Executive Board Minutes 20/110-1

November 16, 2020–2:30 p.m.

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

Documents: SM/20/59, and Cor. 1, and Sup. 1, and Sup. 1, Cor. 1, and Sup. 2, and Sup. 3, and Sup. 3, Cor. 1, and Sup. 4, and Sup. 5

Staff: Collyns, Kell and Stedman, IEO

Length: 2 hour, 22 minutes

ISSUED: October 3, 2022
APPROVAL: October 11, 2022

CEDA OGADA
Secretary

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[1] Minutes are the official record of a formal Board meeting in which the Board may adopt decisions and reach understandings related to the business of the Fund. Staff background documents issued before the meeting are the principal basis for the meeting. Preliminary "gray" or "buff" statements by Executive Directors and staff's responses to Directors' technical questions are circulated prior to the meeting. Adopted decisions and/or summings up—the Chair's "sense of the meeting" or policy conclusions/recommendations—are issued after the meeting. The minutes include all these elements, as well as the discussion record (a verbatim transcript of the discussion lightly edited for clarity). Minutes are made public consistent with the IMF's Transparency Policy and Open Archives Policy.

THE CHAIR'S SUMMING UP

Executive Directors welcomed the report of the Independent Evaluation Office (IEO) on IMF Collaboration with the World Bank on Macro-Structural Issues. They appreciated the insightful report and the timely recommendations given the forthcoming Comprehensive Surveillance Review and the challenges posed by the pandemic. They welcomed the report's recognition that collaboration between the two institutions has been broad, in the context of their closely connected mandates and shared history, and that the existing umbrella agreements for collaboration are adequate. At the same time, Directors noted the evaluation finding that collaboration has been uneven, which a number of Directors attributed to a range of factors including the Fund's cultural tendency toward self-reliance. Directors emphasized the importance of ensuring effective collaboration as the Fund increasingly engages on a broad range of policy issues including those related to fostering a robust global economic recovery from the pandemic. Against this background, Directors welcomed the Managing Director's broad support for the IEO findings and recommendations, while noting the qualifications in some areas. They emphasized the importance of developing a strategy to further enhance collaboration that would be appropriately tailored to different macro-structural areas. They noted that the ultimate success of collaboration would hinge on reaching understandings with the Bank but urged active engagement with Bank counterparts.

Directors broadly supported Recommendation 1 on developing and agreeing on concrete frameworks to ensure effective collaboration on select macro-structural issues where Fund and Bank roles are complementary and where collaboration is judged to bring the most strategic returns, taking into account the costs of collaboration and the availability of resources. Such frameworks should ensure adequate incentives to collaborate and have strong management and Board support in both the Fund and the Bank. Directors agreed that activities in the climate workstream would be a strong candidate for such a tailored framework. Many Directors also suggested other areas that could be considered for tailored collaboration. Directors underlined the importance of ensuring adequate staff resources for collaboration, including identifying core Fund staff as focal points for external engagement and ensuring sufficient specialist expertise.

Directors broadly concurred with Recommendation 2 to seek to improve internal incentives for staff to collaborate. They stressed that management should emphasize the importance of collaboration, as well as provide guidance on when and how to engage with the Bank and give better recognition of successful collaboration. Directors noted that the new performance management system is based on a competency-based assessment including clearly defined behavioral competencies in the Fund's Integrated Competency Framework (ICF) that include elements related to collaboration. A number of Directors encouraged enhancing incentives for collaborative behavior under the ICF. Some Directors also considered that there could be merit in fostering staff exchanges at the senior level, which should be discussed within the Fund and with the Bank.

Directors broadly supported Recommendation 3 on improving access to and exchange of information and knowledge across the two institutions. They called for further progress on the ongoing initiative to foster information sharing between the Fund and the Bank. They also emphasized the importance for staff to be able to readily access up-to-date and comprehensive information on appropriate contact persons and experts in the Bank. In this regard, they noted the Managing Director's statement that actions already undertaken—such as establishing a list of first points of contact and strengthening exchanges of views between high-level staff—together with the planned regular sharing of rosters of technical experts across institutions, will help bolster access to and exchange of information. Directors noted the importance of enhancing knowledge sharing. While recognizing the Managing Director's concerns regarding potential information security risks related to the recommendation to cross-link knowledge exchange sites and provide reciprocal access to intranets, Directors suggested exploring practical solutions that could address security, confidentiality, accountability and other concerns. They noted that success would also hinge on reaching understandings with the Bank and on cost considerations.

Directors agreed with Recommendation 4 that the IMF Board's strategic role in facilitating and supporting external collaboration could be strengthened. The Board could consider how to leverage its oversight role, scope to influence staff behavior, and engagement with the Bank Board on collaboration issues. In this context, Directors stressed that early Board engagement on areas for in-depth collaboration will be important. A number of Directors considered that the role of the Board Committee on Liaison with the World Bank and Other International Organizations could be strengthened. Some Directors supported holding joint Fund-Bank Board meetings on relevant issues pertaining to collaboration.

On the whole, Directors emphasized the importance of management leadership in fostering collaboration. Many Directors also suggested creating a high-level joint Fund-Bank committee, which could focus on longer-term strategic issues and help institutionalize collaboration.

In line with established practice, management and staff will give careful consideration to today's discussion in formulating the Management Implementation Plan for Board-endorsed recommendations, including approaches to monitoring progress.

EXECUTIVE BOARD ATTENDANCE[2]

K. Georgieva, Chair

Executive Directors	**Alternate Executive Directors**
	W. Nakunyada (AE)
	R. N'Sonde (AF)
	B. Lischinsky (AG), Temporary
C. Huh (AP)	
A. Bevilaqua (BR)	
	Z. Zhang (CC)
P. Moreno (CE)	
L. Levonian (CO)	
D. Palotai (EC)	
A. Buisse (FF)	
R. von Kleist (GR)	
S. Bhalla (IN)	
	F. Spadafora (IT), Temporary
T. Tanaka (JA)	
H. Hosseini (MD)	
M. Mahmoud (MI)	
	V. Rashkovan (NE)
M. Poso (NO)	
A. Mozhin (RU)	
M. Mouminah (SA)	
A. Mahasandana (ST)	
P. Trabinski (SZ)	
S. Riach (UK)	
	E. Shortino (US), Temporary

H. Al-Atrash, Acting Secretary
J. Morco, Summing Up Officer
D. Al-Jarbou / E. Mannefred, Board Operations Officers
M. McKenzie, Verbatim Reporting Officer

Also Present
African Department: M. de Zamaroczy, M. Kamel Farid Mohamed Farid, D. Robinson. Communications Department: N. Ismail, O. Stankova. European Department: I. Petrova, M. Pradhan, H. Qu. Fiscal Affairs Department: V. Perry. Institute for Capacity Development:

[2] For countries in each constituency, please see the Constituency Codes in the annex.

C. Sevy. Independent Evaluation Office: A. Abrams, Y. Bal Gunduz, S. Balasubramanian, Y. Chen, C. Collyns, L. de Las Casas Perez de Orueta, M. Kell, J. Kim, P. Loungani, R. Pedraglio Florez, C. Rustomjee, L. Stedman, J. Wojnilower. Innovation Lab Unit: T. Walker. Information Technology Department: R. Kondilas, H. Tourpe. Knowledge Management Unit: T. Alzona. Legal Department: N. Stetsenko. Middle East and Central Asia Department: R. Bi. Office of Budget and Planning: A. Schimmelpfennig**.** Office of Internal Audit and Inspection: B. Fosu. Strategy, Policy, and Review Department: N. Budina, A. Fruttero, R. Giri, K. Kostial, K. Kpodar, S. Panth, D. Velculescu. Statistics Department: J. Gonzalez-Garcia. World Bank Group: O. Calvo-Gonzalez, M. De Moura Estevao Filho, S. Varma. Western Hemisphere Department: K. Christou. Executive Directors: A. Andrianarivelo (AF), I. Mannathoko (AE). Alternate Executive Directors: H. Azal (EC), K. Chikada (JA), M. El Qorchi (MD), F. Fuentes (BR), S. Geadah (MI), A. Grant (AP), A. Guerra (CE), L. Herrera (AG), Y. Indraratna (IN), C. Just (EC), F. Mochtar (ST), F. O'Brolchain (CO), O. Odonye (AE), L. Palei (RU), P. Rozan (FF), B. Saraiva (BR), F. Sylla (AF), C. White (AP). Senior Advisors to Executive Directors: W. Abdelati (MI), M. Choueiri (MI), R. Farber (US), I. Fragin (GR), B. Jappah (AE), L. Johnson (AP), S. Keshava (SA), S. Naka (JA), Son T. Nghiem (ST), M. Sidi Bouna (AF), L. Smith (CO), T. Shay (NE), R. Velloso (BR), B. Yoo (AP), M. Zhunusbekova (SZ). Advisors to Executive Directors: A. Abdullahi (AE), M. Albert (FF), F. Al-Kohlany (MI), P. Al-Riffai (MI), A. Arevalo Arroyo (CE), Dennis Bautista (ST), S. Belhaj (MD), E. Cartagena Guardado (CE), K. Carvalho da Silveira (AF), T. Chrimes (UK), F. Dogan (EC), D. Fadhel (MI), K. Florestal (BR), J. Garang (AE), J. Hanson (NE), K. Kuretani (JA), M. Merhi (MI), R. Moral Betere (CE), T. Nagase (JA), A. Olhaye (AF), T. Persico (IT), D. Shestakov (RU), B. Singh (IN), A. Tola (SZ), N. Vaikla (NO), A. Zaborovskiy (EC), Y. Zhao (CC), F. Lopez (CE).

DISCUSSION RECORD[3]

The Chair:

This meeting is about the Independent Evaluation Office (IEO) review of how the IMF and World Bank collaborate on macrostructural issues. It is an evaluation that is being carried out at an unusual time. We postponed the presentation to the Board because of the pressure on the Board's schedule. This, however, did not make the evaluation less relevant; but in the context of where we are today, it is actually timelier.

I want to say a few things in the outset of this meeting.

One, to express my gratitude to the IEO and to the Fund for the great collaboration in the preparation of this evaluation. There have been very useful background papers, as well as good analyses that lead to a clear follow-up path for management and for staff. We are going to feed the discussion today into our Comprehensive Surveillance Review (CSR). It will provide very useful input on how to enhance the collaboration between the Bank and the Fund. I take a huge interest in this topic. I have personal experience from both sides of 19th Street. I have huge respect for the high quality of our staff. And I have, at all levels, great examples of how, together, we can do a better job for our members.

Second, I am particularly pleased that the review determines that the current collaboration framework with the Bank is adequate.

The evaluation says we have a good framework and we collaborate not for the sake of collaboration but because it improves our activities. We have a flexible approach, applied appropriately in differing contexts. And that this is serving us well. We should retain the ability to collaborate, as necessary, and to give staff at different levels a chance to define the exact modalities of this collaboration.

And, of course, an evaluation makes a difference when it shows us how we can do better. And in that sense, the message of the evaluators is very clear. We can do better. There is unevenness in collaboration. We can focus more on effective collaboration. And for this, I am particularly grateful. The attention is put on clearly identifying areas where collaboration can deliver

[3] Edited for clarity.

substantial results for the membership. We have areas of collaboration already in place, like the strategy for engagement on social spending, the Bali Fintech Agenda, collaboration on debt sustainability, debt transparency, and debt management.

What we hear from the evaluation is that we should look into, in particular, the area of climate issues, which is becoming increasingly important. The Bank has a lot to offer in terms of skills, and the Fund has a lot to offer in terms of vehicles to impact policies and help our membership to deal with the climate challenge.

I want to finish by saying that management broadly agrees with the recommendations. We will come up with a clear management implementation plan. There are issues where I will be interested to hear the Board, and we need to see how we go about. For example, how we go about bringing the two institutions closer on the basis of technological connectivity. We have had problems with a major cybersecurity breach in 2011, which led to us being more separate, rather than connected. And we have to be mindful that technological issues are not trivial. We will work on it.

Similarly, we recognize the recommendation on building more incentives for the staff, in their performance evaluations, to collaborate. We actually have incentives, and we should be careful not to constantly revise the performance evaluation modalities.

I, wholeheartedly, accept what the evaluation says as the most important: collaboration at the top. How we work with the President of the World Bank and how our senior management works together sends the signals down the chain of command and vice versa. When teams work together well, they set the right precedents and they set the right examples. We do need to think about the ways we amplify this messaging so it is clear that 19th Street is not a street that divides us, but it is a street unites us.

The Director of the Independent Evaluation Office (Mr. Collyns):

I thank the Chair for very supportive remarks and Executive Directors for their very careful reading of our evaluation documents, the many constructive comments in the gray statements, and the broad support for our recommendations. Overall, we are pleased that Board seems to have found that our shorter evaluation format has provided a useful and persuasive assessment of an important issue. The experience with this first pilot for the new format suggests that this nimble and streamlined approach can be a valuable complement to our usual more comprehensive evaluations.

We are also pleased that the evaluation is now receiving a full Board discussion. While our original schedule has been delayed, as the Managing Director mentioned, if anything, as she said, Bank-Fund collaboration has become even more important since the outbreak of the COVID-19 pandemic. And we do have the opportunity now to provide timely inputs for the CSR as it reaches its final stages.

In the gray statements, Directors have raised several questions. I will turn to my colleague, Mr. Kell, to answer most of these; but I could start by responding on a couple of issues.

Firstly, we were asked our views on the suggestion made by Ms. Levonian, supported by several chairs, to set up a high-level joint Fund-Bank committee to support effective collaboration between the two institutions. This is an idea worth considering. Our sense is that there is quite active engagement between the Fund and the Bank on the immediate operational issues at various levels, including the management level; and this has intensified since the pandemic. But I would agree that it could be helpful to set up a framework for high-level engagement on longer-term strategic issues that could support more consistently effective collaboration between the Fund and the Bank by providing clear top-down guidance, addressing obstacles, improving incentives. In practice, such high-level strategic engagement seems to have fluctuated over time, often depending on personal relationships at the top. And sometimes, it has been lacking. For example, there was very little strategic engagement at the management level when setting up the various macrostructural pilots that we examined in this evaluation. A more robust institutional framework could play a valuable role.

Having said this, I do recognize that just setting up another committee is, by itself, not a panacea, and there could be a risk that it could end up as a wasteful bureaucratic exercise. Nevertheless, with goodwill and a commitment on both sides of the street, as emphasized by the Managing Director, I do believe that such a high-level committee could provide an important institutional mechanism to drive greater attention to collaboration at a time when it is particularly needed, and also to provide a more sustained institutional footing for such collaboration in the future.

Second, a few questions were raised about collaboration with the World Bank during the pandemic and plans for working more closely with the

Bank's Independent Evaluation Group (IEG). Well, up to this point, we have not collected a systematic base of evidence to allow us to comment about the effectiveness of Bank-Fund collaboration in responding to the COVID-19 crisis, but this is certainly an important issue that we would like to address in the context of a future broader evaluation of the Fund's response to the pandemic. In fact, we are now considering what would be an appropriate approach and timing for such an evaluation, which we are planning to discuss with Directors when we present a new menu of possible future topics for evaluation early in the new year.

As part of our scoping for an evaluation of the Fund's response to the pandemic, we are already having discussions with the Bank's IEG, which is itself planning a series of evaluations of the Bank's pandemic crisis response. To date, the IEG has not focused in its work specifically on Bank-Fund collaboration, but hopefully we will be able to find a way for fruitful work together with the IEG on issues of Bank-Fund collaboration as we both move forward with crisis response evaluations.

The staff representative from the Independent Evaluation Office (Mr. Kell):

Let me respond to several questions, which were addressed to the IEO. I would be happy to follow up bilaterally with Directors on the other questions that I do not manage to get to because of time constraints.

Several Directors asked for our views on the options and practicalities of improved knowledge exchange between the Bank and Fund. In the IEO, we are certainly not qualified to provide technical IT advice on how this can be done, but it seems to us there are a range of possibilities, with different risks and potential payoffs, which could be explored. And like some Directors have said in their gray statements, there must be technical options, such as shared web pages or other specific platforms, where security and confidentiality risks can be managed.

Second, there were a couple of questions about the priorities for stronger Bank-Fund collaboration on various macrostructural issues besides the four pilot areas that we focused on, including social spending, governance, fintech, and inequality. We did not see it as within our remit to prioritize between different topics which could benefit from more structured collaboration, but we did suggest a few principles, which might help the Fund identify whether net benefits of collaboration are likely to be the greatest. In particular, we suggested value from collaboration could be achieved on topics where one or both of the institutions is seeking to expand its engagement;

where the Fund's expertise is relatively limited, compared to that of the Bank; whether the Bank or other partner institutions would also benefit from the Fund's engagement; and where the issue involves multiple players in both partner institutions and, hence, an informal decentralized approach might face particular challenges. As we explained in our report, we believe that climate is an issue that meets these criteria, but it is certainly not the only issue that could do so.

Third, there was a request for our perspective on the staff's proposal to create centers of expertise, which was raised in the CSR midpoint note in November 2019. We definitely see this as an option worth further exploration that could strengthen Bank-Fund collaboration. It would provide a structure within which to identify and situate the in-house expertise required to manage the risks and realize the benefits of collaboration. In particular, it could serve as a central point of contact with the Bank. Indeed, we have a sense that the additional resources for coordinating the Fund's work on climate, which was recently established in the Fiscal Affairs Department, is operating broadly along the lines of the proposed center of expertise. And that is, indeed, helping the Fund's engagement with the Bank in the climate area.

There were a couple of questions related to the findings from our surveys of Fund and Bank staff. Mr. Trabinski asked about the apparent dissonance between our overall conclusion, that Bank-Fund collaboration has been uneven and not as deep and effective as we might have expected, and the survey findings, that most respondents were positive about Bank-Fund collaboration. I think there are a couple of considerations that might explain this apparent discrepancy.

First, the positive survey response was in answer to a question about Bank-Fund collaboration in general, including program work, where Bank-Fund engagement is more extensive; whereas the evaluation focused on Bank-Fund collaboration in the context of the four pilots which were conducted in the context of Fund surveillance.

Second, the response rate to both our surveys was low, and those who responded may have been those better disposed toward collaboration than non-respondents. We are aware of the limitations with our survey evidence, and we were careful to use it in the context of other evidence.

Mr. Nakunyada asked us to elaborate on the survey responses regarding the extent of in-house expertise in the areas of inequality, gender, and macrostructural issues. Two-thirds of IMF country teams responding to this question said there was sufficient expertise in their team to address the issues, although about half of these said there was insufficient time to do so. However, this response may reflect the tendency toward self-reliance, which we found in interviews and we described in the evaluation. Even when teams perceived that they did have the necessary expertise, they may have, nonetheless, benefited from engaging with Bank staff or other institutions which, in a few cases, might have suggested to staff additional issues or perspectives which were, indeed, relevant to their work under the pilots.

Finally, we were asked about joint Fund-Bank meetings with the authorities in-country; this could be encouraged. It may not be appropriate for the Bank to be included in all staff meetings with the authorities, but improved access to finance ministries is one of the main things which the Fund can offer the Bank and, thus, can be an important part of the quid pro quo which contributes to effective Fund-Bank collaboration.

Ms. Levonian:

Given our initial concerns with the asymmetry of the study, we were very pleasantly surprised with the thoughtful recommendations that the IEO has put forward, and we support them. The finding of uneven collaboration was not necessarily a surprise, but we now have a platform that can be used to take the necessary steps to strengthen the relationship for the good of the membership, as Managing Director said.

We agree that many of the recommendations will require reaching a shared understanding with the Bank; and, as the report shows, that is not always easy. But that does not take away from the value of the recommendations.

Like Mr. Buissé, we support the IEO's view that the goal should not be more collaboration, always and everywhere. Collaboration with the Bank is ultimately about enhancing the quality of the advice, including by simplifying and coordinating advice and conditions for the membership.

The lens today is on collaboration with the Bank on macrostructural issues, but the lessons learned should be applied more broadly to ensure that we operate as a coherent system with other international financial institutions (IFIs).

We have provided views on the IEO-specific recommendations in our gray statement, so I will not dwell on those. I would rather just raise two issues.

One, I wanted to underscore that the finding of the Fund's culture of self-reliance could be a systemic barrier to effective collaboration. If we want to durably improve collaboration outcomes, we need to instill the right mindset in the institution, and leadership is key to that. Management and the Board need to show staff that we and the membership value collaboration.

Secondly, in our gray statement, we suggested setting the tone from the top by institutionalizing collaboration through a joint management committee with the Bank. Like Managing Director said, this could amplify the message for staff.

Back home, I found that such an approach, chaired at a sufficiently senior level, incentivizes collaboration right through the organization and helped improve outcomes. Such an approach may seem burdensome, like Mr. Collyns acknowledged that it could, but the potential benefit to the membership may justify any cost there is, especially if the committee is well run and focused on the issues that are most important.

Finally, like Mr. Huh, we thought that the Climate Change Policy Assessment (CCPA) stood out as a bright light for collaboration across the four pilots. We would encourage management to consider using them to develop a proof of concept for more formal collaboration frameworks.

The Chair:

One thing we need to do is to codify the way we collaborate right now because there is a strong system of collaboration, with weekly meetings between me and the President of the World Bank, as well as meetings between the Deputy Managing Directors--the First Deputy Managing Director and the other Deputy Managing Directors, and the Managing Directors on the side of the Bank. And then structured meetings at the levels of Directors from our side. At the level of teams too, there is a level of engagement.

But we have not put pen to paper to say that is how we are meeting. I agree with Ms. Levonian: I would accept that we need to think how we deal with that--we have not really gotten to a point in which we take a long-term horizon to say, what are the two issues where we need to actually bring the teams together and how exactly we do it.

Obviously, it takes two to tango. The Bank has to be on the same page. But since this was brought up and it is in the gray statements, I just want to acknowledge up front that, one, we need to codify what we have so it is known and then to see whether we can have ways of engaging on long-term strategic issues.

Now, there are difficulties. The two institutions set up their strategic frameworks differently, but that should not prevent us from thinking through how to do better in aligning our resources.

Mr. Mouminah:

We broadly support the recommendation, as we noted in our gray statement. The evaluation is timely, as it provides important input to the CSR on how to strengthen external collaboration on macrostructural issues. Indeed, it has come to us at a very opportune moment, as the Chair mentioned, given the need to advance key structural reforms once the pandemic abates, including in Fund-supported programs. In this context, we see a good possibility of more engagement with the Bank counterparts and institutionalizing that collaboration, given Chair's prior extensive work and the experience of the current management team and the World Bank.

Flexibility is good, but we think institutionalizing it is better. I agree with Ms. Levonian that the objective is to systematically solve this, and we have now the base and the forum to do so.

There are three points that I want to make. The first is, the Fund should seek to develop and agree on a concrete framework with the World Bank on specific issues, such as climate and inequality, which Chair described as long-term strategic issues. The climate work stream is a good area for collaboration, where the responsibility of the two institutions overlap. This seems to be, to us, logical since the Fund has a limited number of staff dedicated, while the Bank has deep experience. Instead of expanding the knowledge within the Fund in a real flat budget environment, we need to develop a collaboration framework with clearly defined roles between the two institutions.

In addition to climate, we also see the need for expanding collaboration with the Bank on inequality-related issues, as the impact of the pandemic has been severe on the poor, vulnerable, women, and low-skilled workers. Specifically, these issues will gain prominence under the

Fund-supported program during the recovery phase. Here, we would like to highlight the work recently done under the Saudi G-20 presidency in collaborating with the Fund, the World Bank, and the Organisation for Economic Co-operation and Development (OECD) on access to opportunities for all is relevant. Again, it shows that there are a lot of overlaps and opportunities to work together.

