



FOREWORD

The IMF has demonstrated a strong capacity for adapting to the changing international economic landscape and emerging needs of its members throughout its history. In 2012, the approval of the Integrated Surveillance Decision (ISD) reaffirmed the built-in flexibility of the IMF's mandate, and the anchoring of Fund surveillance on the principle of macrocriticality, that is, tasking the Fund to focus on policies that can affect current or prospective balance of payments or domestic stability. The ISD has allowed the IMF to engage in a wide range of newer policy areas beyond the traditional core of exchange rate, monetary, fiscal, and financial sector policies.

Reflecting its members' priorities, over the last decade, the IMF has developed specific strategies related to climate change, social spending, governance and corruption, gender, and digital money. It has also widened its list of macrocritical policy areas, which include macro-financial policies, social safety nets, inequality, demographics, public enterprises, technological change, and sociopolitical and geopolitical developments. This evaluation assesses the decision-making processes that guided the evolution of the application of the Fund's mandate, the criteria and principles used to operationalize engagement in newer policy areas, and the coherence of the Fund's framework for engaging with partners.

This evaluation finds that the systematic widening of the Fund's areas of work is posing adaptation challenges, necessitating trade-offs, and overburdening staff within a context of budgetary and expertise constraints. It offers a framework for approaching these challenges that is centered on a trilemma that exposes the tension between the steady expansion of the Fund's scope of work, its limited resources, and the need to maintain the high quality and value-added of its policy advice. The evaluation identifies a number of problems within this framework, including the ad hoc decision-making process for engaging in newer policy areas, which lacks a longer-term strategic anchor. Furthermore, decisions on policies, resources, and risks were taken in a piecemeal manner, without due consideration for crossed effects. It also identifies several open questions regarding the depth and frequency of the Fund's engagement in newer policy areas and the lack of an institutional approach to Fund partnerships.

The evaluation proposes classifying newer policy areas across a spectrum of recommended engagement, ranging from signaling their macrocriticality while leaving deeper assessments to other institutions, to in-depth high-frequency engagement. The evaluation offers four main recommendations: (i) developing an inclusive Fund-wide institutional strategy for engagement in newer policy areas that better links decisions related to scope, resources, and risks; (ii) producing budget data that enables the tracking of Fund activities and operations by policy area; (iii) updating the 2022 Guidance Note for Surveillance to enhance the clarity of principles for engagement; and (iv) adopting a Board-approved high-level Statement of Principles for engagement with partners.

I am encouraged by the positive response of the Managing Director and the Executive Directors to this evaluation. The recommendations received full or qualified support from the Executive Board when it met to discuss the evaluation in June 2024. I look forward to the formulation of an implementation plan to address those recommendations.

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