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Statement by Mr. Mouminah, Mr. Alkhareif, and Mr. Keshava 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 commend the Independent Evaluation Office (IEO) for the insightful evaluation on *IMF Collaboration with the World Bank on Macro-Structural Issues* and thank the Managing Director for her helpful statement. We also appreciate the outreach of the IEO team to our office. We take positive note of the Managing Director's broad agreement with the core messages of the IEO report's recommendations, albeit with qualifications in some areas.

The evaluation's analysis and recommendations provide important input on how to strengthen external collaboration on macro-structural issues, which is timely in the context of the 2020 Comprehensive Surveillance Review. We reiterate that the focus of surveillance should be on the Fund's core mandate to help promote macroeconomic and financial stability while other issues should be guided by the principle of macro-criticality and be consistent with the Fund's core mandate. In this connection, we consider that advancing key structural reforms, once the crisis abates, will be particularly important in many member countries to help achieve strong, sustainable, and inclusive growth. To this end, further leveraging the expertise of other institutions, especially the World Bank, on macro-structural issues will be particularly important. At the same time, we concur with the IEO's view that there is no one-size-fits-all solution with different forms of engagement needed across countries and issues. We also agree that modalities for collaboration will need to evolve over time. Looking ahead, we take comfort in the prior extensive work experience of the current management team at the World Bank especially given a record of broad but

uneven collaboration on macro-structural issues. This augurs well for further strengthening Bank-Fund collaboration.

We broadly support the recommendations and would like to offer the following remarks:

Recommendation 1

- We agree that the Fund should seek to develop and agree on concrete frameworks to ensure effective collaboration on specific priorities with the Bank (or other relevant partner organizations). In this context, we note that collaboration with the Bank has worked well in certain policy areas such as on debt and financial sector issues and Climate Change Policy Assessments while lagged in other areas. To strength collaboration in the lagging areas, we agree with the Managing Director that an evaluation of the net benefits of collaboration, the availability of resources within the Fund, and the incentives for the Bank to collaborate is essential before adopting a more structured approach. In this regard, we concur that it is important to identify core Fund staff who can serve as focal points for external engagement.
- The Managing Director has rightly noted that the climate workstream is a good area for collaboration with the Bank where the responsibilities of two institutions overlap. Indeed, the Board has consistently underlined the importance of collaboration with the Bank on climate issues since the Fund has limited number of staff dedicated to working on these issues in comparison to the Bank, which has deep expertise. Instead of expanding knowledge within the Fund in a resource-constrained environment, it seems appropriate to develop a framework with clearly delineated roles between the two institutions. We also urge the Managing Director to ensure that the Fund's work on climate change is attuned to the social and economic constraints faced by many members, especially EMDEs. This will enhance the role of the Fund as a trusted advisor for the entire membership.
- Against the backdrop of COVID-19 crisis, we also see a need for expanding collaboration with the Bank on inequality-related issues as the impact of the pandemic has been severe on the poor, vulnerable, and lower-skilled workers and will continue to present significant challenges to the membership in the period ahead. Specifically, these issues will gain prominence under Fund-supported programs during the recovery phase. Identifying ways to enhance collaboration with the Bank and other relevant partner organizations will therefore be timely. Here, we encourage the Fund to draw on the work recently done under the Saudi G20 Presidency in

collaboration with the Fund, the World Bank, and the OECD on this important subject.

Recommendation 2

- We agree with the recommendation to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners. Indeed, the report highlights about a distinctive Fund culture of “self-reliance” that makes staff more inclined to rely on internally generated knowledge and analysis. This culture is concerning to us and we see merit in involving the Change Management Unit (CMU) to develop initiatives aimed at improving collaborative behavior, which is an essential part of enhancing soft skills. To this end, the Fund’s new performance management system, which includes well-defined behavioral competencies, provides an opportunity to place due emphasis on relationship management as part of the assessment process. This should encourage more collaborative behavior over time and help address to a great extent the perceived inward-looking Fund culture.

Recommendation 3

- We see merit in taking practical steps to improve access to and exchange of information and knowledge across the two institutions. In this regard, we take positive note of the actions taken by management and welcome the plan to regularly share rosters of technical experts across institutions. While we share the concerns expressed by the Managing Director with the recommendation to cross-link knowledge exchange sites and provide reciprocal access to intranets due to several factors including information security risks, we consider that efforts to improve exchange of information and knowledge across the two institutions through other means should be stepped up.

Recommendation 4

- We concur with the recommendation to strengthen the Board’s strategic role in facilitating and supporting external collaboration. In this context, we are open to consider specific steps suggested in the report, especially with regard to strengthening the role of the Liaison Committee (LC). In this context, we see merit in a comprehensive review of the framework for collaboration by the LC. To this end, its work program should include discussion on key macro-structural issues where collaboration could bring the greatest strategic returns.