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INITIAL STEPS IN IMPLEMENTING THE MANAGING DIRECTOR'S ACTION PLAN FOR THE 2014 TRIENNIAL SURVEILLANCE REVIEW

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

- The **Staff Report** prepared by IMF staff and completed on April 24, 2015.

The report on Initial Steps in Implementing the Managing Director's Action Plan for the 2014 Triennial Surveillance Review was prepared by IMF staff and presented to the Executive Board in an informal session on May 11, 2015. Such informal sessions are used to brief Executive Directors on policy issues. No decisions are taken at these informal sessions. The views expressed in this paper are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board.

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April 24, 2015

INITIAL STEPS IN IMPLEMENTING THE MANAGING DIRECTOR'S ACTION PLAN FOR THE 2014 TRIENNIAL SURVEILLANCE REVIEW

EXECUTIVE SUMMARY

In November 2014, the Managing Director set out a five-year *Action Plan for Strengthening Surveillance* in line with the goals of the 2014 Triennial Surveillance Review (TSR). In response to Executive Directors' request for an early update, this report outlines the initial steps taken to operationalize the Action Plan. Many initiatives will take time to be fully embedded in the Fund's surveillance products and its day-to-day dialogue with member countries.

This initial phase focused on putting in place the building blocks to support teams engaging in surveillance. This includes revising guidance to staff in line with the TSR priorities, investing in tools and staff training to boost capacity, and revamping work practices. Ongoing engagement among staff will be critical, both to raise awareness and to understand the issues teams are facing. Managers will play a vital role in implementing changed work practices, and the new leadership framework will support this. While not all initiatives are equally advanced given their different starting points or varying complexity, work is moving forward in all three of the broad pillars of the TSR:

Deepening risk and spillover analysis. Staff is making a concerted effort to develop new approaches to macrofinancial surveillance, including through area department led pilot cases, enhanced technical support from functional departments, and a more collaborative approach to build skills and share knowledge. Synergies among initiatives are helping to drive progress in other areas, notably macroprudential policy advice and balance sheet analysis. Efforts to better integrate bilateral and multilateral surveillance, through a more effective flow of ideas between departments, are underway.

More tailored and expert policy advice. To better adapt our advice to the changing needs of member countries, staff is laying the groundwork for more detailed and tailored macro-structural analysis and ensuring that our fiscal advice continues to be 'state of the art'. Efforts to leverage cross-country experience have gained momentum.

Achieving greater impact. Staff is promoting more client focused communication, including exploring ways for more effective two-way dialogue with member countries, and promoting greater clarity in its multilateral messages. Staff is also developing principles to better understand and address perceptions of evenhandedness.

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Acronyms

AFR	African Department
APD	Asia & Pacific Department
AM	Advanced market
COM	Communications Department
EBA	External Balance Assessment
EM	Emerging market
EUR	European Department
FSAP	Financial Stability Assessment Program
GFSR	Global Financial Stability Report
GPA	Global Policy Agenda
G-RAM	Global Risk Assessment Matrix
ICD	Institute for Capacity Development
KM	Knowledge Management
LICs	Low-Income Countries
MCD	Middle East & Central Asia Department
MCM	Monetary and Capital Markets Department
OECD	Organisation for Economic Co-operation and Development
Pilot ESR	Pilot External Sector Report
REO	Regional Economic Outlook
RES	Research Department
STA	Statistics Department
TSR	Triennial Surveillance Review
WEO	World Economic Outlook

INTRODUCTION

1. This report provides an update on initial steps to operationalize the Managing Director's November 2014 Action Plan for Strengthening Surveillance.¹ The Action Plan lays out a five-year plan to support the goals of the 2014 Triennial Surveillance Review (TSR). Executive Directors requested an early update to ensure they remain engaged during the implementation phase. Staff has made important early progress, commencing work across a number of key areas. However, many initiatives will take time to come to fruition or to be fully embedded in the Fund's surveillance products and our day-to-day dialogue with member countries. Accordingly, this report does not provide an assessment of how the 2014 TSR recommendations are reflected in surveillance. Instead, it focuses on the initial steps taken and initiatives underway to implement the Action Plan.

BUILDING THE BASIS FOR STRONGER SURVEILLANCE

2. Over the past six months, staff has launched a number of initiatives to refocus surveillance toward achieving the operational priorities in the 2014 TSR (Box 1). Reorienting and strengthening surveillance is inherently a longer term endeavor. In this initial phase, staff has focused on putting in place the building blocks to better support the day-to-day work of teams engaging in surveillance. These efforts can be largely characterized around two, complementary tracks of work.

