



Executive Board Minutes 21/94-1

September 22, 2021–10:00 a.m.

Eleventh Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board—Endorsed IEO Recommendations

Documents: SM/21/156, and Sup. 1

Staff: Onyango and Fosu, OIA; Kang, SPR

Length: 1 hour, 24 minutes

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CEDA OGADA
Secretary

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¹ Minutes are the official record of a formal Board meeting in which the Board may adopt decisions and reach understandings related to the business of the Fund. Staff background documents issued before the meeting are the principal basis for the meeting. Preliminary “gray” or “buff” statements by Executive Directors and staff’s responses to Directors’ technical questions are circulated prior to the meeting. Adopted decisions and/or summings up—the Chair’s “sense of the meeting” or policy conclusions/recommendations—are issued after the meeting. The minutes include all these elements, as well as the discussion record (a verbatim transcript of the discussion lightly edited for clarity). Minutes are made public consistent with the IMF’s Transparency Policy and Open Archives Policy.

THE ACTING CHAIR'S SUMMING UP

Executive Directors welcomed the opportunity to discuss the Eleventh Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office Recommendations. They broadly endorsed the assessment of implementation status contained in the PMR.

Directors were encouraged to see that the pace of implementing management action plans has accelerated despite the challenges brought by the ongoing COVID-19 pandemic. They welcomed, in particular, the strong progress in recent MIPs, including in response to the IEO evaluations on *IMF Advice on Capital Flows*, *IMF Advice on Unconventional Monetary Policies*, and *IMF Financial Surveillance*.

Directors regretted that about half of the open actions are more than one year past their implementation due dates. In this context, they called on the accountable Fund Departments to expedite implementation of all delayed open actions, particularly those that respond to the IEO evaluations on *IMF Financial Surveillance*, *The IMF and Fragile States*, *The IMF and Social Protection*, *Behind the Scenes with Data at the IMF*, and *The Role of the IMF as Trusted Advisor*. Directors also looked forward to the reformulation of the agreed eight actions to make them more effective and measurable, in line with the Board-approved triage framework for long standing open actions.

Directors welcomed the ongoing work to develop a framework to assess the impact of slippages in the implementation of open actions, while acknowledging that this is a difficult but important exercise to enhance governance. They agreed that it will be important to define “impact” ex-ante, as part of the MIP process, and to analyze the 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 could assess the impact of slippages in the implementation of open actions on enterprise risk. Directors looked forward to receiving a draft framework by the end of the fiscal year.

EXECUTIVE BOARD DECISION

The Executive Board took the following decision:

Eleventh Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board-Endorsed IEO Recommendations

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 Eleventh Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations (SM/21/156). (SM/21/156, 08/26/21)

Decision No. 17106-(21/94), adopted
September 22, 2021

EXECUTIVE BOARD ATTENDANCE²

G. Okamoto, Acting Chair

Executive Directors

I. Mannathoko (AE)

A. Bevilaqua (BR)

P. Moreno (CE)

D. Palotai (EC)

J. Stephan (GR)

D. Fanizza (IT)

T. Tanaka (JA)

H. Hosseini (MD)

M. Poso (NO)

R. Lim (ST)

S. Riach (UK)

E. Shortino (US)

Alternate Executive Directors

R. N'Sonde (AF)

B. Lischinsky (AG), Temporary

A. Grant (AP)

Z. Zhang (CC)

F. O'Brolchain (CO)

C. Roman (FF)

N. Thiruvankadam (IN), Temporary

P. Al-Riffai (MI), Temporary

S. Tsur (NE), Temporary

L. Palei (RU)

H. Saeed (SA), Temporary

C. Wehrle (SZ), Temporary

G. Bauche, Acting Secretary

R. Dall'Orto, Summing Up Officer

D. Jiang / L. Briamonte, Board Operations Officers

M. McKenzie, Verbatim Reporting Officer

Also Present

Asia and Pacific Department: E. Cerutti. Communications Department: N. Ismail. European Department: R. Blavy. Independent Evaluation Office: Y. Bal Gunduz, S. Balasubramanian, J. Cohen-Setton, C. Collyns, L. de Las Casas Perez de Orueta, P. Loungani, R. Pedraglio

² For countries in each constituency, please see the Constituency Codes in the annex.

Florez, C. Rustomjee, L. Stedman. Middle East and Central Asia Department: R. Bi. Monetary and Capital Markets Department: D. Seneviratne. Office of Budget and Planning: L. Alvarez Gonzalez. Office of Internal Audit and Inspection: M. Alcala Rivero, H. Alhawal, L. Croppo, S. Dhanaraj, J. Di Tata, B. Fosu, S. Magilirane, P. Murugan, C. Njue, N. Onyango, S. Wu. Office of Risk Management: B. Boulwood. Strategy, Policy, and Review Department: K. Kang, N. Tabatchnaia-Tamirisa, Y. Wu, J. Yopez Albornoz. Statistics Department: R. Koehler, P. Tumbarello. Executive Directors: A. Andrianarivelo (AF), S. Chodos (AG), M. Mahmoud (MI), P. Trabinski (SZ). Alternate Executive Directors: A. Alhosani (MI), H. Azal (EC), M. El Qorchi (MD), F. Fuentes (BR), A. Guerra (CE), L. Herrera (AG), C. Just (EC), M. Kashima (JA), F. Mochtar (ST), J. Romero (CE), B. Saraiva (BR), J. Sigurgeirsson (NO), F. Sylla (AF). Senior Advisors to Executive Directors: W. Abdelati (MI), M. Alle (AF), H. Andrianometiana (AF), E. Cartagena (CE), R. Cunningham (CO), J. Garang (AE), R. Goyal (IN), P. Harvan (EC), O. Hendrick (AG), B. Jappah (AE), L. Johnson (AP), S. Naka (JA), D. Ong (ST), S. Potapov (RU), J. Rojas (CE), C. Sassanpour (MD), S. Senich (US), L. Smith (CO), F. Spadafora (IT), R. Velloso (BR), M. Villeneuve (CO), B. Yoo (AP), M. Zhunusbekova (SZ). Advisors to Executive Directors: A. Abdullahi (AE), M. Albert (FF), F. Al-Kohlany (MI), I. Allika (NO), A. Arevalo Arroyo (CE), Bah, R. (AF), Dennis Bautista (ST), C. Becker (AP), M. Boehme (GR), E. Boukpepsi (AF), T. Chrimes (UK), J. Corvalan (AG), K. Dacharux (ST), S. Dash (IN), R. Edwards (CO), D. Fadhel (MI), K. Florestal (BR), D. Hamzah (MI), A. Korinthios (IT), V. Lankester Campos (CE), M. Merhi (MI), P. Mooney (CO), R. Moral Betere (CE), K. Osei-Yeboah (MD), B. Piasecki (SZ), B. Rankin (CO), B. Singh (IN), Y. Watanabe (JA), C. Westphal (US), Y. Yang (CC), J. Yoo (AP), F. Lopez (CE), E. Comolet (FF).

DISCUSSION RECORD³

The Acting Chair (Mr. Okamoto):

This is the second time the Eleventh Periodic Monitoring Report (PMR) has been elevated to a formal Board discussion, and this has enhanced the visibility and accountability for the follow-up on the IEO's recommendations. Thanks to the very hard work of the staff, several of which are joined by me here in the room, we have also seen the increased traction of IEO recommendations in recent times. The faster pace of implementation in the past year, despite the challenges brought by the ongoing COVID-19 pandemic, is a pleasure to observe. This is a further testament to how seriously the institution takes IEO evaluations, and management and staff will continue to leverage the IEO to learn lessons and continue strengthening the institution.

The PMR also serves as a mechanism for accountability. In particular, I want to acknowledge the improvements the Office of Internal Audit (OIA) and Inspection (OIA) has made to the PMR over the years in terms of the objectivity and independence that they bring to the process, the clarity around the status of open actions, and the early warnings about implementation challenges.

The management has taken due notice of the Eleventh Periodic Monitoring Report's assessment, that about half of the open actions are more than one year past their implementation due dates. We are looking at ways to expedite the completion of those actions, along with many other competing priorities.

With that, let me take the opportunity to comment briefly on two themes that run through nearly all of the 20 gray statements--one is the impact of slippages in the implementation of management actions, and, two, the reformulation of actions in response to the Board-endorsed triage framework.

As the pandemic-related response activities subside for departments, management has asked OIA to resume its coordination work on the approach for measuring the impact for slippages in the implementation of open actions. In addition, OIA is going to be engaging with IEO, our Office of Risk Management (ORM), and the Strategy, Policy, and Review Department (SPR)

³ Edited for clarity.

to find ways of better linking open actions to their risk impacts, in line with the institutional risk framework that is being built out.

Work is also well underway to reformulate eight actions that were identified in last year's triage exercise. The staff are very much aware of the importance of these actions and the need to ensure that the reformulated actions would address the thrust of the original IEO recommendations. A draft MIP is going to be presented to the Evaluation Committee (EVC) before the end of the calendar year.

The Director of the Office of Internal Audit and Inspection (Ms. Onyango):

Since being instituted in January 2007, PMRs have been reporting annually on the state of implementation of actions to address Board-endorsed IEO recommendations. The Eleventh Periodic Monitoring Report is the sixth time OIA is preparing the PMR, with the earlier ones being prepared by SPR until 2014.

Following the 2013 external evaluation of the IEO, it was recommended that the follow-up process be made independent of the staff who were accountable for implementation.

As the Chair indicated, this is the second time in recent times that the PMR is being discussed as a full Board meeting, having been elevated from the previous practice of a discussion at the Evaluation Committee of the Board. This was a recommendation arising from the 2018 external evaluation of the IEO.

At a personal level, this is my third PMR. Over the years, I have been pleased to see OIA's increasing collaboration with SPR, as well as the engagement with accountable departments and, of course, with the IEO. The staff have been extremely responsive in providing information for us to independently assess the implementation progress, and we are grateful for that.

I would also like to thank Directors for their engagement and suggestions on further improving the effectiveness of the PMR as a tool for accountability. We have provided written responses to your very insightful comments and the questions in your gray statements, but let me take the opportunity to emphasize four themes that came across quite clearly, two of which the Chair has already mentioned.

First, we are very pleased about your overwhelming support for the OIA and your endorsement of the assessment of the implementation progress in the PMR. Like many Directors, we are very pleased with the faster implementation pace for management actions, relative to previous years. This could partly be attributed to the recent laser focus on drafting specific, measurable, attainable, relevant and timebound (SMART) actions but also the increasing visibility of IEO evaluations that is driving the traction. I would caution that vigilance ought to be maintained in making sure that the focus on SMART actions does not inadvertently lead to tactical actions that have a limited impact on fundamental changes or solutions.

The second theme I would like to address is the enhanced framework for assessing the impact of slippages in the implementation of open management actions. This is an exercise that will involve close collaborations with the IEO, the Office of Risk Management, SPR, and the relevant accountable departments. While the components are still evolving, I can imagine that it will involve the following.

For each overdue action, revisiting the context and the thrust of the issue and recommendation, as originally raised by the IEO, in order to better understand the risk implications they pose to the institution. As we have said previously, the risk level should ideally drive the prioritization of the recommendations. However, these risk implications are not always explicit in the MIPs, and we would like the staff to consider them in deriving a risk-based action plan for the MIPs.

For the open MIPs, we must also understand what changes have occurred since the evaluation and the risk impacts of not completing the action. This includes any global or internal events, changes in processes and methodologies, and actions that may have already been taken to partially mitigate the risks, a measure of the current residual risks, leveraging the enterprise risk framework and the proposed institutional risk taxonomy. This framework will, hopefully, be adopted by the IEO in future recommendations as the basis for assessing the impact to the institution arising from any delays in implementing the relevant open actions. The OIA has a clear direction from management to coordinate a small working group that will propose a practical framework by the end of the fiscal year.

The third theme I would like to comment on is the reformulation exercise. Many Directors expressed disappointment that the PMR did not provide information on the status of the actions that are being reformulated. The reformulation exercise is being led by SPR. OIA will be providing inputs

and suggestions to SPR to promote SMART actions that broadly address the thrust of the original IEO recommendations. We have been assured by SPR that work is on course to have the new actions presented to the Evaluation Committee by the end of the calendar year.

Unfortunately, until the new actions are finalized and endorsed by the Executive Board, it would be premature, probably even speculative, for the PMR to attempt to assess progress. The goal is for these new actions to be followed up regularly as part of subsequent PMRs.

Lastly, the fourth theme is about Directors' questions relating to overdue actions, especially related to the workforce analysis for financial sector experts, diversity, and data and statistics. The Human Resources Department (HRD) and the Statistics Department have provided comprehensive answers, which we have included in the responses to Directors' questions. Let me briefly add that OIA also plans to conduct an audit of diversity and inclusion (D&I) in the next year, with timelines subject to discussion with HRD.

Let me wrap up by saying that, with Directors' help, I certainly feel that the PMR will continue to contribute strongly toward reinforcing accountability and increased traction of IEO recommendations through the independence and objectivity that OIA brings to this exercise, the commitment shown by the staff in recent years, and a stronger link to the enterprise risk management framework.

Thank you again for your support. We would be happy to address any questions Directors may have.

The Deputy Director of the Strategy, Policy, and Review Department (Mr. Kang):

I would like to comment on the issue of the delayed open actions which featured in the IEO statement and the gray statements of many Directors.

We recognize the importance of ensuring the timely implementation of past IEO evaluations. It is unfortunate that the action plan for the eight open items has been delayed. As mentioned earlier, the shock of the pandemic and its cascading effects on the Fund's work program but also major policy reviews, like the Comprehensive Surveillance Review (CSR), were important factors. The Board discussion in 2020 on the categorization framework set a clear direction for addressing the eight reformulated actions, with a view to

identifying specific deliverables to make these actions more effective and measurable.

As the First Deputy Managing Director has noted, we have started work on this by engaging with various colleagues across the Fund to refine the draft action plan that addresses the IEO's recommendations, as well as the Board's feedback. Our aim is to send the eight reformulated actions to the Evaluation Committee by year end, as mentioned in the Board work program.

I would also like to thank Directors and their offices for participating in the latest annual survey on the quality of the Fund's engagement with the membership. In this survey, we added questions on areas covered by these delayed actions. In July, we shared with Directors the summary report of these results, which found that Directors were broadly satisfied but saw scope for further action to preserve continuity in mission assignments, particularly in small and fragile states, and to improve country assignment hand-overs. We are taking this information into account as we work through the reformulation plan for the eight actions.

Thank you for your patience with this project, and we hope that we can bring this to a closure soon.

Mr. Palotai:

We thank staff for the report, which provides some good reflection of the progress made in the MIPs over the past 18 months. We also welcome the acceleration of the implementation and note the impact of the pandemic on the timeline of some actions due to the reprioritization of work. Could the staff perhaps confirm that the PMR would remain on a 12-month basis? We have not issued a gray statement; therefore, I will just explain our points here.

We continue to see the need for a clear link to the budget, including by increasing the transparency of how delays are shifting resources earmarked for specific actions, as well as the impact of resource constraints on delays to support a discussion on budget augmentation.

We stress the importance of a risk-based prioritization of open actions for existing MIPs; and, like other Directors, we urge the staff to present an effective and efficient framework for the assessment of the impact of slippages before the end of the fiscal year. We are hesitant to support an ex ante approach only, as it would not provide any guidance on a large number of existing actions, but we also note the difficulties highlighted in the

report. We agree with the IEO's assessment that the ORM can play a useful role in this regard.

Regarding the MIP on financial surveillance, we note the two overdue actions, including due to the impact of 1 HR delays. Like Ms. Grant, we would have welcomed an increase in macro-financial surveillance resources already over the near-term. Could the IEO share their views on whether the envisaged augmentation of financial surveillance resources would be sufficient and whether the deployment plans are expected to meaningfully enhance the Fund's capacity to track financial sector risk in an evenhanded manner?

Finally, regarding the planned reformulation of some actions under the trusted advisors' evaluation, like Ms. Grant, Mr. Pösö, and Mr. O'Brolchain, we stress the criticality of longer staff tenure and the management turnover for small states. These are usually covered by very small country teams, which leads to a severe loss of institutional memory with any staffing changes, and resets the dialogue with the authorities.

Mr. N'Sonde:

We appreciate the quality work of the OIA in this Periodic Monitoring Report and the work also of the Independent Evaluation Office. We have not issued a gray statement, so I apologize if I exceed my time a bit.

At the outset, let me say that we are in broad agreement with the staff's assessment, and we support the proposed decision. I would like to offer the following three broad comments.

First, we convey our appreciation to the management and staff for the performance observed in the pace of implementation in the Eleventh PMR, despite the difficult context posed by the pandemic.

Second, while recognizing the progress being achieved, we are of the view that more still needs to be done to complete the 35 open actions, 15 delayed for more than a year, and the 8 being reformulated. We would welcome the additional analysis on the impact of slippages in the implementation of open management actions by the end of the year. We look forward to the OIA's further engagement with relevant departments, including ORM, as proposed by the IEO, with the view to design, by the end of the fiscal year, a fully-fledged framework for measuring the impact of those slippages.

Third, in terms of further progress in the implementation of open actions, we would emphasize the following areas.

