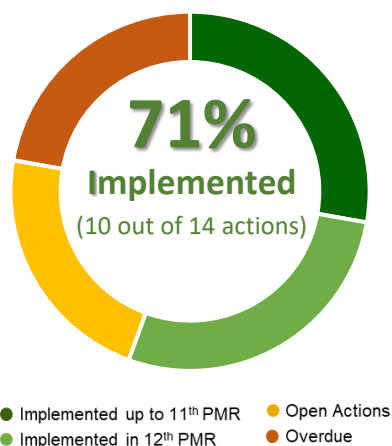
## H. Behind the Scenes with Data at the IMF (2016)

***The IEO evaluation found that noteworthy progress had been made with data at the IMF – particularly with countries’ provision of data to the Fund and internal data management – but that important obstacles to reform had yet to be tackled. Problems with data or data practices had, 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 included: 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.

**Figure 11. Summary of Progress – Behind the Scenes with Data at the IMF**



Source: OIA

In response to five recommendations in the IEO evaluation, the MIP envisaged 18 actions, of which 13 remained open after the 11<sup>th</sup> PMR. Of these 13 actions, four actions have been reformulated and are discussed below under the Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans. As a result, these four actions have been eliminated from this MIP. The remaining nine actions were all overdue, partly due to delays in separate prerequisite actions, but were nevertheless making progress. Since then, five of these actions have been implemented. The remaining four remain overdue but making progress.

### **IEO Recommendation 2: Define and prioritize the Fund's data needs and support data provision by member countries accordingly.**

Directors agreed with this recommendation. They stressed that the Fund's minimum data requirements should be carefully prioritized taking into account the benefits and costs of additional data requests, as well as any budgetary implications for the Fund. They encouraged the staff to make full, and more innovative, use of data already publicly available, and to leverage data produced by other institutions. **The MIP envisaged four actions, all of which remained open after the 11th PMR. Since then, three of these actions have been implemented.**

#### **MANAGEMENT ACTION 2.1:**

Comprehensive Surveillance Reviews (CSR) and their interim reports will continue to guide priorities regarding the Fund's evolving data and statistical

#### **Implemented**



**ACCOUNTABLE:** SPR, STA

**ORIGINAL TARGET DATE:**  
December 2017



needs for bilateral and multilateral surveillance activities. These priorities will be operationalized in Reviews of Data Provision to the Fund for Surveillance Purposes (DPF).		<b>IMPLEMENTATION DATE:</b> March 2022
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**104. In March 2022, the Executive Board considered the Review of the DPF, which had been delayed due to institutional reprioritization in light of the COVID-related crisis work.** The DPF Review took place after the CSR, for alignment with the newly established surveillance priorities endorsed by the Board in the CSR discussion and was considered by the Board shortly after the Review of the Data Standards Initiatives (DSI). The Executive Board provided strategic guidance on key issues discussed in the DPF Review during informal engagements in March 2019 and March 2021. Staff information was supplemented with a comprehensive survey of member authorities in the Summer and Fall of 2021. The DPF work was also informed by the Fund's coordination with international partners, such as the World Bank and the G20 Data Gaps Initiative. Moreover, selected country teams participated in a pilot on the new assessment of data adequacy for surveillance.


**105. To operationalize the new data requirements emerging from the CSR, the DPF Review proposed several new features to the data provision framework.** Specifically, the Review envisages a substantial, but manageable, update of the overall envelope of data requirements in the areas of the public sector, foreign exchange intervention, and macro financial data. At the same time, it does not propose expanding the perimeter of required data to sustainability indicators (demographic shifts, technological change, inequality, socio-political and geopolitical developments, and climate change), areas on which the Fund would continue to draw on data from external sources. While the overall underlying framework for data provision was regarded as being effective, the Review elaborated in two areas to further enhance it. First, it proposed a new, more structured and transparent *Assessment of Data Adequacy for Surveillance*, with more granularity in the classification of data adequacy. The strengthened framework is expected to facilitate policy dialogue with the authorities on data issues and improve prioritization of capacity development. Second, the Review proposed maintaining the long-standing practice of the Fund of not applying the remedial framework to members not providing information listed in Article VIII, Section 5 of the Fund's Articles of Agreement that the Fund considers outdated. Since the DPF framework has served the membership well and cases of non-cooperation have been rare, including during the pandemic, it was also proposed that cases involving provision of inaccurate data or serious delays in data provision be addressed at a later stage, as resources allow.

**106. Directors agreed that adapting the perimeter of mandatory data provision to the evolving global economy was crucial for keeping Fund surveillance effective.** In this regard, they concurred on the need to update the overall envelope on data provision in the areas of the public sector and macro financial indicators, although some Directors indicated that they needed more time to verify the feasibility of providing some of the proposed public sector data. While many Directors agreed with the proposal to expand the mandatory provision of data on foreign exchange interventions and other central bank transactions (swaps/repos), many other Directors expressed



reservations and asked for more flexibility. Directors also endorsed the introduction of a more structured and transparent assessment of data adequacy for surveillance. Going forward, Directors underscored the importance of taking careful account of country capacity and the constraints imposed by the pandemic when further refining the proposed reforms. They also concurred on the need to iron out with national authorities the remaining specific issues in the proposals on data. Directors agreed to return as soon as possible to the data provision policy to conclude the review.

**107. Staff has been working to revise some of the DPF proposals related to foreign exchange intervention, central bank swaps/repos, and the public sector data, while keeping the other elements of the DPF presented to the Board in March 2022 unchanged given the Board’s endorsement.** Staff remains in dialogue with ED offices to iron out the differences in views. Completion of the DPF review is expected around the end of 2022, subject to convergence of views at the Executive Board.

<p><b>MANAGEMENT ACTION 2.2:</b> 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><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> SPR, STA</p> <p><b>ORIGINAL TARGET DATE:</b> FY19</p> <p><b>IMPLEMENTATION DATE:</b> February 2022</p>
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**108. In late February 2022, the Executive Board concluded the Tenth Review of the IMF’s Data Standards Initiatives (DSI), which is closely aligned with the DPF Review.** The policy framework of the Data Standards Initiatives seeks to promote data transparency by encouraging member countries’ voluntary publication of key macroeconomic and financial data subject to commitments relating to coverage, periodicity, and timeframe. The three tiers of the framework – the enhanced General Data Dissemination System (e-GDDS), Special Data Dissemination Standard (SDDS), and SDDS Plus – are tailored to countries’ capacity, with the framework being periodically evaluated by the Executive Board. Unlike member countries’ obligatory provision of data to the Fund for surveillance, the data dissemination framework serves to inform markets and the public, based on the countries’ voluntary participation in the framework. The DSI leverages the CSR and the proposals under the DPF Review, particularly when considering new data needs.<sup>14</sup> The DSI framework also provides a frame of reference for reasonable expectations on timeliness and periodicity of data provision to the Fund for surveillance purposes, since the DPF does not mandate minimum timeliness or maximum periodicity.

<sup>14</sup> As proposed in the Ninth Review, the data categories encouraged under the e-GDDS have been aligned since 2015 with those in the Table of Common Indicators Required for Surveillance (TCIRS). The data in the TCRIS are a subset of those under Article VIII, Section 5, which requires members to provide certain data to the Fund.



**109. The Tenth DSI Review reported that, despite the impact of the pandemic, achievements by Fund members in implementing the standards have been remarkable.** With nearly universal voluntary participation by Fund members, the Data Standards Initiatives continue to exemplify strong voluntary multilateral action. The Review updated the framework in light of new data priorities through a parsimonious and principles-based expansion of encouraged data categories covering selected aspects in the areas of public debt, macrofinancial indicators, foreign exchange intervention, climate change-related policy, and gender-disaggregated labor market statistics. It also focused on strengthening the monitoring of the first tier of the DSI, the e-GDDS, and encouraging subscribers of the second tier, the SDDS, to modernize data publication technology. The latter would allow to further align publication technologies across the three tiers as envisaged in the Eleventh PMR and in line with Management Action 3 below. In addition, the Review analyzed the impact of the pandemic on publication performance, concluding that the observed resilience signaled strong country ownership.

**110. Directors commended the transformational progress since the Ninth Review and the remarkable achievements by Fund members in implementing the DSI standards.** They welcomed the impetus to data transparency imparted by the e-GDSS introduced in the Ninth Review, which has been supported by CD development focused on FCS, small states, and LICs. Directors supported proposed enhancements to Fund engagement with the e-GDDS countries. They stressed the importance of addressing key data gaps hindering advancement toward the SDDS; acknowledged the significant progress made by a number of SDDS countries toward the SDDS Plus; and encouraged more countries to make the transition. Directors supported the parsimonious and principles-based proposal for encouraging publication of new data categories broadly in line with data needs for surveillance and policymaking at the national and global levels under each of the initiatives, taking careful account of capacity. They also agreed to introduce a “force majeure” clause in the SDDS and SDDS Plus frameworks, which would permit suspension of nonobservance procedures when deviations from requirements arise from unforeseen circumstances beyond the authorities’ control, such as severe natural disasters or a pandemic.

**MANAGEMENT ACTION 2.3:**

The Tenth Review of the IMF’s Data Standards Initiatives will seek to 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.

