



IMF POLICY PAPER

FOURTEENTH PERIODIC MONITORING REPORT ON THE STATUS OF MANAGEMENT IMPLEMENTATION PLANS IN RESPONSE TO BOARD-ENDORSED IEO RECOMMENDATIONS

November 2024

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- A **Press Release** summarizing the views of the Executive Board as expressed during its November 7, 2024 consideration of the staff report.
- The **Staff Report**, prepared by IMF staff and completed on October 10, 2024 for the Executive Board's consideration on November 7, 2024.
- A **Proposed Decision** that was approved by the Executive Board on November 7, 2024.

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FOURTEENTH PERIODIC MONITORING REPORT ON THE STATUS OF MANAGEMENT IMPLEMENTATION PLANS IN RESPONSE TO BOARD-ENDORSED IEO RECOMMENDATIONS

EXECUTIVE SUMMARY

The Fourteenth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations assesses the progress made over the past year on 91 actions contained in eleven MIPs.

Notwithstanding a continued heavy workload on the Fund's staff arising from important global challenges, substantial progress has been made with the implementation of management actions since the last PMR. Implementation over the last year continued to be affected by multiple demands on staff and capacity considerations. Whilst staff workload continues to be impacted by important global challenges, the winding down of work on the COVID-19 pandemic allowed staff to focus on several important strategic actions, some of which had been postponed owing to the reprioritization of activities related to the pandemic. As a result, a record number of 49 actions (out of 91) are deemed to have been satisfactorily implemented, with 42 actions remaining open. The pace of implementation/closure in the Fourteenth PMR is more than double that of the previous PMR (24 closed actions), and also much higher than that of the pre-pandemic annual average (17 closed actions).

Since the completion of the Thirteenth PMR, attention has shifted back to the implementation of strategic actions (as opposed to operational or tactical actions) involving important reviews and key policy steps. These included, among others, the completion of the Capacity Development Strategy Review, the Review of Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance, the Operational Guidance Note on Program Design and Conditionality, Operational Guidance for IMF Engagement on Social Spending Issues, an update of the Staff Guidance Note on the IMF's Engagement with Small Developing States (SDS-SGN), the Interim Review of the Resilience and Sustainability Trust (RST), and the finalization of the Review of Data Provision to the Fund for Surveillance Purposes.

Overall, progress has largely been made across the board since the Thirteenth PMR. The pace of implementation has been particularly faster on actions contained in the *MIPs in Response to the IEO Evaluations on the IMF's Emergency Response to the COVID-19 Pandemic, the IMF and Capacity Development, IMF Engagement with Small Development States, and Behind the Scenes with Data at the IMF*. Several remaining open actions depend on the implementation of other important reviews/key steps that are expected to be completed in the near future, such as the issuance of a new Capacity Development Guidance Note, a Board paper on Bank-Fund collaboration, the Review of PRGT Facilities and Financing, and the Review of Program Design and Conditionality.

Starting with this PMR, OIA has broadened the definition of overdue actions to include all actions that are not completed by the originally agreed-upon implementation due dates. In recent PMRs, OIA had focused on those overdue actions that were more than one year past their target implementation dates. The one-year grace period was allowed in recognition that progress in implementation could have been hindered by the reprioritization of activities that took place in the context of the COVID-19 pandemic. With the return to a post-pandemic normal, OIA is of the view that the retention of this one-year grace period is no longer deemed necessary.

Thirteen of the 42 open actions are past their target implementation dates; most of these actions continue to progress at varying paces. HRD is working to finalize a proposal to introduce adjustments on the country team tenure matrix and target, following the recent completion of a staff analysis in this area. Other overdue actions include the preparation of a background paper to take stock of how the Fund has integrated select macro-structural areas in surveillance, including collaboration with other institutions; briefing the Board on the interplay between capital flows, Capital Flow Management Measures (CFMs), and crises; and publication on the Fund external website of indices of capital account openness. Over the last 12 months, limited progress has been made on the latter two actions, which have been delayed again owing to other work priorities. The update of statistical manuals has advanced significantly and is expected to be finalized in spring CY2025. Regarding social protection, after the recent issuance of a Guidance Note to assist with the implementation of the social spending strategy, staff intends to broaden the scope of the terms of reference of the already existing Inequality Advisory Group to include social spending and inclusion issues.

The Thirteenth PMR described the progress achieved on the development of a slippages framework to assess the impact of slippages in the implementation of open management actions. The Thirteenth PMR discussed the advances that had been made through the development of a prototype slippages framework consistent with the guidance provided by the Executive Board. The prototype slippages framework is anchored in the Fund's Enterprise Risk Management (ERM) Framework and leverages ERM tools and processes, where appropriate.

After the Board endorsement of the ERM framework in December 2022, the prototype slippages framework is being piloted in the MIP on The IMF's Emergency Response to the COVID-19 Pandemic (ERP MIP), as proposed by several Executive Directors. As part of the Fourteenth PMR, OIA was expected to assess the progress made on the slippages framework. As

part of the process, in the event of actual slippages or delays in implementing management actions, the departments accountable for the specific management actions are expected to update the ex-ante enterprise risk assessments included in the MIP. So far, there have been no actual slippages in the implementation of the actions envisaged in the piloted ERP MIP; therefore, no ex-post update of the ex-ante assessments is necessary at this stage. Looking ahead, as indicated in the Thirteenth PMR, a recommendation for moving forward with the slippages framework on a more permanent basis is expected to be issued following the full implementation of the MIP on the ERP pilot, an assessment of lessons from the pilot, and an amendment of relevant decisions.

It is noteworthy that the faster pace of implementation of actions recorded in this PMR has taken place against a backdrop of continued competing work pressures and capacity constraints. Going forward, prioritization of implementation efforts will be particularly key to maintain a high pace of implementation in an environment characterized by elevated workloads and multiple demands on Fund staff.

Approved By
Ashlene van der Colff

Prepared by the Office of Internal Audit

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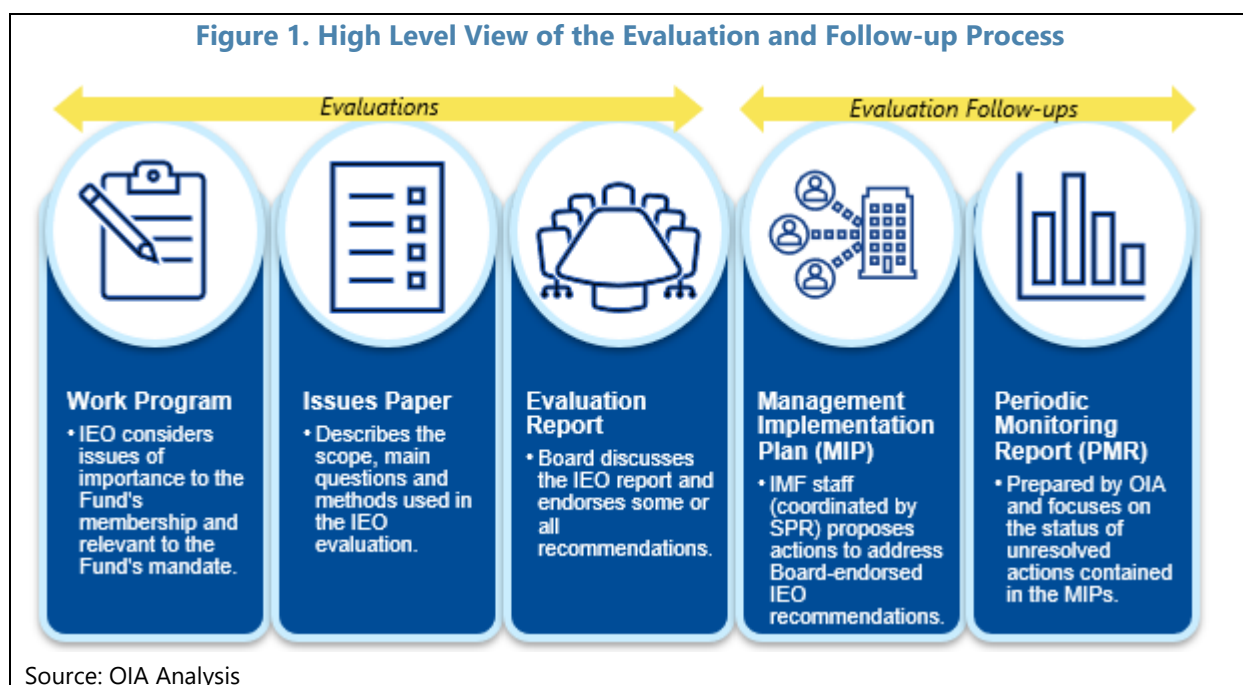
Glossary

| | |
|--------|---|
| AD | Area Department |
| FD | Functional Department |
| CES | Country Engagement Strategy |
| CFMs | Capital Flow Management measures |
| CMAP | Climate Macroeconomic Assessment Program |
| CSI | Common Surveillance Indicators |
| CSR | Comprehensive Surveillance Review |
| CVU | Corporate Vulnerability Unit |
| CD | Capacity Development |
| CDSR | Capacity Development Strategy Review |
| CDMAP | Capacity Development Management and Administration Program |
| CSD | Common Surveillance Database |
| DGG | Data Governance Group |
| DIGNAD | Debt, Investment, Growth, and Natural Disasters |
| DPF | Data Provision to the Fund for Surveillance Purposes |
| EBV | Enterprise Business Vocabularies |
| ERM | Enterprise Risk Management |
| ERP | IEO Evaluation on the IMF's Emergency Response to the Covid-19 Pandemic |
| FM | Fungible Macroeconomist |
| FCS | Fragile and Conflict-Affected States |
| GaR | Growth-at-risk |
| IEO | Independent Evaluation Office |
| IV | Institutional View |
| LICs | Low Income Countries |
| MIPs | Management Implementation Plans |
| NGFS | Network for Greening the Financial System |
| OGN | Operational Guidance Note |
| OECD | Organization for Economic Co-Operation and Development |

| | |
|---------|---|
| PMR | Periodic Monitoring Report |
| RCDCs | Regional Capacity Development Centers |
| RTACs | Regional Technical Assistance Centers |
| RST | Resilience and Sustainability Trust |
| RBM | Results-based Management |
| SDS | Small Developing States |
| SDS-SGN | Small Developing States Staff Guidance Note |
| SDS-WG | Small Developing States Working Group |
| SDDS | Special Data Dissemination Standard |
| SGN | Surveillance Guidance Note |
| SIA | Statistical Issues Appendix |
| SSN | Social Safety Nets |
| SSWG | Board's Small States Working Group |
| SE | Specialist Economist |
| URRs | Under-Represented Regions |
| WFP | Workforce Planning |

OVERVIEW

1. In January 2007, the Executive Board instituted the *Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations* to report on the state of implementation of Board-endorsed IEO recommendations. Following the Executive Board's discussion of an IEO evaluation, Management and staff (SPR, in collaboration with other departments) prepare a MIP for the Board-endorsed recommendations. Each year, OIA independently assesses the progress of open actions from preceding MIPs and prepares the PMR for Board endorsement.¹ A high level view of the evaluation and follow-up process is presented in Figure 1 below.



2. In July 2018, the Third External Evaluation of the IEO called on the Executive Board to make decisions to comprehensively address a backlog of open management actions in response to Board-endorsed IEO recommendations facing implementation challenges.² In response to that recommendation, in March 2019 the Board endorsed an OIA-proposed framework to comprehensively address this backlog.³ The framework ("triage framework") set the parameters for dividing the stock of open actions into five categories based on the root cause of the lack of progress on implementation and provided guidance on how to design remedial actions. The first

¹ OIA assumed responsibility for preparing the PMR from SPR in February 2014.

² Kaberuka, Donald, C. Der Jiun and P. Meyerson, "Time for a Reboot at a Critical Time for Multilateralism—The Third External Evaluation of the IEO", July 2018. <http://www.ieo-imf.org/ieo/pages/ExternalEvaluation.aspx>.

³ International Monetary Fund, Office of Internal Audit (OIA), "A Framework to Address Open Management Actions in Response to Board-Endorsed IEO Recommendations", March 2019.

category included actions that were open with no obvious challenges and would continue to be monitored in the PMR. Regarding the other four categories,⁴ the framework proposed that actions in two categories be reformulated, actions in another category could be retired from PMR monitoring after five reporting cycles, and those in the remaining category would be retired immediately from PMR monitoring.

3. In December 2019, concurrently with the Tenth PMR, staff issued a paper on the Categorization of Open Actions in Management Implementation Plans (“Categorization Paper”), based on the framework endorsed by the Board in March 2019.⁵ The Categorization Paper placed 24 actions assessed as “off-track actions” in the Tenth PMR into the categories under the triage framework. Eight of these actions were reformulated in March 2022 through the MIP on *The Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans (hereafter referred to as the “reformulation” MIP)* and would continue to follow-up through subsequent PMRs. One action (on gender and diversity) was extended for an additional five PMR monitoring cycles, while the remaining actions were retired from PMR monitoring with the view that they would be addressed through other institutional workstreams already subject to Board oversight. In February 2020, the Executive Board endorsed the assessment contained in the Tenth PMR and the Categorization Paper.

4. This Fourteenth PMR covers 11 MIPs containing 91 actions: one new MIP in response to a recent IEO evaluation issued in September 2023 (containing 19 actions); another nine MIPs in response to older evaluations (containing 65 actions that were classified as open after the Thirteenth PMR); and the MIP that in March 2022 reformulated eight off-track actions (containing 7 open actions after the Thirteenth PMR).⁶ Specifically, the MIPs being considered in the Fourteenth PMR are those arising from the following IEO evaluations: (i) *The IMF’s Emergency Response to the COVID-19 Pandemic (new, 2023)*; (ii) *The IMF and Capacity Development (2022)*; (iii) *IMF Engagement with Small Developing States (2022)*; (iv) *Growth and Adjustment in IMF-Supported Programs (2021)*; (v) *IMF Collaboration with the World Bank on Macro-Structural Issues (2020)*; (vi) *IMF Advice on Capital Flows (2020)*; (vii) *IMF Financial Surveillance (2019)*; (viii) *The IMF and Social Protection (2017)*; (ix) *Behind the Scenes with Data at the IMF (2016)*; and (x) *The Role of the Fund as Trusted Advisor (2013)*.⁷ The MIP corresponding to the IEO’s evaluation on *The IMF and*

⁴ The other four categories are: (i) actions for which desired outcomes are not being achieved despite implementation guidelines being in place; (ii) actions that are sufficiently specific and have no clear measures of success; (iii) actions that involve long-term technical or culture change and are not suitable for a binary open-closed classification which should be retired from PMR after five reporting cycles; and (iv) actions for which full implementation is no longer seen as valuable, have duplicates in other MIPs, or have become redundant, which should be retired immediately from PMR monitoring.

⁵ *Categorization of Open Actions in Management Implementation Plans*, SM/19/282, December 20, 2019. The paper was prepared by SPR in consultation with OIA and accountable departments.

⁶ The reformulation of the eight off-track actions resulted in 22 new actions, of which seven remained open after the Thirteenth PMR.

⁷ Evaluations in progress by the IEO include: “IMF Advice on Fiscal Policy” and “The IMF’s Exceptional Access Policy”; the IEO Evaluation of “The Evolving Application of the IMF’s Mandate” was finalized in June 2024, but the MIP has not been issued. On a separate matter, the 4th External Evaluation of the IEO was recently completed.

Fragile States (2018) has been retired from PMR monitoring as all the remaining actions in that MIP were completed in the context of the Thirteenth PMR.

5. To prepare the Fourteenth PMR, OIA held meetings with senior staff from SPR and the departments that are accountable for implementing the open management actions.⁸ The report relies on staff reports to the Executive Board and Management, research papers, official memoranda, as well as other information and documents obtained in the meetings with these senior staff. As many of the management actions envisaged in the MIPs are qualitative in nature, the assessment of their implementation necessarily involves a degree of judgment.

6. Overall, in OIA's assessment, of the 91 actions being assessed in the Fourteenth PMR, a record number of 49 actions, including eight reported as overdue (or one year past their target implementation dates) in the Thirteenth PMR, have been satisfactorily implemented, while 42 remain open. The Fourteenth PMR is being presented in the context of multiple global challenges, including conflicts in Ukraine and the Middle East and their spillover effects, geoeconomic fragmentation, weak medium-term growth prospects, and macro financial pressures stemming from rising debt fragilities and higher interest rates.⁹ At the same time, the winding down of work on the COVID-19 pandemic has allowed staff to focus on important strategic issues, some of which had been postponed owing to the reprioritization of activities that took place to address urgent pressures related to the pandemic. As a result, the pace of implementation in the Fourteenth PMR increased markedly relative to that observed in the Thirteenth PMR, turning out much faster than the trend of on average 17 implemented actions per year recorded in the years before the COVID-19 pandemic.

7. Following the implementation of several actions predominantly of an operational nature in 2023, progress since the completion of the Thirteenth PMR has shifted back to the implementation of strategic actions involving important reviews and key policy steps. These included the completion of the Capacity Development Strategy Review, the Review of Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance, a final stock-taking of the Implementation of Governance Measures in Pandemic-Related Spending, the Operational Guidance Note on Program Design and Conditionality, the Operational Guidance for IMF Engagement on Social Spending Issues, an update of the Staff Guidance Note on IMF's Engagement with Small Developing States (SDS-SGN), the Review of Precautionary Instruments, the Interim Review of the Resilience and Sustainability Trust (RST) and Review of Adequacy of Resources, the Interim Review of Access Limits under the Poverty Reduction and Growth Trust (PRGT) and Initial Considerations for Access Limits under the General Resources Account (GRA), the Review of

⁸ These include: FAD, HRD, ICD, MCM, RES, STA, KMU, FIN, Area Departments and CSF.

⁹ Against this backdrop, policymakers face complex challenges, including the final descent of inflation by calibrating monetary policy to country-specific circumstances, while renewing the focus on rebuilding fiscal buffers to deal with future shocks, raising revenue for new spending priorities, and ensuring debt sustainability. Policymakers also need to safeguard financial stability and bolster inclusive medium-term growth with targeted and carefully sequenced structural reforms (see the Statement of the Managing Director on the FY2025 Work Program of the Executive Board, March 8, 2024).

Cumulative Access Limits under the Fund's Emergency Financing, and the finalization of the Review of the Data Provision to the Fund for Surveillance Purposes (DPF Review).

8. Overall, progress since the Thirteenth PMR has been made largely across the board, with implementation being particularly faster on the actions envisaged in the MIPs in response to the *IEO Evaluations on the IMF's Emergency Response to the COVID-19 Pandemic, the IMF and Capacity Development, IMF Engagement with Small Development States, and Behind the Scenes with Data at the IMF*. Several remaining open actions depend on the implementation of other important reviews/key steps that are expected to be completed in the near future, such as the issuance of a new CD Guidance Note, a Board paper on Bank-Fund collaboration, the Review of PRGT Facilities and Financing (PRGT Review), and the Review of Program Design and Conditionality (RoC). Figure 2 below summarizes the current status of management actions.

Figure 2. Status of Management Actions in Current PMR and Implementation Status of Past and Current PMRs

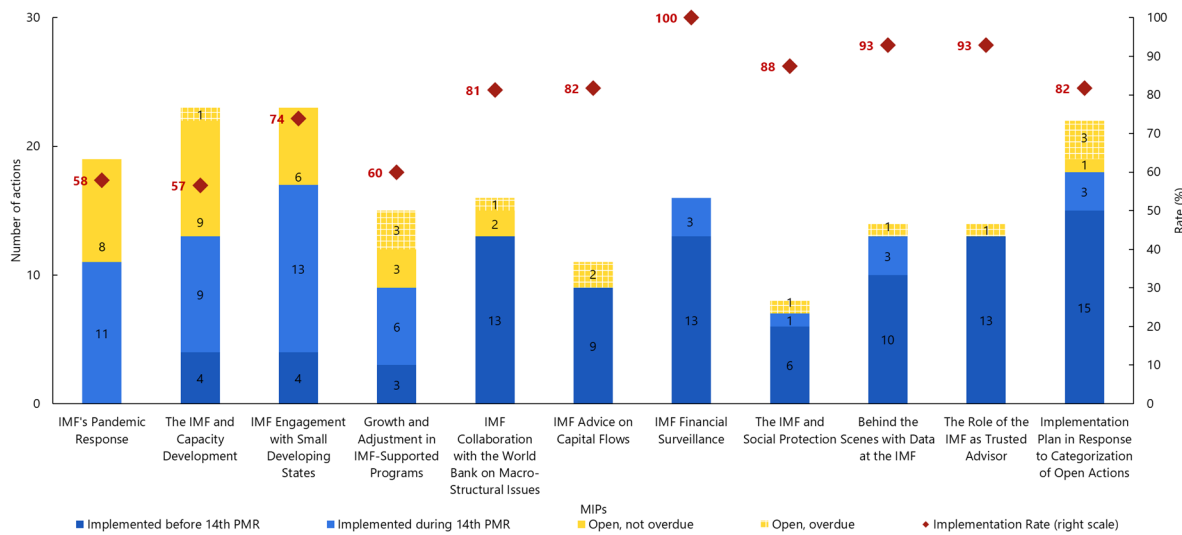
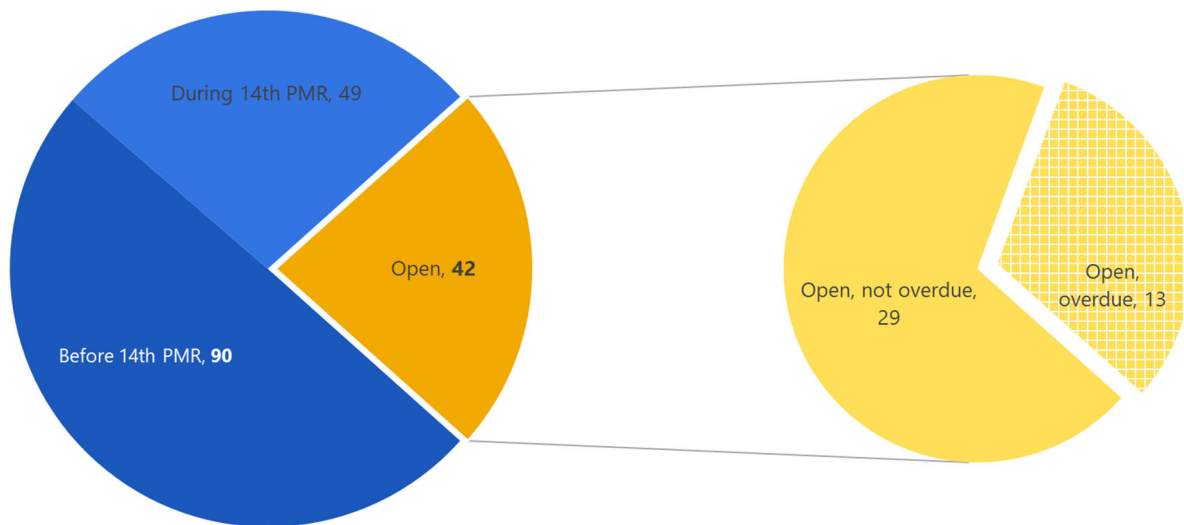
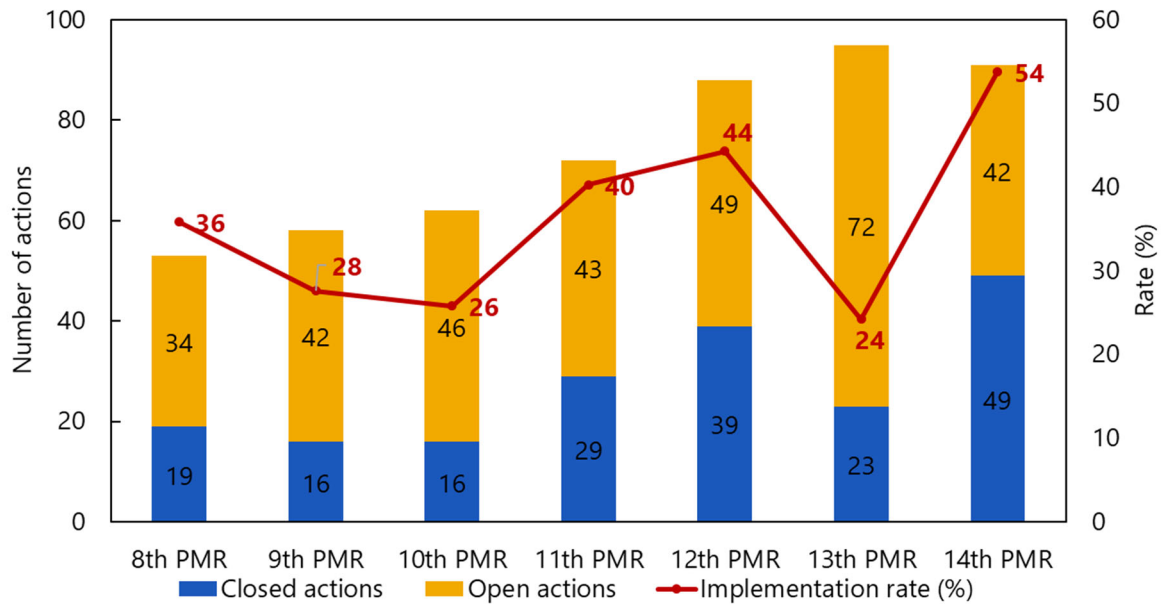


Figure 2. Status of Management Actions in Current PMR and Implementation Status of Past and Current PMRs (concluded)

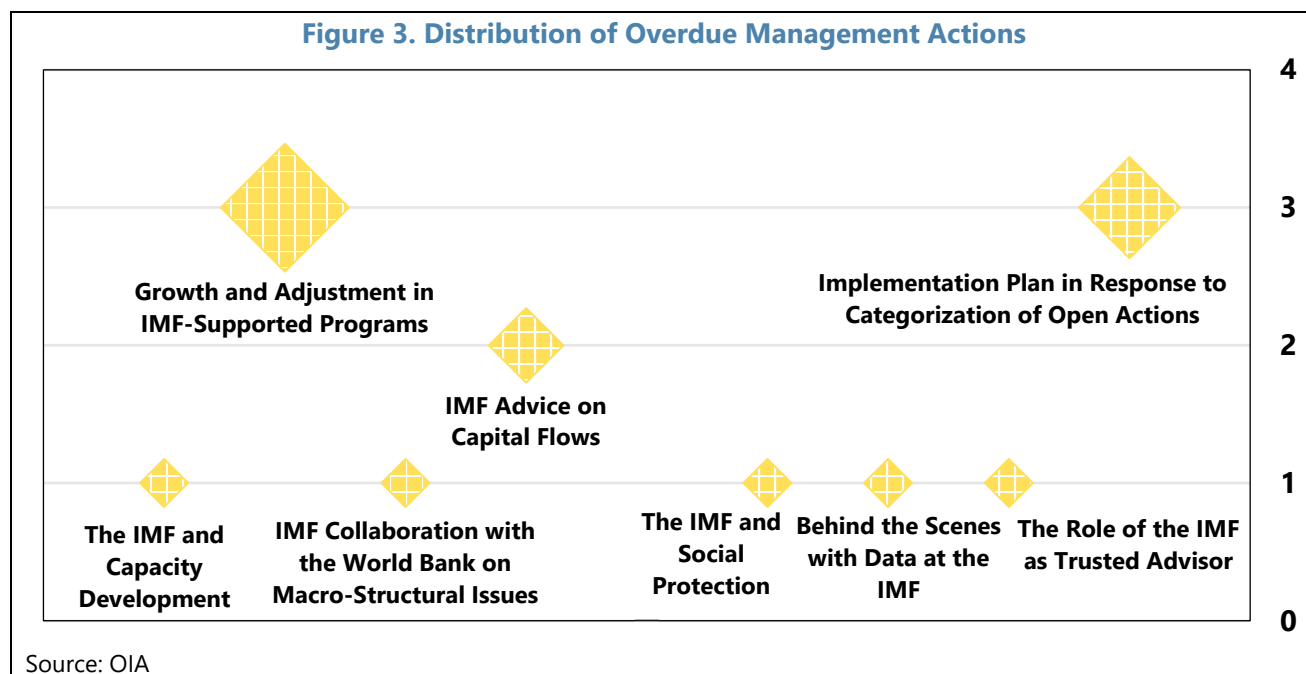


Source: OIA

9. Starting with this PMR, OIA has broadened the definition of overdue actions to include all actions that are past their target implementation due dates. In recent PMRs, OIA had focused on those overdue actions that were more than one year past their target implementation dates, with the one-year grace period being allowed to acknowledge that progress in implementation could have been negatively affected by the reprioritization of activities associated with the COVID-19 pandemic. With the Fund returning to normal operations, OIA is of the view that there is no need to retain this grace period as staff should be able to more accurately estimate the time required to implement the actions envisaged in MIPs.¹⁰

10. Of the 42 actions that remain open after this PMR, 13 actions are past their target implementation dates. Relevant departments continued to make progress on these actions at varying paces. These 13 actions are contained in eight MIPs, as shown in Figure 3 below.

¹⁰ As a transitional step towards the more comprehensive approach adopted in this PMR, the Thirteenth PMR included an Annex that provided a separate list of those actions which were less than one year past their target implementation dates.



11. Among the 13 overdue actions, progress is being made on the overdue action to further update the workforce planning materials for selected CD management job families/functions and provide further career development support for Specialized Career Streams (SCS)/Specialists (in response to the *IEO evaluation on the IMF and Capacity Development*). A Career Advisory Group has been created to review and enhance career opportunities, which will cover SEs and SCS staff and a “talent marketplace” will be piloted beginning October 2024. In addition, a number of workforce analysis notes were issued from end-FY2021 through the beginning of FY2024 in the areas of fiscal, monetary and statistics experts, and the workforce analysis notes for CD management job families are in progress. The whole review process covering the Fund’s job architecture is expected to be completed by end-FY2026.

12. Three actions included in the *MIP in response to the Executive Board-Endorsed Categorization of Open Actions in MIPs (the “reformulation” MIP)* are also overdue and progressing at varying paces. First, an analysis of influences and drivers on country team tenure has been circulated to the Board, and it has also been shared with the Small Developing States Working Group and departments. Going forward, HRD will continue to present its regular analysis and engage with area departments in the context of the Accountability Framework and develop possible adjustments to the tenure metric and target by end-FY2025 to ensure that stakeholders are aligned with the strategic objectives in this area. Second, the annual OED survey on the Fund’s engagement with the membership shows that a high proportion of respondents are satisfied with country teams’ handling of confidential information, but completion of this action requires an assessment in this area, possibly in the context of the 2026 Comprehensive Surveillance Review (CSR), given that the Interim Surveillance Review (ISR) has been cancelled. Third, the timeline for the migration project of the interdepartmental review of Working Papers to the review system has been extended, with the full system expected to be deployed in three releases in 2025.