On the IMF and social protection, the guidance note for the implementation of this strategy has become more relevant in the pandemic's context when countries have increased social spending. The timely completion of actions in this area is of utmost importance, and we continue to encourage close collaborations between the Fund and other international organizations, including the World Bank, to leverage their expertise. We also call for progress on actions related to the 2016 IEO evaluation, behind the scenes, with data at the IMF. Like Mr. Tanaka and others, we encourage stepping up close collaboration with member countries, including through adequate technical assistance to address data limitations and capacity constraints.

On the IMF and fragile states, we look forward to the Board paper on the strategy for enhanced Fund engagement with fragile and conflict-affected states (FCS) as a step for the Fund to better help its fragile members with tailored policy advice, financial support, as needed, and technical assistance. We appreciate that the IMF's strategy on fragile states and conflict-affected states will also provide guidance and a timeline for the full implementation of country engagement strategies for all those countries. Enhanced skills and relevant expertise are needed to work on those countries. And we look forward to the staff's capacity building in this area. The long overdue issue of reducing the high turnover in country teams should also be given more pressing attention.

Finally, Mr. Chair, on the 2013 role of the IMF as a trusted advisor, we remain concerned about the delay in meeting the regional and gender diversity targets. Like many Directors, including Mr. Mohieldin, Mr. Alhomaly, Ms. Mannathoko, and others, we urge for more ambitious and proactive efforts to make the Fund a diverse institution from all aspects.

Ms. Wehrle:

We welcome the OIA's comprehensive stocktaking and support the proposed decision. We are satisfied that the pace of the implementation of actions has not slowed, despite the recent pandemic-related shift in priorities. It is helpful that the PMR also sheds light on those measures whose implementation turns out to be a more protracted process, as well as on the reasons why. Let me highlight three points.

First, we welcome the work on developing a practical approach to assessing the impact of implementation slippages. We support involving the ORM in the process to assess the impact of slippages on enterprise risk. We believe that the assessment of the relative importance of the recommendations will need to take due account of their centrality to the Fund's core mandate. We, therefore, see strengthening the Fund's expertise on financial surveillance as essential to the credibility of the institution and to enhancing traction across the membership. In this regard, we encourage swifter progress on the completion of the inventory of financial skills.

Second, our chair has been a longstanding advocate of stronger hand-over procedures for country assignments. Clear guidance on the expected steps and best practices for hand-overs would not only ensure that knowledge is effectively leveraged within the institution; hand-overs are also a key component to ensure a smoother and more effective engagement with the authorities, thus, bolstering the Fund's role as a trusted advisor. We regret the significant delay in addressing this recommendation. We see it as low-hanging fruit that could greatly help, especially in cases where average tenure tends to be low, such as in the case of fragile states.

Lastly, on the Fund's role as a trusted advisor, we want to emphasize that further progress is needed to enhance the Fund's diversity and inclusion, including for the Caucasus and Central Asia region. We also would see merit in adding a level of granularity to the current regional approach to diversity by also taking stock of potentially underrepresented nations within a specific region.

Mr. Moreno:

The PMR is a key instrument in the governance of the evaluation framework of the Fund and is essential for the accountability and implementation of IEO recommendations endorsed by the Board. Let me at this stage just concentrate my comments on five main areas.

First, on the general progress in implementing the remaining MIP additions, we understand that a reprioritization has been inevitable, as a consequence of the pandemic and given the necessary focus of the Fund on the emergency response. We would note that there is good progress in newer MIPs. More than 50 percent of the actions have been completed. And we commend staff, that the staff has been able to accelerate MIP implementation since the discussion of the Tenth PMR last year.

Moving forward, we would expect an accelerated progress. And we welcome the assessment that a larger number of recommendations can be fully implemented by the end of fiscal year 2022. However, on the negative side, we also note that there remain important difficulties in older MIPs. In all these actions, the classification and the triage frameworks remain instrumental in reprioritizing possible work. I would also agree that actions for a single recommendation should be assessed in respect of the collective effectiveness.

I would also like to echo here Ms. Mannathoko's comments, in her gray statement, that there seems to be much more difficulty in implementing actions that involve multiple departments, which may require greater clarity on the department roles, and I would welcome the staff's comments on this issue.

Second, on the assessment of the slippages, we look forward to the practical framework for measuring the impact of the slippages before the end of the fiscal year and its discussion in the Evaluation Committee. We support the IEO proposal to task the ORM to assess institutional risk. I still dislike the term "enterprise risk." Chair's comments this morning are reassuring in this respect. We also acknowledge the difficulty of developing this framework, but it would be very helpful to assess a risk-based prioritization of the implementation actions.

Third, on the eight actions to be reformulated, we take note of Mr. Kang's comments this morning. We look forward to the implementation plan before, in 2021. I would just reiterate here that they should tackle the root causes of the implementation challenges, follow a SMART approach, avoid impassivity, as highlighted by Ms. Onyango this morning, and meet the thrust of the IEO recommendations. Like most colleagues, we would especially highlight the importance of addressing high country team turnover, which is particularly recurring in a number of IEO evaluations.

Fourth, on the specific actions, all of them are important; some of them have been endorsed by the Board. Let me just highlight here two that I think have been singled out by almost all Directors in their gray statements. One, on social protections, the urgency of the guidance note. It is a macro-critical priority of the CSR. The pandemic has, if anything, intensified the need to look into social issues. Like Mr. Buissé, we believe that issues, such as more progressive taxation and very targeting social spending, are key to consider. Here, also, collaboration with the World Bank will be key. We look forward to the prompt implementation of the MIP on Fund-Bank collaboration on macrocritical issues, which was just approved yesterday on a lapse of time

(LOT) basis. Second, on financial surveillance, we would reiterate the importance of devoting additional resources and integrating a deeper pool of financial talent in this core area of the IMF.

Fifth, on budget, we look forward to the upcoming IMF budget discussion and the proposed structural increase, which will definitely help in the implementation of many of these actions; but, like other colleagues, we would illustrate that this should not be scapegoat, as many of the actions preceded the budget discussion.

Finally, let me just echo Mr. Tanaka's comments, in his gray statement, on the usefulness of assessing the outcome and effectiveness of all completed actions and also Ms. Riach's comments on the importance of a complementary institutional cultural change for the implementation of actions.

Mr. Roman:

We commend the staff's progress, and I will only insist on three points.

First, this chair is always supportive of greater attention to fragile states and social protection. Let me say that we really see the progress achieved so far, and we continue to encourage an ambitious work program in these areas. Like Mr. N'Sonde, we are looking forward to seeing the FCS strategy and the guidance note on social protection. We hope there will be key milestones to define concrete and pragmatic ways to increase awareness within staff on these issues, in line with the GPA.

On the other topics, I would just like to underscore the importance to address the regional and gender diversity issue. Having different nationalities and backgrounds is critical for our work at the IMF.

On another topic, paying attention to the delayed open actions and the reformulation of the actions identified based on SMART principles is also important.

Finally, let me say a word on the recent MIP proposal on the IMF's collaboration with the World Bank on structural issues. It is not the topic of this report, as it was in LOT and approved yesterday; but it clearly deserves specific attention. We saw the new MIP proposal. We welcome the reinforcement on Recommendation 4. However, when this topic was discussed at the Board in July, many chairs saw two areas for improvement,

the ambition in the actions with no commitment to develop a concrete overarching framework for effective collaboration on this issue. It is also my understanding that chairs considered that FY25 was too distant of a time horizon to assess the effectiveness of collaboration. On these two points, we did not see significant improvements in Annex III on the follow-up plan. This is, of course, a long-lasting challenge, but I would be interested to hear from staff on this issue.

Mr. Stephan:

Let me only emphasize a few points because we have issued a gray statement.

We appreciate the accelerated pace at which action items have been closed, in particular, in the context of the pandemic. This would be really appreciated.

We also welcome that the staff project the completion of the Review of Data Provision to the Fund for Surveillance Purposes for early 2022. I think this is important because only 5 out of the envisaged 18 items from behind the scenes, with data at the IMF, have been implemented since the evaluation took place in 2016. I think, indeed, determined progress is needed; although, of course, we understand that data provision is a complex issue.

Furthermore, we support the item on diversity and inclusion, that this was extended for an additional five monitoring cycles.

Mr. O'Brolchain:

We have issued a joint gray statement with Mr. Pösö and Ms. Allika, and we broadly agree with the assessment in the report. I will briefly highlight three items for emphasis.

First, we commend staff for their impressive progress in implementing open actions, even with the challenges brought on by pandemic crisis. We appreciate staff's efforts to reduce the backlog of prior recommendations, and we note the helpful role the categorization process played in these efforts.

Second, we are concerned that some items remain long overdue, and some actions being reformulated are on their second delay. We note that several important HR items have had considerable delays. In addition, some actions from the 2016 IEO report on data remain incomplete after five years.

We very much look forward to the completion of actions in these areas, as the PMR indicates that several items have seen substantial progress.

Finally, we welcome the discussion on the impact of slippages, and we note Chair's update today. This report provides a helpful initial assessment, and we look forward to the more fully developed framework that staff have planned. We agree with the IEO's suggestion that the ORM contribute to the assessment of impacts related to these slippages, given its highly relevant expertise in this area. We would also reflect Mr. Palotai and Mr. N'Sonde's comments on staff turnover in small state teams.

The Acting Chair (Mr. Okamoto):

Ms. Boulwood and her whole team at ORM is getting staffed up and are knitting up risk issues across the Fund. These are no different than that. So that will be something that will be an ongoing work stream.

Mr. Bevilaqua:

We issued a comprehensive gray statement, welcoming the progress made over the past 18 months in implementing the remaining MIP actions and making specific observations and suggestions. Therefore, I will briefly stress a few points for emphasis.

First, last week's discussion on the Managing Director's GPA illustrates well how the monitoring report is closely related to the implementation of several IMF work streams. Here, we underscore the importance of the work on countries in fragile and conflict situations, debt sustainability issues, spillover analyses, and advice on capital flows, among other topics at the core of the Fund's mandate.

Second, we acknowledge the constraints inherent to the flat budget and the pandemic but, at the same time, would note that the original target dates of most overdue MIP actions precede the pandemic. In our view, putting together the right incentives, coupled with stronger ownership by management, may be required to accelerate progress in some areas. For example, widening the pool of staff working on countries in fragile and conflict situations may require establishing a direct link of this objective to the Annual Performance Review process, in addition to the measures already envisaged.

Finally, as others, we look forward to the upcoming discussion on the management's proposed structural increase to the IMF budget, which will be

critical to improve the delivery of several work streams at the core of the Fund's mandate. Providing additional resources for policy advice and capacity development (CD) support to countries in fragile and conflict situations, for example, is a key priority for our constituency.

Mr. Hosseini:

We have already issued a comprehensive gray statement, supporting the proposed decision and expressing our views on the actions related to specific IEO evaluation and management implementation plans. I would like to briefly express a few points.

We are very encouraged by the doubling of the number of actions closed since the last review, notwithstanding the challenges associated with the pandemic since early last year. The progress, however, has been uneven, with higher implementation rates reported for actions related to more recent MIPs, which are mostly in the financial sector area. This is the risk that the older MIPs would be pushed back even further.

We were expecting more progress in some of the key areas of importance to low-income countries, including actions related to fragile and conflict-affected states and social spending. The pandemic has, in fact, brought these issues to the forefront and has made them more visible. We would urge the staff to accelerate the work in these areas.

We note that the Fiscal Affairs Department (FAD) has been preparing background studies in a number of areas related to social spending. These are important inputs in policy formulation, and FAD should be provided adequate resources to finish its task thoroughly and on time.

More generally, we note that persistent resource constraints arising from zero real budget has been one of the factors impeding faster progress, although it is difficult to assign a degree to it, among a myriad of factors. We expect that a structural budget augmentation will address these critical constraints. Reprioritizing priorities because of resource constraints has a link. It also runs the risk of pushing some priorities to the back burner, which would no longer be priorities.

Finally, while welcoming the high implementation rate on actions related to the IMF as a trusted advisor, there are areas where progress would require stronger efforts. In particular, we expect the management and staff to redouble their efforts to meet the Fund's diversity benchmarks for

underrepresented regions (URRs), especially for the Middle East and North Africa (MENA) Plus region, where the shortfalls are the largest.

Mr. Tanaka:

We broadly support the staff's assessment of the implementation progress of the MIP actions. We expect the further enhancement of plan-do-check-act (PDCA) mechanism for operations and improvement on governance in the Fund through collaboration among IEO evaluations, MIP actions, and PMR reviews. As we already issued a gray statement, we would like to touch on five points for emphasis.

First of all, we positively take note that many actions have steadily progressed even in the COVID-19 environment, but some actions have been overdue more than one year. In this regard, as many other Directors mentioned in their gray statements, we welcome the OIA's analysis on the impact of slippage actions. However, as the IEO stated in the buff statement, we believe that the quality of the impact assessment can be further improved with collaboration with ORM and other relevant departments. We look forward to seeing a new practical approach to be presented within this year and a further discussion on this front.

Second, we reiterate the importance of following up on the actions that have been completed, since these actions are still relevant to the Fund's future work and performance. In this regard, we would like the staff and management to consider effective and practical measures to evaluate the outcome of these implemented actions.

Thirdly, we believe that data is a critical starting point for all policymaking, and its quality and accessibility could directly affect the performance of surveillance and programs. In this context, we look forward to further engagement on the remaining MIP actions on data, with providing appropriate CD and closely communicating with member countries not to impose undue burdens.

Fourth, on social protection, addressing social vulnerabilities is increasing its importance under the pandemic and the recent expansion of SDZ issues. Through responding to the COVID-19, with collaborating with partner organizations, we believe we could learn further lessons and expect the staff and management to steadily implement the remaining MIP actions by leveraging these lessons.

Last, but not least, we concur with Ms. Mannathoko and other chairs that the issue of the underrepresented regions, URRs, in terms of diversity and inclusion, is crucial for the Fund. Utilizing diversified and collective wisdom has been more crucial for the Fund to support membership countries in a tailored way. We encourage the staff to address this issue more proactively and look forward to receiving periodic updates for the 2025 benchmark.

Mr. Lischinsky:

We agree with the main findings of the report and support the proposed decision. We have issued a gray statement; thus, we are mentioning some points for emphasis.

The OIA, in collaboration with the IEO, SPR, and other departments, has provided the needed input to present detailed information on the implementation status and progress made over the past 18 months on 72 actions containing 10 MIPs. Among these actions, 29 were closed; and we see a significant improvement, compared to the previous PMR, of about 15 actions closed. We recognize that this better outcome was made, despite the shift and reprioritization during the COVID-19 pandemic, which called for rearrangements of activities to accommodate the urgent needs of the membership since the first quarter of last year when the pandemic hit member countries hard. It is perhaps understandable that some work streams have to be delayed to make space for crisis-related activities.

Focusing on the actions that are pursued and remain open, we have made comments in our gray statement for recommendations arising from specific MIPs, such as The IMF and Social Protection, the report on IMF financial surveillance, and the IEO report on the role of the IMF as a trusted advisor.

Finally, with regard to the status of the management implementation plans, we believe, Chair, that management must follow more closely the MIPs on the implementation of the IEO's Board-endorsed recommendations, and management coordinate with the different departments on how to deal with the recommendations still not implemented, while addressing the backlog of longstanding open actions and the actions to be reformulated. We look forward also for actions on diversity and inclusion on the underrepresented regions, including MENA.

Ms. Lim:

We issued a detailed gray statement and would just like to offer a few comments for emphasis.

First, like other Directors, we welcome the implementation progress and commend both management and staff for their hard work, despite the pandemic-related challenges. We note that pressures from multiple fronts during this crisis have resulted in delays for certain policy reviews. This, in turn, had cascading effects on other related work streams. Thus, we underscore the importance for the Board to be fully apprised of such cascading effects and associated risk implications for the Fund when considering policy review delays in the future. We welcome the update this morning, that OIA also brings ORM into the process and agree with IEO that ORM would be well-placed for this task.

Second, we would like to also echo Mr. Moreno, Mr. Tanaka, and other Directors' comments on the importance of following up on the reformulation of the eight long overdue off-track actions. We look forward to the timely presentation of the reformulation by SPR later this year.

My last point is on resources. We remain open to a budget augmentation to strengthen financial surveillance and support new strategic priorities. At the same time, we also view that some prioritization would be helpful for the timely delivery of the IEO's recommendations that are key to the Fund's mandate. To this end, we support Ms. Mannathoko and Ms. Grant's point on room for improvement in the planning, sequencing, and prioritization process around MIP actions. Like Ms. Riach, we take the view that some progress would be needed, regardless of the results of discussions on budget augmentation, especially for IMF financial surveillance, which is at the very core of IMF operations and is in high demand from the membership.

Relatedly, on the proposed budget augmentation, it is not clear from the staff's response to our question if departments, in setting indicative MIP implementation timelines, have already assumed the availability of additional resources from a budget augmentation. As with Mr. Palotai, we expect a detailed examination of the implications between any budget proposal and MIP implementation progress in the upcoming budget discussion.

Ms. Riach:

I agree with much of what has already been said, and we issued a detailed gray statement, so I can be pretty brief, I think.

Overall, we very much agree with other Directors that the report shows good and welcome progress, despite a difficult backdrop. We are grateful to the staff, from across a range of departments, for making that happen. As we have said many times, and as we have said in our gray statement, delivering on the IEO recommendations on financial services is going to remain a priority for us. Implementation has been slow. And, as others have said, these recommendations were agreed well before the current discussions on the budget augmentation. We hope that rapid progress can be made.

