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**Statement by Ms. Mahasandana, Mr. Nghiem, and Mr. Bautista 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 and well-written set of reports and the Managing Director for her supportive and helpful buff statement.

We welcome the timely discussion of the IEO's evaluation of the effectiveness of the IMF's collaboration with the World Bank in enhancing the quality and traction of the Fund's work on macro structural issues, focusing on inequality, gender, climate, and macro structural reforms. The IEO's report helps to lay the groundwork for sharpening the Fund's policy advice on macro structural issues, including the scarring effects of the pandemic that are disproportionately affecting women, youth and other vulnerable people. It would assist the membership in overcoming the crisis and fostering a more resilient and inclusive recovery by leveraging on the expertise of the Bank and other international organizations to deepen and enhance its policy advice. In this context, we stress the importance of ensuring country perspectives and specific circumstances are well articulated in the evaluation and help to inform the collaboration strategy. The evaluation also provides important inputs to the comprehensive surveillance review especially on how collaboration with the Bank can facilitate enhanced coverage of these macro structural issues in Fund's surveillance. Such collaboration is critical in the current juncture against the backdrop of resource pressures, competing priorities and flat real budget environment. **We concur with the key findings, lessons and recommendations and would like to offer the following comments for emphasis.**

Recommendation 1

Effective collaboration requires a strategic approach, careful planning and well-coordinated efforts. Collaboration so far has been uneven and broad and has not necessarily realized its intended benefits of greatly enhancing the quality of Fund engagement in macro

structural issues or significantly contributing to containing the costs. **We therefore agree with IEO's recommendation to develop concrete frameworks tailored to guide the systematic consideration of when and how to harness the benefits of collaboration relative to the associated costs.** This structured approach requires a clear understanding of each institution's comparative advantage on the specific issues, synergies, goals for collaboration, and roles, to determine the appropriate form of collaboration and related resource needs. The approach taken should also remain flexible to changing circumstances over time.

Drawing on lessons from effective collaboration in other areas such as debt and financial sector issues is also crucial. This includes clear messages from the shareholders and country authorities, and strong support and commitment of the management and board of both the Fund and Bank to set the tone for staff to embrace the collaboration agenda. Equally important is ensuring well-defined roles to allow each institution to focus on their areas of expertise to yield mutual benefits for all parties.

Recommendation 2

A unified approach to collaboration is imperative to secure buy-in for promoting effective collaboration. IEO findings showed that personalities and other idiosyncratic factors play a key role in fostering effective collaboration. **We therefore agree on the need to improve the internal incentives for staff to collaborate externally** to complement the top down approach that sets the tone for collaboration. We take positive note from MD's buff statement that the new performance management system using a competency-based assessment has new features that already incorporates elements related to collaboration. Broader institutional and cultural changes are also warranted to embed the need to be open-minded about harnessing the benefits of collaboration where necessary, and we view that the Change Management Unit can play a role in this regard. *Staff comments are welcome.* We also agree with providing granular guidance to staff on external collaboration, building on the existing "How To" notes produced by the gender, inequality and macro structural reform pilots, as well as conducting training and awareness programs for staff.

Recommendation 3

We support the recommendation to develop ways to improve access to and exchange of information and knowledge across the Fund and the Bank, which is key for making informed decisions and enhancing Fund/Bank collaboration. This could start from better understanding of the current information sharing arrangements and providing clearer guidance to staff on how they can be implemented. Alleviating uncertainties about permissible information and knowledge sharing would help encourage full utilization of such arrangements in an efficient and effective manner. Nonetheless, appropriate safeguards for such information and knowledge exchange remain critical to mitigate information security risks and preserve confidentiality of sensitive information. *In recognition of the MD's reservation about cross linking the knowledge exchange sites and providing reciprocal access to intranets, can staff elaborate on alternative ways to enable this knowledge sharing and measures to mitigate the associated risks?*

Recommendation 4

We support strengthening the board's strategic role in facilitating and supporting effective external collaboration. This would ensure in-depth and early board consideration of the strategic initiatives and proposed modalities for collaboration in the context of supporting Fund's surveillance. Useful feedback from the board could also encourage positive staff behavior. That said, further work is needed on how to operationalize the board's enhanced strategic role to ensure it is undertaken in a systematic manner. We are looking forward to further engagement with the board on this issue.

Enhancing the engagement with the Bank board will help to ensure issues of mutual concern to both institutions are addressed through effective collaboration. To this end, we agree with strengthening the role of the Committee on Liaison with the World Bank and Other International Organizations to facilitate and encourage mutual commitment to enhancing Bank/Fund collaboration. We also encourage developing of processes to better guide such collaboration to ensure it is done strategically.

The successful implementation of the recommended actions also hinges on reaching understandings with the Bank as outlined in the MD's buff statement. This may warrant holding joint Bank/Fund board meetings or establishing a joint Bank/Fund board committee to drive the implementation of the recommendations and promote effective collaboration on issues of mutual concern to both institutions. *Can staff comment on how to facilitate this engagement to take forward the collaboration agenda?*