Enhancing Clarity of Key Elements in the Evolving Application of the IMF’s Mandate

Lukasz Jannils and Joshua Wojnilower
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Lukasz Jannils* and Joshua Wojnilower†

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The views expressed in this Background Paper are those of the authors and do not necessarily represent those of the IEO, the IMF, or IMF policy. Background Papers report analyses related to the work of the IEO and are published to elicit comments and to further debate.

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* Senior Research Officer, Independent Evaluation Office of the IMF.
† Economist, Independent Evaluation Office of the IMF.
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<th>Description</th>
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<tr>
<td>AML/CFT</td>
<td>Anti-Money Laundering and Combating the Financing of Terrorism</td>
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<td>BOP</td>
<td>Balance of Payments</td>
</tr>
<tr>
<td>CD</td>
<td>Capacity Development</td>
</tr>
<tr>
<td>CMAP</td>
<td>Climate Macroeconomic Assessment Program</td>
</tr>
<tr>
<td>CSR</td>
<td>Comprehensive Surveillance Review</td>
</tr>
<tr>
<td>FAD</td>
<td>Fiscal Affairs Department (IMF)</td>
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<tr>
<td>FDET</td>
<td>Fund Document Extraction Tool</td>
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<tr>
<td>FTE</td>
<td>Full-Time Equivalent</td>
</tr>
<tr>
<td>FY</td>
<td>Financial Year</td>
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<tr>
<td>IDI</td>
<td>International Development Institution</td>
</tr>
<tr>
<td>IMFC</td>
<td>International Monetary and Financial Committee</td>
</tr>
<tr>
<td>IMS</td>
<td>International Monetary System</td>
</tr>
<tr>
<td>ISD</td>
<td>Integrated Surveillance Decision</td>
</tr>
<tr>
<td>LEG</td>
<td>Legal Department (IMF)</td>
</tr>
<tr>
<td>SPR</td>
<td>Strategy, Policy and Review Department (IMF)</td>
</tr>
<tr>
<td>TSR</td>
<td>Triennial Surveillance Decision</td>
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<td>UFR</td>
<td>Use of Fund Resources</td>
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**EXECUTIVE SUMMARY**

**Fund surveillance historically has focused on stability through the lens of financial and economic policies and issues, while other policies and issues (such as social, political, and environmental), often were considered outside its scope.** The Fund, however, has engaged more systematically in other areas over the past few decades, particularly since the 2012 Integrated Surveillance Decision. The 2014 Triennial Surveillance Review (TSR), nevertheless, found that there remained a lack of clarity regarding when and how the IMF should engage with member countries on other policies, often referred to as structural issues.

**To enhance the relevance and value-added of the Fund’s engagement on structural issues in surveillance, the Fund established principles, i.e., filters, as the basis for more systematic engagement.** More specifically, the four filters are: (i) “macrocriticality” to determine when to engage; (ii) “IMF expertise” to determine whether to provide policy advice; (iii) “relevance, severity, and urgency” to determine the depth of engagement; and (iv) an undefined filter to determine the frequency of engagement. While this framework is designed to limit the scope and increase the consistency of Fund engagement, the Executive Board, management, and staff simultaneously have sought to ensure it retained enough flexibility to cover newer policy areas and adapt to country-specific circumstances. Consequently, this framework left open important questions regarding how the filters should be applied in Fund surveillance to achieve the desired objectives.

**To the extent these questions remain open, they ultimately could affect the traction of the Fund’s analysis and policy advice.** Traction primarily depends on members’ perceptions about the quality and relevance of the Fund’s analysis and policy advice. Traction, however, also depends on the extent to which members believe the Fund’s treatment is uniform, i.e., evenhanded. The 2014 TSR found uncertainty regarding “what constitutes evenhanded surveillance.” To enhance clarity about this concept, the Executive Board approved principles and a mechanism for addressing concerns related to evenhandedness of Fund surveillance. This framework, nevertheless, also left open important questions regarding its application and relevance to the persistent concerns expressed by Executive Directors and country authorities.

**This paper finds that a lack of clarity persists regarding key elements used to operationalize the Fund’s evolving surveillance mandate** including: (i) how the concepts of macrocriticality, IMF expertise, depth, frequency, and evenhandedness should be applied in Fund surveillance; and (ii) the extent to which the Board approved strategies are binding in terms of their subsequent implementation. The Executive Board, management, and staff have gone to great lengths to try to enhance clarity about these key elements, yet they seemingly remain due to the use of vague terms and concepts. These vague terms and concepts, nevertheless, could be viewed as a form of “strategic ambiguity” that allows the Fund considerable discretion in determining how its legal mandate is operationalized. This persistent tension between retaining flexibility, in when and how the Fund engages, and ensuring consistency, in the application of that engagement, likely has undermined the Fund’s efforts to enhance clarity about these key elements.
Ultimately, this paper aims to enhance clarity about these key elements across the Fund’s membership and stakeholders to make the operationalization of the Fund’s mandate more effective in enhancing the traction of the Fund’s analysis and policy advice. This paper therefore offers four suggestions to enhance clarity about how these key elements should be applied in Fund surveillance: (i) develop a Fund-wide, institutional strategy to enable a more transparent discussion of these lingering questions, as well as the desired balance between retaining flexibility and ensuring consistency; (ii) update the 2022 Guidance Note for Surveillance under Article IV Consultations to include granular guidance on how these key concepts should be applied in Fund surveillance, thereby ensuring more consistent treatment of macrocritical structural issues in Article IV consultations; (iii) be more consistent in internal and external communications, to enhance clarity about how the Fund’s surveillance mandate will be operationalized; and (iv) create a new expression that embodies a narrow interpretation of “similar relevant circumstances” as well as an output-based approach to assessing uniformity of treatment, to enhance clarity about the differing views driving a perception that Fund surveillance lacks uniformity of treatment, and ultimately address these concerns.
I. INTRODUCTION

1. The Fund’s legal mandate has been interpreted as the Fund’s purposes and powers as set forth in the Articles of Agreement and has not changed since its Second Amendment in 1978. Article IV provides the legal basis for the Fund to conduct surveillance of members’ policies and states “that a principal objective is the continuing development of the orderly underlying conditions that are necessary for financial and economic stability” (Article IV, Section 1). Achieving that goal requires Fund surveillance to have traction, which is the “relevance and value-added of the Fund’s analysis and policy advice” (IMF, 2021a). Given the obligations of members towards these ends, Fund surveillance historically has focused on stability through the lens of financial and economic policies and issues. Other structural policies and issues (such as social, political, and environmental), meanwhile, often were considered outside the scope of Fund surveillance.

2. However, over the past few decades, “the substantive issues on which the IMF engages more systematically with its member countries in carrying out this mandate have evolved in important respects,” often initially in an ad-hoc manner (Georgieva and Weeks-Brown, 2023). This evolution has been particularly pronounced since the 2012 Decision on Bilateral and Multilateral Surveillance (hereafter, the Integrated Surveillance Decision (ISD)). For example, the Executive Board (hereafter, the Board) approved a framework for enhanced Fund engagement on governance (IMF, 2018b), a strategy for IMF engagement on social spending (IMF, 2019b), a strategy to continue delivering on the IMF’s mandate related to digital money (IMF, 2021e), a strategy to help members address climate change related policy challenges (IMF, 2021g), and a strategy toward mainstreaming gender at the IMF (IMF, 2022d) (hereafter referred to collectively as the “five strategies”). Although the ISD affirmed a distinction between “core” policies (i.e., exchange rate, monetary, fiscal, and financial sector) and “other” policies, the 2014 Triennial Surveillance Review (TSR) concluded that “establishing clearer principles for engagement would help avoid an ad hoc focus on structural issues. Principles or ‘filters’ could also help delineate the depth of the Fund’s involvement, namely when and when not to offer specific policy advice” (IMF, 2014b).

3. To enhance the relevance and value-added of the Fund’s engagement on structural issues in surveillance, the 2015 Guidance Note for Surveillance under Article IV Consultations (hereafter the 2015 Guidance Note) established specific principles, i.e., filters, as the basis for more systematic engagement. More specifically, it adopted the principle of “macrocriticality” to determine when the Fund should engage and the principle of “IMF expertise” to determine whether the Fund should provide policy advice (IMF, 2015). The 2015 Guidance Note was updated in 2022 (hereafter, the 2022 Guidance Note), where it affirmed

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1 The 2015 Guidance Note mentioned the terms “macro-critical” and “macro-criticality” with a hyphen, however other Fund documents subsequently referred to the terms without a hyphen. To enhance clarity of the concept, we suggest that the Fund adopt one specific form of the term and use that form consistently across all Fund documents. We adopt that practice in this paper by using the terms “macrocritical” and “macrocriticality” throughout.
these two principles and introduced a third filter to determine the depth of coverage (IMF, 2022b). Lastly, this framework implicitly included a fourth filter to determine the frequency of coverage since not every macrocritical issue seemingly needs to be included in every report. While this framework was designed to limit the scope and increase the consistency of Fund engagement, the Board, management, and staff simultaneously have sought to ensure it retained enough flexibility to cover new policy areas and adapt to country-specific circumstances. Consequently, this framework left open important questions about how the filters should be applied in Fund surveillance to achieve the desired objectives (Table 1).

<table>
<thead>
<tr>
<th>Objective Filter</th>
<th>Open Questions</th>
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<tr>
<td>Establish the Perimeter</td>
<td>(1) How should staff determine if a structural issue is macrocritical for a specific country?</td>
</tr>
<tr>
<td></td>
<td>(2) To what extent is coverage of macrocritical structural issues required?</td>
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<td></td>
<td>(3) What time horizon(s) should staff consider when making their assessments of macrocriticality and economic sustainability?</td>
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<tr>
<td>Provision of Policy Advice</td>
<td>(1) How should staff determine if the Fund has expertise on a particular structural issue?</td>
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<td>(2) To what extent should staff provide policy advice when Fund expertise exists but supply is lacking?</td>
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<td></td>
<td>(3) Should the IMF expertise filter be applied at all?</td>
</tr>
<tr>
<td>Depth of Coverage</td>
<td>(1) How should staff determine the relevance, severity, and urgency of a macrocritical structural issue, both independently and relative to others?</td>
</tr>
<tr>
<td></td>
<td>(2) What are the different depths of engagement?</td>
</tr>
<tr>
<td>Frequency of Coverage</td>
<td>(3) How should staff determine when and how often to engage on a macrocritical structural issue?</td>
</tr>
<tr>
<td>Uniformity of Treatment</td>
<td>(1) How should staff determine which “similar circumstances” are relevant when assessing evenhandedness?</td>
</tr>
<tr>
<td></td>
<td>(2) To what extent does the application of risk-adjusted inputs lead to outputs that both are and are perceived to be uniform in treatment?</td>
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Source: Authors’ assessment.

4. To the extent these questions remain open, they ultimately could affect the traction of the Fund’s surveillance, which primarily depends on members’ perceptions about the quality and relevance of the Fund’s analysis and policy advice. Traction, however, also depends on the extent to which members believe the Fund’s treatment is uniform, i.e., evenhanded. The 2014 TSR found uncertainty regarding “what constitutes evenhanded surveillance.” To enhance clarity about this concept, the Board approved a framework for addressing concerns about evenhandedness of Fund surveillance (IMF, 2016b). This framework, nevertheless, also left open important questions regarding its application and relevance to the persistent concerns expressed by Executive Directors (hereafter Directors) and country authorities (see Table 1).
5. This paper evaluates the extent to which there is clarity about the Fund’s principles for engagement on structural issues and their operationalization in surveillance. More specifically, it focuses on the filters used in the Fund’s bilateral surveillance to establish the perimeter of its coverage, to determine whether to provide policy advice, and to determine the depth and frequency of engagement. This paper also evaluates the extent to which there is clarity about how uniformity of treatment is assessed. The goal is to explore where differing views come from, why they persist, and how they impact the Fund’s engagement on evolving substantive issues. Although the Fund documents discussed in this paper generally were produced to enhance clarity about certain aspects of the Fund’s work, it is important to acknowledge that benefits exist from maintaining “strategic ambiguity.” For example, a lack of clarity may enable the Fund to tailor its bilateral surveillance more strategically to country-specific circumstances. The optimal amount of clarity therefore will remain an important question for the Fund’s stakeholders to address now and for the foreseeable future. Ultimately, this paper takes the position that enhanced clarity of these principles for engagement across the Fund’s membership and stakeholders would make the operationalization of the Fund’s mandate more effective in enhancing the traction of the Fund’s policy advice.

6. This paper’s evaluation is based on public documents, a survey of Fund staff, and interviews with current and former Fund staff, Directors, and external stakeholders. Internal documents and data provided by IMF departments also were consulted.

7. This paper is organized as follows. Section II evaluates the first filter, i.e., macrocriticality, which establishes the perimeter of Fund engagement on structural issues. Section III focuses on the second filter, i.e., IMF expertise, which determines whether the Fund should provide policy advice. Section IV discusses the third and fourth filters, which determine respectively the depth and frequency of coverage. Section V reviews the most recent approach to assess the uniformity of treatment, drawing attention to divergent takes on the concept of evenhandedness. Section VI concludes with a consideration of the current challenges and potential next steps to enhance clarity.

2 “In the use of Fund resources (UFR) context, while IMF staff routinely discusses with member authorities’ issues that are considered to be macrocritical, the establishment of program conditionality is subject to specific standards that do not refer to “macrocriticality.” These standards are set forth in the Guidelines on Conditionality and state that conditionality should only be set on measures that are (i) critical for meeting program objectives or for monitoring the program’s implementation, or (ii) necessary for implementing specific provisions of the Fund’s Articles of Agreement or policies adopted under them” (IMF, 2019b).

3 A lack of clarity regarding elements used to operationalize the Fund’s mandate extends to surveillance of core policies as well as its lending and capacity development activities. The perimeter of coverage in the Fund’s lending and capacity development is narrower, however, since the former is focused on specific issues that are critical to achieve program objectives and the latter is anchored on areas where the Fund has well-established expertise. Thus, given the “shorter evaluation” format and its focus on the evolving application of the Fund’s mandate, this paper largely limits its evaluation to the Fund’s bilateral surveillance.
II. HOW THE PERIMETER IS ESTABLISHED

8. **The Articles of Agreement allow for considerable discretion in determining how the Fund’s legal mandate should be operationalized.** The Fund’s legal mandate is laid out in the Articles of Agreement and has not changed since the Second Amendment became effective in 1978 (IMF, 1976). Nevertheless, the activities of the Fund have expanded significantly in the last 45 years, as the Articles rely on vaguely defined terms and concepts that allow for considerable discretion in determining how the Fund’s legal mandate should be operationalized. Thus, the Board, management, and staff repeatedly have attempted to clarify the scope of bilateral surveillance in response to global events through various measures including decisions, policy papers, and guidance notes.

9. **The ISD attempted to clarify the scope of bilateral surveillance by distinguishing between “core” and “other” policies.** More specifically, the ISD affirmed a distinction between “core” policies (i.e., exchange rate, monetary, fiscal, and financial sector) that “will always be the subject of the Fund’s bilateral surveillance with respect to each member” and “other” policies that “will be examined in the context of surveillance only to the extent that they significantly influence present or prospective balance of payments [BOP] or domestic stability” (IMF, 2012a).

10. **Although the ISD established a broad framework for the Fund’s bilateral and multilateral surveillance, it still allowed for considerable discretion in its implementation.** Several Directors highlighted a lack of clarity on various issues in the corresponding Board minutes. Most significantly, several Directors expressed uncertainty about how the Decision would be operationalized since its “implementation will turn on fairly complex and arcane legal distinctions” (IMF, 2012b).