Second, as we noted in our gray statement, the need to involve the Change Management Unit (CMU) to develop initiatives aimed at improving collaboration--collaborative behavior in Fund staff, which is an essential part of enhancing soft skills. Ms. Mahasandana has also made a similar point. This self-reliance behavior is concerning, and we should do our best to address it.

We understand that the new performance management system holds promise, as it places a dual emphasis on the relationship management as part of the assessment process, but this should encourage more collaborative behavior over time and help address, to a great extent, this perceived inward-looking Fund culture.

Let me conclude by joining others in supporting the creation of this high-level joint IMF-World Bank committee, as suggested by Ms. Levonian. Although we really recognize that this is not directly within the scope of the evaluation, this would be a positive step to set the tone at the top to improve collaboration.

As a response to Mr. Collyns on the concerns that he had on this committee being bureaucratic; it all depends on the scope and the terms of reference of this committee. It could have a responsibility to take a look into evaluating the collaboration, not necessarily just being bureaucratic. That is why we think, as a compromise, an alternative scenario is, we have the Liaison Committee between the Bank and IMF. It could be part of the work program is to address this issue. I fully support Ms. Levonian and her comments.

The final thing I want to say is, we need to lead by example. The staff need to continue to see high collaboration between the heads of the IMF and the World Bank, all Directors, department heads, and at the Board. Codifying, as Chair said, is one way of doing it. Only then, can we set the right example on our model for collaboration.

The Chair:

I want to recognize the work that has been done under the Saudi G-20 presidency on the issues of inequality and access to opportunities. Mr. Mouminah is right. This is an area where the Bank has significant experience, field-based skills, and we can benefit from deepening our collaboration.

Ms. Riach:

We liked the shorter format of the IEO report. This is the first time that they have used this format. There was a bit of discussion earlier about whether the short format report should have recommendations in them. This is a good example of how the recommendations can really add to the value that the report brings to our discussions.

Obviously, one of the advantages of a short report was supposed to be that we could get the material and discuss it more quickly. And given that this year has not worked out quite the way that we had anticipated, the Board discussion, for very good reasons, was delayed, and we did not get that quick input. But I absolutely agree with the Managing Director and others, that everything that we have seen this year just strengthens the case for collaboration between the Fund and the Bank. Climate is a good example. We have also just seen the how-to note that is going around to staff on social safety nets and working with the Bank is a big part of that. It is another example of something which will be even more important in the new environment in which we find ourselves.

The report gives a clear message, that while there have been a few pockets of good practice and collaboration, it has not been as systematic or as deep as it could have been. We appreciate that message, and we strongly support the report's recommendations.

Like Ms. Levonian, I think that while the report is focused very much on the macrostructural issues, there could well be lessons here which are applicable more broadly on the way that the Bank and the Fund work together. Also, like Ms. Levonian, we think it would have been better if it would have been possible to have a joint Bank-Fund evaluation office report, but I think the quality of this report proves that it is still useful, and it can be a useful point for a discussion with the Bank and their evaluation office which goes forward.

We hear the message in the report, that closer working and collaboration will not necessarily bring cost savings, but we do think that it has the potential to improve the efficiency and the effectiveness of both institutions and to make their interventions on macrostructural issues more impactful.

I hear the Managing Director's comments on the advantages of having a flexible approach and giving scope to staff to collaborate in a flexible way; but I do also agree with the report's findings, that it cannot be just down to personal relationships and to engagement at the management level. In areas where collaboration is judged to have the most value, we also need to use the criteria suggested by the IEO, explicit frameworks for collaboration, to which staff are held accountable, to us; it would seem to be a sensible way forward.

The report puts it well when it says that we need to improve internal incentives to collaborate and to address the wider cultural reluctance to engage with external partners. In the discussion so far, and in the report itself, there are a few things, which could potentially help with that. As Ms. Levonian said in her gray statement and Managing Director said this afternoon, messaging from the top is a really important part of this, and we need to get that right.

I liked Mr. Mouminah's suggestion, that the CMU should be involved in trying to institutionalize a few of these changes in behavior.

The performance appraisal system has a really important role to play, and I do not think this means making further changes to the performance appraisal system, which has just been changed. Rather, I think that the changes that have been made to the performance appraisal system have the potential to really help us to do this and to really help us to incentivize staff to systematically work in a more collaborative way.

Finally, I absolutely agree with the recommendation in the report, that the Board has a role to play here. It seems to me that the Liaison Committee is a good place to take this forward. I also support Mr. Bevilaqua's suggestion, that a joint Board meeting on this issue would be a helpful next step.

The Chair:

I agree with Ms. Riach's points. To clarify, when I say "flexible approach to collaboration," it is just to recognize that the conditions are different. We cannot really set up one way of collaborating for everybody; it should not be left to whether people are willing or not. We have to work when it makes sense and work together.

Mr. Tanaka:

It is welcoming that this IEO's valuable evaluation on the IMF's collaboration with the World Bank on macrostructural issues will provide good inputs for the CSR. We broadly support the IEO's assessment and recommendations. As we issued a gray statement, we would like to make several comments.

As a general comment, considering both increasing the number of macro-critical issues and resource constraints, we underscore that the Fund's collaboration with other international organizations should focus on the areas where the Fund gains distinct benefits and synergy along with its mandate. The Saudi G-20 and this year's response to the pandemic marked a good example of collaboration, as Mr. Mouminah and the Managing Director stated.

On Recommendation numbered 1, we agree with staff that the collaboration requires planning and concerted efforts to be the most effective, especially for the prioritized issues for the Fund. We welcome that the debt issues have been already a top priority for the IMF-World Bank collaboration, given that the debt situation is widely deteriorating, especially in developing countries under the pandemic. To this end, we must strengthen debt transparency and ensure debt data accuracy with close collaboration of the two institutions.

On Recommendation numbered 2, in order to avoid personality-dependent collaboration, we encourage the staff to collect personalized information and to form a systemic approach at the institutional level. While we see some merit in the enhancement of the staff exchange, we also underscore the need to consider a long-term prospective of developing human resources to allow senior-level staff to acquire the expertise and talents necessary for each institution.

On Recommendation numbered 3, we broadly agree with the importance to share information and basic documents to enhance the collaboration between the two institutions, while we note there is a concern on the information security and conditionality. We encourage the staff to seek a better practical solution to share important information in a cost-effective manner addressing such concerns.

On Recommendation numbered 4, we believe that the Board could play an important role to enhance and give the direction of staff's business collaboration with other institutions. We underscore that the direction should be focused on the Fund's macro-critical areas and should be decided based on the Fund's expertise and its limited resources.

The Chair:

I also want to recognize the important role Japan has played in supporting the two institutions in areas where we collaborate closely.

Mr. Hosseini:

We have issued a gray statement and express our broad support for the IEO's four recommendations that provide timely input for the upcoming CSR. However, we wish to highlight only two points.

First, we agree on the need to have different forms and evolving modalities of collaboration on different issues and changing challenges to collaborations. The emphasis should be on more effective, rather than simply more collaboration anywhere at any time, which could involve additional calls on IMF staff's time and input costs, rather than save resources. Successful collaboration requires mutual efforts by both the Fund and other partners' staff, based on the guidance by the two institutions' senior management on how and when to collaborate. In this regard, we agree with the other Directors, that the Committee on Liaison with the World Bank and the other international organizations could play more proactive role on how to strengthen collaboration. Similarly, we sympathize with Ms. Levonian's suggestion, to create a high-level joint IMF-World Bank management committee.

Second, we are puzzled by the widely divergent views amongst Fund staff on secondment assignments to the World Bank. The Fund economists who have gone on assignments to the World Bank over the past 15 years have given very positive feedback about their experiences and its impacts and their ability to work with the World Bank once they came back to the Fund, while 80 percent of the IEO survey's respondents doubted the benefit of such an assignment for their Fund career, and over 40 percent even believed it would have a negative impact. We appreciate the IEO or staff's clarification of the reasons behind such a wide divergence of views.

Mr. von Kleist:

We agree that collaboration with other organizations, and especially with the World Bank, is key for the IMF, with a view to leveraging external expertise and ensuring efficient resource utilization. Since we broadly share the IEO's analysis and support the recommendations and have issued a detailed gray statement, I can be quite brief.

We recently saw a range of debt-related topics that appeared to leave some room for improvement for IMF-World Bank cooperation. These include a diverging classification of liabilities and creditors between the two institutions, as, for instance, the case of Cameroon. They also include questions regarding the negative pledge clause of the World Bank, where the status of the discussions within the joint working group remain fairly opaque. And, of course, we would welcome if we could get some update on that.

As outlined by the IEO, collaboration with the World Bank has been mostly decentralized, and its success has often been dependent on personalities and other idiosyncratic factors. For a consistent collaboration, we see merit in a more unified central approach, with well-defined roles and tailored frameworks, in order for management to set the right tone. In support of a more unified cooperation approach, we support stronger and structured IMF-World Bank management engagement that could discuss the strategic areas where "deep" coordination would be especially useful.

We further agree with the IEO, that closer attention to issues of incentives and the exchange of information could be warranted, while recognizing the structural and cultural differences of the two organizations, as well as technical challenges, including information security risks, as mentioned in Managing Director's opening statement.

Lastly, let me add that the envisaged green recovery after the pandemic calls for swiftly tackling the issues raised by this IEO report. In this context, ensuring early Board engagement on strategic initiatives, especially toward a more centralized collaboration approach, would be particularly important.

When I first came to the Fund 28 years ago, World Bank-IMF collaboration was an issue. And each of the succeeding four times I came either to the IMF to serve on its Board or to the World Bank to serve on its Board, that continued to be so. And I vividly remember the then-Managing Director Mr. Horst Köhler agreeing to a weekly breakfast with Mr. Jim

Wolfensohn. And then weekly breakfasts turned to biweekly, quarterly, and after a couple years, they were gone. And that used to frustrate me, that this issue keeps coming up. But I have, in the meantime, changed my personal view. My personal view is, it is good because it shows that institutions change. And because institutions change, their collaboration needs to change. We should not set anything in stone.

World Bank is much bigger and decentralized. The Fund is really centralized. We have different shareholder structures. The World Bank Board has 25 chairs and we have 24. We have different authorities. In my case, the ministry of finance/central bank at the IMF; the ministry for development on the World Bank side. Many other countries are the same.

The World Bank Board deals with five institutions: International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), International Development Association (IDA). It is a completely different world from ours. I have come to accept that this issue will come back. Whatever we decide today, it will come back because both institutions will continue to change. Their mandates and priorities will change.

But, last point, I think on climate, we can all agree. That is a joint sort of question and a joint challenge. We both really need to cooperate on many other areas. I see, even in a view of a couple of years, both institutions changing, evolving, and then we have to tackle that question of cooperation.

The Chair:

There is one more thing that those of us who have been engaged with the two institutions for a long time recognize, that we have teams that are highly competitive; that competition is great. There is an element of competition between the Bank and the Fund which also has implications for collaboration: sometimes good and sometimes more tense. At the leadership level, we have to rally the good and contain the bad.

On Mr. von Kleist’s point, on debt, let us recognize that it is a topic that has drawn a lot of attention for the right reason. It is a very difficult but important topic. It is appropriate to see us building up not in a uniform manner but with a few differences in opinion. There are healthy tensions that are being created on this topic, driving us to do a better job. I personally have high confidence that Board will see, in this area of debt sustainability, bringing different perspectives; it being very healthy for where we land on this topic.

Mr. Rashkovan:

We broadly support the main recommendations. Since we issued a detailed gray statement, let me just offer a few remarks today.

First, we agree with the buff statement that the Bank-Fund collaboration has been functioning very well in several areas, including Financial Sector Assessment Programs (FSAPs) and Debt Sustainability Analyses (DSAs). In these cases, the roles and responsibilities of each of the two organizations are well defined.

At the same time, we support the IEO's recommendation that a clear framework for further collaboration would be beneficial for key structural issues. We agree that climate and a green recovery, as mentioned by Mr. von Kleist and Mr. Mouminah, are important candidates for such a framework. We do not need to miss the current crisis in trying to fix it. We already have several positive examples of this cooperation, such as CCPAs and the co-chairmanship of the secretariat of the Coalition of Finance Ministers for Climate Action. And I am sure that under the leadership of Managing Director, we will go further. I also fully agree with Chair's remarks to the intervention of Ms. Levonian today, that we need to codify the engagement between the institutions, having in mind the long-term horizon. I would also agree that this is also a part for the CMU, especially considering the decentralized organizational nature of the World Bank, as properly mentioned by Mr. von Kleist just now.

In this frame, while we agree with Managing Director, that the knowledge exchange poses several conditional costs, we join Mr. Tanaka in encouraging the staff to find practical solutions to share information. We think that the benefits from such an exchange might exceed the costs. I would like to join Mr. Nakunyada in emphasizing that such collaboration would improve the quality of the exchanged outputs and the impact on policy guidance. Furthermore, constantly sharing data and documents with the World Bank will allow an ongoing review and cross-validations from colleagues who share the same expertise, reducing the institutional risk of technical and substantial omissions.

Also, in the same framework, we share the view expressed by some Directors, that alleviating internal constraints to collaboration might not be enough, if the World Bank (or other partners) are themselves constrained or have different work priorities. Building a concrete framework together with the World Bank will assist in creating and identifying the incentives for both sides to collaborate. Such an open dialogue will also reveal well ahead the areas on which an effort to calibrate is likely to fail and to involve an unnecessary cost.

Using the opportunity of today's Board meeting, I also would like to return to one topic which we have discussed during the recent mini-Board retreat, particularly on the need to build the institutional architecture which could facilitate the implementation of the coordinated post-COVID recovery plan, also focused on achieving the Sustainable Development Goals (SDGs). Therefore, I strongly believe that we need to find a platform for promoting this concept in the regions where the reforms are more than needed (especially in the Southern and Eastern Mediterranean, Southeastern Europe, Central Asia, but also in Central Europe), especially having in mind the G-20 agenda on sustainable recovery, Next Generation EU initiative, and the recently approved EU recovery plan. This is a good topic for further Fund collaboration with our sister organization across the virtual street, but this topic should go even further and be supported by a G-20 discussion.

Finally, the quite deep collaboration with the World Bank on debt issues is particularly important against the background of the COVID-19 pandemic crisis. We agree with Ms. Levonian, Mr. Buissé, and Mr. Mouminah, that this evaluation has become even more urgent, given that the COVID-19 crisis is disproportionately impacting women and low-skilled workers, exacerbating inequality.

Mr. Bevilaqua:

We have issued a comprehensive gray statement, in which we thanked the IEO team for the insightful report and expressed our support for the thrust of this analysis and many recommendations, which fit well as inputs into the CSR.

Once again, we have proof of how valuable short evaluations may be, as noted by Ms. Riach and other previous speakers, and, more generally, how important it is to have evaluations being discussed by this Board. We also included a few suggestions to foster greater collaboration with the World Bank and achieve higher mutual benefits. Before we expand on a few of these ideas and offer a few additional comments, allow me to thank, again, the Managing Director for her overall positive response to the recommendations.

First, we do think that there is room for increasing the Board's role in strengthening the partnership with the World Bank. We have made a few initial suggestions, including that the Board's Liaison Committee play an instrumental role in helping the Board frame strategic collaborative agreements and practices with selected partners on specific topics.

As far as Fund-Bank collaboration is specifically concerned, in our gray statement, we suggested that mutual benefits could be drawn from stronger collaboration, for example, on social spending, governance, fintech, and digitalization, topics underscored as macro-critical by the IMF, in addition to climate change, in its last communiqué of October 2020. We also see room for greater collaboration with regional banks, such as the Inter-American Development Bank (IDB), and other relevant actors in specific cases.

The Liaison Committee could work toward inclusion in future Board work programs of potential joint IMF-World Bank Board discussions, when warranted in specific cases. In the meantime, we should consider holding joint Board briefings with the World Bank for at least one of the upcoming discussions on topics for which Bank-Fund collaboration is formally established, namely, the multi-pronged approach on debt, the Market-Access Countries Debt Sustainability Analysis (MAC DSA), and the FSAP.

Second, we reiterate our support to restoring selective and careful shared access of World Bank and IMF's respective internet with the appropriate safeguards regarding cyber and information security, along the lines suggested by Chair; but, overall, we would greatly benefit from knowing more in detail how the World Bank views the collaboration with the IMF.

Finally, as Mr. Tanaka, we have expressed great optimism for a stronger partnership with the World Bank, as warranted, with the fact that Managing Director came to the Fund from across the street. We are pleased to see that, recently, Managing Director used the webinar platforms at the time of the annual Jacques Polak Annual Research Conference to encourage Fund staff to strengthen the partnership with their counterparts at the Bank, making a more efficient use of their expertise. We also took note of Managing Director's proposal to identify focal points to manage external core engagement relationships and the assertion about the positive role of the establishment of centers of excellence within the purview of the IMF's surveillance will play. We look forward to seeing an effective implementation plan of the endorsed recommendations, which will give further traction to collaboration between the institutions.

The Chair:

Yes, I take as a huge responsibility the fact that I do come from the World Bank to the IMF, and I ought to be a champion for the two institutions working together.

Mr. Buissé:

As all the previous colleagues said--personally, that does matter, Managing Director is in a unique position to help us on this subject but also a few of our new Board members, Mr. Hosseini, and Mr. Mohieldin. I do hope that we have enough people here to be able to improve because, for me, this is an issue because I have a set of responsibilities on the other side of the virtual street, but I think the IEO's work is very good and very clear. I agree with the thrust of the recommendation, and I can associate myself with a lot of the comments made by previous colleagues, in particular, Ms. Levonian and Ms. Riach.

I am personally convinced that we are not only able to do better but that we must do better because everybody faces capacity or resource constraints. Therefore, we need all the help we can to elaborate the best-tailored policies and programs to build a resilient, sustainable, and inclusive recovery for our members in need. For that, I am convinced that we need the expertise of the World Bank and other international organizations (IOs), actually. There is no doubt for me that collaboration is beneficial if it is done properly on selected subjects. I fully agree that we should not try to collaborate on everything for every reason but on selected subjects. And the difficult part is, it cannot be felt as a burden on either side.

But I must say that, for me, it would be unacceptable to put any burden stemming from lackluster cooperation on the shoulders of the most fragile countries. For me, that is really the aim of all this. It is our duty, on both sides of the street, to provide the best services to our membership. It is an effort on either side, but there is a reason why we should do this.

Everybody has to do their part, and I very much welcome the remarks by Managing Director, because it is from junior staff to the top level; otherwise, it will not work.

When we look at the report, I recognize that some progress has been made, but we are far from our potential, in my view. At the level of staff, management, and Board, everybody has to play their part and should reflect regularly, has the collaboration been used in an optimal way? This should be a systematic part of the process, a collaboration of new strategies of projects. If at the end of the day, we have only one staff member who says, maybe I should have discussed this with the colleague of the World Bank. When we launch a new paper or a new initiative, it should be an integral part of the reasoning to think if it is useful and if so, how do we do it? For me, it should be integrated in the performance evaluation, and it should not be complicated. When one launches a project, is it useful that one collaborates with the World Bank on this specific issue? And if the answer is yes, well, to ensure the quality of the product, one has to.

In my view, relying on personalities, although important, is not enough. We need, for a limited set of issues, a few concise frameworks, which are clear, light, and flexible. But at the same time, all these efforts have to be recognized. And the necessary time to collaborate should be fully integrated and regarded as part of the job at the staff level.

I also think that a critical mass of staff highly trained in a few specific areas is necessary within the Fund to efficiently leverage external knowledge and to disseminate it within the Fund. And it cannot be only one person who is in charge of collaborating with the World Bank on one subject. It does not work. Sufficient internal expertise and experience is necessary to make the collaboration with the World Bank fruitful. We should bear this in mind when we talk about our climate agenda, for example.

On sharing data, we are clearly lagging behind. And there, I think we can and we should make progress very soon.

I understand there was a breach in 2011, but it was nine years ago. In IT calendar years, it is a millennium. I am sure, with input and incentives from the top, we can move forward here too.

Third, it is important to deepen the collaboration not only in surveillance but also with regard to lending and, above all, capacity development aspects. I found quite concerning the message of duplication of efforts in the delivery of technical assistance (TA) because it can become cumbersome for the authorities, instead of helping them. We see insufficient attention to forging unified strategies for advancing politically challenging reforms.

Finally, we can find a solution to have more traction at the strategic level. As was said, I support Ms. Levonian's suggestion to create a joint committee, set the tone from the top. At the Board level, the reinforcement of the Liaison Committee, more regular updates or a joint Board--I mean, all this in order to engage with the World Bank in strategic areas, that would be useful. I am ready and happy to play my part. I am paid for it.

But as Managing Director said, there needs to be two to tango. So that is why this engagement is also very useful. I know the Board on the World Bank side is quite keen for the institution to work with the Fund, but it is not organized, so we have to work on that. We must change the incentives on both sides of the street. We have to make sure this is a win-win situation and is perceived like this on both sides of the street, which can be complicated if we do not have a clear and simple framework for that.

The Chair:

Mr. Buissé made a very important point, that it is also a signal that needs to come from the two Boards. It has to come from us. And I take to heart what Mr. Buissé said, nine years in the tech world is a millennium. Maybe that helps, maybe it hurts because which direction we have technologically might help or hinder. This is a point that I will take as we move forward on it.

Mr. Nakunyada:

We welcome the assessment of the collaboration between the Bank and the Fund. It is timely to provide useful inputs into the forthcoming CSR. In this regard, we view a structured deinstitutionalized framework as essential to ensure effective collaboration with the Bank to ensure that it is used to the maximum benefits, including in the long term. We issued a supportive gray statement and would like to emphasize a few points.

First, we see merit in the careful selection of areas for deeper cooperation with the Bank as essential to optimize mutual benefits. We, therefore, agree that issues on climate change are well suited for such a framework. That said, we underscore the need to maintain the existing and less structured collaboration, such as country-level cooperation between mission teams, to enhance policy traction through consistent and coherent messages. Additionally, the existing collaboration on debt sustainability and FSAPs, as well as the recent high-level cooperation on COVID-19 responses provides an important starting point for stronger collaboration.

Second, we urge management to discuss the possibility of aligning internal incentives in the two institutions to nurture a culture of collaboration. In this context, we welcome the assurance that Managing Director provided in the buff statement, that the Integrated Competency Framework incorporates defined behavioral competencies with elements related to collaboration.

Third, despite the security concerns surrounding the use of shared platforms, as a first step, we see merit in facilitating selective access to information to TA and analytical reports of mutual interest. Importantly, we encourage the Fund to consider knowledge sharing within the context of the modernization program, while safeguarding information security and confidentiality.

Finally, we recognize that the IMF Board can play an instrumental role in working with the World Bank Board to facilitate progress on collaboration. To this end, enhanced engagement between the two Boards would send a clear signal to staff on the benefits of stronger and effective collaboration.

The Chair:

I recognize, when Mr. Nakunyada speaks as a representative of those who are on the receiving end of capacity development, that he rightly presses the need, as Mr. Buissé also noted, that we significantly improve collaboration there.

Mr. Palotai:

In our view, Managing Director's insights and institutional knowledge on both sides of the street is really a solid foundation for the success of strengthening the Bank-Fund collaboration. We are also encouraged by Managing Director's support of the IEO recommendations and by her willingness to push forward this important agenda. As we issued a gray statement, I will limit my remarks to three points.