**Implemented**



**ACCOUNTABLE:** SPR, STA

**ORIGINAL TARGET DATE:**  
FY20

**IMPLEMENTATION DATE:**  
February 2022



**111. The Tenth Review of DSI highlighted the transformational progress made by the e-GDDS countries since the Ninth Review.** The enhancements made to the GDDS (e-GDDS) as part of the Ninth Review of DSI in 2015 focused on encouraging countries to move from publishing only metadata to publishing data essential for surveillance and adopting standardized dissemination practices, using a phased approach in progress toward SDDS subscription. The Tenth Review notes that since the implementation of the e-GDDS, 68 of 111 e-GDDS participants published data through the National Summary Data Pages (NSDP), including 27 FCS and small states. Six e-GDDS participants have graduated to the SDDS following the Ninth Review. Moreover, all the e-GDDS countries with National Summary Data Pages (NSDP) have adopted machine readable (SDMX) technology, facilitating systematic monitoring by the Fund and timely data access by users. The Review made several recommendations to further strengthen the e-GDDS framework, including focusing on certain key data not yet ready for dissemination under the e-GDDS (to inform CD priorities); enhancing Fund staff engagement with e-GDDS countries through informal annual consultations with e-GDDS coordinators to help support the authorities' efforts; leveraging the use of e-GDDS thresholds to help countries track their progression; introducing a biennial metadata certification of all e-GDDS countries; and starting the publication of an annual summary report of e-GDDS performance by staff on the Dissemination Standards Bulletin Board.


**112. The Tenth Review noted that currently 50 members subscribe to the SDDS.** Since the Ninth Review, six new members have subscribed to the SDDS and 19 former SDDS subscribers have moved up to the SDDS Plus.<sup>15</sup> The SDDS aims to guide members that currently have, or seek, access to international capital markets in publishing macroeconomic and financial data, with subscribers required to disseminate 19 data categories. The Review noted that performance under the SDDS continues to be robust albeit with shortcomings in the dissemination of some encouraged data categories and continued use of flexibility options for some categories. Of the current 50 SDDS subscribers, only three have an NSDP with machine readable (SDMX) technology, which is a requirement for adhering to the SDDS Plus. The adoption of the SDMX technology – in progress in several countries – requires technical support and in some cases has been slowed by the pandemic. The Tenth Review specifies that SDDS countries should develop – with support from Fund staff – a three-four-year plan to modernize their NSDPs by mid-2026. Such a policy will be in line with STA's 2018 Overarching Strategy, which anticipated the construction, over time, of the *global data commons* – a network of official websites publishing data under the DSI.

**113. The Tenth Review also noted that the number of adherents to the SDDS Plus has more than tripled to 27 countries since the Ninth Review.**<sup>16</sup> Dissemination of SDDS Plus data categories has advanced, with only a few countries retaining transition plans in some categories.

<sup>15</sup> Since the completion of the Tenth Review in February 2022, two more countries (Hungary and the United Kingdom) moved up from SDDS to adhere to SDDS Plus. As of September 1st, 2022, the number of SDDS countries is 48.

<sup>16</sup> With the recent adherence of Hungary and the United Kingdom, as of September 1st, 2022, the number of SDDS Plus countries is 29, including all G7 countries.



<p><b>MANAGEMENT ACTION 2.4:</b></p> <p>The review of the 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 the 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><i>[A revised DPF Guidance Note, following the 2020 Review of the DPF, will operationalize the New Assessment of Data Adequacy for Surveillance.]</i></p>	<p><b>Overdue but progressing</b></p> 	<p><b>ACCOUNTABLE:</b> SPR, STA</p> <p><b>ORIGINAL TARGET DATE:</b> FY18</p> <p><b>EXPECTED COMPLETION DATE:</b> 3Q FY23</p>
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**114. Efforts to integrate the standards and codes work with CD and surveillance have continued.** In October 2019, STA, supported by SPR and LEG, launched an exercise involving 20 pilot cases to test a draft questionnaire to guide the new assessment of data adequacy. The new assessment offers flexibility and adaptability, a more structured view, potential for enhancing the policy dialogue with the authorities, and transparency in highlighting how data weaknesses may hinder analysis. It should also contribute to focus the discussions with the authorities on areas where targeted CD would be most beneficial and urgent.

**115. STA will prepare a technical note for country teams in area departments to implement the new framework for Data Adequacy Assessment approved by the Board in March 2022 (SM/22/35), which will become operational in January 2023.** The note will be finalized in Q3 FY23 and will provide comprehensive guidance on how to operationalize the new framework, which is based on a questionnaire comprising 31 questions.


**116. In line with Board guidance at the 2017 review of Standards and Codes Initiative, STA has taken a modular approach to the preparation of the Reports on the Observance of Standards and Codes (ROSCs).** This has been done by focusing on operational data for surveillance and assessing relevant sets of data compiling institutions, macroeconomic statistics, and/or quality dimensions of the Board-endorsed Data Quality Assessment Frameworks. This new modus operandi was adopted in the reports prepared for Panama in 2020 and Mexico in 2021, which were both published. In the case of Panama, the authorities expressed concern that a factor hindering progress in their National Statistical System was the system's governance and legal framework. On this basis, the scope of the ROSC was limited to only some quality dimensions (Prerequisites of Quality, Assurances of Integrity, Serviceability, and Accessibility) for five datasets (National Accounts, Consumer Price Statistics, Government Finance Statistics, BOP/IIP and MFS). The Mexican authorities, instead, requested updating the data ROSC to focus on ensuring coherence among the National



Accounts, Government Finance Statistics, and the External Sector Statistics. Consequently, the ROSC exercise covered all the dimensions of quality but was limited to four of seven datasets.

### IEO Recommendation 3: Reconsider the role and mandate of the Statistics department.

Directors supported the thrust of this recommendation, noting that STA is already devoting more attention to the provision of services to the Fund, and looked forward to continued progress and closer collaboration with area departments. **The MIP envisaged six actions, two of which remained open after the 11<sup>th</sup> PMR. Since then, one of these two actions has been implemented. The remaining action is overdue but making progress.**

<p><b>MANAGEMENT ACTION 3.4:</b> 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. <i>[STA will be issuing revised Statistics Manuals (a medium-term project) to provide international methodological guidance for the national accounts and the balance of payments, which will include specific considerations for LICs.]</i></p>	<p><b>Overdue but progressing</b></p> 	<p><b>ACCOUNTABLE:</b> STA</p> <p><b>ORIGINAL TARGET DATE:</b> Not indicated</p> <p><b>EXPECTED COMPLETION DATE:</b> CY 25</p>
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**117. STA is undertaking extensive work for updating the national accounts and balance of payments manuals to enhance relevance for Fund surveillance and policy analysis.** The updates will address important data gaps relating to surveillance and policy analysis in the areas of digitalization and financial innovation, globalization, external sustainability, well-being and sustainability, and informal economic activity. This work will support the key priorities identified in the CSR. The work program for the update of these manuals follows a three-pronged approach: (i) undertaking technical research on prioritized issues; (ii) engaging in broad consultation on the thematic areas; and (iii) ensuring overall consistency across the system of economic statistics.

**118. Work on the statistical manuals has advanced significantly.** Work on updating the 2008 System of National Accounts (SNA) is on track for the targeted release date of March 2025. Following research and technical inputs by international task teams, including IMF staff, consultations on specific issues across all thematic areas are largely on schedule and are expected to conclude in 2023. A key feature of the consultations is to assess the feasibility of the proposed statistical measures. In this regard, experimentation and testing will comprise a mix of countries at various states of statistical development. The work on updating the Balance of Payments (BOP) and International Investment Position (IIP) manuals is also in progress, with the updated manuals



expected to be finalized in 2025. The first phase of the update process, which focuses on research on high priority topics, is wrapping up, and there has been agreement on enhancements to address key issues. STA circulated the presentation “Updates to the International Statistical Standards (BPM and SNA) to the Board (for information) on May 4, 2022.


**119. Several of the issues being addressed as part of the manual updates have policy relevance for LICs, notably in the context of the prevalence of informal activities in LICs, particularly in Africa and Asia.** The informal economy is one of the priorities in the context of the update of the international statistics manuals. As part of the process, the Inter-secretariat Working Group on National Accounts and the IMF’s Committee on Balance of Payments Statistics have established the joint Informal Economy Task Team (IETT) to develop recommendations on measuring the informal economy. The framework has received broad support through a global consultation completed in April 2022. On sustainability, climate-change related indicators will be relevant for LICs with climate risks; enhancing household distribution measures will be important to address inequality; and the long-standing issue of measuring unpaid work is being re-examined as part of the National Accounts update. Digitalization programs are being implemented at varying paces across countries, including LICs, and presenting opportunities for enhancing efficiencies in domestic and cross-border payments systems, financial intermediation and inclusion, and the broader economy, including agriculture and transportation. However, without adequate safeguards, digitalization could pose important challenges, including for financial stability, monetary policy, CFMs, and financial integrity, as well as measurement challenges.

**120. Enhanced guidance for compiling data on LICs also continues to be provided.** The IMF’s Balance of Payments Committee developed a “Strategy to Compile External Sector Statistics in Countries with Low Statistical Capacity”, which prioritizes compilation of balance of payments and international investment position components based on policy needs and the structure of the economy. On fiscal statistics, a comprehensive CD program (close to 200 missions a year) delivered by IMF staff and outside experts is the main instrument to provide enhanced guidance for data compilation in LICs. Also, field presence has proven effective in knowledge transfer and capacity development, with GFS LTX presence in almost all RCDCs. STA has also joined a number of regional outreach events organized by FAD focusing on fiscal data transparency; has provided TA and training on compiling MFS and FSI, including targeting LICs; and has offered regional workshops for the Financial Access Survey (FAS) since 2018, mainly targeting LICs and other lower-middle income countries. STA has also nominated country coordinators for all the LICs identified as having data shortcomings that significantly hamper surveillance and has adopted a risk-based approach to review. In addition to countries with data shortcomings that significantly hamper surveillance, STA’s review list includes other countries based on evolving IMF surveillance and program needs, focusing primarily on FCS and/or program or debt restructuring cases, and countries in the vulnerability exercise. Moreover, a special notes series cover compilation topics relevant to LICs.