13. Regarding the MIP in response to the IEO evaluation on *Growth and Adjustment in IMF-Supported Programs*, three actions are overdue but progressing. These include the Review of Program Design and Conditionality, which is expected to be completed in CY2025, and the introduction of two analytical tools (GaR 2.0 and CoDA), which has not yet been completed.

14. In respect of the MIP in response to the IEO evaluation on *IMF Collaboration with the WB on Macro-structural Issues*, one action that remains overdue is the preparation of a background paper to take stock of how the Fund has integrated select macro-structural areas in surveillance, including collaboration with other institutions. As the ISR has been cancelled and folded into the 2026 CSR, this background paper is likely to be included as part of the CSR.

15. Limited progress has been made over the last 12 months with the implementation of two overdue actions that are part of the MIP in response to the IEO evaluation on *IMF Advice on Capital Flows*, which have been delayed again due to other priorities. These two actions include briefing the Board on the interplay between capital flows, CFMs, and crises and the publication on the Fund external website of indices of capital account openness.

16. One open action in response to the IEO evaluation on *The IMF and Social Protection* remains overdue but progressing. A Guidance Note to assist with the implementation of the Strategy for IMF Engagement on Social Spending, which was running behind schedule and was further delayed by the COVID-19 pandemic, was finalized in February 2024. The operationalization of the Guidance Note was expected to be supported through the formation of an advisory group after its issuance. However, staff plans to leverage on the existing Inequality Advisory Group to monitor and report on social spending and social inclusion issues. To this end, the scope of this Group's terms of reference will be broadened by end-FY2025.

17. Regarding the MIP in response to the IEO evaluation on *Behind the Scenes with Data at the IMF*, one action remains overdue but continues to make progress. Specifically, the preparation of revised Statistical Manuals to provide international methodological guidance, including for LICs, is expected to be completed in the Spring of 2025.

18. In respect of the MIP in response to the IEO evaluation on *The Role of the Fund as Trusted Advisor*, work continues on diversity and inclusion. In February 2020, the action to implement measures to raise the share of nationals from underrepresented regions among senior staff and for increasing the representation of women at senior levels was extended for an additional five PMR monitoring cycles, with approval from the Executive Board.¹¹ Although there has been significant progress against several benchmarks, important challenges remain in this area.

19. A summary of all the individual actions that are overdue is presented in Table 1 below. The Table is organized by IEO report date, starting with the most recent report.

¹¹ DEC 16656-(20/16), adopted on February 10, 2020.

20. The Fourteenth PMR comprises three sections. In addition to this Overview, Section II of the PMR describes in detail the implementation status of management actions, and Section III reports on progress on the development of the slippages framework.

| IEO Report | Action and Accountable Department | Original Target Date | Expected Completion Date | OIA's Commentary |
|---|---|-----------------------------|---------------------------------|--|
| The IMF and Capacity Development | Further update the workforce planning materials for selected CD management job families/functions and incorporate CD department feedback into the workforce planning tool (Adaptive Insights). -HRD in consultation with ICD and CD departments | April 2024 | End-FY2026 | Partially complete. The workforce planning tool in the Workday System was launched in FY2023. A Career Advisory Group has been established to address and enhance career opportunities for SCS and specialist staff. This interdepartmental mechanism will discuss talent management and mobility and will cover specialist economists and SCS staff working on CD. A "talent marketplace" will be piloted. |

Table 1. List Of Overdue Actions (continued)

| IEO Report | Action and Accountable Department | Original Target Date | Expected Completion Date | OIA's Commentary |
|---|---|----------------------|--------------------------|--|
| Implementation Plan in Response to the Executive Board- Endorsed Categorization of Open Actions in Management Implementation Plans | Prepare an analysis of issues surrounding mission chief and country team turnover, including recent trends and drivers and their effect on tenure in country assignments. Propose policy options and targets, if necessary, for ensuring adequate tenure on country assignments, aligned with other HR policies (including Career Framework and Path and HRL policy) and present it to the Board by end-December 2023. -HRD | End-December 2023 | End-FY2025 | Partially complete. In February 2024 staff circulated for the Board's information an analysis of influences on country-team tenure. The analysis concluded that there are trade-offs and risks associated with both business-as-usual and increased country-team tenure, and that adjustments to the tenure metric and target might be merited. HRD is conducting interdepartmental consultations to refine the metric and target, if needed. |
| Implementation Plan in Response to the Executive Board- Endorsed Categorization of Open Actions in Management Implementation Plans | Monitor progress using the annual OED survey, with the expectation that the number of respondents expressing satisfaction with country teams' handling of confidential data will be considerably higher than a | June 2024 | CY2026 | Partially complete. In early April 2024, SPR concluded the 2023 survey of OEDs on the Fund's engagement with the membership. Over 90 percent of respondents were satisfied with the country teams' handling of confidential information, a percentage higher than in the 2022 survey, which had already shown that respondents generally valued the handling |

Table 1. List Of Overdue Actions (continued)

| IEO Report | Action and Accountable Department | Original Target Date | Expected Completion Date | OIA's Commentary |
|---|---|----------------------|--------------------------|---|
| | <p>majority for at least two successive years, by June 2024.</p> <p>Progress in strengthening engagement with country authorities on the treatment of confidential information will be assessed in the next Interim Surveillance Review, by end-FY2024.</p> <p>-SPR</p> | | | <p>of confidential information. The treatment of confidential information was expected to be assessed in the ISR, but the ISR has been cancelled and will be folded into the 2026 CSR. It is still too early to discuss the specific issues that will be covered by the CSR.</p> |
| <p>Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans</p> | <p>Migrate the interdepartmental review of WPs to e-Review, including the posting of authors' responses to comments prior to the final approval by authoring department, to improve transparency and accountability, as part of Module-4 under the Integrated Digital Workplace (DW) program, by May 2023.</p> <p>- ITD, SPR</p> | <p>May 2023</p> | <p>CY2025</p> | <p>Work in progress.</p> <p>The timeline for this modernization project has been revised. The Document Workflow and Review (DWR) project to build a Common Review System was approved in May 2023. And the full system is expected to be deployed in three releases in 2025.</p> |

Table 1. List Of Overdue Actions (continued)

| IEO Report | Action and Accountable Department | Original Target Date | Expected Completion Date | OIA's Commentary |
|--|--|----------------------|--------------------------|--|
| Growth and Adjustment in IMF-Supported Programs | Review the role of Fund-supported programs in fostering growth in the next Review of Conditionality (RoC) and discuss the appropriateness of the 2002 Conditionality Guidelines in that regard. -SPR, LEG | By end-FY2024 | By end-CY2025 | Preparatory work under way. The next RoC is now expected to be completed in CY2025. |
| Growth and Adjustment in IMF-Supported Programs | Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk-scenario analysis: 1d. Model version "GaR 2.0". - MCM, ITD, ICD | By end-FY2023 | End-CY2024 | Partially complete. The GaR 2.0 computer programs have been completed, and the roll-out is expected to be finalized by end-2024. A hybrid course on the GaR (MCM and ICD) is tentatively scheduled to be released in FY2025. |
| Growth and Adjustment IMF-Supported Programs | Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and | By end-FY2024 | By end-FY 2025 | Partially complete. Work on CoDA was delayed due to some technical problems that required further internal discussions. These technical difficulties have been resolved and the tool is now being piloted and is expected to be |

Table 1. List Of Overdue Actions (continued)

| IEO Report | Action and Accountable Department | Original Target Date | Expected Completion Date | OIA's Commentary |
|---|---|-----------------------------|---------------------------------|---|
| | conducting risk scenario analysis: 1e. The Country Data Annex (CODA) tool. -SPR, RES | | | fully operational by the end of FY2025. |
| IMF Collaboration with the World Bank on macro-structural issues | Bank-Fund Strategic Coordination and Stock Taking: Background paper in the context of the Interim Comprehensive Surveillance Review (ISR) will take stock of how the Fund has integrated select macro-structural areas (notably climate) into its surveillance, including how it has collaborated with other institutions such as the World Bank. -SPR in collaboration with other departments. | By FY2024 | CY2026 | Preparatory work underway. Due to significant work pressures, the ISR has been cancelled and folded into the 2026 CSR. The content of the CSR is still under discussion but it will be a more significant exercise than the ISR. The focus of the background paper is expected to be on progress in the implementation of actions related primarily to Bank-Fund collaboration, strategic coordination, and capacity building on climate issues. |

Table 1. List Of Overdue Actions (continued)

| IEO Report | Action and Accountable Department | Original Target Date | Expected Completion Date | OIA's Commentary |
|--------------------------------------|--|-----------------------------|--------------------------|---|
| IMF Advice on Capital Flows | Staff will brief the Executive Board on the interplay between capital flows, CFMs, and crises. - MCM, RES | Q4 CY2021 | Q4 CY2024 | Substantially complete. The presentation to the Board had been scheduled for late May 2024 but could not be completed due to the high workload related, in particular, to the organization of a high-level panel on capital flows during the Spring Meetings. The underlying research work has been conducted and several related papers have been published or are forthcoming. |
| IMF Advice on Capital Flows | Staff will publish on the IMF external website indices of capital account openness using the AREAER database. - MCM | Q4 CY2021 and Q4 CY2023 | End-CY2024 | Partially complete. Other work priorities have delayed the completion of this project. The delay has led to the holdup of the work on a working paper that will accompany the publication of the indices. The work on binary and change indices, together with the working paper, is now expected to be completed and published on the AREAER website by end-CY2024. |
| The IMF and Social Protection | An advisory group will be formed after issuance of the guidance note on social spending to provide support to country teams in operationalizing work on social protection. | After guidance note in 2020 | Before end-FY2025 | Preparatory work underway. Following completion of the Operational Guidance for IMF Engagement on Social Spending Issues in February 2024, staff plans to leverage on the existing Inequality Advisory Group to monitor and report on progress, |

Table 1. List Of Overdue Actions (continued)




| IEO Report | Action and Accountable Department | Original Target Date | Expected Completion Date | OIA's Commentary |
|---|--|-----------------------------|---------------------------------|--|
| | FAD, SPR | | | including on social spending and social inclusion issues. To this end, the scope of the Group's Terms of Reference will be broadened before end-FY2025. |
| Behind the Scenes with Data at the IMF | <p>STA will engage in a more proactive and structured consultation with area departments on methodological work to support surveillance priorities for LICs. Enhanced guidance will be provided for compiling data on LICs.</p> <p>STA will be issuing revised Statistical Manuals (a medium-term project) to provide international guidance for the national accounts and the balance of payments, which will include specific considerations for LICs.</p> <p>- STA</p> | Not indicated | Spring of CY2025 | <p>Partially complete. Significant progress has been made in updating the Balance of Payment (BOP) and International Investment Portfolio (IIP) Manual as well as the System of National Accounts, including specific considerations for LICs. The process is on track for the release of both updated manuals in the Spring of 2025. Outreach to compilers, including LICs, began at the end of 2023 to explain the proposed changes. In addition, STA, in collaboration with ITD, is establishing a Community Hub for macroeconomic statisticians to serve as a digital global meeting place. The goal is to use this platform to ramp up implementation of the updated manuals, with a particular focus on countries with limited resources.</p> |

Table 1. List Of Overdue Actions (continued)

| IEO Report | Action and Accountable Department | Original Target Date | Expected Completion Date | OIA's Commentary |
|--|---|----------------------|--------------------------|---|
| The Role of the Fund as Trusted Advisor | Implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels. - HRD, with others. | Steps begin in 2013 | N/A | Work in progress. In February 2020, the Board extended monitoring of this action for five PMR cycles in addition to the periodic updates provided by HRD to the Board in the context of the 2025 Diversity and Inclusion benchmarks. As noted in previous PMRs, increasing the representation of diverse staff is an ongoing matter. From the time steps to address this action were initiated in 2013, diversity benchmarks were revised upwards twice and many of the previous benchmarks were met. There has been significant progress against a number of benchmarks, but important challenges remain. |

SECTION II. IMPLEMENTATION STATUS OF MANAGEMENT ACTIONS

21. This section discusses the progress made in implementing the management actions contained in one MIP arising from a recent IEO evaluation and ten older MIPs for which individual management actions were classified as “open” in the Thirteenth PMR, including the MIP that reformulated eight off-tracked actions in March 2022. The section is organized by evaluation report date, starting with the most recent, except for the “reformulation MIP”, which is discussed at the end. The following key and broad definitions are used throughout the report.

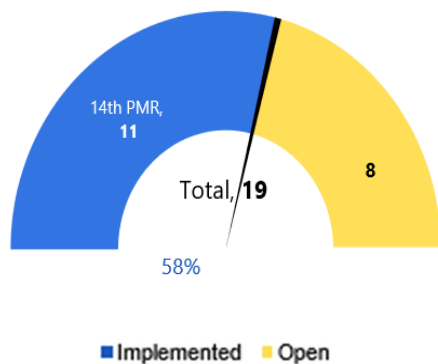
| Symbol | Definition |
|---|---|
|  | Closed. Actions that have been substantially addressed as intended, or another form of disposition has been endorsed by the Board. This category also includes actions that have not been implemented but there is proper justification to close them. |
|  | Open. Actions that: (i) are planned with no obvious obstacles or delays; and (ii) are ongoing. |
|  | Overdue but progressing. A sub-category of open actions, these are actions that are past their target implementation date, but continue to make progress. |

A. The IMF’s Emergency Response to the Covid-19 Pandemic (2023)

*This IEO evaluation examined how well the Fund adapted its lending framework, its processes for formulating the economic outlook and policy advice, and its internal HR and budgetary practices to help countries during the emergency phase - January 2020 to April 2021 – of the COVID-19 pandemic. The purpose of the evaluation was to draw some early lessons that could be useful to fine tune the Fund’s lending instruments for dealing with large exogenous shocks and reinforce its broader institutional framework for responding to future global crises. **Regarding the financing strategy,** the evaluation concluded that the Fund deserved great credit for its effective and agile response by adopting a pragmatic strategy to provide support through its existing emergency financing instruments, while also urging use of precautionary instruments. At the same time, the*

evaluation recognized that reliance on the existing toolkit had costs due to the rapid speed of the response, including constrained consultation with the membership, limited take-up of precautionary facilities, and insufficient analysis of the risks involved. **Regarding the outlook and policy advice**, the evaluation recognized that the staff revised quickly their global economic outlook but noted that the initial growth forecasts turned out too pessimistic and that the surge in 2021 inflation had been missed. At the same time, the Fund's fiscal advice to "spend but keep the receipts" had been bold and appropriate for the circumstances, and the launching of a policy tracker to share information on policies had been much appreciated. The evidence analyzed showed a broadly positive view of the impact of Fund financing. However, the IEO felt that the tailoring of financing to country circumstances had been limited and noted that there had been variations across countries in the way that policy guidance had been applied. **Regarding the corporate response**, the evaluation recognized the Fund's remarkable adaptability to respond to the crisis but made a number of observations on work pressures, HR management challenges, budget issues, and logistical strengths and challenges. Overall, the key takeaway of the evaluation was that notwithstanding the Fund's remarkably pragmatic response to an unprecedented crisis, the experience involved a number of strains and challenges. In this respect, the IEO concluded that the Fund should be prepared to review some aspects of its policies and procedures to ensure that it is fully prepared for dealing with global crisis events that are likely to recur in the years ahead.

Figure 4. Summary of Progress —IMF's Pandemic Response




In response to two recommendations in the IEO evaluation, the MIP envisages 19 actions, of which 11 have been implemented. Six of the 11 closed actions were implemented during the MIP process. At this stage, the remaining eight actions face no obvious challenges and are expected to be implemented in reasonable time.

Source: OIA


IEO Recommendation 1: Develop special policies and procedures that could be quickly activated to address particular needs and circumstances of global crises.

Directors expressed broad or qualified support for this recommendation. All Directors favored consultation with the Board in the early stages of future crises. Although several Directors supported the consideration of special crisis procedures, others were skeptical of this idea. Overall, Directors warned against having too rigid or automatic processes, and some offered the idea of a menu of options that could be put forward for Board decision in the early stages of crises. There was agreement that further evaluation of the impact of pandemic-related lending should be completed before deciding on temporary modifications to the lending framework in the event of a global crisis. However, there was no consensus on the proposal for more proactive temporary

flexibility for the Fund’s budget, with some Directors noting that the carryforward mechanism already in place functioned well during the pandemic. Directors saw merit in considering reinforcing the crisis management team and adapting the HR response during a global crisis to facilitate the redeployment of resources to where they were most needed. **The MIP envisages eight actions to address this IEO recommendation, of which five actions have been implemented.**

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| <p>MANAGEMENT ACTION 1.1: Participatory consultation with the full Board at an early stage of a global crisis on the strategy and broad set of institutional steps to help member countries deal with very challenging circumstances. Management commits to call early participatory Board meetings to discuss response strategy in early stage of global crises.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: Management</p> |
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22. The action was closed at the MIP stage. The crisis playbook proposed in the MIP (see below) would further codify Management’s commitment to hold early participatory consultations with the Board and would help inform this engagement.


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| <p>MANAGEMENT ACTION 1.2: Activation of temporary modifications to the lending framework to help countries meet the financing needs implied by the crisis while accepting higher levels of risk tolerance for the Fund. Review impact of pandemic-related lending and its implications on the Fund’s lending capacity.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FIN/SPR</p> <p>ORIGINAL TARGET DATE: Regular updates on PRGT Financing and Resources. Next Informal Board in September 2023.</p> |
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23. On September 27, 2023 staff updated the Board on PRGT and RST resources. The presentation provided an update on the status of PRGT and RST finances prior to the Annual Meetings, including the evolution of lending and progress in fundraising, and some preliminary elements in anticipation of the comprehensive PRGT Facilities and Financing Review to be conducted in the fall of 2024.

24. Regarding the PRGT’s finances, in 2021 the Board approved a series of reforms, together with a funding strategy. Key reforms included a 45 percent increase in the normal and cumulative PRGT access limits, the elimination of hard caps on exceptional access for the poorest PRGT eligible countries, and the maintenance of zero interest rates on all PRGT borrowing. To cover the cost of these reforms and the anticipated strong demand for PRGT lending in the following years, the Board endorsed a two-stage funding strategy, which aimed to ensuring the long-term financial sustainability of the PRGT. The first stage focused on securing SDR 12.6 billion for loan resources and SDR 2.8 billion in subsidy resources, of which SDR 2.3 billion were to be obtained through bilateral contributions from PRGT donors and the rest from internal Fund resources.

25. The staff’s September 2023 update noted that since the pandemic and the introduction of the reforms in 2021, PRGT lending had grown rapidly reflecting high demand in the face of continued shocks, with cumulative lending commitments for 2020-24 possibly reaching just below the high case scenario considered in 2021. Three main conclusions were reached. First, some progress was made on fundraising, but more should urgently be done, especially in relation to subsidy resources.¹² Second, the demand outlook for PRGT lending remained elevated and was adding to the subsidy gap. Without action, the Fund’s capacity to make new fully funded-PRGT lending commitments could fall drastically over the medium term. Third, increasing the PRGT longer-term lending capacity would require substantial additional resources. In this regard, the PRGT review which is now scheduled for Board considerations in October 2024, is expected to provide an updated assessment of what could be the long-term lending envelope of the PRGT, based on LIC financing needs. Given the difficult context, staff noted that a comprehensive strategy would be needed that considers internal resources, fundraising (with innovative approaches), and modifications of PRGT policies.


26. Regarding the RST resource update, staff indicated that the total usable loan resources that would be available once all pledges were made effective would only barely meet near-term demand at the baseline access level. Higher access levels or requests from additional countries would require new pledges and contributions.

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| <p>MANAGEMENT ACTION 1.3: Activation of temporary modifications to the lending framework to help countries meet the financing needs implied by the crisis while accepting higher levels of risk tolerance for the Fund. Review of temporary increase of GRA access limits.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FIN/LEG/SPR</p> <p>ORIGINAL TARGET DATE: Before March 2024 if circumstances warrant. If not, the temporary increase of GRA access limits will automatically expire in March 2024, as already agreed by the Board.</p> |
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¹² The first-stage target of SDR 2.3 billion for PRGT subsidy resources agreed in 2021 was reached later in 2023.

27. On December 7, 2023, the Executive Board considered a report containing an Interim Review of Access Limits Under the PRGT and Initial Considerations for Access Limits Under the GRA. In light of the high uncertainty and challenges to the global economy, in March 2023 the Executive Board had approved temporary changes to limits on access under the Fund’s General Resources Account (GRA) from the levels set in 2016 of 145 percent of quota annually and 435 percent of quota cumulatively to 200 percent and 600 percent of quota, respectively. These temporary changes to access limits were to be in place for 12 months. In the December 2023 Board meeting, Executive Directors discussed the staff’s preliminary considerations on extending the temporarily higher GRA access limits through end-2024. At that time, most Executive Directors indicated that they looked forward to a staff proposal regarding the extension of the access limits in early 2024 (before the end of the 12-month extension period), underpinned by a thorough analysis.


28. In February 2024, staff issued another paper proposing and justifying the extension of the temporary increase in normal access limits under the GRA; this proposal was approved by the Board. As a result, the GRA annual access limit of 200 percent of quota and the cumulative limit of 600 percent of quota were extended until end-2024. The extension reflected the still uncertain global economic environment and aimed to enhance the Fund’s ability to effectively respond to the needs of members facing large shocks, while ensuring predictability of access policies. The impact of the extension on Fund resources and liquidity is expected to be limited in the baseline and manageable if risks materialize.

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| <p>MANAGEMENT ACTION 1.4: Activation of temporary modifications to the lending framework to help countries meet the financing needs implied by the crisis while accepting higher levels of risk tolerance for the Fund.</p> <p>Comprehensive review of GRA access limits.</p> | <p>Open</p>  | <p>ACCOUNTABLE: FIN/LEG/SPR</p> <p>ORIGINAL TARGET DATE: Following the 16th quota review.</p> |
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29. The comprehensive review of GRA access limits, while aiming to balance the erosion of access limits and the evolving global economic landscape with effective risk management, will also take into consideration the outcome of the 16th quota review. The completion of the 16th quota review requires that members provide consent to their own quota increases (by November 15, 2024), and that two effectiveness conditions are met by the required deadline, i.e., (i) a general condition that no quota increase can become effective unless members currently having not less than 85 percent of total quotas have consented in writing to the increase in their quotas; and (ii) the condition that no quota increase under the 16th Review can become effective unless participants in the New Agreements to Borrow (NAB) have provided the consents necessary for the effectiveness of the NAB rollback. Once the above general conditions are met, a member’s quota increase will be in effect after that member has provided its consent to, and paid for, its quota increase.

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| <p>MANAGEMENT ACTION 1.5: Activation of a framework for temporary budget flexibility. Mechanism to secure needed additional resources in crisis time has already been identified and updated following experience during the pandemic. No further action planned at this stage.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: OBP</p> |
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30. This action was closed at the MIP stage.

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| <p>MANAGEMENT ACTION 1.6: Steps to facilitate the HR response to the global crisis could include temporary recourse to a centralized mechanism for redeployment of staff resources rather than the normal reliance on a free internal market.</p> <p>In addition to including macro-financial skills in the Talent Inventory (no later than end-FY2024), HRD will include program experience in the (talent) inventory and review additional crisis-related relevant skills.</p> | <p>Open</p>  | <p>ACCOUNTABLE: HRD, in consultation with other departments.</p> <p>ORIGINAL TARGET DATE: by end-FY2025</p> |
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31. The MIP in response to the evaluation indicates that HRD will expand the Talent Inventory to include crisis-relevant skills. While staff reallocation during crises has been largely market-based and discretionary, additional information about staff could be used in future crises to help ensure better reallocation. So far, the Talent Inventory has been mainly used to check eligibility criteria for managerial promotions in the context of the LIC-FCS tenure policy. However, the MIP indicates that this database could also be used to inform the reallocation of staff during crises. In this connection, HRD has already updated the Talent Inventory to include macro financial experiences of staff and this feature is already operational (it has been shared with OMD and departments in April 2024). In addition, the MIP notes that HRD will include program experience in the inventory, a skill directly relevant in crisis times, and that it may then form a view on which additional skills could be included reviewing the feasibility and appropriateness of using self-reported skills on a pilot basis. In this regard, the update of the inventory with program experience is part of HRD's Accountability Framework's Objectives and is planned for completion in FY2025.


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| <p>MANAGEMENT ACTION 1.7: Steps to facilitate the HR response to the global crisis could include temporary recourse to a centralized mechanism for redeployment of staff resources rather than the normal reliance on a free internal market.</p> <p>HRD will review how it could best operationalize a coordinating role in reallocation of staff and implement more agile recruitment procedures in times of crisis.</p> | <p>Open</p>  | <p>ACCOUNTABLE: HRD, in consultation with other departments.</p> <p>ORIGINAL TARGET DATE: by end-FY2025</p> |
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32. The MIP specifies that the internal HR processes for hiring and staff allocation in crisis times will be enhanced. Currently, Management has discretion to move staff across departments, while Heads of Departments have discretion to move staff within their departments. The MIP notes that in previous crises, Heads of Department initiated calls for staff reallocation, and consultations with Management were held to facilitate the movement of staff in some cases. Such discretion supersedes existing practices and rules, including the minimum tenure required for interdepartmental mobility. The MIP indicates that in future crises HRD will be playing a coordinating role in the reallocation of staff. HRD, in consultation with other departments, will review how it may best operationalize this coordinating role (including by drawing on the Talent Inventory) and how it could implement more agile recruitment procedures in times of crisis. This will be done by end-FY2025.

33. During the previous crisis, HRD already introduced a series of temporary procedures to support rapid hiring. These included allowing increased contractual hiring, support for multiple hiring from single vacancies and streamlined selection requirements, increased size and use of central pipelines and programs (including a larger EP cohort), and enhanced secondment arrangements from other IFIs. These actions facilitated record levels of hiring across the Fund to meet business needs and could be reactivated as needed to address future needs.

34. On an ongoing basis, HRD has also been implementing measures to build out search functionalities for recruiters and managers to support hiring of more difficult to attract skills and enhance outreach to support development of pipelines. This has included partnering with departmental HR teams to work with external search agencies, participating in and hosting targeted career fairs, increased outreach to open up new candidate pools, and advanced use of social media tools, with training and guidance provided to recruiters and managers to facilitate usage. The centralized recruitment programs have also been key in enhancing the ready supply of strong candidates, with the introduction of a longer-term approach to building pipelines over a candidate's career, coaching for candidates with hard-to-find profiles, and increased flexibility and application of programs such as relaxing the Research Assistant Program eligibility requirements. The Fund has also worked to address overall competitiveness with improved research materials, more targeted

outreach based on knowledge of the job markets, and the implementation of a competitiveness working group which recommended options for increased flexibility of pay offers to attract high demand skills.


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| <p>MANAGEMENT ACTION 1.8: Steps to facilitate the HR response to the global crisis could include temporary recourse to a centralized mechanism for redeployment of staff resources rather than the normal reliance on a free internal market.</p> <p>Reinforce the CMT through developing a strategy for surge capacity and calibrating the crisis response strategy. CMT will notably prepare a roster of potential external expert resources.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: CSF, in consultation with HRD.</p> <p>ORIGINAL TARGET DATE: by end-FY2024</p> |
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35. The Corporate Services and Facility Department (CSF) has taken several steps to enhance the CMT’s surge capacity and overall preparedness. These enhancements have been incorporated in the Crisis Management and Business Continuity Plans, rather than issuing a standalone strategy document. Specifically, the following steps have been taken: (i) a comprehensive list of surge support resources, including a roster of external experts such as specialized contractors, consultants, and vendors, has been completed, based on potential event types and will continue to be refined,¹³ and (ii) a schedule of crisis simulation exercises covering the next two years has been developed to exercise the institution’s crisis management capabilities and strengthen its preparedness.


¹³ Each Crisis Sub-Team is responsible for maintaining their response plan, including the list of vendors. An automated reminder using the OR tool will be established to ensure that the information is kept current.

IEO Recommendation 2: Take steps to reinforce the IMF’s institutional preparedness to deal with global crises and other large shocks.


Directors expressed broad support for this recommendation. They supported looking at ways to enhance the emergency and precautionary lending instrument and integrating lessons of the pandemic in forthcoming reviews. Directors concurred that the review of Implementation of the 2018 Framework for Enhanced Fund Engagement on Governance would provide an opportunity to strengthen existing initiatives in helping members combat corruption and improve governance through surveillance, lending, and tailored capacity building activities. They also stressed the importance of strengthening the efficiency and effectiveness of the Fund’s collaboration with the World Bank and other multilateral and official institutions. Directors acknowledged the potential usefulness of a “crisis playbook” based on tabletop exercises, while avoiding duplication of efforts. They saw merit in continuing to explore whether and how the lending toolkit may need to be enhanced to better serve the membership in a flexible manner. **The MIP envisages 11 actions to address this IEO recommendation, of which six actions have been implemented.**

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| <p>MANAGEMENT ACTION 2.1: In addition to the specific proposals by the IEO, lessons from the pandemic will inform the upcoming review of conditionality and design of Fund-supported programs.</p> | <p>Open</p>  | <p>ACCOUNTABLE: SPR</p> <p>ORIGINAL TARGET DATE: by end-FY2025</p> <p>TARGET COMPLETION DATE: by end-CY2025</p> |
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36. No obstacles on the implementation of this action are envisaged at this stage. Staff has already started the underlying analytical work for the Review of Program Design and Conditionality (RoC). The initial informal engagement with the Board is expected to take place in early CY2025, and the 2025 RoC would be completed in a formal Board meeting later in CY2025. Lessons from the pandemic have already informed the OGN on Program Design and Conditionality, which was issued in January 2024.

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| <p>MANAGEMENT ACTION 2.2: Review of emergency financing policy and practice. The lessons from the pandemic will be (have been) embedded in planned reviews: The review of implementation of the 2018 framework for enhanced Fund engagement on governance was completed (Formal Board in April 2023). Steps to strengthen the implementation of the 2018 framework were identified.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FAD/LEG/SPR</p> |
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37. This action was closed at the MIP stage.