I also have a couple of reactions to the staff's answers to questions.

On the proposed reformation of actions, the written answers that staff provided and the comments this morning were really helpful. We support the way forward. It seems sensible to us. But we underscore that these actions remain important. We are happy with the logic of looking at the evolving context and making sure that the recommended ways forward are SMART, but we must not lose sight of the essence of the recommendations, and we must make sure that that is delivered.

On the issue of mission chief tenure and staff hand-over, I very much support the comments of Ms. Wehrle this morning. The staff's written answers acknowledge that this is an issue of concern to Directors, particularly in small and fragile states. But this is not in any way a new finding, and it should not come as a surprise to anyone on the Board because we have been discussing this for several years. We are looking forward to concrete proposals in the reformulated actions.

Mr. Pösö:

I have issued a joint gray statement with Mr. O'Brolchain, so I will only raise some additional points for emphasis.

We are also glad to see that the rate of implementation has increased, even in the middle of the pandemic. At the same time, with 46 percent of open actions overdue and an additional eight actions awaiting reformulation, we have still a lot of work ahead of us, as Mr. N'Sonde also said.

We acknowledge that the delays and implementation gaps reflect a wide range of different factors. Therefore, with each PMR, it is useful to update ourselves on the root causes of implementation successes and failures, as well as highlight interlinkages. Those areas where progress could be reinforcing and complementary over the lack of progress in one area is likely to hamper progress in other areas.

To ensure accelerated progress demonstrated in this PMR, it is essential to recognize and pick possible low-hanging fruits; like, for example, to pay attention to more realistic assumptions regarding requisite time and prior work needed to achieve certain MIP actions or aim for better clarity of roles across departments, with alignment of priorities, particularly for complex assignments, as Mr. Moreno also said. This will allow us to focus more on the issues that have truly gone off track and require more fundamental actions or decisions.

In addition to our comments on the specific open actions mentioned in our gray statement, we would like to underline that the pandemic and recovery has reinforced the case for timely delivery and even urgency in many areas. Like on the Fund's macro-financial surveillance capabilities or on the strategy for IMF engagement on social spending, as many Directors have also identified. To multiply our efforts, close collaboration with the Bank and other partners is highly important in these, as well as in other areas.

Finally, on data, I would like to echo the comment made by Mr. Tanaka, that we must be mindful of the capacity constraints of member countries and recognize that a clarification and prioritization of the Fund's data requirements are needed to prevent undue regulatory burdens on data providers. We encourage the staff to continue their good work on this important topic.

Ms. Grant:

I would like to commend staff from across the Fund for their strong implementation efforts, even with understandable delays as a result of the pandemic. I would like to lend our full support to IEO's comments.

We issued a gray statement, so I would just like to make a couple of brief points, reflecting on some of the comments that other Directors have made in their gray statements.

On the evaluation of financial surveillance, we were struck by the resourcing discussion in the report and question whether resources should have been reprioritized. Ms. Riach, Mr. Ronicle, and Mr. Chrimes made the good point that the actions were agreed well before discussions about a possible structural budget augmentation.

On the fragile states' evaluation, like Ms. Mannathoko, Mr. Nakunyada, and colleagues, and many other Directors, we look forward to the FCS strategy. And like Mr. Pösö, Mr. O'Brolchain, and colleagues, we look forward to hearing about the effectiveness of HR strategies being implemented for FCS teams. We are also interested to hear from staff on Mr. Bevilaqua's concerns about a potential weakening of the measure.

On the actions and the evaluations on forecasts and trusted advisors, concerning the tenure of country teams and the frequent turnover of country assignments, like Mr. Mohieldin, Mr. Alhosani, and Ms. Choueiri, we remain concerned about a lack of progress. We agree that it is concerning that these issues are reappearing in the ongoing IEO evaluation on IMF engagement with small developing states. We join them in calling for more effective approaches to implement the action.

We have long been an advocate for addressing this issue and are encouraged by the support of not only other constituencies that represent small states but also much larger members. Ms. Riach, Mr. Ronicle, and Mr. Chrimes, and Mr. Pösö, O'Brolchain, and colleagues, also touch on how progress has not been satisfactorily resolved and that it affects ability to understand country circumstances and develop trusted relationships. Mr. Palotai, Ms. Wehrle, and Mr. Moreno also made comments about this in their interventions.

Finally, like Ms. Lim, Mr. Mochtar, and their colleagues, and many other Directors, we welcome the steps taken to improve diversity and inclusion but would like to see further efforts to raise the share of nationals from underrepresented regions. Progress on increasing the representation of women at senior levels is also important.

Mr. Zhang:

We have issued a comprehensive gray statement, so I would like to briefly offer the following points for emphasis.

First, it is encouraging that positive progress has been made with the implementation of management actions. We also appreciate the accelerated pace of the implementation on actions contained in more recent MIPs. We acknowledge that the Fund's activities have been reprioritized to respond to the crisis, resulting from the postponement of several important reviews. In this regard, we commend the management and the staff for paying due importance to the implementation of the IEO's recommendations.

Second, with regard to the slippages, we note the OIA plans to engage with other departments to refine this assessment in future PMRs. We look forward to the practical approach for monitoring the impact of slippages before the end of this year. Regarding the eight actions to be reformulated, the reformulation should address the root causes of the implementation issues and be specific and measurable to meet the thrust of the underlying IEO recommendations.

Third, we take note of the efforts made by management in diversity and inclusion but are disappointed by the uneven progress in achieving the diversity and inclusion targets, particularly the limited progress made toward raising the share of senior staff from underrepresented regions, most notably in the East Asia region. Therefore, significant additional institutional efforts are required to achieve and maintain the diversity benchmarks for the URR nationals, especially for East Asian emerging economies.

Mr. Nakunyada:

The reports reflect smart improvements over the past 18 months in the implementation of MIP actions, despite the pandemic conditions. At the same time, we note delays in the implementation of overdue actions, partly reflecting resource constraints and a reprioritization of work necessitated by the pandemic. That said, we welcome the Eleventh Periodic Monitoring Report that affords us an opportunity to tap into its key outcomes to better focus priority Board work streams.

We issued a comprehensive gray statement and, therefore, can be brief.

First, we welcome the initial considerations for the enhanced engagement with fragile and conflict-affected states presented to the Board a few months ago, as well as ongoing initiatives. We are also excited by the new mobility framework for fungible macroeconomists to be implemented in FY23. Amidst these key inroads, we underscore the need to complete the

remaining critical work streams, including on social spending, as highlighted by other Directors. The timely completion of outstanding actions remains critical, considering the severe toll exacted by the COVID-19 pandemic on living standards in fragile states and the need to accelerate efforts to reduce poverty and inequality, which threatens social cohesion.

Second, we recognize that implementing some actions in the MIP has been constrained by pandemic-related prioritization. However, we emphasize the need to ensure that all actions captured in the MIPs should be realistic in terms of timing, sequencing, and clarity of roles across relevant Fund departments, as highlighted by Mr. Pösö and Mr. Moreno. In this context, we stress the need for all departments involved in the implementation chain to be on the same page regarding the prioritization of work to avoid the far-reaching effects of delays in one department on others.

Finally, we welcome some progress made on diversity and inclusion. Nevertheless, like Mr. N'Sonde and Mr. Roman, we remain concerned that a lot of actions have been delayed for several years. We, therefore, continue to call for enhanced staff diversity to help strengthen the Fund's role as a trusted advisor. Like Mr. Hosseini and Ms. Grant, we stress the need for sustained efforts to meet the benchmarks for URRs so that the Fund's diversity and inclusion outlook reflects its near universal membership across the career ladder.

Ms. Shortino:

I can be very brief because so many others made good comments that I agree with.

We are very pleased to see this report and welcome that it is, again, a formal Board discussion. There has been good progress made, so that is also a welcome development.

I am glad to hear about the creation of a risk framework, which I think will be very helpful to our future discussions in terms of assessing the impacts and prioritizing future actions.

Like others, there are a number of outstanding issues which I think we need to remain focused on and recognize that some of these were delayed by COVID or by ongoing reviews, but we should keep our eye on the ball. I will just mention a couple very quickly.

On capacity development, I understand that the fragile and conflict-affected states strategy is still underway, but I did note that the paper on building financial and statistical capacity in fragile states has been delayed to FY23. There are a lot of moving parts right now on capacity development, whether it is on climate or other issues; I think we really need to think broader on this issue and make sure it does not get lost in the mix. I would note that that is something we really prioritize.

The second is just building on what many others have said around the macro-financial talent. I think Ms. Riach made an excellent point, that this was agreed well before the augmentation discussion. We need to move that forward, and it is becoming increasingly urgent.

Finally, I just want to echo Ms. Grant's comments on diversity and inclusion, and I welcome that there is going to be an audit on this.

The Director of the Independent Evaluation Office (Mr. Collyns):

There was one specific question to the IEO from Mr. Palotai, who asked for views on the adequacy of the buildup of financial sector expertise. But I have to say that, at this point, we do not really have a solid basis for a full assessment. Certainly, we do see there has been some buildup as a down payment over the last couple of years since the evaluation was completed. But for a full assessment of how much more will be required, it is missing some key building blocks in terms of information and analysis.

As I mentioned in my buff statement, it is particularly unfortunate that the talent inventory remains incomplete and is now well behind schedule and some of the workforce analysis is falling behind schedule. We need these two building blocks in order to be able to make a solid assessment of how much additional progress will need to be made in terms of building up financial expertise at the Fund. Hopefully, those delays can be reduced.

More broadly, and I agree with others, including Chair, that this elevated Board discussion of the PMR is a much more effective way of bringing attention to Directors' concerns about implementation than the previous approach. This is, in fact, my fourth round with the PMR discussion. Two of them were just at the EVC level. The last two have been at the Board level. And the substantial difference, I think, in the value of the meeting is that it provides an opportunity, not just for the Board to raise concerns but also for management and the staff to really respond substantively to the points made.

Hopefully, that will then generate more reaction in terms of strengthening the implementation of the agreed plans in the future.

I do appreciate all the work that has gone into making this possible. OIA, as always, has done a very careful, thorough, and balanced job in putting together the report. Directors have been very assiduous in absorbing the report and I think very effective in highlighting their concerns in key areas where the shortfalls in implementation have raised problems. And I really think that is the key purpose of this meeting. And I also thank the staff for responding to the written comments and providing further information on the progress.

Finally, let me say that I look forward to engaging on the next steps. I think there are two important next steps over the next few months.

Firstly, the reformulating of off-track action items, and many Board members have emphasized the importance of the reformulated plans. I will be looking forward to engaging with staff and then with the EVC on the revised plans.

Secondly, the development of a new framework for assessing the impact of implementation slippages. I appreciate that the staff is now thinking very seriously about how this could be accomplished, including by using a risk-based framework for the assessment, which is what I suggested in my buff statement. I think that would provide a very appropriate way of providing a useful set of metrics that then links into the broader assessment by ORM of institutional risk at the Fund. I think one question is whether can the IEO, itself, can join in that effort by having perhaps a more risk-based approach to making our own recommendations. That is something that we should be thinking about.

The Director of the Office of Internal Audit and Inspection (Ms. Onyango):

Let me respond to just a few remarks that were made, and then SPR will supplement.

There was a question about the timing of the Twelfth PMR. This is an annual paper, so the exact timing for the Twelfth PMR will be discussed in the context of the Board work program. I must point out that the Tenth PMR was delayed to accommodate the triage exercise that we have referred to, and then the Eleventh PMR was delayed due to the pressure arising from the pandemic, at the request of SPR. So, ideally, if we count the number of years, then we should have done the Twelfth PMR this year. There is a slight delay, but

hopefully we have made up for that with the increased progress made on addressing actions.

On the closed PMR actions, there were questions around including those in the report and maybe looking at the effectiveness. The PMR does not report on previously completed actions, but these actions are followed up through other mechanisms, including regular policy reviews conducted by staff and the evaluation updates, which are typically conducted by IEO 10 years after the original evaluation. There are more than 200. So perhaps including them as an appendix for your information may be helpful, but including the effectiveness would make this a very clunky review and report.

On diversity, which has come up a few times, during last year's categorization exercise, the Board decided that PMR monitoring be extended for another five years. The current completion date for the benchmarks has, therefore, been realigned with the timelines for the 2025 D&I benchmarks. HRD has indicated that progress is being made, and a comprehensive report is due to the Board later this year as part of the biannual D&I report.

As I mentioned earlier, OIA is also planning to conduct an audit of D&I over the next year, with timelines subject to discussion with HRD. The intention is to ensure that the findings are incorporated into any efforts to address the 2025 D&I benchmarks.

On the adequacy of financial surveillance resources, the MIP action required an assessment of the resource gaps as part of the CSR and for the medium-term budget to propose remediation. The CSR was delayed until earlier this year.

The CSR assessed that an additional 24 full-time equivalents with macro-financial expertise would translate into about 80 percent coverage of the current gap in such expertise. These estimates are expected to be refined in the context of the formal proposal for the structural medium-term budget augmentation. In preparing an estimate for the resource needs as part of the CSR, HRD has compiled and analyzed data on staff assignments and mission travel, allowing a detailed assessment of staff experiences in key areas, including microfinancial. However, the talent profiles and a comprehensive workforce analysis are still needed for ongoing identification and deployment.

On social protection, the staff in FAD have reported that they are constantly learning lessons and updating their products, as needed, to address the membership's needs. In addition to the how-to note, FAD has provided

immediate assistance on social spending to country teams through IMF's training, joint seminars with the World Bank on country-level engagement, on social protection during COVID and beyond, formal monitoring through the review process, and a series of COVID fiscal notes on policies to protect vulnerable groups from the adverse effects of the pandemic. FAD is working on consolidating various papers into a guidance note.

On budgets, an estimation of the total resource gap for MIP actions is very difficult and well beyond the scope of the PMR, as this is done at the departmental level. The MIP process involves departments identifying the resource needs for implementation, specifying whether they need additional resources. However, resources can be reallocated in response to other priorities that arise or unforeseen challenges, such as the COVID-19 pandemic. As part of the annual budget process, departments discuss resource needs with OBP, and we expect a similar process for the budget augmentation discussion.

The last point I will mention is on FCS mobility requirements. On the question of a potential weakening of the measure requiring prior work experience on fragile and conflict countries for promotion to A-15, HRD staff have indicated that perceived career disincentives posed staffing challenges to country teams working on fragile states and low-income countries. Therefore, to promote evenhanded service delivery, operational experience on low-income countries, therefore, qualifies in meeting the promotional requirements under the FCS mobility requirement.

The Deputy Director of the Strategy, Policy, and Review Department (Mr. Kang):

Thanks to the Board members for the broad endorsement of the approach toward reformulating the open actions. We do take note of the emphasis on maintaining the critical insights and meetings of past IEO evaluations and the need for concrete proposals in reformulating these actions.

If I may just address two questions that were raised by Directors. One on the challenges in implementing measures that involve multiple departments at the Fund. Not surprisingly, this is a perennial issue for us. At least for the context of the MIP, we have tried to identify a lead department and hold them accountable for implementing the measures. We are also taking steps to ensure that departments include these critical measures in their accountability framework to management. But we do take note of the concern, and we will look to do better in this area.

The second was a question on Bank-Fund collaboration, which was outlined in a Board paper which was reviewed on a lapse of time basis. We had lengthy discussions on this issue with our Bank counterparts, as well as Fund staff and members of the EVC. I think, in the end, we came out with a well-balanced, sequenced approach to this issue, where we give time for the implementations of the various reforms and strategies being considered in macro-critical structural areas. We would use that experience to draft a background paper in the context of the interim Comprehensive Surveillance Review, which would be completed by fiscal year 2024. In our view, that would give sufficient time for the experiences to play out and for us to draw useful lessons. And then that input will be used to serve in the broader Board paper on looking at Bank-Fund collaboration. I think that is a nicely sequenced approach in trying to give sufficient time for us to gain resources, as well as to achieve buy-in from our counterparts across the street.

The Acting Chair (Mr. Okamoto) adjourned the discussion.

ANNEX

- Independent Evaluation Office's Statement
- Gray Statements
- Staff Responses to Executive Directors' Technical Questions
- Constituency Codes

BUFF/21/18

September 16, 2021

**IEO Comments on the Eleventh Periodic Monitoring Report on the
Status of Management Implementation Plans in Response to
Board-Endorsed IEO Recommendations
Executive Board Meeting
September 22, 2021**

The Office of Internal Audit (OIA) has done its usual thorough job in preparing this PMR, which provides a wealth of detailed information and well balanced judgements on the implementation status of recent management implementation plans (MIPs) from IEO evaluations.

Overall, this PMR provides a positive picture of recent progress in implementing action items contained in MIPs. It is certainly encouraging that as many as 29 action items out of 72 items are judged to have been met since the last PMR in December 2019. While 16 items are now delayed beyond more than one year, the OIA finds that at least some progress has been made. And this overall progress has been achieved notwithstanding the heavy pressures on the IMF from the urgent needs for responding to the COVID-19 pandemic, which led to postponement of a number of critical reviews with knock-on effects for several MIP action items.

We would like to comment on three issues: first, the assessment of the impact of implementation slippages of open actions; second, the treatment of actions waiting to be reformulated; and third, some overdue actions that would seem to merit greater priority going ahead.

