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September 17, 2021

**Statement by Ms. Lim, Mr. Mochtar, Mr. Ong, Mr. Bautista, and Mr. Dacharux on
Eleventh Periodic Monitoring Report on the Status of Management Implementation
Plans in Response to Board-Endorsed IEO Recommendations
(Preliminary)
Executive Board Meeting
September 22, 2021**

We thank the Office of Internal Audit (OIA) for the comprehensive 11th Periodic Monitoring Report (PMR) on the status of the management implementation plans (MIPs) and actions, and IEO's helpful commentary.

We would also like to take the opportunity to commend management and staff for the progress made in the past 18 months. Despite work pressures arising from the pandemic, 29 actions were satisfactorily implemented, significantly above the trend average of 15 actions per year.

Nevertheless, challenges remain, with the PMR observing a faster pace on actions contained in more recent MIPs, while actions from older MIPs tended to be slower and faced more implementation challenges. We note in particular the 16 open and overdue actions and encourage expeditious progress to close the gaps.

(a) COVID-19 Impact

The urgency and the associated reprioritization induced by the COVID-19 pandemic have in turn caused delays for certain policy reviews. For instance, delayed completion of the CSR had cascading effect on the timing of the DPF Review, the Tenth Review of the IMF's Data Standards Initiatives, and the Review of Standards and Codes Initiative, which in turn impinged on implementation progress for actions from the *Behind the Scenes with Data in the IMF* evaluation. While understandable, we underscore the importance for the Board to be fully apprised of such cascading effects, and the associated risk implications for the Fund, when considering policy review delays in the future. *We welcome staff's comment, including from ORM, IEO and OIA where relevant, on the feasibility of assessing the potential downstream impact and risk.*

Meanwhile, we take positive note that COVID-19 related work such as staff's "How-to Notes" and "Special Series Notes" will form part of core work toward some of the open actions, including the ones on Social Protection as highlighted in the report.

(b) Resource Constraints

Resource constraint amidst the flat real budget environment has been identified as a source of delays in some of the MIP actions, such as the ones for Financial Surveillance (CSR new initiatives). *Could OIA elaborate on the total resource gap that resulted in such slippages?* This could be useful information as the Board deliberates on the issue of budget augmentation.

Also, could staff clarify what is the overarching assumption for the Fund's budget that underpins the expected completion dates across all the items listed in the PMR? For the upcoming budget augmentation discussion, we expect a clear articulation of any augmentation proposal(s)' implications for MIP implementation timelines, and in turn the Fund's overall risk profile, to enable fully-informed decision-making.

As OIA observed, successive PMRs have noted the prevalence of overly optimistic target implementation dates. A more rigorous, realistic approach to setting target dates is key so that during downstream monitoring, greater attention could be focused on items that have truly gone off-track.

Assessment of Impact of Implementation Slippages

More broadly, we underscore the need for there to be a robust risk management framework to be well-integrated into the entire IEO evaluation and follow-up process. In this regard, we concur with IEO's suggestion for ORM to be involved in assessing the impact of the slippage on enterprise risk along the multiple risk dimensions that the ORM monitors.

Comments on Specific Actions

- IMF Advice on Capital Flows: We welcome the work done under the IV Review, and look forward to the Board discussion set in January 2022. We also take note of the plan to review EBA models and would like to encourage staff to put this on priority and to engage not only with the Board but also country authorities to gain insights on the needed refinements. Given concerns voiced by many Directors on many occasions, we attach great importance to having the work on EBA refinement proceed without delay.
- IMF Financial Surveillance: We look forward to the briefing on the HR strategy especially in relation to the financial sector experts, which we see as instrumental for enhancing the analysis and policy advice of the AIV consultations. We welcome the increase in the number of these experts throughout FY15-FY21. The upcoming improved workforce analysis enabled by the more comprehensive talent inventory under HR Workday is a useful tool and we agree with IEO's suggestion to make it mandatory for staff to complete their Talent Profiles to expedite the completion of the inventory of financial skills. This should neither be left to voluntary compliance, nor confined to those applying to certain job positions at senior levels as noted in the PMR.
- Behind the Scenes with Data at the IMF: We recognize the important roles of data in all aspects of Fund's operations. We generally agree with the reformulation of the four actions in line with the framework for long-standing open actions for a more effective and measurable outcome.

- Role of the Fund as Trusted Advisor: We welcome the steps taken since 2013 to improve diversity and inclusion. We continue to expect further efforts to raise the share of nationals from underrepresented regions among the Fund's senior staff members.