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Statement by Ms. Lim, Mr. Anwar, and Mr. Azlan Ariff 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 commend staff, Management and the Board Steering Group (SG) for the comprehensive implementation plan (IP). Overall, it positively reflects the commitment of the Fund to maintain the highest standards of institutional governance and sets the foundation for effective change in the Fund's institutional culture.

We particularly appreciate the structured approach where each of the recommendations, supported or otherwise, were backed by a detailed explanation of the reasons and the proposed action plan. Considering these detailed recommendations, we can broadly support the thrust of the IP and would like to focus our comments on the following key areas.

Data and Analytical Integrity

An important priority is properly addressing the perception of "undue influence" by staff on their analytical work. Gaps in understanding the term, on the part of Management and the Board, must be eliminated to the greatest extent possible. In addition, the dual role of Executive Directors – as having a fiduciary duty to act in the interest of the Fund vis-a-vis as official elected representatives of their countries/region – must also be properly weighed into consideration. We thus welcome the step to draft a guidance note which clarifies the Board's terms of engagement with staff and articulating the definition of undue influence. The focus should not be on 'what' the Board does (e.g., influence outcomes – which is an expected role) but rather 'how' it should be done. For better clarity, the guidance note should be complemented with clear and practical examples of what constitutes undue influence, especially in contexts that country authorities can also appreciate (e.g., Article IV, emerging areas in surveillance) to foster constructive engagements.

Internal Governance and Staff Voice (External Panel Recommendations)

We welcome the steps to further strengthen the ethical framework applicable to the Board and Management. As before, we strongly support the full review of the Code of Conduct for Members of the Executive Board and the ethical framework applicable to the Managing Director. We stress the importance of regular ethics training for all OED employees given the cyclical nature of OED staff. 'Tone from the top' is paramount in setting the right direction, and regular engagements between the Board/Management and staff are required to reinforce the Board and Management's commitment to supporting cultural change, as well as keeping staff apprised of progress on executing and following-up on the IP.

The various mechanisms or channels through which staff could raise concerns, including that of retaliation and undue influence, must be clearly specified and well-understood. Focusing on potential cases of undue influence, we welcome formalizing the roles of the Fund's informal dispute resolution offices (i.e., Offices of the Ombudsperson and Mediator) to also consider these cases. However, we note that what these offices can do are limited given their informal nature, where records are not kept, and the offices do not testify as witnesses in formal proceedings. Neither are they expected to be the only channel that staff could access to resolve cases of undue influence. This underscores the importance of staff being aware of all the resources available to them, which should be made clear and listed within the proposed guidance note, including possible steps for earlier resolution (e.g., EP recommendations 27 and 28).

When accessing the Fund's dispute resolution systems (DRS), users must be given timely access to information pertaining to their cases. This will not only help facilitate further progress and follow-up for pending cases, but also build trust in the overall DRS. We positively note that as an immediate action, all DRS offices would provide regular status and progress updates on cases. We also encourage putting in place some form of minimum service delivery understanding, for example, update request emails should be responded to within 7-10 working days. We look forward to the introduction of a real-time case tracking platform, which we agree would be of value to employees using the DRS.

Ensuring Accountability and Effective Follow-up

Finally, we have always emphasized on ensuring accountability and effective follow-ups to the implementation plan. In this regard, we appreciate the attention to this in the IP and welcome the planned interim implementation update to the Board at end-2023. Importantly, we have been provided the opportunity to be regularly engaged with this workstream, through various Board and Committee meetings, periodic updates from the SG and staff, as well as engagements with the Fund's dispute resolution offices. These engagements should continue throughout the course of implementation, especially to ensure adequate monitoring and identify potential course corrections early. We also welcome the use of staff surveys to monitor how the initiatives in the IP are working on the ground.