Regarding assessment of the impact of implementation slippages, as the PMR readily admits, this remains a work in progress. What is provided in this report to respond to the Board's request at the last PMR Board discussion is largely a description of the slippages rather than an assessment of their impact. We therefore welcome the commitment in the PMR to present a practical approach for measuring the impact of slippages before the end of the fiscal year. This will of course be a difficult task. We would suggest that one element would be to task the Office of Risk Management (ORM) to assess impact in terms of the effect of the slippage on enterprise risk along the multiple dimensions that the ORM monitors. This would provide a practical metric for impact, would be in line with the ORM's broader mandate and expertise, and limit risks of any conflict of interest.

On the eight actions waiting to be reformulated, this PMR provides little updated information on status and does not attempt to assess the impact of slippages. Many of these actions relate to long overdue actions, dating back ten years in some cases, which keep recurring in our evaluation work. For example, the issue of reducing high country team turnover and ensuring adequate handover procedures is now reappearing in our ongoing evaluation of IMF engagement with small developing states. High turnover in particular is hindering an in-depth understanding of country circumstance, making it harder to develop trusted relationships and limiting the value added of IMF advice. We would emphasize again the importance of developing

more effective approaches in these areas to set the right incentives and provide adequate monitoring. Overall, we trust that these reformulated actions will be presented as promised by the end of this year—after already being delayed by a year from the originally promised date.

Turning to the actions now at least a year overdue, we would emphasize the importance of addressing some HR related issues that have become particularly relevant as the Fund is considering an augmentation to the resource envelope to extend its expertise in certain critical areas. It's disappointing to learn that the completion of the inventory of financial skills and the workforce analysis coming from the financial surveillance evaluation are now not expected to be completed until March 2023, over two years beyond the originally promised date—just as the Fund seeks to ramp up its financial expertise. We would suggest that a more aggressive approach could be taken. For example, staff could be required to complete their Talent Profiles, rather than leaving this key step to voluntary compliance, which would provide the basis for achieving a complete inventory of skills and experience more expeditiously. Similarly, we would encourage the delayed work to develop the "expert track" for specialist career streams to be advanced earlier than the deadline now extended to end-March 2023. Developing such an expert track will be important for attracting not just financial sector experts but also expertise in other areas now being given priority, including climate.

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GRAY/21/2693

September 17, 2021

**Statement by Ms. Grant, Mr. Becker, and Mr. Yoo 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 staff for the comprehensive report. These periodic reviews are a good stock-take on progress and impose both discipline and accountability. We understand that reprioritization of actions was an inevitable consequence of the pandemic and emergency response work conducted by the Fund since early 2020. Despite the delays, we are encouraged to see that the actual rate of implementation has accelerated. This stands the Fund in good stead to further progress the operationalization of IEO recommendations in several key areas that would create important traction with the membership.

We welcome the strong progress on implementing the evaluations on Unconventional Monetary Policies, Capital Flows and Financial Surveillance. Timely implementations will help the Fund address surveillance priorities presented in the Comprehensive Surveillance Review. We encourage staff to remain focused on operationalizing the work in an applied and useful manner that will influence authorities and gain traction. In this vein, we look forward to the publication of work related to unconventional monetary policies and the related playbook as was done for the distributional effects of monetary policy. We also continue to stress the importance of progress on the integration of financial surveillance into a broader framework of macro-financial oversight. There is a question as to whether the tension between reprioritization to achieve this action item and the medium-term budget constraint on increased resourcing might have been managed more efficiently. Near-term reprioritization of resources towards macro-financial surveillance might have resulted in a more timely implementation of this core work at the Fund. Finally, the delay in the enhanced talent and skills reviews highlights the importance of the Board being regularly updated on the modernization projects.

We also welcome continuing efforts to implement the evaluation on Fragile States and ask staff to stay focused on progressing the upcoming Strategy for Enhanced Fund Engagement with Fragile and Conflict-Affected States. The completion of this strategy is critical for implementation milestones. Proposals to achieve a balanced mix of internal and external funding of capacity development and to implement Country Engagement Strategies for all FCS engagements are especially important.

The implementation of the evaluation on Data is one of the largest categories of outstanding action items and deserves increasing attention. This evaluation contains four of the eight actions in

the report that are recommended be reformulated according to the board-approved triage framework. We emphasize that this reformulation should address the root causes of the challenges and be ‘specific, measurable, attainable, relevant, and timebound’ (SMART), while meeting the thrust of the underlying recommendations. *While some challenges have been contingent on the extended timeframes for the CSR and FSAP reviews, we are interested in staff views as to how realistic the expected completion dates for these open actions are, and what the impact of the longstanding slippages has been.*

The reformulation of the actions on the evaluations on Forecasts and Trusted Advisers should also follow the SMART framework and pay particular attention to issues confronted by small states. The IEO evaluations found that frequent turnover of country assignments hampers the development of deeper understanding of country circumstances and impedes the development of the relationships necessary for advice to gain full traction. Frequent staff turnover tends to disproportionately punish small states that often lack the institutional capacity to manage change imposed by the Fund. We welcome plans to take a broader perspective in reformulating the associated actions, including considering the role of handover processes but stress that the tenure of the country team as well as the mission chief remains a critical issue. Our constituency continues to experience annual turnover in entire mission teams for the smallest members who are often overwhelmed by the burden of questionnaires and surveys from multiple international organizations. A minimum tenure of 3 years, with staggered turnover in teams, is advisable.

We also stress the importance of the Trusted Advisers action on raising the share of nationals from underrepresented regions among senior staff and setting targets for representation of women at senior levels. This action is currently rated as overdue but progressing. The Fund should not only promote diversity and inclusion as part of its policy advice, but also benefit from ensuring the organization itself embraces diversity. It is important to ensure that proportionate regional representation of the membership is achieved among staff. Further gains on including women and breaking down barriers in the internal labor market are encouraged. Accepting broad-ranging skillsets creates more synergies and contributes to avoiding the trappings of ‘group think.’

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GRAY/21/2697

September 17, 2021

**Statement by Mr. Tanaka, Ms. Kashima, Mr. Naka, and Mr. Watanabe 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 staff for their comprehensive report, and appreciate the informative buff statement from the Independent Evaluation Office (IEO). It is critical to have the consistent institutional framework that IEO recommendations are formed into Management Implementation Plan (MIP), and continued to be followed-up in Periodic Monitoring Report (PMR) by Office of Internal Audit (OIA) with Board endorsement. This is a fundamental mechanism of implementing the PDCA cycle, which enhances quality of Fund governance and can lead to better exercise of the Fund mandate. In this regard, we highly welcome the OIA's effort on reviewing ten MIPs (containing 72 actions), which include three new MIPs and seven existing MIPs. **We broadly support the staff assessment of the implementation progress of the MIP actions**, and would like to offer the following comments for general and specific topics.

General Comments

While the COVID-19 pandemic affected the implementation of the MIPs, we positively note that significant number of actions are steadily underway especially for new MIP items even under the pandemic. Within the 41 new MIP actions, we duly note more than 50% actions have already been completed. However, for the older MIPs, we see there are clear difficulties and stagnation on the progress of implementations. For instance, eight reformulated actions are in the MIPs set in 2016 or older, including Behind the Scenes with Data at the IMF (2016), IMF Forecasts: Process, Quality, and Country Perspectives (2014), The Role of the Fund as Trusted Advisor (2013), and Research at the IMF - Relevance and Utilization (2011). *Although we consider these delayed actions are reformulated since they*

met the criteria of the Categorization Paper, can staff elaborate more background on these? How will these actions be followed-up hereafter?

We welcome the staff's assessment of slippage action plans in the existing MIPs, which is broadly endorsed in the previous Tenth PMR board meeting in 2020, but further improvement on the assessment from a risk-analysis viewpoint would be beneficial. It is particularly important to assess the impact of slippages in the implementation of open actions, especially where many policy issues are delayed and reprioritized under the current COVID-19 pandemic. In this regard, as IEO also stated in the buff statement, we highly expect the new practical approach to be proposed by staff before the end of this fiscal year, and further discussion on this front. At the same time, we have concerns about the new proposal whether it would lead to unnecessarily increase of staff workloads in the relevant departments. We do expect an efficient, effective, and practically feasible framework, which would not simply cause an additional resource request.

Regarding the old-completed actions, it may be worthwhile to consider practically following up to assess the outcome and effectiveness of those actions. While we understand that keeping all closed actions in the latest PMR would make the successive PMRs overly lengthened, those actions are still relevant to Fund's future performance. For instance, IEO might be able to contribute further on this point to review these completed action plans in the next IEO evaluation update on relevant topics. In this context, we would like to emphasize the value of the IEO's close and continuous collaboration amongst the relevant departments in this front. *Any staff's further comment would be appreciated.*

Behind the Scenes with Data at the IMF (2016)

While the longer delay of many actions of this MIP is understandable given the COVID-19 pandemic, steady implementation and progress should be warranted. We welcome the completion of the CSR this May and the DPF review is now scheduled for next March, which shows the gradual restart of the necessary actions. Data quality and accessibility directly could affect the performance of surveillance and programs, which are the core mandates of the IMF, and are the ultimate starting point for all policy planning. At the same time, we must be mindful of the capacity constraints of member countries, and recognize that clarification and prioritization of the Fund's data requirements are needed to prevent undue regulatory burdens on data providers. Having said that, we expect further progress on this front and encourage staff to move forward with required actions, closely communicating with the member countries and offering appropriate technical supports as necessary especially for LICs.

The IMF and Social Protection (2017)

As we recently discussed in the IEO board meeting on Growth and Adjustment in IMF-Supported Programs and other meetings, addressing social vulnerabilities and enhancing social development is increasing its importance even in implementing the Fund programs in terms of macro criticality under the pandemic and recent expansion of SDG issues. Against this background, we believe steady progress of the remaining actions would have valuable insights for the future performance of Fund programs and surveillance, as well as capacity development. We also take note that collaboration with IFIs, such as the World Bank, should be recommended in this field, where these partner organizations have more expertise. Through responding to the COVID-19, we expect we could further learn lesson and formulate reviewed policy on this theme.

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GRAY/21/2698

September 17, 2021

**Statement by Mr. Bevilaqua, Mr. Velloso, and Ms. Florestal 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 IEO and staff of the Office of Internal Audit, SPR, and other Fund Departments who contributed to the preparation of the Eleventh Periodic Monitoring Report on the Status of Implementation of Management Implementation Plans (MIPs) in Response to Board-Endorsed IEO Recommendations.

We commend management and staff for the progress made over the past eighteen months in implementing the remaining MIP actions and applaud the increased pace of implementation during the review period. The classification and triage framework adopted recently remains instrumental in assessing progress and reprioritizing actions to achieve efficiency gains. Relatedly, we concur with staff that multiple actions proposed in response to a single IEO recommendation must be analyzed with respect to their collective effectiveness rather than individually.

This Report offers helpful inputs for the discussions on the GPA and several other items in the Board’s work program as implementation actions are intimately linked to several workstreams. We underscore the work of the IMF on countries in fragile situations, social protection issues, data provision, and enhancing the talent inventory of financial sector experts. We look forward to staff’s proposals for measuring the impact of slippages, including by designing processes that better define “impact” ex-ante as part of the MIP process. Realistic assumptions regarding requisite time and prior work to achieve certain MIP actions are also critical.

The constraints due to the pandemic and those inherent to the flat budget have contributed to delays in the completion of several overdue actions but other factors must be at play. We note, for example, that the original target dates of most overdue actions precede the COVID-19 pandemic. Stronger emphasis on management’s commitment may be

required to accelerate progress in the implementation of overdue actions. In this regard, we underscore those actions related to Financial Surveillance and the IMF work on countries in fragile situations. Linking the application to certain senior positions to the candidates' completion of their talent profiles could yield positive but limited results. *We wonder why a link could not be established to the APR process. Staff comments are welcome.* We remain concerned about the potential weakening of the measure requiring prior work experience on fragile and conflict countries for promotion to A15 given that staff can satisfy this requirement by equivalent experience on LICs that are not necessarily in fragile and conflict situations.

Reliable, comprehensive, and timely data are indispensable for the IMF to carry out its surveillance mandate. We understand that the delivery of many actions inscribed in the MIPs depend on the completion of several initiatives and projects that were delayed but urge that all efforts are made to respect the new completion dates. We underscore the importance of capacity development (CD) activities and note that for building statistical capacity in member countries the IMF is mainly relying on trust funds. *Could staff elaborate on current resource gap and on contingency plans in case these trust funds are not sufficient or available in a timely fashion?*

Commendable progress has recently been made on actions related financial surveillance and IMF advice on capital flows. We are satisfied that MCM seems to be better staffed and that most actions will be delivered in CY 2021. At the same time, we believe that additional and better trained staff are needed to properly fulfill the Fund's core mandate in the monetary and financial areas, particularly in support to surveillance. Unconventional monetary policy remains a leading topic of interest for the membership, and the Fund needs to be at the forefront of financial spillover analysis and advice on dealing with capital flows. Also, the increased reliance on digital and financial technologies will require the IMF to keep abreast of their implications for financial surveillance and spillovers.

Finally, we look forward to the upcoming IMF budget discussions on the proposed structural increase and delivery on several workstreams as well as inevitable tradeoffs. We underscore the importance of ensuring sufficient funds for CD support to countries in fragile and conflict situations, including from the Fund's own budget.

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GRAY/21/2700

September 17, 2021

**Joint Statement by Mr. Pösö, Mr. O'Brolchain, Ms. Cunningham, and Mrs. Allika 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 for the comprehensive and informative Eleventh Periodic Monitoring Report (PMR). Effectively following up on the IEO recommendations supports the IMF's external evaluation and helps the Board with its governance and oversight responsibilities. **We support the proposed decision and offer the following comments and suggestions on the report.**

On progress:

We welcome the substantial progress made on implementing management actions, even with the many challenges imposed by the pandemic. We positively note that the pace of implementation of IEO recommendations observed in the Eleventh PMR has picked up considerably, with the 29 actions closed, compared to about 15 implemented actions per year previously. We welcome the news that strong progress has been made, especially on the recent IEO evaluations on IMF Advice on Unconventional Monetary Policies and IMF Financial Surveillance.

At the same time, there are still 35 open actions in this PMR with 16 overdue more than one year and 8 actions to be reformulated. We note that over half of these overdue actions are from the 2016 IEO Report entitled Behind the Scenes with Data at the IMF.

We take note that due to a reprioritization of activities in response to the COVID-19 pandemic, the initial six-month objective to reformulate actions in categories 2 and 3 to make them SMART is now postponed till the end of this year and that this process is expected to take place in the last quarter of 2021.

On the impact of slippages:

We appreciate that Staff have provided a chapter on the impact of slippages in the implementation of open management actions, as requested by many Directors during the Board's discussion on the Tenth PMR. This provides a helpful initial assessment of these impacts.

We welcome Staff's plan to present a proposal for a fully-fledged framework for measuring the impact of slippages to Management and the Evaluation Committee of the Board before the end of this fiscal year. We concur with Staff's view that it is important to design processes that will better define "impact" ex-ante, to add value to the assessment of subsequent slippages in implementation actions. It is also essential to analyze the multiple actions that are proposed in response to a single recommendation in respect of their collective effectiveness, rather than individually.

A fully-fledged impact assessment can provide the Board with a more nuanced understanding of slippage impacts. For example, delays of some recommended actions that are more closely related to core operations, or are more complex than others, could have a larger impact on outcomes than other recommendations. We look forward to engaging with Staff further as they develop their approach to assessing these impacts *but would appreciate Staff's comments on the main elements of the envisaged fully-fledged impact assessment.*

On specific open actions

We welcome progress being made on the recommendations from the 2018 IEO Report on the IMF and Fragile States. In particular, we look forward to Staff's presentation of a full strategy on the Fund's engagement with FCS later this year, and to learning more about the effectiveness of HR strategies being implemented for FCS teams.

We share the IEO's concerns about the cumulative effects of long-standing open actions and **reiterate that a high country-team turnover and inadequate handover procedures could be an obstacle** to establish an in-depth understanding of country circumstances and develop trusted relationships.

We also share the IEO's disappointment with the delay in the completion of the inventory of financial skills and the workforce analysis coming from the financial surveillance evaluation, particularly in the context of proposals to expand the IMF's financial expertise.

For the 2016 IEO report on Data, nine actions remain overdue. While we recognize the complexity of many of the data-related actions, and the cascading effect of delays in some prerequisite actions, notably the CSR – it is now 5 years since these recommendations were made. We note that Staff now see several items as substantially complete, and we look forward to the results for these actions.

Overall, we appreciate Staff's strong efforts in reducing the backlog of open actions and for the detailed reporting for this follow-up process and look forward to the completion of the remaining recommendations.

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GRAY/21/2701

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.

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GRAY/21/2702

September 17, 2021

**Statement by Mr. Moreno, Mr. Lopez, and Ms. Moral Betere 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 staff for the comprehensive report and the Independent Evaluation Office (IEO) for their comments. We reiterate the central importance of the IEO's work. The effective implementation of its recommendations is critical for an effective compliance of the Fund's mandate. We welcome the progress shown in the eleventh PMR. We support the proposed decisions and offer the following comments.

