

DOCUMENT OF INTERNATIONAL MONETARY FUND AND FOR OFFICIAL USE ONLY

The contents of this document are preliminary and subject to change.

GRAY/22/3215

CONFIDENTIAL

December 14, 2022

**Joint Statement by Mr. Pösö, Mr. Loszewski, Ms. Allika, and Mr. Kuth 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 welcome the opportunity to discuss the Implementation Plan (IP) that responds to the recommendations of the 2022 Institutional Safeguards Review.** Overall, the plan represents an impressive and comprehensive package of reinforcing measures seeking to address the gaps identified in the review. Maintaining the highest standards of institutional governance and data and analytical integrity is essential to the Fund's ability to continuously provide adequate services to its membership. We are steadfast in our support of measures aimed at ensuring a robust safeguards and institutional governance structure, also in view of the reasons why the Board saw that the Institutional Safeguards Review had to be conducted.

**The main objective of the IP should be to achieve significant and durable cultural change.** We welcome the various measures to enhance transparency at the Fund in general. However, the current plan still lacks detail on specific actions in some areas, and some have yet to be designed or agreed upon. Sustained monitoring of progress, with the involvement of the whole Executive Board, will be critical to achieve ownership and durable change.

Regular surveys of staff's views on various aspects of institutional governance and data and analytical integrity could be a useful aid in monitoring progress.

*Data and Analytical Integrity*

**The integrity of staff analysis is paramount to the value of the Fund's policy advice.** It is critical that staff is able to work impartially and not be subject to undue pressure from any party. The forthcoming note describing best practices in this regard, as well as options for staff to raise concerns, will be a useful guide for OEDs' engagement with staff. At the same time, it is important not to unduly constrain the interactions of OEDs with staff.

**Comment [PM]:** I think it would be important to recall why this work had to be done and that it was the Board which initiated the process.

**Comment [PM]:** Like other implementation plans, I think the monitoring should be done by the whole Board. I see no reason for an exception here.

**We underscore the need for a timely review of the Fund’s Transparency Policy**, which is an important institutional safeguard that guides the terms of engagement of OEDs and staff. The review of this policy is long overdue and there should not be any further delays.

**We expect strong measures to enhance the transparency of management’s decisions.** Details of specific actions have yet to be developed, but we find that the 2022 Institutional Safeguards Review’s recommendations (para. 63) could be a good guide for this work. The goal of any new measures should be to ensure that the rationale for key decisions is always clearly communicated by management. We welcome further improvements in the transparency and documentation of the internal review process and expect that further progress in these areas will remain a top priority when the Integrated Digital Workplace is rolled out.

#### *Leadership*

**We welcome the actions aimed at demonstrating the commitment of the Board and management to uphold the highest standards of ethical conduct, transparency, and accountability.** These standards should be higher than those applied to staff. Therefore, we support the proposal to publish summaries of DMDs’ financial assets and interests as part of the Financial Disclosure Program. However, the financial disclosure process at the MD level should be **at least** equally important. We would have preferred the same treatment to be applied to the MD and see no **sufficient** arguments for a delay at the most senior management level.

#### *Dispute Resolution System (DRS), Ethics, and Integrity Offices*

**Effective functioning of the DRS is critical to ensuring that the staff can focus on its core tasks in a well-functioning and respectful work environment.** We welcome the focus on strengthening protections against retaliation and increasing the transparency of the DRS. We note the arguments against shifting the burden of proof to the wrongdoer in cases of alleged retaliation and hope that revisions of the Staff Handbook will, at least to some extent, address concerns about possible retaliatory action.

**Regarding the Grievance Committee (GRC) process and legal assistance to staff, we expect the Board to be closely involved in deliberations on appropriate actions.** Lengthy and overly litigious processes are one of the main factors undermining the staff’s trust in the DRS. We note the divergence of views on how to improve the GRC process and understand that it may take time to reach a solution. Nevertheless, given the importance of the issue, we expect that the Board will be closely involved and that initial proposals on the GRC process and legal assistance to staff will be outlined in the interim implementation update planned for end-CY2023.

**We welcome ongoing work to provide DRS offices with appropriate resources and staff** and to support greater autonomy for the relevant offices.

**Comment [PM]:** the higher the position the bigger the responsibility and the stronger the accountability.

**Comment [PM]:** Arguments provided are mainly internal and would not be sufficient for external observers who remember why this exercise had to be conducted.

*Monitoring*

**We agree that the Office of Internal Audit (OIA) should review progress in implementing the proposed actions in annual reports.** The OIA should also take a broader, holistic view and monitor overall change in culture. We welcome the planned validation process to support the execution of the IP. However, to ensure that the overarching objectives of the recommendations are achieved, it is important that staff's perceptions of culture change are regularly monitored, and the results of surveys are included and interpreted in the OIA reports.