

**EXECUTIVE  
BOARD  
MEETING**

SM/20/59  
Supplement 1  
Correction 1

November 19, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Independent Evaluation Office—IMF Collaboration with the World Bank on  
Macro-Structural Issues—Experience with the Pilot Programs**

Board Action:

The attached corrections to SM/20/59, Sup. 1 (3/4/20) have been provided by the IEO:

**Pages v, 1 (subsequent footnotes renumbered), 9, 13, 15, 16, 19, 23, 25, 28, 33, 43, 47, 49**

Questions:

Mr. Collins, IEO (ext. 38383)  
Mr. Kell, IEO (ext. 37715)



## ABBREVIATIONS

ADB	Asian Development Bank
APD	Asia and Pacific Department (IMF)
ASPIRE	Atlas of Social Protection Indicators of Resilience and Equity (World Bank)
CCPA	Climate Change Policy Assessment
CEQ	Commitment to Equity Institute
CSO	civil society organization
<del>DFID</del> <u>DFID</u>	Department for International Development (United Kingdom)
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EBRD	European Bank for Reconstruction and Development
EMDC	emerging market and developing country
FAD	Fiscal Affairs Department (IMF)
G20	Group of Twenty
IADB	Inter-American Development Bank
ILO	International Labour Organization
IO	international organization
KE	Knowledge Exchange (IMF)
LIC	low-income country
LIDC	low-income developing country
OECD	Organisation for Economic Cooperation and Development
RDB	regional development bank
RES	Research Department (IMF)
SDN	Staff Discussion Note
SDGs	Sustainable Development Goals
SIP	Selected Issues Paper
SPL	Social Protection and Labor
SPR	Strategy, Policy, and Review Department (IMF)
TSR	Triennial Surveillance Review
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WEO	World Economic Outlook
WHD	Western Hemisphere Department (IMF)
WTO	World Trade Organization

## I. INTRODUCTION<sup>1</sup>

1. This paper provides background for the IEO evaluation of IMF Collaboration with the World Bank on Macro-structural Issues (IEO, 2020). The paper examines in detail IMF collaboration with the World Bank on inequality, gender, climate change and macro-structural reforms, in the context of pilot programs launched in 2014 and 2016 to help the Fund enhance analysis and policy advice on these issues.<sup>2</sup>

2. The paper relies on desk reviews of IMF publications and internal documents and interviews with IMF and World Bank staffs, as well as interviews with staff of other international organizations and external stakeholders. A parallel paper (Pedraglio, 2020) summarizes the results of surveys of IMF and World Bank staffs undertaken as part of the IEO evaluation. Following the introduction, the second section provides an overview of the pilot programs, including their origins, a description of the common elements across the pilots, the intended role of collaboration, and how the pilots evolved and were concluded. The subsequent four sections consider each of the four pilots in more detail, examining IMF collaboration with the World Bank, and to some degree other organizations, on the issues targeted by each pilot.

3. Overall, the paper finds that IMF collaboration with the World Bank on macro-structural issues during 2014–19 was broad but uneven. There were cases of fruitful joint work, but collaboration in the context of the pilot programs was often not very deep or consistent. The intended approach of leveraging the expertise of other institutions to augment IMF work frequently ran into challenges rooted in differing organizational structures and cultures. This contributed to missed opportunities for the Fund to add value to its work with member countries and to gain traction for its advice. These findings suggest that the IMF needs a more considered, strategic approach to enhance Fund engagement with the World Bank on key macro-structural issues for the benefit of both institutions and their shareholders.

## II. PILOT PROGRAMS: OVERVIEW AND CONTEXT

### A. Background and Origins of Pilots

4. Although attention to structural issues traces back decades in the IMF, the institution has increased its focus on these areas in the last ten years, as part of international efforts to help strengthen long-term growth potential. Starting in 2014, the IMF launched pilot programs to help identify through experience how best to integrate these issues, and to help identify best practices going forward in areas where the institution has not had well-established conceptual frameworks and operational experience.

5. IMF work on each of the issues targeted by each of the four pilots has a somewhat different history and motivation, which is detailed in each section below. The pilot model was seen by Fund staff as a “learning by doing” mechanism to help build institutional experience

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<sup>1</sup> The authors would like to thank Arun Bhatnagar for excellent administrative support.