We are pleased to see that the Eleventh PMR shows satisfactory progress in the implementation of management actions, under very challenging circumstances posed by the COVID-19 pandemic. We note that the progress has been particularly relevant regarding the most recent Management Implementation Plans (MIPs). Specifically, 29 out of 72 actions have been closed, which significantly exceeds the previous trend. This is in line with last year's expectations, as many of the remaining open actions were very advanced. However, we note that 35 actions remain open, from which 16 are more than one year past their implementation due dates. Certainly, the reprioritization of activities posed by the Covid-19 pandemic and the resources constraints have paid a great toll, with the postponement of important reviews. *In addition, the 8 actions that are being reformulated are already on their second delay, we would welcome staff's comments on when they expect to present them.*

We welcome an assessment of the impact of slippages. The PMR offers a good description of the slippages, and we particularly welcome the commitment to present a practical approach for measuring their impact before the end of the fiscal year. We understand that assessing the impact of implementation slippages is a difficult task, and we welcome the close collaboration among the different departments, including the IEO and the ORM, to achieve the objective by year end. In this regard, we support the IEO's suggestion that the ORM could assess the impact in terms of the effect of the slippage on enterprise risk.

On the long-overdue actions, we expect further progress on specific items that are critical for the Fund's work. Specifically, on the IMF financial surveillance evaluation, we regret the delays in the HR strategy and urge for a successful implementation of the completion of talent profiles. This will be critical to accelerate the analysis and design of an efficient HR mechanism to manage internal talent and external workforce needs. We also want to reiterate the importance to allocate sufficient resources for financial surveillance to ensure the Fund can adequately deliver its critical role in this area according to its mandate and give an adequate support to the new requirements for surveillance, according to the CSR and FSAP Review. We look forward to staff's presentation of the formal proposals for the structural budget augmentation in October 2021. On the evaluation on Social Protection, we reiterate our call for a broader and more systematic engagement on social protection issues in the Fund's work. We welcome the high rate of implementation of the envisaged actions and commend staff for their continuing work on this issue in the context of the pandemic. We expect the completion of the guidance note to support the strategic framework for social protection in due time. *Finally, we would welcome staff's comments on specific actions that could be reformulated to advance on long-overdue ones.*

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GRAY/21/2703

September 17, 2021

**Statement by Ms. Mannathoko, Mr. Nakunyada, Mr. Garang, Mr. Jappah, and Mr. Abdullahi 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 report on IMF department performance against agreed targets in management implementation plans (MIPs). Out of the 72 outstanding actions from the 10th Periodic Monitoring Report (PMR), 40 percent have been completed during the 11th PMR (Figure 2 pie chart), which is a major improvement over the previous PMRs. This, however, reflects progress in a limited number of departments that have made tangible progress in implementing MIP actions despite the challenges brought by COVID. We commend the significant progress over the past year, on actions stemming from the evaluations of IMF Advice on Unconventional Monetary Policies (2019) and IMF Financial Surveillance (2019). We encourage the relevant departments to sustain this implementation rate. That said, the number of outstanding and overdue actions from other departments that are critical to the Fund's mandate remain a concern. Of the 35 actions still outstanding (excluding the 8 to be reformulated) 16 actions (46 percent) are a year or more overdue. The responsible departments may need a systematic process for delivering on MIPs, where individual staff deliverables in a given year adequately reflect commitments made in MIPs. There is need to strengthen performance management skills and ensure timely delivery of agreed action items. This is important as new evaluations are currently underway and will generate new MIPs and actions, generating more pressure including on Fund resources. *Staff views are welcome.*

SMART Actions

Actions presented in MIPs should be SMART (specific, measurable, attainable, relevant and timebound). In the summing up from the Board meeting on Categorization of Open Actions in Management Implementation Plans in February last year, Directors stressed that the reformulation of eight long-standing actions should tackle the root causes of the implementation challenges, while being SMART and meeting the thrust of the underlying IEO recommendations. We would like to highlight this again ahead of the planned reformulation, noting that the 10th PMR indicated that the reformulation would now take

place in the last quarter of 2021. *We therefore look forward to reviewing the eight reformulated actions by year end. In this regard, could staff update us on progress in the reformulation of these actions?*

We note the various reasons given for delays, but observe that if actions are SMART, they should be attainable within the specified timeframe (timebound). The explanation that some tasks were contingent upon completion of other delayed workstreams (including the Comprehensive Surveillance Review, and the Review of the Financial Stability Assessment Program) suggests more planning may have been required when targets for these actions were presented in the 10th PMR. While we note that implementation of some actions was constrained by re-prioritization and resource re-allocation in the wake of the pandemic, nevertheless, the low implementation rate for MIP actions (with 46 percent of open actions overdue and an additional 8 actions awaiting reformulation), may suggest a need to review the planning, sequencing, and prioritization process around MIP actions in relevant departments, alongside the need for a cultural shift, going forward. We are particularly concerned at the significant work that remains outstanding from the MIP on *Behind the Scenes with Data at the IMF (2016)* where only 28 percent of agreed actions have been implemented in 5 years. This delay is reflected in things like late Reviews of Data Provision to the Fund for Surveillance Purposes, some of which have been shifted further to 2022. *Could staff elaborate on what the constraints to delivery are in cases where substantial work remains outstanding.*

We are supportive of inter-departmental collaboration; however, we note that some actions involving multiple departments face continued delays. Against this background, we stress the need for closer attention to when and how actions will be implemented across departments, and for better role clarity across departments, with alignment of priorities particularly for complex assignments in which delivery by one department is intricately bound to delivery by another. Relatedly, paragraph 10 states that “in practice, the value placed by different departments on these actions sometime varies”, meaning that departments tend to place different value on each task. We believe this can be overcome with careful attention to planning for implementation of actions, when the actions are formulated. As noted, before, when actions and associated delivery dates are crafted, ensuring they are SMART means giving due attention to the realism required to deliver the actions and meet targets.

Overdue Actions and Impact of Slippages in Implementation

We welcome Table 1 of the report, which summarizes the status of overdue actions, and new target dates. Looking at the table, we are concerned that pertinent issues germane to low-income countries (LICs) remain outstanding including work on Fragile and Conflict Affected States (FCS), Social Protection, and the IMF as a Trusted Advisor. Some accompanying insight on the impact of slippages would be of value. During the 10th PMR discussion, Directors sought an assessment in subsequent PMRs of the impact of slippages in the implementation of open actions. We, therefore, hope to see a clear analysis of the impact of delayed MIP actions on the Fund’s work and service delivery in the next PMR, and welcome the OIA’s plan to engage concerned departments for the assessment of the impact of slippages in the implementation of MIP actions.

- **The IMF and Fragile States (2018)**

We welcome progress on the IMF's work in FCS, including the initial proposals presented by staff in July 2021, and look forward to formal presentation of the FCS Strategy to the Board by end 2021. For key actions that remain open, and we urge staff to craft a credible implementation plan and roadmap in the strategy. Considering the relevance of CD in FCS, we also urge completion of the framework for CD financing and note that it should be flexible enough to accommodate emerging demands from LICs/FCS. We are pleased to note staff's expectation that the share of CD delivery to FCS will increase. Furthermore, we take positive note of MCM's work on building capacity on monetary and financial policies in FCS, but we are concerned that completion of subsequent work by STA in a companion paper is conditioned on "availability of resources and priorities...". The FCS workstream ranks high on our countries' priority list, and we urge staff to advance this work given its increased relevance in the post-COVID-19 era. *Staff comments are welcome.*

- **The IMF and Social Protection (2017)**

We recognize the Fund's support to member countries in the containment, stabilization, and recovery phases of the COVID-19 pandemic, in the form of emergency financing, how-to-notes, and other technical papers. Nevertheless, we note that the guidance note to support the overarching framework for engagement on social protection is yet to be completed. Since the pandemic has reversed hard won gains on poverty alleviation in many of our countries, and the current trend of social unrest witnessed across the globe has amplified social and political risks in some cases, we wish to highlight the urgency of this work. Timely delivery on the three outstanding IEO recommendations covered in the two remaining actions will be important. We stress the urgent need for the Fund to strengthen its engagement strategy to be able to adequately guide support for large and severely impacted informal sectors that provide livelihoods to large populations, and to help countries better cushion impacts on vulnerable households, in the wake of the pandemic.

- **The Role of the IMF as Trusted Advisor (2013)**

The role of the Fund as a trusted advisor has become increasingly pertinent with the increased engagement of countries in Fund programs and rising demand for policy guidance on emerging issues such as digitalization and climate change. At the same time, traction remains intricately bound to perceptions about the quality of advice and sound relations with the authorities. In this regard, progress on the outstanding deliverable on staff diversity is important. As noted in the November 2020 diversity report, there is increasing evidence that a diverse and inclusive workplace helps create more innovative, vibrant and successful ideas, strategies and products. Improving staff diversity and inclusion is essential for the Fund to better serve its membership as a trusted advisor, and so remains a top priority for Chairs of underrepresented regions (URRs). The Fund should continue to strive for a professional staff complement that better reflects its membership. For example, SSA member states comprise 28 percent of the total Fund membership, but only 8% of Fund professional staff. A more diverse professional staff will allow the institution to draw on different perspectives, insights and experiences, enhancing the quality and evenhandedness of decision making. Measures to support the MIP action should seek to remove the glass ceiling for SSA nationals, address missed SSA hiring

targets and reverse the decline in net inflows of SSA staff cited in the November 2020 report.

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GRAY/21/2704

September 17, 2021

**Statement by Mr. Mohieldin, Mr. Alhosani, and Ms. Choueiri 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**

1. We thank the Office of Internal Audit (OIA) for the comprehensive report and welcome the opportunity to discuss the progress made over the past eighteen months on 72 actions contained in ten Management Implementation Plans (MIPs). We are positively surprised that staff was able to markedly accelerate the pace of MIP implementation since our discussion of the last Periodic Monitoring Report (PMR) in February 2020, despite the heavy pressures associated with responses to members' COVID-19 pandemic needs. We commend staff for their hard work. We will turn in what follows to the key points raised in the PMR.

Impact of slippages in the implementation of open management actions

2. Together with other Board colleagues, we called for future PMRs to include, or be accompanied by, an assessment of the impact of slippages in the implementation of open management actions. The report acknowledges that it will take a few iterations to carry out such an assessment. We welcome OIA's plan to work with other departments to present a practical approach to management and the Evaluation Committee in this regard by the end of this fiscal year. We support the Independent Evaluation Office's (IEO) proposal to task the Office of Risk Management (ORM) to assess impact in terms of the effect of the slippage on enterprise risk.

Actions now at least a year overdue and waiting to be reformulated

3. Of the 35 open actions in this PMR, 16 are more than one year past their implementation due dates. While we agree with the PMR that many of them are progressing, we are concerned about the proposed long delays or inadequate measures towards completing

some others. One major area of concern for our chair is **implementing measures to raise the share of nationals from underrepresented regions**, which is expected to be completed in FY 2025. However, despite some recent progress, the April 2021 paper on *Staff Recruitment and Retention Experience in CY2020* concluded that further institutional efforts are required to achieve and maintain the diversity benchmarks for underrepresented nationals, especially for the MENA region. Accordingly, the Fund would still fall short at the end of FY 2025 unless a multi-year strategy on geographic diversity with clear objectives and a timeline is adopted, as we proposed in this week's discussion of the *Managing Director's Global Policy Agenda*. The success of this strategy would hinge on strong management commitment and accelerated efforts to strengthen the recruitment and enhance the career progression and promotion of staff from under-represented regions, notably MENA, as well as for an accountability mechanism across all levels of institutional management. Time is of the essence in this regard, as only four PMR reporting cycles are left to assess progress towards implementing the geographic diversity measure.

4. Another HR-related issue that deserves attention is the **allocation of sufficient resources for financial surveillance**, and we share the IEO recommendations to accelerate implementation of this action. We trust that the upcoming *Strategy for Enhanced Fund Engagement with Fragile and Conflict-Affected States* (FCS) will allow accelerated implementation of the actions related to **FCS**. We take positive note that the actions related to **The IMF and Social Protection** are expected to be completed at end FY 2022, building on "How to Notes" and "Special Series Notes" that were prepared as part of the response to the COVID-19 pandemic.

5. Among the eight actions that are being reformulated in line with the Board-approved triage framework for long-standing open actions, we remain concerned about actions related to **the average tenure for country assignments which is essential** to ensure the continuity of the relationship between the Fund and member countries. We are concerned by the mention in the IEO statement that the issue of reducing high country team turnover and ensuring adequate handover procedures is now reappearing in the IEO ongoing evaluation of IMF engagement with small developing states. We join the IEO in calling for more effective approaches to implement the action on average tenure for country assignments, and emphasize the need for standardization across Fund departments.

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GRAY/21/2706

September 17, 2021

**Statement by Mr. Zhang and Ms. Yang 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 staff for the Eleventh Periodic Monitoring Report (PMR) and the IEO's insightful comments. We welcome the opportunity to discuss the status of management implementation plans (MIPs) in response to IEO recommendations, and would like to provide the following comments.

It is encouraging that positive progress has been made with the implementation of management actions. Since the last PMR, 29 of 72 actions have been closed, showing a faster implementation pace than the previous trend. We also appreciated the accelerated pace of implementation on actions contained in more recent MIPs. Despite the fact that there are 35 open action items and 16 of which have been delayed for more than a year as each has its own specific reason for the delay, we should acknowledge the implementation efforts made by management in the context of the pandemic, as Fund activities have been reprioritized to respond to the crisis, resulting in the postponement of several important reviews.

As advocated in the last PRM Board discussion, this report includes a section on the impact of slippage in the implementation of open actions. However, as the IEO rightly pointed out, it is more of a description of the slippages rather than an assessment of their impact. We note that the OIA plans to engage with other departments to refine this assessment in future PMRs, and we look forward to the practical approach for measuring the impact of slippages before the end of this fiscal year.

We regret that the PRM provided limited information on the latest status of the eight actions to be reformulated, *and we welcome staff's comments on these areas*. We stress the reformulation should address the root causes of the implementation issues, and be specific and measurable to meet the thrust of the underlying IEO recommendations. Meanwhile, putting in place the right incentives could help overcome these long-standing impediments.

We take note the efforts made by management in diversity and inclusion, but are disappointed by the uneven progress in achieving the diversity and inclusion targets, particularly the limited progress made towards raising the share of senior staff from underrepresented regions (URRs), most notably in East Asia. While the net inflow of URR nationals at the A9-B5 level more than doubled in 2020 and gross hiring of URR nationals at A9-B5 level increased significantly by over half, the percentage of East Asia new hires among the Fund's total externally recruited staff has decreased from 15 percent to 13.6 percent, and separation of East Asia nationals has continued to be the highest amongst URRs. Meanwhile, the recruitment of B-level staff is concentrated in a few countries, and East Asia still has a 21-headcount gap to close in management level positions to meet the 2025 benchmark. Therefore, significant additional institutional efforts are required to achieve and maintain the diversity benchmarks for the URR nationals, especially for East Asia.

A better coordination of some of the actions is needed. The requirement of work experience in LIC/FCS in promotions from A14 to A15 starting in 2023 could incentivize staff to work on FCS, but it could also lead to a higher rate of FCS country team turnover and possibly inadequate handover procedures. The criteria reflect the uneven odds of promotion between assignments for big and small countries. Therefore, a well-designed, evenhanded, and balanced promotion mechanism is essential to enhance staff commitment to country assignment, regardless of country size.

We take note of the plans to publish indices of capital account openness on the IMF external website, however, as this Chair has long argued, the appropriateness of capital account openness should be assessed in the context of a country's circumstances, including its economic development stage, economic openness, and macroeconomic management capacity. Without sufficient risk management and shock absorbing capacity, pre-mature opening of capital account will be associated with higher volatility in capital flow and greater policy challenges. We highlight that the indices should not be judgmental, and a higher reading of the capital account openness index does not necessarily indicate a lower risk of capital flows. The capital account openness indices should be published with comprehensive explanations on this background, otherwise, it will provide a misleading signal in policy making.

We recognize the importance of data provision and its contribution to Fund surveillance and lending activities. The slow progress in many actions under Behind the Scenes with Data at the IMF partly reflected capacity constraints in member countries. We should also be cautious about mandatory reporting of certain data, taking into account of the purpose of data provision, country's statistical capacity, data availability, as well as the domestic legal procedure of data disclosure.

Finally, we look forward to the roll out and implementation of the IMF FCS strategy, to complete the implementation of overdue actions in response to the evaluation of the IMF and fragile states.

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GRAY/21/2707

September 17, 2021

**Statement by Ms. Riach, Mr. Ronicle, and Mr. Chrimes 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 OIA staff for the useful Periodic Monitoring Report and the IEO for its helpful buff statement; we broadly agree with both assessments. We welcome the OIA's conclusion that 29 of the assessed actions have been implemented, and that progress has been made on a range of the 35 actions that remain open. This level of progress has occurred against a difficult backdrop, given the challenges associated with the pandemic response, making it especially impressive.

This chair supported the triage framework and the categorization exercise alongside the 10th Periodic Monitoring Report; we look forward to seeing an implementation plan before the end of 2021 for the eight actions slated for reformulation. These eight actions are being reformulated precisely because the underlying objectives remain important but have not yet been properly addressed. In particular, the IEO notes the issue of reducing high country team turnover and ensuring adequate handover procedures is a recurrent one that has not yet been satisfactorily resolved. It is also a high priority and longstanding concern for various Board members and their constituencies. We will be looking particularly closely at proposals here.

