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EXECUTIVE BOARD MEETING

SM/20/59
Correction 1

November 18, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Independent Evaluation Office—Working with Partners—IMF Collaboration with the World Bank on Macro-Structural Issues**

Board Action: The attached corrections to SM/20/59 (3/4/20) have been provided by the IEO:

Pages iv, ix, 1 (subsequent footnotes renumbered), 3, 6, 8, 10, 12 (subsequent footnotes renumbered), 13, 16, 20, 39, 40, 43, 47, 50

Questions: Mr. Collyns, IEO (ext. 38383)
Mr. Kell, IEO (ext. 37715)

ABBREVIATIONS

ADB	Asian Development Bank
AFR	African Department (IMF)
CCPA	Climate Change Policy Assessment
CEQ	Commitment to Equity Institute, Tulane University
CSO	civil society organization
CSR	Comprehensive Surveillance Review
~~DfID~~DFID	Department for International Development (UK)
LIC-DSF	Low-Income Country Debt Sustainability Framework
EBRD	European Bank for Reconstruction and Development
ED	Executive Director (IMF)
EMDC	emerging market and developing country
FAD	Fiscal Affairs Department (IMF)
FSB	Financial Stability Board
FSF	Financial Stability Forum
G20	Group of Twenty
GFC	Global Financial Crisis
HIPC	Heavily Indebted Poor Countries initiative
HR	human resources
IADB	Inter-American Development Bank
IEG	Independent Evaluation Group (World Bank)
IFI	international financial institution
IMFC	International Monetary and Financial Committee (IMF)
ILO	International Labour Organization
IO	international organization
ISR	Interim Surveillance Review
JMAP	Joint Management Action Plan (IMF-World Bank)
KE	Knowledge Exchange
LIC	low-income country
LIDC	low-income developing country
MSR	macro-structural reform
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
RAS	Reimbursable Advisory Services (World Bank)
RES	Research Department (IMF)
SDN	Staff Discussion Note
SIP	Selected Issues Paper
SPR	Strategy, Policy, and Review Department (IMF)
TA	technical assistance
WEO	World Economic Outlook
WTO	World Trade Organization

Recommendation 3. *The Fund should work with the World Bank to identify, prioritize, and implement practical steps to improve access to and exchange of information and knowledge across the two institutions.* Beyond completing the ongoing initiative to clarify and communicate the information and document sharing arrangements between Fund and Bank, it would be helpful to find ways to facilitate access to up-to-date and comprehensive information on subject matter experts and country leads in each institution, and to provide easier access to research and analysis on cross-cutting issues across the partner institutions. For example, the Fund and Bank could explore how to cross-link each institution's knowledge exchange sites and other specialized and curated repositories. Over the longer term, Fund and Bank could explore ways to provide readier reciprocal access to documents and reports across their intranets, while addressing concerns about information security and confidentiality.

Recommendation 4. *The IMF Board's strategic role in facilitating and supporting external collaboration could be strengthened* by leveraging its oversight role, its scope to influence staff behavior, and its direct engagement with the Bank Board.

I. INTRODUCTION

1. This evaluation aims to assess how effective the IMF has been in collaborating with the World Bank in its work on macro-structural issues in recent years, and to draw lessons on how to strengthen Fund collaboration with the Bank and other international organizations (IOs).[1] Working productively with partners is a key challenge for the Fund as it increasingly engages on a widening range of issues such as climate change, inequality, and gender with macro-critical consequences where other IOs have important roles and expertise, and against the background that the Fund itself faces tight resource constraints. This is the first pilot for a shorter evaluation format, adopted on a trial basis, to allow the IEO to respond more nimbly to Board concerns.[2]

2. The key questions the evaluation seeks to address are:

- What role has external collaboration played in the Fund's work on macro-structural issues, with the World Bank and with other partners?
- What was the Fund's vision for collaboration?
- What did it do to operationalize collaboration?
- What collaboration took place?
- How effective was it, in terms of quality, influence, and efficiency?
- What are the key factors that enable and hinder external collaboration by the Fund?
- What lessons are there for the Fund in its work with partners on macro-structural and other issues?