11. **The 2014 TSR proposed creating principles for engagement on structural issues to limit staff’s discretion and thereby ensure more consistency.** In the period leading up to the ISD and shortly thereafter, the Fund faced significant pressure to expand its surveillance activities beyond the traditional core areas to an array of structural issues that could support more inclusive growth. It was in this context that the 2014 TSR identified stark differences of opinion regarding the Fund’s role on structural issues. Country authorities expressed a desire for the Fund to engage more in structural issues, while Directors were more skeptical. There also were differing opinions on which types of structural policies the Fund should engage, largely reflecting country circumstances. Additionally, some staff expressed reservations about the increasing coverage of structural issues, while others contended such coverage was necessary to achieve the Fund’s objectives. Both groups of staff indicated a preference for more explicit guidance from management and the Board regarding the desired extent of Fund engagement on structural issues as well as the associated resource requirements. The

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4 Staff noted “the language is clear but only accessible to a few” (IMF, 2012b).
2014 TSR concluded that defining sharper principles for engagement would support more systematic engagement on structural issues. Additionally, principles or “filters” could clarify the extent of Fund engagement, specifying when to offer specific policy advice and when to refrain.

**A. Macrocriticality**

12. **The 2014 TSR recommended macrocriticality remain as the first principle to establish the perimeter of Fund engagement on structural issues.** Macrocriticality, in this case, reflected whether an issue or policy significantly influences present or prospective BOP or domestic stability (Box 1). Nevertheless, the 2014 TSR cautioned that “this single filter could imply a massive expansion of the Fund’s advice on specific structural issues, some of which fall beyond its expertise. Thus, macrocriticality is a necessary but not sufficient condition for determining when the Fund’s involvement should go beyond acknowledging the macroeconomic implications to providing detailed policy advice” (IMF, 2014b). The Board endorsed the 2014 TSR’s recommendations, yet several Directors sought clarification on how the recommendations would be implemented and called for a more detailed framework for assessing the macrocriticality of structural reforms (IMF, 2014c).

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**Box 1. The History of “Macrocriticality” at the IMF**

The term “macrocritical” has been used within the IMF dating back at least to the Independent Evaluation Office’s (IEO) first evaluation on Prolonged Use of IMF Resources in 2002. In that instance, the term referred to the extent to which structural conditionality in IMF lending was “critical to achieving the programs’ macroeconomic objectives” (IEO, 2002).

The term “macrocritical” also has been used in Article IV staff reports dating back at least to 2003. In Ukraine’s Article IV staff report that year, the term was used similarly in reference to structural conditionality in IMF programs (IMF, 2003). Subsequently, the term was used many times as a conditionality criterion in Fund reports on Poverty Reduction & Growth Facility arrangements.

While the term “macrocriticality” has been part of the IMF’s lexicon for at least two decades, its meaning, use, and significance has evolved substantially in the past ten years. The current concept of “macrocriticality” (though not the term) initially was referred to in the 2007 Decision on Bilateral Surveillance over Members’ Policies (hereafter the 2007 Surveillance Decision). Specifically, the 2007 Surveillance Decision stated that “in its bilateral surveillance, the Fund will focus on those policies of members that can significantly influence present or prospective external stability.” In this context, external stability “refers to a balance of payments position that does not, and is not likely to, give rise to disruptive exchange rate movements.” Further, “members are considered by the Fund to be promoting external stability when they are promoting domestic stability—that is, when they (i) endeavor to direct their domestic economic and financial policies toward the objective of fostering orderly economic growth with reasonable price stability, with due regard to their circumstances, and (ii) seek to promote stability by fostering orderly underlying economic and financial conditions and a monetary system that does not tend to produce erratic disruptions” (IMF, 2007).

The ISD, subsequently, adjusted the wording slightly to address a lack of clarity regarding the concept of “external stability.” Specifically, the ISD stated that “in its bilateral surveillance, the Fund will focus on those policies of members that can significantly influence present or prospective balance of payments and domestic stability.” Thus, “balance of payments stability” replaced “external stability” and “domestic stability” was added explicitly to the concept of “macrocriticality.”

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Source: Authors’ assessment.
13. The 2015 Guidance Note introduced a more detailed framework for assessing the macrocriticality of structural reforms. Using the 2014 TSR’s recommended principles, the 2015 Guidance note split the determination into four quadrants (Figure 1):

- “For structural issues that are macrocritical and where the Fund has in-house expertise, analysis and policy advice are required.”
- “For structural issues that are macrocritical but where Fund expertise is lacking, staff should analyze the issue, drawing on expertise from other organizations.”
- “For structural issues that are not macrocritical but for which the Fund has expertise, staff may provide analysis and policy advice when requested by the authorities.”
- “For structural issues that are not macrocritical and where Fund expertise is lacking, analysis and policy advice should be left to other organizations.”

<table>
<thead>
<tr>
<th>IMF Expertise</th>
<th>Lack of IMF Expertise</th>
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<tbody>
<tr>
<td><strong>Potentially Macrocritical</strong></td>
<td><strong>Not Macrocritical</strong></td>
</tr>
<tr>
<td>Required: Analysis &amp; Policy Advice</td>
<td>On Request: Analysis &amp; Policy Advice</td>
</tr>
<tr>
<td>Rely on In-House Resources</td>
<td>Rely on In-House Resources</td>
</tr>
<tr>
<td>Required: Analysis</td>
<td>Leave to Others</td>
</tr>
<tr>
<td>Rely on External Resources</td>
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14. While this framework is more detailed, it initially left open two important questions about whether the Fund should engage on structural issues. First, how should staff determine if a structural issue is macrocritical for a specific country? The 2015 Guidance Note directed staff to “exercise judgment and take into account country circumstances,” but offered little else in terms of practical guidance. Thus, the determination of what it means to significantly influence present or prospective BOP or domestic stability was left to staff’s judgement. Second, to what extent is coverage of macrocritical structural issues required? The text of the 2015 Guidance Note differentiated between the terms “required” and “should” with regards to whether an issue is macrocritical. Figure 1, however, converted the term “should” to “required” when referring to analysis of structural issues that are macrocritical but where Fund expertise is lacking.
15. **The Executive Board has approved several proposals to support more systematic engagement on specific structural issues, in subsequent years, yet those two questions largely remain open.** The 2015 Guidance Note concluded its section on structural issues by highlighting for consideration the following specific structural issues: jobs and growth, infrastructure, labor markets, social safety nets, public sector enterprises, governance, gender, and climate change. In the years that followed, the Fund continued to adapt the scope of its surveillance in response to developments in the global economy and a shifting understanding of the structural issues relevant to BOP and domestic stability. In particular, the Board approved five strategies to increase its engagement independently on governance, social spending, digital money, climate change, and gender issues. While these strategies attempted to shed light on the Fund’s role on specific structural issues, they also demonstrated a persistent lack of clarity regarding the concept of “macrocriticality” and the extent to which coverage of macrocritical structural issues is required.

### B. A Framework for Enhanced Fund Engagement on Governance

16. **Management and staff proposed an updated framework to enhance Fund coverage of governance issues following a review of the 1997 Guidance Note that found staff lacked sufficient operational guidance.** In 1997, the Board approved a guidance note on the role of the IMF in governance issues “reflecting the increased significance that member countries attach to the promotion of good governance” (IMF, 1997). Twenty years later, and following a request of the International Monetary and Financial Committee (IMFC), staff undertook a review of this guidance note to assess the extent to which it enabled corruption to be addressed effectively in both surveillance and Fund-supported programs. A key observation was that applying the macroeconomic impact test was inherently difficult, especially in the absence of clear operational guidance for staff. Nevertheless, staff deemed the macroeconomic impact and macrocriticality tests sufficiently similar to conclude that corruption issues are macrocritical based on “empirical evidence that improvements in the quality of economic governance and lower levels of corruption are associated with stronger growth and economic stability” (IMF, 2018b). Responding to this finding and others, management and staff proposed a framework for enhanced fund engagement.

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5 These strategies did not modify the existing legal framework for surveillance, which is set forth in the ISD, but they did attempt to clarify how the ISD should be operationalized in their respective policy areas.

6 “The 1997 Guidance Note states, ‘the Fund’s involvement in governance [is] limited to economic aspects of governance,’ that is the use of economic institutions to guide economic behavior to meet a country’s social and economic objectives. … [Further,] the discussion within and between other International Financial Institutions over the years has resolved in part around the issue of whether the economic aspects of governance can be fully separated from the institutional-political aspects” (IMF, 2017). This question of the extent to which the economic aspects of a structural issue can be fully separated from the institutional-political aspects remains relevant to the application of the Fund’s mandate across the gamut of structural issues.

7 The macroeconomic impact test was “an assessment of whether poor governance would have significant current or potential impact on macroeconomic performance in the short and medium term and on the ability of the government credibly to pursue policies aimed at external viability and sustainable growth” (IMF, 1997).
The Board approved a framework for enhanced fund engagement on governance issues in April 2018 that helps clarify the scope of Fund engagement by guiding staff to focus on particular state functions. It consisted of four elements, of which the first is relevant for this discussion. The first element aimed to facilitate the Fund’s systematic evaluation of governance vulnerabilities, including corruption. This entailed assessing state functions crucial to economic activity, namely: (i) fiscal governance; (ii) financial sector oversight; (iii) central bank governance and operations; (iv) market regulation; (v) rule of law; (vi) and Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT). While the information sources for this evaluation would evolve, this framework established principles guiding both information selection and usage. Corruption would be evaluated based on the same principles, acknowledging that its significant detrimental impact on the economy necessitates attention from the Fund when deemed sufficiently severe to be macrocritical (IMF, 2018b).

Additionally, the proposed framework included a centralized assessment process to support greater consistency in the Fund’s engagement on macrocritical governance issues. While the first element offered staff some additional guidance on how to determine if corruption is macrocritical in a particular country, management emphasized that the implementation of guidance will be of paramount importance. Consequently, management planned to create a centralized assessment process whereby the standing Working Group on Governance would make “the final judgment on whether—and how—to address vulnerabilities,” with “key input from both the country desk and the relevant Functional Department” (IMF, 2018b). Despite these efforts, several Directors noted it would be challenging to operationalize the concept of macrocriticality and that how staff assesses the macrocriticality of corruption issues still needed to be clarified further (IMF, 2018c).

Finally, the proposed framework established that a substantive discussion of macrocritical governance issues was required within three years. Specifically, it stated that “at a minimum ... these vulnerabilities, when sufficiently severe to be relevant for surveillance, would be substantively discussed within the context of a medium-term surveillance cycle (normally within three years)” (IMF, 2018b).

C. A Strategy for IMF Engagement on Social Spending

Management committed to creating a framework for the Fund’s engagement on social protection issues following an IEO evaluation that found staff lacked sufficient operational guidance. One of the main findings of the IEO’s evaluation of *The IMF and Social Protection* was that “staff had different views on what kind of work they were expected to do in this area and on the IMF’s role in social protection.” Thus, the IEO recommended the Fund

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8 The second element is related to the applicable time horizon for coverage of corruption issues, which will be discussed later in section II. The other two elements are related to “the policy recommendations provided by the Fund” and “an assessment of governmental measures to prevent private actors from offering bribes or providing services that enable the proceeds of corrupt acts to be concealed, particularly in the transnational context” (IMF, 2018b).
“establish a clear strategic framework setting the scope, objectives, and boundaries of the IMF’s involvement in social protection in the face of multiple competing claims on limited staff resources” (IEO, 2017). This recommendation was supported by the Managing Director and endorsed by the Board. Management’s Implementation Plan in response to the IEO evaluation subsequently noted that “a Board paper on this issue will be prepared followed by a guidance note to staff” (IMF, 2018a).

21. The Board approved a strategy for IMF engagement on social spending in May 2019 that sought to make Fund engagement more consistent by clarifying when to engage. At first, this strategy simply reiterated the criteria for coverage of structural issues in the 2014 TSR and 2015 Guidance Note, namely, that: (i) “surveillance should always identify all macrocritical structural issues, and discuss their macroeconomic implications;” and (ii) in-house expertise is a necessary condition “for determining when the Fund’s involvement should go beyond acknowledging the macroeconomic implications to providing specific policy advice.” This strategy then took an additional step in clarifying when to engage by highlighting three channels through which social spending could be macrocritical: (i) fiscal sustainability; (ii) spending efficiency; and (iii) spending adequacy. Using these channels as a guide, the paper mentions studies linking public investment in education and health as well as social protection spending to inclusive growth as evidence that social spending can be macrocritical (IMF, 2019b).

22. Ultimately, the social spending strategy highlighted the difference between guidance provided in a Board paper versus a staff guidance note as well as a tension between the desire for flexibility and consistency. This strategy clearly responded to the IEO’s recommendation yet, despite these additional steps, it recognized that “implementation of the strategy will require granular and gradually evolving guidance to Fund staff” (IMF, 2019b). In the accompanying Board minutes, the following comment by a Director seemed to reflect the sentiment expressed by numerous others: “The IEO, in its original evaluation, said that while macrocriticality has been the operative criterion for determining Fund engagement, it remains a somewhat nebulous standard. It does not provide a clear working guide for when the Fund should or should not become involved in social protection. It goes on to say that we need to clarify that and clarify the boundaries. This strategy takes us a long way there, but the forthcoming Guidance Note … will be important in helping mission teams make decisions on macrocriticality and Fund involvement at a sectoral level. That is the difference between what the IEO talks about as a

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9 The Board paper focused on a broad concept of social spending that included education and health spending, in addition to social protection spending (IMF, 2019b).

10 In the Board minutes, several Directors expressed a concern that the Fund lacked sufficient expertise to cover macrocritical issues related to spending adequacy and spending efficiency (IMF, 2019a).

11 The Board paper also mentioned that “mission chiefs indicated that social spending was macrocritical in nearly 80 percent of countries,” with social and/or political stability the most cited reason for why social spending is macrocritical (IMF, 2019b). In the accompanying Board minutes, several Directors expressed uncertainty regarding whether preserving social and political stability is related directly to the framework for assessing macrocriticality (IMF, 2019a).
working guide and what we are talking about here, which is a higher-level strategy. For example, at the strategic level in this paper, the three channels—the fiscal sustainability, adequacy, and efficiency—are enabling. They illustrate different ways in which a spending issue might be macrocritical. But the next step, which the Guidance Note needs to take up, is about the more granular guidance about whether a particular issue is macrocritical and how to compare that with other macrocritical issues in a country and to what level the Fund should engage” (IMF, 2019a). Although this high-level strategy sought to ensure consistency of Fund engagement, several Directors highlighted a need for assessments of macrocriticality to maintain a degree of flexibility to account for country-specific circumstances. Staff agreed with the latter view, noting the importance of leaving the ultimate judgment to country teams and ensuring the definition of macrocriticality is sufficiently flexible to adapt to future events.

D. The Rise of Public and Private Digital Money—A Strategy to Continue Delivering on the IMF’s Mandate

23. Management and staff proposed a strategy to enhance Fund engagement on digital money issues to address growing concerns about the risks stemming from its rapid adoption. The COVID-19 pandemic accelerated the development, deployment, and adoption of digital money. The "rapid adoption of digital money, whether public or private, raises new policy questions, challenges, opportunities, and tradeoffs" related to domestic economic and financial stability as well as the international monetary system (IMS) (IMF, 2021e). Consequently, the Fund found itself fielding a mounting array of intricate and urgent inquiries from member countries regarding the expanding utilization of digital money. Management and staff therefore proposed an operational strategy to adapt and strengthen the Fund’s policy development, capacity development, and surveillance activities.

