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GRAY/20/3318

November 11, 2020

**Statement by Mr. Poso and Mr. Vaikla 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 IEO for a thorough and enlightening evaluation of IMF collaboration with the World Bank on macro-structural issues. The **topic is timely and important** in the context of a rapidly changing global environment that calls for extended Fund analysis of emerging fields with limited additional budgetary resources. Effective and mutually beneficial collaboration between the Bretton Woods siblings would reinforce the messages of both institutions and serve to underline the value of multilateral cooperation. To this end we broadly support the recommendations made by the IEO.

We broadly agree with the IEO's main message that **collaboration has been broad, but uneven**, and that consistent benefits from collaboration have so far been elusive. This does not seem very surprising, as based on the reports, the modalities of collaboration have lacked structure and incentives, depending instead more on personal relations and interests. For effective collaboration in a specific area, it is crucial to align objectives and incentives of all parties involved.

We find it concerning that there have been cases of mixed messages from the Fund and the Bank. In particular, contradicting policy advice undermines the effectiveness of and the trust on the expertise of both institutions. Avoiding this should be the minimum objective of collaboration.

We strongly agree that the Fund should adopt a **more strategic approach to collaboration with the Bank and with other potential partners**. The areas where value-added from collaboration is the greatest should be identified. Once this is done, the frameworks and incentives for collaboration in these areas should be developed to make joint work as seamless as possible. Furthermore, where the Fund lacks expertise of a particular field, whether to build capacity internally or through external collaboration should be based on a strategic decision.

We see the highest potential pay-off from increased collaboration between the Fund and the Bank to come from coordinating **country-level work and policy advice, as well as through specific themes that are relevant for the mandates of both institutions.**

Climate issues is self-evidently such a theme, but also rising levels of debt, domestic resource mobilization and combatting illicit financial flows, enhancing economic inclusion and gender equality are good examples. **An urgent priority for management should be to initiate an assessment of how cooperation could become more strategic on climate change,** an area for which combining the expertise of both institutions seems particularly essential.

Recommendation 1: Developing concrete frameworks for collaboration is sensible, as **effective collaboration needs at least some enabling structure.** At the same time, we note that the most efficient forms of collaboration are likely to vary between different issues. Thus, the **frameworks should also be adaptable and flexible.**

Recommendation 2: For collaboration to bring concrete value-added, it has to trickle down **from strategic visions and high-level statements to the day-to-day work** of the two institutions. A change in culture can be very difficult to induce, if the benefits from a change are not clearly demonstrable for all parties involved. Unnecessary frictions hindering effective collaboration should be avoided, and the right incentives put in place for staff. Nevertheless, we wish to note that in our experience the Fund's engagement with country authorities functions very well.

Recommendation 3: **Concrete measures to make collaboration easier in practice should be taken.** Some of the first steps seem quite elementary, such as making up-to-date information on subject matter and country experts in both institutions reciprocally available. We also find the idea of cross-linking knowledge exchange sites sensible.

Recommendation 4: We agree that there is **scope for increasing the role of the Board** in calling for a strategic and comprehensive approach to collaboration with the Bank and other IOs more generally.

We welcome the Factual Update (SM/20/59 Supplement 5) shedding light on the relevant developments this year. It is reassuring that collaboration within the four pilot areas has continued or resumed despite the COVID-19 crisis.