3. The rest of this section sets out the context for the evaluation, then discusses its motivation, scope and approach. Section II explains and assesses the Fund's collaboration with the Bank and other partners on the macro-structural issues covered by four pilot initiatives launched since 2014. Section III presents insights from the Fund's collaboration with external partners in other areas, drawing in part on earlier IEO studies. Section IV concludes by summarizing the key findings and lessons and presenting recommendations.

4. The evaluation was completed in March 2020 prior to the onset of the COVID-19 crisis. At the time of the Executive Board discussion of the evaluation in November 2020, the IEO provided a short factual update on specific developments in Bank-Fund collaboration on macro-structural issues since March but did not evaluate these developments.

[1] The Webster's Dictionary definition of collaboration is "To work jointly with others or together especially in an intellectual endeavor." In this evaluation, we use the terms "collaboration," "coordination," "cooperation," and "engagement" interchangeably. Gutner (2020) discusses how these concepts relate to one another in the academic literature.

[2] Decision No. 16481-(19/4), adopted January 17, 2019. See EBAP/19/4.

leverage the respective expertise of the two institutions. Along these lines, in 2007, the Joint Management Action Plan or JMAP (IMF and World Bank, 2007b) provided a wide-ranging response to recommendations by an External Review Committee,[3] which called for a stronger culture of collaboration based on more complementary efforts to recognize shared objectives and an emphasis on exploiting synergies.

- The fourth and most integrated approach to collaboration has been to establish *joint frameworks for specific issues*, as have been developed to organize Fund and Bank work on debt (for example, the HIPC initiative from 1996, the Debt Sustainability Framework since 2005, and the Joint World Bank-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities since 2018) and the financial sector (FSAP, since 1999).[4] Such frameworks agreed by the two institutions lay out each partner's ~~'~~ responsibilities and provide processes for prioritization and decision-making.

Box 1. Modalities of Bank-Fund Collaboration

At the institutional level, Bank-Fund collaboration is governed by a 1989 joint memorandum (known as the "Concordat") issued by the World Bank President and IMF Managing Director (IMF, 1989). This specified areas where the Fund would take the lead (such as surveillance, exchange rates, and stabilization policies), and where the Bank would take the lead (e.g., development strategies, policies for the efficient allocation of resources, government spending priorities, and sectoral policies). The Concordat outlined the administrative and procedural steps to secure a constructive and stronger collaboration between the two organizations and stated that "the objective of enhanced collaboration procedures is to avoid differing policy advice.... Also, in the interests of efficiency, each institution should rely as much as possible on analysis and monitoring of the other institution in the areas of primary responsibility of the other."

In 2007, the Joint Management Action Plan (JMAP) sought to further strengthen Bank-Fund collaboration. It aimed to provide, inter alia, for enhanced communication, stronger incentives, and institutional support for staff cooperation. The plan identified three broad priority areas for improvement in Bank-Fund collaboration: on country work, including through new procedures for country team coordination; enhancing communication between staff of the two institutions working on common thematic issues; and improving incentives and support for collaboration on policies, review, and other issues.[1]

At the country level, Fund staff are expected in surveillance, lending, and capacity development work to rely where appropriate on effective sectoral inputs and analysis from the Bank and other agencies with relevant expertise and comparative advantage. These expectations are set out in various guidance notes for IMF staff. In turn, Bank staff are generally expected to rely on the Fund's macroeconomic assessment, and more specifically required to consult the IMF at the early stages of preparation of a development policy operation.[2] Bank-Fund collaboration at the country level is generally informal, with teams meeting periodically to exchange views and work plans. Collaboration is most intense in the context of IMF-supported programs and Bank policy-based lending. In addition, there are regular meetings between Bank and Fund management. These tend to focus on addressing problems or tensions on particular countries or issues.

On a number of thematic and policy issues which cut across the mandates of Bank and Fund—for example, financial sector, debt, and expenditure management—specific frameworks and modalities for collaboration have been introduced, usually outlining the delineation of responsibilities and processes for agreeing on joint reports or decisions.

[1] A review of the JMAP in 2010 found that implementation had varied (IMF-World Bank, 2010). The JMAP was judged to have played a supportive rather than central role in improving collaboration, which had also been driven by the responses necessary to the GFC. There has been no review of the JMAP since 2010.

[2] In 2017, the Group of Twenty (G20) endorsed the "principles for effective coordination between the IMF and Multilateral Development Banks [including the World Bank] in the case of countries requesting financing while facing macroeconomic vulnerabilities" (G20, 2017; see also Abrams, 2020).