In addition, we would like to highlight some reflections on some specific Management Implementation Plan actions:

- **On Financial Surveillance, we reiterate the importance of the recommendations on the need to devote additional resources for financial surveillance and relatedly for intensifying efforts to attract, retain and integrate a deeper pool of financial talent.** Implementation of the recommendations has been slow, and we note that the actions were agreed well before discussions about a possible structural budget augmentation. We support the associated proposals in the Comprehensive

Surveillance Review, and welcome the incremental progress that has been made, but stress that further progress will be needed, irrespective of the result of discussions on a budget augmentation. A good HR strategy will also be needed for the deployment of the additional resources, so we look forward to the planned HR briefing on the ongoing workforce analysis for financial sector experts.

- **On Advice on Unconventional Monetary Policies, we welcome the rapid progress made so far**, with 11 of 14 actions completed and the rest assessed as on track. We value recent Board briefings on monetary policy issues and the renewed focus in the WEO, which are both particularly pertinent in the current COVID-19 context.
- **On Fragile States, we agree that the new strategy will be crucial in addressing the outstanding actions.** We are encouraged by recent conversations – including the lessons being learned from previous IEO evaluations – and look forward to the strategy coming to the Board later this year.
- **On Social Protection, we note the ongoing work on the guidance note and associated background notes.** We understand that COVID-related pressures have led to delays in the guidance note. At the same time, the social protection dynamics associated with the pandemic and recovery reinforce the case for timely delivery of a well-considered guidance note and subsequently its effective implementation.

More broadly, we look forward to seeing more detailed plans for assessing the impact of implementation slippages. We acknowledge that developing “a fully-fledged framework” for year-to-year assessments will take time. We agree that in general, “ex-post attribution of the significance or importance of” a given action is beyond the scope of the PMR. We also recognize the need for staff to prioritize amid competing demands, and that some past actions are proving more challenging than initially expected. Equally, across a range of areas, the primacy of responding effectively to the pandemic arguably *sharpens* the rationale for implementing Board-endorsed IEO recommendations. There is thus a risk that further slippages, delaying needed and agreed-upon actions, could have a more severe impact in the near term. *We would welcome staff views on the IEO’s constructive suggestion of tasking the Office of Risk Management to assess impact in terms of the effect of the slippage on enterprise risk along the multiple dimensions that the ORM measures.*

Finally, while Management Implementation Plans with SMART actions are crucial for ensuring measurable progress against Board-agreed recommendations, we should not lose sight of the complementary need for cultural change alongside some measures, to ensure changes become fully embedded. Ongoing management engagement with the wider spirit of recommendations and actions will continue to be important, to ensure Fund staff are able to deliver as best as possible for the membership across these different topics.

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GRAY/21/2708

September 17, 2021

**Statement by Mr. Buissé, Mr. Roman, and Ms. Albert 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 staff for this useful update on the status of management implementation plans in response to IEO recommendations, as well as IEO for their insightful comments. We welcome the progress made in a challenging context with the Covid-19 crisis, and we understand that some prioritization was unavoidable. We globally share staff's view and offer the following comments:

We commend the acceleration of the pace of implementation in this report. The number of closed actions has almost doubled compared to the previous trend, which is good news but also surprising given the pandemic context. *Could staff elaborate on the reasons behind this improvement?* We particularly welcome the significant progress regarding the last important three topics of the IEO. The ongoing review of the IV regarding capital flows, the briefing on the distributional effects of monetary policy, the completion of the CSR and the evolutions regarding the IPF are good example of positive developments. We found interesting the section dedicated to the impact of slippage in the implementation of the open management action, and we emphasize the necessity to have a practical approach. We understand the difficulties associated to the fact that there is no explicit prioritization of the recommendations on the IEOs report, and that some new institutional demands and constraints can modify the original actions' targets. That's being said, the reasons for the delays should be well-justified.

We are looking forward to seeing the Fragile States' topic growing with the forthcoming FCS strategy and we encourage staff to implement the remaining open actions as soon as possible. We repeatedly emphasized the importance for the Fund to continue to tailor the IMF engagement in FCS countries through its programs, capacity development and surveillance. We value the greater attention paid to these countries, with an ambitious approach on capacity development and FCS country engagement as highlighted in the Global Policy Agenda, and we encourage staff to pursue their efforts on the appropriate allocation of financial and human resources, as well as lending modalities. In this sense, we

strongly welcome the improvement of the HR policy to incentivize staff to work on FCS countries, this is a major step to develop staff's sensitivity towards the neediest members.

We understand the delay in publishing the social protection guidance note, due to the crisis, and we recognize the efforts staff has continued to make on this issue. Building on the various strategic notes published during the crisis, we are looking forward to seeing an ambitious note at the end of the year. *We would be interested to hear more from staff about the ongoing work, in particular to which extent will staff's guidelines be able to assess whether social spending levels are sufficient to achieve key goals in terms of poverty and inequalities reduction.* The distributional impact analysis, as well as more progressive taxation and better targeting of social spending are key areas to consider, as underlined in the Global Policy Agenda.

On the other MIPs, we note that despite the very useful triage exercise, many actions are overdue. Almost half of the 35 open actions are more than one year past their implementation due date, and we hope that as the pandemic is fading, the normalization of work conditions will help to address the remaining actions in a reasonable timeframe. This is particularly true for the data related issues, and we understand the several reasons explaining the delays, in particular linked to the DPF review. However, it remains an important background work which has multiple consequences on the other IMF areas of interest, we thus encourage staff to pursue their efforts in this area. We also regret the slow progress regarding the regional and gender diversity whose results are still lagging, and we encourage staff to be more ambitious in their approach.

Finally, we are looking forward to examining the future reformulations of the MIPs identified in the triage process in the fourth quarter this year. We continue to encourage staff to formulate concrete and effective deliverables to improve traction. Moreover, while this report doesn't consider the recent MIP proposal on IMF collaboration with the World Bank on structural issues, we will remain particularly vigilant on the implementation of the actions.

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GRAY/21/2709

September 18, 2021

**Statement by Mr. Bhalla, Mr. Goyal, Mr. Natarajan, and Mr. Singh 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**

1. We thank the staff for the detailed evaluation of the status of management implementation plans (MIPs) in response to Board-endorsed IEO recommendations. We take note of the significant progress made in the implementation of MIPs despite the challenges due to the pandemic. The tenth periodic monitoring report (PMR) provided useful categorization of actions. Building on that the eleventh PMR has identified 35 actions as open, 8 actions being reformulated, and 29 actions has satisfactorily completed. At a broad level, we encourage the staff to focus on the open and reformulated actions for timely completion.

2. **On capital flows, we agree with the proposed IMF actions to address the issues raised by IEO.** In response to four recommendations in IEO evaluation, 11 actions have been envisaged and of which two have been implemented. We take positive note of employing research and analysis being undertaken under IPF to inform the actions by IMF to streamline Institutional View (IV). We agree that precautions are needed against the misuse of CFMs. Extensive use of MPM/ CFM can have implications for efficient use of capital, investment, and productivity. However, it needs to be acknowledged, as observed under IPF, that CFM creates more policy space and helps in containing downside risk to output and exchange rate and upside risk to inflation. IPF analysis has argued out a case for the use of MPM/ CFM when monetary tools are constrained as inflation scenario is not benign and forex intervention is unlikely to yield desired outcomes. Further, it would also be necessary that MPM and CFM are distinguished more clearly to avoid disagreement between the IMF Staff and the authorities.

3. We also take note of the Staff plan to review the EBA models, including reassessing the drivers of current account balances and real effective exchange rates. In this regard, we look forward to the informal presentation to the Executive Board on “External Balance Assessment (EBA) Model Refinements”, tentatively planned for the first quarter of CY2022. Conclusions from this exercise feeds into assessment of the need and validity of foreign exchange interventions employed by the members.

4. **We welcome the progress made on the work on monetary policy, which forms part of the core advice of the Fund.** We reiterate the need for further work on the impact of NIRP/UMP on the real economy and need to understand the migration of risks to the non-bank sector and a deeper understanding of the financial stability aspects. It would also be interesting to understand to what extent macroprudential policies would be able to contain the leverage and risk without significantly dampening the beneficial effects of NIRP/UMP on the real economy. A continuous assessment of risks and vulnerability becomes even more important in a period of lower for longer interest rate environment in the future.

5. **Macro-financial risk analysis should continue to occupy the center stage in the surveillance given that the costs imposed by financial crises are too large and spread over several years.** It may be critical for the Fund to further enhance its engagement with other relevant international bodies and market regulators to take advantage of their specific expertise. This will bring in greater synergies in different workstreams and could help in the process of undertaking an in-depth assessment of financial system vulnerabilities. The priority should be to focus on a forward-looking analysis to anticipate and explore the risk build-up in different markets, sectors, and geographies, and advise the membership during the incipient build-up of vulnerabilities.

6. The Fund's member countries, at different stages of development, differ a lot in terms of their exposure to these challenges and, therefore, their policy priorities could also be divergent. To improve the traction of the Fund's policy advice, bilateral surveillance reports should be relevant from a country-specific macro perspective as well. This calls for greater flexibility in the CSR to incorporate the policy priorities at the country level. While the assessment of systemic risk has received an impetus over the past few years, the formalization of the policy frameworks to address the same may still require more work and time. The framework must ideally dovetail with the work of other standard-setting bodies, particularly the Financial Stability Board, as far as specific policy recommendations are concerned. We welcome the progress on Systemic Risk Tracker, which was rolled out in December 2019. We also welcome the MCM work in developing and disseminating simplified analytical tools to support financial stability risk analysis by area departments.

7. **We welcome the progress made so far in the implementation of management actions with respect to FCS states.** Going forward, we encourage the completion of actions which are open and overdue for implementation. The FCS strategy is to provide proposals for a balanced mix of internal and external funding of capacity development, particularly in building financial and statistical capacity in these countries. Establishing the high-level interdepartmental committee has catalyzed activities pertaining to country engagements by strengthening institutional arrangements. We welcome the key elements of FCS engagement strategy which include surveillance, macroeconomic policy advice, capacity building and program design. Articulation of Fund's role in relation to other partners in the areas of development, peace and security and humanitarian issues is important. In this context, we look forward to the forthcoming staff engagements with the board to review FCS engagement.

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GRAY/21/2710

September 18, 2021

**Statement by Mr. Alhomaly and Mr. Saeed 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 report and the Independent Evaluation Office (IEO) for the helpful Buff. We are broadly satisfied with the progress made in the implementation of many action items, despite the heavy pressures on the Fund associated with emergency responses to the members' pandemic needs. We support the proposed decision and will focus on the following two themes raised in the PMR.

First, on the assessment of the impact of implementation slippages of open actions, together with other Chairs, we called for future PMRs to include, or be accompanied by, an assessment of the impact of slippages in the implementation of open management actions. We welcome OIA's plan to work with other departments to present a practical approach to the management and the Evaluation Committee in this regard by the end of this fiscal year. We see merit in the IEO's proposal to task the Office of Risk Management (ORM) to assess impact in terms of the effect of the slippage on enterprise risk.

Second, on overdue actions that would seem to merit greater priority going ahead, we take positive note that many overdue actions are expected to be concluded by end-2022 or earlier. In this context, we would like to emphasize the following specific points:

- (i) On IMF Financial Surveillance actions, we reiterate that financial surveillance is part of the Fund's core mandate and deserves adequate allocation of resources backed by: (i) expedited completion of relevant talent profiles, (ii) a comprehensive workforce analysis supported by an enhanced talent inventory of financial sector experts and experiences. *Since these prerequisites have been pushed till March 2023, over two years beyond the originally promised date, could staff elaborate the implications of this delay on the upcoming budget augmentation proposal?*

- (ii) On fragile states, we look forward to the upcoming Strategy for enhanced Fund engagement with fragile and conflicted-affected states (FCS) and trust it will allow accelerated implementation of the associated actions. We expect the strategy to comprehensively include stronger recognition of the staff's work in FCS, and other ways to retain and attract more experienced staff in these countries.
- (iii) On social protection, we look forward to issuance of the follow-up guidance note to support the strategic framework for social protection and formation of the advisory group comprising internal and external experts to support country teams. We also encourage continued efforts to set realistic expectations about what the Fund can and cannot do given its mandate, resources, and expertise.
- (iv) On data, we are concerned about the progress of the activities related to data provision, use of modern technologies, and integration of Fund surveillance, TA, and policy advice for improved engagement with the country teams and the authorities. We encourage staff to simplify the scope and the launch phases.
- (v) On the role of the Fund as trusted advisor, we are disappointed that implementing measures to raise the share of nationals from underrepresented regions has been delayed to 2025 despite its criticality to the Fund's value of providing tailored and pragmatic advice. We share concerns expressed by Mr. Mohieldin, Mr. Alhosani, and Ms. Choueiri in their gray that the Fund would fail to achieve and maintain the diversity benchmarks for underrepresented nationals, especially for the MENA+ region, with the current pace and progress. We strongly encourage management and staff to promptly address this issue, including by seeking alternative and effective ways.

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GRAY/21/2712

September 19, 2021

Statement by Mr. Palei and Mr. Potapov 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

1. We thank the Office of Internal Audit (OIA) for the comprehensive Eleventh Periodic Monitoring Report (PMR). We agree that important progress has been achieved in addressing the issues raised by the IEO and in implementing recommendations from the ten Management Implementation Plans (MIPs) accepted by the Board. We support the proposed decision.
2. We broadly share the OIA's assessment of the status of the management actions. Of the 72 actions for which implementation progress is assessed in the PMR, 29 were implemented during the past 18 months. It is also encouraging that the rate of implementation of actions from the new MIPs continues to outpace that of older actions. These developments point to the growing effectiveness of the MIPs with a rising share of SMART actions.
3. Despite important progress, around half of the remaining 35 open actions are delayed beyond their original target implementation dates. This situation creates risks for the Fund in its key business areas as it was emphasized in the recent Risk Reports. We note that the implementation of the MIP actions has been adversely affected by the delays in the Fund's key policy reviews caused by the hard budget constraints and the Covid-19 crisis. These delays undermine the Executive Board's institutional governance and oversight responsibilities. We expect that the structural budget augmentation will address the considerable budget pressures and underspending in the Fund's key areas of expertise accumulated over the recent decade. The structural budget augmentation will be critical to address overdue actions in response to the IEO evaluations on the *IMF Financial*

Surveillance, the IMF and Fragile States, the IMF and Social Protection, Behind the Scenes with Data at the IMF, and the IMF Advice on Capital Flows.

4. We welcome the OIA's efforts to prepare an assessment of the impact of slippages in the implementation of open management actions and look forward to staff's more granular proposal before the end of this fiscal year. We agree with staff that it is important to strengthen ex-ante impact assessment and gauge the overall effectiveness of the multiple actions in response to a single recommendation. *We invite staff to elaborate on the IEO's proposal to task the Office of Risk Management (ORM) to assess the effects of the slippages on enterprise risk.*

5. *We note that the PRM provided limited information on the latest status of the eight actions to be reformulated and would appreciate additional comments on these areas.*

6. On the specific management actions, we want to make the following comments.

- We are disappointed with a prolonged delay in the preparation of the guidance note to assist with the implementation of the Strategy for IMF Engagement on Social Spending. We encourage staff to accelerate the work on sectoral background notes on pensions, social assistance, health, and education, which will serve as inputs to the guidance note.
- We look forward to the finalization of the FCS strategy by the end of 2021. This strategy is expected to provide proposals for strengthening external financing instruments and implementing the Country Engagement Strategies (CES) for all FCS engagements.
- We share the IEO's concerns about further delays in the completion of the inventory of financial skills and the workforce analysis coming from the financial surveillance evaluation. *Could staff elaborate on the key reasons behind these delays and their views on the IEO's proposal to expedite this work?*
- We look forward to more ambitious efforts to achieve diversity and inclusion objectives, including raising the share of nationals from underrepresented regions and individual countries.
- We welcome strong progress that has been made on actions in response to the IEO evaluations on *IMF Advice on Unconventional Monetary Policies*. The report highlights many important advancements in this area, including the creation of the Monetary Modeling Unit (MMU), strengthening analytical work and research on monetary and macroprudential policies, and deepening analysis of unconventional policy tools. Staff also pointed to a series of working papers and briefings for the Board on these issues. At the same time, we believe that at some point the Board should have a formal comprehensive

discussion of the recent advancements and experience to better articulate the IMF view of what constitutes good policy in the current complex environment.

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GRAY/21/2713

September 20, 2021

**Statement by Mr. Chodos, Mr. Herrera, Mr. Lischinsky, and Mr. Corvalan Mendoza 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 staff of the Office of Internal Audit (OIA) for the Eleventh Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) and the IEO for its illustrative Buff statement.

We understand multiple areas of the Fund like the Office of Internal Audit (OIA), in collaboration with SPR, IEO, and other departments had provided the needed input to present detailed information on the implementation status and progress made over the past 18 months on 72 actions contained in 10 MIPs, that must be managed and coordinated by Management, to address a backlog of long-standing open actions.

29 actions out of 72 were closed, and we see a significant improvement compared to the previous trend of around 15 actions closed. These figures buttress the idea that this PMR provides a better situation in its implementation than previous ones. We recognize that this better outcome was made despite the shift and reprioritization during the Covid-19 pandemic, which called for rearrangements of activities to accommodate the urgent needs of the membership since the first quarter of last year, when the pandemic hit member countries hard. It is totally understandable that some work streams had to be delayed to make space for crisis-related activities.