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| <p>MANAGEMENT ACTION 2.3: Review of emergency financing policy and practice.</p> <p>The lessons from the pandemic will be (have been) embedded in planned reviews: A final stocking of implementation of governance safeguards in emergency financing during the pandemic was carried out in July 2023 and identified actions to strengthen governance safeguards going forward, including inter alia considering corruption risks arising in other emergencies beyond COVID-19.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FAD/LEG/SPR</p> |
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38. This action was closed at the MIP stage.

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| <p>MANAGEMENT ACTION 2.4: Review of emergency financing policy and practice.</p> <p>The lessons from the pandemic will be (have been) embedded in planned reviews: Review of access limits under emergency financing (Formal Board in June 2023). This extends the temporary increase in cumulative access limits for EF, based on “looking-forward” assessment of borrowing space.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FIN/LEG/SPR</p> |
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39. This action was closed at the MIP stage.


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| <p>MANAGEMENT ACTION 2.5: Review of emergency financing policy and practice.</p> <p>The lessons from the pandemic will be (have been) embedded in planned reviews: Taking stock of the pandemic - related Fund financing, and the subsequent multi-crisis environment, the review of PRGT Facilities and Financing (FY2025) will review the facilities, including the RCF, and financing options to ensure the PRGT’s self-sustainability.</p> | <p>Open</p>  | <p>ACCOUNTABLE: FIN/LEG/SPR</p> <p>ORIGINAL TARGET DATE: by end-FY2025</p> |
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40. No obstacles to the implementation of this action are envisaged at this stage. The first informal Board meeting to engage on the PRGT review took place in April 2024 while the second informal meeting, focusing on the review's reform proposals took place in July 2024. The formal Board meeting on the review of PRGT Facilities and Financing is currently planned for the fall of 2024.

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| <p>MANAGEMENT ACTION 2.6: Review of emergency financing policy and practice. The lessons from the pandemic will be (have been) embedded in planned reviews: Before the review of the PRGT Facilities and Financing, an ad-hoc review of PRGT access limits may be carried out depending on progress of Stage 1 fundraising.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FIN/LEG/SPR</p> <p>ORIGINAL TARGET DATE: by December 2023 contingent on Stage 1 fundraising</p> |
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41. In December 2023, in the context of the Interim Review of Access Limits Under the PRGT (which was considered together with Initial Considerations for Access Limits Under the GRA), the Executive Board conducted an ad-hoc review of PRGT access limits. As a result, the Board approved a temporary increase in the annual access limit under the PRGT from 145 percent of quota to 200 percent of quota, as well as a temporary increase in the cumulative access limit from 435 percent of quota to 600 percent of quota until end-2024.¹⁴ Most Directors also concurred that the per arrangement cap on PRGT resources under the blending policy also be raised from 145 percent of quota to 200 percent of quota until end-2024.

42. Many Directors stressed that PRGT funding remained a concern that needed to be addressed comprehensively to reach a self-sustained PRGT. In this regard, Directors highlighted the critical importance of the comprehensive review of PRGT Facilities and Financing.

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| <p>MANAGEMENT ACTION 2.7: Further development of the toolkit of precautionary instruments. Review of precautionary instruments puts forth reform options that aim to make existing precautionary arrangements more flexible, accessible, and attractive, thus facilitating their usage, including in a crisis context (Informal Board July and September 2023, Formal Board October 2023).</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FIN/LEG/SPR</p> <p>ORIGINAL TARGET DATE: by October 2023</p> |
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¹⁴ The Interim Review was carried out once substantial progress had been made with PRGT fundraising toward the SDR 2.3 billion first-stage target for subsidy resources agreed in 2021.

43. In October 2023, the Executive Board concluded the Review of the Flexible Credit Line, the Short-term Liquidity Line, and the Precautionary Liquidity Line and Proposals for Reform.

The review built on a survey of the membership and discussions with Executive Directors in two Informal Sessions to Engage in July and September 2023. The review paper observed that four precautionary instruments are available in the GRA: (i) the precautionary Stand-By Arrangement (SBA), which fully relies on ex-post conditionality; (ii) the Flexible Credit Line (FCL) and the Short-term Liquidity Line (SSL), which rely exclusively on ex-ante conditionality (i.e. qualification), as well as mid-term review for 2-year FCLs; and the Precautionary and Liquidity Line (PLL), which generally combines elements of ex ante and ex post conditionality. Precautionary SBAs are also included in the “precautionary arrangements” toolkit, although they are not a separate instrument from disbursing SBAs. The paper noted that preventing crisis in a shock-prone environment required a robust qualification framework as well as reforms of the toolkit. To that end, it focused on three broad areas: the qualification framework, precautionary toolkit design, and management of the toolkit.


44. Regarding the qualification framework, staff proposals focused on preserving the strong signaling power of the precautionary toolkit by reinforcing safeguards and ensuring a robust framework guided by applicable criteria, core indicators, and thresholds, based on transparency and predictability. Safeguards proposals included Board briefings after significant economic policy changes; a Memorandum of Understanding for budget support drawings of FCLs; and follow-up briefings on drawdowns of FCLs and PLLs approved on a precautionary basis. Qualification-related proposals aimed at a better reflection of Anti-Money Laundering/Combating the Financing of terrorism, an alignment of the qualification framework with the 2018 Governance Framework, and a recalibration of the public debt sustainability requirement for precautionary exceptional access PLLs.

45. Regarding the design of the precautionary toolkit, staff focused on improving the value of Fund precautionary instruments for qualifying members by increasing their flexibility and ensuring adequate firepower. Key proposals included: (i) not requiring articulation of exit expectations in precautionary FCL arrangements for access levels not exceeding 200 percent of quota; (ii) raising the SLL access limit to 200 percent of quota; (iii) introducing explicit provisions on concurrent FCL/SLL use; and (iv) raising all PLL-specific access limits and caps by 20 percent from current levels. Reforms to facilitate synchronized take-up of the SLL were also included.


46. Regarding the management of the toolkit, the review paper focused on maintaining the Fund’s sound management by: (i) continuing to require Board approval of arrangements in all cases, while streamlining administrative procedures; (ii) revisiting, but not proposing changes to the financial aspects of Fund commitment of financing under precautionary arrangements; and (iii) assessing the risks to the Fund of implementing the paper’s key proposals, the potential implications for Fund resources, and the risks of inaction.

47. During the Board discussion, Executive Directors broadly supported the reform proposals as outlined in the staff paper. They emphasized the importance of preserving the strong signaling power of FCL, SLL and PLL arrangements by ensuring a clear and transparent qualification framework with assessments that are guided by applicable criteria, core indicators, and thresholds, and are applied in an evenhanded manner. In this regard, Directors welcomed that staff

reports for approval of arrangements or reviews will transparently flag, if applicable, any changes in the member's circumstances relevant to qualification. They supported the proposals to explicitly integrate the assessment of members' performance in AML/CFT into the effective financial sector supervision criterion; to rely on the 2028 Governance Framework to identify governance and corruption vulnerabilities; and to recalibrate debt sustainability assessments for precautionary exceptional access PLLs. Directors also supported the proposed FCL and SLL reform package. They noted that the PLL continues to have an important role in the lending toolkit and agreed with the proposed increases in access limits. In addition, Directors welcomed the proposed strengthening of safeguards around the use of FCL, SLL and PLL arrangements and appreciated the proposals to reduce the number of Board meetings and streamline administrative procedures.

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| <p>MANAGEMENT ACTION 2.8: Develop an initiative building on the upcoming review of the 2018 Framework for Enhanced Fund Engagement on Governance to support country efforts to strengthen governance measures.</p> <p>Final stocktaking of implementation of governance safeguards in emergency financing during the pandemic has been carried out in July 2023.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FAD/LEG/SPR</p> |
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48. This action was closed at the MIP stage.

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| <p>MANAGEMENT ACTION 2.9: Develop an initiative building on the upcoming review of the 2018 Framework for Enhanced Fund Engagement on Governance to support country efforts to strengthen governance measures.</p> <p>Implement steps identified in the review of implementation of the 2018 framework for enhanced Fund engagement on governance.</p> | <p>Open</p>  | <p>ACCOUNTABLE: FAD/LEG/SPR and Area departments</p> <p>ORIGINAL TARGET DATE: starting FY2024, next review in 2028, with a possible interim update prior to the formal review.</p> |
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49. Further progress has been made in implementing the 2018 Governance Framework following the Executive Board discussion in April 2023. In addition to the consistent treatment of governance and corruption issues in surveillance (e.g., recent annexes on Bosnia and Herzegovina, Nicaragua) and UFR (e.g., Ukraine, Moldova, Niger, Pakistan, Suriname), some other actions have been completed as expected, while others remain in train. Actions where significant progress has been made include (i) stock taking of governance measures and lessons drawn from implementation of governance commitments in pandemic-related emergency financing (July 2023); (ii) inclusion of

specific governance-related guidance in the Guidance Notes for the Fund’s Engagement with FCS as well as for the Resilience and Sustainability Facility (RSF); (iii) stronger integration of governance issues in analytical work, including review; (iv) addition of two members, on a voluntary basis, to an assessment of transnational aspects of corruption, which now covers more than half of the G20 members; (v) expansion of governance diagnostics (GD) and further leveraging GD to inform Article IV recommendations, program design, capacity building, and country engagement strategies; (vi) inclusion of political economy analysis in recent GDs; and (vii) completion of a fresh round of membership-wide assessments of corruption and governance vulnerabilities, systematically leveraging more recent quantitative data from Third-Party Indicators and qualitative information collected by staff, supplemented with information provided by the World Bank for a number of countries.

50. Good progress is also being made on other related matters. These include:


(i) preparation of systemic tracking of Article IV recommendations; (ii) strengthening collaboration with other international organizations, particularly the World Bank, the Organization for Economic Co-operation and Development (OECD), and the United Nations Office on Drugs and Crimes (UNODC), in the context of membership-wide assessments, thematic aspects, and individual country cases; (iii) reflection of the nexus between governance and digitalization through an increasing number of related CD requests featuring digitalization, including GovTech; (iv) provision of CD on anti-corruption, most often to assist with the implementation of measures in Fund-supported programs as well as assistance in strengthening the role of supreme audit institutions in supporting anti-corruption efforts; and (v) strengthening the implementation of the framework regarding judicial reform, with greater emphasis on institutional reforms to address judicial independence and integrity.

51. The approximate time for a possible interim update is April 2026.

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| <p>MANAGEMENT ACTION 2.10: Foster a more coherent approach to strategic partnerships with the World Bank and other official institutions. As part of the 2024/25 review of the PRGT Facilities and Financing, staff will explore ways to further strengthen the coordination with partners, especially the World Bank.</p> | <p>Open</p>  | <p>ACCOUNTABLE: SPR with relevant departments</p> <p>ORIGINAL TARGET DATE: by end-FY2025</p> |
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52. No obstacles on the implementation of this action are envisaged at this stage. There are several possible ways to strengthen coordination with partners that could be part of the review of PRGT Facilities and Financing. These include joint Bank-Fund impact analysis of changes in IDA and PRGT lending terms; analysis of burden sharing in IMF programs; and guidance on the treatment of World Bank financing in IMF programs. Outside the review, several workstreams also

propose ways to strengthen coordination with partners, including the Guidance Note for IMF Engagement on Social Spending and the Operational Guidance Note on RSF.

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| <p>MANAGEMENT ACTION 2.11: Develop table-top exercises and a crisis playbook. Compile existing crisis protocols into a crisis playbook, which would further codify Management’s commitment to early participatory consultation with the Board in the event of a global crisis, and would serve as a compendium of issues and options that may need to be addressed during a global crisis.</p> | <p>Open</p>  | <p>ACCOUNTABLE: SPR with relevant departments.</p> <p>ORIGINAL TARGET DATE: by end-FY2025</p> |
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53. The MIP in response to the IEO evaluation proposes developing a crisis playbook alongside flexible modalities for its updating by end-FY2025. The MIP notes that staff already carries out regular country-specific risk assessments through Vulnerability Exercises and an ad-hoc table-top scenario-based exercise using the strategic foresight methodology and will continue to pursue these exercises as needed in the future. The crisis playbook would build upon the existing crisis protocols developed in response to past crisis events and table-top exercises. It would cover economic and financial crises, as well as crises triggered by non-economic events, such as the pandemic. The playbook would be a succinct, internal document, to be updated in a flexible manner, as necessary, at the initiative of staff or management. It would lay out general principles of crisis response and provide examples of how these principles could be applied in a flexible manner. It may also benefit from a comparative analysis to better understand crisis preparedness approaches employed by peer institutions (other IFIs, central banks, etc.).

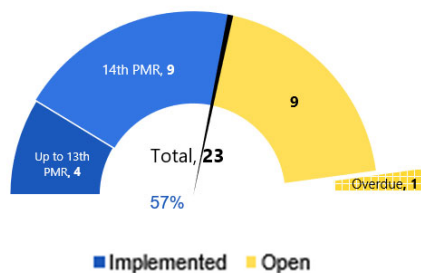
54. Staff is in the early stages of the preparation of the crisis playbook, which is expected to be compiled by the end-FY2025 deadline. In addition to the topics referred to above, the playbook will include Management’s commitment to early participatory consultation with the Board in the event of a global crisis. The MIP indicates that on a longer timeframe, larger scale exercises, possibly including the Board and other financial institutions (notably the World Bank) could be considered, provided the necessary resources become available. Conducting well planned and executed exercises would entail acquiring the appropriate expertise and require substantial additional resources that are not covered under existing workstreams.

B. The IMF and Capacity Development (2022)

The IEO evaluation examines the full range of issues that influence how effective the IMF has been in meeting the CD needs and expectations of recipient countries, as well as the Fund’s institutional objectives. Overall, the evaluation provides a positive assessment of IMF CD, which has generally been relevant, valued, and effective in supporting member countries build institutional

capacity under a wide range of country circumstances. Recipients, donors, and the wider membership all see IMF CD as being of the highest quality in the Fund's core areas of expertise and are of the view that it has become better tailored to recipient needs in recent years. The evaluation notes that the Fund has also put substantial effort into integrating CD with surveillance and programs. While recognizing these achievements, the evaluation identifies a number of challenges facing IMF CD and makes seven recommendations in broad areas seeking to: (i) enhance CD prioritization; (ii) deepen information available to Executive Directors and opportunities to exercise their strategic oversight role; (iii) further strengthen the integration of CD with surveillance and programs; (iv) boost CD ownership and provide effective delivery; (v) bolster the monitoring and evaluation framework; (vi) reinforce sustainability and flexibility of the CD funding model; and (vii) gear HR policies and incentives to ensure the needed expertise in both the Fund's core and newly emerging CD topics.

Figure 5. Summary of Progress—The IMF and Capacity Development




In response to seven recommendations in the IEO evaluation, the MIP envisages 23 actions, of which 19 remained open after the Thirteenth PMR. Of these 19 actions, nine have been implemented since then. Of the 10 actions that remain open, one is overdue but making progress.

Source: OIA

IEO Recommendation 1: Further enhance the strategic framework for IMF CD to provide clearer guidance for a more intentional and transparent approach to the prioritization and allocation of IMF CD.

Directors broadly supported this recommendation, noting that its objective would be a key theme of the CD Strategy Review. Directors agreed that strengthening the role of the Committee on Capacity Building (CCB), including through updating its Terms of Reference will be important. They agreed that Regional Strategy Notes (RSNs) should continue to drive prioritization at the country level while improving their rigor, consistency, and approaches to strengthen member country engagement. A number of Directors was open to the recommendation to develop Country Engagement Strategies (CES) for all heavy CD users, but others wondered about the cost implications, and a few noted that this would best be considered following longer experience with the implementation of the Fragile and Conflict-affected States (FCS) Strategy. **The MIP envisages four actions to address this IEO recommendation, of which three actions remained open after the Thirteenth PMR. Of these three actions, one action has been implemented.**

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| <p>MANAGEMENT ACTION 1.1: The CD Strategy Review (CDSR) will make recommendations to enhance the clarity and transparency of the strategic and prioritization framework, specifically:</p> <p>1a. Propose more detailed guiding principles on the objectives of Fund CD.</p> <p>1b. Map the Fund’s comparative expertise in the CD space, taking into account evidence on impact, the changing pattern of demand, and complementarities with other providers.</p> <p>1c. Assess progress toward integrating CD with surveillance and lending, analyze synergies and trade-offs between CD, surveillance, and program work, and propose practical avenues to further improve strategic aspects of member country engagements.</p> <p>1d. Examine the desirable size of CD spending relative to other core activities of the Fund, given the changing needs of the membership, evolving coverage of Fund surveillance, development of other providers in similar fields, and technological developments.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: ICD in consultation with the Interdepartmental Contact Group (ICG) and External Advisory Group (EAG).</p> <p>ORIGINAL TARGET DATE: December 2023.</p> |
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55. The CDSR, which was completed by the Executive Board in April 2024, highlighted that Fund priorities and working practices had evolved with the global landscape and that the challenging global economic environment called for making Fund CD even more flexible, integrated, and tailored. The review focused on six areas for further improvements in CD, namely prioritization, integration, financing, impact and evaluation, field presence, and human resources.

56. The CDSR report included a Box that discussed the comparative advantages of Fund CD. These include: (i) a close integration between CD, surveillance, and lending; (ii) convening power in member countries and among development partners; (iii) the standalone demand-driven nature of Fund CD, which allows the Fund to link members’ domestic policy agendas effectively with global trends and direct CD to support key reforms; (iv) diagnostic and assessment tools; and (v) policy-oriented macro training. These comparative advantages were analyzed in a background paper that maps the Fund’s position vis-à-vis other CD providers.

57. The CDSR report noted that CD integration with surveillance and lending had increased significantly in the past decade. Following the 2018 CDSR, operational guidelines for integrating CD with surveillance and lending identified best practices for both area and CD departments, which have been integrated within the 2022 Guidance Note for Surveillance under Article IV Consultations. Area departments now have a well-articulated leading role in country engagement and prioritization, embedded in management systems developed under the CDMAP. Direct references to CD in staff reports have increased and the share of staff reports with a dedicated CD annex has grown. The goal of deepening integration has helped promote collaboration among ADs, CDDs, and the RCDCs in the delivery of both surveillance and CD advice. At the same time, Regional Strategy Notes (RSNs) have been valuable in establishing AD leadership and CD Country Strategy Notes (CSNs) have helped drive integration, although their consistency remains an issue. The review paper also acknowledged that increased participation of CD personnel in surveillance and program design had contributed to greater integration as well as coordination with development partners.


58. Looking ahead, the review paper discussed some proposals to continue strengthening internal incentives and capacity for integration. These included clear guidance on AD leadership of RTACs, HR reforms to enhance mobility of specialized economists, and more purposeful acknowledgement of the importance of shorter-term CD for surveillance and lending traction. In addition, staff will continue to work on implementing the 2021 staff guidelines on integration to be included in the CD guidance note to be issued following the CDSR. The report also proposed to increase the visibility of CD integration by improving the coverage of CD in staff reports for heavy users and streamlining documentation.

59. The CDSR report was of the view that the present size of CD within the structure of country operations appears in line with the Fund's mandate, while ensuring scope for flexibility in the size of annual CD spending. Surveillance takes up around 40 percent of the Fund's country operations, with CD and lending representing the rest and being broadly similar in size. CD spending also appears to be broadly aligned with members' demand, with signs of broad-based and persistent excess demand being limited. Nevertheless, the report recognized that there were pressures for growth of CD activities. After the pandemic, priorities were shifting back to structural reforms and long-term capacity building, with the size of CD supporting these reforms expected to increase. The report noted that recent budget adjustments to accommodate the Fund's transformation strategies provided a model for flexibility in CD size.


60. Going forward, the review paper proposed to broadly maintain the size of CD spending relative to the Fund's other main activities, while emphasizing the need for flexibility. This implied remaining near the pre-pandemic baseline of around 30 percent of the Fund's main activities, allowing for year-to-year variations according to changing global conditions and member demand and more structural responses to any persistent gaps in areas of the Fund's focus. The report noted that addressing new priorities did not always require additional resources, but specific gaps might emerge that would require one-off increases beyond typical annual adjustments. Proposed adjustments should be carefully justified, with the CCB playing a critical advisory role;

permanent and temporary adjustments should be distinguished; and the scope for reprioritization within current envelopes should be fully taken into account.

61. During the Board discussion, Executive Directors noted the sustained progress in implementing the recommendations of the previous CD strategy reviews and broadly supported the proposals of the review. Directors noted that Fund CD should continue to respond to the membership’s demands and evolving needs and endorsed the vision of agile and demand-driven CD focused on the Fund’s comparative advantages and well-integrated with surveillance and lending activities. Some of the supported proposals are discussed in more detail below in the context of other actions envisaged in this MIP. Regarding CD prioritization and integration, Directors concurred that the current size of CD relative to surveillance and lending was broadly appropriate, while noting that prioritization was key to meeting the evolving and most pressing needs of members. Directors underscored the need to closely collaborate with authorities in setting priorities to ensure ownership and stressed the importance of further deepening CD integration with the Fund’s surveillance and lending activities, including through improved coverage of those efforts in staff reports for heavy CD users.

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| <p>MANAGEMENT ACTION 1.2: Prepare a new CD Guidance Note that will operationalize recommendations of the CD Strategy Review as well as updating/integrating several existing staff guidelines on CD, including those on CD-surveillance integration and results-based management (RBM).</p> | <p>Open</p>  | <p>ACCOUNTABLE: Lead ICD in consultation with departments.</p> <p>ORIGINAL TARGET DATE: December 2024</p> <p>EXPECTED COMPLETION DATE: End-April 2025</p> |
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62. The CD Guidance Note is expected to be completed by end-April 2025. Planning of the CD Guidance Note factored in approximately a year for its completion after the finalization of the CDSR. Among other issues, the note will cover the topics referred to in this action.

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| <p>MANAGEMENT ACTION 1.4: Update staff guidance on the Country Strategy Note (CSN) and Regional Strategy Note (RSN) in line with findings of CDSR and include in CD Guidance Note to ensure their consistency and coverage. Guidance on CES is covered in the FCS staff guidance note. In developing the new CD Guidance Note, staff will take stock of implementation progress through reviewing the coverage of CES in staff reports for FCS and CSNs for other heavy users.</p> | <p>Open</p>  | <p>ACCOUNTABLE: ICD in consultation with departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p> <p>EXPECTED COMPLETION DATE: End-April 2025.</p> |
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63. No obstacles on the implementation of this action are envisaged at this stage. The CSN and RSN guidelines will be updated as part of the CD Guidance Note.

IEO Recommendation 2: Further develop the Executive Board’s strategic and oversight role through increased engagement and provision of information.


Directors concurred with this recommendation. They agreed with introducing a formal mid-point progress report on the implementation of the CD strategy. Directors also saw merit in strengthening the coverage of CD in appropriate Board country documents, in line with the Comprehensive Surveillance Review (CSR) guidance, as well as in continuing to explore other means for enhancing information provision to the Board on CD effectiveness and value for money, including through funding vehicle approvals and standardized reporting formats. **The MIP envisages four actions to address this IEO recommendation, of which three remained open after the Thirteenth PMR. Of these three actions, one action has been implemented.**

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| <p>MANAGEMENT ACTION 2.1: Establish a mid-point review of the CDSR to provide the Board with an opportunity to offer strategic guidance in between five-year reviews.</p> | <p>Open</p>  | <p>ACCOUNTABLE: ICD led in consultation with departments.</p> <p>ORIGINAL TARGET DATE: May 2026.</p> |
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64. No obstacles on the implementation of this action are envisaged at this stage.

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| <p>MANAGEMENT ACTION 2.2: Provide the Board with access to CD results information through new regularly updated reporting dashboards based on CDMAP data.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: ICD in collaboration with SEC and ITD.</p> <p>ORIGINAL TARGET DATE: December 2023.</p> |
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65. The CD HUB was launched to Fund staff in May 2023 and a version for use by Executive Directors and their staff was launched in February 2024. The OED version of the CD Hub aims to facilitate access to CD data and information in accordance with the 2022 Dissemination Policy. The OED CD Hub is a streamlined version of the staff hub and excludes information at a project-by-project level. It will allow EDs and OED staff to examine the overall status of past CD engagements (dating back to the inception of CDMAP in FY2022) on a regional, thematic, and country basis. In this way, the OED version strikes an appropriate balance between the Board’s strategic role and Management and staff’s operational management of CD delivery, administration, analytics, and development. This will allow the annual informal engagement with the Board on CD priorities to become more strategic without the need for excessively detailed data. The OED version will provide a snapshot taken at the end of each financial year. A link to the OED version has been placed in the IMF Connect Capacity Development page, in collaboration with SEC. A review of the OED version of the CD Hub will take place after one year of use. A Q&A session for interested Board members took place on February 27, 2024.

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| <p>MANAGEMENT ACTION 2.3: Take stock of CSR and CES implementation and explore harmonized approaches to ensuring the adequate coverage of CD issues in Article IV staff reports. These approaches will be reflected in the CD Guidance Note, which will also update the existing staff guidelines on the integration of CD with surveillance and lending.</p> | <p>Open</p>  | <p>ACCOUNTABLE: ICD led in consultation with departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p> |
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66. No obstacles on the implementation of this action are envisaged at this stage. The CD Guidance Note will cover the issues referred to above.

IEO Recommendation 3: Reinforce measures to promote CD ownership, along with tighter integration with surveillance and lending, tailoring to country circumstances and promoting collaboration as key drivers of CD effectiveness.

Directors supported this recommendation. They stressed the importance of enhancing the guidance to staff on how to integrate CD in a program context. They encouraged addressing these issues in the context of the upcoming review. **The MIP envisages two actions to address this IEO recommendation, which remained open after the Thirteenth PMR. Of these two actions, one action has been implemented.**


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| <p>MANAGEMENT ACTION 3.1: CDSR will make recommendations to enhance CD ownership, surveillance and program integration and traction, and coordination with CD providers.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p> <p>ORIGINAL TARGET DATE: December 2023.</p> |
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67. The CDSR highlighted that close integration of Fund CD with surveillance and lending is central to its comparative advantage vis-à-vis other providers of technical advice. This is particularly important in crisis situations where the Fund's ability to quickly mobilize high-quality technical advice reinforces financial support. The CDSR was of the view that the area department-prioritization process had served the Fund well, with area department teams regularly using CD to enhance country engagement and traction. Prioritization decisions reflected surveillance and lending priorities and individual country circumstances, as shown in country strategy notes (CSNs). The CDSR also indicated that CD was particularly helpful in improving traction with the authorities and informing the design and implementation of Fund programs. The supportive role of CD for program implementation and its catalytic role for collaboration with other institutions were regarded as

critical.¹⁵ The CDSR recommended increasing the visibility of CD integration, including by improving the coverage of CD in staff reports for heavy users and streamlining other documentation requirements, and by continuing to strengthen internal incentives and capacity for integration.

68. The CDSR also emphasized that enhancing the impact of CD required deepening ownership. For programmatic CD, an explicit discussion and agreement with the authorities on targeted results was regarded as necessary before commencing a project. This early buy-in would safeguard appropriate tailoring of CD and help reinforce ownership throughout the project lifecycle. The proposal would be implemented by CD teams seeking the authorities' explicit endorsement of the RBM log frame for programmatic CD projects. This endorsement would take place as part of the design or initial implementation phase, with regular review through the project lifecycle.

69. The CDSR indicated that the impact of CD also depended on coordination with development partners and focused communication and outreach to raise awareness and garner traction. The report observed that in its core areas, such as fiscal or monetary/financial sector issues, the Fund already had multiple mechanisms in place that could facilitate such coordination. These included joint missions, including with the World Bank and the European Commission; country level coordination mechanisms with both HQ and field participation; steering committees of RCDCs and Global Thematic Funds (including the Debt Management Facility, which is a joint initiative with the World Bank) and global initiatives such as the Platform for Collaboration on Tax. Regarding climate and digital money, coordination was of critical importance given the cross-country nature of topics and the comparative advantages of different development partners. Looking ahead, new initiatives would continue to focus on collaboration and synergies, including a forthcoming joint Domestic Resource Mobilization Initiative with the World Bank. The report included three Boxes on Mainstreaming Emerging Priorities (gender, climate change, and GovTech initiatives and digital money) that provide information about the Fund's CD efforts in these areas and ongoing and prospective coordination with partners.

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| <p>MANAGEMENT ACTION 3.2: Prepare a CD Guidance Note that will operationalize CD Strategy recommendations and enhance the existing guidance on the integration of CD with surveillance and lending with measures on how to leverage and navigate challenges of CD in a program context to support CD ownership and implementation while considering capacity constraints.</p> | <p>Open</p>  | <p>ACCOUNTABLE: Lead ICD in consultation with departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p> <p>TARGET COMPLETION DATE: End-April 2025.</p> |
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¹⁵ The report includes a Box on Integrating CD and Programs, focusing on the case of Haiti. CD has helped Haiti's engagement with the Fund and has increased traction anchored by the 2022 and 2023 Staff-Monitored Programs (SMPs). Each structural benchmark has been marked with ongoing CD, which is tailored to Haiti's specific circumstances, with the combination of CD and SPM constituting a comprehensive and integrated policy package. Since October 2022, the Fund country team launched a targeted joint monitoring matrix with key development partners on governance/PFM to improve coordination efforts.

70. The CD Guidance Note will cover the abovementioned issues. However, good practices and knowledge exchange can be part of a RCDC Playbook also under consideration.

IEO Recommendation 4: Leverage further the advantages of Regional Capacity Development Centers (RCDCs) and put them on a sustainable footing.

Directors agreed with this recommendation. They highlighted that enhancing field presence in general and the governance of RCDCs, including clarifying the roles of headquarters (HQ) and RCDCs, was an important element of CD provision and should be a central element of the review. Many Directors called for increasing Fund financing of RCDCs to ensure a more stable source of funds and noted that a stronger role for IMF internal financing should be explored. Other Directors recognized that implementation would depend on resource availability. **The MIP envisages two actions to address this IEO recommendation, both of which remained open after the Thirteenth PMR. Of these two actions, one has been implemented.**

MANAGEMENT ACTION 4.1:

CDSR will make recommendations to enhance the Fund's field presence, strengthen RCDC governance and place their financing issues on a more sustainable footing.

Closed



ACCOUNTABLE: ICD in consultation with the ICG and EAG.

ORIGINAL TARGET DATE:
December 2023.