[3] IMF and World Bank (2007a), known as the "Malan Report."

[4] Further details of these initiatives are provided in a background paper for this evaluation (Abrams, 2020).

coverage of a broader set of macro-structural reforms (MSRs) was initiated. External collaboration was envisaged as an important element of these four pilots, to gain access to outside expertise and improve the quality and traction of advice (IMF, 2014b; 2016d). In late 2017, management decided to "mainstream" inequality, gender, and macro-structural reform issues into surveillance during FY2019. The energy/climate pilot would be concluded but not mainstreamed out of concern that the Fund had not yet developed sufficient internal expertise and experience. Nevertheless, climate work in the Fund continues to be an institutional priority (IMF, 2019c).

15. In 2018, an Interim Surveillance Review (ISR) concluded that considerable progress had been made in work on macro-structural issues (IMF, 2018a).[8] Nonetheless, the ISR noted that there was scope to sharpen the Fund's advice on macro-structural issues, through training, increased access to standardized databases and diagnostic tools, and better leveraging of external expertise. These themes are being considered by IMF staff as they prepare the next Comprehensive Surveillance Review (CSR).~~, which is scheduled to be discussed by the Board in April 2020.~~ Prior to the COVID-19 pandemic, the CSR was due to be discussed in April 2020 and is now scheduled for discussion by the Board in early 2021.

B. Evaluation Motivation, Scope, and Approach

Motivation

16. The IMF's Board and its membership more generally have had a long-standing interest in effective Bank-Fund collaboration—whether, where and why it is working, and to what effect, a concern recently emphasized by the G20's Eminent Persons Group.[9] The Fund's increasing attention to macro-structural issues—traditionally areas of expertise of the Bank, OECD, and other IOs—has heightened the importance of external collaboration, to ensure that the Fund's advice is high quality, value-adding, and coherent with advice from other IOs, with the ultimate aim of increasing the traction of multilateral institutions. Resource pressures from operating within a flat budget in real terms while seeking to address a widening range of issues that are understood to be macro-critical, and the potential for external collaboration as a means to square that circle, have reinforced Board and membership interest in this topic.

17. The evaluation is timed to inform the Fund's upcoming CSR. The CSR Mid-point note, considered by the Board in December 2019, recognized that "there is both the need and the

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[8] The IMF conducts periodic reviews of its surveillance activities. The period of coverage has expanded over the years from a biennial review (until 2005), to a triennial review (TSR) (between 2008 and 2014), and now to a five-year review cycle.

[9] The G20 Eminent Persons Group on Global Financial Governance commissioned by G20 Finance Ministers and Central Bank Governors in April 2017 (Global Financial Governance, 2018) examined the optimal role of the international financial institutions (IFIs)—IMF, World Bank, and other multilateral development banks—including how they interact and coordinate with one another. A key recommendation was to "exploit the largely untapped potential for collaboration among the IFIs as well as with development partners to maximize their contributions as a group."

21. The focus of the evaluation is the Fund's collaboration with the World Bank, where the depth and breadth of linkages is considerably greater than the Fund has with other IOs. However, the evaluation has considered the Fund's collaboration with other relevant IOs on macro-structural issues (the OECD, the ILO, the WTO, and UN Women), as well as engagement with some other partner organizations (such as the United Kingdom's Department for International Development (~~DfID~~DFID), and the Commitment to Equity Institute (CEQ) at Tulane University), to provide comparisons and additional insights into the factors that promote or hinder successful Bank-Fund collaboration.

Approach

22. The main sources of evidence for the evaluation are: (i) semi-structured interviews with current and former IMF Board members, management and staff; current and former World Bank staff; country officials; academics; and representatives from other international organizations, think tanks, and civil society organizations;[15] (ii) desk review of internal documents and Board presentations and reports on IMF macro-structural issues, Article IV staff reports and selected issues papers, multilateral surveillance outputs, budget documents and staff briefings for management; (iii) analysis of IMF working papers, staff discussion notes, and other research outputs; and (iv) surveys of current Fund and Bank operational and research staff.[16] The evaluation has also drawn on relevant findings from previous IEO evaluations and updates that have looked at collaboration issues in a range of areas (e.g., financial sector work, social protection, support for fragile and conflict-affected states, and structural conditionality), as well as IEG evaluations and other (non-Fund) assessments of Bank-Fund collaboration.