**121. In the meantime, STA continues to make efforts to develop more user-friendly ways for area department economists to access methodological advice.** Important STA efforts include: (i) development with ITD of a Macroeconomic Statistics Compilers’ Hub to enhance knowledge



exchange and collaboration; (ii) proactive statistical guidance in response to urgent challenges faced by area department economists, including during the COVID-19 pandemic; (iii) several guidance notes and FAQs advising on the statistical treatment of important topics, such as the recording of the SDR allocation; (iv) development of a communication strategy to inform area department economists about the update of the international statistical manuals; (v) reactivation of “How to” notes, which focus on methodological issues typically raised in TA missions; (vi) launching of an annual global survey of compilation and dissemination practices on national accounts and price statistics; (vii) establishment of an email helpdesk to provide a one-stop shop for internal users; (viii) enhancement of internal training offerings to Fund economists; and (ix) development of the Climate Change Indicators (CID) Dashboard, which includes a readily accessible metadata section. STA has also delivered an Internal Economic Training Bootcamp for Fund staff to explain the nature of the data in the Dashboard. In addition, STA economists have joined area departments program missions (e.g., Ecuador, Panama), and CD missions have been scheduled in tandem with area department visits (e.g., Suriname). To maximize the efficiency of STA’s work on country review, the department has designed a tool (the Interface for Country Reviews), which aims to facilitate knowledge sharing by leveraging expertise of STA economists and reviewers of country documents.

<p><b>MANAGEMENT ACTION 3.5:</b></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><i>[In the context of the IEO report on the IMF and Fragile States, staff will prepare a comprehensive assessment on lessons from building statistical capacity in FCS for Board discussions, including work undertaken to align CD activities with Fund and membership needs especially in LICs.]</i></p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> STA</p> <p><b>ORIGINAL TARGET DATE:</b> Not indicated</p> <p><b>IMPLEMENTATION DATE:</b> February 2022</p>
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**122. STA’s efforts at strengthening the link between CD and surveillance have continued, with the objective of enhancing country teams’ access to more and better data.** The pilot exercise carried out in October 2019 with 20 country teams provided indications that will help to focus discussions with the authorities in areas where targeted CD would be most beneficial. STA’s CD activities are partly supported by two multi-partner vehicle trust funds: The Financial Sector Stability Fund (FSSF) and the Data for Decisions Fund (D4D). These funds are designed to help finance CD activities, especially in low-and middle-income countries, including fragile states. As of March 2022, CD under the FSSF had helped 26 LLMICs to enhance the compilation of primary




statistics underlying the Balance Sheet Analysis (BSA), surpassing the project target of 25 LLMICs. Moreover, since FY2018 24 LLMICs have started to compile Financial Sector Indicators (FSIs), against a target of 29 LLMICs, while as of end-2002 37 LLMICs report additional FSIs, including for nonbank institutions. Work under all modules and submodules of the D4D Fund has also been moving ahead. The D4D Fund has gained in flexibility following donors' consent to the staff's request to allow for swift re-calibration of spending – without the need for prior consultation – to react to fast-changing demands in an agile manner. Moreover, as highlighted earlier in this report, recent achievements in data dissemination through the Fund's e-GDDS, SDDS, and SDDS Plus have been remarkable, with the initiatives now having a combined nearly universal voluntary participation by members.

**123. As previously noted, in late February 2022, STA published a WP on building statistical capacity.** The WP examines STA's technical assistance and training to FCS and provides several policy recommendations.

**IEO Recommendation 4: Re-examine the staff's structure of incentives in the area of data management.**


Directors supported this recommendation, and welcomed the work underway to strengthen staff incentives and accountability for data management and the IEO's suggestions. Directors also supported a review of the incentives for staff to candidly assess and discuss data issues in Article IV and FSAP reports where weaknesses in data quality could significantly hamper surveillance. The MIP envisaged six actions, all of which remained open after the 11th PMR. Out of these six actions, four have been reformulated and are discussed below under the Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans. As noted earlier, these four actions have been eliminated from this MIP. **The remaining two actions were overdue but nevertheless making progress. Since the Eleventh PMR, one of these two actions has been implemented.**

<p><b>MANAGEMENT ACTION 4.2:</b> Unify area department data management guidelines.</p>	<p><b>Overdue but progressing</b></p> 	<p><b>ACCOUNTABLE:</b> STA, Area Departments</p> <p><b>ORIGINAL TARGET DATE:</b> Not Indicated</p> <p><b>EXPECTED COMPLETION DATE:</b> Late FY 24</p>
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**124. Work on unifying area department data management guidelines is being implemented under the aegis of the Data Governance Group (DGG) established in mid-2018.** During the preparation of its FY20 work program, the DGG considered unifying data management guidelines as an important long-term goal but also recognized this objective as too broad and not easily monitorable. Therefore, the DGG agreed to break down the activities leading to unification as a multi-year objective with substantive, front-loaded milestones. Furthermore, it was agreed that data



management activities should be harmonized for all departments and not only for area departments. Following the creation in FY21 of a specific work stream to “harmonize Fund-wide data management standards”, the F22 work program focused on cleaning-up the Catalogue of Time Series and developing a standard metadata model for Fund databases. The clean-up project of the Catalogue of Time Series has been completed with the implementation of the new codes in all STA databases. The development of a standard metadata model for economic and financial data at the Fund is a medium-term objective of the DGG. A draft metadata model has been developed by a DGG working group, and the expected deadline for implementation of the metadata schema is now April 2023. Once developed, the objective is to use the metadata model in iData for internal and external dissemination by late FY24.

<p><b>MANAGEMENT ACTION 4.6:</b> 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 requirements to discuss the SIA in the main body of the Article IV staff report.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> SPR, STA</p> <p><b>ORIGINAL TARGET DATE:</b> FY19</p> <p><b>IMPLEMENTATION DATE:</b> March 2022</p>
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**125. As discussed earlier, the DPF Review paper includes proposals to expand the perimeter of mandatory data provision and introduced the *New Assessment of Data Adequacy for Surveillance*.** The mandatory provision of data to the Fund is governed by Article VIII, Section 5 of the Articles of Agreement and a 2004 Board Decision that specifies the data categories that members are obliged to provide to the Fund for surveillance purposes. Fund staff documents provision of these categories, as well as the international investment position and exchange rates, in the Table of Common Indicators Required for Surveillance (TCIRS), which is part of the statistical issues appendix (SIA) of Article IV staff reports.

**126. The current framework for assessing data adequacy for surveillance requires country teams to make a judgement as to whether, on balance, data are adequate for surveillance, broadly adequate, or have serious shortcomings that significantly hamper surveillance.** In addition to an assessment in the SIA, data issues are expected to be discussed in the main text of the Article IV report. Major deficiencies are also cover in the staff appraisal. The SIA was amended in 2012, with a greater focus on data issues affecting financial sector surveillance in the wake of the global financial crisis. In March 2018, while endorsing STA's Overarching Strategy on Data and Statistics, the Board noted that the current assessment was based on judgement by country teams, without requiring explicit elaboration of the rationale for a given classification. For these reasons, the Board supported the introduction of a new more transparent and structured assessment.




**127. Against this backdrop, the DPF Review paper recommended adopting a new, more structured and transparent assessment of data adequacy.** Based on a questionnaire consisting of 30 questions, the new framework offers a principles-based approach, while more transparently highlighting how data weaknesses hinder analysis and policy advice. In addition, the new framework introduces more granularity in the classification of data adequacy to be selected by country teams. Specifically, the framework will have four categories of data adequacy for surveillance (A, B, C, and D), with categories A and B denoting that data are adequate or broadly adequate and categories C and D denoting that data weaknesses hamper surveillance to some degree or significantly (Category C is new compared with the current framework). Using the data adequacy questionnaire will require country teams to assess facts and offer judgements covering five key sectors: national accounts, price indices, government finance statistics, external sector statistics, and financial statistics. Staff will continue to identify the main statistical deficiencies in Article IV reports. The DPF Review proposed that the new assessment be introduced in Article IV consultations initiated after January 1, 2023 (until then, the current framework for assessing data adequacy would remain in place).

**128. As noted earlier, the DPF Review paper also introduced several new features to the data provision framework, including a substantial update to the overall envelope of data requirements in the areas of the public sector, foreign exchange intervention, and macro financial data.** The Review paper defines transition periods to comply with the new requirements. It also proposes that certain macro financial indicators only be required from member countries designated by the Fund as having systemically important financial sectors. The main paper of the DPF Review summarizes the new data reporting requirements, which are presented more fully in Annex II of the Review paper and in the accompanying Background Paper, Chapter 5. The technical note for country teams in area departments to be prepared by STA to implement the new assessment for data adequacy will also describe the new format of the Statistical Issues Appendix. As noted earlier, the DPF review paper was discussed by the Board in March 2022, but the Review has not yet been completed because some members expressed concerns regarding a few of the variables being added for mandatory provision to the Fund. Staff is working to address these concerns.