First, the Bank's systematic country diagnosis and the country policy frameworks are really the foundation of its operations, as we know. We also encourage the IMF staff to better utilize these documents in order to contribute in their preparation. At the institutional level, we do see merit in enhancing cooperation between the surveillance and Systematic Country Diagnostics (SCDs), Fund-supported programs and Country Partnership Framework (CPFs) also. This would be real vehicle, strengthening the inter-institutional collaboration. As my colleagues who have been there for longer reminded me, this could really get us back to the time when the Bank and the Fund jointly produced the Poverty Reduction Strategy Papers.

Second, we join staff and other Directors, that appropriate incentives would be helpful for both institutions to address the seemingly wider reluctance to engage with external partners. We also see merit in regular performance reviews of collaboration.

Third, the collaboration of both Boards would be reinforced by facilitating the collaboration between also the respective Executive Director offices. Joint assignments of Executive Director office staff have been very valuable in the past for both the respective chairs and country authorities, especially when they receive assistance from both institutions. For multi-country constituencies like ours, it is, for example, crucial to facilitate the collaboration of the respective offices, including access to country-related matters and missions for office staff in both institutions. We would, therefore, highly appreciate it if both institutions were to reconsider the recent challenges and to address them, in particular, related to mission travel.

Mr. Pösö:

We also find this evaluation timely, as it provides valuable input to the CSR and the discussions on the resource constraints that both institutions are facing.

Effective and mutually beneficial collaboration improves the quality of our output and strengthens the messages of both institutions. It also underscores the value of multilateral cooperation.

We were pleased to see that in a few areas, such as on debt and financial sector issues, the collaboration has been effective. However, the opportunities to collaborate with the Bank were not always used, and it was worrisome to find that there have been cases where a lack of collaboration has led to mixed messages.

We broadly share the IEO's findings and support its recommendation to take a more strategic approach to collaboration with the World Bank and other partners as well.

As a starting point, the Fund and the Bank should carefully map areas, which would benefit from greater collaboration, taking duly into account both institutions' mandates and expertise. In this regard, we also see merit in the creation of a high-level joint IMF-World Bank committee, as suggested by Ms. Levonian, which could discuss and recommend a general framework for collaboration. A high-level commitment is also needed to change the culture of excessive self-reliance.

We share the view of Chair that we should avoid a one-size-fits-all approach. After having identified areas of deeper collaboration, each work stream should adopt a flexible collaboration framework best suited to maximize mutual benefits.

We see that the need for collaboration is the highest on country-level work and policy advice, climate change, domestic resource mobilization, and designing growth-enhancing structural reforms, to name a few. In this regard, we call on management to develop a strategy to further enhance collaboration, based on the findings and recommendations of the evaluation. An urgent priority should be to initiate an assessment of how cooperation could become more strategic on climate change. The envisaged cochairing of the secretariat of the Coalition of Finance Ministers for Climate Action is a good pilot to start with, as also mentioned by Mr. Rashkovan.

Finally, like others, I would like to emphasize that the Board has an important role to play by promoting effective collaboration on both sides of the street.

The Chair:

I thought that an additional point that normally comes from your constituency is that we need to cooperate with the Bank, with the other financial institutions, and more broadly with the U.N. system.

This morning, we had a meeting, organized by the work program group, and it was about exactly that. Collaboration has to be in the DNA of every single institution. I wanted to recognize Mr. Pösö's constituency for always being very strong on that message.

Mr. Moreno:

We welcome the report and support all the recommendations. We would also like to highlight the usefulness of this short format, which we think could be enhanced in the future.

As a general remark, and as stressed in the report, collaboration is not a panacea nor an end in itself, and it should be tailored to macro-critical areas. We would also highlight that the main aim of collaboration is not necessarily saving resources but, as Managing Director stressed at the beginning, improving our own policies in the Fund and the World Bank, taking advantage of the synergies between both institutions. The question is, how to do that; this is a difficult task. And we also have our own examples in our parent institutions. There is difficult cooperation between the ministries of finance and the central banks. And we are talking here about the two of the largest institutions.

But we find that the bottom-up approach is not enough. I mean, it can be useful, but it relies on the personalities and even, in coincidence, on luck in many instances. We think that we really need to strengthen the top-down institutional approach. And we share here the comments made by by Ms. Levonian and shared by many other Directors on the high-level joint committee. Of course, the task is to identify what are the specific frameworks and the specific areas where we can cooperate, that we would find the best synergies.

As general themes, we would highlight, like many others, climate but also inequalities and, more generally, the Sustainable Development Goals, which is an area where both institutions have a responsibility.

In trying to think about the specifics and focusing on the four recommendations from the staff, on the first one, on the concrete frameworks, we should build on the good experience that we have with FSAP and debt sustainability, on fintech. The key here is that we have joint reports and we have identifiable units that are responsible for the work of it. As a suggestion, there is scope, for instance, to increase our cooperation on inequality. There is an identifiable unit in the World Bank, the Poverty and Equity Global Practice, and there is an avenue, for instance, to work with the Fiscal Affairs Department or with the Research Department in the specific areas.

The second recommendation, on improving the internal incentives to collaborate--this is the most complicated area. We certainly share the idea of improving it through the Integrated Competency Framework. For the moment, I understand that there is better cooperation between macroeconomists but not so much with experts on inequality and the environment, so maybe we could enhance that. But here, it is important to lead by example at the higher level. As another suggestion, we could, for instance, think about a joint publication on the flagship papers, on the Fiscal Monitor, on the World Economic

Outlook. We have now many thematic chapters. We have done it before, for instance, for papers for the G-20 and the Development Committee; therefore, something could be done in this area as well.

The third recommendation, to improve access to and exchange of information and knowledge, this seems to me like the most straightforward proposal, notwithstanding the problems of information and technology. Here, I would just like to echo Mr. Buissé. Technology is better now, and we should definitely improve in this area. I understand that there is now a good example of cooperation in the Statistics Department also with the World Bank, where they have this joint capacity development initiative with national institutes of statistics of the countries. And there is a division of capacity development according to the expertise of both institutions and a set of information that they provide.

Finally, on the Board's role, I think we should also learn to cooperate across the street with our own colleagues. We should strengthen that.

Just a final remark. As we mentioned in our gray statement, the OECD's Multilateral Development Finance report for 2020 highlighted that COVID-19 has exposed a problem of leadership and a lack of coordination among multilateral institutions in the COVID-19 crisis. So maybe that is another area where we could set up a task force or coordination, maybe even in the short term.

The Chair:

We need to recognize that collaboration is not easy and all institutions have issues with it. The question is, how to learn from these experiences and apply the lessons learned.

Ms. Shortino:

Like others, we would agree that the recommendations in this report make a lot of sense. We also agree with the very focused assessment, and we like the format here.

We, too, would support at some stage a broader assessment of collaboration between the two institutions; it was good to hear that Mr. Collyns was already thinking about that. We would also emphasize that outside of this report, a few of the highest payoffs of collaboration between the two institutions is really at the country level and for a few key cross-cutting themes. Mr. Pösö highlighted this in his statement with regards to, for example, combatting illicit financial flows. While the recommendations here are quite helpful, I do think we need to start thinking more broadly about how the two institutions collaborate on a range of issues.

We would like to echo the views of others, that effective collaboration starts at the top, and agree that some sort of joint committee could be helpful in supporting this, and welcome that Managing Director is very open to this issue. Absolutely, I think that there is collaboration that is very effectively happening. And the question is, how to institutionalize this and codify this so that it is not just personality-driven and it occurs even as the institutions evolve, as Mr. von Kleist said. We will be interested to see where this proposal goes and are looking forward to hearing more on that.

I will make one other comment and be brief. I just wanted to comment quickly on the resources. I think there was some language in the report about the resource issue. We do think that the Fund needs to consider how it can effectively leverage the resources of other institutions and collaborate with the Bank. There is this tendency to perhaps think that the Fund should have all of the expertise itself, and I do not think that that is the most effective way to use these resources. This is something to think about as we move forward on sort of the broader topic of collaboration.

The Chair:

Again, I much appreciate when we have this kind of pragmatic approach on collaboration. We must structure it so that it is not fluid. But we must do it recognizing that work has been on going and that we are not starting from zero.

Ms. Mahasandana:

The Fund is increasingly engaging on a wide range of issues in its surveillance activities in order to respond to the members' evolving and fast-changing needs. This has been intensified by the challenges triggered by the COVID-19 pandemic, as mentioned by Chair and other Directors. Leveraging on the expertise of the World Bank and other international organizations helps to enhance the quality of the Fund's engagement. However, such collaboration should be carefully calibrated to ensure that it is effective in maximizing mutual benefits for all involved organizations. We support the IEO's recommendations to overcome the barriers to effective collaboration and would like to focus on two main points, in addition to our gray statement.

First, the success of our collaboration efforts requires a strong commitment from the management and buy-in from the staff of both organizations. While we appreciate the IEO's review, which includes feedback from the relevant Bank staff, the review could have also benefited from a cross-comparison with any similar review on the Bank side. Like Ms. Riach and Mr. Buissé's gray statements and Ms. Levonian's intervention today, a joint report with the Bank's IEG would help to strengthen the emphasis placed on effective collaboration on both sides.

We also support Ms. Levonian and other Directors on the creation of a high-level joint Bank-Fund committee. We agree with Ms. Levonian and Ms. Riach that setting the tone from the top management, while also cultivating a collaborative culture within both organizations is important, as the success of the collaboration depends on a strong commitment from both organizations at all levels.

Second, the IEO's recommendations have far-reaching implications for the Fund's collaboration in the area beyond the macrostructural issues covered in the IEO review. The Fund's collaboration strategy should be based on areas where the Fund's expertise is complementary to the expertise of the Bank, with due consideration given to the Fund's policy priorities.

Like Mr. Bevilaqua and others, we see merit in enhancing collaboration on social spending, governance, fintech, and digitalization, as well as inequality, in addition to climate change, to support countries' sustainable and inclusive recoveries.

We also associate ourselves with Mr. Tanaka and Mr. Rashkovan on information sharing. We view that as we are reaching a secure and effective information sharing mechanism between the Fund and the Bank would also help facilitate the leverage expertise and resources of both institutions.

We strongly encourage the staff to extend the considerations of the IEO's recommendations to other areas, not only in surveillance but also in designing financing support programs and undertaking capacity development activities, where the quality and traction of the work of both institutions would benefit from leveraging each other's expertise.

The enhanced coordination of efforts would prevent the duplication of work and would also ensure the authorities' limited capacity are used efficiently, particularly for small developing states and low income and fragile states. Mr. Huh and Mr. Mohieldin also made the same suggestion in their gray statements.

Mr. Trabinski:

Given the Managing Director's background, she is uniquely positioned to bring both institutions on the same page. And we are all grateful that Managing Director is taking the lead in this regard today.

I like Chair's idea for codifying the IMF and the World Bank's cooperation but what would be equally important I think is to build up the proper culture of collaboration, as no codification is successful without encouraging people to realize that the change starts within them, and no change is actually possible without the internalization of principles that guide such a change.

Going back to my points, we broadly support the IEO's recommendations. As many of my colleagues already have spoken, I will really limit myself to three brief points.

First, I agree with the points raised by Mr. Mohieldin in his gray statement and Ms. Levonian today, on the objective of the IMF's cooperation with the World Bank. They said that this objective is not to have more cooperation but to achieve more effective collaboration and that that would bring value to the IMF's membership, and I fully agree with this approach. I think that this is exactly the statement that we should bring out of this meeting today; that this is about quality, not quantity.

Second, I agree with Managing Director, that while this presentation rightly focuses on macro-critical and macrostructural issues, there are fields in which well-established cooperation exists, and there are those fields in which such collaboration could be enhanced, whether or not we create a special committee in this regard. One such field where collaboration exists is the topic of debt vulnerabilities. This issue has been raised already by Mr. Tanaka and others, so I will not repeat myself. On the other hand, collaboration between the IMF and the World Bank will be important in the fields where such collaboration would give high value added but it is not very pronounced at this stage. This relates to the climate issues and inequality, but I would add to this list also digital economy. This topic has also been raised on many occasions by Chair in public speeches. Therefore, I think it also fulfills all the requirements explained today by Mr. Kell at the outset of this meeting. We would like to encourage Managing Director, and staff to help close the existing gaps in this regard.

Finally, as the collaboration of both institutions is critical to effectively respond to the current crisis, it is also critical to avoid duplication and overlapping between the IMF and the World Bank.

The Chair:

Mr. Trabinski is right that the area of the digital economy matters tremendously. That includes issues related to structural change, digital transformation, deploying digital and e-governance for accountability in the fight against corruption, and the important issue of digital currencies, to name a few. I agree this is an area we do need to see how we can work better together.

Mr. Huh:

We support the IEO's assessment and each of the four recommendations in the report.

I commend the staff for their continuous efforts to collaborate with the World Bank and other institutions on macro-critical issues. I issued an extensive gray statement, I would like to briefly offer the following comments here.

First, I am conscious of the opportunity cost of collaboration. As the Fund and staff resources are limited, it is inevitable that the Fund will need to collaborate with outside experts, but more collaboration is not a panacea. It requires planning and efforts to be effective. The benefits from collaboration should exceed the opportunity costs of collaboration, while enhancing overall performance. As the IEO found, expanding collaboration without a clearly defined framework may not necessarily contain costs. The Fund will need to prioritize accordingly.

Second, the Boards of both institutions should play a meaningful and proactive role in setting expectations for staff and modeling good behaviors, best practice. Cultural change takes time, and management will need to lead and provide the appropriate incentives to embed a collaborative culture within the staff.

Third, I agree with the Managing Director and several Directors who highlighted that effective collaboration cannot be achieved without parallel efforts by the World Bank.

Fourth, I would associate myself with Ms. Levonian and the other Directors who have called for the creation of a high-level joint IMF-World Bank committee to help structure and improve collaboration between the two institutions.

Last, but not least, as we are well aware, the collaboration between IFIs--not only the IMF and the World Bank--becomes more important with the heightened uncertainty in the era of COVID-19. It is also concerning how to fill the vacuum which has been created by the increased risk aversion of private capital and less cooperation. The IFIs can work closely with governments to fill the gap. The post-COVID will be far more different from the before COVID era. With much weakened trends of globalization, the meaning of "collaboration" will not be the same as before. Even though it is a very big picture, we should think very seriously, what should be the appropriate role of IFIs in the post-COVID era, in particular, the IMF and other IFIs; how the cooperation between IFIs and governments should work out.

Mr. Singh:

We acknowledge the IEO for the thoughtful and dispassionate evaluation of the Fund's effectiveness in collaborating with the Bank. We believe that it will contribute to the quality and the influence of the work of both organizations on macrostructural issues.

We also greatly appreciate the buff statement and Managing Director's opening views. Candidly, I should articulate the hurdles faced in collaboration and the forward-looking strategy for "more effective collaboration." This also reflects Managing Director's deep insight of the cultural similarities and differences across the street. Both institutions extend public goods, and we believe that greater benefits from the provisioning of public goods can be derived by harnessing the comparative advantage of each of the institutions. We recognize the dynamic nature of the challenges the Fund is facing with each passing year; nevertheless, the challenges for collaboration seem to have perhaps become more daunting.

Thus, we strongly agree with the need to adopt structured frameworks in strategic macrostructural areas that are relevant to both institutions. The IEO survey revealed that over half of the Fund staff disagreed with the proposition that the IMF's culture and incentives generally promoted collaboration with the Bank. Chair Malan's committee report back in 2007 had advocated for a stronger culture of collaboration in both the institutions, underscoring particularly greater trust and stronger incentives. We believe, as suggested by other Directors, the culture can be shaped over time through effective leadership and through strong and the right type of incentives. We are also strongly support the proposal for setting up a structured forum for such collaboration, such as a joint Fund-Bank high-level committee for collaboration, as suggested by Ms. Levonian.

Let me conclude by saying that there is a genuine need for greater collaboration on clearly identified issues wherever there is a maximization of aggregate welfare by pooling together precious human resources and, most importantly, to achieve better policy outcomes.

In the post-COVID world, there are new challenges and vast opportunities to work together in more challenging areas, such as climate, informality, inequality, fintech, and bridging the digital divide, as often referred to by Chair, particularly in low-income countries, to name a few. We believe that the key suggestions outlined by the IEO should form part of the strategy for future collaboration and could also be used as inputs for the surveillance review.

Mr. Spadafora:

We appreciate the recommendations. They are critical to improving the cooperation within the Bank and the Fund. It is very important that these recommendations, among other things, they make clear that cooperation and collaboration require some conditions to be met. And part of the job for the future is to devise these conditions. The platform that the IEO evaluation provides for future and fruitful collaboration is a major step forward in terms of setting up these conditions.

We also appreciate the shorter format. We are pleased that this format has proven to be capable of providing value added. We look forward to further evaluations along this same format.

We issued a very detailed gray statement; let me just highlight the three main takeaways.

First of all, it is clear that there is ample scope for better cooperation and collaboration, but the challenge is to make this cooperation a positive sum game. This is not a given. It is clear from the evaluation. It is not an easy task to improve cooperation and collaboration for a number of reasons. Changing a corporate culture is not an easy task because, this challenge can face resistance, as we all know. It is also about setting up the right incentives. It is very important that the evaluations prove to be able to shed some light on these challenges.

We also agree that cooperation and collaboration need to take place at every level, but, I mean, there is a need to give proper content to this general call. The modalities of cooperation can be different at each of these levels, so this is also part of the job, improving cooperation.

Finally, we know that this evaluation is about macrostructural issues; but as other colleagues have said, there is a case for drawing more general lessons that can be applied also to other areas, including lending. We can help; but having in mind the case of Ethiopia--I do not want to go into details--there seems to be a case for the two institutions to have a better dialogue and to make their respective mandates in providing lending more effectively. For this reason, we support Ms. Levonian's suggestion to establish a high-level joint committee. It could be a venue for more structured dialogue but also in case of some effective troubleshooting.

Mr. Morales:

I agree Mr. Spadafora, that experience with the new format has been a good one.

We reiterate our agreement with the main conclusions, in particular, that more effective collaboration between the Fund and the Bank is needed, with a goal of enriching the analysis of macrostructural issues for a better dialogue with the membership.

Acknowledging that there are a few areas already showing good collaboration, the situation is still uneven. And this report highlights in detail some elements that would help to address this challenge in an effective way.

As we indicate in our gray statement, we broadly agree with all the recommendations. We believe that frameworks of collaboration should be explicit, rather than informal. And we find that there are several examples from past experience, showing us what is the best way to go. Therefore, we fully agree with Recommendation numbered 1, that also emphasizes the need to be selective in the identification of key macrostructural issues, for which the gains in terms of the quality of analyses are the gravest. Therefore, selection should always precede any introduction of new initiatives, some of which would have more obvious advantages, like the work on climate; but in other cases, it may not be as obvious. This is the reason why we support Recommendation numbered 2, with a caveat that we should avoid establishing formal criteria to reward collaboration without focusing on the outcomes, although cases when the quality of work clearly improves when collaboration was a factor, and this should be recognized in the performance assessments of senior staff.

Regarding Recommendation numbered 3, we agree that an open exchange of information is a key element to ensure open relationships between experts and staff from both institutions. For this reason, we believe that automating access to information does not appear to be a cost-effective way to improve collaboration, as it could be more costly than it appears, and it may actually discourage a more optimal personal interaction at a time when this is already complicated because of the pandemic. This would also conspire against a more open exchange of views between both institutions.

Finally, on the recommendation to strengthen the Board's strategic role, we generally agree; but, again, we should proceed carefully, as there is a risk, as indicated by Mr. Palei and Mr. Shestakov, of setting up arrangements just for the sake of them. In this regard, we are glad that Mr. Collyns finds Ms. Levonian's proposal, to create a high-level joint IMF-World Bank committee as a framework to support collaboration from the top-down, a good idea to be considered.

Mr. N'Sonde:

I welcome the Chair's broad agreement with the core messages of the IEO's recommendations.

We have issued a gray statement, in which we express our support for the four recommendations. I will try to be brief, given the late stage of this meeting.

First, on areas where joint frameworks for collaboration with the Bank need to be enhanced, we see, notably, the areas of debt and climate but also inequality, fragility, and digitalization, given the increased emphasis of the

Fund on these issues and, indeed, the Bank's expertise. These have clearly macro-critical implications.

Beyond the scope of this evaluation, we also encourage enhanced collaboration on program design, financing, and capacity development. This is a point stressed by Mr. Buissé, Mr. Nakunyada, and Mr. Spadafora. In particular, regarding program design, we see scope to improve coordination between the Fund and World Bank on the use of fiscal space for infrastructure spending, where there is clearly room for improvement.

On making the collaboration more effective, we look forward to concrete steps in addressing the existing cultural barriers and providing staff with incentives to collaborate more actively and more productively with the World Bank.

Finally, we associate ourselves with the Directors who favor establishing a high-level joint IMF-World Bank committee on collaboration. At the same time, we should not overlook the role of the Board Liaison Committee, which has helped make advances for collaboration with the World Bank in recent years.

Mr. Palei:

The topic of Bank-Fund collaboration deserves close attention from both sides of 19th Street. This topic is not new; if anything, collaboration has become even more challenging since the Fund ventured into the so-called emerging topics, which in a few economies and on quite a few occasions are macroeconomically critical.

At the outset of the IEO's work on this evaluation, we encouraged them to pay close attention not just to the new topics but to the ones where the interests intersected for a long time, such as the evaluation of structural reforms, the governance issues, the debt sustainability issues, poverty reduction, and so on. We realize that the format of this evaluation was different and the IEO decided to focus on climate, gender, and inequality instead. But what that means is that the Fund and the Bank would have to do their own homework in other areas and to use this report as good input.

It is no accident that the IMF has what the IEO called a culture of self-reliance. In Russia, we have a saying: If you want anything to get done, do it yourself. I understand that one size does not fit all. And this is an exaggeration, but this saying pretty much sums up the comments I would like to make today. And those are in addition to the gray statement we already issued, which was comprehensive. We were very supportive of the report and its recommendations.

Today I would like to point to some of the risks of not paying enough attention to the pitfalls in upgrading collaboration fast. First of all, I would like to get a couple of examples that illustrate the pitfalls. One of them would be an example of good collaboration between the Fund and the World Bank, and another is what I see as an example of a very inferior type of collaboration.

Our colleagues know how sensitive and vocal many Directors are about the so-called third-party indicators. From our perspective, their use is a great illustration of the pitfalls of the blind reliance on others. Frequently, even without a proper understanding whether third-parties have technical expertise or, for example, pursue political goals, instead of showing technical expertise. A good example of it is the Doing Business database. The Fund uses this database extensively as a proxy for the progress or the state of structural reforms. We have always encouraged the Fund's reliance on this range of indicators employed in this database. However, we know that recently, the Fund has created its own database of structural reforms, supposedly superior to that of the World Bank or I should say different from that of the World Bank. The Board was promised a briefing on this new database created at the Fund, but we have never had such a briefing.

A bad example of the so-called collaboration is the reliance on the global competitiveness indicators in the area of governance, which are not the World Bank indicators; but many among our staff, and even at the Board, believe that they are. And they have frequently been called the World Bank indicators, the World Bank governance indicators. At the same time, when the IMF is using these indicators and validates them, we do not use very rich information on governance, which should be readily available within the Fund. It remains buried in the multitude of documents we have, which are still poorly organized in the Knowledge Exchange system. And here, we very much support the recommendation to focus on the Knowledge Exchange.

Before we can talk about collaboration with the World Bank, we should focus on our own internal Knowledge Exchange. It is still not up and running. There are many delays. We have been talking for years about it. And we have been asking to open it up to outsiders, at least to the World Bank, to the Board, and to the authorities. We believe that the development of the Knowledge Exchange should be the priority area to create a proper basis for collaboration between the Fund and the Bank. And we remain to be persuaded by the argument that it may be difficult due to the information security concerns. In fact, we find it amazing that, until now, the two information systems have a firewall between them, after an accident that took place many years ago.