<sup>2</sup> [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 updated the Board on key developments in Bank Fund collaboration on macro-structural issues since March. These developments do not change the substance of this background paper.](#)

“take stock of the involvement of other development partners on inequality issues” as well as to develop a communication/outreach plan.

28. The Advisory Group and other mechanisms established to support country teams in the pilot were to some degree aimed at facilitating external engagement. The KE site afforded teams access to publicly available data and tools, including from the World Bank. The “How To” note referred to resources such as income inequality indicators from the OECD and World Bank that could be used for benchmarking. However, 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 confer.

29. Beyond the World Bank, arrangements with two other external bodies made important contributions to the Fund’s inequality work during the pilot.

- First, the IMF partnered with the UK Department for International Development (~~DFID~~) beginning in 2012 to enhance research and dialogue on key macroeconomic issues in low-income developing countries (LIDCs), including inequality. Under this partnership, ~~DFID~~ provided resources that enabled the IMF to scale up operations in SPR and RES by hiring research officers, organizing conferences, and working with country authorities.<sup>13</sup> These resources supported both cross-cutting analytical work, including creation of a model for assessing links between economic policy choices and distributional outcomes and analysis focused on particular countries, notably Honduras, Ethiopia, Mozambique, and Myanmar, among others (IMF, 2018b).
- Second, the IMF developed a relationship with the Commitment to Equity (CEQ) Institute at Tulane University that provided IMF staff access to a tool for and experts in undertaking fiscal incidence analysis to understand the distributional impacts of public policy choices. IMF staff and CEQ staff worked together to apply the tool in country cases, with the IMF providing data and other informational inputs, CEQ running the numbers, and the two together discussing the implications and writing up their analysis. The CEQ has also provided this tool to the Inter-American Bank and World Bank; World Bank microeconomists have been trained by CEQ and use the fiscal incidence tool independently in their own analysis.<sup>14</sup>

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<sup>13</sup> The goals identified were to generate high-quality applied research on macroeconomic issues in LICs; ensure research uptake by collaborating closely with policymakers within and outside the IMF in research design, execution, and applications; use the IMF’s pulling power to expand the network of researchers working on macroeconomic issues in LICs. More information on topics addressed, outputs, and results are available at <https://www.imf.org/external/np/res/dfidimf>.

<sup>14</sup> The CEQ-World Bank partnership led to publication of a book on *The Distributional Impact of Taxes and Transfers: Evidence from Eight Low- and Middle-Income Countries* (Inchauste and Lustig, eds., 2017). The book includes studies by Bank and CEQ staff of the distributional effects of individual taxes, transfers, and subsidies—as well as their combined impact—in Armenia, Ethiopia, Georgia, Indonesia, Jordan, Russia, South Africa, and Sri Lanka.

not bring into the discussion the advice or work of the Bank or other organizations.<sup>21</sup> In Senegal, the IMF staff team chose to use a general equilibrium model developed in SPR to assess macroeconomic and distributional impacts of fiscal consolidation, and the tradeoffs between growth and equity for different tax instruments. The resulting SIP presented model findings and the potential to mitigate output and distributional costs. This work was done in-house, as Fund staff felt that it had the tools and expertise to do the analysis, which they saw as distinct from analysis that may have been done by the Bank or others.

37. One initiative to ~~more~~-establish more systematic collaboration with the World Bank on inequality was undermined by institutional rigidities. In this case, the African Department (AFR) sought to establish an institutionalized arrangement to collaborate with Bank technical experts on assessing the distributional impacts of fiscal policies but was unsuccessful, despite reported good will and genuine interest on both sides. A key obstacle was that the two sides could not find a way to reconcile the two organizations' different approaches to and timetables for organizing and resourcing their work. In contrast, the collaboration with CEQ, used to undertake analysis in four African countries (as well as one Latin American), did not face these challenges.

### **Research and policy work**

38. Considerable cross-cutting research and policy work has been undertaken by the IMF on inequality in recent years—including, for instance, analysis of the connections between inequality and growth and of the distributional implications of fiscal policy.

39. IMF staff engaged in informal dialogue with external experts on inequality issues. For instance, IMF staff in the Research Department reported conversations with others in the profession, including the World Bank, on their work demonstrating the connections between inequality and growth.<sup>22</sup> In addition, SPR staff who developed an IMF model to analyze channels through which different reforms are likely to affect inequality in LIDCs emphasized multiple conversations with Bank staff and exchange of views on draft work.<sup>23</sup> This engagement was sometimes documented in final products. The paper on the inequality model for LIDCs stated that it complemented recent work on inequality-growth trade-offs by the OECD (Fabrizio and others, 2017). The October 2017 *Fiscal Monitor on Tackling Inequality* acknowledged comments from World Bank staff and academic experts (IMF, 2017j).