- The first focuses on overarching follow-up to the TSR to help raise awareness and guide surveillance practices going forward. The updated [Guidance Note for Surveillance under Article IV Consultations](#) (hereafter, Surveillance Guidance Note) was circulated to the Board in March. It provides insights into how to strengthen and tailor surveillance to the circumstances of individual countries, in line with the TSR priorities. In parallel, the TSR team met with departments to discuss the TSR findings and recommendations, and the issues relevant to each department in taking forward the Action Plan. Staff has also begun to regularly assess and identify examples of good practices in Article IV consultation staff reports across 10 areas,² which will be made available to country teams.
- The second track of work focuses on investing in analytical tools and revamping work practices as a basis to further strengthen surveillance. Several of the workstreams flowing from the TSR are devoting considerable attention to improving tools and upgrading skills. ICD, working with MCM, is scaling up in-house training and designing targeted curricula to help build skills in areas of growing importance, such as macrofinancial analysis as well as data and knowledge

¹ [2014 Triennial Surveillance Review—Managing Director's Action Plan for Strengthening Surveillance](#), November 21, 2014. For other TSR material, please see the [2014 Triennial Surveillance Review](#) page on www.imf.org.

² These areas include: spillover analysis; risk assessments and scenarios; macrofinancial analysis; monetary and macroprudential policy; fiscal policy; external sector assessments; macrostructural analysis; policy mix and/or thematic Article IV reports; cross-country policy experiences; and past policy advice.

management. Work practices are also being reoriented to better leverage skills through interdepartmental collaboration, enhanced review, and knowledge sharing.

Elements of these two tracks are reflected in the work underway across different priority areas, which are discussed in more detail in the following section.

Box 1. 2014 TSR—Operational Priorities for Surveillance

The 2014 TSR identified five operational priorities for 2014–19 to ensure that Fund surveillance supports sustainable growth in a post-crisis interconnected world:

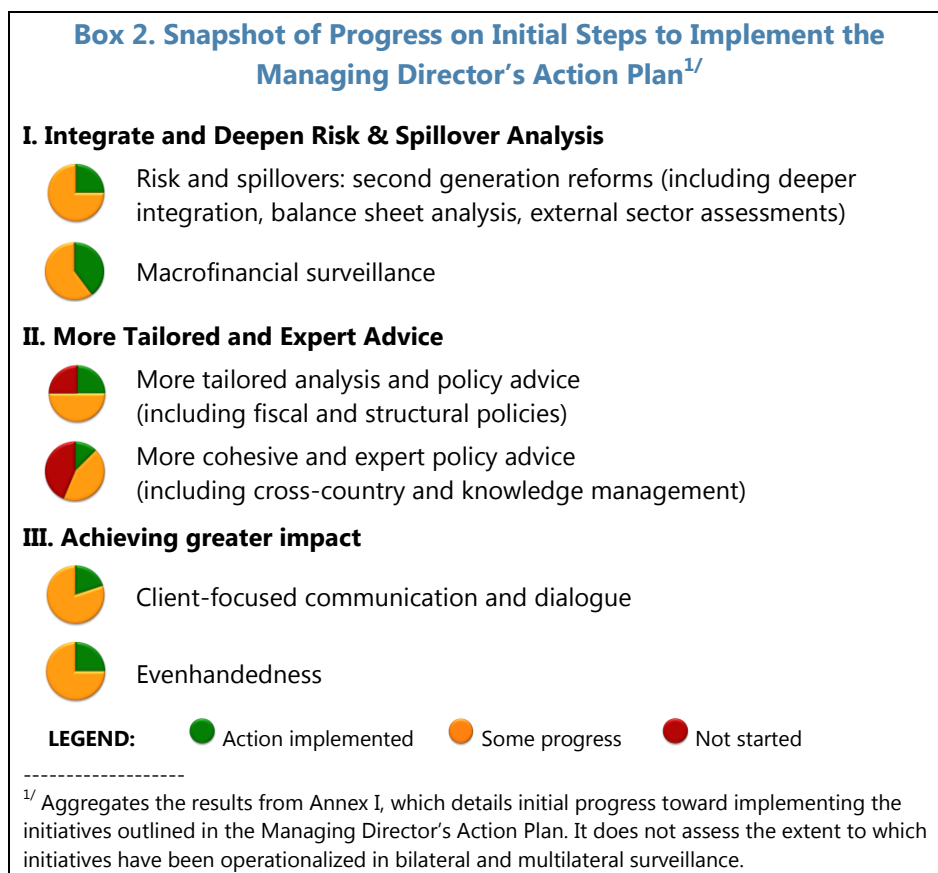
- **Risks and Spillovers.** Integrate bilateral and multilateral surveillance, include alternative risk scenarios in Article IV consultations as relevant, and revive national balance sheet analyses.
- **Macrofinancial Surveillance.** Make macrofinancial analysis an integral part of Article IVs, and step up advice on macro-prudential policy to address financial risks, particularly in integrated economies.
- **Structural Policy Advice.** Recognize all macro-critical structural issues and their macroeconomic implications; and follow principles for advice: macro-criticality, and Fund expertise or interest in a 'critical mass' of the membership.
- **Cohesive and expert policy advice.** Move towards thematic Article IV staff reports, build advice on cross-country policy experiences, strengthen TA integration in surveillance, and enhance collaboration with other international organizations in specific areas.
- **Client-focused approach.** Monitor engagement; and expand the coverage of follow-up on past policy advice in Article IV staff reports.