We are open to the creation of joint committees, such as the one suggested by Ms. Levonian. At the same time, the modalities and scope of work for any joint committee should be thoroughly discussed, given the differences between the Fund and the Bank's mandates. Any such joint committees should have clear and narrowly defined roles. The worst outcome would be creating an elaborate bureaucracy on top of two working bureaucracies or, at the Board level, creating a Board above the two Boards. So here, we should take care of properly evaluating the possible risks on both sides of intensifying our work on collaboration.

The Chair:

Indeed, we always have to think of the law of unintended consequences. I can assure Mr. Palei that we want to be forward-leaning in making the best use of the resources of the two institutions, but we do not want to create the impression that collaboration is for the sake of collaboration. There has to be an objective that ultimately improves what we do for countries.

Mr. Mohieldin:

We issued a gray statement. I have been listening carefully to all the Executive Directors before me, so I will avoid repetition.

One thing I have to repeat that was mentioned in different ways is the Managing Director being in a unique position to assess the areas in which collaboration should be essential and how we can conduct that; how can we assess the modalities of such collaboration and the scope of such collaboration, given her experience in both institutions and before that.

And I remember, just for the benefit of colleagues, that when it comes to collaboration, it did not stop when the Managing Director was at the Bank in making the coordination better with the Fund, but the Managing Director reached out to a few institutions that, for the benefit of the people and the membership of our organization then, that they have to be accredited to facilitate the work.

I remember the Managing Director's work in bringing the International Committee of the Red Cross (ICRC) in, not just the work with the international organizations that had already been partners in development and finance. But that was basically for a good reason, that we did not really have any other way to do it. The demand from the field, the necessity is basically pushing us to do that. And that, again, is a different way. I recall our common friend, Mr. Bob Zoellick, who said that some of the good words like collaboration and coordination are nice to be mentioned; but when one puts them in a context with that assessment of impact, cost implications, and resource impacts, it will be perhaps making more harm than good.

Having said that, I am all for partnerships and collaboration, where required. We emphasized that in our gray statement. And there are three elements.

First, what we see in the global public good. This is a perspective, that we see the collaboration with not just with the World Bank and with the regional development banks--and a couple of days ago, you were in Paris with the development finance institutions, the Finance in Common, and you saw how many potential possibilities of work that could be really conducted, not just with the World Bank as an old ally for 75 years and beyond but basically for others. Many of these issues cannot really happen without a good, effective multilateral system.

On the second perspective, and I quote here the perspective from a country level, from the Honorable Minister Ms. Sri Mulyani Indrawati, when she was addressing the G-20 a couple days ago. Ms. Indrawati said something about the importance of collaboration in three particular areas: COVID, the issues related to cross-border digital disruptions, and, sustainability, as areas of the work. From either a global or country perspective, one alone cannot have the resources to do it. And the ultimate way of doing it, the optimal way is not to reach country by country but to go to the responsible multilateral institutions with their own mandates and do that.

Thirdly, adopting a forward-look perspective. The report has assessed many areas of good work, building on excellent work, such as the FSAPs, the joint pieces on fintech, the Bali principles, the work on gender, which is a good reminder of joint work but what we see going forward is the fiscal stress because of COVID.

The OECD, as mentioned by Executive Directors before me, issued a global outlook, identifying, unfortunately, that there will be an increase in the financing gap by 73 percent because of COVID; it requires good collaboration and good work by the multilateral system.

We also see that the2030 Agenda for Sustainable Development, not just limiting it to SDG 3 when it comes to health or sustainability, SDG 13, but the overall commitments for supporting countries to achieve the Sustainable Development Goals. It would require reaching out not just to the Bank but to others as well. The modalities need to be pragmatic, flexible, if needed, and with the staff resources and financial resources in mind, working on the existing modalities of work and enhancing them further.

Mr. Jin:

We have issued a gray statement and would like to make three more specific suggestions.

First, enhanced coordination on the level of the Executive Board, when the Board discusses a few issues of common interest and that are closely related to both institutions' operations, such as debt-related issues, members of the other Board could be invited to sit in and listen.

Second, when the Fund's staff draft their Article IV reports, if the World Bank has already done some analytical work on some relevant structural issues, the country team in the Fund could consider referring to that work and include the work as part of the appendix to the Article IV report.

Third, the two institutions could consider encouraging the staff from one institution to do a secondment in the other.

The Chair:

I want to pick up on the last suggestion by Mr. Jin and say that we have been doing some secondments between the two institutions, and I agree we need to do that more systematically on priority topics where the other institution has done something that could be easily learned through a secondment. This is a particularly pressing case. I also agree with Mr. Jin that there may be topics on which the two Boards are better served by having an engagement simultaneously, in one form or another.

The Director of the Independent Evaluation Office (Mr. Collyns):

I really appreciate this interesting discussion and advice from Executive Directors. I do not have too much more to add at this point.

There was a specific question on the issue of staff exchanges between the Fund and the Bank. Mr. Hosseini asked why it was that Fund staff were not particularly enthused about seeking secondments or exchanges with the World Bank, even though the experience of those who went on them was quite positive. In fact, this is part of a more general pattern at the Fund, that external assignments are not particularly highly valued.

The career ladder at the Fund is very congested, and the staff tend to see maintaining their connections inside the Fund, in terms of who they know, who they interact with, demonstrating that they can perform at high levels, as more valuable to them in competing for promotions than external experience.

There have been attempts within the revamp of the HR system to try to address that situation, but it is quite hard at the current time when the competition is so intense. And, frankly, Fund staff are, in general, quite risk-averse. They tend to prefer to stay on a ladder that they know well, rather than to enter into the uncertainty, even though my personal view is that the value of getting experience in different institutions is very great and someone who spent their entire career within the Fund is really missing out on opportunities for growth and, indeed, for advancement.

Overall, this discussion sent very clear messages. I was pleased by the broad support for the report and for the appreciation of the Managing Director's clear vision of what is the direction to go. I look forward to the CSR and then to the preparation of the management implementation plan. Hopefully, these will provide us with good avenues to put in place some of the recommendations we have made.

The final point, I appreciate that several Executive Directors noted that the immediate focus of this evaluation was fairly narrow, in line with the shorter format, but there were broader implications. We tried to draw broader lessons from our experience. In fact, the recommendations we make are all relevant, far beyond just the work on macrostructural issues. If progress is made on moving forward with those recommendations, there would be broader recommendations from them.

But I will also make the promise that we, in the IEO, will continue to look at the issue of collaboration with external partners, particularly the Bank but also with others. Already, I can promise that in upcoming evaluations, coming to the Board over the next year or so, we will again be looking at the importance of strong and effective Bank-Fund collaboration, for example, in the evaluation on adjustment and growth in Fund-supported lending programs. This does, indeed, look at some of the design issues that were mentioned by several Executive Directors. Similarly, we are just launching a new evaluation of capacity development where, again, cooperation will be very important.

We will continue to work hard on this issue of Bank-Fund collaboration. It is critical at this time that multilateral institutions should all be working well together, and that applies as much to the Fund--perhaps more to the Fund as for the others.

The Chair adjourned the discussion.

ANNEX

- Managing Director's Statement
- Gray Statements
- Constituency Codes

BUFF/20/14

June 15, 2020

Statement by the Managing Director on the Independent Evaluation Office Report on IMF Collaboration with the World Bank on Macro-Structural Issues Executive Board Meeting

I welcome the report of the Independent Evaluation Office (IEO) on the collaboration between the IMF and the World Bank. The report acknowledges broad collaboration but notes that it has been uneven. I broadly agree with the thrust of the report's recommendations, which are a timely input for the Comprehensive Surveillance Review (CSR) and our efforts to enhance collaboration with the World Bank and other institutions. These recommendations will help develop a strategy to further enhance collaboration that would be appropriately tailored to different macro-structural areas. Successfully implementing most recommendations will, however, hinge on reaching understandings with the Bank.

The Fund has a long history of collaboration with other institutions, and in particular the World Bank. With the 1989 Concordat and the 2007 Joint Management Action Plan (JMAP), the Fund and the World Bank have long recognized that given their complementarities and mandates, collaboration is natural and mutually beneficial. Over the past few years, successful collaboration initiatives include, among many other, the Debt Sustainability Framework (2005), the Joint World Bank-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities (2018) and the Financial Sector Assessment Program (1999). The Fund's pilot initiatives to enhance coverage of inequality, gender, energy/climate and macro-structural reforms in surveillance have also presented important opportunities for collaboration with the Bank and other institutions. These include, inter alia, the Climate Change Policy Assessments (CCPA) with the Bank; inequality and distributional impacts with DFID, and gender issues with UN Women.

I agree with the report's finding that there is no need for a new umbrella agreement for collaboration with the World Bank. I also concur with the report about the importance of fostering more effective collaboration, rather than just more collaboration; hence the need to prioritize areas where fostering further collaboration will be highly impactful and cost-effective. At the same time, I find it encouraging to learn that the Fund's work in emerging issues is well regarded by outside experts, in particular in light of the significant internal resource constraints.

I appreciate that the report steers clear from recommending a one-size-fits-all approach, and acknowledges the valuable role played by informal collaboration thus far. The report finds that collaboration, despite being broad, has been uneven and opportunities to leverage the Bank's expertise may have been missed. While this is partly attributed to the multifaceted approach adopted in the pilots, the report highlights that there are many complex structural factors that hinder collaboration, together with the different mandates and roles played by the two institutions. These deeper issues will be challenging to resolve—and go beyond the scope of this short evaluation by the IEO. I therefore agree that collaboration modalities need to be tailored. In particular, I agree that we could adopt structured frameworks in strategic macro-structural areas that are relevant to both institutions, where the Fund's expertise is relatively limited, and where there is scope for mutual gains considering collaboration costs. I also welcome the report touching on other important issues affecting the effectiveness of collaboration between the World Bank and the Fund, including the incentives of staff to collaborate, the need to improve access to and exchange of information and knowledge, and its call for a more strategic role of the IMF's Board.

In sum, I broadly agree with the core messages of the IEO report's recommendations, with qualifications in some areas. Below is my response to each of the four recommendations of the report.

Response to IEO Recommendations

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.***

I support this recommendation, with some qualifications. I broadly concur with the recommendation to adopt a more structured approach in select strategic areas, based on an evaluation of the net benefits of collaboration, the availability of resources within the Fund, and the incentives for the Bank to collaborate. Such approach will require discussions across departments and with the Bank. In particular, I strongly agree that activities in the climate workstream where the responsibilities of the two institutions overlap are good candidates. Building blocks of such a framework are already emerging: for instance the ongoing review of the CCPAs seeks to put collaboration with the Bank on a sounder institutionalized footing; and the envisaged co-chairing by the Bank and the Fund of the Secretariat of the Coalition of Ministers for Climate Action will entail agreeing on the responsibilities between the two institutions.

I agree that it would be important to identify core staff that can serve as focal points for external engagement and that the skills composition of our staff should meet the Fund's needs. The Fund's Integrated Competency Framework and the establishment of centers of expertise envisaged in the Comprehensive Surveillance Review will support this objective.

While I agree, in principle, that it would be useful to identify ways to make it easier to finance joint work with the Bank, I would like to note that the success of this effort would hinge on factors that are beyond the control of the Fund, such as possible constraints to implementing this approach on the side of the Bank.

Recommendation 2. ***The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners, given the***

inevitable limitations of top-down exhortations and structures in ensuring that collaboration happens at the right time in the right way.

I agree in principle with the need to better align incentives of staff to facilitate collaboration with some qualifications. It is worth exploring how a broader systematic engagement on specific countries and/or issues could help build networks and further knowledge exchange that encourage staff to seek stronger collaboration. There might also be merit in fostering staff exchanges at the senior level but that would require consultation on the extent to which this may be needed as well as discussion with the Bank on whether it is feasible and useful. The recommendation to embed incentives in the performance management system, however, appears to understate the difficulties for further changes to the just adopted new performance management system, which is still being absorbed by staff. Moreover, the new performance management system is based on a competency-based assessment, including new features such as the multi-source input and clearly defined behavioral competencies that are part of the Integrated Competency Framework that already include elements related to collaboration.

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*****.**

I broadly support this recommendation, with one qualification. I concur with the need of improving the availability of information to staff. Completing the ongoing initiative to clarify the ground rules and disseminate best practices of information sharing between the Bank and the Fund would help make significant inroads in this regard. Actions already undertaken include establishing a list of first points of contact and strengthening upstream exchanges of views between high-level staff of IMF Area Departments and World Bank's Regional Vice-Presidencies. These actions, together, with institutions planning to regularly share rosters of technical experts across institutions, will help bolster access to and exchange of information as recommended by the report. The final outcome will depend, however, on the World Bank's incentives to take this engagement further.

I have some concerns, however, with the recommendation to cross-link knowledge exchange sites and provide reciprocal access to intranets. While I agree with this recommendation in general, it also poses significant accountability issues, coordination costs, and technical challenges for the two institutions—including information security risks—that should not be underestimated. While the feasibility of this undertaking on the side of the Fund could be explored, success in this regard will also hinge on reaching understandings with the Bank.

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 concur with the Board's strategic role in supporting collaboration and support the recommendation to further strengthen it. This recommendation lies outside the purview of a Management Implementation Plan (MIP), and would need to be taken up directly by the Board.

Table 1: The Managing Director's Position on IEO Recommendations

Recommendation	Position
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.	Qualified Support
2. The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners	Qualified Support
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	Qualified Support
4. The IMF Board's strategic role in facilitating and supporting external collaboration could be strengthened	For the Board

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GRAY/20/3300

November 10, 2020

Statement by Ms. Levonian, Mr. O'Brolchain, and Mr. Weil on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

Thank you to the IEO for their report and to the Managing Director for her Buff statement in which she welcomed the report and agreed with the thrust of its recommendations. We took note of the Managing Director's observation that most of the IEO's recommendations will require reaching agreement with the World Bank. We expect that recommendations stemming from an evaluation of Fund collaboration could require a collaborative approach to be successfully implemented.

The COVID-19 crisis has made this evaluation even more relevant and timely. Pre-COVID-19 the IEO's findings might have helped achieve four key objectives: (i) help staff leverage complementarities between Fund and Bank expertise and experience to improve the quality of advice; (ii) support the Fund's commitments as part of the 2030 Agenda for Sustainable Development to intensify its policy and analytical work on issues related to inclusive growth; (iii) help the Fund leverage outside expertise on climate change as the institution increases its attention to the issue; and (iv) act as a key input into the Comprehensive Surveillance Review (CSR). This evaluation has now taken on even greater importance given that the COVID-19 crisis is disproportionately impacting women and the poor, exacerbating inequality, and exposing new and longstanding macro-structural issues. Further, whereas lending in the stabilization phase of the crisis could focus somewhat less on macro-structural issues, macro-structural reforms are expected to feature prominently in the context of Fund-supported programs in the recovery.

We support the IEO's recommendations and underscore that more consistent collaboration will ultimately require changing the Fund's culture of self-reliance to

instill a more collaborative mindset. Changes to the Fund's management team since the launch of the evaluation may prove helpful in driving the necessary changes from the top.

Recommendation 1. We agree that frameworks that clearly set out roles and expectations could help ensure effective collaboration with the World Bank. The policy pilots illustrate how collaboration with the Bank could have led to better outcomes if expectations had been clearer at the outset. That said, there is a risk of over-engineering collaboration and stifling spontaneous collaboration if staff perceives it to be rules based. There is a delicate balance to be struck.

Recommendation 2. For collaboration to succeed, incentives need to be aligned. We strongly support the IEO's recommendation to leverage the Fund's new performance assessment system which includes behavioral competencies relevant to relationship building that can help make Fund culture more outward looking. Additional guidance could also be provided to staff on when and how to engage with the Bank. However, collaboration should not become a 'box-ticking' exercise and needs to come from a genuine desire amongst staff to improve the quality of analysis and advice for the benefit of the membership. That will ultimately require setting the tone from the top given that staff perceive managers to be placing a low value on collaboration.

Recommendation 3. Operational barriers to collaboration, such as access to information and knowledge, should be removed wherever possible. We took note of the Managing Director's concerns with respect to cross-linking knowledge exchanges and granting reciprocal access to intranet sites. Perhaps a first step may be to determine the types of information that are of highest priority for cross-institutional sharing and developing plans to systematically improve access in those areas. If successful, this could catalyze more ambitious plans. *What is the IEO's perspective with respect to the operational feasibility of the recommendation to cross-link knowledge exchanges and intranet sites?*

Recommendation 4. The Board should play a strategic role in supporting collaboration as our shareholders expect the Fund to operate in partnership with the multilateral development banks as part of a coherent system that is greater than the sum of its parts. However, to exercise this role the Board requires an information base upon which to make an assessment as to the appropriateness/extent of collaboration on a given issue. In response to this recommendation the Board should formalize the information base that it considers necessary through the appropriate forum (i.e., the Evaluation Committee or Liaison Committee). While the recommendation itself lies outside of the purview of a Management Implementation Plan (MIP), we could see associated actions forming part of a MIP, especially if the Board is able to articulate its information sharing expectations in the intervening six months.

The creation of a high-level joint IMF-World Bank Committee could help institutionalize collaboration and set the tone from the top. In our experience, one of the best ways to drive meaningful change in the area of institutional collaboration is by setting the tone from the top. This might best be achieved through the creation of a joint management committee that could set an agenda on issues of shared concern, make joint recommendations to the two Executive Boards, and take decisions where mandated to do so. Such a committee could advance the objectives framed in the IEO's evaluation by: (i) lending greater structure to collaboration (Recommendation 1); (ii) incentivizing collaboration by mobilizing the institutions to collaborate (Recommendation 2); identifying and removing barriers to collaboration (Recommendation 3); and providing information to the Board on the state of collaboration between the two institutions (Recommendation 4). The committee could also identify new areas that would benefit from collaboration. We understand that such a recommendation, which directly implicates the Bank, may not have been in the scope of this evaluation. Management could however use the IEO's overall findings as the impetus to institutionalize collaboration and to set the tone from the top. *We would appreciate views on the idea of creating a high-level joint IMF-World Bank Committee*.

The Fund should continue taking a strategic approach to collaboration but may need to validate the guiding framework as part of the CSR. The focus should continue to be on identifying those macro structural issues where collaboration is likely to bring the greatest returns to improving the quality of the Fund's analysis and advice. We expect staff to draw on the lessons learned from this evaluation as part of the CSR, and in particular to consider whether the framework set out in 2015 to help country teams decide when and how to collaborate when undertaking Article IV surveillance should be updated in light of the finding that the framework may have inadvertently minimized the need to collaborate.

Collaboration is not a panacea for extending the Fund's ability to cover a widening range of issues under resource constraints. We were not surprised by the finding that collaboration did not lead to cost savings and may have increased demands on staff's time. Ultimately, collaboration should be pursued as a means of improving the quality of the Fund' analysis and advice to the membership and not for reasons of efficiency.

Management should apply lessons learned in other policy areas as well as in relationships with other IFIs. Many of the evaluation's lessons learned can be applied more broadly. This includes collaboration in the provision of financial assistance in response to the COVID-19 crisis, where work should continue to be guided by the 2017 G20 principles for effective coordination between the Fund and multilateral development banks. Given the importance of financing remaining catalytic in response to the COVID-19 crisis, the Fund should draw on the lessons learned to support its collaboration with other layers of the

GFSN. We would also emphasize the importance of strong collaboration with the Bank on debt issues. The Joint IMF-World Bank Multipronged Approach for Addressing Emerging Debt Vulnerabilities has showcased effective collaboration, but recent issues related to "negative pledge clauses" suggest there is still room for improvement in this area.

GRAY/20/3301

November 10, 2020

Statement by Mr. Palei and Mr. Shestakov on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues (Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We thank the Independent Evaluation Office (IEO) staff for the extensive evaluation, and the Managing Director for her informative and helpful statement. When the Fund engages in a widening range of issues, such as climate change, income inequality, and gender policies, which may have macro-critical consequences, collaboration with the World Bank and other IOs becomes crucial. Proper collaboration should help to tap into the existing knowledge and expertise in other organizations and to avoid duplication of efforts. Collaboration could also alleviate resource constraints that the Fund and other IOs are facing in these areas of work. We welcome the report's focus on more effective collaboration, and not just more collaboration.

The report considered many successful cases, in which working with external partners proved fruitful and had advanced the Fund's agenda. Previous IEO evaluations highlighted the productive collaboration in the areas of social protection, financial surveillance, and international trade. We welcome the IEO's conclusions that a considerable progress has been achieved with the pilot programs on inequality, gender, climate change, and macro-structural reforms. These conclusions are particularly helpful in the absence of the formal evaluation of the pilots at the Board level. We expect to receive more information from staff as a necessary input into the Fund's Comprehensive Surveillance Review. According to the IEO report, both Bank and external experts were pleased by the very high quality of the Fund's work, even if in some areas it was "first rate" and widely used, while in others it was more of a synthesis of existing knowledge. Joint work helps both the Fund and the Bank to gain credibility with country authorities, civil society organizations, and other development partners.

The overall characterization of working with partners, however, was "broad but uneven", and opportunities to leverage the partners' expertise may have been missed.

The report identified several barriers to collaboration between the Fund and the Bank, as well as with other IOs: different time horizons stemming from distinct mandates, market-based philosophy of the Fund clashing with rights-based philosophy of the International Labour Organization and UN agencies, decentralized organizational structure of the Bank, a lack of incentives to collaborate as reflected by promotion decisions, the Fund's culture of "self-reliance", and a lack of knowledge exchange. We broadly agree with the four recommendations that the IEO proposes to tackle these challenges. Below we provide more detailed comments on the four recommendations contained in the IEO report.

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.*

Frameworks for effective collaboration should anchor mutual expectations of the collaborating partners. Creating the frameworks might address many issues raised when working with the Fund, mainly the Fund being insensitive to the Bank's timing and resource constraints, a lack of flexibility about the timing of the resulting publication, and rigidity about the publication format (as a Fund or as a joint document). The frameworks might also help in addressing many challenges on the Bank side: reluctance to engage from the Bank staff with a project or sector background, or the Bank's perceived "client-focused mindset".

Given the Fund's entrenched culture of self-reliance, for the time being it might be appropriate to err on the side of more, not less collaboration. While we agree with the Managing Director that we should prioritize areas where collaboration might be more impactful and cost-effective, the discovery of these most important areas is at least partly bound to be based on a trial-and-error process. Collaboration should be encouraged in the areas where Fund's expertise is complementary to the expertise of the external partner: e.g. the Fund's work in the energy pricing area is complementary to the broader issue of climate change prevention.

RECOMMENDATION 2: *The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners.*

We concur with the report's second recommendation and would like to underscore the twin challenge of changing both incentives and culture in the Fund. The report mentions that only a quarter of the respondents from IMF and World Bank staff feel confident that they could access all the information relevant to their macro-structural work from the other institution. While in principle Fund staff can share anything on a "need to know" basis aside from the market-sensitive information, the lack of clear guidance for staff on what information can be shared caused staff's caution in sharing working documents. The persistent barriers in the knowledge exchange contributed to the Fund being inward-looking and "self-reliant". The ILO respondents did not feel that collaboration with the Bank was rewarded in their performance assessment. The report leaves a reader wondering if misaligned incentives for information-sharing became entrenched in the Fund's working culture.