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<sup>21</sup> IMF staff has noted that this paper did not address the design of social safety nets, which would have merited Bank involvement, but rather focused on macroeconomic and structural policies broadly under the purview of the Fund.

<sup>22</sup> For example: Ostry, Berg, and Tsangarides (2014).

<sup>23</sup> This model was described in Fabrizio and others (2017).

the pilot itself added value by broadening the scope of the Fund's policy dialogue and helping gain an "encouraging" degree of traction with authorities "especially in cases where these issues were already on the authorities' policy agenda" (IMF, 2018e). However, mission chiefs participating in the inequality pilot who were surveyed for the ISR on average saw somewhat less benefit in terms of better policy advice than those participating in the gender and macro-structural pilots (IMF, 2018f).

44. Assessing the impact of collaboration on the IMF's analysis and its traction with authorities is inherently difficult, since collaboration is only one element of the analysis and advice presented by the IMF to authorities. IMF staff pointed to collaboration as one of the factors contributing to accumulation of knowledge and build-up of internal expertise for the pilots as a whole (IMF, 2017i). Staff judged that pilot work in cases such as Bolivia and Ethiopia, where collaboration with the Bank made a significant contribution, had added value to surveillance and gained traction with authorities (IMF, 2017i). This evaluation found that input from or collaboration, whether with the World Bank or others, clearly added to IMF analysis in cases such as Myanmar (World Bank). In cases such as China, Benin, Costa Rica, Nigeria, Togo, and Zambia, collaboration with experts from the ADB or CEQ enabled staff to incorporate analysis in the Article IV that they could not have undertaken on their own. Collaboration may also have been a factor in cases such as Brazil and Morocco, even where joint efforts were not explicit in surveillance output.

### **Resource issues**

45. In reviews of experience under the different waves of the inequality pilot, staff indicated that resource constraints helped provide an impetus for external collaboration (IMF, 2015f) and that collaboration with other organizations (and externally-financed consultants) had helped keep resource costs manageable (IMF, 2017e).

46. The IEO found that some teams drew significantly on outside resources, helping offset the internal resources needed to undertake analysis under the pilot. This was the case with the China team's collaboration with the ADB, as well as for teams that co-authored papers with CEQ researchers. CEQ provided their expertise and co-authorship without cost—an arrangement that is not likely to continue over the long term.<sup>26</sup> As noted above, inequality studies for Honduras, Ethiopia, Mozambique, Myanmar, among others, also benefitted from the in-house expertise made possible by ~~DFID~~DFID support (IMF, 2018b).

47. Fund staff estimates for the 2018 ISR found that the cost in the later phase of the inequality pilot was relatively modest but slightly more than for the gender pilot, with the payoff in terms of enhanced analysis and policy advice somewhat lower than that for the gender and

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<sup>26</sup> CEQ is funded in large part by the Gates Foundation.

macro-structural pilots (IMF, 2018f). (See Annex 2 for the ISR estimate of payoffs and costs of the inequality, as well as the gender and macro-structural pilots.)

## E. Lessons

48. Overall, this evaluation found considerable though not systematic collaboration on inequality work with external partners including the World Bank, which contributed in a number of cases at least to the quality and impact of the work on inequality issues.

49. The extent of collaboration varied across different types of work and countries. Collaboration on research and cross-cutting analysis most often took the form of informal consultation and engagement, including sharing papers for comment—although financial support from ~~DFID~~ for additional economists to focus on inequality and other issues in LDCs was also a significant facilitator of the enhanced IMF focus on these issues. Deep collaboration in the form of co-authorship occurred mostly in country work, undertaken more often with the CEQ than the World Bank. Co-authorship spanned three area departments—AFR, APD, and WHD—but was most common in the AFR, which interviews suggest purposefully built up a culture emphasizing the importance of collaboration.