EARLY PROGRESS TOWARD STRONGER SURVEILLANCE

3. There has been good progress in initiating work in the TSR priority areas in the months since the MD's Action Plan. While not all initiatives are equally advanced given their different starting points or varying complexity, staff has focused on driving forward initiatives that underpin the new surveillance priorities—such as mainstreaming macrofinancial analysis and building a stronger basis for macrostructural analysis. Initiatives in some areas—in particular, further deepening risk and spillover analysis—are helped by the considerable investment the Fund has made in this area following the 2011 TSR. Similarly, efforts to enhance the analytical basis for fiscal advice, as a core area of Fund expertise, have the advantage of starting from a higher base. Progress in other areas, such as macro-structural issues, is inevitably at an earlier stage. Staff is also moving forward with efforts to address perceptions on evenhandedness and improve knowledge management, both of which are key institutional priorities. Box 2 provides a snapshot of progress on initial steps toward implementing the key elements of the Action Plan.

4. A central tenet of the TSR was to strive for surveillance that continues to better capture global interconnections, while also adapting to the emerging needs of members. For the Fund to effectively deliver on that goal, it is imperative that surveillance becomes more risk-based and better tailored to the needs of member countries. The recent streamlining exercise in

the context of the Fund's medium-term budget supports the shift toward a more risk-based approach to our work. The aim is to reorient our activities away from those not critical to safeguarding economic and financial stability, and reallocating resources toward higher priority tasks, including implementing the TSR priorities. At the same time, the TSR Action Plan covers a wide range of initiatives and judgment and selectivity in how these are used in surveillance is fundamental to the spirit of the TSR.



5. The remainder of this section outlines in more detail the actions under way to support three broad pillars of work identified in the TSR: (i) integrate and deepen risk and spillover analysis; (ii) more tailored and expert advice; and (iii) achieving greater impact.

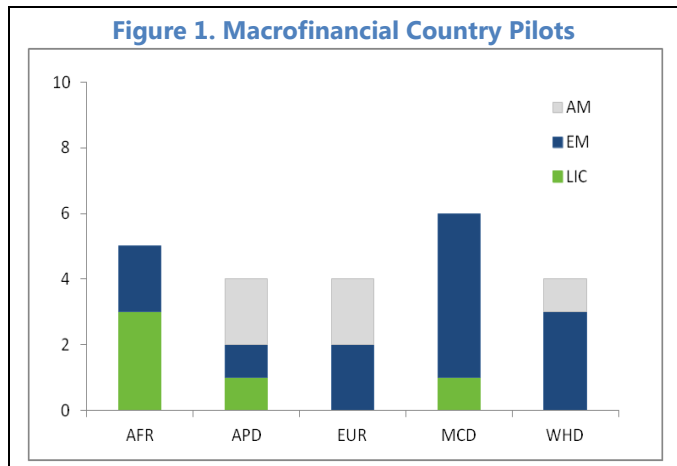
A. Integrate and Deepen Risk & Spillovers Analysis

6. The Fund is pushing ahead with a broad agenda to strengthen risk and spillover analysis, exploiting synergies across a range of initiatives. Staff is making a considerable—and collaborative—effort involving new approaches to macrofinancial surveillance and to working together across the Fund. This is helping to drive progress in related TSR priority areas. Efforts to better integrate bilateral and multilateral surveillance are also underway.