71. The CDSR noted that field presence, in particular RCDCs, had become fundamental to the Fund's CD. The growth of the RCDC network has allowed the Fund to provide much more intensive programmatic support of reform implementation and has made training more accessible. It has also been instrumental in assisting the Fund to coordinate better with development partners. The note indicated that there were, however, a number of longstanding strategic and governance issues that needed to be addressed. A background paper on field presence discussed its benefits and the issues that had arisen as the network of RCDCs had become bigger and more heterogeneous.

72. Key issues requiring consideration included coverage (geographic and topical), internal coordination, governance, and funding. In this regard, the report indicated that (i) coverage was extensive, albeit with some gaps and overlaps, with the key outstanding gap being Latin America with respect to training; (ii) RCDCs were almost entirely dependent on external financing for their CD delivery and were organized around five-year phases, which created peaks in funding demand and could lead to funding uncertainty; (iii) there was a variety of governance models in place, with the key distinction between RTCs and RTACs reflecting different mandates and staffing structures; and (iv) RCDC delivery was increasingly being supplemented by co-located experts financed by thematic funding vehicles, bilateral donors, and in some cases by the Fund's own budget, which had enabled continuity of delivery in an ad-hoc manner.

73. The report included several proposals to address the abovementioned issues. First, it recommended that RCDCs be recognized as integral part of the Fund, not temporary funding vehicles. This would imply that RCDCs need to be managed within the mainstream systems to

safeguard the Fund’s CD field presence and ensure internal coordination. Second, the CDSR proposed to clarify governance structures for RCDCs, which would involve ensuring that RCDCs are fully integrated into overall CD governance, management, and planning. RTACs would continue to be led by ADs (reflecting their leading role in country and regional engagement); RTCs would remain under ICD leadership, with close partnership with ADs and other CDDs; and the role of steering committees would be enhanced. Third, given the strong evidence about its effectiveness, the Fund will look for opportunities to increase its regional CD footprint, albeit recognizing that IMF01 budget constraints are increasingly binding. Fourth, as part of strengthening field presence, the CDSR proposed consideration to broaden the scope of functions located in the field. Fifth, the report also called for reflecting on RCDCs’ coverage, relative size, and location every five years as part of the Committee for Capacity Building’s strategic guidance function.


74. During the Board discussion, Executive Directors agreed that field presence, in particular through the global network of Regional CD Centers (RCDCs), had become fundamental to the Fund’s CD model. They supported the proposals to clarify RCDC governance, regularly review RCDC’s coverage and, after careful consideration, introduce modifications to their financing and administrative frameworks, effectively adopting these centers as an integral part of the CD strategy in order to strengthen the effectiveness of the network.

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| <p>MANAGEMENT ACTION 4.2: Prepare a CD Guidance Note that will include further guidance on RCDC governance, roles of HQ and field, good practices on knowledge exchange mechanisms, and other issues arising from the IEO and strategy recommendations.</p> | <p>Open</p>  | <p>ACCOUNTABLE: ICD leads in consultation with area and functional departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p> <p>EXPECTED COMPLETION DATE: End-April 2025.</p> |
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75. The CD Guidance Note will cover these issues. Good practices and knowledge exchange mechanisms can also be part of a RCDC playbook, which is under consideration.

IEO Recommendation 5: Further enhance the Monitoring and Evaluation system and fully exploit it to drive improvements in CD prioritization, design, and delivery.

Directors broadly agreed with this recommendation. They encouraged continued efforts to improve the quality and consistency of RBM, including through close communication between area and CD departments and with authorities. Directors emphasized that the CCB should continue to strive for a coherent and effective evaluation strategy to learn lessons on how to ensure maximum CD impact. Noting the already extensive externally mandated evaluation programs, Directors suggested seeking to make strategic use of their findings and synthesize them so they can better inform planning, design, and prioritization of all Fund CD. They also noted that options should be explored to further strengthen the strategic planning and execution of internal evaluations, while bearing in mind cost-benefit trade-offs. **The MIP envisages six actions to address this IEO recommendation, of which four remained open after the Thirteenth PMR. Of these four actions, two have been implemented.**

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| <p>MANAGEMENT ACTION 5.1: The CD strategy will make recommendations to enhance the Fund’s monitoring and evaluation (M&E) system to improve strategic planning and execution of CD. The Strategy will cover strategic selection and use of evaluations as a tool for CD prioritization and learning from and operationalizing evaluation results (including a synthesis of evaluation findings).</p> | <p>Closed</p>  | <p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p> <p>ORIGINAL TARGET DATE: December 2023.</p> |
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76. The CDSR highlighted that enhancing the impact of CD required continued refinements in prioritization, deepening of ownership, and improvements in monitoring and evaluation. Despite important progress in recent years through the introduction of the Results-Based Management (RBM) and CDMAP, the report was of the view that there was considerable room for improvement.

77. The report noted that the Fund had made a lot of progress towards establishing a high-quality monitoring framework for its TA but identified several issues to be addressed in this area. Although results frameworks were developed for all projects within CDMAP, the consistency of these frameworks across workstreams could be improved. In particular, strategic results frameworks that articulate and track results at a higher level, either in terms of economic impact or portfolio performance, are only constructed in an ad-hoc manner, mainly to meet requirements for funding vehicles. In addition, formal agreement to results frameworks had been used in some areas but this practice was not widespread. Regarding training, its effectiveness was monitored using a combination of surveys and testing. However, there was scope for harmonizing training evaluation across departments and improving the feedback loop between evaluation and course curriculum. The CDSR observed that the Common Evaluation Framework updated in 2022 provided a sound basis for conducting evaluations. Its intention to reinvigorate the program of internal evaluations, however, had been less successful so far, in part due to resource pressures related to the pandemic. The CDSR also indicated that the information from monitoring and evaluation was not used systematically in strategy setting or resource allocation. Better customization of the RBM framework to the various forms of CD could help better inform prioritization. The limited resources devoted to internal evaluations and the absence of top-down guidance on topics to be addressed also constrained the strategic value of the evaluation program.


78. The CDSR included several proposals to address the abovementioned shortcomings. Specifically, the proposals focused on (i) improving the strategic focus of the monitoring framework by providing guidance on developing consistent and comparable strategic results frameworks that aggregate results across projects; (ii) seeking to increase the number of internal evaluations within the current resource envelope and broadening their scope to include more analytical approaches

that yield strategic insights; (iii) creating formal mechanisms to ensure that the monitoring and evaluation data feeds into strategic development; and (iv) continuing with efforts to enhance CD dissemination and communication.

79. During the Board discussion, Directors welcomed the progress in enhancing monitoring and evaluation of Fund CD to more effectively demonstrate effectiveness and impact. They concurred with the proposed enhancements of the results management framework and welcomed the proposals to build standardized mechanisms for monitoring and evaluation results to directly inform CD priorities.

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| <p>MANAGEMENT ACTION 5.2: Prepare a CD Guidance Note that will provide operational guidance on RBM and other M&E issues raised in Strategy review.</p> | <p>Open</p>  | <p>ACCOUNTABLE: Lead ICD in consultation with area and functional departments.</p> <p>ORIGINAL TARGET DATE: December 2024.</p> <p>EXPECTED COMPLETION DATE: End-April 2025.</p> |
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80. The CD Guidance Note is expected to provide operational guidance on RBM and other M&E issues.

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| <p>MANAGEMENT ACTION 5.5: Undertake advisory review of CDMAP processes and functionality to identify opportunities for efficiency and user experience gains.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: OIA in consultation with ICD and other departments.</p> <p>ORIGINAL TARGET DATE: December 2023.</p> |
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81. The advisory review of CDMAP was completed in May 2024.¹⁶ The review assessed CDMAP progress and remaining challenges and provided suggestions to further finetuning and strengthening the stabilization of CDMAP solution. The results indicate that CDMAP has strengthened availability of information to support decision-making and, by doing so, has enabled greater transparency on CD activities. The introduction of the CD Hub – a more intuitive and user-friendly interface to CDMAP information – has improved staff’s (and the Board’s) access to CD data. In addition, post-program stabilization efforts – a collaboration between ICD, ITD, and user departments – have contributed to improved system performance. However, the report indicates that some latency and system issues remain, and that comprehensive remediation of these issues will entail redesigning of some processes and workflows. While CDMAP offers staff a one-stop solution to administer CD activities, its capabilities are constrained by the Fund systems it integrates with. The report notes that actions to comprehensively address these issues will most likely require a

¹⁶ A copy of the report is available on the Office of Internal Audit’s Intranet page.


follow-up capital project, considering that the near-term fixes already underway/planned may only deliver marginal increases in value from the Program. The report indicates that some of its recommendations – such as need for further process streamlining, enhancing system performance, and better aligning the conceptual constructs of CDMAP with the Fund’s financial and budgeting systems and controls– can be usefully incorporated into the scoping for the follow-up capital project. Other recommendations related to end-user support, training, and reporting can be addressed individually.

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| <p>MANAGEMENT ACTION 5.6: Prepare and propose a follow-up CDMAP capital project to incorporate lessons of review and implementation requirements of CDSR to improve system performance and user experience.</p> | <p>Open</p>  | <p>ACCOUNTABLE: ICD.</p> <p>ORIGINAL TARGET DATE: December 2024.</p> |
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82. Work on the follow-up CDMAP capital project proposal is ongoing based on recommendations from the OIA Advisory Review and the CDSR as well as system enhancement requests from stakeholder departments. The target start date is October 2024.

IEO Recommendation 6: Consider further steps to enhance the stability and flexibility of CD funding in order to sustain support for the CD needs of member countries.

Directors broadly agreed with this recommendation. They saw the benefit of continuing to explore new options, although they recognized that the scope for, or speed of, significant gains may be limited, given pressures on both Fund and donor budgets. Many Directors suggested a review of the CD funding model, including external funding vehicles. Directors noted, however, that the merit and practicality of the different options would have to be carefully considered in light of the Fund’s income model and donors’ preferences and constraints. **The MIP envisages one action to address this IEO recommendation, which remained open after the Thirteenth PMR. This action has been implemented.**

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| <p>MANAGEMENT ACTION 6.1: CDSR will consider funding issues, including those related to flexibility and sustainability, particularly in the context of RCDCs. The Review will:</p> <p>1a. Review the CD funding model, and explore new funding options, including further increasing the internal funding for CD, and consider risk mitigating strategies.</p> <p>1b. Assess the relative costs and benefits of various forms of engagement by HQ and field-based</p> | <p>Closed</p>  | <p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p> <p>ORIGINAL TARGET DATE: December 2023.</p> |
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| <p>experts and field presence; explore policies (including HR and budget) to support further field presence.</p> <p>1c. Explore whether changes are needed in the mandates, internal governance, and financing structures of RCDCs.</p> | | |
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83. The CDSR notes that Fund CD relies on both internal and external funding. The Fund's own budget covers a large share of analytical work and a majority of CD management and administration spending. Internal funding is the most flexible source of financing for direct delivery as it is not tied to specific regions and can be moved between subject areas. Fund-financed budgets have remained broadly constant in real terms over the past decade, with a pandemic-related dip in spending.¹⁷ Against this backdrop, external financing has enabled the Fund to meet the growing demand for CD from members despite the flat real budget environment. Around two-thirds of direct spending on CD is financed by partners and RCDC member countries, and almost half of this funding comes from vehicles tied to specific regions, mainly through the RCDC network. This type of funding is quite flexible across subject matters within a given RCDC but cannot be transferred to other regions. At the same time, thematic funds have been growing in size, now accounting for around a quarter of external financing. These funds are very flexible across regions but are not fungible to be used for other topics.

84. The report is of the view that, overall, external financing has served the Fund and its membership well, but it has associated risks. External financing has enabled the Fund to develop a significant field presence and enhanced coordination with other delivery partners. However, reliance on external financing raises risks, including competition for resources and risks of divergent priorities between members and donors. It also brings with it administrative and governance complexity, and its more limited fungibility across topics and regions can lead to shortfalls in specific areas. The report highlights that RCDCs are particularly exposed to such risks.

85. The report notes that risks to fundraising have been effectively managed, but the environment is getting more difficult. Given the relatively small share of Fund-financing of direct delivery and the tight overall Fund budget situation, shifts or a decline in donor funding for particular regions or topical areas could impact the Fund's ability to deliver CD. The potential for misalignment of priorities is greater the more reliant the Fund is on tied external financing. Moreover, there have been areas where the Fund priorities for increased delivery have been difficult to meet given the lack of suitable external financing, for instance, CD demand in the MCD or the WHD region. Going forward, the partnership with Saudi Arabia to establish a new Regional Office in Riyadh would ease the CD funding constraints in the MCD region.

¹⁷ The recent budget augmentation allocated 25 percent of resources to CD to fund HQ-based staff and long-term experts and RCDC administrative spending and specific topical CD areas.


86. Staff made several proposals to address the issues described above. The option of significantly increasing Fund financing for CD would reduce prioritization and fundraising risks but was not considered possible in the current real flat budget environment. In order to increase flexibility and decrease risks, the report proposed that the Fund continued to broaden external funding vehicles and diversify financing sources. To the extent possible, fundraising should focus on multi-partner regional and thematic vehicles with flexible country coverage rather than bilateral donor or single country-designated vehicles. The new Global Public Finance Partnership (GPPF) Initiative was regarded as an example for increasing flexibility and minimizing financing risks. In addition, to solidify the funding model for RCDCs, regional funding (both from donors and member countries) should more systematically be complemented with thematic funds.

87. The CDSR proposed that the increased flexibility be supplemented by establishing a CD stabilization mechanism. The new mechanism would entail establishing a pool of highly flexible, untied financial resources that would provide insurance against external funding risks and improve the ability of the Fund to ensure that adequate CD is directed to the highest institutional priorities. Options for uses of the stabilization mechanism could include insuring against fundraising shortfalls, ensuring adequate CD to support Fund financial arrangements, and financing CD for emerging institutional priorities. The CDSR indicated that there could be a range of potential financing sources for the stabilization mechanism, including contributions from donors, potentially facilitated in the future by the use of internal Fund resources, provided such contributions are structured in line with the untied nature of the mechanism.

88. During the Board discussion, Executive Directors agreed that external financing would continue to play a key role, given internal budget constraints. They encouraged staff to continue work on mitigating risks and welcomed the staff's ongoing efforts to increase the flexibility and diversity of funding sources, including through regional and thematic vehicles. Directors also supported exploring the future establishment of a CD stabilization mechanism.

IEO Recommendation 7: Calibrate HR policies and incentives to ensure that the IMF maintains and enhances the quality and continuity of CD expertise, and that CD receives appropriate priority as an integral aspect of country engagement.

Directors agreed with this recommendation. They recognized that the timing of implementation of some elements of the recommendation would need to be aligned with the pace of broader HR reforms, although a number of Directors suggested that there could be scope to consider options on flexible working arrangements, at least on a trial basis. Directors looked forward to proposals in the MIP on staff incentives to work on CD. They noted that raising the recognition and opportunities for CD specialists at the Fund would require behavioral and cultural changes. **The MIP envisages four actions to address this IEO recommendation, all of which remained open after the Thirteenth PMR. Of these four actions, two actions have been implemented. Of the remaining open actions, one is overdue but making progress.**

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| <p>MANAGEMENT ACTION 7.1: CDSR will consider a number of issues, including those relating to the intention and career tracks of CD specialists, program managers and administrators and improvement of staff incentives to work on CD. This review of HR issues focused on CD will need to account for the interdependencies and alignment with other HR policies and initiatives.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: ICD in consultation with the ICG and EAG.</p> <p>ORIGINAL TARGET DATE: December 2023.</p> |
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89. The CDSR found that CD delivery and field presence had been accompanied by changes in CD staffing, with the Fund having been successful in attracting the talent needed for the growing CD program, including in competitive new areas. The report observed that CD staffing had increased by about 70 percent in the last decade reflecting the overall growth of CD, while the relative role of field-based long- and short-term experts had intensified. At the same time, specialist economists made up to 20 percent of economist staff, mainly at the senior economist and senior financial sector expert level, which had led to greater demands to support CD personnel. A background paper prepared for the review provided more details on these issues.

90. The CDSR made some considerations regarding the HR CD model. These included: (i) the career path for specialists economists is somewhat narrower than for fungible economists, reflecting their specialization and the structure of CD departments; and (ii) the decentralized model applied to long-term experts creates governance challenges and operational inefficiencies. These positions are categorized differently across departments, which affects interdepartmental mobility.


91. The CDSR also recognized that over several years the Fund had implemented policies that enhance the environment for CD personnel. These included the creation of additional SE positions to reduce reliance on contractual appointments, eased movement to the field allowing a limited number of economists to be posted to RCDCs as experts without change in employment status, implementation of new workforce tools, and some reforms underway to the local employment framework. The report recognized, however, that there was a need to further strengthen the Fund's policies and address CD-related governance issues to help safeguard the quality and agility of Fund CD. The recalibration of policies and practices would require a multi-year Fund-wide effort that needs to be sequenced with other HR and budgetary priorities.

92. To recalibrate HR polices, the CDSR identified several actions which do not require fundamental changes to the policy framework but encompass fine-tuning of selected HR policies and practices already under implementation. The proposed actions comprise: (i) further bolstering the career paths (including mobility) for SEs by opening up competitive vacancies for all qualified employees (not just fungible macroeconomists); (ii) allowing for temporary mobility assignments to area departments; (iii) opening a limited number of relevant jobs to both specialists and fungible macroeconomists; and (iv) enabling specialists to have some opportunities as fungible

economists for upward mobility for positions they are qualified for. The report noted that these measures would allow for enhanced opportunities for SEs and would obviate the need for a separate expert track previously envisaged.

93. The CDSR indicated that over the medium-term staff would undertake a strategic review of CD personnel structures in HQ and the field and of the potential implications for HR policies. The review will be coordinated with broader work on IMF field presence. Staff intends to initiate this strategic review within the five-year period covered by the CDSR (2024-2029).

94. During the Board discussion, Directors emphasized the importance of appropriate HR policies to maintain the quality and continuity of CD expertise and incentivize staffing in these areas. They supported initiating a strategic review of the HR framework for staff working on CD over the medium term to complement existing HR initiatives, such as the work on the local employment framework. Directors emphasized the desirability of increasing Sg mobility and career progression possibilities for specialized economists and CD experts, including by adjusting policies and practices for these career streams.

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| <p>MANAGEMENT ACTION 7.2: Finalize proposal for establishing enhanced expert track.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: HRD. ORIGINAL TARGET DATE: May 2025.</p> |
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95. As noted in the comments on the previous action, HRD is working on identifying steps to reduce unnecessary or outdated barriers which limit the progress of specialist economists. This has included opening up some vacancies that were formerly focused on fungible economists, such as RCDC roles, which broadens the options for SEs to move laterally and upward within the organization. Similarly, there is increased flexibility to allow specialist and fungible economists to take on CD roles with improved arrangements. A career forum that will include opportunities for SE staff, and a career marketplace tool that offers opportunities to all staff, are on track to be launched in FY2025 (see more details below). In addition, HRD has begun identifying recruitment guidelines and policies that can be enhanced within the existing recruitment framework to support more transition across career streams.

96. The creation of a new specialist track within the current framework is being explored with interested departments. These options for SEs are intended to open up more career opportunities versus the “expert track” and would replace the need for such a track. As a result, Management agreed that a separate expert track is no longer needed. Management also noted the potential impact of such a track on the span of control for managers, which would be untenable given the current workload and pressures.


97. The plan to not further pursue the Expert Track was presented both in the Recruitment and Retention paper and CD strategy and supported by the Board, which agreed that the Fund has a sizable number of specialist positions that meet the need for experts. The Board also

agreed that proposals to address issues around specialist mobility and career were sufficient and obviate the need for an expert track. It noted that the experience with an unsuccessful pilot a few years ago and a related cost-benefit analysis precluded the creation of an expert track. On this basis, OIA is of the view that this action should be closed.

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| <p>MANAGEMENT ACTION 7.3: Complete the enhancement of the Talent Inventory to include macro-financial experience of fungible economists and continue to enhance the CD Strategy.</p> | <p>Open</p>  | <p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: May 2025.</p> |
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98. The analysis of macro financial experience of fungible macroeconomists has been completed and integrated into the Talent Inventory. The main findings are that (i) there are around 200 fungible macroeconomists (FMs) with macro financial experience across the Fund; (ii) nearly two-thirds of them are in FDs (40 percent in MCM, followed by SPR and RES) and 30 percent are in ADs; and (iii) close to 80 percent of all FMs in MCM and nearly 20 percent in ICD and RES have macro financial experience. HRD has shared the results with Management, HoDs, and SHRPs of all departments. HRD plans to socialize the findings more broadly with departments later this year.

99. HRD will use a completed FAD's skills analysis to lay the groundwork for incorporating a broader scope of CD experiences in the talent inventory. Looking ahead, HRD plans to intensify road shows to make sure that staff are aware of these tools and use them.

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| <p>MANAGEMENT ACTION 7.4: Further update the workforce planning materials for selected CD management job families/functions and incorporate CD department feedback into the workforce planning tool (Adaptive Insights).</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: HRD in consultation with ICD and CD departments.</p> <p>ORIGINAL TARGET DATE: April 2024.</p> <p>EXPECTED COMPLETION DATE: End-FY2026.</p> |
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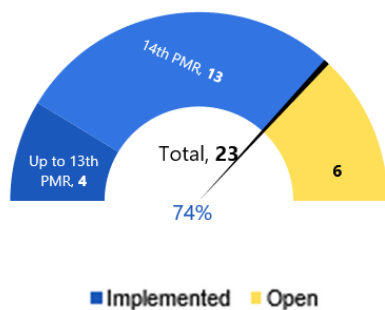
100. The workforce tool in the Workday system was launched in FY2023, incorporating feedback from CD departments during the soft launch. Data from this tool are being used and refined by HRD, which is currently streamlining the workforce analysis process. Of 39 workforce analysis notes (based on job function and family), 11 notes have been recently updated, including nine specifically for specialists (these nine notes cover approximately 85 percent of the specialist population).

101. Regarding the career paths for administrative and resource management roles in CD, HRD is working with departments in the context of the CD strategy. A Career Advisory Group has been established to enhance career opportunities for staff, with the Group’s focus being on ways to guide and develop Specialized Career Streams (SCS) and Specialists by improving incentives and providing opportunities through interdepartmental visibility. This mechanism and forum will discuss talent management and mobility, including job families that will be reviewed to address classification issues as part of a broader review of the Fund’s job architecture. In addition, a “talent marketplace” will be piloted beginning October 2024. The whole review process covering the Fund’s job architecture would be completed by end-FY2026.

C. IMF Engagement with Small Developing States (2022)

The IEO evaluation found that the Fund deserves considerable credit for having substantially stepped up its engagement with Small Developing States (SDS) members over the last decade. This improvement reflected significant efforts to develop specific staff guidance for Fund work on SDS, increased attention to climate change and other macro-critical issues for these members, and a strengthening of capacity development work. Nevertheless, the evaluation identified a number of serious concerns that have adversely affected the Fund’s value added and traction in its work with SDS. These comprise difficulties in staffing teams, which has contributed to high rates of staff turnover; a financing architecture not especially well suited to the particular needs of SDS; and the presence of institutional constraints in many SDS, which has hampered the traction and impact of capacity development. Based on these findings, the IEO report proposed four recommendations and made a number of specific suggestions. These include a recalibration of the overall approach to the Fund’s activities in SDS, making better use of the Fund’s lending framework to address SDS needs; operational steps to increase the traction of surveillance and capacity development work; and further human resource and budgetary commitments to support SDS engagement.

Figure 6. Summary of Progress—IMF Engagement with Small Developing States (SDS)



In response to four recommendations in the IEO evaluation, the MIP envisages 23 actions, of which 19 remained open after the Thirteenth PMR. Of these 19 actions, 13 actions have been implemented.

Source: OIA

IEO Recommendation 1: The Fund should pursue a targeted recalibration of its overall approach for engagement with SDS to strengthen the value-added and impact of its work. The recalibration would have two principal elements: (a) a refresh of the SDS Staff Guidance Note (SDS-SGN); and (b) steps to support more effective application of the SDS-SGN and other commitments through mechanisms for internal coordination, engagement with the Board, and collaboration with partners.

Directors broadly agreed with this recommendation. In particular, they supported a focused refresh of the SDS-SGN to take account of the current global context and evolving macro-critical priorities. A number of Directors supported formalized IMF-WB collaboration on critical SDS workstreams, with the IMF focusing on core areas, relying on external partners to complement/fill gaps. Many Directors emphasized the importance of tailored communication with SDS countries through active outreach. Many Directors also supported a review of Fund engagement with SDS within five years. Other Directors agreed with the Managing Director's view that leveraging the several planned and provisioned-for reviews in the areas of surveillance, lending, and capacity development would be most appropriate to better link SDS engagement to the overall Fund strategy and address potential resource trade-offs and avoid duplication. **The MIP envisages nine actions to address the IEO recommendation, of which eight remained open after the Thirteenth PMR. Of these eight actions, four actions have been implemented.**

MANAGEMENT ACTION 1.1:

Update the 2017 SDS-SGN and its accompanying Quick Reference Card for Reviewers, with a view to enhance engagement with SDS across modalities, in line with applicable Fund policies, frameworks, and relevant guidance. The update will include:

- Surveillance: guidance for focused and well-tailored surveillance for SDS based on the 2022 Surveillance Guidance Note (SGN), including on the assessment of macro-critical structural issues and on providing granular policy advice (See also Recommendation 2 section below).
- CD: guidance to help ensure a strong integration of CD with surveillance and lending.
- Lending: guidance, in line with applicable Fund policies, on

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ACCOUNTABLE: SDS-WG (Lead SPR with Inputs/Review from other area and functional departments).

ORIGINAL TARGET DATE:

End-September 2024.

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| <p>tailoring Fund-supported programs, including by paying greater attention to growth and resilience objectives and reforms, in addition to adjustment needs, when appropriate, and including RSF implementation as applicable (see also Recommendation 3 section below).</p> <ul style="list-style-type: none"> • CMAPS/CCDRs (and other climate diagnostics): guidance on how climate diagnostics (including the Fund’s CMAPs, the WB’s CCDRS, and/or other available climate-related diagnostics) may be best integrated with surveillance and lending, including into RSFs, in collaboration with the WB and in line with established policies. • Use of Toolkits: guidance on how the flexibility embedded in the MAC DSA, LIC DSF, and EBA-lite tools can be leveraged for countries facing data and capacity constraints, including SDS, as appropriate. • Coordination with partners: the SDS-SGN will cross-reference existing frameworks and most recent guidance on coordination with partner institutions (e.g., the recently issued Guidance Note on Information Sharing between the IMF and World Bank staff, as well as the coordination frameworks for RSF arrangements), highlighting best practices and issues of relevance for SDS. • Traction: guidance will emphasize the importance of | | |
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| <p>traction, including through the multi-dimensional concept of traction put forward by the 2021 Comprehensive Surveillance Review, and discuss good practices for teams to support traction with SDS members. Focus will include the importance of maintaining strong engagement continuity, and of building a trusted partner relation across engagement modalities.</p> | | |
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102. The SDS-SGN was issued by staff in July 2024. The document contains a section on Surveillance and Analytical Work, which includes two subsections: one on Tailoring Surveillance Policies and the second one on Challenges and Opportunities in Engaging with SDS, including enhancing traction and addressing data gaps. The subsection on Tailoring Surveillance Policies indicates that staff should be guided by the surveillance priorities identified in the 2021 CSR. While SDS members face many policy issues that warrant a tailored approach, surveillance must first comply with policies that apply to the entire membership, as laid out in the Guidance Note for Surveillance under Article IV Consultations. For SDS in fragile situations, tailoring of staff engagement should follow the IMF Strategy for FCS (2022) and the accompanying Staff Guidance Note (2023). The SDS-SGN specifies that a Country Engagement Box in Article IV staff reports for SDS should outline the engagement strategy between staff teams and country authorities. The Box should elaborate on the key factors the teams consider when identifying policy areas in need of most focus, and the complementarity and sequencing of Fund engagement in surveillance, lending, and CD. The Box is required for SDS, while for SDS that are also FCS, the Country Engagement Strategy supersedes the Box.

103. Regarding the use of toolkits, the subsection on Tailoring Surveillance notes that the Debt Sustainability Analysis (DSA) and the external sector assessment (ESA) include built-in features that allow these tools to be tailored to the characteristics of SDS. The Fund has two frameworks for DSA, the Sovereign-Risk and Debt Sustainability Framework for Market Access Countries (SRDSF) and the joint Bank-Fund DSA for LICs (LIC-DSF). A total of 20 SDS use the LIC-DSF, while the remaining 14 SDS use the SRDSF. The Fund's framework for ESA is anchored on the EBA/EBA-lite methodologies, and all SDS use EBA-lite. At the same time, the Assessment of Reserve Adequacy (ARA) metric helps staff gauge the adequacy of foreign reserves. The document indicates that many of the SDS characteristics can be accommodated within the built-in features of these tools. When preparing them, staff should start from and refer to the relevant guidance notes. The SDS-SGN indicates that staff should utilize features in the existing tools to account for the limited data quality, elevated vulnerability to natural disasters and climate change, and reliance on a few economic sectors. The SDS-SGN includes two Boxes providing more details on the use of ESA and DSA for SDS.


104. With respect to traction, the subsection on Challenges and Opportunities in engaging with SDS emphasizes that tailored approaches are essential to enhance traction and address SDS-specific policy challenges. In this regard, the SDS-SGN notes that following the 2022 Staff Guidance Note for Surveillance, Fund teams may recognize SDS-specific challenges in surveillance. Staff should ensure continuity of policy advice and integration of policy matters across a suite of publications and tools while remaining focused and selective. The SDS-SGN highlights that providing alternative scenarios and analytical work on trade-offs faced by the authorities could be useful, as seen in case studies of good traction in the 2021 CSR. In this connection, fostering partnerships with the authorities, including by maintaining a continuous dialogue with them, integrating CD into surveillance, addressing data gaps and building capacity, and improving outreach to the public and other stakeholders, can help advance policy action.