When interacting with the external partners, alleviating internal constraints to collaboration might not improve the outcome, if the external partners are themselves constrained in their resources or have different work priorities. Addressing bottlenecks in these interactions will necessary be organization- and issue-specific, but we can agree with the report's broader recommendation of engaging early on, with careful timing of the interaction and with a clear picture of the other organization's "business needs". The focus on the business needs of the partner is particularly important, so that the Fund's work would not be seen as "encroachment" on the areas of expertise of the partner, and to ensure partnership instead of competition in pursuing the Fund's agenda.

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.*

We fully support the report's third recommendation and encourage management to facilitate information sharing and knowledge exchange within the Fund and, on this basis, across the partnering institutions. Unfortunately, the development of the Fund's internal knowledge exchange is well behind our initial expectations. Without understanding how the knowledge is shared within the Fund, it is even more difficult to point to the areas of possible improvements in collaboration with the WB. We note that staff should clearly understand the document sharing arrangement and readily access up-to-date information on the subject matter. When appropriate, the opening up should extend to the reciprocal access to analytical workstreams, including databases and program codes across the intranets. Creating cross-linked knowledge exchange sites and specialized repositories should be thought as a priority step in the process of knowledge integration.

A lack of formal knowledge exchange comes at a cost. In her statement the Managing Director expressed a concern that the recommendation to cross-link knowledge exchange poses significant costs in terms of accountability, coordination, and information security risks. We would like to point out that the alternative to the formal and agreed upon knowledge exchange procedures is either a lack of knowledge exchange or informal knowledge exchange. Both options come with their own costs, including information security risks in the case of informal exchange, and these costs, while less directly observable, should not be overlooked.

RECOMMENDATION 4: *The IMF Board's strategic role in facilitating and supporting external collaboration could be strengthened.*

We commend the IEO staff for recognizing the strategic role that the IMF Board should play in supporting external collaboration. The Board should engage early on initiatives and facilitate collaboration with partner institutions when it is important. We also agree that cases of good collaboration should be celebrated, and we welcome joint work and presentations by Bank and Fund staff, as well the presence of Bank experts during some of the IMF Board meetings.

The modalities of the Board work in facilitating collaboration should take into account the Board's resources and constraints. We note that some IEO interviewees felt that ED's offices could exchange information with one another to provide consistent messages to staff. While such information exchange is sometimes possible and indeed happening, in general we think that such coordination will be necessarily limited by the need to represent the authorities of ED's offices constituencies. Sometimes the message to staff appropriately reflects the divided views of the Board. Likewise, we don't think that there should be an excessive number of joint meetings of the two Boards just for the sake of them, but would prefer more focused joint meetings on macro-critical issues, with early engagement.

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Statement by Mr. Bevilaqua, Mr. Saraiva, and Ms. Florestal on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We thank the IEO for the insightful evaluation of the cooperation with the World Bank in macro-structural issues and are ready to endorse its recommendations. The comprehensive set of documents represent an extensive source of information on the IMF's collaboration with the World Bank – and with other key multilateral institutions – on several macro-structural issues. We thank the Managing Director for her thoughtful statement and appreciate her broad agreement with the IEO's main recommendations, although with qualifications. We agree that the Board could play a more proactive strategic role including by strengthening collaboration with the World Bank Executive Board and ensuring that at the adoption of its work program explicit collaboration with the World Bank is mandated for all relevant items for which efficiency gains can be achieved through enhanced synergies.

The IEO evaluation provides a useful base from which to draw lessons to establish efficient and sustainable collaborative relationships between the Fund and the World Bank. In a nutshell, the IEO report focuses on surveillance and asserts that, despite repeated engagements, Bank-Fund collaboration (BFC) on macro-structural issues varied in intensity, modalities and results. Along certain dimensions, insufficient guidelines and the setting of varying objectives are chief explanatory factors for the inadequate consistency. Additionally, the in-depth analysis of Article IV reports indicates a decreasing quality in the coverage of IMF collaboration with the World Bank between 2009 and 2017.

Regarding recommendation 1, we agree that collaboration frameworks, along the lines of what is in place for debt and financial sector issues, could be instrumental for issues the two institutions stand to gain from both in quality and traction. As we stated at the briefing on collaboration on issues related to climate change, we concur with the IEO that there is no need at this time to modify the existing umbrella agreement between the two institutions. However, as recommended by the evaluation, it needs to be complemented by tailored frameworks for issues where mutual benefits clearly exceed coordination costs and concrete guidance to staff can be provided with strong Board and management support. As the IEO highlights, collaboration is not an easy way out of budgetary constraints. It is also not an objective per se, but a means to leverage on expertise from other sources. Indeed, tailored frameworks are already established for debt analysis and financial sector assessments. The successful BFC in these cases can be largely attributed to the strong endorsement of Fund and Bank management and the approval processes which involves both Boards. The success of the recent pilot also augurs well for a formalized partnership to mainstream the Climate Change Policy Assessments (CCPAs).

Recommendation 2 tries to address several barriers to collaboration identified in the evaluation. In addition to the cost element, the role of an IMF staff culture of self-reliance, the reward system which includes weak incentives for collaborative work, the insufficient familiarity with the World Bank's internal work distribution and the inadequate knowledge about its experts are underlined in the documents. We support IEO's proposals to encourage collaborative behavior by rewarding IMF staff for co-authoring with World Bank staff and for referencing to their work. This would not only help dissipate the perception of lack of recognition of others' inputs but also help reduce the phenomenon of "group think". The global financial crisis is a stark example of how group think could lead to erroneous conclusions or incomplete analysis. Notwithstanding, furthering the alignment of incentives within both institutions is paramount.

On recommendation 3, we concur with the IEO that the Fund needs to be selective in determining in which areas collaboration with the World Bank will bring additionality. Climate change is an obvious candidate and several dispositions have already been taken to have a clear division of labor and achieve greater efficiency through collaboration including by concluding jointly several pilot CCPAs and adopting a collaborative framework going forward. We also acknowledge the specificities of collaborative work related to gender and inequality underscored by the advisory groups and the existing partnerships with UN Women, academia and other international institutions. *In addition, we would like to hear staff's and the IEO's views about the benefits that could be mutually drawn from stronger BFC on social spending, governance, fintech, and digitalization – topics underscored as macro-critical by the IMFC in addition to climate change in its last Communiqué of October 2020.*

In addition, we agree that easing access and exchange of information can play a pivotal role, granting that confidentiality and cybersecurity requirements are met. The Fund and the Bank are generally referred to as knowledge institutions, with the IMF considered to be the repository of best practices on several macroeconomic issues. A systematic review of the impediments to enhanced information sharing is warranted. While we fully share the Managing Director's concerns regarding security risks, we believe the reinstating of selective shared access to each other's intranet, perhaps on a well-established need basis, and with the appropriate safeguards could be considered. The IEO's note on recent updates calls attention to the increase in joint publications and hosting of conferences. These activities will certainly help identify experts in both institutions and develop relationships that will foster greater collaboration. The Bank's launch of a dedicated webpage on inequality, gender and climate change can indeed contribute to greater use of its expertise by IMF staff as inputs to its own work.

Finally, on recommendation 4, we share the view that the role of the Board and in particular the Board's Committee on Liaison with the World Bank and other International Organizations could be strengthened. The IEO's Supplement 3 constitute a useful reference from which a mapping of existing collaboration status and work agendas could be established. The Committee could play an instrumental role in guiding the Board on needed changes to existing routines and protocols. In addition, the Liaison Committee could help determine the items in both institutions' work programs for which strengthened collaboration would be warranted as well as in framing the objectives and modalities of such collaboration.

In closing, the organization of a joint IMF-Bank Board discussion on collaboration may be warranted. In preparation for that, we could review the Board's work program and the MD's GPA to identify items for which joint delivery or close collaboration between the two institutions are expected. Indeed, it would be valuable if we could seize the opportunity of the upcoming Board discussions on the multi-pronged approach (MPA), the FSAP and the MAC-DSA to strengthen collaboration. *Meanwhile, it would be useful to know if management has any update on whether the Bank plans to undertake its own evaluation of collaboration with the Fund.*

GRAY/20/3310

November 11, 2020

Statement by Mr. N'Sonde, Mr. Sidi Bouna, Mr. Carvalho da Silveira, and Mr. Olhaye on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We welcome the IEO's thorough evaluation of IMF collaboration with the World Bank on macro-structural issues and take note of the report's key finding that collaboration between both institutions has been "broad, but uneven." While collaboration between the IMF and the World Bank has covered a broad range of issues, it appears to have worked better in areas where joint frameworks have been established, including on debt and the financial sector. However, collaboration with the World Bank on the more recent pilots aimed at strengthening the Fund's analysis of key macro-structural issues, including on gender, inequality, and climate, has been more informal and less effective. We have also noted with concern the lack of evidence that collaboration with the World Bank has improved the value of the Fund's work on macro-structural issues or that it has had a positive impact on the Fund's resources. We welcome the Managing Director's broad agreement with the core messages of the IEO evaluation and note her qualified support on three of the four recommendations, as indicated in the Buff statement.

While the existing joint frameworks between the IMF and the World Bank provide valuable lessons, the approach may not be suited to all macro-structural issues. The Fund should continue to draw lessons from its effective collaboration with the World Bank through joint frameworks and should carefully consider expanding those frameworks to other areas, as they provide clarity on the respective duties and responsibilities of both institutions and minimizes the risk of sending mixed messages to member countries. In this regard, we share the IEO's view that the Fund's work on climate issues could benefit from enhanced collaboration with the World Bank under a new framework, as the issue has gained prominence within both institutions and is an area in which the World Bank has built up considerable expertise that the Fund could draw on. *We wonder whether the Fund would not also benefit from the establishment of a collaborative IMF-World Bank framework on inequality given the emphasis put by both institutions on fostering growth inclusiveness, and the importance of social safeguards in achieving the objectives of Fund-supported programs. The IEO's comments would be appreciated.* However, the establishment of frameworks need not be generalized to all macro-structural issues, as some of these issues may be better suited to the more flexible approach under the pilots and considering the much larger costs associated with putting in place joint frameworks. Against this backdrop, **we support Recommendation 1,** although we share the Managing Director's concern that the implementation of this recommendation requires the World Bank's acceptance.

The evaluation identifies a number of key constraints to a more effective collaboration with the World Bank which need to be addressed. One of these constraints stems from cultural differences between both institutions, including the preference by IMF staff to seek expertise on macro-structural issues within the Fund rather than reaching out to the World Bank. We therefore encourage Management to strengthen staff incentives to seek collaboration with the World Bank, and **we support Recommendation 2.** We would like to also underscore the importance of carefully assessing the World Bank's constraints to enhancing their own collaboration with the IMF. We also share the analysis that enhanced collaboration between the IMF and the World Bank would benefit from greater knowledge sharing, and **we therefore support Recommendation 3.** However, the specific IEO suggestion to "cross-link knowledge exchange sites and provide reciprocal access to intranets" raises information security risks, as rightly noted by the Managing Director, which will require cautious consideration both internally and jointly with the World Bank to mitigate these risks. It is important to recall that information security risks remain classified as "high" by the 2020 Mid-Year Risk Update report while the external cyber threat landscape has worsened with the pandemic. We fully agree with the IEO's view that the Executive Board should play a key role in the Fund's overall efforts to strengthen collaboration with the World Bank, and **we support Recommendation 4.**

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November 11, 2020

Statement by Mr. Nakunyada, Mr. Jappah, Mr. Abdullahi, and Mr. Garang on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We thank the Independent Evaluation Office (IEO) staff for the comprehensive set of reports on the collaboration between the IMF and the World Bank, and the outreach to our office. We also thank the Managing Director for her informative Buff statement and concur that the current pilots on macro-structural issues present an important opportunity for enhancing cross-institutional collaboration with the World Bank and other international organizations. Institutional coordination has become more important in the context of the COVID-19 pandemic. This evaluation is, therefore, an important stocktaking of current collaborative initiatives that will among other things, inform the Comprehensive Surveillance Review (CSR) and help deliver a more impactful service to the membership.

We broadly agree with the report's finding that the current umbrella collaborative arrangements-Concordat and JMAP- remain appropriate. Specifically, we are encouraged to note that collaborative efforts with the World Bank and other international organizations have continued through joint seminars and conferences. That said, we stress the need to institutionalize the collaboration between the Fund and the World Bank to eliminate individual personal persuasion or decisions by country teams, which impedes progress on collaboration. In this context, we concur with the recommendation that the arrangement would benefit from synergies from the two institutions and should be underpinned by features that clearly delineate roles and responsibilities, including resource inputs. This notwithstanding, we recognize that more collaboration may not always yield net benefits to individual institutions, but will nevertheless, benefit the membership, including low income countries, that rely on these institutions for policy guidance and financial support.

More attention could be given to exploiting more synergies between the two institutions. We encourage staff to leverage synergies in future work and to explore options to effectively absorb the key findings from this evaluation. We also note the need to inculcate a cultural shift that will improve perceptions around collaboration, among staff in the two institutions.

In addition, an incentive-based system will be important to reward staff collaboration and prevent the treatment of collaboration as an after-thought, or a box-ticking exercise.

On the IEO Four Recommendations

Considering that there is no one-size-fits-all solution and that more collaboration does not always deliver optimal outcomes, we see merit in applying a more strategic approach, in selecting projects for collaboration. In this regard, importance should be attached to collaborations that add value to the Fund's work and increase traction with the authorities. We broadly concur with the IEO recommendations and offer the following remarks:

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. We agree on the importance of explicit frameworks in areas aligned with the mandates of both institutions, engendering mutual benefits, and leveraging their respective comparative advantages to add value to the work of the other. In this context, we recognize that collaboration with other institutions may not always be the right thing to do or the most cost-effective way to achieve the best outcomes in all activities. However, the successful collaborative arrangements on DSAs and FSAPs are instructive examples in this regard.

A careful selection of new areas designated for deeper cooperation could help to maximize mutual benefits. In this regard, we agree that climate issues are well-suited for such a framework. That said, staff should still maintain and build on other less -structured collaboration, like country- level collaboration between mission chiefs and World Bank country teams, to ensure the delivery of consistent, complementary, and coherent policy messages to the authorities, and gain from each other's comparative advantages. *Could IEO elaborate on staff's view, from the survey, regarding the extent of in-house expertise in the areas of inequality, gender, and macro-structural issues at the Fund? We would also appreciate an update on the progress made on building internal expertise on energy/climate change?*

Recommendation 2: The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners. We support this recommendation and encourage staff and management to further explore ideas for internal incentives for collaboration. We also urge management to discuss possibilities with the World Bank, to align internal incentives in the two institutions where this can better foster collaboration. We welcome the MD's assurance that the ICF incorporates defined behavioral competences with elements related to collaboration. In particular, we note that weight is allocated to the competencies of senior personnel (A14-B2) in "identifying and leveraging opportunities for partnerships with key stakeholders inside and outside the Fund" as well as to "proactively consult with a broad cross section of stakeholders to share information and ensure all perspectives are taken into account".

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. We welcome efforts aimed to strengthen collaboration and quality, especially the benefits that arise from sharing and accessing up-to-date information and documents. Deepening knowledge exchange, sharing documents and gaining access to other quality curated repositories would not only promote collaboration but also improve the quality of outputs and the impact of policy guidance. We are, therefore, concerned that after two years, the protocol on information sharing between the two institutions has still not been resolved. We recognize the inherent information security risks which could be associated with cross-link knowledge exchange sites as well as reciprocal access to intranets, as stated by the Managing Director in her statement. To ameliorate this concern at least in the interim, we were wondering whether a more a practical scaled down solution, like a shared platform, can be developed which provides access to analyses and documents to both institutions working on shared issues. *We encourage staff to explore this. IEO comments are welcome.*

We urge the management of both institutions to prioritize sharing as much information as possible. This helps deepen collaboration and enrich each institution's policy development and research output. *In the current modernization efforts at the Fund, especially with the ongoing CDMAP , iDATA, and iDW technological projects, we see scope to consider addressing knowledge exchange challenges, while taking information security into consideration. We would welcome IEO and staff's views on any thoughts on the practicality of working out these modalities?*

Recommendation Four 4: The IMF Board's strategic role in facilitating and supporting external collaboration could be strengthened. The role of the Boards of both institutions in fostering collaboration is important. Enhanced engagement between the two Boards would send a clear signal to staff that the Board attaches great importance to this issue and values the benefits conferred by stronger collaboration. The IMF Executive Board could also do more to promote staff collaboration by more actively monitoring the implementation of agreed actions in staffs' collaborative frameworks through the management implementation plans of both institutions.

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November 11, 2020

Statement by Mr. Rosen and Ms. Shortino on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues (Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We thank Charles Collyns and his team for this focused report, which provides valuable insights on the IMF's collaboration with the World Bank. We agree with the underlying conclusion of the report that more *effective* collaboration should be the ultimate goal. This chair has long emphasized the need for the IMF to leverage outside expertise on issues that do not traditionally fall within the Fund's core mandate. Thus, we are somewhat discouraged by the report's conclusion that collaboration on these four pilot areas has been uneven. In this current period of high lending by both institutions, effective collaboration becomes even more critical to the success of IMF and World Bank engagements.

While we generally support the recommendations, we stress that the one-sided nature of the report underlines the need for efforts by *both* institutions to enhance collaboration on these four topics. While outside of the scope of this review, we would also stress that harmonization of policy advice in country program cases can be quite uneven and subject to country team personalities – this remains a perennial issue between the two institutions. On the other hand, collaboration on high profile issues such as the Multi-Pronged Work Agenda on debt has been quite positive, and we urge the Fund to apply lessons learned from this successful effort.

We are skeptical of some of the findings with regards to the impact on resources. While pilots may have resulted in a higher workload for existing staff, the IEO report would have benefited from assessing the costs associated with hiring new staff or creating new work units dedicated to topics that fall outside of the Fund's core mandate.

With regards to the specific recommendations:

- We support **recommendation 1** and agree that certain areas could benefit from the use of an overarching framework to guide staff work. We support the proposal to establish a similar framework on climate, which could more clearly delineate the roles of the World Bank and the IMF and help Fund staff better leverage World Bank expertise on this topic. Growth-oriented structural reforms could also be a good candidate for an overarching framework, particularly given the likely increase in upper credit-tranche programs that will include conditions aimed at restoring growth.

- With regards to **recommendation 2**, we agree on the need to improve internal incentives, but stress that top-down guidance is critical in effecting a broader cultural shift on the need for more regular and effective collaboration.
- We also support the proposals in **recommendation 3**, many of which entail relatively simple steps that could address underlying issues and yield high benefits in terms of collaboration. Developing points of contacts and modalities for sharing information could be quite helpful – but given the size of the World Bank will only be effective if the Bank undertakes similar efforts on their end. We also see strong benefits to enhancing knowledge sharing through cross-linking data repositories or providing reciprocal access to documents and databases, although we would like to better understand the costs associated and different options for sharing.
- We see merit in greater Board engagement as proposed in **recommendation 4**, although would note that the Board often lacks visibility into the coordination taking place between the institutions at the ground level. Thus, greater transparency around coordination may be required to implement this recommendation.

Like Ms. Levonian, we see merit in the creation of a high-level joint IMF-World Bank Committee to help improve IMF/World Bank collaboration. The committee should cover broader issues beyond the scope of this report and, as noted by Ms. Levonian, would make recommendations to both Executive Boards, take decisions on areas of joint concern, and provide guidance to staff of both institutions. While not technically within the scope for this evaluation, we encourage Management to use the IEO's findings as a platform to discuss whether there is an opportunity to modernize the institution's approach to collaboration in order to help set the tone from the top.

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Statement by Mr. Tanaka, Mr. Chikada, Mr. Naka, and Mr. Kuretani on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
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Executive Board Meeting 20/110
November 16, 2020

We thank the Independent Evaluation Office (IEO) for the comprehensive papers on the evaluation on IMF Collaboration with the World Bank on Macro-Structural Issues. We also thank the Managing Director for her BUFF statement on the IEO's recommendations. We also expect the recommendations be a good input for Comprehensive Surveillance Review (CSR). We broadly support the IEO's assessments and recommendations, and will provide some comments in general and on each recommendation as follows:

We note that the goal should not be "more collaboration always and everywhere." We concur with staff that there is no one-size-fits-all solution for this issue. Given the increase of macro critical issues but limited resources of the Fund, it is essential to identify where the collaboration should be sought and where other institutions should take the lead, rather than the IMF.

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.

We note that the evaluation found there is little evidence that the value and impact of the Fund's work on macro-structural issues has been greatly enhanced by collaboration with the Bank, including resource savings. In this regard, we agree with staff that collaboration requires planning and concerted effort to be most effective, especially for the most prioritized issues for the Fund. For example, it is important to identify what issues have already been reviewed and analyzed by other institutions, particularly the Bank, and what issues are left for the hands of the Fund on macro-critical issues. It is also necessary to further discuss and review what areas the Fund should and can make the greatest contribution among the remaining issues, along with its mandate. We underscore that the Fund's collaboration with other international organizations should focus on the areas where the Fund gains the distinct benefits and synergy. In this regard, as the report mentioned, we welcome that collaboration with the Bank has been already quite deep on debt issues, which are quite important for and relevant to the Fund in terms of lending, surveillance and capacity development. Given that the debt issues especially in developing countries is worsening amidst the protracted COVID-19 pandemic crisis, we reiterate the growing importance of the roles of Fund and Bank in this issue and would like to encourage two institutions to implement close collaboration and address strengthening debt transparency and ensuring debt data accuracy.

We also agree with staff that different frameworks would need to be tailored for different issues. Generally, a shared framework makes it easy to collaborate with the other institutions under the designated way, especially for the areas where the respective roles of two institutions are well established. However, the other macro-structural areas where each collaboration is under developing need the tailored approach for great collaboration. We encourage staff to identify the most valuable way to collaborate at least for the important cross-cutting issues where a shared framework potentially functions, such as climate change.

Recommendation 2. The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners.

We agree with staff that it is necessary to better align incentives of staff to facilitate collaboration. We welcome that promoting systematic engagement with Bank staff would possibly help build networks and facilitate information sharing. In order to make collaboration from personality-dependent to institutional level, we would like to encourage staff to gather personalized information and to form systemic approach in the institutional level. Regarding the enhancement of staff exchange, while we could see merits in increasing the number of staff who experienced both institutions to strengthen collaboration, the most important requirement for senior level staff is their expertise themselves. In this context, we would like to emphasize the need to consider this issue from a long-term perspective of developing human resources with the talents necessary for each institution.

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.

We broadly agree with the importance to share the information and basic documents to enhance the collaboration between two institutions. It is clear that, in some issues, the Fund and the Bank have to know and share the basic information each other for relevant work. We welcome that some actions have been already undertaken such as establishing a list of first points between two institution. As we mentioned in recommendation 1, it is critical to share the information and knowledge on their work as a precondition, in order to consider what issues on macro-critical issues are left for the hands of the Fund, whether the Fund should take them, and whether the Fund should collaborate with the WB. In this regard, we see the staff's indication which said "information sharing is not enough and more need to be done" as very important comment.

While information security and confidentiality are the big concern to progress the information sharing arrangements as staff mentioned in the report, we encourage staff to find the better practical solution to share the important information in cost effective manner, with ensuring the information security and conditionality.

Recommendation 4. The IMF Board's strategic role in facilitating and supporting external collaboration could be strengthened.