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12 The Summing Up noted that “Directors underlined the need for a sufficiently granular framework to assess macrocriticality” and “looked forward to the forthcoming Staff Guidance Note to be issued by end-2020, which should explain in greater detail how to consistently apply the key concepts, including macrocriticality, in country- and sector-specific settings.” Additionally, several Directors expressed an expectation in the Board minutes that the CSR would attempt to clarify the definition of macrocriticality as well as the guidance on prioritizing among macrocritical issues (IMF, 2019f).

13 “Digital money,” in this context, refers to digital “methods of payments, not all of which are a widespread unit of account, medium of exchange, and store of value.” The strategy paper acknowledges that “the term digital money is loose by design, to capture a wide set of potential forms of money” (IMF, 2021e). In the Board minutes, several Directors commented that by adopting a definition that differs from the general use of the term, the Fund was making it more difficult to address the specific needs of its membership (IMF, 2021f).

14 In the Board minutes, staff noted “an increasing number of requests for capacity development in multiple areas” that they were having trouble responding to and an expectation that such requests would increase exponentially as the reason for bringing this issue to the Board (IMF, 2021f). Thus, it seems this strategy was driven more by the requests for capacity development than a desire to adapt surveillance and lending, as seemingly was the case for proposals related to governance, social spending, climate change, and gender.

15 This strategy “places less emphasis on lending” since “the Fund’s existing lending toolkit is available to help members address those BOP problems” caused by digital money adoption (IMF, 2021e).
24. The Board approved a strategy to continue delivering on the IMF’s mandate in July 2021 that devotes limited attention to bilateral surveillance. Instead, this strategy focuses on adapting and extending key functions, partnering with other stakeholders, and building internal capacity. Several Directors supported this approach in the Summing Up, noting they “saw scope for the Fund to focus more at this stage on the development of analytical frameworks and on multilateral surveillance and capacity development, and piloting or limiting the coverage of this issue in bilateral surveillance” (IMF, 2021e). A primary reason for this difference seemingly was the view that digital money issues were not yet macrocritical for most member countries. Nevertheless, digital money was considered a macroeconomically relevant structural aspect of exchange rate, monetary, fiscal, and financial sector policies and therefore was expected to be covered in all core areas of Article IV consultations.

25. This strategy, however, offered relatively little guidance as a higher-level strategy or working guide on how to determine if digital money issues are macrocritical. As emphasized by staff in the Board minutes, “what we have presented until now is a strategy. It is where we want to be in three years. How we get there in terms of tactics, in terms of work plan is a different discussion.” Several Directors acknowledged the Fund was taking on digital money issues at an early stage and seemingly supported a “pre-emptive approach in identifying macrocriticality” (IMF, 2021f). While one certainly can see the merits in such an approach, the notion of covering issues that could become macrocritical would imply an even more massive expansion of the Fund’s engagement on structural issues, some of which almost certainly would fall beyond its expertise.16

E. IMF Strategy to Help Members Address Climate Change Related Policy Challenges: Priorities, Modes of Delivery, and Budget Implications

26. Management and staff proposed a comprehensive strategy to address climate change in response to increasing demands from its membership that exceeded its available resources. The IMF’s participation in the climate change discourse dates back to at least 2008, marked by a chapter in the World Economic Outlook highlighting climate change as a potentially catastrophic global externality and one of the world’s most significant collective action challenges. More recently, the Fund undertook numerous pilot projects to gain experience with discussing climate-related topics in Article IV consultations. Article IV consultations, subsequently, “covered climate change on an ad hoc basis, reflecting requests from country authorities and staff capacity” (IMF, 2021g). As demands from the membership for the Fund to cover climate change in surveillance and capacity development continued to increase, the ad hoc approach reached its limits in terms of the resources available.

16 For example, someone could argue legitimately that the Fund should have a strategy dedicated to artificial intelligence given it is likely to become macrocritical in the future.
27. The Board approved a strategy to help members address climate change related policy challenges in July 2021 that seeks to make Fund engagement more consistent by clarifying when to engage. While climate change was considered a macroeconomically relevant structural aspect of exchange rate, monetary, fiscal, and financial sector policies, and therefore was expected to be covered in all core areas of Article IV consultations, this strategy highlighted two channels through which climate change issues could be macrocritical: (i) adaptation and resilience building; and (ii) transition management to a low-carbon economy. Using these channels as a guide, this paper noted events and studies that showed climate change significantly impacts the macroeconomy, via extreme weather and rising temperatures, as evidence that climate change is macrocritical. This strategy proposed adding staff sufficient only “to ensure that the Fund can cover most macrocritical aspects in its climate work in the steady state” and noted that an under-resourced effort would “force the IMF to choose between engagement on climate and other macrocritical issues.” This strategy therefore apparently was the first to deem the coverage of macrocritical structural issues as voluntary rather than required.

Article IV consultations also were expected to cover climate change mitigation for the 20 largest emitters of greenhouse gases however, since “no country can mitigate climate change on its own,” this coverage fell under the ISD’s multilateral surveillance, spillover provision and thus did not rely on an assessment of macrocriticality (Box 2) (IMF, 2021g).

**Box 2. Coverage of Climate Mitigation in Article IV Consultations**

An important innovation of the ISD was that Article IV consultations became a vehicle for multilateral surveillance, in addition to bilateral surveillance. More specifically, Article IV consultations “shall include a discussion of the spillover effects of a member’s exchange rate and domestic economic and financial policies that may significantly influence the effective operation of the international monetary system, for example, by undermining global economic and financial stability” (IMF, 2012a). “Multilateral surveillance therefore focuses on outward spillovers arising from policies of individual members” whereas bilateral surveillance “covers the actual or potential impact of inward spillovers on a member’s economic and financial stability” (IMF, 2021b).

As part of the 2021 Comprehensive Surveillance Review (CSR), the Board approved a background paper on integrating climate change into Article IV consultations (IMF, 2021c). The paper focused on three types of policy challenges: (i) mitigation; (ii) adaptation; and (iii) managing the transition to a low-carbon economy. The latter two types were deemed domestic policy challenges, thus coverage was warranted “provided they cross the threshold of macrocriticality.” On the other hand, “climate change mitigation is not primarily a domestic policy challenge” because an individual country’s policies would be insufficient to prevent climate change on its own. This raised questions about the extent to which climate change mitigation could be covered in Article IV consultations under the ISD’s multilateral, spillover provision.

As this background paper pointed out, the global “macroeconomic relevance of climate change mitigation is beyond doubt” (IMF, 2021c). The relevant questions therefore were the following: (i) to what extent are climate change mitigation policies considered economic and financial policies; (ii) to what extent can the Fund cover the spillover effects from the absence of a member’s economic and financial policies that could be implemented; and (iii) how should the Fund determine if the spillover effects of a member’s policies, or their absence, significantly influence the effective operation of the IMS.

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17 The actual resources devoted to the climate workstream were less than those requested in the strategy thus, in practice, it seems likely the Fund’s resource envelope prohibited it from covering all macrocritical structural issues, independent of how one interprets the legal mandate.
On the first two questions, this background paper implicitly took the position that climate change mitigation policies are economic and financial policies and that the Fund can cover the spillover effects stemming from the absence of climate change mitigation policies that could be implemented. On the third question, this background paper acknowledged the difficulty in establishing a straightforward assessment and therefore proposed a pragmatic approach for pushing ahead. More specifically, the background paper proposed that “coverage of a country’s contribution to the global mitigation effort will be strongly encouraged for the 20 largest emitters of greenhouse gases” and that “for all other countries, coverage of mitigation will be encouraged but not necessarily expected.” Additionally, the background paper stated that, for the 20 largest emitters, “the expectation is that Article IV consultations would include a discussion of mitigation policies and their adequacy at least every three years” (IMF, 2021c).

Although this background paper explicitly stopped short of making mitigation coverage mandatory for the 20 largest emitters, the Board minutes on the 2021 CSR and the climate change strategy demonstrated a lack of clarity about what it means for coverage to be “strongly encouraged” or “expected.” For example, numerous Directors felt the need to emphasize that coverage should be voluntary and demand-driven, i.e., at the request of country authorities. Staff reinforced this interpretation by noting that “strongly encouraged, of course, means ultimately voluntary. So, if a country is not willing to engage with the IMF on that, we would respect it.” Nevertheless, a Director stated they “were told by very senior staff that the explicit instructions they have received from management were that climate change issues must now be covered in all Article IV consultations.” In response, the Chair commented that “we are at a point when it is voluntary, and that means that the country wants to do it, or at the minimum, the country understands the logic of engagement in Article IV” (IMF, 2021d).

The 2022 Guidance Note attempted to clarify the what, when, and how regarding the Fund’s coverage of climate change mitigation issues. In particular, it elaborated on when mitigation is covered under bilateral surveillance rather than multilateral surveillance. For bilateral surveillance, the criterion was whether the policies a country would need to undertake to reach its domestic mitigation targets are macrocritical. If so, coverage would be required with a “focus on policies where the Fund has expertise.” For multilateral surveillance, as noted above, the criterion was whether a country’s domestic mitigation targets are insufficient relative to peers or global mitigation targets, to the extent that the spillovers may significantly influence the effective operation of the IMS. If so, coverage would be “voluntary but strongly encouraged.” The internal guidance note, nevertheless, added context to this notion of “voluntary but strongly encouraged.” More specifically, it stated that country teams for the top 20 emitters should discuss coverage of multilateral aspects of climate mitigation with the authorities immediately. Then, if the authorities are not willing to engage, staff should explain why coverage is important, seek to understand the authorities’ reservations, and reflect these conversations in a Back-to-Office report. The guidance note did not clarify what should happen, if anything, beyond that step (IMF, 2023b). Thus, there remained open questions regarding the expectation of coverage of climate change mitigation for the 20 largest emitters as well as its depth and frequency.

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Source: Authors’ assessment.

1. “The scope of multilateral surveillance is determined by the obligation of the Fund under Article IV, Section 3(a) to oversee the international monetary system in order to ensure its effective operation.” “Therefore, in its multilateral surveillance, the Fund will focus on ... the spillovers arising from policies of individual members that may significantly influence the effective operation of the international monetary system, for example by undermining global economic and financial stability. The policies of members that may be relevant for this purpose include exchange rate, monetary fiscal, and financial sector policies and policies respecting capital flows” (IMF, 2012a).

2. In the Board minutes on the 2021 CSR and the climate change strategy, several Directors expressed a view that at least some climate change mitigation policies fall outside the economic and financial realm and therefore extend beyond the Fund’s expertise and mandate (IMF, 2021d, 2021h).

3. The background paper recognizes “there are legitimate questions as to whether current greenhouse gas emissions are the right yardstick for significance” (IMF, 2021c). In the accompanying Board minutes, as well as the Board minutes on the climate change strategy, several Directors took issue with using this yardstick and expressed a preference for a yardstick that accounted for a country’s historical contributions to the emission of greenhouse gases (IMF, 2021d, 2021h).
While the climate change strategy offered higher-level guidance on when and how to engage, the task of providing a working guide for staff was left to future guidance notes. This strategy recognized an urgent need to update the 2015 Guidance Note, also incorporating the climate-related conclusions of the 2021 CSR. Nevertheless, this strategy acknowledged that the Fund’s approach to adaptation and resilience building is still evolving, and much more groundwork is necessary before guidance can be provided on other areas, such as transition risks for fossil fuel exporters (IMF, 2021g). Several Directors also called on staff to establish more systematic and quantitative criteria for assessing macrocriticality as part of the forthcoming guidance (IMF, 2021h).

### F. IMF Strategy Toward Mainstreaming Gender

Management instructed staff to devise a strategy for reinvigorating and developing a more systematic approach to the Fund’s engagement on gender issues as a response to the COVID-19 pandemic’s negative impact on gender gaps globally. The inclusion of gender-related topics in the Fund’s work program commenced a decade ago, as part of the Jobs and Growth workstream. Then, like the Fund’s work on climate change, the Fund undertook numerous pilot projects to gain experience with discussing gender-related topics in Article IV consultations. This progress was slowed by the COVID-19 pandemic, as the Fund’s resources were diverted to address other issues deemed more pressing by country authorities. Concurrently, the COVID-19 pandemic reversed the progress many countries had made in reducing gender gaps prior to its onset. “Recognizing the paramount importance of closing gender gaps, IMF staff were tasked with developing a strategy to incorporate gender in the Fund’s policy advice when such issues are macrocritical” (IMF, 2022d).

The Board approved the IMF strategy toward mainstreaming gender in July 2022, along with a background paper that illuminates the “macrocriticality of gender disparities.” Mainstreaming gender, in terms of the Fund’s surveillance mandate, “means enabling IMF staff to systematically assess the macroeconomic consequences of gender gaps where they are macrocritical.” This background paper notes that “other policies related to gender/women’s economic empowerment must also be discussed if they are assessed to significantly influence a country’s present or prospective balance of payments or domestic stability—an assessment that will necessarily vary depending on country circumstances [Box 3].” More specifically, neglecting to address these issues would jeopardize the prospects for sustainable and inclusive growth, thereby posing a risk to prospective stability. As evidence that gender gaps can be macrocritical, this paper cited numerous studies that demonstrated the macroeconomic impact of gender gaps on economic growth, external competitiveness, financial stability, and income inequality, among other channels (IMF, 2022d).

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18 Several Directors questioned the need for a strategy on gender-related issues in the Board minutes (IMF, 2022e). The question seemingly was not directly about whether the Fund should cover gender-related issues when they meet the relevant criteria for surveillance, lending, and capacity development, rather the extent to which a strategy is necessary for that purpose. This question also can be viewed in a broader context in terms of how the Fund decides which macrocritical structural issues deserve a specific strategy.
Box 3. Terminology of Macrocriticality Requirements

While the background paper on mainstreaming gender used the term “must” in reference to the Fund’s coverage of macrocritical structural issues, the strategy paper used the terms “should” and “required” corresponding with their usage in the 2015 Guidance Note. For example, the strategy paper noted “country teams should focus on policies that can impact present or prospective balance of payments or domestic stability” and that “once staff identify an issue as macrocritical, the Integrated Surveillance Decision requires it to be discussed in Article IV consultations to the extent that the Fund has expertise” (IMF, 2022d).

This practice of interchangeably using words that exist on a spectrum between voluntary and mandatory is prevalent in Fund documents. For example, the ISD stated that “other policies will be examined” to the extent they are macrocritical. The 2014 TSR subsequently suggested that “surveillance should always highlight the implications of macrocritical structural reforms for the economy.” The 2015 Guidance Note then mentioned that other policies “should be assessed if they are macrocritical.” However, as noted previously, the 2015 Guidance Note also portrayed the coverage of potentially macrocritical structural issues as “required.” The digital money strategy, meanwhile, noted that “coverage will need to focus on countries and areas where implications of digital money adoption are macrocritical (or becoming macrocritical).” Finally, the 2022 Guidance Note stated that “macrocritical issues need to be covered in bilateral surveillance.”

Beyond these different terms that reflect what the Fund should do, there are additional terms used to reflect what the Fund can do. For example, the climate change strategy proposed hiring additional staff “to ensure the Fund can cover most macrocritical aspects in its climate work.” The gender strategy, meanwhile, entailed setting up a process whereby “area departments would determine which countries they intend to cover based on an assessment of macrocriticality as well as buy-in from country authorities.” While this variation in terms seemingly increases the Fund’s flexibility in examining macrocritical structural issues, simultaneously the variation makes it less likely that the Fund’s coverage will be consistent across countries or areas. Moreover, the variation in terms hinders the Fund’s ability to enhance clarity regarding the extent to which coverage of macrocritical structural issues is required.

Source: Authors’ assessment.

31. The gender strategy employed a combination of top-down and bottom-up approaches to determine when to engage. More specifically, “the central unit would select countries with the largest quantitative gaps based on available data, and area departments would determine the countries they intend to cover based on an assessment of macrocriticality as well as buy-in from country authorities.”19, 20, 21 Further, “during the initial implementation phase, the number of countries covered depends on available resources and the development of analytical tools, among other factors” (IMF, 2022d). This strategy therefore also appeared to deem coverage of macrocritical structural issues voluntary rather than required.