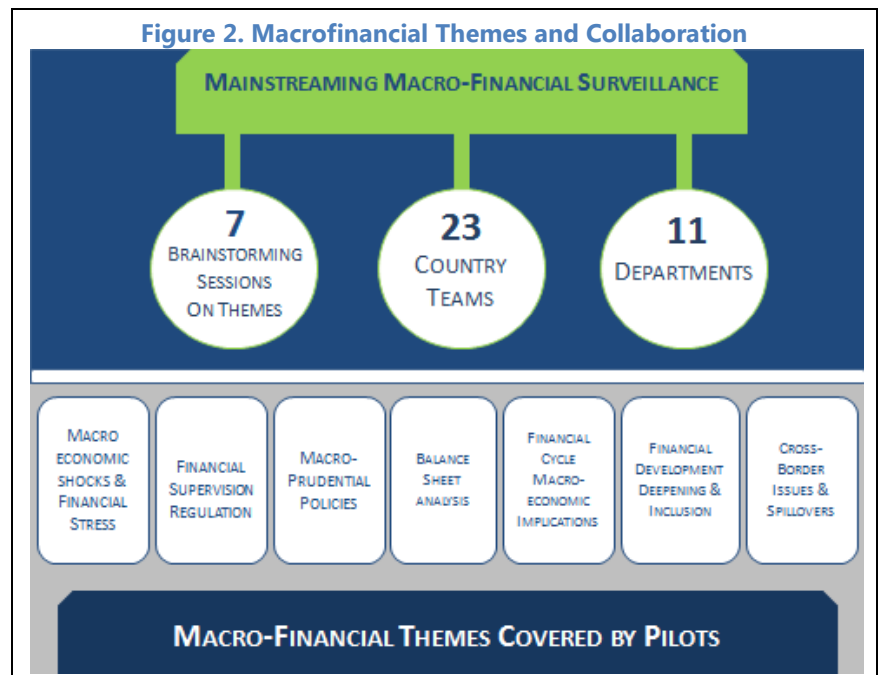
Mainstreaming Macroeconomic Analysis

7. Building on the Fund's considerable financial sector expertise, staff is exploring new and innovative ways to integrate macro-relevant financial analysis into surveillance.

- A number of pilot cases will test ways to operationalize macrofinancial surveillance. Area departments are leading much of this work, redirecting their resources to support macrofinancial work in 23 pilot Article IV consultations across all regions and income levels (see Figure 1). Drawing on existing expertise, functional departments are providing technical support to these pilots, including through more focused review. Most of these Article IV consultations are slated for the first half of 2015, with around 15 likely to be discussed by the Board before the summer recess.



- Another signature element of this approach is to identify and explore common themes across the pilot cases. Engagement among country teams serves as a vehicle to share country experiences across regions and income levels, as well as to share and build expertise across the Fund. Teams are examining a diverse set of themes across the pilot cases, including the macroeconomic implications of the financial cycle, financial deepening, macroprudential policy, and macro-shocks and financial stress (see Figure 2). Given the positive experience so far, this approach may serve as a good model for future collaboration.



- ### 8. Lessons from this early phase will provide the basis for establishing macrofinancial analysis as an essential element of Article IV surveillance.
- In this regard, the country pilots can help inform how area departments refocus their efforts and how best to leverage functional department expertise. The review process will internalize these lessons, helping to guide future macrofinancial surveillance. To build skills, particularly among area department staff who will

conduct the bulk of macrofinancial analysis, ICD, with MCM support, has developed a macrofinancial curriculum of 5 short courses and has already begun providing intensive training for area department staff.

9. Staff are developing and adapting a variety of tools to support country teams quantify macrofinancial linkages and detect the build-up of systemic risk. For instance, MCM has revamped the Financial Toolbox website to improve access to tools to assess macrofinancial risks. Tools created for the FSAP (such as stress tests), the GFSR (such as network analysis), and the vulnerability exercises are being adapted for wider use in Article IV consultations. Also, RES has developed a tool to assess the consistency between the macroeconomic outlook and credit conditions. Looking ahead, a key goal will be for teams to extend their macro-frameworks to incorporate a more detailed financial sector to capitalize on different tools and methodological approaches. This could involve, where feasible, linking banking system balance sheets to the real economy to better assess how credit developments affect growth. Ongoing training will support teams in integrating these new tools into their analysis.

10. A related goal is to better support teams in providing macroprudential policy advice. Staff issued a new Guidance Note on macroprudential policy in December 2014, together with notes giving more detailed guidance on instruments and additional considerations for macroprudential policy in low-income countries.³

Deeper Risk Analysis

11. Important strides have been made in efforts to enrich the Fund's risk analysis. This work is advancing on several fronts:

- **Efforts to revive and adapt balance sheet analysis are underway.** A forthcoming paper, scheduled for Board discussion in June, will examine the Fund's experience with balance sheet analysis and how to use it more effectively in surveillance. It will present a range of key tools, such as the balance sheet matrix, to support deeper analysis by country teams and improve data availability. In parallel, 10 of the macrofinancial pilots are exploring the role balance sheets play in macrofinancial analysis. Building on the major improvements in balance sheet data over the past decade, STA is preparing prototype balance sheet matrices for these pilot countries. This will allow country teams to assess both indicators and the distribution of risk within and across sectors, and to run stress scenarios that will illustrate the transmission of shocks from individual sectors to the macro economy. A range of specialized tools are being developed, such as one to assess the vulnerability of the nonfinancial corporate sector to shocks.

³ [Staff Guidance Note on Macroprudential Policy Countries](#), November 6, 2014, [Staff Guidance Note on Macroprudential Policy—Detailed Guidance on Instruments](#), November 6, 2014, and [Staff Guidance Note on Macroprudential Policy—Considerations for Low Income Countries](#), November 6, 2014.

