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**Statement by Mr. Subramanian and Mr. Dash on Implementation Plan in Response to
IMF Executive Board and Management Endorsed Recommendations of the 2022
Institutional Safeguards Review
(Preliminary)
Executive Board Meeting 22/102
December 16, 2022**

We thank the Task Force for their comprehensive and well-written report. We also take this opportunity to thank the members of the working groups, the SAC representatives and the group of Experts for their excellent contributions to this report. We appreciate the valuable guidance from the Executive Board Steering Committee led by Ms. Riach as well as Management in the process. The implementation plan (IP) has been prepared in response to the Board and Management endorsed recommendations following the completion of the 2022 Institutional Safeguards Review. We broadly support the IP in its current format as it seeks to advance the agenda to further reinforce and strengthen institutional safeguards by setting out timelines, responsibilities and resources for the implementation of these recommendations and offer the following comments.

2. **Further enhancing the integrity of staff's analysis is critical for the Fund to continue to deliver on its mandate with credibility.** While we reiterate our confidence in the impartiality and analytical excellence of the Fund staff and also in the Fund's robust and effective channels for complaint, dissent and accountability, we at the same time, welcome these proposals for reforms as they would ensure the highest standards of ethics and internal governance at the Fund. We are encouraged by the progress in implementation of recommendations of the Working Group on Data and Analysis. In this context, further clarity in staff's engagement with offices of Executive Directors and the proposed guidance note in this regard is welcome especially in the context of "undue influence". In the same vein, the steps taken to further clarify the role of Management in the clearance of staff reports are equally important as the management has the responsibility to supervise staff work and provide strategic direction. On the recommendation by the expert panel that the Secretariat of the Ethics Committee should be an external lawyer in place of the IMF General Counsel, in cases involving the conduct of the Managing Director, or in other cases in which a

potential conflict of interest may arise, we agree with Staff that the office of the General Counsel has the necessary independence and proven track record of unbiased legal opinions to the Board obviating the need for an external lawyer.

2. **Change has to begin at the top especially when it comes to organizational culture and ethics.** We welcome the steps taken to improve and enhance the ethical framework applicable to Management and the Board, and to increase transparency. We fully support the need for leadership from the top in leading change in organizational Culture and to upholding the highest ethical standards. We however, agree that there may not be a need to change the composition of the Ethics Committee by including external members. We welcome the enhanced Financial Disclosure programme (FDP) for management for signaling commitment to high ethical standards.

3. **Access to a robust dispute resolution mechanism (DRS) would strengthen transparency and protect staff against any unfair treatment for expressing their views.** The proposals in the implementation plan for strengthening the dispute resolution processes are quite critical. The stand-alone whistleblower policy as also the initiatives to address retaliation would complement an effective DRS. In this context, the grievance committee process should be further strengthened by reducing formality and litigiousness. We support the inclusion of contractual employees in the DRS process as they are closely involved in sensitive and critical areas of Fund work although there may be need for additional safeguards considering their legal status. We look forward to the access of OED employees to DRS.

4. **Further consensus building may be necessary to refine the proposals which have not been supported as of now.** While substantial progress has been achieved in the implementation of the main recommendations, we find the establishment of the workstreams quite appropriate in areas requiring further consultation. We have noted some areas of disagreement in respect of recommendations and appreciate the approach of the implementation plan to continue the process of consultations to narrow the divergence and work on further consensus building. We find it appropriate that there would be overall monitoring and a strong follow-up and validation by the Office of Internal Audit.

5. **While many of the recommendations will be accommodated within the existing work program, additional resources may be needed for some of them requiring budgetary reallocation and proper prioritization.** The implementation plan envisages substantial progress in 2023 and would clearly put additional pressure on staff resources and also some of them may have additional budgetary implications. Considering the criticality of these recommendations to achieve the highest standards of internal governance, we advise that additional resources may be allocated to ensure their timely implementation wherever required.