23. There are four background papers which provide supporting material for the evaluation. The first examines the experience with the four pilots covered in the evaluation (Stedman, Abrams, and Kell, 2020). The second provides a historical perspective on approaches to IMF-World Bank collaboration since the founding of the two institutions in 1944 (Gutner, 2020). The third provides information on selected collaboration agreements and initiatives between the Fund and other international organizations more broadly (Abrams, 2020). The fourth presents the survey results (Pedraglio, 2020).

[15] A total of 160 interviews were conducted. This included IMF staff (current and former) and World Bank staff working on specific issues as well as country teams (from both institutions); all IMF Executive Directors' offices; and IMF management. We also spoke with other international organizations (ILO, OECD, WTO, and UN Women), academics, think tanks, civil society organizations, and a number of country authorities.

[16] We received survey responses from 184 IMF staff out of 1311 surveyed (a 14 percent response rate) and from 140 World Bank staff out of 2,622 surveyed (a 5 percent response rate). These are low response rates, and could mean a biased sample; we do not put undue weight on the survey results and triangulate them with other evidence sources. See Pedraglio (2020) for the full set of survey results.

resources publicly available from the World Bank and other IOs. Dedicated review of country team work by experts in SPR, RES, or the Fiscal Affairs Department (FAD) was introduced partway through the first three pilots and at the start of the MSR pilot. This focused review was intended to assess the depth of analysis and integration of issues in the overall macroeconomic framework and advice, and to provide some subject matter guidance to country teams.

27. The four pilots together covered 98 countries (and 2 currency unions), with some countries participating in two or more of the pilots (see Annex 1 for detailed country coverage). Each pilot was conducted in waves,[18] with stocktaking exercises at the end of waves 1 and 2. The energy/climate pilot concluded during FY2018, the other three by the end of FY2019.

28. In September 2017, towards the end of wave 2 of the inequality, gender, and energy/climate pilots, and midway through wave 1 of the MSR pilot, management decided to "mainstream" gender, inequality, and MSR issues across Article IV surveillance during FY2019. Mainstreaming was defined as "having a well-integrated analysis of an issue in Article IV consultation reports where it is macro-critical, with a view to strengthening policy advice" (IMF, 2017d). It was clarified that mainstreaming does not mean that the topic should always be covered; rather, that it should be covered when staff judged it to be important for macro-economic performance and could draw on well-established toolkits and/or analytical approaches. ~~m~~Management decided to conclude the energy/climate pilot and not mainstream it (outside the energy pricing/subsidy area, which was already a staple topic for area department work before the pilot) out of concern that the Fund had not yet developed sufficient internal expertise and experience outside the energy pricing/subsidy area.[19] This did not mean the Fund climate work would be scaled back, and indeed staff advised management (IMF, 2017d) that they expected "a modest increase," based on periodic coverage of climate issues in Article IV consultations for countries where they were especially relevant, in further work on climate change policy assessments (CCPAs), a technical assistance (TA) tool launched to help small countries vulnerable to natural disasters increase resilience, and in multilateral surveillance.[20] The Managing Director's Global Policy Agenda in October 2019 (IMF, 2019c) highlighted her intention for the Fund to increase its attention on climate change, including by: more systematically integrating climate change into surveillance; supporting the buildup of structural, financial, and post-disaster resilience, particularly in small states and LICs vulnerable to natural disasters; enhancing analysis of sustainable finance; and continued support for global action.

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[18] There were three waves for the inequality, gender, and MSR pilots, and two for the energy/climate pilot.

[19] Three criteria were set for mainstreaming, namely, that the topic should (i) be relevant for a significant share of the membership at a bilateral surveillance level; (ii) create value added in analysis and policy advice comparable to other core surveillance work without undue resource costs;~~,~~ and (iii) be grounded on sufficient internal expertise and experience, taking into account our capacity to draw on other institutions (IMF, 2017d).