Regarding the acceleration in the implementation of IEO Board-Endorsed Recommendations, IMF Advice on Unconventional Monetary Policies, IMF Financial Surveillance, and IMF Advice on Capital Flows are good examples of improvements, which are much appreciated. Nevertheless, we were expecting these outcomes on topics where Fund expertise is abundant because they are under the umbrella of its core mandates. We have to say that we were surprised on the delays for the evaluation of *Behind the Scenes with Data at the IMF* and *IMF Advice on Capital Flows*. From our standpoint these topics are also part of the Fund's core mandate and much literature, research, and advice were produced for years. Finally, we have to recognize that it was not a surprise to us that evaluations on *The IMF and Fragile States*, or *The IMF and Social Protection* did present delays in their implementation, understanding that these current important themes were not common for the Fund's focus work stream and were not treated as part of its core mandate, even though they are relevant for a broad part of the membership.

On the other hand, 35 actions out of 72 remain open while 8 are being reformulated. For the former, 16 of those actions were more than a year and some almost 10 years past their assigned implementation dates. Also, according to the report, part of the explanation for the delays is linked to

several years of flat budgets or postponements of important reviews, which in a way is difficult to admit as an explanation. For the latter, the reformulations are broadly in line with the Board-approved triage framework for long-standing actions.

Focusing on the actions that are past due and remain open, we have the following comments for particular recommendations arising from two specific MIPs:

(IMF Financial Surveillance (2019)) IEO Recommendation 5: Intensify efforts to attract, develop, and retain a deeper pool of financial talent, as well as ensuring that area department fungible macroeconomists have the knowledge and support to integrate financial and macrofinancial analysis into Article IV consultations. HR strategy delays in Action 5.1 are worrisome. We concur with the IEO Buff statement that, for example, a neural area of our institution like HR, which is expected to have a good assessment of the professional skills of its excellent pool of talent, has delays in themes like workforce analysis for financial sector experts. The inventory is said to be completed probably by the first quarter of 2023, which is two years behind its original target date of January 2020. We are convinced that our institution's good reputation rests on the quality of its top-notch professionals, particularly in areas of economics and finance. Therefore, taking into consideration our core mandate at the Fund, we are of the view that a swift financial surveillance evaluation can be made, without further delays, to explore our excellent in-house pool of professionals and complete the analysis for financial sector experts. Accelerating this activity would impact positively on critical pending actions.

The Role of the IMF as Trusted Advisor (2013) IEO Recommendation 2: Strengthen the continuity of the relationship between the Fund and member countries. We would like to emphasize the Management Action 2.2 that states the need 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. It is a concern that we are almost 8 years away from the original target date and the efforts are not satisfactory and balanced between i) management-level benchmarks for gender and ii) B-level benchmarks for Under-Represented Regions (URRs). For the former some progress has been made, whereas for the latter not much advance has been presented.

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GRAY/21/2714

September 20, 2021

**Statement by Mr. Hosseini and Mr. Sassanpour 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 for yet another comprehensive and informative PMR on the status of MIPs in response to Board-endorsed IEO recommendations. **We support the proposed decision.**

We welcome the important progress made in implementing the MIPs since the 10th review, notwithstanding challenges associated with the COVID-19 pandemic and persistent resource constraint. The almost doubling of the number of actions closed since the last PMR is indeed impressive. The progress, however, has been uneven, with much higher implementation rates reported for actions associated with more recent MIPs (mostly in the financial sector area and of greater relevance to AEs), and noticeably slower implementation of recommended actions in areas of generally greater importance to EMDCs (mostly associated with fragile states and social protection). The Fund's emergency response to the COVID-19 crisis justifiably diverted resources to more urgent needs, but at the same time, the pandemic, with its disproportional impact on lower income countries, hastened the urgency of implementing actions to address socio-economic and fragility issues. We urge staff to make up for the lost ground in these areas and look forward to a more significant progress by the next review.

Successive PMRs have noted that many implementation target dates, particularly those related to structural changes, have been optimistic. With about half of the open actions reported by the 11th PMR being at least one year past the implementation due date, this review is no exception, despite the progress acknowledged earlier. The delays reflect a myriad of factors, some more tangible than others. Certainly, the hard budget constraint has been a major factor as staff resources are stretched thinly, a situation that has been exacerbated by the pandemic. We expect that structural budget augmentation will address this critical constraint. The postponement of a number of critical reviews has also delayed the implementation of several MIP actions. There are other factors that require nimble staff

response through course correction and re-sequencing to unforeseen circumstances. It is important that MIPs allow for such contingencies. Beyond the PMR's concise description of slippages, we welcome the commitment to put forward a framework for impact assessment of these slippages—admittedly, no easy task. There are also a number of overdue actions related to outdated IEO evaluations going back a decade that bring up the usefulness and validity of original recommendations, particularly in view of transformational changes brought about by the pandemic.

Against this background, we have the following comments on actions related to specific IEO evaluations and MIPs.

- The 11th PMR reports uneven progress in number of areas dealing with the financial sector: unconventional monetary policy, financial surveillance and capital flows. It would be useful if staff could bring all these issues together under one roof, highlighting areas where progress would be reinforcing and complementary, or (conversely) where the lack of sufficient progress in one area is likely to hamper progress in other areas. Again, admittedly, it is no easy feat, but in the first round, the impact assessment of slippages could focus on enterprise risk. *Staff comments are welcome.*
- We regret the lack of sufficient progress in implementing the IEO recommendations on fragile states. We look forward to the Board discussion of an FCS Strategy by year-end, expecting the Strategy to crystalize how best the IMF could help its fragile members with policy advice and technical and financial support. The FCS Strategy should recognize that there is a wide spectrum of fragility (and conflict) and hence policies would have to be tailored to specific needs of each country. The Country Engagement Strategy (CES) will be an essential guide in focusing on issues of highest priority for the authorities and in enhancing staff engagement with them. As suggested earlier, the CES should adequately reflect the pandemic's impact on already-existing fragilities and vulnerabilities. *Could staff elaborate on the CES roll-out plan and timetable?*
- On social protection issues, the delay in completing the Guidance Note was justified by relocation of resources during the pandemic to country teams dealing with the immediate needs of members in the same areas. *Could staff elaborate on the experience with the "how-to" note issued in September 2020 and whether it would require refinements in view of multiple waves of the virus, and their uneven impacts on members, which might have shifted/alterd the three (containment, stabilization, and recovery) phases?* We look forward to FAD background papers on different dimensions of social spending, and since the Guidance Note will be based on these studies, it is important that FAD is provided adequate resources to do its job.

- Data is a strategic institutional asset, and accurate and up-to-date data is essential for sound economic analysis and policy recommendation. Progress in this area has been clearly insufficient. It is important that the timetable for the DPF Review—delayed, but now tentatively scheduled for March 2022—does not slip anymore.
- We welcome the high implementation rate of recommendations on the role of the IMF as a Trusted Advisor, but there are areas where progress requires stronger effort, as many of the recommended actions go back many years. The Board considered the progress toward meeting the new 2025 benchmarks for gender and URRs in April. The shortfall in the share of MENA+ professionals, particularly women, compared to benchmarks was quite palpable. We expect management and staff to redouble their efforts to achieve Fund’s diversity benchmarks for URRs, especially for the MENA+ region, and update the Board periodically.
- The IEO evaluation of “Research at the IMF—Relevance and Utilization” is a decade old. Maybe a reassessment of original recommendations is in order.

Finally, we thank staff across all departments for their dedication and excellent work that made the progress reported in the latest PMR possible.

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GRAY/21/2715

September 20, 2021

**Statement by Mr. Fanizza and Mr. Spadafora 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 for the comprehensive 11th Periodic Monitoring Report (PMR) and welcome its assessment that significant progress has been made in implementing management actions, despite the challenges that have arisen from the ongoing Covid-19 pandemic. We are particularly pleased by the faster pace of implementation of actions contained in the recent MIPs that follow up on the IEO evaluations on *IMF Advice on Unconventional Monetary Policies* and *IMF Financial Surveillance*.

We broadly share the PMR's analysis and conclusions and offer the following comments:

- We acknowledge that the Covid-19 pandemic has been the source of delays in conducting a number of key reviews that are a precondition for the implementation of several management actions. This is most evident for the actions in response to the recommendations of the evaluation on *Behind the Scenes with Data at the IMF*, which have suffered from the postponement of the Review of Data Provision to the Fund for Surveillance Purposes (DPF Review), now projected to be completed in March 2022. Similar considerations apply to the actions in response to the evaluation of *The IMF and Fragile States*, whose implementation depends on the Fragile and Conflict-Affected States (FCS) strategy, which is now planned for presentation to the Executive Board by end-2021.
- Given the prominence that social spending is taking up in Fund-supported programs to mitigate the impact of Covid pandemic, we regret that the finalization of the Guidance Note to assist with the implementation of the Strategy for IMF engagement on Social Spending has been further delayed. On the implementation of the actions to follow up on the evaluation on *IMF Financial Surveillance*, we encourage staff to finalize the updated Guidance note for surveillance in Article IV consultations by the target date of Q1 2022.
- The PMR effectively highlights the impact on the IEO-recommended increase of financial sector experts arising from the delays in implementing the new HR strategy. It is particularly unwelcome (paragraph 62) that the persisting absence of comprehensive

data on skills, expertise, and experiences – because of delays in rolling out the new HR system (Workday) – is still limiting a proper workforce analysis for financial sector experts. As a result, we are concerned about the significant delay in completing an enhanced talent inventory of staff – including financial sector expertise – which is now expected in FY 2023 instead of the original November 2020. *Staff's comments are welcome.*

- While welcoming the resources increases in the budgets for FY 2021 and 2022, the formal proposals for the FY23-25 Medium-Term Budget – expected to be presented by staff in October 2021 – should be seized by the Executive Board as an opportunity to help building up further financial sector expertise and fully follow up on the IEO recommendation in this key area.

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GRAY/21/2716

September 20, 2021

**Statement by Mr. Stephan and Mr. Boehme 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 staff for the comprehensive Periodic Monitoring Report (PMR) which presents an important monitoring tool for overseeing the implementation of Board endorsed IEO recommendations and thus a crucial instrument to support the important work of the IEO.
- **We appreciate the accelerated pace at which actions items have been closed last year.** 29 of the 72 actions that are reviewed in the 11th MIP are already closed. Compared to 16 items being closed in the year prior to the 10th Periodic Monitoring Report.
- **At the same time, we are wondering about the process of reformulating long-standing open actions that seems rather lengthy.** Eight off-track actions are to be reformulated in the “Categorization of Open Actions in Management Implementation Plans” which were originally classified in categories 2 and 3. *Could you please provide details on how the re-formulation of single actions will take place within the foreseen standard process for MIP issuance?*
- **We thank staff for taking into account the board’s suggestion to assess the impact of slippages.** While we acknowledge the difficulty to assign relative importance to open items, we find the general assumption that greater delays imply an increasing negative operational impact as not sufficiently refined and useful. A further refinement and risk-based prioritization could add value to the discussion of the implementation of open management actions. This would also facilitate to prioritize managements’ efforts in the implementation. We would see merit to take the Fund’s risk profile into account and liaise closely with the Office of Risk Management (ORM) to identify the open items with highest operational impact.

- We fully agree that contingencies on other work streams have to be taken into account when assessing the tackling of open actions in Management Implementation Plans (MIPs). However, we cannot fully relate to the argument that ongoing changes are an obstacle for further changes per se. We rather think that improvements in other work streams may as well catalyse the implementation of open actions in certain cases. For example, the momentum of the ongoing implementation of 1HR, the introduction of WorkDay and the related change management activities may even facilitate the setup of a comprehensive workforce analysis. *Staff comments are welcome.*
- **Only 5 out of the envisaged 18 items from “Behind the Scenes with Data at the IMF” are implemented** even though the evaluation took place in 2016. We acknowledge that the delay is partly due to delays in other reviews (DPF Review, CSR Review, etc.) and that most of the overdue items are progressing constantly. Still, this is the MIP with the most open items, and some items are outlined as not being dependent on other work streams. Determined progress would be much appreciated, while we understand that data provision is a complex topic.
- **We support that the item on diversity and inclusion that was derived from the evaluation “The Role of the Fund as Trusted Advisor”, was extended for an additional five PMR monitoring cycles.** The management action item aims at increasing the share of staff from underrepresented regions and women in senior positions. The relevance of this item that was formulated already in 2013 is still high and thus, is rightly extended to be further monitored.

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GRAY/21/2718

September 20, 2021

**Statement by Ms. Shortino, Ms. Senich, and Mr. Westphal 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 this detailed report on the status of MIPs in response to Board-endorsed IEO recommendations and the IEO for the informative buff statement. We welcome that the Fund's pace of implementing the Board-endorsed IEO recommendations has improved significantly despite challenges related to the pandemic. We also understand that many of the recommendations that are overdue were delayed as a result of the reprioritization of workstreams in response to the pandemic. Going forward, we look forward to continued progress on implementing the remaining outstanding recommendations, particularly from the *Behind the Scenes with Data at the IMF* report, from which nine of the 16 delayed recommendations arise.

We also appreciate the update on progress for each of the recommendations from the *IMF Financial Surveillance* report, as augmenting the Fund's macro-financial surveillance capabilities has been a long-standing priority for this chair. We are concerned that the delays in rolling out the new HR system have stalled efforts to analyze and brief the Board on the Fund workforce's financial sector skills. We also understand that the development of the corporate vulnerabilities surveillance tool was delayed due to the pandemic, but we would encourage staff to prioritize this work given the likelihood for increased corporate sector stresses as we emerge from the pandemic.

Despite the improvement in implementation progress, we note that nearly half of the recommendations remain incomplete and have been outstanding for at least a year. We expect the accelerated rate of progress demonstrated in this report to continue going forward, and we welcome the assessment that a large number of recommendations can be fully implemented by the end of fiscal year 2022. We also welcome the commitment to present a practical approach for measuring the impact of slippages before the end of the fiscal year.

We note that implementation progress has been particularly strong for IEO reports completed more recently. *We would welcome insights from staff on these trends. For*

example, do newer recommendations have more realistic timelines? Are management prioritizing these newer recommendations? We would particularly welcome any lessons learned that could be applied to older reports with long-outstanding recommendations.

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GRAY/21/2719

September 20, 2021

**Statement by Mr. Dresse and Ms. Eijking 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 OIA staff for their comprehensive report, and the Independent Evaluation Office (IEO) for their informative Buff statement. We deem this is a critical exercise that keeps ourselves accountable for potential delays and fostering the discipline of implementing Board-endorsed IEO recommendations.

We agree with the IEO that the eleventh PMR provides a positive picture of recent progress in implementing action items contained in MIPs and we understand that some delays have been unavoidable given the urgent response to COVID-19 needs. Against this backdrop, it is certainly encouraging to see that the rate of implementation of recommendations has increased.

We especially welcome staff's efforts on the assessment of the impact of implementation slippages of open actions. Together with other Chairs, during the discussion on the tenth PMR, we called for future PMRs to include an assessment of the impact of slippages in the implementation of open management actions. While staff acknowledges that the current exercise is only a first step towards an impact assessment, it already provides useful insights about delays. We would very much welcome further efforts by staff to assess the impact of delays, to enable the Board to assess their criticality. *We appreciate staff's comments on the feasibility and costs of such an impact analysis.*

With acknowledgement for the broad range of IEO evaluation and actions following the Board endorsed recommendations, we would like to zoom in on a specific set of recommendations, the ones from the IEO report on IMF Financial Surveillance, on which we have a couple of remarks:

First, we note the open action item on the Board endorsed recommendation to enhance the IMF's analytical tools and strengthen efforts to be a global center of excellence on financial and macro-financial research by enhancing the IMF's analytical tools of corporate sector surveillance (management action 4.3). While we fully acknowledge and very much respect the work pressures due to the pandemic, we would like to underline the importance of progress on analyzing corporate vulnerabilities that have been rising precisely because of the pandemic.

Second, we regret the delay in actions to attract, develop and retain a deeper pool of financial talent to integrate financial and macro-financial analysis into Article IV consultations. Notwithstanding the importance of efforts to introduce staff talent profiles and data on experience, we see the risk of progress in this area to be too dependent on the availability of supporting technologies. We deem it important that staff uses all available tools and incentives for attracting and retaining talent in this area, in order for financial expertise and experience to become a more standard aspect of staff profiles working on Article IV surveillance.

Thirdly, we look very much forward to the guidance note on surveillance that strengthens financial and macro-financial analysis in Article IV consultations and would recommend staff to expedite the agenda to finalize the guidance note. This action is of particular value to further institutionalize the urgently needed macro-financial dimension in staff Article IV reports that was agreed on with the conclusion of the Comprehensive Surveillance Review (CSR).

And finally, we look forward to the budget discussion in order to complete the Board endorsed IEO recommendation to devote significant additional resources to financial surveillance.

Eleventh Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board-Endorsed IEO Recommendations

EBM/21/94, September 22, 2021

Staff's responses to technical and factual questions are below.