We broadly agree with the importance of the Board's role in the collaboration with other institutions. Particularly, the Board's roles are crucial when the Board gives the direction of staff's business collaboration. In this regard, the Board's direction should be focused on the Fund's macro-critical areas, taking into account the Fund's expertise and its limited resources, rather than encouraging staff to make collaboration on wide area. *We would appreciate if staff could elaborate more on how the Bank Board and management views to more engagement for this issue.*

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GRAY/20/3317

November 11, 2020

Statement by Mr. von Kleist and Mr. Fragin on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We thank the IEO for conducting this important evaluation of the Fund's collaboration with the World Bank and other institutions, and we also thank the Managing Director for her helpful Buff statement. Successful collaboration can support and facilitate effective implementation of the Fund's policy advice, both in surveillance and through CD, and ensure efficient utilization of resources made available**. We broadly share the IEO's analyses and support the recommendations**.

Effective, efficient and mutually supportive collaboration with the WB is in the interest of the IMF membership. This collaboration is especially important to avoid inconsistent policy advice and lending decisions and conditionality, which would risk a loss of **credibility for both institutions**. However, Fund-Bank collaboration has always been complex and challenging and this report, too, indicates that the collaboration and the work overlap with the WB is not free of tensions – not least caused by the different mandates, and sometimes concerns of competition. It is disappointing to note that, according to the IEO, in some pilot projects, collaboration with other organisations was also weak in terms of performance and visible common output.

Prior to a specific decision to collaborate, the Fund needs to define which issues would benefit from expertise outside of the Fund or would require securing access to external expertise for a limited time. In addition, whether or to what extent the Fund prefers to build in-house expertise should be based on the relevance for a critical mass of members, the strategic priorities of the Fund, its mandate and the budgetary implications. To enhance quality and traction of the Fund's policy advice, **collaboration should generally follow the principle of utilizing comparative advantages of the respective partner and maximizing**

synergies where possible – resulting in choosing the right cooperation partner for the right issue. For example, the IEO report found that collaboration on product and labor market reforms was more valuable with the OECD than with the WB.

The report highlights two core insights as crucial for efficient collaboration: *(i)* Collaboration needs to have an objective, but it is not an end in itself. And: *(ii)* collaboration can bring significant benefits for the quality and influence of the Fund's work, if it is systematically approached and prioritized in terms of topics and organisation; if not, then collaboration can be costly and inefficient.

As outlined by the IEO, the collaboration to date has been mostly decentralized and the success of the collaboration has often been dependent on "personalities" and other idiosyncratic factors. **Therefore, in order to ensure consistent collaboration, we see merits in a more unified, centralized approach**. This might be especially valuable for those issues where the Fund will rely on the partners' expertise on a recurring basis, to access state-of-the-art knowledge without planning on building own in-house expertise. It would also be important for the *cross-cutting issues* of the two institutions. In areas where the degree of collaboration can be lighter, a more decentralised approach in the form of informal consultations may be feasible.

In order for management to set the right tone from the top, and show support for a more unified collaboration approach and the necessary changes within the organizational culture, we support stronger and structured IMF-WB management engagement that could discuss the strategic areas where "deep" coordination would be especially useful.

In addition, **development of collaboration frameworks,** which define objectives and conditions of collaboration and include the external experts as partners, will contribute to ensure that the collaboration is **fair, efficient and successful for both sides** (recommendation 1). The frameworks have to take into account the Fund's and its partners' respective constraints and resource availability, and should also provide a timeframe and clear guidance for the involved experts and processes. It is self-evident that collaborating in an efficient manner requires sharing key documents, and that the outcome of the collaboration should include references to the partners' input (including documentary references) in the final papers.

Currently, according to the IEO's findings, a number of impediments to an efficient collaboration with the WB exist - from finding the right experts in the Bank to differences in the mandate, agenda, processes, timetables and institutional priorities as well as resource limitations and misaligned incentives. We agree with the IEO that to make genuine progress in this regard, it makes sense to pay closer attention to issues of **incentives and exchange of information**, while recognizing the impediments arising from the **structural and cultural differences of the two organizations** (recommendation 2). On the latter, we welcome the new “Integrated Competency Framework” that enhances behavioural competences towards making the Fund’s culture more outward-oriented and open for collaboration with external partners (para 75). Macro-structural issues are generally identified to be areas where the two sister institutions can **deliver complementary contributions**. As a first step to a more strategic and systematic approach, those issues which promise the greatest return of an in-depth collaboration could be identified and prioritized (recommendation 3). In the current situation of coping with the **challenges of the Covid-19 pandemic**, an efficient and structured collaboration between the two institutions seems promising – especially with regard to the envisioned “green recovery”. This underscores the need to swiftly tackle the issues raised by this IEO report.

The IEO mentions that part of the intention of collaboration is to improve the quality and traction of the **Fund’s work within its flat-real budget environment**. While collaboration is primarily intended to leverage the expertise of other institutions, it could contribute to saving time and resources within the Fund, which is confronted with an increasing number of topics in surveillance.

On a more general note, it seems that the quantification of information on collaboration constitutes a challenge. **Given the low responses to the survey** (14% at the Fund, 5% at the Bank**), we would be a bit cautious with regard to far-reaching conclusions**. A higher participation rate would certainly have been valuable.

Last but not least, we would like to highlight the importance of ensuring early Board engagement on strategic initiatives for identifying and prioritizing issues for potential in-depth collaboration with the WB or other organisations, and designing frameworks for a more centralised collaboration approach. In order for the Board to best execute its oversight and advisory function, it is important not only to be informed about cases where the collaboration worked well but about the full range of results (para 80 and recommendation 4).

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November 11, 2020

Statement by Mr. Pösö and Mr. Vaikla on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues (Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We thank the IEO for a thorough and enlightening evaluation of IMF collaboration with the World Bank on macro-structural issues. The **topic is timely and important** in the context of a rapidly changing global environment that calls for extended Fund analysis of emerging fields with limited additional budgetary resources. Effective and mutually beneficial collaboration between the Bretton Woods siblings would reinforce the messages of both institutions and serve to underline the value of multilateral cooperation. To this end we broadly support the recommendations made by the IEO.

We broadly agree with the IEO's main message that **collaboration has been broad, but uneven**, and that consistent benefits from collaboration have so far been elusive. This does not seem very surprising, as based on the reports, the modalities of collaboration have lacked structure and incentives, depending instead more on personal relations and interests. For effective collaboration in a specific area, it is crucial to align objectives and incentives of all parties involved.

We find it concerning that there have been cases of mixed messages from the Fund and the Bank. In particular, contradicting policy advice undermines the effectiveness of and the trust on the expertise of both institutions. Avoiding this should be the minimum objective of collaboration.

We strongly agree that the Fund should adopt a **more strategic approach to collaboration with the Bank and with other potential partners**. The areas where value-added from collaboration is the greatest should be identified. Once this is done, the frameworks and incentives for collaboration in these areas should be developed to make joint work as seamless as possible. Furthermore, where the Fund lacks expertise of a particular field, whether to build capacity internally or through external collaboration should be based on a strategic decision.

We see the highest potential pay-off from increased collaboration between the Fund and the Bank to come from coordinating **country-level work and policy advice, as well as through specific themes that are relevant for the mandates of both institutions**. Climate issues is self-evidently such a theme, but also rising levels of debt, domestic resource mobilization and combatting illicit financial flows, enhancing economic inclusion and gender equality are good examples. **An urgent priority for management should be to initiate an assessment of how cooperation could become more strategic on climate change,** an area for which combining the expertise of both institutions seems particularly essential.

Recommendation 1: Developing concrete frameworks for collaboration is sensible, as **effective collaboration needs at least some enabling structure**. At the same time, we note that the most efficient forms of collaboration are likely to vary between different issues. Thus, the **frameworks should also be adaptable and flexible**.

Recommendation 2: For collaboration to bring concrete value-added, it has to trickle down **from strategic visions and high-level statements to the day-to-day work** of the two institutions. A change in culture can be very difficult to induce, if the benefits from a change are not clearly demonstrable for all parties involved. Unnecessary frictions hindering effective collaboration should be avoided, and the right incentives put in place for staff. Nevertheless, we wish to note that in our experience the Fund's engagement with country authorities functions very well.

Recommendation 3: **Concrete measures to make collaboration easier in practice should be taken**. Some of the first steps seem quite elementary, such as making up-to-date information on subject matter and country experts in both institutions reciprocally available. We also find the idea of cross-linking knowledge exchange sites sensible.

Recommendation 4: We agree that there is **scope for increasing the role of the Board** in calling for a strategic and comprehensive approach to collaboration with the Bank and other IOs more generally.

We welcome the Factual Update (SM/20/59 Supplement 5) shedding light on the relevant developments this year. It is reassuring that collaboration within the four pilot areas has continued or resumed despite the COVID-19 crisis.

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GRAY/20/3319

November 11, 2020

Statement by Mr. Mouminah, Mr. Alkhareif, and Mr. Keshava on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We commend the Independent Evaluation Office (IEO) for the insightful evaluation on *IMF Collaboration with the World Bank on Macro-Structural Issues* and thank the Managing Director for her helpful statement. We also appreciate the outreach of the IEO team to our office. We take positive note of the Managing Director's broad agreement with the core messages of the IEO report's recommendations, albeit with qualifications in some areas.

The evaluation's analysis and recommendations provide important input on how to strengthen external collaboration on macro-structural issues, which is timely in the context of the 2020 Comprehensive Surveillance Review. We reiterate that the focus of surveillance should be on the Fund's core mandate to help promote macroeconomic and financial stability while other issues should be guided by the principle of macro-criticality and be consistent with the Fund's core mandate. In this connection, we consider that advancing key structural reforms, once the crisis abates, will be particularly important in many member countries to help achieve strong, sustainable, and inclusive growth. To this end, further leveraging the expertise of other institutions, especially the World Bank, on macro-structural issues will be particularly important. At the same time, we concur with the IEO's view that there is no one-size-fits-all solution with different forms of engagement needed across countries and issues. We also agree that modalities for collaboration will need to evolve over time. Looking ahead, we take comfort in the prior extensive work experience of the current management team at the World Bank especially given a record of broad but uneven collaboration on macro-structural issues. This augurs well for further strengthening Bank-Fund collaboration.

We broadly support the recommendations and would like to offer the following remarks:

Recommendation 1

- We agree that the Fund should seek to develop and agree on concrete frameworks to ensure effective collaboration on specific priorities with the Bank (or other relevant partner organizations). In this context, we note that collaboration with the Bank has worked well in certain policy areas such as on debt and financial sector issues and Climate Change Policy Assessments while lagged in other areas. To strength collaboration in the lagging areas, we agree with the Managing Director that an evaluation of the net benefits of collaboration, the availability of resources within the Fund, and the incentives for the Bank to collaborate is essential before adopting a more structured approach. In this regard, we concur that it is important to identify core Fund staff who can serve as focal points for external engagement.

- The Managing Director has rightly noted that the climate workstream is a good area for collaboration with the Bank where the responsibilities of two institutions overlap. Indeed, the Board has consistently underlined the importance of collaboration with the Bank on climate issues since the Fund has limited number of staff dedicated to working on these issues in comparison to the Bank, which has deep expertise. Instead of expanding knowledge within the Fund in a resource-constrained environment, it seems appropriate to develop a framework with clearly delineated roles between the two institutions. We also urge the Managing Director to ensure that the Fund’s work on climate change is attuned to the social and economic constraints faced by many members, especially EMDEs. This will enhance the role of the Fund as a trusted advisor for the entire membership.

- Against the backdrop of COVID-19 crisis, we also see a need for expanding collaboration with the Bank on inequality-related issues as the impact of the pandemic has been severe on the poor, vulnerable, and lower-skilled workers and will continue to present significant challenges to the membership in the period ahead. Specifically, these issues will gain prominence under Fund-supported programs during the recovery phase. Identifying ways to enhance collaboration with the Bank and other relevant partner organizations will therefore be timely. Here, we encourage the Fund to draw on the work recently done under the Saudi G20 Presidency in collaboration with the Fund, the World Bank, and the OECD on this important subject.

Recommendation 2

- We agree with the recommendation to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners. Indeed, the report highlights about a distinctive Fund culture of "self-reliance" that makes staff more inclined to rely on internally generated knowledge and analysis. This culture is concerning to us and we see merit in involving the Change Management Unit (CMU) to develop initiatives aimed at improving collaborative behavior, which is an essential part of enhancing soft skills. To this end, the Fund's new performance management system, which includes well-defined behavioral competencies, provides an opportunity to place due emphasis on relationship management as part of the assessment process. This should encourage more collaborative behavior over time and help address to a great extent the perceived inward-looking Fund culture.

Recommendation 3

- We see merit in taking practical steps to improve access to and exchange of information and knowledge across the two institutions. In this regard, we take positive note of the actions taken by management and welcome the plan to regularly share rosters of technical experts across institutions. While we share the concerns expressed by the Managing Director with the recommendation to cross-link knowledge exchange sites and provide reciprocal access to intranets due to several factors including information security risks, we consider that efforts to improve exchange of information and knowledge across the two institutions through other means should be stepped up.

Recommendation 4

- We concur with the recommendation to strengthen the Board's strategic role in facilitating and supporting external collaboration. In this context, we are open to consider specific steps suggested in the report, especially with regard to strengthening the role of the Liaison Committee (LC). In this context, we see merit in a comprehensive review of the framework for collaboration by the LC. To this end, its work program should include discussion on key macro-structural issues where collaboration could bring the greatest strategic returns.

GRAY/20/3320

November 11, 2020

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 20/110
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**.

<u>Recommendation 1</u>

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.

<u>Recommendation 2</u>

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.

<u>Recommendation 3</u>

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*?

<u>Recommendation 4</u>

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*?

GRAY/20/3321

November 11, 2020

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 20/110
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.

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November 11, 2020

Statement by Mr. Fanizza, Mr. Spadafora, and Mr. Persico on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We thank the Independent Evaluation Office (IEO) for its comprehensive Evaluation – and the timely update – and the Managing Director for her informative Buff statement. We commend the IEO for its insightful analyses and focused recommendations, which despite the delayed discussion are still relevant, if not even more pressing considering the challenges posed by the COVID-19 pandemic. The IEO's findings and recommendations should be usefully considered in the context of the upcoming Comprehensive Surveillance Review. We offer some additional comments for emphasis:

- Effective collaboration between the Fund and the World Bank is key for both institutions to successfully pursue their mandates and effectively serve their memberships. Building on their specific areas of expertise, increased Bank-Fund cooperation could also ensure optimal resources allocation when addressing multi-dimensional challenges. The experiences with the pilot initiatives on macro-structural issues are particularly encouraging.
- The Evaluation provides a useful reality check, notably on the true implications of the Fund's extended coverage of so-called "emerging issues" (i.e., inequality, gender, and climate change/energy). One of the main lessons is that, going forward, "open-ended" calls on cooperation with the World Bank should be avoided, since collaboration is inherently difficult and may remain purely aspirational – if not ineffective and costly.
- At the same time, we share the Evaluation's view that further efforts to improve collaboration are surely worthwhile since macro-structural issues are critical to the mandates of both Bank and Fund. The case for cooperation should be carefully assessed by balancing out likely costs (e.g. investment of Fund resources) and potential benefits in terms of value-added and impact.
- The Evaluation provides key insights about how to avoid that collaboration remains purely aspirational. The Fund's ability to leverage the Bank's expertise could not be taken for granted, as it requires a number of preconditions and actions. There must be

a clear "business case" for "partnerships" that balance out desirability versus feasibility and effectiveness. Successful Bank-Fund collaboration requires a strategic identification of both the scope and approaches for such collaboration.

- The first choice is about the areas/issues of collaborations, which according to the Evaluation are not that many. Priority should be given to areas where both institutions have "complementary contributions" to make and where incentives are better aligned. Secondly, collaboration should be "approached more systematically" to enhance quality and traction of Fund advice, namely through an "engagement strategy".
- We welcome the important finding that Bank-Fund collaboration is deep in such key areas as debt and financial sector issues, for reasons well explained in the report (clear messages from shareholders, well-defined roles, mutual organizational benefits from collaboration, and tailored frameworks). These areas need to remain core priorities and provide relevant benchmarks from which derive guidance to improve collaboration in other areas.
- Given the limits exposed by the decentralized approach in some (but not all) key areas, we share the IEO's call for devising explicit frameworks – based on the well-identified criteria – to underpin collaboration on specific priorities with the greatest potential for high strategic returns. This call builds on the positive experience of shared (current and perspective) frameworks between the two institutions, namely the Debt Sustainability Framework and the Climate Change Policy Assessment. We welcome the Managing Director's support to the development of such structured frameworks in strategic macro-structural areas that are relevant to both institutions.
- The growing recognition of the macro-criticality of climate issues is increasingly evident across several Fund workstreams as well as in the Flagships. We agree that climate issues promise to be a very valuable area of Bank-Fund collaboration based on a well-defined shared framework, not least because – as noted in the Evaluation – they cut across a number of functional departments and areas of expertise in both the Fund and Bank. Given the renewed focus on inequality and poverty in the context of the ongoing pandemic, considerations should be given to assess the case for a more structured collaboration on these issues.
- To increase inter-institutional synergies, we see merit in the IEO's recommendation to facilitate access to information on cross-cutting issues to the broader "knowledge base" of research and analysis across the Fund and Bank. However, we note the Managing Director's concern on the need to ensure the internal process' consistency and preserve information security. In this regard, we invite Management to ensure that this challenging task follow a gradual approach that properly address accountability issues, coordination costs, and technical challenges.
- We share the Evaluation's emphasis on strong Management and Board support in both institutions as a critical foundation of effective collaboration. We thus support the IEO's recommendation on strengthening the IMF Board's strategic role in facilitating and supporting external collaboration. Some critical tasks for a renewed collaboration are also dependent on decisions on the Bank side. A renewed effort by the Board to improve peer-level coordination is thus necessary. Accordingly, we see merit in Ms. Levonian's and her colleagues' proposal to establish a high-level joint

IMF-World Bank Committee that may help institutionalize collaboration and look forward to staff's answer to their question.

GRAY/20/3324

November 11, 2020

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 20/110
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.

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November 11, 2020

Statement by Mr. Moreno and Mr. Lopez on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues (Preliminary)
Executive Board Meeting 20/110
November 16, 2020

The IEO evaluation is very relevant and timely, and it will serve the Board to inform on the different roles of the institution. We thank the IEO for its insightful reports on the IMF and WB collaboration on structural issues. This evaluation is important to inform the upcoming CSR review and the lending and capacity development roles of the institution in these challenging times. The main aim of IMF's collaboration with the WB, and other institutions, should not only be saving resources, but more importantly finding the best way to serve the membership well, taking advantage of the synergies and different expertise of partner institutions. The IMF's operational framework should be such that collaboration in macro critical issues—with limited in-house expertise—is perfectly embedded in staff's working methods. Only then our work will be more relevant, our reputation well-preserved, and our policy advice more valuable.

According to the report, Bank-Fund collaboration on macro-structural issues has been broad, but uneven. Acknowledging the long history of beneficial IMF/WB collaboration, we are concerned that little progress has been made on effective collaboration between both institutions during the last years, especially on improving areas of new macro-critical issues. The fact that the report recommends to "find ways to facilitate access to up-to-date and comprehensive information on subject matter experts and country leads in each institution" is surprising. This fact, which seems to be one of the basic elements to start setting up a collaboration framework, is indicative of the work that remains to be done. In any case, we concur that changing the 1989 Concordat and the 2007 Joint Action Management Plan is not warranted and we should seek other ways to overcome main hurdles for an effective collaboration.

Building in-house expertise in new macro critical issues is essential, but we miss a more comprehensive and efficient strategy for complementary collaboration. When the topic of new macro critical issues was first addressed by the Board, the EDs stressed the need for a proactive collaboration to take advantage of external expertise. We note that this road is still unpaved and, when collaboration exists, it is usually done through informal channels. Furthermore, rotations in teams can cause these networks to break. We understand that flexibility is needed, but organizational dynamics also make too much flexibility inappropriate.

We see merits in promoting a more formal and institutionalized top-down framework of collaboration, but with flexibility in the way it is operationalized. This framework could be based on a high-level joint committee between institutions to set overall principles for collaboration, to identify areas of mutual interest where collaboration adds value, to deal with barriers to effective collaboration, to promote incentives for collaboration and to inform and engage the Executive Boards of the respective institutions on the matter. This committee would ensure that priority areas of analysis along with benefits and costs from the collaboration are aligned, so barriers arising from different agendas and mandates are overcome. Based on this top-down orientation, implementing collaboration could be done based on experience in areas where it has worked well, ad-hoc and informal collaboration should continue and be encouraged (as it has been the case in some policy work). However, in areas where a more systematic approach is advisable, a specific framework could be set up. It may not be easy, however, to identify ex-ante the areas that better suit in such a framework as the Fund's agenda on macro-structural issues widens. In this case, learning by doing may be necessary.

With these ideas in mind, we broadly share the IEO's recommendations and would like to add some specific comments on the four proposals.

Recommendation 1. Develop and agree on concrete frameworks to ensure effective collaboration

As pointed out in the report, collaboration is not a panacea, not an end in itself. We agree that collaboration should be focused on and tailored to macro critical areas where synergies are possible and the institutional business models and mandates allow for an effective and cost-efficient collaboration. Additionally, it may be useful to explore options to collaborate on a regular basis in specific countries with well-known structural deficiencies that could benefit from joint IMF/WB involvement. The existing collaboration models in specific areas that are already working well, e.g. the FSAP or the Debt Sustainability Framework, could be taken as examples. As in many other cases, there is a "no one-size-fits-all solution" and different modalities of collaboration would need to be assessed and adapted to institutional-specific circumstances, according to a broad evaluation of costs and benefits. Effective areas of collaboration should include social and gender inequality and inclusion, and climate change. In this regard, we highlight the importance that those recommendations endorsed by the Executive Board should have the necessary budgetary support for implementation given the current significant resource constraints that the IMF faces. We cannot demand staff to embark in additional collaboration with the WB without securing the necessary resources.

Recommendation 2. Improve internal incentives to collaborate

We agree with IEO's evaluation that the Fund should address existing barriers to collaboration. The absence of a top-down mechanism to incentivize staff and adapt the internal culture could act as impediments for a more dynamic and regular collaboration. A guidance on the list of macro-critical topics that would enrich from collaboration should be known and promoted. Enhanced communication channels, relationship building, internal incentives to resort to third parties, staff exchanges, leadership and guidance should all contribute to improve the collaboration culture over time. In this regard, the feasibility to introduce amendments to the recent Integrated Competency Framework to improve incentives for collaboration should be explored.

Recommendation 3. Improve access to and exchange of information and knowledge.

We see the net benefits of collaboration to improve the exchange of information and knowledge across the two institutions. If mechanisms to ensure a regular collaboration between institutions on well-identified issues are settled, the flow of information and expertise will be easy and fluent. We welcome the initiatives already undertaken by the IMF and the WB in this respect, as enumerated in the MD's statement. However, we share MD's concerns with the recommendation to cross-link knowledge exchange sites and provide reciprocal access to intranets, which could entail security and accountability issues, along with technical challenges. Again, it seems that cooperation to address shortcomings is needed to find solutions for a successful collaboration.

Recommendation 4. Strengthen IMF Board's strategic role for facilitating and supporting external collaboration

We support the recommendation to strengthen the role of the Board by leveraging its oversight role, its scope to influence staff behavior, and its direct engagement with the WB Board. Collaboration with peers on different IMF roles, especially surveillance and technical assistance, has been a Board's request. Therefore, the Board must play its part in this request. Furthermore, the executive boards of both institutions could have an important role in overseeing the work related to specific countries with well-known structural deficiencies that could benefit from joint IMF/WB involvement and in other program countries where coordination would be instrumental in securing the success of the program. Finally, collaboration should be a strategic target of all institutions of the GFSN if we want the system to work as a system.