105. The SDS-SGN includes a section on Coordination with Development Partners that emphasizes the importance of coordination with other international institutions, development partners and CSOs for effective Fund engagement. The section notes that the economic structure of SDS implies that the performance of a handful of sectors can be macro-critical and Fund engagement can greatly benefit from the expertise and experience with sectoral policies of other institutions, like the WB, other MDBs, and regional development banks. In addition, the limited capacity of SDS to host mission visits and CD/TA require the Fund to coordinate closely with other institutions or development partners not to overburden the authorities. The SDS-SGN also emphasizes that in engaging with the WB and Regional Financing Arrangements, the Fund's main role is to assess a country's macroeconomic conditions and advise on the appropriate actions to restore macroeconomic stability. The document indicates that staff teams should remain guided by the existing guidelines on the collaboration with different institutions, organizations, and specific areas and includes a list of documents that provide guidance in this area. Staff is also encouraged to collaborate with other developments partners, including bilateral donors, on CD. In this regard, the SDS-SGN provides as an example the work that has been conducted to support reform planning and development partner coordination by joint IMF and development partner teams through the use of the Tax Administration Diagnostic Assessment Tool (TADAT) assessments of several SDSs.


106. The SDS-SGN's section on CD includes a subsection that emphasizes that integrating CD with surveillance and lending is critical to maximize the impact of CD, and that area department teams should lead the coordination efforts. In line with the 2018 and 2024 Reviews of the Fund's Capacity Development Strategy, the SDS-SGN highlights that it is important to ensure that area and capacity delivery departments working on SDS collaborate on identifying capacity constraints and CD priorities and through the lifecycle of CD projects, and on including a CD assessment in the surveillance and program process. The document also indicates that Fund teams should engage in regular dialogue, coordination, and information sharing on CD with other development partners. The SDS-SGN lists other mechanisms that can be leveraged to enhance integration, including the Country Engagement Box and Country Engagement Strategies, the resource allocation and Results-Based Management (RBM) processes, internal CD dashboards, leveraging field staff (Resident Representatives and RCDCs), and participation of country teams in clearing CD briefs and reviewing CD outputs.

107. Another CD subsection on Developing CD in Areas of Special Interest to SDS provides guidance on climate change. The subsection indicates that CD on climate issues, especially in the context of the RSF, is critical to addressing vulnerabilities and lists a number of available products. In the area of fiscal management, these include Fund CD to help integrate climate considerations, assess the impact of climate change on public infrastructure through the C-PIMA, develop disaster risk strategies and financing, support climate change fiscal risk management, and analyze the impact of carbon pricing and a range of other mitigation policies using the Climate Policy Assessment Tool. At the same time, Climate Policy Diagnostics focus on assessing key macro-fiscal issues, including enabling institutions, mitigation policies and adaptation policies. The list of climate products also includes the integration of climate issues into the Fund’s financial sector-related CD agenda; the use of the climate change indicators dashboard, macroeconomic statistics, and innovative data collection techniques; guidance on legal frameworks, financial integrity safeguards, and governance and anti-corruption considerations relating to climate change; and tools and models to help integrate climate change and climate policies into macroeconomic frameworks.


108. The SDS-SGN includes a Lending and Program Design section, which describes the facilities and instruments most relevant for SDS, non-financing instruments and track record building, the characteristics of the Resilience and Sustainability Facility (RSF), and key considerations for program design. The SDS-SGN indicates that to help SDS choose a Fund facility and design a program appropriately, Fund staff remains guided by policies applicable to the entire membership. While there is no specific facility dedicated to SDS, the SDS-SGN observes that staff has an ample choice of available instruments and significant flexibility within current lending policies to meet SDS needs. The overarching policy objectives of most SDS, namely sustainable growth and resilience building, can be adequately supported by careful tailoring of program design and conditionality. When designing programs, staff are encouraged to account for the limited policy space and capacity constraints faced by SDSs, as well as for the vulnerabilities of SDS economies to exogenous shocks, including by engaging early on contingency planning. The SDS-SGN indicates that structural benchmarks can be tailored to guide the implementation of a sequenced reform agenda that accounts for limited capacity, that limited statistical capacity requires staff to consider the quality and timeliness of data provided under the program, and that staff should consider ahead of time measures that could facilitate program performance for highly volatile economies, including by making greater use of Indicative Targets in monitoring performance.

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| <p>MANAGEMENT ACTION 1.2: Strengthen traction and engagement with SDS.</p> <ul style="list-style-type: none"> • AFR, APD, and WHD to each hold an annual High-Level Regional Engagement Event with SDS in their respective constituencies, in person, hybrid, or virtual form, either during Spring or Annual Meetings, consolidating recent practice. | <p>Closed</p>  | <p>ACCOUNTABLE: AFR, APD and WHD.</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p> |
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109. The three ADs referred to above (AFR, APD and WHD) already hold annual high-level events with SDS. WHD has organized ministerial meetings for Caribbean authorities during both the 2023 Annual Meetings and the 2024 Spring meetings and plans to hold another ministerial meeting during the 2024 Annual Meetings. Work is also underway to hold the Caribbean Forum in Barbados in early December 2024 on “Managing the Green Energy Transition.” Regarding **APD**, the department organized a high-level two-day conference in the region in February 2024, hosted by one of the DMDs and with strong participation by Pacific Island Countries (PIC) authorities. The department has also continued with its ongoing tradition of a high-level meeting with PIC authorities at the Annual Meetings. **AFR** organized a high-level roundtable for Sub-Saharan African Small Developing States in the context of the 2024 Spring Meetings, which focused on climate finance. Ministers and Governors from all six SSA SDS participated in the event, which generated broad interest and received positive feedback. Discussions focused on specific country experiences, with key interventions from Seychelles and Cabo Verde. It was agreed that SSA SDS should continue advocating for their needs to raise awareness of their challenges in order to further mobilize international cooperation and support.

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| <p>MANAGEMENT ACTION 1.3: To strengthen traction and engagement with SDS:</p> <ul style="list-style-type: none"> • Run one survey of SDS country authorities to assess traction across engagement modalities. | <p>Open</p>  | <p>ACCOUNTABLE: SDS-WG (Lead SPR, with inputs/review by the rest of the SDS/WG).</p> <p>ORIGINAL TARGET DATE: End-March 2025.</p> |
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110. No obstacles on the implementation of this action are envisaged at this stage.

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| <p>MANAGEMENT ACTION 1.5: To strengthen accountability on engagement with SDS:</p> <ul style="list-style-type: none"> • SDS-WG will report to Management on progress on MIP Implementation, via a memorandum to Management annually in 2023 and 2024 (see also related commitment in Management Action 4.1). | <p>Open</p>  | <p>ACCOUNTABLE: SDS-WG (Lead SPR with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p> |
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111. An Annual Progress Report on MIP Implementation was sent to Management on December 20, 2023. The report noted that out of the 23 actions in the SDS MIP, 14 actions involved deliverables by end-2023, of which all but two had been completed. The two remaining deliverables, which included the issuance of an analysis of influences on country team tenure and external events to SDS authorities on the lending toolkit, were completed in early 2024. Staff plans to circulate another memorandum around the same time this year in order to capture as much as possible the work completed in CY2024.

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| <p>MANAGEMENT ACTION 1.6: To strengthen accountability on engagement with SDS:</p> <ul style="list-style-type: none"> • SDS-WG to meet with the Board’s Small States Working Group (SSWG) once a year, in each 2023 and 2024. | <p>Closed</p>  | <p>ACCOUNTABLE: SDS-WG (Lead SPR with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p> |
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112. Staff met with the SSWG twice, on September 21, 2023 and September 12, 2024, ahead of the Annual Meetings. In the meetings, staff updated the SSWG on completed actions, future plans, and recent developments in relevant workstreams; presented the main elements of the SDS-GN completed in 2024; and responded to questions and concerns.

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| <p>MANAGEMENT ACTION 1.7: To strengthen dissemination of analytics and knowledge on SDS:</p> <ul style="list-style-type: none"> • Launch an “SDS Week” as an internal learning and capacity-building event for staff working with SDS, including (1) an operating event with OMD presence to raise visibility of SDS-related issues; (2) an “onboarding” program for SDS staff, including a presentation of the SDS-SGN and a tour of the SDS Knowledge Exchange (KE) site; and (3) an intranet story showcasing the SDS week. | <p>Open</p>  | <p>ACCOUNTABLE: SDS-WG (Lead: SPR with Inputs/Review from others in SDS/WG + COM support).</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p> |
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113. Staff plans to hold this event in Q4 2024. The exact date has yet to be determined after coordinating with OMD to accommodate management’s schedule.

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| <p>MANAGEMENT ACTION 1.8: To strengthen dissemination of analytics and knowledge on SDS:</p> <ul style="list-style-type: none"> • Launch and run a new analytical seminar on SDS (internal audience), with sessions twice per year dedicated to SDS-relevant issues and research, presenting both IMF and external speakers. | <p>Closed</p>  | <p>ACCOUNTABLE: SDS-WG.</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p> |
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114. Staff launched the SDS Analytical Seminar Series in September 2023. In September 2023, staff from RES/WHD presented research findings on the Eastern Caribbean Currency Union's experience with rules-based fiscal responsibility frameworks. In a second seminar, which took place in November 2023, UN staff discussed the Multidimensional Vulnerability Index (MVI). Video recordings are available on the Intranet. Two additional seminars took place in June 2024: "Impact Dynamics of Natural Disasters and the Case of PICs" and "ECCU: Potential Benefits and Adoption Challenges of CBDC in a Currency Union".


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| <p>MANAGEMENT ACTION 1.9: To assess the IMF engagement with SDS:</p> <ul style="list-style-type: none"> • Prepare a Medium-Term Review, to be delivered through a Board paper, on the Fund's engagement with SDS, including on the implementation of the commitments in the MIP on the Fund and SDS. | <p>Open</p>  | <p>ACCOUNTABLE: SDS-WG (Lead: SPR with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2028.</p> |
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115. No obstacles on the implementation of this action are envisaged at this stage.

IEO Recommendation 2: Steps should be taken at the operational level to enhance the focus and traction of the IMF work on SDS in the areas of surveillance and CD. Actions would aim at further adapting processes and tools for the SDS context, deepening integration across Fund activities, better recognizing domestic constraints, and increasing support for implementation.

Directors generally supported this recommendation. They concurred that steps should be taken at the operational level to enhance the focus and traction of work on SDS. Directors agreed that actions should aim at better leveraging flexibility in the core tools for SDS context (the SGN should include guidance on this).¹ Directors emphasized that diagnostic tools are useful in SDS, and tailoring will increase their impact [...] and noted that surveillance and related toolkits must remain consistent with Fund policy frameworks. Directors highlighted the need to collaborate with the World Bank in this context. Many Directors consider that Country Engagement Strategies (CES) could be rolled out "as needed" for non-fragile SDS. Many Directors concurred with the MD on the need to be flexible in prioritizing Fund surveillance and CD (including FSAP/FSSR, CMAPs) and noted that they were open to exploring cluster or regional approaches in cases where it was cost-effective. **The MIP envisages four actions to address this IEO recommendation, of which two remained open after the Thirteenth PMR. These two actions have been implemented.**

¹ See specific efforts under Management Action 1.1 above, in the context of the updated SDS-SGN, which will cover these surveillance and CD related issues as suggested.


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| <p>MANAGEMENT ACTION 2.1: To enhance strategic engagement with SDS:</p> <ul style="list-style-type: none"> • Publish guidance for Area Departments to include a concise “Country Engagement” Box for all SDS in Article IV staff reports once every three years, outlining policy priorities as well as key considerations under engagement modalities as applicable. | <p>Closed</p>  | <p>ACCOUNTABLE: SDS-WG (SPR to lead with inputs/review of other departments).</p> <p>ORIGINAL TARGET DATE: End-March 2024.</p> |
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116. In February 2024, SPR circulated to departments a guidance memorandum on a Country Engagement Box for SDS, which includes guidelines for the preparation of a focused and streamlined Box in Article IV reports. The guidelines came into effect in July 2024 when the Guidance Note on SDS was finalized. The Box seeks to foster the integration of surveillance, lending, and CD activities, recognizes domestic constraints, tailors Fund engagement to SDS conditions, and increases support for implementation. The memorandum indicates that the Box should present, at a high-level, the key factors that lead staff to formulate their engagement modalities. It should provide a succinct summary of critical, country-specific issues but should not duplicate the PN or SR. The Box should be integrated in the Article IV process, but at a lower frequency. It will be part of the PN or SR for the Article IV consultation and should be prepared once every three years for countries on an annual cycle or every other Article IV consultation for countries on a 24-month cycle. Staff should discuss the main elements of the engagement strategy with the authorities with the aim of building a shared understanding of medium-term priorities.

117. The guidance memorandum indicates that staff should tailor the scope and depth of the engagement strategy to each country’s specific circumstances. The Box should include a streamlined coverage of a few issues most critical to shaping the staff’s overall approach. Staff does not need to prepare a Box for SDS that are also fragile and conflict-affected states, as the full-scale CES for FCS supersedes the Box. Area Departments will be responsible for the preparation of the Box, with inputs from Functional Departments.

118. The guidance memorandum includes several recommendations to consider when preparing the Box. It indicates that the starting point should be the staff’s overarching assessment of the authorities’ medium-term policy objectives, based on available strategic documents that could serve as inputs. The Box should discuss the main domestic constraints that SDS authorities face, including for example capacity, institutional, or financing constraints, and should specify the staff engagement plan that can best help the authorities accomplish their medium-term agenda. It should include high-level considerations on the policy areas in need of most focus, the policy objectives, and the complementarity and sequencing of Fund engagement in surveillance, lending, and CD. In coordination with CD departments and the authorities, staff could also identify in the Box a selective

list of CD areas that are expected to have the largest impact. In addition, the Box could discuss collaboration with other stakeholders, such as key development partners, with the focus on enhancing synergies and avoiding duplication.


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| <p>MANAGEMENT ACTION 2.4: To ensure key CD products appropriately serve SDS members:</p> <ul style="list-style-type: none"> • During the Phase II FSSR Donor-Funding Round in FY2024, propose an expansion of the eligibility list for SDS to at least half of the 22 SDS not currently in the list. | <p>Closed</p>  | <p>ACCOUNTABLE: MCM.</p> <p>ORIGINAL TARGET DATE: End-April 2025.</p> |
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119. Staff have already discussed with donors on expanding the eligibility list for the Financial Sector Stability Review (FSSR). Phase II started in May 2024, while Phase I will run in parallel until December 2024 to complete some of the ongoing projects. Donors have agreed that instead of expanding eligibility on a wholesale basis, they will consider applications for SDS country FSSRs on a case-by-case basis.


IEO Recommendation 3: The IMF should consider how to use its lending framework in ways that better address the needs and vulnerabilities of SDS.

Directors generally agreed there is room to explore how Upper Credit Tranche (UCT)-quality programs may be better tailored to SDS, including through greater focus on growth and resilience objectives in Fund programs. They also noted the need to build further awareness of the benefits of UCT-quality programs in SDS, and generally agreed that RST should address the needs of eligible members, including SDS. Many Directors noted the need to consider how to leverage RST financing to address structural constraints and build resilience in SDS, while a number of Directors emphasized that the planned 18-month interim review should commit to assessing whether the RST is providing and catalyzing meaningful support to SDS and adjust as necessary. Many Directors supported increasing access limits under the Large Natural Disaster window of the Emergency Financing instruments, while many others did not consider raising access limits to be the right approach. **The MIP envisages three actions to address this IEO recommendation, all of which remained open after the Thirteenth PMR. Of these three actions, two actions have been implemented.¹**

¹ See also specific efforts to provide guidance in the SDS-SGN on general lending engagement issues (Management Action 1.1 above) and enhance awareness of the IMF's overall engagement toolkit (see High-level Events in Management Action 1.2).

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| <p>MANAGEMENT ACTION 3.1: To enhance the treatment of growth and resilience in IMF-supported programs with SDS:</p> <ul style="list-style-type: none"> Organize one external seminar (in person or virtual) to familiarize the SDS authorities with Fund lending, including the UCT lending toolkit, the benefits of the UCT-quality program and the RSF/RST. Seminar to include a peer-learning session with SDS exchanging on success cases. | <p>Closed</p>  | <p>ACCOUNTABLE: SDS-WG (SPR to lead with inputs/review of other departments).</p> <p>ORIGINAL TARGET DATE: End-December 2023.</p> |
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120. External events to SDS authorities on the lending toolkit were held in early 2024, instead of late-2023 as envisaged, owing to several authorities being occupied with budget preparation. Considering the time difference across regions, two events were held, one in January 2024 with AFR/WHd authorities, and another one in February 2024 with APD authorities. The presentations introduced the basic Fund lending architecture and covered the RST in detail, reflecting the interests of the authorities. The seminar included a peer-learning event, with officials from Barbados and Seychelles sharing their experiences with the RST arrangement.

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| <p>MANAGEMENT ACTION 3.2: To help ensure that the RST effectively attends to SDS:¹</p> <ul style="list-style-type: none"> The 18-month interim review of the RST will include any initial experiences on implementation of the Trust, including for SDS. <p>¹ See efforts in Management Action 1.1 above, in the context of the SDS-SGN update, which will help tailor the RST requests for SDS based on relevant priorities as appropriate.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: SPR (with inputs/review of other departments).</p> <p>ORIGINAL TARGET DATE: End-June 2024.</p> |
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121. The Interim Review of the RST (and the review of the adequacy of resources) was completed by the Board in May 2024. The interim review paper took stock of the initial experiences with the RST, focusing on progress and challenges so far, and proposed fine-tuning of the RST design with a view to strengthening implementation of the Trust's objectives. During the first 17 months of operation, 18 RSF arrangements were approved by the Board with financial commitments amounting to SDR 6.3 billion. These arrangements focused on climate-change related challenges but will soon include pandemic preparedness. An additional 30-35 countries have expressed interest in accessing the Trust's financing.


122. To enhance the RST’s effectiveness, the interim review paper proposed some design modifications. These included modifications regarding the rules around early rephasing and disbursement against early completion of RMs; elimination of the possibility of dual-purpose reforms; and ensuring continuity of the RSF arrangement when there is a need to switch across qualifying concurrent UCT-quality programs. The interim review also assessed the adequacy of the Trust’s resources, including an update on fundraising progress and an assessment of the Trust’s financial outlook, based on updated near-term demand estimates.

123. The interim review paper includes a Box entitled “Small Developing States: A Need for Tailored Solutions”. The Box indicates that the Fund’s emergency financing instruments (RFI and RCF) are well-suited to deal with urgent balance of payments needs arising from natural disasters and that SDS have used them frequently, partly due to the absence of ex-post conditionality. However, SDS demand for RSF has been limited owing to: (i) SDS capacity constraints to implement reforms, which restricts RSF utilization; (ii) the RSF’s emphasis on macro-critical policy reforms which might not be the most immediate need for SDS facing the brunt of natural disasters; and (iii) the fact that RSF financing is very limited in comparison with the immense challenges faced by SDS arising from natural disasters and that the RSF-supported reform package may not catalyze the type of financing SDS require.¹⁸

124. The interim review paper concluded that a broader, more tailored approach than the RSF may be needed to effectively address the unique challenges faced by SDS in building resilience in natural disasters. This would require more targeted capacity development to expand the authorities’ ability to coordinate financing and technical assistance and to develop early warning systems and Disaster Risk Management and Financing frameworks. The paper suggests exploring the possibility of UCT-quality programs with more targeted conditionality that is aligned with SDS capacity as a requisite for RSF arrangements.

125. During the Board discussion, Directors affirmed their support to the RST to provide long-term catalytic financing to assist countries’ reform efforts to reduce risks of prospective BOP stability. They concurred that reforms under the RST should be grounded in countries’ existing climate strategies and should address macro-critical country-specific challenges through policies in areas of the Fund’s mandate and expertise. Observing that arrangements had primarily focused on addressing climate change challenges, Directors looked forward to a forthcoming expansion of focus into pandemic preparedness. They also underscored the importance of continued collaboration with development partners, including the World Bank and other MDBs. Directors generally supported proposals to enhance the operational flexibility and clarity of the RSF. They emphasized the need for reinvigorated near-term fundraising for the Trust to meet the strong demand for RSF arrangements and ensure the RST’s ability to sustain lending activities. Directors looked forward to the comprehensive review of the RST in FY2026 and made several suggestions regarding the areas to be considered.


¹⁸ To date, three SDS have requested an RSF arrangement (Barbados, Seychelles, and Cabo Verde). While these three SDSs have had a positive experience with the RSF, there is a desire to raise the access cap and for more flexibility in reform design.

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| <p>MANAGEMENT ACTION 3.3: To help ensure that the RST effectively attends to SDS:</p> <ul style="list-style-type: none"> The three-year review of the RST will delve deeper to further consider SDS experiences, including on various design aspects, interactions with the lending toolkit, and ability to catalyze additional financing. | <p>Open</p>  | <p>ACCOUNTABLE: SPR/FIN/LEG (with inputs/review of other departments).</p> <p>ORIGINAL TARGET DATE: End-December 2025.</p> <p>EXPECTED COMPLETION DATE: FY2026</p> |
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126. The RST review is currently expected to take place in FY2026. As noted in the previous action, the interim RST was already completed in May 2024. During the interim review, it was recognized that effectively supporting SDS may require looking beyond the RST.


IEO Recommendation 4: The Fund should adopt further HR management commitments to increase continuity and effectiveness of staff’s engagement with SDS. Steps would aim at improving incentives to work on SDS assignments, reduce turnover, avoid gaps in coverage, minimize disruptions from handovers, and strengthen Fund’s presence on the ground.

Directors agreed with this recommendation. They welcomed the MIP on the Board-Endorsed Recommendations on Categorization of Open Actions, which aims to address many of these issues. Directors agreed that the MIP on Open Actions should be allowed to progress before considering SDS-specific measures in this area. A number of Directors suggested that the promotion policy developed to incentivize staff working on FCS be extended to all SDS. Many Directors acknowledged the need for flexibility in decisions by departments, such as incentives and specific staffing solutions, given the diversity of challenges across regions. **The MIP envisages seven actions to address this IEO recommendation, of which six remained open after the Thirteenth PMR. Of these six actions, five actions have been implemented.**

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| <p>MANAGEMENT ACTION 4.1: To reduce mission chief turnover and avoid gaps specifically in SDS mission chief assignments:</p> <ul style="list-style-type: none"> The analysis on issues surrounding mission chief and country team turnover, as proposed in the MIP on Board-Endorsed Recommendations on the Categorization of Open Actions will explicitly discuss the experience for SDS members. | <p>Closed</p>  | <p>ACCOUNTABLE: SDS-WG (Lead HRD with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2023.</p> |
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127. In February 2024, staff circulated to the Board an Analysis of Influences on Country-Team Tenure (EBAP/24/10), which explicitly discusses the experience with SDS and LIC members. The analysis indicated that since 2013 mission-chief tenure had increased slowly and unevenly, rising from an average of 2.3 years to 2.6 years between April 2014 and April 2023. Interdepartmental differences in average tenure were partly due to the variations in the shares of member countries in different country groups. Mission-chief tenure tended to be longer for G20 countries than for SDS (including Pacific Island Countries-PICs), and SDS continued to have mission chiefs with shorter tenures (average: 2.3 years) and lower seniority (88 percent at grades A14 and A15), compared with the Fund averages (2.6 years and 44 percent, respectively). The share of G20 countries with mission-chief tenure above 3 years was almost 40 percent, whereas in the case of SDS, the corresponding share was 20 percent. The comparatively high share of G20 countries in EUR contributed to higher overall tenure in that department, while higher shares of LICs and FCSs (as well as some SDSs) contributed to shorter tenure in AFR. Similarly, remote SDSs tended to pose challenges for mission-chief tenure in APD.


128. The staff analysis also showed that desk-economist tenure was lower for LIC, FCS, SDS, and PIC members, compared to the Fund as a whole. Staff argued that the lower desk-economists tenure for LICs (mean: 2.2 years; median: 2.1 years) and FCSs (Mean: 2.3 years; median: 2.0 years) might be associated with the recently enacted policy requiring LIC and FCS service for promotion to A15 as a fungible macroeconomist. As was expected in the near term, some staff members might seek short-term assignments to close gaps toward meeting this requirement. Compared to LICs and FCSs, desk economist tenures were slightly higher for SDSs (mean: 2.5 years; median: 2.4 years) and Francophone African countries (mean: 2.5 years; median 2.8 years). Among these country groups, desk-economist tenure was lowest for PICs (mean: 1.8 years; median: 2 years).

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| <p>MANAGEMENT ACTION 4.2: To reduce mission chief turnover and avoid gaps specifically in SDS mission chief assignments:</p> <ul style="list-style-type: none"> The SDS-WG annual report to Management on progress on the MIP Implementation will update on engagement by Area Departments, including mission chief turnover, handover, team rotation, and frequency of missions with SDS. | <p>Closed</p>  | <p>ACCOUNTABLE: SDS-WG (Lead SPR with Inputs/Review from others).</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p> |
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129. The share of tenure under two years also varied significantly by country groups. In the case of mission chiefs, the staff analysis showed that the share of tenure under two years fluctuated between 30 and 40 percent for all the country groups considered, with the share of SDSs being slightly higher than 30 percent. This pointed to some common factors driving shorter tenure for mission chiefs, particularly staff mobility. In the case of desk economists, there was more variability in

the “under 2 years” shares, but shorter tenure was less common in G-20 countries compared to the other country groups, including SDSs.


130. The 2023 Annual Progress Report to Management on MIP implementation discusses the main findings of the HRD analysis described in the previous action. In addition, it indicates that while 19 of 27 SDS teams have observed mission chief and team member changes in 2023, all teams reported a smooth handover. The report also notes that for all SDS at least one physical mission was conducted in 2023.

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| <p>MANAGEMENT ACTION 4.4: To strengthen SDS teams:</p> <ul style="list-style-type: none"> • Monitor support to SDS by FDs. This would include following up on metrics related to: (i) CD/TA provision in different modalities (including RTACs); (ii) physical and/or virtual participation in Area Department Missions; (iii) other possible support, including review of country papers. This would be reported as part of the Annual Memo to Management on MIP Implementation. | <p>Closed</p>  | <p>ACCOUNTABLE: FAD, ICD, LEG, MCM, SPR, STA.</p> <p>ORIGINAL TARGET DATE: End-December 2023.</p> |
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131. The 2023 Annual Progress Report on MIP Implementation sent to Management indicates that, following an earlier survey conducted in July 2023, another survey of functional departments’ (FDs) support to area departments (ADs) was conducted in November 2023. There are four main takeaways from the November 2023 survey: (i) all SDS were covered by the review process in 2023, with variation in the depth of review activities; (ii) FDs deployed a total of 15 economists (including one-offs) to seven SDS teams and offered substantial CD support to SDS, with a total of 521 CD activities provided. Most of the CD support was provided by FAD, MCM, and STA in their respective areas of expertise, and the majority of the CD activities (313 of the 521) were channeled through Regional Capacity Development Centers (RCDCs); (iii) like other member countries, SDS benefitted substantially from Fund general training courses; and (iv) FDs also provided direct support to AD teams by customizing core surveillance tools and collaborating on analytical studies.

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| <p>MANAGEMENT ACTION 4.5: The LIC/FCS promotion policy will be reviewed two years after it is fully implemented. Implications for SDS will be explicitly considered.</p> | <p>Open</p>  | <p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: End-December 2025.</p> <p>EXPECTED COMPLETION DATE: FY2026.</p> |
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132. No obstacles on the implementation of this action are envisaged at this stage. The review is expected to be completed in FY2026.

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| <p>MANAGEMENT ACTION 4.6: To strengthen the continuity of engagement with SDS:</p> <ul style="list-style-type: none"> Area Department teams to hold at least one physical mission per year to SDS (including staff visits), in line with pre-pandemic practices. Circumstances making this unfeasible in specific cases would be explained/justified in the context of the Annual Monitoring Report by the SDS-WG to Management. | <p>Closed</p>  | <p>ACCOUNTABLE: ADs.</p> <p>ORIGINAL TARGET DATE: End-December 2024.</p> |
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133. The Annual Progress Report on the SDS MIP sent to Management at end-2023 specifies that for all SDS at least one physical mission was conducted in 2023. Looking ahead, some departments have expressed difficulties to meet this objective due to staffing and capacity constraints given changing overall demands.

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| <p>MANAGEMENT ACTION 4.7: To strengthen the continuity of engagement with SDS:</p> <ul style="list-style-type: none"> Submit for consideration of the Committee for Capacity Building a well-costed proposal for Management to expand the number of long-term macroeconomic experts (LTX) in RTACs dedicated to support SDS members, in close coordination with Area Department teams.¹ <p>¹ With the exclusion of METAC, which only serves one SDS, Djibouti.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: AFR, APD, WHD, ICD.</p> <p>ORIGINAL TARGET DATE: End-December 2023.</p> |
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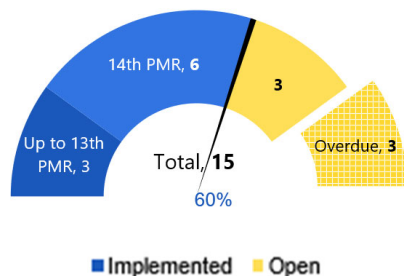
134. Area departments with SDS have already submitted proposals for Management to expand the number of Long-Term Experts in RTACs dedicated to support SDS members. In December 2023, AFR, APD and WHD submitted an area department proposal to the Committee for Capacity Building (CCB) to expand the number of long-term macroeconomic experts (LTXs) in

RCDCs. The proposal seeks to strengthen the on-the-ground macroeconomic support for SDS, in close coordination with AD teams. The proposal included one LTX in AFR and two LTXs in APD (WHD did not propose an LTX at this time considering a sizable funding gap for CARTAC). However, there was no consensus around the proposal. Members of the CCB noted the budget risks associated with the proposal and indicated that it would benefit from further consideration given competing demands for limited space in the current resource envelopes. LTX placements in RTACs will need to continue to take place within the established planning mechanism driven by members' demand, area departments' prioritization, and funding availability.

D. Growth and Adjustment in IMF-Supported Programs (2021)

The IEO evaluation assessed how well IMF-supported programs have helped to sustain economic growth while delivering the adjustment needed for external viability, focusing on IMF financing arrangements over the period 2008-19. The evaluation found that the Fund's increasing attention to growth in the context of IMF-supported programs had delivered some positive results. No evidence was found of a consistent bias towards excessive austerity. Notwithstanding these positive findings, the evaluation noted that program growth outcomes consistently fell short of program projections. In this regard, it identified several ways in which policy instruments could be applied more effectively in programs to support better growth outcomes. The evaluation concluded that the Fund should seek to enhance program countries' capacity to sustain activity while undertaking needed adjustment during the program and enhance growth prospects beyond the program. To that end, the evaluation recommended giving more attention to the growth implications of programs and their social and distributional consequences; supporting deep and more growth-oriented structural reforms with more effective capacity development and collaboration with other relevant partners; and continue building a toolkit of models and monitors that could be applied in the program context to assess growth-related developments, including social and distributional implications.