**IEO Recommendation 5: Make clear the limits of IMF responsibility regarding the quality of disseminated data and clarify the distinction between “IMF data” and “official data”.**

Directors supported this recommendation and agreed that the distinction should be clarified between “IMF data,” used for Fund surveillance (such as Article IVs), and “official data,” which are official statistics provided by authorities to STA that are not vetted by the Fund. A few Directors felt that such distinctions would do little to change perceptions, underscoring the importance of building members’ capacity to produce high-quality data. ***The MIP envisaged one action, which remained open after the 11<sup>th</sup> PMR. This action remains overdue but nevertheless making progress.***



<p><b>MANAGEMENT ACTION 5.1:</b> 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. <i>[A revised DPF Guidance Note, following the 2020 Review of the DPF, will clarify expectations of staff with respect to the sources of data and estimates used by the Fund in surveillance activities.]</i></p>	<p><b>Overdue but progressing</b></p> 	<p><b>ACCOUNTABLE:</b> STA, SPR, LEG</p> <p><b>ORIGINAL TARGET DATE:</b> September 2017</p> <p><b>EXPECTED COMPLETION DATE:</b> FY 2024</p>
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**129. A draft plan for clarifying data in Fund publications is awaiting the issuance of the DPF Guidance Note.** The strategy on data and statistics at the Fund, discussed by the Board in March 2018, noted that while the WEO and the IFS flagships properly distinguished between IMF staff estimates and official data, Article IV staff reports often did not. Also, the Dissemination Standards Bulletin Board (DSBB) did not clarify Fund responsibility for the published data. Since then, a disclaimer has been added to the DSBB to clarify that the Fund offers no assurances, expressed or implied, regarding the data and metadata published on the DSBB; and a Guidance Note on Third-party Indicators (TPIs) was endorsed by the Board in July 2018 to clarify principles for the use of TPIs (e.g., indicators compiled by organizations and third parties other than the Fund or member countries) in Fund publications. Regarding multilateral flagships and Article IV staff reports, a draft plan proposed that data sources should be systematically included in the metadata fields of Country Surveillance Data (CSD) and flagship multilateral databases. For the CSD, the WEOCSD team has been checking submissions by country desks to ensure that the requirement to identify the sources of historical data in the metadata field for all indicators is met. The team reports compliance to area department representatives every month. For the WEO external database, the last full year of actual data is noted in the accompanying metadata; data after this year constitute IMF staff estimates. The DPF Guidance Note, which will be prepared by SPR, LEG and STA upon completion of the DPF review and shared with the Executive Board (FY24), will further clarify expectations with respect to the sources of data and estimates.

**130. The revised SGN under Article IV Consultations issued in May 2022 ratified that the use of third-party indicators should follow the principles of best practices by ensuring transparency.** The revised SGN indicates that staff’s analysis and policy advice informed by TPIs should also ensure robustness, and when TPIs inform analysis, staff should discuss their findings with the authorities and other relevant stakeholders. TPIs would not replace, but rather supplement, an open, candid, robust, and well-documented discussion with the authorities. The Fund’s TPI Digest could be used to understand statistical characteristics, strengths, and weaknesses of commonly used TPIs and how to present TPIs in staff reports. In October 2021, staff issued the latest update to the TPIs Digest, an internal document to inform staff’s judgement on selected TPIs. The Digest is



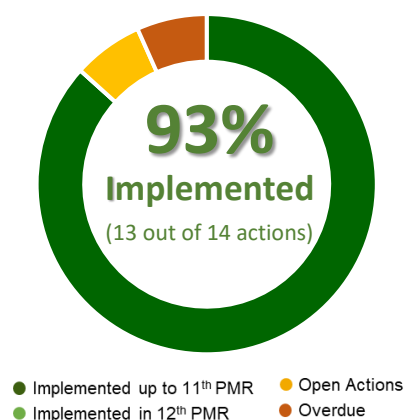
expected to be reviewed/updated annually through a Fund-wide consultation process. The 2021 update added four new indicators: Enterprise Surveys, the Global Financial Inclusion Database (Global Findex), COVID-19 Community Mobility Reports, and the Gender Inequality Index (GII). Country/time coverage and methodology of other indicators were also updated.

**131. The DGG is working on developing the metadata that would be needed to operationalize the distinction between official data and IMF data.** The DGG has established an inter-departmental working group to create a common metadata model for the Fund, which includes dimensions to account for source and usage rights. The model defines core metadata elements across Fund's databases to describe the data, how data are compiled, where the data comes from, and how to use it. These core elements will all be sourced centrally from institutional knowledge frameworks, such as the Enterprise Business Vocabularies (EBV). For example, the adoption of the model related to the Fund's core data assets would allow for proper and consistent display of data provenance for the benefit of users, while respecting underlying data sources licenses. While it is expected that the new model will be operationalized within the iData platform by late FY24, a proper implementation plan (including resource needs) is to be developed to gradually standardize metadata elements of Fund's databases to conform to metadata standards.

## I. 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. It 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.*

**Figure 12. Summary of Progress – The Role of the IMF as a Trusted Advisor**




*In response to six recommendations in the IEO evaluation, the MIP envisaged 16 actions, of which three remained open after the 11th PMR. Two actions have been reformulated and are discussed below under the Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans. As a result, these two actions have been eliminated from this MIP. The remaining action is overdue and has been extended by the Board for five additional cycles of PMR monitoring.*

Source: OIA



**IEO Recommendation 2: Strengthen the continuity of the relationship between the Fund and member countries.**

Many Directors did not support the development of medium-term strategic plans, which would introduce more bureaucratic processes. A number of Directors agreed on the need to develop incentives for staff to better act as a trusted advisor, while a few others were concerned about how such incentives might affect the independence of staff advice. A number of Directors emphasized the importance of lengthening staff country assignments, and a number of others called for increased staff diversity. The MIP envisaged six actions, two of which remained open after the Eleventh PMR. One of these two actions has been reformulated. **As noted above, the remaining action is overdue and monitoring has been extended for five additional PMR cycles.**

<b>MANAGEMENT ACTION 2.2:</b> Implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels.	<b>Overdue but progressing</b> 	<b>ACCOUNTABLE:</b> HRD (with others)  <b>ORIGINAL TARGET DATE:</b> Steps begin in 2013
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**132. The 2025 Diversity Benchmarks Working Group (WG) constituted in September 2019 assessed progress against the 2020 Diversity Benchmarks, formulated the new 2025 Benchmarks, and recommended policy solutions.** The Report on *the 2025 Diversity Benchmarks* was presented to the Board in November 2020. The WG made proposals for the 2025 benchmarks based on EPIC anchors (benchmarks should be equitable, principled, inclusive, and clear in terms of both formulation and implementation). Based on the equity and inclusion principles and the top-heavy nature of existing benchmarks, the WG favored including A1-A8 staff and longer-term (one year or longer) contractual employees, which until then had not been part of the diversity architecture. The WG made several other recommendations. First, quantitative diversity benchmarks would continue to be formulated as stock measures for the three URR regions – Sub-Saharan Africa, MENA+, and East Asia – for continuity, simplicity, and feasibility. Second, Institutional Goals (IGs) would be introduced, representing how the Fund should look like in terms of gender and representation over the longer term. IGs would cover two groups: (i) all staff (including A1-A8 support staff and longer-term contractual employees, no matter the grade); and (ii) the Fund-wide senior management teams (B4s and B5s).<sup>17</sup> Third, the WG made several proposals to redefine and

<sup>17</sup> Four IGs were proposed. Specifically, for all employees, 50 percent should be women and at least 30 percent should be from URRs; while for the B4-B5 group, 50 percent should be women and at least 30 percent should be from URRs.



simplify the Diversity Benchmarks.<sup>18</sup> Both the benchmarks on managerial women and those on URR managers were modified and increased.

**133. In January 2022, the Executive Board discussed the *FY2020-FY2021 Diversity and Inclusion Report*.** An overview at end-FY2021 of the status against the FY 2025 benchmarks revealed that progress had been made in 5 of the 8 benchmarks, including on individual contributor level (A9-A14/15) staff from URRs. The commitment to implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels has been respected. To further the Fund's diversity and inclusion objectives, measures have been implemented – these include the Sponsorship Program Pilot, the revised Terms of Reference of the D&I Council to facilitate more systematic engagement with key Fund committees (e.g., the Economic Committee, Review Committee and Senior Review Committee) and relevant Working/Advisory Groups. The Fund has completed the certification of EDGE (Gender Equality by independent third party) at a higher level and has been closely monitoring progress at the departmental level with more granular discussions and data in the Accountability Framework and through departmental D&I action plans. Specifically, the D&I Report noted that at the A9-A14/15 level, the Fund had exceeded the benchmarks for nationals from East Asia and Sub-Saharan Africa (SSA) but continued to struggle to meet the benchmark for the Middle East and North Africa (MENA+) region. At the managerial level (A14/15-B5), as noted earlier, the new benchmark framework increased the targets for both the representation of women and URRs. Although at end-FY2021, the Fund was considerably below the managerial benchmarks across the board, there had been sustained progress in the share of women in these roles, which had improved 1.6 percentage points to 34.5 percent in FY 2021, with an even stronger performance at the most senior levels (B4 and B5). If this pace were to continue, the Fund could meet the FY2025 benchmark of 40 percent representation of women in managerial roles. Regarding recruitment, success in diversity recruitment had been uneven. Although hiring trends showed an improvement in the share of MENA+ nationals recruited, particularly in FY2021, progress remained slow. The Fund also faced challenges in recruiting a sufficient share of women to maintain a robust pipeline for managerial roles in the longer-term. The trend of women being promoted at higher rates than men had continued, but there were considerable differences in the rates of promotion between women from URRs and women from all other regions combined. The Report indicated that over the following two years the focus would be on leveraging the anticipated additional positions and higher number of retirements to improve the diversity of staff. In addition, the Fund should monitor rates of promotion, implement actions to ensure equitable opportunities, and improve the accountability mechanism.