We want to raise a final issue. As recently expressed in the OECD's Multilateral Development Finance report for 2020, the COVID-19 crisis has exposed a lack of collective leadership and co-ordination among multilateral institutions and donors. In this sense, IEO's recommendations are very welcome proposals from a medium- and long-term perspective, but we see an urgent need to stablish a specific channel of collaboration between the IMF and the WB in the short term to deal with the pandemic and to manage the supervision of all financial agreements granted to avoid a new HIPC. *We would appreciate staff's comments on what the current actions or mechanisms put in place by the IMF and the WB are to avoid overlaps and inconsistencies during the COVID-19 crisis.*

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November 11, 2020

Statement by Mr. Jin, Mr. Zhang, and Ms. Zhao on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
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We thank IEO staff for the evaluation on the effectiveness of the Fund's collaboration with the World Bank on macro-structural issues and the Managing Director for her informative and helpful Buff statement. Collaboration between the Fund and the Bank is important given their distinct but closely linked mandates. While there are many examples of good collaboration, there is also scope for improvement in how the institutions work together. Therefore, we welcome the lessons drawn on how to strengthen Fund collaboration with the Bank and other international organizations and will limit our comments as follows.

We need to be in a broader picture of the Fund's core mandate to evaluate the collaboration with the World Bank. Surveillance is a unique mandate of the Fund, which stands at the center of the global financial safety net. Macro-structural issues are important elements of the Fund's surveillance and are key to economic growth and financial stability of member countries and the world. Any policy advice to member countries is in the name of the Fund; therefore, it is important for the Fund to maintain its own professionalism and possess in-house expertise to ensure the quality and traction of its policy advice and enhance trust with member countries. In this context, it is understandable that Fund staff prefers to undertake the pilot work in-house, and it can be risky for the Fund to mainly rely on external resources in its work. The in-house expertise is a prerequisite for the Fund's external cooperation. It has been called in the most recent IMFC communique that the IMF should continue to work on issues that are macro-critical and consistent with its mandate, including climate change. In the context of the heightened uncertainty, it is essential for the Fund to respond timely to requests from member countries. This further emphasizes the need for the Fund to establish its own macro-critical experts and preserve its professionalism and independence in collaboration.

It is also very important to clarify goals of collaboration between the Fund and the Bank. One main goal of cooperation is to improve the quality of the Fund's own analysis on macro critical issues, and to encourage the partner institution to adopt policies consistent with the Fund's policy advice.

The main findings of the IEO report should serve the Fund's overall surveillance work and can feed into the upcoming Comprehensive Surveillance Review. In principle, we agree that it can be beneficial to both institutions to foster further collaboration.

On Recommendation 1, we agree with the Managing Director that there is not a one-size-fits-all approach and acknowledge the valuable role played by informal collaboration thus far. We take positive note that informal consultation by Fund country teams has been routine, with over 85 percent of Fund survey respondents working on emerging market and developing countries reporting regular contact with their World Bank counterparts. The current multi-layer yet decentralized approach has its own advantage, as it is more demand-driven and can help to ensure the maximum utilization of in-house expertise. We are open to a formal framework in the managerial level to facilitate in-depth collaborations. At the same time, we emphasize that flexibility should be maintained to make the framework agile at the staff level.

On Recommendation 2, we agree in principle with the need to better align incentives for staff to facilitate collaboration. Meanwhile, it is also important to avoid the culture of "compulsory collaboration" which may on the other hand burden staff. We welcome the suggestions of encouraging more staff exchange with the World Bank through secondment programs and co-organizing seminars and workshops. We take positive note that the Fund's China team indicated that their work on inequality was strongly supported by a secondment staff from the outside organization.

On Recommendation 3, while we see merit in further enhancing exchange of information across the Fund and the Bank, we agree with the Managing Director that cross-link knowledge exchange sites and reciprocal access to intranets could raise information security concerns. The Fund is a separate institution from the Bank and should maintain its own independence. That said, we see the need to enhance knowledge sharing through measures such as allowing staff to access most up-to-date information on subject matter experts and country leads in partner institution given that confidentiality could be ensured.

On Recommendation 4, we welcome the suggestion to strengthen the Board's strategic role in overseeing external collaboration. The board should play an essential role in determining critical collaboration areas and ensuring that the collaboration provides better guidance for the Fund's surveillance work.

Last but not least, any joint work by the Fund and the Bank, such as policy papers, SDNs, or documents prepared for international meetings, should comply with the Fund's policy on publication before it is released to the public by any party. Any joint policy paper that is in the name of the Fund should go through the Fund's Executive Board no matter which party publishes the report. If the joint report involves certain member countries, enough time should also be allowed for the authorities to review and check facts.

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November 11, 2020

Statement by Mr. Rashkovan, Mr. Tsur, and Mr. Hanson on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
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November 16, 2020

We welcome this important IEO evaluation, and we thank the IEO for an interesting and comprehensive set of documents. We also thank the Managing Director for her informative, candid and concise Buff statement. We recognize that the IMF has increased its efforts to deepen its cooperation with the World Bank and other international organizations. There is scope to better structure collaboration, to ensure complementarity in areas of shared responsibility and to leverage the available knowledge. It is important to strive for complimentary messages between the Fund and the World Bank on shared issues. Both Management and the Executive Board have an important role in enhancing collaboration and taking away barriers. Therefore, we broadly agree with the main recommendations by the IEO.

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.

We agree that collaboration should focus on issues where it is likely to bring the greatest returns, and that a systematic framework for cooperation in those areas increases the probability of success.

Successful example of collaboration, such as the Debt Sustainability Framework, the Joint World Bank-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities and the Financial Sector Access Program, which are mentioned in the Managing Director's Buff Statement, were indeed based on a clear framework for cooperation.

Prior to the development of concrete frameworks, staff should conduct an in-depth analysis on the relative advantage of each institution in the individual Macro-Structural Issues, preferably jointly with the World Bank. Staff should also analyze who is the beneficiary from collaboration in each and every case: (1) the IMF; (2) the World Bank; and (3) both the IMF and the World Bank, such as in the case of a Fund-supported program that incentives both sides to engage. The frameworks for collaboration should consider this distinction.

We would like to specifically highlight activities for collaboration in the climate workstream. We believe the Fund can play a leading role in international debates on the macroeconomic impacts of climate change and the transition, including COP26 in 2021. The assessment and policy advice on climate policy in the fiscal and financial sectors should be structurally integrated into multilateral and bilateral surveillance. Close collaboration with the World Bank and other organizations (e.g. UN, OECD, FSB, NGFS) will allow the Fund to leverage their expertise.

We agree with the IEO that collaboration is not a substitute for building in-house capacity and expertise. In fact, a critical mass of in-house expertise is a prerequisite to build working relations with other organizations. We recognize that resource savings from enhanced collaboration may be limited. Indeed, we believe collaboration should be encouraged when it increases quality and adds value.

Recommendation 2. The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners

We support the recommendations to improve internal incentives to collaborate and address the cultural reluctance to engage with external partners. It is particularly needed in cases where collaboration is benefiting only one side. Cases in which the professional benefit is clear for Fund staff, require higher incentives to Bank staff and vice versa. Therefore, incentives may need to be strengthened both at the Bank and the Fund.

We support the swift implementation of “low-hanging fruit” actions to enhance collaboration. One example would be to ensure that Fund and Bank employees can easily identify the right counterpart on either side. The report explains that in some cases, collaboration is clearly benefiting both sides. For instance, Fund-supported programs “could provide an opportunity to advance the Bank’s policy agenda on an issue, and the Fund may want to draw on Bank expertise in design and implementation of reforms to address structural issues in the program”. It would be helpful to share such examples among staff to ensure staff is aware in which fields collaboration clearly benefits both sides.

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.

We support Recommendation 3. Enhancing the exchange of information and knowledge between the two institutions is a promising avenue for improved cooperation. Investing in common access to knowledge exchange sites and repositories, where feasible, has the potential to leverage each other’s expertise and might foster convergence on messaging and analysis. At the same time, we recognize the possible accountability issues and coordination costs as mentioned in the Managing Director’s Buff Statement.

We believe the Fund and the Bank have complementary knowledge and expertise in the field of capacity development. The cooperation with the Debt Management Facility is a relatively successful example of such collaboration. Nevertheless, we note that cooperation within the context of the DMF faces a number of challenges, such as the transfer fee and the lack of willingness to sometimes share certain pieces of information (such as the Debt Management Performance Assessments).

Recommendation 4. The IMF Board's strategic role in facilitating and supporting external collaboration could be strengthened.

Strong Executive Board engagement of each institution would likely improve the chance of success. We agree that strategic initiatives on collaboration could be discussed in the Board to ensure visibility and to allow the Board to express its support.

We also stress the importance of Management's involvement in both institutions. A high-level joint IMF-World Bank Committee could play a key role in strengthening collaboration between the Bank and the Fund. It could set strategic priorities, identify areas for collaboration, and help reduce barriers for collaboration.

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November 11, 2020

Statement by Mr. Trabinski and Mr. Tola on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues (Preliminary)
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We thank the IEO for a thorough and frank assessment based on a wealth of empirical evidence. While the events since March, when this discussion was originally planned, will certainly bear also on IMF-WB collaboration, we do not expect them to fundamentally affect the IEO's conclusions and recommendations.

The Fund and the Bank share a long history of coexistence and partnership that has always required close interaction both at the country level and on cross- cutting policy issues. As indicated in Supplement 3, there is indeed no lack of joint initiatives with the Bank and other institutions. Although we recognize that the focus of the IEO evaluation is on collaboration in the context of surveillance, a broader look at program and capacity development work of the two institutions might also be warranted. *Staff's comment would be appreciated.*

The findings regarding collaboration on macro-structural issues in surveillance are sobering. Collaboration with the Bank in this area is shown to be extensive, especially in EMDCs. The IEO concludes that, despite this engagement, complementarities are not harvested, synergies are not fully exploited, and cost savings remain elusive. Moreover, there have been cases in which both institutions sent mixed messages, thus undermining the impact of Fund and Bank work. In response, the IEO calls for a strategically driven and focused approach, which we believe is realistic in its ambitions. This stands in contrast to the survey finding that the overwhelming majority of Fund and Bank respondents considered that collaboration worked well or very well overall. *Could the IEO comment on this dissonance?*

We are not surprised by the survey finding that productive collaboration—or the lack thereof—is largely determined by the human factor. The quality of collaboration on macro-structural issues often hinges on the chemistry among the individuals involved. The

IEO is candid in naming the cultural attitudes and possible tensions that may complicate interactions, both on the Fund and the Bank side. In contrast, a constructive joint approach can atone for the flaws of institutional bias or uneven incentives. We wonder if there has been progress on one of the pilots' objectives, i.e., improving the collaboration with outside experts. *Could staff comment?*

We strongly support a division of labor based on well-delineated roles and responsibilities that reflect the core mandates and the particular strengths of the two institutions, as well as of other international organizations. An understanding of the different remits is fundamental for extending the integrated approach based on operational frameworks to selected macro-structural issues. In their quest to further enhance collaboration, we agree that the Fund and the Bank should build on rather than revise the existing formal umbrella agreements on collaboration such as the Concordat or the JMAP.

The benefits of sharing internal research and country level data seem to outweigh the transactional cost of collaborating. Some reluctance by partners for joint analysis and publications is understandable, given institutions' differing priorities and approaches. For this reason, data sharing would have to be a two-way street and could include certain safeguards where necessary. This would allow to leverage the respective expertise of the two institutions. In this context, we acknowledge a role for senior staff and the Executive Board to address obstacles that hamper mutual access to relevant analysis and data.

We agree that the Fund has to be selective in its priorities to expand collaboration and that relying on in-house resources could also be a cost-effective option. Both institutions must see value in systematic and deep collaboration, especially with regard to increasing the traction of their advice to members. Otherwise, the cost of substantial additional efforts and formal procedures needed to make cooperation work will be far greater than the potential benefits. We consider the 2015 staff guidance, as shown in Figure 1, a valid concept for allocating resources.

The Board has an important role in identifying macro-critical issues for enhanced collaboration with the Bank. It is a key lesson of the evaluation that such priority-setting should be a strategic choice, informed by expected returns, and to be implemented in a systematic manner. We agree with the IEO that work on climate finance and energy policy is a prime candidate for a well-tailored new framework for collaboration. We assume that the internal capacity constraints that apparently characterized this pilot have been overcome by now. In this context, we appreciate the Fund's intention to co-chair the secretariat for the Coalition of Finance Ministers for Climate Action in the future. *Could staff elaborate on the work under way on how to integrate climate change into Fund surveillance?* In this context, we also see scope for enhanced collaboration on digitalization.

The Fund's surveillance, research, and policy development activities should not be financed by bilateral donor contributions. We note that the pilots on equality and gender have benefited from bilateral financing from the UK. While the UK's initiative is commendable, we would not want it to set a general precedent. This is an institutional issue that needs to be revisited, including in the context of the next discussion on the use of budgetary resources.

The IEO's recommendations will help enhance joint Fund-Bank surveillance work. While we support the practical steps outlined to strengthen the enablers and weaken the impediments to cooperation, we do so under the proviso that the Fund avoids overreaching its mandate, knowledge base, and capacities. The implementation of these steps will clearly need to be guided by cost-benefit considerations. In this regard, the IEO's findings and recommendations are a timely input into the upcoming Comprehensive Surveillance Review. We look forward to providing our view on how management intends to proceed on these points.

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Statement by Ms. Riach and Mr. Chrimes on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues (Preliminary)
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We are grateful to the IEO for their useful work on this important topic. We appreciate the clear and constructive recommendations in this shorter-form evaluation, and we support those recommendations. We also thank the Managing Director for her buff statement. We are pleased to have this formal discussion on the evaluation at this stage: collaboration on macro-structural issues between the IMF and other international institutions, particularly the World Bank, has implications for the Comprehensive Surveillance Review and for the Fund's approach to the recovery phase of the COVID-19 crisis.

We agree with the Report's finding that there is not a strong case for a new "umbrella" agreement between the Bank and Fund to replace the 1989 Concordat or the 2007 Joint Management Action Plan. However, nor do we believe that the Fund can continue to rely on informal consultation and personal relationships. In areas where collaboration is judged to have the potential to add most value the Fund should work with the World Bank (or other International Organizations) to agree explicit frameworks for collaboration which consider the costs and benefits for both organizations and to which staff will be held accountable. Collaboration between institutions is never easy – but smart collaboration is key if progress against each institution's mandate is to be maximized.

The scope of this evaluation is rightly limited, given the intentions of the shorter IEO evaluation format, but we believe the recommendations have more cross-cutting relevance. Many of the same principles, and the recommendations, extend to areas beyond macro-structural surveillance concerns: for example, effective information-sharing and coordination on capacity development is crucial (as noted in the 2018 evaluation on fragile states). As members of the IMF and World Bank face extraordinary challenges in building forward from the COVID-19 crisis, common understandings and shared objectives between the two institutions may not be universally possible, but it is generally helpful to have them both pulling in the same direction, while respecting the different strengths and mandates of the organizations.

On frameworks for collaboration (Recommendation 1), we share the view that these should be tailored to specific priorities and will not be required across all macro-structural issues. We agree with the Managing Director that the climate change workstream is one area where such frameworks can be helpful in ensuring complementarity between the two institutions. The Climate Change Policy Assessment pilot and the envisaged co-chairing of the Secretariat for the Coalition of Finance Ministers for Climate Action are positive examples, but these are both discrete issues. A shared understanding on how each institution will address climate-related issues in larger economies – whether or not it is underpinned by a formal framework – matters.

On setting the right internal incentives to collaborate and addressing cultural reluctance to engage externally (Recommendation 2), we see scope for some easy improvements. We acknowledge the limitations of "top-down exhortations and structures" in isolation for embedding cultural change, but these still have a significant part to play: collaboration needs to be properly modelled, valued and driven by the top. We are open to considering more formal joint structures at a senior level for discussing key issues and setting the right tone. The new performance management framework provides a platform to build collaboration into performance assessment including collaboration with partners outside the Fund; seeking feedback from direct counterparts at the World Bank or other relevant international institutions ought to be straightforward to integrate into performance review discussions. We are unclear whether management's qualifications on this part of the recommendation are driven by a belief that the new performance management system already sufficiently embeds incentives for desirable behaviors, or whether in fact "further changes" have merit but are considered too difficult to implement.

On access to information and knowledge across the institutions (Recommendation 3), we accept that wholesale reciprocal intranet access between the IMF and the World Bank may be difficult, but there is value to considering better information-sharing than currently exists. We welcome the actions underway highlighted by the Managing Director. On intranet access, we agree that "accountability issues, coordination costs, and technical challenges should not be underestimated" – but nor should these challenges be conflated or overstated, and we hope they would not be insurmountable. More automated electronic access to non-confidential material is a useful objective and should be proactively explored. It should be complemented by strong personal networks and knowledge exchanges across both sides of 19th Street at all levels. Our impression is that there are some great examples of this, but they are not consistent or systematic.

We agree that the IMF Board's strategic role in facilitating and supporting external collaboration could usefully be strengthened (Recommendation 4). As with management, the Boards of both institutions should play a meaningful and proactive role in setting the right tone for discussions and for modelling good behaviors. In previous years the Boards have had periodic joint meetings. We propose that the Liaison Committee explore whether it would be possible to hold a joint IMF-World Bank Board meeting to discuss these issues.

The Liaison Committee could also consider further suggestions for how the two Boards could work potentially together more strategically.

We agree with the Managing Director's caution that progress in many areas will hinge on buy-in from the World Bank (and potentially other partners). In some ways, a joint evaluation with a mandate from both institutions would have been even more useful than the IEO's excellent work. Collaboration is a joint venture that requires the right motivations and incentives on both sides. We hope for a forward-leaning approach from IMF management in engaging with World Bank colleagues on these recommendations and helping to foster an environment of mutual cooperation across the organizations. With multilateralism under scrutiny, enormous economic challenges affecting the whole memberships of both organizations, and pressure on staff and resources at both institutions, effective, value-adding IMF-World Bank collaboration has arguably never been more important.

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Statement by Mr. Buissé, Mr. Rozan, and Ms. Albert on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
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Executive Board Meeting 20/110
November 16, 2020

We commend the IEO for their substantial work on the IMF-World Bank (WB) collaboration, share their balanced and very useful approach, and agree with the thrust of the recommendations, which could also be interesting for the collaboration with other IOs. The analysis could also contribute usefully to the Comprehensive Surveillance Review. Bank-Fund collaboration is a long-standing issue, and while we recognize that some progress has been made and achieved for example through the four pilots, much more needs to be done, including from the World Bank side. Differences between IMF and WB are significant in terms of mandates, philosophy, operating model, culture and incentives, which can explain the underwhelming cooperation. However, while IMF is characterized by a remarkable level of expertise in its core macroeconomic and financial activities, it needs to be able to rely, when needed, on the expertise of others to have the most comprehensive view on a country or a policy, to be able to provide the best recommendations. Being more open and resisting the culture of self-reliance will help the Fund through more capacity leveraging to reach a higher standard. More broadly, this collaboration between the two institutions is all the more necessary as (i) putting any burden on the shoulders of the most fragile countries stemming from a lack of cooperation between sister institutions would simply not be acceptable; and (ii) they share the same shareholders, who expect that objectives are as aligned and workstreams as efficient as possible and necessary.

Reaching an effective collaboration brings value added and credibility to the work of both institutions. In this regard, we fully share the IEO's view that "the goal should not be *more collaboration always and everywhere*". IMF and WB are part of the multilateral system and at the service of the common good. It is thus critical they share a common vision, find the best solutions to help countries in need and produce together high-quality work coherently. This is the opposite of a competition, and the expertise of the two institutions are complementary. In particular, avoiding (i) mixed or inconsistent messages is imperative, as it was the case for the estimates of the global cost of energy subsidies because of different definitions, or inconsistent lending decisions in some high-profile program cases; but also (ii) overlaps and missed opportunities, as each institution can benefit respectively from the comparative advantages of each other and optimize their limited resources for the best outcomes. As collaboration goes both ways, and incentives are key, the IMF could also think more about which parts of its activities and outreach can be of greatest relevance for the World Bank, and actively promote these to Bank colleagues.

Exactly how to improve the collaboration and overcome the long-standing barriers between the two institutions is the core issue. We wish to offer the following comments on the four recommendations:

<u>Recommendation 1</u>**: We fully agree that a more concrete framework is needed for the areas where the gains are the most important as collaboration should not rely only on "personalities" which change over time.**

<u>- Frameworks appear necessary and need to be carefully elaborated with a well-tailored approach</u>. Indeed, while we agree that a degree of flexibility is important, we note the latitude given to staff in the pilots, and the following result: "*in practice teams tended to be self-reliant, preferring to undertake the pilot work in-house and in areas where they felt they had expertise or could tap expertise elsewhere in the Fund, rather than seeking to leverage Bank expertise or seeking to do joint work on less familiar but nonetheless macro-critical issues*." We were in particular struck by the fact that there was no SIP chapters with non-Fund (co) authors in the gender pilot, whereas the World Bank has an advanced knowledge on this, and could provide for example useful advice, not only regarding gender-budgeting framework but also on the way to address the deep roots of gender issues, which could provide useful insights for the Fund. On the contrary, we note that Fund teams for Rwanda and Ethiopia were very positive about the benefits of working with UN Women in-country, and we would like to encourage more communication of the positive examples which have worked among staff. Overall, a strong endorsement of senior Fund and Bank managements is critical to make sure that these frameworks actually work. They could also be inspired by good examples of collaboration: (i) the FSAP is one of such example, (ii) the multipronged approach for addressing emerging debt vulnerabilities and in particular the debt sustainability framework for low-income countries are also examples of fruitful cooperation on a very important topic. We would favor a balanced approached: a presumption that for a certain set of issues, self-reliance on Fund resources is not the appropriate default position, but that the frameworks to engage with other are clear, light, and flexible.

- <u>Regarding possible topics, we see climate, gender, inequalities, social protection, debt, domestic revenue mobilization, SOEs and more generally fragile countries, as key areas of collaboration.</u> In particular (i) *on climate:* work regarding resilience against natural disaster and CCPA are good examples of a mutual collaboration. Nevertheless, it is also important that the IMF integrate the climate issue as a necessary component of growth and fiscal strategies (beyond the issue of subsidies and carbon taxation), particularly now that we have to work on the recovery. This is where IMF-World Bank cooperation could be very useful. Moreover, when country teams prepare for example an Article IV, they should be able to have a joint understanding on the country's commitments in the framework of the Paris Agreement for instance, and how it intends to implement its NDCs. <u>However, as underlined in the report, for a collaboration to be effective and mutually beneficial, the Fund has to develop its own analytical capacity</u>. Indeed, the energy/ climate pilot could not be mainstreamed because the Fund had not yet developed sufficient internal expertise and experience to make the collaboration with the World Bank fruitful; (ii) *on fragile countries* the World Bank has a very strong expertise, notably regarding the institutional, political and sectorial context with a field approach which is highly complementary to the also very strong IMF expertise. These countries characterized by low financial and development capacities should not bear the cost of an inadequate coordination. The IEO 2018 report on IMF and Fragile states highlights that "*there has been a fair amount of duplication of effort in the delivery of TA and insufficient attention to forging unified strategies for advancing politically challenging reforms*". An integrated and unified approach is paramount. More concretely, more systematic joint mission (for example in a context of Article IV) with a representative of the WB in a core area could help to strengthen the relationship.

<u>Recommendation 2</u>: the promotion of internal incentives is the most important issue and the most complicated one, as it requires a commitment at all levels.