50. What fostered external collaboration in this pilot? Some types of inequality analysis of interest to teams required microeconomic skills that are not a common IMF staff skillset. For instance, teams that wanted to undertake distributional analysis drawing on household survey data needed to look for outside expertise to help them conduct such analysis, resulting in collaborations with CEQ. In the case of Myanmar, collaboration in helping the government build statistical capacity created a dialogue between Bank and Fund staff that led to joint work on poverty and inequality. The Advisory Group helped facilitate this collaboration in some cases, notably by connecting country teams with CEQ.

51. The availability of expertise and capacity was likely also a factor. Motivated by a desire to see the IMF include more analysis of distributional and poverty implications as part of its policy advice, CEQ economists worked with IMF staff at no cost to the Fund, and collaboration with individual teams appears to have been relatively easy to arrange. The Africa Department's attempt to systematize such an arrangement with World Bank staff was reportedly derailed by disparities between the Bank and Fund's timeframes for planning work, their organizational structures, and their resourcing arrangements. Future efforts to establish a framework for such joint work will need to address the mismatches in the way work is organized and funded in the two institutions.

52. The limited incidence of joint work with the World Bank appears to have primarily resulted from assessments by Fund country teams that they had the expertise they needed to conduct the work or could locate it within the IMF. The creation of a DSGE model in SPR (with help of ~~DFID~~ funding) helped build internal expertise and capacity and may in fact have reduced the perceived need for collaboration in some cases, depending on the kind of analysis teams wanted to undertake. However, even with in-house expertise, to the extent that Fund staff were



61. The Advisory and Coordinating Groups established contact with gender experts at the World Bank and UN Women and helped some Fund country teams, via brainstorming sessions, to identify relevant individuals in those organizations. However, 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 left to country teams. In interviews for this evaluation, some Advisory Group members told us that it was always envisioned that Fund staff would draw on Bank expertise “as needed” rather than in a systematic way.

62. The Advisory Group established and has maintained a Gender Knowledge Exchange site on the Fund’s intranet, which provided access to Fund data, toolkits and cross-country analytical, as well as links to data, toolkits and published by the World Bank, OECD, ILO, and UN bodies. The Knowledge Exchange site lists the Fund staff who are members of the Advisory Group and subject matter experts but does not list any external contacts.

63. The Fund’s work on gender has also benefitted from the partnership with [IDA45](#) to enhance the Fund’s capacity for research on LIC issues including gender. [IDA45](#) provided funding for the Research Department to hire additional contractual research officers, some of whom provided specialist gender expertise to support analytical, surveillance and review work.

## **D. Evidence of Collaboration and Its Effectiveness**

### **Bilateral surveillance**

64. IMF staff self-assessments of experience with the gender pilot conveyed a mixed view of collaboration. An early summary of experience with the pilot in November 2015 (when six country cases had been completed) noted that staff relied on data from a variety of other institutions including the World Bank and had benefited from interactions with and comments from Bank staff as well as authorities, UN Women, and academic consultants. However, this report also asserted that there was “scope for greater collaboration with the Bank on gender analysis in pilot cases, particularly for teams analyzing household level data” (IMF, 2015f). The “How To” note included the benefits of drawing on expertise of other agencies to facilitate learning and improve the quality of analysis and policy advice as a positive lesson from the pilot experience, although there was no reference to collaboration as an important or helpful factor in the examples of good practice (IMF, 2018j).

65. This evaluation found that the IMF engaged external partners in a number of ways on gender issues under the pilot, although collaboration on analysis and outputs was limited.

66. A review of the outputs of the 39 country teams in the gender pilot identified 30 SIP chapters on gender issues, covering topics such as the drivers of female labor force participation, wage gaps and their economic impact, the impact of closing gender gaps on productivity and growth, financial inclusion and women’s economic empowerment, and gender budgeting.

Argentina) as not adding value or insight or not drawing sufficiently on insights from outside the Fund.<sup>35</sup>

### Resource issues

79. In commenting on their experience in the earlier phases, most mission chiefs reported that the resource requirements were manageable and had not significantly displaced resources required to cover “core” issues. There were a few exceptions, for instance, where the team decided to devote considerable resources to gender work and, in the view of the mission chief interviewed for this evaluation, ended up crowding out some potentially important work on core Fund issues. Fund staff estimates for the 2018 ISR found that the cost in the later phase of the gender pilot was relatively modest, with the payoff in terms of enhanced analysis and policy advice higher than that for the other pilots (IMF, 2018f).

80. ~~DFID~~ funding made a difference by enabling a small number of economists (initially research officers in the Research Department) with gender expertise to support the Advisory Group and country teams in the pilot, but much of the gender-specific input relied on a small number of interested Fund staff providing help on top of their “day job.”