**134. In mid-April 2022, the Board considered the paper on “Staff Recruitment and Retention Experience in CY2021”, which provided more updated information on recruitment trends.** The Report noted that the overall share of women hired at the A9-B5 level in CY2021 was

<sup>18</sup> These proposals consisted of (i) defining two grade groups (managerial and non-managerial staff); (ii) redefining the six URR benchmarks – two for each region – based on the new grade groups; and (iii) reducing the number of gender benchmarks to two (from three) by eliminating the distinction between SCS and economists, and by adding a new benchmark for the professional non-managerial group at A9-A13 (SCSs)/A14 economists.



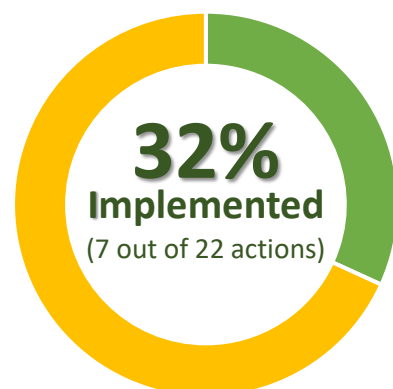
about 40 percent, similar to CY2020, while the share of URR hires had increased, reflecting enhanced efforts at sourcing, especially through the mid-career economist program, with progress being made across all three URR regions. The report pointed out that the net recruitment inflow (the difference between external hires and separations) constituted an important indicator of progress toward the Fund's numerical diversity benchmarks. The net inflow of URR nationals at the A9-B5 level had more than doubled in CY2020 due to the dual effect of higher gross hiring and relatively stable separation rates, with progress being made across all three related regions. The Report concluded that significant further institutional efforts are required to achieve and maintain the diversity benchmarks for underrepresented nationals, especially for the MENA+ region. The additional staffing resources for the augmentation provide a renewed opportunity for continued efforts to improve diversity through external hiring, consolidating the gains that have been achieved in the last two years. The midcareer and EP sourcing channels would need to be used to offset the net potential losses from hiring specialists, given the potential lack of diversity in the talent pool that would be required for the staffing augmentation, especially in the areas of climate and digital money. HRD has enhanced coordination and centralized information in the recruitment team (in close coordination with hiring departments) to focus on candidate identification (diversity and skills) as well as communication with the candidates. HRD intends to run the augmentation hiring process in a similar manner to the mid-career pipeline where feasible, with personnel hired centrally for the departments – this process has proved to be more agile, with the D&I targets as part of the strategy yielding fruit in recent mid-career rounds.

## **J. Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans (2022)**

***In line with the proposal in the Categorization Paper, the Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in MIPs reformulated eight off-track actions, which correspond to five IEO recommendations under four MIPs. Specifically, the new MIP reformulated four actions under the Evaluation on Behind the Scenes with Data at the IMF; two actions under the Evaluation on the Role of the Fund as Trusted Advisor; one action under the Evaluation on IMF Forecasts: Process, Quality and Country Perspectives; and one action under the Evaluation on Research at the IMF: Relevance and Utilization. Directors stressed that the reformulation should tackle the root causes of the implementation challenges, while being "SMART" (specific, monitorable, achievable, relevant, and timebound) and meet the thrust of the underlying IEO recommendations. The reformulation resulted in 22 new actions, which are discussed below following the presentation in the new MIP.***



**Figure 13. Summary of Progress – Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans**



● Implemented up to 11<sup>th</sup> PMR    ● Open Actions  
● Implemented in 12<sup>th</sup> PMR    ● Overdue

*In response to five recommendations in the IEO evaluation, this MIP envisages 22 new actions, of which 15 remain open. At this stage, these recommendations face no obvious challenges and are expected to be implemented in reasonable time.*

Source: OIA

**IEO Recommendation 1: Strengthen the continuity of the relationship between the Fund and member countries (IEO Evaluation on The Role of the Fund as Trusted Advisor).**

**Original MIP Action: Target three-year average tenure for country assignments, to be monitored by HRD.**

**Rationale for the Reformulation:** Despite efforts to slow the turnover of country teams, in particular of mission chiefs, tenure has hovered around two and a half years, and may have been hindered by structural constraints/tradeoffs.

**Summary of Proposed Reformulation:** While continuing to target three-year average tenure for country assignments, introduce a robust framework for extending tenure beyond the two-year minimum requirement in assignments for different country groups; enhance monitoring and accountability for country team turnover; and assess potential barriers to longer tenure.

**Directors' Response:** Directors broadly endorsed the reformulation of the MIP action, with several Directors stressing that the tenure of country teams and mission chiefs remains a key issue. A number of Directors noted that the reformulation should take a realistic and nuance approach. Some Directors noted that the original formulation was clear and attainable.

**New Action and Timeline:**

1.1 Revise the recruitment guidelines used by Heads of Departments and senior hiring managers in Area Departments (ADs) with the expectation of limiting intradepartmental hiring of candidates for mission chiefs who have not met the minimum tenure of 2 years in their current assignments by end-

**Open**



**ACCOUNTABLE:** HRD, ADs

**ORIGINAL TARGET DATE:**


June 2023



<p><b>April 2022.</b> This will better align recruitment guidelines with policies that govern mobility across departments, which already restrict movements of staff with less than 2 years in their current assignments. Starting in <b>June 2022</b>, ADs will report cases of intradepartmental moves with less than 2 years bi-annually to HRD, with an explanation. Starting in <b>June 2023</b>, HRD will brief management once a year on such cases.</p>		
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**135. The revision of the recruitment guidelines was published on the Fund website in June 2022.** Regarding intradepartmental mobility, the revised guidelines establishes that staff members are eligible to apply to any vacancy in their current department provided they meet the requirements for the position as set forth in the job standards and vacancy announcement. To minimize disruption of country teams, area departments are strongly encouraged to select those internal candidates who have met the minimum 2-year tenure on their country desk assignment.

**136. HRD has started to collect data on tenure for the end-year Accountability Framework (AF) cycle.** In June 2022, departments provided data on tenure as part of the Accountability Framework process. The first set of data will be shared with management in the early fall as part of the close-out of the AF process. Departments are also expected to provide an update in December 2022. HRD will brief management once a year starting June 2023, as envisaged.


<p><b>New Action and Timeline:</b> 1.2. Complete the implementation of the Country Information System in Workday to better capture data on tenure of country team members, in addition to that of mission chiefs by end-<b>April 2022</b>.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> HRD</p> <p><b>ORIGINAL TARGET DATE:</b> April 2022</p> <p><b>IMPLEMENTATION DATE:</b> April 2022</p>
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**137. The implementation of the Country Information System (CIS) in Workday to better capture data on tenure of country team members was completed in April 2022.** In addition to the mission chief, the names and roles of other country team members, including desk and functional economists, are also updated in Workday CIS.




<p><b>New Action and Timeline:</b></p> <p>1.3. Enhance monitoring of the respective metrics, including by analytical country groups, with emphasis on FCS and SDS, at the summer Accountability Framework (AF) discussions by end-<b>June 2022</b>. While maintaining the expectation that departments should aim for the three-year average tenure, start targeting <i>median</i> tenure for mission chiefs at 2.7 years, as an intermediate operational target. Compile best practices of ADs on ensuring that staff median tenure in country assignments is above the minimum of 2 years and disseminate them among ADs, by end-<b>December 2022</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> HRD, ADs</p> <p><b>ORIGINAL TARGET DATE:</b> December 2022</p>
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**138. The monitoring of the metrics was made available in the June 2022 Accountability Framework (AF).** Following the Accountability Framework (AF) discussions and reporting of data on intradepartmental moves by departments, HRD will discuss with Strategic HR Partners the exact modalities to ensure that the staff median tenure in country assignments is above the 2-year minimum. Dissemination of best practices among ADs will take place by end-December 2022, as envisaged.

<p><b>New Action and Timeline:</b></p> <p>1.4. Start annual reporting to the Board of data on mission chief and desk-economist tenure, including by analytical country groups, with emphasis on FCS and SDS, through HRD's Recruitment and Retention Paper and/or Board briefings, by end-<b>December 2022</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> HRD, ADs</p> <p><b>ORIGINAL TARGET DATE:</b> December 2022</p>
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**139. No obstacles on the implementation of this action are envisaged at this stage.**

<p><b>New Action and Timeline:</b></p> <p>1.5. Prepare an analysis of issues surrounding mission chief and country team turnover, including recent trends and drivers and their effect on tenure in</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> HRD</p> <p><b>ORIGINAL TARGET DATE:</b> December 2023</p>
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country assignments. Propose policy options and targets, if necessary, for ensuring adequate tenure on country assignments, aligned with other HR policies (including Career Framework and Path and HRL policy) and present it to the Board by end- <b>December 2023</b> .		
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**140. No obstacles on the implementation of this action are envisaged at this stage.**

**IEO Recommendation 2: Enhance Processes and incentives for learning from past forecast performance (IEO Evaluation on IMF Forecasts: Process, Quality, and Country Perspectives).**  
**Original MIP Action: Issue guidelines establishing minimum requirements and practices for the handover of country assignments.**

**Rationale for the Reformulation:** A 2015 staff survey revealed weak compliance of data management guidelines and handover practices across Area Departments (ADs). High staff dissatisfaction with handover practices prevented the OIA to deem the action as implemented.