[20] As of ~~November 2019~~June 2020, there have been ~~five~~six CCPAs completed (Seychelles, St. Lucia, Belize, Grenada, ~~and~~ Micronesia, and Tonga); ~~with one planned, for Tonga, in early 2020. S~~see IMF (2019b). The joint Bank-Fund ~~staff have begun a~~ review of the experience with CCPA pilots is still underway (IEO, 2020).~~targeted to conclude in May 2020.~~

Subsequently, staff proposed an approach consisting of four elements: joint work in the context of surveillance in areas where the Fund's expertise is limited or lacking; staff exchanges, including short visits to help disseminate knowledge; knowledge exchange using the Fund's toolkit to share information on analytical and research work, data, and expert contacts; and an annual conference co-hosted with the OECD and World Bank to enhance high-level dialogue.

- Knowledge Exchange (KE) sites were set up for the inequality, gender, and MSR pilots, providing some links to publicly available data, toolkits, and cross-country analytical work from the World Bank, OECD, ILO, and UN bodies (as well as Fund materials). However, only the MSR site included suggested contacts in other IOs (the OECD); none had details of World Bank experts. The energy/climate pilot did not have a KE site.
- "How To" notes produced by the gender, inequality, and MSR pilots included short sections on external resources, including data, tools, and best-practice examples of external collaboration, including through conferences and engagement with partners at country level.[22]

32. For all the pilots, no specific expectations for identifying and developing partnerships were established. Rather, the responsibility for engagement—making contact, discussing macro-structural issues, and agreeing on any division of labor or joint work—was decentralized to country teams. The overall sense was that the World Bank and other external sources of expertise would be resources that staff could choose to consult, rather than partners with which they were expected to collaborate.

33. One other external arrangement beyond the Bank had a tangible impact on work across the pilots. Beginning in 2012, the IMF partnered with the UK DFID to enhance research on key macroeconomic issues in low-income developing countries, including inequality and gender. Under this ongoing partnership, DFID provides resources that enabled the IMF to scale up operations in SPR and RES—by hiring expert researchers on fixed-term contracts, organizing conferences, and working with country authorities.

34. Since the pilots, IMF work on macro-structural issues is continuing to evolve, in some cases involving new initiatives to work with the World Bank and other partners. Notably, in the area of climate work, with the Fund substantially stepping up its work agenda, there is more engagement with the World Bank. For example, as part of the current review of the CCPA pilot, Fund staff are working with Bank staff to establish a mutually agreeable framework for collaboration on CCPAs. In addition, the Fund has agreed to a World Bank initiative to co-chair the secretariat for the Coalition of Finance Ministers for Climate Action, pending Board approval.[23]

[22] The "How To" note on MSR (IMF, 2017a) was prepared near the start of the pilot; the "How To" notes for inequality (IMF, 2018b) and gender (IMF, 2018c) were produced towards the end of those pilots. FAD told us there are plans to produce a "How To" note on energy and climate issues.

[23] See IEO (2020).

C. What Happened

Extent and types of collaboration

35. The Fund saw collaboration with external organizations as a way to draw on expertise on topics where the IMF had limited experience, and to reduce the resource costs of covering these issues in Article IV surveillance. However, specific expectations for the types of collaboration anticipated were laid out only for the MSR pilot.

36. As the pilots evolved, the types of engagement and collaboration taking place with the Bank and other external partners were described in various progress reports to management on the four pilots.

- For country-focused work, reported collaboration included drawing on publications, data and indicators; organizing conferences and workshops; informal discussions and seeking comments on drafts; using seconded staff and hiring staff to work on macro-structural issues funded by ~~DfID~~DFID; and "outsourcing" analysis, for example to CEQ. Some teams reported they had relied solely on Fund expertise and analytical work. Information on collaboration was not provided for all countries in the pilots and was not quantified.

- For analytical, cross-country, and policy work, staff reported examples of joint conferences, use of external databases and indicators, informal research collaboration, and development of modeling frameworks.

- The partners mentioned across the various pilots included the World Bank, other multilateral development banks (IADB, ADB, and EBRD), the OECD, ILO, UN Women and other UN agencies, the European Commission, Eurostat, national authorities, CSOs, think tanks, and academia.