81. Pilot country teams differed in their assessment of the resources made available to them by the Advisory Group to help external collaboration. Some teams, in their feedback reported to management and in interviews for this evaluation, said the data and research references provided via the KE webpage were helpful. But in interviews some Mission Chiefs said they would have welcomed more concrete advice about policy options, for instance, to promote female access to the labor market, based on cross-country evidence of what works.

## E. Lessons

82. The IMF’s work on gender during the time of the pilot included some collaboration with external organizations. However, the most extensive and impactful collaboration was with UN Women. Engagement with gender experts at the World Bank was shallower and less productive, despite some efforts on the part of Fund staff. Further, while the pilot provided some encouragement to collaborate, for instance by providing information about data and external research and by facilitating connections with UN Women, it was left to country teams to follow through, and there was no oversight (e.g., via the review process) to check whether teams had worked with external partners.

83. Several challenges affected collaboration on gender issues. Some Fund staff felt that the Bank was resistant to the idea of the Fund moving “onto their turf,” which they saw as understandable given the Bank’s greater expertise and possible concern (on the Bank’s part) that

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<sup>35</sup> On the other hand, there was also a case in which CSOs were concerned that IMF staff brought in too much specific policy advice on family planning from the Bank that was inappropriate in the IMF context.

fuel tax design and energy price reform; (ii) integrating natural disaster risks and preparedness strategies, where macro-critical, into economic frameworks and policy analysis; (iii) helping countries incorporate climate adaptation strategies into medium-term fiscal frameworks; and (iv) working with relevant international agencies to encourage consistent climate-related disclosures and stress testing for the financial sector and consistent prudential standards for the insurance sector (IMF, 2015g).

88. Adaptation and disaster resilience strategies have featured prominently in the IMF's efforts, both through the pilot and other work. In 2016, a Board paper laid out the principles for working with countries vulnerable to large natural disasters to integrate the risks posed by natural disasters and climate change into economic frameworks and policy analysis and to develop/enhance preparedness and climate adaptation strategies (IMF, 2016h). A 2019 Board paper on disaster resilience underscored the macroeconomic risks of climate change and natural disasters for many countries and the importance of developing strategies to mitigate these risks. This paper laid out a role for the IMF, in collaboration with the World Bank, to bring together stakeholders (including private insurers, governments, donors, and climate funds) to tackle issues such as impediments to market-based risk transfer.

89. At the country level, IMF staff has incorporated disaster risk in surveillance work in about 40 percent of those countries prone to large natural disaster risk (IMF, 2019c). A new diagnostic tool, the Climate Change Policy Assessment (CCPA) to assess climate adaptation and mitigation plans as well as associated risk management strategies. CCPAs have been conducted with ~~five~~six countries ~~states~~ (Seychelles, St. Lucia, Belize, Grenada, ~~and~~ Micronesia, ~~and~~ Tonga); ~~at this time, one more is planned before~~ the initiative will be evaluated jointly by Fund and Bank staff ~~before~~and decisions are taken about whether and how to extend the CCPA initiative. CCPAs are essentially a form of technical assistance, though they inform surveillance. CCPA reports are attached to Article IV staff reports and subsequently published, at the discretion of the country authorities.

90. In addition, as of March 2019, around 30 FSAPs have covered climate related topics, mostly relating to insurance and banking sector stress tests. At a cross-country-level, Fund staff have recently begun working on understanding the mechanisms of transmission between climate risks and macro-financial stability.<sup>36</sup>

91. Climate issues featured in two of the IMF's flagship publications in October 2019 and are expected to be a focus of analysis in 2020. The October 2019 *Fiscal Monitor* discussed climate mitigation policies at the national level and made the case for a carbon price floor arrangement among large advanced economy emitters to complement the Paris Agreement and to scale up global mitigation (IMF, 2019e). The October 2019 *Global Financial Stability Report* included a chapter on sustainable finance that highlighted climate change as a potential source of financial risk (IMF, 2019f). In October 2019, the new Managing Director made clear that attention to

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<sup>36</sup> For example, see IMF (2019f), and Krogstrup and Oman (2019).

