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**Statement by Mr. Hosseini and Mr. Nadali 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 an insightful report, take positive note of the Managing Director's statement, and welcome the Board's discussion on IMF collaboration with the World Bank (WB) on macro-structural issues, judged to be broad but uneven. Notwithstanding the long history of collaboration between the two institutions, achieving complementarity in overlapping areas, ensuring consistency in messaging to member countries on a widening range of macro-critical issues and hence increasing the quality and traction of Fund advice with country authorities, and helping mitigate Fund resource pressures from operating within a flat real budget, have brought renewed attention to collaboration. While the evaluation focuses on leveraging external expertise on four specific IMF pilot initiatives to enhance their coverage in Article IV surveillance, it offers important lessons on how to sustainably improve collaboration with partners on macro-structural issues more broadly, and provides a timely input for the upcoming comprehensive surveillance review (CSR).

We are in broad agreement with the key findings, lessons, and recommendations put forward by the IEO. Other than reflecting a decentralized approach adopted in the pilot exercises, the uneven character of WB-Fund collaboration on macro-structural issues, highlights both Fund's inward-looking cultural tendency and WB's institutional complexities; WB-Fund collaboration has been quite successful and mutually beneficial on many initiatives, including on debt and financial sector issues; climate change is another promising area where Fund's growing attention and WB's complementary expertise can greatly benefit from an explicit framework for collaboration; there is no need for a new umbrella agreement to replace the 1989 Concordat or the 2007 joint management action plan (JMAP) between the Fund and the WB; and different and evolving modalities of engagement will be needed across countries and issues. On the four broad recommendations and specific suggestions on how they could

be successfully implemented, including by engagement with, and parallel action by, the WB and other partners, we have the following comments and questions:

Recommendation 1:

Concrete frameworks are needed to ensure Fund's effective collaboration with the WB and other partner organizations on key macro-structural issues with greatest strategic returns. On identifying senior staff as focal points for external engagement on issues that cut across departments, and the required skills composition of Fund staff, the MD refers to the establishment of centers of expertise (C.O.E) envisaged in the CSR. *We appreciate IEO's comment, especially given divergent views expressed in the Board on the appropriateness of creating the C.O.E.*

Recommendation 2:

The Fund should seek to improve limited internal incentives to collaborate and engage with external partners. Few Fund staff felt that collaboration with the WB was rewarded in performance assessment or promotion decisions, or secondment assignments to the WB would benefit their career at the Fund. Do the Fund's new integrated competency framework and performance management system give adequate weight to collaborative behaviors and dispel Fund staff concerns in this respect? *IEO may wish to clarify, given MD's indication of difficulties for further changes to the recently adopted new performance management system.*

Recommendation 3:

The Fund should work with the WB to improve access to and exchange of information and knowledge across the two institutions. Suggestions are being made to cross-link WB and Fund knowledge exchange sites in the near term and facilitate reciprocal access to documents and reports across their intranets over the medium term. However, knowledge exchange across the two institutions has been complicated by both a data breach of the IMF's website in 2014 after which the WB curtailed Fund staff access to the WB's intranet and the emphasis placed by both Fund and the WB in recent years to improve knowledge management within rather than across the two institutions. We note MD's concerns on challenges posed by this recommendation and wonder if there are any concrete plans to modify the Fund's largely inward-focused modernization project of knowledge management to enhance knowledge sharing across institutions. *Staff comments are appreciated.*

Recommendation 4:

The IMF Board's strategic role in overseeing external collaboration could be strengthened, including by its direct engagement with the WB Board. In this context, we see merit in a broader and more ambitious role and objectives for the Fund Board Committee of Liaison with the WB and other international organizations.

Finally, as agreed by the Board in January 2019, this is the first short evaluation conducted by the IEO as part of a pilot to broaden the IEO's output by offering a flexible product mix to

respond nimbly to Board's concerns. To be effective however, it was agreed that the length of shorter evaluations should be similar to recent evaluation updates (8,000-12,000 words). While the background papers are informative, we urge the IEO to safeguard the specificities of shorter evaluations and resist the temptation for comprehensiveness, which may dilute the difference between shorter and full evaluations.