19 This strategy paper stated that “coverage of policies usually comprises analysis, discussion, an assessment of policies and policy advice by staff, and, if offered, the authorities’ views on the issue” (IMF, 2022d). While all these aspects seemingly would be expected for issues that are macrocritical and where the Fund has expertise, it is not clear that coverage should include all these aspects where the Fund lacks expertise.

20 This strategy envisaged the creation of a centralized gender and inclusion unit in the Strategy, Policy and Review (SPR) Department. “Under the December 1, 2021, Budget Augmentation Framework, SPR will receive 6 additional FTEs for gender and inclusion work over FY23-25,” (IMF, 2022d). These 6 additional FTEs were expected to work in the centralized unit, with 4 FTEs dedicated to the gender workstream and the other 2 FTEs dedicated to the inclusion workstream.

21 In the related Board minutes, several Directors expressed concern with the top-down aspect of this approach, particularly the notion of basing the Fund’s assessment of macrocriticality, to a large extent, on quantitative scores of gender gaps (IMF, 2022e).
32. **While the gender strategy clearly supported the Fund’s efforts to reinvigorate its work on gender-related topics, the development of granular guidance once again was left to sometime in the future.** It noted that “many issues are yet to be determined” including “how to measure gender gaps” and how to “assess the macrocriticality of gender issues.” To address these issues, this strategy stated that “staff will develop objective and broad-based criteria to determine macrocriticality, leaving the final choice to country teams’ judgment” (IMF, 2022d). While most Directors agreed “that narrowing macrocritical gender gaps falls squarely within the IMF’s mandate,” the Summing Up also mentioned that “Directors urged staff to work expeditiously in articulating clear criteria for assessing the macrocriticality of gender issues and operationalizing this assessment.” In the corresponding Board minutes, staff noted they “have begun working on country selection with relevant departments through their representatives on the gender working group” (IMF, 2022e).

### G. Current Perceptions

33. **While the Fund clearly has gone to great lengths to elucidate how the concept of macrocriticality should be applied in IMF surveillance, a recent IEO survey revealed that further effort is needed to enhance clarity among Fund staff.** The results of an IEO survey that polled most Fund staff showed that a large minority of respondents (31 percent) did not agree that a common understanding existed on the matter (Figure 2). The results also showed that many respondents (41 percent) did not agree that there is clear guidance to IMF staff at the institutional level regarding how to determine whether an issue is macrocritical in IMF surveillance (Figure 3). Curiously, the results also suggested that the perception of a common understanding and clear guidance decline the longer someone works at the Fund. Additional policy papers and guidance notes therefore may not be sufficient to enhance clarity among Fund staff.

34. **Interviews with Fund staff revealed a similar lack of clarity regarding the concept of macrocriticality.** While interviewees acknowledged more widespread acceptance that certain structural issues are macrocritical, such as social spending and climate change, many still found the concept too vague to implement in practice. Accordingly, numerous staff expressed a desire for further clarification on how to determine whether an issue is macrocritical. Yet, highlighting the tension between flexibility and consistency, numerous staff also expressed a desire to retain a significant degree of judgment on whether an issue is macrocritical given country-specific circumstances.

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22 As part of the IEO’s evaluation, we conducted a survey to understand how Fund staff perceived the evolving application of the IMF’s mandate to a broader scope of topics and policies from 2012 through 2022. A total of 2,472 employees were invited to participate in the survey based on a list from the Human Resources Department of all active employees in grades A11 to B5. The response rate was 17.8 percent, i.e., 441 completed responses. This response rate is similar to previous IEO surveys and the responses broadly are consistent with evidence uncovered in our literature review and interviews, both of which lend credence to the survey’s findings.
Many Directors also continued to take issue with this lack of clarity regarding the concept of macrocriticality. Numerous Directors, in interviews, expressed concerns that too many issues are being labeled as macrocritical, which has led to inconsistent engagement across structural issues and countries. Several Directors therefore proposed developing a clearer definition and more specific criteria to establish macrocriticality yet, reflecting the tension between flexibility and consistency, acknowledged that such efforts should not prohibit the Fund from adapting its activities in response to global events.

H. Economic Sustainability

The 2021 CSR further broadened the perimeter of surveillance through the priority of fostering economic sustainability. The 2021 CSR proposed four surveillance priorities, one of which was fostering economic sustainability. Following the Board’s approval of the 2021 CSR, the 2022 Guidance Note seemingly incorporated the concept of economic sustainability under
the umbrella of macrocriticality. It defined economic sustainability “as a set of conditions that, under realistic assumptions, will support sustained, balanced, and inclusive growth, without requiring large or disruptive adjustments to the BOP or domestic stability” (IMF, 2022b). Thus, the notion of prospective stability seemingly was clarified to include the set of conditions that lead to economic sustainability.

37. **However, the addition of economic sustainability to the Fund’s lexicon left open another important question regarding whether the Fund should engage on structural issues.** More specifically, what time horizon(s) should staff consider when making their assessments of macrocriticality and economic sustainability? Fund surveillance generally has focused on the short- to medium-term (1-5 years) that coincides with political cycles and the typical length of Fund programs. Yet, the 2022 Guidance Note established that “coverage of issues related to economic sustainability may require a broader perspective and longer time horizon than has been typical for Fund surveillance” (IMF, 2022b).

38. **While the Fund has tried to spell out how the concept of economic sustainability should be applied in IMF surveillance, a recent IEO survey revealed that further effort is needed to enhance clarity among Fund staff.** Results from the IEO survey showed that while most respondents (63 percent) believed assessments of macrocriticality should be limited to the short- to medium-term, most respondents (74 percent) also thought assessments of economic sustainability should cover a longer time horizon than has been typical in Fund surveillance, i.e., more than 5 years (Figure 4). Moreover, there existed broad support for an array of time frames in both cases. Interviews with Fund staff separately revealed a general lack of awareness that the 2021 CSR had established economic sustainability as a surveillance priority. Most staff interviewed, nevertheless, indicated that they had been engaging on structural issues related to economic sustainability since long before the 2021 CSR.

![Figure 4. Time Frames for Surveillance](image)

In your view, the following concepts should be applied in IMF surveillance in which of the following time frames?

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<thead>
<tr>
<th>Time Frame</th>
<th>Macrocriticality</th>
<th>Economic Sustainability</th>
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<td>6–10 Years</td>
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<td>51+ Years</td>
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Source: IEO survey of Fund staff.

23 The ISD specifically stated that “the Fund’s assessment of a member’s policies and its advice to a member will, to the extent possible, be placed in the context of an examination of the member’s medium-term objectives and the planned conduct of policies, including possible responses to the most relevant contingencies” (IMF, 2012a).
I. Legal Outcomes of Executive Board Decisions

39. Our review of how macrocriticality was treated in the five strategies revealed another question where a lack of clarity appears to exist, that is, to what extent are the Board approved strategies binding in terms of their subsequent implementation? Taking a step back, the typology of Board meetings and sessions can be delineated into the following three categories: (i) formal Board meetings; (ii) informal sessions to Brief; and (iii) informal sessions to Engage. Informal sessions to Brief and to Engage “provide Directors with an informal forum to be briefed on technical issues, and exchange preliminary and tentative views on emerging issues. No decisions are taken and no summing up or minutes are prepared.” In contrast, formal Board meetings provide Directors the opportunity to “adopt decisions and reach understandings related to the business of the Fund” (IMF, 2023c).

40. Formal Board meetings, such as those discussing the five strategies, generally can be delineated based on the type of proposal management puts forward. When the Chair of the Board (i.e., management) calls for a formal Board meeting, it does so generally with the intent of putting forward a proposal. These proposals can take two forms: (i) a formal Decision that is drafted by the Legal Department (LEG); and (ii) a proposal for consideration. Alternatively, a formal Board meeting may include issues for discussion. Formal Decisions are listed explicitly as such in the supporting documents and generally begin with the text, “the following decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board.” The governance framework, for example, included a formal Decision to adopt specific text. Proposals for consideration and issues for discussion, in contrast, are made implicitly within the supporting documents. The Secretary’s Department therefore is expected to differentiate between these two options explicitly in the cover memo of submissions. This differentiation is important, particularly regarding the requirement it places on the Board. Proposals for consideration require the Board to take a legal decision, whereas the Board is expected to provide formal guidance on issues for discussion without taking a legal decision. The legal decision (if taken) is described in the summing up and proposals that garner a majority of the votes are deemed to have been approved or endorsed by the Board.

41. The legal outcomes of the Board’s decisions on the other four strategies appear to be clouded by a lack of clarity regarding the terminology used and its implications for the level of commitment being expressed. While the previous paragraph distinguishes between proposals that are adopted, approved, or endorsed by the Board, in practice the terms are used interchangeably by the Board, management, and staff. This is noteworthy because the three terms sometimes are understood to be conveying different levels of commitment to the details of a given proposal. In practice, by taking legal decisions to support the other four strategies (i.e., social spending, digital money, climate change, and gender), the Board was agreeing to their general terms (e.g., the key elements or pillars) rather than the specific details.
The Board's decisions therefore reflected its broad support for the other four strategies and placed the responsibility for operationalization on management and staff. While the Board’s approval mainly reflected its support for the Fund to increase its engagement on social spending, digital money, climate change, and gender issues, in each case the legal decisions were described in a summing up that included points of emphasis and points of important detail. “To the extent to which the views expressed in the summing up reflect a broad consensus, that summing up provides the authoritative guidance on the implementation of the decision,” for which the Board delegates the responsibility to management and staff (IMF, 2018c). However, as documented above, the summing ups for the strategies often expressed views that seemingly did not reflect a broad consensus.\footnote{The Compendium of Executive Board Work Procedures includes a section on “Qualifiers in the Summing Up” that discusses the conventions used to enumerate Directors views (IMF, 2023c). More specifically, ‘most’ Executive Directors means 15 or more Directors; ‘many’: 10–15 Directors; ‘a number’: 6–9 Directors; ‘some’: 5–6 Directors; and ‘a few’: 2–4 Directors.” This section does not, however, mention a specific convention reflecting a broad consensus, only that “the broad term ‘Directors’ without a qualifier is used to convey that: (i) the required voting majority would be very comfortably satisfied if there were to be a vote; and (ii) all, or almost all, Directors can go along with the majority view in the sense that they would not wish to vote against it.” Thus, we cannot be certain which views expressed in the summing ups reflected a broad consensus.}

In such cases, management and staff appear to have more latitude to operationalize certain aspects of the proposals as they see fit.

Regardless of whether a broad consensus existed on the expressed views in the summing ups, the Board retained an ability to influence the implementation process through several methods including its decisions on the allocation of resources for each workstream. As the accompanying background paper on the IMF’s decision-making process makes vividly clear, the practice of taking decisions on proposals independently of decisions on the budget “resulted in misalignments between the ambition expressed in the strategy or policy decisions and the resources committed in the budget process to implement them” (De Lannoy, 2024). The actual implementation of four of the five strategies therefore has departed from the approved proposals in at least some meaningful ways (Gallagher, Rustomjee, and Arevalo, 2024).

J. Assessment

The 2015 Guidance Note adopted macrocriticality as the first filter to establish the perimeter of Fund engagement on structural issues, however it initially left open two important questions. First, how should staff determine if a structural issue is macrocritical for a specific country? And second, to what extent is coverage of macrocritical structural issues required?

On the first question, this paper demonstrates a lack of clarity regarding how staff should determine if a structural issue is macrocritical. All five strategies lacked granular guidance about how to determine if a particular structural issue is macrocritical in a particular country. The social spending and gender strategies left this content to be taken up in future

\footnote{Summing ups often include dissenting or differing views to provide context about the Board discussion, however, these views do not constitute Board decisions.}
Guidance Notes specific to their topics, while the climate strategy left this content to be taken up in the update of the 2015 Guidance Note. The governance framework, in contrast, suggested the need for a guidance note was obviated by its top-down approach to such assessments. The digital money strategy, alternatively, did not specify a plan for addressing its lack of granular guidance. As of this writing, a formal guidance note related to the social spending strategy has not been published, however staff has produced a How-To Note on operationalizing IMF engagement on social spending during and in the aftermath of the COVID-19 crisis (IMF, 2020c) as well as technical notes on pensions and social safety nets (IMF, 2022c; 2022f). Meanwhile, an updated Guidance Note for Surveillance under Article IV Consultations was published in May 2022 that included more granular guidance related to the coverage of climate change and gender issues. Most recently, an interim guidance note on mainstreaming gender was published in January 2024 (IMF, 2024). While these additional guidance notes and analytical work offered far greater details about how to engage, they still offered limited practical guidance about when to engage.

46. **On the second question, this paper demonstrates a lack of clarity regarding the extent to which coverage of macrocritical structural issues is required.** Four of the five strategies noted that Article IV consultations should cover macrocritical structural issues, consistent with the framework that was initiated in the 2015 Guidance Note. The governance framework and social spending strategy took the consistency one step further by emphasizing that a discussion of macrocritical structural issues is required. The climate change and gender strategies, in contrast, deemed the coverage of at least some macrocritical structural issues to be voluntary. This difference seemingly stemmed from a lack of sufficient resources to make coverage mandatory. Further, a gradual approach to implementing new strategies provides the Fund with flexibility to identify best practices via a process of learning-by-doing.

### III. HOW THE PROVISION OF POLICY ADVICE IS DETERMINED

#### A. IMF Expertise

47. **The 2014 TSR recommended IMF expertise as the second principle to determine whether the Fund should provide policy advice on structural issues.** While the assessment that a structural policy or issue is macrocritical potentially necessitates that the topic be covered in Fund surveillance, the determination of whether that coverage should include policy advice requires a different filter. The 2014 TSR proposed IMF expertise as the second filter, and it was

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26 Since digital money issues were not considered to be macrocritical yet, delaying plans to address the lack of granular guidance seems prudent.

27 February 2024.

28 Additional technical notes on health and education spending still are being developed (IMF, 2022c).

29 The digital money strategy did not include a discussion of the macrocriticality requirements, potentially because digital money issues were not considered to be macrocritical yet.
adapted in the 2015 and 2022 Guidance Notes. Although the 2022 Guidance Note reflected the criteria for coverage of structural issues in a tree diagram, it still resulted in four distinct outcomes (Figure 5):

- "For issues that are macrocritical and where the Fund has expertise, staff analysis and policy advice are required."

- "For issues that are macrocritical but where the Fund does not have expertise, staff should analyze the issue, drawing on the expertise of, and in collaboration with, external partners as needed, but staff is not expected to provide specific policy advice."

- "For issues that are not macrocritical but for which the Fund has expertise, staff may provide analysis and policy advice if requested by the member."

- "For issues that are not macrocritical and where the Fund does not have expertise, analysis and policy advice should not be provided."

**Figure 5. Criteria for Coverage of Structural Issues in Surveillance, 2022**

While this diagram is relatively easy to follow, the IMF expertise filter initially left open two important questions regarding when the Fund should provide policy advice. First, how should staff determine if the Fund has expertise on a particular structural issue? The 2022 Guidance Note mentioned “expertise” countless times but was silent in terms of practical guidance. Second, to what extent should staff provide policy advice when Fund expertise exists but supply is lacking? The climate change and gender strategies, for example, did not propose a
The demand for expertise therefore likely will exceed the available supply for the foreseeable future, at least for some structural issue.