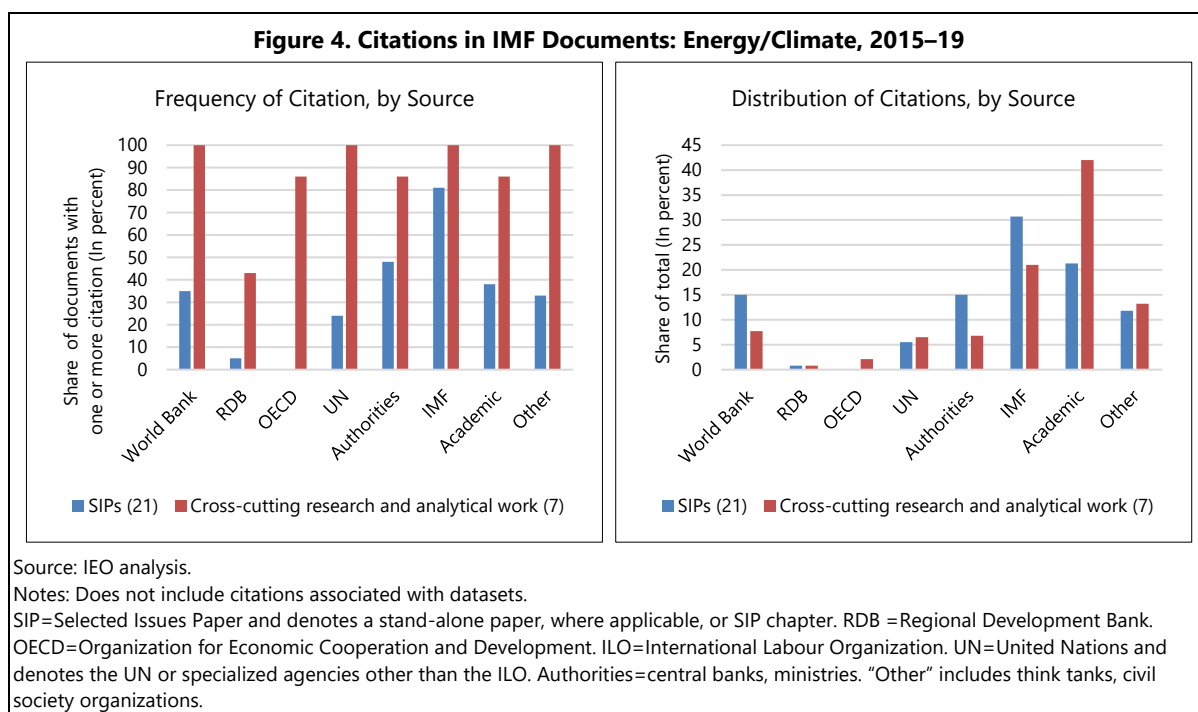
## D. Evidence of Collaboration and Its Effectiveness

### Bilateral surveillance

100. The extent and focus of collaboration on energy and climate issues in Article IV surveillance varied across country cases. An inter-departmental memo to Management assessing the second wave of pilot cases noted that some pilot teams had drawn on external sources of information, from a range of organizations including the World Bank (IMF, 2017e) on issues where the Fund lacked expertise, such as disaster risk mitigation and climate adaptation (e.g., Sri Lanka, Vietnam, Ukraine, St. Lucia).<sup>38</sup> But pilot teams working on country cases that focused on energy subsidies and carbon taxes reported relying on FAD expertise and tools.

101. This evaluation also found examples of collaboration on some energy/climate issues, while on others the IMF undertook its work more independently. For the 267 country teams in the three waves of the energy/climate pilot, we identified 21 SIP chapters on energy/climate issues. We identified one SIP chapter that was co-authored with Bank staff, for the 2018 Sri Lanka Article IV consultation (IMF, 2018i; see discussion in paragraph 110 below). One SIP chapter on “blue economy” issues published by the IMF for the Seychelles 2017 Article IV consultation was authored solely by three Bank staff members, as part of the CCPA (IMF, 2017g).

102. Counts of citations (excluding data citations) suggested that teams drew extensively on previous IMF and academic research, but less so on research from the World Bank, OECD, ILO or the United Nations (Figure 4 below).



<sup>38</sup> Other sources of information identified were the International Energy Agency, European Commission, United Nations, and Inter-American Development Bank.