Figure 7. Summary of Progress—Growth and Adjustment in IMF-Supported Programs



In response to three recommendations in the IEO evaluation, the MIP envisaged 15 actions, of which 12 remained open after the Thirteenth PMR. Of these 12 actions, six actions have been implemented since then. Of the six actions that are still open, three actions are overdue but making progress.

Source: OIA

IEO Recommendation 1: Attention to growth implications of Fund-supported programs should become more thorough, systematic, realistic, and sensitive to social and distribution consequences.

Directors broadly supported this recommendation. They regretted that growth outcomes have often fallen short of program projections and concurred on the need to improve the realism of forecasts but also to pay greater attention to growth outcomes in program design. In this context, Directors considered that the findings of the IEO evaluation, together with the Review of Conditionality, should provide important inputs to the review of the operational guidance note on conditionality. They agreed on the need to carefully discuss fiscal multiplier assumptions; pay more attention to contingencies for growth shortfalls; and strengthen the monitoring of key social and distributional aspects, whenever possible. **The MIP envisages four actions to address this IEO recommendation, of which three remained open after the Thirteenth PMR. Of these three actions, two have been implemented. The remaining open action is overdue but progressing.**

MANAGEMENT ACTION 1.1:

Revise the operational guidance note (OGN) on program design and conditionality with the objective of having a thorough, systematic, and realistic discussion of program implications for growth in program documents as appropriate and feasible in a given country context.

1a. The OGN will recommend that program documents will discuss prominently the realism of baseline growth projections by at a minimum leveraging the realism tools embedded in debt sustainability frameworks, including the tool to assess the consistency between fiscal adjustment and growth under a range of plausible fiscal multipliers.

1b. The OGN will recommend that Policy Notes (PN) should include – where appropriate and subject to confidentiality – contingency plans, including if baseline growth falls significantly short of program projections. In addition, the OGN on program design and conditionality will

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ACCOUNTABLE: SPR.

ORIGINAL TARGET DATE: FY2023-H1.

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| <p>clarify that the PN review process and program discussions with authorities should cover policy tradeoffs in achieving adjustment and growth.</p> <p>1c. The OGN will provide updated guidance regarding social spending, drawing on the ongoing work to operationalize the Strategy for IMF Engagement on Social Spending.</p> | | |
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135. In January 2024, staff circulated for the Executive Board’s information the OGN on Program Design and Conditionality. The note is designed as a comprehensive reference and primer on program design and conditionality and refers in a summarized way to a broad range of economic and policy considerations over the lifecycle of Fund-supported programs.¹⁹

136. The OGN expands on previous operational guidance notes on conditionality published in 2003-2014, incorporating lessons from the 2018-19 Review of Conditionality and other key policy developments, including the recommendations in the MIP. The OGN highlights operational advice to (i) improve the realism of macroeconomic forecasts in programs and foster a more systematic analysis of contingency plans and risks; (ii) improve the focus, depth, implementation, and tailoring of structural conditions (SCs), with due consideration to growth effects; and (iii) help strengthen the ownership of country authorities. Regarding the latter, the note emphasizes that, to the extent possible, program objectives should be aligned with the authorities’ own reform plans, including on growth, labor market, and distributional targets, subject to consistency with the overarching objective of resolving the BOP problems. This would help maximize program ownership and increase chances of program success.

137. The OGN includes a section on the realism of macroeconomic projections. It indicates that optimistic growth assumptions, partly driven by an underestimation of the impact of policy adjustment and overestimation of structural reform payoffs, understate the financing and adjustment required to achieve program objectives, with consequences for program implementation and success. In addition, unrealistic financing assumptions could lead to underestimation of needed adjustment and give rise to distortionary and undesirable financing measures. The note discusses various tools available to staff to prepare baseline projections (an Annex on realism tools provides a detailed analysis). Specifically, it focuses on tools provided in debt sustainability frameworks (DSFs), indicating that these tools allow to assess, inter alia, the realism of planned fiscal adjustment and the consistency of fiscal adjustment and growth assumptions under a range of plausible fiscal multipliers.


¹⁹ The OGN was published externally on January 30, 2024 (<https://www.imf.org/en/Publications/Policy-Papers/Issues/2024/01/30/Operational-Guidance-Note-On-Program-Design-and-Conditionality-544122>).

138. The OGN indicates that staff should discuss prominently in program documents the realism of baseline growth projections by leveraging, at a minimum, (i) the fiscal adjustment and growth realism tools under the SRDEF and LIC DSF; (ii) the real growth and output gap realism tools under the SRDSF; and (iii) the realism tool assessing the consistency between public investment and growth under the LIC DSF. In cases where the tools flag large differences from cross-country or the country's historical experience, staff should provide explanations, with the discussion being included in the "Outlook and Risks" section of PNs and SRs and constituting a requirement for Fund arrangement requests and program reviews with significant growth deviations relative to previous projections. For PRGT program countries, the LIC DSF framework requires long-term growth projections, which should be discussed jointly with the World Bank and covered under "Outlook and Risks". Depending on data availability and country circumstances, staff is strongly encouraged to use additional tools to improve the realism of baseline projections.


139. The OGN also recommends including contingency plans in program PNs, where appropriate and subject to strict confidentiality. The OGN indicates that, given the uncertainty around program baselines, the broad goal of contingency planning is for staff and authorities to reach understandings on a set of policies for contingencies. Such understandings could be as broad or as specific as warranted, depending on the risks and country circumstances. CPs should ideally outline a relevant adverse scenario based on a set of domestic and external shocks and elaborate on how key program variables/targets/objectives, including financing gaps, external position, and public debt, would be impacted. They should also discuss potential policy responses to achieve recalibrated program targets/objectives in the adverse scenario and restore stability. For countries vulnerable to currency runs and sudden stops to capital flows, CPs should consider merits of FX intervention and CFMs that could temporarily restore stability to allow time for an appropriate set of policies to be implemented. In general, CPs would be recommended for UCT-quality Fund-supported programs based on country needs, risks, and capacity constraints. The OGN specifies that CPs are expected to be discussed in a box in the PN or included as an Annex, where appropriate. Discussions with the authorities on the CPs will be relayed to Management and reviewers in back-to-office reports and/or the SR cover memo to management.

140. The OGN's section on Fiscal Policy Conditionality includes a subsection that provides updated guidance on social spending. Social spending is defined to comprise spending on social protection, which includes social insurance and social assistance programs, and education and health. The note highlights that, where relevant, both GRA and PRGT-supported programs should seek to protect social spending and mitigate the adverse effects of program measures on the poor and vulnerable. In particular, a PRGT-supported program shall indicate how the program advances the member's poverty reduction and growth objectives, in line with the objectives and policies of the program. The objectives and related conditionality should be tailored to country-specific circumstances. Staff should ensure that conditionality on social spending reflects the criticality of measures and implementation capacity, particularly in fragile states. The note argues that mitigating the adverse effects of adjustment and improving spending adequacy can usually be addressed by including quantitative conditionality, with the coverage of social spending floors being explained in program documents and linked to program objectives and predictable financing. The OGN also

indicates that, where relevant, programs should consider structural measures to strengthen social safety nets and improve the quality of social spending in the medium term.

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| <p>MANAGEMENT ACTION 1.3: Review the role of Fund-supported programs in fostering growth in the next Review of Conditionality (RoC) and discuss the appropriateness of the 2002 Conditionality Guidelines in that regard.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: SPR, LEG.</p> <p>ORIGINAL TARGET DATE: By end-FY2024.</p> <p>EXPECTED COMPLETION DATE: By end-CY2025.</p> |
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141. The next RoC is expected to be completed in CY2025. The RoC will provide an in-depth review of the role of Fund-supported programs, including their role in fostering growth and the appropriateness of the conditionality guidelines.

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| <p>MANAGEMENT ACTION 1.4: Set up a training program for country authorities on the Sovereign Risk and Debt Sustainability Framework, including its realism tools.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: SPR, ICD.</p> <p>ORIGINAL TARGET DATE: By mid-FY2024.</p> |
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142. The SPR Debt Policy (SPRDP) Division has already delivered two training courses in 2024: one in Kazakhstan (CCAMTAC) in January and another one in Vienna (JVI) in May. Moreover, two more training courses are confirmed for FY2025, one in Singapore (October 2024, in cooperation with STI) and another one in Botswana (February 2025, in cooperation with MEFMI and AFRITAC South). ICDMF has indicated its willingness to support SPR in delivering more training, resources permitting.

IEO Recommendation 2: IMF-supported programs should pay greater attention to supporting deep, more growth oriented structural reforms, with more effective CD support and more effective collaboration with partners – such as the World Bank – in areas outside the Fund’s core mandate and expertise.

Directors broadly concurred with this recommendation. They reiterated the need to keep structural conditionality parsimonious and prioritized in line with program objectives, and generally cautioned against veering too far out of core areas. Directors concurred on the need to assess how CD and surveillance could be better integrated with program design and implementation. While looking forward to the MIP for IMF Collaboration with the World Bank on Macro-Structural Issues, a few Directors encouraged staff and management to propose concrete steps on this matter and to review the experience with World Bank-Fund collaboration in Fund-supported programs. **The MIP envisages five actions to address this IEO recommendation, all of which remained open after the Thirteenth PMR. Of these five actions, two actions have been implemented. One of the remaining open actions is overdue but progressing.**


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| <p>MANAGEMENT ACTION 2.1: The revised OGN would encourage that Fund-supported programs pay greater attention to supporting deep, more growth-oriented reforms, while continuing to keep structural conditionality parsimonious and prioritized in line with program objectives.</p> <p>1a. Explain in the revised OGN that country teams indicate in the PN the depth of each Structural Condition (SC) according to the criteria used in the past RoCs, a process which could guide staff in adequate sequencing of SCs for successful reforms.</p> <p>1b. Recommend in the revised OGN the inclusion of an annex table mapping (whenever possible) structural benchmarks with CD findings and planned CD from the Fund and other multilateral organizations or CD providers.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: SPR.</p> <p>ORIGINAL TARGET DATE: By FY2023-H1.</p> |
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143. The OGN indicates that selection and prioritization of structural reforms should be based on the staff’s assessment of criticality for program success. Staff should explain clearly how structural conditionality will help achieve program objectives and assist in the resolution of the member’s BOP problem. Making a clear judgement on whether a measure is critical to program success requires an assessment of the potential economic impact of different reforms, including their growth and employment implications, facilitation of external rebalancing, distributional consequences, and fiscal effects. The note emphasizes that staff should pay attention as much as possible to how the proposed reforms help alleviate structural impediments to sustained and inclusive growth. While considering the trade-off between ambition and realism, the note indicates that PNs and SRs should apply conservative assumptions and clearly distinguish between short-, medium- and long-term effects on growth and employment. Country-specific economic disturbances also factor into an evaluation of the potential economic impact of reforms.

144. The OGN also highlights that attention is needed to include structural conditionality with adequate depth, that is, the degree of structural change that reforms would bring if implemented and the durability of the change. Following the methodology used in past ROCs, the note categorizes the depth of structural conditionality into three groups (i.e., low, medium, and high). Among the factors affecting implementation, the note makes specific reference to sequencing, indicating that the ordering of reforms and speed of execution should be discussed and factored

into proposed program design, with possible implications for program length and financing requirements.

145. The OGN indicates that PNs should present a clear and comprehensive assessment of the proposed structural conditionality, ideally using an evaluation matrix. Given the broad range of potential evaluation criteria needed to determine the prioritization, depth, packaging and sequencing of conditions, staff is encouraged to organize and present its assessment in an evaluation matrix and use the matrix as a planning tool to ensure a comprehensive assessment of structural conditionality. Such a matrix would also provide a transparent overview for each reform area and could be included in the PN or country engagement strategy. The note also specifies that PNs should include an annex table mapping (whenever possible) structural benchmarks with CD findings and planned CD from the Fund and other multilateral organizations. Even if not using the evaluation matrix, PNs for a new Fund arrangement request and at each review should indicate for each structural condition its depth and rationale for inclusion in the program. In addition, SRs should include a concise discussion of the criticality of structural conditionality for program success, along with the proposed packaging, sequencing, and communication of reforms, and proposed CD support.


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| <p>MANAGEMENT ACTION 2.2: Implement the 2021 Operational Guidelines for Integrating CD with Surveillance and Lending and report on progress in the 2023 CD Strategy Review, to help ensure that CD effectively supports growth-related policies in the program context.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: SPR, ICD in collaboration with other CD and Area Departments.</p> <p>ORIGINAL TARGET DATE: By end-FY2023.</p> |
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146. The CDSR notes that CD integration with surveillance and lending has improved significantly over the past decade. Following the 2018 CDSR, operational guidelines for integrating CD with surveillance and lending identified best practices for both area and CD departments and emphasized the need for covering both implementation gaps and constraints in staff reports. These guidelines have been integrated within the 2022 SGN to further emphasize that all country teams, including program teams, should develop a CD strategy when institutional and capacity constraints are macro-critical.

147. The goal of deepening integration has also helped promote closer collaboration among ADs, CDDs, and the RCDs in the delivery of both surveillance and CD advice. Area departments now have a well-articulated leading role in country engagement and prioritization, embedded in management systems developed under the CDMAP. Direct references to CD in staff reports have increased and the share of staff reports with a dedicated CD annex rose from 19 percent in 2018 to over 30 percent in 2022, with a ratio of about 60 percent among heavy users. The CDSR also indicates that the establishment of Country Engagement Strategies (CESSs) for FCS


countries that embed the CD strategy has also been helpful. In the context of program engagement, coverage of the linkages between structural benchmarks, CD purpose and outcomes aid integration. Moreover, all ADs prepare Regional Strategy Notes (RSNs) annually, which are shared with management and have been useful for driving analysis of delivery and demand at the regional level and in providing a forum for articulation of departmental priorities.

148. Looking ahead, the CDSR’s proposals for improvement include: (i) enhancing the visibility of the area department-led prioritization and streamlining documentation requirements; (ii) improving the coverage of CD issues in the main text of Article IV staff reports by increasing the use of CD strategy annexes, which would be required for all heavy users; and (iii) strengthening internal incentives and capacity for integration, including through clear guidance on AD leadership of RTACs, HR reforms to enhance mobility of specialized economists, and increased acknowledgment of the importance of shorter-term CD for surveillance and lending traction.

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| <p>MANAGEMENT ACTION 2.3: Implement the broad principles for coordination with the World Bank or other relevant International Financial Institutions under the Resilience and Sustainability Trust (RST), subject to the Executive Board approval of the RST and the underlying design and reform objectives.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: SPR.</p> <p>ORIGINAL TARGET DATE: When the Trust is operational; expected mid-FY2023.</p> |
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149. The Broad Principles for Bank-Fund Coordination in RST Operations were approved in April 2022, together with the RST. The RSF Guidance Note operationalizes these principles and provides Fund staff with additional guidance on how to engage with other IFIs and Development Partners. The Interim Review of the RST and Review of Adequacy of Resources, which was discussed by the Executive Board in May 2024, contained an in-depth discussion on collaboration with development partners, including the World Bank and other multilateral development banks. In addition, the FY2024 Update on Operationalization of the Fund’s Climate Strategy, which was discussed by the Executive Board on May 14, put emphasis on leveraging the work and expertise of the World Bank and other MDBs. The Joint Statement by the Managing Director and the President of the World Bank on “World Bank Group and IMF Deepen Joint Effort to Scale Up Climate Action”, published on May 31, 2024, enhanced further the framework to scale-up climate action within the respective mandates of the two institutions.

150. Coordination with other IFIs in RSF arrangements have so far focused on climate-changed related challenges, but in early October, staff issued a Board paper on broad principles of Bank-Fund-World Health Organization (WHO) coordination for pandemic preparedness. The paper discusses the guiding principles and key elements of Bank-Fund-WHO coordination in the context of RSF operations. In addition, key contacts at these three institutions are identified and tentative timelines for RSF-related engagements are outlined.

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| <p>MANAGEMENT ACTION 2.4: Review the experience with Bank-Fund Collaboration (BFC) in Fund-supported programs based on lessons from ongoing initiatives, including on growth-related issues, as part of the Board paper on the effectiveness of BFC.</p> | <p>Open</p>  | <p>ACCOUNTABLE: SPR.</p> <p>ORIGINAL TARGET DATE: By end-FY2025.</p> |
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151. The Board paper on the effectiveness of Bank-Fund collaboration will be folded into the Board paper to be prepared ahead of the 2025 UN Conference on Financing for Development, which would be completed around May/June 2025. Staff has started to develop preliminary views for this paper.


152. The PRGT Review is also expected to reflect on how the Fund, the World Bank, and other donors and creditors can best work together to support LICs, in line with their respective mandates. In this connection, the report on Macroeconomic Developments and Prospects for LICs published in April 2024, in preparation for the PRGT, discusses the role of and the cooperation with the World Bank Group. The report was launched in a joint event hosted by the IMF's Managing Director and the World Bank's President, with a live discussion on what LICs can do to foster macroeconomic stability, promote sustainable and inclusive growth, and unlock progress toward the sustainable development goals. The event also included a presentation of G20 priorities and panels with senior policy makers and experts on the domestic policy and the reform agenda for LICs and the role of the international community.

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| <p>MANAGEMENT ACTION 2.5: Create an operational Guidance Gateway for staff to have access to the latest guidelines, including on collaboration with external partners, such as the World Bank.</p> | <p>Open</p>  | <p>ACCOUNTABLE: KMU, SPR, ITD.</p> <p>ORIGINAL TARGET DATE: By end-FY2025.</p> <p>EXPECTED COMPLETION DATE: CY2025.</p> |
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153. The SPR-sponsored project to build a Common Review System (CRS) and include the Operational Guidance Gateway was approved in May 2023. Since then, the program has evolved largely as envisaged, and the full system is planned to be deployed in three releases in 2025.


IEO Recommendation 3: The Fund should continue to invest in building a toolkit of models and monitors that can be applied as a basis for analysis of the adjustment-growth relationship and for assessing growth-related development in the program context.

Directors agreed with this recommendation. They welcomed the set of already available models and encouraged staff teams to make use of them on a case-by-case basis and adapt them to better reflect country-specific circumstances. Directors agreed that investing in the Research Department's structural reform database would be helpful. **The MIP envisages six actions to address this IEO recommendation, of which four remained open after the Thirteenth PMR. Of these four actions, one has been implemented. Of the remaining three open actions, two are overdue but progressing.**


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| <p>MANAGEMENT ACTION 3.1: Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis: 1a. ICD's Financial Programming Environment (FPE).</p> | <p>Closed</p>  | <p>ACCOUNTABLE: ICD, ITD.</p> <p>ORIGINAL TARGET DATE: By end-FY2024.</p> |
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154. As noted in previous PMRs, ICD, in collaboration with ITD, is actively developing the IMFE project, a new analytical platform to manage macroeconomic frameworks and prepare projections.²⁰ The tool aims to introduce built-in user-friendly capabilities to generate alternative risk and policy scenarios. In addition, the macroeconomic framework under the IMFE could be linked to a broad range of forecasting tools to ensure consistency while allowing for tailoring to country specific circumstances. A fully working version of the IMFE is being piloted, with much improved functionality since the start of the project [the IMFE has a website (<http://imfe>) and email address that can be used by those interested in contacting the IMFE team]. Currently, the project has five pilots that were active during FY2024 (Finland, Guyana, Philippines, South Africa, and Zimbabwe). Each pilot focuses on slightly different aspects of the IMFE, although there are overlaps. The preparation of macro frameworks for area department teams and their feedback has contributed significantly to developing the IMFE software. The IMFE team has conducted outreach in several departments and has generated considerable interest. In FY2025, the team has started on the project with EUR, which will increase the number of pilot cases. The IMFE continues to be actively developed, with releases every three weeks. OIA is of the view that this action can be categorized as closed.


²⁰ The Macroeconomic Forecasting Environment (FPE) project has been renamed Integrated Macroeconomic Forecasting Environment (IMFE).

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| <p>MANAGEMENT ACTION 3.4: Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis: 1d. Model version “GaR 2.0”.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: MCM, ITD, ICD.</p> <p>ORIGINAL TARGET DATE: By end-FY2023.</p> <p>EXPECTED COMPLETION DATE: End-CY2024.</p> |
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155. The 2.0 version of the GaR tool is expected to be rolled-out by the end of 2024. The GaR 2.0 version will improve the original GaR tool, following comments and suggestions received from external referees. In particular, it will offer refinements in the estimation technique, more statistical options for density fit (including multimodality), and a battery of new tests for model diagnostics. A hybrid course on the GaR (MCM and ICD) will be modeled as a standalone course and is tentatively scheduled to be released in F25.

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| <p>MANAGEMENT ACTION 3.5: Develop and make available to staff new analytical tools for improving growth forecasts, assessing the adjustment-growth relationship, and conducting risk scenario analysis: 1e. The Country Data Annex (CoDA) tool.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: SPR, RES.</p> <p>ORIGINAL TARGET DATE: By end-FY2024.</p> <p>EXPECTED COMPLETION DATE: By end-FY2025.</p> |
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156. The Country Data Annex (CoDA) tool will help country teams assess the quality of their macroeconomic frameworks by contributing to identify large deviations and check the consistency of policy advice. RES and SPR have collaborated to create the CoDA tool. The previous PMR indicated that that the plan was to operationalize CoDA by the end of FY2024 and offer it to country teams to be used on a voluntary basis during the review phase of Policy Notes and Article IV reports. However, work on CoDA was delayed due to some technical aspects that required further internal discussions. These technical difficulties have been resolved and the tool is now essentially ready. The tool is currently being piloted and will be fully operational by the end of FY2025.

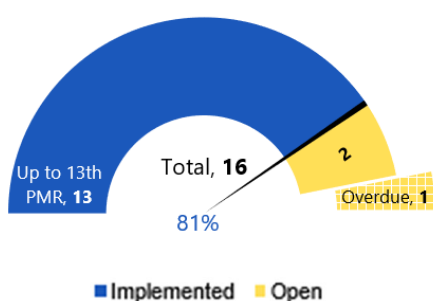
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| <p>MANAGEMENT ACTION 3.6: Create a Diagnostics Gateway to improve accessibility to analytical tools and facilitate country analysis, including on growth.</p> | <p>Open</p>  | <p>ACCOUNTABLE: AFR, SPR, ITD.</p> <p>ORIGINAL TARGET DATE: By end-FY2025.</p> |
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157. The Diagnostic Gateway is in scope for the Common Review System Project. The current plan is to release a version toward end-FY2025.

E. IMF Collaboration with the World Bank on Macro-Structural Issues (2020)

The IEO evaluation assessed IMF collaboration with the World Bank on certain macro-structural issues where the Bank has deeper experience and expertise, which are increasingly recognized as critical for achieving desired macroeconomic outcomes, such as inequality, gender, energy/climate, and macro-structural reforms. The evaluation found that overall IMF collaboration with the Bank on these issues had been broad but uneven. While informal consultation is widespread, relatively few cases of in-depth collaboration were identified. The uneven character of Bank-Fund collaboration reflected a decentralized approach on these issues adopted in pilot exercises, where teams preferred to rely on internal IMF expertise rather than seek to leverage Bank expertise or joint work. Beyond the pilot exercises, the evaluation found that the forms and effectiveness of the Fund's external collaboration varied widely across policy areas, being deeper on debt and financial sector issues, where roles are well defined and tailored frameworks have been adapted over time. Against this backdrop, the evaluation recommended that the Fund seek to develop and agree on concrete frameworks in areas where collaboration is expected to bring the greatest strategic returns (such as climate issues); improve internal incentives to collaborate and address the reluctance to engage with external partners; work with the Bank to improve access to and exchange of information and knowledge across the two institutions; and strengthen the IMF Board's strategic role in overseeing external collaboration.

Figure 8. Summary of Progress—IMF Collaboration with the World Bank on Macro-Structural Issues




In response to three recommendations in the IEO evaluation, the MIP envisages 16 actions. A Fourth recommendation on strengthening the IMF Board's strategic role in facilitating and supporting external collaboration falls outside Fund management's purview and is expected to be addressed by setting up a Joint Liaison Committee-COGAM Forum (LCF) that will deal with collaboration between the Boards of the two institutions, including on macro-structural issues. Of the sixteen actions, three remained open after the Thirteenth PMR. None of these actions has been implemented. One of these three actions is overdue but making progress.

Source: OIA

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 greater returns. Climate appears to be an issue particularly suited to such a framework at the current juncture, given the IMF’s growing attention in this area, and the Bank’s deep and complementary expertise.


Directors broadly supported this recommendation on select macro-structural issues where the Fund and Bank roles are complementary and collaboration is judged to bring the most strategic returns, taking into account the costs of collaboration and the availability of resources. They also agreed that the activities in the climate workstream would be a strong candidate for such a tailored framework. However, the MIP does not include a commitment to develop a concrete over-arching framework for effective collaboration with the World Bank on climate, as recommended in the evaluation. Instead, it provides for a Board paper to review the effectiveness of Bank-Fund collaboration. In the future, following a stock-taking of the experiences with Bank-Fund collaboration in the new high-priority macro-structural areas, staff will revisit the need for, and the feasibility of, establishing tailored institutional collaboration frameworks on climate, as well as other areas. **The MIP envisages eight actions to address this IEO recommendation, of which two remained open after the Thirteenth PMR. No further actions have been implemented since then. One of the two remaining open actions is overdue but progressing.**

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| <p>MANAGEMENT ACTION 1.2: Bank-Fund Strategic Coordination and Stock-Taking: Background paper in the context of the Interim Comprehensive Surveillance Review (ISR) will take stock of how the Fund has integrated select macro-structural areas (notably climate) into its surveillance, including how it has collaborated with other institutions such as the World Bank.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: SPR in collaboration with other departments.</p> <p>ORIGINAL TARGET DATE: By FY2024.</p> <p>EXPECTED COMPLETION DATE: CY2026.</p> |
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158. Due to significant work pressures, the Interim Surveillance Review has been cancelled and folded into the 2026 Comprehensive Surveillance Review. The content of the CSR is still under discussion, but it will be a more significant exercise than the ISR. The focus of the background paper is expected to be on progress in the implementation of actions related primarily to Bank-Fund collaboration, strategic coordination, and capacity building on climate issues.

159. In September 2023, ahead of the G20 Leaders’ Summit, the Fund and the Bank issued a joint statement highlighting their commitment to strengthen collaboration between the two institutions by drawing on their respective mandates and expertise and building on their long history of joint action and collaboration frameworks. The joint statement stresses the need to


complement existing frameworks to further enhance collaboration, including with regards to climate change, renewed high debt vulnerabilities, digital transition, revenue mobilization, and financial and policy support to vulnerable countries.

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| <p>MANAGEMENT ACTION 1.3: Bank-Fund Strategic Coordination and Stock-Taking: IMF Board paper on the Effectiveness of Bank-Fund Collaboration will review experience with Bank-Fund collaboration on select macro-structural areas (notably, climate) and assess the need for tailored institutional frameworks; the effectiveness of the high-level strategic collaboration and the need for additional mechanisms; the experience with HRD guidance on improving incentives for collaboration (see Rec. 2); and the progress on information and knowledge sharing between the Bank and the Fund (see Rec. 3).</p> | <p>Open</p>  | <p>ACCOUNTABLE: SPR in collaboration with other departments.</p> <p>ORIGINAL TARGET DATE: By FY2025.</p> <p>EXPECTED COMPLETION DATE: May/June 2025</p> |
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160. As already noted in this PMR, due to the emergence of other priorities and SPR resource constraints, the Board paper on the effectiveness of Bank-Fund collaboration will be folded into the Board paper to be prepared ahead of the upcoming 2025 UN Conference on Financing for Development, to be held in Spain in July 2025. Staff anticipates the paper to be completed around May/June 2025. Broad coverage of the topics outlined is planned.

IEO 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.

Directors broadly concurred with this recommendation. 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. A number of Directors encouraged enhancing incentives for collaborative behavior under the Integrated Competency Framework (ICF). Some Directors saw merit in fostering staff exchanges at the senior level, which should be discussed within the Fund and with the Bank. **The MIP envisages four actions to address this recommendation, one of which remained open after the Thirteenth PMR. This action has not been implemented.**

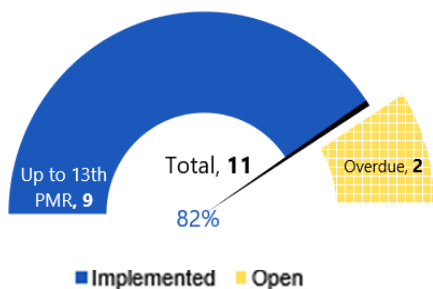
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| <p>MANAGEMENT ACTION 2.2: Incentives for Bank-Fund Collaboration: Review the experience with the HRD guidance on improving incentives for collaboration as part of the IMF Board Paper on Effectiveness of Bank-Fund collaboration (see Rec. 1).</p> | <p>Open</p>  | <p>ACCOUNTABLE: SPR and HRD.</p> <p>ORIGINAL TARGET DATE: By FY2025.</p> <p>EXPECTED COMPLETION DATE: May/June 2025</p> |
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161. No obstacles on the implementation of this action are envisaged at this stage. The paper on the effectiveness of Bank-Fund Collaboration, to be folded into the Board paper for the upcoming UN Conference on Financing for Development, will discuss the experience on improving incentives for collaboration.

F. IMF Advice on Capital Flows (2020)

The IEO evaluation focused on the influence and added value of IMF advice on capital flows since the approval of the Institutional View on the Liberalization and Management of Capital Flows (IV) in 2012, which sought to provide a coherent framework for IMF advice in this core area. The evaluation found that the IV represented a considerable step forward, as it had endowed staff with a stronger conceptual template for engaging with country authorities on risks associated with capital flow volatility, while garnering long-term benefits from international financial integration. The evaluation also noted that, in practice, most countries' policy approaches had been in line with the IV and that in general countries had avoided using unconventional tools as substitutes for warranted macroeconomic adjustment. Notwithstanding these accomplishments, the evaluation pointed to a number of concerns about the Fund's advice on managing volatile capital flows, including with regards to the pre-emptive use of capital flow measures, making fine labeling distinctions between very similar measures that has led to disagreements with the authorities, the role of foreign exchange intervention, the use of capital account measures outside of a "crisis or imminent crisis" context, and the impact of capital flow measures on distribution and other social objectives. The evaluation also pointed to technical challenges associated with reliance on some metrics and quantification of thresholds. Against this backdrop, the evaluation recommended revisiting the IV in the light of recent experience and research; building up the monitoring, analysis, and research of capital account issues; and strengthening multilateral cooperation on policy issues affecting capital flows.