B. A Framework for Enhanced Fund Engagement on Governance

49. The 1997 Guidance Note clarified certain economic aspects of governance where the Fund had expertise. The Note stated that, given its mandate, “the IMF’s involvement in governance should be limited to economic aspects of governance.” It went on to highlight two spheres where the IMF could contribute through its policy advice: (i) “improving the management of public resources,” and (ii) “supporting the development and maintenance of a transparent and stable economic and regulatory environment conducive to efficient private sector activities.” The 1997 Guidance Note also highlighted several areas that were outside the Fund’s traditional expertise, such as “public enterprise reform, civil service reform, property rights, contract enforcement, and procurement practices.” In instances where staff deemed it appropriate to discuss such issues, they therefore were guided to rely on the expertise of other institutions, particularly the World Bank.

50. Yet, twenty years later, a survey of Fund mission chiefs revealed that corruption issues often were not discussed due to a lack of IMF expertise. As part of the review of the 1997 guidance note, staff conducted a survey of Fund mission chiefs. One of the main findings was that “in cases where corruption was relevant but was not discussed with the authorities (11 cases), it was mostly due to lack of information (73 percent) or expertise (55 percent); the authorities’ perceived sensitivity (45 percent); or because the respondents felt that the issue was not an area of the Fund’s core mandate (36 percent).” Moreover, many respondents felt the lack of expertise inhibited the Fund from having a positive impact on governance and corruption issues. Accordingly, “the majority of respondents saw the need to develop further in-house expertise and an updated guidance note on corruption” (IMF, 2017).

51. The governance framework seemingly implied that the Fund should provide policy advice on macrocritical issues, even when it lacks expertise, by relying on the expertise of other international organizations. The third element of this framework stipulated that where governance weaknesses, such as corruption, are deemed to be macrocritical, the Fund’s policy advice would be shaped by its assessment of the nature of these weaknesses within the relevant country. It went on to mention that “since weaknesses may exist in areas that are outside the Fund’s expertise, the Fund should collaborate closely with other international organizations as appropriate” (IMF, 2018b). As this represents the full extent of guidance on the second filter, this framework appeared to open the door for the Fund to provide policy advice even when it lacks expertise, provided it relies on the expertise of other institutions.

30 The climate change workstream also received less resources in the 2021 budget augmentation than were proposed in the strategy. It is an open question whether sufficient resources should be made available to cover all macrocritical issues in every report.
An update on implementation of this framework reiterated that country teams sometimes lack expertise on missions, which likely hinders the traction of Fund policy advice. More specifically, an interim update on implementation of the framework mentioned that “on missions, country teams may not always feel equipped to discuss technical issues, such as on anti-corruption frameworks, rule of law, financial sector oversight, and AML/CFT” (IMF, 2020b). While functional departments continued to support country teams with such issues, their resources were constrained.

C. A Strategy for IMF Engagement on Social Spending

A survey of Fund mission chiefs similarly revealed that social spending issues often were not discussed due to a lack of IMF expertise. Responding to recommendations from the IEO’s evaluation of The IMF and Social Protection, staff undertook extensive consultations and analyses to support a strategic framework that could guide the Fund’s engagement on social spending issues. As part of their analyses, staff conducted a survey of Fund mission chiefs. One of the main findings was that “the factors primarily holding back engagement on social spending issues are competing priorities for country analysis, availability and quality of relevant data, and availability of expertise within the team.” Separately, from consultations with external stakeholders, “there was a consensus that, because of limited resources and expertise, the Fund should refrain from taking a leading role on social spending issues, especially in terms of designing social protection schemes” (IMF, 2019c). A seemingly important task for the Fund therefore was to determine where it has expertise in this area.

The social spending strategy laid out specific steps guiding staff on when and how to engage that appeared to exclude the IMF expertise filter, though it was mentioned in other sections. The first steps were to “identify social spending issues that are macrocritical” and “understand the member’s needs and priorities with regard to the role of social spending.” Then, to “close any analytical and data gaps,” staff were instructed to “approach [International Development Institutions (IDIs)] that have deeper expertise on the relevant social spending issue.” The final step was to “formulate policy recommendations,” which could “be undertaken with [Fiscal Affairs Department (FAD)] support and should reflect discussion with IDIs where relevant.” These steps, on their own, seemingly implied that the Fund should provide policy advice when social spending issues are deemed macrocritical, without applying an additional filter. A Box on macrocriticality and in-house expertise, nevertheless, reiterated that staff is “not expected to provide specific policy advice” when a structural issue is macrocritical and the Fund lacks expertise (IMF, 2019b).

The social spending strategy discussed IMF expertise in terms of the depth of Fund policy advice. This strategy went on to describe three factors that should affect the depth of policy advice: (i) the “urgency of the issue, taking into consideration available staffing and resources,” (ii) “the authorities’ policy agenda and capacity to implement the needed policies,

31 The strategy includes an additional step, to “revisit and repeat the steps,” however this step seemingly would be taken at the beginning of future Article IV consultation cycles (IMF, 2019b).
including the potential to improve their capacity in the near term,” and (iii) “the Fund’s comparative advantage and in-house expertise to provide specific policy advice” (IMF, 2019b). Thus, the IMF expertise filter appeared to differentiate between general and specific policy advice. Additionally, this strategy mentioned that the depth of policy advice should consider “available staffing and resources,” which seemingly implied that functional department experts are not always available to support country teams.

56. Several Directors even questioned whether the IMF had sufficient expertise in two of the three potentially macrocritical areas, thereby highlighting a need for more practical guidance. More specifically, several Directors expressed a belief that assessing the efficiency and adequacy of social spending goes beyond the Fund’s expertise. The task of providing more granular guidance in these areas therefore was left to the proposed guidance note, however staff acknowledged that collaboration with other IDIs would be key (IMF, 2019a).

D. The Rise of Public and Private Digital Money—A Strategy to Continue Delivering on the IMF’s Mandate

57. The digital money strategy readily acknowledged that the Fund lacked expertise and did not propose providing policy advice in most Article IV consultations, at least until it had built sufficient internal capacity. This strategy, in contrast to the other strategies discussed here, focused on a topic that had captured the attention of country authorities only relatively recently. Accordingly, the primary emphasis of the Fund’s strategy was on building internal expertise to support its analytical foundations, capacity development, and multilateral surveillance through its flagships. Although the Fund envisaged covering digital money issues each year, in most Article IV consultations, this strategy did not appear to foresee much policy advice in Article IV consultations, at least not in the next few years.

58. Future guidance notes therefore should instruct staff on the extent of policy advice to provide, particularly when IMF expertise remains limited. Given that the Fund and international community remains in the relatively early stages of their work on digital money issues, it is understandable that the task of providing granular guidance on the coverage of digital money’s macrocritical structural issues was postponed until a future date. When that date comes, however, it will be important to equip staff with clear guidance on how to determine if the Fund has expertise on a particular digital money issue and the extent to which they should provide policy advice if that expertise is unavailable.

E. IMF Strategy to Help Members Address Climate Change related Policy Challenges: Priorities, Modes of Delivery, and Budget Implications

59. The climate change strategy similarly acknowledged a lack of IMF expertise, yet it proposed rapidly building internal capacity to support the provision of policy advice. The Fund, in recent years, had stepped up its engagement on climate change issues largely by reallocating resources and increasing the burden on existing staff. As members’ requests
continued to grow, the Fund recognized that this approach had reached its limits. Accordingly, this strategy placed substantial emphasis on building internal expertise. More specifically, this strategy noted that “the IMF needs to reinforce its workforce with additional staff to work on the nexus between macroeconomics and climate issues, and it needs to train its existing economists to increase their capacity for conducting climate-macro analysis” (IMF, 2021g).

60. The climate change strategy, nevertheless, offered limited details regarding the role of internal or external expertise in determining whether to provide policy advice. This strategy “describes a steady state that is envisaged to be reached within 3 years” whereby “Article IV consultation reports should cover climate related policies wherever climate change triggers macroritical policy challenges.” This strategy went on to provide some details regarding coverage of the three types of climate-related policy challenges: (i) climate change adaptation/resilience building, (ii) climate change mitigation, and (iii) transition management to a low-carbon economy. The only discussion in this section related to the IMF’s expertise is a sentence that stated “adaptation to climate change requires strategies to build both physical resilience—i.e., climate resilient infrastructure—and financial resilience—safeguarding the financial capacity to deal with disasters and to build resilience—with the latter firmly in the realm of the IMF’s mandate” (IMF, 2021g). Moreover, this section made no mention of drawing on external expertise for any aspect of the coverage.

61. Regardless of whether the IMF has expertise, the climate change strategy suggested the Fund should provide policy advice on macroritical issues. More specifically, this strategy barely discussed providing policy advice in an Article IV context and therefore one could have conceived of the Fund focusing primarily on analysis, while it built up expertise, similar to the digital money strategy. Upon further review, however, a box on in-depth analysis of mitigation and associated transition risks mentioned “the analysis would present options for mitigation policies, along with quantitative assessments of the emissions, fiscal, economic efficiency and macroeconomic (GDP, employment, trade) impact.” Seen in this light, we also can infer that coverage of macroritical adaptation issues would include policy advice since “in-depth coverage in Article IVs requires inter alia an assessment of country-specific climate vulnerabilities, adaptation policies, and financing needs to build resilience.” Alternatively, this strategy seemingly would be conforming to the Article IV guidance if it assumed the Fund will have expertise in each of the three areas by the time the steady state is reached. However, “given the dearth of climate-literate economists” that existed when the strategy paper was sent to the Board, ramping up internal expertise to such a level within three years seemed unlikely (Box 4) (IMF, 2021g).

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32 Later in the strategy there is a section on Partnering that noted the IMF’s collaboration with other organizations “needs to ensure that staff is aware of the activities and policy advice given by other institutions, especially in the context of bilateral engagement with country authorities” (IMF, 2021g). This sentence is the only one in the section explicitly about bilateral engagement and it offered minimal additional information about the role of external expertise in the Fund’s Article IV coverage of climate change issues.
Box 4. Building Internal Expertise

While the five strategies each laid out an approach for the Fund to enhance and increase its coverage of these (potentially) macrocritical structural issues, the additional resources they sought differed dramatically. The governance framework and social spending strategy, for example, covered topics where the Fund already had built up significant internal capacity. Accordingly, neither policy paper proposed a meaningful increase in resources. The social spending strategy, however, did foresee a need to strengthen staff’s expertise on the issues through analytical work (such as Staff Discussion Notes, Selected Issues Papers, How-to-Notes, and Technical Notes and Manuals), training to use new diagnostic tools and databases, and seminars and courses.

The digital money and climate change strategies, in contrast, proposed a substantial increase in resources. More specifically, the digital money strategy requested an additional 55 full-time equivalent (FTE) staff and experts, just before the climate change strategy requested an additional 95 FTEs to fulfill its vision. For context, total Fund-financed staff had grown by only 115 FTEs between FY2017 and FY2021, and these requests were in addition to countless others from across the Fund including 93 additional employees (FTEs and field-based employees) for the IMF Strategy for Fragile and Conflict-Affected States (IMF, 2022a). In addition to the increase in resources, both strategies also foresaw a need to strengthen substantially the expertise of both existing and new staff. The two strategies therefore outlined plans for internal training through courses, workshops, and seminars that, presumably, would be in addition to staying abreast of the Fund’s analytical work in these areas.

The gender strategy, on the other hand, already had been allocated relatively modest additional resources through the 2021 budget augmentation and therefore focused more attention on building internal capacity. For example, staff were expected to learn to use new tools and models as well as undertake training on various aspects of gender analysis. While these expectations may be reasonable, on their own, when the demands on staff are added up across these policies and others, their feasibility becomes less clear. As noted by a Director, in the Board minutes on the digital money strategy, “it is simply unrealistic to expect Fund staff to ramp up work on all of these issues all at the same time, so we will need to consider that moving forward” (IMF, 2021f).

In planning ahead, it also is illustrative to look at the Fund’s past efforts to ramp up expertise significantly on a topic. Two of the more recent efforts, in the wake of the global financial crisis, were the macroprudential policy workstream and mainstreaming of macrofinancial surveillance. On macroprudential policy, the Fund expanded its efforts substantially and became “a global thought leader in the field.” Nevertheless, the 2021 CSR “suggested that ‘lack of expertise’ and ‘competing priorities’ constrained the Fund’s progress in deepening and integrating systemic risk analysis and macroprudential policy advice in Article IV consultations, thus policy impact. Indeed, while Fund staff assembled a core team of macroprudential policy experts with deep knowledge and rich experience, the expertise across departments remained limited.” The Fund, similarly, expanded its coverage of macrofinancial issues in Article IV consultations rapidly from 24 pilot countries in 2015 to all members in 2018. Yet, the 2021 CSR “concluded that, despite previous efforts, gaps in macrofinancial analysis persisted, especially for emerging market and developing economies. Echoing an earlier evaluation by the Independent Evaluation Office (IEO, 2019), the review attributed these gaps to insufficient resources and limitations in macrofinancial expertise” (IMF, 2021e). An important lesson from these experiences therefore seems to be that there are limits to how quickly and widely the Fund can build expertise on a broad topic.

Source: Authors’ assessment.

62. Although the climate change strategy provided limited guidance on how to determine if the Fund has expertise on a particular climate change issue, it did provide some details about how the new expertise would be organized. More specifically, “‘climate hubs’ in four functional departments—FAD, [Monetary and Capital Markets Department] [Research Department], and SPR—would host a significant portion of the IMF’s climate expertise to support country teams in the conduct of Article IV consultations and [Financial Sector Assessment Programs], lead policy development, and provide [capacity development (CD)].” Additionally, “area departments would have a climate coordinator function to guide and operationalize climate work at the regional and country level, liaise with functional department
climate hubs to bring the latest tools to bear on their department’s work, feedback country experiences and common policy questions to functional departments, and help on cross-country projects.” Even though this organizational structure should make knowledge transfer and support more efficient, the strategy’s proposed additional resources only would be sufficient “to ensure that the Fund can cover most macrocritical aspects in its climate work in the steady state, while relying on other institutions where these have a comparative advantage” (IMF, 2021g).

F. IMF Strategy Toward Mainstreaming Gender

63. The gender strategy, having already been allocated relatively limited additional resources, recognized it would take time to build sufficient internal capacity. Following the COVID-19 pandemic and its impact on gender gaps, the Fund sought to recommit itself to covering macrocritical gender issues in surveillance. This strategy therefore was designed to “help IMF member countries foster resilient and inclusive economies by supporting them in addressing gender gaps and improving women’s economic empowerment.” Nevertheless, “progress [was] expected to be gradual and measured, given resource availability and the need to build an adequate knowledge base and expertise among staff” (IMF, 2022d). Thus, it seems clear from the outset that the while the Fund had built up some expertise, it still lacked expertise in at least some macrocritical gender issues.

64. The gender strategy explicitly included IMF expertise as a filter to determine whether the Fund should provide policy advice, yet it similarly provided limited guidance on how to determine if the Fund has expertise on a particular gender issue. This strategy, unlike the others, repeated verbatim the criteria for coverage of structural issues in surveillance and reproduced the tree diagram from the 2022 Guidance Note. This strategy therefore explicitly included the second filter of IMF expertise as a precondition for providing policy advice. However, like the others, the gender strategy ceased to go beyond this framework for engagement to offer any details regarding how staff should determine if the IMF has expertise on a particular macrocritical gender issue.

65. Moreover, the relatively limited, additional internal expertise would be housed in SPR, thus the extent to which the Fund should provide policy advice when IMF expertise exists but is unavailable remained unclear.33 More specifically, the organizational structure would include a centralized gender and inclusion unit in SPR, a Gender Working Group, and a Senior Gender and Inclusion Accountability Group. Although the centralized unit would be “supporting country teams to develop tailored, country-specific advice,” it is important to note that it largely would be staffed with fungible macroeconomists who are not “‘gender experts’ per se” but would develop expertise over the course of their careers (IMF, 2022d). Thus, it seemed that a relatively small number of experts initially would be responsible for overseeing the Fund’s policy advice on macrocritical gender issues.