118. Staff in both the Fund and Bank expressed frustrations in identifying the right counterpart on the other side. Fund staff noted that there were many actors and facets of climate work at the Bank, sometimes making it difficult to get a consistent response or decisive Bank position. On the other hand, the Fund's limited engagement on climate meant that the Bank also had trouble identifying someone "in charge" on climate with whom to engage, contributing to a sense among some Bank staff that the Fund was not a key partner on climate issues. Some Bank interviewees also felt that the Fund could have been more persistent in their efforts to identify and engage with the Bank.

119. The Fund's narrow focus on energy subsidies and carbon pricing, and limited resourcing on climate related work, seems to have both helped and hindered collaboration. The absence of Fund expertise in some of the adaptation aspects of climate change, combined with tight resources in the country team, was a factor in prompting some pilot country teams to actively seek out World Bank expertise and input. On the other hand, some Bank staff perceived that there was no senior Fund staff member acting as a coordination and focal point for engagement with the Bank and that this, along with the limited climate change expertise on Fund staff, limited the extent of Fund-Bank collaboration.

120. The experience so far of CCPAs offers several lessons for Bank Fund collaboration more widely. It was a bottom-up initiative that has been developed flexibly (for example, finding ways to move forward without requiring full, formal agreement between Bank and Fund on technical issues which can be relegated to separate Fund and Bank technical appendices) and without a large dedicated budget, to the point where it is seen by Bank and Fund staff, the Fund Board, and the recipient authorities as adding value. But greater attention by the IMF to constraints on the Bank side and greater effort to acknowledge Bank input could promote greater commitment and motivation on the part of Bank staff to help with the initiative. Fund staff have ~~begun-made~~ progress with a review of experience with CCPA pilots, including a survey of mission chiefs, Executive Directors, and authorities, ~~which they aim to conclude in May 2020~~. According to Fund staff, Bank and Fund staff are working on a more formal and mutually agreeable framework for collaboration as part of this exercise.

## **VI. PILOT PROGRAM ON MACROSTRUCTURAL REFORMS**

### **A. Background**

121. Structural reforms have to varying degrees been a part of the IMF's agenda in member countries at least since the 1970s. Where relevant for macroeconomic outcomes, IMF-supported programs as well as surveillance have addressed structural issues for particular countries, although in the early 2000s there was an effort to narrow the focus to core issues at the center of the IMF's mandate and expertise. However, in the wake of the global financial crisis, the IMF and others paid renewed attention to structural reforms as a vehicle to tackle lackluster growth and productivity in a wide range of member countries. In addition, structural reforms were

These conferences provide opportunity to learn about work on structural reforms taking place in the academic realm, as well as other international organizations. They also enable staff to mix and interact with staff from these other organizations, potentially helping to build personal connections and networks. However, few IMF staff have presented their work at the conference—one staff member from RES in the first year (who was also the co-organizer of the conference) and one staff team in the second year.

151. IMF staff, with support from ~~DfID~~DFID, is engaged in ongoing work to build a data base of structural reforms in EMDCs.<sup>56</sup> Staff had found that an absence of data on structural reforms in these countries impeded their efforts to deepen attention to the potential contribution of structural reforms to growth and provide advice about prioritization for these member countries. Because the World Bank had long been active on structural issues in EMDCs, and with the urging of the IMF Board, IMF staff reached out to Bank staff to benefit from their experience and collaborate in this effort but were not able to find any activity or interest in this on the Bank's side. Initial results of this work by the IMF were published in an October 2019 SDN on "The Political Costs of Reform: Fear or Reality" (Ciminelli and others, 2019), were discussed in an informal Board seminar over the summer, and were the subject of Chapter 3 of the October 2019 *World Economic Outlook* on "Reigniting Growth in Emerging Market and Low-Income Economies: What Role Can Structural Reforms Play" (IMF, 2019d). This work will culminate in a Board paper ~~in fall 2020~~ that will present the dataset and a toolkit for mission chiefs to use in discussions with authorities, which will be publicly available.<sup>57</sup>

152. Fund staff also saw presentations or workshops by experts from the Bank or OECD as potential vehicles for sharing knowledge across the institutions. In the four-year period 2016-2019, there were five workshops organized jointly by the IMF (RES) and the World Bank, in which the institutions brought in academics to address a range of structural reform topics.<sup>58</sup> In addition, one World Bank staff member presented at a Research Department seminar (Vegh, 2017).