**Summary of Proposed Reformulation:** Foster knowledge sharing and identify minimum requirements for successful handover; disseminate best practices; set standard procedures for country-assignment handover; and establish regular monitoring mechanism.

**Directors' Response:** Directors agreed with the need to reformulate this action. Many Directors underscored the importance of promoting knowledge and information sharing between successive mission chiefs and desk economists to ensure smooth functioning of the institution and sustain a productive relationship with the authorities. Directors also noted that robust handover and knowledge transfer practices are also important complements to leverage current technology and knowledge management practices. Some Directors mentioned that the handover of information can be improved by setting internal standards and structures.

<p><b>New Action and Timeline:</b></p> <p>2.1. Conduct a peer-learning event on area departments' handover practices for country assignments, where departments can showcase their approaches (especially recent innovations by APD) and identify minimum requirements for handover. Disseminate key conclusions and background materials from the event among area departments by <b>April 2022</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> KMU, ADs</p> <p><b>ORIGINAL TARGET DATE:</b> April 2022</p>
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**141. Following the approval of the MIP in early March, KMU has collaborated with colleagues from SPR, Area Departments and the Office of Innovation and Change (OIC) to conceptualize a peer-learning event.** KMU and OIC are hosting a first event this fall to share existing internal good practices in country-assignment handover that some country teams have found to be useful. KMU and OIC will analyze the outcome of the event and consider hosting additional events focusing on key elements of current practices and ways to improve the handover of country assignments. Key conclusions and background materials from the event will be disseminated among area departments. The work on publishing departments' internal handover procedures on intranet goes in parallel with the preparations for the peer-learning event and would be unveiled at the time of the event. It is worth mentioning that the IMFE project being developed by ICD is designed to enhance the management of macro-frameworks by desk economists, improve compliance with data management guidelines, ease recording of Common Surveillance Indicators, and facilitate successful country-assignment handovers.


<p><b>New Action and Timeline:</b> 2.2. Drawing on lessons from the peer-learning event (see #2.1 above), set area departments' standard procedures for country assignment handover. Disseminate handover procedures on area departments' websites by <b>July 2022</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> KMU, ADs</p> <p><b>ORIGINAL TARGET DATE:</b> July 2022</p>
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**142. As noted above, the plan is to accompany the peer-learning event with the unveiling of an intranet web resource which would allow Fund-wide access to information on existing AD's internal country-assignment handover practices and the requirements for successful handover.** This will serve as a first step to help formulate shared standards for handover practices within the Fund. For instance, AFR has already updated handover guidelines and circulated them to the department for comments. After front office clearance, the handover guidelines will be posted on the website. AFR has linked the handover guidelines to the reforms the department is implementing in the data management area. In order to facilitate compliance, AFR is following a process to ensure that macro framework folders and files meet some basic requirements. The department's information manager officer will be checking compliance with these basic requirements and produce a report on a semi-annual basis, including the extent of compliance and requiring remedial measures as needed.



<p><b>New Action and Timeline:</b></p> <p>2.3. Revise the Fund-wide Guidance Note on Objective Setting in the APR to include examples on how to set objectives related to handover practices in the case of mission chiefs and desk economists by <b>October 2022</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> HRD ADs</p> <p><b>ORIGINAL TARGET DATE:</b> October 2022</p>
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**143. The proposed timeline remains valid.** HRD will communicate the FY24 objective setting in the early fall, including examples on how to set objectives related to handover practices.

<p><b>New Action and Timeline:</b></p> <p>2.4. Complementing annual OED surveys, establish a regular monitoring mechanism through a survey of mission chiefs and desk economists to assess progress with implementation of country assignment handover standards and gauge staff satisfaction and refine standard procedures, as necessary, by <b>October 2023</b>. Inform management about survey results and describe measures that departments have already taken to improve handover and any additional intended steps, starting in <b>January 2024</b>. Monitor progress using the annual surveys, with the expectation that the number of respondents expressing satisfaction with handover procedures will be considerably higher than a majority for at least two successive years, by <b>end-January 2026</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> KMU, ADs</p> <p><b>ORIGINAL TARGET DATE:</b> January 2026</p>
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**144. No obstacles on the implementation of this action are envisaged at this stage.**


**IEO Recommendation 3: Re-examine the staff's structure of incentives in data management (IEO Evaluation on Behind the Scenes with Data at the IMF).**

**Original MIP Actions:** Incentivize the use of the Common Surveillance Database (CSD); update the Catalogue of Time Series; metadata clean up; and adopt Fund-wide data management standards.

**Rationale for Reformulation:** The first two actions were not aligned with the "SMART" principles, which made difficult to monitor progress; the third action did not allow a determination as to when it would be deemed implemented (the ongoing cleanup process is a comprehensive task involving 200 databases); and the fourth action involves a long-term plan and was too broadly worded.


**Summary of Proposed Reformulation:** Update the Catalogue of Time Series (CTS), drawing from the findings from the 2020 review of the CTS; embed the metadata cleanup in the relevant milestones of the Data Governance Group (DGG); break down the process of "adopting data standards"; provide substantive milestones regarding metadata standards; and document them in the Enterprise Business Vocabulary (EBV).

**Directors' Response:** Directors supported the reformulation of these actions. Some Directors noted that most of the actions regarding Fund's data were still open, with several of these actions characterized by implementation challenges.


<p><b>New Action and Timeline:</b></p> <p>3.1. Present an annual report on the use of the Common Surveillance Database to the Data Governance Group (DGG). The report will include statistics on submissions of data and metadata from country teams, which will allow to monitor the CSD's central role for flagship publications (for example, WEO) and assess its integration with the workflow in ADs. The first report will be posted on the DGG site by <b>February 2022</b>.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> RES, STA</p> <p><b>ORIGINAL TARGET DATE:</b> February 2022</p> <p><b>IMPLEMENTATION DATE:</b> May 2022</p>
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**145. A report with the usage statistics of the CSD has been published by RES on the CSD Operational Portal page.** A link has been added on the DGG site. Tables showing the number of users accessing the CSD through EDI since 2019 via the Economic Data Interface (EDI) portal are posted on the "Working with CSD" site and linked from the DGG Website. Once iData becomes operational in late FY24, it will provide access to the CSD along with related usage statistics.




<p><b>New Action and Timeline:</b> 3.2. Implement the updated version of the Catalogue of Time Series ("4.0 version") in STA databases by <b>April 2022</b>. A final report on the CTS clean-up project will be posted on the DGG site by <b>June 2022</b>. The DGG, as the cross-departmental oversight group, is expected to sign off on the implementation by the end of FY 2022.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> RES, STA, ITD</p> <p><b>ORIGINAL TARGET DATE:</b> June 2022</p> <p><b>IMPLEMENTATION DATE:</b> September 2022</p>
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**146. STA has finalized the implementation of the new version of the Catalogue of Time Series (CTS).** With this, all indicators in STA databases disseminated via the Economic Outlook Suite (EcOS) are coded using the CTS 4.0 version. The Data Governance Group (DGG) signed off on the completion of the CTS clean-up project as part of the review of the implementation of the FY22 work program, which has been posted in the DGG SharePoint site. STA documented the work done in a final report, which was posted on the DGG site and circulated to the DGG for information in September 2022. The report outlines the work done in the past few years by the CTS Governance team led by RES and STA to improve standardization and consistency in the use of CTS across the Fund. This is an important step in the DGG work program to further harmonize data management practices in the Fund.

<p><b>New Action and Timeline:</b> 3.3. Complete the recording of the current Common Surveillance Indicators (CSI), to be documented in the <a href="#">CSI Status Report</a> by <b>April 2022</b>. The DGG will oversee this process and the CSI status report will be posted to the CSD Operations portal.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> STA, RES</p> <p><b>ORIGINAL TARGET DATE:</b> April 2022</p>
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**147. RES is documenting the work of recoding the CSI through status reports posted on the CSD Operational Portal.** Significant progress has been made by departments to comply with the recoding of the CSI concepts, with 135 out of 199 countries reaching full compliance as of June 2022. The CSI recoding is a multi-year, continuous activity, which is included in the FY23 work program of the DGG. The DGG will continue to monitor the implementation of the CSI recoding in FY23. The expected deadline for implementation is now April 2023.

<p><b>New Action and Timeline:</b> 3.4. Finalize the ontology and metadata schema and document these in the Fund's EBV by <b>April 2022</b>. The Fund's new data management and dissemination platform,</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> STA, KMU</p> <p><b>ORIGINAL TARGET DATE:</b> April 2022</p>
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iData, will leverage the metadata schema for both internal and external dissemination.		
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**148. KMU integrated elements of the CTS into the IMF Business Ontology in FY2022, as noted in the final FY22 work program of the DGG.**<sup>19</sup> The Ontology is stored and maintained in a git code repository found in the IMF Azure DevOps. A worksheet showing the Ontology mapping can be found towards the bottom of the EBV page. KMU will present the Ontology to the DGG in a dedicated seminar in the fall of 2022.