33 While the additional four FTEs on gender from the budget augmentation were housed in SPR, existing staff that had developed expertise on gender issues were scattered across the institution.
G. Current Perceptions

66. While the Fund has attempted to explain how the concept of IMF expertise should be applied in IMF surveillance, a recent IEO survey revealed that further effort is needed to enhance clarity among Fund staff. More specifically, the results showed that a large minority of respondents (31 percent) did not agree that such a common understanding exists (Figure 6). The results also showed that most respondents (55 percent) did not agree that there was clear guidance to IMF staff, at the institutional level, regarding how to determine whether the IMF has expertise regarding an issue (Figure 7). Once again, the results suggested that the perception of a common understanding and clear guidance decline the longer someone works at the Fund. Additional policy papers and guidance notes therefore may not be sufficient to enhance clarity among Fund staff.

![Figure 6. Common Understanding of IMF Expertise](chart1.png)

**Figure 6. Common Understanding of IMF Expertise**
To what extent do you agree that most people working for the IMF have a common understanding of how the concept of IMF Expertise should be applied in IMF surveillance?

- **Strongly Agree**
- **Agree**
- **Disagree**
- **Strongly Disagree**

Source: IEO survey of Fund staff.

![Figure 7. Clear Guidance on IMF Expertise](chart2.png)

**Figure 7. Clear Guidance on IMF Expertise**
To what extent do you agree there is clear guidance to IMF staff at the institutional level regarding how to determine whether the IMF has expertise regarding an issue in IMF surveillance?

- **Strongly Agree**
- **Agree**
- **Disagree**
- **Strongly Disagree**

Source: IEO survey of Fund staff.

67. Interviews with Fund staff revealed a similar lack of clarity regarding the concept of IMF expertise. Multiple interviewees, for example, acknowledged the Fund’s efforts to hire specialist economists and develop expertise in new areas but expressed concerns about the slow progress and the high demand for specialized knowledge. Accordingly, Fund staff offered mixed perceptions regarding the cooperation between area and functional departments, with some
mission chiefs having been pleased with the support they received while others faced challenges due to limited resources. Interviewees also explained that the addition of new topics has strained country desks, as they seek to build expertise in these areas and learn to employ new analytical tools on top of their previous responsibilities.

68. **Separately, several Directors articulated concerns with how the concept of IMF expertise has been applied in Fund surveillance.** More specifically, in interviews, several Directors expressed a concern that the Fund was providing detailed policy advice in areas where it lacked sufficient expertise. They also were worried that the Fund’s increased efforts on these structural issues were impacting the quality of the Fund’s analysis and policy advice in its core areas. Accordingly, several Directors suggested the Fund should not provide policy advice in areas where it lacks expertise, echoing the 2022 Guidance Note. These interviewees called for greater clarity on how the Fund plans to develop internal expertise as well as collaborate with other international organizations, such as the World Bank.34

### H. Assessment

69. **The 2022 Guidance Note redesigned the criteria for coverage of structural issues, however it left open two important questions.** First, how should staff determine if the Fund has expertise on a particular structural issue? And second, to what extent should staff provide policy advice when Fund expertise exists but supply is lacking?

70. **On the first question, this paper demonstrates a lack of clarity regarding how staff should determine if the Fund has expertise on a particular structural issue.** While the five strategies made a concerted effort to clarify an understanding of macrocriticality, they all were sorely lacking in offering practical guidance to staff on how to determine if the Fund has expertise on a particular macrocritical issue. The subsequent analytical work and guidance notes also left this question largely open. For example, the How-To Note on operationalizing IMF engagement on social spending did not provide any additional guidance regarding IMF expertise. The 2022 Guidance Note, meanwhile, included a specific subsection dedicated to climate change yet offered minimal additional information regarding the questions surrounding whether the IMF has expertise.35 More recently, the interim guidance note on mainstreaming gender did provide some additional clarity on where the IMF has expertise and how to engage

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34 The accompanying background paper, “Toward an IMF Framework for Engagement with Partners,” examines the Fund’s engagement with other international organizations on several structural issues (Abrams and Rustumjee, 2024).

35 In fact, there appears to be only one related sentence which noted that, “as in other surveillance topics, Article IV consultations should focus on policies where the Fund has expertise” (IMF, 2022b).
when it does not. However, even in this case, clearer guidance likely is needed to support greater consistency in when the Fund provides policy advice.

71. **On the second question, this paper demonstrates a lack of clarity regarding the extent to which staff should provide policy advice when Fund expertise exists but supply is lacking.** While the five strategies provided some discussion about where expertise will reside in the Fund and how it will be organized, they also made it clear, at least implicitly, that the Fund’s expertise was lacking on some issues or unavailable in some instances. Nevertheless, the strategies and subsequent guidance notes offered minimal practical guidance on whether and how to proceed with policy advice on such occasions.

72. **Additionally, the five strategies raised a question regarding whether the second filter should be applied at all.** The governance framework and climate change strategy, for example, implied that the Fund should provide policy advice when their respective issues are deemed macrocritical, independent of whether the IMF has expertise. The social spending strategy, meanwhile, appeared to use the expertise filter to differentiate between general and specific policy advice. In other words, the Fund should provide general policy advice when a social spending issue is deemed macrocritical and it lacks expertise, and reserve specific policy advice for instances where it has expertise regarding a macrocritical social spending issue. As for gender issues, although the strategy paper mentioned the expertise filter explicitly, the interim guidance note implied that the expertise filter once again should be used to differentiate between general and specific policy advice.

### IV. **How the Depth and Frequency is Determined**

#### A. Relevance, Severity, and Urgency

73. **The 2021 CSR recommended the criteria of “relevance, severity, and urgency” to determine the depth and frequency of Fund engagement on structural issues, however the 2022 Guidance Note only adopted these criteria as a third filter to determine the depth.** The 2015 Guidance Note stated that not all macrocritical issues are expected to be covered in the same depth in every Article IV consultation. Thus, while the first two filters determine whether the Fund should engage and provide policy advice, the determination of how deep that coverage should be requires a different filter. The 2021 CSR proposed a set of criteria and relevance, severity, and urgency were adopted as the third filter in the 2022 Guidance Note.

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36 Specifically, “establishing the link of education gaps and productivity and quantifying the macroeconomic impact of reducing the gaps is part of the IMF’s expertise. However, designing education systems or creating incentives for girls to attend school require sectoral knowledge outside the scope of IMF’s expertise. Staff can point to the strong link between lower gender-based violence and development, and the benefits of abolishing harmful traditional practices for the macroeconomy but will not have the expertise to provide tailored advice on how to address these issues” (IMF, 2024).

37 Specifically, it stated that “[c]ivil society organizations, think tanks, academics, trade unions, bilateral development partners and foundations, and international organizations can help IMF teams translate policy advice on gender into effective, more tailored policy action and deepen country ownership” (IMF, 2024).
74. **The 2022 Guidance Note did not establish a fourth filter to determine the frequency of Fund engagement on structural issues.** The 2015 Guidance Note also stated that "every [macrocritical] issue does not need to be included in every report." Thus, while the first three filters determine whether and how the Fund should engage, the determination of when that coverage should take place and how often requires a different filter. While the 2022 Guidance Note did not specify a fourth filter for all structural issues, it did contain a couple options. First, the 2022 Guidance Note stated that "the frequency of engagement [on macrocritical climate issues] would depend on both the severity of the policy challenge and the pace at which it evolves." Thus, somewhat like the third filter, the frequency of coverage broadly could depend on the severity and urgency of each macrocritical issue. Second, in a separate section, the 2022 Guidance Note mentioned that "selectivity is critical, and the focus should be informed by the individual members’ circumstances." While individual members’ circumstances are another option, as we discuss in the next section, this filter would raise questions about the uniformity of treatment.

75. **These third and fourth filters left open three important questions regarding the depth and frequency of Fund engagement on structural issues.** First, how should staff determine the relevance, severity, and urgency of a macrocritical structural issue, both independently and relative to others? The 2022 Guidance Note did not provide any additional details on how these criteria should be defined or assessed. Second, what are the different depths of engagement? The 2022 Guidance Note differentiated between in-depth coverage and updates on recent developments or references to previous reports but did not go deeper, e.g., to describe what in-depth coverage entails. And third, how should staff determine when and how often to engage on a macrocritical structural issue? Absent a specific filter, decisions on when and how often to engage will remain ad hoc.

B. **The Five Strategies**

76. **The notion that the Fund’s engagement on issues can have different depths and frequencies has been recognized within the Fund for at least the past decade, however the concepts have been applied to various aspects of Article IV consultations.** The 2014 TSR linked the concept of “depth” to whether the Fund’s coverage included specific policy advice. Subsequently, Fund documents referred frequently to the term “depth,” though often representing different conceptions of the term. The five strategies discussed here, for example, refer to the depth of “coverage,” “policy advice,” “analysis,” and “discussions.” Meanwhile, the 2015 Guidance Note linked the terms “frequency” and “timing” to when and how often members Article IV consultations were expected to occur. Subsequently, Fund documents have used these terms in reference to when and how often the Fund should engage on structural issues.

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38 The 2022 Guidance Note, meanwhile, stated that “the ISD requires [macrocritical issues] to be discussed in Article IV consultations to the extent the Fund has expertise.”
77. **The governance framework offered limited details about the depth of engagement yet provided criteria as a filter to determine the frequency of engagement.** More specifically, it concluded that “a determination would need to be made as to when and how frequently a comprehensive discussion of the issue should take place within a medium-term surveillance strategy for the country (normally within three years). This determination would be based primarily on the urgency of the problem in terms of its impact on balance of payments or domestic stability, in addition to a country’s specific circumstances and other competing policy issues” (IMF, 2018b). Thus, there did not appear to be any variation in the envisaged depth of engagement. The criteria to determine the frequency of engagement, in contrast, provided for substantial flexibility within the medium-term surveillance strategy. Directors, in the Summing Up, “supported the flexibility in the timing of the inclusion of these issues—where warranted—in Article IV consultations, in line with the approach taken for other long-term issues” (IMF, 2018c).

78. **The social spending strategy, in contrast, provided criteria as a filter to determine the depth of engagement yet offered limited details about the frequency of engagement.** More specifically, this strategy noted that “not every [macrocritical] issue needs to be covered in-depth in every staff report, and issues can be prioritized and analyzed over multiple surveillance cycles.” Further, it stated that “the depth of the policy advice should reflect”: (i) the “urgency of the issue, taking into consideration available staffing and resources;” (ii) “the authorities’ policy agenda and capacity to implement the needed policies;” and (iii) “the Fund’s comparative advantage and in-house expertise” (IMF, 2019b). While these criteria could help staff determine the depth of policy advice, this strategy did not clarify what the different depths of coverage entail. Moreover, this strategy did not clarify how staff should determine when to engage over multiple surveillance cycles.

79. **The digital money strategy, meanwhile, offered limited details about the different depths of engagement and did not discuss a filter to determine either the depth or frequency of engagement.** This strategy envisaged coverage of digital money issues in one-half to two-thirds of countries per year in the steady state, which was “expected to be reached in about 3 years.” Further, this strategy entailed coverage varying between a full-fledged analysis and a narrow review, with light coverage on average (IMF, 2021e). While these details on the different depths of coverage were helpful in clarifying that the provision of policy advice is not expected, this strategy did not explain how staff should determine where their depth of coverage should fall between a full-fledged analysis and narrow review.

80. **The climate change strategy, alternatively, provided details about the different depths and frequency of engagement yet did not offer a filter to guide staff in making such determinations.** This strategy proposed resources that would allow the Fund to cover adaptation and resilience building at least once every three years in the 60 most vulnerable countries, which were identified in IMF (2019d). Further, half of these Article IV consultations would feature in-depth coverage, supported by the Climate Macroeconomic Assessment.
Program (CMAP). Separately, the proposed resources would support covering transition management in 33-34 Article IVs per year so that “most of the IMF’s membership [would be covered] over a time horizon of 5-6 years.” Of those 33-34 Article IVs, 8-9 were expected to feature in-depth coverage while the other 25 entailed “a more standardized methodology” (IMF, 2021g). While this strategy differentiated between two types of depth, it was not clear to what extent either type of engagement would include analysis, discussion, or policy advice. Similarly, while this strategy differentiated between two frequencies of coverage, it was not clear how staff should determine when to engage within the different time horizons.

81. The gender strategy, lastly, adopted the third filter and provided new terminology to describe different depths of engagement, however it did not offer details on the frequency of engagement nor a filter to guide staff in making such determinations. This strategy, as noted previously, repeated verbatim the criteria for coverage of structural issues in surveillance and therefore explicitly included the third filter of relevance, severity, and urgency to determine the depth of coverage. Yet this strategy also noted that a trade-off exists between the depth and breadth of coverage, i.e., between “more in-depth coverage of a few countries ... or broader but shallower coverage.” To clarify these different depths of coverage, this strategy introduced two new terms, i.e., “deep dives” and “light touches.” Deep dives involved “integrating gender into the fiscal, financial, and structural analyses and core policy discussions, as per the vision of mainstreaming gender,” whereas light touches entailed “analysis of selected gender issues, typically related to one sector or topic.” These light touches seemingly would fulfill “a signaling role of the Fund on the importance of the issue.” Given resource constrains, this strategy envisaged expanding the number of deep dive cases from 2 countries in FY2023 to 3 countries in FY2025, with the number of light touches rising from 9 countries to 15 countries over the same period. This baseline scenario, however, offered limited guidance on determining when or how often to engage in a particular country since gender gaps are “macrocritical for many members” (IMF, 2022d).

82. More recently, staff published an interim guidance note on mainstreaming gender that added additional layers to these new concepts. It “delves into further specifics on how integration can evolve and deepen over time starting from initial conversations with the

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39 The CMAP is meant to provide “a full, granular assessment of [country-specific climate vulnerabilities, adaptation policies, and financing needs to build resilience].” The CMAP technically is part of the Fund’s capacity development and would be “conducted outside of the Article IV consultation cycle” (IMF, 2021g).

40 The background paper for the gender strategy, while discussing the terms, referred to broader coverage as “light dives,” i.e., “broader coverage—light dives—envisages analysis of selected gender issues, typically related to one sector or topic” (IMF, 2022d). To enhance clarity of the terms, we suggest that the Fund adopt one specific form of the term and use that form consistently across all Fund documents. We adopt that practice in this paper by using the term “light touch” and “light touches” throughout.

41 This strategy paper noted that “the steady state—when gender is fully mainstreamed—will likely only be reached beyond the three-year timeframe of the medium-term budget framework” (IMF, 2022d). This approach differed from the other strategies discussed here, which expected to reach their steady state within three years.
authorities on gender (‘conversation starter’) to conducting gender-focused analysis (‘light touch’) to completing a ‘deep dive’.“ The taxonomy therefore was “intended as a continuum of more integrated coverage of macrocritical gender issues in policy discussions” (Figure 8) (IMF, 2024).

**Figure 8. Taxonomy of Light Touches and Deep Dives**

![Diagram showing the taxonomy of light touches and deep dives](image)

In all cases: the analysis of macro-critical gender issues is integrated in policy discussions

Source: IMF (2024).

**C. Current Perceptions**

83. **While the Fund has endeavored to clarify how the concept of depth should be applied in surveillance, this paper found that further effort is needed to enhance clarity among Fund staff.** More specifically, results from the IEO’s survey showed that most respondents (nearly 60 percent) did not agree that there was clear guidance regarding how to determine the relevance, severity, and urgency of a macrocritical issue (Figure 9). Interviews with Fund staff separately revealed that the decision to conduct a light touch rather than a deep dive were based, at times, on a lack of access to the Fund’s expertise, a lack of adequate data and indicators, or a country authority’s willingness to engage.