General and budget issues

1. While we understand that keeping all closed actions in the latest PMR would make the successive PMRs overly lengthened, those actions are still relevant to Fund's future performance. For instance, IEO might be able to contribute further on this point to review these completed action plans in the next IEO evaluation update on relevant topics. In this context, we would like to emphasize the value of the IEO's close and continuous collaboration amongst the relevant departments in this front. Any staff's further comment would be appreciated.
 - Although PMRs do not report on previously completed actions, these actions are regularly followed up through other mechanisms, including the regular policy reviews conducted by staff and the evaluation updates which are typically conducted by the IEO ten years after the original evaluation.

2. The number of closed actions has almost doubled compared to the previous trend, which is good news but also surprising given the pandemic context. Could staff elaborate on the reasons behind this improvement?

3. We note that implementation progress has been particularly strong for IEO reports completed more recently. We would welcome insights from staff on these trends. For example, do newer recommendations have more realistic timelines? Are management prioritizing these newer recommendations? We would particularly welcome any lessons learned that could be applied to older reports with long-outstanding recommendations.
 - R2-3. While a direct attribution is difficult, recent improvements in the specificity of actions are likely contributing to faster implementation. In the meantime, caution is needed as the focus on SMART actions could inadvertently lead to tactical actions that have limited impact on fundamental changes or solutions. Actions that typically lend themselves to quicker implementation (e.g., organizing conferences, training events, briefings to the Board, etc) ought to be examined from the perspective of the impact they would make in addressing the substance of the IEO recommendation.
 - In addition to the SMART actions, the quicker implementation is mostly observed in the MIPs for the recent evaluations on Unconventional Monetary Policies, Financial Surveillance, and Capital Flows. These areas remain highly topical for the global economy and the Fund, and therefore, the respective MIPs align very well with current institutional priorities.

4. Could staff elaborate on current resource gap and on contingency plans in case these trust funds are not sufficient or available in a timely fashion?

- R4. STA reports that donor resources available to fund CD in statistics are adequate for the current demand. 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 to support surveillance, especially in low- and middle-income countries, including fragile states. Both funds are close to being fully funded and the implementation of their work programs has continued despite the travel restrictions imposed by the pandemic. With a comfortable cash balance, staff do not see an immediate fundraising need, but the Fund will continue to reach out potential new partners that have a commitment to and interest in the objectives of these trust funds.
5. 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?
 - R5. An estimation of the total resource gap for MIP actions is very difficult and well beyond the scope of the PMR. The MIP process involves departments identifying the resource needs for implementation, specifying whether additional resources are required. However, resources can be re-allocated in response to other priorities that arise or unforeseen challenges such as the COVID-19 pandemic. As part of the annual budget process, departments discuss resource needs with OBP.
 6. 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?
 - R6. The MIP process involves departments identifying the resource needs for implementation, specifying whether additional resources are required. Projected completion dates are viewed by departments as indicative, but are nevertheless expected to take into account the availability of resources. As the PMR has observed, challenges arise when assumptions underlying the implementation plan are overoptimistic or unforeseen circumstances arise in the course of implementation. Projected implementation dates rarely include such contingencies.
 7. On IMF Financial Surveillance actions, we reiterate that financial surveillance is part of the Fund's core mandate and deserves adequate allocation of resources backed by: (i) expedited completion of relevant talent profiles, (ii) a comprehensive workforce analysis supported by an enhanced talent inventory of financial sector experts and experiences. Since these prerequisites have been pushed till March 2023, over two years beyond the originally promised date, could staff elaborate the implications of this delay on the upcoming budget augmentation proposal?
 - R7. In preparing an estimate for the resource needs as part of the Comprehensive Surveillance Review (CSR), HRD compiled and analyzed data on staff assignments and mission travel, allowing a detailed assessment of staff experiences in key areas, including macrofinancial. However, the talent profiles and a comprehensive

workforce analysis are still needed for ongoing identification and deployment of talent. Based on the best information available at the time, the CSR concluded that the most significant need for resources is for expanding macrofinancial talent. An assessment of the depth and integration of systemic risk and macroprudential analysis in Article IV Consultations found that limitations in macrofinancial expertise compounded by competing priorities have constrained progress in this area. This finding is in line with the conclusions from the IEO 's evaluation of the Fund's financial surveillance, which noted that resource constraints have slowed the needed buildup of macrofinancial expertise. The CSR assessment found that half of all Article IV reports presented gaps in the depth and integration of these core elements of macrofinancial analysis and that an additional 24 FTEs with macrofinancial expertise would translate into about 80 percent coverage of the gap. These estimates will be refined in the context of the formal proposal for the structural Medium Term Budget augmentation.

- HRD has continued to compile data on staff assignments and mission travel and will use those data to assess “exposure” to macro financial issues (for example, number of FSAP missions for each staff member, tenure in MCM). HRD is also working to have communication that will highlight and incentivize the need for completion of talent profiles. For instance, as part of the LIC_FCS promotion requirement for A15, HRD will send communication to staff to complete talent profiles. This should help HRD in preparation for a fuller assessment of data from Talent card and the expansion of the talent inventory.
8. Could staff elaborate on the experience with the “how-to” note issued in September 2020 and whether it would require refinements in view of multiple waves of the virus, and their uneven impacts on members, which might have shifted/alterd the three (containment, stabilization, and recovery) phases?
- R8. Staff in FAD have reported that they are constantly learning lessons and updating its products as needed to address the membership's needs. The how-to-note is just one of the channels the department has used to address social spending during the COVID pandemic. In addition to the how-to-note, FAD has provided immediate assistance on social spending to country teams through IMF training, joint seminars with the World Bank on country level engagement on social protection during COVID and beyond, formal monitoring through the review process, and a series of COVID fiscal notes on policies to protect vulnerable groups from the adverse effects of the pandemic. The how-to-note indicates that country teams are expected to use judgment and flexibility to decide which stage is applicable to their country at a given point in time.

Assessment of the impact of implementation slippages

9. We look forward to engaging with Staff further as they develop their approach to assessing these impacts but would appreciate Staff's comments on the main elements of the envisaged fully-fledged impact assessment.
10. 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.

11. We would welcome staff views on the IEO's constructive suggestion of tasking the Office of Risk Management to assess impact in terms of the effect of the slippage on enterprise risk along the multiple dimensions that the ORM measures.
 12. We invite staff to elaborate on the IEO's proposal to task the Office of Risk Management (ORM) to assess the effects of the slippages on enterprise risk.
 13. It would be useful if staff could bring all these issues together under one roof, highlighting areas where progress would be reinforcing and complementary, or (conversely) where the lack of sufficient progress in one area is likely to hamper progress in other areas. Again, admittedly, it is no easy feat, but in the first round, the impact assessment of slippages could focus on enterprise risk. Staff comments are welcome.
 14. We would very much welcome further efforts by staff to assess the impact of delays, to enable the Board to assess their criticality. We appreciate staff's comments on the feasibility and costs of such an impact analysis.
- R9-14. This is an exercise that will involve close collaboration with IEO, ORM, SPR, and accountable departments. Management directed OIA to coordinate a small working group that will propose a practical framework by the end of the fiscal year. While the components are still evolving, it could involve the following: (i) for each overdue action, revisiting the context and thrust of the issue and recommendation, as originally raised by IEO, in order to better understand the risk implications they pose to the institution. It would be useful for future MIPs to include some form risk assessment ex-ante. (ii) Understanding what changes may have occurred since the evaluation and the risk impacts of not completing the action. This includes any global events, changes in processes and methodologies, and actions that may have already been taken to partially mitigate the risks; (iii) A measure of the current residual risks, leveraging the enterprise risk framework and the proposed institutional risk taxonomy.

Treatment of actions waiting to be reformulated

15. We regret that the PMR provided limited information on the latest status of the eight actions to be reformulated, and we welcome staff's comments on these areas.
 16. The evaluation on Data contains four of the eight actions in the report that are recommended be reformulated according to the board-approved triage framework. We emphasize that this reformulation should address the root causes of the challenges and be 'specific, measurable, attainable, relevant, and timebound' (SMART), while meeting the thrust of the underlying recommendations. While some challenges have been contingent on the extended timeframes for the CSR and FSAP reviews, we are interested in staff views as to how realistic the expected completion dates for these open actions are, and what the impact of the longstanding slippages has been.
- R16. Evaluating the impact of delays in implementing overdue actions is challenging, especially during the pandemic. On data management, the report on the use of the Common Surveillance Database, which is expected to be presented to the Data

Governance Group (DGG) by December 2021, will likely contain some pertinent information issue. The report is expected to document the integration of the CSD into area department workflow, providing some key insights into the effects of the delays in the open actions in data management. STA staff reports that, on the current heightened uncertainty stemming from the multi-speed recovery, the projected timelines appear reasonable.

17. Although we consider these delayed actions are reformulated since they met the criteria of the Categorization Paper, can staff elaborate more background on these? How will these actions be followed-up hereafter?
 18. The 8 actions that are being reformulated are already on their second delay, we would welcome staff's comments on when they expect to present them.
 19. We would welcome staff's comments on specific actions that could be reformulated to advance on long-overdue ones.
 20. We therefore look forward to reviewing the eight reformulated actions by year end. In this regard, could staff update us on progress in the reformulation of these actions?
 21. We note that the PMR provided limited information on the latest status of the eight actions to be reformulated and would appreciate additional comments on these areas.
 22. Could you please provide details on how the re-formulation of single actions will take place within the foreseen standard process for MIP issuance?
- R15-22. Staff is working on reformulating the eight overdue actions. The reformulated actions aim to address outstanding IEO recommendations and Directors' comments on the Categorization Paper. The reformulated actions are being designed within the SMART framework and in line with the triage framework proposed in the 2020 Categorization Paper and approved by the Board. We regret the delay in producing the reformulation paper due to the impact of the pandemic on staff's work program this past year. In particular, the pandemic has postponed work on several major policy reviews, including the CSR and DPF, with cascading implications for the paper on the reformulated actions.
 - As part of the work on the reformulated actions, staff did include new questions related to the long-standing IEO recommendations in this year's Fifth Annual Survey of the OEDs on the quality of Fund's engagement with the membership. Specifically, the survey has been extended to monitor the members' degree of satisfaction with mission chiefs' tenure, country assignment handover, confidential information handling, and the quality of staff research products. This past July, staff has shared with OEDs the summary report on the survey's main results, which found that OEDs were broadly satisfied, although saw scope for further action to preserve continuity in assignments, particularly in small and fragile states, and to improve country assignment handovers. Staff is taking this feedback as it is working to reformulate actions.
 - On the proposed implementation dates, these will vary depending on the action. We are trying to bring them forward as much as feasible and see scope for making progress in implementing many deliverables for actions by the end of this FY,

including on data management, tenure for country assignments, and country-assignment handover. Some deliverables for the reformulated actions will likely require more time to implement, in part because they are linked to progress in other processes and reviews, pushing the deadlines into FY23.

- SPR has been engaging with the relevant departments and units on the reformulated actions over the past several months. Our goal is to wrap up staff-level discussions in the coming weeks. In line with the approved Work Program, staff expects to submit the draft Board paper on the reformulated actions to the EVC by end-December.

Open actions that merit greater priority

23. Linking the application to certain senior positions to the candidates' completion of their talent profiles could yield positive but limited results. We wonder why a link could not be established to the APR process. Staff comments are welcome.
 - R23. The LIC-FCS promotion policy will provide an incentive for staff at grades A11-A14 to complete their talent cards. Additional communication to staff could also be considered ahead of the FY23, when additional work is expected to be undertaken.
24. We are concerned about the significant delay in completing an enhanced talent inventory of staff – including financial sector expertise – which is now expected in FY 2023 instead of the original November 2020. Staff's comments are welcome.
 - R24. The delay has been partly related to the delay in Workday implementation and the stabilization, which at this point are the top priorities in HRD. But HRD has continued to compile data on staff assignments and mission travel that should complement future efforts to expand the talent inventory.
25. We share the IEO's concerns about further delays in the completion of the inventory of financial skills and the workforce analysis coming from the financial surveillance evaluation. Could staff elaborate on the key reasons behind these delays and their views on the IEO's proposal to expedite this work?
 - R23-25. HRD reports that a variety of options are being explored to expedite the completion of talent profiles through a balanced approach that recognizes ongoing work pressures and change management challenges associated with a number of modernization initiatives. In addition to using promotions to senior levels as leverage, the policies to incentivize work on LIC and FCS assignments also have a key component for staff to self-declare information that will be in the Talent cards in Workday. HRD is also working with an Advisory Group with representatives from functional and area departments to develop outreach strategies to staff that should also promote the completion of talent profiles.
26. The responsible departments may need a systematic process for delivering on MIPs, where individual staff deliverables in a given year adequately reflect commitments made in MIPs. There is need to strengthen performance management skills and ensure timely delivery of agreed action items. This is important as new evaluations are currently underway and will

generate new MIPs and actions, generating more pressure including on Fund resources. Staff views are welcome.

- R26. Staff appreciates Director's suggestion.
27. We are particularly concerned at the significant work that remains outstanding from the MIP on Behind the Scenes with Data at the IMF (2016) where only 28 percent of agreed actions have been implemented in 5 years. This delay is reflected in things like late Reviews of Data Provision to the Fund for Surveillance Purposes, some of which have been shifted further to 2022. Could staff elaborate on what the constraints to delivery are in cases where substantial work remains outstanding.
- R27. STA staff reports that, on the current heightened uncertainty stemming from the multi-speed recovery, the projected timelines appear reasonable. The pandemic-related increase in workload and the substantial change in priorities have been the main constraints to earlier delivery for the Review of Data Provision to the Fund for Surveillance Purposes and other actions. However, both the latter and the review of the data dissemination initiatives are scheduled for completion in early 2022.
28. The FCS workstream ranks high on our countries' priority list, and we urge staff to advance this work given its increased relevance in the post-COVID-19 era. Staff comments are welcome.
- R28. STA staff reports that the FCS workstream ranks high on STA priorities, and the paper for the review of data dissemination initiatives will discuss FCS progress for consideration by the Board in early 2022. A subsequent paper on CD in FCS will be prepared in FY23.
29. The Country Engagement Strategy (CES) will be an essential guide in focusing on issues of highest priority for the authorities and in enhancing staff engagement with them. As suggested earlier, the CES should adequately reflect the pandemic's impact on already-existing fragilities and vulnerabilities. Could staff elaborate on the CES rollout plan and timetable?
- R29. The FCS Strategy, which is now planned for presentation to the Executive Board by end-2021, will propose ways to implement the CES in FCS and will provide broad guidance to teams in this area, including by taking into consideration the pandemic's impact on FCS. Initial proposals envisage a gradual rollout of the CES, with the specific timeline to be established in the FCS Strategy.
30. We would be interested to hear more from staff about the ongoing work, in particular to which extent will staff's guidelines be able to assess whether social spending levels are sufficient to achieve key goals in terms of poverty and inequalities reduction.
- R30. The guidance note that will assist with the implementation of the Strategy for IMF Engagement on Social Protection is expected to provide guidelines to staff for assessing the appropriateness of social spending levels. As noted in the PMR, the content of the guidance note will be determined after the background papers being prepared by FAD (on pensions, social safety nets, health and education) are completed. In addition, as noted in the PMR, a course on IMF Engagement with Social Safety Nets (SSNs) was delivered by ICD and FAD in December 2020. The course presented case studies to illustrate the key role of SSNs by discussing the

three channels through which SSN spending can be considered macrocritical: fiscal sustainability, spending adequacy, and spending efficiency. It also demonstrated how the Social Protection and Labor Assessment Tool can be used to assess the strength of SSNs. Regarding inequality, an Inequality Advisory Group chaired by FAD and AFR was established in September. The group supports country teams on inequality issues.

31. We fully agree that contingencies on other work streams have to be taken into account when assessing the tackling of open actions in Management Implementation Plans (MIPs). However, we cannot fully relate to the argument that ongoing changes are an obstacle for further changes per se. We rather think that improvements in other work streams may as well catalyze the implementation of open actions in certain cases. For example, the momentum of the ongoing implementation of 1HR, the introduction of WorkDay and the related change management activities may even facilitate the setup of a comprehensive workforce analysis. Staff comments are welcome.
 - R31. Staff agree that, once completed, new technology solutions should bring efficiencies. However, there could be initial disruptions during the implementation phase, mainly due to staff re-allocation, project delays, or change saturation.

CONSTITUENCY CODES

OEDAE

Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe

OEDAF

Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé & Príncipe, Senegal, Togo

OEDAG

Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay

OEDAP

Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, and Vanuatu

OEDBR

Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, and Trinidad and Tobago

OEDCC

China

OEDCE

Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, and Spain

OEDCO

Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines

OEDEC

Austria, Belarus, Czech Republic, Hungary, Kosovo, Slovak Republic, Slovenia, and Turkey

OEDFF

France

OEDGR

Germany

OEDIN

Bangladesh, Bhutan, India, and Sri Lanka

OEDIT

Albania, Greece, Italy, Malta, Portugal, and San Marino

OEDJA

Japan

OEDMD

Afghanistan, Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

OEDMI

Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, United Arab Emirates, and Yemen

OEDNE

Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, Netherlands, Republic of North Macedonia, Romania, and Ukraine

OEDNO

Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden

OEDRU

Russian Federation and Syrian Arab Republic

OEDSA

Saudi Arabia

OEDST

Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Philippines, Singapore, Thailand, Tonga, and Vietnam

OEDSZ

Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan

OEDUK

United Kingdom

OEDUS

United States