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**Statement by Mr. Huh, Ms. Johnson, and Mr. Yoo 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 rich and candid evaluation and the Managing Director for her Buff statement. Collaboration between the World Bank and Fund is crucial for providing effective support to member countries and enhancing the Fund's policy advice and traction with authorities, especially on areas requiring global collective action. This will be even more pressing given the increasing need for the two institutions to assist members coherently and consistently throughout and as economies transition out of the pandemic. **We support each of the four recommendations of the IEO.**

Management and the World Bank and Fund Executive Board's must establish and agree on framework/s for collaboration. Framework/s should remain sufficiently flexible but should clearly delineate roles and responsibilities between the two institutions, agree on intended outputs and outcomes as well as modalities of collaboration. The framework should outline management's views on the benefits of collaboration, which will set expectations and help to drive a cultural shift. In our view, the framework/s must be agreed by both Board's before the Fund expands its engagement into macro-structural issues that are outside the Fund's core mandate.

The Fund must engage where it can add value and on areas that are strategically important; the Fund has limited expertise and resources to devote to macro-structural issues. In an already constrained budget environment and to drive more efficient collaboration, it is essential that both institutions avoid duplicative efforts and leverage existing expertise from each organization to ensure the greatest returns possible. Management must continue to – especially at this current juncture – consider where the

Fund's comparative advantage lies and carefully weigh up the costs and benefits of diverting scarce resources to issues that are outside the Fund's mandate and expertise.

High quality, coherent and consistent advice across institutions will significantly improve traction with authorities and more effectively serve our members. As the IEO notes, there have been instances of conflicting advice which undermines credibility for both institutions. Systematic and strategic collaboration within a clearly defined framework can have significant benefits on the quality and impact of the Fund's policy advice for our members.

We strongly welcome and look forward to more effective collaboration on small developing states and low-income countries. This will avoid duplication of effort, and collaboration (both on mission and technical assistance provision) between the Fund and other IFIs is also extremely important to ensure that their limited capacity and time is most efficiently utilized. Collaboration should also more effectively serve the members' needs. The collaboration on CCPAs stands out as a bright light from the evaluation and we look forward to the review of the pilot and further rollout. The ongoing challenge for the Fund and World Bank is to ensure that CCPAs can be useful to our members by simplifying the process of qualifying for climate change financing provided by other international institutions.

The benefits from improving access to knowledge and sharing of information between the World Bank and Fund seem clear-cut. While acknowledging the Managing Director's concerns, as her Buff statement also notes, there are a number of steps and processes that can be achieved fairly quickly and in a low-cost way. We encourage management to push ahead with those. The IEO evaluation also draws an interesting lesson regarding the important role of the Front Office of Area Departments in setting expectations and establishing processes to foster closer engagement with the World Bank. Improving our collaboration between country teams will provide more timely information and knowledge sharing that would ultimately be of benefit to our members.

Collaboration must be modelled, valued and driven by management and endorsed and supported by the Executive Board. Strong leadership that values and provides the right incentives to address the existing culture of self-reliance in the Fund will be essential to ensure more effective collaboration, not simply more collaboration. It is our view that management will need to continue to play a role in the Fund to drive cultural change until it is fully embedded. Management could consider formalizing their collaboration with the World Bank through a committee to help structure collaboration, help to drive a collaboration culture and incentivize collaboration by ensuring regular meetings to discuss matters of joint concern to the two institutions. Such efforts could help to achieve many of the outcomes that underpin the IEO's recommendations. *Staff comments welcome.*

Management should provide guidance to staff on the skills and behaviors that will be emphasized and rewarded under the performance management framework.

Collaboration is a skill and needs to be nurtured and developed. The Managing Director

indicated that it may be difficult to implement changes to the performance management system; while this may be true, organizational and cultural change takes time and performance management is a crucial tool which will help management develop and incentivize the skills and behaviors required to create organizational change.

Frameworks for collaboration, cultural change, sharing of information and appropriate incentives are all heavily intertwined – the Fund needs a holistic approach. We look forward to considering these recommendations further as part of the forthcoming Comprehensive Surveillance Review. We also welcome the short form evaluation and encourage the IEO to consider how this can continue to be utilized to ensure more timely evaluations.