- <u>At the management and department level, more emphasis on collaborative approaches and the recognition of staff's efforts in this area is paramount.</u> We believe that the hiring of former WB employees could be an opportunity to enhance mutual understanding and have more systematic engagement. We think that department and reviewers should more systematically check whether there is a need to have the World Bank or other IOs involved and to which extent, when there has been a collaboration, this has been optimal. We also support the idea to promote more joint workshops, brainstorming meetings and the use of the "How to notes" (collaboration with the WB on the forthcoming ones on climate issues would be useful for instance).

- <u>On human resources, and within the scope of the new Integrated Competency Framework and performance management system, we consider there is a way to better promote collaboration.</u> We also see room to create more awareness among staff through hiring, training, mobility to foster a better understanding of the World Bank culture. The previous employees from the World Bank recruited by IMF could probably help in that sense. Giving more weight to collaborative behaviors in staff's evaluation is also a way to encourage more collaboration, though well-beyond a mere "tick the box" approach.

<u>- More incentives mean also more acknowledgement and appropriate resources.</u> We understand that staff often see collaboration as time-consuming and more inclined to work alone - but it is management and department role to (i) show that more collaboration is a winning strategy to produce the best outcomes for the membership, (ii) fully factor in the time constraints in the staff workload, and allocate a critical mass of people to operationalize this collaboration. This critical mass of staff within the Fund is key to be able to collaborate with other institutions: too few specialists within the Fund would neither be able to leverage efficiently external knowledge nor to disseminate it within the Fund. This should help also to overcome the difficulty of identifying the right experts in the Bank, and while we fully recognize the difficulties associated to the asymmetric organization between IMF and the WB, it should not be used as an excuse not to collaborate.

<u>Recommendation 3</u>: we strongly encourage the sharing of knowledge and data. We regret and also do not understand clearly the lack of progress in this area. The second pillar of the 2007 JMAP report recommended already to " *enhance communications between the staff of the two institutions working on common thematic issues—through new electronic platforms for the sharing of focal point names, documents, mission schedules, and other information among staff in the two institutions working on country teams and/or the financial* *sector, fiscal issues, and technical cooperation*". The IEO report suggests that the situation did not really improve since then. While we recognize the potential accountability issues, coordination costs, and technical challenges mentioned in the Buff, success depends on the good will from both institutions. Benefits clearly outweigh costs. However, we also so fully agree with the Buff that success will also hinge on reaching understandings with the Bank.

Recommendation 4: **the Board has regularly called for an improvement of the collaboration between IMF and World Bank, but we agree that it could play a more active role**. Potential regular updates on the progress and difficulties on this topic, and engaging with Board upstream on strategic areas, could be helpful. We are open to the idea of the reinforcement of the liaison committee or the possibility of periodic joint IMF-WB board on specific issues and would support Mrs. Levonian's idea to create a high-level joint IMF-WB Committee. Indeed, as we fully recognize that you need to be two to collaborate, we need to promote this spirit also on the Bank side, and acting at the board level appears appropriate. *We are interested to hear IEO's view about the pros and cons of a such committee.*

Collaboration has never been as critical as in these exceptional times, as the Covid-19 crisis has a disproportionate impact on the most vulnerable. *We would be interested to have IEO's opinion on the collaboration since the beginning of the crisis, in particular regarding the emergency financing.* In addition, in the context of UCT programs, there is an increasing value in collaborating on comprehensive policy packages. We encourage management and staff to consider systematically what is the appropriate level of engagement with the World Bank and we will monitor closely how the collaboration will be integrated in the future arrangements.

Finally, we would be interested in a more comprehensive report in the future, co-written with the World Bank's IEG. While we welcome the discussions with IEG, a joint production would have sent a stronger signal. A future report should also more thoroughly address the critical areas of lending and capacity development, with a focus on the potential duplication of technical assistance.

DOCUMENT OF INTERNATIONAL MONETARY FUND AND FOR OFFICIAL USE ONLY

GRAY/20/3337

November 11, 2020

Statement by Mr. Palotai, Mr. Just, Mr. Dogan, and Mr. Zaborovskiy on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We welcome the Independent Evaluation Office's (IEO) assessment on IMF collaboration with the World Bank on macro-structural issues. We appreciate the shorter pilot format of the assessment.

Overall, we are not surprised by the IEO's finding of uneven Bank-Fund collaboration. The pilot's objective was probably more to improve the internal collaboration across departments, but the limited attempts to involve the Bank are symptomatic of the challenges to engage with external experts. The Report is also fairly clear on some of the required changes within the Fund for effective collaboration to better identify and exploit synergies, while creating incentives for staff and ensuring sufficient quid pro quo for the Fund's partners.

We are also not surprised that, on balance, the impact on resources has been limited, as collaboration across institutions is resource-intensive and can increase administrative burden. With a clear structure as well as understanding of the roles and responsibilities of the institutions, collaboration should be more cost-effective. This is particularly important as there are other macro-structural issues that the Fund may need to integrate into its surveillance, such as climate change, where the Bank has already gained expertise. The pandemic's adverse impact on low-income (LICs) may also necessitate stronger collaboration, as well as concerted action on lending and capacity development by both the Fund and Bank. The IEO rightly asserts that effective collaboration could yield significant benefits, but may not necessarily contain costs. Collaboration, however, could make trade-offs between macro structural issues more palatable if we are prepared to rely on the expertise of others instead of developing it ourselves. We thank the Managing Director for her statement and support for the IEO's recommendations. **We broadly share the IEO's recommendations and would like to provide the following comments for emphasis.**

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.

We concur with the IEO recommendation that there is no strong case for a new “umbrella” agreement between the Bank and Fund to replace the 1989 Concordat or the 2007 Joint Management Action Plan. However, there are merits in establishing explicit framework(s) to promote collaboration on specific priority structural issues, based on an assessment of the costs and benefits of intensified collaboration for the partner institutions. We note that such frameworks should have strong management and Board support in both the Fund and Bank, and set out the goals of each institution from this collaboration, including an agreement which defines the roles, processes, and accountabilities. We agree that a framework for collaboration with the Bank on climate issues is warranted to delineate and define the responsibilities of both institutions. We would see merit in explicit framework(s) covering the design of structural conditionality for LICs and fragile states (FS), including inter-institutional cooperation on social protection and how the Fund’s support to FS is aligned with the World Bank’s Country Partnership Frameworks for FS, given the Bank’s deep and complementary expertise.

Recommendation 2. ***The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners.***

While we recognize that some of the challenges to enhanced cooperation with development partners stems from different structures and operating models, we agree that improving incentives is essential to instill a stronger culture of collaboration among Fund staff to ensure that cooperation is successful and will result in synergies. The Fund has a distinct role among international financial institutions associated with a certain image, and has developed a specific culture where collaboration is not a defining feature. In a financial assistance context, toughness will continue to be crucial, but to hone other competencies, appropriate incentives have to be set as part of the Integrated Competency Framework. Performance reviews could include indicators to assess external collaboration, as well as relationship-building and management effort. We also see merit in exploring how to encourage increased staff exchanges between the Fund and Bank, especially at senior levels.

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.***

The fact that some admissible Fund information is not being shared with the Bank should be promptly addressed, while of course adhering to the rules about sharing market-sensitive information between the two institutions. *Has there been any consideration of allowing interactive access to a Fund/Bank knowledge database?*

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.***

We concur that the IMF Board should play a strategic role in facilitating and supporting external collaboration through helping set the incentives for Fund staff. This, in turn, will require that the Fund Board is not only being informed about successful collaboration, but also about substantive conflicts. Concurrently, we see scope for strengthening the role of the Committee on Liaison with the World Bank and Other International Organizations, which could engage in more regular exchanges with the Bank Board, and in the event of sufficient mutual concern, could propose joint Board meetings.

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GRAY/20/3339

November 11, 2020

Statement by Mr. Bhalla and Mr. Singh on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues (Preliminary)
Executive Board Meeting 20/110
November 16, 2020

1. We commend the Independent Evaluation Office (IEO) for its thoughtful and contextual evaluation of the IMF's effectiveness in collaborating with the World Bank as a means to raise the quality and influence of its work on macro-structural issues. We also appreciate the statement by the Managing Director articulating thoughtfully and candidly the hurdles faced in collaboration and the forward-looking strategy for 'more effective collaboration'.

2. In a broader context, the **IMF and World Bank extend global public goods and we believe that greater benefits from provisioning of public goods can be derived by harnessing the comparative advantage of each of the institutions**. We underscore the importance of greater collaboration to avoid duplication of efforts due to overlapping issues handled by the Fund and the Bank Missions and also on the ground of the Mission fatigue experienced by the members. We recognize the dynamic nature of the challenges the Fund is facing with each passing year; nevertheless, the challenges for collaboration seem to have become more daunting since the Fund has progressively moved into non-core areas.

3. We are also of the view that there is a need for a more well-thought-out approach to enhance engagement with the Bank. Given the primacy of the macro-structural issues to the mandates of both Bank and Fund, we agree with the IEO suggestion that greater efforts are warranted to identify strategically those issues where the benefits of collaboration are likely to bring the greatest returns. **We agree with the need to adopt structured frameworks in strategic macro-structural areas that are relevant to both the institutions, where the Fund's expertise is relatively limited, and where there is scope for mutual gains considering costs.** The IEO report has appropriately highlighted other important issues affecting the effectiveness of collaboration between the World Bank and the Fund, including the incentives of staff to collaborate, the need to improve access to and exchange of information and knowledge and call for a more strategic role of the IMF's Board.

   Our specific comments on each of the recommendations of the IEO report are set out below.

Recommendation 1: The Fund should seek to develop and agree on concrete frameworks to ensure effective collaboration with the Bank on key macro-structural issues where collaboration is judged to bring the greatest strategic returns.

4. The benefits are clearly reflected in collaboration on macro critical issues with the World Bank, which are vividly reflected in the surveillance activity viz., the FSAP, and the debt sustainability analysis. This shows that the merit of collaboration in certain core areas can bring greater synergy for the two institutions and help the membership immensely. From the viewpoint of the effectiveness of collaboration, we concur with the IEO suggestion that given the IMF's increasing involvement with macro-structural issues, it should adopt a more strategic approach to external collaboration with the Bank and with other partners. **We also agree that there is no one-size-fits-all solution as different forms of collaboration will be needed on different issues, and those modalities will need to evolve as the challenges to collaboration vary.**

5. Delineation of roles also plays an important role in the smooth collaboration of the Fund-Bank staff. As pointed out in the IEO evaluation, the FASP is the perfect example of the practical aspects of identifying areas of responsibilities.

6. The Joint Management Action Plan (JMAP) had emphasized the importance of increased mobility of staff between the Fund and Bank in creating greater synergy for the joint work. **However, we are much concerned about the results of the IEO survey regarding the IMF staff's apprehension that such movement to the Bank may harm their careers rather than being a benefit.** If this is true, the very purpose of collaboration through the exchange of employees seems to be untenable.

Recommendation 2: The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners.

7. The IEO survey reveals that incentives on the Fund side to collaborate with the Bank seem to be limited with over half of the IMF staff survey respondents disagreeing with the proposition that the IMF culture and incentives generally promoted collaboration with the Bank. This is even though Malan report way back in 2007 had pitched for a stronger culture of collaboration in both institutions, emphasizing particularly greater trust and stronger incentives.

8. We also recognize the IEO assessment that differences in organizational priorities and operating models can create a misalignment of incentives between Bank and Fund staff, which is not always conducive to effective collaboration. **Though individual behaviors and the wider organizational culture cannot be adapted quickly, they can be shaped over time through effective leadership and through strong and the right type of incentives to bring desirable changes.**

9. While a successful engagement may require shifting incentives in partner institutions as well and structural differences between institutions create challenges for aligning incentives,

we agree with the evaluation that specific steps in the **Fund could include providing more granular guidance to staff about when and how to engage, increased emphasis on relationship building and encouraging more staff exchanges with the World Bank.**

10. Clear direction from leadership is also critical to ensure healthy collaboration. We also recognize the equally important role of well-defined structures and processes.

    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.

11. The difficulties in gaining access to each other's documents and knowledge base have been a long-standing impediment to Bank-Fund collaboration and the less attention to this aspect is in recent year is not an encouraging trend. Further, in the survey of the Bank staff, over 60 percent of respondents indicated that the IMF never or rarely shared key country documents. As suggested by the IEO, Fund and Bank could explore ways to provide 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.

12. Unfortunately, the Board's active role seems to be minimal. The Report vividly reveals that while there has been a trend in recent years towards prior engagement with the Board as policy initiatives, still there has been frustration about the lack of enough information about Bank-Fund collaboration. **We strongly advocate a more active role of the Fund Board Committee on Liaison with the World Bank and other IOs and also underscore the need for its role and objectives to be made more ambitious to foster healthy collaboration.**

13. In conclusion, **we urge for greater collaboration on clearly identified issues between the Fund and the Bank, wherever, there is the maximization of aggregate public welfare by pooling together the resources. We believe that the key suggestions outlined by the IEO should form part of the strategy for future collaboration efforts and may also be used as input for the surveillance review and the surveillance exercise.**

GRAY/20/3344

November 12, 2020

Statement by Mr. Mohieldin and Ms. Abdelati on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
November 16, 2020

We appreciate the IEO team's useful work on this important topic, and the clear and constructive recommendations. Although this evaluation was of a shorter-format and timeframe, it provides a useful update on this long-standing issue and on important issues affecting the effectiveness of collaboration, including the need for more structured frameworks, incentives of staff to collaborate, the need to improve access to and exchange of information and knowledge, and a call for a more strategic role of the IMF's Board. We thank the Managing Director for her Buff statement, noting that she is well-placed to recognize the differences between the IMF and World Bank in terms of their mandate, operating model, and staff culture, and what is realistically feasible to expect. We agree that the objective is not more collaboration but more effective collaboration that brings more value-added to the membership. We look forward to seeing the Board-endorsed recommendations reflected in the Comprehensive Surveillance Review and in other streams of work.

Although the focus of this evaluation is on macrostructural issues, the findings and recommendations are relevant more broadly. An earlier IEO evaluation has highlighted the burden on fragile states from uncoordinated TA delivery and advice, underscoring the potential gain from more effective collaboration. We appreciate the coverage of recent efforts to advance joint work also on inequality, gender, energy/climate as reported in *Supplement 1*. And although they are not the subject of this evaluation, we agree with the MD that the work on the FSAP, and on debt vulnerabilities sustainability analysis are important well-established avenues of collaboration.

From the staff surveys, *Supplement 4*, we note the strong divergence of views among IMF mission chiefs on whether there is sufficient expertise within their team to work on macrostructural issues and on the usefulness of collaboration. Two thirds considered their team to have sufficient expertise but not enough time, and also found collaboration did not lead to cost savings and may have increased demands on staff's time. Many also considered that internal collaboration within the Fund to be more useful than collaboration with other organizations. The staff survey findings are in sharp contrast to views of some outsiders and country authorities that the Fund does not have the expertise to engage with them in discussions on macro-structural issues. Although only 14 percent of Fund staff responded to the survey, it could be a key factor that explains the limited uptake of joint analytical work or joint missions. It is indeed encouraging that the Fund's work on emerging structural issues is well regarded by outside experts, including World Bank staff, despite the significant resource constraints. We support the need to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners (**Recommendation 2**), while noting that there are some elements relating to collaboration in the new competency-based staff performance assessment.

In the case of the pilot on macro-structural issues, in one of our countries in the pilot, staff was of the view that collaboration was instrumental to the development of specific reforms in the context of a program. However, in the authorities' view, the design and discussion of specific reforms would have benefited from joint discussion with both WB and IMF staff and not just from the IMF staff bilaterally consulting the WB team. *Did the IEO team hear a similar view from authorities in other countries in the pilot? What does the IEO team think about joint meetings with the IMF and relevant WB locally-stationed staff who cover the topic?* It would be easier to implement and more effective than joint missions and would allow the authorities to interact with both jointly.

We strongly support the IEO emphasis on enhancing the strategic role of the Board in fostering collaboration (**Recommendation 4**). We commend the IEO for recognizing this and see merit in a few focused joint Board meetings on macro-critical issues. We also see considerable scope to involve ED offices in staff mission discussions with Bank staff on specific reforms that the Fund is in the process of formulating, if they are not already doing so—the practice differs between mission chiefs. *Does the IEO team and the staff agree that engaging the ED office in this way would improve the effectiveness of the collaboration and of the structural reform outcomes?*

We appreciate that the report acknowledges the valuable role played by informal collaboration so far, but we also agree that more thought out, concrete, and structured frameworks for collaboration in macro-structural issues is warranted (**Recommendation 1**) in select areas that could bring strategic gains. We agree with the MD that activities in the climate workstream are a good candidate, as has debt sustainability and FSAP, and *we wonder if SOE reform, competition policy, export promotion, and social protection would also be good candidates. We* note the MD's reservation on the financing of joint work and would also add that the two institutions have different timeframes when it comes to country-focused analytical work.

We strongly believe in the power of access to information and exchange of knowledge, **Recommendation 3.** This was a key pillar in the 2007 Joint Management Action Plan, but remains unaddressed. The Survey indicated that some IMF staff who did not discuss their work programs did not know how to identify the appropriate WB counterparts or believed there were no common interests. This seems like a low hanging fruit --through a simple sharing of country team staffing information on both sides. We are therefore encouraged by the MD's indication that work in already underway to establish a list of first points of contact and strengthening upstream exchanges between high-level staff—although we believe exchange at the country level would be most effective. Regarding cross-linking the knowledge exchange sites, we can appreciate the MD's expressed concern over information security risks, and accountability issues. *However, we would appreciate if staff would clarify limits on access to information, and if there are still limitations of access to information to the Board. At one point, OED had no access to the Knowledge Exchange site—is everything on it available to the Board now?*

IEO's October Factual Update, *Supplement 5*, usefully highlights how Fund staff has taken forward some of the recommendations. For example, in the area of climate change, a joint Bank-Fund review of experience with the Climate Change Policy Assessment pilots, will be used to finalize a framework for joint work on the CCPA going forward, consistent with Recommendation 1. *But the Update indicates that the protocol to identify modalities for information sharing remains pending—could staff comment on the obstacles?*

Going forward, both institutions deliver global public goods and have an opportunity for collaboration to improve the delivery of these public goods, which would have positive implications for the effectiveness of their operations and the quality of engagement with member countries. There are many worthwhile areas of collaboration to deliver these global public goods. One example is the area of climate mitigation and sustainability, where, as we mention above, it is an example of good collaboration with an effective framework. Another area is debt sustainability, debt management, and improving the global architecture for debt resolution—which has been ongoing and needs to expand as it is is particularly important at this juncture. A third area is digital transformation to reap the opportunities and address risks/concerns, including compromise of information systems, cyber-attacks and issues related to exclusion. We look forward to staff advancing these collaboration opportunities.

GRAY/20/3346

November 14, 2020

Statement by Mr. Chodos, Mr. Lischinsky, and Mr. Morales on Independent Evaluation Office - Working with Partners - IMF Collaboration with the World Bank on Macro-Structural Issues
(Preliminary)
Executive Board Meeting 20/110
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We thank the IEO for the useful report on the IMF collaboration with the World Bank on Macro-Structural issues. As the Fund is expected to expand coverage of macro-structural issues in the foreseeable future, this issue is likely to become even more important over time. We agree that the focus should be on how to leverage on the knowledge of other institutions to improve the quality of the Fund work, rather than aiming at raising collaboration per se. We also understand that this assessment is not meant to be comprehensive, given the shorter-term nature of the report. Having said that, we wonder if the conclusions regarding the partial progress in this area would merit a more comprehensive report down the road.

We find that the positive experiences with the work on financial sector and debt issues could guide further steps to raise the benefits of collaboration between both institutions. For example, in the selection regarding experts, which is a key element for effective collaboration, given that the Bank is a much larger institution than the Fund, the corresponding requests to the Bank should be made with sufficient time to allow a clear identification of roles and appropriate preparation and organization of the work ahead. In fact, we are surprised that teams for pilot cases have tended to be self-reliant when Fund staff did not have sufficient expertise.

We wonder to what extent the expansion of the scope of the work both at the Fund and at the Bank may have conspired against a more effective collaboration. We recall a period of very effective work by joint teams for the Financial Sector Assessment Programs, when team members had a given time period to dedicate fully to the task at hand. In any event, we agree that explicit frameworks should be established for specific priorities, with full support from management and explicit expectations on accountability. This is very unlikely to be accomplished in an informal decentralized framework. At the same time, we agree that a more pragmatic approach is needed rather than a new umbrella agreement for collaboration between the Fund and the Bank.

We have the following comments on specific recommendations:

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. We agree with this recommendation as it is the only way to ensure the appropriate allocation of resources from both institutions to work together towards a common goal. Also, this is a practical way to ensure that the joint coverage of macro-structural issues is circumscribed to high-impact topics where deeper expertise could make a meaningful factor. This is clearly the case for joint work on the climate workstream.

Recommendation 2. The Fund should seek to improve internal incentives to collaborate and address the wider cultural reluctance to engage with external partners. We support this recommendation with a caveat. Given that it would be preferable to be quite selective of the areas for potential collaboration, it would not be fair to formally establish criteria associated with relationship building beyond the senior staff. Also, this approach runs the risk of giving the wrong incentives to managers to go through the motions of collaboration rather than focusing on improving the quality of the work on macro-structural issues. Also, we agree with the Managing Director that it is too early to burden the new performance management system with new elements at this stage.

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. We support the recommendation, since information sharing is essential for good collaboration. We acknowledge that actions have already been taken, including a list of points of contact and sharing of rosters of technical experts across institutions. We are not convinced though that reciprocal access to intranets would be a relevant restriction for the work on a well-defined set of topics. Again, an appropriately open exchange of information should be based on incentives for experts from both institutions to freely exchange views and to share all relevant information in a timely and open manner to achieve common goals.

Recommendation 4. The strategic role of the IMF Board 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. We support this recommendation that should be implemented with caution, as indicated by Mr. Palei and Mr. Shestakov in their Gray. We believe that early engagement of the Board on actions to facilitate collaboration would be important. Also, more frequent participation of staff and experts from both institutions at Board meetings could be informative. Having said that, we sympathize with Ms. Levonian's proposal to create instead a high-level joint IMF-World Bank Committee to consider strategic steps to put in place the recommendations from this report as a more effective way to support collaboration from the top down.

Constituency Codes

OEDAE
Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe

OEDAF
Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé & Príncipe, Senegal, Togo

OEDAG
Argentina, Bolivia, Chile, Paraguay, Peru, and Uruguay

OEDAP
Australia, Kiribati, Korea, Marshall Islands, Federated States of Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, and Vanuatu

OEDBR
Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, and Trinidad and Tobago

OEDCC
China

OEDCE
Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, and Spain

OEDCO
Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines

OEDEC
Austria, Belarus, Czech Republic, Hungary, Kosovo, Slovak Republic, Slovenia, and Turkey

OEDFF
France

OEDGR
Germany

OEDIN
Bangladesh, Bhutan, India, and Sri Lanka

OEDIT
Albania, Greece, Italy, Malta, Portugal, and San Marino

OEDJA
Japan

OEDMD
Afghanistan, Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

OEDMI
Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, United Arab Emirates, and Yemen

OEDNE
Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, Netherlands, Republic of North Macedonia, Romania, and Ukraine

OEDNO
Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden

OEDRU
Russian Federation and Syrian Arab Republic

OEDSA
Saudi Arabia

OEDST
Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Philippines, Singapore, Thailand, Tonga, and Vietnam

OEDSZ
Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, and Uzbekistan

OEDUK
United Kingdom

OEDUS
United States