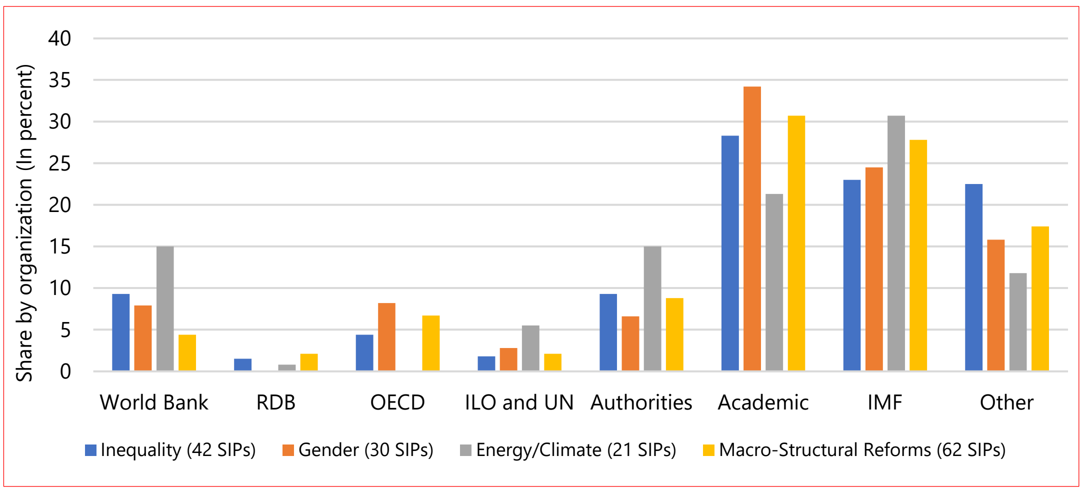
37. This evaluation similarly found wide-ranging forms of collaboration at varying degrees of depth:

- Informal consultation by Fund country teams has been routine. Over 85 percent of Fund survey respondents working on emerging market and developing countries (EMDCs) reported regular contact with their World Bank counterparts (at least once a quarter); two-thirds of respondents who participated in one or more of the pilots for EMDCs reported some collaboration with the Bank in that work (Pedraglio, 2020). In interviews, many Fund mission chiefs reported close ties with their World Bank counterparts and iterative discussion of key issues facing their countries. This sometimes extended to informal coordination of work programs—typically a discussion of how to achieve complementarity in overlapping areas and to seek consistency in messaging to authorities. Occasionally, this included some degree of integration of work, or even staff responding to the IEO survey felt they had been able to access most relevant data, research, and analysis across the Bank.

- *Limited number of IMF subject experts*. Climate experts at the Bank viewed the small number of Fund staff dedicated to working on climate issues as a significant constraint on joint working, especially on issues other than energy subsidies and carbon taxes.

- *Limited Bank participation*. Bank staff only participated in the brainstorming sessions for pilot countries in a few cases. Sometimes this was because country teams considered that they already had close engagement with Bank country teams, as in the case of Brazil. No staff exchanges were arranged with the World Bank specifically in the context of work on the macro-structural issues targeted by these pilots. The OECD sent two staff members on temporary secondment to the Research Department to work on the April 2016 *WEO* chapter on the macro effects of structural reforms in advanced economies, but this was an isolated case.

Figure 2. IMF Selected Issues Papers: Distribution of Citations



Source: IEO analysis.
Notes: Does not include citations associated with datasets. SIP = Selected Issues Paper and denotes a stand-alone paper, where applicable, or SIP chapter. RDB=regional development bank. OECD=Organisation for Economic Co-operation and Development. ILO=International Labour Organization. UN=United Nations and includes specialized agencies other than ILO. Authorities=central banks, ministries. "Other" includes think tanks, civil society.

Quality and traction of collaboration

40. A thorough assessment of the quality of the Fund's work on macro-structural issues—and whether Fund analysis and advice on the target issues provided value added and achieved traction—is beyond the scope of this evaluation. Staff self-assessments concluded that in general terms the pilots improved the quality of analysis but were more cautious about whether they had

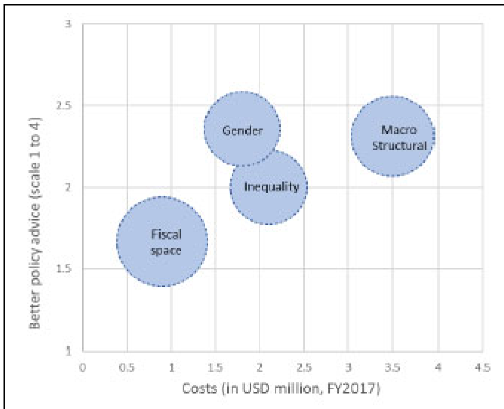
in their view, staff had ignored more nuanced and insightful advice from the OECD. As a result, the authorities tended to pay more attention to the OECD than the Fund on these issues.