**149. Development of the metadata schema is still ongoing, and the DGG Metadata Governance Working Group will continue its work in FY23.** KMU has collaborated with other members of the Working Group and external experts to map core metadata elements for the data domain to the Enterprise Reference Metadata Schema (ERMS) and the EBV. Core elements extracted from the Catalog of Economic Time Series (CTS) also informed new vocabularies that were integrated into the EBV. An overview and outcome of the work is provided on the EBV Intranet site. The expected deadline for implementation of the metadata schema and pilot implementation with selected datasets is now April 2023. Once developed, the objective is to use the new metadata model in iData for internal and external dissemination by late FY24.

**IEO Recommendation 4: Reduce unnecessary disclosure concerns that may inhibit the authorities from using the Fund as a true sounding board for informal advice at an early stage when formulating their policies (IEO Evaluation on The Role of the Fund as Trusted Advisor)**

**Original MIP Action:** Staff will be expected to inform country authorities on 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 in the course of policy discussions.


**Rationale for Reformulation:** There is no mechanism to assess staff's treatment of confidential information, nor whether and how this is discussed with country authorities. Separately, informal/brainstorming discussions are difficult to monitor given the qualitative element to such discussions and may not always be possible or appropriate.

**Summary of Proposed Reformulation:** Increase transparency on the Fund's framework and policies on the treatment of confidential information and re-disseminate guidance to staff regarding engagement with country authorities on these matters.


**Directors' Response:** Directors agreed with the need to reformulate this action. Some Directors suggested that staff should inform country authorities when they share confidential information.

<sup>19</sup> The IMF Business Ontology, which was initially delivered in April 2021 interconnects all the core pieces of the Fund's business (staff, country documents, economic and financial data, missions, countries, topics, etc.) through a machine-readable semantic model. Core metadata related to statistical data is included in this living model.



<p><b>New Action and Timeline:</b></p> <p>4.1. Create a page on the IMF's external website with information on the Fund's policy on the treatment of confidential information, including the description of a standardized comfort letter on the Fund's framework in the surveillance, program and capacity development context for the treatment of confidential information by <b>June 2022</b>.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> LEG, SPR, COM</p> <p><b>ORIGINAL TARGET DATE:</b> June 2022</p> <p><b>IMPLEMENTATION DATE:</b> July 2022</p>
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**150. The external page on the framework for the treatment of confidential information has been created.** To address any concerns by member authorities or other public/private entities regarding the confidentiality of information, the Fund provides a "comfort letter" which spells out the Fund's framework for the treatment of confidential information. This information has been added on the IMF web pages for the [Transparency Factsheet](#) and [Key Trends in Implementing the Fund's Transparency Policy](#) (imf.org) (under "related links" or "notes").

<p><b>New Action and Timeline:</b></p> <p>4.2. Re-disseminate guidance to staff on the Fund's framework for the treatment of confidential information, encouraging staff to leverage the new website in surveillance, program, and capacity development discussions with the authorities on the treatment of confidential information by <b>June 2022</b>. Prepare a communication plan for the release of the new web page by <b>June 2022</b>.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> LEG, SPR, COM</p> <p><b>ORIGINAL TARGET DATE:</b> June 2022</p> <p><b>IMPLEMENTATION DATE:</b> September 2022</p>
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**151. SPR, LEG and COM have agreed on a communication plan that seeks to raise awareness of the Fund's policy on the treatment of confidential information in line with the MIP and are already implementing the plan.** A memorandum alerting staff to the recently created webpage (see above) and reiterating guidance on the framework on the treatment of confidential information has been prepared and sent in September.

<p><b>New Action and Timeline:</b></p> <p>4.3. In the revised guidance note for Surveillance under Article IV Consultations, encourage staff to share the relevant aspects of the Fund's</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> SPR</p> <p><b>ORIGINAL TARGET DATE:</b> April 2022</p>
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framework for treatment of confidential information with country authorities (for example, as outlined in the Transparency Policy) during Article IV consultations conducted with program and non-program member countries, by <b>April 2022</b> .		<b>IMPLEMENTATION DATE:</b> May 2022
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**152. The revised SGN issued in May 2022 notes that the Fund has a fully developed framework for the treatment of confidential information provided by the authorities, and that this should be followed.** The SGN indicates that staff should ensure a common understanding of what should remain confidential, including whether the information is meant to remain confidential within staff/management, or whether it can be shared with the Board and/or with the public.

**153. The SGN encourages staff to share with country authorities the relevant aspects of the Fund's framework for treatment of confidential information, including Box 14 of the Guidance Note and the Transparency Policy Guidance Note, section II.E. and Appendix IX.** Box 14 of the SGN specifies the treatment of confidential information vis-à-vis the public and within the Fund. The Guidance Note indicates that the Fund's Executive Board, management, and the staff may not disclose information that a member or other person has provided in confidence, unless the party consents to disclosure and such disclosure is consistent with Fund rules. Pursuant to the immunities of the Fund under Article IX of the Fund's Articles of Agreement, information and documents provided by members (or any other party) to the Fund form part of the Fund's archives, which are inviolable. Further, pursuant to the Fund's Rule and Regulations and the Staff Code of Conduct, staff is prohibited from making unauthorized disclosures to third parties of confidential information obtained in the course of their service to the Fund (Appendix IX of the Transparency Policy Guidance Note provides further detail on this framework).

**154. The SGN also indicates that in order to appropriately safeguard information, staff and information providers should reach common understandings on how specific information should be classified: Public, For Official Use, Confidential, or Strictly Confidential.** These classifications will limit sharing even within the Fund. However, management and staff cannot agree to withhold information from the Fund's Executive Board that is required to be reported under the Articles of Agreement or a Board-established policy, or that it is necessary for the Board to exercise its responsibility in a meaningful way. Such information includes the authorities' policy positions and plans in areas that are relevant for Fund surveillance or financial assistance, but generally excludes information on hypothetical courses of actions that have been informally discussed with the authorities. In drafting Board documents, Fund staff should exercise caution not to inadvertently include confidential information, unless it is of the type that must be reported to the Executive Board. Paragraphs 40-44 and Appendix IX of the Transparency Policy Guidance Note provide more detail on when disclosure to the Board is required. Even in circumstances where information must be provided to the Board, confidentiality vis-à-vis the public remains.



<p><b>New Action and Timeline:</b></p> <p>4.4. Monitor progress using the annual OED survey, with the expectation that the number of respondents expressing satisfaction with country teams' handling of confidential data will be considerably higher than a majority for at least two successive years, by <b>June 2024</b>. Progress in strengthening engagement with country authorities on the treatment of confidential information will be assessed in the next Interim Surveillance Review, by <b>end-FY24</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> SPR</p> <p><b>ORIGINAL TARGET DATE:</b> April 2024</p>
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**155. No obstacles on the implementation of this action are envisaged at this stage.** The 2021 survey already included questions regarding satisfaction with country teams' handling of confidential data. The next survey is expected to be conducted in 2023, allowing some time for progress to materialize.

**IEO Recommendation 5: Management and staff need to allocate 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 (Research at the IMF: Relevance and Utilization).**


**Original MIP Action: Adopt new procedures to ensure the quality of working papers (WPs).**

**Rationale for Reformulation:** Guidelines on publication of WPs were introduced in 2012. However, measuring and monitoring the quality of individual WPs beyond these guidelines is neither feasible nor meaningful from a cost-benefit analysis and in light of limited resources.


**Summary of Proposed Reformulation:** Identify and disseminate good practices on the departmental review of WPs; update Fund guidelines on publication of WPs and departmental procedures on the review of WPs; increase transparency and accountability for the interdepartmental review of WPs; and improve outlets for disseminating country analytical work.

**Directors' Response:** Directors broadly endorsed the revised actions. Many Directors emphasized that the reformulation should focus on creating a more robust review process and sufficient time to engage with ED offices.




<p><b>New Action and Timeline:</b></p> <p>5.1. Conduct a peer-learning event on departments' practices for WP review, by <b>May 2022</b>.</p>	<p><b>Implemented</b></p> 	<p><b>ACCOUNTABLE:</b> COM, RES, SPR, With ADs and FDs.</p> <p><b>ORIGINAL TARGET DATE:</b> May 2022</p> <p><b>IMPLEMENTATION DATE:</b> May 2022</p>
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**156. SPR and COM organized the peer-learning event, which took place on May 19, 2022. Departments shared their practices and discussed requirements for ensuring a robust and transparent WP review and approval process.** A survey conducted by SPR ahead of the event suggested a strong preference by departments for keeping the “decentralized approach” for clearing WPs (i.e., with division chiefs or relevant managers in charge of authorizing WPs for distribution). The presentations by AFR, RES and WHD provided additional details on their approach (e.g., presenting WPs in a seminar before publication, ensuring that EDs are notified before publication, etc.). AFR has been implementing a special procedure for quality control and clearance of WPs for the past two years. The procedure involves a departmental unit (Research Advisory Group), which supports division chiefs in the clearance process by providing peer-review comments and ensuring that revisions are undertaken.


