

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

GRAY/20/3315

November 11, 2020

Statement by Mr. Tanaka, Mr. Chikada, Mr. Naka, and Mr. Kuretani on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues (Preliminary) Executive Board Meeting November 16, 2020

We thank the Independent Evaluation Office (IEO) for the comprehensive papers on the evaluation on IMF Collaboration with the World Bank on Macro-Structural Issues. We also thank the Managing Director for her BUFF statement on the IEO's recommendations. We also expect the recommendations be a good input for Comprehensive Surveillance Review (CSR). We broadly support the IEO's assessments and recommendations, and will provide some comments in general and on each recommendation as follows:

We note that the goal should not be “more collaboration always and everywhere.” We concur with staff that there is no one-size-fits-all solution for this issue. Given the increase of macro critical issues but limited resources of the Fund, it is essential to identify where the collaboration should be sought and where other institutions should take the lead, rather than the IMF.

Recommendation 1. The Fund should seek to develop and agree on concrete frameworks to ensure effective collaboration with the World Bank (or other relevant partner organizations) on key macro-structural issues where collaboration is judged to bring the greatest strategic returns.

We note that the evaluation found there is little evidence that the value and impact of the Fund's work on macro-structural issues has been greatly enhanced by collaboration with the Bank, including resource savings. In this regard, we agree with staff that collaboration requires planning and concerted effort to be most effective, especially for the most prioritized issues for the Fund. For example, it is important to identify what issues have already been reviewed and analyzed by other institutions, particularly the Bank, and what issues are left

for the hands of the Fund on macro-critical issues. It is also necessary to further discuss and review what areas the Fund should and can make the greatest contribution among the remaining issues, along with its mandate. We underscore that the Fund's collaboration with other international organizations should focus on the areas where the Fund gains the distinct benefits and synergy. In this regard, as the report mentioned, we welcome that collaboration with the Bank has been already quite deep on debt issues, which are quite important for and relevant to the Fund in terms of lending, surveillance and capacity development. Given that the debt issues especially in developing countries is worsening amidst the protracted COVID-19 pandemic crisis, we reiterate the growing importance of the roles of Fund and Bank in this issue and would like to encourage two institutions to implement close collaboration and address strengthening debt transparency and ensuring debt data accuracy.

We also agree with staff that different frameworks would need to be tailored for different issues. Generally, a shared framework makes it easy to collaborate with the other institutions under the designated way, especially for the areas where the respective roles of two institutions are well established. However, the other macro-structural areas where each collaboration is under developing need the tailored approach for great collaboration. We encourage staff to identify the most valuable way to collaborate at least for the important cross-cutting issues where a shared framework potentially functions, such as climate change.

Recommendation 2. The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners.

We agree with staff that it is necessary to better align incentives of staff to facilitate collaboration. We welcome that promoting systematic engagement with Bank staff would possibly help build networks and facilitate information sharing. In order to make collaboration from personality-dependent to institutional level, we would like to encourage staff to gather personalized information and to form systemic approach in the institutional level. Regarding the enhancement of staff exchange, while we could see merits in increasing the number of staff who experienced both institutions to strengthen collaboration, the most important requirement for senior level staff is their expertise themselves. In this context, we would like to emphasize the need to consider this issue from a long-term perspective of developing human resources with the talents necessary for each institution.

Recommendation 3. The Fund should work with the World Bank to identify, prioritize, and implement practical steps to improve access to and exchange of information and knowledge across the two institutions.

We broadly agree with the importance to share the information and basic documents to enhance the collaboration between two institutions. It is clear that, in some issues, the Fund and the Bank have to know and share the basic information each other for relevant work. We welcome that some actions have been already undertaken such as establishing a list of first

points between two institution. As we mentioned in recommendation 1, it is critical to share the information and knowledge on their work as a precondition, in order to consider what issues on macro-critical issues are left for the hands of the Fund, whether the Fund should take them, and whether the Fund should collaborate with the WB. In this regard, we see the staff's indication which said "information sharing is not enough and more need to be done" as very important comment.

While information security and confidentiality are the big concern to progress the information sharing arrangements as staff mentioned in the report, we encourage staff to find the better practical solution to share the important information in cost effective manner, with ensuring the information security and conditionality.

Recommendation 4. The IMF Board's strategic role in facilitating and supporting external collaboration could be strengthened.

We broadly agree with the importance of the Board's role in the collaboration with other institutions. Particularly, the Board's roles are crucial when the Board gives the direction of staff's business collaboration. In this regard, the Board's direction should be focused on the Fund's macro-critical areas, taking into account the Fund's expertise and its limited resources, rather than encouraging staff to make collaboration on wide area. *We would appreciate if staff could elaborate more on how the Bank Board and management views to more engagement for this issue.*