- **Staff is also making progress toward developing alternative quantified risk scenarios.** Departments are discussing plans for a first wave of 20 countries to experiment with the design and implementation of alternative scenarios (domestic or global). This will help identify approaches that could be used more widely in Article IV surveillance. To help teams incorporate consistent G-RAM scenarios for external risks into their analysis, the WEO team will begin producing alternative assumptions for key global variables (such as growth in major economies, interest rates, commodity prices) for selected risks in the G-RAM. Initially, this exercise will focus on those risks most relevant to the country teams concerned.
- **The objective of embedding external sector analysis more fully in surveillance is being supported by refinements to our external balance assessment.** The External Balance Assessment (EBA) methodology has been extended to a broader group of countries, with the launch of EBA-lite in the fall 2014 as an additional tool for external sector assessment. This was supported by new operational guidance that is reflected in the updated *Surveillance Guidance Note*. Moreover, staff is preparing a paper on EBA-lite methodology paper, expected to be available by the end of this year. Staff is continuing to assess the scope for developing an EBA-lite type methodology for LICs. The 2015 ESR and spillover report will analyze global imbalances, spillovers, and the policy implications from exchange rate movements among major currencies, which will then be integrated in relevant Article IV consultations.

Further Integrating Bilateral and Multilateral Surveillance

12. Efforts to facilitate deeper integration center on promoting an effective two-way flow of ideas between multilateral surveillance and country/regional analysis. The topics covered in the analytical chapters in the flagships reflect early and broad consultation, including with area departments. The flagship authoring departments are ramping up their efforts to provide more granular, country or regional information to area departments through tailored presentations or notes. This also reflects a more systematic effort to leverage the insights from multilateral surveillance with the introduction of new multilateral products during the global financial crisis. For instance, the G-RAM—which staff began circulating to the Board in January 2015—has facilitated a more consistent treatment of global risks across Article IV reports, and major risks are now summarized in the WEO.

B. More Tailored and Expert Advice

13. Work is moving forward to ensure that the Fund can provide value-added and tailored advice that can adapt to the changing needs of member countries. In particular, staff is laying the groundwork for more focused structural analysis—an operational priority—as well as ensuring that our core fiscal advice continues to be ‘state of the art.’ More broadly, although cultural and institutional changes will take root over time, there are early indications that staff is embracing greater sharing of expertise and cross-country experiences.

More Tailored Macrostructural Analysis

14. The profile of structural issues continues to rise in Fund surveillance. Although strengthening the Fund's approach to structural issues is a long-term agenda, the prominence in many recent Article IV consultations reflects the growing macro-relevance for member countries. Area departments are actively seeking opportunities to improve their coverage of structural issues by collaborating internally and with other agencies and institutions. For instance, AFR and MCD have established departmental groups to coordinate work on inclusive growth issues. AFR, EUR and MCD are also working closely with the World Bank, OECD and relevant regional agencies to coordinate and develop relevant structural policy advice, without duplication. More generally, the updated *Surveillance Guidance Note* aims to support staff's efforts, articulating the post-TSR approach to surveillance of structural issues.

15. Staff is also making important strides in laying the groundwork for strengthening Fund surveillance of structural issues. Building on the commitments in the TSR Action Plan, staff is making a concerted effort to boost the Fund's capacity to identify, analyze and, where relevant, offer policy advice on priority structural issues. Over time, analytical and policy work will inform the development of a structural policy "toolkit" to support a tailored, country-specific approach by country teams, and collaboration with other organizations. In particular:

- Building on a range of work across the Fund,⁴ *staff is developing an analytical framework for identifying structural reforms with the largest productivity payoffs, across different country groups.* The initial findings (reflected in the spring 2015 *Global Policy Agenda* (GPA)) do not have immediate operational implications, but will guide further work, including a range of country case studies and deeper analysis of potential gains and complementarities of reforms. Staff plans to brief the Board on progress in fall 2015.
- *Other ongoing analytical work across the Fund will reinforce efforts to build expertise on specific structural issues.* Labor and product market reforms feature prominently in the near-term research agenda for both functional and area departments. In other instances, analysis is tailored to region-specific priorities, such as the recent Staff Discussion Note on the opportunities and challenges of Islamic Finance for financial development.⁵ Staff across departments are also working together to explore the macroeconomic aspects of inequality, energy and gender issues in a selection of country cases.⁶

⁴ See, for example, *Anchoring Growth: The Importance of Productivity-Enhancing Reforms in Emerging Market and Developing Economies*, Dabla-Norris, et. al. (2013); *The New Normal: A Sector-Level Perspective on Productivity Trends in Advanced Economies*, Dabla-Norris, et. al. (2015); IMF (2008); and "Which Reforms Work and under What Institutional Environment? Evidence from a New Data Set on Structural Reforms," *Review of Economics and Statistics*, Vol. 95:3 (July), pp. 946-968, Prati et. al., 2013.

⁵ *Islamic Finance: Opportunities, Challenges, and Policy Options*; SDN/15/05; April 6, 2015.

⁶ Several recent Article IV consultation staff reports, and the accompanying selected issues papers, examined the macroeconomic aspects of gender (e.g., India) and inequality (e.g., Mauritania and Nigeria).