Resource aspects

46. This evaluation found some instances of collaboration with the World Bank and others helping to moderate the costs to the Fund of addressing the targeted macro-structural issues under the pilots, but that overall collaboration often involved additional calls on IMF staff time and was not a consistent means to alleviate resource pressures from working on these issues.

47. An April 2017 staff memorandum to management on the gender, inequality, and energy/climate pilots noted that "the use of external expertise and databases helped to mitigate…resource constraints" and, in particular, that "collaboration with functional departments and external institutions with expertise in distributional issues helped keep resource costs manageable for most teams" (IMF, 2017b). At the country level, most IMF mission chiefs reported in internal surveys that the resource requirements of the pilots were "manageable." In some cases, mission chiefs reported that the work would have been prioritized regardless of the pilot and so had no incremental cost. The Interim Review of Surveillance (IMF, 2018a) provided an assessment for the Board of overall resource costs of four of the pilot initiatives (Figure 3). It concluded (without attempting any quantification) that "a strategy of leveraging collaboration with other agencies has aligned staff's focus on areas where Fund analysis and policy advice will likely have the most value added and has helped keep resource costs manageable."

Figure 3. Selected Pilots: Estimated Payoffs and Costs



Source: ISR Mission Chief Survey (IMF, 2018a) and OBP costing survey (covering area and functional departments). The size of the bubble corresponds to the number of countries in each pilot.

Y axis: Responses to the question "To what extent participation in the pilot helped to strengthen policy advice?" (4-to great extent; 3-to some extent; 2-to a limited extent; 1-not at all), Mission Chief Survey.

Estimates of spending on selected pilot initiatives

	FTEs		millions of FY18 U.S. dollars	
	FY17	FY18	FY17	FY18
Gender	5.9	5.2	1.8	1.6
Inequality	6.8	6.0	2.1	1.8
Fiscal space	3.0	2.8	0.9	0.9
Macro-structural	11.3	12.6	3.5	3.9
Total	26.9	26.6	8.3	8.2

Source: OBP survey.

Source: IMF (2018a).

105. The Fund also should think further about the type, amount, and deployment of its own expertise to help facilitate collaboration and mitigate any associated risks across different macro-structural issues, including the risk of failing to engage with relevant expertise outside the Fund. We found examples where the depth and breadth of collaboration were constrained by the very limited number of staff involved on the Fund side. Some in-house expertise will almost always be helpful at least as a channel to outside experts. It could also be valuable to identify senior individuals as focal points for external engagement for issues that cut across departments, like climate change. For Bank-Fund collaboration at the country level, it is important that the front offices of IMF Area Departments set the right expectations for their teams and put processes in place to reinforce collaboration and address any tensions at an early stage.

106. Engagement with partner organizations by management—on strategic and relationship matters, as well resolving operational tensions—is important to "set the tone" for staff and to establish accountabilities. The IMF Executive Board also could play a greater strategic role promoting collaboration.

107. Finally, personal factors will always play some role, because incentives will rarely align perfectly across institutions and because structures, even when well designed, always have limitations. But behaviors can be influenced, through leadership messages and example, through human resource processes, and by changing over time the wider organizational culture.

C. Recommendations

108. As the IMF is increasingly recognizing the importance of macro-structural issues to its economic sustainability mandate (IMF, 2019e), it should take a more strategic approach to collaboration with the World Bank and other partners. To be clear: the goal should not be "more collaboration always and everywhere." Rather, careful consideration should be given to deciding when, with whom, and how to collaborate, based on an informed view of the costs as well as potential benefits. There is no one-size-fits-all solution; different forms of engagement will be needed across countries and issues, and these modalities will need to evolve over time as the challenges to collaboration change.

109. We offer four broad recommendations, complemented by specific suggestions on how they could be implemented, which can be considered in the context of the forthcoming 2020 Comprehensive Surveillance Review, as well as more broadly. In line with the IEO's remit, these recommendations are addressed to the IMF, but it is important to recognize that carrying them out successfully will require engagement with, and in some cases parallel action by, the World Bank and other partners.

