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IEO Releases Evaluation of The Evolving Application of the IMF's Mandate

The Independent Evaluation Office (IEO) of the International Monetary Fund (IMF) released today its new evaluation of The Evolving Application of the IMF's Mandate, which was discussed by the Executive Board on June 10.

This evaluation assesses, for the period 2012–23, the evolving application of the International Monetary Fund's surveillance mandate that resulted in the extension of Fund activities into newer policy areas such as governance, social spending, digital money, climate change, and gender beyond its four traditional core policies—exchange rate, monetary, fiscal, and financial sector— explicitly mentioned in the 2012 Integrated Surveillance Decision.

The evaluation finds that the application and the expansion of the scope of the Fund's mandate were consistent with its legal framework and there was a consensus across the membership on the relevance of the newer policy areas. However, the systemic increase in the Fund's work in newer topics, has occurred in the context of limited resources and expertise. This has presented serious adaptation challenges, trade-offs and overburdening of staff, characterized by a trilemma between the expansion of scope, resource constraints, and maintaining high-quality policy advice. The evaluation finds that decisions on engagement in newer policy areas were conducted in a piecemeal way, and through ad hoc processes, leading to operational challenges. It makes recommendations in four broad areas:

- The Board and management should enhance the decision-making process by: (i) developing an inclusive Fund-wide institutional strategy for Fund engagement in newer policy areas; and (ii) taking a more holistic approach when endorsing individual strategies for newer policy areas by better linking the decisions related to their scope, required resources, and risk management implications.
- Management and staff should address operational challenges by producing budget data in a manner that allows tracking by policy area, across all Fund activities and operations. The Board should consider what policy areas need to be tracked and the level of granularity required, balancing the need for more detailed data with the costs and complexity involved in providing such data.
- Management and staff should enhance clarity of key elements regarding its surveillance in newer policy areas by updating the 2022 Guidance Note for Surveillance under Article IV Consultations.
- The IMF should adopt an Executive Board-approved high-level Statement of Principles for Engagement with Partners to establish a coherent best practice framework.

In discussing the report, Executive Directors broadly supported all of its recommendations. A management implementation plan will now be prepared for Board endorsement by the end of 2024.