- *Staff is systematically cataloguing the coverage of structural issues in recent Article IV reports. By providing a more granular picture of the structural issues in member countries, this can help ensure that future analytical and policy work is client-focused and reflects members most pressing macrostructural needs.*

More Tailored and Adaptable Fiscal Advice

16. Work is continuing across the Fund to ensure that growth and sustainability are appropriately accounted for in our fiscal advice. The updated *Surveillance Guidance Note* now includes a dedicated section on fiscal policy surveillance, emphasizing several challenges identified during the TSR (e.g., fiscal risks, fiscal anchors, and balancing cyclical and sustainability considerations). These priorities are also reflected in the country review process (e.g., greater attention to fiscal anchors) as well as targeted research to provide a stronger analytical basis for fiscal advice in bilateral surveillance, particularly judgments about growth and sustainability considerations. This includes upcoming Board papers on fiscal anchors, and fiscal policy and long-term growth, as well as technical work on methodologies for estimating structural fiscal balance adjustment (in particular, correcting for financial and asset-price cycles). Complementing the work on structural fiscal balances, the Spring 2015 WEO tackles methodological issues related to estimating potential output, and the Spring 2015 Fiscal Monitor examines the role and size of automatic budget stabilizers and their contribution to growth.

Cohesive Advice and Knowledge Sharing

17. New work practices are being adopted more widely to support surveillance that provides a 'whole economy view' and draws on a 'whole of Fund' perspective. A number of departments have signaled plans to produce more thematic Article IV staff reports in cases where focusing on a particular economic challenge would facilitate a deeper discussion of policy interactions. Functional departments have also reiterated their willingness to strengthen their participation in the review process for highly vulnerable countries, based on an ongoing dialogue with area departments. For instance, MCM has already agreed new country review lists with each area department, covering the most vulnerable countries. Departments are also considering other options for better leveraging capacity development in surveillance, including in some instances country desks participating in technical assistance missions related to the macrofinancial pilots.

18. Efforts to leverage cross-country experiences have gained momentum since the TSR.

- At the institutional level, the Knowledge Management (KM) Working Group has presented its final report to Management, including a KM strategy and program to help design, coordinate, and communicate the Fund's knowledge-sharing activities. Management intends to establish a small KM Unit, underpinned by a robust governance structure to ensure that it will promote strong KM practices. At the same time, some departments are already incorporating key KM program goals in preparing their FY2016 accountability frameworks.

- Initial institutional buy-in to the KM agenda has been positive. Sharing information and cross-country lessons has become a core operating principle in a number of recent cross-cutting Fund projects, including macrofinancial analysis. These initiatives will help to kick start the more broad-based use of cross-country experiences and expert advice in Fund surveillance. For instance, staff is working to strengthen the functionality of intranet-based thematic sites for sharing cross-country and other analytical resources. New thematic knowledge sites have been or are being established reflecting the needs of country teams facing similar challenges (e.g., small states, fragile states, Islamic finance, gender, inequality), and other sites are being revamped with stronger cross-departmental participation (capital flows).

C. Achieving Greater Impact

19. While achieving greater impact through surveillance is inherently a longer-term endeavor, staff is putting in place mechanisms and conditions to support this goal. This includes steps toward better understanding and addressing perceptions of evenhandedness, promoting greater clarity of multilateral messaging, and facilitating more effective two-way dialogue with member countries.

Evenhandedness

20. Staff is taking steps toward clarifying the Fund's approach to evenhandedness and establishing a mechanism for reporting concerns. The updated *Surveillance Guidance Note* outlines the concept of evenhandedness based on risk-adjusted "inputs" to surveillance, as agreed in the TSR. Cross-departmental work is now underway to develop principles to help form a shared and deeper understanding of evenhandedness based on the underlying "inputs" to Fund surveillance, and to guide assessments of evenhandedness concerns. Staff has also begun to discuss the broad outlines of the assessment mechanism, through which country authorities would raise concerns via their Executive Directors. Progress on both the principles and mechanism will provide a basis for staff to quickly establish a dedicated mailbox, expected later this year.

Client-focused Communication and Dialogue

21. Active efforts are underway to improve the clarity and coherence of multilateral surveillance messages. The immediate focus has been on aligning and coordinating multilateral messages, in particular with the suite of spring flagships. Consistent with the Action Plan, the spring 2015 GPA summarizes the main Fund views on the global outlook, risks and policy actions. Looking ahead, plans are also in train to streamline the underlying multilateral surveillance products. The analysis in the 2015 Spillover and External Sector Reports will be more focused and targeted toward policymakers, with analysis from the former to be folded into the WEO from 2016. With regards the flagships: the regional trends chapter of the WEO will be abolished to avoid duplication with the REOs; the GFSR will be streamlined; and the full Fiscal Monitor (including conjunctural analysis) will move to a once a year schedule and will not be produced in the fall 2015.

22. More broadly, the Fund is taking steps to improve its strategic communication planning and the basis for policy dialogue with member countries.