110. **Recommendation 1**—The Fund should seek to develop and agree on concrete frameworks to ensure effective collaboration with the World Bank (or other relevant partner organizations) on key macro-structural issues where collaboration is judged to bring the greatest strategic returns. Such issues should be identified based on a systematic consideration of where

collaboration is likely to yield the most benefit relative to the costs of collaboration, an explicit understanding of what the Fund can offer others as well as what it can expect to gain, and the Fund's ability to dedicate the necessary resources to facilitate the intended collaboration. Climate appears to be an issue particularly suited to such a framework at the current juncture, given the IMF's growing attention in this area, and the Bank's deep and complementary expertise.

- A framework for collaboration on a specific macro-structural issue would set out the goals of each institution from collaboration, agreement on what each would contribute separately or together, and establish appropriate incentives for staff, recognizing the different interests, skill sets, and mandates of each institution. In practice, different frameworks would need to be tailored for different issues. The frameworks should have the strong endorsement of senior Fund and Bank managements and be presented to the Boards of the institutions.

- It would be important to identify the minimum quantity and type, and best deployment, of specialist Fund expertise that is needed to help facilitate collaboration and mitigate any associated risks across different macro-structural issues, including the risk of failing to engage with relevant expertise outside the Fund. Some in-house expertise will almost always be helpful as at least as a channel to outside experts. It would also be valuable to identify senior individuals as focal points for external engagement for issues that cut across departments, like climate change.

- It could be helpful to work with the Bank to identify ways to make it easier to finance joint work. We would not expect this to become the norm, but in some cases financial resources could help to unlock joint working arrangements.

111. **Recommendation 2**—The Fund should seek to improve internal incentives to collaborate, and address a wider cultural reluctance to engage with external partners, given the inevitable limitations to top-down exhortations and structures to ensure collaboration happens at the right time in the right way. We offer suggestions on specific steps that could be taken, while recognizing that fully successful engagement may require shifting incentives in both partners and that structural differences between the Bank and Fund create challenges for aligning incentives across the two institutions.

- Management and departments could promote systematic engagement with Bank staff on specific countries and issues where there is potential to benefit from each others' work (for instance through seminars, workshops, brainstorming meetings, and coordination of work programs) that could help build networks and facilitate information sharing and other forms of collaboration.

- Staff, including reviewers, could be provided with more granular guidance and resources about when and how to engage with partners outside the Fund, tailored by issue area. Guidance could build on the existing "How To" notes in some areas, and which would be

ANNEX 1. COUNTRY COVERAGE OF FOUR IMF PILOTS

IMF Pilot Programs on Macro-Structural and Related Issues, 2014~~5~~–19

Country	Inequality	Gender	Energy/Climate	Macro-structural
Algeria				Y
Angola			Y	Y
Argentina	Y	Y		Y
Armenia	Y			
Australia		Y		Y
Austria		Y		
Bangladesh			Y	Y
Belize				Y
Benin	Y			
Bolivia	Y			
Brazil	Y			Y
Cabo Verde		Y		
Cambodia	Y			
Cameroon		Y	Y	
Canada		Y		Y
Chile		Y		Y
China, PR	Y		Y	Y
Colombia	Y			
Congo, Rep. of	Y			
Costa Rica	Y	Y		
Czech Rep.		Y		Y
Denmark	Y			
Djibouti	Y			
Dominica	Y			
Dominican Rep.	Y		Y	
Egypt		Y		Y
Ethiopia	Y			
France	Y			Y
Georgia				Y
Germany		Y		Y
Guatemala	Y	Y		
Haiti			Y	
Honduras	Y			Y
Hungary		Y		
Iceland		Y		
India		Y	Y	Y
Indonesia				Y
Iran		Y		
Ireland	Y			
Israel	Y	Y		
Italy		Y		Y
Jamaica		Y	Y	
Japan		Y		Y
Jordan		Y	Y	
Korea	Y			Y
Kosovo	Y			
Kyrgyz Rep.	Y	Y		Y
Lao PDR		Y		
Lebanon			Y	
Lithuania	Y			
Macedonia, FYR		Y		

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