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**Statement by Mr. Nakunyada, Mr. Abdullahi, Mr. Garang, and Mr. Cham on
Implementation Plan in Response to IMF Executive Board and Management Endorsed
Recommendations of the 2022 Institutional Safeguards Review
(Preliminary)
Executive Board Meeting
December 16, 2022**

We thank staff for this comprehensive review on institutional safeguards and associated implementation plan (IP) and their consultative approach to help build consensus. We also appreciate the tireless work of the Steering Group under the strong leadership of Ms. Riach. Their many engagements and discussions with the Board Steering Committee fostered a consensus and refined the proposals. Strong confidence in the integrity of the data and analytical products of the Fund remains critical to effectively discharge its mandate. We acknowledge the Fund's high standard of institutional governance and analytical integrity, including a strong Dispute Resolution System (DRS). This notwithstanding, the 2022 Institutional Safeguards Review found areas where the data and analytical integrity frameworks could be enhanced to help smoothen and strengthen the effective functioning of the Fund's system for internal disputes and employment practices. We broadly support the detailed, and appropriately sequenced Implementation Plan (IP) in response to the IMF Executive Board and management endorsed recommendation of the 2022 Institutional Safeguards Review. We agree with the proposal to have a robust evidence-based validation process that mirrors the Periodic Monitoring Report on implementation progress of Board-endorsed IEO recommendations.

We support the framework for the IP which recognizes that all the recommendation cannot be implemented. In this context, we welcome the proposed triage mechanism that divides the recommendations into four groups (implement, modify, consult, wait, do not forward), which appropriately focuses energy and resources on supported recommendations. We are encouraged that the proposed actions are time bound and implementation responsibilities are clearly assigned. While we recognize that some actions will take a long time to fully implement and assimilate, we appreciate the progress already made in the implementation of the near-term Board approved actions and encourage continued efforts by the Board and Management in the completion of the remaining actions.

Avoiding actual or perceived undue pressure on staff either from management or members of the Board that could potentially undermine the integrity of data and analysis at the Fund, remain key. We concur that a robust dialogue between staff on one hand and the Management and members of the Board on the other, is beneficial to staff in their efforts to arrive at well-thought out and well-informed views. This will not only help ensure evenhanded coverage of emerging areas in surveillance but will strengthen the transparency and documentation of the internal review process. However, there is a fine line between undue pressure and sharing of ideas and views. In this regard, clear guidance notes to staff from management and updated principles for OEDs' engagement that includes a clear definition of "Undue Influence" would help clarify where the thin line lies. Full implementation of the recommendations from the Working Group on Data and Analysis Integrity (WGDAI) should be implemented as soon as practical, while giving staff avenues to mitigate real or perceived undue pressure.

Management and the Board should be exemplary by adhering to the highest ethical standards and transparency. We, therefore, support the Board Ethics Committee to conduct a full review of the Code of Conduct for Members of the Executive Board and assess the ethical framework applicable to the Managing Director with a view to modernize and strengthen internal processes. We agree with the Ethics Committee that changing the composition of the Ethics Committee to have a majority external non-Executive Board members is not practical nor would in align with the confidentiality requirements in the best interest of the institution. Further, allowing OEDs staff access to formal and informal dispute resolution system (DRS) will improve moral and close unfair administrative gaps. However, we agree that the process should start with an informal DRS to gain experience but barring unforeseen challenges, OED staff should ultimately be given access to a formal DRS tailored to their role.

We support the additional role assigned to the External Audit Committee (EAC) to approve the internal audit workplan as a compromise to preserve a prominent role for the management in this process and ensure integrity. In the unlikely event that there is disagreement between the EAC and the management about the internal audit workplan, we agree that the Director of the Office of Internal Audit (OIA) should make appropriate judgements in the internal audit workplan. This would preserve the operational autonomy of the OIA. However, we encourage the EAC to present the internal audit workplan to the whole Board particularly when there are unresolved disagreements between management and the EAC.

We support strong protection measures against retaliation that bolsters trust in the DRS and offices (Ethics and Integrity Offices). This would give staff the confidence and security to report any wrongdoings and resist undue influence should they occur. That said, we support the changes to the policy that would expand protection while also striving to ultimately design a standalone whistleblower policy. Nonetheless, building trust in the system takes time and requires increased transparency as well as concerted and well executed communication efforts. Meanwhile, we welcome the proposal to increase awareness activities to strengthen knowledge about the protections available to those who use the DRS. That said, simplicity in the use of the system and the length it takes to resolve cases would play a key role in the trust and use of the DRS. In this regard, while we support efforts to

simplify the system and reduce litigiousness and formality, we welcome involvement of SAC in finding the right balance and suitable mechanism to provide legal assistance to staff.

Finally, we positively note that care will be taken to ensure that existing resources are reprioritized, and tradeoffs made as the IMF considers IP-related resource implications into the annual budget cycles. To this end, we are encouraged to note that some IP actions will be addressed through reorganization of existing envelopes or temporary adjustments within the departments. Since reprioritization will have implications for the ongoing work, we concur with staff on the need for broad consultations with Management and other stakeholders to discuss tradeoffs, within the context of the Accountability Framework and Board's Work Program.