153. As noted above, IMF staff intended to explore the scope to arrange for visiting scholars or other short visits by one or two staff members from other international organizations, e.g., to conduct workshops on specific structural issues, and for Fund staff to be hosted by other agencies in order to help build expertise on particular macro-structural issues. Two staff members from the OECD were seconded temporarily to the IMF's Research Department, where

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<sup>56</sup> Several contractual research officers working on the database are funded with ~~DfID~~DFID resources. Fund staff also hired outside experts as consultants to advise on the design and inputs for the database, as well as to validate the result.

<sup>57</sup> Staff envisions that the completed database will be used to study, for instance, the macroeconomic and distributional effects of structural reforms, political drivers and costs of structural reforms, and the effect of reforms on resilience to shocks. The resulting analyses can help guide the design, prioritization, and implementation of reform programs.

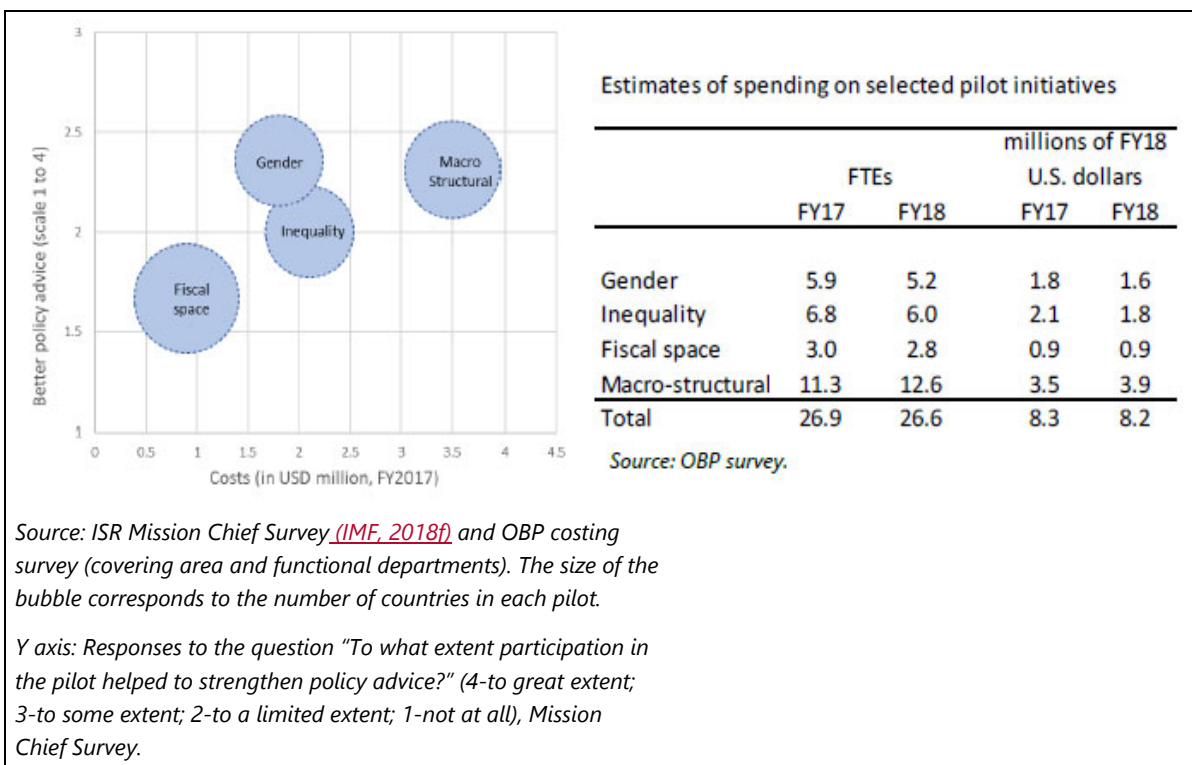
<sup>58</sup> Topics addressed from December 2016 through April 2019 included welfare effects of transportation improvements; connections between structural change and global trade; structural change in the service sector.

## ANNEX I. COUNTRY COVERAGE OF FOUR IMF PILOTS

IMF Pilot Programs on Macro-Structural and Related Issues, 2014 <sup>5</sup> –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		
Madagascar				Y
Malawi	Y			
Mali		Y		

## ANNEX 2. 2018 INTERIM SURVEILLANCE REVIEW FINDINGS ON COSTS AND PAYOFFS OF SELECTED PILOTS

### Selected Pilots: Estimated Payoffs and Costs



Source: IMF (2018f).