- Management is taking a more forward-looking and holistic approach to coordinating key events and communications milestones across the Fund, in line with the recent review of the IMF's communications strategy.⁷ In this regard, COM, in partnership with relevant departments, has made progress in planning for regional and global outreach, including major conferences. Efforts are also underway to more systematically track and assess the impact of major outreach events and the Fund's engagement with member countries more broadly. A number of departments (APD, EUR, MCD and WHD), in consultation with COM, are revisiting their communication strategies in light of the TSR.
- Following AFR's example, MCD is planning to roll out a targeted annual survey in FY2016 to monitor the quality of engagement and policy dialogue. Departments, in particular APD, are exploring new approaches to informal engagement with authorities, including through video conferencing, group engagement with countries facing similar circumstances (e.g., small states), and in the margins of high-level conferences.
- Several departments are making concerted efforts to ensure that Article IV staff reports include a holistic assessment of past policy advice, highlighting changes in staff advice and, where relevant, different approaches by the authorities.

LOOKING AHEAD

23. Staff will continue to push ahead with the full range of initiatives to strengthen surveillance, as set out in the Managing Director's Action Plan and based on further guidance from Executive Directors during this discussion. Ongoing engagement among staff will be critical as work continues on TSR implementation, both to raise awareness and to understand the issues teams are facing. Managers will play a vital role in implementing changed work practices, and the new leadership framework clarifies their roles, responsibilities, and behaviors which will support this.

24. With many initiatives taking time to bear fruit, staff will use different avenues to report progress to the Board. This could include updates on specific topics (such as the forthcoming Board paper on balance sheet analysis, or briefings on macrofinancial or macrostructural issues later in the year) or across a range of issues in the work program. In 2017, staff will undertake an assessment of the impact of these initiatives on surveillance for Board consideration in the context of the interim implementation assessment.

⁷ [Review of the IMF's Communications Strategy](#), August 8, 2014.

Annex I. TSR Action Plan Scorecard

I. INTEGRATING & DEEPENING RISK & SPILLOVER ANALYSIS	
Risks & Spillovers: Second Generation Reforms	
<i>Integrating Bilateral and Multilateral Surveillance</i>	
<ul style="list-style-type: none"> • The topics for the analytical chapters of the flagships will reflect other departments' views. • The flagship authors will give tailored presentations to area departments, summarizing the key flagship messages (including the analytical chapters) and highlighting the implications of global risks for different country groupings (depending on their level of development). • REOs will discuss the implications of global risks and spillovers for their regions/countries. • The World Economic Outlook (WEO) will summarize the key global risks highlighted in the Global Risk Assessment Matrix (G-RAM). • Staff will issue the G-RAM to the Board for information on a quarterly basis. • Article IV consultations for economies whose policies are likely to have systemic spillovers will include greater quantification of the impact of outward spillovers and spillbacks. 	<ul style="list-style-type: none"> ● ● ● ● ● ●
<i>Deeper Risk Analysis</i>	
<ul style="list-style-type: none"> • Country teams will use an eclectic approach in risk and spillover analysis, applying a range of specialized analytical techniques where needed. • Through focused training, the Institute for Capacity Development (ICD) will support deepening risk and spillover analysis. • Article IV staff reports will include an alternative quantified risk scenario for countries where one or a combination of risks (external or domestic) could have a material impact on the economic outlook. Alternative scenarios will be prepared for a first wave of 20 countries. • To support alternative quantified risk scenarios for global risks, the WEO team will prepare alternative global assumptions for risks identified in the G-RAM. 	<ul style="list-style-type: none"> ● ● ● ●
<i>Balance Sheet Analysis</i>	
<ul style="list-style-type: none"> • Interdepartmental task force to develop the dataset, template, and guidance for country teams. • Country teams to deepen analysis with authorities and identify relevant data gaps. Where possible and relevant, Article IV reports will include matrices showing assets and liabilities, their maturity and currency composition, for each sector. • Identify and implement 5 pilot cases for balance sheet analysis in Article IV consultations, one for each area department • SPR to expand external DSA to assess shocks to external flows. • Fund staff will work with G20 members to develop plans for a second phase of the G-20 Data Gaps Initiative starting in 2016. • Over the medium term, the staff will intensify efforts to develop a global flow of funds at least for the largest global economies. 	<ul style="list-style-type: none"> ● ... ● ● ● ...
<i>External Sector Assessment</i>	
<ul style="list-style-type: none"> • Extend EBA-lite to non-EBA countries with data availability. • Develop an EBA-lite type external sector assessment methodology for low-income countries. • A paper describing the EBA-lite methodology plus the dataset and programs underpinning the EBA-lite results will be made publicly available by end-2015. • Article IV staff reports for all countries where the EBA or EBA-lite methodology is applied to discuss the contribution of domestic policies to external imbalances and use these results in relevant policy discussions. 	<ul style="list-style-type: none"> ● ● ● ...
<p>LEGEND: ● Action implemented ● Good progress ● Some progress ● Little progress ● Not started</p> <p>It is too early to assess items marked as "..." as these relate to how recommendations are reflected in surveillance.</p>	