<p><b>New Action and Timeline:</b></p> <p>5.2. Update COM guidelines on publication of WPs, including to strengthen review requirements (see #5 below), clarify procedures for information-sharing with EDs and reduce publication delays. Disseminate the revised guidelines to staff by <b>June 2022</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> COM with ADs and FDs</p> <p><b>ORIGINAL TARGET DATE:</b> June 2022</p>
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**157. Following the peer-learning event, SPR staff has circulated to departments the existing guidelines (which can be found on COM's publication submission portal), the presentations made in the event by several departments, the key takeaways and a matrix summarizing the pros and cons of different WP review practices.** Building on the lessons learned from the workshop, COM will issue the revised Fund guidelines for publication of WPs. Departments are expected to revise their own procedures for WP review and approval, as necessary, and post them on their websites by December 2022.




<p><b>New Action and Timeline:</b></p> <p>5.3. Create identification numbers to allow indexing of published Selected Issues Papers (SIPs) and create a page on the IMF's external website for published SIPs, to improve visibility of staff's analytical work other than WPs and enable searching in external research bibliographic databases (IDEAS/RePEc), by <b>October 2022</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> COM</p> <p><b>ORIGINAL TARGET DATE:</b> October 2022</p>
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**158. Two Divisions in COM are setting up the SIPs as a series in the metadata system.** They are working on getting the publishing industry (ISSN) codes needed to distribute a new series digitally and setting up a new page in SiteCore (the IMF.org platform), which must be done using ITD's ticketing system. The October 2022 timeline is still valid.

<p><b>New Action and Timeline:</b></p> <p>5.4. Review and revise departments' procedures for the review and approval of WPs, as necessary, in light of the peer-learning exercise and post the procedures on departments' websites, by <b>December 2022</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> ADs and FDs</p> <p><b>ORIGINAL TARGET DATE:</b> December 2022</p>
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**159. No obstacles on the implementation of this action are envisaged at this stage.** Several departments have indicated that they do not foresee difficulties with the December 2022 deadline.

<p><b>New Action and Timeline:</b></p> <p>5.5. Migrate the interdepartmental review of WPs to e-Review, including the posting of authors' responses to comments prior to final approval by authoring department, to improve transparency and accountability, as part of Module 4 under the Integrated Digital Workplace (iDW) program, by <b>May 2023</b>.</p>	<p><b>Open</b></p> 	<p><b>ACCOUNTABLE:</b> ITD, SPR</p> <p><b>ORIGINAL TARGET DATE:</b> May 2023</p>
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**160. No obstacles on the implementation of this action are envisaged at this stage.**



## PROGRESS ON THE DEVELOPMENT OF A SLIPPAGES FRAMEWORK

**161. During the Executive Board discussion of the Tenth PMR, Executive Directors called for future PMRs to include an assessment of the impact of slippages in the implementation of open management actions.** Directors indicated that the inclusion of such information would allow the Board to focus its review on the most material developments from year-to-year and thus promote greater accountability. Subsequently, in the context of the discussion on the Eleventh PMR, Directors agreed that it would be important to define “impact” ex-ante, as part of the MIP process, and to analyze multiple actions that are proposed in response to a single recommendation in respect of their collective effectiveness, rather than individually. Many Directors suggested that the Office of Risk Management (ORM) could assess the impact of slippages in the implementation of open actions on enterprise risk. Directors recognized, however, that developing a fully-fledged framework for an assessment of slippages is a challenging undertaking.

**162. In this PMR and the previous one, OIA provided further analysis of those actions that are more than one year past their target implementation dates (please refer to the Overview section and Table 1).** As noted in the Eleventh PMR, such analysis was conducted within certain constraints and assumptions. Specifically, IEO recommendations are primarily intended to serve as a means to enhance the learning culture within the Fund and to support the Executive Board's institutional governance and oversight responsibilities. Moreover, IEO recommendations, as well as actions included in MIPs that are approved by the Board, do not explicitly indicate relative importance or prioritization based on risk considerations. Although many (not all) of the actions contained in MIPs are aligned with risk mitigation measures that have been identified by the ORM, an ex-post attribution of the significance or importance of those actions is beyond the scope of PMRs.

**163. Developing and applying the slippages framework is likely to be an iterative learning process.** As pandemic-related crisis response activities are slowly subsiding for departments, OIA has facilitated discussions among IEO, LEG, ORM, and SPR on the main principles and features of the slippages framework, whose design and operational modalities would need to be anchored on the broader institutional Enterprise Risk Management (ERM) framework. The slippages framework will need to be suitably adapted after the broader ERM policy and tools are finalized. While the slippages framework is still under development, OIA, acting as an observer in the process to preserve the Office's independence, will provide updates of the progress on the framework in the PMR. As such, BOX 1 below presents an update on the work in progress and the next steps envisaged by staff.



### Box 1. Update on Ongoing Work in Developing a Slippages Framework

Over the last year, IEO, ORM, SPR and OIA (as an observer) have had several meetings to discuss the core elements of proposals on a risk assessment framework. In addition, the IEO, in the context of the *IEO Evaluation of IMF Engagement with Small Developing States* (SDS), assessed the implications on enterprise risks of Fund engagement with SDS. The evaluation assessed the risks of any shortcomings in the effectiveness of Fund engagement with SDS as moderate. It also noted that the IMF was itself exposed to reputational risks and that although such risks were probably low to moderate before the pandemic, they could increase in the years ahead as SDS face increasing challenges.

Recognizing that the institutional Enterprise Risk Management (ERM) framework constitutes work in progress, Management noted that efforts to analyze enterprise risks in the context of IEO evaluations would be premature. Management further emphasized that such assessments should be based on a sound methodology, clear qualification criteria for risks, and systematically applied rating scales. In this regard, Management indicated that staff would continue to advance the work on developing a framework for assessing risks from slippages in addressing IEO recommendations, striving to anchor it to the broader ERM framework. In the circumstances, the IEO has decided to hold off on repeating the enterprise risk assessment that it had prepared for the SDS evaluation until agreement is reached on the broader ERM framework.

Following the initial attempt to apply the preliminary framework and in tandem with the ongoing work on the ERM, staff from SPR, IEO, LEG, ORM, and OIA (acting as an observer) have reconvened and identified some core guiding principles that could underpin the slippages framework.

#### Guiding Principles

- The framework to assess the impact from slippages in the implementation of management actions should be consistent with and anchored in the ERM framework. It should leverage ERM tools and processes, as appropriate.
- The framework should focus on the most critical slippages and avoid undue complexity while supporting risk-based prioritization in assessment of the slippages. In this connection, “slippages” would need to be defined more precisely.
- Individual actions should be evaluated in combination with other actions to develop an integral view of risk mitigation with respect to specific IEO recommendations.
- The framework will need to be applied ex-ante as part of the MIP process, rather than at the ex-post stage when slippages have occurred.

#### Roles and Responsibilities

- Risk ownership will rest with the departments accountable for specific actions identified in the MIPs. In some instances, multiple departments are accountable for a single action.
- Accountable department(s), based on the institutional ERM framework and guidance, will assess the implications of possible slippages in the actions to address IEO recommendations for enterprise risk and prioritize actions accordingly.
- Accountable department(s) will utilize and leverage, to the extent possible, ERM tools. In this regard, ORM will provide necessary guidance and training to departments on how to utilize the relevant tools to facilitate the preparation of departments’ impact assessments of slippages.



### Box 1. Update on Ongoing Work in Developing a Slippages Framework (Concluded)

- Following the Board endorsed ERM framework, the IEO can provide its assessment of enterprise risk in each of its evaluations and can discuss how risks would be mitigated by its recommendations, and in due course comment on how the MIP would affect risk assessment.
- While the slippages framework is under development, OIA will act as an observer in the process to safeguard its independence. However, once the framework is approved by the Board and fully operational, OIA will independently assess progress of open actions, and prepare the PMR, which will include the status of MIPs and a summary of the assessment of the impact of slippages in implementing open actions. In this context, SPR will facilitate the provision of information and data to OIA as may be needed to prepare the PMR.<sup>1</sup>

#### Next Steps

- The timeline for developing a “prototype” slippages framework will follow closely the timeline of the approval and mainstreaming of the ERM framework. The ERM framework is currently scheduled for Board discussion in CY2022 Q4, and its main components are planned to be rolled out in CY 2023.
- Staff plans to develop the “prototype” for application on a new MIP as a pilot project, once the ERM framework is rolled out. The pilot will be used to iron out the design and operational modalities of the slippages framework. The selection of a MIP for a pilot project will also be dependent on the IEO evaluation calendar and the projects in the evaluation pipeline.
- Based on the pilot project, lessons will be drawn after which Board approval will be sought (separate from the PMR process) to formalize the slippages framework. After Board approval, the framework will be rolled out.

Developing and applying the slippages framework is likely to be a complex and iterative process. In this regard, it is crucial to avoid taking an excessively detailed or “transactional” approach in developing the framework. Instead, to reduce undue burden on departments and following the Board’s guidance, a pragmatic approach should be taken focusing on groups of actions aimed at addressing specific IEO recommendations, based on risk considerations. Developing detailed estimates of the additional resources needed to implement the framework is difficult at this stage and will require further interdepartmental consultations and a shared understanding of the roles and responsibilities (across Departments, ORM and IEO) for implementation of the framework. The resource implications will also need to be informed by the roll-out of the ERM framework and the completion of the proposed pilot project.

<sup>1</sup> DEC/16490, March 15, 2019



## 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 Board reviewed the implementation status of Management Actions in Response to Board-Endorsed IEO Recommendations and endorsed the assessment of their implementation progress as proposed in the Twelfth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations (SM/22/231).