Figure 9. Summary of Progress—IMF Advice on Capital Flows




In response to four recommendations in the IEO evaluation, the MIP envisaged 11 actions, of which two remained open after the Thirteenth PMR. These two actions are overdue. Progress on these two overdue actions was made in the past but it has been limited over the last 12 months.

Source: OIA

IEO Recommendation 2: Build up the monitoring and research of capital account issues as part of a sustained Fund-wide medium-term agenda.


Directors broadly supported strengthening monitoring, analysis, and research of capital account issues as part of a Fund-wide medium-term agenda to help maintain the Fund as a thought leader and increase the traction of Fund policy advice. **The MIP envisaged six actions to address this recommendation, of which two remained open after the Thirteenth PMR. These two actions are overdue and progress has been made but limited over the last 12 months.**

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| <p>MANAGEMENT ACTION 2.2: Staff will brief the Executive Board on analytical work being undertaken on the interplay between capital flows, CFMs and crises.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: MCM, RES.</p> <p>ORIGINAL TARGET DATE: Q4 CY2021.</p> <p>EXPECTED COMPLETION DATE: Q4 CY2024.</p> |
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162. The presentation was scheduled for late May 2024 but could not be completed in time due to the high workload of MCMAICF, related in particular to the organization of a high-level panel on capital flows during the Spring Meetings. Staff are considering alternative options for the presentation. The underlying research work has been conducted and several related papers have been published or are forthcoming.²¹ A paper on outflow capital controls was published recently, providing theoretical and empirical foundation for the use of such controls, while another paper on the use of outflow controls during crises has already been published in an IMF book as a chapter. Ongoing MCM and RES work utilizing machine learning to assess the use of CFMs might also feature

²¹ Related work published recently includes “Preemptive Policies and Risk of Shocks in Markets”, IMF Working Paper, January 2022; “Capital Controls in Times of Crisis – Do They Work?” in Shocks and Capital Flows: Policy Responses in a Volatile World, Washington, DC: International Monetary Fund; “Do Capital Controls Limit Inflow Surges?”, IMF Working Paper, March 2023; “Preemptive Policies and Risk of Shocks in Emerging Markets”, IMF Working Paper 2022/003; and “Capital Controls on Outflows: New Evidence and a Theoretical Framework”, IMF Working Paper, August 2024. Forthcoming papers include “Capital Account Restrictions: A new Perspective”, IMF Working Paper.

in the presentation. Hence, the material would cover the use of inflow CFMs outside of crises and the use of outflow CFMs inside and outside of crises.

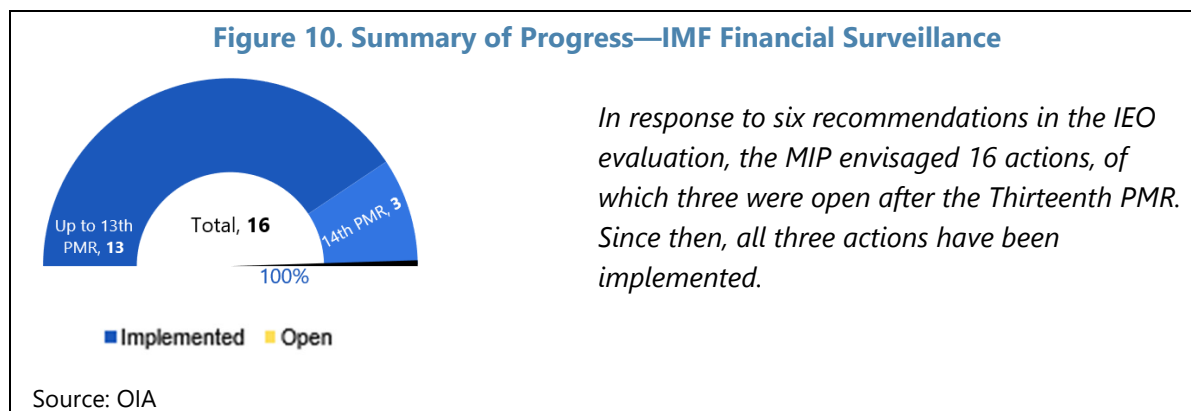
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| <p>MANAGEMENT ACTION 2.4: Staff will publish on the IMF external website indices of capital account openness using the AREAER database.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: MCM.</p> <p>ORIGINAL TARGET DATE: Binary and change indices by Q4 CY2021.; indices also accounting for type of CFMs by Q4 CY2023</p> <p>EXPECTED COMPLETION DATE: Binary and change indices by end-December 2024.</p> |
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163. Work priorities delayed the completion of a binary index based on existing controls and another one based on changes to controls over time. The development of the AREAER website to add the feature to calculate and store the indices has taken longer than expected. The delay was due to the fact that the ITD development team was new to the AREAER database (given the reorganization of ITD) and that it took them a while to become fully familiar with the intricacies of the database and the required calculations. This has led to the holdup of the work on a working paper that will accompany the publication of the indices. In addition, staff involved in the working paper were assigned to higher priority crisis work, which also contributed to the delay. While the website could now be released to the public, it is important that the indices be released with the accompanying working paper to explain to users how the data should be interpreted and used in analytical research. The work on these two indices, together with the Working Paper, is now expected to be completed and published on the AREAER website by end-CY2024.

G. IMF Financial Surveillance (2019)

The IEO evaluation found that the many initiatives that had been put in place in response to the global financial crisis had delivered a substantial upgrade of the Fund's financial surveillance work. The special attention given to systemically important financial sectors in the FSAP has provided high-quality assessments; the Fund has contributed by developing new diagnostic tools and exploring new policy approaches; and Article IV surveillance has stepped up attention to macro financial linkages. While recognizing these achievements, the evaluation noted that the quality and impact of the Fund's financial surveillance had been uneven. In particular, there was a need to further strengthen financial and macro financial analysis in Article IV consultations, including through closer integration with the FSAP; to increase the traction of multilateral surveillance through greater rigor and transparency, including by strengthening the Fund's contribution to the global regulatory agenda in its areas of expertise; and to intensify the Fund's efforts to become a global center of excellence on financial and macro financial research. The latter requires expanding research on issues within the Fund's comparative advantage, enhancing tools, and further developing

financial expertise among staff. The evaluation also recommended that the Fund gives consideration to increasing the resource envelope for financial surveillance in order to meet its goals and mandate.




IEO Recommendation 5: Intensify efforts to attract, develop, and retain a deeper pool of financial talent, as well as to ensure that area department fungible macroeconomists have the knowledge and support to integrate financial and macro financial analysis into Article IV consultations.

Directors underscored that it was critical to ensure that country teams have the knowledge and support to integrate financial and macro financial analysis into Article IV consultations. They noted that targeted enhancements from the HR Strategy can help ensure that Fund staff develop the expertise needed for effective macro financial surveillance. **The MIP envisaged five actions, of which three remained open after the Thirteenth PMR. These three actions have been implemented.**


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| <p>MANAGEMENT ACTION 5.1: Brief the Executive Board on the HR strategy, including on the ongoing workforce analysis for financial sector experts.</p> | <p>Closed</p> | <p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: by January 2020.</p> |
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164. The Board was briefed on the status of the HR Strategy on July 9, 2024. The HR strategy developed in 2017-2018 was supported by four pillars: (i) attract top, diverse talent broadly representative of the Fund’s membership; (ii) develop and grow talent and capabilities to meet the membership’s economic needs; (iii) create a diverse and inclusive workplace that innovates collaboratively to develop economic solutions, while attending to staff well-being and ensuring a high duty of care; and (iv) remain agile and adaptive by leveraging data and technology to make the most informed decisions about people. The July brief to the Board highlighted that the world had changed since the HR strategy was developed. External shocks to the world economy transformed the Fund, requiring more granularity in policy advice, greater and faster lending, and more tailored

peer-based capacity development. The pandemic came at a time when the Fund was undergoing a major reorganization. By changing course, staff noted that HR had been able to deliver on its commitments.

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| <p>MANAGEMENT ACTION 5.3: Complete an enhanced talent inventory of staff to include talent profiles for financial sector experts and data on macro financial (and other) experiences of fungible macroeconomists.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: HRD. ORIGINAL TARGET DATE: by November 2020.</p> |
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165. As noted earlier, HRD has completed the monitoring of fungible macroeconomists with macro financial experience. Looking ahead, HRD’s work program includes augmenting the Talent Inventory with crisis experiences drawing on lessons from macro-financial experiences. While HRD continues to augment the talent inventory with crisis experiences, OIA is of the view that this action is substantially complete and can be closed.

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| <p>MANAGEMENT ACTION 5.4: Publish implementation details of the new HR strategy, which will include strategic workforce planning supported by a talent inventory of staff (with expertise profiles, including macro financial), a career mobility framework, and an expert track.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: HRD. ORIGINAL TARGET DATE: By April 2022.</p> |
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166. Most parts of the HR strategy have already been published and, as noted earlier, HRD briefed the Board on the status of the HR Strategy in July 2024.²² In addition, the Talent Inventory updates will be socialized with departments in the coming months. Since 2021, HRD has updated 11 workforce analysis notes. Due to competing priorities, the updates have prioritized the needs of the IRC. HRD is currently working on streamlining and simplifying the production process of the notes. This includes simplifying the template, producing the notes based on job families, leveraging the newly introduced WFP tool, and implementing LOT-based approval. These measures aim to increase frequency and efficiency. Regarding the expert track, as noted above in the context of the CDSR, HRD and departments are working on measures to bolster the career paths of SEs.

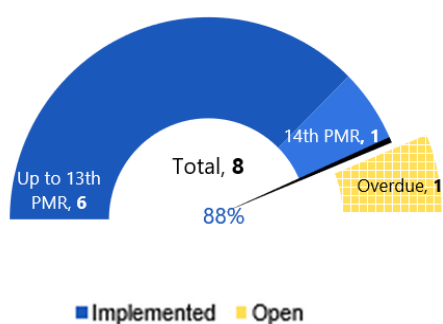
²² Published parts of the strategy include the Enhanced Performance Management Approach (May 2019); the new Job Family and Career Framework designed to support career development, which comprises an updated job architecture, an Integrated Competency Framework, and Career Playbooks to help staff navigate their careers and explore development options (July 2020); Leadership Development and Career Succession; the Fungible Macroeconomist Career Path and Mobility Framework, which introduced revised policy requirements for fungible macroeconomists for promotions from A14 to A15 starting July 2023 (e.g., country team or equivalent experiences in low-income countries and/or fragile states); the official launch of the Workforce Planning Tool in Adaptive using Workday Data ; and most of the Workforce Analysis Notes for Specialist Economists.

These measures are intended to open up more career opportunities, including career advancement. On this basis, Management has decided not to pursue an enhanced expert track, which would require additional budgetary resources that cannot be justified given the experience with an unsuccessful pilot and related cost-benefit analysis in a constrained budget environment. Introducing the expert track would also increase the span of control for Managers.

H. The IMF and Social Protection (2017)

The IEO evaluation found that the Fund had stepped up its attention to social protection, but also indicated that its level of engagement varied across countries and that implementation outcomes had been mixed. While engagement in some countries was deep, covering different activities (bilateral surveillance, technical assistance, and/or program work) and involving detailed analysis of policy options and distributional impacts, engagement in other countries was more limited, with little detailed analysis or follow-up. This varied treatment, particularly in surveillance, seemed to partly reflect the lack of a uniform view among staff on the IMF's role in social protection and the work they were expected to do in this area. The evaluation noted that in the program context, the IMF almost always took account of social protection concerns, but with mixed success in implementation. While this outcome partly reflected capacity constraints and differences in country commitments, sometimes the authorities also viewed the Fund as insufficiently attuned to local conditions. Against this background, the IEO evaluation recommended that the Fund establish a strategic framework to guide its work on social protection, provide tailored policy advice, and adopt more effective approaches for program design and conditionality. The evaluation also found scope for strengthening the IMF's collaboration with other developing partners and enhancing external communications regarding its approach to social protection and its boundaries for involvement, given its mandate and limited resources and expertise.

Figure 11. Summary of Progress—The IMF and Social Protection




In response to five recommendations in the IEO evaluation, the MIP envisaged eight actions. Two of these actions were overdue as of the Thirteenth PMR. Since then, one of these two actions has been implemented.

Source: OIA

IEO Recommendation 1: Establish a clear strategic framework to guide the Fund’s involvement in social protection.


Directors agreed on the need to establish a clear strategic framework to guide the Fund’s involvement in social protection. This framework could be set out in a Board paper that would delineate the scope, objectives, and boundaries of the Fund’s engagement in social protection.

The MIP envisaged three actions, of which two were overdue after the Thirteenth PMR. Since then, one of these two actions has been implemented.

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| <p>MANAGEMENT ACTION 1.2: Staff will issue a follow-up guidance note to support the strategic framework for social protection.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: FAD and SPR.</p> <p>ORIGINAL TARGET DATE: End-2019.</p> |
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167. In February 2024, staff issued the Operational Guidance for IMF Engagement on Social Spending Issues. The guidance note builds on previous staff’s work and analyses. These include the How-To-Notes on IMF Engagement on Social Spending During and in the Aftermath of the COVID-19 Crisis and the Technical Notes and Manuals on IMF Engagement on Pensions, Social Safety Nets, Health, and Education. The guidance note will be periodically updated to reflect the evolving nature of social spending issues and the building up of knowledge, including at the Fund.

168. The guidance note provides operational guidance to staff on the implementation of the Strategy on IMF Engagement on Social Spending endorsed by the Board in June 2019. It focuses on when and how to engage on social spending issues in the context of both surveillance and Fund-supported programs. More specifically, the note (i) clarifies the scope, identifies the key challenges, and lays out a roadmap to guide staff when engaging on social spending issues; (ii) provides practical guidance in assessing the macro-criticality of a specific social spending issue and determining when to engage and the extent of engagement in both surveillance and programs; (iii) discusses key considerations in formulating policy advice and designing social spending conditionality, including social spending floors; and (iv) outlines approaches to strengthen and leverage collaboration with external stakeholders and to design outreach strategies.

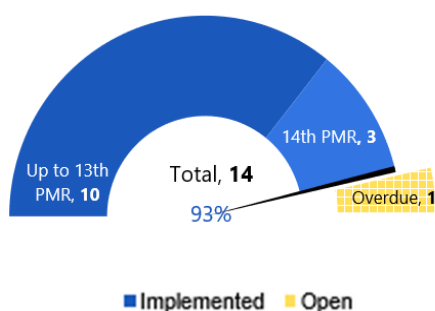
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| <p>MANAGEMENT ACTION 1.3: An advisory group will be formed after issuance of the guidance note to provide support to country teams in operationalizing work on social protection.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: FAD and SPR.</p> <p>ORIGINAL TARGET DATE: After issuance of the guidance note in 2020.</p> <p>EXPECTED COMPLETION DATE: End-FY2025</p> |
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169. The scope of the work of the Inequality Advisory Group (IAG) chaired by FAD and AFR, which was established in September 2019, is expected to be broadened to include social spending issues. The IAG was created to support country teams on inequality issues and facilitate collaboration with internal and external experts. Staff plans to leverage on the existing Group to monitor and report on progress, including on social spending issues, and more generally on social inclusion issues (e.g., redistributive taxation, financial inclusion). To that end, following the publication of the “Operational Guidance Note for IMF Engagement on Social Spending Issues”, FAD and AFR (co-chairs of the IAG), in consultation with SPR, will prepare a proposal to broaden the scope of the IAG Terms of Reference and seek its approval before end-FY2025. Moreover, a dedicated group within FAD will continue to support country teams in operationalizing work on social spending in the context of the standard review process. Staff is of the view that creating an additional advisory group to complement the review process risks generating duplications and uncertainties.

I. Behind the Scenes with Data at the IMF (2016)

The IEO evaluation found that noteworthy progress had been made with data at the IMF – particularly with countries’ provision of data to the Fund and internal data management – but that important obstacles to reform had yet to be tackled. Problems with data or data practices had, at times, adversely affected the IMF’s surveillance and lending activities. The report advocated, first and foremost, that the Fund should design and implement a long-term overarching data strategy going well beyond data management and recognizing data as a strategic institutional asset. It also made other recommendations, which included: define and prioritize the IMF’s data needs; reconsider the role and mandate of the IMF’s Statistics Department (STA); reexamine staff incentives; and make clear the Fund’s responsibility regarding the quality of the data it disseminates.

Figure 12. Summary of Progress—Behind the Scenes with Data at the IMF




Source: OIA

In response to five recommendations in the IEO evaluation, the MIP envisaged 14 actions, of which four were overdue as of the Thirteenth PMR.¹ Of these four actions, three actions have been implemented since then. The remaining action remains overdue but nevertheless making progress.

¹ Of the original 18 actions, four were reformulated and are discussed below under the Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in MIPs.

IEO Recommendation 2: Define and prioritize the Fund’s data needs and support data provision by member countries accordingly.

Directors agreed with this recommendation. They stressed that the Fund’s minimum data requirements should be carefully prioritized taking into account the benefits and costs of additional data requests, as well as any budgetary implications for the Fund. They encouraged the staff to make full, and more innovative, use of data already publicly available, and to leverage data produced by other institutions. ***The MIP envisaged four actions, of which one was overdue as of the Thirteenth PMR. This action has been implemented.***

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| <p>MANAGEMENT ACTION 2.4: The review of the Standards and Codes Initiative will aim to strengthen its integration with Fund surveillance and CD activities. In this regard, the new data quality module in the revised Data Report on the Observance of Standards and Codes (ROSC) will help guide future CD and methodological work with member countries to facilitate data provisioning to the Fund. <i>A revised DPF Guidance Note, following the Review of the DPF, will operationalize the New Assessment of Data Adequacy for Surveillance.</i></p> | <p>Closed</p>  | <p>ACCOUNTABLE: SPR, STA.</p> <p>ORIGINAL TARGET DATE: FY18.</p> |
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170. In December 2023, the Board endorsed on a lapse-of-time basis the introduction of a new Data Adequacy Assessment (DAA) framework in Article IV consultations. As noted in the 13th PMR, staff decided to separate the approval of the new DAA framework from the DPF Review, which was completed by the Board in April 2024. Given the significant delay in implementing the DAA compared to the originally envisaged schedule, the Board endorsed proceeding with the implementation of the new DAA framework ahead of the completion of the DPF review. The Fund-wide implementation of the new DAA framework started on February 1, 2024. Implementation has been supported by bilateral support to country teams, outreach to authorities, and issuance of a technical note for country teams available in a dedicated intranet site.

171. The new DAA supports the introduction of a more structured and principle-based framework that would highlight data weaknesses more transparently and indicate how they hinder IMF staff’s analyses and policy advice. The strengthened framework will also facilitate policy dialogue with country authorities on data issues and improve the prioritization of capacity development efforts by more clearly identifying where data needs to be improved. To this end, the new DAA framework includes several improvements. Specifically, it introduces a streamlined questionnaire, complemented with data quality factsheets, with country team assessments being

informed by data quality characteristics relevant for surveillance. There is greater granularity in the classification of data adequacy; the discussion of data issues in Article IV reports is made more transparent; and the DAA questionnaire and data quality fact sheet will be fine-tuned over time based on feedback from country authorities and IMF staff.²³

IEO Recommendation 3: Reconsider the role and mandate of the Statistics department.

Directors supported the thrust of this recommendation, noting that STA is already devoting more attention to the provision of services to the Fund, and looked forward to continued progress and closer collaboration with area departments. **The MIP envisaged six actions, of which one was overdue as of the Thirteenth PMR. This action remains overdue, but nevertheless continues to make progress.**

MANAGEMENT ACTION 3.4:

STA will engage in a more pro-active and structured consultation with area departments on methodological work to support surveillance priorities for LICs. Enhanced guidance will be provided for compiling data on LICs. *STA will be issuing revised Statistics Manuals (a medium-term project) to provide international methodological guidance for the national accounts and the balance of payments, which will include specific considerations for LICs.*

Overdue but progressing



ACCOUNTABLE: STA.

ORIGINAL TARGET DATE:

Not indicated.

EXPECTED COMPLETION DATE:

Spring of CY2025.

172. The update of the *Balance of Payments and International Investment Position Manual (BPM6)* as well as the *2008 SNA* is reaching its final stage without delays. The update aims to adjust the statistical methodology to better support the surveillance needs of the Fund, including LICs. The updated manuals are scheduled to be released in the spring of 2025. These updated statistical methodologies will be expanded to better account for digitalization, globalization, economic implications of climate change, well-being, external sustainability, and the informal economy. They will therefore support the work on key priorities identified in the Comprehensive Surveillance Review.

²³ In line with existing practice, country teams should include their assessment of the country's overall data adequacy for surveillance in Article IV staff reports. Reflecting the recommendations of the 2016 IEO Report to more prominently highlight data issues, a new Data Issues Annex (DIA) will be introduced to replace the current SIA, which is part of the Informational Annex. The new DIA will be moved from the Informational Annex into the main staff report and will summarize the sector specific assessments from the questionnaire and provide an explanation of the rationale for the overall assessment. The DIA will continue to include the Table for Common Indicators Required for Surveillance (TCIRS) and information on the country's participation in the IMF Data Standards Initiatives.

173. To date, all the BPM7 and 2025 SNA chapters have undergone global consultation and full versions of the BPM7 and the 2025 SNA are currently undergoing a final global consultation. After consultation with the IMF Committee on Balance of Payments Statistics and the Advisory Expert Group on National Accounts, the manuals will be presented for final approval to the IMF Chief Statistician and Director (BPM7) and the 2025 United Nations Statistical Commission session (2025 SNA).

174. Outreach to compilers, including LICs, began at the end of 2023. The aim of the outreach is to raise global awareness, engage with countries, explain the proposed changes, collect input from compilers, and discuss implementation plans. The outreach strategy is organized in two rounds of regional seminars, with the first round being virtual and the second round in person. The target audience comprises external sector statistics and national accounts compilers for both rounds and senior officials (e.g., heads of statistics or policy and research departments) for the second round. The first round of seven virtual seminars covering all regions of the world took place from December 2023 through April 2024. To extend the virtual outreach, STA is currently working with ICD to develop several short videos on the update of the standards, which are scheduled to be released in the fall. The second round of in-person seminars is planned to kick off in the first quarter of FY2026 after *BPM7* and the *2025 SNA* are released in March 2025. STA is also engaging with the statistical community to develop a broader implementation strategy to support countries in developing plans for implementation of the new standards. The work program envisions developing compilation guidance to assist statistical compilers with implementation. Compilation guidance related to crypto assets, capitalizing data, measurement of natural resources, and marketing assets is currently under development and will be released during FY2025-26. Several staff members from Fund departments other than STA have been directly involved in the updates to the international statistical standards, and Fund-wide consultations have been conducted on a range of topics, including crypto assets and net international reserves. To keep IMF staff up to date on the progress with the updated standards, STA will engage in further in-reach events to explain the forthcoming changes to desk economists, including those working on LICs.

175. Other related training events have also taken place. A workshop on trade in services and digital trade funded by the Data for Decisions (D4D) fund was conducted at ATI for selected countries from the AFR and MCD regions in July 2024, a joint BPM/SNA D4D training for the AFR region took place in June 2023, and two additional D4D training events on trade in services and digital trade were conducted for selected countries from AFR, APD, MCD and EUR regions in May 2024. On sustainability, climate-change related indicators will be relevant for LICs with climate-related risks. STA recently concluded the first HQ course on macro-relevant environment and climate change statistics, with over 60 percent of the participants coming from LICs. The course followed training courses conducted previously in the MCD, WHD, and AFR regions. Furthermore, under the Swiss State Secretariat for Economic Affairs (SECO) project, STA previously undertook diagnostic missions on macro-relevant environment and climate change statistics for a set of pilot countries, including a LIC/FCS (Mozambique), and held a training workshop in collaboration with the UN Statistical Institute for Asia and the Pacific (SIAP) for the 10 countries participating in the project.

176. The Statistics Department, in collaboration with ITD, is also establishing a Community Hub for macroeconomic statisticians to serve as a digital meeting place for the global community to share resources, network, and collaborate on projects. The goal is to use this platform to ramp up implementation of the updated manuals, with a particular focus on those countries with limited resources. Development of the Hub began in earnest in January 2024 and has involved STA, ITD, ITD contractors, and Creative Lab. The focus has been to complete an initial version of the Hub in late 2024, so that an internal user testing phase can be started. The Hub is expected to be released to the public in or around May 2025.

IEO Recommendation 4: Re-examine the staff’s structure of incentives in the area of data management.

Directors supported this recommendation and welcomed the work underway to strengthen staff incentives and accountability for data management and the IEO’s suggestions. Directors also supported a review of the incentives for staff to candidly assess and discuss data issues in Article IV and FSAP reports where weaknesses in data quality could significantly hamper surveillance. **The MIP envisaged six actions, of which one was overdue as of the Thirteenth PMR. This action has been implemented.**

MANAGEMENT ACTION 4.2:

Unify area department data management guidelines.

Closed



ACCOUNTABLE: STA, Area Departments.

ORIGINAL TARGET DATE: Not Indicated.

177. Work on unifying area department data management guidelines has advanced considerably over the last year. An important achievement on data management was the adoption of the Fund-wide metadata model for economic and financial data in iData, which has been successfully implemented. The metadata model, which was finalized in December 2022 by an interdepartmental working group of the Data Governance Group (DGG), will enable better comparability and increased consistency between datasets produced by area and functional departments in iData. The new IMF Data portal has already been launched internally to selected departments; it offers a comprehensive and consistent description of all elements included in the metadata model, such as country, source, and methodology. A full internal soft launch is scheduled for June 2024, with an external launch planned for September 2024. The metadata model has also been integrated into the Enterprise Metadata Standards managed by KMU. This will allow other data management systems in the Fund to align with the same model.


178. For FY2025, the Data Governance Group (DGG) will prioritize work to establish guidelines for managing the lifecycle of datasets on the IMF portal, from creation to deletion. Furthermore, area departments have agreed to collaborate to identify best practices and common

guidelines in their data management practices. KMU will collaborate on this project as part of the Country Assignment Handover process.

179. In mid-July 2024 STA presented to the Standing Committee on Data and Statistics a proposal to strengthen the Fund’s data governance framework. The Committee expressed support for continuing to strengthen the Fund’s data governance framework but was cautious about the scope and pace of implementation of STA’s proposal, recommending a gradual approach by identifying gaps in the current economic data governance framework. The DGG will be working to identify such gaps through a proposal with strategic priorities for the next 3-5 years.

IEO Recommendation 5: Make clear the limits of IMF responsibility regarding the quality of disseminated data and clarify the distinction between “IMF data” and “official data”.

Directors supported this recommendation and agreed that the distinction should be clarified between “IMF data,” used for Fund surveillance (such as Article IVs), and “official data,” which are official statistics provided by authorities to STA that are not vetted by the Fund. A few Directors felt that such distinctions would do little to change perceptions, underscoring the importance of building members’ capacity to produce high-quality data. **The MIP envisaged one action, which was overdue as of the Thirteenth PMR. This action has been implemented.**

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| <p>MANAGEMENT ACTION 5.1: Building on the implementation of the previous recommendation, a plan will be developed to clarify the distinction between “official statistics” and data used by area and functional departments in surveillance activities. <i>[A revised DPF Guidance Note, following the Review of the DPF, will clarify expectations of staff with respect to the sources of data and estimates used by the Fund in surveillance activities.]</i></p> | <p>Closed</p>  | <p>ACCOUNTABLE: STA, SPR, LEG.</p> <p>ORIGINAL TARGET DATE: September 2017.</p> |
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180. The technical note on the DAA covers the distinction between “official statistics” and data used by staff in surveillance activities. The 13th PMR indicated that completion of the DPF Review would anchor the production of the DPF Guidance Note, which would support the implementation of the new adequacy framework and improve the overall strategic coverage of statistical issues, including the identification of official data versus staff estimates. Due to the delay in the completion of the DPF Review, the associated Guidance Note is expected to be prepared over the next few months. However, as noted earlier, STA has already prepared a separate technical note on the DAA, which will become part of the Guidance Note on the DPF and is already in operational use by staff since February 2024. The technical note indicates that the Statistical Issues Appendix (SIA) in staff reports for Article IV consultations will be replaced by a new Data Issued Annex (DIA) in

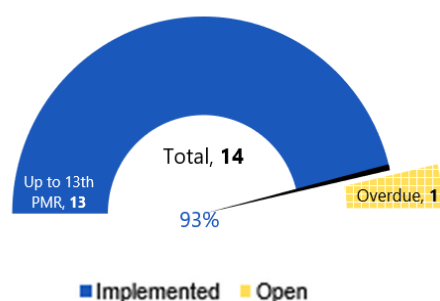
the main body of the staff report, which will be subject to Management review. The DIA template includes a section for country teams to explain if data used in the Article IV consultation staff report is different from official statistics. In this regard, staff should provide the reasons for not using official statistics (even when the latter are available) and the approach that was used to estimate data. The technical note also specifies that the data quality factsheets to be included in the DIA template will be based on official data submitted to STA or published by the authorities, and not on data from third-party sources. It indicates, however, that the availability of private sector data could be used by country teams to justify in the commentary section their ability to conduct surveillance despite weaknesses in the adequacy of official statistics. The use of estimates instead of official statistics could negatively reflect on the staff's assessment of the quality of official statistics. The technical note also specifies that the Third-Party Indicators framework applies to the use of third-party sources for surveillance.

181. A gating criterion for publication of IMF indicators on the new iData dissemination portal has been established. One aspect of the gating process is the citation of data sources. For each published indicator (internal or external), the data product stewards are required to indicate, as part of the indicator metadata, whether the data come from national authorities or represent an IMF calculation or an IMF estimate. The gating process also requires the data product steward to provide additional metadata that will allow users to assess the quality of the indicator.

J. The Role of the IMF as Trusted Advisor (2013)

The IEO evaluation found that the Fund's image had improved in the aftermath of the financial crisis, and was perceived as more open, flexible, and responsive. The evaluation emphasized the importance of the quality of advice and the relationship between staff and country authorities in achieving traction and becoming a trusted advisor. It further noted that additional efforts were needed to enhance the value and relevance of policy advice, strengthen the continuity of relationships, and address concerns about the perceived lack of evenhandedness.