**Figure 9. Clear Guidance on Depth of Coverage**

To what extent do you agree there is clear guidance to IMF staff at the institutional level regarding how to determine the following conditions in IMF surveillance?

![Survey results on clear guidance](image)

Source: IEO survey of Fund staff.
D. Assessment

84. **The 2022 Guidance Note adopted criteria for the third filter but not the fourth and thereby left open three important questions.** First, how should staff determine the relevance, severity, and urgency of a macrocritical structural issue, both independently and relative to others? Second, what are the different depths of engagement? And third, how should staff determine when and how often to engage on a macrocritical structural issue?

85. **On the first question, this paper demonstrates a lack of clarity regarding how staff should determine the relevance, severity, and urgency of a macrocritical structural issue.** As expected, this third filter was not covered in any of the four specific strategies that were completed before this filter was established. However, of those four strategies, only the social spending strategy even discussed an approach to determining the depth of engagement. The gender strategy, which was completed after the 2022 Guidance Note, repeated the third filter verbatim yet offered no additional details on how to define or assess these criteria. This lack of details is reflected in the IEO survey, where most respondents did not believe that clear guidance existed on how to assess these criteria in surveillance.

86. **On the second question, this paper demonstrates a lack of clarity regarding the different depths of engagement.** Only three of the five strategies discussed different depths of engagement and two of those strategies offered limited details about the different types of depth. More specifically, the digital money strategy differentiated between a full-fledged analysis and narrow review while the climate change strategy differentiated between in-depth coverage and a more standardized methodology. The gender strategy, in contrast, attempted to clarify this matter by creating new terminology, i.e., "deep dives" and "light touches," and detailing their distinctions, but still allowed for significant variation among the two options. While the interim guidance note on mainstreaming gender provided "a more step-by-step approach for country teams on how to implement light touch and deep dive coverage," it remains unclear to what extent this taxonomy could be applied to other structural issues (IMF, 2024).

87. **On the third question, this paper demonstrates a lack of clarity regarding how staff should determine the frequency of engagement.** Only three of the five strategies discussed the frequency of engagement and two of those only offered high-level guidance on the number of years within which the Fund should engage. More specifically, the social spending strategy established an expectation that macrocritical issues would be covered over multiple surveillance cycles while the climate change strategy outlined different expectations for the coverage of adaptation and resilience building (i.e., every 3 years) relative to that of transition management (i.e., every 5-6 years). The governance framework, in contrast, established criteria to determine the frequency of engagement that included the urgency of the problem, a country’s specific circumstances, and other competing policy issues. While these criteria could serve as the fourth filter, it seems unlikely that they could be applied in a manner consistent with the uniformity of treatment principle.
Whether or not the Fund establishes a filter to determine the frequency of coverage, it will be important to ensure the interdepartmental review process is consistent with Article IV guidance to avoid a checklist mentality. While the Board, management, and staff appeared to share a view that every macrocritical issue does not need to be included in every Article IV report, interviews conducted for this evaluation revealed a general pressure from the interdepartmental review process to cover specific areas in every report. An analysis of Article IV staff reports lends support to this perception since nearly all reports covered governance, social spending, and climate change issues, at least to some extent, in the last two years of our data (Figure 10). Overcoming this perceived checklist approach therefore may require a concerted effort by the Board, management, and staff reviewers not to create an expectation of coverage, independent from a review of past Article IV reports and planned future examinations.

Figure 10. Coverage of Structural Issues in Article IV Staff Reports
(In percent of Article IV Consultations)

Source: IEO staff calculations.
Note: This chart shows the percentage of Article IV staff reports containing at least three paragraphs covering each particular issue. The analysis utilizes the Fund Document Extraction Tool (FDET) developed by the Information Technology Department. This chart covers all 1,192 Article IV reports available in FDET for the period 2012–22.

42 There are different interdepartmental review processes for country work, policy work and Staff Discussion Notes, and multilateral surveillance products. The steps in the process for country work, which includes Article IV staff reports, broadly are as follows: (i) early engagement with SPR (and other relevant departments) to “help ensure that all relevant topics ... will be covered in the draft that is sent for review;” (ii) formal interdepartmental review, where reviewers produce comments that are focused on the areas for which their department has responsibility; (iii) clearance by SPR, of the revised document, to ensure the main comments have been addressed; and (iv) management review and clearance, “to mediate key departmental differences, make judgment calls on options, and, ultimately, to obtain management endorsement of the report” (IMF, 2023d).
V. HOW UNIFORMITY OF TREATMENT IS ASSESSED

A. A New Approach to Assessing Evenhandedness

89. **Traction of the Fund’s policy advice, which is a main objective of its surveillance, partially depends on the extent to which members believe the Fund’s treatment is uniform, i.e., evenhanded.** This objective of “uniformity of treatment” has been operationalized via the concept of “evenhandedness.” More specifically, the ISD stated that the Fund “will be evenhanded across members, affording similar treatment to members in similar relevant circumstances.” When the Board approved the ISD, the accompanying Board minutes reflected a concern about the extent to which Fund surveillance could be applied consistently, i.e., in an evenhanded manner, while maintaining sufficient flexibility to adapt to country-specific circumstances (IMF, 2012b).

90. **A 2014 IEO report stressed that an apparent lack of evenhandedness was a perennial issue for Fund surveillance, due in part to difficulties defining and assessing it.** The IEO’s 2014 report on *Recurring Issues from a Decade of Evaluation: Lessons for the IMF* highlighted that “lack of evenhandedness, whether real or perceived, has been flagged by 18 findings across 10 evaluations, from one of the earliest to the latest.” This report acknowledged that “evenhandedness is another difficult concept to define and measure,” yet noted “past IEO evaluations have found asymmetry of treatment in three areas”: (i) analysis, (ii) influence, and (iii) candor. This evaluation concluded that a lack of evenhandedness remained a concern for the Fund and “suggest[ed] that greater transparency in the Fund’s work may be part of the solution” (IEO, 2014).

91. **Shortly thereafter, as part of the 2014 TSR, the Fund published an external study of the evenhandedness of Fund surveillance that raised similar concerns and called for a new approach to assessing evenhandedness.** This study noted that “the importance of evenhandedness to surveillance stems from the fact that the IMF is seeking to persuade countries to follow its policy advice. If a country questions the legitimacy of the IMF, or believes it is not being evenhanded in its scrutiny of countries’ policies and the advice that is provided, it will be less receptive to the Fund’s advice.” Moreover, this study recognized that “there does not appear to be an established definition as to what constitutes evenhanded surveillance.” To address this lack of clarity and the persistent perceptions of a lack of evenhandedness, this study recommended “providing more elaboration in the staff guidance note on surveillance” with an emphasis “on ensuring that the ‘inputs’ to the surveillance process are evenhanded: that is every decision taken during surveillance is sound, analytically robust and free from any bias” (IMF, 2014a).

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43 The specific notion of uniform treatment was mentioned at least as far back as the 2002 Guidelines on Conditionality, which state that “the Fund will ensure consistency in the application of policies relating to the use of its resources with a view to maintaining the uniform treatment of members.” (IMF, 2002).

44 This external study mentions the term “even-handed” with a hyphen, which departs from the practice of not including a hyphen in many other Fund documents (IMF, 2014a). To enhance clarity of the concept, we suggest that the Fund adopt one specific form of the term and use that form consistently across all Fund documents. We adopt that practice in this paper by using the term “evenhanded” throughout.
The Board endorsed the 2014 TSR’s recommendation to adopt an input-based approach to assessing evenhandedness, yet numerous Directors stressed that surveillance outputs remained the main source of concern. The 2014 TSR concurred with the external study that “establishing a clearer understanding of how to gauge the ‘evenhandedness of Fund surveillance’ would be an important step forward in tackling the problem.” Accordingly, it adopted the recommendation for “a new approach to assessing evenhandedness based on the ‘inputs’ or the way surveillance is conducted, rather than simply the ‘outcomes’ from surveillance.” Inputs to surveillance, in this case, referred to the resources, such as the number and experience of staff, as well as the depth of analysis. Meanwhile outcomes from surveillance, which seemingly are referred to interchangeably with “outputs,” referred to the particular policy advice and the way it is presented (IMF, 2014b). Directors endorsed the review, yet the Summing Up mentioned that “a number of Directors saw a need to pay even greater attention to the outputs of surveillance, noting that differences in Fund advice for countries with similar characteristics are the main source of concerns” (IMF, 2014c).

B. The Evenhandedness Framework

Building on the 2014 TSR, management and staff proposed a framework for addressing concerns related to the evenhandedness of Fund surveillance. Despite Directors concerns regarding an approach to evenhandedness based on “inputs,” management and staff followed up on the 2014 TSR’s recommendation with a proposed framework that included principles and a mechanism for addressing concerns related to the evenhandedness of Fund surveillance. This framework stated that “articulating clear principles to underpin this [risk-adjusted input-based] approach will be essential to form a common understanding of what it means to be evenhanded in surveillance” (IMF, 2016b). The three principles that the framework articulated are as follows:

(i) Principle 1: The resources allocated for surveillance should be adjusted to reflect countries’ individual and/or systemic risk factors.

(ii) Principle 2: Policy advice should reflect sound, objective analysis tailored to country circumstances, including the choice of issues analyzed, depth of analysis, and analytical approaches and tools.

(iii) Principle 3: Engagement with authorities and other stakeholders, and the presentation of analysis and advice should reflect the Fund’s role in supporting the membership, its responsiveness to authorities’ needs, and a fair and balanced representation of their views.

While the evenhandedness framework shifted the focus on surveillance outputs to inputs, it also potentially shifted the way the Fund defines evenhandedness. More specifically, this framework noted that “the principle of ‘uniformity of treatment’ provides a guide for evenhanded surveillance—not that members be treated identically, but that members in similar circumstances should be treated similarly” (IMF, 2016b).
Thus, this framework left open two important questions regarding the evenhandedness of Fund engagement. First, how should staff determine which “similar circumstances” are relevant when assessing evenhandedness? The definition of evenhandedness in this framework departed slightly from the one contained in the ISD, which specifically stated “similar relevant circumstances.” This omission raised an important question because the overall circumstances facing every individual member country are unique, at least to some extent. So, in principle, an approach that excludes a relevance filter could imply that any pair of countries could be treated differently and still meet the evenhandedness criteria. On the other hand, with the narrower relevance filter, different treatment among the same two countries on a specific policy would be evenhanded only if there are differences in relation to the aspects relevant to that specific policy. The degree to which staff judges a broad or narrow range of similar circumstances to be relevant thereby tilts the scales either toward greater country-specificity or more uniformity. Second, to what extent does the application of risk-adjusted inputs lead to outputs that both are and are perceived to be uniform in treatment? In the framework’s Summing Up, Directors “emphasized that the ‘outputs’ of surveillance—effectively, the Fund’s policy analysis and advice as well as their presentation—should continue to be the primary basis for gauging evenhandedness” (IMF, 2016a). This statement reflected a concern that the application of evenhanded risk-adjusted inputs to surveillance, nevertheless, could result in outputs of surveillance that either are or are perceived to lack adherence to the principle of uniformity of treatment.

C. The Five Strategies

The five strategies each referred to the goal of making surveillance evenhanded, yet they rarely referred to the input-based approach or offered practical guidance to staff on how to ensure countries are treated evenhandedly. The lack of granular guidance seemingly was less of a concern for the governance framework and gender strategy since centralized units, in coordination with Area departments, would be responsible for making judgments regarding when and how to address macrocritical issues in each respective area.

45 For example, the governance framework called for “a centralized, institutional process to ensure that similarly-situated countries (in terms of their governance vulnerabilities) are treated similarly in the context of both surveillance and the use of Fund resources” (IMF, 2018b). In this context, a country’s region or income level seemingly would be largely irrelevant to the assessment of governance vulnerabilities. Nevertheless, as part of the review of the 1997 guidance note, many Fund mission chiefs expressed a view that the Fund lacked evenhandedness in addressing governance vulnerabilities either because “the Fund was more lenient towards countries from certain regions” or it “tended to overlook corruption problems in countries from upper income groups, in particular, in advanced economies.” Country authorities similarly cited a “lack of discussion of corruption in advanced economies” as being indicative of a lack of evenhandedness (IMF, 2017). These perceptions would be reflective of a formal lack of evenhandedness only if a narrower relevance filter is applied so that similar governance vulnerabilities would require similar treatment irrespective of the regions and income levels.

46 “Risk-adjusted,” in this case, refers to inputs that account for “risks to a country’s own domestic and external stability, as well as global economic and financial stability” (IMF, 2016b).
Nevertheless, it’s notable that the governance framework aimed “to ensure that similarly-situated countries (in terms of their governance vulnerabilities) are treated similarly” whereas the gender strategy suggested “countries in similar circumstances should be treated in a similar manner, considering domestic and cross-country risks, resource constraints, the availability of analytical tools and data, and coverage of different policy themes.” The lack of granular guidance for the social spending and digital money strategies, on the other hand, could pose greater challenges for ensuring evenhanded treatment of countries in surveillance. More specifically, these strategies largely relied on a bottom-up approach to determining when and how to address macrocritical issues in each respective area. The evenhandedness of treatment across countries therefore, to a much greater extent, relied on the consistent judgments of independent country teams and/or individual reviewers. For this reason, subsequent guidance notes were expected to add sufficient details to ensure an adequate balance between establishing uniformity of treatment and adapting to country-specific circumstances.

D. The 2022 Guidance Note

97. The 2022 Guidance Note clarified the earlier omission of the term “relevant” and suggested a broad approach to determining whether specific country circumstances are relevant for assessing evenhandedness. More specifically, the 2022 Guidance Note stated that “relevant country circumstances can include, but are not limited to, the income level, fragility and vulnerability of the members, institutional capacity, data adequacy, and whether the country member is engaged in Fund-supported programs or is a member of a currency or other economic union.” While this formulation of the evenhandedness concept helped reconcile the omission of the term “relevant” in other instances, it did not offer staff any practical guidance on how to determine which of those country circumstances is relevant for assessing evenhandedness on a specific issue.

98. The 2022 Guidance Note also provided additional details to encourage greater consistency of surveillance inputs yet left open the earlier question regarding the extent to which risk-adjusted inputs lead to treatments that lack uniformity. In particular, the 2022 Guidance Note mentioned that risk-adjusted inputs “could include choices about: (i) the focus of resources; (ii) the depth of risk and spillovers analysis; (iii) the analytical approaches and tools; (iv) the selection of policy themes; and (v) the approach to contentious issues.” These choices, nevertheless, implied that the Fund could evenhandedly differentiate its policy advice between countries facing similar circumstances, solely based on the issue being more contentious with one country’s authorities. Country authorities’ and Directors’ persistent concerns about a lack of evenhandedness suggest that such differentiated outputs would at least be perceived as failing to adhere to the principle of uniformity of treatment.

99. A memo circulated by the First Deputy Managing Director in April 2023 acknowledged that evenhanded surveillance of emerging priority topics was a source of potential reputational risk to the Fund and provided interim guidance on surveillance in “emerging policy areas.” This interim guidance note reminded staff that “uniformity of
treatment in surveillance does not mean that all macrocritical issues will be covered in the same depth in every Article IV consultation for all members” but rather “in-depth coverage may occur only over the medium-term.” Further, it stated that “existing and prospective CD activities are an important consideration for in-depth examination in Article IV surveillance.” This note also acknowledged that “it will be challenging to align the timing of in-depth coverage of emerging priority topics in all countries in similar circumstances during the ramp-up phase,” which further strengthened the need for country teams to develop plans to cover these issues in depth over the medium term and manage expectations of the membership and the broader public (IMF, 2023a).