Macrofinancial surveillance	
<ul style="list-style-type: none"> Identify themes for countries from a diverse range of regions and income groups, and provide inter-departmental support to develop and reflect this analysis in forthcoming Article IV consultations. 	
<ul style="list-style-type: none"> Increased efforts to disseminate user-friendly toolkits. 	
<ul style="list-style-type: none"> Develop analytical frameworks for macrofinancial analysis, drawing on a wide range of perspectives. 	
<ul style="list-style-type: none"> Develop a macrofinancial training program. 	
<ul style="list-style-type: none"> Share good practice examples through effective knowledge management. 	
<ul style="list-style-type: none"> Stepped-up and focused review to help strengthen macrofinancial analysis and advice in Article IV staff reports, including on macroprudential policies. 	
II. MORE TAILORED & EXPERT ADVICE	
More tailored policy advice	
Fiscal Policy	
<ul style="list-style-type: none"> Undertake analytic work on the basis for calculating and using structural fiscal balance estimates. 	
<ul style="list-style-type: none"> Improve the measurement of potential output with due regard to the operational and technical constraints in this area. 	
<ul style="list-style-type: none"> Article IV staff reports to specify a fiscal anchor as appropriate for each country. 	...
Structural Policies	
<ul style="list-style-type: none"> Article IV staff reports should identify structural issues critical to macroeconomic developments and risks, and analyze their macroeconomic implications. Where these structural issues are within the Fund's core expertise, staff reports should also offer policy advice. 	...
<ul style="list-style-type: none"> Collaborate with other expert agencies in structural areas where the Fund does not have expertise. Establish an interdepartmental task force to help identify priority areas, and develop working links with relevant international agencies and institutions. 	
<ul style="list-style-type: none"> Identify and strategically invest in strengthening institutional capacity in certain aspects of labor market policies (around three to four) where members' needs are greatest. Where sufficient demand, ICD could develop training in collaboration with relevant functional departments. 	
More Cohesive and Expert policy advice	
<ul style="list-style-type: none"> Article IV staff reports should explicitly discuss the policy mix. Staff is encouraged to structure reports around economic goals and themes (rather than by sector). 	...
<ul style="list-style-type: none"> Where requested by area departments, FAD and MCM will ensure participation in the review process and missions to highly vulnerable countries flagged in the vulnerability exercises. 	
<ul style="list-style-type: none"> Country desks will participate more systematically in critical policy-related TA missions. 	...
<ul style="list-style-type: none"> Establish a small Knowledge Management (KM) Unit, reporting to Management, to help design, coordinate, and communicate the Fund's knowledge sharing activities. 	
<ul style="list-style-type: none"> Include key KM program goals in departmental accountability frameworks. 	
<ul style="list-style-type: none"> Implement KM program, including more consistent document tagging with thematic and other metadata to ensure searchability, and consolidate topical materials to improve accessibility. 	
<ul style="list-style-type: none"> Training, incentives, and governance to ensure that new KM business practices are followed. 	
<ul style="list-style-type: none"> Interdepartmental working group to identify 5-10 priority policy areas where additional steps to document country experience would have high value. 	
<ul style="list-style-type: none"> Establish a repository of cross-country materials, with a good start planned for FY16. 	
<ul style="list-style-type: none"> Article IV teams strongly encouraged to include cross-country policy lessons in policy notes. 	...
<ul style="list-style-type: none"> Make the Fund's expertise more directly available to members through IMF.org, and implement a new web content management system in FY16. 	

III. ACHIEVING GREATER IMPACT	
Client-focused Communication and Dialogue	
<ul style="list-style-type: none"> Country teams will engage with member countries on a more continuous basis, and seek opportunities for informal discussions, including through staff visits and private workshops. ... Heads of area departments to monitor the quality of engagement and policy dialogue through targeted surveys and informal feedback mechanisms, and share the results with management. ● Expand discussion of past policy advice in Article IV reports to highlight changes in staff advice and, where relevant, the implementation of different policies by country authorities. ... Article IV consultation policy notes to include the key communication messages for outreach. ● Strengthen the clarity and coherence of multilateral surveillance messages (including summarizing the messages of the multilateral products in the GPA). Incorporate key messages from the [forthcoming] Spillover Report and [Pilot] ESR in WEO/GFSR. ● 	
Evenhandedness	
<ul style="list-style-type: none"> Guidance note to clarify Fund's approach to evenhandedness based on inputs. Create an interdepartmental working group to set principles for an evenhanded approach to surveillance. ● Create an email mailbox for Executive Directors to report evenhandedness concerns. ● Management to report to the Executive Board on concerns raised and, where necessary, plans to address specific concerns. ... 	
IV. IMPLEMENTATION AND MONITORING	
<ul style="list-style-type: none"> Identify and disseminate best practices in Article IV staff reports on 10 TSR priority areas. ● Report on interim assessment of TSR implementation (due early 2017) ... 	