Figure 13. Summary of Progress—The Role of the IMF as Trusted Advisor



Source: OIA

In response to six recommendations in the IEO evaluation, the MIP envisaged 16 actions, of which one is overdue and has been extended by the Board for five additional cycles of PMR monitoring.¹

¹ Of the original 16 actions, two were reformulated and are discussed below under the *Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in MIPs*.

IEO Recommendation 2: Strengthen the continuity of the relationship between the Fund and member countries.

Many Directors did not support the development of medium-term strategic plans, which would introduce more bureaucratic processes. A number of Directors agreed on the need to develop incentives for staff to better act as a trusted advisor, while a few others were concerned about how such incentives might affect the independence of staff advice. A number of Directors emphasized the importance of lengthening staff country assignments, and a number of others called for increased staff diversity. **The MIP envisaged six actions, one of which was overdue as of the Thirteenth PMR. In February 2020 (or starting with the Eleventh PMR), monitoring of this action was extended for five additional PMR cycles. The 15th PMR will be the last monitoring cycle for this action, and following that it will be retired from the PMR.**

MANAGEMENT ACTION 2.2:

Implement measures to raise the share of nationals from underrepresented regions among senior staff and set targets for representation of women at senior levels.

Overdue but progressing**ACCOUNTABLE:** HRD (with others).**ORIGINAL TARGET DATE:**

Steps began in 2013.

182. As noted in previous PMRs, increasing the representation of diverse staff is an ongoing matter. In this connection, the implementation status of “Overdue but progressing” – which has been retained to support consistency in PMR classification approach – may not adequately capture the continuous and incremental nature of the institutional efforts in making progress on the Fund’s diversity targets and increasing the representation of diverse staff, which is an ongoing process and cannot be considered a “once and done” initiative. From the time steps to address this action were taken in 2009 by establishing regional benchmarks for 2014, diversity benchmarks were revised upward twice (in 2015 for 2020 and in 2020 for 2025), and many of the previous benchmarks were met. A history of the benchmarks shows incremental increases in the targets to be achieved as well as an expansion of the coverage of benchmark groups. The 2025 Diversity Benchmarks Working Group (WG) created in September 2019 assessed progress against the 2020 Diversity Benchmarks, formulated the new FY2025 Benchmarks, and recommended policy solutions.

183. In February 2024, the Executive Board considered the FY2022-FY2023 Diversity and Inclusion Report, which included an overview at end-FY2023 of the status against the FY2025 benchmarks. The FY2025 benchmarks comprise eight targets – two related to gender and six for underrepresented regions (URRs), two for each of the three URR regions.²⁴ The staff groups included in the benchmarks are individual contributors (grades A9-A14/15), and managers (grades A14/15 Deputy Division Chief-B5). The diversity and inclusion framework also contains hiring targets and, for the first time, aspirational institutional goals covering staff and contractual employees with contracts

²⁴ There are three under-represented regions, which include East Asia (EA), MENA+, and Sub-Saharan Africa (SSA).

longer than a year. The 2025 Benchmarks are ambitious since the targets at managerial levels were increased significantly compared with previous benchmarks.

184. Based on prevailing trends, the D&I report revealed that the Fund was on track to meet four of the eight benchmarks: the three benchmarks for the share of URRs (EA, MENA+, and SSA) at the individual contributor level; and the share of EA in managerial roles. At the same time, the Fund was on track to achieve between 80 and 90 percent of the remaining four benchmarks, the majority of which are for managerial roles. For the managerial grades, staff noted that notwithstanding that the benchmark for the representation of women in managerial roles was unlikely to be met, the progression in such representation had been fast over the last decade, reflecting the Fund's commitment to promote internally from a growing pool of individual contributors. Specifically, at the end of FY2023, the share of women in managerial grades had reached 35.1 percent (compared with a 2025 benchmark of 40 percent), up from 24.4 percent in FY2013. Similarly, the representation of URR staff in managerial grades had also seen rapid growth. The share of URR staff in these roles was 24.0 percent at end-FY2023 (compared with a benchmark of 28 percent), up from 15.1 percent in FY2013. In terms of regional diversity, the share of EA managers had grown rapidly from 5.5 percent to 9.7 percent over the last decade, while the shares for MENA+ and SSA had also advanced from 4.3 to 6.7 percent and 5.3 to 7.6 percent, respectively. In the case of senior management (B4 & B5 grades), the representation of women had more than doubled from 16.3 percent in FY2013 to 38.6 percent in FY2023, while the increase in the share of URR nationals had been significant but less pronounced, from 10.0 percent to 17 percent.

185. Regarding recruitment, the report noted that recent trends suggested that the Fund had been facing challenges in recruiting sufficient female and URR candidates. Recruitment of women had been below the 50 percent flow target needed to close the gap to the benchmarks. Overall, the share of women hired into Individual Contributor roles had seen a slight uptick over the previous FY2018-2020 average but was still below 45 percent. In addition, an emerging risk is that the initial phase of the recruitment plan for the augmentation priority areas suggested that it had been challenging to find suitable and diverse employees who possess the required skills, particularly in climate and digital money. This had been compounded by high levels of competition from other IFIs and the private sector. In the case of nationals from URRs, recruitment levels had been more robust. Two of the benchmarks had already been achieved (EA and SSA) and the third (MENA+) was on track to be met.

186. The report indicated that the main challenges for the coming years were to raise the representation of women and nationals from URRs, and particularly women from URRs, among the managerial cohort and to increase the share of under-represented groups (women and URR nationals) in external recruitments to maintain robust managerial pipelines at the individual contributor level. It was recognized however, that increasing the share of under-represented groups in external recruitment might be impacted by external factors such as shallow pools of candidates who are also sought after by peer IFIs and the private sector. The report emphasized that it was also important to continue to conduct deep-dive analysis and obtain regular feedback through surveys to ascertain the impact of D&I policies and practices on the different

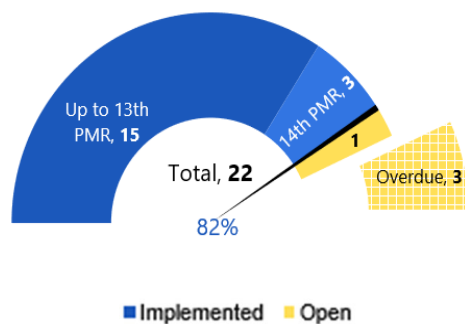
intersectoral groups of staff, as well as on those who belong to the non-underrepresented groups. The upcoming 2030 Benchmarks Working Group (WG) will make recommendations on the way forward for the next 5-yearly targets. Rather than raising the targets when they are not yet met, the Working Group will examine extending the timeline of existing benchmarks to 2030 and considering appropriate risk acceptance/tolerance levels. The aim is to develop a benchmarks framework which does not risk leaving non-underrepresented staff feeling disadvantaged while further improving diversity.

187. The D&I report emphasized that the Fund remained fully committed to closing gaps to the benchmarks and promoting greater inclusion. To that end, a two-year roadmap with actions into four broad areas (recruitment, talent development, equity & inclusion, and accountability & transparency) has been developed. Where possible, initiatives have been aligned with either those already identified in the broader HR strategy, or with other programs being implemented.

K. Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans (2022)

In line with the proposal in the Categorization Paper, the Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in MIPs reformulated eight off-track actions, which correspond to five IEO recommendations under four MIPs. Specifically, the new MIP reformulated four actions under the Evaluation on Behind the Scenes with Data at the IMF; two actions under the Evaluation on the Role of the Fund as Trusted Advisor; one action under the Evaluation on IMF Forecasts: Process, Quality and Country Perspectives; and one action under the Evaluation on Research at the IMF: Relevance and Utilization. Directors stressed that the reformulation should tackle the root causes of the implementation challenges, while being “SMART” (specific, monitorable, achievable, relevant, and timebound) and meet the thrust of the underlying IEO recommendations.

Figure 14. Summary of Progress—Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans



Source: OIA


In response to five recommendations in the IEO evaluations, the MIP envisaged 22 new actions, of which seven remained open after the Thirteenth PMR. Since then, three of these actions have been implemented. Of the four actions that are still open, three are overdue but making progress.

**IEO Recommendation 1: Strengthen the continuity of the relationship between the Fund and member countries (IEO Evaluation on The Role of the Fund as Trusted Advisor).
Original MIP Action: Target three-year average tenure for country assignments, to be monitored by HRD.**

Rationale for the Reformulation: Despite efforts to slow the turnover of country teams, in particular of mission chiefs, tenure has hovered around two and a half years, and may have been hindered by structural constraints/tradeoffs.

Summary of Proposed Reformulation: While continuing to target three-year average tenure for country assignments, introduce a robust framework for extending tenure beyond the two-year minimum requirement in assignments for different country groups; enhance monitoring and accountability for country team turnover; and assess potential barriers to longer tenure.


Directors' Response: Directors broadly endorsed the reformulation of the MIP action, with several Directors stressing that the tenure of country teams and mission chiefs remains a key issue. A few Directors noted that the reformulation should take a realistic and nuanced approach. Some Directors noted that the original formulation was clear and attainable.

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| <p>NEW ACTION AND TIMELINE:</p> <p>1.3. Enhance monitoring of the respective metrics, including by analytical country groups, with emphasis on FCS and SDS, at the summer Accountability Framework (AF) discussions by end-June 2022. While maintaining the expectation that departments should aim for the three-year average tenure, start targeting <i>median</i> tenure for mission chiefs at 2.7 years, as an intermediate operational target. Compile best practices of ADs on ensuring that staff median tenure in country assignments is above the minimum of two years and disseminate them among ADs, by end-December 2022.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: HRD, ADs.</p> <p>ORIGINAL TARGET DATE: December 2022.</p> |
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188. The enhanced monitoring of the metrics is ongoing through the Accountability Framework (AF) and includes a breakdown of mission chief tenure and desk tenure by country groups. This material continues to be shared with Management and HODs through the AF. The median tenure (for mission chiefs) has hovered around 2.5 years, below the 3-year target. The goal of targeting median tenure for mission chiefs at 2.7 years as an intermediate operational target has been communicated to departments during their AF sessions with management. So far, only two departments meet this intermediate target (MCD, EUR).

189. On February 5, 2024, HRD completed a Board paper reflecting stakeholders’ views and containing an in-depth analysis of country team tenure (EBAP/24/10). The paper includes a breakdown by departments/regions and country groupings (e.g., LIC, FCS, SDS, G-20), as well as by grade and associated types of mobility. The paper indicates that much of the variability in country-team tenure is associated with country-group membership and staff grade, both for mission chiefs and desk economists, and importantly with staff mobility and separations. In addition to differences in average tenure, the share of tenure under two years also varies significantly by country groups. In the case of mission chief tenure, the share of tenure under two years hovers between 30 and 40 percent for all the country groups considered, which points to some common factors driving the shorter duration for mission chiefs, particularly staff mobility (including mobility triggered by promotions). In the case of desk economists, there is more variability in the “under 2 years” shares, but shorter tenure is less common in G-20 countries compared to other groups.

190. HRD maintains consultations with departments and the SDS-WG on current practices, with interactive discussions planned to be initiated in October 2024. The consultations are focused on the targets, metrics, and opportunities for further improvement regarding country-team tenure through possible adjustments. Proposed adjustments are likely to focus on the main type of mobility over which departments have appreciable control, intradepartmental moves (these moves are associated with about one-third of mission-chief assignment closures). In addition, formal training for country team coordinators takes place on an annual basis and is scheduled for September 2024. A training video is posted on Workday Learning and the HRD website, along with job aids.

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| <p>NEW ACTION AND TIMELINE: 1.5. Prepare an analysis of issues surrounding mission chief and country team turnover, including recent trends and drivers and their effect on tenure in country assignments. Propose policy options and targets, if necessary, for ensuring adequate tenure on country assignments, aligned with other HR policies (including Career Framework and Path and HRL policy) and present it to the Board by end-December 2023.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: HRD.</p> <p>ORIGINAL TARGET DATE: December 2023.</p> <p>EXPECTED COMPLETION DATE: By end-FY2025.</p> |
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191. As noted above, in February 2024 staff circulated for the Board’s information a paper containing an analysis of influences on country-team tenure. The paper notes that over the past decade, average mission-chief tenure has increased modestly and unevenly toward the target of three years. It indicates that average mission chief tenure reached 2.6 years at the end of FY2023, and ranges between 2.2 to 2.8 years across departments, and that there is also significant variation across country groups. For instance, tenure remains notably low for staff working with small developing states (SDS) and fragile and conflict-affected states (FCS). Desk-economist tenure is broadly in line with mission-chief tenure.

192. The paper observes that mission chief tenure has been significantly impacted by factors outside departmental control. These include separations and interdepartmental moves (including promotions and lateral moves). Intradepartmental moves (the kind of mobility over which departments have appreciable discretion) accounted for 36 percent of mission-chief closures. The paper argues that increased country-team tenure is often in conflict with other institutional strategic priorities, especially staff mobility and career development.

193. The paper concludes that there are trade-offs and risks associated with both business-as-usual and increased country-teams tenure. It argues that a strong focus on the metrics of mission-chief and desk-economist tenure might overstate their value as proxies for the quality of Fund engagement with member countries. Influences on the quality of engagement might include the tenure of the country reviewer in the front office, overall rotation of the country team, hand-over and knowledge-transfer practices, complexity of engagement, and level of engagement desired by the authorities. Increased tenure poses risks for mobility, agility, talent management, and retention.


194. The paper indicates that the findings described above imply that adjustments to the tenure metric and target might be merited. In this regard, as indicated in the previous action, HRD has continued consultations with SHRPs and will engage more broadly with area departments to consider relevant adjustments in light of the tradeoffs and the data presented in the report. HRD has also engaged with the SDS-WG and the FCS Community of Practice and may contact intradepartmental working groups as needed. The department keeps working on refining the metric and target in tandem with these consultations. HRD will discuss the mode of follow-up recommendations with Management, with a final proposal expected to be submitted by end-FY2025.

IEO Recommendation 2: Enhance processes and incentives for learning from past forecast performance (IEO Evaluation on IMF Forecasts: Process, Quality, and Country Perspectives). Original MIP Action: Issue guidelines establishing minimum requirements and practices for the handover of country assignments.

Rationale for the Reformulation: A 2015 staff survey revealed weak compliance of data management guidelines and handover practices across Area Departments (ADs). High staff dissatisfaction with handover practices prevented the OIA to deem the action as implemented.

Summary of Proposed Reformulation: Foster knowledge sharing and identify minimum requirements for successful handover; disseminate best practices; set standard procedures for country-assignment handover; and establish regular monitoring mechanism.


Directors' Response: Directors agreed with the need to reformulate this action. Many Directors underscored the importance of promoting knowledge and information sharing between successive mission chiefs and desk economists to ensure smooth functioning of the institution and sustain a productive relationship with the authorities. Directors also noted that robust handover and knowledge transfer practices are also important complements to leverage current technology and knowledge management practices. Some Directors mentioned that the handover of information can be improved by setting internal standards and structures.

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| <p>NEW ACTION AND TIMELINE: Drawing on lessons from the peer-learning event (see #2.1 above) ²⁵, set area departments' standard procedures for country assignment handover. Disseminate handover procedures on area departments' websites by July 2022.</p> | <p>Closed</p>  | <p>ACCOUNTABLE: KMU, ADs.</p> <p>ORIGINAL TARGET DATE: July 2022.</p> |
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195. A dedicated webpage that provides background information on the handover project as well as the video recording and other materials from the peer learning event held in October 2022 has been created and is currently housed on the KMU intranet website. The intention is that the webpage would grow over time with additional material, including the results of forthcoming surveys and any future events. As a step towards breaking departmental silos and working towards creating Fund-wide standard guidance to support country team staff transitioning from and into a new assignment, in FY Q3-Q4 2024 TRM-KMU worked with ADs and other departments supporting the work of country teams to take stock of existing guidelines, templates, checklists, training, contacts and other resources, and make them available in a new Fund-wide intranet site, a one-stop shop on Country Assignment Handover under "Knowledge Exchange", launched in May 2024. The site was shared with staff via the Summer Update: Office of Transformation Management, an Intranet News article, The Weekly Roundup, and Viva Engage, between July and August 2024. A banner and instructions to link to this site from departmental sites were provided by TRM-KMU to ADs to increase awareness and usage by country team members.

196. Most area departments have disseminated handover procedures in their websites or are in the process of doing it. APD requires that all staff with country assignments ensure a proper handover using standard templates that are already posted in the department's website. This practice has been in place for a couple of years and has served as a model for other departments. In October 2022, AFR posted departmental assignment handover guidelines for country desks, resident representatives, research analysts, and administrative assistants to ensure consistency across the department. Following its participation in the peer learning event, MCD updated and published its guidelines on country handover procedures on its website in October 2023, and on the Fund-wide intranet website in April 2024. WHD has also updated its handover guidance and posted it on the WHD website. EUR arranges periods of overlap for desks and mission chiefs, negotiates transitions, and approves whenever possible handover missions.

²⁵ Action 2.1 involved conducting a peer-learning event on area departments' handover practices for country assignments as well as disseminating key conclusions and background materials from the event among area departments. This action was closed in the 13th PMR.

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| <p>NEW ACTION AND TIMELINE:</p> <p>2.4. Complementing annual OED surveys, establish a regular monitoring mechanism through a survey of mission chiefs and desk economists to assess progress with implementation of country assignment handover standards and gauge staff satisfaction and refine standard procedures, as necessary, by October 2023. Inform management about survey results and describe measures that departments have already taken to improve handover and any additional intended steps, starting in January 2024. Monitor progress using the annual surveys, with the expectation that the number of respondents expressing satisfaction with handover procedures will be considerably higher than a majority for at least two successive years, by end-January 2026.</p> | <p>Open</p>  | <p>ACCOUNTABLE: KMU, ADs.</p> <p>ORIGINAL TARGET DATE: January 2026.</p> |
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197. After a first survey in October 2019, TRM’s Knowledge Management Unit (KMU) launched a second survey on the implementation of country assignment handover standards on December 15, 2023, inviting responses from all roles in all country teams. KMU sent the invitation to 198 Country Team email aliases (containing 2134 members) and received 301 responses, of which 52 percent were desks economists and 16 percent mission chiefs. The survey results were thoroughly reviewed, and feedback was incorporated from Departments through the Knowledge Leaders Team (KLT). Management was informed of the results in late April 2024 through a memorandum, report, and Power BI app. The survey shows significant improvements over the past five years in certain areas compared with the previous survey conducted in 2019. Despite these improvements, the number of respondents expressing satisfaction with handover procedures is not yet considerably higher than the majority.

198. Key findings of the survey include: (i) varying handover experiences; (ii) processes that are not uniform or still are not rigorously enforced; (iii) the importance of overlaps and direct communication; (iv) the need for more incentives and recognition for effective handovers; and (v) challenges related to data and knowledge management. The memo to management contains a number of specific recommendations to address these issues. Going forward, TRM-KMU will continue monitoring progress, gauging country team members’ satisfaction through annual surveys, informing management, and fostering the implementation of process improvements until January 2026. It will continue to rely on collaboration with departments to

explore opportunities to address key challenges identified as part of the monitoring, particularly those related to the recommendations included in the memorandum to management.

IEO Recommendation 4: Reduce unnecessary disclosure concerns that may inhibit the authorities from using the Fund as a true sounding board for informal advice at an early stage when formulating their policies (IEO Evaluation on The Role of the Fund as Trusted Advisor).

Original MIP Action: Staff will be expected to inform country authorities on the Fund’s policy on the treatment of confidential information. At the same time, staff will be encouraged to have informal/brainstorming discussions with country authorities in the course of policy discussions.

Rationale for Reformulation: There is no mechanism to assess staff’s treatment of confidential information, nor whether and how this is discussed with country authorities. Separately, informal/brainstorming discussions are difficult to monitor given the qualitative element to such discussions and may not always be possible or appropriate.

Summary of Proposed Reformulation: Increase transparency on the Fund’s framework and policies on the treatment of confidential information and re-disseminate guidance to staff regarding engagement with country authorities on these matters.

Directors’ Response: Directors agreed with the need to reformulate this action. Some Directors suggested that staff should inform country authorities when they share confidential information.

NEW ACTION AND TIMELINE:

4.4. Monitor progress using the annual OED survey, with the expectation that the number of respondents expressing satisfaction with country teams’ handling of confidential data will be considerably higher than a majority for at least two successive years, by **June 2024**. Progress in strengthening engagement with country authorities on the treatment of confidential information will be assessed in the next Interim Surveillance Review, by **end-FY2024**.

Overdue but progressing



ACCOUNTABLE: SPR.

ORIGINAL TARGET DATE:

June 2024.

EXPECTED COMPLETION DATE:

CY2026.

199. In early April 2024, SPR concluded the 2023 survey of Offices of Executive Directors (OEDs) on the Fund’s engagement with the membership. Overall, the survey results showed a higher level of OED’s satisfaction with staff engagement than in previous years, with a marked improvement relative to the 2022 survey. The participation rate, however, was lower than in the past (48 percent in 2023 compared to 75 percent in 2022 and 83 percent in 2021). Over 90 percent of respondents were satisfied with the country teams’ handling of confidential information, higher than

in 2022. Many respondents valued the staff's professionalism. It is noteworthy that the satisfaction level in EMs and SDSs improved considerably by nearly 20 percentage points, with EMs having reached nearly 100 percent. The results of the 2022 survey had also shown that respondents generally valued the appropriate handling of confidential information. At that time, 76 percent of respondents expressed satisfaction in this area, with a broadly even satisfaction rate across departments. Executive Directors generally reported no incidents and highlighted staff's professionalism and understanding of sensitivities. Going forward, staff will continue the OED survey at a triennial frequency to monitor satisfaction on the Fund's engagement with the membership.

200. Progress in strengthening engagement with country authorities on the treatment of confidential information was expected to be assessed in the next Interim Surveillance Review (ISR), which has been cancelled. Elements of the ISR will be folded into the 2026 Comprehensive Surveillance Review (CSR). However, the scope of the CSR is under discussion, and it is still early to discuss the specific issues that would be covered.

IEO Recommendation 5: Management and staff need to allocate time and resources to each research project. The IMF needs clear standards for technical quality of different research projects [...] incentives to improve the quality of research should be strengthened (Research at the IMF: Relevance and Utilization).

Original MIP Action: Adopt new procedures to ensure the quality of working papers (WPs).

Rationale for Reformulation: Guidelines on publication of WPs were introduced in 2012. However, measuring and monitoring the quality of individual WPs beyond these guidelines is neither feasible nor meaningful from a cost-benefit analysis and in light of limited resources.

Summary of Proposed Reformulation: Identify and disseminate good practices on the departmental review of WPs; update Fund guidelines on publication of WPs and departmental procedures on the review of WPs; increase transparency and accountability for the interdepartmental review of WPs; and improve outlets for disseminating country analytical work.

Directors' Response: Directors broadly endorsed the revised actions. Many Directors emphasized that the reformulation should focus on creating a more robust review process and sufficient time to engage with ED offices.

NEW ACTION AND TIMELINE:

5.4. Review and revise departments' procedures for the review and approval of WPs, as necessary, in light of the peer-learning exercise and post the procedures on departments' websites, by **December 2022**.

Closed




ACCOUNTABLE: ADs and FDs.

ORIGINAL TARGET DATE:
December 2022.

201. Most area and functional departments have reviewed and revised their procedures for the review and approval of WPs. AFR has had in place for a while many of the proposed ideas by the interdepartmental group to revamp quality (establish review committee within the department, have a senior staff lead, require presentations before submission, provide incentives/credit in APRs,

etc.). The AFR Research Advisory Group (RAG) (which is comprised of volunteer economists led by B-level staff and overseen by a B4), has followed concrete policies and processes regarding Working Papers, with its primary goal being to review proposed WPs and provide feedback to the authors. The ToRs of the RAG, including policies for clearing papers, are listed on the AFR website. A revision of the RAG functions, including WP clearance policies, took place during the last six months of 2022, and a revised set of “publication guidelines” has been posted on the AFR website. **EUR** processes are fully aligned with COM’s updated rules. In addition, publication of all WPs with EUR-related content is centrally cleared, in collaboration with COM. **MCD** updated its guidelines for Working Papers in light of the peer-learning event and posted them in its website in December 2022. In the case of **APD**, the procedures for WPs have not been posted on the department’s website but they are fully aligned with the Fund-wide guidelines established by COM, reflecting the IEO recommendation. **WHD** has updated its guidance on the review of analytical work prepared by the department (e.g., Regional Economic Outlook, WPs) as well as that prepared by other departments. Moreover, it has expanded the number of analytical Working Groups which provide venues to obtain feedback on WHD analytical work, facilitate information sharing, and strengthen WHD’s review process on policy and analytical papers. **FAD** procedures for reviewing and approving WPs have been published in the “Documents” section of FAD Administrative Manual posted on its Intranet. **SPR** follows procedures in line with Fund-wide guidance, which will be updated if necessary. **FIN** also follows Fund-wide guidance in the review and approval of WPs. **RES** continues to have procedures in line with Fund guidelines, with WPs required to be cleared by a member of the senior staff, generally the division chief of the author(s). **MCM** also follows the revised procedures. In order to enhance the quality of WPs, the Division Chief initially clears the paper, certifying the quality of its content – informed by inputs from reviews by other MCM divisions, as well as other departments if the paper addresses a country or topic within the direct competence of those departments. Subsequently, the Front Office runs the WP through the Department Director for a second sign off for quality assurance.

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| <p>NEW ACTION AND TIMELINE: 5.5. Migrate the interdepartmental review of WPs to e-Review, including the posting of authors’ responses to comments prior to final approval by authoring department, to improve transparency and accountability, as part of Module 4 under the Integrated Digital Workplace (iDW) program, by May 2023.</p> | <p>Overdue but progressing</p>  | <p>ACCOUNTABLE: ITD, SPR.</p> <p>ORIGINAL TARGET DATE: May 2023.</p> <p>EXPECTED COMPLETION DATE: CY2025</p> |
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202. This action was not completed by the original deadline of May 2023 because the timeline for the modernization project has been revised. The project to build a Common Review System was approved in May 2023. The full system is planned to be deployed in three releases in 2025.

SECTION III. PROGRESS ON THE DEVELOPMENT OF A SLIPPAGES FRAMEWORK

A. Introduction

203. During the Executive Board discussion of the Tenth PMR, Executive Directors called for future PMRs to include an assessment of the impact of slippages in the implementation of open management actions. Directors indicated that the inclusion of such information would allow the Board to focus its review on the most material developments from year-to-year and thus promote greater accountability. Subsequently, in the context of the discussion on the Eleventh PMR, Directors agreed that it would be important to define “impact” ex-ante as part of the MIP process and to analyze the multiple actions that are proposed in response to a single recommendation in respect of their collective effectiveness, rather than individually. Directors recognized, however, that developing a fully-fledged framework for an assessment of slippages would be a challenging undertaking.

204. Starting with the Eleventh PMR, OIA has been providing analysis of those open actions that are past their target implementation dates (please refer to the Overview section and Table 1). Such analysis has been conducted while recognizing certain constraints and assumptions. Specifically, IEO recommendations are primarily intended to serve as a means to enhance the learning culture within the Fund and to support the Executive Board’s institutional governance and oversight responsibilities. Moreover, IEO recommendations, as well as the actions included in the MIPs that are approved by the Board, do not explicitly indicate relative importance or prioritization based on risk considerations.

205. During the Board meeting on the Twelfth PMR, Executive Directors welcomed the ongoing efforts by staff to develop a slippages framework, including the outline of guiding principles.²⁶ Directors broadly agreed that the development of the framework would need to be closely aligned with that of the broader institutional ERM framework and looked forward to additional details on the timeline and resource implications, as well as the role, responsibilities, and accountability under the new framework. Several Directors suggested piloting the slippages framework in the MIP for the *IEO Evaluation on the IMF’s Emergency Response to the COVID-19 Pandemic (ERP)*. Many Directors also emphasized the need for ORM’s involvement in the work on the slippages framework.

206. During the Thirteenth PMR Board meeting, Executive Directors welcomed further progress made in developing a slippages framework. Directors also noted that a recommendation to move forward with the framework on a more permanent basis would be issued following the full implementation of the pilot MIP. The prototype slippages framework had been piloted using the ERP MIP while leveraging the Fund ERM tools and processes, where appropriate.

²⁶ Please refer to Box 1 of the Twelfth Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board-Endorsed IEO Recommendations, SM/22/231, 9/29/2022.

Some of the lessons learned so far from the pilot are that the framework should be made somewhat flexible to ensure that it is applicable to a variety of possible future IEO evaluations and recommendations, while being sufficiently robust to capture the most salient risks associated with delays in MIP implementation. The framework should also allow individual actions to be evaluated in combination with other actions to develop an integral view of risk mitigation with respect to specific IEO recommendation. Further, the risk assessment should be conducted ex-ante during the MIP process and should be refreshed within a specific time frame from an actual slippage so that the PMR could utilize the updated risk assessment to examine the significance of slippages in implementing management actions.

B. Progress on the Pilot

207. The pilot has followed largely the prototype slippages framework principles and steps.²⁷ Over the past year, the management actions in the pilot ERP MIP have been implemented as scheduled without any actual slippages. This, in turn, has meant that there has been no need for a refresh of staff's ex-ante risk assessment which was conducted during the MIP process.

C. Next Steps

208. The Fifteenth PMR is expected to provide an assessment of progress in implementing the ERP MIP, drawing on the ex-ante risk assessment in the MIP, updated as necessary to reflect the risk impact of actual slippages (if any). In the course of preparing the Fifteenth PMR, OIA will request accountable departments to provide an ex-post update to their ex-ante risk assessments to reflect the enterprise risks from actual slippages so that the risk profile can be suitably refreshed in the PMR, taking account of aggravating and mitigating factors. A recommendation for moving forward with the slippages framework on a more permanent basis is expected to be issued following the implementation of the MIP on the ERP pilot, an assessment of lessons from the pilot and the prototype slippages framework, and an amendment of relevant decisions.

²⁷ Please refer to Box 1 of the Thirteenth Periodic Monitoring Report on the Status of Management Implementation Plans in Response to Board-endorsed IEO Recommendations, SM/23/225, 11/2/2023.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

The Board reviewed the implementation status of Management Actions in Response to Board-Endorsed IEO Recommendations and endorsed the assessment of their implementation progress as proposed in the Fourteenth Periodic Monitoring Report (PMR) on the Status of Management Implementation Plans (MIPs) in Response to Board-Endorsed Independent Evaluation Office (IEO) Recommendations (SM/24/ 264).