E. Current Perceptions

100. While the Fund evidently sought to clarify how the concept of evenhandedness should be assessed in surveillance and to promote a consistent use of risk-adjusted inputs, a recent IEO survey suggested a lack of evenhandedness exists in conducting the macrocriticality test across several structural issues. Following the Fund’s new approach to assessing evenhandedness, the IEO survey asked Fund staff to assess the extent to which certain “inputs” were conducted in an evenhanded manner across specific structural areas. The survey results broadly suggested that the macrocriticality test has not been conducted in an evenhanded manner across these structural areas. More specifically, the results showed that while most respondents (70 percent and 64 percent, respectively) believed the macrocriticality test was conducted in an evenhanded manner regarding social spending and digital money issues, only a large minority (39 percent) believed the same was true regarding gender issues (Figure 11). As for governance and corruption as well as climate issues, respondents essentially were split on whether the macrocriticality test was conducted in an evenhanded manner.

![Figure 11. Evenhandedness of Macrocriticality Test](image)

**Figure 11. Evenhandedness of Macrocriticality Test**

To what extent do you agree that the macrocriticality test was conducted in a manner consistent with the uniformity-of-treatment principle (i.e., evenhandedness) in the following areas?

- Governance and Corruption
- Social Spending
- Climate
- Digital Money
- Gender

Source: IEO survey of Fund staff.

101. The survey results also broadly showed that the determination of whether the IMF has expertise has not been conducted in an evenhanded manner across these structural areas. More precisely, the results showed that while most respondents (71 percent and 64 percent, respectively) believed the determination of IMF expertise was conducted in an
evenhanded manner regarding social spending and digital money issues, only a large minority (30 percent and 38 percent, respectively) believed the same was true regarding gender and climate issues (Figure 12). As for governance and corruption issues, respondents were relatively split on whether the determination of IMF expertise was conducted in an evenhanded manner.

Figure 12. Evenhandedness of IMF Expertise Determination
To what extent do you agree that the determination of whether the IMF has expertise was conducted in a manner consistent with the uniformity-of-treatment principle (i.e., evenhandedness) in the following areas?

Source: IEO survey of Fund staff.

102. Interviews with Fund staff revealed a similar lack of clarity regarding the concept of evenhandedness. More specifically, interviewees acknowledged difficulties with assessing evenhandedness given the number of different factors that inform their decisions on when and how to engage on structural issues.

F. Assessment

103. The evenhandedness framework established a new input-based approach to assess evenhandedness, however, it left open two important questions. First, how should staff determine which “similar circumstances” are relevant when assessing evenhandedness? And second, to what extent does the application of risk-adjusted inputs to surveillance lead to outputs that both are and are perceived to be uniform in treatment?

104. On the first question, this paper demonstrates a lack of clarity regarding the extent to which a country’s circumstances are relevant to a particular macrocritical issue in the context of assessing evenhandedness. The governance framework, for example, expressed a relatively narrow interpretation of similar circumstances that emphasizes the “relevant” component, whereas the gender strategy reflected a relatively broad interpretation of the phrase that seemingly omitted the notion of relevance. The 2022 Guidance Note, meanwhile, articulated a relatively broad interpretation of the term “relevant.” Thus, the determination of whether specific country circumstances are relevant to a macrocritical issue was left to staff’s judgment.
105. **On the second question, this paper demonstrates a lack of clarity regarding the extent to which the application of risk-adjusted surveillance inputs leads to surveillance outputs that both are and are perceived to be uniform in treatment.** In the Board minutes for the 2014 TSR and the evenhandedness framework, numerous Directors questioned whether an input-based approach could address persistent perceptions of a lack of evenhandedness effectively. Accordingly, Directors “emphasized that the ‘outputs’ of surveillance ... should continue to be the primary basis for gauging evenhandedness” (IMF, 2016a). This paper’s review of Fund documents and interviews suggests that efforts to establish a clearer gauge of evenhandedness using an input-based approach have been relatively unsuccessful so far, in terms of both ensuring consistency of inputs as well as reducing perceptions that Fund engagement is uniform in treatment.

**VI. CONCLUSIONS AND NEXT STEPS**

**A. Main Findings**

106. **This paper finds that a lack of clarity persists regarding key elements used to operationalize the Fund’s evolving surveillance mandate.** The ISD, in a sense, held the door open for an evolution of “the substantive issues on which the IMF engages more systematically with its member countries” (Georgieva and Weeks-Brown, 2023). The Board, management, and staff have gone to great lengths, since then, to enhance clarity of vague terms and concepts. These vague terms and concepts, nevertheless, could be viewed as a form of “strategic ambiguity” that allows the Fund considerable discretion in determining how its legal mandate is operationalized. This persistent tension between retaining flexibility, in when and how the Fund engages, and ensuring consistency, in the application of that engagement, has led to a lack of clarity in five key elements.

107. **First, there is a lack of clarity regarding how the concept of macrocriticality should be applied in Fund surveillance.** The concept of “macrocriticality” serves two competing purposes: (i) to enable the application of Fund surveillance to evolve over time without any explicit limits; and (ii) to limit the application of Fund surveillance to structural policies and issues that meet certain criteria. This concept works relatively well for the first purpose, as it provides a relatively low hurdle for the Fund to illustrate why it should engage on certain structural issues. More specifically, it seems there simply needs to be evidence in the economic literature that a structural issue could have a significant economic impact in the future, either directly or indirectly, through channels such as social or political instability. This concept, on the other hand, doesn’t work as well for the second purpose. The Board, management, and staff frequently have noted the difficulty in establishing clear, objective criteria for assessing macrocriticality as well as the lack of clear guidance to aid staff in determining whether a particular structural issue is macrocritical in a particular country. Thus, it seems further efforts will be needed to enhance clarity about how to determine if a structural issue is macrocritical, the time horizon(s) to consider when making such assessments, and the extent to which coverage of macrocritical issues is required.
108. **Second, there is a lack of clarity regarding how the concept of IMF expertise should be applied in Fund surveillance.** The concept of “IMF expertise” serves two competing purposes: 1) to enable the Fund to include more general policy advice in Article IVs as it sees fit, thereby permitting more flexibility; and 2) to limit the Fund’s ability to include more specific policy advice in Article IVs, thereby promoting more consistent and higher quality policy advice. This concept also works relatively well for the first purpose, as it similarly provides a relatively low hurdle for the Fund to illustrate why it should provide policy advice on certain structural issues. More specifically, it seems there simply needs to be some expertise at the Fund on the broader structural area, independent of whether that expertise is available to a particular country team. This concept, on the other hand, doesn’t work as well for the second purpose. The five strategies, as well as subsequent analytical work and guidance notes, have yet to offer clear guidance to staff on how to determine if the Fund has expertise on a particular macrocritical issue. Additionally, even when the IMF has expertise on a particular issue, staff noted that the Fund’s experts frequently were unavailable to support Article IV consultations due to other Fund activities taking precedence. Thus, it seems further efforts will be needed to enhance clarity about how to determine if the Fund has expertise on a particular structural issue and the extent to which staff should provide policy advice when that expertise exists but is unavailable.

109. **Third, there is a lack of clarity regarding how to determine the depth and frequency of Fund engagement on macrocritical structural issues in surveillance.** The filters for the depth and frequency of Fund engagement serve two competing purposes: (i) to permit flexibility in how the Fund engages on macrocritical structural issues, thus allowing resources, risks, and country circumstances to play a role; and (ii) to make how the Fund engages on macrocritical structural issues more consistent, thereby ensuring greater uniformity of treatment. These filters similarly work relatively well for the first purpose, as they provide a relatively low hurdle for the Fund to vary the depth and frequency of engagement. More specifically, these filters enable the Fund to direct more resources towards issues where it can have greater traction and less resources towards issues where it is fulfilling a signaling role, independent of whether country’s face similar issues. These filters, in contrast, work less well for the second purpose. The five strategies, as well as subsequent analytical work and guidance notes, have yet to define or establish the criteria and have not yet provided guidance to staff on how to determine the relevance, severity, and urgency of a particular issue, relative to others. Thus, it seems further efforts will be needed to enhance clarity about how to determine where the depth of coverage should fall on the taxonomy of light touches and deep dives as well as when and how often the Fund should engage.

110. **Fourth, there is a lack of clarity regarding how the concept of evenhandedness should be applied in Fund surveillance.** The concept of “evenhandedness” serves two competing purposes: 1) to permit variation in the application of Fund surveillance, thus allowing resources, risks, and country circumstances to play a role, and 2) to make the application of Fund surveillance more consistent, thus ensuring greater uniformity of treatment. This concept works relatively well for the first purpose, once again, as it provides a relatively low hurdle for the Fund to illustrate that its application of surveillance was evenhanded. More specifically, the 2022
Guidance Note suggested that numerous aspects of a country’s circumstances are relevant for tailoring the inputs and outputs of the Fund’s engagement in an evenhanded manner. It seemingly follows that few countries, if any, share “similar relevant circumstances,” which makes it difficult to prove that dissimilar treatment reflects a lack of evenhandedness. In doing so, the Fund’s current definition of evenhandedness works less well for the second purpose. Further, the current definition appears unlikely to dispel a persistent perception among several Directors that Fund surveillance lacks evenhandedness due to differences in outputs based on a country’s income level or region. Thus, it seems further efforts will be needed to enhance clarity about the extent to which a broad interpretation of “similar circumstances” should be applied when assessing evenhandedness and the extent to which the application of risk-adjusted inputs to surveillance lead to outputs of surveillance that are or are perceived to be uniform in treatment.

111. **Fifth, there is a lack of clarity regarding the extent to which the Board approved strategies are binding in terms of their subsequent implementation.** When the Chair of the Board (i.e., management) calls for a formal Board meeting, it does so generally with the intent of putting forward one of two types of proposals: (i) a formal Decision that is drafted by LEG; and (ii) a proposal for consideration. The governance framework included a formal Decision, whereas the social spending, digital money, climate change, and gender strategies included a proposal for consideration. By taking a legal decision to approve these latter strategies, the Board was agreeing to their general terms (e.g., the key elements or pillars), not the specific details. Moreover, the respective summing ups only provided guidance on the implementation of the decision to the extent that the views reflected a broad consensus. Since this often was not the case, management and staff seemingly retained additional flexibility in implementing the strategy. Internal and external stakeholders, nevertheless, often appear to hold a view that the Board’s approval of these strategies implied an obligation for the Fund to pursue the detailed proposals. Thus, it seems further efforts will be needed to enhance clarity about the extent to which the Board’s legal decisions imply a commitment to implement specific aspects of proposals for consideration.

112. **Overall, this paper finds that key concepts used to operationalize the Fund’s evolving surveillance mandate are better suited for retaining flexibility in its application than ensuring consistency of its application.** A recurring theme in our evaluation was that the Board, management, and staff have been trying to balance a desire to enable the Fund’s engagement with member countries to evolve, in response to global events and members’ demands, against an aspiration to achieve uniformity of treatment. While both goals could be achieved simultaneously, in principle and given unlimited resources, doing so seems highly improbable, in practice, particularly given a desire to maintain a flat budget in real terms. Similarly, the Board, management, and staff have been trying to balance a desire to cover an increasing number of macrocritical issues in every Article IV report against an aspiration to provide consistently high quality and relevant analysis and policy advice. While both these goals also could be achieved simultaneously, given unlimited resources and word counts, doing so seems highly improbable given limited staff expertise and word count limits. The Fund’s
stakeholders therefore should continue to try to adjust the balance between these competing priorities towards an overarching objective of enhancing the traction of the Fund’s policy advice and, ultimately, “the continuing development of the orderly underlying conditions that are necessary for financial and economic stability” (IMF, 2020a).

**B. Enhancing Clarity**

113. **Ultimately, this paper aims to enhance clarity about these key elements across the Fund’s membership and stakeholders to make the operationalization of the Fund’s mandate more effective in enhancing the traction of the Fund’s analysis and policy advice.** This paper revealed a lack of clarity regarding several key elements used to operationalize the Fund’s evolving surveillance mandate. Further, it demonstrated that the existence and persistence of differing views about specific concepts are impacting the quality and consistency of the Fund’s engagement on evolving substantive issues. This paper therefore offers four suggestions to enhance clarity about how these key elements should be applied in Fund surveillance.

114. **First, the Board and management could develop a Fund-wide, institutional strategy.** The criteria for coverage of structural issues in surveillance were established to avoid an ad hoc focus on structural issues. The Fund, nevertheless, has adopted approaches to engage in certain structural areas more systematically without a clear understanding of why those areas were chosen in favor of others (e.g., demographics, infrastructure, and military activity). Additionally, the Board approved strategies have left open important questions including: (i) to what extent is coverage of macrocritical structural issues required; (ii) to what extent should the Fund provide policy advice when Fund expertise exists but supply is lacking; and (iii) to what extent should the Fund adopt a narrow or broad interpretation of “similar circumstances” when assessing evenhandedness. A Fund-wide, institutional strategy could enable a more transparent discussion of these questions as well as the desired balance between retaining flexibility and ensuring consistency. The resulting outcome likely would be enhanced clarity about the key elements used to operationalize the Fund’s evolving surveillance mandate.

115. **Second, management and staff could update the 2022 Guidance Note for Surveillance under Article IV Consultations to include more granular guidance on when and how to engage on macrocritical structural issues in Article IV consultations.** The criteria for coverage of structural issues in surveillance also were established to provide staff with practical guidance regarding the extent of engagement that is expected in different circumstances. The Fund’s frameworks and strategies as well as its guidance notes, nevertheless, largely have left open important questions including: (i) how should staff determine if a structural issue is macrocritical for a specific country; (ii) how should staff determine if the Fund has expertise on a particular structural issue; and (iii) how should staff determine the depth and frequency of its engagement. More granular guidance on how these filters should be applied in Fund surveillance could ensure more consistent treatment of macrocritical structural issues in Article IV consultations. This consistency, however, likely would come at the expense of staff’s current flexibility in tailoring treatment to country-specific circumstances.
116. **Third, the Board, management, and staff could be more consistent in their internal and external communications.** This paper demonstrated how a lack of consistency in the terms and concepts used to apply the Fund’s evolving surveillance mandate can lead to an internal lack of clarity regarding when and how the Fund should engage in different circumstances. This paper also highlighted a concern with the Fund’s external communications, namely that the ambition expressed in the Board approved strategies often is inconsistent with the obligations imposed by the Board’s decision and the resources that ultimately are devoted to its implementation. This misalignment creates a risk that country authorities and other external stakeholders either will put unsustainable demands on staff or that the Fund will be unable to live up to the expectations of its members. More consistent internal and external communications therefore could enhance clarity about how the Fund’s evolving surveillance mandate will be operationalized.

117. **Fourth, management and staff could create a new expression and output-based approach to address concerns related to the uniformity of treatment in Fund surveillance.** This paper found that the risk-adjusted input-approach to assessing evenhandedness left open an important question, i.e., to what extent does the application of risk-adjusted inputs lead to outputs that are or are perceived to be uniform in treatment? The operationalization of this framework does not appear to have been successful, at least so far, at ensuring greater consistency of inputs or reducing perceptions that treatment in Fund surveillance lacks uniformity. Attempting to redefine evenhandedness again could undermine further the effort to address perceptions that the Fund’s treatment in surveillance lacks uniformity. In contrast, a new expression that embodies a narrow interpretation of “similar relevant circumstances” as well as an output-based approach to assessing uniformity of treatment could enhance clarity about the differing views driving a perception that Fund surveillance lacks uniformity of treatment, and ultimately address these concerns.
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